Agenda Item: 3E8

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

و بين کا بي او اين کا بي او اين کا بي ک		ر این برای این این این این این این این این					
Meeting Date: June 21, 2016			[] Regular [] Public Hearing				
Department:							
Submitted By: Department of Airports							
Submitted For: Department of Airports							
۔ ہے کہ ہو سے میں کے لیے کہ اور کے کا کر کر کی کر کر کی کر کی کر کی کر	ے کے کہ کہ کے ا	، پر چر کا کا کا کا کا ک					

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: Amended and Restated Fixed Base Operator Lease Agreement (Amended Lease) with Galaxy Aviation of Lantana, Inc. (Galaxy), providing for the lease of an additional 272,491 square feet (\pm 6.3 acres) of unimproved ground at the Palm Beach County Park Airport (Lantana Airport) for the development of aircraft hangars by Galaxy; the lease of additional hangars to be constructed by the County; the extension of deadlines for completion of required improvements; the renovation of the existing terminal building; and the extension of the lease term to provide 30 years from substantial completion of the construction of a new terminal building or October 1, 2019, whichever occurs first.

Summary: Galaxy provides fixed based operator services at the Lantana Airport pursuant to a Fixed Base Operator Lease Agreement dated December 17, 2013 (R-2013-1795), as amended (Original Lease). Galaxy is a Florida corporation with its principal place of business in Lantana, Florida. The Amended Lease provides for: (1) a modified lease term to provide Galaxy sufficient time to amortize its investment in the construction of a new terminal building; (2) the lease of additional unimproved ground at fair market ground rental for the construction of aircraft hangars by Galaxy with rental commencing upon substantial completion of construction or October 1, 2021, whichever occurs first; (3) the lease of hangars to be constructed by the County to replace demolished hangars, subject to payment of percentage rent equal to 65% of annual gross real estate revenues; and (4) the renovation of the existing terminal building at Galaxy's cost in lieu of demolition with a minimum capital investment of \$250,000 and payment of percentage rent equal to 35% of annual gross real estate revenues commencing upon completion of the renovations or October 1, 2020, whichever occurs first. **Countywide (HJF)**

Background and Justification: The Original Lease provides for the construction of aircraft hangars by Galaxy within a portion of the existing aircraft parking apron. As a result of a recent aircraft parking apron rehabilitation project, the number of aircraft parking positions has been reduced to meet current FAA standards. In order to avoid the loss of additional aircraft parking, the Department is recommending the lease of unimproved ground to Galaxy for the construction of the aircraft hangars contemplated in the Original Lease. The Original Lease also provided for the construction of hangars by the County to replace hangars that were demolished and provided that the hangars would be available for lease by Galaxy subject to negotiation of lease terms. In the Original Lease, Galaxy also agreed to construct various improvements in addition to the aircraft hangars, including a fuel farm, aircraft wash rack and a new terminal building. The County committed to constructing various improvements at the Lantana Airport, including vehicular parking, security and roadway access improvements, which have taken longer than anticipated. The delay in the County's improvements has impacted Galaxy's original construction schedule; therefore, the Department is recommending an extension to the deadlines for completion of the required improvements by Galaxy.

Attachments:

1. Amended and Restated Fixed Base Operator Lease Agreement (3)

=_===============		
Recommended B	y: lelly	5/24/16
	Department Director	Date
Approved By:	por UBake	6/8/16
	County Administrator	Øate 🖢

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital Expenditures					
Operating Costs		The second s			
Operating Revenues			• • • • • • • • • • • • • • • • • • •	(\$49,400)	(\$73,200)
Program Income (County)				14-10,4007	<u>[\\[]</u>
In-Kind Match (County)		Contraction of the Article State of the Article Sta			
			•••••	 ,	
NET FISCAL IMPACT				<u>(\$49,400)</u>	<u>(\$73,200)</u>
# ADDITIONAL FTE					
POSITIONS (Cumulative)		Name: 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1			
Is Item Included in Current Bu	udget? Ye	s X Na			
		rtmont 120		D	

Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

This agenda reflects additional incremental revenue to be gained from ground rental, hangar rental, and office space. Lantana Airport revenue to the Department currently amounts to \$600,000 per year before consideration of these items. Details of the incremental revenue included in this agenda item are:

- 1. Hangar rental: 9,500 square feet of hangar space at \$8.00 per square foot times the County's 65% percentage, commencing 2019, \$49,400 per year;
- 2. Office space: 3,400 square feet of office space at \$20.00 per square foot times the County's 35% percentage, commencing 2020, \$23,800 per year; and
- 3. Ground rental: 272,491 square feet of unimproved ground at \$0.15 per square foot, commencing 2021, \$40,874 per year.

Note that amounts are subject to change based on the then appraised rental rates and actual square foot measurements. Implementation dates may be sooner than listed above.

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

ØFMB

B. Legal Sufficiency Assistant County Attor

C. Other Department Review:

Department Director

REVISED 9/03 ADM FORM 01 (THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)