

AIRPORT LEASE POLICY
AND
PROPERTY MANAGEMENT PLAN
FOR
LAKE HAVASU CITY MUNICIPAL AIRPORT

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INTRODUCTION

The following airport lease policy guide for the Lake Havasu City Municipal Airport is established for the preparation and administration of airport lease agreements.

Accordingly, this plan has been developed specifically for Lake Havasu City Municipal Airport's use in the preparation, negotiation, and administration of leases and agreements at the Lake Havasu City Municipal Airport. The plan is comprised of the following sections:

- Definitions
- General Privileges and Rights
- Term of Agreements

Rates and Charges
Maintenance and Operational Obligations
Insurance and Bonding
Private Development
Commercial Operator Standards - General Aviation
Noncommercial Operations
Application Procedure
Revocation of Lease, Permit, or License

This material is advisory in nature and may be revised, adjusted, or otherwise modified to address the City's specific airport management and operational requirements.

It is suggested that this plan be revised and updated on a regular basis to reflect changes in the legal, economic, and operational environment of the Airport and Lake Havasu City.

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**RECOMMENDED AIRPORT LEASE POLICY
FOR
LAKE HAVASU CITY MUNICIPAL AIRPORT**

I. DEFINITIONS

As used herein, the following terms shall have the meanings indicated:

Airport: Lake Havasu City Municipal Airport

Airport Layout Plan: The FAA and City-approved layout of the airport property, indicating current and proposed usage for each identifiable segment, as may be amended from time to time.

City: Lake Havasu City, Arizona

Commercial Activity: Any transfer of goods, operation, or service performed for benefit, either direct or indirect which is conducted on or based at the Airport, excepting those activities specifically designated herein as noncommercial activities.

Noncommercial Activity: Any activity which does not involve the providing of goods or services for compensation. This includes the lawful use and maintenance of an aircraft by its registered owner(s).

Noncommercial Operator: Any person involved in a noncommercial activity.

Employee: Any individual performing services for another person and designated as an employee for the purposes of federal/state, unemployment insurance, federal social security, or federal/state withholding.

FAA: Federal Aviation Administration

Fixed Base Operator: A proprietor of a commercial operation offering aeronautical-related activities and services to the general public.

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Licensee: Any person, firm, general or limited partnership, corporation, company, organization, trust, or association leasing or using any land or facility at the Airport.

Rules and Regulations: That body of directions as may be approved and promulgated from time to time by the City to protect the public health, safety, interest, and welfare at the Airport and to augment any ordinances and resolutions pertaining to the Airport.

"Through-the-Fence": An operation involving the use of the Airport and its taxiway system by aircraft based on or accessing adjacent off-airport property. "Through-the-fence" operations may involve aviation-related or nonaviation-related off-airport activities.

II. GENERAL PRIVILEGES AND RIGHTS

In addition to any specific requirements contained in these standards for a particular category of operation, the following items shall be common requirements of all operators, permit holders, and lessees on the Airport.

A. Activities Per Agreement: Each licensee on the Airport will be granted the right to offer a single integrated activity per agreement (Fixed Base Operators shall have multiple services to be offered enumerated in their leases). This does not preclude a licensee from applying for another concession or privilege; provided, however, that this concession or privilege may be subject of a separate and distinct agreement or amendment. As with any other applicant, the licensee must meet the standard qualifications for the particular activity regarding related experience, quality and depth of management, personnel, etc.

B. Activity Limitation: Each licensee will be expressly prohibited from conducting any activity at the Airport other than

that provided by agreement. Likewise, any commercial user of the airport facilities shall be expressly restricted from entering into any other commercial activity at the Airport without the prior written consent of the City.

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C. Nondiscrimination: In the operation and use of the facilities at the Airport, no licensee shall discriminate or permit discrimination against any person or group of persons in any manner on the grounds of sex, age, race, color, creed, or national origin.

D. Operations Covenants: All agreements granting commercial privileges at the Airport shall include covenants that govern the hours of operation, the type of operation, the extent of services to be offered, and the quality of performance required of the lessee. Such performance standards are essential in all commercial agreements in order to insure a high performance level that will fulfill the City's public service goals. Therefore, each licensee to whom a concession is granted is expected to operate his premises for the use and benefit of the public. This shall include, but not be limited to:

1. Furnishing good, prompt, and efficient service adequate to meet the normal demands for its service at the Airport.

2. Furnishing such service on a fair, equal, and non-discriminatory basis to all users.

3. Charging fair and reasonable, and non-discriminatory prices for each unit of sale or service; provided that a licensee may make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

4. Having telephone service and offices on the Airport and maintaining a current registry with the City of the licensee's officers and supervisory employees and their telephone numbers for emergency use.

5. Compliance with all applicable federal and FAA lease provisions and grant assurance conditions as may be promulgated and required by the FAA from time to time.

E. Ground Space Leasing: Licensees for activities at the Airport who are required to provide ground space and structures for such activities shall enter into agreements with the City for the rental of such space. Ground space allocations to licensees under lease agreements will be made in accordance with the Airport Layout Plan for the development of the Airport as approved by the City.

Termination of an agreement for ground lease without other satisfactory arrangements having been made with the City

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shall automatically revoke a license for an associated activity, service, or operation.

F. Lease Plot Descriptions: The City shall attach a description of any lease area to the lease, use permit, or agreement. Such attachment will include a plan of the area showing location, dimensions, and square footage or acreage and description of the improvements.

G. Structures on Airport: All structures erected on the Airport shall comply with all applicable City and State building, health, and safety regulations, including, if applicable, any building, fire, sign, electrical, heating, zoning, and plumbing codes. Architectural design and siting of all structures and signing shall be reviewed and approved by the City.

