



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

#17-0568

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

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: May 16, 2017

TITLE: Motion to Terminate Lease Agreement with World Jet, Inc. - Parcel 11
ABC at Fort Lauderdale Executive Airport

Recommendation

It is recommended by the City Manager that the City Commission authorize the City Manager to terminate the Lease Agreement for Parcel 11 ABC with World Jet, Inc., in accordance with paragraph 16(C) of the Lease and authorize initiation of legal action to recover all unpaid amounts due under the Lease Agreement. The Aviation Advisory Board recommended that the City Commission delay termination of Lease Agreement for 90 days and require World Jet to provide 30 day progress reports.

Background

World Jet, Inc. (World Jet) leases Parcel 11 ABC at the Fort Lauderdale Executive Airport (FXE). The Lease commenced on August 1, 1982, with a 40-year term expiring on July 31, 2022. Parcel 11 ABC consist of approximately 405,805 square feet (9.32 acres) of General Aviation Airport (GAA) zoned property located in the northeast quadrant of the Airport (Exhibit 1). The property has been improved with aircraft hangars, office space and associated parking. The current annual rent is \$116,077.19 and is adjusted annually using the Consumer Price Index (CPI) adjustment method. The next adjustment is scheduled for August 1, 2017.

On December 3, 2012, World Jet was advised of several issues regarding hangars in a state of disrepair needing to be addressed and corrected (Exhibit 2). World Jet responded on December 4, 2012 indicating that the buildings are not to the point in which they require painting (Exhibit 3). In February 2013, the city's code compliance cited World Jet on numerous issues related to several damaged hangars, hangars needing paint, unpaved parking areas, and parking areas not being maintained on Parcel 11 ABC.

Upon inspection by code compliance, hangar repairs and painting was brought into compliance in November 2014, but not without fines accruing due to the extended period of time to address the violations. The accrued fines still remain unpaid. The issues in the parking areas consisted of damaged concrete, unsecured parking stops, and parking spaces not properly delineated. The paving of a portion of the parking area

was completed; however, the fines for the parking areas continue to accrue daily, since World Jet has not completely complied with the code violations relating to the parking lot areas.

After observing no progress being made on the parking lot areas, Airport staff followed up with World Jet in October 2015, requesting a formal written update on the status of the outstanding Code case. We met with World Jet in November 2015 and World Jet provided a response for the violation with a set date for completion before April 2016. World Jet did not comply with the outstanding violations, so a Notice of Default letter was issued in May of 2016. As a result of the letter, World Jet requested a meeting again to discuss their plans to complete the repairs.

Upon re-inspection by code compliance on June 7, 2016 World Jet was advised that the Special Magistrate Order covered the entire parking lot area and was still not in compliance. World Jet was directed by the code compliance officer that if there were any issues with the Special Magistrate Order they would need to discuss with City Attorney's Office and management. During a follow up meeting World Jet indicated to Airport staff that the original code violations were satisfied and that any further request for compliance for Parcel 11 ABC should be made on a separate violation.

World Jet's efforts to resolve the outstanding code violation was minimal in every aspect, and demonstrated a lack of interest in performing the repairs in a timely manner. In addition, a lien was filed with Broward County in October 2014 on the Parcel 11 ABC Leasehold, and accrued fines reached in excess of \$70,000 as of April 12, 2017.

Airport staff has made every attempt to accommodate and work with World Jet on resolving these issues by extending deadline dates, meeting on numerous occasions, and also requesting assistance from the Building Division on behalf of World Jet for the requirements of obtaining the necessary permits to comply with the code violation.

World Jet is currently in default of their Lease for the property being in disrepair, a lien being placed on the property, and outstanding unpaid code enforcement fines totaling approximately \$70,000 as of April 12, 2017 for Parcel 11 ABC. We believe that World Jet has been afforded more than ample opportunity to bring the code enforcement violation in compliance with the Lease Terms, but has failed to correct these issues in a timely manner. In accordance with paragraph 16(C) 'Default In Other Provisions' we are invoking this section to initiate termination of the Parcel 11 ABC Lease with World Jet, Inc.

At its meeting of April 27, 2017, the Aviation Advisory Board (Board) voted to delay termination of World Jet's lease on Parcel 11 ABC for 90 days, with the provision that World Jet updates the Board every 30 days on their code compliance violations and other items.

Resource Impact

There will be an estimated fiscal impact in the amount of \$38,692.40 which represents loss of rent revenue (June-September), \$26,250 in estimated fuel flowage fees (May-

September), and \$2,099.45 in outstanding Fire inspection fees, and \$70,000 in Building Code fines. An additional loss of revenue could occur for Fiscal Year 2018 through Fiscal Year 2022 unless a new lease is executed with a new tenant.

Funds available as of May 10, 2017					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE RECEIVED (Character)	AMOUNT
468-TAM070101-J637	Executive Airport	Charges for Service/Par 11A/B/C – World	\$3,520,160	\$1,959,554	(\$38,692.40)
468-TAM070101-J666	Executive Airport	Charges for Service/Par 11 A/B Fuel-World	\$3,520,160	\$1,959,554	(\$26,250.00)
001-FIR010402-J101	Fire Safety Inspections	Charges for Service/Fire Inspection Fees	\$830,000	\$472,037	(\$2,099.45)
001-DSD040101-M103	Community Inspections	Fines and Forfeits/Code Enforcement Board Fines	\$906,000	\$199,875	(\$70,000.00)
APPROPRIATION TOTAL					(\$137,041.85)

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Business Development Cylinder of Excellence, specifically advancing:

- Goal 7: Be a well-positioned City within the global economic and tourism markets of the South Florida region, leveraging our airports, port, and rail connections.
- Objective 4: Deliver best-in-class regional general aviation airport amenities and services to domestic and international.
- Initiative 1: Examine the highest and best use of airport property to stimulate economic development and create jobs.

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

Attachments

- Exhibit 1 – Parcel Map
- Exhibit 2 – Correspondence to World Jet
- Exhibit 3 – World Jet’s Response Letter

Prepared by: Rufus A. James, Transportation and Mobility

Department Director: Diana Alarcon, Transportation and Mobility