

In This Chapter

- What are the airport manager's administrative responsibilities?
- What records must be maintained?
- How are complaints managed?
- What are airport minimum standards/airport rules and regulations?
- What are the current airport leasing procedures?
- What are the current purchasing and procurement procedures?

The Washington State Department of Transportation (WSDOT) Aviation Division's (WSDOT Aviation) primary responsibility with respect to the state-managed airport system is to maintain and operate the airports in a safe and serviceable condition for air travelers and operators. While other activities are permitted and occasionally solicited at the airports, they should not conflict with or hamper the ability of WSDOT Aviation to fulfill its primary function.

Managing the state-managed airports to assure their future is an important and complex responsibility. There is a wide spectrum of stakeholders to which the WSDOT Aviation Airport Manager is responsible, ranging from local pilots and neighbors to state and federal officials, each with their own interests and agendas. The critical challenge for the Airport Manager is to not only recognize and understand the extent of stakeholders and their positions with respect to the airport, but to also be able to effectively balance those interests for the long-term interest of the airport.

Administering the airport system efficiently and effectively is a challenging responsibility. Operating a successful airport closely resembles the job of managing a successful business. This challenge is summarized in the following sections, which describe the responsibility of the Airport Manager to the state of Washington, and to the airport community and its users. This chapter also addresses the airport management administrative elements required to effectively operate the state-managed airports.

It should also be noted that the WSDOT Aviation Airport Manager (referred to herein as the "Airport Manager") has the ultimate responsibility for ensuring that the sections within this chapter are utilized, maintained and updated.

Section Contents

Section	Page
7.1 What is Included in Airport Administration	7-2
7.2 An Overview of Airport Standard Procedures	7-5
7.3 What Are the Airport Property Management and Leasing Standards	7-9
7.4 Airport Purchasing and Project Procurement	7-11
7.5 Chapter References and Supporting Documentation	7-13

Make Sure

- Check that the sections are current!
- Do they need to be updated?

Key Section Dates

Information is only as good as its current relevance. Therefore, it is important that the information contained within this chapter be updated on a regular basis to ensure that it remains appropriate to current conditions. The following table presents the dates that each section was formally adopted by WSDOT Aviation, as well as the scheduled date for the next internal review of each section to ensure its currency.

Section	Current Date	Scheduled Review Date
7.1 What is Included in Airport Administration	7/1/10	6/1/11
7.2 An Overview of Airport Standard Procedures	7/1/10	6/1/11
7.3 What Are the Airport Property Management and Leasing Standards	7/1/10	6/1/11
7.4 Airport Purchasing and Project Procurement	7/1/10	6/1/11
7.5 Chapter References and Supporting Documentation	NA	

7.1 What is Included in Airport Administration

The term “airport administration” can encompass an extensive range of organizational design factors, performance measures and operational requirements that are common with any type of organization. But what is most important to recognize for the management and administration of an airport, including that of the state-managed airport system, is that airports should be operated similar to that of a business organization.

One of the hallmarks of the aviation industry is that of competition. In terms of both commercial aviation and general aviation, competition with respect to efficiency and profitability drives all aspects of the aviation industry, including airports. Subject to any number of local, state, regional, national, and international market considerations, airports of all sizes must be able to respond to market conditions and demands in a decisive and immediate manner; an inappropriate delay in response to evolving conditions could result in inefficiencies, degraded

market share, and a degraded level of service. As such, an airport must be managed and operated as a business more so than any other group or department within a typical city or state government. Therefore, it is critical that airport management be designed and positioned in such a fashion as to ensure their flexibility in responding to market demands.

While it is understood that the state-managed airports are small, low activity, and remote in nature, they are still required to be operated and administered as an efficient and effective business unit. This section of the chapter introduces several key indicators of an effective organization, as well as supporting information related to best management practices for these indicators.

Airport Administrative Structure

WSDOT Aviation is charged with the responsibility of managing, operating and administering the state-managed airport system for the benefit of the state of Washington. Within WSDOT Aviation, the Airport Manager has the day-to-day responsibility of operating and managing the system. That person reports directly to the WSDOT Aviation Director and is supported by various other members of WSDOT Aviation on an as needed basis. (Additional information regarding WSDOT Aviation and airport administrative structures is provided in a supplement following this section.)

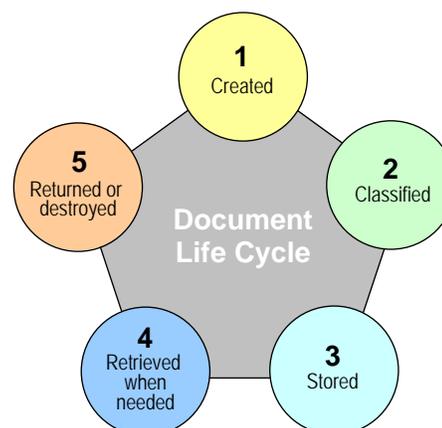
Good record keeping is essential to achieving better control over operating results. Internally, a good record system makes possible the detection of employee frauds, material waste, errors, spoilage, and other losses requiring prompt correction. It may also pinpoint employee skill deficiencies as well as internal organization problems. (see [RCW 40.14.010 Records Legal Definition](#) and [RCW 40.14.060 Destruction, disposition of official public records or office files and memoranda – Record retention schedules](#).)

Enforcement Compliance

The Airport Manager has the responsibility to ensure that the requirements and policies of this guidebook are maintained, updated and enforced.

General Records Management

Records have been described as the working tools of management, the memory of the organization, and the source of many kinds of valuable information that is needed in the process of making business decisions. The challenge to management is to bring the tidal wave of records under control and to create a system that serves the needs of the company as efficiently and economically as possible.



All records follow a similar path or cycle in their existence. Each of these steps must be understood and controlled as part of an active records management program. They are (1) created, (2) classified, (3) stored, (4) retrieved when needed, and (5) returned to storage or destroyed.

WSDOT Aviation has a written program specifically designed to provide direction in regard to records management titled *Aviation File Room Data Base Manual*. The WSDOT Aviation file room/library houses historical information on aviation and provides resources to be used in future decision making. The Airport Manager should maintain and archive as needed all pertinent records related to the items listed in the following table (see [RCW 40.14.010](#), *Records Legal Definition*).

Partial Listing of Records to be Maintained	
A	Land acquisition records should be kept permanently as should relevant legal documents.
B	Legal documents, including leases, agreements, etc. (6 years).
C	Maintenance documentation, including contracts, logs, purchase orders, volunteer documentation, etc. (6 years).
D	Construction documentation, including contracts, specifications, as-built drawings, etc. (6 years).
E	Planning documentation, including studies should be kept permanently as should relevant environmental data/permitting, etc. (? years).
F	Purchase orders, agreements, payments, etc. (6 years).
G	Communication documents (1 to 6 years depending upon content).
H	Any other documentation deemed relevant by the Airport Manager.

Complaints Management

Negative correspondence or complaints are occasionally received by WSDOT Aviation regarding the state-managed airport system. During such occurrences, the following actions shall be taken.

Complaint Management Process	
1	All complaints shall be forwarded to the Airport Manager.
2	The Airport Manager shall record/document the complaint in paper and/or electronic formats. (Note: Phone call complaints shall be documented by recording the day, time, name of complaint, nature of complaint and WSDOT Aviation response.)
3	WSDOT Aviation Director shall be informed of the complaint.
4	The Airport Manager shall formulate an appropriate response to the complaint, including through coordination with WSDOT Aviation personnel.

5	Airport Manager shall provide a written response to the complaint. If providing a written response is not possible (i.e., telephone response required), the Airport Manager shall respond and document the conversation. The WSDOT Aviation Director shall be copied on this response.
6	The Airport Manager shall attach the WSDOT complaint response to the original complaint and maintain them as records until such time as they can be disposed, as defined by the records management plan.