H. Airport Layout Plan (ALP): The Airport Layout Plan for the Airport shall be as currently approved by the Federal Aviation Administration and the City. Nothing in these standards shall be construed as limiting the right of the City to revise these plans from time to time as it may deem necessary.

I. Licensee Subject to Laws and Regulations: Each licensee and its officers, agents, and employees shall carry on its activities and operations on the Airport in compliance with federal laws and Federal Aviation Administration regulations, state statutes, the rules and regulations governing the use of the Airport, and all applicable City ordinances. Each licensee shall be responsible for the actions of its officers, agents, and employees. Each licensee shall designate in writing the name and title of its responsible officer or manager.

III. TERMS OF AGREEMENTS

A. Length of Term: The length of the term of any license, agreement, lease, or permit shall be determined on the following basis:

1. Agreements should be of sufficient length to permit licensee(s) making a substantial capital investment to fully amortize the capital investment over the term of the agreement.

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2. All agreements for the use of any City-owned building or hangar which do not involve more than a nominal capital investment on the part of the lessee shall have maximum lease term of three (3) years. "Nominal" should apply to all portable or temporary type construction or improvements of an amount which requires three (3) years or less to amortize in accordance with accepted IRS standards.

3. All agreements for the use of City-operated spaces and/or T-hangar bays shall normally be on a month-to-month basis with a ten (10) day cancellation provision. However, the City may offer annual agreements with discounted up-front cash payments at

its option.

4. All agreements with a term in excess of one (1) year will provide for a suitable means for adjusting charges and fees at stated periods, as set forth in Section IV, Rates and Charges.

B. Options: Options for additional terms will generally not be granted. There may be situations where a City option to renew with renegotiated terms and conditions could be beneficial. Such situations might be desirable to retain a competent and satisfactory operator, net the City more return, or avoid management expense and costly time-consuming operator search/renegotiate procedures. Such operations shall be offered at the discretion of the City.

IV. RATES AND CHARGES

The principle underlying the establishment of rates and charges shall be that each licensee at the Airport and each user of the landing area shall pay an appropriate rate or fee for such license or use. The City shall endeavor to recover all operating and maintenance expenses, as well as the capital costs of the facilities provided, through the consistent and uniform implementation of the "user pays" policy.

A. Fixed Rates: Fixed rates will be incorporated into any agreement for aircraft storage, lease of structures or ground area use. This rate will normally be expressed in terms of a monthly rental as set forth by resolution from time-to-time by the City Council.

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B. Variable Rates (Activity Level Dependent): In addition to a fixed rate rent, a variable rate (e.g., a percentage of defined gross receipts may include aircraft sales) will be incorporated insofar as feasible into all agreements for commercial concession privileges at the Airport.

C. Audits: When an agreement specifies a variable rate or percentage rental, the City will, in addition to the right of confidence review of records, reserve the right to audit the accounts and records of the licensee. Should a discrepancy of five percent (5%) or more be found in net profit or gross receipts reported to the City, the cost of such an audit will be borne by the licensee. The City may require the gross sales of any major concession on the Airport to be verified by a Certified Public Accountant. These provisions will be included in any percentage rental agreement.

D. User Fees:

1. Airport Space and Ground Rentals

a. Lessees of airport structures and space shall be required to pay a ground rental for the gross area leased, including any exclusive-use aprons, parking areas, walkways, etc.

b. All renters of City-owned airport buildings shall pay a standard rate per square foot per month for building space exclusively leased. The rate will be determined on the basis of the ground rent, appraisal value, competitive factors, and actual cash and non-cash costs and expenses incurred in the development and operation of the particular building and related airfield facilities.

c. The rates for City-owned aircraft storage, including tie-downs and hangars, shall be periodically reviewed by the City. The rental of a tie-down space does not entitle the renter to locate any structure (permanent or portable) on said space without specific prior written City approval.

d. The City shall receive at its option a percentage of the transient aircraft tie-down and parking fees collected by the licensees on all aircraft parked on licensees leased area overnight.

2. Landing Area and Field Use Fees: All users of the landing area shall pay a field-use in addition to any other airport

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space or ground rentals that they may currently be paying. The following basic policy will apply:

a. For scheduled airline operators, as set forth by resolution from time-to-time by the City Council, based upon the aircraft's maximum approved gross landing weight. These charges will be applied for each landing aircraft, regardless of whether such landings are extra sections, training flights, etc. The City, at its option, may adjust this policy to reflect other revenue contributions of the airline to the Airport.

b. For most general aviation aircraft, the use fee will be obtained through a fuel flowage fee established by the City. This fee, based upon a City established rate or a percentage of the fuel sales price, shall be collected by the licensed fueling operator and remitted to the City on a monthly basis. The fueling operator shall submit an annual report of activities, including copies of all product delivery receipts.

c. For military and government users, a service charge shall be negotiated with the appropriate agency on the basis of the type of missions and the aircraft operated, if on a continual or extensive basis as provided for in FAA grant assurances.

3. Airport Encroachment Permit Fees: If off-airport commercial use is granted by the City, the licensee shall meet all the requirements of Section VIII of this Plan and shall pay all applicable user fees.

4. Special Use Fees: Special use permits may be issued by the City on a case-by-case basis and subject to any appropriate fees, charges, or conditions deemed reasonable by the City and set for by resolution from time-to-time by the City Council.

