

Josephine County Airports Rates And Charges Policy

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Section 1 Statement and Purpose of Policy

Josephine County owns and operates general aviation airports. As set forth by the Federal Aviation Administration (FAA) by way of its Airport Sponsor Assurances, any airport developed with Federal grant assistance is required to operate for the use and benefit of the public and is to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. As the airport sponsor, the County receives Federal airport development funding. This Rates and Charges Policy will assist the County in maintaining compliance with the Airport Sponsor Assurances, so as not to jeopardize our ability to obtain future Federal airport development funding. This policy has further been developed to assist the County to compete fairly with other airports and to maintain fiscal responsibility and oversight of the assets entrusted to the County by the residents of Josephine County.

The purpose of this document is to set forth a standardized system for the establishment of rates and charges which will be imposed on all users of the County-Owned Airports and to comply with the Federal Aviation Administration (FAA) Final Policy regarding Rates and Charges published in the Federal Register, Volume 61, Number 121 on June 21, 1996.

It is the intent of this policy to benefit the public by the establishment of a standardized system of rates and charges, which is based on the following County obligations:

- A. Ensure compliance with applicable legal requirements regarding Airport rates and charges through local communications, and resolution with the County-owned Airport users.
- B. Ensure the rates, charges, and fees imposed on the users of the County-owned Airports are fair and reasonable.
- C. Make each County-owned Airport available for public use on fair and reasonable terms without unjust discrimination. Ensure that any airport tenant is subject to the same rates, fees and charges as are uniformly applicable to other tenants offering similar services or utilizing the similar facilities at an Airport.
- D. Maintain a rate, charge, and fee schedule that guide the Airport toward the goal of financial self-sufficiency.
- E. Utilize revenue generated from County-owned Airport activities and services, only for aeronautical purposes (no revenue diversion).

Section 2 Statutory Authority

The Oregon Revised Statutes (ORS) Chapters 836.055 and 836.060 give the County statutory authority to charge such airport user fees. No Person may occupy or access (from contiguous property) any County-owned Airport property without a County approved lease, agreement, or permit.

Section 3 Revenue Diversion

All revenue generated from County-owned Airport activities and services shall be expended only for County-owned Airport Administration, operations, maintenance, and capital improvements, the County shall keep a current and accurate account of all revenues and expenses, including any revenue surplus, for each County-owned Airport.

Section 4 Definitions

Access Agreement: An agreement granted by the County to a Person for the right to access the County-owned Airport property for a fee. (Also known as an *Ingress/Egress Agreement* or *Through-the-Fence Agreement*).

Airport: The land and facilities known as Grants Pass or Illinois Valley Airport as recorded in the Josephine County Surveyor's Office.

Aeronautical Use: Any activity that involves, makes possible, or is required for the safety or operation of an aircraft.

Appraisal: A valuation process conducted by the County to estimate the current fair market value or fair market rent of Airport property or facilities for rate-setting or adjustment purposes. (Also known as *Market Rent Analysis*).

Base Term: The specified initial term of a lease, excluding any specified renewal options.

Commercial Activity: Those services provided to the public by a person, business, concession, operator, or agency for compensation (cash or barter) or hire. An activity is considered a commercial activity even if the business is nonprofit, charitable, or tax-exempt. This commercial activity also applies to sublessees.

Consumer Price Index or CPI: A measure or indicator of inflation established and published by the United States Bureau of Labor Statistics for cost-of-living and economic purposes. CPI used by the County to determine periodic adjustments for Airport user rates and charges.

County: Josephine County, Oregon

Developmental rate: A discretionary rate or fee used exclusively to encourage new development and construction on the Airport, and is limited to the first five years of the lease, and to the original developing lessee for new leases only. Upon sale or transfer to a new owner the rate will be calculated to the prevailing rate.

Existing Leases: Those lease agreements currently in place at the Airport at the time this policy is adopted, in which specific leasehold areas and improvements are defined, and a termination date is specified.

Fair Market Rent: The most probable rental rate that a property should bring in a competitive and open airport rental market.

Fixed Based Operator (FBO): is defined as any person, firm or corporation performing a commercial activity, functions or services as set out in the airports Minimum Standards.

Fuel Flowage Fee: A fee payable by each entity dispensing fuel for each gallon of aviation fuel used, sold, or transferred on Airport property.

Government Aircraft: Any aircraft owned or operated by the United States Government or any of its agencies. Certain rates and charges are waived for government aircraft in exchange for the airport sponsor accepting Federal airport improvement funds.

Leasehold: A defined parcel of land, and/or any improvements thereon, which is leased to Person for their exclusive aeronautical use. (Also known as *Leased Premises*)

Leasing Policy: An Airport policy document that contains standardized lease application and renewal procedures, lease terms and conditions, sublease rights, insurance requirements, capital investment considerations, and other lease-related information.

