

Mayor and Council Communication

DATE: 01/12/21

M&C FILE NUMBER: M&C 21-0049

LOG NAME: 55FTW HGR GRND LEASE 3N FIELDTECH AVIONICS

SUBJECT

(CD 2) Authorize the Execution of a New Hangar and Ground Lease Agreement for Approximately 71,864.78 Square Feet of Ground Space Including a 14,300 Square Foot Hangar known as Lease Site 3N with Fieldtech Avionics, Inc. 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 71,864.78 square feet of ground space, including a 14,300 square foot hangar known as Lease Site 3N with Fieldtech Avionics, Inc. at Fort Worth Meacham International Airport.

DISCUSSION:

On or about January 1, 2009, the City of Fort Worth (City) and Fieldtech Avionics, Inc. (Fieldtech) entered into City Secretary Contract (CSC) No. 39628, a hangar and ground lease agreement for Lease Site 3N, consisting of 71,864.78 square feet of ground space and 13,162 square feet of hangar space located at Fort Worth Meacham International Airport (Airport). CSC 39628 commenced on January 1, 2009 for a five-year term and allowed for a renewal at Lessee's option for one (1) additional term of five (5) years. Pursuant to CSC 39628, Lessee exercised its final option to renew for an additional five-year period which commenced on January 1, 2015 and will expire on December 31, 2020.

Improvements completed by the Lessee expanded the Hangar footprint by 1,138 square feet for additional office space.

The City and Fieldtech now wish to enter into a New Hangar and Ground Lease Agreement that will commence on January 1, 2021 for a ten-year lease term to expire on December 31, 2030. The lease will provide for two (2) consecutive options to renew for five (5) years each.

Annual Revenue generated from the Hangar is approximately \$82,225.00, paid in monthly installments of approximately \$6,852.08. Annual Revenue from the Ground Space is approximately \$33,776.45, paid in monthly installments of approximately \$2,814.70. Rates 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.

If near the end of the ten (10) 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 November 12, 2020, 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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