5. Rate and Fee Escalation

a. For airport operating and landing area agreements, escalations shall be on a negotiated basis, with the Airport operation and maintenance expenses and improvement costs (as developed by the City's accounting system), used as a basic criteria for the rate adjustment.

b. For hangar and building area agreements, adjustment of rents shall be based on the current market value of the land and/or an incremental proportion thereof. The latter basis, an incremental proportion, may be tied to an established measure such as the Consumer Price Index. It is desirable, however, to select an index which reflects local property values,

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competitive conditions, and aviation industry indices - which are better measures of increased rental value. Accordingly, the All Urban West C consumer users index will be used.

c. All rates shall be typically reviewed on an annual basis. In addition, a procedure shall be incorporated into each lease that specifically identifies the rate adjustment mechanism and indices.

V. MAINTENANCE AND OPERATIONAL OBLIGATIONS

All lease agreements will be explicit regarding the maintenance and operational obligations of both the City and each licensee.

A. Maintenance Obligations:

1. In the landing area, the City shall be obligated for full maintenance of all public-use runways, taxiways, and aprons. Exclusive-use aprons, taxiways, or ramps will be maintained by the licensee.

2. In a hangar or building area, the City shall not be required to provide any maintenance of gross area leased or of buildings or facilities erected by licensee. All agreements for the leasing of any City-owned buildings (single tenant) may be negotiated on a "net" basis, with the licensee required to assume the responsibility for providing its own day-to-day services, including, but not limited, to:

a. Provide and pay for all light, gas, electric, water, janitorial, and sewer charges used or incurred in or about the lease premises.

b. Maintain all leased areas, landscaping, facilities, and structures in a state of repair and good appearance acceptable to the City.

3. Maintenance provisions are necessarily difficult to enforce. The City shall be the sole judge of the quality and suitability of maintenance. Upon written notice, the City may require the licensee to perform all necessary maintenance. In the event such maintenance is not undertaken as required, the agreement

will further provide that the City may perform such maintenance on behalf of the licensee and at the licensee's expense, plus twenty percent (20%) for administration.

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B. Tax Obligations: Each licensee shall pay all taxes and assessments against any buildings or other structures used by licensee in its operations and, if imposed at any future date, any and all real property taxes assessed against the land leased from the City including any possessory interest taxes. Further, all licensees shall be responsible for the discharge of any and all excise taxes imposed upon them.

C. Operational Obligations: In addition to the above, licensee shall be responsible for the following items, as appropriate:

1. Obtain permits from appropriate agencies as necessary to conduct business operations on the Airport. Licensees must also conform to all applicable state/county/local codes and ordinances.

2. All commercial licensees must provide suitable automobile parking for their employees and customers.

3. To the extent necessary to protect the rights and interest of the City or to ascertain compliance with these standards and rules and regulations, the City or its authorized representative shall have the right to inspect, during reasonable hours with reasonable notice, all aircraft, equipment, structures, premises, facilities, and improvements on the Airport.

VI. INSURANCE AND BONDING

A. Coverage: All agreements shall require the licensee to provide, at its own cost, insurance coverage at a level to be determined by the City. Such coverage shall be underwritten by a responsible, recognized insurance carrier licensed by the State of Arizona. The following coverage shall be required as applicable:

1. Third-party comprehensive general liability coverage for bodily injury and property damage including owned and non-owned vehicles.

2. Aircraft liability coverage, including bodily injury and property damage.

3. Airport liability insurance.

4. Passenger liability insurance for bodily injury and disability.

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5. Products liability and complete operations coverage in addition to the foregoing comprehensive general liability insurance where the licensee operates a food service or offers goods or merchandise for sale.

6. Statutory workers' comprehensive and employer's liability coverage.

7. Fire and extended coverage and vandalism and malicious mischief insurance (full replacement value), as provided by the lease agreements, for damage or destruction of real property or leasehold improvements, where the City has, or will have, an interest in such property by virtue of an existing lease. If City title to the lessee's improvements is part of the lease consideration, said insurance proceeds shall accrue to the City.

8. Hangar-keeper's liability coverage where the licensee operates as a fixed base operator.

9. All licenses erecting substantial improvements at the Airport shall be required to furnish to the City a copy of a contract between licensee and a licensed contractor. The contract shall be protected by a labor and materials bond to guarantee that the improvements will be completed according to the existing codes and said improvements will be free from any liens.

10. At the discretion of the City, all licensees shall provide a performance bond in an amount equal to three (3) months rent on all leases.

B. Additional Insured: The City shall be named as an additional insured and require that the insurance carrier underwriting such coverage give the City a minimum of thirty (30) days written notice, via certified mail, of: 1) Cancellation; 2) Material alteration to the policy; or 3) Expiration without renewal. Said insurance shall be primary, and not excess or contributing to any insurance or obligation of the City.

C. Hold Harmless: In addition to providing liability insurance, the licensee shall agree to hold the City harmless from all claims and liabilities occasioned by the operator's activities under his agreement with the City.

D. Hazardous Materials: The City shall reserve the right to restrict the licensee from conducting any activity or storing inflammable materials or substances, which would increase the

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City's insurance rate or cause an insurance agreement of the City to be canceled.

E. Insurance Adjustment: At the option of the City, all agreements with a term in excess of one (1) year will provide a suitable means for adjusting the insurance coverage based on the then-current industry standards.

VII. PRIVATE DEVELOPMENT

A. Environmental Requirements: If required by any federal, state, or local agency, the licensee shall prepare and submit

appropriate environmental documents to measure the effect of the proposed project on the ecology and environment of the area.

