



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

#20-0354

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: April 21, 2020

TITLE: Resolution Authorizing the City Manager to Execute Amendments to Lease Agreements with Lessees at the Fort Lauderdale Executive Airport (FXE) to Defer Rent Payments - **(Commission District 1)**

Recommendation

It is recommended that the City Commission adopt a resolution authorizing the City Manager to execute amendments to lease agreements with lessees at the Fort Lauderdale Executive Airport (FXE) to defer rent payments for two months. The rent deferment amount, totaling \$1,455,782, will be paid over a period of six months commencing on July 2020 through and including December 2020. The proposed resolution is attached hereto as Exhibit "1".

Background

The COVID-19 pandemic crisis has adversely affected the general aviation industry. Many of the aviation lessees are seeking deferment of rent payments to assure the longevity of their business and the security of their contractual lease agreements. Immediately after Governor DeSantis' issued Executive Order 20-80 on March 23, 2020, the general aviation industry experienced a reduction in air traffic. As a result of the reduction, FXE's aviation lessees have experienced financial impacts. The actual amount of these impacts will not be known for some time.

FXE is a key component of Fort Lauderdale's economy. Its lessees have made the financial commitments to provide the high-quality facilities that are needed in the Uptown area and have helped FXE grow and develop in a manner that benefits the community. The excellent reputation that FXE enjoys is due in large part to its partnerships with its lessees. To assist its lessees in navigating recent operational disruption and financial impacts, Staff recommends following guidance issued by the Federal Aviation Administration (FAA) in providing immediate financial relief to FXE lessees through rent deferrals. As such, Staff recommends providing its 39 FXE lessees (both aeronautical and non-aeronautical) with a two-month rent deferment in-light of the circumstances. We feel that the lessees could use this assistance to offset the expenses that they have or will incur as a result the events of the COVID-19 pandemic. The FAA does not permit rent waivers.

The proposed rent deferment totals approximately \$1,455,782 for a two-month period (May and June). At the end of the deferral period, lessees will begin making their normal monthly rent payments with the total amount of the deferred payments being paid as an additional charge to the normal monthly payment over a period of six months from July 2020 through December 2020.

The implementation of lease amendments to defer rent payments supports FXE's mission to "help Airport businesses prosper". A two-month rent deferment can be accommodated within our current operating budget.

Amending the leases to defer rent payments is consistent with FAA guidelines and provides FXE an opportunity to ensure a continuity of business for its long-term lessees. Staff has presented the proposed terms to the FAA and the agency does not have any objections.

Resource Impact

This action will result in a negative impact to the City in the amount of \$727,891 for the current fiscal year. \$727,891 however will be collected in FY 2021.

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 – Amendment to Lease Agreement

Exhibit 2 – Resolution

Prepared by: Rufus A. James, Airport Manager - City Manager's Office

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