

Memorandum



CITY OF DALLAS

DATE March 26, 2018

Members of the Economic Development & Housing Committee:

TO Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Dallas Executive Airport West Side Development**

On Monday, April 2, 2018, you will be briefed on Dallas Executive Airport West Side Development. The briefing materials are attached for your review.

Please feel free to contact me if you have any questions or concerns.

Jo M. (Jody) Puckett
Assistant City Manager (Interim)

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Biliera Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Dallas Executive Airport West Side Development

**Economic Development &
Housing Committee**

April 2, 2018

**Mark Duebner, Director
Department of Aviation**



City of Dallas

Overview

- Provide background on development opportunities at Dallas Executive Airport
- Detail purpose of the proposed development
- Discuss operational concerns of the project
- Propose staff recommendation

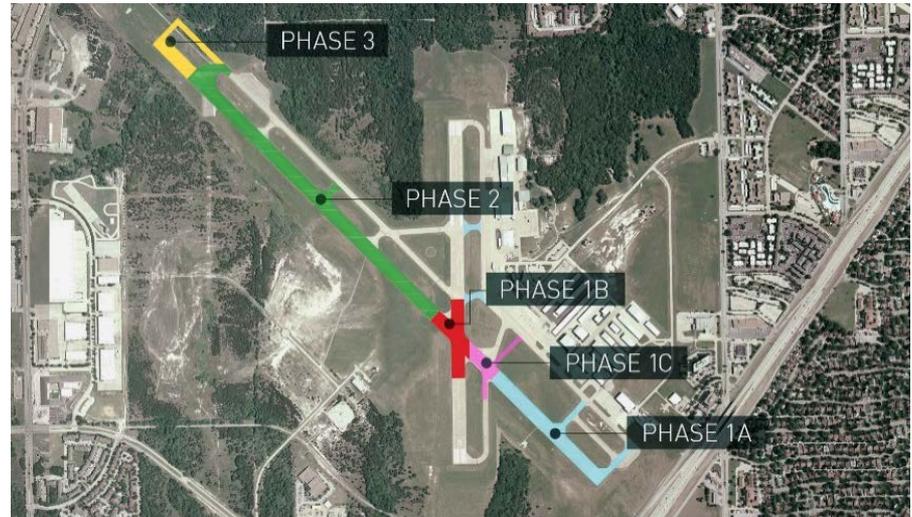
Background

- Dallas Love Field experienced tremendous growth post-Wright Amendment
- The growth has led to:
 - Longer wait times for takeoffs and landings
 - Increased demand for operational hangar space
- Dallas Love Field remains landlocked with little room for expansion
- Dallas Executive Airport has over 400 acres of land available for development



Background (cont.)

- Completing Phase 3 of \$33M runway improvement project (Aug 2018) at DEA
- Preparing RFP for an aviation management company to oversee daily operations and marketing of the airport



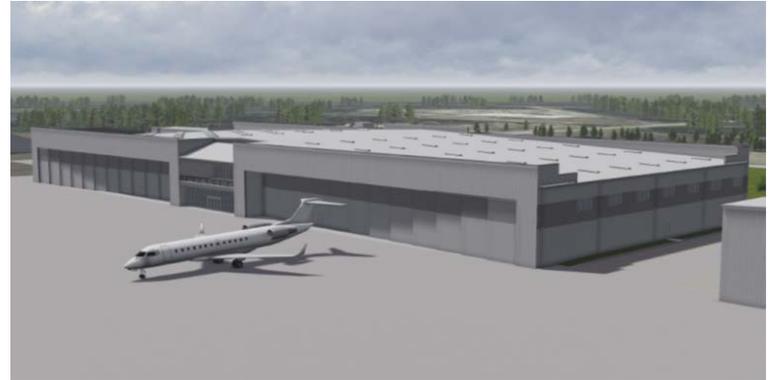
Purpose

- Project serves as the catalyst for future development and growth on the west side of the airport
- Results in approx. \$15.9M of capital improvements to the airport
- Creates 25+ new jobs and relocates 40+ jobs to the airport



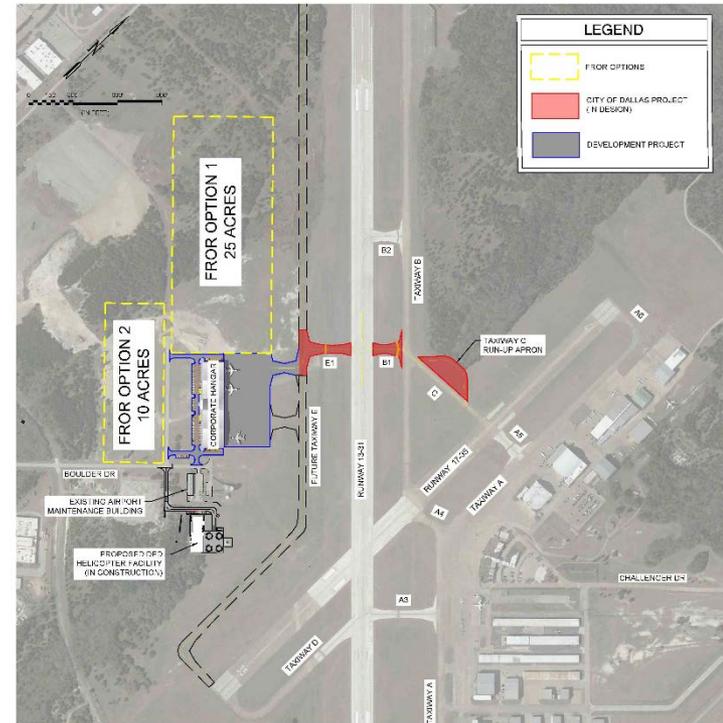
Operational Concerns

- Allows for the relocation of an existing tenant from DAL to DEA
- Project includes:
 - 90,000 sf Maintenance Repair Operations (MRO) and office facilities
 - Estimated revenue of \$5,653,255.00 during the primary term of the lease (subject to rent escalations)
- Includes off-site taxiway construction (expansion of connectors)



Operational Concerns (cont.)

- Dept. of Aviation will contribute \$4,164,186 for:
 - Construction of the apron and taxiway connectors
 - Infrastructure costs to build utilities expansion to the site property line
- Dept. of Aviation will contribute up to 30% of the total capital improvements, not to exceed \$3,500,000
- Project aligns with Dallas Grow South initiative



Proposed Action

Seeking City Council approval for a long term lease and development agreement

- Lease terms include:
 - Primary term of thirty-nine (39) years and eleven (11) months with three (3) ten-year (10-yr) option periods
 - Right of First Refusal for future development of adjacent property
- Development Agreement terms include:
 - Capital Investment of approx. \$15.9M
 - Reimbursement of a portion of the cost associated with the construction of lease-hold improvements, not to exceed \$3.5M
 - Completion of all construction no later than December 31, 2021

Staff Recommendation

- Staff recommends the Economic Development & Housing Committee forward the following to City Council for consideration and approval

Next Steps

- April 11, 2018 City Council Voting Agenda
 - Primary term of thirty-nine (39) years and eleven (11) months with three (3) ten-year (10-yr) option periods
 - Ground lease rental shall be fully abated for the first ten (10) years
 - Total estimated revenue over primary term - \$5,653,255
- Lease to be effective upon City Council approval

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