B. Utilities: Each lessee shall be responsible for all utility connections and fees without any charge to the City.

C. Ground Rental: The ground rental rate for a given plot or parcel shall in part be based upon the appraisal of that land to ensure the rental rates are consistent with current market values of the land. If it is found that the rate which the city is currently using for ground leases at the Airport is lower than the appraised market value, a new rental rate shall be established for ground leases at the Airport. Such rental rate will be subject to adjustment at periodic intervals of no less than one (1) year so that the City may at all times receive fair income appropriate to the increasing value of the land. The ground rental rate shall be subject to escalation as set forth in Section IV, Category 5-b, Rates and Charges, but in no event shall rates be adjusted downward.

D. Site Improvement: In the construction of improvements, the following factors shall be required:

1. All ground leases shall specifically provide that, in addition to having the right to build, the lessee is obligated to construct facilities within a reasonable time period as determined jointly by the lessee and the City and stated in the lease.

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2. All construction undertaken upon the basis of a ground lease shall obligate the lessee to meet a minimum improvement standard as established by the City. In addition, design standards will be required so that compatible and aesthetically pleasing developments occur at the Airport.

3. All buildings or structures constructed on leased premises at the Airport shall be constructed in a manner to conform to all safety regulations and shall be in compliance with the requirements of current building codes and fire regulations of appropriate jurisdictions.

E. Restrictions of Leasehold: At the option of the City, each agreement shall require removal by the lessee at his cost of all lessee-constructed improvements upon termination of the agreement and for restoration of the premises. This covenant expressly precludes the City from becoming liable for removing such improvements and restoring the premises. Title may remain with the lessee for the term of the lease, but the City shall have the option upon termination to take title in lieu of removal.

F. Federal Requirements: All agreements shall be subordinated to any present or future sponsor's assurance agreement

with the Federal Aviation Administration. A covenant to this effect will be included in any new agreement or in any amendment to an existing agreement.

G. Relocation: The facilities of any lessee shall be subject to relocation at the cost of the City to a suitable location at the Airport if the leased premises are required by the City for the development and operation of the Airport. In the case of temporary or portable facilities, the City may stipulate in the lease that all relocation costs are to be borne by the lessee.

H. Assignment and Subleasing

1. No lessee shall sublease any premises leased from the City or assign such lease without the prior approval of the City. Such approval shall not be unreasonably withheld. Any such subletting or assignment shall be subject to all of the minimum standards and application procedure, set forth herein. The approval of any sublease by the City shall not constitute a release

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or partial release of any of the LESSEE's obligations under the Lease. In the event the lessee sublets any portion of his lease, the sublessee must assume the full obligations of the lease and must fully cooperate with the City in complying with these standards.

2. Approval by the City of any assignment of sublease will be based upon the following:

a. The assigning or subleasing will only be to individuals, firms, or corporations who can meet the required qualifications and stipulations of these standards.

b. Conformity with the appropriate Airport Master Plan.

c. Continuity of performance standards.

3. The City shall reserve the right to assign, pledge, or hypothecate any agreement without the consent of the other party.

VIII. COMMERCIAL OPERATOR STANDARDS - GENERAL AVIATION

The City shall require that any person desiring to provide general aviation commercial services complies with all applicable elements (insurance, maintenance and operational obligation, etc.) of the lease policy as set forth herein. Additionally, the person shall be required to comply with the minimum standards applicable to the category(s) of services provided as set forth in the following sections and/or adopted airport rules and regulations and standards.

As part of the consideration for allowing the operator to conduct business on the Airport, certain site improvements may be

required of the lessee. Said improvements may be constructed by the lessee or leased from the City as appropriate. All site improvements constructed by the lessee shall revert to the City after an agreed upon period of time. In addition, the City may reserve the right or option to require removal of improvements and restoration of the site at lessee expense.

Category A: Multi-Service Fixed Base Operator

A commercial operator in this category shall be required to provide as a minimum, all the requirements of this section

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excepting (5) Aircraft Sales which shall be at the option of the concessioner; and (6) Aviation Fuel and Petroleum Sales which shall be at the option of the City. A commercial operator in this category shall be required to meet all of the conditions specified in Section II, A-1 and additionally the following:

1. Aircraft Maintenance and Repair

a. Personnel: One FAA certified repairman or mechanic, licensed for the type of repair work to be performed.

b. Equipment and Parts: The minimum stock of equipment and readily available spare parts or adequate arrangements for securing spare parts required for the type of aircraft and models to be serviced.

c. Hours of Operation: Minimum personnel as specified in item 1a above on duty a minimum of eight (8) hours per day, seven (7) days a week during normal airport hours appropriate to season. "On-call" emergency mechanic service until two hours after sunset on normal working days and between the hours of 8:00 a.m. and two hours after sunset on weekends and holidays. Emergency service coverage at the Airport may be provided on a scheduled basis or rotating basis with the cooperation of all FBO's holding repair and maintenance concessions at the Airport.

d. Other:

(1) Aircraft washing, polishing, and cleaning.

(2) Capability for removal of disabled aircraft from the operations area. (The combined capabilities of all such operators at the Airport must provide suitable equipment to promptly remove any disabled general aviation aircraft upon request of the City.)

2. Air Taxi and Charter Services

a. Qualifications: Hold a current FAR 135 Air Taxi-Commercial Operator Certificate with ratings appropriate to the services to be provided.

b. Personnel: A suitable, properly certified and qualified operating pilot or crew which shall be located at the Airport and ready for departure during at least eight (8) hours of normal daylight operation and, at other times, stand-by crews available upon call within one (1) hour's notice.

c. Equipment: One (1) four-place aircraft meeting

all requirements of the Air Taxi-Commercial Operator Certificate

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held must be owned or available under exclusive lease agreement and must meet all relevant requirements of Part 135 of the Federal Aviation Regulations.

d. Hours of Operation: In addition to specifications for personnel outlined above, the airport office shall be open for business eight (8) hours per day, seven (7) days per week during normal airport hours appropriate to season.

