



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

#18-1213

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

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

DATE: December 18, 2018

TITLE: Resolution to Approve the Third Amendment to Amended and Restated
Lease Agreement with FXE Parcel 15, LLC for the Development of Parcel
15 at Fort Lauderdale Executive Airport

Recommendation

It is recommended that the City Commission approve a resolution authorizing the City Manager to execute the Third Amendment to Amended and Restated Lease Agreement for the development of Parcel 15 and a six year lease extension, at Fort Lauderdale Executive Airport.

Background

FXE Parcel 15, LLC leases Parcel 15 (Exhibit 1) consisting of 8.35 acres at Executive Airport under terms of a lease expiring on December 31, 2042. The annual lease payments for this parcel are \$159,153.55 (\$0.44 per square foot) and are adjusted annually in accordance with the Consumer Price Index (CPI). An investment of more than \$15 million has been made consisting of hangar improvements totaling 91,000 square feet, which includes one hangar built in 1976, two built in 2001, one demolished in 2012, and 3 built in 2013 (Exhibit 2).

Ms. Lynda Zur is the owner of FXE Parcel 15, LLC, and she has submitted a request to further develop Parcel 15 with the construction of one hangar totaling 20,000 square feet, and ramp space for tie down parking. In order to accommodate her request, an additional 1.81 acres (78,408 square feet) will be added along the northern and eastern boundary of Parcel 15 resulting in a new parcel size of approximately 10.1649 acres (Exhibit 3).

The new parcel layout will allow for a safer, more efficient flow of aircraft accessing the new area, and resolve any operational issues associated with the original ramp design. The development will require a minimum capital investment of \$4 million to construct the new hangars and associated ramp space, and the Lessee will be required to complete the development within 24 months of the commencement date of the Lease Amendment.

Ms. Zur has also requested an additional six years be added to the Parcel 15 Lease

Agreement for a total term of 36 years. In addition to the boundary modification and the minimum capital investment of \$4 million, she has agreed to a construction phase rent rate of \$0.22 per square foot effective on the date of the Lease Amendment for the new development, increasing the annual rent to approximately \$177,385.03 for Parcel 15.

At the end of the 24 month construction period, rent shall be increased further to a minimum of \$0.44 per square foot or the appropriate rent rate at that time. In the event a CO is not received by the required 24 month completion period, rent shall still increase to a minimum of \$0.44 per square foot or the appropriate rate established at that time through the annual Consumer Price index (CPI) increase.

Over all, this would represent an annual rent increase for the Airport, additional improvements for Parcel 15, and the ability to meet the growing demand for aircraft storage at the Airport.

Staff recommends the City Commission authorize the Lease Amendment for FXE Parcel 15, LLC to include:

1. The addition of six years to the FXE Parcel 15, LLC Lease, which would extend the Lease expiration to December 31, 2048.
2. Commencement of rent during construction to \$0.22 per square foot, effective on the date of the Lease Amendment.
3. Further rent increase for the new development to a minimum of \$0.44 per square foot or the appropriate rate established at that time through the annual Consumer Price index increase.

The Aviation Advisory Board supported staff's recommendation to amend the lease agreement with FXE Parcel 15, LLC at its meeting of October 25, 2018.

Resource Impact

There will be a positive fiscal impact in FY 2019 in the amount of \$11,962.53 for the months of January 2019 – September 2019 (9 months at \$1,329.17 per month) in additional rent.

Funds available as of November 28, 2018					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AMOUNT RECEIVED (Character)	AMOUNT
468-TAM070101-J629	Executive Airport	Charges for Service/ Par 15 FBO	\$4,046,153	\$64,347	\$11,962.53
APPROPRIATION TOTAL ►					\$11,962.53

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 - Current Site Plan

Exhibit 2 - Aerial View

Exhibit 3 - Proposed Site Plan

Exhibit 4 - Third Amendment to Amended and Restated Lease

Exhibit 5 - Resolution

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