

Mayor and Council Communication

DATE: 10/11/22

M&C FILE NUMBER: M&C 22-0803

LOG NAME: 55FWS HGR AND GRND LEASE, LSE SITE 30E, HUFFMAN AVIATION

SUBJECT

(CD 6) Authorize Execution of a New Hangar and Ground Lease Agreement for Approximately 35,774 Square Feet of Ground Space Including a 23,650 Square Foot Hangar Known as Lease Site 30E with Huffman Aviation, LLC 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 35,774 square feet of ground space, including a 23,650 square foot hangar known as Lease Site 30E with Huffman Aviation, LLC at Fort Worth Spinks Airport.

DISCUSSION:

On March 17, 2022, staff received a proposal from Huffman Aviation, LLC (Huffman Aviation) for Lease Site 30E (currently known as Community Hangar 30) at Fort Worth Spinks Airport. The lease site is comprised of approximately 35,774 square feet of ground space and includes a 23,650 square foot hangar. In reviewing the proposal, it was determined that Huffman Aviation will provide the highest and best use for the hangar. Huffman Aviation plans to use the facility for storage of aircraft used for its flight school.

Community Hangar 30 is currently a City-managed community hangar located at Fort Worth Spinks Airport (Hangar 30). Huffman Aviation's flight school occupies 9 out of 11 aircraft parking spaces in Hangar 30. The other two spaces are occupied by aircraft belonging to family trusts in the process of selling the aircraft parked in each space.

The City of Fort Worth and Huffman Aviation 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 three (3) years following the effective date (Lease). The Lease will have two (2) options to renew for an additional one year each. The Lease will not require any mandatory improvements due to short term of the Lease. All community hangar leases currently within Hangar 30 are under month-to-month terms and will be terminated upon execution of this new lease agreement. One additional month-to-month lease for storage space leased by a tenant not storing aircraft will also be terminated.

Annual revenue generated from the new Lease is approximately \$35,475.00, paid in monthly installments of approximately \$2,956.25. Annual revenue from the ground space is approximately \$11,089.94, paid in monthly installments of approximately \$924.16. 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 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, in the event this Lease is amended to extend the term beyond five years and approved by City Council, five-year rate adjustments will be applied to the ground rate starting on October 1, 2027, and every fifth year thereafter. If the Lease is ever amended 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 April 21, 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.

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.

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