

ATTACHMENT #2



JUNEAU INTERNATIONAL AIRPORT

LEASING POLICY

As approved by the Airport Board on _____

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I. Purpose

The Federal Aviation Administration (FAA), by way of its Airport Sponsor Grant Assurances, requires any airport developed with Federal grant assistance to operate for the use and benefit of the public and for the airport to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. In addition, these Airport Sponsor Grant Assurances require an airport sponsor to maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the airport and to avoid unjust economic discrimination within classes of users, taking into account such factors as the volume of traffic and economy of collection.

The purpose of the Juneau International Airport (JNU) Leasing Policy is to (1) provide sound, consistent guidelines through which JNU can respond to the interests of financially stable and responsible Lessees; (2) administer Airport leaseholds in accordance with its grant assurances; (3) insure the Airport's ability to meet its obligation to provide a stable revenue source for the Airport; and (4) provide guidelines for Airport related business decisions.

The leasing of Airport land is regulated and influenced by City, State, and Federal law including, but not limited to, the policies and rules of the FAA, formal policies adopted by the Airport, input from the community, and precedent set by the Airport Board.

II. Rates, Fees and Charges

FAA guidelines¹ require JNU to make the Airport as financially self-sustaining as possible. To the extent feasible, aeronautical use² charges must be established on a cost recovery basis, while use of Airport property for non-aeronautical facilities and/or services must be based on fair market value.

As a general rule and in accordance with industry standards, rental rates for certain property uses, such as restaurants, bar, gift shop, etc., are based on a percentage of Lessee's gross income from its use of the property. In specific circumstances which are not covered by established rates, fair market value will be determined by an appraisal of the specific parcel and the rental rate will be negotiated to achieve the Airport's intended return.

JNU assesses rates and fees each year through the budget process and may adjust lease rates in accordance with the budget needs and tenant negotiations, using Anchorage Consumer Price Index (CPI).

¹ 49 U.S.C. §47107(a)(13)

² Aeronautical uses include air taxi and charter, air carrier service, pilot training, aircraft rental, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and service, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute and ultralight activities.

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III. Land Uses

Airport Layout Plans (ALP) and Airport Master Plans have been developed for JNU and are periodically updated. These plans, which are reviewed and approved by the FAA and JNU following public review and input, provide guidance to Airport staff and the Airport tenants in land use leasing decisions. JNU lease documents specify permitted uses of Airport property and any land use restrictions which may apply.

IV. Authority to Lease

The Airport is owned and operated by the City and Borough of Juneau (CBJ). CBJ provides the Airport land, under CBJ Code Title 49 Lands, and the land is leased by the Airport, under CBJ Code Title 5 Juneau International Airport.

V. Lease Requests

Airport property is generally leased on a first come, first served basis in accordance with the Airport Master Plan, ALP, the prospective lessee's proposed use or operation, and with the best financial interests of the Airport. Under certain circumstances, i.e., multiple parties interested in a single piece of property or few/no remaining parcels available for a specific aviation-related use, JNU may use a proposal process prior to approving a lease for a particular parcel.

Potential tenants shall submit a fully completed Lease Application to the Airport (Attachment #1) together with such additional information as may be required for review by the Airport Manager. All commercial applicants must provide a Business Plan (see Airport Minimum Standards, Appendix A, Minimum Requirements for a Business Plan).

Applications will be reviewed based on parameters included in this Leasing Policy including, but not limited to, the following:

1. The proposed use is appropriate and consistent with the ALP, Master Plan, Terminal Plan, and other relevant land use planning documents;
2. Approval will not constitute a violation of Grant Assurances;
3. If the request is for a commercial use, Tenant's use of the property will comply with the requirements of the approved Airport Minimum Standards.
4. Proposed Lessee, Sublessee, and Assignees of a lease must be in good standing with the CBJ (e.g., no back taxes, etc.).