7.2 An Overview of Airport Standard Procedures

The Airport Manager shall apply, utilize and enforce all policies defined for the state-managed airport system. Additionally, the Airport Manager should employ appropriate airport management tools to help ensure that the airports are operated and maintained to a level that is consistent with the state-managed airport policies addressed in [Chapter 1](#). This section provides information and guidelines regarding the following elements:

- Airport Rules and Regulations
- Airport Minimum Standards
- Adopt-an-Airport Program

Airport Rules and Regulations

An airport rules and regulations document is generally established to facilitate the safe, orderly, and efficient use of the airport for the benefit of its users. Its primary purpose is to ensure that airport tenants and customers operate in a safe and orderly fashion, as well as to restrict any activity that would interfere with the safe and orderly use of the airport.

The airport rules and regulations document should include the necessary administrative, operational and safety rules and regulations for the management of the state-managed airports. The document itself should be geared to the everyday airport user, such as an aircraft owner or airport maintenance worker, and should be easy to read and reference. Rules and regulations tailored to the each individual airport will be developed in conjunction with the development of the airport master plan and ALP pursuant to [Section 6.1](#). Additionally, since this document should be readily available, many airports have provided links to their documents on their website and/or have printed this particular document in a booklet form with a hard cover for easy storage in a pilot's flight bag.

While a rules and regulations document should be developed to meet the unique circumstances of an individual airport, there are several areas of focus that generally should be included in the document. These areas of focus include, but are not limited to, those listed in the following table.

Partial Listing of Focus Points for Airport Rules and Regulations	
A	Airport management and associated roles (including authority, responsibilities and accountability).
B	Description of standard airport operations (including primary contact information and periods of operation; standards of tenant and operator behavior; insurance and liability requirements and waivers; and security and access standards and responsibilities). Also refer to Chapter 3 , Airport Emergency Operations.
C	Description of aircraft operational areas and standard procedures (including traffic patterns, details of the surrounding terrain, weight limitations, noise abatement, etc.).
D	Description of ground vehicular operational areas and standard procedures (including vehicular requirements).
E	Description of other specific standard airport operations (including fueling, forest firefighting operations, emergency medical operations, vertical operations, through-the-fence operations, and recreational use).
F	Airport Security Plan, based on WSDOT template.
G	Description of airport maintenance programs (including mowing, snow removal, pavement maintenance, etc.).

At a minimum, the rules and regulations document should give a clear description of airport areas where the general public is not allowed free access because of safety and interference with airport operations. It should also distinguish areas where the public has unrestricted rights and access (i.e., airport roads, public-parking areas, public terminals).

Airport Minimum Standards

WSDOT Aviation does not currently have any minimum standards established for any of the state-managed airports. Basic information related to minimum standards is provided herein to assist in developing, amending and updating adopted minimums.

By definition, minimum standards are the “qualifications that may be established by an airport owner/operator as the minimum requirements to be met as a condition for the right to conduct an aeronautical activity on the airport.” The purpose of minimum standards is “to provide a fair and reasonable opportunity, without unlawful discrimination, to all applicants to qualify, or otherwise compete, to occupy available airport land and/or improvements and engage in authorized aeronautical activities at an airport.” In essence, by establishing minimum entry-level requirements (or thresholds), minimum standards level the playing field. If consistently applied and enforced, this permits the airport sponsor to maintain a high level of service to the public while also offering consistent, predictable decision-making criteria to potential tenants.

Minimum standards establish a set of threshold requirements for activities, tenants, or providers who want to operate on a state-managed airport. Ideally, they should consider the individual circumstances of an airport, including its existing and future development, as well as its current and future roles in the aviation system. Once established, minimum standards require that users seeking to operate on the airport to agree to minimum standards of conduct.

Where consistently applied, airport minimum standards will help the airport sponsor evaluate users' interests to locate on the airport and provide a mechanism to achieve the following:

- Ensure safe, efficient, and quality service at the airport.
- Establish a template for safe airport operations.
- Minimize exposure to claims of discrimination or unfair treatment by providers of aeronautical services and their users.
- Address environmental liability.
- Assure that prospective tenants are treated equally and without unjust discrimination.

A minimum standards document will also include a formal application process as a way to negotiate with an interested party and be included with any airport property management agreements set forth in [Section 7.3](#). Additionally, the minimum standards document is an appropriate place to include requirements for those items listed in the following table.

Partial Listing of Typical Minimum Standards Inclusions	
A	Application Process
B	General Contractual Provisions and Permits
C	Insurance
D	General Operational Requirements
E	General Airport Business Activities
F	Aviation Specialty Services
G	Tenant Options

These items will provide minimum standards for airport activities and can serve as a deterrent to illegal business and help the airport to keep track of individual providers. Some airports also charge a minimal annual fee to help update the airport's provider information annually. Once completed, the WSDOT Aviation airport minimum standards document will include application forms developed specifically for aeronautical use together with the approved WSDOT Real Estate forms. The appropriate minimum standards and application forms will be included and attached as part of the *State-Managed Airport Handbook* and referenced on the website.

Maintenance

An airport’s Minimum Standards document should be reviewed regularly and, if necessary, revised in order maintain standards that are meaningful and apply to current airport operational circumstances. Any changes to these documents should be conducted with full participation of the airport’s tenants and users. Revisions should also include opportunities for public comment, a thorough review process, and a review by legal council.

A general Minimum Standards document will be created for use for all 17 state-managed airports and as individual airport master plans are completed at each of its state-managed airports will be updated based on the stratification and activity level assigned to the facility. Airports operated by WSDOT under agreement with another agency should remain subject to all provisions of lease/permit agreements; those agreements may preclude WSDOT from allowing commercial operators on the airport(s).

Airport Application Process

(To be developed.)

Airport Application Appeal Process

(To be developed.)

Adopt-an-Airport Program

Important!

- Volunteer groups are critical resources for maintaining the state-managed airport system.

WSDOT Aviation’s Adopt-an-Airport Program is designed to recruit, organize and coordinate volunteer groups to help maintain its state-owned airports in Washington. One of only four such programs in the country (including Texas, Minnesota, and Pennsylvania), this WSDOT program not only provides a vehicle by which host communities and local organizations can contribute to their local airport, but by helping out they can learn what is involved in the operation of an airport and the importance of its economic value to the local community. Specifically, the program offers civic clubs and other volunteer groups an opportunity to volunteer their time to contribute to their community and state. Participation and activities vary and depend upon the age, skills, abilities, and expertise of the adopting group or individual. Activities may include maintenance operations, picking up debris along access roads and fences, mowing and trimming natural areas, and painting and maintaining airport buildings. These projects will generate publicity for the group as well as a sense of pride and accomplishment for their efforts.

Note: It is encouraged that more than one group adopt the same airport. Volunteer groups must complete an application document (included in the Templates and Example Documents section of this chapter) and will be required to work on their adopted airports a minimum of four times a year for a two-year period. In recognition of their community service at the airport, WSDOT will erect a permanent sign at the airport entrance identifying each volunteer group.

In Washington, the Adopt-an-Airport program's current (2008) status is reflected in the following table.

Current Adopt-an-Airport Programs for the State-Managed Airports (2008)	
Avey	(none – open)
Bandera	Washington Pilots Association, Seattle Chapter
Copalis	(none – open)
Easton	WPA Harvey Field Chapter
Lake Wenatchee	WPA Wenatchee Chapter and the Lake Wenatchee Recreational Club
Lester	N/A
Little Goose	Starbucks Flight Club
Lower Granite	(none – open)
Lower Monumental	(none – open)
Methow	(none – open)
Ranger Creek	WPA Green River Chapter
Rogersburg	Washington and Idaho Back Country Pilots
Skykomish	WPA Paine Field Chapter
Stehekin	Cessna 180/185 Owners Club
Sullivan Lake	WPA Deer Park Chapter
Tieton	WPA Yakima Chapter
Woodland	Woodland Tenants

7.3 What Are the Airport Property Management and Leasing Standards

For airport operators, one of the most important and challenging jobs can be the management of leases and leased property. This activity is critical in that typically over 75 percent of an airport's income is ordinarily generated from leases. As such, it is important to have leases or rental agreements that will help maintain existing revenue streams, and provide opportunities for expanding those streams, while insulating the airport from exposure to liability.

This section provides information regarding WSDOT Aviation's current practices and standards for leases on the state-managed airports. [Section 7.4](#) also provides general information on airport industry best management practices in regards to leasing agreements.

