WORK MEETING

AGENDA
AND
STAFF MEMO

HEBER CITY CORPORATION
75 North Main Street
Heber City, Utah 84032
City Council Work Meeting
March 3, 2016

4:00 p.m. Work Meeting

TIME AND ORDER OF ITEMS ARE APPROXIMATE AND MAY BE CHANGED AS TIME PERMITS

I. Call to Order

1. Presentation of Second Quarter Financial Results

2. Terry Edwards, Memorial Hill Restoration Committee, Discussion Regarding New Memorial

3. Mike Johnston, Discussion Regarding the Tripp Subdivision, a 14 Lot Subdivision Located on East Airport Road

4. Discuss Policy for Offering Water and Sewer Services Outside of the City Limits

5. Review Request from the Wasatch County School District for the Daniel Elementary School to Connect to the Heber City Sewer System

6. Discuss Request to Convert the Hangar Leases from Daniel Hangars 22-30 from Reversionary to Non-Reversionary Leases

7. Chief Booth - Review Results of Citizen Survey Retarding Deer in the City Limits

8. Review Request from Bart Mumford for Budget Amendment for Crack Sealing

9. Review Proposed Meeting Schedule for the form Based Code and Branding Project

10.Ot her Items as Needed

Ordinance 2006-05 allows Heber City Council Members to participate in meetings via telecommunications media.

In accordance with the Americans with Disabilities Act, those needing special accommodations during this meeting or who are non-English speaking should contact Michelle Limon at the Heber City Offices (435) 654-0757 at least eight hours prior to the meeting.

Posted on February 25, 2016, in the Heber City Municipal Building located at 75 North Main, Wasatch County Building, Wasatch County Community Development Building, Wasatch County Library, on the Heber City Website at www.ci.heber.ut.us, and on the Utah Public Notice Website at http://pmn.utah.gov. Notice provided to the Wasatch Wave on February 25, 2016.

Heber City Corporation

Memo

To: Mayor and City Council

From: Mark K. Anderson

Date: 02/25/2016

Re: City Council Agenda Items for March 3, 2016

WORK MEETING

Item 1 – Presentation of Second Quarter Financial Results: Wes Bingham, Senior Accountant, will make a short presentation on the 2nd Quarter financial results. (See enclosed summary report)

Item 2 – Terry Edwards, Memorial Hill Restoration Committee, Discussion Regarding New Memorial: On June 18th, 2015, Terry Edwards came before the Council on behalf of the Memorial Hill Restoration Committee seeking $15,000 to help fund a project that was estimated to cost $60,000 - $65,000. (See enclosed minutes) Because the request came on the same day that the budget was adopted, the Council was not in a position to incorporate the request into the budget. Thus, Mr. Edwards is coming back before the Council to solicit monies during the budget process. Staff would recommend that the Council indicate that the request will be considered during the budget adoption process.

Item 3 – Mike Johnston, Review of the Tripp Subdivision, a 14 Lot Subdivision Located on East Airport Road: The Tripp Subdivision is a 14 lot subdivision located on East Airport Road. This property was originally held by the developer of Wheeler Park as a potential church site. This application will likely receive final plat approval from the Planning Commission on February 25th. There are no unique conditions associated with this subdivision that would require a Subdivision Agreement. (see enclosed staff report from Tony Kohler and the associated plat map)

Item 4 – Discuss Policy for Offering Water and Sewer Services Outside of the City Limits: Councilmembers Crittenden, Franco and Potter have requested that this item be placed on the agenda for discussion. At the last meeting, I provided a list of those who receive water or sewer services from the City that are not within the City limits. The reasons that these connections were granted are as follows:

Water

Susan Willis, 1240 East 1650 North – This property is near the Valley Hills well on a 5 acres parcel in Wasatch View Estates. The water line from the well to the storage tank goes through this property. This connection was granted in exchange for a recorded easement.

Ward Winchester, 1236 East 1950 North – The Valley Hills well is on this 5 acre parcel in Wasatch View Estates. The City acquired a wellhead protection zone easement from Mr. Winchester in exchange for the right to hook to the culinary water system.

Nick Panasenko, 1250 East Center – This home was granted permission to connect onto the culinary water system prior to 1990. The City had culinary lines coming down Center Street, and I assume the property owner requested permission to connect onto the system as the City limits were at about 700 East Center at the time. This service was offered before the Twin Creeks Special Service District existed.

Noel Cook, 125 South Mill Road – This connection is similar to the above connection. Mr. Cook ran a line from Center Street to his home before the Twin Creeks Special Service District existed and when the City boundaries were about 5 blocks west.

Rick Coleman, 181 South Mill Road – Rick Coleman just received permission to connect onto the City culinary water system last fall. His water source was coming from a spring that was not on his property and was subject to contamination. The City culinary water line was in the street in front of his home, and the Council allowed the connection with the consent of the Twin Creeks Special Service District. I assume annexation of the property was not discussed because of Panasenko and Cook connections in the area.

Beehive Storage, Industrial Parkway – Beehive Storage has access to the culinary water system for fire protection services only. A fire hydrant was installed at the expense of Beehive when the City was installing utilities in Industrial Parkway. No formal approval was ever granted by the City, and City staff is working with the owner to complete the annexation of the property that is being requested by the City.

Dunn Recycling, 635 West Airport Road – The City Council granted the right to connect onto the water system subject to them entering into an agreement that they would not oppose annexation in 1998. In 1999, Dunn sought annexation but was denied. Dunn did not actually hook onto the water until 2002 as noted in the minutes below. At that time, the Council indicated they did not want to offer services outside of the City limits absent annexation. (See minute entry below)

Sewer

Ernie Giles, 1485 West Midway Lane – Ernie Giles created the Ernie Giles Special Service District (EGSSD) with approval from Wasatch County. At the time the District was created, the outfall line was owned by the Heber Valley Special Service District, and the City had no say in the matter. The outfall line was then transferred to Heber City and EGSSD became a customer of the City.

LDS Church, 2330 South Daniel Road – Because the City had a sewer line on Daniel Road, in 2013, the LDS Church sought, and obtained approval from the Council, to connect onto the sewer line. Annexation of the property was not an option as the Church is within the Town of Daniel. Daniel has no available sewer service. I assume the Council thought this was in the best interest of the valley based on the size of the septic tank that would have been needed to serve this property.

Vern Dickman, Midway Lane – At this time, there is not a connection to our system from this property. Mr. Dickman had obtained approval from the County Council to create the Spring Creek Special Service District. (Similar to Ernie Giles) The City agreed to provide up to four connections to this property located just east of the Provo River if the County would dissolve the Spring Creek Special Service District.

From a historical perspective, the City Council has done the following:

In December of 2002, the Council made the motion below:

Discussion regarding Water and Sewer connections outside of City Limits: *Anderson explained that he had given the Council a memo in the information they had been provided prior to tonight's meeting which should give them a feel for legal counsel opinion regarding ESAD. Councilman Lange said "no good deed goes unpunished." The City has been punished on every hookup they had allowed outside the City limits. He said he understood what the attorney had said but he does not want any connections outside the City limits. "A good policy to have is to have City services within the City boundaries" said Councilman Phillips. Anderson indicated that the General Plan, which was presented earlier, had that language in it. Councilman Lange moved that starting immediately and as a notice to the general public, there will be no more connections outside the City limits. Councilman Phillips felt that the City Attorney should be consulted for his opinion on that kind of a policy. Discussion that ESAD had not done anything in the last three years in relation to the business they wanted services for. Councilman Burns made the second to the motion on the floor. No further discussion. Voting Aye: Terry Wm. Lange, Vaun Shelton, David Phillips, John Burns and Michael Thurber.*

Additionally, the Annexation Policy Plan has the following language:

POLICY STATEMENT: MUNICIPAL SERVICES IN THE UNINCORPORATED AREAS

The City Council may extend municipal services to the unincorporated areas if they find that such expansion is consistent with the overall Annexation Policy Plan and General Plan and will not present barriers for future annexation consistent with the General Plan and Annexation Plan. The petitioner will be charged 1/2 times the hook-up fee and 1/2 times the monthly service charges. The petitioner will also be required to enter into an agreement to annex when the City reaches his property.

Lastly, in 1998 the City Council adopted Resolution #98-10, (enclosed) which indicates that the City:

"will not provide water connection within the Twin Creeks Special Service District absent annexation of the area to be served or the consent of the control board of the District"

From a staff perspective, in most cases the requirement to have undeveloped lands annex that are seeking City services is very important. If not, property that is currently undeveloped will develop to County standards and if/when annexed it will not meet City standards. This creates a burden on City residents to bring the property up to standard as the City has nothing that triggers the requirement to improve the property unless additional development occurs.

Item 5 –Review Request from the Wasatch County School District for the Daniel Elementary School to Connect to the Heber City Sewer System: At the last City Council meeting, School District representatives requested permission to connect onto the Heber City sewer system for the new elementary school planned in the Town of Daniel. Since that time, the School District has engaged a person to do a traffic study to determine if the proposed extension of 2400 South (Wheeler Road) would adequately meet the traffic needs of the school. From a staff perspective, if this road is not adequate, discussions would need to take place to determine how the roadway could be extended all the way to Highway 40. This would include, who should pay for what, how is the right-of-way acquired and what is the desired connection point on Highway 40. I would expect the study to be complete prior to our March 17th meeting.

The Council has asked about what items remain outstanding with the School District that remain unresolved. Items that staff is mindful of is as follows:

- Heber Valley Elementary School Impact Fees
    - Streets $11,970
    - City Sewer $920
    - HVSSD Sewer $2,500
    - Water Rights .44 acre feet
- High School Cafeteria Expansion
    - Street Impact Fees $3,520
- Bus/Admin Building on Daniel Road Impact Fees
    - Street $20,944
- Resolution on cost sharing for maintenance of the Lower Wasatch Canal grate
- Recordation of the 500 East road plat

The Council had asked about expenses the City may incur as a result of the school being placed on our border. In discussing this, the City will likely be responsible to paint one or more school crosswalks, but based on a 25 mph speed limit in the neighborhood, flashing lights and crossing guards are not required. With that said, on several occasions, the City Council has often offered these services when requests have come from the school or parents.

Regarding the length of the cul-de-sac, in speaking with Bart Mumford and Tony Kohler, they do not believe the proposed cul-de-sac length would violate our current City Standards.

It has been suggested that the above information be used to draft a letter attempting to address all issues that that have lingered for several years without resolution as part of the City's willingness to offer sewer service to the new elementary school.

Item 6 – Discuss Request to Convert the Hangar Leases for Daniel Hangars 23-30 from Reversionary to Non-Reversionary Leases: On February 4th, the City Council reviewed a request from hangar owners to convert existing reversionary leases to non-reversionary leases. At the meeting the Council asked for the following:

- Review of the NPV of future cash flows by Councilmembers Bradshaw and Smith
- Clearer understanding of what other hangar leases may be similarly situated
- More information on the pros and cons of reversionary versus non-reversionary leases

This morning, I sent an email to Councilman Bradshaw and Smith to get their opinion on the cash flow provided by Gerry Hall. I hope to get their input prior to our meeting

With regard to similarly situated hangars, the FAA has indicated that the commercial hangar that I had concern with being similarly situated to the eight hangars requesting the non-reversionary lease is not considered similarly situated. (See enclosed email from Jeremiah Woodard) Also, as stated before, the FAA has indicated that Daniel Hangar #5 would be considered similarly situated and should be considered by the Council in any decision that may affect Daniel Hangars 23-30. The current owner has suggested that this was a clerical error and should not have converted to a reversionary lease as this modification was requested by an interested buyer. My review of the file indicates that the conversion of the lease from non-reversionary to reversionary was approved in June 2010. The agreement was signed by the hangar owner (John Miller) in October 2010 and the current owner did not take ownership of the hangar until January 2011. The January 2011 assignment agreement also refers to the amended June 2010 lease.

With regard to the pros and cons of reversionary and non-reversionary leases, Paul Boyer, hangar owner, has asked that I include several documents that were provided by hangar owners to the Council and Airport Board during the past few years expressing support for non-reversionary leases. (See enclosed) Also enclosed is my December 2015 Airport Board staff report on this issue and documents that I have provided to the Council indicating why I favor reversionary leases. I have also included correspondence between Paul Boyer and the FAA regarding the need to have uniform agreements on the field. (see enclosed) Note that the compensation being offered by the hangar owners is $500 more per year than at the time this was discussed by the Airport Board in December. The Council should be mindful that there are currently 67 hangars at the airport. Of the 67 hangars, 45 have reversionary leases and 22 have non-reversionary leases. Lastly, the current Hangar Lease Rates and Charges Policy indicates that all new leases offered at the airport would be non-reversionary. I apologize for the volume of documents that have been made available on this issue.

Below is information that was provided in the February 4th Council packet:

For the past few months, the Airport Board has been entertaining requests from hangar owners to convert the 8 reversionary hangar leases on hangars constructed by the City to a non-reversionary lease. At the last meeting, the Airport Board reviewed the attached proposal presented by Gerry Hall (owner of Daniel Hangar #28) which would provide an additional $569.50 per year in lease fees based on the entire leasehold being charged at 33.5¢ per square foot and additionally for the next 30 years an additional payment of $1,500 per year. Therefore each hangar owner would pay an additional $60,000 over a thirty year period to retain ownership of the hangar.

I assume the City Council knows that I favor reversionary leases as it gives the City more control of the airport and over time will typically generate more revenue. In my opinion, if the proposed agreement were not beneficial to the hangar owners, you would not see a willingness to accept it. With that said, the compensation being offered to the City is more equitable than what has been previously proposed. Below is the motion made by the airport board on this issue.

Board Member Mabbutt moved that this proposal be moved before the City Council to convert from reversionary to non-reversionary leases for the Daniel 8 hangars, as proposed by Gerry Hall. Board Member McFee seconded the motion.

Board Member Phillips went on the record to reiterate his position on the issue. He stated that the City's responsibility was to lease property to individuals to build hangars to store aircraft, and it was not the City's responsibility to adopt policy to assist in increasing private investment on City property. He added that is why he opposed this proposal from the beginning. Reversionary leases represented an investment for the City; non-reversionary leases did not. The prior discussion on this issue applied only to new hangar leases, and existing leases were not among those considered. Phillips added that in spite of what some owners would allege, the FAA had no problem with having two types of leases, and there was no discriminatory practice in doing so. In his opinion, this proposal was in the best interest of the private hangar owners, and not in the best interest of the City.

