



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

#20-0068

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: February 18, 2020

TITLE: Resolution Approving an Amended and Restated Lease Agreement with
Sheltair Executive South, Inc. for Parcel 7B 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 an Amended and Restated Lease Agreement with Sheltair Executive South, INC for Parcel 7B at the Fort Lauderdale Executive Airport.

Background

Sheltair Executive South, Inc. (Sheltair) leases Parcel 7B under a Lease Assignment in 1987. The original Lease commenced on June 1, 1982 and has a 40-year term which expires in 2022. The leasehold consists of 5.08 acres of General Aviation Airport (GAA) zoned property and is improved with the construction of one 15,000 square foot corporate hangar facility, underground aviation fuel storage tank, automobile parking, and three box hangars totaling approximately 30,000 square feet.

Sheltair has been a tenant at the Fort Lauderdale Executive Airport (FXE) for nearly 40 years and currently leases property on nine individual leaseholds. Sheltair has developed more than 3.5 million square feet of aviation space on 15 airports across Florida and has also engaged in hangar construction projects in Georgia, Colorado, and New York. The company's aviation facility development, ownership, and operation experience are well known throughout the aviation industry.

FXE has received a proposal from Sheltair to rehabilitate hangar facilities on Parcel 7B. The proposed capital improvements include demolition of the asphalt ramp, landscape improvements, roof replacement, and hangar door replacement. Total investment in new and refurbished facilities proposed by Sheltair will total over \$1.9 million.

Sheltair seeks a 20-year extension to their lease for Parcel 7B with an option to extend for an additional ten years to obtain the necessary financing and proper amortization periods to complete the capital improvements and rehabilitation. Staff has negotiated

terms of the Amended and Restated Lease that will provide an incentive for capital investment as proposed by Sheltair.

The current annual rent is \$40,243.07 per year (\$0.18 per square foot) with two years remaining on the Lease. Sheltair has agreed to increase the rent for Parcel 7B to the current minimum rent of \$0.40 per square foot in a proposed thirty-year lease. The annual rent will be increased to \$88,513.92 for Parcel 7B with annual Consumer Price Index adjustments.

Sheltair has also agreed to pay rent on the existing improvements, which will be assessed based on 5 percent of their gross rental receipts for those improvements. This methodology allows the Airport to receive an income stream for those improvements that would have reverted to the Airport had those Leases not been extended.

This proposal brings needed rehabilitation of older facilities, promotes capital investment, and recognizes quality improvements that meet the current aviation needs of the area while at the same time generating an appropriate rental return for the Airport.

At its meeting on October 24, 2019, the Aviation Advisory Board supported staff's recommendation to approve the proposed Amended and Restated Lease with Sheltair.

Resource Impact

The new agreement will have a net positive fiscal impact of \$48,270.85 Revenue related to this agreement is included in the FY 2020 operating budget in the accounts listed below.

<i>Funds available as of January 3, 2020</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
468-TAM070101-J613	Executive Airport	Charges for Service/ Par 7B FBO-Sheltair	\$4,766,828	\$972,769	\$48,270.85
TOTAL AMOUNT ►					\$48,270.85

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 7B

Exhibit 2 - Amended and Restated Lease Agreement

Exhibit 3 - Resolution

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