



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 02/07/05
05-057

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Robert L. Hagener, Aviation Director

SUBJECT—

Approval of the Fourth Amendment to Land Lease for Parcel Distribution Facility with United Parcel Service as recommended by the Airport Board.

SYNOPSIS—

United Parcel Service, Inc. (UPS), (55 Glenlake Parkway NE, Atlanta, Georgia, 30328, Michael Eskew, President), and the Aviation Department staff have negotiated a Fourth Amendment that:

- (1) Clarifies payment of sanitary sewer connection fees through the Southeast Airport Sanitary Sewer Extension to be made by UPS; and
- (2) Sets the date that the Site and Grading Plan to be presented to the City for review not later than September 30, 2006.

On December 7, 2004, by Resolution No. A04-252, the Airport Board recommended to City Council the approval of the Fourth Amendment. On January 24, 2005, by Roll Call No. 05-171, City Council set a date of public hearing for February 7, 2005, to approve the recommendation of the Airport Board of approval of the Fourth Amendment to Land Lease for Parcel Distribution Facility with UPS.

FISCAL IMPACT—

UPS, by the Fourth Amendment, is required to make a lump-sum payment to the Airport (not to exceed \$140,000) to reimburse the City for payment of the sanitary sewer connection fees.

RECOMMENDATION—

Since the Land Lease for Parcel Distribution Facility with UPS has over three years remaining, City Council is required to approve the Fourth Amendment to the Agreement. The Airport Board and City staff recommends approval of the Fourth Amendment to Land Lease for Parcel Distribution Facility with United Parcel Service.

BACKGROUND—

On September 14, 1999, by Resolution No. A99-317, the Airport Board recommended to the City Council approval of a Land Lease Agreement with United Parcel Service, Inc. (UPS) for 30.74 acres of Airport property on which UPS is to construct a new sort and distribution facility. On October 18, 1999, by Roll Call No. 99-3257, the City Council approved the Land Lease Agreement with UPS. The following is a summary of the main provisions of the Lease Agreement:

- Required UPS to construct a new sort and distribution facility of at least 250,000 square feet with a construction cost of not less than \$12,000,000 with a deadline for construction of the new facility as December 31, 2003. (The new facility is to remain under the ownership of UPS throughout the lease term thereby requiring the payment of ad valorem taxes by UPS. The City is to provide a 10-year partial declining exemption from taxation on the facility and improvements.)
- The Lease has a term of thirty (30) years beginning on January 1, 2000, and expiring on December 31, 2029, with two additional option periods if exercised by UPS. The first option period is for a term of twelve (12) years and six (6) months. The second option period is for a term of ten (10) years.
- The initial leasehold was for 30.74 acres of land, including a portion of “old” Army Post Road. By amendment, option land has since been added to the leasehold bringing the total to approximately 43.5 acres.
- The Lease obligated the Airport to install a traffic signal at SW 28th Street and Relocated Army Post Road, and installation of water, telephone, and sanitary sewer to the site.
- Construction of the project is to be in accordance with all federal, state, and local laws, regulations, ordinances, and codes. Ownership of all buildings and improvements constructed on the leasehold revert to the Airport upon termination of the Lease.

Upon recommendation of the Airport Board, on January 8, 2001, by Roll Call No. 01-107, the City Council approved the First Amendment to the Land Lease Agreement with UPS. The First Amendment provided for UPS to lease the first parcel of Option Land (old Airport Baptist Church property) once the City had possession of the property.

Upon recommendation of the Airport Board, on April 22, 2002, by Roll Call No. 02-1063, the City Council approved the Second Amendment to the Land Lease Agreement with UPS. The Second Amendment leased to UPS the first and second parcel of Option Land as set forth in the original Agreement. The Second Amendment also extended the deadline for completion of their new package sort and distribution facility from the original deadline of December 31, 2003 to December 31, 2005.

Upon recommendation of the Airport Board on December 8, 2003, by Roll Call No. 03-2785, the City Council approved the Third Amendment to the Land Lease Agreement with UPS. The Third Amendment, among other modifications, changed the Agreement to: (1) increase the monthly land rental payments from \$39,409.05 to \$42,161.71 during the initial term then adjust the rental after the initial term; and (2) further extend the deadline for completion of their new facility until December 31, 2009; and if the project is not completed by December 31, 2009, UPS shall make an additional payment of \$1,000,000 to the Airport.