



City of Killeen

Legislation Text

File #: RS-22-136, Version: 1

Consider a memorandum/resolution approving a lease agreement with Skydive Addiction, LLC, d.b.a. Skydive Killeen at Skylark Field.

DATE: September 20, 2022
TO: Kent Cagle, City Manager
FROM: Mike Wilson, Executive Director of Aviation
SUBJECT: SKYDIVE KILLEEN LEASE AGREEMENT APPROVAL (SKYLARK FIELD)

BACKGROUND AND FINDINGS:

Airport staff was contacted by Skydive Addiction, LLC, d.b.a. Skydive Killeen about the possibility of relocating their existing Skydiving business to Skylark Field. Several meetings and airport site visits were conducted, as well as a review of their business plan and safety & operations plan. Also, we held meetings with other Skylark Field commercial stakeholders and held a town hall meeting with all Skylark tenants to inform them of the potential tenant and allow them to ask questions. Additionally, we reviewed Skydive Killeen's safety record and had the Federal Aviation Administration (FAA) conduct a safety review for skydive operations at Skylark Field. Meetings were also held with Airport staff, Skydive Killeen, FAA, Fort Hood Air Traffic Control, and the Fort Hood Air Traffic and Airspace Officer, to discuss safety and operational concerns. After a thorough review, the FAA determined that skydive operations can be done safely at Skylark Field.

Staff has negotiated a lease agreement with Skydive Addiction, LLC, d.b.a. Skydive Killeen to lease a 1,570 square foot office space, and the fire bay, in the old fire department building at Skylark Field. The term of the lease agreement is for a period beginning October 1, 2022 and ending September 30, 2027. The agreement will authorize the tenant the right to engage in the activities of a commercial skydiving operator to include parachute rigging and classroom activities.

THE ALTERNATIVES CONSIDERED:

Alternatives considered were: (1) leave the facility vacant while continuing to solicit for other aviation business that may provide a better benefit to the airport, or (2) move forward with Skydive Killeen's request to occupy the facility and begin aviation business operations on the airport.

Which alternative is recommended? Why?

Staff recommends alternative 2. Aviation staff determined the lease terms and conditions for the facility are at market rate, the services expected to be provided by the company are appropriate and in line with the airport master plan, and that further delays in executing a lease agreement would likely result in a loss of revenue to the airport. Approval of this lease keeps the City in compliance with FAA grant assurances.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The lease agreement provides revenue that the tenant will pay rental fees at a monthly rental rate of \$841.00 for the initial term. This will provide annual revenue to the airport of \$10,092 The basic rent amount is subject to an increase in subsequent years (2-5). Revenues will be deposited in the Skylark Field airport enterprise fund account 527-0000-344.02-01 (Fixed Base Operations). The activities of this tenant and potential new customers it may bring to the airport are also expected to have a positive effect on aviation fuel sales, however the estimated amount cannot be determined at this time, but the expectation is a minimum of 18% the first year and increasing thereafter.

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City Council approve the lease agreement with Skydive Addiction, LLC, d.b.a. Skydive Killeen and authorize the City Manager or designee to execute same as well as any and all amendments and lease actions allowed per federal, state, or local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Lease Agreement
Certificate of Interested Parties