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**City of Arlington**  
**Airport Leasing and Development Policy**  
**Arlington Municipal Airport (GKY)**

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### 1. INTRODUCTION

The Federal Aviation Administration (FAA), by way of its Airport Sponsor Assurances, requires any airport developed with Federal grant assistance to operate for the use and benefit of the public and for the airport to be made available to all types, kinds, and classes of Aeronautical Activity on fair and reasonable terms and without unjust discrimination. In addition, these Airport Sponsor Assurances require City of Arlington, as the airport sponsor, to maintain a fee and rental structure for the facilities and services at the airport which will make the Airport as self-sustaining as possible under the circumstances existing at the airport, and to avoid unjust economic discrimination within classes of users, taking into account such factors as the volume of traffic and economy of collection.

The Leasing and Development Policy is a component of General Aviation Primary Management and Compliance Documents (PMCDs) and is designed to: (1) provide sound, consistent guidelines through which Airport can respond to the interests of financially stable and responsible Lessees; (2) administer Airport leaseholds in accordance with its grant assurances; (3) provide stable revenue sources for the Airport; and (4) provide guidelines for Airport-related business decisions (5) promote and require fairness and consistency, uniform application of this policy, and prohibit economic discrimination relative to aviation leases.

#### 1.1 Definitions

The General Provisions set forth those provisions which are common to all General Aviation Primary Management and Compliance Documents (PMCDs). Key words or phrases utilized throughout the Arlington Municipal Airport (Airport) Primary Management and Compliance Documents are defined in the General Provisions.

Definitions for terms are provided in Section 2 of the General Provisions and identified by use of a capital letter, whenever used in the PMCDs, shall be construed as defined therein unless (from the context) a different meaning is intended or unless a different meaning is specifically defined and more particularly ascribed to the use of such words or phrases.

Where the context requires, the use of singular numbers, nouns, or pronouns shall include the plural and vice versa and the use of pronouns of any gender shall include the other gender. Words or phrases that are not defined shall be construed consistent with common meaning or as generally understood throughout the aviation industry.

#### 1.2 Governing Body

The Airport is owned, operated, and governed by the City of Arlington (City) who expressly reserves the authority to: (a) lease Airport land and/or Improvements, (b) allow the occupancy and/or development of Airport land or Improvements, (c) grant the right to engage in any Activity at the Airport, and (d) implement, supplement, amend, modify, approve, or adopt any Agreement, policy, standard, rule, regulation, or directives.

#### 1.3 Authority to Adopt

The authority to adopt PMCDs is delegated to the City by the State of Texas Transportation Code Title 3. Aviation, Chapter 22. County and Municipal Airports,

Subchapter B. Establishment, Acquisition, Operation, Maintenance, and Disposal of Airports and Air Navigation Facilities, Section 22.011 General Powers Regarding Airports and Air Navigation Facilities, which states “A local government may plan, establish, construct, improve, equip, maintain, operate, regulate, protect, and police an airport or air navigation facility”.

The City Council may establish by resolution those fees and charges, and those terms and conditions it deems appropriate and applicable to Airport use. Accordingly, this policy is effective by Resolution XXXXX of the City Council dated XXXXX. Prior to the first anniversary of the effective date, this policy will be reviewed by the Airport Manager and recommendations for revision (if any) will be made to the Arlington City Council. Thereafter, review and revision of this policy will occur every three years. The Airport Manager shall review these policies, requirements, standard forms, fees, charges, rules and regulations in effect and recommend those changes identified as desirable in that review to the Arlington City Council.

### **1.4 Prohibited Activities**

- A. Any use or occupancy of Airport land, for any activity, that is contrary to the safe and efficient operation of the Airport including any activity that jeopardizes the safety of the public, aircraft, or property located at the airport.
- B. “Through-the-Fence” activities conducted from off-airport properties having direct access to the airport runway and taxiway system.
- C. Revenue diversion, as defined in the Federal Aviation Administration’s “Policies and Procedures Concerning the Use of Airport Revenue”.