Current WSDOT Aviation Airport Leases

Currently, the state-managed airport system has very few leasing agreements established, and those contracts that do exist tend to be inconsistent. In order to manage the airports efficiently, WSDOT Aviation must anticipate the possibility

of future leasing requirements that may necessitate several lease versions or templates that would have to be more specific than a standard land lease. Those agreements that have been established and are considered to be the current standard for WSDOT Aviation include those listed in the following table (examples of these leases have been provided following this section).

Current WSDOT Aviation Leases	
A	Aircraft tiedown lease
B	Aircraft hangar lease
C	Right of entry agreement
D	Utility placement
E	Business services or activities
F	General Aviation Specialty Services

Note: It is important that for any future agreements established, WSDOT Aviation incorporate those elements that are considered the current level of best management practices with regard to leasing on airports. A listing of considerations based on common practices and lease documents typical of other general aviation airports has been provided in the section supplement. These are by no means all-inclusive, but should assist WSDOT Aviation in developing a lease template and general format to be utilized in all of the state-managed airport system’s lease agreements. As stated previously, the finalization of any leasing agreements must be coordinated with the sponsor’s attorney or an attorney who specializes in the area of landlord-tenant law.

Current Airport Leasing Procedure

The formal process for establishing leasing agreements at the state-managed airports is as follows:

Current Airport Leasing Procedure	
1	The Airport Manager shall review the leasing proposal in terms of its consistency with airport planning documentation (including master plan, airport layout plan, airport rules and regulations and minimum standards, as available) and WSDOT Aviation policy with respect to the state-managed airport system. The manager shall also coordinate with relevant WSDOT personnel, including the Director of
2	The Airport Manager shall produce a draft leasing agreement based on the current established leasing template for the proposed application. If no such template is available, the Airport Manager has the option to either utilize other industry standard templates (see below), or coordinate directly with WSDOT Real Estate Services on establishing a new template. New or amended templates shall be consistent with the aviation best management principles and leasing best management practices in Section 7.4 .
3	The Airport Manager shall forward the draft leasing documentation to the WSDOT Real Estate Services for review and preliminary approval.

4	The Airport Manager/ Section Manager of WSDOT Real Estate Services shall forward the draft lease to the state of Washington Attorney General's office for review, update and approval.
5	The WSDOT Aviation Director shall finalize and sign the final lease.

7.4 Airport Purchasing and Project Procurement

Maintaining and developing the state-managed airport system is a critical role for the WSDOT Aviation Airport Manager to ensure that the system remains vibrant and relevant in the long term. Activities required of the Airport Manager in order to achieve those goals include direct purchasing of supplies and materials, conducting maintenance activities, and/or establishing construction projects. These activities are generally discussed in the following sections.

Purchasing Procedures

Purchasing procedures by WSDOT Aviation for the state-managed airports must abide by the requirements of WSDOT *Purchasing Manual* M 72-80. The *Purchasing Manual* provides policies and procedures that regulate the purchase of materials, supplies, services, and equipment for all organizations within the department of transportation, including WSDOT Aviation. These policies and procedures reflect legal requirements found in state and federal laws.

WSDOT Aviation Purchasing Procedures	
1	The Airport Manager is responsible for the purchasing processes as related to the state-managed airports.
2	Given a purchasing requirement, the Airport Manager shall generate/procure an estimated cost (through vendors, suppliers, etc.) and coordinate with the WSDOT Aviation Fiscal Analyst.
3	Per the WSDOT <i>Purchasing Manual</i> , if the estimate is \$3,300 or below (excluding sales tax and freight), WSDOT Aviation may direct buy via a purchase order.
4	Per the WSDOT <i>Purchasing Manual</i> , purchases between \$3,300 and \$46,200 must have quotations. It is recommended that at least three written quotations be used whenever possible. (<i>Note:</i> Per the <i>Purchasing Manual</i> , there is a materials and services limit of \$10,000. This will require the authorization of the WSDOT Aviation Director and should also be referred to HQ purchasing to ensure compliance with state and WSDOT regulations.)
5	For those purchases of \$3,300 and above, the Airport Manager shall also coordinate with the WSDOT Purchasing Department headquarters. The purpose of this is to either (1) obtain authorization for the purchase request based on conformance to WSDOT <i>Purchasing Manual</i> , or (2) utilize the WSDOT Purchasing Department itself as the purchaser of the requested materials. (<i>Note:</i> Depending on the nature of the purchase, the department's larger purchasing authority could help expedite the process and/or result in lower costs.)

6	Purchases of \$46,200 and above must use formal sealed bid procedures as described in Appendix 7 of WSDOT <i>Purchasing Manual</i> and the <i>Washington State Procurement Manual</i> or (2) utilize WSDOT Purchasing Department itself as the purchaser of the requested materials. (Note: Depending on the nature of the purchase, the department’s larger purchasing authority could help expedite the process and/or result in lower costs.)
----------	--

Project/Activity Procurement

Conducting maintenance activities and the establishment of construction and/or planning projects for the state-managed airports are two of the most important and challenging tasks for the WSDOT Aviation Airport Manager. These can all be very complicated endeavors in that each activity and/or project tends to have its own unique circumstances and considerations. The following narrative provides a general summary of the actions typically required of the Airport Manager when initiating these activities and projects. (Also note that additional construction project guidance has been provided following this section.)

WSDOT Aviation Project Procurement Procedures	
1	The Airport Manager is responsible for construction projects and maintenance activities as related to the state-managed airports. Typically, requirements for construction projects and/or maintenance activities for the state-managed airports are originated by the Airport Manager. These may occur through airport inspections, safety requirements, initiatives identified within the system plan, etc.
2	The Airport Manager shall determine whether the proposed action is defined as either a construction projects or a maintenance activity, since there are implications for both actions.
3	The Airport Manager shall follow the requirements of the WSDOT <i>Purchasing Manual</i> M 72-80 as briefly described. Note: Per the <i>Purchasing Manual</i> , there is a materials and services limit of \$10,000, the exceedance of which will require the authorization of the WSDOT Aviation Director. Additionally, where required, the Airport Manager shall abide by the requirements of the WSDOT <i>Advertisement and Award Manual</i> M 27-02.
4	<p>If the proposed action is a maintenance activity, the Airport Manager has three options for fulfilling that requirement.</p> <ul style="list-style-type: none"> a. WSDOT Regional Support – For activities that require competitive bids, it is a WSDOT Aviation policy to utilize the WSDOT regional maintenance resources to the maximum extent practicable. Use of WSDOT for maintenance activities should be reviewed on a case-by-case basis to ensure that WSDOT region is capable of responding to the request in a timely and appropriate manner. b. Sub-contractors – For those activities that are deemed to be not appropriate for the WSDOT regional maintenance forces or airport volunteer groups (see below), WSDOT Aviation will employ local subcontractors on a case-by-case basis.

