

Mayor and Council Communication

DATE: 04/06/21

M&C FILE NUMBER: M&C 21-0251

LOG NAME: 55FTW AMEND NO 2 AREA 51 HANGAR, LLC LEASE SITE 42N

SUBJECT

(CD 2) Authorize Execution of Amendment No. 2 to City Secretary Contract No. 53774, a Ground Lease Agreement with Area 51 Hangar, LLC., to Reduce the Ground Space by 694 Square Feet for Lease Site 42N at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize the execution of Amendment No. 2 to City Secretary Contract No. 53774, a ground lease agreement with Area 51 Hangar, LLC., to reduce the ground space by 694 square feet for Lease Site 42N at Fort Worth Meacham International Airport.

DISCUSSION:

On March 24, 2020, through Mayor and Council Communication (M&C 20-0201), City Council authorized the execution of City Secretary Contract (CSC) 53774, a Ground Lease Agreement with Area 51 Hangers, LLC (Area 51), for Lease Site 42N at Fort Worth Meacham International Airport.

The Area 51 ground lease agreement consists of 79,875 square feet of unimproved ground space. Area 51 pays ground rent calculated at \$0.47 per square foot, generating annual revenue in the sum of \$37,541.25 payable in monthly installments of \$3,128.44.

On or about October 7, 2020, the Aviation Department received a revised survey of Lease Site 42N that revealed a concrete pad included in the Area 51 lease site was already included in the adjacent leasehold known as Lease Site 43N. The purpose of this M&C is to amend the Ground Lease Agreement with Area 51 by reducing the ground space from 79,875 square feet to approximately 79,181 square. The new annual revenue generated from this amended ground lease will be approximately \$37,215.07, payable in monthly installments of \$3,101.26.

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 currently in the Schedule of Rates and Charges. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2025, and every fifth year thereafter.

All terms and conditions of the lease are in accordance with City and Aviation Department policies.

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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