### **1.5 Existing Agreements**

It is understood that the establishment of this Leasing Policy may not alter certain provisions or requirements of existing Agreements with existing tenants. However, unless otherwise approved by the City Council, all entities will become subject to this Policy immediately following the expiration, termination, and/or modification of any Agreement through amendment, addendum, extension, renewal, or other means.

Additionally, when leases for ground with current tenants expire, the improvements will revert to the City of Arlington and a new lease will be negotiated at the then market rate for both the ground and any improvements on the leasehold, as well as incorporate other terms consistent with this Policy.

### **1.6 Lease Management**

The Airport Manager shall at all times have the authority to determine those necessary decisions and/or actions required to ensure compliance with the provisions of the following:

- A. Existing leases, licenses, permits, and other written agreements between the City and persons within the Arlington Municipal Airport.
- B. This policy, and those other policies, rules or regulations established by the authority of the City Council, which apply within the Arlington Municipal Airport.

- C. Those temporary restrictions established in accordance with a federal, state, or city-mandated activity or plan, or as may be required to safeguard people, aircraft, equipment or property within Arlington Municipal Airport.
- D. Those responsibilities levied on the City by the federal or state governments with regards to Airport management.

### **1.7 Airport Rates, Charges and Fees**

To comply with the FAA's Policy Regarding Airport Rates and Charges, 61 Fed. Reg. 31994, June 21, 1996, and as amended, the City has an obligation to make the Airport as self-sufficient as possible under the circumstances existing at the Airport at any given point in time. Toward this end, the City, through its Leases, and by other means available to it, shall endeavor to recover the cost of providing its facilities, through rentals, fees or other charges. The City Council has established by resolution those fees and charges, and those terms and conditions it deems appropriate and applicable to airport activities. A list of current fees is included in Exhibit "B".

The City Council reserves the right to authorize variances or deviations from this Leasing and Development Policy. Such variances or deviations may include waiving or modifying certain criteria or requiring Tenants or Operators to meet additional criteria. All requests for variances or deviations shall be presented to the Airport Manager in writing. The Airport Manager may temporarily waive or reduce certain fees, such as Tie-down charges, etc. for special events conducted by non-profit or charitable organizations.

### **1.8 Hangar and Tie-down Spaces**

Airport has T-hangars and Tie-down spaces available for lease on a month-to-month basis, with a 30-day termination notice required from the Lessee.

### **1.9 Airport Lobby and Conference Room**

The Airport Lobby and Conference room are available first to City departments, then to tenants, and then to non-profit organizations to use at no charge. Others interested in contracting for these spaces will be charged as follows. Price includes set-up, tear down, and clean-up.

### **1.10 Airport Office Suites**

The Airport offers office suites for lease in the terminal building, primarily to businesses within the aviation industry. The initial lease term is one year. The lease provides Lessee two additional one-year renewal options by giving sixty days' written notice prior to the expiration date of the term of the agreement in effect.

Minimum rental shall be triple-net, and based on prevailing market rates. The rate will be subject to an increase at the end of the third year, and at the end of each three (3) year interval thereafter including option periods, if any. The new annual payment will be equal to the percentage change, if any, in the consumer price index over the immediately preceding three years, as determined by the United States Bureau of Labor Statistics – CPI All Urban Consumers for the Dallas Fort Worth Area. The increase is subject to a maximum increase of twenty percent for any single increase over the immediately prior annual payment.

### **1.11 Permit Fee**

A General Aviation Operator and Lessee Permit is required for all Commercial Operators, and must be renewed each year. Each Applicant must:

- A. Submit a Commercial Operator Permit Form with the annual license fee and copies of the documents required.
- B. Provide evidence of insurance that meets or exceeds the minimum requirements contained in the General Aviation Minimum Standards, if not previously filed.
  - i. New insurance certificates must be provided annually within 30 days of expiration.
- C. Review the Arlington Municipal Airport General Aviation Minimum Standards and the Rules and Regulations.