	<p>c. Volunteer Groups – As part of the WSDOT Aviation Adopt-an-Airport program, the Airport Manager can utilize volunteers to assist in some limited airport maintenance activities, including the following typical examples (<i>Note:</i> There is only a minor use of tools required for these activities):</p> <ul style="list-style-type: none"> • General airport cleanup. • Minor landscaping, minor weeding, minor brush clearing. • Minor FOD control, trash pick-up. • Seasonal placement of runway markers. • Filling of animal holes. • Minor raking. • Clean up of recreational facilities.
5	<p>If the proposed action is a construction or planning project, the Airport Manager shall perform the following actions:</p> <p>a. The Airport Manager, in consultation with relevant WSDOT Aviation personnel, shall establish a preliminary project scope. As required, the Airport Manager shall utilize the WSDOT <i>Consultant Services Procedures Manual</i> M 27-50. (This manual provides guidance concerning the authorization, selection, and use of consultants for Personal Service and Architect and Engineering (A&E) agreements and/or supplements.) Also note that for projects located at state-managed airports included in the NPIAS, the Airport Manager, in coordination with the local FAA ADO, shall abide by the requirements of FAA Order 5100.38C, <i>Airport Improvement Program Handbook</i>.</p> <p>b. The Airport Manager, in consultation with relevant WSDOT Aviation and WSDOT personnel, shall establish an estimated project value. As required, the Airport Manager shall utilize the <i>Cost Estimating Manual for WSDOT Projects</i> M 3034. (The Cost Estimating Guidance for WSDOT Projects provides a consistent approach to cost estimating, estimate reviews, estimate documentation, and management of estimate data. It provides guidance on how to treat common and recurring challenges encountered in the cost estimating process. This guidance should be used as a tool in the project delivery process.) Also noted above, for projects located at state-managed airports included in the NPIAS, the Airport Manager, in coordination with the local FAA ADO, shall abide by the requirements of FAA Order 5100.38C, <i>Airport Improvement Program Handbook</i>.</p> <p>c. For projects at state-managed airports included in the NPIAS, WSDOT Aviation shall abide by all FAA requirements.</p> <p>d. For all other projects at non-NPIAS state-managed airports, WSDOT Aviation shall abide by all state requirements, including selection of outside consultants through existing on-call contracts or general advertisements.</p>

7.5 Chapter References and Supporting Documentation

Chapter References

The following tables include references for additional and/or supporting information with respect to the various sections of this chapter. This has been provided with the intent of providing the reader with a current listing of appropriate sources for additional information and research.

<p>7.1 What is Included in Airport Administration</p> <ul style="list-style-type: none"> • State of Washington. Revised Code of Washington (RCW). WSDOT. 14 May 2008 www.wsdot.wa.gov/aviation/aviationrcws.htm • State of Washington. Washington Administrative Code (WAC). WSDOT. 14 May 2008 http://apps.leg.wa.gov/wac/default.aspx?cite=468-12&full=true • J.F. Rodwell. Essentials of Aviation Management. Dubuque, Iowa: Kendall/Hunt Publishing Company. 2003 • WSDOT <i>Aviation File Room Data Base Manual</i> • RCW 40.14.010 <i>Records Legal Definition</i> • RCW 40.14.060 <i>Destruction, disposition of official public records or office files and memoranda – Record retention schedules</i>
<p>7.2 An Overview of Airport Standard Procedures</p> <ul style="list-style-type: none"> • Aircraft Owners and Pilots Association (AOPA). Minimum Standards for Commercial Aeronautical Activities. AOPA. 1998 www.aopa.org/whatsnew/region/standards.html • FAA AC 150/5190-7, <i>Exclusive Rights and Minimum Standards for Commercial Aeronautical Activities</i>. FAA. 28 August, 2006 • FAA Order 5190.6A, <i>Airport Compliance Requirements</i>. FAA. 2 October 1989 • Texas Department of Transportation (TXDOT). Adopt-An-Airport. TXDOT. 15 April 2008 www.dot.state.tx.us/services/aviation/adopt_airport.htm
<p>7.3 What Are the Airport Property Management and Leasing Standards</p> <ul style="list-style-type: none"> • J.F. Rodwell. Essentials of Aviation Management. Dubuque, Iowa: Kendall/Hunt Publishing Company. 2003 • Aircraft Owners and Pilots Association (AOPA). Through-the-Fence Operations. AOPA. 15 April 2008 www.aopa.org/whatsnew/region/operations.html • Wisconsin Department of Transportation (WDOT). Airport Leases. WDOT. 15 April 2008 www.dot.wisconsin.gov/travel/air/docs/leases-ref.pdf

7.4 Airport Purchasing and Project Procurement
<ul style="list-style-type: none"> • WSDOT <i>Purchasing Manual M 72-80</i>, WSDOT. January 2009 www.wsdot.wa.gov/publications/manuals/m72-80.htm
<ul style="list-style-type: none"> • WSDOT <i>Advertisement and Award Manual M 27-02</i>, WSDOT. September 2004 www.wsdot.wa.gov/publications/manuals/m27-02.htm
<ul style="list-style-type: none"> • WSDOT <i>Consultant Services Procedures Manual M 27-50</i>, WSDOT. January 2002 www.wsdot.wa.gov/publications/manuals/m27-50.htm
<ul style="list-style-type: none"> • WSDOT <i>Cost Estimating Manual for WSDOT Projects M 3034</i>, WSDOT. November 2008 www.wsdot.wa.gov/publications/manuals/m3034.htm
<ul style="list-style-type: none"> • FAA Order 5100.38C, Airport Improvement Program Handbook. FAA. 28 June 2005

Supporting Documentation

The following tables include supporting WSDOT Aviation-specific documents and resources to support the implementation of the various sections of this chapter. The following table provides a listing of these documents and resources.

7.2 An Overview of Airport Standard Procedures
<ul style="list-style-type: none"> • WSDOT Adopt-an-Airport Volunteer Registration Form. Appendix 7-1
<ul style="list-style-type: none"> • WSDOT Adopt-an-Airport Agreement for Volunteers. Appendix 7-1

7.3 What Are the Airport Property Management and Leasing Standards
<ul style="list-style-type: none"> • Current BMPs for Airport Leases. Appendix 7-1
<ul style="list-style-type: none"> • WSDOT Aviation Tiedown Lease. Appendix 7-1
<ul style="list-style-type: none"> • WSDOT Aviation Hangar Lease. Appendix 7-1
<ul style="list-style-type: none"> • WSDOT Aviation Right-of-Entry Agreement. Appendix 7-1

This section provides a description of many of the best management practices utilized within the aviation industry in relation to the structuring and development of leasing arrangements at airports. **Note:** The information detailed below includes only some of the areas that should be covered in the development of lease agreements. However, since the particular requirements of states, local governments and airport sponsors can vary dramatically, the finalization of any leasing agreements must be coordinated with the sponsor's attorney or an attorney who specializes in the area of landlord-tenant law.

It is also important to acknowledge that many of the leasing practices detailed below are largely based on FAA standards and requirements related to grant assurances for the securing of Airport Improvement Program (AIP) funding. Most WSDOT-managed airports currently are not within the NPIAS. In fact, only one of the state-managed airports is currently included in the NPIAS and therefore eligible for AIP funding. However, it is the general practice of WSDOT Aviation to manage airports using standard industry practices as appropriate to meet minimum provisions within state law through the establishment of fair and reasonable practices in order to safeguard the public's interest and interest of aviation users. The information included in this section reflects this.

Generally, the FAA requires that airports establish fair and reasonable fees without unjustly discriminating against a specific aeronautical user. This same policy states that airports should maintain a fee and rental structure that makes the airport as financially self-sustaining as possible. Airports are expected to establish rents and airport user fees that generate enough revenue to meet airport funding requirements without discriminating against airport users, subsidizing tenants or diverting revenue off-airport.

This supplement provides additional background and best management practices regarding the following:

- Airport Land Leases
- Airport Facility Leases
- Airport Tiedown Parking Leases
- Airport FBO/SASO Leases
- Airport Through-the-Fence (TTF) Leases
- Airport Lease Agreement Considerations

Airport Land Leases

The most common lease at smaller airports is that of the land or ground lease. For this lease, the airport sponsor makes undeveloped sites available for the development of aviation businesses and private hangars on airport property. As such, this lease is often utilized by an airport sponsor as a means to generate development of facilities on the airport that the sponsor may not otherwise have the ability to fund or complete.

Typically, airport sponsors faces many competing demands on their funding and bonding capabilities, and in some states, including Washington, there is a constitutional or other prohibition against using the credit of the public sector to aid the private sector. Without leveraging public/private partnerships, most airports would be comprised of just the basic airfield infrastructure. **Note:** Development on any airport properties (such as facilities and infrastructure) through a ground lease are typically subject to reversion to the airport after a specific period (often 25 to 50 years).

As is the current practice, land leases need to be negotiated individually; however, they still should follow the basic format of the facility lease (described below) and include all of the same references to the Airport Minimum Standards and Airport Rules and Regulations documents. The land lease price per square foot should vary by location and possibly by the length of the term. The land lease may also be tied to a business permit or a Fixed Base Operator (FBO) lease.