3. Flight Instruction and Aircraft Rental

a. Qualifications

(1) Instruction for private, commercial, and instrument ratings and a continuing ability to meet FAA requirements for the flight training proposed.

(2) Adequate facilities for storing, parking, servicing, and maintaining all aircraft.

b. Personnel

(1) At least one (1) full-time eight (8) hours per day, seven (7) days per week properly certified flight instructor for the types and models of aircraft in which instruction is given.

(2) A properly certificated ground school instructor capable of providing ground school instruction sufficient to enable students to pass the FAA written examination for private, commercial, and instrument ratings.

(3) There shall be available, at least during eight (8) hours of the working day, a properly certificated pilot capable of checking out pilots in the rental aircraft.

c. Equipment and Parts:

(1) At least one (1) dual-equipped single-engine aircraft properly equipped and maintained for flight instruction and such additional types of aircraft as may be required to give flight instruction of the kind(s) advertised.

(2) Adequate mock-ups, pictures, slides, films, video tapes, or other visual aids necessary to provide proper ground school instruction.

(3) For rental, at least one (1) airworthy aircraft suitably maintained and certificated, which may be used to meet requirement (1) above.

(4) Any aircraft utilized to meet the requirements of (1) or (3) above which is available to the operator on a leaseback agreement must be on an exclusive-use agreement.

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4. General Services and Facilities

a. UNICOM: If so directed by the City, UNICOM advisory services will be provided and licensed personnel eight (8) hours per day, seven (7) days per week during normal airport business hours appropriate to the season.

b. Weather Information: Wind speed and direction,

along with current barometric pressure using equipment satisfying the requirements for instrument operations under FAR Part 91 shall be provided concurrent with the UNICOM operation.

c. Reporting: Anything that affects the safe and efficient operation of the Airport shall be immediately reported to the designated Airport Manager.

d. Tiedown Fees: Overnight tiedown fees shall be collected and accounted for to the Airport Director or his designee.

e. Lot Size: Normally not less than .5 acres (21,780 square feet) of ground area shall be leased from the City at the Airport to provide for:

(1) A maintenance hangar and office building as described below.

(2) A minimum of one (1) paved automobile parking space per employee plus a minimum of 10 paved automobile parking spaces for customer use.

(3) Apron area as required for circulation and storage of lessee's own aircraft and customer aircraft.

f. Building Size: Not less than 8,000 square feet of building area which will provide for:

(1) A properly heated, cooled and lighted customer lounge, rest rooms, and a public telephone.

(2) Adequate table, desk, or counter for checking in air taxi and charter passengers, handling ticketing or fare collection, and handling of luggage.

(3) Suitable office space for administering rentals and the keeping of proper records in connection herewith.

(4) A suitable classroom and ground training space for the conduct of ground school classes.

(5) Sufficient hangar space to house any aircraft upon which air-frame and/or engine maintenance is being performed.

(6) Adequate and proper storage for inventory

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items, support products (other than fuel), and equipment required for other services.

5. Aircraft Sales - New and Used (Concessioner's Option

a. Qualifications: For sales activity of new aircraft, a sales or distributorship franchise from a recognized aircraft manufacturer or new aircraft and at least one demonstrator model of such aircraft available.

b. Personnel: One (1) person with current commercial pilot certification with ratings appropriate for type of aircraft to be demonstrated and sold.

c. Equipment and Parts:

(1) Current up-to-date specifications and price list for types and models of new aircraft sold.

(2) Proper check lists and operating manuals

on all aircraft available for sale and adequate parts catalogue(s) and service manual(s) on all new aircraft sold.

6. Aviation Fuel and Petroleum Sales (City's Option)

a. Qualifications: An agreement with the City to operate on-airport aviation fuel service facilities and dispense aviation fuel to the public.

b. Personnel: One (1) properly trained service person qualified as follows:

(1) Valid Arizona driver's license.

(2) Fully complete in all fueling and safety equipment operation and aircraft fueling procedures.

(3) Capable and trained to provide all required ancillary services.

(4) Supplemented as level of business activity requires by additional equally-qualified personnel.

c. Equipment and Inventory:

(1) The City, at its option, may provide suitable bulk storage facilities for aviation fuels which meet all applicable fire codes, federal, state, and local laws, statutes, ordinances, rules and regulations pertaining to fire safety.

Alternately, the City, at its option, may authorize one or more lessees to conduct and operate on-airport bulk fuel storage and dispensing facilities.

(2) The operator shall provide appropriate equipment for repairing and inflating aircraft tires, servicing

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struts, changing engine oil, cleaning aircraft windshields, and recharging or energizing aircraft batteries and starters.

d. Hours of Operation: As a minimum, one (1) properly trained and qualified service person shall be available to provide aircraft fuel and required services from sunrise to sunset daily on a seven (7) day-a-week basis. Operator will be required to furnish "on-call" services after sunset; however, he has the right to charge a reasonable fee for this service. Said fee must be posted with an after-hours telephone number.

e. Other: Personnel shall also be able to provide:

(1) The directing of transient aircraft to a transient tiedown upon request of owner and the registering of aircraft with the City, as necessary for collection of applicable fees and charges.

(2) Information as to available maintenance services, ground transportation, and other helpful information as transient pilots may require.

(3) All services utilizing equipment listed in Item C above.