Board Member Phillips moved to amend the motion to add that this recommendation *in no way sets a precedent for other types of hangars on the airport. Board Member McFee made the second. Voting Aye: Board Members McQuarrie, McFee, Hansen, Mabbutt, and Phillips.*

The Board then voted on Board Member Mabbutt's motion, as amended. Voting Aye: Board Members McQuarrie, McFee, Hansen, Mabbutt, and Phillips.

Even though the motion only applies to Daniel Hangar #23 - 30, based on previous conversations with the FAA, I believe Daniel Hangar #5 is similarly situated as it has the same reversionary lease agreement. Also, it is possible that two other hangars in the commercial area might claim that they are similarly situated and should be treated similarly. I have not yet had enough time to fully explore the FAA's opinion on this matter.

Item 7 – Chief Booth – Review Results of Citizen Survey Regarding Deer in the City Limits: Because of complaints received, the Police Department solicited responses to a survey regarding deer that were living within the City limits. See enclosed staff report and PowerPoint from Chief Booth. Chief Booth will review the results of the survey with the Council and seek direction from the Council on what they would like to see done, if anything, to address the complaints the City is receiving.

Item 8 – Review Request from Bart Mumford for Budget Amendment for Crack Sealing: Because of the winter impact on City streets, Bart Mumford is coming before the Council to solicit support to obtain bids to begin the crack sealing of City roadways. At this time, it would be the recommendation of staff to solicit bids and try to determine how fast the work could be performed. Once we understood the potential impact on the current budget, staff would look for Council support to amend the current budget in an appropriate amount before any work is awarded.

Item 9 – Review Proposed Meeting Schedule for the Form Based Code and Branding Project: Tony Kohler has prepared the enclosed schedule for Council review of scheduled meeting dates to finalize the adoption of form based codes.

Item 9 – Other Items as Needed:

TAB 1

There are no physical materials for this agenda item.

TAB 2

Following the vote, Mayor McDonald added his comments and expressed his appreciation to the Council and staff for their united work on the budget process.

2. Approve Resolution 2015-10, a Resolution Adopting a Certified Tax Rate for Fiscal Year 2015-2016

Resolution 2015-10

Anderson explained that the County and State provided the tax rate during the week prior to this meeting. The tax rate decreased from the prior year, which represented the increase in valuation of property in the city: as values rose, rates decreased.

Council Member Patterson moved to approve Resolution 2015-10, adopting a Certified Tax Rate for Fiscal Year 2015-2016. Council Member Bradshaw made the second. Voting Aye: Council Members Patterson, Bradshaw, Rowland, Franco, and Potter.

3. Public Hearing on Unbilled Services for City Consumed Water, Sewer and Utility Services

Presentation on Public Hearing on Unbilled Services

Anderson projected a PowerPoint presentation and explained that the City was required to hold a public hearing regarding the City not charging itself for its services, pursuant to Utah Code §10.6.135. Anderson then detailed the water, sewer and utility services the City provided to the General Fund at no charge. Following Anderson's presentation, Mayor McDonald invited members of the audience to come forward to address the Council or staff concerning the foregoing. No comments were given. Mayor McDonald closed the public hearing and solicited comments from the Council; none were given.

Council Member Rowland moved to approve the continuation of the City's practice to not bill itself for utility services such as consumed water, sewer and utility. Council Member Patterson made the second. Voting Aye: Council Members Patterson, Bradshaw, Rowland, Franco, and Potter.

4. Terry Edwards, Request Donation for Memorial Hill

Terry Edwards, spokesman of the Memorial Hill Wasatch County committee introduced himself, Lieutenant Colonel Tom Walker (ret.) and Captain Lewis Scovil. Edwards explained the committee was requesting funding for a new monument to add names to the plaque, and offered a preliminary project plan for the Council's review. He explained that while the hill was owned by Wasatch County, the committee felt it only fair that each city within the County participate in funding. Edwards noted that Midway had provided them with $5,000 for the last 3 years. The committee was requesting $15,000 from Heber City to launch the project. Edwards estimated the total project cost would run approximately $60,000 - $65,000. He indicated they had a meeting scheduled with Midway City Council on July 1. Edwards also stated that the bronze casting would take three months, and since the gate to the hill was closed every Veterans' Day until May 1, they had a good window of time to work on the project. Edwards further explained they needed to make room for 100 more names on the plaques, which was what prompted the project. Once the City contributions had been made, Wasatch County would need to provide the remaining funds. Edwards said they hoped to have participation by all in the area, since many veterans resided in the valley, and in Heber City in particular. Council Member Rowland confirmed with Anderson that funds formerly designated for a veterans' memorial in Heber City had not been earmarked since for any other project. Rowland opined that he didn't think the requested donation was excessive, and believed $15,000 was a small amount given the sacrifices the veterans had made. He added that a donation of this amount represented a small percentage of the funds proposed for the Heber City veterans' memorial project that had never commenced. The Council expressed its support for a $15,000 donation toward the Memorial Hill project.

5. Approve Ordinance 2015-14, an Ordinance Amending Heber City's Land Use Map
Ordinance 2015-14
Memo re 2015 Land Use Map Amendment

Council Member Rowland moved to approve Ordinance 2015-14, amending Heber City's Land Use Map. Council Member Patterson made the second. Voting Aye: Council Members Patterson, Bradshaw, Rowland, Franco, and Potter.

6. Discuss Approval of the Memorandum of Understanding (MOU) with Three Strings Holdings
Three Strings Holdings MOU

Anderson explained that Three Strings had been anxious for the City to make a decision on what land, if any, it would want to acquire from them for the purpose of protecting the area for a proposed bypass. As a result of the traffic study which the Council viewed during the evening's work meeting, staff was recommending the City acquire the 25.88 x 344 feet of property fronting Daniels Road. Anderson believed there was still more work to do pertaining to whether to purchase the other forty feet of property. Anderson also expressed his concern with Paragraph IIIB of the Memorandum of Agreement ("MOA"), which stated, "The termination of this Agreement shall constitute a legally enforceable waiver of Buyer's right to acquire the 25.88 and 40.0." Anderson added that staff recommended the City indicate its intent to acquire the 25.88 foot parcel on Daniels Road, but it would not agree to sign the MOA, and would meet with Wasatch County and the City of Daniel to discuss the results of the traffic study. Anderson projected the map of the area for reference, and indicated the area in blue on the map was the 25.88 foot parcel the staff was recommending the City purchase. Anderson indicated that if the City were to indicate its intent to purchase the 25.88 foot portion, it should satisfy Three Strings for the time being. Mumford clarified that the blue area on the map, the 25.88 foot parcel, needed to extend all the way to the property line. The current map indicated it intersected with and terminated at the orange, 40 foot parcel. Anderson was fairly confident Three Strings would be willing to sell the 25.88 foot parcel extending to the property line, but it would be predicated upon its having access to the rear of the property as an alternative access point to the property. Anderson added that Three Strings' deadline for the City's decision as to the two parcels was July 6.

Council Member Potter moved that the Council not approve the Memorandum of Agreement as currently drafted, but that the Council offer to purchase the 25.88 foot parcel, extending all the

TAB 3

Heber City Planning Commission
Report by: Anthony L. Kohler
Meeting date: February 25, 2016

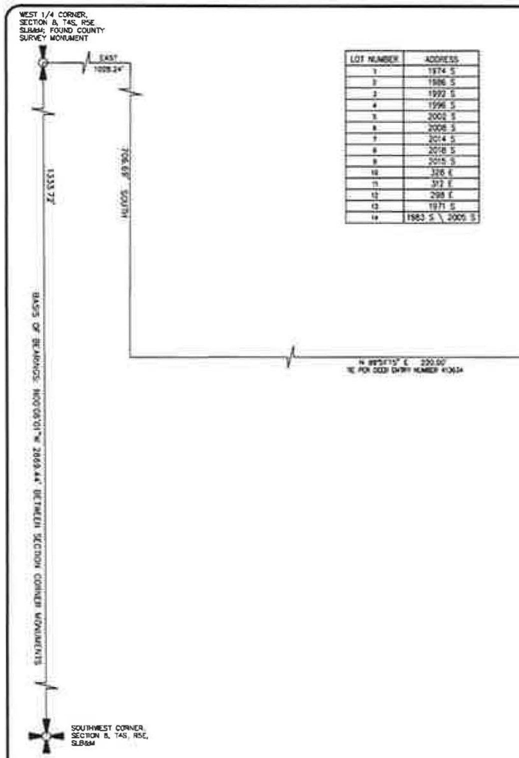
Re: Tripp Final Subdivision Application

The petitioner is requesting Preliminary Approval of the proposed Tripp Subdivision, a 14 unit Single Family Home subdivision in R-3 Residential Zone at approximately 280 East Airport Road. The R-3 Residential Zone requires a minimum 65 feet of frontage and 6,500 square feet per lot. Airport Road frontage has existing curb, gutter, and sidewalk. The proposal was granted preliminary approval on December 10, 2015.

RECOMMENDATION

The proposed subdivision meets the requirements of the R-3 Zone, Section 18.60 and Title 17 Subdivisions of the City Code, conditional upon the final plans addressing the irrigation easement with the 24 inch irrigation line and the proposed storm drain along East Airport Road, conditional upon submittal of the following prior to recording the subdivision plat (See section 17.20.030 B.):

1. An updated title report for all lands proposed to be subdivided;
2. Tax clearance from county assessor; and
3. Record of survey map;



LOT NUMBER	ADDRESS
1	1974 S
2	1986 S
3	1992 S
4	1996 S
5	2002 S
6	2008 S
7	2014 S
8	2018 S
9	2015 S
10	328 E
11	312 E
12	298 E
13	1971 S
14	1983 S \ 2005 S

CURVE TABLE

CURVE	RADIUS	ARC LENGTH	DELTA ANGLE	CHORD LENGTH	CHORD BEARING
C1	2736.00'	320.84'	6°43'08"	320.66'	N03°34'09"W
C2	2736.00'	100.03'	2°05'41"	100.02'	N01°15'25"W
C3	2736.00'	80.12'	1°40'40"	80.11'	N03°08'35"W
C4	2736.02'	140.70'	2°56'47"	140.68'	N05°27'19"W
C5	15.00'	23.58'	90°04'01"	21.22'	S45°05'38"E
C6	15.00'	4.94'	18°53'11"	4.92'	N16°03'31"E
C7	87.00'	60.22'	39°39'21"	59.02'	N05°55'58"E
C8	87.00'	46.37'	30°32'20"	45.82'	N29°09'52"W
C9	87.00'	50.18'	33°02'52"	49.49'	N60°57'28"W
C10	87.00'	58.04'	38°13'27"	56.97'	S83°24'23"W
C11	15.00'	6.70'	25°34'59"	6.64'	S77°05'09"W
C12	15.00'	11.90'	45°27'11"	11.59'	N67°23'46"W
C13	52.00'	19.06'	21°00'16"	18.96'	N55°10'19"W
C14	52.00'	55.99'	61°41'27"	53.32'	S83°28'50"W
C15	52.00'	48.03'	52°55'09"	46.34'	S26°10'32"W
C16	52.00'	68.39'	75°21'16"	63.57'	S37°57'40"E
C17	52.00'	54.40'	59°56'15"	51.95'	S74°23'34"W
C18	15.00'	11.90'	45°27'11"	11.59'	S67°09'02"W
C19	13.00'	20.43'	90°02'30"	18.39'	S45°06'07"E
C20	15.00'	23.56'	90°00'00"	21.21'	S44°55'08"W
C21	45.00'	70.72'	90°02'30"	63.66'	S45°06'07"E
C22	15.00'	1.75'	6°41'48"	1.75'	S03°16'02"W

LINE TABLE

LINE	BEARING	DISTANCE
L1	N09°06'24"E	29.23'
L2	S26°51'56"W	16.18'
L3	N13°40'40"W	39.32'
L4	N09°06'24"E	14.61'
L5	S89°52'38"W	5.26'
L6	N00°04'52"W	29.83'

LEGEND

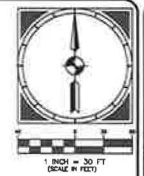
EXISTING WCSSA #1 IRRIGATION EASEMENT RECORDED AS ENTRY #205681 IN THE WASATCH COUNTY OFFICIAL RECORDS. NO FENCING ALLOWED IN IRRIGATION EASEMENT.

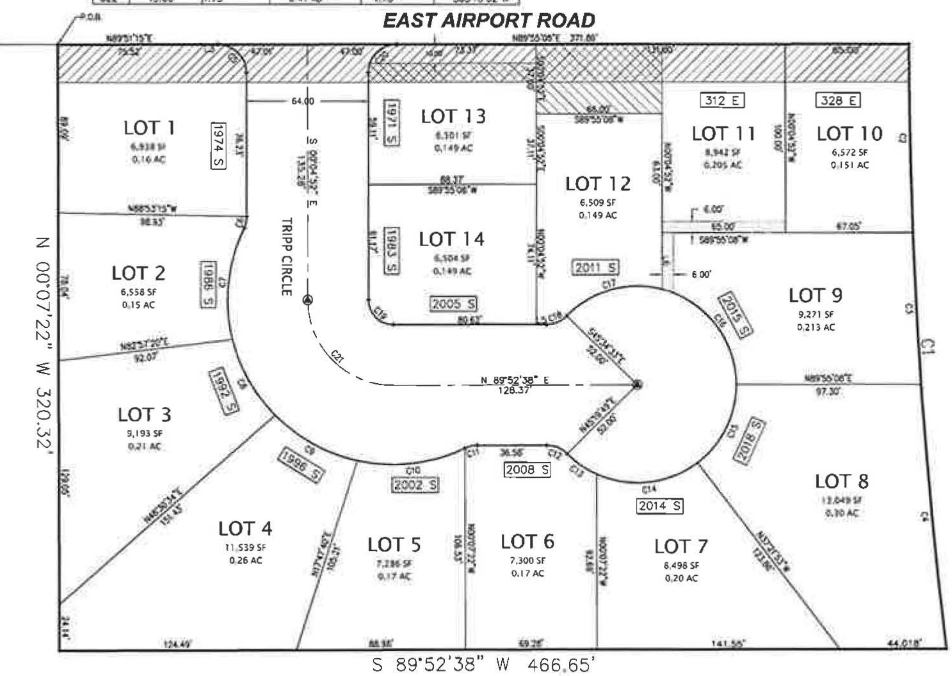
STORM DRAIN EASEMENT LOCATED ON LOTS 11 AND 13. SEE STORM DRAIN NOTE. NO FENCING ALLOWED IN STORM DRAIN EASEMENT.