VI. Lease Agreements and Legal Review

JNU leases are designed to protect the public interest and may contain more restrictive clauses than private sector leases. The Airport intends to transfer to the Lessee the liabilities associated with possession and control of real property including, but not limited to, compliance with all Federal, State and City laws and regulations pertaining to the use, storage and disposal of hazardous materials and storm water pollution prevention regulations, air space protection and security of the airport through Lessee parcel.

JNU leases are approved by CBJ and shall, at a minimum, conform to local standards of tenant responsibility and liability. Lease language is periodically updated to reflect changes in FAA regulations and real estate law, as well as to meet a changing economic environment and other

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risks associated with land ownership.

VII. Lease Term

A. Airfield Standard Lease Term

The length of an airfield Lease Term is determined by property designation in the Airport Master Plan, ALP, the prospective lessee's proposed use or operation, and is in the best financial interests of the Airport. Consideration may also be given to a lessee's substantial capital investment in facilities (Attachment #3). Standard lease Term is based on investment. Investment is defined as:

1. The construction and improvement costs on the lease parcel; or
2. *The purchase price of the real property.*

In general, at expiration of lease, the current Lessee shall have the option to execute a new lease under new lease provisions (see Section XI).

B. Terminal Standard Lease Term

The length of an air carrier terminal Lease Term is determined by the Terminal Plan, prospective lessee's proposed use or operation, and is in the best financial interests of the Airport. Generally, space in the terminal is leased for five years, however, if the Airport has plans to change the terminal, through renovation, strategic design, etc., leases may be offered on a month-to-month basis. Concession leases are through CBJ contract bid or proposal for up to five years, with renewal options. Federal Government leases are determined through Federal procurement rules.

C. Exception to Standard Term

On a case by case basis, the Airport Board may consider a significantly longer Lease Term to support Airport property development and to allow a lessee to amortize its investment based on the following criteria:

1. Significant initial capital investment
2. Significant additional capital investment in current Leasehold Improvements
3. Services provided to other Airport tenants and users
4. Significant job creation
5. Public infrastructure extension which will benefit other parcels (i.e., roads, water, sewer)
6. Potential to attract other new aviation businesses

VIII. Construction of Leasehold Improvements

Leasehold improvements must be constructed in accordance with Airport and CBJ guidelines. Height restrictions, lot-line setbacks, appropriate parking, building design, quality of construction, and other requirements are controlled by the FAA, CBJ building code, and the Airport. Prior to making changes to leasehold, a tenant shall first acquire the written approval of the Airport Manager.

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IX. Subtenant Approval

A. Private Hangars - Sublease Occupants

Upon JNU approval, non-commercial Lessees may utilize a sublease arrangement to offset hangar-ownership expenses subject to the following criteria:

1. Lessee stores at least one of its owned-aircraft in the hangar;
2. Lessee shall not allow any use of, or activity, on the Leased Premises by the sublessee that is not in full compliance with the terms and conditions of the Lease.
3. Sublease shall be approved, and on file, with the Airport Manager's Office.

If the private hangar Owner does not utilize the hangar for its owned-aircraft, a commercial lease will be required for the facility (See Section XII.A.4., below).

B. Commercial Sublease

Upon JNU approval, a Commercial Operator ("Operator") may sublease a portion of its Leasehold Improvements to provide additional aviation-related services at the Airport. Terminal subleases are not allowed, except by permission of the Airport Manager, who may approve a short-term sublease in unusual circumstances such as a shortage of office or counter space; in a Terminal sublease, the sublessee is bound by Regulation 07 CBJAC 10 Rates & Fees, for all applicable fees and reporting, and shall be required to provide proof of insurance under the appropriate section of the Lease. The Airport Manager shall have the authority to immediately revoke approval, for cause.

