



City Council Report

Date: February 11, 2019

To: City Council

Through: Christopher J. Brady, City Manager
Natalie Lewis, Deputy City Manager

From: Corinne Nystrom, A.A.E., Airport Director

Subject: Falcon Field Airport Master Tenant Lease
Council District #5

Purpose and Recommendation

The purpose of this report is to recommend that the City Council adopt the revised Falcon Field Airport Master Tenant Lease template, while allowing the City Manager, or his designee, the latitude to negotiate the term, rental rate, and non-material additional provisions of Master Tenant Leases. Approval of this recommendation will help ensure that the airport continues to be financially self-sustaining and will keep the ground and City-owned buildings leasing process as streamlined as possible.

Background

Historically, the City has used a Master Tenant Lease template to execute ground and City-owned building leases (excluding City-owned t-hangars and executive hangars). The last revision to the Master Tenant Lease template was approved by City Council in October 2007.

Discussion

Since 2007, several leases have been signed using the current template. Due to changes in airport industry leasing trends and practices, revisions to the Master Tenant Lease template are needed to help ensure that leases which are signed comply with applicable federal, state, and local laws, rules, and regulations and represent the City's best interests. Material changes include: 1) legal clarification on several provisions; 2) incorporate references to the Falcon Field Airport Voluntary Noise Abatement Program and the Airport Planned Area Development Design Standards; 3) Leased Premises shall be used primarily for aeronautical purposes, unless otherwise authorized by the City and the FAA; 4) City may request that all fuel storage tanks be removed from the Leased Premises prior to or at the expiration of the lease.

Prior to finalizing the revised Lease, the document was shared with real estate developers, airport businesses, and financial institutions so that they could provide comments on it. Based on their feedback, a few minor, non-material changes were made to some provisions which incorporated their comments.

Alternatives

Approve

Approve with modification

Take no action – current Master Tenant Lease template and authorizations will remain in effect

Fiscal Impact

No additional costs will occur if City Council approves the revised and recommended Master Tenant Lease template.

Coordinated With

City Attorney's Office