

# Mayor and Council Communication

DATE: 05/14/24

M&C FILE NUMBER: M&C 24-0403

LOG NAME: 21DFW-AA EASEMENT: ONCOR SUBSTATION EXPANSION

## **SUBJECT**

(ALL) Authorize the Conveyance of a Perpetual Utility Easement on Property Located at DFW International Airport to Oncor Electric Delivery Company, LLC for Substation Expansion for the American Airlines Campus and Authorize an Amendment to the Lease Agreement with American Airlines, Inc. for the American Airlines, Inc. Campus at DFW International Airport

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the conveyance of a perpetual utility easement on property located at DFW International Airport to Oncor Electric Delivery Company, LLC for substation expansion for the American Airlines Campus;
  2. Authorize an amendment to the Lease Agreement with American Airlines, Inc. for the American Airlines, Inc. Campus at DFW International Airport; and
  3. Authorize the City Manager or his designee to execute and record the appropriate instruments.
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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to authorize the conveyance of an approximately 5.528-acre perpetual utility easement to Oncor Electric Delivery Company, LLC (Oncor) for the expansion of an existing substation on DFW International Airport (Airport) property and to approve an amendment to the lease agreement for the American Airlines, Inc. (AA) campus at DFW International Airport (Airport).

Oncor has an existing substation near the southern-most portion of the AA campus. This current location has load limitations that will be relieved by the construction of a new switchyard. This expansion will allow Oncor to provide additional capacity, relieve contingencies, strengthen the area grid, and provide a more reliable power source for the area while adding additional grid resiliency measures for the AA campus. The area required is approximately 5.528 acres and is currently part of the Amended and Restated American Airlines Lease Agreement for the AA campus. In order to increase the load capacity for the Airport, the AA Campus and the area, Oncor's planning department and the Electric Reliability Council of Texas (ERGOT) have recognized the need for this project

The DFW International Airport Board originally approved and authorized the perpetual utility easement on March 7, 2024, via Official Board Resolution No. 2024-03-084. Based on an appraisal, Oncor will pay to the Airport a total of \$1,711,751.00, which includes \$1,505,544.00 for the permanent easement and \$206,207.00 as reimbursement to AA for pre-paid future rent. Once the easement is fully approved, an amendment to the lease agreement will be executed with AA to reduce the acreage of their leasehold from approximately 268.177 to approximately 262.65 acres. The Federal Aviation Administration reviewed and ruled this easement and project to be under the 163 rule and no Release of Deed is required. The Airport will not incur any operational or maintenance responsibility as a result of this action.

Both state law and the 1968 Contract and Agreement between the City of Dallas, Texas and the City of Fort Worth, Texas require that all real property transactions must be approved by the City Councils of both cities. The Dallas City Council is expected to approve this transaction in 2024.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of these recommendations will have no material effect on City funds.

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