

Mayor and Council Communication

DATE: 10/11/22

M&C FILE NUMBER: M&C 22-0804

LOG NAME: 55FWS HGR AND GRND LEASE, LSE SITE 29E, DANIEL GRIFFITH

SUBJECT

(CD 6) Authorize Execution of a New Hangar and Ground Lease Agreement for Approximately 30,500 Square Feet of Ground Space Including a 14,000 Square Foot Hangar Known as Lease Site 29E with Daniel Griffith at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of a new hangar and ground lease agreement for approximately 30,500 square feet of ground space, including a 14,000 square foot hangar known as Lease Site 29E with Daniel Griffith at Fort Worth Spinks Airport.

DISCUSSION:

On April 29, 2022, staff received a proposal from Daniel Griffith to lease out Lease Site 29E at Fort Worth Spinks Airport. The lease site is comprised of approximately 30,500 square feet of ground space and includes a 14,000 square foot hangar. In reviewing the proposal, it was determined that Daniel Griffith will provide the highest and best use for the hangar. Daniel Griffith plans to use the facility for storage of aircraft and aviation-related business purposes.

Currently, the space is being used as a Community Hangar in which the City has been leasing space within the hanger to respective individuals on a month-to-month term. The City is currently in the process of providing notice to the effected tenants that the City is exercising its option to terminate each of the respective leases. Current leases consist mainly of non-aircraft storage units and aircraft parking spaces. All but one of the aircraft parking space tenants will be moving to Spinks Airport's remaining community hangar.

The City of Fort Worth and Daniel Griffith now wish to enter into a new hangar and ground lease agreement that will commence on the date of execution of the lease agreement (Effective Date) and expire ten (10) years following the effective date (Lease). The Lease will have two (2) options to renew for an additional five (5) years each. The Lease will require the following mandatory improvements, which must be completed within twelve (12) months following the effective date of the Lease:

- Exterior of the hangar will be removed and replaced with new burnished slate R panel
- New exterior windows on east and west sides
- Two exterior doors will be removed and replaced with red metal exterior doors with key code entry
- Interior and exterior lighting will have 350,000 lumens of new LED lighting
- Floors will be painted with two-part dark grey epoxy
- Exterior trim will be painted red
- Roof will be coated with a rubberized coating – white in color

Annual revenue generated from the Lease is approximately \$27,300.00, paid in monthly installments of approximately \$2,275.00. Annual revenue from the ground space is approximately \$9,455.00, paid in monthly installments of approximately \$787.91. Rates were established by an appraisal performed by a qualified third-party appraiser and are in accordance with the Aviation Department's current Schedule of Rates and Charges and the Aviation Department's Leasing Policy.

All terms and conditions of the lease agreement will be in accordance with City of Fort Worth and Aviation Department policies.

Rental rates shall be subject to an increase on October 1st of any given year, based on the upward percentage change in the Consumer Price Index (CPI) for the Dallas-Fort Worth metropolitan area. At no time will the adjusted rate exceed the rate that is current in the Schedule of Rates and Charges. In addition to the annual rent adjustments, five-year rate adjustments will be applied to the ground rate starting on October 1, 2027, and every fifth year thereafter. If the lease agreement is renewed to extend the term beyond ten years, City will have an appraisal performed by a third-party appraiser to adjust the hangar rate to equal the then fair market value, for this type of property at airports similar to the types or types of property that comprise the premises.

ADVISORY BOARD APPROVAL: On July 22, 2022, the Aviation Advisory Board voted to recommend that the City Council approve the Hangar and Ground Lease Agreement.

Fort Worth Spinks Airport is located in COUNCIL DISTRICT 6.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and execution of the lease agreement, funds will be deposited

into the Municipal Airport Fund. The Aviation Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

Submitted for City Manager's Office by: Dana Burghdoff 8018

Originating Business Unit Head: Roger Venables 5402

Additional Information Contact: Ricardo Barcelo 5403