PRIVATE IRRIGATION LATERAL EASEMENT IN FAVOR OF LOTS 10 AND 11.

STREET MONUMENT

PROPERTY BOUNDARY





STORM DRAIN EASEMENT NOTE

AN EASEMENT, AS SHOWN ON LOTS 11 AND 13 IS GRANTED TO HEBER CITY. A PERMANENT EASEMENT OF RIGHT-OF-WAY FOR THE PURPOSE OF STORM DRAIN MAIN LINES, RETENTION AND/OR DETENTION PONDS, MANHOLES AND BOXES, AND SURFACE STRUCTURES, TOGETHER WITH THE RIGHT TO CONSTRUCT, OPERATE, MAINTAIN, REPAIR AND REPLACE SAID FACILITIES, AND THE RIGHT OF INGRESS AND EGRESS FOR SUCH PURPOSES.

PROPERTY OWNER SHALL NOT INCREASE OR DECREASE OR PERMIT TO BE INCREASED OR DECREASED THE GROUND ELEVATIONS OF SAID EASEMENT EXISTING AT THE TIME SUBDIVISION IMPROVEMENTS ARE COMPLETED, NOR CONSTRUCT OR PERMIT TO BE CONSTRUCTED ANY PERMANENT BUILDING, FENCES, STRUCTURES, LANDSCAPING (OTHER THAN GRASS), IMPROVEMENTS OR OTHER ENCROACHMENT UPON SAID EASEMENT WITHOUT PRIOR WRITTEN PERMISSION FROM HEBER CITY. ANY IMPROVEMENTS NOT AUTHORIZED IN WRITING BY THE CITY WILL BE REMOVED AT THE PROPERTY OWNER'S EXPENSE.

ZONING INFORMATION

APPROVED MINIMUM SETBACKS ARE AS FOLLOWS:
FRONT: 25 FEET
REAR: 20 FEET
SIDE: 5 FEET

CORNER LOTS ARE SUBJECT TO A 20 FOOT BUILDING SETBACK ON THE STREET THAT IS NOT BEING FRONTED ON. ALL SETBACKS ARE SUBJECT TO HEBER CITY ZONING ORDINANCE REQUIREMENTS AT THE TIME A BUILDING PERMIT IS ISSUED.

PUBLIC UTILITY EASEMENTS:

ALL LOTS IN THIS SUBDIVISION ARE SUBJECT TO PUBLIC UTILITY EASEMENTS ALONG ALL PROPERTY LINES AS FOLLOWS:
FRONT: 10 FEET
REAR: 10 FEET
SIDE: 5 FEET

PROPERTY CORNER NOTES

1. 5/8" REBAR AND PLASTIC CAP STAMPED "SUMMIT ENG 435-654-9229" TO BE SET AT SUBDIVISION CORNERS AND REAR LOT CORNERS.

2. 1.17" COPPER PLUG STAMPED WP-RP 145796 TO BE SET AT POINTS WHERE EXTENSION OF SIDE LOT LINES INTERSECT CENTER OF CONCRETE STREET CURB.

SURVEYOR'S CERTIFICATE

I, BING CHRISTENSEN, DO HEREBY CERTIFY THAT I AM A PROFESSIONAL LAND SURVEYOR, AND THAT I HOLD CERTIFICATE NO 145796 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY BY AUTHORITY OF THE OWNERS, THAT I HAVE MADE A SURVEY OF THE TRACT OF LAND SHOWN ON THIS PLAT AND DESCRIBED BELOW, AND HAVE SUBDIVIDED SAID TRACT OF LAND INTO LOTS, BLOCKS, STREETS, AND EASEMENTS.

BING CHRISTENSEN

DATE

BOUNDARY DESCRIPTION

BEGINNING AT A POINT WHICH IS EAST 1028.24 FEET AND SOUTH 705.69 FEET AND NORTH 89°51'15" EAST 220.00 FEET FROM THE WEST QUARTER CORNER OF SECTION 8, TOWNSHIP 4 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN; THENCE NORTH 89°55'05" EAST 371.88 FEET; THENCE [illegible] ALONG A NON-TANGENT CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 2736.00 FEET AND TO WHICH POINT A RADIAL LINE BEARS SOUTH 89°48'34" WEST; THENCE SOUTHERLY 320.84 FEET ALONG SAID CURVE THRU A CENTRAL ANGLE OF 6°43'08"; THENCE SOUTH 89°52'38" WEST 466.65 FEET; THENCE NORTH 00°07'22" WEST 320.32 FEET TO THE POINT OF BEGINNING

PARCEL CONTAINS 3.14 ACRES

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY WAS ESTABLISHED AS NORTH 00°06'01" WEST BETWEEN FOUND WASATCH COUNTY SURVEY MONUMENTS FOR THE SOUTHWEST CORNER AND THE WEST 1/4 CORNER OF SECTION 8, TOWNSHIP 4 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN IN CONFORMANCE WITH UTAH COORDINATE SYSTEM 1983 CENTRAL ZONE BEARINGS.

OWNER'S DEDICATION AND CONSENT TO RECORD

[illegible] REQUIRED BY THE DEVELOPMENT AGREEMENT BETWEEN THE UNDERSIGNED AND HEBER CITY FOR THE BENEFIT OF THE CITY AND THE INHABITANTS THEREOF.

NAME DATE

NAME DATE

OWNER'S ACKNOWLEDGMENT

STATE OF UTAH
COUNTY OF WASATCH

ON THE ______ DAY OF ____________, A.D. ___ PERSONALLY APPEARED BEFORE ME, THE UNDERSIGNED NOTARY PUBLIC, THE SIGNER OF THE ABOVE OWNER'S DEDICATION, WHO DULY ACKNOWLEDGED TO ME THAT HE SIGNED IT FREELY AND VOLUNTARILY AND FOR THE USES AND PURPOSES THEREIN MENTIONED.

NOTARY PUBLIC MY COMMISSION EXPIRES

ACCEPTANCE BY LEGISLATIVE BODY

THE CITY COUNCIL OF HEBER CITY, WASATCH COUNTY, UTAH, APPROVES THIS SUBDIVISION SUBJECT TO THE CONDITIONS AND RESTRICTIONS STATED HEREON, AND HEREBY ACCEPTS THE DEDICATION OF ALL STREETS, EASEMENTS AND OTHER PARCELS OF LAND INTENDED FOR PUBLIC PURPOSES FOR THE PERPETUAL USE OF THE PUBLIC THIS ______ DAY OF ____________, 2016

MAYOR

CLERK-RECORDER

HEBER CITY ENGINEER APPROVAL

CITY ENGINEER DATE

PLANNING COMMISSION APPROVAL

APPROVED THIS ______ DAY OF ____________, A.D. ___ BY THE PLANNING COMMISSION OF HEBER CITY.

CHAIRMAN, PLANNING COMMISSION

WASATCH COUNTY SURVEYOR

APPROVED AS TO FORM THIS ___ DAY OF ________, ____.
ROS # ______

COUNTY SURVEYOR DATE

WASATCH COUNTY RECORDER

PROJECT	C15-032
SHEET	1 OF 1
ISSUE DATE	02/19/2016
PREPARED FOR	BRANDON TRIPP
PROJECT	TRIPP SUBDIVISION

Summit Engineering Group Inc.
Structural • Civil • Surveying

TRIPP SUBDIVISION

LOCATED IN THE SOUTHWEST 1/4 OF SECTION 8, TOWNSHIP 4 SOUTH, RANGE 5 EAST, SLB&M, HEBER CITY, WASATCH COUNTY, UTAH

TAB 4

RESOLUTION NO. 98-10

POLICY RESTRICTING THE PROVIDING OF SERVICES WITHIN THE TWIN CREEKS SPECIAL SERVICE DISTRICT

WHEREAS Heber City is a body politic created to administer local and internal affairs and to assist, not compete, in the administration of the government of the county and state; and

WHEREAS the City's boundaries and administration are not static but as civilization itself ever expanding and changing; and

WHEREAS Wasatch County has created the Twin Creeks Special Service District which borders on the City limits; and

WHEREAS there is a need that the financial integrity of the District be preserved; and

WHEREAS Heber City has a need for an additional water storage tank to provide fire protection and water pressure to the southern areas of Heber City and to provide for future growth; and

WHEREAS the elevation of the site upon which the tank is to be constructed is critical; and

WHEREAS the City located three potential sites all in the unincorporated area of Wasatch County, one parcel owned by Kris Orrin Pollock, one referred to as the Phyllis Christensen property and one referred to as the McNaughtan property; and

WHEREAS the surface conditions on the Pollock site are preferable but (a) said site is located within the boundaries of the Twin Creek Special Service District and (b) a request has been made by the owner thereof for four water connections as part of the purchase price;

THEREFORE, BE IT RESOLVED BY THE HEBER CITY COUNCIL that except for the requested four connections, it shall be the policy of Heber City that the City will not provide water connection within the Twin Creeks Special Service District absent annexation of the area to be served or the consent of the control board of the District.

In establishing the foregoing resolution the City Council took into consideration the following as well as other factors (a) in establishing its exclusionary policy and (b) in granting of the four connections for the Lindsay's Hill property:

(a) The City is reluctant to take property by its power of eminent domain because of the risk of delay, the risk of severance damages over and above the fair market value of the site, the cost of litigation, and the ill will associated with a forced taking.

(b) It is believed that the area or a significant portion of the Warren/Pollock family property would be difficult for the Twin Creek Special Service District to serve because of its higher elevation than that of the immediate surrounding area to the west, south and east - preserving pressure to service the top of the hill and at the same time providing pressure reducing station to service the immediate surrounding area would create design, operation and maintenance concerns for the District that might well make it not cost-efficient for it to serve the upper portions of Lindsay Hill.

(c) Originally the owners of the Sun Star (Pollock/Warren) parcel represented that they were told by the District that Lake Creek Irrigation Company water was required in exchange for servicing the area and at the same time representatives of Lake Creek Irrigation Company were taking the position that the hill could not be serviced by Lake Creek Irrigation Company water because it was not in its historic service area, that is, that Lake Creek Irrigation Company would not approve the change of use.

(d) The City should not be jeopardizing the financial integrity of the Twin Creek Special Service District by being predatory.

ADOPTED and passed by the Heber City Council this 3 day of December, 1998, by the following vote:

	AYE	NAY
Councilman Bob Morris	X	
Councilman Terry Wm. Lange	X	
Councilman H. John Rogers	X	
Councilman Jerry W. Smith	X	
Councilman Robert J. Lucking	X	

APPROVED:

Mayor Lynn L. Adams

ATTEST:
Paulette Thurber
RECORDER
(Seal)
Date of First Publishing: ______________

TAB 5

There are no physical materials for this agenda item.

TAB 6

February 8, 2016

Dear Councilor Smith and Councilor Crittenden:

I observed the Feb 4 Council Work Meeting discussion regarding the Airport Board recommendation to convert the 9 Daniel reversionary hangars to non-reversionary ground leases. Note the Board voted unanimously 5-0 to forward their recommended action to the Council.

Mr. Crittenden cited a need for information about reversionary vs. non-reversionary leases, and other Councilors asked for other information. Much analysis and documentation were provided to the Board during the months it took them to reach consensus, but only one document was in your Work Meeting info packet. To perform due diligence, however, you need to know how and why the Board arrived at their conclusions. Accordingly, I am providing three additional documents in PDF format that were important during their discussions:

- Oct 21, 2015 *Daniel Ground Leasing Policy Analysis* Power Point presentation.

- Relevant sections of 11 Documents cited in *Daniels Ground Leasing Policy Analysis*.

- A Jan 8, 2016 analysis of *Similarly Situated 36U Hangars and Owners*.

Beyond the need-to-know information in these documents, it is also important that you maintain continuity with the previous City Council's decisions by understanding their history in regards to ground leasing policy:

- March 2013. After several previous failed attempts to clarify end-of-lease provisions of existing leases, the City assured Hangar Owners at an Airport Board Open House that each type of hangar leases would be reviewed by the end of 2013. No specifics changes were guaranteed, but each group of owners was promised their day-in-court. This process still continues, more than 2 years past the original deadline.

- August 2014. The City Council approved in a 4-1 vote that all ground leases for future hangars will be non-reversionary and tasked the Airport Board to develop the specifics of a new Standard Non-Reversionary Ground Lease for the airport.

- March 2015. The City Council approved in a 5-0 vote the specifics of the airport's new Standard Non-reversionary Ground Lease as developed by the Airport Board.

- August 2015. The City Council approved in a 5-0 vote to grant owners of the existing 22 Daniel Non-reversionary hangars the option to convert to the airport's new Standard Non-Reversionary Ground Lease. All 22 owners have done so.

- January 2016. The Airport Board approved in a 5-0 vote a recommendation to the City Council to approve granting owners of the existing 9 Daniel Reversionary hangars the option to convert to the airport's new Standard Non-Reversionary Ground Lease in return for an increase of $550 in their annual ground lease fee and an additional $1,500 annual lease conversion fee.

Thank you for your consideration,

Paul Boyer

Paul Boyer
36U Hangar Owners Group
817-845-8080 cell

Daniels Ground Leasing Policy

Analysis and Recommendation for the 9 Remaining Daniel's Reversionary Hangars

36U Hangar Owners Group – Oct 21, 2015

Defining the Issue

- **Situation:**
  - 22 Existing + ALL Future Daniel Hangars have the airport's new Standard Non-reversionary Lease vs only 9 remaining Reversionary Lease Hangars
  - City has the opportunity to unify all Daniel hangars under one Standard Ground Lease

- **Questions:**
  - Does the City want to increase CURRENT cash inflows?
  - Does the City want to encourage current owners to invest in maintaining hangars and adding improvements?
  - Does the City want a single consistent leasing policy that is easiest to manage for the life of the Daniel development?

OR

  - Does the City want to become a rental landlord of a handful of 30-45 year-old Daniel hangars with all their expenses, liabilities, unknowns, and uncertainties that will delay increased cash flow 30 years when the City needs it today to attain self-sustaining airport operations?

Why Now, Why Daniel Hangars?

