



Routt County
Yampa Valley Regional Airport
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General Aviation Leasing/Rents and Fees Policy

YAMPA VALLEY REGIONAL AIRPORT

Routt County, Colorado

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1. INTRODUCTION

1.1. *Purpose*

This General Aviation Leasing/Rents and Fees Policy (Policy) sets forth the parameters that shall be used by Routt County (County) for leasing land and Improvements for Commercial or Non-Commercial General Aviation purposes at the Yampa Valley Regional Airport (Airport). In addition, this Policy outlines the process that shall be used by the County to establish and adjust General Aviation rents, fees, and/or other charges associated with leasing, occupying, and/or using Airport land and/or Improvements for Commercial or Non-Commercial General Aviation purposes.

Entities shall not occupy Airport land and/or Improvements for any purpose unless the entity has an Agreement or Sublease. In addition, entities shall not conduct Commercial General Aviation Aeronautical Activities (Activities) at the Airport unless the entity has a Commercial Operator Permit (Permit) authorizing such Activities.

The County reserves the right to designate specific Airport land and/or Improvements in which Commercial and/or Non-Commercial General Aviation Aeronautical Activities may or may not be conducted. The right to use the Airport and any Airport land and/or Improvements is non-exclusive with exception of the land and/or Improvements that are leased exclusively to an entity by the County.

1.2. *PMCD General Provisions*

This Policy incorporates by reference the Primary Management Compliance Documents (PMCDs) General Provisions set forth in Appendix A of the Rules and Regulations.

1.3. *PMCD Definitions*

This Policy incorporates by reference the PMCD terms set forth in Appendix B-1 of the Rules and Regulations and identified by use of a capital letter, whenever used in this Policy, shall be construed as defined therein unless (from the context) a different meaning is intended or unless a different meaning is specifically defined. Words or phrases that are not defined shall be construed consistent with common meaning or as generally understood throughout the aviation industry.

1.4. *Applicability*

This Policy shall apply to any new Agreement or any new amendment to any existing Agreement relating to the leasing of land and/or Improvements, including the establishment or adjusting of rents, fees, and other charges for leasing Airport land and/or Improvements and Commercial or Non-Commercial General Aviation Aeronautical Activities.

This Policy shall not affect any Agreement or amendment thereto that is properly executed prior to the date of adoption of this Policy except as provided for in such Agreement, in which case, this Policy shall apply to the extent permitted by such Agreement.



LEASING AIRPORT LAND AND/OR IMPROVEMENTS

2. LEASING AIRPORT LAND AND/OR IMPROVEMENTS

2.1. *Application*

Any entity desirous of leasing Airport land and/or Improvements on a long-term basis (i.e., greater than one year) for General Aviation purposes, shall complete all relevant and applicable sections of the General Aviation Operator and Lessee Application (Application) and submit the Application to the Airport Director (Director).

- If an existing Lessee desires to enter into a new Agreement, the Lessee shall notify in writing the Director twelve (12) months in advance of the expiration date of the Lessee's existing Agreement.

New Agreements shall be subject to all applicable Legal Requirements; the Federal Aviation Administration's (FAA) regulations, obligations, and guidance; the Airport's policies, standards, rules, regulations, and directives including the PMCDs; and the County's and Town of Hayden's zoning, building, fire, and safety codes; and all other Legal Requirements of any Agency having jurisdiction.

A non-refundable application fee shall be submitted with the Application, as stipulated in the County's Airport Rents and Fees Schedule.

2.2. *Approval Process*

Once Applicant has submitted a completed Application to lease Airport land and/or Improvements on a long-term basis, thereafter, Applicant shall submit any additional information, data, and/or documentation that may be required or requested by the County, Airport Department (Department), or Director in order to properly and fully evaluate the Application. Incomplete Applications may be rejected. Applications that do not comply with this Policy and/or the PMCDs shall be rejected. Additionally, Applications may be rejected by the County or Director in accordance with Appendix A-21 of the Rules and Regulations.

Within ninety (90) calendar days of receiving a completed Application, the Director shall convey the key terms and conditions (including rents, fees, and other charges) that have been established by the County for leasing the Airport land and/or Improvements identified by the Applicant or convey the reason(s) for rejecting the Application in writing to the Applicant. Within thirty (30) calendar days of receiving the key terms and conditions from the Director, the Applicant shall indicate if the key terms and conditions established by the County are acceptable to the Applicant.

- If the key terms and conditions established by the County are not acceptable to the Applicant, the Applicant shall present to the Director revised key terms and conditions that are acceptable to the Applicant within thirty (30) calendar days of receiving the information from the Director.
- The Director may negotiate the revised key terms and conditions with the Applicant and/or initiate the competitive proposal process described in Section 2.3.
- If the Director and the Applicant are unable to reach agreement on the revised key terms and conditions within thirty (30) calendar days of the time the information is presented to the County by the Applicant, the County is not obligated to lease Airport land and/or Improvements to the Applicant.



LEASING AIRPORT LAND AND/OR IMPROVEMENTS

If the County and the Applicant reach agreement on key terms and conditions, the Applicant shall: (a) enter into a Memorandum of Understanding (MOU) with the County outlining the key terms and conditions, and (b) pay an earnest money deposit in cash or letter of credit to the County in the amount equivalent to the rents, fees, and other charges (total compensation) for the first month of the Agreement or one thousand dollars (\$1,000), whichever is greater – as evidence of the Applicant’s good faith to enter into an Agreement with the County.

- If an MOU is not executed by the County and the Applicant within thirty (30) calendar days of reaching agreement on key terms and conditions which includes an earnest money deposit, the County is not obligated to lease Airport land and/or Improvements to the Applicant and the earnest money shall be returned to the Applicant, without interest.

Once the MOU is executed by the Applicant and County and earnest money deposit received, an Agreement shall be prepared by the County for review by the Applicant. Once the Applicant executes the Agreement, the Agreement shall be presented to the Director or Board of County Commissioners (Board) for execution consistent with County policy on execution of Agreements.

- If the Applicant does not execute the Agreement within fifteen (15) calendar days of receiving the Agreement, the earnest money deposit shall be forfeited by the Applicant to the County.

When the County indicates intent to execute the Agreement, the Applicant shall pay a security deposit in the form of cash or a letter of credit – in the amount equal to twenty-five percent (25%) of the rents, fees, and other charges (total compensation) for the first year of the Agreement or two thousand five hundred dollars (\$2,500), whichever is greater – to the County.

