The National Academies of
SCIENCES • ENGINEERING • MEDICINE

TRANSPORTATION RESEARCH BOARD

Generating Revenue from Commercial Development On or Adjacent to Airports

Thursday, April 26, 2018
2:00-3:30 PM ET

Purpose

Discuss research from the Airport Cooperative Research Program (ACRP)'s Research Report 176: Generating Revenue from Commercial Developments on or Adjacent to Airports.

Learning Objectives

At the end of this webinar, you will be able to:

- Describe the various aspects of commercial development that can be considered on or near airports
- Understand how to use the guidebooks to assess the life process of a commercial project on or near an airport

ACRP is an Industry-Driven Program

- Managed by TRB and sponsored by the Federal Aviation Administration (FAA).
- Seeks out the latest issues facing the airport industry.
- Conducts research to find solutions.
- Publishes and disseminates research results through free publications and webinars.

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Economic and Social Sustainability at Airports

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With interactive breakouts, networking opportunities, and plenary presentations, this engaging and groundbreaking forum will help airports and their stakeholders frame, plan, communicate, implement, and report social and economic initiatives to fully realize triple bottom line sustainability benefits.

Featuring…

- Dr. Davina Durgana – *anti-human trafficking expert*
- Dr. Steve Nakana – *airport social equity expert*
- Ted Howard – *community wealth building expert*

FREE Registration: tinyurl.com/sustainability-insight-event

Upcoming ACRP Webinars

May 3

Air Cargo Facility Planning and Activities

May 17

Preventative Maintenance at General Aviation Airports

June 12

Resources for Understanding Airport Air Quality Management and Public Health

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Additional ACRP Publications Available on Today's Topic

Synthesis 1: *Innovative Finance and Alternative Sources of Revenue for Airports*

Report 27: *Enhancing Airport Land Use Compatibility*

Report 121: *Innovative Revenue Strategies – An Airport Guide*

Report 141: *Renewable Energy as an Airport Revenue Source*

Report 109: *Improving Terminal Design to Increase Revenue Generation Related to Customer Satisfaction*

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Today's Speakers

Stephanie Ward
Mead & Hunt

Diana Fainberg
Diana E. Fainberg Associates, LLC

Edward Moran, Esquire
Lee County Port Authority

Presenting

Report 176 - *Generating Revenue from Commercial Development On or Adjacent to Airports*

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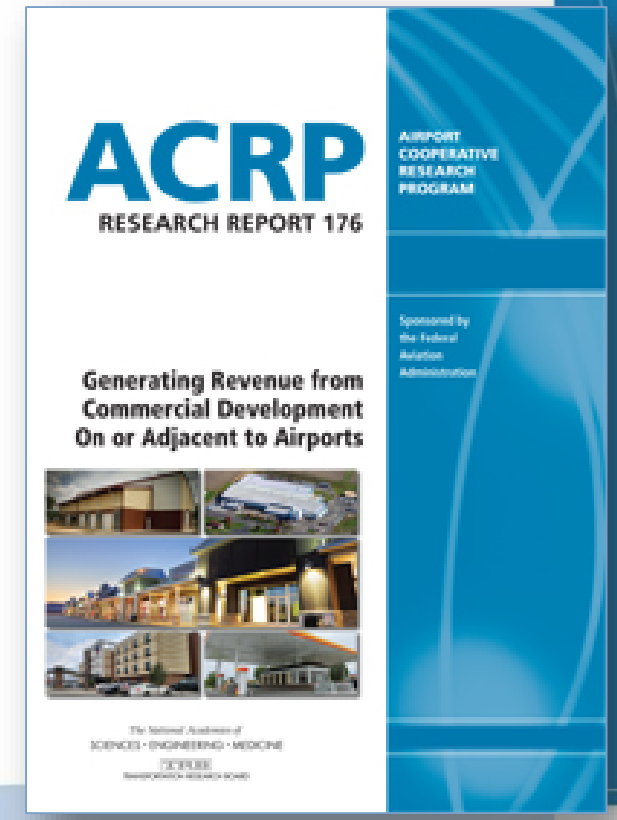
ACRP Research Report 176

Generating Revenue from Commercial Development On or Adjacent to Airports



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Presentation Outline

- Panel & Project Team
- History of the Project
- Data Collection
- General Findings
- Toolkits for Success
- Case Study
- Questions

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Presenters

- **Stephanie Ward, AICP**

Manager, Aviation Planning; Vice President - Mead & Hunt, Inc.

- **Diana Fainberg, PP, AICP**

Owner/President - Diana E. Fainberg Associates, LLC

- **Edward Moran, Esq., CM**

Director of Properties - Lee County Port Authority

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ACRP Report 176 Project Team

- Stephanie Ward
  Mead & Hunt

- Tom Thatcher
  L.R. Kimball

- Diana Fainberg
  Diana E. Fainberg Associates, LLC

- Kathleen Yodice
  Law Offices of Yodice Associates

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ACRP Report 176
Project Panel

- Frederick R. Busch, Jviation, (Chair)
- Douglas Davies, DMD Real Estate Group
- Steven L. Domino, RS&H
- Gary P. Mascaro, City of Scottsdale – Scottsdale Airport
- Kent McLemore, ATKINS
- Edward W. Moran, Esq., Lee County Port Authority
- Chunyan Yu, Embry-Riddle Aeronautical University
- Theresia Schatz, ACRP SPO
- Renee Hendricks, FAA Liaison

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History of the Project
ACRP Report 44: A Guidebook for the Preservation of Public Use Airports

Identified reasons why some airports prosper and others struggle or fail. Samples include:

- Many grounded in economic or financial factors
- Simple business failures can be a major cause for airport closures
- Airports relying solely on aviation generated/related revenues have the potential for a narrow and undiversified revenue stream
- Public use airport sponsors don't have skills to look for other sources
- Excess land is often regulated by the FAA

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Objective

Provide a comprehensive, practical guide
for developing or redeveloping
airport and adjacent properties
for commercial and industrial purposes
so that the development can contribute to
overall airport revenues

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Audience

Intended primarily for:

- Airport Managers
- Management Staff
- Board members

Secondary users include:

- Local elected officials
- Planning commissioners
- Economic development and real estate professionals

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Project Approach

- Data Collection
- Define Legal Issues
- Develop Criteria for Commercial Development Viability

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Data Collection

- **Literature Review**
  - ACRP
  - FAA
  - Industry Review Sources
- **Interviews**
  - Interviews with state aviation (NASAO) directors and industry professionals
  - Ten (10) Case Study Interviews
- **Input from data provided foundation for guidebook development**

