



AIRPORT LEASING POLICY

A POLICY TO GOVERN THE DRAFTING
AND IMPLEMENTATION OF
COMMERCIAL AND AERONAUTICAL
PROPERTY LEASES
AT THE
SAFFORD REGIONAL AIRPORT

JANUARY 2022



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SECTION 1 – General Statement of Policy

Safford Regional Airport Operates for Benefit of the Public.

The City of Safford (the “City”), as Airport Sponsor and recipient of Federal Aviation Administration (“FAA”) Airport Improvement Program (“AIP”) grants, is obligated to operate the Safford Regional Airport (the “Airport”) for the use and benefit of the public. A component of the operation for public benefit is the leasing and renting Airport property.

The City makes the Airport available for public use and benefit, in part, by making property Leases, Rentals and Permits, available to all types, kinds and classes of aeronautical activities on fair and reasonable terms and conditions without unjust discrimination.

The purpose of this Airport Leasing Policy (“Policy”) is to establish clear guidelines, requirements, and standards for leasing land and buildings for commercial and non-commercial activities at the Airport. Due to varying demand and availability for Commercial Ground Leases and Non-Commercial Ground Leases, different standards are set forth in this policy governing the leasing process for each.

Further, the City leases Airport property for certain Non-Aeronautical Activities to provide economic development opportunities for the community, and as a funding source to support the Airport. Given these objectives, the City has directed Airport Management, per Title 19 of the Municipal Code and as part of its on-going responsibilities, to establish this Policy setting forth a standardized system and process for leasing, renting and permitting occupancy of Airport property.

In furtherance of this objective, the City leases, rents and permits occupancy/use of Airport property, as depicted in the most recent version of the FAA approved Airport Layout Plan, and Airport Rules and Regulations based on the following goals and principles:

- ✓ Promoting Aeronautical Activities for the benefit of General Aviation and the Safford- area community while preserving the City’s investment in the Airport.
- ✓ Facilitating orderly management of the Airport and ensuring consistent quality of facilities at the Airport.
- ✓ Providing fair, reasonable and not unjustly discriminatory treatment of all Lessees and permittees.
- ✓ Ensuring compliance with applicable laws, regulations, policies, guidelines, and requirements as they relate to the application for and acceptance of federal funds.
- ✓ Enabling conformity with the FAA approved Airport Layout Plan.
- ✓ Making the Airport available for public use, on reasonable terms without unjust discrimination.
- ✓ Maintaining a fee and rental structure with the goal of financial self-sustainability.

Persons seeking to provide a Commercial Aeronautical Activity at the Airport shall also be obligated to adhere to the Airport Minimum Standards and Airport Rules and Regulations.



SECTION 2 – Definitions

For purposes of this Leasing and Rental Policy, the following definitions shall apply:

Aeronautical Activities or Services: means any activity or service which involves, makes possible, or is required for the operation of aircraft, or contributes to, or is required for, the safety of such operations. Aeronautical Activities include, but are not limited to, charter operations (under either 14 C.F.R., Parts 121 or 135), aircraft hangar leasing, pilot training, aircraft rental and sight-seeing, aerial photography, crop dusting, fire suppression, aerial advertising and surveying, aircraft sales, leasing and servicing, aircraft management, and sale of aviation petroleum products, whether or not conducted in conjunction with other included activities which have a direct relationship to the operation of aircraft, repair and maintenance of aircraft, sale of general aviation aircraft parts, and any other activities which because of their relationship to the operation of aircraft can appropriately be regarded as an Aeronautical Activity.

Airport: means Safford Regional Airport and all of the area, buildings, facilities, and improvements within the exterior boundaries of such airport as it now exists, or as it may hereafter be extended or enlarged.

Airport Layout Plan (ALP): means the FAA-approved and City-adopted scaled drawing of the existing and planned land and facilities necessary for the development and operation of the Airport that is used for planning, verifying Airport data, obstruction evaluation and project coordination .