- If the Applicant does not pay the security deposit to the County, the Agreement shall not be executed by the County and the earnest money shall be forfeited by the Applicant to the County.
- If the County does not execute the Agreement, the earnest money and the security deposit shall be returned to the Applicant, without interest, within thirty (30) calendar days.

2.3. *Competitive Process*

County Initiative – If Airport land and/or Improvements exist or become available, in the Director’s sole discretion, the Department may issue a Request for Interest (RFI), Request for Qualifications (RFQ), and/or a Request for Proposal (RFP) to entities that may be interested in leasing Airport land and/or Improvements.

- Guidelines for the development of the RFI/RFQ/RFP document are provided in Appendix A-1.
- The Department shall advertise the RFI/RFQ/RFP opportunity. RFI, RFQ, and/or RFP Advertising Guidelines are provided in Appendix A-2.

The Department may, in its sole discretion, hold a pre-proposal meeting to: (a) discuss the RFI/RFQ/RFP opportunity, document, and/or related processes, (b) conduct a tour of the Airport and/or the subject land and Improvements, and (c) provide prospective respondents with the opportunity to ask questions.

After the stated deadline, the Director shall review the submittals for compliance with the RFI/RFQ/RFP specifications and criteria and shall rank the submittals.

- Submittals received after the stated deadline shall not be considered and shall be returned unopened.
- The Director may, in the Director’s sole discretion, interview respondents.
- The Director has the right to reject any or all submittals, to advertise for new submittals, and/or to modify any or all RFI/RFQ/RFP processes.
- The County shall be under no obligation to make an award or to make an award to the respondent specifying the highest level of compensation to the County.



LEASING AIRPORT LAND AND/OR IMPROVEMENTS

Upon completion of an RFI process (if utilized), the Director may, in its sole discretion, invite respondents to respond to an RFQ or RFP. Upon completion of an RFQ process (if utilized), the Director may, in its sole discretion, invite the most qualified respondents to respond to an RFP.

- If only one respondent expresses interest or is considered qualified by the County, the County may, in its sole discretion, negotiate an Agreement with the qualified respondent without issuing an RFQ/RFP.

Upon completion of an RFP process (if utilized), the County may select the best respondent in the County's sole discretion. Once selected, the County and the selected respondent shall utilize the MOU and Agreement process outlined in Section 2.2. If the County and the selected respondent are unable to reach agreement on an MOU or Agreement, at the sole discretion of the County, the County may negotiate with the next best respondent and so on.

Initiative of Others – If, during an Application process occurring outside of an RFI/RFQ/RFP process, another qualified entity expresses interest in leasing and demonstrates an immediate need for the subject land or Improvements (as outlined in Section 2.4), the Director may, in its sole discretion, negotiate with the entity(ies) and/or issue an RFQ/RFP in which case, the competitive proposal process described in Section 2.3 shall be followed.

However, once the MOU (as discussed in Section 2.2) is: (a) executed by the Applicant and County, and (b) the earnest money deposit has been provided to the County, the County is under no obligation to negotiate with any entity other than the Applicant or issue an RFQ/RFP.

2.4. *Demonstrating Immediate Need*

Any entity seeking to lease Airport land and/or Improvements must demonstrate the entire land area(s) and/or the entire Improvement(s) seeking to be leased will be Immediately utilized.

2.5. *Public Disclosure*

Applicants and RFI/RFQ/RFP respondents should be aware that the County is subject to the Colorado Open Records Act, which gives the public the right to examine most public records in possession of the County.

If an Applicant or respondent identifies any proprietary and/or confidential information submitted to the County and the County receives a request from the public for release of such information, the County shall comply with State law regarding notification of Applicant.



3. AGREEMENTS

3.1. Introduction

The Agreement will outline the terms and conditions under which the entity is authorized to occupy and/or use Airport land and/or Improvements for General Aviation purposes. This Policy outlines the key terms and conditions which shall be included in the Agreement as well as other terms and conditions which may be included in the Agreement.

This Policy does not represent a complete recitation of the provisions to be included in the Agreement and the provisions contained in any Agreement shall not be deemed or construed to modify this Policy.

3.2. Key Terms and Conditions

Recitals

All recitals shall include, at a minimum, the desires of the County and the Lessee. All recitals shall be incorporated into the Agreement by reference.

Definitions

Consistent with the PMCDs, all defined words are identified in Appendix B-1 of the Rules and Regulations and shall be incorporated into the Agreement by reference.

All words or phrases defined in the PMCDs, whenever used in the Agreement, shall be identified by use of a capital letter and the meaning shall be construed as defined therein unless (from the context) a different meaning is intended or unless a different meaning is specifically defined. Words or phrases that are not defined shall be construed consistent with common meaning or as generally understood throughout the aviation industry.

Leased Premises

The Leased Premises shall be clearly defined and described including the square footage of each land and Improvement component and the address of the Leased Premises. If a Lessee desires to construct additional Improvements on the Leased Premises, a statement shall be made to that effect and the development and construction process shall be outlined. All Leased Premises shall be inspected by the Lessee and Lessee's acceptance of (and responsibilities relating to) the Leased Premises shall be clearly stipulated.

Use

Aeronautical Use (Commercial) – The Agreement shall identify the required Commercial General Aviation products, services, and/or facilities to be provided by the entity. The Agreement may identify optional General Aviation products, services, and/or facilities that may be provided without the approval of the County. The Agreement may also identify additional General Aviation products, services, and/or facilities that may be provided, subject to obtaining the prior written consent of the County.

Aeronautical Use (Non-Commercial) – For Non-Commercial occupancy and/or use 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 conduct Commercial activities at the Airport or from the Leased Premises, unless provided for in a separate Agreement.

Non-Aeronautical Use – Leasing Airport land and/or Improvements for non-aeronautical activities is not generally favored by the County or the FAA. The County may, in its sole discretion, consider non-aeronautical use in the event the non-aeronautical use of Airport land and/or Improvements does not interfere with the primary aeronautical use of Airport land and/or Improvements and is not in violation of any Legal Requirements, including the Assurances.



The leasing of Airport land and/or Improvements for non-aeronautical activities will not be permitted without the prior written consent of the FAA (if necessary) and approval by the Board.

Prohibited Uses – All prohibited uses of the Leased Premises shall be identified including any uses contrary to the Airport Layout Plan, Airport Land Use Plan, and/or Legal Requirements.