Data Collection

Frequently Noted Themes:

- Performance of the overall airport business must be measured by financial success, not by the number of aircraft operations or based aircraft;
- “Build it and they will come” strategies are generally ineffective
- Airport industrial sites can offer multi-model connections
- Continuing cooperation and coordination with the FAA is vital
- The airport sponsor must take a real estate perspective in evaluating land development potential
- Options for development range broadly, but level of involvement depends on the airport’s risk tolerance and resources to be dedicated
- Real estate development is complex – the airport must assess its needs and evaluate risks and opportunities

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Key Findings

Resulted in 3 areas of emphasis:

- Should we do this?
  - Airport Self-Assessment
- Where could we do this?
  - Site Evaluation
- How would or how can we do this?
  - Implementation

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Overview of Guidebook

- Guidebook for development contributing to airport revenue
- Includes methods, considerations, and specific checklists
- Addresses:
  - Advantages and disadvantages of on-airport vs. off-airport land development opportunities
  - Marketing and legal issues
  - Case studies highlighting successful and unsuccessful examples of commercial development on or around airports

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Overview of Guidebook

- Introduction
- Fundamentals
- Legal Considerations
- Self Assessment Toolkit
- Site Evaluation Toolkit
- Implementation Toolkit
- Off-Airport Considerations and Revenue

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Icons & Sound Bites

The guidebook uses icons to identify a number of elements, as well as “sound bites” called WHAT WE HEARD. These represent comments from your peers on their experience.

WHAT WE HEARD

Because of the low investment risk and the positive support from the community and state, the development sites were created at the airport. However, development has been limited as predicted by the market conditions analysis.

WHAT WE HEARD

The property has been released for non-aeronautical development but not for sale. Leasing provisions are a challenge to development.

Five Tiers	Pro Forma (financial tool)
Core Concepts	Consultant Expertise
Community Relations	Market Research
Legal Reference	FAA FAA
Chapter Reference (1 – 7)	Off-Airport
Toolkit Reference (Chapters 4 – 7)	Reminder: Complete Checklist is in the Appendix
Stop – Go Decision Point	

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Guidebook Content

Organized around three concepts:

- KNOW
  - What do I need to KNOW about this topic?
- HAVE
  - What do you HAVE to collect or what do you have as a resource for this issue/topic?
- DO
  - What DO you do with this information or this resource?

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Fundamentals

- These topics provide the foundation for understanding the framework that an airport often has to work within.
  - Aviation Planning
  - Community Planning
  - Aviation Funding
  - Development Plan
  - Grant Obligations
  - The Five Tiers

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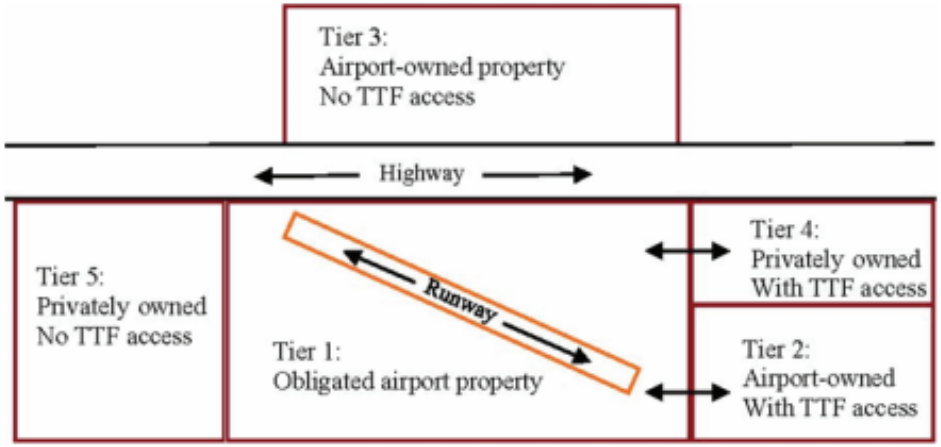
Fundamentals - Five Tiers

Tier	Airport Property or Airport Agency	FAA Obligated Property	With Through-the-Fence Access
Tier 1	Yes	Yes	NA
Tier 2	Yes	No	Yes
Tier 3	Yes	No	No
Tier 4	No	No	Yes
Tier 5	No	No	No



Source: Mead & Hunt, Inc.

Figure 2. Regulatory tiers.

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Legal Considerations

Legal issues at individual airports will vary depending upon local and state laws.

Four legal issues explored:

- Federally obligated
  - Grant Assurances - 13 noted
  - Surplus Property
- Zoning and other property and leasing laws
- Insurance and liability
- Other federal or state agencies

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Toolkits

- Airport Self-Assessment Toolkit
- Site Evaluation Toolkit
- Implementation Toolkit
- Organized around the “Know, Have, Do” concept

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Airport Self-Assessment Toolkit

- Establishes a baseline of airport operations and management against which to gauge the feasibility and implementation of real estate development
- Also intended to encourage the airport to take a close look at its planning, business, and financial status and needs and motivation for pursuing development

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The following categories are included in the assessment:

• Airport Ownership	• Business trends and projections
• Management Structure/Reporting/Decision-making	• Airport Strategic Business Plan/Budgeting Process
• FAA Grant Obligations	• Risk tolerance for development projects
• Airport Layout Plan and Master Plan	• Development Goals
• Funds for Development	• Community Context
• Airport business segments	• Important Conclusions
• Dominant industry or company	

Why do a self-assessment?

Development can be expensive and unpredictable.

Before embarking, airport sponsors should know:

- Are revenue needs urgent or part of long-term planning?
- What is the airport's target for revenue or for development produced?
- Is there alignment between the airport's goals and realistic development potential
- Does the airport have the resources to dedicate to development efforts?
- Has the airport defined its short and long term aviation land needs?
- Are present airport customers likely users of new development?

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Airport Self-Assessment Toolkit – Sample Checklist
Management Structure/Report/Decision-Making

- **WHO SETS AIRPORT POLICY?** Executive director, board, commissioner?
- **HOW IS IT IMPLEMENTED?** Which managers have the responsibility to take action? Is the structure tied to excessive hierarchy? How far up the reporting or structural chain will decisions go?
- **WHO CREATES AND WHO APPROVES THE AIRPORT BUDGET?** Executive director? Annual budget legislation? Will decisions depend on budget cycles?
- **WHERE DOES APPROVAL AUTHORITY LIE FOR A DECISION TO ENGAGE IN DEVELOPMENT, SIGN A DEAL, OR ISSUE BONDS?** Board, mayor, commissioner, executive director, airport manager, deputy or vice president?
- **HOW MANY EMPLOYEES ARE IN EACH DEPARTMENT?**
- **DOES A PROPERTY/DEVELOPMENT MANAGER POSITION EXIST?** Would this manager oversee a development project or engage consultants? Will the airport manager or designated employee have a degree of decision-making autonomy that will keep the process moving?