Airport Leasing Policy: refers to this document as established and amended from time to time by the Airport Manager, to govern the safe, orderly, and efficient leasing of Airport property.

Airport Manager: means the individual employed and authorized by the City Manager to oversee the operations, maintenance and finances of the Airport, or the person authorized by the Airport Manager to act for or on behalf of the Airport Manager, with respect to any particular matter. The Airport Manager is the primary contact for the FAA.

Airport Minimum Operating Standards (or Minimum Standards): means the Airport Minimum Standards for Commercial Aeronautical Service providers at the Safford Regional Airport as administratively implemented by the Airport Manager, as now exists or as may be amended from time to time. The Safford Regional Airport Minimum Operating Standards are available on the City website.

Airport Rules and Regulations: means the policies, procedures, and regulations, established and amended from time to time by the Airport Manager, to govern the safe, orderly, and efficient use of the Airport. The Safford Regional Airport Rules and Regulations are available on the City website.

Airport Sponsor: means the City of Safford under the FAA guidelines and requirements to operate a public use airport facility.

Applicant: means a Person who has timely submitted to the City, a complete Lease or Rental Permit application, including all components required by this Policy and the Minimum Standards.



Aviation Storage Units: means a closed structure to store aircraft (i.e. Corporate Hangars, Box Hangars and Nested “T”-Hangars), and aviation related components, equipment or items permitted by Airport Management, Minimum Standards, and Airport Rules and Regulations and allowable under the FAA's Acceptable Land Use Policy.

Capital Improvements or Improvements: means the improvements, structures and fixtures installed by a Lessee including, without limitation, finish-out work on floors, ceilings, demising walls and store facades; storefront signage; panel boxes and hook-ups to utilities; wires and conduits infrastructure; decorations; furniture; equipment; shelves; counters; cash wraps; lighting; and interior design and construction work necessary in general to accommodate.

City: means the City of Safford, owner, and operator of the Airport, acting by or through the Safford City Council, the City Manager, the Airport Manager, or any duly authorized employee, agent or instrumentality of the City of Safford. Discretion, opinions and approvals of ‘City’ under this section refer to the responsibilities and authorities delegated to the City Council and designated City staff members as may be assigned these tasks through adopted policy.

City Council: means the duly elected legislative body governing the City of Safford.

Commercial Aeronautical Activity or Service: means an Aeronautical Activity for undertaken for commercial purposes as defined in the Minimum Standards.

Commercial Ground Lease: means a Lease between the City and a Person for the purpose of constructing a hangar on the Premises for Commercial Activities or purposes.

FAA: means Federal Aviation Administration.

General Aviation: means all phases of aviation other than military aviation and scheduled or non-scheduled commercial air carrier operations.

Hangar: means a large building with extensive floor area used for storing and maintaining aircraft.

Lease: means a contract between the City and any Person wherein the City grants the use or occupancy of Airport property and certain leasehold interests for a specified period in exchange for a specified rent.

Lessee: means any Person obtaining a Lease from the City to occupy space and hold certain leasehold interests at the Airport.

Non-Aeronautical Activity or Service: means all activities that are not Aeronautical Activities or Services.

Non-Commercial Ground Lease: means a Lease between the City and a Person for the purpose of constructing a hangar on the Premises, but not for Commercial Activities.



Rental Permit: means a month-to-month rental agreement in the form of a Permit, wherein the City grants a Person permission to occupy Airport property.

Shall: the word 'shall' is always mandatory and not merely directory.

State: means the State of Arizona.

Term: means the total period of time in which that Lease may or might remain in effect. (For instance, a Lease for an initial period of 3 years, which may potentially be extended for an additional 2-year period, is a Lease for a Term of 5 years).



SECTION 3 – Exclusive Rights

Federal law forbids the granting of an exclusive right to provide Aeronautical Services at an airport which has received federal funds. An exclusive right is a power, privilege or other right excluding or debarring another from enjoying or exercising a like power, privilege or right. The City will not grant any such special privilege or monopoly for public use Airport facilities.

