

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 05/05/20 M&C FILE NUMBER: M&C 20-0302

LOG NAME: 55AFW FAA ATC LEASE AGREEMENT

SUBJECT

Authorize the Execution of a New Building Lease Agreement with the Federal Aviation Administration for the Air Traffic Control Tower at Fort Worth Alliance Airport for the Annual Amount of \$154,728.00 (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a Building Lease Agreement with the Federal Aviation Administration for the Air Traffic Control Tower at Fort Worth Alliance Airport in the annual amount of \$154,728.00.

DISCUSSION:

On December 2, 2008, (M&C C-23197) the City Council authorized the execution of a Ten-Year Building Lease Agreement (Lease) with the Federal Aviation Administration (FAA) for the Air Traffic Control Tower (ATCT) at Fort Worth Alliance Airport. That Agreement expired on September 30, 2018. Since that time, the Aviation Department and the FAA have operated under month-to-month extensions while negotiating the terms of a new Agreement to bring lease rates in line with current local commercial rates as well as include recovery of the capital improvement costs for the facility.

The Lease will consist of approximately 5,635 square feet of floor space situated in the Alliance Airport ATCT, located at 2300 Alliance Boulevard, Fort Worth, Texas. The total 5,635 square feet of space will be used for: control cab (700 square feet), administrative base building (4,000 square feet), equipment room in base building (675 square feet) and equipment space, tower shaft (260 square feet).

Total revenue generated will be approximately \$154,728.00 annually, payable in monthly installments of \$12,894.00. This is based upon the rate of approximately \$27.46 per square foot and adjusted to achieve an even \$12,894.00 per month. This rate is necessary to cover capital improvements, maintenance expenses and upkeep along with other services for the building. The total payment of \$154,728.00 consists of:

Base Rent	Approx. \$15.50 / square foot	\$87,333.40 annually
Operating Expenses	Approx. \$11.96 / square foot	\$67,394.60 annually
Total Amount Due	Approx. \$27.46 / square foot	\$154,728.00 annually

The term of the Lease will be for ten (10) years to commence on October 1, 2019 and expire on September 30, 2029, provided that adequate appropriations are available from year to year. The new rental rate is retroactive from October 1, 2019 to the execution date of the lease meaning that the first payment from the FAA will include rental payments for the months of October, November and December of 2019 and January, February, March, April and May of 2020. Beginning October 1, 2020, and each year after, the Government shall reimburse the Lessor for actual operating expenses incurred each Government fiscal year (October 1 – September 30). These costs will be based on the ratio of square feet occupied by the Government to the total rentable square feet in the building.

This property is located in COUNCIL DISTRICT 7.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Federal Aviation Administration

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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