SOUND BITE

The property development department is understaffed, which adds to the challeng of attracting development.

- **DOES ENABLING AND GOVERNING LEGISLATION APPLY?** If the airport is a public entity or authority, do any laws or regulations limit the airport's activities? Do any restrictions in governing statutes limit development options? Do institutional or legal restrictions limit financing or funding abilities? In this guidebook, Chapter 3, "Legal Considerations," may

Airport management structure	Notes
Who sets airport policy?	
How is policy implemented?	
Who creates the airport budget?	
Who approves the budget?	
Where does authority lie?	
To engage in development?	
To sign a deal?	
To issue bonds?	
How many employees per department?	
Property/development manager?	
Enabling/governing legislation?	
Bond resolution/restrictions?	
Rate covenants?	

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Site Evaluation Toolkit

- Analyzes the attributes of the land under consideration for commercial development
- Criteria of this toolkit enables the airport sponsor to examine property from a real estate perspective, reviewing important considerations for the feasibility of a commercial project.

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The following categories are included in the assessment:

• Airport Layout Plan (ALP) Status (With or Without Airport Master Plan	• Surrounding Land Use
• Land Availability	• Regulatory Constraints/Permitting
• Location and Access	• Market Conditions
• Infrastructure – Sanitary Sewer Systems	• Workforce Attraction
• Infrastructure – Stormwater Systems	• Local/Regional Context
• Infrastructure – Power/Telecom	• Development Incentive Programs

Site Evaluation Toolkit

Can the airport's property be competitive in the local real estate market?

- What attributes of the site or the community will contribute to success?
- Are transportation access and critical infrastructure available to support development?
- What are the land characteristics?
    - Are there environmentally sensitive, regulated resources?
- What are the permitted land uses under local zoning?
- Are there good relationships with the community, and are officials likely to support and approve the development?

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Site Evaluation Toolkit - Sample Checklist
Infrastructure – Sanitary Sewer Systems

- **WHO IS THE SEWER SERVICE PROVIDER?** Is the sewer service provider a municipality, or a regional sewerage authority?
- **IS THE SUBJECT LAND IN A SERVICE AREA?** Is the airport's land within the franchise or service area of the sewerage provider? This should be confirmed through direct communication with the provider.
- **IS THE LAND ADJACENT TO A SEWER MAIN?** Is an existing sewer main available in the abutting road or an adjacent property? Could service to a new building be provided with only a lateral line?
- **WHAT DISTANCE OF SEWER MAIN CONSTRUCTION IS NEEDED?** If the sewer main is not adjacent to the site, what is the length needed to bring it to the property?
- **ARE THERE ANY PLANT CAPACITY OR CONVEYANCE CONSTRAINTS?** Does the treatment plant have available capacity, or is the treatment plant operating at its capacity limit? Does the treatment plant face any restrictions on serving new customers because of citations/violations?
- **IS A PUMP STATION NEEDED?** Topography will dictate whether a pump station is required to convey sewerage uphill from the site to the treatment plant. This could be a significant cost item.
- **WHAT ISSUES/COSTS WILL APPLY FOR RESERVING CAPACITY?** What is the procedure to reserve sewage treatment capacity with the local sewerage authority or department? What is the charge to maintain the reservation? A reservation will most likely be contingent
- **ARE THERE PLANNED SYSTEM IMPROVEMENTS?** Does the sewerage au municipality have any plans for improvements to the system? Are they schedule short or long term? Information may be available on websites or in facility plans file the state or city or direct communication may be most effective.
- **WHAT IS THE ESTIMATE OF DEVELOPMENT PROJECT NEEDS?** Typical factors can be used to estimate how much sewage will be generated by different types of development, and thus the amount of capacity that needs to be available in treatment plants or conveyance systems. These standards should be set down in regulations administered by the entity that issues sewer connection permits. As an example, a typical generation rate for office uses is 0.1 gallons per day per square foot.
- **COULD A SHORTFALL OCCUR IN DEMAND VERSUS CAPACITY?** Will the intended development need more treatment capacity than is available? How much?

Available service, costs and challenges	Notes
Public or private sewer service?	
Service provider?	
Is land in the service area (confirmed by provider)?	
Adjacent sewer main?	
Length of needed sewer main construction?	
Plant capacity/conveyance constraints?	
Need for pump station?	
Capacity reservation issues/costs?	
Planned improvements?	
Capacity needs estimate by type of development?	
Demand vs. capacity shortfall?	

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Implementation Toolkit

- Financial analysis, based on a preliminary plan, to project costs and revenue for the proposed development
- Path to create a refined development program and identify alternatives for consideration

• Preliminary Development Plan	• Outreach portfolio
• Project hard costs	• Revealing project plans to the public
• Project soft costs	• Permits and approvals (in two parts)
• Funding sources and typical revenue opportunities	• Project team components
• Miscellaneous revenue	• Incentives
• Development program refinement	• Funding and financing
• Internal project management structure	• Development and partnership strategies
• Community outreach strategy	• Marketing
• Identifying stakeholders	• Construction management/property management/operation
• Creating a message	

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Implementation Toolkit

Initiating this toolkit signifies that the airport sponsor has:

- Completed the self-assessment and site evaluation process
- Determined sufficient feasibility and opportunity exists to proceed to the next phase of analysis
- Determined market and physical conditions are favorable or can be reasonably overcome
- Obtained governance approval to dedicate additional resources to continue development planning
- Choosing a development implementation strategy that best responds to the airport's revenue generation needs and development expertise

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Implementation Toolkit – Sample Checklist
Community Outreach Strategy

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- **HISTORY/CHALLENGES?** It's wishful thinking to believe that an airport development project will be supported or swiftly approved if there has been a history of conflict between the airport and the community. Even if frictions seem minor, the time to address them is before a development proposal is introduced. Particularly in more developed areas, issues of noise, safety, and traffic, among others, can fester for many years and only get worse if not addressed. As evidenced by the case studies in the research for this project, a new airport owner with only the best of intentions toward the community can find a proposed project undermined by a background of poor community relations caused by their predecessors.
- **PROACTIVE EFFORTS ALREADY UNDERWAY?** The larger point here is that communication with the community should be a proactive, ongoing part of airport operations. If the airport is in the preliminary stages of considering development on non-aeronautical land, if s… proactive communication is not already happening, some initial outreach efforts to … with the community should be initiated prior to communications regarding the … for development. For example, information about the economic impact of … be shared generally. Establishing and maintaining positive rela… continuous effort.