Some conditions that are typical of land leases include the following:

- Requires significant tenant capital investment – tenant must develop a proposed improvement on site within specified timeframe.
- Lease specifies type of improvement (i.e., T-hangars or hangar for aeronautical services).
- Generally is a long-term lease (25 years to allow tenants to amortize their investments and make a reasonable profit).
- Often includes provisions for lease extension options up to a specified number of years.
- Often includes provision for improvement to revert to the airport at the end of the lease plus all extensions.
- Generally requires tenant to maintain safe building, minimum level of aesthetics and cleanliness.
- Subleasing allowed only under certain, limited conditions.

Airport Facility Leases

A facility lease is required for any facility or structure being leased on the airport, such as private hangars, T-hangars, and other structures. Facility leases should include all of the same references to the Airport Minimum Standards and Airport Rules and Regulations documents. Factors that affect facility lease rates include amenities, location, condition, type of use, and length of lease.

This type of lease should also be flexible enough to accommodate both aviation and non-aviation operations. For example, a standard hangar facility lease agreement should be able to accommodate a full range of hangars (i.e., small to large T-hangars and conventional hangars). The only part of that lease that should normally vary between each type of hangar would be the rental price, which itself can fluctuate based on size, amenities, location, access, condition or type of door operating mechanism for each type of hangar. It is important to note that it is not uncommon for an airport to have different leasing rates for similar sized hangars due to amenities, terms of lease, etc.

Additionally, this type of lease needs to specify that hangars are for aircraft storage purposes only and should prevent a tenant from using the property for conducting a non-aviation related business or storing other non-aviation related items. Hangars that are leased for any type of business purposes should be covered under an FBO or SASO lease, described below.

Some conditions that are typical of private facility leases include the following:

- Requires no or minimal capital investment.
- Year-to-year lease (or shorter timeframe) with automatic renewal unless notice is given.
- Subleasing prohibited.
- Generally requires tenant to carry out basic maintenance and up-keep.

It is often possible to combine both hangar and tiedown agreements into one agreement, simplifying the leasing process. While there may be some areas of the lease that will not apply to a tiedown tenant that does apply to a hangar tenant, the lessor could strike through these areas or clauses or simply write over them “Not Applicable to this Agreement.”

Airport Tiedown Parking Leases

A tiedown parking lease is a form of facility lease and is required for any aircraft parking position being leased on the airport. A tiedown lease at an airport should be able to accommodate parking for both small and large aircraft. The only part of this lease that will fluctuate is the rental price of the tiedown space, and that price may vary based on location or proximity to other services on the airport. This type of lease needs to be for the sole purpose of aircraft storage and should be designed to prevent a tenant from using a tiedown for an unauthorized business. It should

also require compliance with the aforementioned Airport Minimum Standards and Airport Rules and Regulations documents. The state-managed airport system currently has tiedown leases only at Methow State and Woodland State. In order to protect WSDOT Aviation, it is important that any tenant who leases space should be obligated under a formal lease.

Some conditions that are typical of private tie-down leases include the following:

- Requires little or no capital investment.
- Month-to-month lease with automatic renewal unless notice is given.
- Subleasing prohibited.
- Generally requires tenant to carry out basic maintenance and up-keep.

Airport FBO/SASO Leases

Fixed Base Operator (FBO) and Specialized Aeronautical Service Operator (SASO) leases encompass commercial aeronautical applications and businesses located at an airport. FBO leases are typically unique to the local conditions and therefore must be negotiated individually.

These lease types should still follow the basic format of the facility lease and include all of the same references to the Airport Minimum Standards and Airport Rules and Regulations documents. From a practical standpoint, the term “FBO” is defined within the context of the market place, but generally, it is defined as an airport-based service provider that operates under a lease, use, or operating agreement with the airport with the specific purpose of providing aircraft fueling services and engages in one or more aviation-related service areas. Some examples of service areas might include but are not limited to aircraft storage, ground handling, maintenance and repair, flight instruction, aircraft rental, and aircraft sales.

While an FBO normally provides fueling services and engages in one or more aviation-related services, a SASO provides specialized products and services in only one of the aviation-related service areas such as flight training or maintenance, exclusive of selling fuel. SASOs may operate under a lease of their own or as sub-tenants of an FBO.

The majority of general aviation airports require an FBO to provide a variety of services that are typically identified in advance by the airport. In return for providing this full package of services, the FBO receives the ability to sell fuel, which is often an FBO’s primary source of income. As stated above, SASOs are generally not permitted to sell only fuel.

Some conditions that are typical of commercial FBO/SASO leases include the following:

- May require minimal-to-moderate capital investment.
- Generally lease period three to five years, with options for renewal.

- Renewal options may be limited.
- Generally requires tenant to maintain safe building (minimum level of aesthetics and cleanliness).
- Subleasing allowed under certain conditions.

Airport Through-the-Fence (TTF) Leases

Airport owners and operators, including WSDOT Aviation, are often presented with requests by operators independent of the airport to issue permits and/or leases granting access to the airport from abutting sites. This type of arrangement is commonly known as a “through-the-fence” (TTF) operation, and typically includes businesses or individuals that require access to the airport infrastructure from outside airport property, or which utilize airport property to conduct a business but do not rent business space at the airport. Common types of through-the-fence agreements include aircraft hangars, aircraft maintenance, general aviation fixed base operator services (FBO), miscellaneous flight services (i.e., charter, rental, skydiving). Airpark residential hangar development will not be allowed to access state-managed airports. Other through the fence operations will be determined on a case by case basis subject to the state-managed airport management principles and contribution to the operation, maintenance and improvement of the airport at a competitive rate with on airport activities.

Concerns About TTF Leases

There are several concerns for an airport owner or operator related to the establishment of through-the-fence operations at an airport. First, the lease of airport property is one of only a few revenue streams that are typically available to an airport for the operation, maintenance and improvement that airport. Individuals and businesses that are granted access to the airport from off-airport property do not typically contribute to the airport fund at a level commensurate to on-airport operators. This could be damaging to the airport not only through the loss of that operational revenue, but also through the potential granting of an unfair competitive advantage to the off-airport operator. Specifically, a TTF operator may not have to bear as high a leasing cost as that of an on-airport operator, effectively reducing the through-the-fence operator’s overhead costs. Such a competitive advantage may reduce the ability of on-airport operators to compete for services, thereby hampering their financial viability, and diminishing the economic vitality of the airport.

The second principal concern related to TTF operations is that of access and security. Such operations invariable lead to a greater risk of runway incursions and uncontrolled vehicle access, as well as a general reduction in airport security by introducing additional points of airfield entry.

It is also critical to note that through-the-fence operations have been proved to be significantly difficult to manage for airports across the country. While each potential TTF operation should be weighed on its own merits, the airport must not overlook the potential problems with such an arrangement.

It must be noted that the FAA is not “against” a TTF operation, although they do strongly discourage it. It must also be understood that an airport has no obligation to provide such access; rather the issue is dependent in negotiating an agreement, which will benefit the airport. With respect to Washington, it is WSDOT Aviation’s policy to discourage any TTF operation at any of the state-managed airports.

TTF Lease Considerations

If such an operation were to be introduced at the state-managed airports, the following points should be considered:

- The development of a TTF operation will require that WSDOT Aviation contend with the legal, insurance, safety, and management implications of such access. Additionally, allowing access to one TTF operator may invite future or previously denied operators the opportunity for the same privilege.
- Services provided by the TTF operator should include some type of compensation, similar to those paid by other business tenants at the airport. Frequently, a yearly fee, percentage of the gross profits or an access fee may be satisfactory ways of allowing this type of operation. It is important that the airport operator ensure that a through-the-fence operator be subjected to conditions similar to those applicable to the businesses at the airport in order to avoid complications and possible violations of the grant assurances.
- Access leasing arrangements should grant WSDOT Aviation control over the types of development and operations conducted by the TTF operator, including meeting the same minimum standards required of on-airport operators. These conditions may be in the form of a formal “Through-the-Fence Operations” operating plan that should be established and accepted by WSDOT Aviation.
- All development must be compatible with the airport environment and the current Airport Layout Plan (ALP).