- The City Council agreed that the migration of 22 existing Daniel hangars to the new Standard Ground Lease is in the best interest of the airport.
- Such action suggests the same consistent leasing policy for the remaining 9 Daniel Hangars may also be in the airport's best interest.
- The Daniel Hangar development is the future of the airport and will be easiest managed by the City as one type of hangar ground lease.
- All Daniel Hangars are clear of the C2/D2 removal zone. Hangar Row and parts of the commercial apron are NOT and must be considered as separate issues.

Analyzing The Issues and Reasoning

1. City's Fiduciary Responsibility
2. Leasing Policy Consistency
3. Hangar Revenues
4. Reversionary Lease Considerations
5. Future Hangar Demand
6. City Control of Airport Development

1. City's Fiduciary Responsibility

- The City, as Airport Sponsor, has a fiduciary responsibility for fair & equitable treatment of ALL airport stakeholders.

- Stakeholders include not just the City and its taxpayers, but also:
  - Airport Tenants
  - Airport businesses
  - Wasatch County and its taxpayers
  - The School District and it's taxpayers

2. Leasing Policy Consistency

- The Heber City's consultant, Airport Business Solutions, confirms the wisdom of a Consistent Leasing Policy:

- *"Whatever the City finally adopts as their Airport's lease policy,* ***it must be consistently applied to all existing and perspective tenants"***

Reference **Attch#1** -Airport Business Solutions' *2007 Lease Analysis*- Section 1, Page 3, *Lease Issues and Consideration*

2. Leasing Policy Consistency (cont'd)

- **The FAA:**
  - "Encourages ... transparency and consistency" in Airport Leasing Policy.
  - "Encourages ... a well-organized and comprehensive approach" to leasing.
  - Does not require "leasing policy consistency" but suggests it is desirable and cite it as a "Best Management Practice for General Aviation Airports."

  Reference **Attch#2** – FAA "*Developing an Airport Leasing Policy: Best Management Practices for General Aviation Airports*" Presentation by Kevin C. Willis, Manager, FAA Airport Compliance Division, FAA Headquarters, Washington DC

  Reference **Attch#3** – Sep 28, 2015 email from FAA Compliance Specialist Marc Miller

- Migrating all Daniels Hangars to the same consistent Standard Ground Lease Policy is clearly the "Best Management Practice" for 36U as discussed specifically by the City's consultant, Airport Business Solutions, and in general by the FAA.

2. Precedent Application of Consistent Leasing Policy in the Mountain West

- Three Mountain West Airports have set consistent leasing precedent by implemented new leasing policies similar to Heber Airport's new Standard Non-reversionary ground lease.

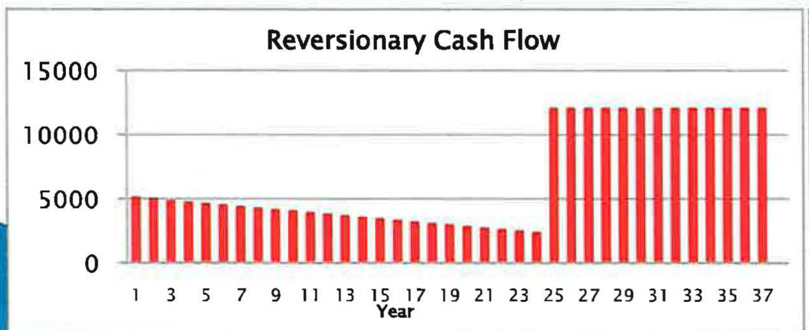
- **All three airports converted all existing reversionary leases to their new Standard Non-reversionary Lease no matter the original cost or age of the existing hangars:**
  - *Billings, MT:* Reference **Attch#4** – Email from KBIL Business Manager Marita Herold
  - *St. George, UT:* Reference **Attch#5** – Email from KSGU Operations Supervisor Brad Kitchen
  - *Grand Junction, CO* : Reference **Attch#6** – "Nov 18, 2014 Aeronautical Use Lease Policy"

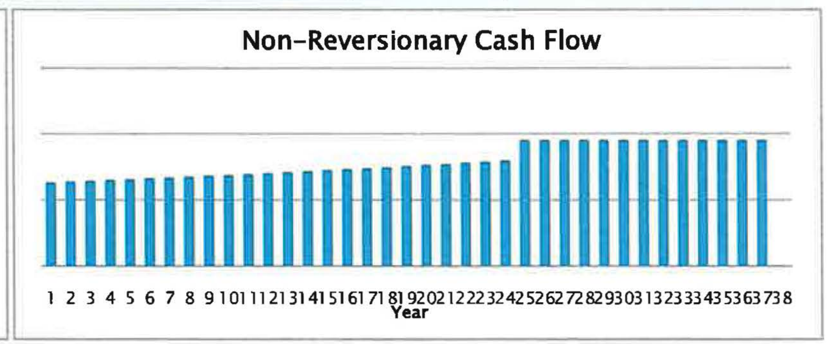
3. Hangar Revenues

Reference Attch#7 – "Economic Analysis of Ground Leases" by Niederhauser & Davis CPAs

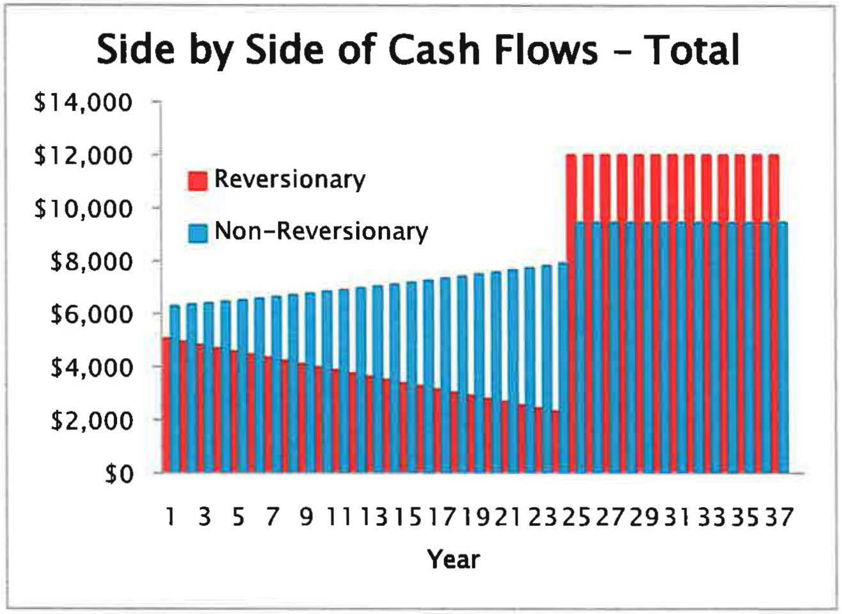
- Two Cases to consider in considering financial impact of the Standard Non-reversionary lease vs Reversionary lease
  - Reversionary Lease – City takes ownership of just 9 Daniel hangars after year-30 and starts a City owned and operated Hangar Rental Program. Income is offset by lost property taxes and ground leasing fees due to City ownership.
  - Standard non-reversionary lease – Lessees renegotiate new lease terms with City at expiration of current lease

Reversionary	Standard Non-Reversionary
Lower and decreasing Up Front City Revenues	Higher and increasing CURRENT Cash Flow
Decreasing Property Tax Income to County & Schools	Increasing Property Tax Income to County & Schools
City income potentially increases on back end of lease	Less uncertainty regarding market conditions 25 years from now
Maintenance, rehab and liability cost uncertainty	No Maintenance or liability cost to City





3. Hangar Revenues (cont'd)



<u>Conclusion: There is very little if any economic incentive for the city to stick with Reversionary Leases over increasing current rates moderately and using a Non-reversionary Lease</u>

- Reversionary and Non-Reversionary cases brings equal total cash flow to City, County, and School District combined over the useful life of the Hangars and increased present value income
- Reversionary and Non-Reversionary cases bring equal present value income to the City ignoring Property tax income
- Only looking at non-discounted (not accounting for time value of money (i.e. inflation and growth) does the reversionary lease appear to increase income to the City

NOTE -Charts and calculations assume

- $550 annual ground lease fee increase on conversion from Reversionary to Standard Non-reversionary lease
- 2% inflation and 5% discount rate
- Future lease rates based on inflation adjusted current lease rates

3. Hangar Revenues (cont'd)

OVERALL - YEARS 1-45

"If our objective is then to help produce income at the airport, then the non-reversionary or the renewable leases is [what we need] ... which means you give them 15 maybe 20 year lease and give them a first right as leaser ... to renew those leases. That way you can increase the lease rates and produce more income for the airport and also then the hangar owner themselves have a vested interest."

... City Councilor Alan McDonald

Reference **Attch#8** - July 19, 2012 City Council Work Meeting Audio, at 0:28:47 mark.

4. Reversionary Lease Considerations

- Reversionary Lease City Benefits:
  - City takes ownership of just 9 Daniel hangars after year-30 and starts a City owned and operated Hangar Rental Program.
  - City Rental income increases 5-10x assuming continuing demand and full occupancy.

- Reversionary Lease City Liabilities:
  - Hangars are already 30+ years old at start of rental program.
  - Questionable hangar conditions. Pending City ownership provides disincentive for tenants to invest in maintenance.
    - Items such as Hangar Roof and Door will be beyond their component useful lives and will likely require tens of thousands of dollars in improvements to reach the building's 45 year expected life.

  - Rental program is backloaded with lower revenue in years 1-30 that **delays funds needed for self-sustaining operations without the City's General Fund aid to years 31-45.**

4. Reversionary Lease Considerations (cont'd)

- Full occupancy is no way assured. City struggled to find quality tenants for latest hangars sold.
  - These Daniels Reversionary hangars now house turbine aircraft which increases fuel flowage revenue compared to the small piston renters under the City hangar ownership
- Rental Expenses: Property management, hangar repairs, hangar maintenance, hangar updates, property and liability insurance, potential legal proceedings, hangar removal cost at end of useful life, etc. **that are spread across just 9 Daniel Hangars.**
- Owners and <u>future</u> owners prefer Non-reversionary leases. Non-reversionary leases are easier to sell and therefore contribute to increased vitality of the airport as new tenants cycle in more frequently. Reversionary leases create undesirable "*zombie*" hangars with values sharply declining to zero the last 10 years of lease.
- IN SUM: <u>Unknowns</u> prevent accurate projections after City takes ownership: unknown hangar condition in year 31, cost to restore hangar in year 31, maintenance costs for old hangars in years 31-45 and unknown market rate and demand for hangars.
- Versus **Standard Non-Reversionary Ground Lease with:**
  - Far fewer unknowns that affect future projections.
  - Tenants responsible for hangar repairs and maintenance of old hangars.
  - Tenant ownership that provides incentive to maintain and properly utilize hangars.
  - Tenants that pay for hangar removal at end of lease..

4. Reversionary Lease Considerations- Property Taxes

- Tax revenues diminish as property values decrease.
- Reversionary hangars depreciate rapidly in the last 10 years to ZERO.
- Decreasing property values = decreasing property tax revenues.
- Reversionary **taxes in years 1-30 are 51% lower** than hangars with the airport's new Standard Non-Reversionary ground lease with zero appreciation of the non-reversionary hangars. At 5%, 10%, and 15% Non-reversionary hangar appreciation, there is substantially greater disparity between City's rental proposal and Standard Non-reversionary hangars.

Reference **Attch#7** - Niederhauser & Davis "Economic Analysis of Ground Leases"

Reference **Attch#9** - TimeMD.com "Russ McDonald Field: Hangar Marketing Proposal"

4. Reversionary Lease Considerations- Property Taxes (cont'd)

- **City Benefits**:
  - Heber City receives only a small percentage of airport property tax revenues in years 1-30 with little lost in years 31-45 when property taxes go to $0.00 with City ownership.
- **Fair and Equitable Treatment Issue**:
  - Wasatch County and the School District receive most of the airport property tax revenues in years 1-30.
  - Lost taxes disproportionally impact the County and School District in years 31-45.
  - At least part of the potential profits from the City's hangar rental program **depends upon a backdoor tax rate hike for County and School District taxpayers.**
- **Standard Non-Reversionary Ground Lease**:
  - No lost taxes. Tenants pay property taxes that increase with rising property values.
  - Positive impact on City, County, and School District taxpayers as airport tax revenue increase with higher hangar vales.

Reference **Attch#7** - Niederhauser & Davis Economic Analysis of Ground Leases for Russ McDonald Field

5. Future Hangar Demand

- **City Benefits**
  - Unknown - Impossible to project hangar demand and occupancy rates decades into future.
- **City Liabilities**
  - Risk of lost income due to hangars going unrented and vacant.
  - Reference **Attch#10** - AOPA article about continuing nationwide demographic trends.
    - Decreasing numbers of new pilots.
    - Dropout rates of Student Pilots are as high as 80%.
    - Private pilots decreased from 252,561 in year 2000 to 219,233 in 2006 and to 195,650 in 2011, a 22% loss of private pilots in just 11 years.
    - Trend for decreasing number of pilots continues today.
  - Aging baby-boomer pilot population is leaving aviation.
  - Affordability of aviation and changing lifestyles will affect future demand.
  - Currency of existing old hangar design might not be competitive with future technologically advanced designs.
  - Future advancements at competing local airports vs. Heber Airport could be a factor.
- **New Standard Non-Reversionary Ground Lease Hangars**
  - Tenants bear the risk of lost income from vacant or unsold hangars

6. City Control of Airport Development

- **City Benefits**:
  - "This [City hangar ownership and rental program] isn't about money so much as the ability of the City to be able to properly manage the development of the airport."

    .... City Manager Mark Anderson

    Reference **Attch#8**: July 19, 2012 City Council Work Meeting Audio at 0:30:28

- **Standard Non-Reversionary Ground Lease:**
  - The New Standard Ground Lease provides the same level of City control for development without the City owning the remaining nine 30+year-old Daniel hangars and assuming liability for all the risks and problems associated with them.
  - **"The City reserves the right to terminate this lease upon giving four months' written notice if the City has a need for the property for public purposes."**

Reference **Attch#11** - 36U New Standard Non-Reversionary Lease, Para XVIII.C. (page 14)

SUMMARY

- Non-reversionary ground lease revenues are higher during the first 30 years when they are needed to attain self-sustaining airport operations without aid from the City's General Fund.
- Continued tenant ownership provides incentive to maintain hangars.
- Accurate projections of net rental income that doesn't start until decades into the future are impossible to make due to a long list of unknowns.
- Consistency in Leasing Policy is a Best Management Practice for General Aviation Airports.
- Three Mountain West airports have set precedents for Leasing Policy Consistency by extending their new Standard Non-reversionary Ground Lease to their existing reversionary hangars, and not just future hangars.