Examples of considerations	Check to select	Notes
History/challenges?		
Frictions, even minor?		
Issues of noise, safety, traffic?		
Other issues?		
Relationship with previous owner/authority?		
Ongoing proactive efforts?		
Outreach ongoing? If not, initiated before announcing development plans?		
Fences to mend?		
Conflicts to be resolved before publicizing development?		
Established network of community leaders?		
Means of collecting concerns and working to find common ground?		

Off-Airport Considerations and Revenue

- Development can happen outside of the airport's purview that has an impact on the success of commercial development both on and adjacent to the airport

- **Four topics were most relevant:**
  - Community Involvement
  - Competitive Location
  - Economic Conditions
  - Land Use Policy and Regulation

- **Can be positive or negative depending upon situation**

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Off-Airport Considerations and Revenue – Sample Checklist
Economic Development and Business Attraction

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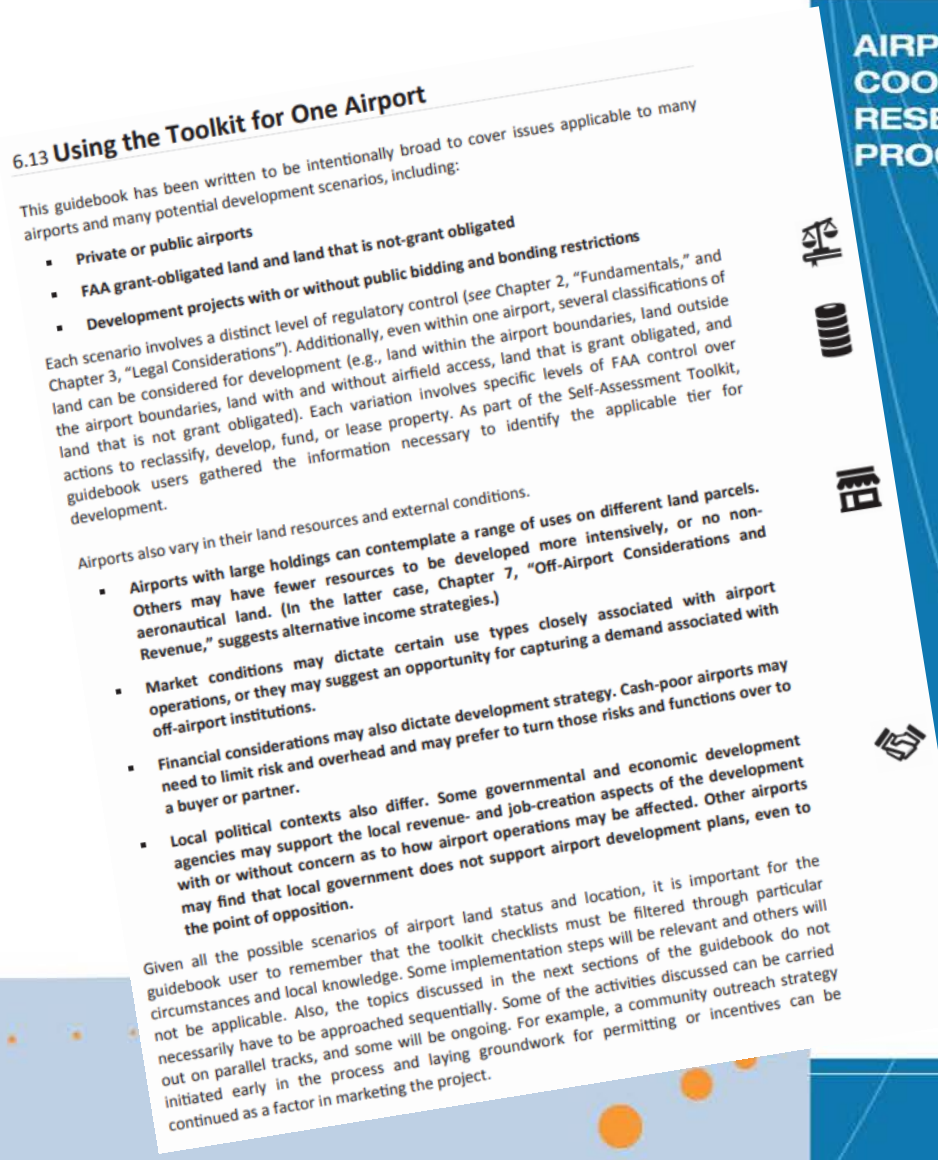
- **EXISTING ECONOMIC DEVELOPMENT ORGANIZATIONS' ACTIVITIES?** What boards, commissions, and organizations currently promote economic development in the community and region? More than one organization may serve the same area, and the airport may impact several different jurisdictions. These organizations may include all of the following:
  - ***A local economic development corporation, downtown development authority or other public organization?***
  - ***A regional economic development organization?***
  - ***A local chamber of commerce or other membership organization?***
  - ***A state economic development initiative?***

Economic development activities by regional authorities or organizations	Notes
Local economic development corporation?	
Downtown development authority?	
Other public organization(s)?	
Regional economic development corporation?	
Local chamber of commerce or other membership organization?	
State economic development initiative?	
Other?	

Conclusion

- Consider how airport circumstances vary – land status, location
- Toolkits must be refined to fit context – filter through local knowledge
- Activities can be carried out on parallel tracks; some ongoing



6.13 **Using the Toolkit for One Airport**

This guidebook has been written to be intentionally broad to cover issues applicable to many airports and many potential development scenarios, including:

- **Private or public airports**
- **FAA grant-obligated land and land that is not-grant obligated**
- **Development projects with or without public bidding and bonding restrictions**

Each scenario involves a distinct level of regulatory control (*see* Chapter 2, "Fundamentals," and Chapter 3, "Legal Considerations"). Additionally, even within one airport, several classifications of land can be considered for development (e.g., land within the airport boundaries, land outside the airport boundaries, land with and without airfield access, land that is grant obligated, and land that is not grant obligated). Each variation involves specific levels of FAA control over actions to reclassify, develop, fund, or lease property. As part of the Self-Assessment Toolkit, guidebook users gathered the information necessary to identify the applicable tier for development.