Finally, for the reasons stated above, a formal TTF leasing agreement must be established with any potential tenant. As such, the following are offered as leasing agreement considerations with respect to through-the-fence operations:

- **Term** – The term for all TTF agreements should be no greater than one year. Extensions can be granted on a year by year basis only.
- **Termination** – All TTF agreements should have a termination clause that will allow the airport owner to terminate the agreement. This is particularly important when considering the increased security emphasis placed on all facets of aviation.
- **Lease Transfer** – All TTF agreement should exist only for the benefit of the lessee and no transfer should be allowed. Further, the privilege of accessing the airport via such an agreement may not be extended to others other than at the discretion of the airport owner.

- **Rate** – The airport should establish the rate for access to the airport at least equal to the current land rental rate for airport property. The TTF proponent should be required to finance any necessary improvements and maintenance of the facilities and infrastructure connecting the adjacent land to the airport’s landing area. *Note:* Any use of airport or sponsor funds associated with a TTF access would be considered to be revenue diversion by the FAA.
- **Reversion** – The TTF agreement should include the requirement that all costs associated with a termination of the TTF agreement will be born by the lessee.

Airport Lease Agreement Considerations

Given the importance of leasing agreements to the revenue production component of every airport, appropriate leasing agreements must be established by the airport manager that are fair and reasonable to all parties over the long term. (The following narrative utilizes elements taken from “Essentials of Aviation Management,” J.F. Rodwell, Kendell/Hunt Publishing Company, 2003.)

As the instrument that provides the basic parameters of aviation business (establishing a framework for success or failure) and/or airport facilities (hangars, tiedowns, etc.), it is absolutely necessary that the airport manager fully understand the leasing process and is able to obtain as favorable an arrangement as possible. Of course, from the onset the airport manager should recognize that it is necessary to obtain the services of legal counsel to assist in molding the contractual arrangement, and it is also best to find one familiar with the aviation business or be prepared to spend time acquainting him or her with the technical implications and operational difficulties of the problems involved.

Initial Considerations

Prior to dealing with the contents of a lease and the typical framework of the contract, the airport manager should clearly identify the following considerations:

1. The aviation lease is a composite agreement, a combination of a real estate lease as it is normally understood by lawyers and nonprofessionals, and an operating agreement that sets forth the obligations, duties, and restrictions that apply to the manner in which the aviation business shall be conducted on the leased premises. Some specialists recommend, and many public agencies require making the operating agreement a separate document, incorporated into the lease by reference.
2. The pre-lease situation is normally one in which the lessor and lessee (land owner and airport manager) are in a bargaining situation. It is not a precast, fixed situation. Guidelines are available, but each lease is different, representing the local situation and various local and state laws.
3. The contractual relationship between the base operator and the airport owner/operator has an enormous impact upon both parties and more importantly, upon the community they both serve. Because of the economic impact upon

the community, an FBO lease should attract competent aviation organizations and provide the opportunity for an adequate margin of profit on the required investment of time, money, and experience. It should cover a long enough period of time to sustain the financing required to establish and operate the business.

4. Developing a lease is not a one-time or periodic activity. A lease is a living instrument that controls a constantly changing relationship and as such should be under constant review. This is reflected in the comment “start working on your second lease the day after signing your first one.”
5. Developing a lease is in reality developing a plan. As such, the plan should include those elements that will ensure success for both parties. A basic concern in creating the plan is the need to set the terms and length of the lease with full consideration of the requirements of the potential lenders, who will supply the large financing required of the proposed investment. In the eyes of the lender, the amount loaned will be limited to an amount that can be adequately amortized from the funds expected to be generated by the business during the term of the lease. Therefore, a 25-year or longer lease will be needed for many financing purposes.
6. To meet the requirements of business flexibility (in the case of an aviation business) and frequently the leading institution’s needs, there is a basic interest in the assign-ability provisions of the lease. Normally the lessee should be empowered to assign or sell the lease for financing purposes upon written notice to the lessor, with approval thereof not unreasonably withheld. The lessee should typically have the right to sublease part of the space covered by the lease, provided the sub-lessee is subject to the same conditions and obligations as those in the basic lease. Furthermore, it is desirable that the lease state the lessee has the right to sell without restriction to any corporation formed by it, consolidated, or merged with it, provided, however, that the purpose of the surviving organization is to perform under the lease.
7. An understanding of local and national economic aviation trends is important in projecting revenue and expenditures over the life of the lease as well as anticipating increases in lease payments.

Preliminary Planning

Prior to any actual negotiations over the terms of the lease, considerable planning needs to be accomplished. Achieving a successful lease and ultimately a profitable business will depend to a major degree on the thoroughness of the planning efforts. In this plan the airport manager should employ the following actions:

1. Review the master plan for the airport and determine whether the proposed leasing agreement is in harmony with the long-term development plan for the airport.

2. Review and study previous agreements or other example agreements with parties regarding similar leasing agreements.
3. If the proposed lease is for a business, review the prospectus for the business and its financial projections for the future. The airport, in acting on the bid for a lease, has the right to probe into many personal and business financial issues to satisfy itself of the business's ability to perform.
4. Establish what lease terms will be acceptable to the specific lending institutions expected to provide financing.
5. Review such issues as special requirements of the lessee, such as underground storage tanks on the leased property.

Procedural Steps

For situations where leases are to be bid upon and awarded by the airport sponsor, the normal procedural steps in negotiating and awarding those leases are as follows:

1. The development and release of an invitation to bid by the lessor. The invitation is aimed at soliciting responses from all interested and qualified parties and contains the basic information necessary to identify the property, the desired services, and the basic leasing arrangement. In order to ensure coverage of desired items and an element of standardization among prospective lessees, a sample lease bid is usually included in the bid announcement, along with any applicable airport minimum standards that serve to screen out unqualified bidders. Bonding capability is a likely requirement.
2. The interested lessees then prepare and submit lease bids to the lessor. These are usually closed bids with simultaneous bid openings for all respondents.
3. All proposals received by the owners are evaluated fully through a detailed analysis of the major elements in each proposal. An airport board may establish a lease committee for this purpose.
4. Negotiations are conducted with the bid respondents submitting the most acceptable proposals in order to assess complete understanding of the proposals submitted and to reach any modifications deemed necessary.
5. The bidder offering the most acceptable final proposal is identified.
6. The detailed lease and operating agreement will be completed and agreed upon.
7. The final lease proposal is agreed upon and the unsuccessful bidders advised and released from their offers.

Major lease Components

Most aviation leases follow similar formats since there are certain basic concerns, covering common elements. The major components in a lease typically include the following:

- Lease Terms
- Lease Rate
- Identification of Rental Premises
- Use of Premises
- Construction, Maintenance, Repairs, Utilities
- Rights, Reservations, and Obligations of Lessor
- Obligations of Lessee
- Insurance

Generally, in negotiating the lease terms, careful consideration should be given to the useful life of the improvements and size of the tenant's investment, since the lease term will directly affect how long an amortization period the tenant would receive in terms of his financing. While there are no hard and fast rules, it is possible that an overly long lease term may prevent land from being developed to its highest-and-best use, while an overly short term will make the prospective tenants investment not cost effective, unprofitable and therefore, undesirable.

Lease Terms

The term of the lease is the specific length of time that the lease will be in place, and may be for a fixed, conditional, periodic or of indefinite duration. If the term of a lease is for a specified period of time, the term ends automatically when the period expires, and no notice needs to be given, in the absence of legal requirements. If the term's duration is conditional, it last can until some specified event occurs, such as the death of a specified individual. At an airport, this term is frequently used for facility or hangar leases where the tenant must commit funds for the construction of a facility.

A periodic tenancy is one which is renewed automatically, usually on a monthly or weekly basis. A tenancy at will last only as long as the parties wish it to, and be terminated without penalty by either party. It is common for a lease to be extended on a "holding over" basis, which normally converts the tenancy to a periodic tenancy on a month by month basis. At an airport, this term is utilized most often for aircraft tiedown leases

Critical to airport lease agreements is the inclusion of a reversion clause, which generally means that at the termination of a lease, or potentially at a specified point during the term of a lease agreement, that the ownership of any improvements (i.e., facilities) reverts to the airport. The presence of a reversionary clause is standard within the aviation industry for a number of reasons, including the provision for future revenue streams, maintaining a certain level of control over the development and maintenance of facilities on the airport, and the ultimate

control/management over airport development as it may affect future airport expansion. However, it should be noted that there are numerous other examples of leases at airports throughout the United States that include provisions for the airport to purchase the improvements at lease termination. Seldom is there a provision for automatic or perpetual renewals of the lease at the prevailing ground rent only.