It is the policy of the City not to enter into any understanding, commitment, or express agreement with a Lessee, Rental Permittee or Applicant to exclude other reasonably qualified Lessees; the presence of only one Lessee engaged in a particular Aeronautical Service at the Airport does not, in and of itself, indicate that an exclusive right has been granted.

Accordingly, those who desire to enter into a Lease or Rental Permit with the City to engage in an Aeronautical Activity should neither expect nor request the City to exclude others who desire to engage in the same or similar activities. The opportunity to engage in an Aeronautical Activity shall be made available to those meeting the qualifications and standards stated herein, as space may be available.



SECTION 4 – Requests for Leases or Permits

A. **Application Required.** Any Person desiring to enter into a Lease or Rental Permit with the City for permission to occupy Airport property shall make a written application to the City for such permission. Applicants pursuing Leases and Rental Permit opportunities shall submit a written statement of interest in a specific property. Instructions to apply for Commercial Leases are detailed in Section 5 below. Instructions to apply for Non-Commercial Leases are detailed in Section 6 below.

B. **Applicant Must Demonstrate Qualifications.** A Lease or Rental Permit Applicant seeking to engage in a Commercial Aeronautical Activity at the Airport shall also provide all application information and materials required by the Airport Minimum Standards.

Application materials for a Commercial Lease shall consist of a fully executed application cover sheet, all the information required by this Leasing Policy, the Minimum Standards, if applicable, and all documentation the City may deem necessary for a full and complete analysis of the Applicant's qualifications. The cover sheet shall state how Applicant's proposed use of Airport property will benefit the aviation public, not-for-profit entities, and Commercial Activities at the Airport.

C. **Limited to Demonstrated Need.** Qualified Applicants who meet all applicable standards and qualifications shall be restricted to using each parcel of Leased or Permitted space for a single Aeronautical Activity.

When an Applicant seeks to Lease Airport property from the City, the Application must provide evidence, deemed sufficient by the City, that demonstrates the need for the Airport property in question. The City will only agree to Lease or Permit the amount of property/land that is, in its reasonable discretion, required for the proposed use. The City shall not grant additional property/land for unsubstantiated expansions of the Premises.



SECTION 5 – Commercial Lease Application Documents

Each application to Lease Airport property for a Commercial Aeronautical Activity shall be in writing and provide details sufficient to allow the City to determine, in its sole discretion, the complete qualifications of the Applicant and shall include, at a minimum, the following:

- A.** Cover sheet briefly describing the proposed use of the Leased property, and other key summary information, including the details listed below.
- B.** The name, address, electronic mail address, and telephone number of the Applicant.
- C.** The amount, size, and location of the land and/or facilities the Applicant desires to Lease.
- D.** Descriptions and cost estimates of any proposed Capital Improvements to be undertaken by the Applicant, or on behalf of the Applicant. This specifically includes Lessee Improvements if the Lease proposal includes use of an existing building. Additionally, the Applicant must provide a timeline for any proposed construction.
- E.** The types and amounts of insurance coverage to be maintained for the proposed use of Airport property.
- F.** A current financial statement prepared or certified by an independent certified public accountant or the Applicant's Chief Financial Officer that shows the availability of funds to complete leasehold improvements.
- G.** To the extent allowed by law, Lease Applications and the financial information therein, shall initially be maintained as confidential, for discussion between Airport staff and the Applicant, and for discussion among Airport staff, the Applicant and the City Council in executive session only.
- H.** Evidence, in a form acceptable to the City, that demonstrates, to the City's satisfaction, the Applicant's financial ability to complete construction of proposed Capital Improvements (see "D." above). Applicant shall provide such evidence in one of the following forms:
 - 1. Performance bond equal to the cost of constructing all proposed Improvements;
 - 2. An irrevocable letter of credit guaranteeing funds to complete the project;
 - 3. An escrow agreement administered by a title and escrow company; or
 - 4. A trust administered by a commercial bank.
 - 5. A statement prepared by as outlined in subsection F detailing the availability of funds.