Condition – The Agreement shall make no warranty or representation of any kind concerning the condition of the Leased Premises, or the fitness of the Leased Premises for the uses and Activities intended.

Compliance – The Agreement shall require compliance with the PMCDs and all applicable Legal Requirements.

Term

The original term, commencement date, and ending date shall be conveyed in the Agreement. The term of the Agreement shall be commensurate with the amount of Capital Investment made by the Lessee in the Leased Premises, consistent with the Capital Investment formulas as specified in the County's Airport Rents and Fees Schedule.

The required Capital Investment shall be based on the type of Activities and the category of aircraft being serviced or operated (as applicable). If a hangar is constructed, the required Capital Investment shall be based on the highest category of aircraft the hangar is capable of accommodating. 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 Improvements to the Leased Premises shall be completed and occupied and/or used by the Lessee within eighteen (18) calendar months of the commencement date of the Agreement.

The required Capital Investment identified in this Policy shall be adjusted every five years (e.g., January 1, 2024, 2029, 2034, etc.) based on the change in the Consumer Price Index (described in Section 4.3). At the discretion of the County, the required Capital Investment may be adjusted to reflect the change in the cost of construction in the market using a similar mechanism.

When a Capital Investment is made, the term of the Agreement shall not be greater than a forty (40) year base term. When no Capital Investment is made, the term of the Agreement shall be at the discretion of the County, but shall not be greater than twenty percent (20%) of the term of the previous Agreement (if an existing Lessee) or five (5) years, whichever is less. When a Lessee makes additional Capital Investment in the Leased Premises and/or on the Airport during the term of the existing Agreement, the term of the Agreement may be extended by the County based on the level of Capital Investment (plus 5-years) made by the Lessee:

- If the term of the Agreement is extended by the County: (a) the Agreement shall be amended in accordance with this Policy, the PMCDs, and all applicable Legal Requirements in effect at the time and (b) the remaining term of an existing Agreement plus the term of any extension thereto shall not be greater than forty (40) years.

The renewal process, rights, and timeframe for exercising any renewal options shall be outlined in the Agreement. If Improvements are part of the Leased Premises, certain maintenance, repairs, and/or restoration may be required prior to renewal.

For Activities, in the event the use and/or occupancy of the Leased Premises is going to be transitioned from the Lessee to another entity, the cooperation of the Lessee shall be required and a statement (to this effect) shall be included in the Agreement.



Rents, Fees, and Other Charges

Rent – The rent to be paid by the Lessee to the County shall be identified in the Agreement on a square foot basis for each land and Improvement component of the Leased Premises. All Airport rents shall be established and adjusted in accordance with Section 4.

Fees – The applicable fees to be paid by the Lessee to the County shall be identified in the Agreement. All fees shall be established and adjusted in accordance with Section 4.

Payments and Late Charges – The Agreement shall identify the frequency, the due date, and the acceptable manner for making payments of the rents and fees, including the delivery address. Additionally, the time at which a payment is considered late shall be stipulated and the process for applying late charges (and any related interest) shall be outlined.

Improvements

All Improvements shall comply with this Policy, the PMCDs, and all applicable Legal Requirements. Lessee shall procure all building, fire, safety, and other required permits.

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.

Lessee’s Rights and Privileges

The right of use, location, and hours of ingress and egress shall be identified in the Agreement. The Lessee shall be permitted to use the Airport and its appurtenances together with all public areas and facilities in common with all Airport users.

Subject to compliance with the Agreement, the Lessee shall be permitted to peacefully and quietly have, hold, and enjoy the Leased Premises for the term of the Agreement. Lessee shall be permitted to install fixtures on the Leased Premises and use equipment, tools, machinery, or other personal Property in support of the authorized uses of the Leased Premises at the sole risk of the Lessee. The Agreement shall clearly state that all fixtures, equipment, tools, machinery, and personal Property shall be removed from the Leased Premises upon termination of the Agreement.

Lessor’s Rights and Privileges

In addition to the rights and privileges outlined in the PMCDs, the Agreement may convey any additional rights and privileges of the County pertaining to the Leased Premises including, but not limited to, access to the Leased Premises and performance of official acts by the County (or a designated representative of the County).

Lessee’s Obligations

For Commercial Aeronautical Activities, the Lessee shall be responsible for maintaining an on-going business at the Airport and complying with the PMCDs throughout the term of the Agreement. Additionally, any modifications to the business or corporate structure of the Lessee shall be communicated in advance to the County.

Lessee shall be responsible for the conduct, demeanor, and appearance of the Lessee’s representatives, officers, officials, employees, agents, and volunteers at the Airport and on the Leased Premises. Lessee shall be responsible for conducting Lessee’s authorized activities in a manner that does not interfere with or disturb others while also complying with applicable Legal Requirements.



Lessee shall be responsible for promptly paying when due and owing all:

- taxes, assessments, and other fees, without offset or abatement, charged by any Agency relating to the Leased Premises, Improvements, and Lessee's activities;
- utilities (which shall be arranged for by Lessee if separately metered); and
- all costs, expenses, and other charges relating to the Leased Premises, Improvements, and/or Lessee's activities.

Lessee shall be responsible for maintaining, repairing, restoring, and cleaning the Leased Premises including all structural components, all exterior and interior maintenance and repair, landscaping, janitorial, trash removal, snow removal, and sweeping. The Agreement shall outline the process in the event the Lessee fails to diligently, properly, and promptly maintain, repair, restore, or clean the Leased Premises.

If Based Aircraft are located on the Leased Premises, the Lessee shall provide a reporting of Based Aircraft to the County in a manner approved by the Director.

Required FAA Clauses

The Agreement shall include the provisions required by the FAA which shall, at a minimum, include non-exclusive use of the Airport and no unjust discrimination clauses.