Suggested Action

- ✓ Airport Board recommendation to offer the remaining 9 Daniels Reversionary Lessees the option to convert to the new Standard Non-Reversionary Ground Lease.
  - Each new Standard lease will retain the current term length and extensions.
  - The annual ground lease fee for unimproved land will double, thereby increasing the City's annual revenue by $550 per hangar (i.e. $13,500 per hangar over the next 25 years).

LIST OF ATTACHMENTS
DANIEL GROUND LEASING POLICY ANALYSIS PRESENTATION

36U Hangar Owners Group - Oct 21, 2015

Attch#1: Airport Business Solutions 2007 Study for Heber City Russ McDonald Field.

Attch#2: FAA 2009 Presentation: "*Developing Airport Leasing Policy: Best Management Practices for GA Airports*" by Manager Kevin C. Willis, FAA Airport Compliance Division, 800 Independence Avenue WW, RM600, Washington, DC

Attch#3 Sep 28, 2015 email from FAA Denver Compliance Specialist Marc Miller.

Attch#4 Email from Billings Logan Airport MT (KBIL).
2014 - KBIL Aviation and Transit Business Manager Marita Herold

Attch#5: Email from St. George Municipal Airport (KSGU).
2014 - KSGU Airport Operations Supervisor Brad Kitchen

Attch#6: "Nov 18, 2014 Aeronautical Use Lease Policy: Grand Junction Regional Airport."
2014 - The Grand Junction Regional Airport Authority

Attch#7: 2014 "Economic Analysis of Ground Leases: Russ McDonald Field."
by Niederhauser & Davis Certified Public Accountants, Park City, UT

Attch#8: Audio and Transcript for Feb 6, 2014 City Council Work Meeting.
2014 - Heber City Municipal Corporation

Attch#9: "Russ McDonald Field: Hangar Marketing Proposal."
2011 - TimeMD.com, Heber City, UT

Attch#10: "Growing the Pilot Population Initiatives" article.
2015 - Aircraft Owners and Pilots Association (AOPA).

Attch#11: Russ McDonald Field New Standard Non-Reversionary Ground Lease.

ATTACHMENT #1

**2007 Ground Lease Study of Heber City Russ McDonald Field
by Consulting Firm Airport Business Solutions**

Airport Business Solutions

Airport Business Solutions

"Valuation and Consulting Services to the Aviation Industry"

10014 N. Dale Mabry Highway, Suite 101, Tampa, Florida 33618-4426

Phone (813) 269-2525 Fax (813) 269-8022

February 9, 2007

Mr. Mark K. Anderson
Heber City Manager
75 North Main Street
Heber City, Utah 84032

RE: Airport Lease Analysis
Heber City Municipal Airport - Russ McDonald Field
Heber City, Utah

Dear Mr. Anderson:

Per the request by Heber City, we are pleased to present this document, which represents an Airport Lease Analysis for the Heber City Municipal Airport - Russ McDonald Field in Heber City, Utah. The following report provides our assessment and analysis of various and potential lease issues and policies for ground leases at the Airport, as well as our recommendations for consideration.

In the development of this document, *Airport Business Solutions* researched many sectors of the local, regional and national airport market, expanding as necessary to gain sufficient and comprehensive data to yield adequate and supportable conclusions. Moreover, we reviewed the hangar row agreements, hangar leases, and the FBO lease and hangar agreements. We met with the tenants and the FBO owner/manager and interviewed City Officials and Airport Staff. In addition, *ABS* has provided Heber City with a sample RFP document and a sample lease agreement.

We appreciate the opportunity to provide our professional services to Heber City. If you should have any further questions, please advise.

Sincerely,

Randy Bisgard

Randy D. Bisgard
Senior Vice President

WHAT IS REVERSION?

For the purpose of this document, it is important to define what reversion means for hangar leases. Reversion generally means that at the termination of a lease, or potentially at a specified point during the term of a lease agreement, that ownership of the improvements reverts to the Lessor. In this case, the Lessor refers to Heber City, who is the owner/sponsor of the Heber City Municipal Airport - Russ McDonald Field. Essentially, it is the point at which the Airport can begin leasing land and improvements of a leasehold at their prevailing market rent, as opposed to just receiving ground rent. However, reversion can also take other forms. In some instances, reversion can mean that at the termination of a lease, the Lessor can require that the tenant who built the improvements remove them and bring the site back to its original unimproved state.

This presence of a reversionary clause is typical within the aviation industry for a number of reasons. These include the provision for future revenue streams, maintaining a certain level of control over the development and maintenance of facilities on the airport, and the ultimate control/management over airport development as it may impact future airport expansion. However, it should be noted that there are numerous other alternatives in place at airports throughout the United States, to include provisions for the airport to purchase the improvements at lease termination. Seldom is there a provision for automatic or perpetual renewals of the lease at the prevailing ground rent only.

LEASE ISSUES & CONSIDERATIONS

In approaching this complicated topic, *ABS* had to consider multiple considerations and options. The following include some primary considerations.

- Whatever the City finally adopts as their Airport's lease policy, it must be consistently applied to all existing and prospective tenants, and should be adopted by a Leasing Policy Ordinance to codify its approach.
- The City must understand and address the condition of the buildings that it could take over in the next few years, and should complete a detailed building inspection for planning purposes. (i.e., What is the City willing to absorb in annual maintenance for reverted or owned structures?)
- The potential growth and expansion possibilities on the Airport indicate that the private sector may willing and able to invest in Airport hangar development.

ATTACHMENT #2

"Developing Airport Leasing Policy: Best Management Practices for GA Airports."
2009 - Manager Kevin C. Willis, FAA Airport Compliance Division, Washington, DC

Developing an Airport Leasing Policy

Best Management Practices for General Aviation Airports

Presented to: ANE Winter Conference 2009

By: Kevin C. Willis, ACO-100

Date: December 9, 2009

Airport Leasing Policy

- Supports well-organized and comprehensive approach to leasing
- Encourages transparency and consistency
- Reduces ad-hoc decision-making which leads to inadvertent noncompliance
- No policy is a policy
- FAA looks at the effects of the policy rather than sponsor's intentions

ATTACHMENT #3

Sep 28, 2015 Email from FAA Denver Compliance Specialist Marc Miller

From: "Marc.C.Miller@faa.gov" <Marc.C.Miller@faa.gov>
To: pebo@boyaire.us
Cc: Kristin.Brownson@faa.gov; John.Sweeney@faa.gov; manderson@ci.heber.ut.us
Sent: Monday, September 28, 2015 1:05 PM
Subject: RE: Leasing Policy

Good afternoon Paul,

Yes, as we discussed previously, the FAA does "Support well-organized and comprehensive approach to leasing" as well was "Encourages transparency and consistency" as it relates to Airport Leasing Policy as outlined in Mr. Willis' 2009 presentation. Those statements are in an effort to help airport sponsors comply with their Federal Grant Assurances. This relates specifically to Grant Assurance #22, "Economic Nondiscrimination" which requires the sponsor make the airport available without unjust discrimination among users. The statement of unjust discrimination however does not prevent an airport sponsor from entering into different lease types and terms based on specific conditions associated with the development investment, location, use, and timeframe, etc. as long as similarly situated users are offered/treated fairly. Also please note that the FAA "Supports" and Encourages" these leasing practices as a tool to help a sponsor comply with their grant assurances, however, they are not "required" and do not necessarily constitute a sponsor being in non-compliance if not followed.

As always, please feel free to contact me with any questions or concerns you may have.

Sincerely,

Marc Miller
Colorado Engineer / Compliance Specialist
Federal Aviation Administration
Denver Airports District Office
303.342.1282
303.342.1260 (fax)

ATTACHMENT #4

Email from Billings Logan Airport MT (KBIL).
2014 - KBIL Aviation and Transit Business Manager Marita Herold

Subject: RE: Hangar information

From: Herold, Marita (HeroldM@ci.billings.mt.us)

To: pebo@boyaire.us;

Date: Friday, January 10, 2014 4:38 PM

Hi Paul:

In regard to the hangar lease reversion matter that we discussed on the phone, please note that these are perhaps the key reasons that our airport decided to stop writing leases with a reversionary clause:

- The clause was very unpopular with our tenants. Tenants often spoke of the difficulty getting financing for construction of hangars if the lease had a reversionary clause, and many opted not to build here because they could not get the financing for the construction.
- The Airport is municipally owned so all the land is zoned public, and is therefore tax exempt from county real estate taxes. The hangars constructed by tenants were considered "improvements" and were taxed separately to the tenant as a non-exempt entity. When the hangar ownership reverted to the Airport, it took a few years of working with the County to get the change made in all of the County's property records. This took a lot of administrative staff time to complete.
- The reversionary clause often resulted in delayed maintenance to the hangars as the deadline for the ownership reversion neared. This meant that by the time the Airport took ownership of the hangars, expensive items like overhead doors needed replacement and roofs often needed work, not to mention other deferred maintenance on the ramps, etc.

I hope this information is of assistance to you. If you have any questions, please give me a call.

Marita Herold

Aviation & Transit Business Manager

City of Billings Logan International Airport

1901 Terminal Circle, Room 216

Billings, MT 59105

Phone: (406) 237-6284

FAX: (406) 657-8438

ATTACHMENT #5

Email from St. George Municipal Airport (KSGU).
2014 - KSGU Airport Operations Supervisor Brad Kitchen

Subject: RE: Our conversation regarding non-reversionary leases

From: Bradley Kitchen (brad.kitchen@sgcity.org)

To: pebo@boyaire.us;

Date: Thursday, January 16, 2014 9:44 AM

Good morning Paul,

As your aware, the City of St. George has been operating out of a new airport facility for the past 3 years. We spent several years planning the new facility which included drafting and approving new documents such as; land/hangar leases, the ACM, AEP, ASP, Minimum Aeronautical Standards, Rules and Regulations, and other plans that are required to operate a commercial Part 139 airport. In regards to SGU's land and hangar leases, the City never supported a reversionary clause in any of the leases at the old airport. For the past 15 years, the City planned and new they were going to build a new airport facility so as these old leases started to expire, the city decided to renew these old leases but to have an expiration date of January 11, 2011, as this was the date to move into the new airport facility and close down the old airport. At this time, a hangar owner had to remove their hangar from the old airport property and was given the opportunity to move it over to the new airport under the new regulations and lease agreements. Up until this time, SGU never supported the reversionary clause.

One year prior to moving into the new airport, the city started working on a new lease agreement to implement for the new airport. At this time the reversionary clause was added to the new lease with a 30 year term. After 30 years, the building or hangar would revert back to the city for ownership. This did not go over well with the people who wanted to invest in the new airport or move their hangars from the old facility to the new. After two years working and planning with the airport users, the city decided to remove the reversionary clause from the new lease. It's my opinion if the reversionary clause was implemented into the new lease agreement, over half of our airport tenants at the old airport would not have made the move to the new airport. With this being said, 95 % of the hangar owners who held a lease on the old airport made the move and signed the new lease agreement at the new airport.

So as of this date, there is no airport lease that has the reversionary clause.

I hope this helps you in your decisions. Feel free to call with any other questions you might have.

Sincerely,

Brad Kitchen, C.M.

Airport Operations Supervisor/ASC

4508 S. Airport Parkway, Suite 1

St. George, Utah 84790

435-705-0748

Brad40@sgcity.org

Fly SGU MUNICIPAL AIRPORT

From: Paul Boyer [mailto:pebo@boyaire.us]
Sent: Wednesday, January 15, 2014 3:52 PM
To: Bradley Kitchen
Subject: Our conversation regarding non-reversionary leases

Brad:

Thank you for your discussion today about SGU's non-reversionary leases. I would truly appreciate it if you could send me an email discusing:

- Your old airport had all NON-reversionary land leases for hangars.

- When you opened your new airport, included a reversionary clauses in the new land leases.

- Why you decided (how long after the airport opened) to then eliminate the reversionary clauses and make all land leases NON-reversionary like the old airport was.

Any additional info would be appreciated.

Paul Boyer
36U Heber City Russ McDonald Field
435-649-4623 home
817-845-8080 cell

ATTACHMENT #6

Grand Junction Regional Airport (KSGU)
November 18, 2014 New/Final Lease Policy

AERONAUTICAL USE LEASE POLICYPOLICY
GRAND JUNCTION REGIONAL AIRPORT
Revised: November 18, 2014

BACKGROUND, SUMMARY, RESPONSE TO COMMENTS AND TEXT

The Grand Junction Regional Airport Authority (the "Authority") owns and operates the Grand Junction Regional Airport (the "Airport"). The Authority was created by the City of Grand Junction and County of Mesa to own and operate the Airport pursuant to the Colorado Public Airport Authority Act, C.R.S. §41-3-101, *et seq*. Under that, Act the Authority has the power to lease Airport property.

II. PURPOSE OF POLICY

The Policy clarifies that Airport land and/or general aviation facilities will generally be leased on a first come-first served basis. The Authority may also use a competitive proposal process to grant a lease for a particular parcel or facility where multiple parties are interested. The Authority will develop a standard aeronautical use ground lease; the initial form of which will be developed within 30-days of adoption of this Policy. Unless circumstances involve the use of a non-standard form, the Authority will attempt to promptly respond to a complete leasing request within 30-days of receipt. The Director of Aviation will be authorized to enter into standard form leases at rates pre-approved by the Authority Board, but the Authority Board in open meeting will make decisions on any lease denial or non-standard lease request.

Under the Policy, the initial ground lease term will continue to be 20 years with a 10-year lessee option to renew. Longer initial or option terms may be available for extraordinarily large investments in facilities. Aeronautical use ground tenants will also be granted up to four (4) additional five (5) year options to extend the lease term, if (a) the improvements have been maintained and are expected to be serviceable for the additional option term, (b) the Authority does not require the ground for other Airport purposes, (c) the extension would not violate FAA grant assurances then in effect, and (d) the lessee is not in material default under the lease or in other financial obligations to the Authority (a "Disqualifying Factor"). This will extend the opportunity of all lessees to own and occupy their hangars, so long as the above conditions continue to be met, for a combined term of up to 50-years. If the Authority Board determines that a facility has not been maintained or is not serviceable, then the lessee will be given a "punch list" and an opportunity to bring the facility into compliance, and thereby be eligible for an additional 5-year option.

