



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

#20-0056

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: January 21, 2020

TITLE: Resolution Approving Lease Agreement with Terminal Ventures, LLC for
Parcel 8G at Fort Lauderdale Executive Airport - **(Commission District 1)**

Recommendation

It is recommended that the City Commission approve a resolution authorizing the City Manager to execute a Lease Agreement with Terminal Ventures, LLC for Parcel 8G at Fort Lauderdale Executive Airport (FXE).

Background

Parcel 8G consists of 1.97 acres of General Aviation Airport (GAA) zoned property located along Cypress Creek Road. The property has been improved with a two-story office building, which is approximately 10,000 square feet per floor with ample parking. Unfortunately, the building has been vacant since 2016 resulting in vandalism to the interior, which now requires significant rehabilitation.

FXE was contacted by Terminal Ventures, LLC (Terminal Ventures) with an interest to rehabilitate Parcel 8G and the site improvements. Terminal Ventures is an affiliate of KCFXE Aviation Investments, LLC, which currently operates the W Aviation Fixed-Base Operator (FBO) on Parcel 8AB and GTN Properties, LLC on Parcel 2A.

Terminal Ventures estimates the building on Parcel 8G will require approximately \$1.5 million dollars in capital improvements to attract clients for office use on the second floor and a lobby terminal for their FBO operation on the first floor.

The proposed renovations will include architectural and engineering services consisting of three phases:

- Phase 1 will be for the demolition of the interior of the building;
- Phase 2 will include interior remodeling for the first floor and exterior work will include landscaping, painting, and restriping of the parking lot; and
- Phase 3 will be interior remodeling of the second floor.

The company expects the improvements and repositioning of the property can be achieved within 12-18 months.

Terminal Ventures is requesting a long-term lease that would allow them to make these improvements to the leasehold and to restore the property with modern amenities. They have agreed to a 20-year lease term, which will continue through 2040. The terms also include annual Consumer Price Index (CPI) rent adjustments, a ground rent rate of the underlying land at \$0.40 per square foot (psf) and the improved pavement at \$0.05 psf, which is determined through an appraisal method. Additionally, an appraisal will be performed at year 10 to establish building improvement rent.

Overall, this new lease for Parcel 8G will represent an annual rent increase for the Airport totaling approximately \$35,925. Furthermore, the rehabilitation of this site will present an opportunity to meet the growing demand for aviation services, enhance the presence of the property, and most importantly benefit an aviation tenant who seeks to continue growing their business at the Airport.

At its December 5, 2019 meeting, the Aviation Advisory Board supported staff's recommendation to approve the proposed Lease with Terminal Ventures, LLC.

Resource Impact

The new agreement will have an annual positive fiscal impact of \$35,925 plus annual CPI adjustments and an appraisal adjustment at year 10. There will be a FY20 positive fiscal impact of \$26,943.75 (Feb 2020-Sep 2020 Rent, 9 months at \$2,993.75).

<i>Funds available as of January 3, 2020</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AMOUNT RECEIVED (Character)	AMOUNT
468-TAM070101-N265	Executive Airport	Misc Revenues/ Par 8G-KSR LLC	\$4,818,409	\$1,016,119	\$26,943.75
TOTAL AMOUNT ►					\$26,943.75

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 2035 Vision Plan: We Are Prosperous*.

Attachments

Exhibit 1 - Map of Parcel 8G

Exhibit 2 - Proposed Interior Renovations

Exhibit 3 - Proposed Exterior Renovations

Exhibit 4 - Lease Agreement

Exhibit 5 - Resolution

Prepared by: Rufus A. James, Fort Lauderdale Executive Airport

Department Director: Chris Lagerbloom, ICMA-CM, City Manager