Airports also vary in their land resources and external conditions.

- **Airports with large holdings can contemplate a range of uses on different land parcels. Others may have fewer resources to be developed more intensively, or no non-aeronautical land. (In the latter case, Chapter 7, "Off-Airport Considerations and Revenue," suggests alternative income strategies.)**
- **Market conditions may dictate certain use types closely associated with airport operations, or they may suggest an opportunity for capturing a demand associated with off-airport institutions.**
- **Financial considerations may also dictate development strategy. Cash-poor airports may need to limit risk and overhead and may prefer to turn those risks and functions over to a buyer or partner.**
- **Local political contexts also differ. Some governmental and economic development agencies may support the local revenue- and job-creation aspects of the development with or without concern as to how airport operations may be affected. Other airports may find that local government does not support airport development plans, even to the point of opposition.**

Given all the possible scenarios of airport land status and location, it is important for the guidebook user to remember that the toolkit checklists must be filtered through particular circumstances and local knowledge. Some implementation steps will be relevant and others will not be applicable. Also, the topics discussed in the next sections of the guidebook do not necessarily have to be approached sequentially. Some of the activities discussed can be carried out on parallel tracks, and some will be ongoing. For example, a community outreach strategy initiated early in the process and laying groundwork for permitting or incentives can be continued as a factor in marketing the project.

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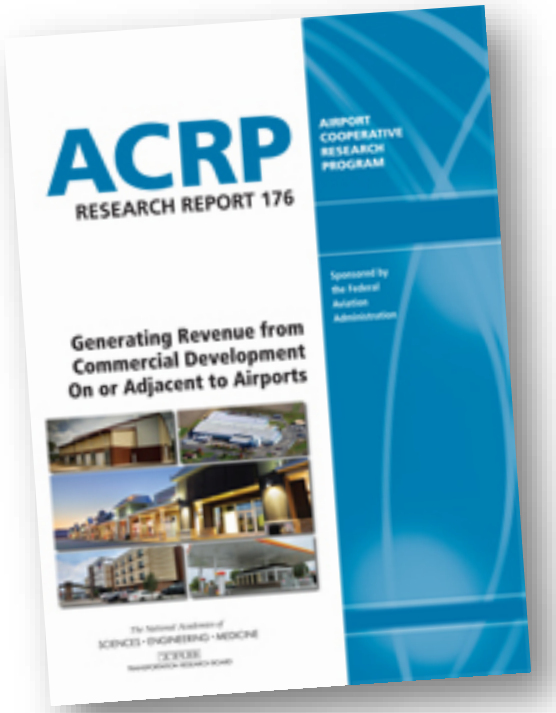
For additional information:



ACRP Report 176

Generating Revenue from Commercial Development On or Adjacent to Airports

- Stephanie Ward, AICP
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http://www.trb.org/Publications/Blurbs/176413.aspx

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Thank you!

Questions?

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Southwest Florida International Airport (RSW)

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Southwest Florida International Airport (RSW)

- **Commercial service (“medium-hub”)**
- **1983 - opened**
- **Over 8.8 million total passengers (2017)**
- **Ranked 44 in the U.S. for passenger traffic (2016)**
- **6,433 acres**
- **2005 - moved from original terminal to new terminal**
  - 3 concourses
  - 28 gates
  - single runway
- **2015 – dedicated exit from Interstate 75 opened**

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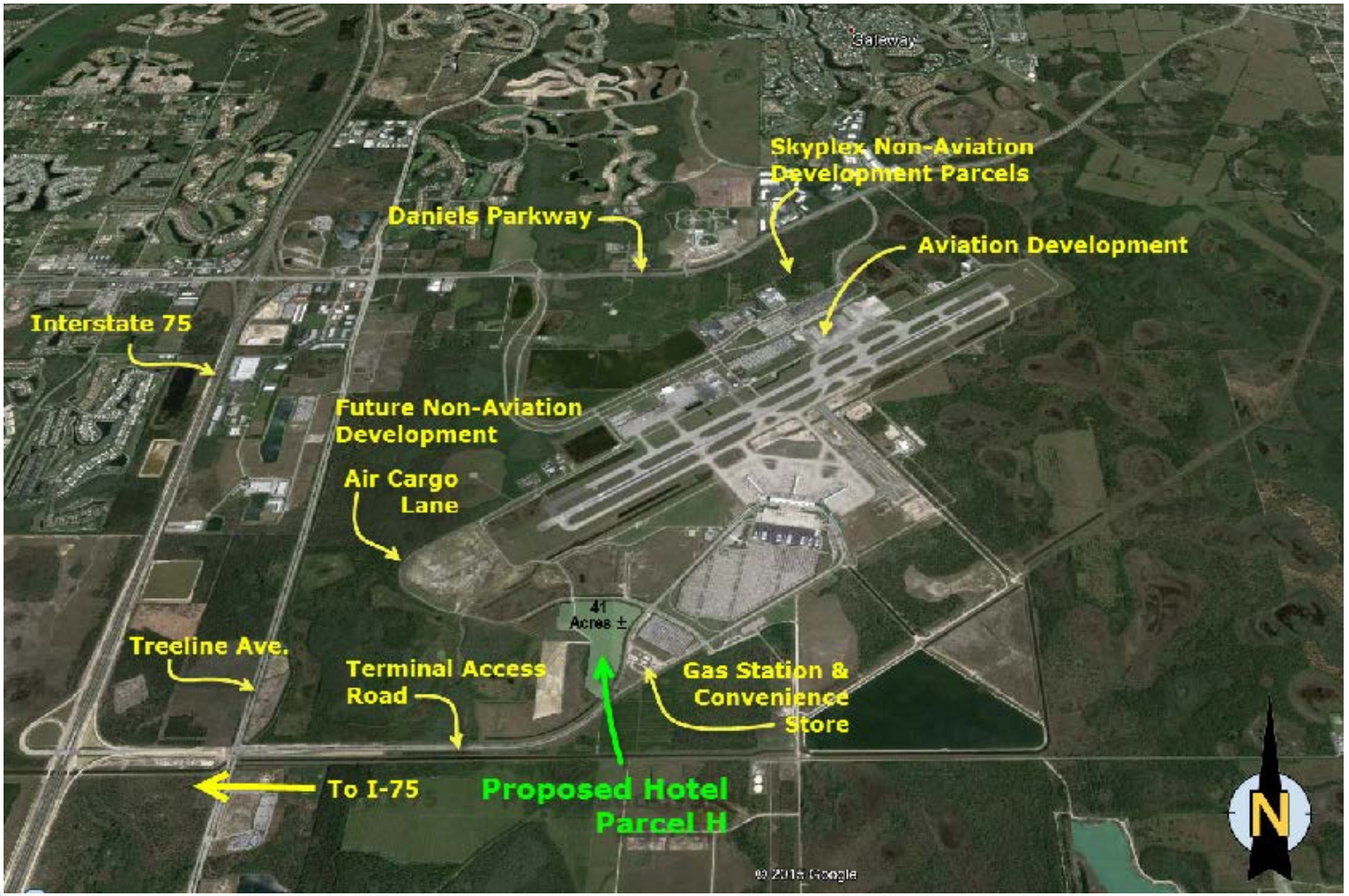
Southwest Florida International Airport (RSW)



