



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

#18-0195

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

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

DATE: March 6, 2018

TITLE: Resolution to Approve the First Amendment to Lease Agreement with
Sheltair FXE Northside, LLC for Parcels 9, 32 and 33 at Fort Lauderdale
Executive Airport

Recommendation

It is recommended that the City Commission approve a resolution authorizing the City Manager to execute the First Amendment to Lease Agreement for the development of Parcels 9, 32, and 33 to include a two year extension, and the development of the infield drainage system.

Background

Sheltair FXE Northside, LLC (Sheltair) Leases Parcels 9, 32, and 33 (Exhibit 1). Parcels 9, 32 and 33 consist of 18.16 acres of aviation property at the Fort Lauderdale Executive Airport (FXE) under a 30 year Lease Agreement dated November 1, 2015 and is scheduled to expire on October 31, 2045.

The Lease rental payment for Parcel 9 is \$293,310.60 (\$0.54 per square foot) per year and is adjusted annually in accordance with the Consumer Price Index (CPI). The annual base rent for Parcel 32 and 33 is \$0.37 per square foot (psf), and was scheduled to commence upon receipt of a Certificate of Occupancy (CO). According to the terms of the Lease, Sheltair is required to replace the existing buildings and redevelop the entire property with modern facilities valued at \$25,000,000.00. The improvements will consist of eight (8) corporate sized hangars with attached offices, workshops, and one (1) terminal lobby (Exhibit 2).

Unfortunately, there has been a delay in the development as a result of a lawsuit. The lawsuit has been settled and Sheltair will be acquiring the fee simple property for future development. Sheltair is requesting an additional two years due to the delays in commencing construction, which would extend the Lease expiration date to December 31, 2047. In consideration for the additional time, Sheltair has agreed to commence rental payments for Parcels 32 and 33, effective on the date of the Lease Amendment, increasing the annual rent to \$56,384.48 per year (\$0.185 psf) during construction. If the CO is received prior to November 1, 2019, rent shall be increased further to \$112,768.98

per year (\$0.37 psf). In the event a CO is not received by November 1, 2019 rent shall still increase to \$112,768.98 per year (\$0.37 psf).

The full development of Parcels 32 and 33 are affected by a drainage swale, which collects offsite storm runoff from the non-airport fee simple properties to the north (Exhibit 3). This offsite storm runoff agreement was established between the City and the developer at the time during the 1960's to promote economic development and job growth in the area when the Airport was still undeveloped. In an effort to resolve this issue and allow Sheltair to fully develop Parcels 32 and 33 as proposed, the Airport will be responsible for 70% percent of the storm runoff from those adjacent fee simple properties.

Sheltair designed the plans and has agreed to construct the infield drainage system, which will redirect the offsite storm runoff from the properties to the north (Exhibit 4). The cost to construct the infield drainage system is approximately \$1,500,000; however, the Airport's percentage of the total cost is 70%, with the remaining 30% being Sheltair's responsibility.

Sheltair will construct the infield drainage system to accommodate the offsite storm runoff in accordance with approved permitted plans, requirements of Sections 2-181 of the Code of Ordinances of the City of Fort Lauderdale, Sections 255.05, 255.0525 and 287.055, Florida Statutes, and the City of Fort Lauderdale's Procurement Manual. Sheltair will advance the actual construction costs to complete the project, and the Airport will reimburse its portion of the construction costs to Sheltair upon the issuance of a CO for the infield drainage system.

Resource Impact

There will be a positive fiscal impact in FY 2018 in the amount of \$28,192.20 in additional rent for the months of April 2018 – September 2018 (6 months at \$4,698.70) and an estimated fiscal impact of \$1,050,000 in FY 2020 (70% of the total estimated cost of \$1,500,000) for the construction of the infield drainage system, contingent upon the approval of the March 6, 2018 Consolidated Budget Amendment.

Funds available as of February 27, 2018					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AMOUNT RECEIVED (Character)	AMOUNT
468-TAM070101-J625	Executive Airport	Charges for Service/ Par 9 FBO - Executive	\$3,869,190	\$1,059,962	\$28,192.20
APPROPRIATION TOTAL ►					\$28,192.20

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

#18-0098 – Consolidated Budget Amendment

Attachments

Exhibit 1 - Parcel 9, 32, and 33

Exhibit 2 - Proposed Site Plan

Exhibit 3 - Fee Simple Properties

Exhibit 4 - Infield Drainage System Propose Plan

Exhibit 5 - Lease Amendment

Exhibit 6 - Resolution

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