Rent will continue to be set at an initial reasonable level, and reset at market rates at the beginning of each additional 5-year option term. Instead of being adjusted annually by any increase in the CPI, under the final Policy, rent may be adjusted every two-years based on any increase or decrease in the CPI. The Authority will not make any other periodic market rate adjustments.

6.3 Leases More Restrictive. The Authority's Aeronautical Use leases shall be designed to protect the public interest and may contain more restrictive clauses than those typically found in private sector leases. They shall 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 storm water pollution prevention regulations.

6.4 Compliance with Law. Leases will require Lessees to comply with all applicable local, state, and federal laws, ordinances, rules, and regulations, including those of the TSA and FAA. Leases shall also require Lessees and sub-lessees on the Airport to comply with all applicable Airport regulations, policies, and Minimum Standards. Such Authority regulations, policies and Minimum Standards may be updated and/or amended from time to time as appropriate, and Lessees shall be subject to the same as updated and/or amended, if no such updated regulations, policies or Minimum Standards shall override any material provision of an existing lease.

6.5 Standard Lease Forms and Procedures. The Authority may require that requests to lease be submitted on a standard form, which it may develop and amend from time to time, but which shall conform to this Policy. Leasing requests may also be required to contain such additional information and documentation, as the Authority deems reasonably necessary to evaluate the proposal. The Authority will also develop standard forms of ground and facilities lease, which may be periodically updated to reflect changes in federal, state, and local regulations and real estate law as well as necessary to meet a changing economic environment and other risks associated with leasing. The Airport Manager will be authorized to execute the standard form lease at the rental rate fixed from time to time by the Authority Board in its rate resolution. Should the terms of a proposed lease differ from the standard form, or should a proposed rental rate differ from that established in the rate resolution, approval of the Authority Board in a public meeting will be required. Where a non-standard lease is requested or necessary under the circumstances, the Airport Manager may negotiate with the Lessee or prospective Lessee and shall submit his/her recommendation to the Authority Board.

6.6 Prompt Response. In all cases, the Authority shall attempt to respond to leasing requests in a prompt manner under the circumstances. The Authority shall attempt to respond to requests involving a standard form lease within thirty (30) days of receiving a complete written lease request. Requests, which will involve the use of a non-standard lease form, require engineering or other professional review, or otherwise require action by the Authority Board could take considerably longer. Any denial of a request for an Aeronautical Use lease shall be made by the Authority Board in public meeting and shall be accompanied by a statement as to the basis of the denial.

6.7 Current Lessees.

6.7.1 Any current Aeronautical Use Ground Lessee will be offered a one-time option to opt-in to the new, approved Standard Form Ground Lease, prior to the expiration of their current lease.

6.7.2 The new Standard Form Ground Lease will contain the initial term contained in the Lessee's prior Ground Lease.

6.7.3 The rental rate shall be the rate established in the Authority's then current Fee Resolution.
6.7.4 If the Lessee exercises this option, the Authority reserves the right to assure the Lessee's improvements are in good order and repair, and will remain serviceable for the remaining term of the new lease.
6.7.5 If it is determined that the current improvements are not in good order and repair (at the sole discretion of the Airport Authority), the Authority will give the Lessee direction on how to achieve good order and repair. Requests for an evaluation should be made at least 90 days prior to term expiration, to allow for evaluation and proper approvals.

7. DURATION OF LEASE TERM.

7.1 Policy. All leases of Airport land shall have a fixed term of limited duration to ensure the Authority's ability to control future development of Airport land should it be needed for a different purpose, while at the same time being fair to Lessees.

7.2 Initial Standard Ground Lease Terms. Except as provided below, the maximum initial Aeronautical Use ground lease term shall be twenty (20) years with one (1) Lessee option to extend for an additional ten (10) years.

7.3 Extended Term for Extraordinary Capital Investment. If a Lessee or prospective Lessee proposes to make an extraordinarily large investment in light of the square footage of land to be leased or which is being leased, the Board may in its discretion consider whether to amend these Policy to provide additional provisions under which the length of the extended ground lease primary and/or option terms may be determined.

7.4 Exercising of Additional Terms Early. The Authority may grant a perspective Lessee the ability to exercise additional terms upon lease assignment, to allow for financing.

7.5 Standard Facility Lease Term. Except as provided below, when the Authority owns the ground and the aeronautical Improvements to be leased the maximum facilities lease term shall be five (5) years.

7.6 Additional Option Terms for Ground Leases. In addition to the option term provided in Section 7.2 above, Lessees may be offered up to four (4) additional options to extend the ground lease term for five (5) years each (an "Additional Option"). The total of primary and all option terms of any lease shall not exceed 50-years unless individual and extraordinary circumstances are found to exist under Section 7.3 above. The Authority shall offer an Additional Option to a Lessee if, and only if:

7.6.1 Such Lessee requests the same; and
7.6.2 Improvements are in good order and repair and meet the Minimum Standards, as currently approved by the Airport Authority, and meet all applicable City and County code requirements; and
7.6.3 Lessee is not in material default under its ground lease with the Authority; and

ATTACHMENT #7

"Economic Analysis of Ground Leases: Russ McDonald Field."
2014 - Niederhauser & Davis Certified Public Accountants, Park City, UT

1741 Sidewinder Drive, Suite 200
P.O. Box 680460
Park City, Utah 84068

435.655.3300
435.649.4067 fax
www.parkcitycpa.com

NIEDERHAUSER & DAVIS, LLC
CERTIFIED PUBLIC ACCOUNTANTS

March 25, 2014

Paul Boyer
36U Hangar Owners Group
PO Box 682378
Park City, Utah 84068

Dear Paul:

The purpose of this letter is to describe our involvement in the preparation of the attached Economic Analysis: Reversionary vs. Non-reversionary Ground Leases for the 36U Hangar Owners Group.

We prepared the attached schedule based on assumptions and information provided by you. This information was not audited, reviewed or verified by us, and we make no representation or provide any assurance regarding the accuracy and completeness of this information or the reasonableness of the assumptions used. This information is not intended to constitute a financial forecast or projection of future financial position, results of operations or cash flows and should not be construed to be a representation of expected future results.

A copy of the facts, assumptions and variables provided by you, that we used as the basis for our calculations, is also included as an attachment.

Sincerely,

Jay C. Niederhauser, CPA

Enclosures

Economic Analysis: Reversionary vs. Non-reversionary Ground Leases

Russ McDonald Airfield Hangars
Prepared for: 36U Hangar Owners Group
Date: March 25, 2014

Assumptions:		
2013 Assessed Value of 67 hangars:	$	7,435,706
2013 Property Tax Rate:		0.012311
Lease term (in years):		30
Reversionary Depreciation % (straight-line)		3.33
Reversionary Depreciation amount (per year)	$	247,857

New Standard Non-Reversionary Ground Leases

City's Hangar Rental Scheme

		Non-reversionary								Reversionary	
		Scenario #1		Scenario #2		Scenario #3		Scenario #4			
	Appreciation %	15%		10%		5%		0%			
	Appreciation $/year	$ 1,115,356		$ 743,571		$ 371,785		$ -			
Year		Value	Tax amount	Value	Tax amount	Value	Tax amount	Value	Tax amount	Value	Tax amount
1	2014	8,551,062	105,272	8,179,277	100,695	7,807,491	96,118	7,435,706	91,541	7,187,849	88,490
2	2015	9,666,418	119,003	8,922,847	109,849	8,179,277	100,695	7,435,706	91,541	6,939,992	85,438
3	2016	10,781,774	132,734	9,666,418	119,003	8,551,062	105,272	7,435,706	91,541	6,692,135	82,387
4	2017	11,897,130	146,466	10,409,988	128,157	8,922,847	109,849	7,435,706	91,541	6,444,279	79,336
5	2018	13,012,486	160,197	11,153,559	137,311	9,294,633	114,426	7,435,706	91,541	6,196,422	76,284
6	2019	14,127,841	173,928	11,897,130	146,466	9,666,418	119,003	7,435,706	91,541	5,948,565	73,233
7	2020	15,243,197	187,659	12,640,700	155,620	10,038,203	123,580	7,435,706	91,541	5,700,708	70,181
8	2021	16,358,553	201,390	13,384,271	164,774	10,409,988	128,157	7,435,706	91,541	5,452,851	67,130
9	2022	17,473,909	215,121	14,127,841	173,928	10,781,774	132,734	7,435,706	91,541	5,204,994	64,079
10	2023	18,589,265	228,852	14,871,412	183,082	11,153,559	137,311	7,435,706	91,541	4,957,137	61,027
11	2024	19,704,621	242,584	15,614,983	192,236	11,525,344	141,889	7,435,706	91,541	4,709,280	57,976
12	2025	20,819,977	256,315	16,358,553	201,390	11,897,130	146,466	7,435,706	91,541	4,461,424	54,925
13	2026	21,935,333	270,046	17,102,124	210,544	12,268,915	151,043	7,435,706	91,541	4,213,567	51,873
14	2027	23,050,689	283,777	17,845,694	219,698	12,640,700	155,620	7,435,706	91,541	3,965,710	48,822
15	2028	24,166,045	297,508	18,589,265	228,852	13,012,486	160,197	7,435,706	91,541	3,717,853	45,770
16	2029	25,281,400	311,239	19,332,836	238,007	13,384,271	164,774	7,435,706	91,541	3,469,996	42,719
17	2030	26,396,756	324,970	20,076,406	247,161	13,756,056	169,351	7,435,706	91,541	3,222,139	39,668
18	2031	27,512,112	338,702	20,819,977	256,315	14,127,841	173,928	7,435,706	91,541	2,974,282	36,616
19	2032	28,627,468	352,433	21,563,547	265,469	14,499,627	178,505	7,435,706	91,541	2,726,425	33,565
20	2033	29,742,824	366,164	22,307,118	274,623	14,871,412	183,082	7,435,706	91,541	2,478,569	30,514
21	2034	30,858,180	379,895	23,050,689	283,777	15,243,197	187,659	7,435,706	91,541	2,230,712	27,462
22	2035	31,973,536	393,626	23,794,259	292,931	15,614,983	192,236	7,435,706	91,541	1,982,855	24,411
23	2036	33,088,892	407,357	24,537,830	302,085	15,986,768	196,813	7,435,706	91,541	1,734,998	21,360
24	2037	34,204,248	421,088	25,281,400	311,239	16,358,553	201,390	7,435,706	91,541	1,487,141	18,308
25	2038	35,319,604	434,820	26,024,971	320,393	16,730,339	205,967	7,435,706	91,541	1,239,284	15,257
26	2039	36,434,959	448,551	26,768,542	329,548	17,102,124	210,544	7,435,706	91,541	991,427	12,205
27	2040	37,550,315	462,282	27,512,112	338,702	17,473,909	215,121	7,435,706	91,541	743,571	9,154
28	2041	38,665,671	476,013	28,255,683	347,856	17,845,694	219,698	7,435,706	91,541	495,714	6,103
29	2042	39,781,027	489,744	28,999,253	357,010	18,217,480	224,275	7,435,706	91,541	247,857	3,051
30	2043	40,896,383	503,475	29,742,824	366,164	18,589,265	228,852	7,435,706	91,541	(0)	(0)
Total taxes - 30 years			$ 9,131,212		$ 7,002,885		$ 4,874,557		$ 2,746,229		1,327,344
Difference in taxes compared to reversionary - 30 years			$ (7,803,868)		$ (5,675,541)		$ (3,547,213)		$ (1,418,885)		

New Standard
Non-reversionary
Ground Leases

City's Hangar
Rental Scheme

		Non-reversionary								Reversionary	
		Scenario #1		Scenario #2		Scenario #3		Scenario #4			
Appreciation %		15%		10%		5%		0%			
Appreciation $/year		$ 1,115,356		$ 743,571		$ 371,785		$ -			
Year		Value	Tax amount	Value	Tax amount	Value	Tax amount	Value	Tax amount	Value	Tax amount
31	2044	42,011,739	517,207	30,486,395	375,318	18,961,050	233,429	7,435,706	91,541		
32	2045	43,127,095	530,938	31,229,965	384,472	19,332,836	238,007	7,435,706	91,541		
33	2046	44,242,451	544,669	31,973,536	393,626	19,704,621	242,584	7,435,706	91,541		
34	2047	45,357,807	558,400	32,717,106	402,780	20,076,406	247,161	7,435,706	91,541		
35	2048	46,473,163	572,131	33,460,677	411,934	20,448,192	251,738	7,435,706	91,541		
36	2049	47,588,518	585,862	34,204,248	421,088	20,819,977	256,315	7,435,706	91,541		
37	2050	48,703,874	599,593	34,947,818	430,243	21,191,762	260,892	7,435,706	91,541		
38	2051	49,819,230	613,325	35,691,389	439,397	21,563,547	265,469	7,435,706	91,541		
39	2052	50,934,586	627,056	36,434,959	448,551	21,935,333	270,046	7,435,706	91,541		
40	2053	52,049,942	640,787	37,178,530	457,705	22,307,118	274,623	7,435,706	91,541		
41	2054	53,165,298	654,518	37,922,101	466,859	22,678,903	279,200	7,435,706	91,541		
42	2055	54,280,654	668,249	38,665,671	476,013	23,050,689	283,777	7,435,706	91,541		
43	2056	55,396,010	681,980	39,409,242	485,167	23,422,474	288,354	7,435,706	91,541		
44	2057	56,511,366	695,711	40,152,812	494,321	23,794,259	292,931	7,435,706	91,541		
45	2058	57,626,721	709,443	40,896,383	503,475	24,166,045	297,508	7,435,706	91,541		
Total taxes - additional 15 years to end of useful life			$ 9,199,868		$ 6,590,950		$ 3,982,032		$ 1,373,115		
Total Taxes - 45 years			$ 18,331,081		$ 13,593,835		$ 8,856,589		$ 4,119,344		
Total difference in taxes compared to reversionary			$ (17,003,736)		$ (12,266,491)		$ (7,529,245)		$ (2,792,000)		
Rent required per year to break even - reversionary lease - years 31-45			$ 1,133,582.43		$ 817,766.06		$ 501,949.69		$ 186,133.32		

Economic Analysis: Reversionary vs. Non-reversionary Ground Leases

I. Known Facts:

1. 2013 total assessed value of all 67 current hangars is $7,435,706.00
2. 2013 tax rate is 0.012311
3. The total taxes on $7,435,706 x 0.012311 is $91,540.98
4. Reversionary ground leases:
   a. Assessed values will decrease from current values to zero ($0.00) at end of lease.
   b. Property taxes decrease proportionately with decreasing assessed values.
   c. At reversion, City is exempt from property taxes and ground lease payments.
   d. At reversion, City assumes legal liability for hangars.
   e. Less incentive for owners to maintain hangars.
   f. Costs revert to City: Maintenance, property management, insurance, hangar removal, etc.
   g. Legal issue: Owners pay 100% of taxes as partial ownership % decreases each year.
5. Non-reversionary ground leases:
   a. Market forces determine assessed values.
   b. Property taxes increase proportionately with increasing assessed values.
   c. Without reversion, property taxes and ground lease payments continue.
   d. Legal liability remains with the private owners.
   e. Greater incentive for owners to maintain hangars.
   f. All costs remain the hangar owners' responsibility without property tax legal issue.

