



# Council Communication

Office of the City Manager

Date

April 10, 2006

Agenda Item No. 59

Roll Call No. 06-

Communication No. 06-208

Submitted by: Craig Smith, Aviation Director

## AGENDA HEADING:

Approval of a long term lease agreement with Federal Express Corporation for occupancy of newly constructed Cargo Building No. 32 located at 3023 Army Post Road for a ten-year term with two five-year options at a lease rate of \$204,336 annually plus maintenance and parking fees.

## SYNOPSIS:

Recommend approval of a long term lease agreement with Federal Express Corporation (Frederick W. Smith, Chairman, President, CEO, Memphis, Tennessee) for occupancy of a newly constructed cargo building (Building No. 32) located at 3023 Army Post Road.

## FISCAL IMPACT:

Amount: This lease with Federal Express will generate base rent revenue of \$204,336 annually (\$17,028 monthly) within the Airport Enterprise Fund. The Lease Agreement contains a clause to adjust portions of the base rent throughout the term of the lease based on inflationary factors. Additionally, the Agreement includes other fees to be paid to the Airport for maintenance and parking based on tenant utilization.

Source: Initially, all revenues will be applied towards repayment of the Airport's Commercial Paper (Series C) debt obligation which is being used to fund construction of the building. After all construction debt has been repaid, revenues will be credited towards the Airport's general operating fund (EN002 AIR040100) to offset ongoing expenses.

## ADDITIONAL INFORMATION:

Airport staff and Federal Express Corporation have reached an agreement on all terms of a lease for 17,500 square feet of space in a newly constructed building at the Des Moines International Airport (Building No. 32), located at 3023 Army Post Road. The initial term of the lease is ten years followed by two additional five-year options.

The building provides for the expansion of the Federal Express operations currently occupying 7,765 square feet of another shared cargo building (Building No. 31), located at 2601 Army Post Road, and the relocation of certain Federal Express operations housed in a temporary office facility.

**PREVIOUS COUNCIL ACTION(S):**

Date: March 20, 2006

Roll Call Number: 06-533

Action: [On](#) long term lease agreement with Federal Express Corporation for occupancy of newly constructed Cargo Building No. 32, ten-year term with two five-year options, \$204,336 annually plus maintenance and parking fees, (4-10-06). Moved by Brooks to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Date: March 7, 2006

Resolution Number: A06-37

Action: Airport Board Recommendation to City Council to Approve the Cargo Building Lease Agreement with Federal Express Corporation.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**