Defaults and Remedies

The Agreement shall stipulate that any default or breach of the Agreement by Lessee shall constitute a default or breach of all Agreements between the County and Lessee. The County shall consider any of the following a default or breach under the Agreement:

- failure to comply with Legal Requirements;
- failure to comply with the Airport's PMCDs, policies, standards, rules, regulations, and directives;
- failure to perform any condition, obligation, or privilege contained in the Agreement;
- failure of a Lessee engaged in Activities to obtain prior written consent from the County before conducting additional Activities;
- failure to obtain prior written consent from the County before constructing any Improvements to the Leased Premises and/or at the Airport;
- failure of a Non-Commercial Lessee to refrain from engaging in Commercial activities at the Airport unless provided for in a separate Agreement;
- subleasing (or attempting to Sublease) any portion of the Leased Premises without the prior written consent of the County if not permitted in the Agreement;
- any sale or assignment of the Leased Premises or Agreement made (or attempted to be made) without the prior written consent of the County;
- any change in controlling ownership of Lessee made (or attempted to be made) without the prior written consent of the County;
- any encumbrance of the Leased Premises or Improvements on the Leased Premised made (or attempted to be made) without the prior written consent of the County;
- the failure to properly maintain the Leased Premises or promptly pay all utilities, insurance, and taxes when due and owing;
- the filing of bankruptcy and/or assignment of substantially all Lessee's assets for the benefit of Lessee's creditors;
- the filing of a lien against the Leased Premises;



- the voluntary abandonment of the Leased Premises;
- falsification of any record so as to deprive the County of any rights, privileges, rents, fees, or other charges under the Agreement; or
- failure to remain Current or in Good Standing.

The failure of Lessee to observe or perform any of the terms and conditions of the Agreement or any other agreement with the County in any material respect where such failure shall continue for a specific period of time after written notice from County and process to cure such default.

Termination by Lessee

If Current, in Good Standing, and Leased Premises and Improvements are in good condition, the Lessee may terminate Agreement in the event of permanent abandonment or closure of the Airport; lawful assumption by United States Government or any authorized Agency of the operation, control, use or occupancy of the Airport; default or breach by County, or substantial Condemnation or eminent domain which prevents or substantially impairs the conduct of Lessee's Activities and equates to fifty percent (50%) or more of the total Leased Premises.

Condemnation or Eminent Domain

In the event of acquisition by Condemnation or the exercise of the power of eminent domain (by any Agency permitted to take property for public use) of any land or Improvements associated with Lessee's Leased Premises, Lessee shall not institute any action or proceeding or assert any claim against the County for Compensation or consideration of any nature. All Compensation or consideration awarded or paid to County upon a total or partial acquisition of the Leased Premises (which for these purposes shall not include any Compensation or consideration from the County) shall belong to the County without any participation of the Lessee.

Lessee may recover directly from the condemning Agency the value of any claim, provided that no such claim shall diminish or otherwise adversely affect the County's award.

Total – In the event of an acquisition by Condemnation or eminent domain of all interest in the Leased Premises, Lessee's obligation to pay rent shall cease and all leasehold interest created shall cease.

Substantial and Partial – In the event of an acquisition by Condemnation or eminent domain of a portion of interest in the Leased Premises, Lessee's obligation to pay rent shall cease as it pertains to the specific portion of the Leased Premises acquired. If the Condemnation or eminent domain substantially impairs the conduct of the Lessee's activities and equates to more than fifty percent (50%) of the total Leased Premises, Lessee may terminate the Agreement by notifying the County. If the Agreement is not terminated by the Lessee, the rent shall be adjusted accordingly.

Force Majeure

If at any time during the continuance of the Agreement, the performance in whole or in part by either party of any obligation under the Agreement shall be prevented or delayed by reason of any war, hostility, acts of public enemy, national emergency, civil commotion, sabotage, fires, floods, epidemics, quarantine restrictions, strikes, lockouts or act of God ("events"), neither party shall, by reason of such event, be entitled to terminate the Agreement nor shall either party have any claim for damages against the other in respect of such non-performance provided that notice of the happening of any such event is given by either party to the other within 21 days from the date of occurrence thereof. The Agreement shall be resumed as soon as practicable after such event has come to an end or ceased to exist. However, the Lessee shall not be relieved of paying rents, fees, and/or other charges when due and owing.



Hazardous Materials

The Lessee shall be solely and fully responsibly for compliance with Legal Requirements and shall indemnify, defend, protect, and hold harmless the County arising from or related to the presence or discharge of Hazardous Materials. The County shall have the right to terminate in the event of non-compliance or contamination occurring on the Leased Premises and the County shall not unreasonably withhold assignment or subleasing due to certain activities related to Hazardous Materials.

Reservation of Avigational Easement

County reserves to itself and its successors and assignees, for the use and benefits of the public, a right of avigation over the Leased Premises for the passage of aircraft utilizing the Airport.

Americans with Disabilities Act

County shall require Lessee be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 as amended from time to time, with respect to the Leased Premises and its Activities at the Airport.

Insurance

The Lessee shall be responsible for procuring and maintaining the liability and property insurance required by the Agreement, PMCDs, and Legal Requirements.

Damage, Destruction and Termination

No destruction or damage to the Leased Premises by fire, windstorm, earthquake, or other casualty, whether insured or uninsured, shall entitle Lessee to terminate the Agreement.

Hold Harmless and Indemnification

The Agreement shall require Lessee to defend, indemnify, save, protect, and hold harmless County, individually and collectively, and its representatives, officers, officials, employees, agents, and volunteers from and against (and reimburse County for) any and all actual or alleged claims, demands, damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, expert, and escrow fees), fines, environmental costs, and/or penalties which may be imposed upon, claimed against or incurred or suffered by County.

Non-Liability of Officials and Employees of Lessor

No official or employee of County shall be personally liable for any default or liability under this Agreement.

Subleasing

Subleasing is considered a Commercial Activity. Any entity engaging in subleasing must comply with the PMCDs.

Subleasing Privileges Permitted in the Agreement – If the County permits subleasing in the Agreement, a standard sublease agreement (consistent with the requirements set forth in Appendix A-3) prepared by the Lessee and approved in writing by the County may be used by the Lessee to facilitate subleasing. The standard sublease agreement and any required documentation for each sublease shall be available to the County and Director upon request.

If a standard sublease agreement is not used by the Lessee, the proposed sublease agreement and any required or requested information and/or documentation shall be submitted to the Director for review. If the proposed sublease agreement is acceptable to the Director, the proposed sublease agreement and any additional information and/or



documentation deemed relevant by the Director shall be submitted to the County for review and approval. The County reserves the right to require Lessee to reimburse the County for attorney's fees and expenses incurred by the County relating to the review and approval of the proposed sublease agreement. A Sublessee may not occupy the subject land and/or Improvements at the Airport prior to receiving the written consent of the County.

If an entity desires to sublease land and/or Improvements at the Airport and desires to conduct Commercial Activities at the Airport, the Sublessee shall comply with all applicable sections of the Minimum Standards.