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Page Field (FMY)

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Page Field (FMY)

- General aviation airport; an FAA-designated reliever airport for RSW
- Served as SW Florida's commercial service airport until 1983
- 536 acres
- 2 runways
- 95,000 operations in 2017
- 300 based aircraft and 15 aviation-based business
- Airport sponsor (Lee County Port Authority) exercises the "proprietary exclusive right" to sell fuel (operates the FBO itself)
- "Base Operations" -- new state-of-the-art FBO terminal opened in 2011.

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Page Field (FMY)

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Non-aviation Leases at Page Field

- Page Field Commons
- RaceTrac
- Aldi
- Ace Hardware

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Page Field Commons

1997

- LCPA's first major non-aviation ground lease
- 45 acres; separated from airfield by a public roadway in early 1990s
- Fronts US 41
- Current ground rent $435,000/yr
- Dick's, Best Buy, Toys R Us (for now), Panera, PetSmart, Old Navy, etc.
- Helped start to rejuvenate an aging urban corridor

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Page Field Commons

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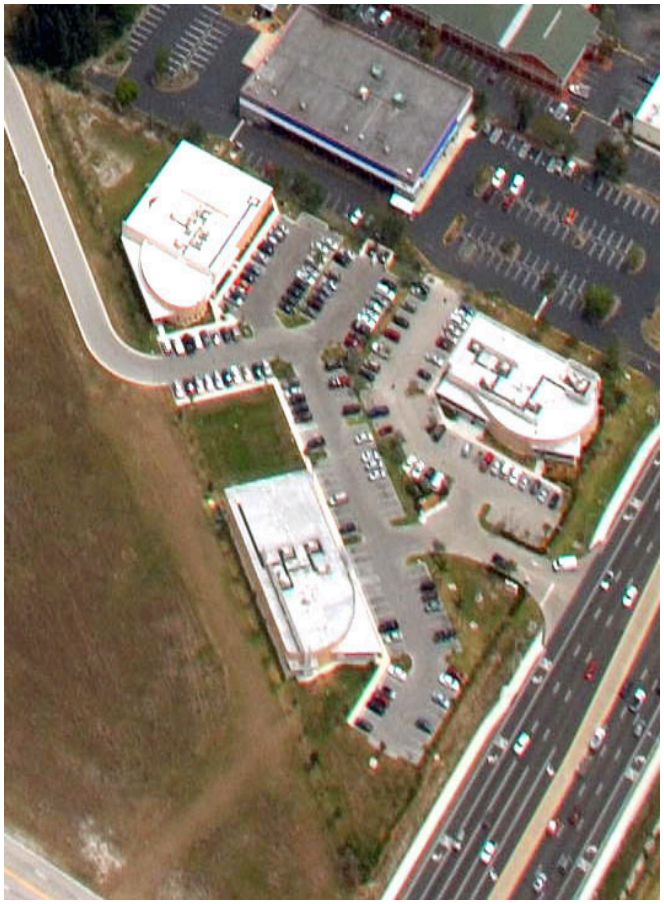
Page Field Medical Village

2002

- Near Page Field Commons, and similarly across a public road from the airfield
- Triangular parcel between US 41, older retail outparcel, and RPZ
- 4.7 acres
- LeeHealth (largest healthcare system in SW Fla) subleases all 3 buildings
- Ground rent now $228,000/yr



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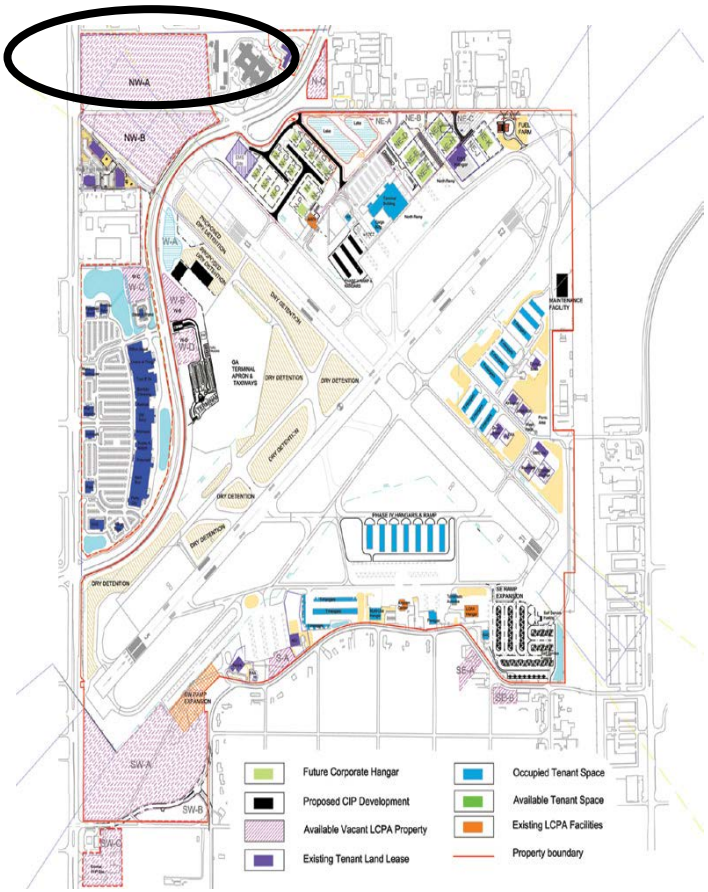
Parcel NW-A (RaceTrac)



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RaceTrac Petroleum

2014

- Another parcel fronting US 41
- Large retail chain, accustomed to leasing property
- 2.23 acres
- Had to keep everything out of the RPZ
- 40 years (including options)
- Ground rent $87,420/year

