



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#19-0087

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: February 19, 2019

TITLE: Resolution to Approve a Lease Agreement with First Industrial Harrisburg, L.P., a Delaware Limited Partnership for the Development of Portions of Parcels B, C, & D in the Airport Industrial Park at Fort Lauderdale Executive Airport

Recommendation

It is recommended that the City Commission approve a resolution authorizing the City Manager to execute a Lease Agreement with First Industrial Harrisburg, L.P., a Delaware limited partnership (First Industrial) for the Development of portions of Parcels B, C & D in the Airport Industrial Park at Fort Lauderdale Executive Airport (FXE).

Background

The Fort Lauderdale Industrial Airpark is located north of the Executive Airport along NW 62nd Street between NW 21st Avenue and NW 12th Avenue. Parcels B and C are located along NW 64th Street between NW 21st Avenue and NW 12th Avenue, and Parcel D is located along NW 12th Avenue between NW 62nd Avenue and NW 65th Street. The Parcels are zoned Airport Industrial Park (AIP) which is suitable for office, office service, warehouse distribution, hotels, restaurants, and ancillary uses. Development of the Industrial Airpark has resulted in the construction of several single and multi-story office and warehouse buildings, and manufacturing facilities.

City staff coordinated with the City's real estate broker, Colliers International (Colliers), to prepare a solicitation for bid on several undeveloped non- aeronautical properties in July 2018. Sealed bids were opened September 5th, 2018 with three proposals being submitted.

At the September 27, 2018 Aviation Advisory Board meeting, staff prepared a memo and presented the proposals for the solicitation of bids on Parcels B, C, and D. After reviewing the proposals, it was determined that First Industrial provided a favorable bid for the combined development of Parcels B, C, & D, which included economic terms that are advantageous to the City. The Board supported staff's recommendation to commence negotiations for a Lease Agreement with First Industrial for the development of Parcels B, C, & D in the Industrial Park.

The recommendation to commence negotiations was approved by the City Commission at the October 9, 2018 meeting.

First Industrial commenced their due diligence period in November 2018 to conduct certain preliminary investigations, inspections and testing of the Parcels, including soil testing and boring, environmental studies, and surveying. Simultaneously, City staff commenced lease negotiations to establish appropriate terms and structure of a Lease Agreement for the development of Parcels B, C, and D (excluding Conservation Easements).

When the Lease is executed, the Airport will receive annual rental payments of \$738,381.62 (\$0.67 PSF). Up to five (5) buildings will be constructed and will consist of a multi-tenant development, totaling up to approximately 400,000 square feet on Parcels B, C, and D. The buildings will include landscaping, high cube ceilings, enhanced front entries and ample automobile parking. It is anticipated that there would be in excess of \$38 million of improvements. This allows the developer with an opportunity to develop the property with a planned phased program assuring control and availability to construct high quality facilities which will optimize the complete development of the Industrial Airpark.

We feel that this development project will be an asset to the Industrial Airpark and will provide the best opportunity for increased Airport revenue and a buildout of high quality improvements that will be a credit to the City and Airport. This project will also result in facilities that will have the additional benefit of being compatible with our Foreign Trade Zone #241.

The lease has been submitted to the Federal Aviation Administration (FAA) for their review. Approval of this lease would be contingent upon the FAA having no objections.

At its meeting of January 24, 2019, the Aviation Advisory Board voted unanimously with staff's recommendation to approve the Lease with First Industrial Harrisburg, LP, a Delaware limited partnership.

Resource Impact

There will be a positive fiscal impact in FY 2019 in the amount of \$430,722.60 for the months of March 2019 – September 2019 (7 months at \$61,531.80 per month).

Funds available as of January 3, 2019					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AMOUNT RECEIVED (Character)	AMOUNT
468-TAM070101-N297	Executive Airport	Misc Revenues/ Lots 12-15 (B) South Fac Dev	\$3,955,055	\$791,408	\$121,888.48
468-TAM070101-N298	Executive Airport	Misc Revenues/ Lots 8-11 (C) South Fac Dev	\$3,955,055	\$791,408	\$175,178.57

468-TAM070101-N299	Executive Airport	Misc Revenues/ Lots 6/7/31 (D) South Fac Dev	\$3,955,055	\$791,408	\$133,655.55
APPROPRIATION TOTAL ►					\$430,722.60

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 stakeholders.
- 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*.

Related CAM

19- 0218

Attachments

- Exhibit 1 – Map of Parcels B, C, & D
- Exhibit 2 - Lease Agreement
- Exhibit 3 - Resolution

Prepared by: Rufus A. James, Transportation and Mobility

Department Director: Julie Leonard, Transportation and Mobility