Lease Renewals: Those extension or renewal options granted by an existing lease contract, which may be exercised by the Lessee upon scheduled expiration of the base term of the lease.

New Leases: Agreements with parties who are not leasing land or improvements at the Airport, or new agreements with existing Lessees for *additional* land and/or improvements at the Airport, which are not leased by the Lessee upon adoption of this policy document.

ORS: The Oregon Revised Statutes, Title 62 is a set of State of Oregon laws that govern Aeronautics administration, airports, aircraft operation, and airport districts.

Point of Ingress/Egress: The area where the County-owned Airport property adjoins a Person's property to facilitate aircraft access to/from the aircraft operations area.

Prevailing rate: The predominant building square foot rate for non-County development on the airport, and will be the rate that is used at the time of lease base term or developmental rate expirations. This prevailing rate will have annual CPI adjustments, and periodic Airport market rent analysis to assure fair market rent. Refer to Section 8.

Revenue Diversion: The use or appropriation of revenue generated from County-owned Airport activities and services for any purpose other than Airport administration, operations, maintenance, and capital improvements.

Self-Fueling: Individuals with approved fuel storage for use in owned aircraft only or individuals dispensing fuel into aircraft they own from portable containers.

Tenant: Any person, partnership, corporation or other entity that leases property or facilities from the County on a County-owned Airport.

Tiedown: The Airport property, either pavement or turf, that is designated for parking based or transient aircraft.

Transient Aircraft: An aircraft that is visiting and not permanently (less than 30 days) based at an Airport.

Section 5 Establishment and Types of Rates and Charges

The obligation to make the County-owned Airports available to the public does not preclude Airport from recovering the costs of operating, maintaining, and developing the Airports through fair and reasonable rates, charges, and fees. The County has the authority to utilize various methods to assess County-owned Airport user rates, charges, and fees for the public use or tenancy of the Airport property and facilities. The County also has the authority to grant Airport use privileges by contract, agreement, permit, or the direct assessment of fees. A Person may be granted a lease agreement, under which it pays the Airport either: (a) an agreed rent for a defined land parcel, a hangar or other facility it occupies, or (b) a variable payment (related to fuel flowage, volume of business, aircraft operations, etc.) for the use of the Airport property by its own aircraft or those of its customers, or (c) a combination of these fees. The Airport shall use the following methodologies for assessing Airport user rates, fees and charges

Each tenant of the County-owned Airport shall be subject to one or more of the following types of rates, charges, and fees for the use of the premises and the rights granted by the County:

A. Unimproved Land (Ground), Facility (Building and Hangar), Improved Land (Ramp) Rent

Tenants leasing unimproved or improved land for private and commercial building sites or buildings and hangars for private or commercial use or other activities shall be assessed an annual rate per square foot rate of fee. The commercial building footprint, square foot rate will be approximately 15 percent above that of the private hangar rate, and will help insure a level playing field among commercial operators and those utilizing airport facilities to generate revenue. Tenants shall also pay any applicable property taxes assessed for the improvements on that land with the exception of County owned structures. The rent shall be payable in full to the County at the lease commencement, which will be prorated for the balance of the first year, and annually by January 2nd each year thereafter for the life of the lease agreement, or in equal monthly installments in accordance with a payment schedule detailed in tenant lease. All payments are required in advance. - All lease rates and charges applicable to an Airport property shall be calculated by the established prevailing rate at the Airport. In leases where all or part of the capital improvements are owned by the County, the Airport reserves the right to amortize all or part of the capital improvements, plus a reasonable rate of return, during the term of the lease granted to the Lessee.

B. Developmental rate

Established in 1989, a discretionary rate or fee used exclusively to encourage new development and construction on the Airport, and is limited to the first five years of the base term only, and to the original developing lessee for new leases. Upon sale or transfer to a new owner the rate will be calculated to the prevailing rate. The County Airports Dept. will make periodic review of this rate, to prevent large disparities at the time of rate expiration.

C. Fuel Flowage Fees

A fuel flowage fee will be assessed to each FBO per gallon for all types of aviation fuel received from a commercial distributor. Each FBO shall submit monthly fuel flowage reports to The County Airport office for each type of aviation fuel delivered during the previous month accompanied with fuel delivery receipts from the oil supplier(s) for that same period, the Airport has the right to verify shipments with the vendor. Based upon the monthly fuel flowage delivery report, each FBO shall pay the County the current fuel flowage fee payment in full by the last day of the reporting period. The type of fueling operation the FBO is conducting shall determine the fuel flowage fee.