The Lessee shall not be required to pay the County any portion of the revenues generated, or profits earned, relating to approved subleasing activities if permitted in the Agreement.

Subleasing Privileges Not Permitted in the Agreement – If the County does not permit subleasing in the Agreement, the Lessee must obtain the prior written consent of the County prior to subleasing. Subleasing privileges shall be granted in the County's sole discretion.

The proposed sublease agreement, a completed Application, and any other required or requested information and/or documentation shall be submitted to the Director for review. If the proposed sublease agreement, completed Application, and other required or requested information and/or documentation are acceptable to the Director, the proposed sublease agreement, completed Application, and any additional information and/or documentation deemed relevant by the Director shall be submitted to the County for review and approval. A Sublessee may not occupy the subject land and/or Improvements at the Airport prior to receiving written consent of the County.

Sublessee Obligations – Sublessee shall comply with the PMCDs and all applicable Legal Requirements.

Subleasing Restrictions – Unless otherwise stated in prior written consent, Sublessee shall be subject to all applicable terms and conditions of the Lessee's Agreement governing the land and/or Improvements being subleased.

Any Sublease made contrary to the requirements of this section shall be null and void.

Sale, Assignment, or Transfer

A Lessee shall not sell, assign, or transfer the Agreement, in whole or in part, or any interest in the Agreement, or any rights or obligations the Lessee has under the Agreement, without the prior written consent by the County.

- If a Lessee is desirous of such a sale, assignment, or transfer, the Lessee shall submit a written request to the Director for approval. The request shall be accompanied by a completed Application by the entity requesting assignment (Assignee).
- If the Application is acceptable, the Director shall submit the Application and a recommendation to the County for review and approval.
- At the time a sale, assignment, or transfer is approved in writing by the County, the Lessee shall reimburse the County for attorney's fees and expenses incurred by the County relating to the sale, assignment, or transfer in the sole discretion of the County.
- The Assignee shall satisfy all criteria set forth in this Policy, the PMCDs, and all applicable Legal Requirements.

Written consent of the County is not required in connection with: (a) the merger, consolidation, or reorganization of the Lessee with any Affiliate of the Lessee, (b) the sale of all or substantially all of the assets of the Lessee to any Affiliate of the Lessee, or (c) assignment to any Affiliate of the Lessee.

Any sale, assignment, or transfer, with exception of the situations and/or circumstances noted in this section, made without the prior written consent of the County shall be considered null and void.



Change in Controlling Ownership

Any change in the controlling ownership of a Lessee is subject to the prior written consent of the County.

If a Lessee is desirous of changing its controlling ownership, the Lessee shall submit a completed Application to the Director for review. If the Application is acceptable to the Director, the Director shall submit the Application and a recommendation to the County for review and approval.

- At the time the change in controlling ownership is approved in writing by the County, the Lessee shall reimburse the County for attorney’s fees and expenses incurred by the County relating to the change in controlling ownership.

Any change in controlling ownership made without the prior written consent of the County shall be considered null and void.

Encumbrances

A Lessee shall not mortgage, pledge, assign as collateral, encumber or in any manner transfer, convey, or dispose of the Leased Premises or any interest therein without the prior written consent of the County.

If a Lessee is desirous of mortgaging, pledging, assigning as collateral, encumbering or in any manner transferring, conveying, or disposing of the Leased Premises or any interest therein, the Lessee shall submit a written request to the Director for review. If the request is acceptable, the Director shall submit the request and a recommendation to the County for review and approval.

- At the time the request is approved in writing by the County, the Lessee shall reimburse the County for attorney’s fees and expenses incurred by the County relating to the encumbrance request.

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

Relocation

In the event that relocation is deemed necessary (e.g., to correct deviations from 14 CFR Part 77, to ensure consistency with the Airport Layout Plan, etc.), the County shall provide Airport land and/or Improvements that are similar to the Airport land and/or Improvements currently being occupied and/or used by the Lessee. Such Airport land and/or Improvements shall be leased to the Lessee under the same terms and conditions as stipulated in the existing Agreement.

If similar Airport land and/or Improvements are not available, the County may, in its sole discretion, buyout the leasehold interest held by the Lessee at the market value determined by an Appraiser engaged by the County using the approach outlined in Appendix A-4. If the Lessee disagrees with the market value conclusion reached by the Appraiser, the Lessee shall have the right to initiate the dispute resolution process set forth in Appendix A-7.

If the relocation is solely for the benefit of the County, the County shall pay all reasonable (and verifiable) relocation costs and expenses associated with relocating the Lessee. Relocation shall follow all applicable federal, FAA, and Colorado Legal Requirements for relocation proceedings and any appraisal report shall meet the requirements of such.

- If there is any discrepancy between this Policy and such Legal Requirements, the Legal Requirements shall prevail.



3.3. Other (General) Terms and Conditions

In addition to the key terms and conditions (outlined in Section 3.2), the Agreement shall include the following:

No Waiver – the County shall not waive the right to enforce the Agreement, in whole or in part.

Licenses, Certifications, and Permits – the Lessee shall have (and provide copies to the County upon request) all licenses, certifications, and permits required to conduct Lessee’s activities.

Indemnification – the Lessee shall defend, indemnify, save, protect, and hold harmless the Routt County (County) and Board of County Commissioners (Board), individually and collectively, and its representatives, officers, officials, employees, agents, and volunteers from and against (and reimburse the County or Board for) any and all actual or alleged claims, demands, damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, expert, and escrow fees), fines, environmental costs, and/or penalties (collectively referred to as costs) which may imposed upon, claimed against or incurred or suffered by the County or Board as a result of, or arising out of the Lessee's activities, actions, or inactions.

Books and Records – the Lessee shall keep complete books and records of the amounts due and owing to the County for rents, fees, or other charges applicable to the Agreement. The County shall 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.

Holdover Possession – in the event the Lessee should hold over and remain in possession of the Leased Premises after the expiration of term of the Agreement, the rents, fees, and other charges paid during the holding over period shall be equal to a minimum of one hundred fifty percent (150%) of the monthly rents, fees, and other charges that were charged by the County at the time the Agreement expired.

Surrender Leased Premises – requires that upon expiration of the term of the Agreement or earlier termination of the Agreement, Lessee vacate and surrender possession of the Leased Premises to County as outlined in the Improvements section.

Independent Entities – the Agreement shall not be construed to establish a partnership between the County and the Lessee.

Binding Effect – the Agreement shall be binding on and inure to the benefits of the heirs, successors, and assigns of the County and the Lessee.

