



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Airport

CM/ ACM: Jon Fortune

Date: September 16, 2014

SUBJECT

Consider adoption of an ordinance authorizing the City Manager, or his designee, to execute on behalf of the City of Denton an airport lease agreement between the City of Denton, Texas and various tenants for the property located at 2031-2221 Skyline Street, Denton Enterprise Airport. The Council Airport Committee recommends approval (3-0).

BACKGROUND

The Taxilane Quebec Hangar development was proposed by staff to the City Council in November 2013 and staff was directed to proceed with development. Each phase of development will be presented to the City Council for specific approval of a vendor or contractor to provide materials or service based upon a public solicitation. Following are projected milestones in the development process:

- Building materials were competitively bid with a closing date of September 22, 2014 for submittals. The seven (7) buildings are specified to be pre-fabricated metal as produced by Erect-a-Tube or equal. Each hangar will have an electric bi-fold door;
- Delivery schedule for the materials is anticipated to be ten (10) to twelve (12) weeks following a purchase order being issued. This should place delivery in December 2014;
- An RFP for construction of foundations and assembly of buildings will be advertised in mid-September, with an anticipated selection date of late November 2014;
- The current waiting list for rental of hangar space is nineteen (19), with ten (10) prospective tenants having selected a specific hangar at our proposed rate (Exhibit 2 of proposed ordinance);

- The hangar lease and rate schedule is required to be approved by ordinance of the City Council according to the City's bond attorney;
- The lease format is proposed to Council for administrative approval of each individual tenant. This procedure will allow the City Manager or his designee to sign each lease using the Council approved rate schedule.

The City of Denton Drainage Division has gone above-and-beyond a typical service order to help establish the finished grade for ramp and hangar building sites for this project. Their work should be completed by mid-September and the concrete ramp area should be finished shortly thereafter by Floyd Smith Concrete under their annual contract with the City.

In order to facilitate leasing of the twenty-seven (27) hangar spaces being constructed, staff has proposed authorization for the City Council to allow the City Manager or his designee to sign each annual lease under terms and a lease rate approved by the City Council. This action is to approve the lease format and a specific rate schedule which is identified in the proposed ordinance.

RECOMMENDATION

City Staff and the Airport Advisory Board recommended approval of the lease terms and rate schedule to the Council Airport Committee. The Council Airport Committee has recommended approval of the ordinance establishing the leasing procedure and rate schedule.

ESTIMATED SCHEDULE OF PROJECT

The first hangars are anticipated to be available for occupancy in January 2015.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

November 19, 2013 - City Council directed staff to proceed with development of the Taxilane Quebec Hangar Project;

July 15, 2014 - City Council approved construction of the public ramp to serve the hangars and provide access to Taxilane Quebec;

September 3, 2014 - Council Airport Committee recommended approval of the leasing procedure, terms and rates.

FISCAL INFORMATION

The fully leased hangar space is anticipated to generate \$174,934 of annual revenue, with a debt service expense of \$127,000. The initial operating margin for the Airport is \$47,934 annually, and the debt retires in twenty (20) years at which time the projected annual operating revenue for the Airport would be \$211,340.

Respectfully submitted:
Quentin Hix
Director of Aviation