SECTION 6 – Non-Commercial Lease Application Requirements

Each application for a Lease of Airport property for Non-Commercial Activities shall be in writing and provide sufficient detail to allow the City to determine, to its satisfaction, the complete qualifications of the Applicant and shall include, as a minimum, the following:

- A.** A cover sheet briefly describing the proposed use of the Leased property, and other key summary information, including the details listed below.
- B.** The name, address, electronic mail address, and telephone number of the Applicant.
- C.** The amount, size, and location of the land and/or facilities desired to be Leased.
- D.** A description and cost estimate of any proposed Capital Improvement projects to be undertaken by the Applicant or proposed to be provided by another party on behalf of the Applicant. This specifically includes Lessee's improvements if the Lease proposal is for an existing building.
- E.** To the extent allowed by law, applications for Leases, and the financial terms thereof, shall initially be maintained as confidential, shared internally only for discussion between Airport staff and the Applicant, and for discussion among Airport staff, the Applicant and the City Council in executive session only.
- F.** Evidence, in a form acceptable to the City, that demonstrates to the City's satisfaction, the Applicant's financial ability to complete construction of proposed Capital Improvements (see "D." above). Applicant shall provide the evidence in one of the following forms:
 - 1. Performance bond equal to cost for constructing proposed Improvements;
 - 2. An irrevocable letter of credit guaranteeing funds to complete the project;
 - 3. An escrow agreement administered by a title and escrow company; or
 - 4. A trust administered by a commercial bank.
 - 5. A statement prepared by a CPA showing the availability of funds.



SECTION 7 – Competitive Request for Proposal Process

Upon receipt of a Lease application that the Airport Manager determines to be acceptable, the City may, in its sole discretion, issue a public notice of its intent to consider awarding a Lease to the Applicant. The purpose of such action is to assess the level of market demand and competitiveness for the proposed activity or use of the Airport property.

To determine whether it is appropriate to utilize competitive bidding, the City shall consider factors including, but not limited to:

1. The size and proposed use of the property.
2. The availability of similar property at the Airport.
3. Whether the property is going to be used for Aeronautical or Non-Aeronautical Activities.
4. Whether the property is developed or vacant.
 - If the property is vacant, the proposed use; type of Improvements will be developed; number of employees to work on the property.
 - Whether infrastructure (such as utility lines) needs to be installed or and if so, who will be responsible for such installation?
5. The financial strength and experience of the Applicant.
6. Economic impact the proposed use of the Airport property will have on the Airport.
7. Whether the proposed use of the Airport property will generate new revenue for the Airport or generate new activity at the Airport.

If the City publishes a notice of its intent to award a Lease of certain Airport property, such notice shall invite additional qualified potential Applicants to submit a complete application as outlined in Section 5 of this Policy. The City must receive complete applications within 30 days after notice is published. The notice shall also list the criteria the City will use to make its selection.

If the City does not receive additional statements of interest in the Airport property in question within thirty (30) days of publishing notice, it may proceed to grant or deny the initial Applicant's request based on the merits of the application and without further advertisement.

All applications will be reviewed by the Airport Manager and a minimum of 4 other city employees ("the Committee"). If the City receives applications from one or more additional Applicants interested in obtaining a Lease for the property in question, the Committee will use the scoring matrix in Attachment A to help identify the most qualified Applicant for the Lease in question. The City may choose to negotiate with the Applicant(s) it deems most qualified in order to ascertain which Applicant is willing and able to enter into a Lease that will be, in the City's sole determination, most advantageous to the City and the public.



The City may consider any factors that it deems relevant to make its final decision regarding the use or disposition of the Airport Premises and privileges in question. The City may examine all applications, and award the Lease in question to an Applicant, if, in the City's opinion, the proposed Lease, and the activities proposed to occur on Leased Premises are in the best interest of the Airport and the community. To the extent allowed by law, all such applications shall be treated as confidential, shared only for discussion between staff and Applicants, and among staff, the Applicants, and the City's Council in executive session only.