Subordination – the Agreement is subordinate to any agreement between the County and the United States Government, the State of Colorado, or any other Agency having jurisdiction.

Governing Law and Venue – the Agreement shall be made in accordance with the laws of the State of Colorado and the court having jurisdiction shall be identified in the Agreement.

Paragraph Headings –the paragraph headings in the Agreement shall only be used as a matter of convenience and/or reference.

Severability – if a provision of the Agreement is held to be unlawful, invalid, or unenforceable by final judgment of any Agency or court of competent jurisdiction, the invalidity, voiding, or unenforceability of such provision shall not in any way affect the validity of any other provisions of the Agreement.

Counterparts – if the Agreement is executed in counterparts, each shall be deemed an original and which together shall constitute one and the same Agreement.



Modification – any change or modification to the Agreement shall not be valid unless made in writing, agreed to, and signed by the County and Lessee.

Time of the Essence – the County and Lessee shall agree that time is of the essence in performance of the Agreement.

Entire Agreement – the Agreement shall be construed to embody the entire understanding and agreement between the County and the Lessee.

Notices – the Agreement shall identify the location and contact person (if applicable) for the County and the Lessee as well as the method for providing any notices required in the Agreement.

Representations and Warranties of the Lessee – the Agreement shall outline the representations and warranties of the Lessee.

Exhibits – the Agreement shall include drawings of the Leased Premises (at a minimum) and any additional exhibits which are required to perfect the Agreement.



4. RENTS AND FEES

4.1. Introduction

The County is required, by the Assurances, to maintain a rent and fee structure that makes the Airport as self-sustaining as possible given the circumstances that exist. As such, the County will charge Market Rent for Airport land and/or Improvements and cost-recovery fees.

The County, by entering into Agreements and by other means that may be available to the County shall endeavor to recover the costs being incurred by the County relating to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport (that are not being covered by federal or state Airport Improvement Programs) through the establishment of rents, fees, and other charges.

The County shall be properly compensated for the privileges granted to an Operator, Lessee, or Permittee. It is the policy of the County to seek terms and conditions that, while being reasonable and not unjustly discriminatory, provide the best return to the County.

While each Lessee at 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 the approach utilized to reach agreement and related timing) varies. 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 Market Rent

Market Rent for aeronautical land and/or Improvements (referred to as the “property” or “properties” in this Section) at the Airport shall be determined by: (a) Rent Study, (b) comparative analysis of the rents being charged for similar properties at the Airport, (c) negotiation, or (d) competitive process, as outlined in this Section.

Aeronautical properties, pertinent to this Section include, but are not necessarily limited to, unimproved land (land not having landside and/or airside access and/or utilities to the property), improved land (land having airside and landside access and utilities to the property), Ramp, Vehicle parking areas, Fuel storage facilities, General Aviation terminal buildings, office and shop facilities, hangars, storage areas, and other support buildings or related facilities.

Rent Study

The objective of the Rent Study is to establish Market Rent for aeronautical Airport land and Improvements based on a comparative analysis of the rents being charged for similar properties at comparable airports. The process that shall be used to establish Market Rent for properties at the Airport is set forth herein.

The County shall engage an independent entity (i.e., aviation consultant or Appraiser) with the following background and experience to conduct a Rent Study:

- working knowledge of the aviation industry;
- familiarity with federal and state Legal Requirements and FAA regulations, obligations, and guidance pertaining to setting rents for aeronautical land and Improvements being used for General Aviation purposes; and
- experience providing Rent Studies at similar locations.



Rents and related information shall then be obtained (from airports determined to be comparable) and analyzed to derive the Market Rent for the subject property(ies). Each component of the subject property(ies) should be analyzed independently

- The County and Lessee (if applicable) may suggest airports to the independent entity considered to be comparable, however the independent entity shall not be obligated to use such recommended locations.

To ensure consistency in the determination of Market Rent for the subject property(ies), the independent entity may categorize and group similarly situated properties by use and attributes. In determining the Market Rent for the subject property, the independent entity shall use such categorizations and groupings with consideration given to the functional utility or limitations of the subject property. This shall include, but not necessarily be limited to, any limitations or restrictions on the development, the availability of utilities, and/or the ability of the subject property to support the aircraft that normally frequent the Airport.

The independent entity shall consider Airport properties that are similar to the subject property(ies) and, if appropriate, the aviation consultant or independent entity may also consider properties located at competitive facilities and general real estate market conditions and trends in the local market.

If the rents charged for similar Airport properties, comparable airports, and/or competitive facilities are impacted by the fees being charged or if fees are charged in lieu of rent, the relationship between the rents and fees shall be considered and addressed by the independent entity.

Similar Properties On-Airport

The County may, in its sole discretion, set Market Rent for the subject property if rents for similar Airport properties have been established through an Agreement within one year. In this case, each of the elements under this Section shall be considered by the County in determining the Market Rent.

Negotiation/Competitive Process

Market Rents can also be established by negotiation or through competitive process.

Rate of Return

In the event that the County develops all or part of the Improvements, the County may establish an acceptable rate of return on the investment, in the County's sole discretion, to determine a rental rate.

Airport Sponsor Financing

In the event that the County provides funds for the development 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. The rent for the Improvement can be established based on the loan payments by Lessee to the County.

4.3. Adjustment of Rents

All rents shall be established and shall be effective upon the first day of the calendar year following promulgation of this Policy (January 1, 2023) and all rents shall be adjusted every five (5) years thereafter (e.g., January 1, 2028, 2033, 2038, etc.) based on the findings of a Rent Study (described in Section 4.2). On an annual basis between each Rent Study (e.g., January 1, 2024, 2025, 2026, and 2027), all rents shall be adjusted by a fixed percentage adjustment of 3.0%. All rent adjustments shall be determined prior to the adoption of the budget for the following fiscal year.



4.4. Establishment and Adjustment of Fees

The County shall charge fees to recover the costs being incurred by the County associated with the planning, development, operation (including maintenance and repair), management, and marketing of the Airport (that are not being covered by federal or state Airport Improvement Programs).

- Costs shall include, but not necessarily be limited to: (a) all Airport planning, engineering, design, and development costs (County's portion only), (b) all Airport operating, management, and maintenance and repair costs (County's portion only), and (c) all Airport debt service, capital outlays, reserves, and amortization (County's portion only).
- All General Aviation related revenues (including rents) shall be deducted from all General Aviation related costs and the difference shall be charged to Lessees, Sublessees, Permittees, and users of the Airport on a proportionate basis in the form of fees.

