



Airport Leasing and Development Policy

Airport Advisory Board

Summary

- Purpose of and Need for a Lease Policy
- Airport/Tenant Lease Relationship
- Policy Elements
- Challenges with current policy
- Draft Improvements
- Next Steps

Purpose/Need for a Leasing Policy

Supports Federal Grant Assurances

- 5. Rights and Powers
- 19. Operations & Maintenance
- 22. Economic Non-Discrimination
- 23. Exclusive Rights
- 24. Fee & Rental Structure
- 29. Airport Layout Plan

- Benefits of a policy-based approach
 - Supports a well-organized and comprehensive approach to leasing
 - Encourages transparency and consistency; demonstrates equity
 - Reduces ad-hoc decision-making
 - Creates process efficiency in application approval and negotiation
- FAA Compliance
 - Reduces inadvertent non-compliance
 - FAA views presence of a policy favorably
 - “No Policy is a Policy”

Airport/Tenant Lease Relationship

Airport Receives

- Good, dependable service/activity
- Reliable income stream
- Full market return on invested capital
- Expectation of ownership of Improvements (and charging market rates)

Tenants Receive

- Airport/Airfield Access
- Good customer base
- Recoup investment costs (directly or indirectly)
- Business profit

Lease Policy Components

Article I

- Introduction, Purpose, Authority, Applicability

Article II

- Principal Development Criteria, Application, Approval, RFPs

Article III

- Lease Terms and Conditions, Maintenance and other Requirements

Article IV

- Rent, Fees, Lease Term

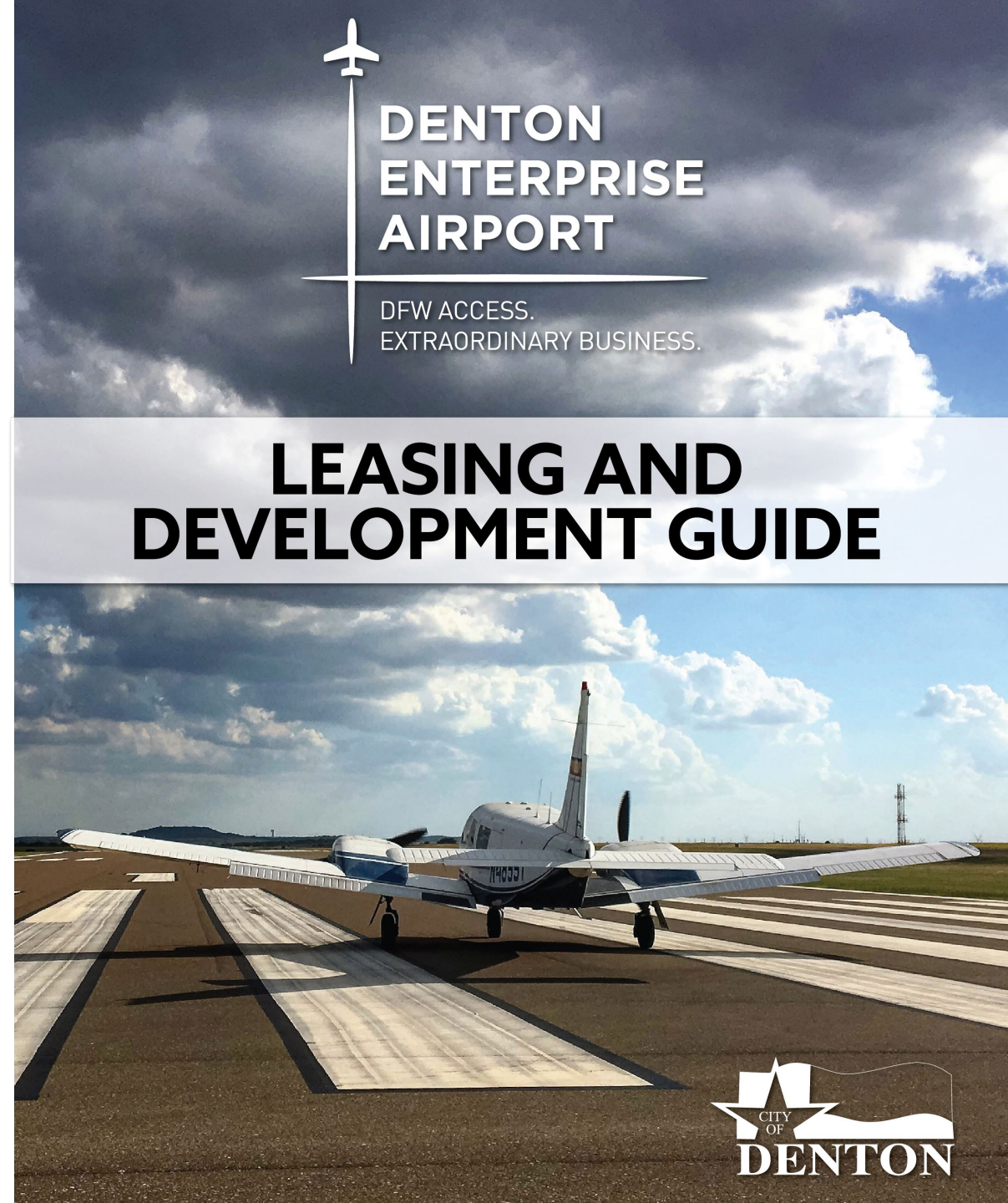
Article V

- Lease Reversion

Benefits Since Adoption

- Clarity
 - Lease conditions
 - Length of Lease term
- Basis for accepting Lease Applications
 - Must conform to Principal Development Criteria
- Process for Requests for Proposals (RFPs)

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Challenges discussed in January

Timelines

- Lengthy negotiation process for complex developments results in council approval after deadline
- 120 days may not be sufficient in most cases

Competitive Applications

- Policy best suited for one interested developer at a time
- No process for competitive applications (e.g. Site 3 and 4)

Challenges discussed in January

Lease Application Submissions

- No requirement for a site plan with specific items to include
- Pre-application meeting would be more efficient with that information provided ahead of time

Appraisals

- Requirement for appraisals every two years is costly, impractical
- This is a cost of development that should be borne by the developer

Draft Policy Updates

- Article I – Introduction
 - New provision granting the ability to modify policy in certain cases.

Draft Policy Updates

- Article II – Leasing Airport Land or Improvements
 - Airport Pre-Leasing Application Meeting (PLAM) is required for developers
 - Establishes documents that must be provided at the PLAM, including site plan
 - Application approval criteria:
 - Airport notification of approval (i.e. conformance with Principal Development Criteria)
 - Participation by the developer in a Development Services Pre-Application Conference
 - Payment of the applicable fee
 - Explicitly states that if two or more applications are received for a property prior to any one application being approved, the Airport will enter into a competitive process.
 - If the application is incomplete/rejected, the applicant may reapply within 90 days at no cost.
 - Exclusive negotiating period extended by 60 days (to a total of 180 days).
 - Applicant is responsible for acquiring an updated appraisal
 - Removed criteria for considering a competitive process (in conflict with other provisions)

Draft Policy Updates

- Article III – The Lease Agreement
 - Requirement for building permit and construction completion deadlines
 - Clarifications on requirements for subleasing
 - Condition Assessment shall be performed by a licensed commercial building inspector
- Article IV – Rents Fees and Agreement Term
 - No substantive changes
- Article V – Reversion of Improvements to the City
 - No Substantive changes
- All - Grammatical corrections and clarifications

Next Steps

- AAB consideration of final draft
- Council consideration of final draft