



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#16-1334

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

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

DATE: December 6, 2016

TITLE: Resolution Approving an Amended and Restated Lease Agreement with
Sheltair Executive South, Inc., Combining Parcels 20 and 20A with Parcel
1B at Fort Lauderdale Executive Airport

Recommendation

It is recommended that the City Commission authorize the City Manager to enter into an Amended Lease Agreement with Sheltair Executive South, Inc. to combine Parcels 20 and 20A with Parcel 1B.

Background

Sheltair Executive South, Inc. (Sheltair) leases Parcel 1B, 20 and 20A (Exhibit 1). Parcel 1B consists of 9.95 acres (433,552 square feet) of aviation property under a 50 year Lease Agreement dated February 1, 1981 and is scheduled to expire January 31, 2031. The current annual lease payments total \$116,339 (\$0.27 per square foot). The Parcel has been improved with approximately 67,334 square feet of hangar and office space.

At the April 2016 Aviation Advisory Board meeting, staff recommended a 6-month Lease extension for Parcel 20 with Sheltair, which the City Commission approved at the May 17, 2016 meeting (CAM 16-0485) Parcel 20 consists of 1.15 acres (50,168 square feet) of aviation property under a 30-year lease agreement dated March 1, 1986, which was scheduled to expire on February 28, 2016. The current annual lease payments total \$30,158 (\$0.60 per square foot). The Parcel has been improved with approximately 21,175 square feet of hangar and office space.

Parcel 20A consists of .43 acres (18,590 sq. ft.) of aviation property ramp space under a Temporary Parking Agreement. The current annual lease payments total \$1,701 (\$.09 per square foot).

Parcel 1B, 20, and 20A are uniquely situated with hangar doors that open onto the same shared ramp space (Exhibit 2). This unique situation has resulted in a scenario that does not allow Parcel 1B and 20 to be occupied by different Prime Tenants. Therefore, a Lease Amendment was proposed to add Parcel 20 and 20A under the Parcel 1B Lease.

In consideration of a Lease Amendment to combine parcel 20 and 20A under Parcel 1B, the rent rate will be adjusted to \$0.40 per square foot on December 1, 2016, and the terms will continue as scheduled to expire on January 31, 2031. A breakdown of the existing and proposed rent rate for Parcels 1B, 20, & 20A follows.

EXISTING LAND RENTALS

	Parcel SF	\$/Year	\$/SF/Yr
Sheltair 1B	433,552	\$116,339	\$0.27
Sheltair 20	50,168	\$30,158	\$0.60
Sheltair 20A	18,590	\$1,701	\$0.09
Total 1B/20/20A	502,310	\$148,198	\$0.30

COMBINED PROPOSED LEASEHOLD

	Parcel SF	\$/Year	\$/SF/Yr
Proposed 1B/20/20A	502,310	\$200,924	\$0.40
Existing Rent 1B/20/20A		<u>\$148,198</u>	
Benefit to Airport		\$52,726	

This proposal will resolve the configuration issue that currently exists, while allowing the current sub-tenants to continue operating their businesses without any interruption, and ultimately, the Airport will generate an appropriate rental return. If approved, the total rent for Parcel 1B will increase by \$52,726 in the first year with the opportunity to adjust the rent at regular intervals throughout the remaining Lease term.

Resource Impact

Revenue related to this agreement will be included in the FY2017 operating budget in the account listed below contingent upon the approval of the December 6, 2016 Consolidated Budget Amendment CAM 16-1329.

Funds available as of October 26, 2016					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
468-TAM070101-J603	Executive Airport	Charges for Service/ Par 1B FBO-Sheltair	\$3,449,642	-\$3,409,792	\$43,938
			APPROPRIATION TOTAL ►		\$43,938

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 - Parcel1B Map

Exhibit 2 - Parcels 1B, 20 and 20A Map

Exhibit 3 - Amended Lease Agreement

Exhibit 4 - Resolution

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