C. Review and Approval

The Owner or Operator shall submit a fully completed Sublessee Application to the Airport Manager in the form provided (Attachment #2) together with such additional information as may be required for review by the Airport Manager. The information will be reviewed based on parameters included in this Leasing Policy including, at a minimum, the following:

1. The proposed use is appropriate and consistent with the ALP, Master Plan, and other relevant land use planning documents;
2. Approval will not constitute a violation of Grant Assurances;
3. If approval is requested for a commercial sublessee, the use of the property will comply with the requirements of the approved Minimum Standards for the Airport.
4. Written acknowledgment of Private Hangar Owner, Sublessee Occupant, Operator, and/or Commercial Sublessee of the following requirements:
 - a. Indemnity and Insurance, of Owner or Operator's Sublease Agreement with JNU which requires insurance coverage (including naming JNU, and the City and Borough of Juneau, councilors, agents, and employees as additional insureds) to JNU's full satisfaction;
 - b. The Airport Certification Manual, approved by the FAA, Airport Security Plan, approved by the Transportation Security Administration (TSA), and

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all applicable Governmental Requirements pertaining to safety and security and the above- named parties' use of the Airport and operation/utilization of the Leased Premises and improvements thereon;

c. Requiring all guests, invitees, and those entering or doing business on the Leased Premises to comply with the Airport Security Plan and all federal rules governing airport operations.

X. Assignment of Lease

A. Assignment of Private Hangar Lease

Owner shall provide timely written notice of a pending sale or transfer of its Leasehold Improvements and assignment of its Sublease Agreement to the Airport Manager (Attachment #2) together with such additional information as may be required for review by the Airport Manager. Information, documents, and information to be provided shall include:

1. Name of the proposed assignee (if a limited liability company, corporation, partnership, or other association, the names of the controlling interest owners must be supplied);
2. A copy of the document to be used to convey ownership (i.e. bill of sale, sales agreement, etc.);
3. Contact information for the assignee;
4. Payment of the Administrative Assignment Fee established by JNU in its then current Rates, Fees and Charges.

JNU shall not approve a lease assignment until the hangar is inspected and in compliance with the Airport and CBJ codes. Assignees must be in good standing with the CBJ.

B. Assignment of Commercial Lease

Operator shall provide thirty (30) days written notice of a pending sale or transfer of its Leasehold Improvements and assignment of its Sublease Agreement to the Airport Manager (Attachment #2) together with such additional information as may be required for review by the Airports Manager. Information, documents, and information to be provided shall include:

1. Name of the proposed assignee (if a limited liability company, corporation, partnership, or other association, the names of the controlling interest owners must be supplied);
2. A copy of the document to be used to convey ownership (i.e. bill of sale, sales agreement, etc.);
3. Contact information for the assignee;
4. Payment of the Administrative Assignment Fee established by JNU in its then current Rates, Fees and Charges.

The Airport shall not approve any assignment of a commercial lease which would cause JNU to violate its Grant Assurances. Commercial assignee must be registered with the CBJ and be in good standing.

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XI. New Leases and Extensions of Existing Leases

A. Private Hangar

1. At the end of a Lease Term, if (1) Lessee is not in default of its existing lease, and (2) if the Leasehold Improvements satisfy maintenance and appearance standards approved by JNU, a new standard form lease shall be granted to Lessee, subject to the following exceptions:
 - a. If the area within which a lease is located is, or may be, needed for future Airport development as outlined in the Airport Master Plan, JNU may require the Lessee to remove all Leasehold Improvements at the end of the Term and return the Leased Premises to an unimproved condition;
 - b. If JNU determines that a shorter term is necessary or appropriate in accordance with the Airport Master Plan, ALP, and is in the best financial interests of the Airport, JNU may elect to approve a new lease for less than the standard Term then in effect for similar property use.
2. If JNU continues to lease a parcel for the same use at the end of a Lease Term, the existing Lessee shall have a "Right of First Refusal" for a new lease.
3. In general, at expiration of lease, the current Lessee shall have the option to execute a new lease under new lease provisions
4. A private hangar Lessee may request the Airport approval to convert to a commercial lease if the Leasehold Improvements meet the Airport's Minimum Standards for the proposed commercial activity. If approved by the Airport Board, that parcel shall be converted to the commercial lease rate, rules and requirements of commercial tenants.

B. Commercial

1. At the expiration of an existing commercial lease, which the lessee has "Right of First Refusal," or at any time during the lease Term, Operator may submit a proposal to JNU for a new lease agreement or an extension of its existing lease. JNU is not obligated to approve a request, but will consider all proposals, evaluating them in light of the following criteria:
 - a. Lessee must be in good standing (i.e., compliant with existing lease terms and conditions);
 - b. JNU must make a determination that there is no immediate need to use the property for Airport purposes when the current lease expires;
 - c. The existing/proposed property use must be consistent with the ALP, Master Plan, and other relevant land use planning documents;
 - d. Lessee must demonstrate its plan to optimize use of Airport property to JNU's full satisfaction;
 - e. Lessee must demonstrate its commitment and plans for capital improvement or investment to develop and/or improve Airport property, facilities, and services, if the facility maintenance and appearance standards, approved by JNU, are not met.

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2. The Term of a new lease or lease extension(s) will be established, and approved, by JNU, based on its determination of the following issues:
 - a. If the public interest is best served by a new/extended lease or expiration of the existing lease;
 - b. The value of proposed new and/or improved aviation or industrial facilities;
 - c. Whether the time needed to amortize Operator's investment is longer than Operator's remaining lease Term;
 - d. The reasonable period of time needed to amortize Operator's proposed investment in improvements to its facilities and Airport property.
3. If no new capital investment is proposed, a new lease shall be executed, subject to the current standard commercial lease terms and conditions.

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**JUNEAU INTERNATIONAL AIRPORT LEASE
ACTION REQUEST**

(Submit filing fee \$100 + tax) 560500101-4799

CURRENT LESSEE INFORMATION (IN FULL)

Name: _____

Phone: _____

Address: _____

Cell: _____

Email: _____

Lot# & Block# (if currently leased), or Property Description: _____

Signature: _____

Date: _____

Signature: _____

Date: _____

TYPE OF REQUEST (Check all that apply) ☐ **Terminal Lease** ☐ **Airfield Lease**

☐ **New Lease*** ☐ **Lease Amendment*** ☐ **Lease Cancellation***

☐ **Assignment of Lease***
(Assignment not applicable for Terminal Lease)

☐ **Collateral Assignment***

*Describe Your Request: _____

Proposed Investment Amount (required for new construction leases): \$ _____

NEW LESSEE INFORMATION

(Name & title of person/s to appear on document; add another sheet if more than one Lessee)

Name: _____

Phone: _____

Address: _____

Cell: _____

Email: _____

Contact Person (if business): _____

Title: _____

Aircraft Type: _____ Registration No. (N#): _____

***** For Airport Use Only *****

Received by: _____ Receipt#: _____ Date: _____

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CITY AND BOROUGH OF JUNEAU JUNEAU INTERNATIONAL AIRPORT

SUBLESSEEAPPLICATION

LEGAL NAME OF APPLICANT: _____

Applicant must be: Eighteen years of age or over, a group, association, corporation, or acting agent, which is authorized to conduct business under the laws of Alaska.

MAILING ADDRESS: _____

FACILITY ADDRESS: _____

PHONE: (Day) _____

(Evening) _____

AIRCRAFT (include N#): _____

IF SUBLESSEE IS A COMMERCIAL BUSINESS

COMPANY NAME: _____

COMMERCIAL OPERATION (as defined in the Airport Minimum Standards): _____

BUSINESS LICENSE: _____

INSURANCE: _____

AMOUNT OF SPACE SUBLET: _____sq. ft.

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Financial Investment Suggested Stimulus for Lease Base Terms

Commercial Lease Term

Year	10	15	20	25	30	35	
Current Investment	\$0-\$20,000	\$50,000	\$100,000	\$200,000	\$300,000	\$400,000 and above	
Suggested Investment							

Non-Commercial Lease Term

Year	10	15	20	25	30	35	
Current Investment	\$0-20,000	\$50,000	\$100,000	\$200,000	\$300,000	\$400,000 and above	
Suggested Investment							

Investments exceeding _____.....