SECTION 8 – Action on Lease Application

After an application is received, it will be processed by the Airport Manager. Non-Commercial Leases will be approved or denied by the Airport Manager based upon the application and the criteria below. Commercial Lease applications will be examined, and the Airport Manager and a Committee (if applicable) will make a recommendation to the City.

The City may approve or deny any Non-Commercial Lease application based on the following factors:

- A.** Potential for the Applicant's proposed use of Airport property or construction of leasehold Improvements to create a safety hazard at the Airport.
- B.** Whether the Applicant's proposed use of Airport property is likely to require the expenditure of City funds, labor or materials, or the proposed activity is expected to result in a financial loss to the City.
- C.** Whether the Airport has appropriate, adequate, and sufficient space available to accommodate the proposed activity.
- D.** Whether the development or construction necessary to accommodate the proposed activity conforms to land uses specified on the FAA-approved ALP.
- E.** Whether the proposed use of the Airport property will cause congestion of aircraft or buildings or unduly interfere with other Airport operations.
- F.** Whether the Applicant meets the requirements of the Airport Leasing Policy.
- G.** Whether the Applicant has either intentionally or unintentionally misrepresented or omitted any pertinent information in the application or in supporting documents.
- H.** Whether the Applicant has a record of violating any Airport Rules and Regulations, Airport Minimum Operating Standards, FAA regulations, or any other federal, State, or local statutes, laws, rules, or regulations.
- I.** Whether the Applicant has defaulted in the performance of any lease or any other agreement with the City or other airport(s).
- J.** Whether, in the opinion of the City, the Applicant is financially qualified and prepared to fund the proposed use of the Airport property based upon the information provided.
- K.** The Applicant cannot provide acceptable surety in the amount required by the City. Whether the proposed activity or development is in the best interest of the Airport or the public.



SECTION 9 – Standards for Leasing or Renting Airport Property

- A.** Lease Classification. To provide definitions and indicate relevance to Airport use, the City will address each Airport Lease and/or proposed Airport Lease according to the following classifications:
1. Commercial Aviation (Specialized Aviation Support Operation(SASO), FBO) – Any commercial service facility accommodating single or multiple aviation service disciplines on one site. Non-Aviation Commercial/Industrial – Any entity that provides benefit to the Airport as well as the community, or the local economic base through providing services or employment, and remains compatible with the Airport.
 2. Public Facility – Government sponsored and publicly operated uses that provide benefit to the airport, aviation, or the local communities.
 3. Non-profit Entities – Leases with non-profit organizations and valid services that benefit the Airport and a variety of public causes and concerns. Rental agreements are therefore justified.
 4. Unimproved Land – Agreements which utilize larger amounts of land but without specific definition or qualification. Occasionally airport/aircraft operations require large areas for specific short-term purposes, i.e. farming or harvesting grasslands. Requests for Additional Space. If a Lessee requests additional space to accommodate a new activity that is not permitted under Lessee’s current Lease, the request for additional space shall be treated as either: a request for a new Lease or a request to amend the existing Lease if the requested expansion is contiguous with the existing Leased Premises.
- B.** Lease Term. The Lease Term is determined based on the following factors:
1. Whether the operating space is within an existing (City-owned) building where minimal initial investment is required to begin operations.
 2. The designation of the facility or proposed use of the property on the ALP.
 3. Lessee’s proposed use of the Airport property.
 4. Lessee’s proposed Capital Improvements in facilities.
 5. Whether Lessee plans to undertake long-term development of unimproved land.



The Term of each Lease is determined on a case-by-case basis as dictated by the City's best interests and negotiations, however, for the purpose of providing guidelines only, the City generally offers Terms as follows:

1. T-Hangars: 2 years
2. Existing facilities that require no Capital Improvements: 2 - 4 years
3. Leases that will involve construction on unimproved land: All uses: 20+ years
4. Leases for construction of facilities requiring greater investment or providing greater benefit to the Airport and the community are able to secure longer Lease terms.
5. Options for longer term (20+ years) are possible to extend in 10-year increments, up to a total of 50 years.

