

Mayor and Council Communication

DATE: 01/23/24

M&C FILE NUMBER: M&C 24-0063

LOG NAME: 55FTW GROUND LEASE AGRMNT 11C - 13C, FTW MIDFIELD LLC

SUBJECT

(CD 2) Authorize Execution of a New Ground Lease Agreement Including Mandatory Improvements with FTW Midfield LLC for Lease Sites 11C - 13C at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of a new ground lease agreement including mandatory improvements with FTW Midfield LLC for Lease Sites 11C - 13C at Fort Worth Meacham International Airport.

DISCUSSION:

On or about January 25, 2023, Aviation staff received a request from FTW Midfield LLC (FTW Midfield) to lease ground space known as 11C - 13C as part of the Midfield Development Project at Fort Worth Meacham International Airport. The total amount of ground space for Lease Sites 11C - 13C is approximately 342,863 square feet. FTW Midfield will pay a ground rate of \$0.47 per square foot. Revenue generated from the ground lease is approximately \$161,145.61 annually, paid in monthly installments of approximately \$13,428.80. Rates are in accordance with the Aviation Department's current Schedule of Rates and Charges.

The mandatory improvements for Lease Sites 11C - 13C will be constructed in two phases. Phase One will include construction of three hangars approximately 24,990 square feet each plus a 5,000 square foot office building. Phase Two will include a 29,920 square foot hangar. Construction timelines will be in accordance with Aviation Leasing Policy and agreed upon by all parties in 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, 2029, and every fifth year thereafter.

ADVISORY BOARD APPROVAL: On October 19, 2023, 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.

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