POLICY STATEMENT

The Phoenix-Mesa Gateway Airport Authority (PMGAA) recognizes that leasing property and development of Airport real property is essential to achieving PMGAA’s revenue goals. Therefore, the PMGAA delegates authority to the Executive Director/CEO to approve, execute, and amend revenue producing agreements equal to or less than $50,000 in annual payments and with a term equal to or less than three (3) years.

PURPOSE & SCOPE

The purpose of this policy is to delegate certain authority to the Executive Director/CEO with the intention of promoting business development activities and facilitating the timely and efficient business operations of the Airport.

All operating agreements, concessionaire agreements, license agreements, land or facility leases and amendments in excess of three (3) years and leases and amendments where rent exceeds $50,000 annually require the approval of the Board. The Board delegates the authority to approve, execute and amend agreements where revenue does not exceed $50,000 annually and the term does not exceed three (3) years. The Executive Director/CEO may also consent to lease assignments, financial encumbrances and subleases, except where extraordinary circumstances may warrant review and approval by the Board.

PROCEDURE

A. The appropriate department Director will finalize an Agreement Terms Summary with the qualified, prospective tenant/customer.

B. An agreement will be drafted based on the Agreement Terms Summary utilizing the template that has been approved by legal counsel.

C. After a prospect has signed the agreement and the applicable security deposit and fees have been received, the agreement will be presented to the Executive Director for execution.
POLICY GUIDANCE

I. Land Uses

An Airport Master Plan has been developed and is periodically updated for PMGAA. The Airport Master Plan is reviewed by the Federal Aviation Administration (FAA) and approved by the Board following a public review and input process. The Airport Master Plan then serves to guide Airport staff and the Board in land use decisions. All Airport lease documents will specify allowed uses of Airport land and any restrictions on use which may apply.

II. Airport Rules and Regulations

All persons on any part of the property comprising the Airport shall be governed by these Rules and Regulations and by other directives of the Executive Director/CEO or designee relative to the use or occupation of any part of the property comprising the Airport. The provisions of these Rules and Regulations are intended for the safe, orderly, and efficient operation of the Airport and shall be incorporated into all of the Airport’s agreements.

III. Minimum Standards

These standards define the threshold entry requirements for any and all persons and business entities desiring to provide commercial aeronautical services to the public and/or participate in commercial aeronautical activities at and on the Airport. Their uniform application relates primarily to the public interest, discouraging substandard entrepreneurs, protecting established aeronautical activity at the Airport and safeguarding the interests of Airport users and patrons. These standards shall be incorporated into all agreements generating aeronautical activity.

IV. Competitive Proposals

It is generally the Board’s preference to solicit competitive proposals whenever an Airport property is available for lease. However, Airport property may be leased without seeking competitive proposals.

V. Term

In general, agreement terms should be limited to the shortest term possible which allows a lessee/operator / licensee / concessionaire to amortize and receive a reasonable return on their investment.
VI. **Fair Market Value**

It is the policy of the Board and a requirement of the FAA that the Board receive fair market value when leasing its land and facilities for non-aeronautical use. In addition, the Board desires fair market value through reasonable rates and charges for aeronautical uses in order to make the Airport self-sustaining. Achieving fair market value typically starts with an appraisal or broker opinion of value requisitioned by the Airport, followed by negotiations between Airport staff and the lessee or prospective lessee to reach agreement. Periodic rental adjustments based on reappraisal are typically negotiated every five (5) years for a long-term lease, and not less than 10 years by policy of the Board. Rental adjustments based on the Consumer Price Index are usually required between the negotiated rental adjustments.

VII. **Legal Review**

Airport leases are intended to transfer the liabilities associated with possession and control of real property, including compliance with all federal, state and local laws and regulations, including those pertaining to the use, storage and disposal of hazardous material. Standard Airport lease contracts are written and/or approved by Airport’s legal counsel. Lease language is periodically updated to reflect changes in real estate law and to meet changing economics and other risks associated with the ownership of land.

VIII. **Insurance**

Lessees, concessionaires, licensors, and operators at the Airport shall be required to procure, maintain, and provide proof of appropriate insurance coverage in sufficient amounts to protect the Airport and its assets. PMGAA shall be named as additionally insured.

IX. **Construction of Leasehold Improvements**

Airport leases typically require the construction of leasehold improvements, which will be owned by the lessee during the term and which will revert to the ownership of the Airport at the end of the term. The minimum parcel size, height restrictions, lot-line setbacks, parking requirements, building design, quality of construction and other requirements are controlled by the Airport Design Guidelines and landscape and sign regulations or City of Mesa code requirements. Performance bonds will be required when it is prudent to guarantee the timely construction of leasehold improvements.
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X. Security Deposit / Performance Guarantee

The Airport shall obtain a security deposit, bond, or other suitable guarantee of adequate funds to be used to defray any costs associated with the performance of the agreement including but not limited to early termination of an agreement, non-payment of fees/rent, and property damage.