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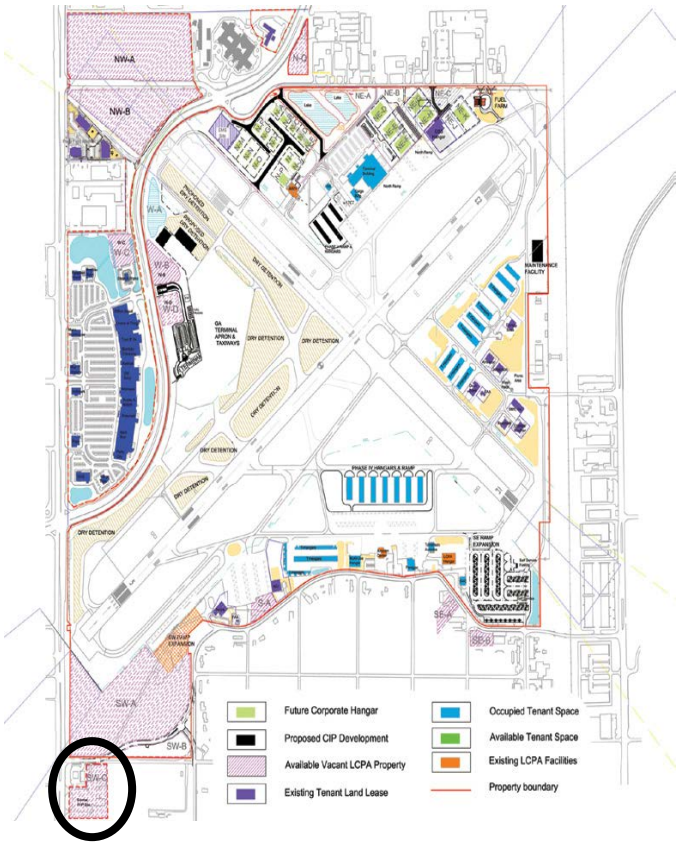
Parcel SW-C (Aldi)



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Aldi

2016

- Former FHP/FDHSMV site
- Corner of US 41 and South Road
- Huge retail chain, accustomed to leasing property
- 3.57 acres
- Tenant concerns about munitions from WWII
- 35 years (including options)
- Ground rent $74,000/year

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Aldi

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RSW -- Airport Plaza

2011

- RFP for parcel on Terminal Access Road
- 2 proposers
- signed in 2011; opened in 2014
- Original tenant owned/operated small set of gas stations in Northeast
- Was low on development experience, financing
- Lease changed hands before construction
- 7-11, Mobil, Wendy's
- 2.74 acres
- 30 years (including options)
- Ground rent approx $197K/year

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Airport Plaza

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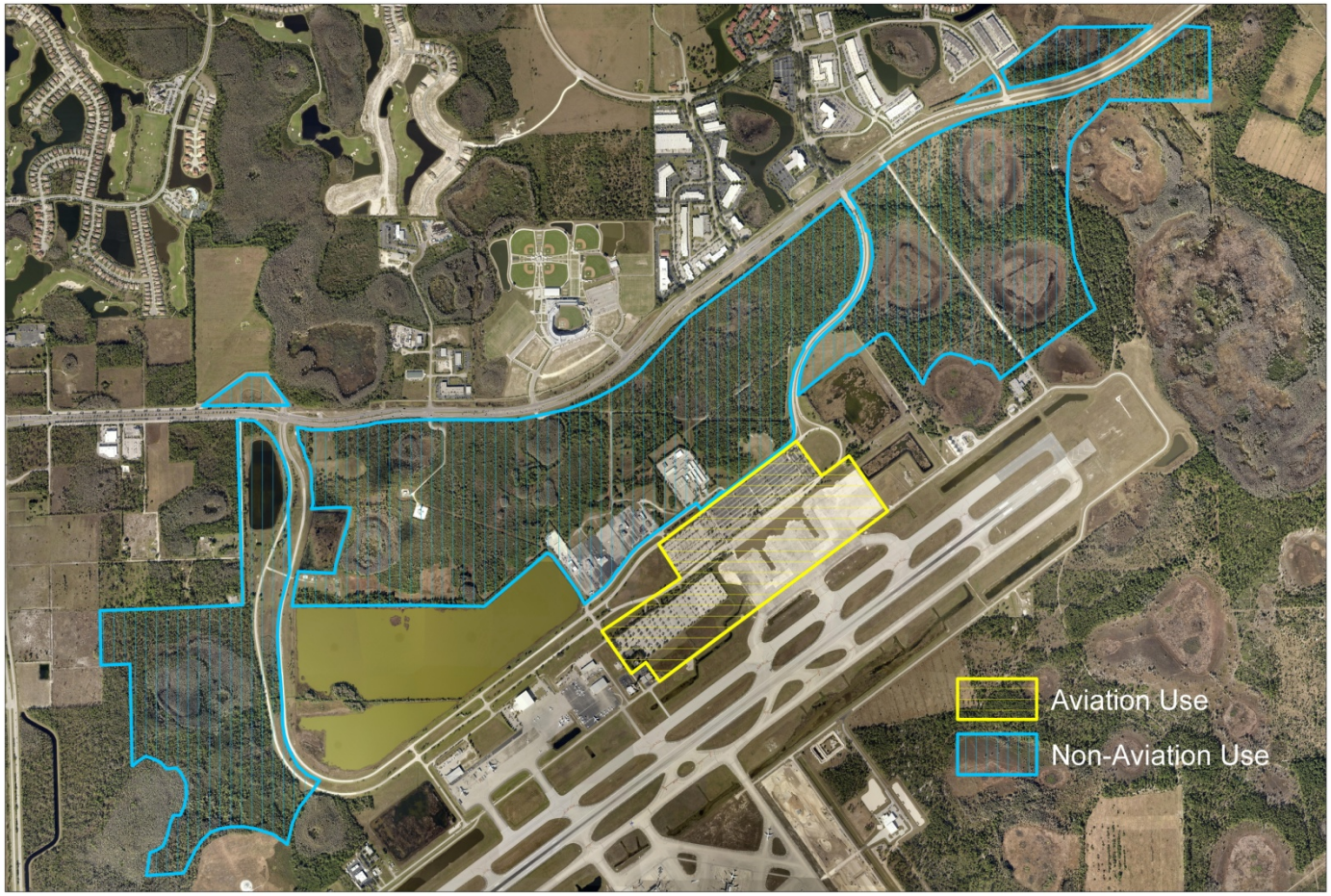
“Skyplex” Land



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“Skyplex” (LCPA’s Vision)

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“Skyplex”