Exceptions to the "Multi-Service" Requirement

Three categories of limited service commercial operators are established outside of the multi-service Fixed Base Operator

requirements. These categories, detailed in subsequent text are:
Aircraft Repair and Maintenance Service
Scheduled Commercial Air Service
Specialty Services

Category B: Aircraft Repair and Maintenance

This category of limited service operation is established to provide special recognition of the importance which aircraft owners place on the availability of personally acceptable maintenance services and the perceived safety implications of such decisions. With this provision, the City is encouraging competition within this service category and thereby increasing the opportunity for consumer satisfaction. A commercial operation in this category shall be required to meet all of the conditions specified in Section II, A-1 and, additionally, the following:

1. Lot Size: Not less than .5 acres (21,780 square feet) of ground area shall be leased from the City at the Airport, including

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area for the maintenance hangar, paved employee parking, a minimum of eight (8) paved customer parking spaces, and apron area required for circulation.

2. Building Size: Not less than 4,800 square feet including sufficient space for hangar shop, office, customer lounge, parts storage, rest rooms, and public telephone.

Category C: Scheduled Commercial Air Service

A commercial air service operation in this category shall be required to meet all of the conditions specified in Section II, A-1 and, additionally, the following:

1. Qualifications
a. Provide satisfactory evidence of reliability and responsibility including a current FAA operating permit.
b. Publish and fly scheduled operations at published rates.
c. Establish, staff, and operate an adequate terminal facility, i.e., ticket counters staffed in such a manner as to provide proper service before and after each scheduled flight.

2. Personnel
a. Flight crews and ground personnel with appropriate and current FAA certification as required for operation.
b. Properly trained passenger service and counter personnel to provide appropriate hours of service.

3. Other:
a. The applicant shall not begin flight operations at the Airport until an Airport Use Agreement is executed by both parties and the applicable performance bond and insurance certificate of the proper value has been received by the City.
b. Operator shall furnish specified operational reports on a monthly basis to the City.

Category D: Specialty Services

This category shall not include items of the FBO. Commercial operations in this category shall be required to meet all of the conditions specified in Section II, A-1 and additionally, the following:

- Aerial applications (agricultural)
- Aerial survey, mapping and photography
- Aerial fire fighting

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- Aerial pipeline/power line patrol
- Aerial advertising
- Aeronautical research
- Aircraft painting
- Aviation mechanic schools
- Aircraft parts supply (retail and wholesale)
- Helicopter services
- Aircraft storage
- Aircraft washing, cleaning, detailing

1. Qualifications:
 - a. Provide satisfactory evidence of technical competency to provide proposed services.
 - b. Hold all licenses or permits and meet all requirements of any government agency having jurisdiction over the proposed services.
2. Other:
 - a. Minimum lot size shall be established such that all facilities including, but not limited to, auto and aircraft parking must be contained on-site.
 - b. Because of the anticipated limited nature and proposed location of these activities, the City shall review each application for commercial operation in these categories and establish specific requirements based on the applicant's proposal.
 - c. Operators within these categories shall be encouraged to be tenants or sublessees of existing operators, however, leases for separate facilities will be considered if desired by the operator.
 - d. The review of applications for these services shall be in accordance with the provisions of Section X.

IX. NONCOMMERCIAL OPERATIONS

These categories have been designed to allow for those bona fide noncommercial activities that take place on the Airport. The standards of this category are also designed to preclude unfair commercial competition that could develop between "quasi noncommercial" operators and bona fide operators meeting the requirements of Section VIII.

A. Flying Clubs

1. Qualifications:

a. A flying club must be a non-profit corporation or organization as evidenced by articles of incorporation or appropriate legal documents. Each member must be a bona fide partial owner of club aircraft or a stockholder in the non-profit corporation. A verification of non-profit status shall be submitted to the City annually by forwarding a Federal Internal Revenue Service Form 990 (if required according to IRS regulations) or a properly notarized statement signed by a club officer affirming the club's continuing non-profit status.

b. The club's aircraft will not be used by other than bona fide members for rental and by no one for commercial operations as defined by these standards.

c. A licensee under this section may be exempt from sections of the Commercial Operator Standards insofar as they pertain to flight instruction and maintenance, provided such services are rendered by a properly certificated individual who (1) is a bona fide member, (2) does not receive monetary compensation for such services, (3) is employed by a multi-service Fixed Base Operator licensed to conduct business on the Airport, or (4) is otherwise authorized by the City to provide such services on the Airport.

2. Personnel:

The club will file and keep current with the City a complete list of the club's officers, directors, and general membership and shall list its members qualified to perform the services enumerated in Section IV-1-c and the investment share held by each member.

3. Aircraft Ownership:

All aircraft shall be owned by the non-profit corporation or owned in common by all members. Said ownership shall be evidenced by a copy of each club aircraft's current FAA Certification of Registration which shall be filed with the City.

B. Corporate, Business and Personal Aviation: A non-commercial operation in this category shall be required to comply with the following:

1. Qualifications:

a. The activities conducted at the Airport must be of a completely noncommercial nature and related only to the

conduct of business off the airport premises and in no manner competitive with any commercial operators, licensed or having a contract with the City to provide aviation services or products on a commercial basis nor shall any aviation services be offered to the public on any basis.

b. Maintenance (beyond "preventative" as per FAR's part 43 and 91) of owned aircraft may be provided by the aircraft owner or the owner's bona fide employee(s), provided that all

applicable FAA certifications and standards are adhered to and a building provided which meets all applicable building and fire code provisions or in a specific location on the Airport as designated by the City.

c. Fueling of owned aircraft only may be permitted, provided that approved bulk storage facilities or other facilities acceptable to the City are constructed and that such fueling operations are performed by the aircraft owner or the owner's bona fide employee(s).

2. Equipment and Parts:

a. If fueling facilities are desired, provide suitable and adequate bulk storage of fuel which meets all applicable fire codes, federal, state, and local laws, statutes, ordinances, rules and regulations pertaining to fire safety.

b. Comply with all applicable current fuel flowage fee assessments and fueling procedures as established from time-to-time by the City and the FAA.

