



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Transportation

CM/ DCM/ ACM: Mario Canizares

DATE: August 15, 2017

SUBJECT

Consider adoption of an ordinance approving a Commercial Operator Airport Lease Agreement between the City of Denton, Texas and GAhangars, LLC; and providing an effective date. The Council Airport Committee recommends adoption of the ordinance (3-0).

BACKGROUND

Airport staff has entered negotiation with GAhangars, LLC to lease a 3.241 acre building site (Exhibit 2) for construction of 19-23 hangars or approximately 71,700 square feet of hangar space located at Denton Enterprise Airport as follows: (3) 4,900 square foot hangars, (16) 3,000 square foot hangars, and potentially and additional (3) 3,000 square foot hangars (Exhibit 3). The tenant has submitted his proposed hangar development to construct the project over a continuous period of one and one half (1 ½) years. The tenant is aware that no construction can begin until a property lease is approved by the City Council and the issuance of a building permit.

The ordinance (Exhibit 4) with the property lease is based on the standard lease agreement used by the Airport and the Legal Department.

OPTIONS

1. Approve of the Airport Lease as presented.
2. Approve of the Airport Lease with additional direction and/or modifications to the agreement.
3. Take no action at this time.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Council Airport Committee recommended approval of the lease on July 25, 2017.

FISCAL INFORMATION

The lease for this 3.241 acre parcel will be for forty (40) years beginning at a rate of \$0.27 per square foot annually (\$38,118) upon issuance of a building permit. Beginning with the second anniversary of an approved lease, and every second year thereafter, the lease rate will be adjusted based upon any increase in the Consumer Price Index (CPI) as provided in the lease terms.

During the Council Airport Committee meeting on July 25, 2017, there was a question regarding the \$0.27 per square foot lease rate. Since negotiation of this lease agreement was started with the previous Airport Administration, current staff honored the \$0.27 per square foot rate provided to the potential tenant. The current rate adjusted for CPI would be approximately \$0.29 per square foot.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Economic Development

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. Agenda Information Sheet
2. Site Maps
3. Development Concept
4. Ordinance/Lease Agreement

Respectfully submitted:
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Airport Manager