



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

#22-0134

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: February 1, 2022

TITLE: Resolution Approving a Second Amendment to the Amended and Restated Lease Agreement with Sheltair Executive South, LLC for Parcels 1B, 20, and 20A at Fort Lauderdale Executive Airport – **(Commission District 1)**

Recommendation

Staff recommends the City Commission adopt a resolution approving a Second Amendment to the Amended and Restated Lease Agreement for Parcels 1B, 20, and 20A and authorizing the City Manager to execute the Second Amendment to the Amended and Restated Lease Agreement with Sheltair Executive South, LLC for Parcels 1B, 20, and 20A at the Fort Lauderdale Executive Airport (FXE), changing the name of the Lessee from Sheltair Executive South, Inc. to Sheltair Executive South, LLC ("Sheltair") and permitting Sheltair Executive South, LLC to complete improvements on Parcel 1B.

Background

Sheltair leases Parcel 1B at the Fort Lauderdale Executive Airport ("FXE") by virtue of an Amended and Restated Lease dated January 1, 2017. The leasehold consists of 11.57 acres of General Aviation Airport (GAA) zoned property and has been improved with the construction of office space, hangars, and vehicular parking. (Exhibit 1). The current annual rent is \$230,571.36 with 10 years remaining on the Lease. The Lessee was originally identified as "Sheltair Executive South, Inc." in the Amended and Restated Lease Agreement for Parcels 1B, 20, and 20A. However, in 2020, the Lessee converted "Sheltair Executive South, Inc." to "Sheltair Executive South, LLC," a Florida Limited Liability Company. Staff recommends the City enter into a lease amendment to change the name of the Lessee to "Sheltair Executive South, LLC."

Sheltair and its affiliates have been tenants at the Fort Lauderdale Executive Airport (FXE) for nearly 40 years and currently lease property on nine (9) individual leaseholds. Sheltair has developed more than 3.5 million square feet of aviation space on 15 airports across Florida and are also engaged in hangar construction projects in Georgia, Colorado, and New York. The company's aviation facility development, ownership, and operation experience are well known throughout the aviation industry.

The Amended and Restated Lease for Parcel 7B contained a scope, schedule, and

minimum capital expenditure for required improvements to the property, which included new ramp, landscape improvements, roof replacement, and hangar door replacement. Total investment in new and refurbished facilities proposed by Sheltair is approximately \$1.8 million. Originally, the demolition of existing asphalt ramp and installation of new ramp was proposed as poured concrete at a cost of \$1.3 million for Parcel 7B. Leading up to the planned phasing for the ramp replacement, it was determined that a concrete pour would have a greater impact on the sub-tenants and their operations. Therefore, the decision was made to complete a mill and overlay of the existing asphalt. Asphalt is less expensive than concrete, however the capital expenditure for improvements is still required to be fulfilled.

Sheltair has met the required Phase 1 scope of work but has only accomplished a final capital expenditure of approximately \$416,385, which is significantly less than the proposed minimum expenditure of \$1,490,000. Sheltair is committed to fulfilling the capital expenditure requirement for Phase 1 and is also required to further invest in each of the hangars on Parcel 7B in later phases. Due to the limited size of the site, Sheltair is proposing to fulfill the expenditure requirement by performing asphalt replacement and strengthening on adjacent Sheltair Parcel 1B.

	Parcel 7B CAM 22-0057	Parcel 1B CAM 22-0134	Parcel 4 CAM 22-0135	Parcel 5 CAM 22-0136	Parcel O CAM 22-0137	Total
Required	\$1,490,000	\$0	\$0	\$0	\$0	\$0
Completed	\$416,385	\$0	\$0	\$0	\$0	\$0
Alternate	\$0	\$423,989.33	\$40,816.22	\$528,865.20	\$107,431.98	\$1,101,102
Balance	\$1,073,615					

The engineering plans have been designed, and the estimated total cost of work proposed on Parcel 1B is estimated at \$423,989.33. This new proposal brings needed rehabilitation of older asphalt ramp facilities to accommodate the larger cabin business jets that frequent the Airport and will meet the current asphalt design criteria on Parcel 1B. Upon approval, the anticipated completion time is expected to be April 2022.

Staff recommends that the unused Phase 1 Capital Expenditure on Parcel 7B be applied to Parcel 1B for asphalt replacement and strengthening to fulfill the remaining expenditure requirement of approximately \$423,989.33. At its meeting of December 2, 2021, the Aviation Advisory Board supported staff's recommendation to accept the proposed terms for work on Parcel 1B.

Resource Impact

There is no fiscal impact to the City associated with this item.

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 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.

Related CAMs

22-0057

22-0135

22-0136

22-0137

Attachments

Exhibit 1 – Parcel Layout

Exhibit 2 – Sheltair Letter

Exhibit 3 – Second Amendment to the Amended and Restated Lease Agreement

Exhibit 4 – Resolution

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

Charter Officer: Chris Lagerbloom, ICMA-CM, City Manager’s Office