C. Airport Encroachment Permits - "Through-the-Fence": Accesses from off-airport property ("through-the-fence") will not be permitted by the City unless the following conditions can be met by the applicant:

1. It must be demonstrated that no present or potential on-airport property is available that could adequately meet the applicant's needs.

2. It must be demonstrated that the aviation use of off-airport property will be of a non-commercial nature and will not unfairly compete with licensees currently engaged in business on the Airport.

3. The proponent must agree to pay an appropriate use fee to the City.

4. A statement of "no objection" must be obtained from the FAA and the State Division of Aeronautics.

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In all cases, the City shall retain the exclusive right to permit or deny "through-the-fence" operations at the Airport.

A noncommercial operation in this category shall be required to meet all of the conditions specified in Section II, A-J, and additionally, the following:

1. Permits will only be considered for bona fide property owners or tenants of land contiguous to the airport boundaries in areas such that any ultimate approval of the permit would not adversely affect operations or safety.

2. The activities conducted at the Airport must be of a completely noncommercial nature and related only to the conduct of business off the airport premises and in no manner competitive with any commercial operator, licensed or having a contract with the City to provide aviation services or products on a commercial basis nor shall any aviation services be offered to the public on any basis.

3. Maintenance of owned aircraft may be provided by the aircraft owner or the owner's bona fide employee(s).

4. Fueling of aircraft and storage of aviation fuels is limited to appropriate areas on airport property.

D. Portable Hangars: At the sole discretion of the City, individuals may be permitted to site individually-owned portable aircraft storage hangars on the Airport. The siting, use, access, availability of utilities, fee schedule, term, and general development parameters (e.g., construction, appearance, landscaping, signing, etc.) of such hangars shall be solely determined by the City.

The City considers such hangars as temporary use and, as such, the hangars may be subject to relocation or removal as may from time-to-time be required by the City.

The term of any portable hangar lease shall consider the future needs and development plans of the Airport, the operational suitability of the proposed hangar location, the extent of lessee investment in site improvements, and the availability of alternative on-airport aircraft storage facilities.

The site rental rate (i.e., land only) for portable hangars should be comparable to that charged for similar improved tiedown facilities. The rate should reflect the total amount of land area required for the portable hangar times the land rental

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rate typically charged for similarly improved tiedown facilities.

Portable hangars developed at the Airport shall be required to comply with the following:

1. Construction, color, and landscaping of structure to be approved by the City.

2. Noncommercial use only.

3. Storage of aircraft and ancillary equipment as set forth by resolution of the City Council.

4. City reserves the right to access hangar and leasehold during normal business hours upon adequate notice to lessee. Furthermore, City reserves the right to access the hangar and leasehold at any time to address any emergency or threatening conditions that may be perceived to exist.

5. Lessees are required to provide an appropriate level of hangar property damage insurance. In most cases, an aircraft's property damage insurance provides adequate coverage in this respect.

6. The identification (type, model, and registration number) of each aircraft and the name, mailing address, and telephone number of each aircraft owner occupying the hangar shall be maintained on file with the Airport Manager. Such listings shall be kept current by the lessee.

7. Hangar lessees and occupants shall comply with all applicable federal, state, county, and local laws, codes and regulations.

8. Hangar lessees shall pay all applicable fees,

assessments, and taxes associated with their use of the subject site and improvements.

9. Lessees shall agree to an indemnification clause as may be required by the City.

10. If multiple aircraft are stored within a hangar, each additional aircraft not owned or leased by lessee, shall pay the monthly tiedown fee appropriate for the type of aircraft.

11. No fuel (other than that fuel stored in the aircraft's permanent fuel tank(s) or hazardous materials may be stored in the hangar.

E. Hangar Waiting List Procedures: In the event that demand for aircraft storage hangars owned by the City exceeds the available supply, a formal hangar waiting list and administration procedure shall be established.

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It is recommended that this listing procedure provide for the following:

Name, address, and telephone number of owner ("registrant") of specific aircraft to be hangared.

Type, model, and registration number of specific aircraft to be hangared.

Hangar listing is non-transferable. Designated aircraft type may be changed provided it is owned by the original hangar registrant.

Hangar registrant shall maintain in a timely and complete manner correct address information and description of aircraft on file with Airport Manager's office.

Registrant shall specify size-type of desired hangar. When a hangar in the desired size/type category becomes available, the registrant shall accept it or be removed from the list and all fees forfeited.

Registrant shall be the registered owner of the aircraft to be hangared at the time the hangar becomes available. If the registrant does not own the aircraft to be hangared at the time the hangar becomes available, the registrant's name shall be removed from the list and all fees forfeited.

When a hangar becomes available, the Airport Manager's office shall contact the person at the top of the appropriate list by registered mail. If contact cannot be established in ten (10) working days, the person will be removed from the list and all fees forfeited. The next person on the list will then be contacted.

Brokering or subleasing of hangar shall not be permitted unless approved by the City in writing.

Each registrant shall be charged a non-refundable annual fee of \$10.00 to be initially registered and maintained on the hangar waiting list. The annual fee shall be credited towards the registrant's first month hangar rent, not to exceed \$10.00.

The hangar waiting list will be maintained and posted in the Airport Manager's office.

X. APPLICATION PROCEDURE

A. Review Period: An applicant desiring a lease, permit or license to engage in any commercial or noncommercial operation at the Airport shall submit a written application to the City

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preferably four (4) months prior to the desired occupancy date. The applicant shall submit all information and material necessary or requested by the City to establish to the satisfaction of the City that the applicant will qualify and will comply with these standards. The application shall be signed and submitted by an individual, a party owning an interest in the business, or partner of a partnership, or a director or an officer of a corporation or organization.