D. Access (Ingress/Egress) Fees

Each non-commercial, commercial, and operator granted the right and privilege to access or ingress/egress the Airport property shall be assessed an Airport access fee for such right and privilege. Aircraft and type of operation that is accessing the Airport determine all fees applicable to access agreements. This fee is in place to ensure equity among all users, with those utilizing the Airport more paying incrementally increased fees.

E. Tiedown Fees

The County offers tiedown facilities to based (30 days or more) and transient aircraft (up to 30 days) at the Airport. Based aircraft operators can rent an available tiedown at the County Airport Administration Office. Tiedown rent shall be payable monthly in advance, in full. Transient Tiedown rent shall be payable at the FBO Office for daily tiedowns only. All Transient Tiedowns (less than 30 days) will be administered by the designated FBO that is operating the Pilot lounge/Fuel concession with the exception of Transient Commercial Operations, which will be administered by the County Airport Administration Office.

F. Commercial Operator Tiedown Fees

Each commercial operator conducting any type of aeronautical or agricultural-related services from a County-owned Airport shall be required to rent or lease property or tiedown space(s) from the County for the storage of materials, aircraft and equipment applicable to such operation. The type of commercial activity the operator is conducting shall determine the daily rental and commercial operation rate.

G. Special Use Agreements

Special and unusual airport property leasing agreements require the County to retain sufficient flexibility in rate and fee negotiation to address such circumstances. The Airport Management reserves the right to negotiate a special use agreement rent or fee to benefit the public, community or County for specific period of time, based on the elements of the special use. Examples of special use agreements on County-owned Airports include, but are not limited to: fire protection facilities, sports complexes, farming rights, weather equipment site leases, and concession storage areas. The rent shall be payable in full to the County in equal monthly installments in accordance with a payment schedule detailed in tenant lease. All payments are required in advance. All rental rates and charges applicable to special use agreements shall be determined through an analysis of similar activities, rates, and charges at comparable airports in addition to consideration of overall benefit to public, community, and the County aviation system.

H. Authorized Operator or Mobile Service Provider Fees

Authorized Operator or Mobile Service Providers are persons or entities that provide commercial aeronautical services on the airport, but do not operate out of owned or leased property on the airport. Examples include but are not limited to mobile mechanics, flight instructors, aircraft detailers, and mobile oil recyclers. Each operator or provider is required to obtain an Airport Operating Permit from the Airport Manager. Airport Operating Permits must be renewed annually and require payment of a fee.

I. Negotiated Fees

The County has established an equitable rates and charges schedule for aeronautical activities conducted at the County-owned Airports. However, unusual circumstances may arise even with the most conventional Airport use agreements and the County must retain sufficient flexibility in rate and fee negotiation to address such circumstances. Since the primary mission of the Airports Department is to develop and promote aviation in the County, the Manager reserves the right to negotiate a specific rate or fee to accomplish such mission. It is important to maintain a fair and equitable rate structure, departures from established rate setting methodology will not to be used routinely and should only be considered for the most unique circumstances.

J. Waived Fees

The Manager may waive certain fees for government aircraft to comply with Federal Airport improvement grant assurances. The Manager may also waive certain fees in accordance with, and within FAA Guidelines, for an organization or person engaged in a non-profit aeronautical program or activity that benefits the community. Examples of persons or organizations potentially eligible to receive such non-profit fee waiver are those conducting aviation safety programs, fly-ins, or air shows.

Section 6 Adjustments of Fuel Flowage, Access, Tiedown, Mobile Service, and Special Use Fees

All fuel flowage, access, tiedown, mobile service, and special use fees imposed through new and renewal agreements, shall be subject to periodic adjustment during the base term of the agreement and during all extension periods.

- A. The County Airports reserves the right to review and adjust such fees every year. The County will give 30 days advance notice for rate adjustments.
- B. The County Airports will review the rate and fee schedule of the County-owned Airports, comparable Airports and Consumer Price Index to determine what fee adjustments should be made to promote Airport financial self-sufficiency.

Section 7 Adjustments of Unimproved Land, Improved Land, and Facility Rents

All unimproved land (ground), improved land (ramp), and facility (building or hangar) rents, to include new leases and lease renewals, shall be subject to periodic adjustment during the base term of the lease and during all option periods.

