

Mayor and Council Communication

DATE: 03/25/25

M&C FILE NUMBER: M&C 25-0265

LOG NAME: 55FTW TEXAS JET HGR AND GRND LEASE AGRMNT, SITE 5C

SUBJECT

(CD 2) Authorize Execution of a New Thirty-Year Ground Lease Agreement Including Mandatory Improvements with Texas Jet Inc. for Lease Site 5C at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of a new thirty-year ground lease agreement including mandatory improvements with Texas Jet Inc. for Lease Site 5C at Fort Worth Meacham International Airport.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to recommended that the City Council authorize execution of a new thirty-year ground lease agreement including mandatory improvements with Texas Jet Inc. (Texas Jet) for Lease Site 5C at Fort Worth Meacham International Airport.

On or about May 26, 2020, Aviation staff received a request from Texas Jet to lease ground space known as 4C, 5C and 6C as part of the Midfield Development Project at Fort Worth Meacham International Airport. Texas Jet completed construction on Lease Site 4C on November 26, 2024. Lease Sites 5C and 6C were combined and are now known as Lease Site 5C. The total amount of ground space for Lease Site 5C is approximately 57,600 square feet. Texas Jet will pay a ground rate of \$0.47 per square foot. Revenue generated from the ground lease is approximately \$27,072.00 annually, paid in monthly installments of approximately \$2,256.00. Rates are in accordance with the Aviation Department's current Schedule of Rates and Charges.

The mandatory improvements for Lease Site 5C include construction of approximately 22,750 square feet of hangar space, to include 3,750 square feet, two-story building office/lounge, and an approximately associated apron and vehicle parking spaces. Construction timelines will be in accordance with Aviation Leasing Policy and agreed upon by all parties to the ground lease agreement. Hangars, aprons, ramps and other auxiliary areas will be constructed in compliance with the Aviation Minimum Standards. The term of the new ground lease will be thirty (30) years, effective upon execution of the ground lease agreement, with one ten (10) year option to renew, bringing the lease term to a total of forty (40) years. 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, 2030, and every fifth year thereafter.

ADVISORY BOARD APPROVAL: On September 17, 2020, the Aviation Advisory Board voted to recommend that the City Council approve the 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.

Submitted for City Manager's Office by: Valerie Washington 6199

Originating Business Unit Head: Roger Venables 5402

Additional Information Contact: Ricardo Barcelo 5403