II. Variables/Unknowns at End-of-Lease: Prevent accurate long-term rental income/expense projections.

1. Condition of hangars.
2. City's maintenance costs to repair, update, and maintain hangars.
3. Projected market ground lease rates, property tax rates, monthly rental rates.
4. Unknown demand for older hangars:
   a. Advancement s in hangar design, technology, and operation.
   b. Effect of aviation demographics in decreasing number of younger pilots.
   c. Advancements at local comparable airports that compete with Heber and resort areas that compete with Park City.

III. Assumptions Used for 30-year Ground Lease Comparison:

1. All current hangars are new with a total $7,435,706.00 in starting assessed values with a useful life of 45-years for the purpose of the Analysis.
2. Annual ground lease fees are unknown and not included in the analysis.
3. For reversionary ground leases: Use a simple straight-line depreciation with a 3-1/3% reduction in the assessed values annually from the start-of-lease values to arrive at a zero ($0.00) assed value at end of the 30-year lease.

IV. Scope of Work Requested:

1. Provide four Excel scenarios for Non-reversionary ground lease side-by-side comparison with the Reversionary ground lease analysis specified in Item III.3.
2. The only variable in the four scenarios is the annual appreciation of assessed values:
   a. Scenario #1: Use TimeMD.com projection of 15% average annual appreciation.
   b. Scenario #2: Use a simple 10% non-compounded average annual appreciation.
   c. Scenario #3: Use a simple 5% non-compounded average annual appreciation.
   d. Scenario #4: Use 0% appreciation.
3. Show side-by-side property tax revenues for each year for both types of leases.
4. Show the total property tax revenues for the 30-year period for both types of leases.
5. Show the difference in the 30-years totals.
6. After ownership reverts to the City at 30-years, project the amount of annual rent the City would have to collect each year to break even in the remaining 15 years of the hangars' useful life.

**EXAMPLE: If my calculations are correct using TimeMD.com's projection of a simple non-compounded average 15% annual appreciation, the total assessed values for Non-reversionary ground leases in just the 30th year would be $40,896,383 with property taxes of $503,475.37

ATTACHMENT #8

Audio and Partial Transcript of
Feb 19, 2014 Heber City Council Work Meeting

To Whom It May Concern:

The MP3 file with the audio for the July 19, 2012 City Council Work Meeting is too long to email to you or to fully transcribe. Access it by clicking on the following Dropbox link. If that doesn't work for some reason, copy and paste the link into your internet browse:

https://www.dropbox.com/s/mnv7un5lxs9fhgq/2012-07-19%20cc%20wm%201.mp3?dl=0

~~The Minutes for that meeting are also attached~~ The following is an exact partial transcript of various sections of the audio for the Council Agenda item, "Review Recommendation from the Airport Advisory Board Regarding AH Aero Services Request to Extend the Lease on Daniel Hangar #1." The agenda item starts at the 0:26:33 point on the audio:

0:28:47 Mr. Anderson: "Does the City really want to be an owner of hangars, because, uh, if on these reversionary leases at the end of the leases there's a, uh, propensity to not want to maintain the hangars and they'll [the City] end up with something that needs a lot of maintenance."

0:30:28 Mr. Anderson: "Michael Hodges [from Airport Business Solutions Consulting firm] who prepared our, uh, analysis, ah, back in 2007, but only for the purpose of first meeting with the hangar owners and kind of addressing their concerns and talking about what's, ah, typical, ah, ah, as far as lease agreements that are, ah, at airports across the United States, and, ah, he said a lot of things that really stuck out in that conversation to him was that said [0:31:02] 'This isn't about money so much as the, the ability of the City to, to be able to properly manage the development of the airport.'"

0:32:21 Councilor McDonald: "The reversion lease causes that depreciation to just go down quicker because they're losing their, their value of hangars that are going to be turned over to the City."

0:33:26 Councilor McDonald: "If our objective is then to help produce income at the airport then the rev, the non-reversionary or the renewable leases is why we had to which means you give them 15 maybe 20 year lease and have, give them a first right as leaser to take, to renew those leases onto them. That way you can increase the lease rates and produce more income for the airport and also then the hangar owner themselves have a vested interest in knowing that my hangar will continue to value as an investment."

ATTACHMENT #9

"Russ McDonald Field: Hangar Marketing Proposal."
2011 - TimeMD.com, Heber City, UT

Russ McDonald Airfield

Hangar Marketing Proposal

Executive Summary

It is critical that the newly constructed hangars located at Heber City Airport be sold as quickly and efficiently as possible. However since their completion, a consistent and focused marketing effort has not been implemented. As a result sales have slowed and public perception of the hangars has become that of a liability rather then that of an investment into the city's growth. To further add to this challenge, there is very little budget if any that can be used for a marketing campaign. As a result, this proposal will attempt to outline various methods that will 1) define a marketing campaign that will require little to no capital and 2) demonstrate methods that can educate the public and government entities as to the economic impact of our airport on the local community.

This proposal will outline a three pronged strategy in establishing the objectives defined above.

- First and most importantly, **define a goal** that specifies a time frame to sell the hangars. As part of the goal, their needs to be clearly defined methods that can measure milestones critical to its fulfillment.

- Second, **educate the public** as to the airports economic role in the local community. This is a vital step in overcoming negative press and fostering increased support from local government officials. As support increases so does the likelihood of selling the hangars.

- Third, **create a marketing campaign** that utilizes technologies and techniques that are readily and freely available that will make the aviation community and general public aware of the hangars availability and value.

Overview

Despite the fact local support of the new hangars as well as the airport in general may be on a downward trend, research indicates that hangars located in publicly owned airports which are supported by local government will appreciate in value. Besides adding value to both the aircraft and the airport, a hanger can prove to be a solid investment. Anecdotal evidence suggests that hangers are appreciating over 15% per year on average (cited - www.entrepreneur.com).

On the other hand, the global economic downturn has dealt a painful blow to the aviation industry as a whole. As new airplane orders dwindled, manufacturers and aviation enthusiasts turned inward and became focused more on survival then on public awareness and growth. Consequently a void was established and public interest in aviation waned. What was once seen as a critical element in any local economies growth and stability, became perceived as the embodiment of corporate greed and wasteful spending. Airports became a popular target from both politicians and the media

ATTACHMENT #10

"Growing the Pilot Population Initiatives."
2015 - Aircraft Owners and Pilots Association (AOPA).

Community and Events > **AOPA's Growing the Pilot Population Initiatives**

AOPA's Growing the Pilot Population Initiatives

2 3 21

For the past 30 years, there has been a slow, steady decline in the number of pilots in the U.S. In 1980, there were 827,000 active, certificated pilots, and by 2011, that number had dropped to just 617,000, and it continues to fall. Dropout rates for student pilots are as high as 80 percent.

For the past three years, AOPA has made understanding this phenomenon and reversing the trend a top priority. We have delved into the reasons for the declining numbers and the student dropouts. What we've learned has been enlightening—and it has given us cause for hope.

Latest News

Skyhaven Flying Club: Safe, fun flying, continuous learning

T-Craft Aero Club: Putting wings on your dreams

Ten-Hi Flyers: Attractive, affordable ownership

We discovered that many thousands of people still want to fly. Children still look at airplanes with wonder. Adults still dream of taking the controls and rising above the earth. People of all ages still feel a connection to machine and sky.

We also discovered success stories of people who are making those dreams come true, of flight schools where students prosper, of flying clubs that are seeing record growth, and of pilot communities of all types that welcome aviation enthusiasts with open arms and support them on their own aviation journeys.

Building on success

AOPA has a powerful voice in Washington, and we are doing everything we can to keep the rising cost and complexity of aviation under control. But it will take more than just government advocacy to reverse the decline in general aviation. That is why AOPA has committed staff and resources to focus on the following programs.

Flying Clubs and Student Pilot Retention

The newest initiative underway is to support the development of a network of flying clubs. Extensive research has shown that flying clubs are a valuable part of the aviation landscape. Pilots involved with the most effective clubs find aviation more affordable and more accessible, and flying clubs create the type of supportive community that keeps pilots active and engaged. AOPA will work with flying clubs nationwide to provide the tools and resources clubs need to build on their own success and that of their members. As part of that effort, AOPA will develop a flying club network to strengthen the bonds among pilots and clubs nationwide. Our goal is to link 1,000 clubs over the next five years.

Continuing the work that AOPA began a couple of years ago with the Flight Training Student Retention Initiative. Our detailed research proved our worst fears—as many as 80 percent of student pilots drop out of training without earning a pilot certificate. If we could reduce the number of dropouts by as little as 10 percent, we could welcome thousands of new pilots into the aviation community each year.

Our initial work in this area is now translating into practical projects such as the Flight Training Excellence Awards, which recognize flight schools and CFIs that provide top-notch training experiences. In 2012, the first year of this project, we received more than 2,400 nominations from satisfied students and customers. By recognizing the best in the business, we hope to promote best practices. To help flight schools, instructors, and students create the kind of collaborative training environment that produces success, we are launching a collection of three Flight Training Field Guides.

In addition to looking at how we bring new people into aviation, we'll also be paying attention to how we keep people involved. Each year thousands of pilots drift away from flying. Our research is helping uncover the reasons why people stop flying and revealing ways we can help them continue to enjoy all the benefits of flying.

A commitment to the future

But there is much more to do. The decline in the pilot population didn't happen overnight and reversing the downward trend requires a long-term commitment. These initiatives are just the beginning of what will become a much more robust and wide-reaching program that builds a community in which more people earn pilot certificates, pilots are more active, and the flying

FAA Certificated Pilots

24128

FAA Certificated Pilots 1929-2011

Current as of March 2011 (if not otherwise stated)
Source: FAA U.S. Civil Airmen Statistics

* "Other" includes helicopter (only) and glider (only).
** In March 2001, the FAA Registry changed the definition of this pilot category.
*** In July 2010, the FAA issued a rule that increased the duration of validity for student pilot certificates for pilots under the age of 40 from 36 to 60 months. This resulted in the increase in active student pilots to 119,119 from 72,280 at the end of 2009.
**** Forecast - 2011

Year	Student	Recreational	Sport	Private	Commercial	ATP	Other	Total Pilots	Flight Instructor
2011****	115,000	210	4,350	195,650	123,900	142,650	36,900*	618,660	96,551
2010***	119,119	215	3,682	220,008	139,100	145,464	36,652*	627,588	96,473
2009	72,280	234	3,248	221,619	125,738	144,600	36,566*	594,285	94,863
2008	80,989	252	2,623	222,596	124,746	146,838	35,702*	613,746	93,202
2007	84,339	239	2,031	211,096	115,127	143,953	33,564*	590,349	92,175
2006	84,866	239	939	219,233	117,610	141,935	32,287*	597,109	91,343
2005	87,213	278	134	228,619	120,614	141,992	30,887*	609,737	90,555
2004	87,910	297		235,994	122,592	142,160	29,977*	618,930	89,596
2003	87,296	310		241,045	123,990	143,504	28,866*	625,011	87,816
2002	85,991	317		245,230	125,920	144,708	29,596**	631,762	86,089
2001	86,731	316		243,823	120,502	144,702	16,200	612,274	82,875
2000	93,064	340		251,561	121,858	141,596	17,162	625,581	80,931
1999	97,359	343		258,749	124,261	137,642	17,118	635,472	79,694
1998	97,736	305		247,226	122,053	134,612	16,366	618,298	79,171
1997	96,101	284		247,604	125,300	130,858	16,195	616,342	78,102
1996	94,947	265		254,002	129,187	127,486	16,374	622,261	78,551
1995	101,279	232		261,399	133,676	123,877	18,416	638,879	77,613
1994	96,254	241		284,236	138,728	117,434	17,195	654,088	76,171
1993	103,583	206		283,700	143,014	117,070	17,496	665,069	75,021
1992	114,597	187		288,078	146,385	115,855	17,857	682,959	72,148
1991	120,203	161		293,306	148,365	112,167	17,893	692,095	69,209
1990	128,663	87		299,111	149,666	107,732	17,400	702,659	63,775
1989	142,544			293,179	144,540	102,087	17,660	700,010	61,472
1988	136,913			299,786	143,030	96,968	17,319	694,016	61,798
1987	146,016			300,949	143,645	91,287	17,756	699,653	60,316
1986	150,273			305,736	147,798	87,186	18,125	709,118	57,355
1985	146,652			311,086	151,632	82,740	17,430	709,540	58,940
1984	150,081			320,086	155,929	79,192	17,088	722,376	61,173