### **1.12 Fuel Flowage Fee**

A fuel flowage fee will be assessed to the FBO and any Self-fueling Permittees per gallon for all types of aviation fuel received from a commercial distributor. The FBO shall submit monthly fuel flowage reports to the Airport Manager for each type of aviation fuel delivered during the previous month, accompanied with fuel delivery receipts from the fuel supplier(s) for the same period. Based upon the monthly fuel flowage delivery report, the FBO and any Self-fueling Permittees shall pay the Airport the current fuel flowage fee payment in full by the fifteenth day after the end of the reporting period.

The fuel flowage fee shall be subject to periodic adjustment during the base term of the agreement and during all extension periods. The fuel flowage fee may be adjusted through a review of current market conditions, or, by the percentage change, if any, in the consumer price index over the immediately preceding three years, as determined by the United States Bureau of Labor Statistics – CPI All Urban Consumers for the Dallas Fort Worth Area.

### **1.13 Landing Fees**

Landing fees, or charges to aircraft for landing at the airport, typically apply to larger aircraft and vary based on the landing weight of an aircraft. Currently, the Arlington Municipal Airport does not charge landing fees.

### **1.14 Commercial Hangars**

The lease rate is based on a fixed amount per month for Airport-owned commercial hangars or buildings with aircraft parking apron. The initial lease rate shall be based on current market rates, with adjustments through a review of current market conditions, or, by the percentage change, if any, in the consumer price index over the immediately preceding three years, as determined by the United States Bureau of Labor Statistics – CPI All Urban Consumers for the Dallas Fort Worth Area.

### **1.15 Negotiated Fees**

The City has established an equitable rates and charges schedule for aeronautical activities conducted at the Airport; however, unusual circumstances may arise even with the most conventional Airport use agreements and the City must retain sufficient flexibility in rate and fee negotiation to address such circumstances. Since the primary goal is to develop and promote aviation at the Airport, the City reserves the right to

negotiate a specific rate or fee to accomplish such mission. These fees may include, but are not limited to, percent of gross revenues, and others appropriate to the type of business, and shall be imposed with fairness and consistency, and without unjust discrimination.

### 1.16 Land Leases

It shall be the policy of the City to seek Lease terms and conditions that, while fair and nondiscriminatory, further the ability of the Airport to be self-sufficient. All Leases shall provide for adequate consideration to be received by the City in compensation for the rights and privileges therein granted.

- A. The leasing of Airport land is regulated and influenced by Local, State, and Federal law including, but not limited to, the policies and rules of the Federal Aviation Administration (FAA), the Texas Department of Transportation (TxDOT), and formal policies adopted by the City.
- B. An Airport Master Plan and Airport Layout Plan (ALP) have been developed for the Arlington Municipal Airport and are periodically updated. These plans, which are reviewed and approved by the FAA and TxDOT following public review and input, provide guidance to Airport staff and the City in land use leasing decisions. Lease documents specify permitted uses of Airport property and any land use restrictions which may apply.
- C. Airport property is generally leased on a first-come, first-served basis; however, current tenants may be given the first opportunity to lease a vacant adjoining parcel. Under certain circumstances, i.e., multiple parties interested in a single piece of property, or few/no remaining parcels available for a specific aviation-related use, the City may use a proposal process prior to approving a lease for a particular parcel.
- D. Potential tenants shall submit a fully completed Lease Application to the Airport Manager (in the form provided) together with such additional information as may be required for review by the City.
- E. Applications will be reviewed based on parameters within this Leasing Policy including, but not limited to, the following:
  - i. The proposed use is appropriate and consistent with the ALP, Master Plan, and other relevant land use planning documents;
  - ii. Approval will not constitute a violation of Grant Assurances;
  - iii. If the request is for a commercial use, Lessee's use of the property will comply with the requirements of the approved PMCDs for the Airport.
- F. Leases are designed to protect the public interest and may contain more restrictive clauses than private sector leases. The City intends to transfer to the Lessee the liabilities associated with possession and control of real property including, but not limited to, compliance with all federal, state and local laws and regulations pertaining to the use, storage and disposal of hazardous materials and stormwater pollution prevention regulations.

