



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#21-0760

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: November 16, 2021

TITLE: Public Hearing – Resolution to Establish Minimum Annual Lease Rates and
a Real Estate Brokerage Commission Policy for Property Available for
Lease at the Fort Lauderdale Executive Airport - **(Commission District 1)**

Recommendation

Staff recommends the City Commission approve a resolution establishing the following lease rates and real estate brokerage commission for property available for lease at the Fort Lauderdale Executive Airport (FXE).

1. A minimum aviation lease rate of \$0.55 per square foot with annual escalations and a maximum term of 30 years.
2. A minimum lease rate for non-aviation property consistent with Federal Aviation Administration (FAA) guidelines with escalations and a maximum term of 50 years, based on appraisal established within six (6) months of the effective date of the Lease Agreement or such other time-period as approved by the FAA.
3. No brokerage commission to be paid by the City on leases for property available for lease at FXE.

Background

In accordance with the City Charter, the City Commission holds a public hearing every three years, within two months of the start of the fiscal year, to review real estate rates and brokerage commissions for FXE property. The City Commission established the current rates by adopting Resolution 18-228 on October 23, 2018 (Exhibit 1).

Aviation Property

The minimum annual lease rate for aviation property is currently \$0.40 per square foot for new leases. Slack, Johnston & Magenheimer (SJM), real estate appraisers and consultants, have prepared a current analysis of the fair market annual rental for aeronautical property at the Airport.

The analysis included market research of general aviation rates and charges on a regional basis, as well as surveys of airport rates and charges at the local and national level. More than 50 general aviation airports within the State of Florida were surveyed. Airports were compared based on activity levels relating to geographic locations, physical

size, number and lengths of runways, based aircraft, annual operations, and fuel flowage. Based on the overall analysis, which included the current aeronautical land rental information at area airports, and the current land rents at FXE, SJM concluded that the minimum initial aeronautical land rate should be set at \$0.55 per square foot (Exhibit 2). New leases will be negotiated or offered for bid with this rate per square foot as the minimum initial lease rate, including annual Consumer Price Index Adjustments, periodic fair market adjustments, and a maximum term of 30 years.

Non-Aviation Property

Several non-aeronautical parcels are currently available for lease on Executive Airport property. Current FAA guidelines limit non-aviation leases to 50 years with no options. FAA guidelines also state that annual lease rates should be set at 8% to 12% of appraised Fair Market Value.

At its meeting of September 23, 2021, the Aviation Advisory Board supported staff's recommendation to adjust the lease rates according to the MAI's report.

Resource Impact

Staff anticipates that Airport revenues will increase as a result of an increase in lease rates for Airport property, as new leases are negotiated.

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Business Development Focus Area
- Goal 5: Build an attractive global and local economic community marketplace.
- Objective: Provide best-in-class regional general aviation airport amenities and services

This item advances the *Fast-Forward Fort Lauderdale Vision Plan 2035: We are Prosperous*.

This item supports the *Advance Fort Lauderdale 2040* Comprehensive Plan specifically advancing:

- The Business Development Focus Area
- The Economic Development Element
- Goal 2: Enhance the economic competitiveness of Fort Lauderdale through policies that encourage retention and recruitment of business and industry which provide living-wage employment and increased training and competitiveness of the local workforce.

Attachments

Exhibit 1 – Resolution 18-228

Exhibit 2 – Fair Market Value Rental Analysis for Aeronautical Land

Exhibit 3 – Resolution

Prepared by: Rufus A. James, Airport Director – City Manager's Office

Charter Officer: Chris Lagerbloom, ICMA-CM, City Manager