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Skyplex Fast Facts

- Along a highly visible corridor (Daniels Parkway)
- 1,000+ acres of non-aviation land available for commercial development
- More than 300 acres of non-aviation land rezoned for commercial uses
- 75 acres of prime ramp space for aviation-related use
- Major infrastructure in place including utilities, multi-lane access road and employee parking

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Sky Walk Plaza

2015

- Signalized corner on Daniels Parkway
- Developer's 25th Publix-anchored center
- 10.4 acres
- Almost all uplands (rare at RSW)
- Ground breaking 2016
- Grand opening 2017
- 50 years (including options)
- Ground rent $76,000/year

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Sky Walk Plaza

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Gartner

2017

- S&P 500 company (NYSE: IT)
- Came to us through a broker
- Ground lease signed in 2017
- 19.1 acres with option on 13 acres for Phase 2
- 50 years (including options)
- Initial rent will be $156K/year (Phase 1) plus $29K/year (option payments)
- Phase 1 (250,000 sf Class A office) under construction now

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Gartner

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Where Do You Start?

- Planning
  - What do you have? Land? Facilities? Location?
  - Is there market demand? If so, for what uses?
  - Which uses are compatible with the airport's desires/vision?
- Zoning
  - Get zoning that covers uses wanted by the airport AND the developers/market
- Marketing
  - Site Selection magazine
  - Loopnet
  - RFPs
  - "For Lease" signs
  - Airport's own website(s)
  - Broker Policy

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Where Do You Start?

- This is a team effort. You will need input from, and/or close coordination with:
  - Planning and Environmental Compliance
  - Development
  - Marketing & Communications
  - Properties
  - Legal
  - Finance
  - Executive Management
  - Board

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Challenges

- Many developers prefer to own rather than lease
- Many banks don’t give leasehold mortgages
- Government cannot always move fast
- Wetlands
- Public records laws versus trade secrets
- Appraisals
- Every prospective tenant wants everything the last tenant got (and more)
- Every prospective tenant wants the rate the last tenant got (or less)

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FAA Considerations

- ALP
- Term
  - Ideally do not exceed useful life of tenant's improvements
  - Ideally do not exceed period tenant needs to amortize improvements
  - Do not exceed 50 years
- Rent (and rent escalations)
  - Sponsor must receive FMV over term (as a whole) for non-aviation leases
  - For a long-term lease, that generally requires escalations

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Business Terms

- Essential terms
  - Parties
  - Property
  - Term
  - Rent
- Avoid ambiguities
- Anticipate the “what ifs”
  - For both parties, not just your side
  - E.g. tenant doesn’t pay rent; or cannot/will not build
  - Can never anticipate everything

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Be Careful What You Wish For!

- Time and efforts involved can overwhelm staff
- The development you love today may not look so good a few years from now
- Avoid gerrymandered parcels, undersized parking, access, entry/exit and “overstuffed” parcels

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What is being leased here??

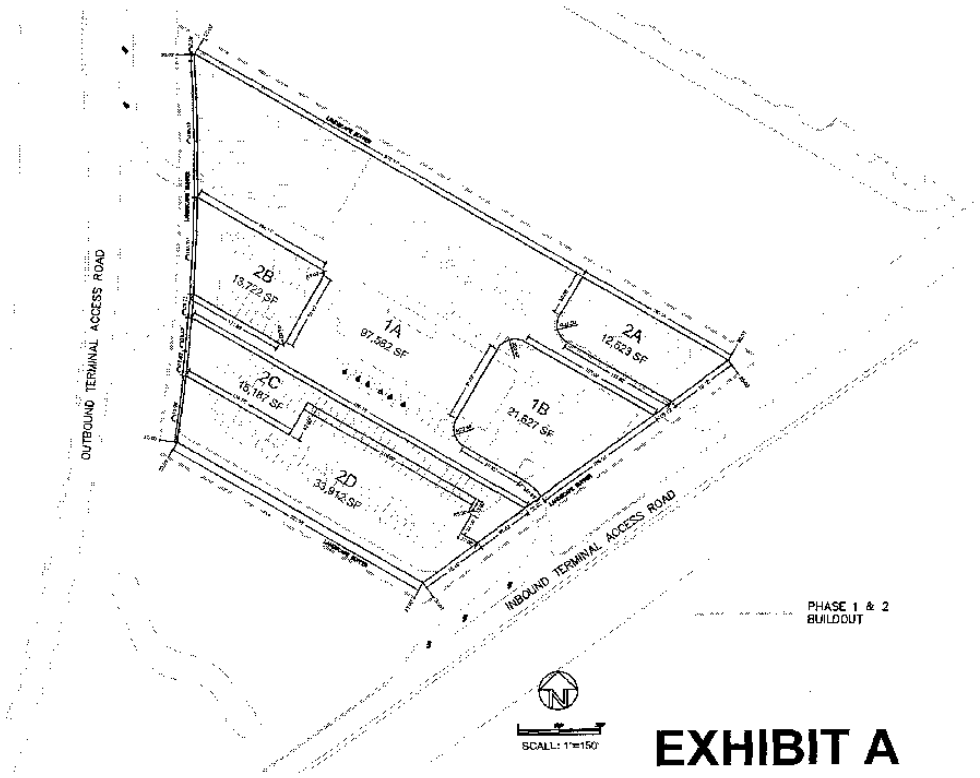

EXHIBIT A

AREA MAP

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Why Develop a Non-Aviation Leasing Program?

- Land not needed for aviation uses over the near to mid-term
- Create a reliable revenue stream independent of aviation activity
  - diversify sponsor's revenue
  - lower airline and other aeronautical rates/charges
- Retain more control over use of the land (versus selling)
  - during lease term
  - after lease term

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Today's Participants

- Rick Busch, *Jviation, Inc.*, Rick.Busch@jviation.com
- Stephanie Ward, *Mead & Hunt, Inc.*, stephanie.ward@meadhunt.com
- Diana Fainberg, *Diana E. Fainberg Associates, LLC,* defainberg@optimum.net
- Edward Moran, *Lee County Port Authority,* ewmoran@flylcpa.com

Panelists Presentations

http://onlinepubs.trb.org/onlinepubs/webinars/180426.pdf

After the webinar, you will receive a follow-up email containing a link to the recording

Get Involved in ACRP

- Submit a research idea to ACRP.
- Volunteer to participate on a project panel.
- Prepare a proposal to conduct research.
- Get involved in TRB's Aviation Group of committees.
- Take part in the Champion or Ambassador Programs.

For more information:
http://www.trb.org/acrp/acrp.aspx