

Mayor and Council Communication

DATE: 03/23/21

M&C FILE NUMBER: M&C 21-0216

LOG NAME: 55FTW JOHN J JANOVETZ HANGAR AND GROUND LEASE, SITE 50S

SUBJECT

(CD 2) Authorize the Execution of a New Hangar and Ground Lease Agreement for Approximately 3,120 Square Feet of Ground Space Including a 2,600 Square Foot Hangar known as Lease Site 50S with John J. Janovetz at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a new hangar and ground lease agreement for approximately 3,120 square feet of ground space, including a 2,600 square foot hangar known as Lease Site 50S with John J. Janovetz at Fort Worth Meacham International Airport.

DISCUSSION:

The City and Texas Aviation Engineering previously entered into City Secretary Contract (CSC) 11628, dated April 2, 1981, a twenty-five-year unimproved ground lease for the lease and use of real property known as Lease Site 50S at Fort Worth Meacham International Airport. The lease contained two five-year options to renew but was subsequently amended by CSC 33519, dated May 22, 2006, to extend the term five years, thereby extending the termination date to December 31, 2011.

On September 20, 2007, the City executed CSC 35828, consenting to an assignment of Lease Site 50S from Texas Aviation Engineering to John J. Janovetz. The assignment of the lease included an amendment to increase the rental rate in accordance with the then-current Schedule of Rates and Charges. A subsequent amendment to CSC 11628, executed on April 14, 2016, extended the lease in recognition of improvements to the hangar by Lessee and expired on December 31, 2020, which provided the Lessee with a 40-year ground lease in total. The Lessee is currently in a holdover status on a month-to-month agreement.

The City and John J. Janovetz now wish to enter into a new hangar and ground lease agreement that will commence on the effective date of the new lease, for a ten-year lease term with two consecutive options to renew for five years each.

Annual revenue generated from the hangar is approximately \$14,300.00, paid in monthly installments of approximately \$1,191.67. Annual revenue from the ground space is approximately \$1,466.40, paid in monthly installments of approximately \$122.20. Rates are in accordance with the Aviation Department's current Schedule of Rates and Charges and the Aviation Department's Leasing Policy with hangar rates based on a recent appraisal performed by a qualified third-party appraiser.

All terms and conditions of the lease agreement will be in accordance with the 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 for the Dallas-Fort Worth Metropolitan area. At no time will the adjusted rate exceed the rate that is currently in the Schedule of Rates and Charges. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2026, and every fifth year thereafter. If near the end of the ten-year initial term, a renewal term has been requested by the Lessee, City will have an appraisal performed by a qualified 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 type or types of property that comprise the premises.

ADVISORY BOARD APPROVAL: On January 21, 2021, the Aviation Advisory Board voted to recommend that the City Council approve the Hangar and Ground Lease Agreement.

Fort Worth Meacham International Airport is located in COUNCIL DISTRICT 2.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and execution of the lease, 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.

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