Upon receipt of a request to renew a Lease, the Airport Manager or his/her designee shall inspect the leasehold Improvements for condition, appearance and viability for continued occupancy. The City will review the Lessee's record of compliance with the terms and conditions of the existing Lease. The City will consider whether the Lessee is or has been in default of any terms and conditions of its existing Lease as well as the structural integrity, safety, and appearance of the leasehold Improvements.

- C. Termination: Standard Leases include terms that address the Lease termination process and any alternatives to termination that may be available to the Lessee. Upon termination of a Lease, the Airport shall inspect the leasehold to determine its condition and suitability for continued safe and legal occupancy for either a Lease extension or future uses.

The following serves as guidance upon termination of a Lease:

1. If the Lessee remains in good standing and is not in breach upon termination of the Lease, the Lessee may request to negotiate a new Lease. The City's approval shall not be unreasonably withheld. In all instances, the City shall prioritize Aeronautical Activities when allocating available Airport property for Leases.
2. If the inspects the Premises and determines that the building Improvements are not suitable to remain on site, or if the City does not desire to retain the Improvements, the City may require Lessee to, at its own cost and expense, remove the building Improvements and return the Premises to a bare and clean state that is equal to or better than its condition at the time the original Lease was executed. Improvements to utilities, parking, paving, sidewalks, sewer, drainage, landscaping, curb, gutter, utilities, etc. ("Site Improvements") may remain.
3. Additionally, subject to the City's sole discretion,, if the Lease has not yet expired, the City may grant an assignment of the leasehold interest and improvements, whereupon the City will agree to enter into a Lease assignment with the new leasehold owner, if the assignee meets the required qualifications as specified herein.



D. Month to Month Rental Agreements (Rental Permits). The City may offer month-to-month Rental Permits if the parties mutually agree to terms and conditions. While the terms and conditions of each such Permits are determined on a case-by-case basis as dictated by the City's best interests and negotiations, Rental Permits may typically be terminated by mutual agreement with thirty (30) day notice. Examples of month-to-month agreements are Rental Permits for:

1. Access to airport property (e.g. thoroughfare)
2. Per use or one-time agreement (e.g. staging area or Airport Emergency support)



- E.** Financing Airport Development. The City will not provide financing or make any Improvements to Airport property to facilitate leasehold Improvements proposed by an existing or prospective Lessee that will only benefit that Lessee. If such a Lessee cannot demonstrate, to the City's satisfaction, the financial means to implement and pay for such development that may be an indication that the proposed development would not be in the best interests of the City or the public using the Airport.
- F.** General Rights and Privileges Granted. Airport Leases are designed to grant one or more of three rights or privileges to the Lessee: the right to use the landing area and other public Airport facilities in common with others so authorized; the right to occupy Airport Property, and to use exclusively, certain designated premises; and/or the commercial privilege or the franchise right to offer goods and services to the public who use the Airport. The City will not enter any Lease without receipt of adequate consideration for the rights granted therein.
- G.** Control Over Operations. Any Lease granting the right to serve the public on the Airport premises shall be subject to terms and conditions reserving to the City sufficient control over operations to ensure that the Lessee will treat patrons fairly. The Lessee must agree to make available its services and facilities on fair and reasonable terms, and without unjust discrimination.
- H.** Control over Aeronautical Activity and Development. The City shall not enter into a Lease that would require it to divest itself of the right to take any action it considers necessary to protect Airport operations or the Airport's navigable airspace against obstruction, including but not limited to, the right to prevent any Lessee from erecting, or permitting to be erected, any building or other structure that, in the City's sole discretion, might limit the usefulness of the Airport or constitute a hazard to aircraft. The City shall not enter into a Lease that would require it to divest itself of or limit its right to develop or improve the Airport in its sole discretion and as it sees fit, regardless of the desires or views of any Lessee and without interference or hindrance from such a party.
- I.** Airport Minimum Operating Standards. The Airport Minimum Operating Standards set forth the qualifications Lessees must meet to conduct certain Aeronautical Activities at the Airport. The Minimum Standards also establish a basis for practical negotiations between the City and potential Lessees offering such activities; however prospective Lessees should be aware that the City, if presented with a choice between multiple potential Lessees for a single space or facility, will give preference to:
- i.** Lessees who use Airport property for Aeronautical Activities and offer the Airport and aviation users the highest standard of quality and service, which may exceed the current Minimum Standards.
 - ii.** Lessees who can offer the City and the public the highest standard of quality and service which may not be aeronautical but are in accordance with Airport's mandate for self- sustainability.



