

ACRP Impact on Practice: Developing and Leasing Airport Property



Eugene Airport (EUG),
Eugene, OR

Airports Revisit Ground Leases to Third Parties

Airport administrators and sponsors frequently offer ground leases (e.g., hangars, aircraft maintenance facilities) to external aeronautical partners as opportunities for additional revenue and economic expansion.

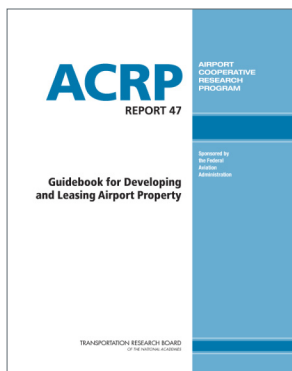


Figure 1: ACRP Report 47:
Guidebook for Developing and
Leasing Airport Property

Leases are subject to federal regulations and grant assurances, including minimum standards set by the Federal Aviation Administration (FAA). Regulatory requirements, compounded with the complex and evolving nature of airport leases, require airports to adopt best practices to manage them that does not compromise the airport's safety, reliability, or passenger services. This can be a challenging process for airports, as many stakeholders are often involved in airport ground lease negotiations, and there can be differing priorities between the airport (lessor) and tenants (lessees).

Cathryn Stephens, the director of Eugene Airport in Eugene, Oregon, had several leases coming to term and wanted to ensure she was following best practices and in compliance with FAA regulations. She found *ACRP Report 47: Guidebook for Developing and Leasing Airport Property* to be an invaluable resource to review and revise Eugene Airport's ground leases (Figure 1).

ACRP Offers a Framework to Manage Airport Ground Leases

ACRP Report 47 is a comprehensive guide for airport management and stakeholders involved in the development and leasing of airport property. It provides insights into aeronautical and non-aeronautical uses, including implementation assistance and a checklist for crafting effective lease agreements. The body of the report describes 10 case study projects from various U.S. airports, best practices, and lessons learned. *ACRP Report 47* also includes a comprehensive assortment of models for

engaging stakeholders and methods to develop different types of fees and lease agreements to meet the unique needs of an airport.

Stephens found that *ACRP Report 47* “holds a lot of weight” as a source of industry best practices to comply with FAA regulations.



Figure 2: Entrance to Eugene Airport

Stephens directed key airport stakeholders, including the city attorney and senior airport management, to the report as a foundation to guide Eugene Airport’s periodic review of its ground leasing policy (Figure 2). *ACRP Report 47* helped Stephens educate herself on the issues and provide guidance to others on her team. She found that the report presented clear, straightforward information on ground leasing policies and practices that summarized complex information succinctly. She used the report, which she described as “exactly what I need,” to

explain the issue to Eugene Airport stakeholders, the media, and other involved parties who were unfamiliar with official industry guidance on airport leasing. It was particularly beneficial for stakeholders who were unaware that guidelines even exist for ground leases. Stephens recognized that past practices weren’t in the best interest of the airport and developed a framework for an updated path forward.

Stephens also found *ACRP Research Report 213: Estimating Market Value and Establishing Market Rent at Small Airports* to be beneficial, as it targets staff from smaller facilities who may lack expertise in negotiation and management of airport property leases. Published in 2020, *ACRP Research Report 213* provides additional guidance that can be applied to the practice of ground lease management. This research report provides information on developing and leasing airport land and improvements, methodologies for determining market value and appropriate rents, and best practices for negotiating and reevaluating current lease agreements. Stephens found that *ACRP Research Report 213* supplemented *ACRP Report 47* by providing more current information for her to consult and refer to others.

“ACRP Report 47 was exactly what I needed to explain airport leasing guidance and policies to our stakeholders who were unfamiliar with the issue.”

-Cathryn Stephens

ACRP as a Valuable Resource

Stephens’ experience using *ACRP Report 47* and *ACRP Research Report 213* reinforces how ACRP’s research products are an important asset in her team’s effective management of Eugene Airport. Stephens established a library of relevant ACRP publications and other related resources that is accessible to all staff seeking guidance on key issues (Figure 3). She spearheaded creation of this library and continues to add ACRP reports that are of direct interest to Eugene Airport practitioners.



Figure 3: A shelf from the ACRP resource library created by Stephens for Eugene Airport

Scan the QR codes to read the full reports.



ACRP Report 47



ACRP Research Report 213

Conclusion

The foundation of best practices in *ACRP Report 47* and *ACRP Research Report 213* can help small airports, such as Eugene Airport, chart a clear path to negotiate and manage their ground leases while aligning with FAA regulations. The reports offer valuable insights and practical tools for airports embarking on property development projects. Ground leasing can be a complicated issue for airports, but ACRP provides a trusted framework to help practitioners navigate the interests of different stakeholders while meeting federal requirements.