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Title: Authorizing the Procurement Commissioner, on behalf of the City, to enter into a lease and concession agreement with Aero Center Northeast Philadelphia, LLC in connection with certain property at Northeast Philadelphia Airport to facilitate the development and operation of a new fixed-based operator, all under certain terms and conditions.

Sponsors: Councilmember O'Neill

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Authorizing the Procurement Commissioner, on behalf of the City, to enter into a lease and concession agreement with Aero Center Northeast Philadelphia, LLC in connection with certain property at Northeast Philadelphia Airport to facilitate the development and operation of a new fixed-based operator, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Procurement Commissioner, on behalf of the City of Philadelphia, is hereby authorized to enter into a lease and concession agreement with Aero Center Northeast Philadelphia, LLC for the construction, operation, and maintenance of a new fixed-based operator facility at Northeast Philadelphia Airport pursuant to terms substantially as set forth in the term sheet attached hereto as Exhibit “A”.

SECTION 2. The City Solicitor shall review and to approve the lease and concession agreement and impose such terms and conditions on it as the City Solicitor may deem necessary and proper to protect the interests of the City of Philadelphia and to carry out the purpose of this Ordinance.

SECTION 3. This Ordinance shall be effective immediately.

EXHIBIT A

Term Sheet for Fixed Base Operator at Northeast Philadelphia Airport

1. Parties

The City of Philadelphia, acting through the Procurement Department and the Aviation Department, (“City”) and Aero Center Northeast Philadelphia, LLC (“Concessionaire”).

2. Term

The Term of the Agreement, upon City Council authorization, is for twenty years, commencing after a preliminary term, but no later than July 1, 2026 (“Initial Term”). The Term may be extended for one five-year renewal term followed by one four-year and eleven-months renewal term, at Concessionaire’s option, subject to City’s approval based on Concessionaire’s compliance with the renewal term criteria.

3. Premises

The premises shall consist of a parcel of land located in the eastern portion of Northeast Philadelphia Airport of approximately twenty-five (25) acres. The Premises shall be composed of two (2) contiguous parcels of land, “Parcel A” containing approximately 435,602 square feet and “Parcel B” containing approximately 15 acres of land.

4. Use of Premises

Concessionaire shall design, construct, operate and maintain on the Premises a fixed-based operator (“FBO”) facility and a separate aircraft maintenance hangar(s) capable of servicing general and corporate aviation aircraft. Concessionaire shall perform the following FBO Services at a minimum:

- A. Delivery and dispensing of avgas, jet fuel and aircraft lubricants
- B. Line services and support
- C. Aircraft ramp services (including towing, parking guidance, tie-down, etc.)
- D. Aircraft maintenance
- E. Aircraft removal and assistance to disabled aircraft
- F. Aircraft hangar storage
- G. Aircraft de-icing
- H. Fuel storage facility
- I. Passenger and pilot facilities
- J. Flight planning and information services

Optional Services: The Concessionaire, at its own option and cost, may provide other aeronautical services including, but not limited to, flight training, aircraft rental and sales, air taxi/charter, avionics and aerial surveying/photography.

5. Base Rent

Commencing upon the Initial Term, Concessionaire shall pay base rent for Parcel A at a rate of Zero Dollars and 50/100 Cents (\$0.50) per square foot per annum and base rent for Parcel B at a rate of Zero Dollars and 25/100 Cents (\$0.25) per square foot per annum. Base rent shall be increased each year in accordance with CPI. Commencing upon the date of beneficial occupancy of Parcel B, base rent for Parcel B shall equal the then current rate paid for Parcel A. The City shall have the right to revalue the Base Rent after the tenth (10th) lease year to ensure the rental rate is no less than the current fair market rent.

6. Additional Rent/Concession Fee/MAG

Concessionaire shall pay as additional rent certain additional fees. Concessionaire shall pay per gallon fees on all aviation fuels and aviation lubricants dispensed at a rate of Zero Dollars and 15/100 Cents (\$0.15) per gallon. Concessionaire shall also pay an additional concession fee which shall be the greater of a minimum annual guaranteed amount and a percentage of gross revenue. Commencing upon the Initial Term, Concessionaire shall annually pay the greater of Three Hundred Thousand Dollars and 00/100 Cents (\$300,000.00) or five percent (5%) of gross revenues. Upon beneficial occupancy of Parcel B, but no later than January 1, 2031, Concessionaire shall pay the greater of Five Hundred Thousand Dollars and 00/100 Cents (\$500,000.00) or five percent (5%) of gross revenues.

7. Tenant Improvements

Concessionaire shall, at its sole cost, construct and maintain an FBO facility on Parcel A and an aircraft maintenance hangar(s) on Parcel B. Concessionaire, at its sole cost, shall inspect and refurbish each facility after the 15th lease year after beneficial occupancy of the individual facility.

Concessionaire shall have an initial minimum investment for the FBO facility of not less than Ten Million Dollars and 00/100 Cents (\$10,000,000.00) and satisfy the following minimum specifications:

- A. A general aviation terminal containing a minimum of 5,000 square feet
- B. An aircraft hangar containing a minimum of 20,000 square feet
- C. An above ground fuel storage facility
- D. Apron area containing a minimum of 100,000 square feet
- E. Vehicle parking lots and roads required to access the facilities
- F. A minimum of 40 tiedown spaces
- G. A minimum of 10 t-hangars
- H. A secured airside perimeter gate

Concessionaire shall have an initial minimum investment for the Parcel B aircraft maintenance hangar facility of Six Million Dollars and 00/100 Cents (\$6,000,000.00) and contain a minimum of 20,000 square feet and apron area containing a minimum of 67,000 square feet.

8. City Obligations

The City shall have no maintenance obligations beyond those specified in the Home Rule Charter or the Department of Aviation's regulations.

9. Insurance and Security for Performance

The Concessionaire provides insurance consistent with City standards. The City, its officers, employees, and agents, shall be named as additional insureds on the General Liability, Umbrella Liability and Cyber Liability Insurance policies.

10. Economic Opportunity Plan

The concession agreement is subject to an Economic Opportunity Plan that has been reviewed and approved by the Office of Economic Opportunity.