

Mayor and Council Communication

DATE: 12/14/21

M&C FILE NUMBER: M&C 21-0983

LOG NAME: 21ONEILLS CATERING SERVICES

SUBJECT

(CD 7) Authorize the Execution of a Lease Agreement with ITR Ground Services, LLC, For Approximately 10,450 Square Feet of Cafeteria Space Located in the Structures Building #16 at 2070 Eagle Parkway, Fort Worth, Texas 76117 at the Alliance Fort Worth Maintenance Base to Provide Inflight Catering Services to the Airline Industry and Alliance Fort Worth Maintenance Base Tenants

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a lease agreement with ITR Ground Services, LLC, for approximately 10,450 square feet of cafeteria space located in the Structures building #16 located at 2070 Eagle Parkway, Fort Worth, Texas 76117 at the Alliance Fort Worth Maintenance Base to provide inflight catering services to the airline industry, and catering services to Alliance Fort Worth Maintenance Base tenants.

DISCUSSION:

ITR Ground Services, LLC (O'Neills) is a private aviation caterer and provides inflight catering services to the airline industry across Texas. O'Neills desires to expand to Fort Worth and conduct their North Texas operations out of the Alliance Fort Worth Maintenance Base (AFWM).

The City of Fort Worth Property Management Department (PMD) and O'Neills have successfully negotiated terms for a lease at the AFWM.

The lease terms are as follows:

Lease Premises:

- The vacant cafeteria area in the Structures Building #16 of approximately 10,450 square feet of space.

Term:

- Ten (10) year primary term with two (2) successive five (5) year renewal options.

Base rent:

- Years 1 to 3: \$1.00/SF
- Years 4 to 5: \$1.50/SF
- Years 6 to 10: \$2.00/SF

In addition to the base rent, O'Neills will be responsible for operating expenses for the leased premises which includes utilities, common area fee and capital reserves fees.

Total rental revenues, fees and reimbursable expenses resulting from the primary term of this Lease Agreement are estimated to contribute a total of approximately \$600,000.00 toward the Alliance Maintenance Facility Fund.

O'Neills will be making improvements and installing new equipment to the leased premises that are estimated to be approximately \$70,000.00. All improvements and new equipment will remain with the leased premises and become property of the City of Fort Worth (City) upon termination of the lease.

In lieu of City contribution to the costs of the tenant improvements, the lease provides for base rent credits of \$3.00 per square foot to be amortized over the first three (3) years of the lease.

This property is located in Council District 7.

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 Alliance Maintenance Facility Fund. The Property Management Department (and Financial Management Services) have the responsibility for the collection and deposit of funds due to the City.

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Expedited