



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#24-0860

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

FROM: Susan Grant, Acting City Manager

DATE: October 1, 2024

TITLE: Public Hearing – Resolution Adopting Minimum Annual Lease Rates and a Brokerage Commission Policy for Property Available for Lease at 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 \$0.65 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 at least 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 No. 21-263 on November 15, 2021 (Exhibit 1).

Aviation Property

The minimum annual lease rate for aviation property is currently \$0.55 per square foot for new leases. Slack, Johnston & Magenheimer (SJM) real estate appraisers have prepared a current analysis of the fair market annual rental rate for aeronautical property at the Airport (Exhibit 2).

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 levels. More than 50 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, Slack, Johnston & Magenheimer concluded that the minimum initial aeronautical land rate shall commence at \$0.65 per square foot. 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 (CPI) Adjustments, periodic fair market adjustments, and a maximum term of 30 years.

Non-Aviation Property

Four non-aeronautical parcels are currently available for lease on the Executive Airport property. Current Federal Aviation Administration (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 value, which will provide maximum flexibility to negotiate the best terms for individual leases within the range established by current FAA guidelines. Additionally, staff recommends that the policy be updated to allow for an appraisal within six months of the effective date of the lease to allow sufficient time to negotiate agreements and obtain FAA and City approval.

At its meeting of June 27, 2024, the Aviation Advisory Board supported staff's recommendation to adjust the lease rates according to the SJM 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 2029* Strategic Plan, specifically advancing:

- The Infrastructure and Resilience Focus Area
- Goal 4: Facilitate an efficient, multimodal transportation network
- The Business Growth and Support Focus Area
- Goal 6: Build a diverse and attractive economy

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 Area
- 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 – Resolution No. 21-263

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: Susan Grant, Acting City Manager