

Memorandum



CITY OF DALLAS

DATE September 16, 2022

Honorable Members of the City Council Transportation and Infrastructure Committee:
TO Omar Narvaez (Chair), Tennell Atkins (Vice Chair), Adam Bazaldua, Cara Mendelsohn,
Jesse Moreno, Jaynie Schultz, Gay Donnell Willis

SUBJECT **Upcoming Agenda Item first amendment to the Development Agreement with
Burchfield & Partners, LLC (“B&P”) at Dallas Executive Airport**

The September 28, 2022 City Council agenda includes an item for your consideration to authorize a first amendment to the Development Agreement with Burchfield & Partners, LLC (“B&P”) at Dallas Executive Airport to extend the deadline for completing construction and increasing the reimbursement amount for the construction of a City-owned common-use ramp.

On April 11, 2018, the Dallas City Council approved a lease and development agreement with B&P for approximately 228,690 square feet of land (5.25 acres) at Dallas Executive Airport for the development of two aircraft storage hangars with office space. The lease, which was effective March 8, 2019, includes a development agreement that describes the manner in which B&P is required to design and construct the capital improvements and provides for certain economic incentives from the Department of Aviation (“AVI”).

As part of the development agreement, B&P is required to expend a minimum of \$15,931,859.00 for the development of (i) a minimum 60,000 square feet of combined aircraft hangar and office space (the “Leasehold Improvements”) and (ii) an airport-owned common-use aircraft ramp area, taxiway connectors, and infrastructure to the site (the “Common-Use Improvements”).

AVI agreed to reimburse B&P in an amount not to exceed \$4,164,186.00 for approved expenditures related to the Common-Use Improvements. Because this is a catalyst project that will fuel additional development on the west side of the airfield, the City also agreed to reimburse B&P up to thirty percent (30%) of the expenditures incurred for the Leasehold Improvements, in an amount not to exceed \$3,500,000.00. According to the terms of the Development Agreement, the City has already reimbursed B&P \$100,000.00 for its initial pre-construction costs.

B&P’s final deadline to complete the construction of the leasehold and common-use improvements and obtain a certificate of occupancy is December 31, 2022. However, the project will not be completed prior to the deadline due to the following unforeseen delays:

- In December 2020, B&P’s lender for the project backed out of its deal, causing B&P to restart the financing process from the beginning.

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- In January 2022, B&P's general contractor filed for bankruptcy, and B&P had to identify a new general contractor for the project.

Despite the delays, B&P has already received notification of a completed site grading permit and building permit for one of the hangars from the City. The site utility permit and building permit for the second hangar is expected to be ready by September 23, 2022. B&P has also selected and executed a contract with a new general contractor. This item authorizes an extension of the deadline for B&P to complete construction of the project and obtain a certificate of occupancy by an additional fifteen months to March 31, 2024.

This item will also authorize an increase to the reimbursement amount for only the City-owned Common-Use Improvements by an additional \$600,000.00 to account for the construction cost increases due to increases in construction costs resulting from the COVID-19 pandemic.

Please contact me or Mark Duebner, Director of Aviation, if you have any questions.



Kimberly Bizer Tolbert
Deputy City Manager

c: Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors