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1. INTRODUCTION

1.1. *Statement of Policy*

- 1.1.1. This General Aviation Leasing/Rents and Fees Policy (Policy) sets forth the parameters for leasing Airport land and/or Improvements at Napa County Airport (Airport) and outlines the process that will be used by Napa County, California (County) to establish and adjust the rents, fees, or other charges associated with leasing, occupying, and/or using Airport land and/or Improvements.
- 1.1.2. No entity shall occupy Airport land and/or Improvements unless such entity has an Agreement or Sublease.
- 1.1.3. No entity shall engage in a Commercial Aeronautical Activity at the Airport unless the entity has entered into an Agreement authorizing such Activity.
- 1.1.4. The right to use the Airport and any Airport land and/or Improvements other than those leased exclusively to an entity is non-exclusive.

1.2. *Conflicts with Existing Agreements*

- 1.2.1. This Policy shall not affect any existing Agreement properly executed prior to the date of promulgation of this Policy, unless provided for in the Agreement, in which case, this Policy shall be effective consistent with the Agreement.
- 1.2.2. Upon promulgation of this Policy, the County shall make certain efforts to negotiate modifications to Agreements properly executed prior to the date of promulgation of this Policy to be consistent with this Policy.

1.3. *General Provisions*

- 1.3.1. This Policy incorporates, by reference, the General Provisions.



LEASING AIRPORT LAND AND/OR IMPROVEMENTS

2. LEASING AIRPORT LAND AND/OR IMPROVEMENTS

2.1. *Application*

- 2.1.1. Any entity desiring to lease Airport land and/or Improvements shall complete and submit a General Aviation Operator and Lessee Application (Application) to the Airport Manager.
 - 2.1.1.1. If an existing Lessee desires to enter into a new Agreement (subject to the provisions of this Policy, the Primary Guiding Documents, or any other directives issued by the County), the Lessee shall notify the County 12 months in advance of the expiration date of the Lessee's existing Agreement.
- 2.1.2. As part of its Application, the Applicant shall submit all of the pertinent information requested on the Application and, thereafter, shall submit any additional information that may be required or requested by the County in order to properly evaluate the Application.
 - 2.1.2.1. A non-refundable application fee shall be submitted with the Application, as stipulated in the County's General Aviation Rents and Fees Schedule.

2.2. *Approval Process*

- 2.2.1. The Application and all accompanying materials that are necessary to facilitate an analysis of the Application shall be submitted to the Airport Manager for review.
 - 2.2.1.1. Incomplete Applications that do not provide the Airport Manager with the information necessary to make a meaningful assessment of the costs and the benefits of leasing Airport land and/or Improvements to the Applicant shall be rejected.
 - 2.2.1.2. Applications that do not comply with this Policy and/or the Primary Guiding Documents shall be rejected.
 - 2.2.1.3. In addition, Applications may be rejected by the Airport Manager in accordance with Section 1.21 (Grounds for Denial) of the General Provisions.
 - 2.2.1.4. At the sole discretion of the Airport Manager, rather than rejecting an Application, additional information may be requested from the Applicant and if provided by the Applicant, the Application may continue to be reviewed.
- 2.2.2. Within three months of receiving an Application, the County shall convey the key covenants, conditions, obligations, provisions, and terms (and the rents, fees, and other charges) that have been established by the County (i.e., Key Terms and Conditions) for leasing the Airport land and/or Improvements identified by the Applicant in its Application or convey to the Applicant the reasons for denying the Application.
- 2.2.3. Within one month of receiving this information from the County, the Applicant shall indicate whether or not the Key Terms and Conditions that have been established by the County are acceptable to the Applicant.



LEASING AIRPORT LAND AND/OR IMPROVEMENTS

- 2.2.4. If the Key Terms and Conditions established by the County are not acceptable to the Applicant, the Applicant shall present to the County the Key Terms and Conditions that are acceptable to the Applicant.
 - 2.2.4.1. The County may then negotiate the Key Terms and Conditions with the Applicant and/or the County may initiate the Competitive Proposal Process described in this Policy under Section 2.3.
 - 2.2.4.2. If the County and the Applicant can not reach agreement on the Key Terms and Conditions within one month of the time the information is presented to the County by the Applicant, the County has no obligation to lease Airport land and/or Improvements to the Applicant.
- 2.2.5. If the Key Terms and Conditions established by the County are acceptable to the Applicant (and/or the County and the Applicant have reached agreement on the Key Terms and Conditions), the Applicant shall enter into a Memorandum of Understanding with the County outlining the Key Terms and Conditions and the Applicant shall pay an earnest money deposit to the County equivalent to the rents, fees, and other charges (total compensation) for the first month of the Agreement as evidence of good faith to proceed with the preparation of the Agreement.
- 2.2.6. The Memorandum of Understanding shall then be reviewed by the County.
- 2.2.7. The Memorandum of Understanding shall then be executed by the County and the Applicant.
- 2.2.8. Once the Memorandum of Understanding is executed, an Agreement shall be prepared by the County for review by the Applicant.
- 2.2.9. Once the Applicant reviews and executes the Agreement, the Agreement shall be presented to the County for execution.
 - 2.2.9.1. If the Applicant does not execute the Agreement, the earnest money deposit shall be retained by the County.
- 2.2.10. When the County executes the Agreement, the Applicant shall replace the earnest money deposit with a security deposit in the form of cash or letter of credit in the amount equal to 25% (twenty-five percent) of the rents, fees, and other charges (total compensation) for the first year of the Agreement.
 - 2.2.10.1. If the Applicant does not replace the earnest money deposit with a security deposit, the Agreement shall be null and void and the County shall retain the earnest money.
 - 2.2.10.2. If the County does not execute the Agreement, the earnest money shall be returned to the Applicant, without interest, within 30 days.

2.3. Competitive Process

- 2.3.1. County Initiative
 - 2.3.1.1. If Airport land and/or Improvements exists or becomes available, at the County's option, the County may issue a Request for Qualifications (RFQ) seeking qualifications and/or a Request for Proposal (RFP) seeking competitive proposals from entities who desire to lease such Airport land and/or Improvements.



LEASING AIRPORT LAND AND/OR IMPROVEMENTS

- 2.3.1.1.1. The County shall advertise the RFQ and/or RFP opportunity. Advertising Guidelines are provided in Appendix Section 5.1.
- 2.3.1.1.2. Guidelines for the development of the RFQ and/or RFP document are provided in Appendix Section 5.2.
- 2.3.1.2. The County may, but is not obligated to, hold a pre-proposal conference to: (a) discuss the RFQ/RFP opportunity, the RFQ/RFP document, and related processes, (b) give a tour of the Airport and the subject land and/or Improvements, and (c) provide prospective respondents with the opportunity to interact with the Airport Manager, the Director of Public Works, and the County and ask questions.
- 2.3.1.3. The County will receive submittals at the designated place, date, and time specified in the RFQ/RFP document.
- 2.3.1.4. Submittals received after the stated deadline will not be considered and will be returned unopened.
- 2.3.1.5. Submittals will not be available for public review until such time as an Agreement has been entered into with the selected proposer.
- 2.3.1.6. After the stated deadline, the County will review the submittals for compliance with RFQ/RFP specifications and/or criteria and the County will evaluate and rank the submittals.
- 2.3.1.7. The County may, but is not obligated to, interview respondents.
- 2.3.1.8. The County has the right to reject any and all submittals, to advertise for new submittals, and to modify any and/or all RFQ/RFP processes.
- 2.3.1.9. The County shall be under no obligation to make any award or to make an award to the respondent specifying the highest compensation to the County.
- 2.3.1.10. Upon completion of the RFQ/RFP process, the County shall select the best respondent in the County's sole discretion. The County may then negotiate an Agreement with the selected respondent(s). If an Agreement can not be reached with the selected respondent, at the sole discretion of the County, the County may negotiate with the next best respondent and so on.
- 2.3.1.11. Once an Agreement is reached, a proposal bond or guarantee (as described in the Appendix Section 5.2.) shall be converted to a performance bond and the Agreement and performance bond shall be submitted to the County for review and approval.
- 2.3.1.12. If the County does not approve the Agreement, the performance bond shall be returned or cancelled.
- 2.3.2. Initiative of Others



LEASING AIRPORT LAND AND/OR IMPROVEMENTS

- 2.3.2.1. If during the Application process, another qualified entity expresses interest in leasing (and demonstrates an immediate need, described in Section 2.4., for) the same Airport land and/or Improvements, the County may negotiate with the entities and/or issue an RFQ and/or RFP in which case, the Competitive Proposal Process, as described in this Policy under Section 2.3, shall be followed.
- 2.3.2.2. However, once a Memorandum of Understanding is executed and an earnest money deposit has been provided, the County is under no obligation to:
 - 2.3.2.2.1. negotiate with any entity other than the Applicant or,
 - 2.3.2.2.2. issue an RFQ and/or RFP.

2.4. Demonstrating Immediate Need

- 2.4.1. Any entity seeking to lease Airport land and/or Improvements must demonstrate an immediate need for the entire land area(s) and/or the entire Improvement(s) seeking to be leased – the entity must demonstrate that the entire land area(s) and/or Improvement(s) will be Immediately utilized.

2.5. Public Disclosure

- 2.5.1. Applicants should be aware that the County, as a governmental entity, is subject to The Freedom of Information Act (FOIA), Title 5 of the United States Code, Section 552 and to the California Public Records Act, which gives the public the right to examine documents of an Agency.
 - 2.5.1.1. However, if Applicants identify any proprietary information submitted to the County and if the County receives a request from the public for release of such information, the County will notify the Applicant before releasing such information.

2.6. Short-Term County Improvement Leasing

- 2.6.1. The County may, in its sole discretion, enter into an Agreement with an Entity on a short-term basis (month-to-month) for any Improvement on the Airport.
 - 2.6.1.1. For (a) T-Hangar, (b) shade Hangar, or (c) Executive Hangar, the County shall utilize the County Hangar Policy provided in Appendix Section 5.3.
 - 2.6.1.2. For any other Hangar not addressed in Section 2.6.1.1., the County may, at its sole discretion, utilize the County Hangar Policy provided in the Appendix Section 5.3.
- 2.6.2. The County may, in its sole discretion, permit an applicant to complete a Hangar license Agreement in lieu of a Hangar Application for the purposes of entering into a short-term Hangar license Agreement.
 - 2.6.2.1. A license Agreement shall, at a minimum, include the standard provisions set forth in Appendix Section 5.4.



3. AGREEMENTS

3.1. General/Introduction

- 3.1.1. Agreements will recite the terms and conditions under which the entity is authorized to occupy Airport land and/or Improvements.
- 3.1.2. This Policy does not represent a complete recitation of the terms and conditions to be included in the Agreement and the terms and conditions contained in any Agreement shall not be deemed or construed to modify this Policy in any way.
- 3.1.3. In addition to conveying the privilege of using the Airport in common with others who are authorized to do so, the Agreement shall convey the privilege of occupying and/or exclusively using specifically designated Airport land and/or Improvements and/or the privilege of providing certain General Aviation products, services, and/or facilities and/or engaging in certain Activities at the Airport.

3.2. Use of Leased Premises

3.2.1. Aeronautical Use (Commercial)

- 3.2.1.1. The Agreement shall identify the General Aviation products, services, and facilities that shall be provided by the entity (required), may be provided without permission of the County (optional), or may be provided with permission of the County (additional). For the General Aviation products, services, and facilities that shall and/or may be provided by the entity, the entity shall meet the minimum requirements set forth in the General Aviation Minimum Standards (Minimum Standards).

3.2.2. Aeronautical Use (Non-Commercial)

- 3.2.2.1. For Non-Commercial occupancy of Airport land and/or Improvements, the Agreement shall stipulate that the entity shall not offer or provide Commercial General Aviation products, services, or facilities or engage in Commercial activities at the Airport and/or from the Leased Premises, unless provided for in a separate Agreement.
- 3.2.2.2. Lessee shall meet the minimum requirements set forth in the Minimum Standards.

3.2.3. Non-Aeronautical Use

- 3.2.3.1. While leasing Airport land and/or Improvements for non-aeronautical activities is not generally favored by the County or the Federal Aviation Administration (FAA), the County recognizes that secondary non-aeronautical use of Airport land and/or Improvements that does not interfere with the primary aeronautical use of Airport land and/or Improvements and is not in violation of FAA regulations may be beneficial.
 - 3.2.3.1.1. If such use is contemplated, the County must be able to determine that the Airport land and/or Improvements will not be needed for Aeronautical Activities (or aviation uses



including Airport development) during the term of the proposed Agreement.

- 3.2.3.1.2. The leasing of Airport land and/or Improvements for non-aeronautical activities or uses will not be allowed without the prior written approval of the FAA. Any agreement for non-aeronautical activities and/or uses shall be null and void if prior written approval of the FAA is not obtained.

3.3. Subleasing

3.3.1. Subleasing is a Commercial Activity. Entities engaging in subleasing must comply with the Minimum Standards.

3.3.2. Subleasing Privileges Permitted in the Agreement

3.3.2.1. If the County permits subleasing in the Agreement with the Operator, a standard sublease form shall, at a minimum, include the standard provisions set forth in Appendix Section 5.4. The standards sublease form shall be prepared by the Operator and approved by the County may be used by the Operator to facilitate subleasing to Non-Commercial Entities. Subleasing to an entity desiring to engage in a Commercial Aeronautical Activity at the Airport shall comply with Section 12 of the Minimum Standards.

3.3.2.1.1. The standard sublease form and any required documentation shall be available to the County for each sublease upon request.

3.3.2.2. If a standard sublease form is not used, the proposed Sublease and any required documentation shall be submitted to the Airport Manager for review.

3.3.2.2.1. If the proposed Sublease is acceptable to the Airport Manager, the proposed Sublease and any required documentation shall be submitted to the County for review and approval.

3.3.2.2.2. If a standard sublease form is not used, the Operator shall reimburse the County for attorney's fees and expenses incurred by the County relating to the review and approval of the proposed Sublease.

3.3.2.2.3. A Sublessee may not occupy the premises before the County provides prior written consent.

3.3.3. Subleasing Privileges Not Permitted in the Agreement

3.3.3.1. If the County does not permit subleasing in the Agreement, the Lessee must obtain prior written consent of the County prior to subleasing.

3.3.3.1.1. Subleasing privileges shall be granted in the County's sole discretion and must comply with Minimum Standards.

3.3.3.2. The proposed Sublease, a completed Application, and any other required documentation shall be submitted to the Airport Manager for review.



- 3.3.3.3. If the proposed Sublease, the completed Application, and other required documentation is acceptable to the Airport Manager, the proposed Sublease, the completed Application, and other required documentation shall be submitted to the County for review and approval.
- 3.3.3.4. The Lessee shall pay the County a percentage of the gross revenue generated by the subleasing activity, as stipulated in the County's General Aviation Rents and Fees Schedule.
- 3.3.3.5. A Sublessee may not occupy the premises before the County provides prior written consent.
- 3.3.4. Sublessee Obligations
 - 3.3.4.1. Sublessees shall comply with all applicable Regulatory Measures including the Primary Guiding Documents and any other directives of the County.
- 3.3.5. Subleasing Restrictions
 - 3.3.5.1. Unless otherwise stated in the prior written consent, Sublessee shall be subject to all applicable terms and conditions of the Agreement governing the Airport land and/or Improvements being subleased.
 - 3.3.5.2. The subleasing of Airport land and/or Improvements for non-aeronautical activities and/or uses will not be allowed without the prior written approval of the FAA.
 - 3.3.5.3. Any Sublease made contrary to the requirements of this section shall be null and void.

3.4. *Transfer of Interest*

3.4.1. Assignment

- 3.4.1.1. A Lessee shall not assign an Agreement, in whole or in part, or any interest in an Agreement, or any rights or obligations the Lessee has under an Agreement without the prior written consent of the County.
 - 3.4.1.1.1. If a Lessee is desirous of such assignment, the Lessee shall submit a written request to the Airport Manager and the request shall be accompanied by a completed Application by the entity requesting assignment (Assignee).
 - 3.4.1.1.2. If the Application is acceptable, the Airport Manager shall submit the Application and a recommendation to the County for review and approval.
 - 3.4.1.1.3. At the time an assignment is approved (i.e., when prior written consent is provided by the County), the Lessee shall reimburse the County for attorney's fees and expenses (incurred by the County) relating to the assignment.
 - 3.4.1.1.4. The Assignee shall satisfy all criteria set forth in this Policy, the Primary Guiding Documents, or any other directives of the County.

3.4.2. Change in Majority Ownership

3.4.2.1. Any change in the majority ownership of a Lessee or operating entity is subject to the prior written consent of the County.

3.4.2.1.1. If a Lessee is desirous of changing the majority ownership of the operating entity, the Lessee shall submit a completed Application to the Airport Manager for review.

3.4.2.1.2. If the Application is acceptable, the Airport Manager shall submit the Application and a recommendation to the County for review and approval.

3.4.2.1.3. At the time the change in majority ownership is approved (i.e., when prior written consent is provided by the County), the Lessee shall reimburse the County for attorney's fees and expenses (incurred by the County) relating to the change in majority ownership.

3.4.3. Encumbrances

3.4.3.1. A Lessee shall not mortgage, pledge, assign as collateral, encumber or in any manner transfer, convey, or dispose of the Airport land and/or Improvements being leased by the Lessee or any interest therein without the prior written consent of the County.

3.4.3.1.1. If a Lessee is desirous of encumbering the Lessee's Leased Premises or any portion thereof, the Lessee shall submit a written request to the Airport Manager for review.

3.4.3.1.2. If the request is acceptable, the Director of Public Works shall submit the request and a recommendation to the County for review and approval.

3.4.3.1.3. At the time an encumbrance is approved (i.e., when prior written consent is provided by the County), the Lessee shall reimburse the County for attorney's fees and expenses (incurred by the County) relating to the encumbrance request.

3.4.3.2. Any encumbrance made without the prior written consent of the County shall be considered null and void.

3.5. Term

3.5.1. The term of the Agreement shall be commensurate with the amount of Capital Investment in accordance with the following guidelines:



Type of Entity	Aircraft/Service Category	Capital Investment (Per Year of Lease Term)
Fixed Base Operator (FBO)	All	\$45,000 per acre
Aircraft Maintenance Operator (SASO)	Group I and II Piston Aircraft and Turboprop Aircraft	\$45,000 per acre
	Group I, II, and III Turbojet Aircraft	\$55,000 per acre
Avionics or Instrument Maintenance Operator (SASO) without Hangar	All	\$17,500 per acre
Avionics or Instrument Maintenance Operator (SASO) with Hangar	Group I and II Piston Aircraft and Turboprop Aircraft	\$45,000 per acre
	Group I, II, and III Turbojet Aircraft	\$55,000 per acre
Aircraft Rental or Flight Training Operator (SASO) without Hangar	All	\$15,000 per acre
Aircraft Rental or Flight Training Operator (SASO) with Hangar	All	\$45,000 per acre
Aircraft Charter or Aircraft Management Operator (SASO) without Hangar	All	\$15,000 per acre
Aircraft Charter or Aircraft Management Operator (SASO) without Hangar	All	\$40,000 per acre
Aircraft Sales Operator (SASO) without Hangar	All	\$15,000 per acre
Aircraft Sales Operator (SASO) with Hangar	All	\$45,000 per acre
Aircraft Storage Operator (SASO)	Group I and II Piston Aircraft and Turboprop Aircraft	\$30,000 per acre
	Group I, II, and III Turbojet Aircraft	\$40,000 per acre
Non-Commercial Hangar Lessee	All	\$40,000 per acre

- 3.5.2. The Capital Investment required shall be based upon the type of Lessee, the type of Activity, and the category of Aircraft being serviced or operated.
 - 3.5.2.1. If a Hangar is constructed, the required Capital Investment shall be based upon the highest category of Aircraft that the Hangar is capable of accommodating.
- 3.5.3. Notwithstanding circumstances beyond the control of the Lessee and if the County agrees in writing that such circumstances were beyond the control of the Lessee, all leasehold Improvements shall be completed and occupied and/or used by the Lessee within 24 months of the commencement date of the Agreement.
 - 3.5.3.1. Upon commencement of Agreement with the County, Lessee shall pay all rents, fees, and other charges due and owing to the County under its Agreement with the County and/or as stipulated in the County’s General Aviation Rents and Fees Schedule.
- 3.5.4. The required Capital Investment amounts shall be adjusted annually in accordance with the change for the preceding year in the San Francisco-Oakland-Bay Area Consumer Price Index for Urban Wage Earners and Clerical Workers (or equivalent successor index) or a similar mechanism approved by the Board.



- 3.5.5. When Capital Investment is made, the term of an Agreement shall not be greater than 30 years.
- 3.5.6. When no Capital Investment is made, the term of an Agreement shall be at the discretion of the County, but shall not be greater than 20% of the term of the previous Agreement (if an existing Lessee) or 5 years, whichever is less.
 - 3.5.6.1. The County shall not be obligated to grant a term of any duration if no Capital Investment is made.
- 3.5.7. When a Lessee makes additional Capital Investment during the term of an existing Agreement, the term of such Agreement may be extended by the County based upon the level of Capital Investment made by the Lessee in accordance with the guidelines set forth herein.
 - 3.5.7.1. In the event of any such Agreement term extension, the Agreement shall be amended to conform to this Policy, all applicable Primary Guiding Documents, and any other directives of the County that are in effect at the time of such amendment.
 - 3.5.7.2. In no event shall the remaining term of an existing Agreement plus the term of any extension thereto be greater than 30 years.
- 3.5.8. If Capital Investment is made (at the beginning of an Agreement or during the term of an existing Agreement) above the amount commensurate with 30 years of term (based upon the type of Lessee), the County may negotiate rent concessions in consideration of the excess Capital Investment.
- 3.5.9. If a Lessee has multiple Agreements with the County, term commensurate with the Capital Investment or rent concessions may be applied to one or multiple Agreements in the sole discretion of the County.

3.6. *Improvements*

- 3.6.1. All Improvements shall comply with applicable Regulatory Measures including, but not limited to, Development Guidelines.
- 3.6.2. Lessee shall procure all building, fire, safety, and other required permits.
- 3.6.3. Upon expiration of the term of the Agreement, at the option of the County, ownership of the permanent Improvements that have been made to the Leased Premises by the Lessee shall revert to the County or the permanent Improvements identified by the County shall be demolished and/or removed by the Lessee and the Lessee shall return the Leased Premises to its original condition and character, normal wear and tear excepted.

3.7. *Responsibilities*

- 3.7.1. County
 - 3.7.1.1. The County shall be responsible for maintaining all public Airport Infrastructure and common areas including Runways, Taxiways, public Apron areas, roadways, walkways, nav aids, and associated land areas.
- 3.7.2. Lessee

- 3.7.2.1. The Lessee shall be responsible for maintaining all Airport land and/or Improvements situated on the Leased Premises including all structural components, all exterior and interior maintenance and repair, landscaping, janitorial, trash removal, and sweeping.
- 3.7.2.2. The Lessee shall be responsible for arranging and promptly paying when due and owing for all:
 - 3.7.2.2.1. utilities (which must be separately metered)
 - 3.7.2.2.2. insurance coverages at or above the policy limits set forth in the Agreement or in the Minimum Standards, whichever is greater.
 - 3.7.2.2.3. taxes and/or assessments charged by any applicable Agency including, but not limited to, leasehold or possessory interest tax, personal Property, income, or any other business taxes.

3.8. Condemnation

- 3.8.1. In the event of a full Condemnation action (eminent domain or taking), the County shall engage an Appraiser to determine the market value of the leasehold interest held by the Lessee. The Appraiser shall meet the qualifications set forth in Appendix Section 5.6 (Appraiser Qualifications) and follow the process set forth in Appendix Section 5.5 (Establishment of Market Value).
- 3.8.2. The Agreement shall terminate on the date the physical taking occurs in the same manner as if the date of taking were the date originally fixed in the Agreement for the expiration of term. Upon termination of the Agreement, the County shall pay the Lessee the appraised market value less any adjustment for amounts due to the County.
 - 3.8.2.1. If the Lessee disagrees with the value conclusion reached by the Appraiser, the Lessee shall have the right to initiate the dispute resolution process set forth in Appendix Section 5.8 (Dispute Resolution).
- 3.8.3. In the event of a partial Condemnation which would not prevent or materially interfere with the use of the Leased Premises for the purpose for which it is then being used, the Agreement shall not terminate, but the rents due to the County during the unexpired portion of the Agreement shall be reduced proportionately based upon the square footage of the remaining Leased Premises.
- 3.8.4. In the event of a full or partial Condemnation by an Agency other than the County, the County and the Lessee shall each be entitled to receive or retain separate awards or a portion of lump sum awards as may be allocated to each party based upon the respective interests held by each party in any Condemnation proceeding.
- 3.8.5. Condemnation shall follow all applicable Regulatory Measures for Condemnation proceedings and any appraisal report shall meet the requirements of such Regulatory Measures. If there is any inconsistency

between this Policy and such Regulatory Measures, then the Regulatory Measures shall prevail.

3.9. Relocation

3.9.1. In the event that relocation is deemed necessary (e.g., to correct deviations from 14 CFR Part 77 Objects Affecting Navigable Airspace; to ensure that the leasing, occupancy, and/or use of Airport land and/or Improvements is consistent with the Master Plan, Airport Layout Plan and/or Land Use Plan; to facilitate the future development of the Airport consistent with the Master Plan, Airport Layout Plan, Land Use Plan, etc.), the County shall provide Airport land and/or Improvements that are comparable to the Airport land and/or Improvements currently being occupied and/or used by the Lessee.

3.9.1.1. Such Airport land and/or Improvements shall be leased to the Lessee at the Fair Market Rent, as set forth in Section 4.2 (Establishment of Fair Market Rent) and under the same terms and conditions as stipulated in the current Agreement.

3.9.2. If comparable Airport land and/or Improvements are not available, the County may buyout the leasehold interest held by the Lessee at the fair market value determined by an Appraiser, engaged by the County, who meets the qualifications set forth in Section 5.5 (Appraiser Qualifications).

3.9.2.1. For leasehold interest held by a Commercial Lessee, Appraiser shall not utilize the market approach or consider the income streams associated with the Commercial Activities associated with the leasehold interest or of the Commercial Lessee.

3.9.3. If the Lessee disagrees with the fair market value conclusion reached by the Appraiser, the Lessee shall have the right to initiate the dispute resolution process set forth in Appendix Section 5.8 (Dispute Resolution) of this Policy.

3.9.4. If the relocation is solely for the benefit of the County, the County agrees to pay all reasonable relocation costs and expenses associated with relocating Lessee.

3.9.5. Relocation shall follow all applicable Regulatory Measures for relocation proceedings and any appraisal report shall meet the requirements of such. If there is any inconsistency between this Policy and such Regulatory Measures, then the Regulatory Measures shall prevail.

3.10. Default

3.10.1. The County shall consider any one or more of the following a default under any Agreement.

3.10.1.1. Failure to fully comply with the County's Primary Guiding Documents.

3.10.1.2. Failure to obtain prior written consent from the County before providing additional General Aviation products, services, and/or facilities.

3.10.1.3. Failure of a Non-Commercial Entity to refrain from engaging in Commercial Activities at the Airport and/or from the Leased Premises, unless provided for in a separate Agreement.



- 3.10.1.4. Subleasing any Leased Premises without the prior written consent of the County, as required in this Policy.
- 3.10.1.5. Any assignment made without the prior written consent of the County, as required in this Policy.
- 3.10.1.6. Any change in majority ownership without the prior written consent of the County.
- 3.10.1.7. Any encumbrance made without the prior written consent of the County.
- 3.10.1.8. The failure of a Lessee to properly maintain the Leased Premises or promptly pay all utilities, insurance, and taxes when due and owing.
- 3.10.1.9. Any entity's failure to remain Current or in Good Standing.



4. RENTS AND FEES

4.1. *General/Introduction*

4.1.1. The County recognizes its obligation to obtain Fair Market Rent for Airport land and/or Improvements. In addition, under the Airport Assurances, the County is required to maintain a rent and fee structure that makes the Airport as self-sustaining as possible given the circumstances that exist. To this end, the County, by entering into Agreements with entities and by other means that may be available to the County shall endeavor to recover the cost of developing (the County's portion only), operating, and maintaining the Airport through the establishment of rents, fees, and other charges.

4.1.1.1. All Agreements shall adequately compensate the County for the privileges granted to a Lessee. It is the policy of the County to seek terms and conditions that, while being reasonable and not unjustly discriminatory, provide the greatest return to the County.

4.1.1.2. While each Lessee at (or on) the Airport shall be subject to the same rents, fees, and other charges as are uniformly applicable to other Lessees utilizing the same or similar Airport land and/or Improvements for the same or similar use or purpose, it is recognized that the use and attributes of Airport land and/or Improvements and/or the terms and conditions of Agreements (and how and when such terms and conditions were reached) varies.

4.1.1.3. As a result, the rents, fees, or other charges at the Airport may vary as well. However, the County shall not charge unjustly discriminatory rents, fees, or other charges.

4.2. *Establishment of Fair Market Rent*

4.2.1. Fair Market Rent for General Aviation land and/or Improvements shall be determined by General Aviation Rent Study, by comparative analysis of rents being charged for similar General Aviation land and/or Improvements at the Airport, by negotiation, or by the competitive process, as follows.

4.2.2. General Aviation Rent Study

4.2.2.1. The objective of the General Aviation Rent Study is to establish recommended rents for General Aviation land and/or Improvements based upon a comparative analysis of the rents being charged for similar General Aviation land and/or Improvements (and/or activities) at comparable airports. The process that shall be used to establish Fair Market Rent for General Aviation land and/or Improvements is set forth below.

4.2.2.2. The County shall engage an aviation consultant or Appraiser who meets the qualifications set forth in this Policy to conduct a General Aviation Rent Study to determine the Fair Market Rent for the Airport land and/or Improvements under study.

4.2.2.2.1. The aviation consultant or Appraiser shall have working knowledge of the aviation industry including airports, Air Carriers, General Aviation (FBOs, SASOs, and Non-

Commercial aviation operations) as appropriate for the work being performed and shall demonstrate familiarity with FAA rules, regulations, and policies which pertain to the establishment of rents for aeronautical land and/or Improvements.

- 4.2.2.2.2. The aviation consultant or Appraiser shall have performed a minimum of five General Aviation Rent Studies involving General Aviation land and/or Improvements within the past five years and shall provide to the County a list identifying the location, type, and extent of the analysis performed.
- 4.2.2.3. The aviation consultant or Appraiser shall develop a profile of the Airport and the subject land and/or Improvements under study. The profile shall be utilized to identify comparable airports and similar aeronautical land and/or Improvements at those airports. Rents and related information shall then be obtained (from the comparable airports identified) and analyzed to derive the Fair Market Rent for the Airport land and/or Improvements under study.
- 4.2.2.4. In identifying comparable airports, the aviation consultant or Appraiser shall consider factors including, but not necessarily limited to, the following: Infrastructure (number, configuration, and capacity of Runways and Taxiways); approaches (precision versus non-precision); presence or absence of an Air Traffic Control (ATC); number and type of aviation businesses including the number of Fuel providers; amount of land that is available for aviation development (and related land use considerations); type of market; number and type of airports in the market; and activity levels (Based Aircraft, Aircraft operations, and Fuel volumes).
 - 4.2.2.4.1. The County may suggest airports to the aviation consultant or Appraiser that the County believes should be considered as comparable airports based upon the factors set forth in Section 4.2.2.4.
 - 4.2.2.4.2. The Lessee may suggest airports to the aviation consultant or Appraiser that the Lessee believes should be considered as comparable airports based upon the factors set forth in Section 4.2.2.4.
 - 4.2.2.4.3. Only those airports that are considered comparable by the aviation consultant or Appraiser shall be used to determine the Fair Market Rent for the Airport land and/or Improvements under study.
- 4.2.2.5. In identifying similar aeronautical land and/or Improvements at comparable airports, the aviation consultant or Appraiser shall consider factors including, but not necessarily limited to, the following: use (Commercial versus Non-Commercial), size, location, streetside and airside access (to/from the Leased Premises and airport Infrastructure), and type, quality, and condition of aeronautical land and/or Improvements.
 - 4.2.2.5.1. Only General Aviation land and/or Improvements which are considered to be the most similar by the aviation consultant

or Appraiser shall be used to determine the Fair Market Rent for the Airport land and/or Improvements under study. Any disparities with respect to the factors listed above shall be carefully considered and clearly addressed by the aviation consultant or Appraiser.

- 4.2.2.6. To ensure consistency in the determination of rents for Airport land and/or Improvements, the County may categorize and group similar Airport land and/or Improvements by use and attributes. In determining the Fair Market Rent for the Airport land and/or Improvements under study, the aviation consultant or Appraiser shall use such categorizations and groupings with consideration given to the functional utility or limitations of the Airport land and/or Improvements (if any). This shall include, but not necessarily be limited to, any limitations or restrictions on the development of the Airport land and/or Improvements, the availability of utilities, and the ability of Airport land and/or Improvements to support the Aircraft that normally frequent the Airport.
- 4.2.2.7. The aviation consultant or Appraiser shall consider similar aeronautical land and/or Improvements located at the Airport to the subject land and/or Improvements under study and if reasonable, relevant, and appropriate, the aviation consultant or Appraiser may also consider similar General Aviation land and/or Improvements located at competitive airports and general real estate market conditions and trends in the local market.
- 4.2.2.8. Rents being charged for similar General Aviation land and/or Improvements at the Airport, comparable airports, and competitive airports shall, to the extent possible, be considered by component such as unimproved land, improved land (with infrastructure and/or utilities provided to the Leased Premises property line), asphalt or concrete Apron areas, asphalt or concrete Vehicle parking areas, terminal buildings, office and shop facilities, Hangars, storage areas, and other support buildings or related facilities.
- 4.2.2.9. If the rents being charged for similar General Aviation land and/or Improvements at comparable and competitive airports are being impacted by the fees being charged or if fees are being charged in lieu of rent, the relationship between the rents and fees shall be considered and addressed by the aviation consultant or Appraiser.
- 4.2.3. Similar General Aviation Land and/or Improvements
 - 4.2.3.1. The County may set rents for Airport land and/or Improvements if rents for similar General Aviation land and/or Improvements located at the Airport have been established through an Agreement to the subject land and/or Improvements within six months.
 - 4.2.3.2. In this case, each of the elements under Section 4.2.2.5 shall be considered by the County in determining the Fair Market Rent.



4.2.4. Negotiation/Competitive Process

- 4.2.4.1. Rents can also be established by negotiation or through the competitive process.
- 4.2.4.2. In the event that the County constructs all or part of the capital Improvements, to establish rents, the County may amortize all or part of the costs of such Improvements over a period of time not less than 10 years and not greater than 20 years.
- 4.2.4.3. In the event that the County provides funds for the development (construction) of all or part of the capital Improvements, such funds shall be provided on terms and conditions commensurate with the prevailing terms and conditions in the market (e.g., loan term, down payment, interest rate, etc.) for the type of Improvement being developed (constructed).

4.3. **Adjustment of Rents**

4.3.1. Methodology

- 4.3.1.1. Adjustment of rents shall be effective upon the first day of the Fiscal Year following promulgation of this Policy (July 1, 2010).
- 4.3.1.2. All rents adjusted on the effective date (July 1, 2010) and every five years thereafter (e.g., July 1, 2015, 2020, 2025, etc.) shall be based upon a General Aviation Rent Study (described in Section 4.3.2.).
- 4.3.1.3. All rent adjustments, including the initial General Aviation Rent Study for July 1, 2010, shall be determined prior to the initialization of the budget process for the following Fiscal Year.
- 4.3.1.4. On an annual basis between each General Aviation Rent Study (e.g., July 1, 2011, 2012, 2013, and 2014), all rents shall be adjusted based upon the change in the Airport Economic Index (described in Section 4.3.3).

4.3.2. General Aviation Rent Study

- 4.3.2.1. Under this approach, rents for aeronautical land and/or Improvements shall be established by analyzing the rents being charged for similar aeronautical land and/or Improvements at comparable airports.
 - 4.3.2.1.1. The General Aviation Rent Study shall be performed by a qualified aviation consultant or Appraiser (who meets the qualifications set forth in Section 4.2.2.2.1 and 4.2.2.2.2. of this Policy) using the methodology set forth in Section 4.2.2 of this Policy.

4.3.3. Airport Economic Index (AEI)

- 4.3.3.1. The Airport Economic Index (AEI) is a composite index consisting of five variables: average number of General Aviation Based Aircraft (weighted at 15%), number of Air Taxi operations (weighted at 7.5%), General Aviation itinerant operations (weighted at 7.5%), General Aviation Fuel volumes (weighted at 20%), and CPI (weighted at 50%).



- 4.3.3.2. Average number of General Aviation Based Aircraft
 - 4.3.3.2.1. The average number of General Aviation Based Aircraft shall be determined by registration. All General Aviation Based Aircraft at the Airport shall be registered with the County. Aircraft Owners and Aircraft Operators can register with the Airport Manager or an authorized FBO or SASO who shall, in turn, register the Aircraft with the Airport Manager.
- 4.3.3.3. Number of Air Taxi and General Aviation itinerant operations
 - 4.3.3.3.1. The number of Air Taxi and General Aviation itinerant operations shall be determined by totaling the number of Air Taxi operations and General Aviation itinerant operations at the Airport as recorded by ATC personnel. An operation is defined as a take-off or a landing. Operations data shall be reviewed and certified by the ATC manager and a written report shall be submitted to the Airport Manager each month.
- 4.3.3.4. General Aviation Fuel volumes
 - 4.3.3.4.1. Fuel volumes shall be determined by totaling the amount of General Aviation Fuel (all types) dispensed at the Airport as specified in the General Aviation Minimum Standards.
- 4.3.3.5. CPI shall mean the San Francisco-Oakland Bay Area Consumer Price Index for Urban Wage Earners and Clerical Workers published by the United States Department of Labor, Bureau of Labor Statistics.
 - 4.3.3.5.1. If a substantial change is made in the method by which the CPI is determined, the CPI shall be adjusted to the figure that would have resulted had no change occurred in the manner of determining the CPI. In the event that the CPI (or a successor or substitute index) is not available, a reliable governmental or other nonpartisan publication evaluating the information theretofore used in determining the CPI shall be used instead of the CPI.
- 4.3.3.6. Data for the 12-month period prior to the first day of the calendar year following promulgation of this Policy (January 1, 2010) shall be utilized as the base year (which shall be equal to 100). All rents shall be adjusted using the percentage change in the AEI, which shall be calculated using the following formula: AEI (at the time of adjustment) minus AEI (at the time of the last adjustment) divided by AEI (at the time of the last adjustment).

4.4. Establishment and Adjustment of Fees

- 4.4.1. The County shall charge fees to recover the costs associated with the development (County's portion only), operation, and maintenance of the Airport.
 - 4.4.1.1. Costs shall include, but not necessarily be limited to, all operating, maintenance, and development costs (County's portion only), debt service, capital outlays, reserves, and amortization.



- 4.4.1.2. All revenues (excluding fees) shall be deducted from costs and the difference in the form of fees shall be charged to Airport Lessees, Sublessees, and users on a proportionate basis.
- 4.4.2. Fees may include, but are not necessarily limited to, Fuel flowage fees, General Aviation Operator Permit fees, Percentage of Gross Receipts fee, and/or Temporary or Special Use Permit fees. All fees are identified in the County's General Aviation Rents and Fees Schedule.
 - 4.4.2.1. Fuel Flowage Fees
 - 4.4.2.1.1. Based Aircraft and Transient Aircraft Owners/Operators shall pay a Fuel flowage fee based upon the number of gallons dispensed into the Aircraft.
 - 4.4.2.1.2. Commercial Operators who provide Fueling services at the Airport shall be responsible for the collection of the Fuel flowage fee from the consumers served and for payment to the County.
 - 4.4.2.1.3. All other entities shall report Fuel volumes and pay the Fuel flowage fee directly to the County.
 - 4.4.2.2. General Aviation Operator Permit Fees
 - 4.4.2.2.1. At the time the Application is submitted to the Airport Manager, the Operator shall pay a one time fee (based upon the type of Activity), as stipulated in the County's General Aviation Rents and Fees Schedule.
 - 4.4.2.3. Percentage of Gross Receipts Fee
 - 4.4.2.3.1. Commercial Operators shall be required to pay a percentage of gross receipts on Activities approved by the County.
 - 4.4.2.3.2. If the County includes a Fuel Flowage Fee in the General Aviation Rents and Fees Schedule, the County shall not charge an additional percentage of gross receipts fee on Fuel sales.
 - 4.4.2.3.3. Collection of percentage of gross receipts fees shall be compliant with all applicable Regulatory Measures.
- 4.4.3. Fees shall be adjusted each year based upon the Fiscal Year budget for the Airport.
 - 4.4.3.1. All adjustments shall be effective on the first day of the Fiscal Year.
 - 4.4.3.2. Any deficits shall be carried forward and considered when establishing fees for the following year. Any surplus or any portion of any surplus may be used for capital Improvements or carried forward for consideration in establishing fees for the following year.

4.5. Payment of Rents, Fees, or Other Charges

- 4.5.1. No entity shall be permitted to lease or occupy Airport land and/or Improvements unless the entity is Current and in Good Standing.



- 4.5.2. An entity's failure to remain Current will be grounds for termination of the Agreement.
- 4.5.3. The County may, at its option, enforce the payment of any rent, fee, or other charge due and owing to the County by any legal means available to the County under any Agreement and/or as provided by Regulatory Measure.
- 4.5.4. All rents, fees, or other charges assessed by the County not paid within 10 days of being due and owing to the County shall be assessed a 10% late fee.

4.6. *Bookkeeping and Records*

- 4.6.1. Entities shall keep records of the amounts due and owing to the County for rents, fees, or other charges applicable to the entity's leasing and/or occupancy of Airport land and/or Improvements. The County shall be entitled to have access to such records upon reasonable notice. The County reserves the right to audit such records. The entity shall have the burden of proof if the amount determined by the County is disputed.

5. APPENDIX

5.1. Advertising Guidelines

5.1.1. The RFQ/RFP advertisement should:

- 5.1.1.1. Provide a description of the RFQ/RFP opportunity including identification of the Airport land and/or Improvements that are or may be available for lease and the General Aviation products, services, and/or facilities that are or may be required, permitted, and/or desired by the County.
- 5.1.1.2. Provide instructions to proposers for obtaining the RFQ/RFP document
- 5.1.1.3. Identify the date, time, and place for submittals.
- 5.1.1.4. State the County's right to reject any and all submittals.
- 5.1.1.5. Describe the approach that will be used to evaluate submittals.

5.2. RFQ/RFP Document Guidelines:

5.2.1. The RFQ document should:

- 5.2.1.1. outline the objectives of the County with respect to the RFQ opportunity;
- 5.2.1.2. if a Commercial RFQ, describe the desires of the County with regard to: (a) the qualifications and experience desired and (b) the range, level, and quality of General Aviation products, services, and facilities (and/or other Improvements) desired;
- 5.2.1.3. provide an overview of the community, the Airport, and the marketplace;
- 5.2.1.4. identify the location (and size) of the Airport land and/or Improvements;
- 5.2.1.5. provide specific instructions for developing and submitting a response to the RFQ; and
- 5.2.1.6. provide a schedule that identifies key milestones (dates) for the RFQ process.

5.2.2. In addition to the RFQ elements, the RFP document should:

- 5.2.2.1. indicate the anticipated lease term (duration);
- 5.2.2.2. outline the submission and selection process, identify the respondent's responsibilities, and provide a schedule for the RFP process;
- 5.2.2.3. provide instructions to respondents regarding the content and format of the proposal;
- 5.2.2.4. provide all required forms, statements, and affidavits (and require that the respondent complete and submit all required forms, statements, and affidavits as part of respondent's proposal).
- 5.2.2.5. provide a draft of the proposed Agreement;
- 5.2.2.6. provide the Primary Guiding Documents;

- 5.2.2.7. convey the evaluation and/or selection criteria that will be utilized by the County;
- 5.2.2.8. identify the minimum rent for the Airport land and/or Improvements;
- 5.2.2.9. if a Commercial RFP, identify the minimum fees and/or charges for engaging in Commercial Aeronautical Activities at the Airport;
- 5.2.2.10. state the grounds for denial or disqualification and withdrawal;
- 5.2.2.11. indicate the place, date, and time for submission of proposals;
- 5.2.2.12. if a pre-proposal conference is going to be held, identify the place, date, and time of the pre-proposal conference;
- 5.2.2.13. require that a proposal bond or guarantee, in the amount equal to ten percent (10%) of the total rents, fees, or other charges proposed to be paid to the County in the first year of the proposed Agreement, be submitted with the proposal; and
- 5.2.2.14. the proposal bond or guarantee shall be in the form and manner acceptable to the County and shall remain in effect for 180 days.

5.3. County Hangar Policy

5.3.1. Hangar Application

- 5.3.1.1. Entities desirous of leasing a County Hangar shall complete and submit a Hangar Waiting List Application (Hangar Application) to the Airport Manager
 - 5.3.1.1.1. Upon entity's submission to the County of (a) a completed Hangar Application, (b) any applicable Hangar Application administrative fee, and (c) a non-interest bearing deposit (in accordance with the County's General Aviation Rents and Fees Schedule), entity shall be placed in the last position on the Hangar Waiting List (List).
- 5.3.1.2. If entity is assigned a Hangar, the non-interest bearing deposit shall be applied to the rent for the first month of occupancy.
- 5.3.1.3. To be removed from the List, entity shall notify the Airport Manager in writing. Following removal of entity from the List, the non-interest bearing deposit shall be refunded to entity.
 - 5.3.1.3.1. Entity desirous of reapplication to the List shall be placed in the last position on the List in accordance with Section 5.3.1.1.1.

5.3.2. Hangar Size Specification

- 5.3.2.1. Before acceptance of an available Hangar, it is the sole responsibility of entity to ensure such Hangar will properly accommodate entity's Aircraft.

- 5.3.3. Notification of Hangar Offering
 - 5.3.3.1. It is the entity's sole responsibility to keep on file a current address and telephone number with the County.
 - 5.3.3.2. When a Hangar is available for occupancy, the County shall make every reasonable attempt to contact entity in the highest position of the List
 - 5.3.3.3. If unable to contact entity in the highest position on the List by telephone, a certified letter will be sent to the address on file with the County.
 - 5.3.3.3.1. If response from entity is not received within 10 business days, entity shall not be eligible to lease the available Hangar. In the event this occurs on three consecutive occasions, entity shall be removed from the List and all deposits shall be forfeited.
 - 5.3.3.3.2. The County shall contact entity in the next position of the List to lease the available Hangar.
- 5.3.4. Receipt of Notification of Hangar Offering
 - 5.3.4.1. Upon receipt of notification of Hangar offering, entity shall respond within 10 business days in one of the following methods:
 - 5.3.4.1.1. Accept the available Hangar, execute a Hangar license Agreement, and assume occupancy.
 - 5.3.4.1.2. Decline the available Hangar and maintain current position on the List.
 - 5.3.4.1.3. Decline the available Hangar, requesting removal of entity from the List, upon which the non-interest bearing deposit shall be refunded.
- 5.3.5. Assignment of Hangar Without Aircraft Ownership
 - 5.3.5.1. No occupancy of a Hangar shall occur unless evidence of ownership, lease, or full and exclusive control of all Aircraft is provided to the County within 10 business days of assignment.
 - 5.3.5.1.1. In the event of intent to purchase, lease, or acquire full and exclusive control of all Aircraft, evidence of ownership, lease, or full and exclusive control of all Aircraft must be received no later than 60 calendar days from the date of Hangar assignment.
 - 5.3.5.1.2. Failure to provide evidence of ownership, lease, or full and exclusive control of all Aircraft will result in immediate termination of Hangar license Agreement, and removal of entity from the List.
- 5.3.6. Certificates of Insurance
 - 5.3.6.1. Certificates of Insurance shall be delivered to the County in accordance with Section 5.4.1.7.2.
- 5.3.7. Change of Ownership/Lease of Aircraft

- 5.3.7.1. If, during occupancy of a Hangar, entity sells or otherwise disposes of the Aircraft, occupation of the Hangar may continue provided the tenant fully complies with Section 5.3.5.
- 5.3.8. Subleasing of Hangars
 - 5.3.8.1. Subleasing is not permitted, and will result in immediate termination of the Hangar license Agreement.
- 5.3.9. Aircraft Partnership/Hangar Interest Transfer
 - 5.3.9.1. Each partner in an Aircraft ownership/lease shall provide proof of ownership or lease and proof of liability insurance coverage to the County within 10 business days of such Aircraft partnership.
 - 5.3.9.2. Entity may not transfer interest in the Hangar to an Aircraft partner within two years of the date of the Aircraft partnership agreement on file with the County.
- 5.3.10. Hangar Occupation as Contingency for Aircraft Sale
 - 5.3.10.1. The sale of any Aircraft, contingent upon the continued use of any Hangar, is not permitted. The new owner must vacate the Hangar upon purchase of the Aircraft.
- 5.3.11. Vacating a Hangar
 - 5.3.11.1. A written notice shall be delivered to the County no less than 30 calendar days prior to vacancy.
- 5.3.12. Hangar Trades
 - 5.3.12.1. Entities may elect to trade Hangars, under mutual agreement and with approval of the Airport Manager, in compliance with the following requirements:
 - 5.3.12.1.1. Each entity is in full compliance of entity's Hangar License Agreement.
 - 5.3.12.1.2. Each entity must have occupied a Hangar for a period of not less than 30 calendar days.
 - 5.3.12.1.3. Written notification to the Airport Manager must be delivered at least 30 calendar days prior to the proposed trade date.
 - 5.3.12.1.4. Hangar trades will commence on the first day of the month.

5.4. Standard Provisions

- 5.4.1. The standard provisions for the purpose of leasing and/or subleasing Improvements to a Non-Commercial Entity shall include, at a minimum, the following:
 - 5.4.1.1. Legal name, address, and contact information of subleasing entity
 - 5.4.1.2. Improvement identification and location
 - 5.4.1.3. Term of sublease
 - 5.4.1.4. Rights, obligations, permitted uses, and limitations of Operator and subleasing entity

- 5.4.1.5. Defaults, remedies, and termination of Operator and subleasing entity
- 5.4.1.6. Compliance with County's General Aviation Primary Guiding Documents and all applicable Regulatory Measures
- 5.4.1.7. If subleasing for the purpose of Aircraft storage:
 - 5.4.1.7.1. Aircraft registration number, make, model, and maximum gross landing weight
 - 5.4.1.7.2. Requirement of public liability and property damage insurance executed by a company authorized to carry on insurance business in the State of California providing public liability coverage of not less than \$100,000 per person per occurrence or total of \$300,000 per occurrence, and property damage coverage of not less than \$50,000 per occurrence.
 - 5.4.1.7.3. A current certificate of insurance stating the amount and expiration date, and naming the County and the County Board of Supervisors, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers as additional insured, and kept on file with the Operator.
 - 5.4.1.7.4. Certificate of insurance shall provide that the policy or policies shall not be canceled unless the insurer has first given the Operator no less than 30 days prior written notice of the intended cancellation.

5.5. *Establishment of Market Value*

- 5.5.1. The County shall engage an Appraiser who meets the qualifications set forth in Section 5.5 (Appraiser Qualifications) of this Policy to conduct an appraisal compliant with the requirements set for in Appendix Section 5.7 (Appraisal Requirements) to determine the market value.
 - 5.5.1.1. The Appraiser shall use current appraisal methods that are appropriate for the appraisal of aeronautical land and/or Improvements.
 - 5.5.1.1.1. To determine the market value, the Appraiser shall consider all three recognized appraisal methods: cost approach, market data or sales comparison approach, and income capitalization approach. Although application of all three approaches shall not be required, the Appraiser must adequately explain the omission of any method.
 - 5.5.1.1.2. At a minimum, the Appraiser shall utilize the income capitalization approach (direct capitalization technique) to derive the market value of the land and/or Improvements under study. Integral to this process, the Appraiser shall conduct an analysis of rents, fees, or other charges for similar aeronautical land and/or Improvements at comparable airports.

- 5.5.1.1.3. The Appraiser shall consider each of the factors delineated in Section 4.2.2.3 through 4.2.2.8 (Establishment of Fair Market Rent) of this Policy including, but not limited to, identification of comparable airports, identification of similar General Aviation land and/or Improvements at comparable airports, aeronautical land and/or Improvement groupings, similar Airport land and/or Improvements on the Airport, market conditions and trends, component rents, and impacts of fees on rents.
- 5.5.1.1.4. All rents, fees, or other charges used in the appraisal process shall be obtained from and confirmed by either the lessor or lessee.
- 5.5.1.2. The Appraiser shall use an appropriate and justifiable rate of return for aeronautical land and/or Improvements.
 - 5.5.1.2.1. The capitalization rates utilized by the Appraiser shall be obtained through reasonable and acceptable methods and must be adequately discussed in the appraisal report.
- 5.5.1.3. The land and/or Improvements shall be appraised assuming that highest and best use is aviation-related. It shall also be assumed that the land and/or Improvements will continue to be part of an operating airport and that access to the Infrastructure and amenities of the Airport shall continue to be available.
- 5.5.1.4. In addition, the appraisal shall meet the Uniform Standards of Professional Appraiser Practice (USPAP).

5.6. Appraiser Qualifications

- 5.6.1. Appraisals shall be performed by an Appraiser who shall be a Member, Appraisal Institute (MAI) or similarly designated and equally qualified Appraiser who shall be certified by a recognized appraisal organization.
- 5.6.2. The Appraiser shall hold a Certified General License issued by the California Office of Real Estate Appraisers.
 - 5.6.2.1. Out-of-state Appraisers may perform appraisals provided that the Appraiser obtains a Certified General License issued by the California Office of Real Estate Appraisers prior to being awarded an appraisal contract.
- 5.6.3. Any Appraiser selected to perform an appraisal of aeronautical land and/or Improvements shall have working knowledge of the aviation industry including airports, Air Carriers, and General Aviation (FBOs, SASOs, and Non-Commercial aviation operations) as appropriate for the work being performed and shall demonstrate familiarity with FAA rules, regulations, and policies, pertaining to valuing aeronautical land and/or Improvements.
- 5.6.4. The Appraiser shall have performed a minimum of five aeronautical land and/or Improvements appraisals within the last five years and shall provide a list to the County identifying the location and the type of appraisal performed. Appraisals of non-aeronautical land and/or Improvements for the purpose of airport acquisition shall not meet these requirements.

5.7. Appraisal Requirements

- 5.7.1. In addition to complying with all applicable appraisal standards, in preparing the appraisal for the County, the Appraiser must comply with the following:
- 5.7.1.1. Reporting Requirements – General. The depth of the discussion and analysis regarding the potential value impact of the following topics must be consistent with:
 - 5.7.1.2. The potential value impact itself; and
 - 5.7.1.3. The reporting option utilized (Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Appraisal Report)
 - 5.7.1.4. Letter of Transmittal – Narrative Appraisal Reports. In addition to the value conclusion(s), effective date of value, and Property rights appraised, the letter of transmittal must clearly set forth:
 - 5.7.1.5. The extent of the appraisal process (Complete Appraisal or Limited Appraisal) as well as the reporting option utilized (Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Appraisal Report).
 - 5.7.1.6. Reference to, or inclusion of, any contingencies and/or special appraisal assumptions which affect the validity of the appraisal and/or the reliability of the value estimate(s).
 - 5.7.1.7. All estimates of value must be expressed as of the current date of the appraisal; future dates of value are not acceptable.
 - 5.7.1.8. Market Value: All appraisal reports must include the Definition of Market value contained in the most current Dictionary of Real Estate Appraisal.
 - 5.7.1.9. Regional, County, and Market Area (Neighborhood) Data: The analysis of regional, city, and market area (neighborhood) data must be consistent with the complexity of the appraisal assignment and the specific relevance of regional, city, and market area factors to the appraised aeronautical land and/or Improvements. The extent of the reporting of regional, city, and market area data must be consistent with the reporting option utilized.
 - 5.7.1.10. Market Analysis/Market Conditions: The market analysis/market conditions section of the appraisal report must contain data and analysis consistent with the complexity of the appraisal assignment, with the focus on current market trends which affect the value and exposure time of the appraised aeronautical land and/or Improvements. This section should conclude with a statement regarding the subject's competitive position within its market. The extent of the reporting of data must be consistent with the reporting option utilized.

- 5.7.1.11. Exposure Time: An estimate of exposure time must be included for each market valuation scenario addressed in the appraisal and should be a logical extension of the analysis of market conditions. See USPAP Statement on Appraisal Standards No. 6 for guidance.
- 5.7.1.12. Site Description: Describe the physical characteristics of the site (size, shape, topography, soil, and drainage conditions, frontage, access and exposure, street Improvements, and utility availability). Additionally, the site description must include an analysis of any special or unusual features or conditions and the effect on the utility or value of the site. The extent of the reporting of the site description must be consistent with the reporting option utilized.
- 5.7.1.13. When a site inspection reveals obvious potential environmental hazards, it is incumbent upon the Appraiser to adhere to the requirements of USPAP in disclosure requirements. Observations of obvious and significant evidence of potential Hazardous Materials waste (supplemented by photographs) must be included in the appraisal report.
- 5.7.1.14. Zoning Descriptions: The zoning description must address the subject land and/or Improvements conformity or nonconformity with current zoning and must include an analysis of land use issues that affect (positively or negatively) the subject's legally permissible uses. Examples include pending zone change, pending amendments to the General Plan, open space overlay, pending changes in local Agency sphere of influence boundaries, scenic/view corridor restrictions, and 14 CFR Part 77 Objects Affecting Navigable Airspace restrictions (height limitations, setbacks, and clear zones).
- 5.7.1.15. Taxes and Assessment Data: Taxes and assessment data must also include the amount of any outstanding special assessments.
- 5.7.1.16. Description of Improvements: Describe the exterior and interior physical characteristics of the structural Improvements (type, size, design or layout, structural components, construction materials, Compensation, and mechanical systems) and the quality and condition of same (noting deferred maintenance, if any). Depending upon the type of Improvements and market standards for the subject land and/or Improvements, size should be expressed on a gross, rentable, and usable area basis. Comment is required regarding the functional utility and any significant functional inutility relative to market standards requires expanded analysis. The description of structural Improvements should include the Appraiser's calculations of site coverage or floor area ratio, as applicable. The description of site Improvements (parking area, landscaping, etc.) must include physical characteristics. The extent of reporting of the description of Improvements must be consistent with the reporting option utilized.

- 5.7.1.17. Remaining Economic Life – Income Property: Regardless of whether the cost approach was utilized in the valuation analysis, the description of the existing Improvements must include a statement as to remaining economic life of the subject Improvements.
- 5.7.1.18. Current Occupancy: Current occupancy must be reported together with current lease terms (when applicable).
- 5.7.1.19. Operating History – Income Properties: When applicable, a three year operating history must be reported and analyzed and prior rental income, expenses, and occupancy rates must be presented in reasonable detail.
- 5.7.1.20. Highest and Best Use: All appraisals of proposed development must include an analysis of the highest and best use of the land as if vacant and the highest and best use as proposed. For existing Improvements which are clearly representative of highest and best use, the analysis of the land (as if vacant) and the Property (as improved) can be abbreviated. In cases of excess land or where existing Improvements are not representative of highest and best use, an expanded analysis is required. The extent of the reporting of the highest and best use analysis must be consistent with the reporting option utilized.
- 5.7.1.21. With additional regard to proposed developments, the cost approach should be utilized to test the financial feasibility of the proposed development. When cost exceeds value or when the indication of project profitability is below typical expectations for similar developments, an expanded highest and best use analysis is required.
- 5.7.1.22. Comparable Data Documentation: Comparable sales and rental data are to be detailed and documented as follows:
- 5.7.1.23. Self-Contained Appraisal Reports and Summary Appraisal Reports must contain the summary details of each item of market data utilized in the valuation analysis. This may be accomplished by the use of summary tables in the body of the appraisal report. Documentation as to verification and recording data must be retained in the appraisal file.
- 5.7.1.24. Restricted Appraisal Reports need not contain the details of each item of market data utilized in the valuation analysis. However, specific details, including documentation as to verification and recording data, must be retained in the appraisal file.
- 5.7.1.25. Rental data (for aeronautical land and/or Improvements) is to be derived from an analysis of comparable airports having similar aeronautical land and/or Improvements.
- 5.7.1.26. Adjustment Grids (optional): Adjustments to the comparable sales or rental data may be presented in a grid format and adjustments may be expressed on a qualitative and/or quantitative basis.

- 5.7.1.27. All adjustments contained in an adjustment grid must be adequately explained in the appraisal report.
- 5.7.1.28. When an adjustment grid is not utilized, the appraisal report must contain sufficient narrative to enable the reader to understand the comparative analysis.
- 5.7.1.29. Overall capitalization rates and discount rates must be appropriately supported by data and analysis.
- 5.7.1.30. For Self-Contained and Summary Appraisal Reports, the data and analysis must be summarized within the report. For Restricted Appraisal Reports, the data and analysis must be contained in the Appraiser's files.
- 5.7.1.31. Exhibits/Photographs: Required photographs and exhibits, as applicable, shall include:
 - 5.7.1.32. Photographs of the subject land and/or Improvements
 - 5.7.1.33. Location map(s)
 - 5.7.1.34. Airport Layout Plan
 - 5.7.1.35. Site Plan/Plot Plan
 - 5.7.1.36. Complete Legal Description (if not included in the body of the report)

5.8. Dispute Resolution

- 5.8.1. If a Lessee disagrees with the Fair Market Rent (or the market value) conclusion reached by the aviation consultant or Appraiser, the Lessee may engage a second aviation consultant or Appraiser who shall meet the qualifications set forth in this Policy to conduct an independent General Aviation Rent Study (or appraisal).
 - 5.8.1.1. All fees and expenses associated with the work of the second aviation consultant or Appraiser shall be paid by the Lessee.
- 5.8.2. If the conclusions of the two General Aviation Rent Studies (or appraisal) reflect a variance of 10% or less, the results of both General Aviation Rent Studies (or appraisals) shall be averaged to determine the Fair Market Rent (or the market value).
- 5.8.3. If the variance exceeds 10% and an Agreement cannot be reached between the County and the Lessee regarding the Fair Market Rent (or the market value) based upon the conclusions of the first and second aviation consultants or Appraisers, the first and second aviation consultants or Appraisers shall mutually select a third aviation consultant or Appraiser who shall meet the qualifications standards set forth in this Policy and who shall make a determination regarding the Fair Market Rent (or the market value).
 - 5.8.3.1. If the first and second aviation consultants or Appraisers are unable to agree upon the third aviation consultant or Appraiser, the County shall appoint a third aviation consultant or Appraiser who meets the qualification standards set forth in this Policy to make a determination regarding the Fair Market Rent (or the market value).

- 5.8.4. The third aviation consultant or Appraiser shall review the results of both General Aviation Rent Studies (or appraisals) conducted by the first and second aviation consultants or Appraisers and may request a hearing at which both the first and second aviation consultants or Appraisers shall provide such additional information and/or clarification regarding their studies as the third aviation consultant or Appraiser may request.
- 5.8.5. The third aviation consultant or Appraiser shall make a final determination based upon the data contained in the two General Aviation Rent Studies (or appraisals) and any additional information provided by the first and second aviation consultants or Appraisers.
 - 5.8.5.1. The third aviation consultant or Appraiser shall have the right to gather, analyze, and consider additional data as the third aviation consultant or Appraiser deems appropriate. The decision of the third aviation consultant or Appraiser regarding the Fair Market Rent (or the market value) shall be accepted by the County and the Lessee and shall be legally binding upon both parties.
- 5.8.6. All fees and expenses associated with the work of the third aviation consultant or Appraiser shall be paid equally by the County and the Lessee.
- 5.8.7. During any period when there is disagreement between the County and the Lessee regarding a rent adjustment, the Lessee shall be responsible for the payment of the adjusted rent as recommended by the aviation consultant or Appraiser first engaged by the County. Once the disagreement is resolved, any difference between the rent paid and the finally determined rent shall be paid to the County or refunded or credited to the Lessee (as appropriate).