An additional consideration with respect to reversion includes the lessee's right of first refusal, which should be clearly defined in the agreement to be that of fair market value within a specific set time before the expiration of the existing lease. Additionally, if possible, it is desirable to avoid lease options and stick with a fixed year length on time since options are more difficult to manage than a specific termination date.

- **WSDOT Considerations** – Specific to the state-managed airports, WSDOT Aviation should consider month-to-month agreements that automatically renew each month (or other agreed-upon period) unless WSDOT or the tenant gives the other the proper amount of written notice (typically 30 to 45 days). This is standard industry practice and supported by the Aircraft Owners and Pilots Association (AOPA). *Note:* A month-to-month rental agreement would provide the State with more flexibility than a one-year lease, including the ability to increase rents or change other terms with relatively short notice. With proper notice, the sponsor could also end the rental agreement at any time. On the other hand, if WSDOT Aviation were to determine that it is difficult to fill any vacant hangar space or, as a means of attracting development, it may be preferable to have tenants to commit to a longer period of time, such as six months or a year.
- **Termination Considerations** – Occasionally a tenant will not give adequate notice of intent to move as outlined in the lease or agreement, and while it is also not uncommon for a tenant to leave with no notice at all, it is important that tenants be required to pay rent through the notice period. Considerations to offset this potential include the requirement of a deposit (normally equal to one month's rent) or a performance bond/letter of credit (more suitable to business operations). If a deposit were to be required, the airport may want to develop a tenant checklist, which would have to be completed prior to a new tenant taking occupancy. This would require a mutual inspection of the rental unit and identify any problems that existed at the time of the lease execution. This could help avoid any disputes when the tenant vacates the unit.

Lease Rate

The rate of the lease is simply the agreed upon fee (or rent) which will be presented to the lessor on a regular basis (i.e., weekly, monthly, or annually) over the course of the lease term. The rental amount for the state-managed airports may be determined by conducting a brief survey of similar GA airports in the area. An amount per square foot should be equal to the average amount paid for like-property at similar size airports in the state. *Note:* This amount is only representative of the value of the land at a specific date and time. In a competitive

environment, the forces of supply and demand should yield a determination of what is known as market value. While a comparison of similar facilities is an acceptable method of determining market value, other market factors affecting the value of the land can be quite different.

Leases usually require rent to be payable on or before the first day of each month without invoicing. They should also specify what forms of payment (i.e., personal check, cashier's check, credit card, or money order) are acceptable. It is also reasonable to consider a discount for tenants who make rent payments in advance.

Late fees associated with lease payments should be a fixed dollar amount. However, the problem with late fees is they are only effective when they are enforced and collected, and a significant amount of time and effort can go into collecting what could amount to little income. Depending on the overall number and frequency of delinquent accounts, it may be prudent to eliminate all late fees and just raise the rental rates to compensate.

- **WSDOT Considerations** – WSDOT Aviation may want to consider language to cover annual or semi-annual rent increases that coincide with the first of the year or the first date of the fiscal year. If formalized increases are to be considered, the frequency of the increases will need to be determined, as well as the basis for the increase. Options for the latter include using the Consumer Price Index (CPI), a flat dollar amount, or a straight percentage to determine the rent increase. This will help keep the rentals comparable to other facilities and account for the cost of inflation. In the case of a percentage-based or CPI-based increase, it is advisable to specify a “not to exceed” amount, so the increase does not end up too excessive.

The mistake most airports have made with rent increases is that they wait until other airports are charging higher rent before they raise their rent. This type of rent increase is often not well received by the tenants. To avoid hasty rental increases for the tenants, a small annual or biannual increase is recommended to help offset the increases in the cost of doing business.

- **Termination Considerations** – It is also important to recognize that any violation of the agreement by the tenant should be grounds for terminating the tenancy. As such, the lease could identify some specific reasons for lease termination, such as requiring that the stored aircraft be owned by the tenant and the aircraft is airworthy or requiring a tenant to provide a current airworthiness certificate and registration. This will also help to minimize the number of derelict aircraft at the facility.

Additionally, the lease could contain wording that in the event that the lessee fails to remove property prior to the expiration of lease terms, the lessor should retain the right to store, utilize, sell, or otherwise dispose of any of lessee's personal property remaining on the premises after the termination of the agreement. In this situation, the lessee needs to know that any such property would be considered the property of the lessor and title would vest with them.

Identification of Rental Premises

The identification of rental premise on a lease represents the specific detailing of how a lease and the associated property extents can be utilized by the tenant. Based on industry practice, conventional hangars and T-hangars should have a fixed monthly rate not normally referenced as a square foot amount. These fixed rates may vary based on the conditions described previously. The words “for aircraft storage purpose only” should be used in the lease to prevent a tenant from using the property for operating a business or storing other items. The lease should also state that the tenant is not permitted let anyone else permanently utilize the hangar or tie-down space without the airport sponsor’s written consent. Some additions to this may include a requirement that the aircraft is FAA-registered and that tenants provide a copy of the aircraft registration as proof. As another consideration, some airports also require the aircraft to be airworthy.

Many airports choose to let their tenants operate businesses from their hangars. As such, the facility lease can be written to allow, with approval, tenants to sublease or operate a business concession on the airport. If WSDOT Aviation chooses to allow this type of activity, it should be addressed in a lease that is different from the standard hangar lease or in a separate business license or use permit.

Additionally, all business must comply with existing Airport Rules, Regulations, and Minimum Standards. WSDOT Aviation would also need to consider the amount of vehicular traffic that the business would generate, as well as the number of outside signs, and the number of employees. (*Note:* Most hangars do not have water, sewage, or phone service, which would make operating a business out of them difficult.) The sponsor would also want to determine and require an appropriate level of insurance for a hangar-based business to protect the potential liability of employees or guests. A tenant may be required to maintain a certain type of liability insurance, depending on the type of business. In order to run a business out of the hangar, it may also be necessary to meet the accessibility requirements of the federal Americans with Disabilities Act.

One other circumstance to consider is if a tenant wants to allow another aircraft, other than the one to which the hangar is assigned, to utilize the hangar or tie-down space for a short period of time. If WSDOT Aviation wishes to allow this practice, they would need to include some language in the lease to limit guest stays. While some airports do not strictly enforce restrictions on guests, it should be recognized that the practice of accommodating “guests” could occasionally be used by a tenant to disguise a sublease arrangement. This is a common problem at airports with long waiting lists. Appropriate leasing language would provide the lessor with the standing needed to ask the guests to leave or, if necessary, to evict a tenant for violating this lease provision.

Use of Premises

The use of premises on a lease is related to the previous section and specifically details how the lease property can be used by the tenant. Facility leases should include a provision to prevent the lessee from storing non-aviation related items

in the facility. This provision can be used to prevent subletting and the use of the hangar to store other items such as boats and cars. Some airports do permit such items as desks, couches, and storage cabinets, while others limit the hangar to the aircraft and aircraft support items only. In this manner, if the tenant wishes to have a workbench or cabinet to use in conjunction with the operation of the aircraft, it is permissible. However, it is important to prevent hangars from becoming auxiliary storage units to the tenant's home.

There are several other issues that the lease could address, including the potentially sensitive topics for airport tenants of aircraft maintenance and the storage of flammable or hazardous material. Aircraft owner self-maintenance can be addressed in several ways depending on local building and fire codes, and on the privileges WSDOT Aviation may wish to extend to its tenants. The main issue associated with maintenance in a hangar is the need to avoid undue exposure to liability. Because of the importance of this issue, some airports provide a designated outside area to conduct maintenance, while others provide a specific hangar or inside space that is available for conducting self-maintenance activities.