The City, within sixty (60) days of receipt of all pertinent or requested information relating to the application, shall make its decision concerning the application. If the application is approved by the City, the applicant shall execute a contract for the operation approved.

B. Application Documentation: If requested by the City, the applicant shall submit the following supporting documents to the City, together with such other documents and information as may be requested by the City.

1. Financial Statement: A current financial statement reviewed by a Certified Public Accountant and two (2) prior years tax returns from all principals.

2. Assets: A written listing of the assets owned or being purchased which will be used in the business on the Airport.

3. Credit Report: A current credit report covering all areas in which the applicant has done business during the past five (5) years.

4. Authorization for Release of Information: A written authorization for the FAA and all aviation or aeronautical commissions, administrators, or departments of all states in which the applicant has engaged in business to supply to the City all information in their files relating to the applicant or his operation. The applicant shall execute all such forms, releases, and discharges as may be requested by any of these agencies.

5. Confidentially: The City shall endeavor to keep all such information confidential.

C. City Requirements: Every applicant, for permission to conduct activities at the Airport, shall satisfy the City that he meets the following requirements, if applicable:

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1. That such applicant has a history of management and

personal ability in conducting the same, similar or comparable type of service or activity in a good and workmanlike manner.

2. That such applicant has the financial responsibility and ability to provide facilities and services proposed.

3. That the applicant has or can reasonably secure necessary certificates from the FAA or other authority where the same are required for the activity proposed.

4. That the applicant is capable of meeting all lease policy requirements and standards are set forth herein.

5. That the applicant has obtained a use permit and/or site plan approval as required under the provisions of the City's zoning code.

D. Grounds for Disapproval: In reviewing an application, the City will evaluate the data submitted by the applicant on the basis of compliance with the lease policy and standards, as well as the items listed below. Within the sixty (60) days allowed for review, the City will respond in writing indicating approval of the application, disapproval of the application, or a conditional approval of all or part of the application. In the latter cases, the City will identify those areas which resulted in the disapproval or conditional approval in order that the applicant may take appropriate action. Reasons for disapproval may include the following:

1. Not Qualified: The applicant for any reason cannot meet the lease policy qualifications and standards established herein.

2. Safety Hazard: The applicant's proposed operations or construction will create a safety hazard on the Airport.

3. City Expenditure: The granting of the application will require the expenditure of City funds, or the supplying of City labor or materials in connection with the proposed operations which will result in a financial unacceptably lengthy payback or loss to the City than compared to the proposed financial gain from the operations.

4. Availability: There is no appropriate, adequate, or available space for building on the Airport to accommodate the entire activity of the applicant at the time of the application.

5. Noncompliance with Master Plan: The proposed

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operation or airport development or construction does not comply with the Airport Master Plan.

6. Congestion: The development or use of the area requested by applicant will result in depriving existing operators of portions of the area in which they are operating, or will result in congestion of aircraft or buildings, or will result in unduly interfering with the operations of any present operator on the airport through problems in connection with aircraft traffic or service, or preventing free access to another operator's area.

7. Misrepresentation: Any party applying or with an

interest in the business has supplied the City with any false information or has misrepresented any material fact in his application or in supporting documents or has failed to make full disclosure on his application or in supporting documents.

8. History of Violations: Any party applying or with an interest in the business has a record of violating these standards of the rules and regulations of any other airport, the FAA regulations, or any other rules and regulations applicable to the Airport.

9. Defaulted Performance: Any party applying or with an interest in the business has defaulted in the performance of any lease or other agreements with the City.

10. Poor Credit Report: Any party applying or with an interest in the proposed business has a credit report which contains derogatory information and who does not appear to be a person of satisfactory business and responsibility and reputation.

11. Lack of Finances: The applicant does not appear to have, or have access to, the finances necessary to conduct the proposed operation for a minimum period of six (6) months.

12. Undesirable Reputation: Any party applying or with an interest in the business has been convicted of any crime or violation of any ordinance of such nature that it indicates to the City that the applicant would not be a desirable operator on the Airport.

13. Ecological Considerations: The protection of the health, welfare, or safety of the inhabitants of the City requires such denial.

XI. REVOCATION OF LEASE, PERMIT, OR LICENSE

The City shall have the right to terminate any lease, permit,

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license, or agreement covering a commercial or noncommercial operation and to revoke a lease on any land or facility upon the Airport for any cause or reason provided by these standards, by the lease, license, or agreement itself, or by law, or upon the happening of one or more of the following:

A. Filing a petition of voluntary or involuntary bankruptcy with respect to the operator or licensee.

B. The making by the operator or licensee of any general assignment for the benefit of creditors.

C. The abandonment or discontinuance of any operation of the Airport by the commercial operator or the failure to conduct any service, operation, or activity which the lessee has agreed to provide under the terms of his contract. If this condition exists for a period of ten (10) days without prior written consent of the City, it will constitute an abandonment of the land or facilities and the lease license shall become null and void.

D. The failure of an operator or licensee to pay promptly when due all rents, charges, fees, or other payments in accordance with applicable leases or licenses.

E. The failure of the operator or licensee to remedy any default, breach or violation of the airport Rules and Regulations by him or his employees within thirty (30) days after notice from the City.

F. Violation of any of these standards and rules and regulations or failure to maintain current licenses required for the permitted operation.

G. Intentionally supplying the City with false or misleading information or misrepresenting any material fact on the application or documents, or in statements to or before the City, or intentional failure to make full disclosure on a financial statement, or other required documents.