The City may amend its Airport Minimum Operating Standards from time to time in order to ensure a higher quality of service to the public. Only in the rare circumstance, where the aviation community at the Airport has encountered difficulty attracting a competent service entity, shall the City consider waiving a portion of the Airport Minimum Operating Standards to allow a period of initial development. In all other circumstances, it is the policy of the City not to enter into Leases with Lessees who cannot meet the applicable Airport Minimum Standards.

J. Waivers of Immunity. The City will not enter into Leases that require it to waive any sovereign, governmental or other immunity to which it may be entitled, or that would require it to submit to the laws of any state other than those of the State of Arizona.

K. Indemnification. Every Lessee desiring to Lease Airport property shall agree to indemnify and hold the City, its officers, officials, agents, representatives and employees from and against any and all injuries, damage or harm, or any nature whatsoever, which may result from its use or occupancy of Airport property.



SECTION 10 – Written Agreement

All Persons, prior to the commencement of construction of leasehold improvements or operation of an Aeronautical Activity as defined herein, shall enter into a Lease or Rental Permit with the City setting forth the terms and conditions by which the Person shall occupy and use Airport property. Leases and Rental Permits the City enters into shall protect the Airport's interests as well as the public interests, thus, the City's Leases and Rental Permits may contain more restrictive clauses than private sector Leases. The Leases and Rental Permits shall be in a form approved by the City's legal counsel and shall, at a minimum; conform to local/regional standards of tenant responsibility and liability.

Each Lease and Rental Permit shall include all provisions required by law and any obligations placed upon the City by federal and state agencies including, but not limited to, compliance with all federal, state and local laws and regulations pertaining to the use of the Leased Premises. Leases and Rental Permits may contain standard language, developed to address the best interests of the City review and revision of the document for compliance with FAA regulations, real estate law, changing economic conditions and other risks associated with land ownership. A sample of that document is available for review, only for the purpose of providing an example. The City will determine the terms and conditions of each Lease or Rental Permit on a case-by-case basis.

SECTION 11 – FAA Required Lease Provisions

In addition to the minimum terms and conditions listed in Section 9, each Lease and Rental Permit shall contain provisions requiring the Lessee to furnish services on a reasonable basis to all users thereof, and charge reasonable prices that are not unjustly discriminatory for each unit or service, provided that the Lessee may make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

SECTION 12 – Rentals, Rates, Fees, and Charges

- A.** Financially Self-Sustaining. The City has an obligation to make the Airport as self-sustaining as possible under the circumstances existing at the Airport at any given time. To effectuate this goal, the City, shall endeavor to receive reasonable and adequate consideration for providing access to and use of its property and facilities, through the implementation and collection of various fees, rents and charges. All Leases shall provide for the City to receive adequate consideration for the rights and privileges therein granted. It shall be the policy of the City to seek Lease terms and conditions that, while fair and nondiscriminatory, provide the most advantageous returns to the City.

- B.** No Unjustly Discriminatory Rates. Each Lessee shall charge rates, fees, rentals and other charges for use of its facilities commensurate with those of Lessees making the same or similar use of the Airport, and utilizing the same or similar facilities.



