State Airports Leasing Update

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May 2023

Coming up:

- Leasing and Through-The-Fence (TTF) Overview
- Opportunities for Improvement
- Progress
- Next Steps

Overview

- 28 State-owned Airports
  - 16 Airports with Leases
  - 12 Airports without Leases
  - 6 Airports with TTF

FIGURE 5-16: MAP OF STATE-OWNED AIRPORTS, 30-MINUTE DRIVE TIMES

Image from Oregon Aviation Plan – V6

Overview – Leases

- Allow for Private Development and/or Uses on State-owned Property
  - Use of state land and buildings
    - All pay a base land rent plus escalations
    - Additional fee for use of state-owned improvements
  - Separate Commercial and Non-Commercial agreements
    - Commercial – FBOs, Flight Training, Maintenance, Avionics, Hangar Storage
    - Non-Commercial – Private-use hangar storage
  - Mostly aeronautical uses
    - Hangars, Fuel, Tiedowns
    - Some non-aeronautical uses: Agriculture, Drainfields, Equipment/Services

		2023 Rate
Alkali Lake		$0.1189
Aurora		$0.3715
Bandon		$0.2675
Cape Blanco		$0.1486
Cascade Locks		$0.1189
Chiloquin		$0.1337
Condon		$0.1189
Cottage Grove		$0.2229
Independence		$0.2675
Joseph		$0.1635
Lebanon		$0.2378
McDermitt		$0.1189
McKenzie Bridge		$0.1189
Mulino		$0.2171
Nehalem Bay		$0.1189
Oakridge		$0.1189
Owyhee Reservoir		$0.1189
Pacific City		$0.1189
Pinehurst		$0.1189
Prospect		$0.1189
Rome		$0.1189
Siletz Bay		$0.1932
Toketee		$0.1189
Toledo		$0.1189
Wakonda		$0.1189
Wasco		$0.1189

Overview – Leases

- 12 Airports Without Lease Agreements
  - Alkali Lake
  - Cascade Locks
  - Crescent Lake
  - McKenzie Bridge
  - Nehalem Bay
  - Owyhee Reservoir
  - Pacific City
  - Pinehurst
  - Prospect
  - Rome
  - Santiam Junction
  - Toketee

Overview – Leases

- Total number of Lease Agreements - 256
- Number of Lease Agreements at each airport:
  - Aurora -17
  - Bandon-9
  - Cape Blanco-8
  - Chiloquin-6
  - Condon-9
  - Cottage Grove-26
  - Independence-73
  - Joseph-10
  - Lebanon-52
  - McDermitt-2
  - Mulino-12
  - Oakridge-2
  - Siletz Bay-21
  - Toledo-7
  - Wakonda Beach-1
  - Wasco-1

Leases

- By Region:
  - Valley - 180
  - Coast - 46
  - North/East - 20
  - Mountains - 8
  - Southeast - 2

- Commercial Leases - 18

Overview – Through The Fence (TTF)

- Access Agreements
  - Grant access between private property and public-use areas of state airport property
    - Access is granted at the identified “Access Point”
    - Use of the Access Point is exclusively for the movement of aircraft and personnel authorized by ODAV
  - TTF Access Fees
    - Minimum Guarantee based on airport category (II – V)
    - Monthly based on number and classification of aircraft

Access Fees			
shall be the greater of:			
(1) Weight Range			
Class 1 Aircraft	$15.00	Monthly	up to 5000 lbs.
Class 2 Aircraft	$24.00	Monthly	5001 to 10,000 lbs.
Class 3 Aircraft	$44.00	Monthly	10,001 to 20,000 lbs.
Class 4 Aircraft	$66.00	Monthly	20,001 to 30,000 lbs.
Class 5 Aircraft	$88.00	Monthly	30,001 to 40,000 lbs.
Class 6 Aircraft	$120.00	Monthly	40,001 lbs. and over
(2) Minimum Guarantee			
Category II	$275.00	Monthly	
Category III and IV	$175.00	Monthly	
Category V	$75.00	Monthly	

Overview – Through The Fence (TTF)

- Total Access Agreements - 24
  - Aurora-13 (Commercial/Residential)
  - Cottage Grove-1 (Individual Non-Commercial Residential)
  - Independence-2 (Residential – 2 HOAs)
  - Lebanon-1 (Individual Non-Aeronautical)
  - Pacific City-5 (Individual Non-Commercial Residential)
  - Wasco-2 (Commercial/Ag)

Overview – Through The Fence (TTF)

- Total Access Agreements - 24
  - Aurora-13
  - Cottage Grove-1
  - Independence-2
  - Lebanon-1
  - Pacific City-5
  - Wasco-2

Overview – Through The Fence (TTF)

- Aurora State Airport

Image from current master plan draft working paper 1

Overview – Through The Fence (TTF)

- Independence State Airport

Image from March 2020 Master Plan – Off Airport Land Uses

Roles and Responsibility

- ODAV – Administer and execute lease and TTF Access Agreements for state-owned airports
- ODOT – Provide Financial and leasing services

Oregon Revised Statute

- ORS 836.055
  - Up to 30-year lease terms non-commercial leases
  - Up to 50-year lease terms commercial leases
  - ODAV to establish reasonable and uniform terms, conditions, fees, and charges… not deprive public of rightful use.