Fees may include, but are not necessarily limited to, fuel flowage fees, aircraft parking fees, Aircraft landing fees, based aircraft fees, general aviation operator permit fees, and/or temporary or special use permit fees. All fees, which could include the following, shall be identified in the County's Airport Rents and Fees Schedule.

Fuel Flowage Fees – Based and Transient Aircraft Owners/Operators shall pay a fuel flowage fee based on the number of gallons dispensed into the Aircraft at the Airport as required in the PMCDs.

Commercial Operators who provide Fueling (and/or Fuel handling) services at the Airport shall be responsible for the collection of the Fuel flowage fee from the sale of Fuel to (and/or handling of Fuel on behalf of) consumers served and for payment to the County.

Non-Commercial Self-Fueling entities shall report Fuel volumes and pay the fuel flowage fee directly to the County.

Aircraft Landing Fees – Transient Aircraft Owners/Operators shall pay an aircraft landing fee.

Based Aircraft Fees – Based Aircraft Owners/Operators shall pay an annual fee.

General Aviation Operator Permit Fees – Commercial Operators shall pay a General Aviation Operator Permit Fee for the annual renewal of the General Aviation Operator Permit.

Fees shall be adjusted each year based on the calendar year budget for the Airport.

- All adjustments shall be effective on the first day of the calendar year.
- 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, at the sole discretion of the County, to service Airport debt, make Airport capital Improvements, increase Airport reserves, or may be carried forward for consideration in establishing Airport fees for the following year.

4.5. Payment of Rents, Fees, or Other Charges

No entity shall be permitted to lease or occupy Airport land and/or Improvements unless the entity is Current and in Good Standing. The County may, in its sole discretion, 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 Legal Requirements. All rents, fees, or other charges assessed by the County not paid within five (5) business days of being due and owing to the County shall be assessed a late fee in accordance with the General Aviation Rents and Fees Schedule.

APPENDIX A

A-1. RFI, RFQ, and/or RFP Document Guidelines

The content that may be included in each type of document is identified in the table that follows:

Item	RFI	RFQ	RFP
Objectives with respect to the opportunity	•	•	•
Responsibility for compliance with Legal Requirements		•	•
Overview of the community, the Airport, and the marketplace	•	•	•
Location (and approximate size) of the subject property	•	•	•
Complete and thorough description of the subject property		•	•
Anticipated use of the subject property	•	•	•
If Commercial, outline the desires with regard to the: (a) entity’s qualifications and experience and (b) the range, level, and quality of General Aviation products, services, and facilities (and/or Improvements) to be developed		•	•
Anticipated lease term (duration)			•
Minimum rent for the subject property			•
If Commercial, identify the minimum fees and/or other charges for engaging in Activities at the Airport			•
Schedule that identifies key dates for the process	•	•	•
If necessary, the location, date, time, and pre-proposal conference attendance requirement	•	•	•
Specific instructions regarding the content and format of the submission	•	•	•
Require a proposal bond that shall remain in effect for 180 calendar days in the amount equal to the total rents, fees, and other charges proposed to be paid in the first month of the Agreement or \$1,000 (whichever is greater)			•
Place, date, time, and any additional instructions for submission	•	•	•
Grounds for denial or disqualification and withdrawal			•
Evaluation and/or selection criteria to be utilized		•	•
Required forms, statements, and affidavits to be completed for submission			•
Draft of proposed Agreement and/or Permit and applicable PMCDs			•

A-2. RFI, RFQ, and/or RFP Advertising Guidelines

The RFI/RFQ/RFP advertisement should:

- provide a description of the RFI/RFQ/RFP opportunity including identification of the Airport land and/or Improvements that are and/or may be available for lease (subject property) and the General Aviation products, services, and/or facilities that are and/or may be desired by the County;
- provide instructions to proposers for obtaining the RFI/RFQ/RFP document; and
- identify the date, time, and method for submittals.

A-3. Standard Sublease Form Requirements

The standard sublease form shall include, at a minimum, the following:

- Legal name, address, and contact information of the subleasing entity.
- Land and/or Improvement identification, location, and description.
- Term of sublease.
- Rights, obligations, permitted uses, and limitations of Operator and the subleasing entity.
- Defaults, remedies, and termination of Operator and the subleasing entity.
- Compliance with the PMCDs and all applicable Legal Requirements.
- If subleasing for the purpose of aircraft storage (hangar or tiedown):
 - Aircraft registration number, make, model, and maximum gross landing weight.
 - Requirement to provide a Certificate of Insurance identifying industry standard liability coverage for the non-commercial aircraft in compliance with the PMCDs.

A-4. Establishment of Market Value

The County shall engage an Appraiser who meets the qualifications set forth in Appendix A-5 to conduct an appraisal in compliance with the requirements set forth in Appendix A-6 to determine market value.

The Appraiser shall use current appraisal methods that are appropriate for appraising airport land and/or Improvements used for General Aviation purposes.

- To determine market value, the Appraiser shall consider all three recognized appraisal methods: cost approach, market data or sales comparison approach, and income approach.
- Although application of all three approaches shall not be required, the Appraiser must adequately explain the omission of any method.
- At a minimum, the Appraiser shall utilize the income approach (and the direct capitalization technique) to derive the market value of the subject property. Integral to this process, the Appraiser shall conduct an analysis of rents, fees, or other charges for similar properties at comparable airports.
- The Appraiser shall consider each of the factors delineated in Section 4.2 including, but not limited to, identification of comparable airports, identification of similar properties at comparable airports, property groupings (if applicable), similar on-Airport properties, market conditions and trends, component rents, and impacts of fees on rents.
- If using the cost approach to derive the replacement cost of the subject Improvements, the depreciation deduction shall be based on the economic life and the effective age of the subject Improvements. Widely recognized and highly regarded national publications (such as Marshall Valuation Service) shall be used as the basis for determining the economic life of the subject Improvements.

The Appraiser shall use an appropriate and justifiable rate of return for airport properties.

- The capitalization rates utilized by the Appraiser shall be obtained through relevant, reasonable, and appropriate methods and must be adequately discussed in the appraisal report.

The subject property shall be appraised assuming that highest and best use is aviation related.

The appraiser shall also assume that the subject property will be located on the Airport and that access to the Infrastructure and amenities of the Airport shall be available.