- C. Periodic Adjustment of Rates. Providing for adjustments to rental rates and Airport user fees facilitates parity of rates and charges between new and long-standing Lessees and enables the Airport to remain as self-sustaining as possible under the circumstances existing at any given point in time. Each Lease shall be adjusted annually at a rate of 3%. All Leases with a term of two years or more shall contain provisions subjecting the lease rates to a periodic adjustment of the Airport Rate and Fee Schedule as conducted by the City every 5 years based on fees charged by comparable airports.

Under no circumstances will the rental rates be adjusted to amounts less than the current rate in effect at the time of the review.

SECTION 13 – Construction of Leasehold Improvements

The City, in part through its leasing activities, seeks to maintain excellent aesthetics, promote consistent, environmentally attractive, and compatible high-quality development and facilities at the Airport. In addition, it attempts to encourage private sector investment in Airport facilities.

Each Lease issued by the City may include provisions that allow for Lessee Improvements of the leasehold; however, the following are general provisions and policies applicable to each Airport Lease:

- A. Leasehold Improvements shall not be designed, planned, constructed, reconstructed, or remodeled or installed without the prior written approval of the City.
- B. Any structure, facility, ramp or devised path of travel Lessee proposes to construct or place upon Airport property shall be constructed in a manner that conforms to all safety and environmental regulations of the State of Arizona and the City. Any such construction shall also comply with the City's and the Airport's site development requirements, building codes, zoning regulations, and fire regulations as well as FAA design standards, as now exists, or as may be amended from time-to-time.
- C. The Lessee shall be responsible for the cost, expense, and effort of obtaining all appropriate approvals from federal, state and/or local authorities and complying with all applicable regulations, policies and standards. Potential Lessees should be advised that any construction or work utilizing laborers or mechanics at the Airport may require compliance with applicable state and federal prevailing wage requirements.
- D. Lessees shall obtain at their sole expense all permits required for their construction program and shall pay for all taxes, permits, inspection fees, and licenses required for the construction and operation of their facilities and businesses.
- E. The design of any leasehold Improvement is to be carried out under the direction of a registered architect or engineer. All design drawings shall be prepared by a registered architect or engineer. Construction drawings shall be certified by a reasonably qualified engineer of the appropriate professional discipline.



- F.** Absent Lease provisions or written notice from the City that it intends to provide infrastructure for proposed leasehold Improvements, each Lessee shall be responsible installing, at its own expense, utility connections to all leasehold Improvements and facility requirements including public roadways, walkways, ramps, aprons, taxiways, taxi lanes, electrical power, communications, water, sewer and natural gas.
- G.** The City may enter into agreements whereby qualified infrastructure Improvements to serve a specific lease site may be financed by the prospective Lessee, who the City would then reimburse through a credit in monthly rents due to the City.
- H.** Lessees shall obtain prior written approval from the City to modify, improve, add to, or remove facilities from their Leased Premises. If any structure, or path of travel is erected, developed constructed, or altered in any other manner than in accordance with plans and specifications approved by the City, such alteration will be considered to have been undertaken without approval. This restriction is applicable to landscaping as well as architectural plans.
- I.** Lessees shall suppress, at their own expense, and to the satisfaction of the FAA, all electromagnetic interference with radio guidance, safety devices, electric or electronic equipment or installations on or associated with the Airport.
- J.** The City assumes no responsibility for Lessee's ability to complete construction or otherwise comply with the terms and conditions of its Lease, nor does it assume any responsibility for an error, fault or omission in plans and specifications that have been approved by the City. The City reserves the right to serve notice that action must be taken to remedy any improper situations, including any error, fault or omission, as well as any construction or improvement that deviates from site development requirements, building codes, zoning regulations, and fire regulations as well as FAA design standards as now exists, or as may be amended from time-to-time.
- K.** Noise, dust, odors, storm water detention, water quality, and smoke generation are of particular concern in the design and operation of any construction or facility on Airport property. Therefore, the design and construction of all facilities shall comply with all applicable Airport, federal, state, and local environmental regulations.
- L.** The City or its representative(s) shall have the right to at all reasonable times to enter Lessee Premises as well as buildings/facilities on the Premises that are in the process of being built, changed, repaired, moved, or demolished.