Oregon Revised Statute

- ORS 836.055 Commercial concessions at state airports and air navigation facilities

- (1) In operating an airport or air navigation facility owned or controlled by the state, the Oregon Department of Aviation, as authorized by the State Aviation Board, may enter into contracts, leases and other arrangements, for a term not exceeding 30 years for noncommercial arrangements or 50 years for commercial arrangements:
  - (a) Granting the privilege of using or improving the airport or air navigation facility, or any portion or facility of, or space in, the airport or air navigation facility, for commercial purposes;
  - (b) Conferring the privilege of supplying goods, commodities, things, services or facilities at the airport or air navigation facility; or
  - (c) Making available services to be furnished by the department or its agents at the airport or air navigation facility.
- (2) In each case the department may establish the terms and conditions and fix the charges, rentals or fees for the privileges or services, which shall be reasonable and uniform for the same class of privilege or service and shall be established with due regard to the property and improvements used and the expenses of operation to the state; provided, that in no case shall the public be deprived of its rightful, equal and uniform use of the airport, air navigation facility, or portion or facility of the airport or air navigation facility. [Formerly 492.110; 2021 c.526 §7; 2021 c.630 §41a]

Oregon Revised Statute

- ORS 836.060
  - Up to 30-year lease terms non-commercial leases
  - ODAV shall grant no exclusive rights

Oregon Revised Statute

- ORS 836.060 Operation of state airports by private persons

- (1) The Oregon Department of Aviation as authorized by the State Aviation Board may by contract, lease or other arrangement, upon a consideration fixed by it, grant to any qualified person for a term not to exceed 30 years the privilege of operating, as agent of the state or otherwise, any airport owned or controlled by the state; provided, that no such person shall be granted any authority to operate the airport other than as a public airport, or to enter into any contracts, leases, or other arrangements in connection with the operation of the airport which the department might not have undertaken under ORS 836.055.
- (2) The department shall grant no exclusive right for the use of any airway, airport, or air navigation facility under its jurisdiction. This subsection shall not prevent the making of contracts, leases, and other arrangements pursuant to this section or ORS 836.055. [Formerly 492.120]

Oregon Administrative Rule

- OAR Chapter 738
  - Division 10 Rates and Charges
  - Division 14 TTF Pilot Program
  - Division 15 Leasing (Commercial)
  - Division 20 Minimum Standards
  - Division 35 Operating Minimum Standards for Commercial Activities

Policies and Minimum Standards

- Leasing Policy for Non-Commercial Property
  - July 11th, 2001
- Leasing Policy for Commercial Property
  - August 15th, 2001
- Minimum Standards
  - II – April 17th, 2001
  - IV – April 17th, 2002
  - V – April 17th, 2002

Checklists and Templates

- Hangar Tenancy Application
- Pre-Construction Checklist
- Non-Commercial, Commercial, and TTF templates

Rent Adjustments

- Rent Appraisal (OAR)
  - Due for all state airports
- Consumer Price Index (CPI)
  - No periodic or market adjustments

Opportunities for Improvement

- CPI not applied since 2014/2015
  - Apply CPI as outlined in the contract
- Independent Rate Appraisal for all state airports
- Leasing Program
  - Better lease/TTF administration
  - Automated alerts and notifications
  - Tenant/Permittee Portal for billing and updating insurance certificates

Opportunities for Improvement

- New leases for hangar sales
  - Now assigning current lease agreements
- Update leasing/TTF rules and policies
  - Public and Board involvement
- Ensure contractual and regulatory compliance with lease and TTF agreements

Opportunities for Improvement

- Administer leases and TTF agreements consistent with best industry practices
- Ensure equal and fair treatment for all Lessees and TTF Permittees
- Improve processes, timeliness, and overall user experience

Progress

- New process for renewing expiring leases
- Lease assignments processed—20
- Leases in holdover processed—19 complete with 12 remaining
- Billing updates - ongoing
- Lease/use compliance - ongoing

Next Steps

- Lease and TTF Policy Updates
- Minimum Standards Updates
- Lease and TTF Template Updates
- Independent Rental Rate Appraisal
- CPI Escalations
- Independent Rate Appraisal
- Leasing Program / User Portal

Questions?

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