Another potential aircraft maintenance issue originates in FAA airport grant assurance #22 (f) which states that tenants should be able to use their own employees or agents. In terms of aircraft maintenance, the definition of "employee" depends on the lease arrangement, insurance, and what the lessor defines to be an "employee." An employee should be a person who is on the payroll of the aircraft owner, with the owner complying with all applicable labor laws, including Worker's Compensation, Social Security, etc. He should not be a mechanic that operates out of the back of a van. **Note:** If the lessor owns the hangar and pays for its insurance, it has the right to regulate the activity that takes place inside it. The best alternative is to provide a designated space to conduct maintenance activities.

Over-spray from aircraft painting and fabric doping operations and the use of a compressor for this type of activity can be potentially very damaging to surrounding facilities and aircraft. Hangars are not airtight and over-spray can damage aircraft windows and paint. The cost in damage from these activities justifies their prevention. Additionally, some lessees bring their projects from home and work on them at the airport in their hangar; this is as much a liability issue as it is a non-compatible use issue.

Another major concern is the storage of flammables. Using the National Fire Prevention Association (NFPA) code gives the airport some support for enforcement. Most airports do not permit the storage of flammables, and of those that do, the majority have strict requirements, such as no more than 2 gallons or tenants are required to have an NFPA-approved cabinet for the storage of flammable materials.

Within hangars, auxiliary heaters are commonplace, although they can be extremely hazardous. A lessor that permits this type of equipment will not only increase the chance of a fire, but it may also void its insurance policy. The airport

should check with the local fire marshal regarding specific state laws, and with local authorities for a list of approved heaters that meet local building and fire codes and are permissible. Any permanently installed heaters must be approved by the airport and local building officials.

When the tenant's lease terminates, it is important that the tenant leave the hangar or tie-down space the same way he or she found it. It can be costly to have to make repairs or correct unwanted electrical modifications that might not meet code or been completed with out permits.

Note: Many of these issues are commonly addressed in the Airport Minimum Standards and Airport Rules and Regulations documents, which should be attached as an exhibit to the lease.

Construction, Maintenance, Repairs, Utilities

Leases should guarantee that leased properties are used for the defined purpose of the lease, and that development and maintenance of that property should be conducted in accordance with a specific site plan. The lessee should be required to complete the construction of any new facilities within a specific allotment of time or the lease should revert to the airport. This practice eliminates the potential for future land banking and future lease assignments to another party. The lessee should also be required to maintain and repair the facilities and surrounding grounds. These items are good examples of requirements that could be referenced in the Airport Minimum Standards and Airport Rules and Regulations documents in that they typically can be changed more easily than the individual land leases.

Most important for this section is that the lessee be prohibited from making any changes, modifications, or improvements to the property and/or facility. The only reasonable exception to this prohibition would be if the lease specifically provides a means for the lessee to acquire written approval from the lessor prior to any repairs, renovations, improvements and alterations or maintenance being performed.

In terms of maintenance, the lease should state that the airport sponsor has no obligation whatsoever with respect to maintenance, replacement or repair of the leased premises and that the tenant is responsible for keeping the rental premises in a neat and orderly condition, including arranging for the disposal of refuse. Additional provisions could include requiring tiedown lessees to be responsible for providing and maintaining their own chocks and ropes to secure their aircraft. Leases could include requirements for each tenant to provide an approved dry chemical fire extinguisher suitable for use on type A, B, and C fires that would coincide with the minimum size extinguisher recommendations of the local fire department. Lessees should also assume sole and exclusive responsibility for prompt and efficient removal of snow, ice, and debris from leased premises, and should coordinate a snow removal plan and method of removal with the airport. It must also be made clear that the tenant shall not make any alterations during maintenance without the airport's consent.

To protect its investments, WSDOT Aviation should schedule an annual safety and maintenance inspection. This annual inspection would be a good opportunity to inspect the overall integrity of the airport facilities, including hangars and mechanical door operations, and would permit the observation of other conditions, such as the storage of illegal items flammable liquids or possible subletting. WSDOT Aviation could also choose to have another official, such as the local fire marshal, accompany the inspector during the inspection to be sure local fire codes and regulations are enforced.

In terms of providing utility services to lessees, most airports do not include a clause for hangar rentals unless the hangars are individually metered, or are used for conducting business, since most airports include the cost of limited electrical use in the rent. When building new hangars, WSDOT Aviation should consider requiring a separate service for each individual hangar unit so each tenant would then be responsible for specific utility charges. This also will depend on the type of activities the airport will allow to be conducted in the hangars.

Rights, Reservations, and Obligations of Lessor

The lease agreement must specifically list the rights, reservation and obligations of the lessor. Leases should provide the lessor with the ability to enter, ingress and egress leased premises. Leases should also reference the lessor's rights for the purpose of enforcing or ensuring compliance with the Airport Minimum Standards and Airport Rules and Regulations documents. Since the lessor oftentimes does not own the facility, the lease should specify a reasonable notification period and outline a formal process such as in writing or by phone for a notice of inspection.

WSDOT Aviation may want to consider requiring a key from each tenant. Although this is a sensitive issue for some renters, the majority of states recognize the lessor's legal right for access. One way to avoid this would be to provide locks to the tenants and require that they only use airport-supplied locks. This will reduce the amount of passkeys needed to access the property. The return on the investment and the extra measure of safety strongly outweigh the small cost in purchasing and supplying the locks. If employed, language should be added to the lease to specify that upon termination of the lease, all locks will be removed by the lessor.

Another item to consider would be the right of WSDOT Aviation to temporarily close the airport facility, including, but not limited to, the runway, taxiway, apron, terminal building, and automobile parking area, when reasonably necessary for purpose of maintenance, repair, further development or construction, or for the safety of the general public. This will help alleviate the need for prorating a tenant's rent in the event of having to close the airport for a significant amount of time for construction or due to inclement weather such as snow removal operations. Some tenants may seek restitution for airport closure and their inability to use the airport or access their aircraft.

Obligations of Lessee

The lease agreement must specifically list the obligations of the lessee. Given the current environmental regulatory requirements, it is important that the lessee's obligations with respect to the disposal of trash, oils, fluids or any hazardous waste be specifically detailed. Current federal and some local regulations dictate the amount of hazardous materials that are permitted to be stored at any one time, which is the case with aircraft refinishing facilities and the storage of certain waste oils and fluids.

WSDOT Aviation should also prevent tenants from subleasing or renting out additional space to another aircraft. Rules established to prevent subletting are also designed to prevent assignments or the transfers of the tenancy to someone else. A common problem at airports with waiting lists for hangar space is that tenants may leave in the middle of a month or lease term. By not allowing subletting to occur, this problem can be avoided. Additionally, it would protect the airport from any allegations of favoritism, since those on the waiting list for a hangar will have sequential rights for hangars when they become available.

Insurance

Lease requirements in terms of insurance can vary dramatically by use and by airport. Oftentimes, insurance requirements (such as Comprehensive, Automobile, and Aircraft Liability insurance, or Workman's Compensation Insurance on any structure and hangar) might not be appropriate for hangar rentals, but are appropriate for land leases. WSDOT Aviation should revisit the insurance requirements for each type of lease to insure that the combined single limit amount is reasonable, obtainable, and in line with the current tie-down permit requirements.

On some occasions, an airport might require that a tenant carry liability insurance on the hangar or tiedown. This is usually not a problem since the tenant's aircraft insurance provider should be able to extend the aircraft insurance policy's liability coverage at little or no cost to the tenant. The lessor could also require that their name be added as an additional insured party with respect to the tenant's insurance policy. Adding the lessor as an additional insured potentially reduces property owner liability for claims against both the property owner and the tenant.

Additionally, insurance companies will typically provide only 10-days notice of cancellation for nonpayment of premium, and therefore, it may be best for the lessor to specify only a 10-day notice on the certificate of insurance. A lessor may also want to specify a particular dollar amount of minimum insurance or valid liability and property damage insurance. Some airports ask for a copy of the insurance certificate or require the tenants to provide the name of the company that underwrites their insurance policy, as well as to require that the company be licensed to do business in the state.