- A. The County Airports reserves the right to review and adjust such fees every year or as called for in the lease. The County will give 30 days advance notice for rate adjustments.
- B. The County Airports has the option to conduct a new appraisal or market rent analysis to determine the current fair market value and/or market rent for any County-owned Airport. The review of the rate and fee schedule of the County-owned Airports will also include comparable Airports and Consumer Price Index to determine what fee adjustments should be made to promote Airport financial self-sufficiency.
- C. In leases where the developmental rate has been applied to the lease base term period, or leases that are not at prevailing market rate upon scheduled expiration of the developmental rate and/or base term of the lease, those leases will be adjusted to the prevailing private or commercial rate at the time of lease renewals. New leases written upon adoption of this policy document will include a five-year developmental rate for new construction. Upon sale or transfer from the developing lessee to a new owner the new lease rate will be calculated at the prevailing rate.

Section 8 Appraisal/Market Rent Analysis Standards

In circumstances wherein the Airports determine that an appraisal is required, Josephine County Airports retains the right to utilize a qualified aviation consultant to complete a Market Rent Analysis. Consultants other than appraisers who are contracted by the County to establish market rents and fees other than for the sale or exchange of Airport property, must possess qualifications and experience commensurate to the assigned task; demonstrate the education, skill, learning, and experience necessary for such task; be independent; and execute a statement that he or she does not have a conflict of interest with County or existing/prospective tenant. Qualifications and experience determinations shall be at the sole discretion of the Administration, but shall be generally consistent with those required for a qualified and experienced appraiser.

Any appraiser selected to perform appraisals on aeronautical land or improvements shall have working knowledge of the aviation industry (to include both fixed base operations and other aeronautical uses) and demonstrate familiarity, to the satisfaction of the County, with FAA rules, regulations, and policies affecting airport properties.

A. Appraisal/Market Rent Analysis Methodology: Appraisals and market rent analyses performed on all aeronautical properties, to include land only or land and improvements, shall meet the following minimum requirements:

1. All appraisals and analyses shall utilize current methods that are appropriate, which shall include comparables at like Airports, in the determination and valuation of aeronautical properties and facilities.
2. Survey data compiled by recognized aviation organizations may be utilize as ancillary support for rental rates and fees used in the process.

Commercial Analysis additionally will have:

3. An income analysis must be employed through the evaluation of rental rates, fees, and charges of similar aeronautical land and improvements at comparable airports.
4. Rates of return utilized in the income analysis shall be obtained through reasonable and acceptable methods and must be adequately discussed within the report.

B. Highest and Best Use: It shall be the primary goal of the appraisal or market rent analysis to derive an estimate of the market value and/or market rent of a property assuming that the highest and best use of the property is for some type of aviation-related use. Consequently, it should be assumed that the property under analysis will continue to be part of an operating Airport and that access to the infrastructure and amenities of the Airport will continue to be available.

C. Rate of Return, on Improved Property: If there are any improvements situated on the property which would include, but not be limited to, paved ramp/apron, office facilities, hangars, and terminal buildings, the value conclusion shall be subject to a "target" rate of return of not less than 10 percent to arrive at the appropriate annual rental rate. The rate of return utilized shall be commensurate with the term of the lease and capital improvements to be completed on the property.

Section 9 Penalties

A. Late Fee Penalties

For any charges or fees over due by more than 15 days to the County Airports, a Tenant shall pay a penalty for late or delinquent payments of no less than 9 percent per month on any past due balance calculated from the date the amount is due until the close of the business day upon which the delinquent payment is received by the Airport Dept.

B. Returned Check Fee

Whenever a bank-issued check is presented for payment of any County-owned Airport fee, and said check is returned to the County because of insufficient funds, closed account, or other similar reason, the Airport Dept. shall charge to the person presenting such check an additional fee of \$25.00, plus any and all collection fees. If the initial charges and returned check fees are not paid after notification to the person, the County has the option to suspend, revoke, or place in default all of the person's permits, agreements, or leases in force at that time, according to the terms specified in such contract.

JOSEPHINE COUNTY, OREGON
Airport Rates and Fees
September 2010

Description	Daily	Monthly	Annually
<u>COUNTY HANGARs & TIE DOWNs:</u>			
Daily Tie Down	\$3.00		
Monthly Tie Down		\$30.00	
Open Hangar		\$76.50	
Closed Hangar		\$97.00	
<u>AUTO PARKING:</u>			
Long Term		\$10.00	
<u>PRIVATE HANGAR SITE LEASEs:</u>			
Developmental Rate			\$0.25 sq.ft.
Prevailing Rate			\$0.38.3 sq.ft.
<u>COMMERCIAL / BUSINESS SITE LEASEs:</u>			
Developmental Rate			\$0.25 sq.ft.
Prevailing Rate			\$0.41.5 sq.ft.
Exclusive Use Ground Rate			\$0.13 sq.ft.
Commercial Fuel Flow		\$0.05 gal	

Above R&F are applied to new and renewed leases and do not effect existing leases.
Rates and Fees are subject to change in January or July R&F as of: 9/15/2010