Additionally, the appraisal shall meet the Uniform Standards of Professional Appraisal Practice (USPAP).

A-5. Appraiser Qualifications

Appraisals for aeronautical land and/or Improvements 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.

Appraiser must be certified by the Colorado Division of Real Estate's Board of Real Estate Appraisers (Board) as a Certified General Appraiser.

- An out-of-state Appraiser may perform an appraisal provided that the Appraiser (prior to conducting the appraisal) satisfies the Board's requirements by way of reciprocity or otherwise.

Appraiser shall have working knowledge of the aviation industry and airports including commercial entities (i.e., aviation businesses – FBOs and SASOs), Non-Commercial entities (i.e., aircraft owners and operators), and related activities.



Appraiser shall be familiar with federal and state Legal Requirements and FAA regulations, obligations, and guidance pertaining to valuing airport Improvements being used for General Aviation purposes.

Appraiser shall have experience providing the same services at comparable airports.

- Appraiser shall have performed a minimum of five (5) appraisals involving airport land and/or Improvements within the past five (5) years.
 - Prior to initiating work, Appraiser shall provide a list to the County identifying the location, the type of appraisal conducted, and the extent of analysis performed.
 - Appraisals of non-aeronautical properties performed in connection with the acquisition of such properties by an airport owner/operator shall not be applied towards these requirements.

Appraisers who only conduct appraisals of off-airport (e.g., non-aeronautical) property (for acquisition or other purposes) shall not qualify.

A-6. Appraisal Requirements

In addition to complying with all applicable appraisal standards, in preparing the appraisal for the County, the Appraiser must comply with the following:

Reporting Requirements – General – The depth of the discussion and analysis regarding the potential value impact of the following topics must be consistent with:

- the potential value impact itself; and
- the reporting option utilized (Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Appraisal Report).

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:

- 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).
- 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).
- All estimates of value must be expressed as of the current date of the appraisal; future dates of value are not acceptable unless otherwise directed by the County.

Market Value – All appraisal reports must include the Definition of Market Value contained in the most current Dictionary of Real Estate Appraisal.

Regional, County, and Market Area (Neighborhood) Data – The analysis of regional, county, city or town, and market area (neighborhood) data must be consistent with the complexity of the appraisal assignment and the specific relevance of regional, county, and market area factors to the subject property. The extent of the reporting of regional, county, and market area data must be consistent with the reporting option utilized.

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 subject property. This section should conclude with a statement regarding the subject property’s competitive position within the market. The extent of the reporting of data must be consistent with the reporting option utilized.



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.

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.

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.

Zoning Descriptions – The zoning description must address the subject property’s conformity or nonconformity with current zoning and must include an analysis of land use issues that affect (positively or negatively) the subject property’s legally permissible uses. Examples include pending zoning 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 *Safe, Efficient Use, and Preservation of the Navigable Airspace* restrictions (e.g., height limitations, setbacks, clear zones, etc.).

Taxes and Assessment Data – Taxes and assessment data must also include the amount of any outstanding special assessments.

Description of Improvements – Describe the exterior and interior physical characteristics of the structural Improvements (type, size, design or layout, structural components, construction materials, equipment, 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 property, size should be expressed in a gross, rentable, and usable area basis. Comment is required regarding the functional utility and any significant lack of utility relative to market standards requires expanded analysis. The description of site Improvements (e.g., 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.

Remaining Economic Life – If using the cost approach in the valuation analysis, the description of the existing Improvements must include a statement as to remaining economic life of the subject Improvements.

- Widely recognized and highly regarded national publications (e.g., Marshall Valuation Service) shall be used as the basis for determining the economic life of the subject Improvements.

Current Occupancy – Current occupancy must be reported together with current lease terms and conditions (as applicable).

Operating History – Income Properties – When applicable, a three (3) year operating history must be reported and analyzed and prior rental income, expenses, and occupancy rates must be presented in reasonable detail.

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.



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.

Comparable Data Documentation – Comparable sales and rental data are to be detailed and documented as follows:

- 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.
- 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 Appraiser’s files.

Rental data (for Airport land and/or Improvements) is to be derived from an analysis of comparable airports having similar properties.

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.

All adjustments contained in an adjustment grid must be adequately explained in the appraisal report.

When an adjustment grid is not utilized, the appraisal report must contain sufficient narrative to enable the reader to understand the comparative analysis.

Overall capitalization rates and discount rates must be supported by data and analysis.

- 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.

Exhibits/Photographs – Required photographs and exhibits, as applicable, shall include:

- Photographs of the subject property
- Location map(s)
- Airport Layout Plan
- Site Plan/Plot Plan
- Complete Legal Description (if not included in the body of the report).

A-7. Dispute Resolution

If a Lessee disagrees with the conclusion (Market Rent or market value) reached, the Lessee may, at Lessee's risk, cost, and expense, engage a second independent entity (aviation consultant or Appraiser) to conduct an independent Rent Study as set forth in Section 4.2 or appraisal as set forth in Appendix A-6. If the conclusions reflect a variance of ten percent (10%) or less, the results shall be averaged to determine the conclusion.

If the variance exceeds ten percent (10%) and an agreement cannot be reached between the County and the Lessee regarding the conclusion, the first and second independent entities shall mutually select a third independent entity who shall meet the qualifications set forth in Appendix A-5.

- The third independent entity shall make a determination regarding the conclusion based on a review of the first and second Rent Studies (or appraisals).
- If the first and second independent entities are unable to agree upon the third independent entity, the County shall appoint a third independent entity who shall meet the qualification stipulated in Appendix A-5 to make a determination regarding the Market Rent (or the market value).

The third independent entity may request a hearing at which the first and second independent entities shall provide additional information, documentation, and/or clarification regarding the conclusions as the third independent entity may require. The independent entity shall have the right to gather, analyze, and consider additional information, data, and documentation as the third independent entity deems relevant, reasonable, and appropriate.

The third independent entity shall make a final determination based on a review of the two (2) conclusions and any additional information, documentation, and/or clarification provided by the first and second independent entities and/or gathered or analyzed by the third independent entity. The decision of the third independent entity regarding the conclusion shall be accepted by the County and Lessee and shall be legally binding.

All costs and expenses associated with the work of the third independent entity shall be paid equally by the County and the Lessee.

- 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 independent entity first engaged by the County. Once the disagreement is resolved, any difference between the rent paid and the final determined rent shall be paid to the County or credited to the Lessee's account (as appropriate).