

# Mayor and Council Communication

**DATE:** 09/14/21

**M&C FILE NUMBER:** M&C 21-0685

**LOG NAME:** 55FTW HELICOPTER INSTITUTE HGR AND GRND LEASE AGRMT, HGR 12S

**SUBJECT**

(CD 2) Authorize the Execution of a New Hangar and Ground Lease Agreement for Approximately 9,285 Square Feet of Ground Space Including a 4,784 Square Foot Hangar Known as Lease Site 12S with Helicopter Institute, Inc. at Fort Worth Meacham International Airport

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**RECOMMENDATION:**

It is recommended that the City Council authorize the execution of a new hangar and ground lease agreement for approximately 9,285 square feet of ground space, including a 4,784 square foot hangar known as Lease Site 12S with Helicopter Institute, Inc. at Fort Worth Meacham International Airport.

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**DISCUSSION:**

On June 28, 2021, staff received a proposal from Helicopter Institute, Inc (Helicopter Institute) for Hangar 12S at Fort Worth Meacham International Airport. The lease site is comprised of approximately 9,285 square feet of ground space and includes a 4,784 square foot hangar. In reviewing the proposal, it was determined that Helicopter Institute will provide the highest and best use for the hangar. Helicopter Institute plans to use the facility as a maintenance and storage area for its flight training school equipment and aircraft.

The City of Fort Worth and Helicopter Institute now wish to enter into a new hangar and ground lease agreement that will commence on September 15, 2021 and expire on August 31, 2031. The lease will have one option to renew for an additional five years. The lease agreement will require mandatory improvements to the hangar consisting of new exterior and interior paint, hangar floor refinish and new carpet.

Annual revenue generated from the hangar is approximately \$22,724.00, paid in monthly installments of approximately \$1,893.67. Annual revenue from the ground space is approximately \$4,363.95, paid in monthly installments of approximately \$363.66. 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 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. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2026, and every fifth year thereafter. At the end of the ten (10) year lease term, an appraisal will be 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 July 15, 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.

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**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:** Fernando Costa 6122

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