



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

#22-0466

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

FROM: Greg Chavarria, City Manager

DATE: August 16, 2022

TITLE: Resolution Authorizing City Manager to Approve and Execute Amendments
to Lease Agreements for Parcels 2A, 7B, 8AB, 8H, 11ABCD, 15, and O at
the Fort Lauderdale Executive Airport – **(Commission District 1)**

Recommendation

Staff recommends the City Commission adopt a resolution authorizing the City Manager to approve amendments to lease agreements for Parcels 2A, 7B, 8AB, 8H, 11ABCD, 15, and O at the Fort Lauderdale Executive Airport (FXE) and authorize the City Manager to execute the amendments.

Background

FXE established a fuel flowage fee policy to cover costs for management and operations of the Airport, which is captured in each aviation Lease Agreement of fuel providers on Airport premises. Seven tenants are authorized to dispense or sell aviation fuel to aircraft operating on the premises of the Airport. The fuel flowage fee is still applied and is commonly accepted as a fair way to generate airport revenue without placing the entire burden on local Airport tenants since the purchase of fuel is also made by transient aircrafts using the Airport.

Fuel flowage fees are collected monthly by the Airport from the following tenants:

- Parcel 2A - MNREH Florida, LLC
- Parcel 7B - Sheltair Executive South, LLC
- Parcel 8AB - KC FXE Aviation Investments, LLC
- Parcel 8H - Southeast Toyota Distributors, LLC
- Parcel 11 A, B, C, & D - Lynx FBO Fort Lauderdale, LLC
- Parcel 15 - FXE Parcel 15, LLC
- Parcel O - Sheltair Aviation Facilities, LLC

The Airport collects a monthly fuel flowage fee by applying a calculation of five and one-half percent (5.5%) of the per gallon cost on the first five hundred thousand (500,000) gallons of fuel delivered to each Prime tenant, and three and one-half percent (3.5%) of the per gallon cost of each gallon exceeding five hundred thousand (500,000) gallons. The first 500,000 gallons of aviation fuel resets annually on January 1st of each year.

Paragraph 13 of the lease agreements for Parcels 2A, 7B, 8AB, 11ABCD, 15, and O and Paragraph 10 of the lease agreement for Parcel 8H address the aviation fuel flowage fee. Staff reviewed the language in the leases and determined that an amendment is necessary to clarify that the fuel flowage fees are collected from the lessees on a monthly basis and the first 500,000 gallons of aviation fuel will reset annually beginning January 1st of each calendar year. The language in the respective leases does not specifically indicate that gallons delivered is on a monthly or annual basis but does specifically state that fees are collected monthly (Exhibit 1).

Airport staff has worked with the City Attorney's Office to include verbiage in the proposed amendment to the lease agreements that will clarify the methodology used to calculate the fuel flowage fee. (Exhibit 2). The Lease Amendment will not have any new financial impact nor will it create a new burden on the tenants or their customers.

At its meeting of April 28, 2022, the Aviation Advisory Board supported staff's recommendation to amend the leases for Parcels 2A, 7B, 8H, 8AB, 11ABCD, 15, and O.

Resource Impact

There is no fiscal impact associated with this action.

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 the best-in-class regional general aviation airport amenities and services
- Objective: Create a responsive and proactive business climate to attract emerging industries

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

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

- The Business Development Focus Area
- The Economic Development Element
- Goal 3: Recognize and include in economic development planning the role of Port Everglades and the Fort Lauderdale-Hollywood International Airport and Fort Lauderdale Executive Airports.

Attachments

Exhibit 1–Existing Fuel Flowage language in Leases for Parcels 2A, 7B, 8AB, 11A,B,C&D, 15, O and Redlined Version

Exhibit 2 – Proposed Fuel Flowage Language

Exhibit 3 – Amendment to Lease Agreement

Exhibit 4 - Resolution

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

Charter Officer: Greg Chavarria, City Manager