- G. A potential tenant, meeting all reasonable standards and qualifications, shall be limited to a lease of such space as is needed for the proposed activity. Granting options or preferences on future airport lease sites to a single service provider may be construed as the intent to grant an exclusive right, which is a violation of Grant Assurances.
- H. Where occupancy of existing Airport facilities are involved, “demonstrated need” shall mean the ability of the Lessee to occupy premises leased from the City as of the effective date of the Lease. Where construction of facilities, or alterations to an existing facility, are involved, “demonstrated need” shall mean the ability to obtain a certificate of occupancy from the City for the proposed facility(ies) within twelve (12) months following receipt of possession of the leased property unless the City determines a longer period of time is warranted due to the scope of construction.

### 1.17 Site Development Standards

Lessee’s proposed development must be consistent with the Airport Layout Plan (ALP) and the Airport Master Plan, as approved by the FAA and TxDOT Aviation. Any construction shall be in compliance with the FAA’s Airport Construction Standards, including AC 150/5370-10; the City of Arlington’s Unified Development Code; the Airport Design Standards; and the General Aviation Minimum Standards, as may be amended from time to time. The Airport must comply with the FAA-approved Wildlife Management Plan; as such, the Airport Development Plan complies with a Substitute Landscape Plan.

### 1.18 Minimum Lease Elements

The City uses a lease form approved by the City Attorney’s Office and shall, at a minimum, conform to local/regional standards of tenant responsibility and liability. Lease language is periodically updated to reflect changes in FAA regulations and real estate law, as well as to meet a changing economic environment and mitigate risks associated with land ownership. A template is available for review; however, the City will create a lease document specific to the development. The Lease will, at a minimum, address the following:

- A. **Description of Leased Premises.** A legal description and survey of the property is required. The cost of the survey will be borne by the Lessee.
- B. **Lease Term, and Extensions of Term, if applicable.** The length of a Lease Term is determined by the type of facility to be constructed, and the prospective lessee’s proposed use. Consideration may also be given to a lessee’s substantial capital investment in facilities. Standard lease terms are:
  - i. Private Hangar Lease: 15 years with two five-year options to extend
  - ii. Commercial Lease: 20 years with two five-year options to extend
  - iii. On a case by case basis, the City may consider a significantly longer lease term to support Airport property development and to allow a lessee to amortize its investment based on the following criteria:
    - a. Significant initial capital investment

