



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

#18-1046

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

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

DATE: October 23, 2018

TITLE: Public Hearing to Establish Airport Lease Rates and Real Estate
Brokerage Commission

Recommendation

It is recommended that the City Commission approve a resolution establishing the following lease rates and real estate brokerage commission for property at Fort Lauderdale Executive Airport (FXE):

1. A minimum aviation lease rate of \$0.40 per square foot with annual escalations and a maximum term of 30 years.
2. A minimum lease rate for non-aviation property consistent with Federal Aviation Administration (FAA) guidelines with escalations and a maximum term of 50 years, based on appraisal established within six months of the effective date of the Lease Agreement or such other time period as approved by the FAA.
3. No brokerage commission to be paid by the City on leases of aviation property.

Background

In accordance with the City Charter, the City Commission holds a public hearing every three years, within two months of the start of the fiscal year, to review real estate rates and brokerage commissions for FXE property. The City Commission established the current rates by adopting Resolution 15-259 on November 20, 2015 (Exhibit 1).

Aviation Property

The minimum annual lease rate for aviation property is currently \$0.37 per square foot for new leases. Slack, Johnston & Magenheimer (SJM), real estate appraisers and consultants, have prepared a current analysis of the fair market annual rental for aeronautical property at the Airport.

The analysis included market research of general aviation rates and charges on a regional basis as well as surveys of airport rates and charges at the local and national level. More than 50 general aviation airports within the State of Florida were surveyed. Airports were compared based on activity levels relating to geographic locations, physical size, number and lengths of runways, based aircraft, annual operations, and fuel flowage.

Based on the overall analysis, which included the current aeronautical land rental information at area airports, and the current land rents at FXE, SJM concluded that the minimum initial aeronautical land rate should be set at \$0.40 per square foot (Exhibit 2). New leases will be negotiated or offered for bid with this rate per square foot as the minimum initial lease rate, including annual Consumer Price Index Adjustments, periodic fair market adjustments, and a maximum term of 30 years.

Non-Aviation Property

Three non-aeronautical parcels (8D, 12 and lot 21) are currently available for lease on Executive Airport property. Current FAA guidelines limit non-aviation leases to 50 years with no options. FAA guidelines also state that annual lease rates should be set at 8% to 12% of appraised value. Due to the length of time that these vacant properties have remained undeveloped, the FAA has allowed the City to use a rate structure which is more consistent with the market rental rate for this area.

Real Estate Brokerage Commissions

No real estate brokerage commissions will be paid by the City on aeronautical use property. The commission is currently 4% of the appraised rental value of the non-aeronautical use property, and is paid on the basis of one half of monthly rent amounts received by the City until the commission is paid in full.

The Aviation Advisory Board supported Staff's recommendation to approve the Airport lease rates and real estate brokerage commission for FXE at its meeting of September 27, 2018.

Resource Impact

It is anticipated that Airport revenues will increase as a result of an increase in lease rates for Airport property as new leases are negotiated.

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*.

Attachments

Exhibit 1 – Resolution 15-259

Exhibit 2 – Fair Market Annual Rental Analysis for Aeronautical Land

Exhibit 3 – Updated Resolution

Exhibit 4 – Public Hearing Notice

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