

Mayor and Council Communication

DATE: 08/09/22

M&C FILE NUMBER: M&C 22-0587

LOG NAME: 55FTW WG HENSCHEN ADMIN BLDG LEASE SUITE 340

SUBJECT

(CD 2) Authorize Execution of an Administration Building Office Lease Agreement with S & B, Inc. dba WG Henschen Co. for Suite 340 at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of an administration building office lease agreement with S & B, Inc. dba WG Henschen Co. for Suite 340 at Fort Worth Meacham International Airport.

DISCUSSION:

Staff received a request from S & B, Inc. dba WG Henschen Co. (WG Henschen) to lease approximately 1,036 square feet of third level office space at Meacham Administration Building located at Fort Worth Meacham International Airport.

WG Henschen, an aeronautical company, has agreed to execute a lease agreement with an initial term of five (5) years. If WG Henschen performs and abides by all provisions and conditions of the Lease, upon expiration of the initial term of this Lease, WG Henschen shall have five consecutive options to renew the Lease, each option for an additional successive term of one (1) year, bringing the total potential lease term to ten (10) years. The initial term of the Lease shall commence upon execution of the lease document by all parties (Effective Date).

WG Henschen has elected to perform, at its sole cost, the tenant finish-out of Suite 340. In recognition and consideration of the initial office space base finish-out costs by WG Henschen of approximately 1,036 square feet, which is currently estimated at approximately \$103,600.00, the City has agreed to a one-time incentive for the cost of the finish out expenses with a rent-abatement for the initial term not to exceed fifty percent (50%) of the monthly rent for the office space commencing on the effective date and ending at the end of the initial term or when agreed upon rent-abatement amount is recovered (whichever comes first) (the Tenant Improvement Period). During the Tenant Improvement Period the City will recognize up to Fifty Thousand Dollars (\$50,000.00) of the estimated finish-out cost of the office space performed by a licensed contractor. At issue of the Certificate of Occupancy (CO) all actual finish-out construction costs will be reviewed and evaluated for possible adjustments downward of the rent-abatement period. Under no circumstances shall the Tenant Improvement Period exceed the initial term of the agreement. WG Henschen shall commence the payment of rent for the premises beginning on the effective date. Tenant incentives have no cash value and are forfeited if not used during the Tenant Improvement Period. All terms and conditions of the Lease will be in accordance with City of Fort Worth and Aviation Department Policies.

Before rent abatements are applied during the Tenant Improvement Period, the rental rate is based on \$18.50 per square foot. Annual revenue from the Lease is \$19,166.00, payable in monthly installments of \$1,597.17 per month. On October 1, 2022, and on October 1st of each year thereafter during both the initial term and any renewal term, WG Henschen's rental rate will be adjusted to comply with the rates prescribed for the premises by the City's Schedule of Rates and Charges in effect at the respective time.

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: Dana Burghdoff 8018

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