



City of Austin

Recommendation for Action

File #: 24-4294, **Agenda Item #:** 7.

4/18/2024

Posting Language

Authorize negotiation and execution of an amended and restated fixed base operator lease and development agreement with Austin FBO LLC, for approximately 40 acres of land at Austin-Bergstrom International Airport to modify and add to the leased premises, provide for the relocation of the water quality and water detention pond system, and add 10 years to the term.

Lead Department

Aviation.

Prior Council Action:

November 19, 2009 - Council authorized negotiation and execution of a Fixed Base Operator Lease and Development Agreement with Austin FBO, LLC's predecessor in interest, Advanced Services, Inc. d/b/a Jet Black Flight Service.

For More Information:

Inquiries should be directed to Tracy Thompson, Airport Chief Officer - Business & External Affairs at tracy.thompson@flyaustin.com.

Council Committee, Boards and Commission Action:

To be reviewed by the Austin Airport Advisory Commission on April 10, 2024.

Additional Backup Information:

On July 15, 2011, the City of Austin and Advanced Services, Inc., d/b/a Jet Black Flight Services executed a 30-year lease for the development and operation of a Fixed Base Operator (FBO) facility on approximately 23 acres of property at Austin-Bergstrom International Airport. The original tenant filed for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Western District of Texas. The bankruptcy court entered an order approving the assignment of the lease to Austin FBO, LLC. On September 19, 2014, the City amended the original lease and consented to the assignment of the lease to Austin FBO, LLC. The 30-year lease term began on November 1, 2016.

The original lease, as amended, allowed the development on two tracts. Austin FBO, LLC, completed development of Tract 1 in 2016. Tract 2 has not yet been developed. Austin FBO, LLC, has requested an amended and restated lease that includes the development of Tract 2, modifies the leased premises, and provides an additional 10 years for the term of the lease. This new development on Tract 2 has an estimated cost of \$50-55 million and will include the relocation and redevelopment of storm water ponds, the construction of additional aircraft apron area, the construction of three additional hangars and associated administrative space, and the construction of additional vehicle parking. Under the proposed terms, the amended and restated fixed base operator lease and development agreement will expire no later than October 31, 2056. For Tract 1, all the development terms, including the reversion of ownership of the developed facilities on Tract 1 will remain unchanged from the original lease; the developed facilities on Tract 1 revert to the City in 2046. The improvements on Tract 2 will revert to the City at the expiration of the amended and restated fixed base operator lease and development agreement.

Austin FBO, LLC, will continue to operate their facility on Tract 1 during construction of Tract 2 and meet all minimum standards for such operations, as set forth by the Department of Aviation, through the duration of the amended and restated fixed base operator lease and development agreement. Austin FBO, LLC, will be required to comply with the standards and principles of the Better Builder Program or a program with comparable worker protections, and with the City's Minority-Owned and Women-Owned Business Enterprise Procurement Program during the design and construction of the improvements.