- b. Significant additional capital investment in the current Leased Premises
  - c. Services provided to other Airport tenants and users
  - d. Significant job creation
  - e. Public infrastructure extension which will benefit other parcels (i.e., taxilanes, taxiways, roads, or utilities)
  - f. Potential to attract other new aviation businesses
- C. **Use of Leased Premises.** Proposed uses must be for aviation-related purposes and consistent with FAA regulations.
- D. **Rental Rate, and Additional Fees and Charges**
- E. **Development Standards and Rules and Regulations for Signage.** Leasehold improvements must be constructed in accordance with:
  - i. The Airport's General Aviation Minimum Standards;
  - ii. Development Standards for Arlington Municipal Airport;
  - iii. The City of Arlington's Unified Development Code; and
  - iv. FAA Airport Construction Standards, including AC 150/5370-10.
- F. **Liabilities and Indemnities.** The Lessee must agree to indemnify the City per the lease terms.
- G. **Default.** The conditions of default will be defined.
- H. **Termination by Lessee.** The Lessee will generally be given the ability to cancel the agreement and terminate all of its rights by giving the City one hundred eighty days advance written notice.
- I. **Surrender and Right of Re-Entry.** Lessee agrees to the peaceable surrender of the Leased Premises to the City upon cancellation or termination of the agreement.
- J. **Acceptance, Care, Maintenance, Improvements and Repair.** Lessee assumes the entire responsibility, cost and expense, for all repair, reconstruction and maintenance whatsoever on the improvements.
- K. **Insurance, Damage or Destruction.** Lessee will be required to provide insurance in the types and amounts defined.
- L. **Environmental Concerns and Monitoring Requirements.** Lessee's obligations and liabilities under this section with regard to compliance with all federal, state and local environmental laws, rules and regulations. The Lessee must agree to indemnify the City for claims arising from environmental damage.
- M. **Utilities.** Lessee will bear costs, expenses and fees of extension connections and tapping charges for utilities, and maintenance of such lines.
- N. **Additional Obligations of Lessee.** Additional responsibilities that the Lessee has agreed to assume.

- O. **Subletting, Assignment, and Leasehold Mortgages.** The Lessee's rights to sublease or assign the lease, if any, are defined. In general, leasehold mortgages are allowed.
- P. **Inspection by City.** The City reserves the right to inspect the leased premises, and allow other governmental authorities to conduct inspections.
- Q. **Ingress and Egress.** It is the Lessee's responsibility to provide at its cost the design and construction of any offsite improvements necessary to provide access to the Leased Premises; however, the Lessee shall have the right of ingress and egress to and from the Leased Premises by means of roadways, common aircraft taxiways, and/or all runways, to be used in common with others.
- R. **Rights of Entry Reserved**
- S. **Non-Discrimination.** Lessor shall not discriminate and shall comply with all federal regulations regarding equal access.
- T. **Services to Lessee.** Lessor will operate the Airport for the benefit of the public, only with exceptions as may be allowed by the FAA.
- U. **Limitation of Rights and Privileges Granted.** Except for the exclusive right of Lessee to possession of the Leased Premises, no exclusive rights at the Airport are granted by the lease agreement.
- V. **Condemnation.** Lessor and Lessee's rights and responsibilities are defined should the leased premises be taken for any public or quasi-public use under any governmental law or by right of eminent domain.
- W. **Notices.** Addresses for official notices are provided.
- X. **Holding Over.** Continued occupancy by the Lessee after the lease terminates is generally prohibited, except for a sixty-day period permitted for removal of fixtures.
- Y. **Invalid Provisions.** The invalidity of any provision does not invalidate the balance of the agreement.
- Z. **Independent Contractor.** Lessee agrees that it will perform the work hereunder as an independent contractor, and not as an officer, agent, servant or employee of the City.
- AA. **Subordination Clauses.** The City reserves the right to develop and improve the Airport, and protect the aerial approaches to the Airport against obstruction.
- BB. **Priority of Documents and Controlling Authority.** Priority of interpretation in the event of conflict between the documents and controlling authorities.
- CC. **Miscellaneous Provisions.** Other provisions are defined, as may be required.

### **1.19 Leasing Airport Property or Facilities**

Any individual, firm, or corporation desiring to lease Airport land or facilities should contact the Airport Manager to discuss the project. The prospective Lessee will be provided with:

1. Information on available sites and/or facilities suitable for the project;

2. The Airport's General Aviation Primary Management and Compliance Documents;
3. Arlington Municipal Airport Lease or Sub-Lease Application (Exhibit "C"); and
4. Annual Commercial Operator Permit (Exhibit "D").

