

42nd Annual AAAE
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Session #10

Minimum Standards and Rules and Regulations



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Speakers



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Overview

- **Grant Assurances** – again!
- **Key governance documents** – what do they do and how can they keep you out of trouble?
- **Best practices for developing key governance documents**
- **Hot topics**





Grant Assurance 22: Economic Nondiscrimination

“Make the airport **available** as an airport for public use on **reasonable terms** and without **unjust discrimination** to all types, kinds and classes of aeronautical activities, including **commercial aeronautical activities** offering services to the public at the airport.”

Reasonable Terms Without Unjust Discrimination

- Attainable
- Rational
- Uniformly applied
- Treats *similarly* situated users offering similar services similarly
 - Age, condition, and use of facilities
 - Degree of operational or financial risk
 - Signatory and non-signatory status
 - Change in airport policies



Minimum Standards



What Are Minimum Standards?



- Threshold qualifications that commercial aeronautical enterprises must meet to provide services at the airport
- Important management tool for controlling development and services available at the airport and ensuring compliance
- Advisory Circular 150/5190-7



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Application requirements – financial, licenses, business plan

General requirements – staff, space, insurance, etc.

FBO requirements (fuel)

SASO requirements

Why Do Minimum Standards Matter?



The Dos and Do Nots

Minimum Standards should:

- Provide clear direction to prospective tenants
- Ensure high-quality products and services
- Support airport growth and development
- Supply best evidence in the event of a dispute

Minimum Standards should NOT:

- Guarantee equal rates or tenant operating costs
- Identify maximum standards
- Reflect “cut and paste” approach from other airports
- Set minimum thresholds solely based upon existing developments

Leasing Policies

- Govern the terms and conditions under which the sponsor will lease airport property
 - Rent and subsequent adjustments
 - Address how rents are determined, not actual rents
 - Address the structure of rent adjustments, not the actual adjustments
 - NOTE: Non-aero tenants treated differently!
 - Term of agreement (may vary depending upon type)
 - Ground lease only
 - Land and facility lease (with or without capital requirement)
 - Land versus facilities
 - Reversion of improvements – Grant Assurance 5!
- Set expectations for tenants
- Give sponsor ability to guide development



Rules and Regulations

- Standards to protect health, safety, and welfare and to promote operational efficiency
- Apply to all airport tenants, the public and users
- Apply across the airport
- Enforceable by penalties, suspension of privileges
- Regulatory in nature (ordinances or resolutions) rather than proprietary



What's in there, anyway?



Best Practices

- Advance planning and preparation – it's a chess game!
- Be prepared to explain and justify deviations from past practice
 - Address retroactivity
 - Safety and security vs. other changes
 - Waivers and/or variances
- Monitor changes in FAA policies
- Regularly review, update and revise documents
- Keep people informed
 - Tenant meetings and opportunity for comments...
 - ...but no obligation to incorporate those suggestions

Double-Edged Sword



REDUCE CHALLENGES FROM USERS

REDUCE SPONSOR FLEXIBILITY

Hot Topics

- Independent mechanics and flight instructors
- Hangar reversion (or not)
- Grandfathering or retroactivity
- Through-the-fence activities
- Non-aeronautical use of hangars
- Management agreements



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Questions?




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Thank You!



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