The City will not accept, or take action on, a request to lease building space or land area, or a request for assignment of an existing lease, or in any way permit the installation of a commercial activity until after the proposed Lessee, in writing, submits a proposal using the Arlington Municipal Airport Lease or Sub-Lease Application, which clearly sets forth the scope and type of operations being proposed, including the following:

1. A description of the proposed commercial activity and detailed business plan;
2. The names of all parties owning an interest in the business and those that will be directly responsible for the day-to-day management of the business;
3. The amount of land the Lessee desires to lease;
4. The facilities to be constructed or leased, including a preliminary site plan;
5. The services to be offered, hours of proposed operation, number of persons to be employed, and the number of aircraft to be based at the airport;
6. Certificate of Insurance or other satisfactory evidence indicating the capability to obtain coverage as required;
7. Evidence of financial capability (including a current financial statement) to perform and provide the services and facilities proposed;
8. Historical evidence of satisfactory performance of previous similar commercial activity at other locations, including dates and location;
9. Record of any insolvency or bankruptcy proceeding in any past business relationships;
10. Aeronautical qualifications including years of experience in proposed operation, and past experience in other related activities; and
11. Other information the City may require and specifically request.

### 1.20 City Application Review and Action

Following receipt of a completed application for lease of airport facilities, assignment of an existing airport lease, or sub-lease from an existing Commercial Operator, the Airport shall evaluate the application within 90 days, using the following process:

The Airport Manager will review the application for compliance with the requirements stated in the Primary Management and Compliance Documents, and the Airport Layout Plan.



If the application is in order, the Airport Manager and City Attorney's Office will prepare a draft lease agreement.



Once all parties have agreed to terms of the agreement, the Airport Manager will schedule a time to brief the Economic Development Committee on the proposal. For land leases, a site survey and elevations are required two weeks prior to the meeting date.



The City Council will consider approval of the lease agreement. If approved, the lease agreement will be executed, and then routed for the City's signature.



Lessee submits for construction/occupancy permits.

Grounds for denial of an application may include:

1. The applicant does not meet qualifications, standards and requirements established by PMCDs. The burden of proof shall be on the entity.
2. The proposed activities and/or Improvements do not comply with the Master Plan of the Airport or the Airport Layout Plan (ALP) currently in effect or anticipated to be in effect.
3. The applicant's proposed operations or construction will create a safety or security hazard, cause a congestion of aircraft or buildings, or negatively impact the ingress and egress of other tenants.
4. The granting of the application will require unauthorized expenditure of local funds, labor or materials on the facilities described in, or related to, the application.

5. The operation will not provide a sufficient return to the Airport.
6. No appropriate, adequate, or available land and/or Improvement exists at the Airport to accommodate the proposed activity of the entity at the time the proposal or application is submitted, nor is such availability contemplated within a reasonable period of time.
7. The entity's occupancy, use, or development and/or Improvements could be detrimental to the public and/or negatively impact the safety and/or efficiency of the Airport.
8. A party applying, or having an interest in the business, has supplied false information, or has misrepresented a material fact in the application or in supporting documents, or has failed to make full disclosure on the application.
9. A party applying, or having an interest in the business, has a record of violating the Rules, or the Rules and Regulations of any other Airport, Civil Air Regulations, Federal Aviation Regulations, or any other rules and/or regulations applicable to this or any other Airport.
10. A party applying, or having an interest in the business, has defaulted in the performance of any lease or other agreement with the City or any lease or other agreement at any other airport.
11. A party applying, or having an interest in the business, is not sufficiently credit worthy and responsible, in the judgment of the City, to provide and maintain the business to which the application relates, and to promptly pay amounts due under the lease.
12. The financial plan associated with the proposed activities and/or Improvements would result in a financial operating loss or hardship for the entity.
13. The applicant has committed a crime, or violated a local ordinance, rule, or regulation, which adversely reflects on its ability to conduct the operation applied for.
14. The entity cannot obtain a bond or insurance in the type and amounts required by the City for the proposed activity.
15. Any other reason that would result in an activity deemed inconsistent with City Policy, or not in the best interest of the City of Arlington or the National and/or Texas Aviation Systems.