1983	147,197	318,643	159,495	75,938	16,731	718,004	62,201
1982	156,361	322,094	165,093	73,471	16,236	733,255	62,492
1981	179,912	328,562	168,580	70,311	16,817	764,182	57,523
1980	199,833	357,479	183,442	69,569	16,748	827,071	60,440
1979	210,180	343,276	182,097	63,652	15,462	814,667	54,398
1978	204,874	337,644	185,833	55,881	14,601	798,833	52,201
1977	203,510	327,424	188,763	50,149	14,086	783,932	49,362
1976	188,801	309,005	187,801	45,072	13,567	744,246	46,236
1975	176,978	305,863	189,342	42,592	13,412	728,187	44,777
1974	180,795	305,848	192,425	41,002	13,658	733,728	42,418
1973	181,905	298,921	182,444	38,139	13,198	714,607	36,795
1972	181,477	321,413	196,228	37,714	14,037	750,869	37,858
1971	186,428	312,656	192,409	35,949	13,567	741,009	37,760
1970	195,861	303,779	186,821	34,430	11,838	732,729	37,822
1969	203,520	299,491	176,585	31,442	8,990	720,028	33,992
1968	209,406	281,728	164,458	28,607	7,496	691,695	30,361
1967	181,287	253,312	150,135	25,817	7,380	617,931	44,421
1966	165,177	222,427	131,539	23,917	5,697	548,757	38,897
1965	139,172	196,393	116,665	22,440	5,100	479,770	34,904
1964	120,743	175,574	108,428	21,572	4,724	431,041	32,158
1963	105,298	152,209	96,341	20,269	4,583	378,700	29,618
1962	94,870	149,405	95,047	20,032	4,617	363,971	28,873
1961	93,973	144,312	92,976	19,155	2,444	352,860	30,165
1960	99,182	138,869	89,904	18,279	1,828	348,062	31,459
1959	107,816	139,804	93,815	18,950	—	360,385	
1958	103,456	140,673	93,126	15,840	—	353,095	
1957	98,498	124,799	70,813	13,964	—	308,074	
1956	95,124	96,864	54,542	11,173	—	257,703	
1955	80,494	132,526	72,957	11,774	—	297,751	
1954	71,959	184,595	80,340	12,129	—	349,023	
1953	—	—	—	18,279	—	18,279	
1952	—	371,174	191,824	10,893	—	573,891	
1951	—	371,854	197,900	10,813	—	580,567	
1950	—	—	—	—	—	—	
1949	—	328,380	187,789	9,025	—	525,194	
1948	—	306,699	176,845	7,762	—	491,306	
1947	—	244,270	181,912	7,059	—	433,241	
1946	—	189,156	203,251	7,654	—	400,061	
1945	—	128,207	162,873	5,815	—	296,895	
1944	—	111,883	66,449	3,046	—	181,378	

1943	—	106,951	63,940	2,315	—	173,206
1942	—	108,689	55,760	2,177	—	166,626
1941	—	93,782	34,578	1,587	—	129,947
1940	—	49,507	18,791	1,431	—	69,729
1939	—	20,832	11,677	1,197	—	33,706
1938	—	13,985	7,839	1,159	—	22,983
1937	—	10,206	6,411	1,064	—	17,681
1936	—	7,622	7,288	842	—	15,752
1935	—	6,707	7,062	736	—	14,505
1934	—	5,789	7,484	676	—	13,949
1933	—	5,771	7,635	554	—	13,960
1932	—	10,297	7,964	330	—	18,591
1931	—	9,226	8,513	—	—	17,739
1930	—	7,433	7,847	—	—	15,280
1929	—	4,162	5,053	—	—	9,215

Updated Friday, March 25, 2011

ATTACHMENT #11

Heber City Russ McDonald Field
New Standard Non-Reversionary Ground Lease

Subject: Lease Agreement

From: Mark Anderson (manderson@ci.heber.ut.us)

To: pebo@boyaire.us;

Cc: tloboschefsky@ci.heber.ut.us;

Date: Tuesday, March 31, 2015 3:17 PM

Paul:

Per your request, I am providing a copy of our newly adopted hangar lease agreement.

Mark

Mark K. Anderson

Heber City Manager

75 North Main

Heber City, UT 84032

phone 435-654-0757

fax 435-654-2743

HANGAR GROUND LEASE AGREEMENT

HEBER CITY AIRPORT

LESSOR: HEBER CITY CORPORATION

LESSEE: ______________________________

DATED: __________________

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covenants and conditions contained in this contract to be performed, kept and observed by Lessee, and Lessee fails to correct any breach hereof after sixty (60) days written notice from the City or ten (10) days if the default constitutes a risk to the health or safety of others, then and in such event the City shall have the right at once to declare this contract terminated.

C. The City reserves the right to terminate this Lease upon giving four month's written notice if the City has a need for the property for public purposes. In the event of a termination under this paragraph, the City must compensate the Lessee for the purchase cost of the improvement, the hangar, less depreciation based on straight line depreciation thirty years life expectancy if the Lessee elects to abandon the hangar or if the Lessee elects to remove the hangar the City must compensate the Lessee $5,000.00 or $1,000.00 for each remaining year of the Lease, whichever is the lesser amount.

XIX. <u>LESSEE'S RIGHT OF CANCELLATION.</u>

In addition to all other remedies available to the Lessee, this agreement shall be subject to cancellation by the Lessee should any one or more of the following events occur:

A. The permanent and complete abandonment of the airport as an aviation facility.

B. The issuance by any court of competent jurisdiction of an injunction in any way preventing or restricting the use of the airport and the remaining in force of such injunction for at least thirty (30) days.

C. The breach by the City of any terms, conditions and covenants of this agreement to be kept, performed and observed by the City and the failure to remedy such a breach for a period of thirty (30) days after written notice from the Lessee of the existence of such a breach.

D. The assumption by the United States Government, or any authorized agents of the same, of the operation, control or use of the airport and its facilities, in such a manner as to substantially restrict the Lessee from normal use, if such restriction is continued for a period of ninety (90) days or more.

SIMILARLY SITUATED 36U HANGARS & OWNERS

(refer to the attached Sep 18 and 28, 2015 email exchange)

Submitted by the 36U Hangar Owners Group – Jan 8, 2016

- Kevin Willis, Manager of the FAA's Airport Compliance Division at FAA Headquarters in Washington D.C. cites *"Consistency in Leasing Policy"* as a *"**Best Management Practice for General Aviation Airports.**"*
- Marc Miller, FAA Compliance Specialist in Denver, confirms the FAA "does support … a comprehensive approach to leasing" and "encourages … [leasing] consistency."
- Mr. Miller further clarifies that these are not necessarily required "**as long as similarly situated users are offered/treated fairly.**"
- The following chart provides information to help determine which groups of 36U hangars and their Hangar Owners are "similarly situated."

	Daniel Non-Reversion (22 total)	Daniel Reversionary (9 total)	Hangar Row (31 total)
General Lease Type	Non-reversionary	**Reversionary**	**Reversionary**
Years Built / Age	**2000-2006 /10-16 years**	**2001-2009 / 7-15 years**	1988-92 / 24-28 years
Ground Lease Details	**Comprehensive details**	**Comprehensive details**	Rudimentary details
Annual Lease Fee Rate	**33-cents/sqft/year**	**33-cents/sqft/year**	A flat fee $50/year
Minimum Owner Insurance Requirement	**$1M each occurrence or $2M aggregate**	**$1M each occurrence or $2M aggregate**	None required
Location on Airport	**Southeast / Daniel**	**Southeast / Daniel**	Northeast
Hangar Size	**100x100, 75x75, 50x50**	**75x75**	35x40
Construction	**Free-standing metal R&M Steel Co. kits**	**Free-standing metal R&M Steel Co. kits**	Cinderblock, common walls, poorly designed
Remove single hangar?	**Yes**	**Yes**	No
Funding	**Private Investment**	Taxpayer funded	**Private Investment**
In C2 tear-down Zone?	**No**	**No**	Yes

OBSERVATIONS:

- Except for the general lease type, the Daniel Reversionary Hangars have nothing in common with the Hangar Row development.
- Except for the general lease type, the Daniel Reversionary Hangars have everything in common with the Daniel Non-Reversionary Hangars. **In fact, one Daniel Reversionary Hangar (#5) originally had a Non-Reversionary lease for its first 10 years.**
- When just looking at the Daniel Hangar development, it is impossible to tell where the Non-Reversionary development ends and the Reversionary development starts.

CONCLUSIONS:

- The 31 **Daniel Reversionary and Non-Reversionary Hangars are similarly situated,**
- The 31 Hangar Row hangars are not similarly situated to any of the Daniel Hangars.
- Leasing consistency for all 31 Daniel Hangars is a "Best Management Practice for General Aviation Airports" that is encouraged, but not required, by the FAA.

From: Paul Boyer <pebo@boyaire.us>
To: Marc Miller - FAA Denver ADO Compliance Specialist <Marc.C.Miller@faa.gov>
Sent: Friday, September 18, 2015 1:52 PM
Subject: Leasing Policy

Mr. Miller:

I spoke to Compliance Specialist Lawrence MacDonald at FAA Headquarters in June, and one of the things he said is "the FAA encourages consistency in leasing policy."

I have since located the attached FAA presentation that expands upon Mr. MacDonald's statement. It was made to the ANE Winter Conference on Dec 9, 2009 and is titled "*Developing an Airport Leasing Policy: Best Management Practices for General Aviation Airports*." Note that the presenter was "Kevin C. Willis, ACO-100," who is the Manager of the Airport Compliance Division at FAA Headquarters in Washington D.C. for whom Mr. MacDonald works.

Mr. Willis' presentation is now nearly six years old. Can you please confirm its accuracy and currency, particularly Slide #6 that says the FAA: 1) Supports well-organized and comprehensive approach to leasing," and 2) "Encourages transparency and consistency" in "Airport Leasing Policy."

As always, thank you for your help.

Paul Boyer
Lt. Colonel, USAF (retired)
36U Hangar Owner
817-845-8080 cell

From: "Marc.C.Miller@faa.gov" <Marc.C.Miller@faa.gov>
To: pebo@boyaire.us
Cc: Kristin.Brownson@faa.gov; John.Sweeney@faa.gov; manderson@ci.heber.ut.us
Sent: Monday, September 28, 2015 1:05 PM
Subject: RE: Leasing Policy

Good afternoon Paul,

Yes, as we discussed previously, the FAA does "Support well-organized and comprehensive approach to leasing" as well was "Encourages transparency and consistency" as it relates to Airport Leasing Policy as outlined in Mr. Willis' 2009 presentation. Those statements are in an effort to help airport sponsors comply with their Federal Grant Assurances. This relates specifically to Grant Assurance #22, "Economic Nondiscrimination" which requires the sponsor make the airport available without unjust discrimination among users. The statement of unjust discrimination however does not prevent an airport sponsor from entering into different lease types and terms based on specific conditions associated with the development investment, location, use, and timeframe, etc. as long as similarly situated users are offered/treated fairly. Also please note that the FAA "Supports" and Encourages" these leasing practices as a tool to help a sponsor comply with their grant assurances, however, they are not "required" and do not necessarily constitute a sponsor being in non-compliance if not followed.

As always, please feel free to contact me with any questions or concerns you may have.

Sincerely,
Marc MillerColorado Engineer / Compliance SpecialistFederal Aviation AdministrationDenver Airports District Office303.342.1282 303.342.1260 (fax)

DECEMBER 16, 2015 - AIRPORT BOARD STAFF REPORT

Item 6 - Discuss Proposal Made by Daniel Hangar Owners Who Have Reversionary Leases That Wish to Convert to Non-Reversionary Lease Agreements: At the last Airport Board meeting, Gerry Hall, representing Daniel Hangar owners 23-30 provided the enclosed document which proposes an increases the lease compensation to the City by an additional $1,000 per year, per hangar, if the City were to offer the new non-reversionary hangar lease to this group.

Because the Board had not seen the proposal until the meeting, they moved to continue the discussion until they had more opportunity to review and discuss the proposal. I admit that the offer Mr. Hall presented represents a good faith effort to narrow the estimated gap in compensation the City would potentially receive from a reversionary vs. non-reversionary lease. Unfortunately, at this time, I struggle to see how the City can consider such an offer knowing that other (similarly situated) reversionary hangar leases exist on the field. In recent communication with Marc Miller, FAA Compliance Specialist, he stated that "the sponsor is required by the assurances to treat similarly-situated tenants/activities the same".

Regarding the information shown below, in additional communication with Marc Miller, regarding Daniel Hangar #5, he indicated that "the City would not be obligated to offer the new non-reversionary lease to existing lease holders as they are not similarly situated"

Below is information that was provided to the Board on this issue in October:

In August the Board first discussed the issue of end of lease provisions for the 9 Daniel Hangars that have reversionary leases. During that discussion, concern was expressed about why other reversionary leases were not being considered and it was suggested that failure to do so may be discriminatory. In September this issue was not included on the agenda to give City staff more time to read/respond to the lengthy document provided by Paul Boyer.

Last week, Mark Smedley, City Attorney, Terry Loboschefsky, Airport Manager and I had a conference call with Kristin Brownson and Marc Miller from the FAA about this issue. Mr. Miller is the Compliance Specialist for the FAA. In conversation with Mr. Miller, he stated the following opinions that are relevant to this conversation:

- *The FAA has no stated preference for reversionary or non-reversionary leases.*
- *Regarding the deterioration of hangars, that hangar lease agreements typically have sufficient language to require maintenance of a hangar, although some City enforcement may be necessary.*
- *If it is the City's intent to offer non-reversionary leases to current reversionary leases, that the offer should extend to all reversionary hangar leases. Marc noted that you could take into consideration the amount of lease fee paid and time the lease has run in developing how that conversion would work, noting that the City acquires equity in reversionary leases as the lease period runs.*
- *In his opinion, the City should offer the new non-reversionary lease conversion right to Hangar #5 which was previously a non-reversionary lease.*
- *He does not see any leasing practices at Heber City that he would consider discriminatory.*

With regard to Mr. Boyer's presentation, I would offer the following brief comments to his summary (I apologize for rehashing some of this information):

- *Non-reversionary leases typically generate more revenue during the first 30 years, but assuming the hangar has a 50 year life, the City will receive significantly more revenues from a reversionary lease. (See enclosed spreadsheet which includes the new lease rates)*
- *With regard to hangar maintenance, provisions exist within current lease agreements that require the hangars to be maintained. Although this may require some City enforcement, the City has the ability to ensure that hangars are properly maintained.*
- *Although it may difficult to accurately project future revenues, I think the assumptions made by the City are reasonable and conservative, the analysis prepared by Neiderhauser & Davis of property tax revenues if values increase is flawed, in that, as valuations increase, property tax rates decline to allow governments to obtain a same amount of revenue. On the other hand, if taxable values decrease, tax rates increase to keep local government whole.*
- *I agree that it would be ideal to have uniform lease agreements, but unfortunately the City has lease agreements dated between 1988 and 2013 which reflect rates and terms that are reflective of the increasing market value of the airport and different philosophies that existed at the time the agreements were made. (Per the enclosed correspondence between Mr. Boyer and Marc Miller of the FAA, the FAA does not require uniform leases)*
- *St. George, Grand Junction and Billings have been cited as examples of airports that have gone to all non-reversionary leases. We can also cite that Jackson Hole, Aspen, Tooele, Rock Springs are airports that have no privately owned hangars on them per the report Mr. Boyer provided on hangar insurance requirements. Of the 67 hangars on the field, a majority (45) are reversionary leases.*

In light of the above, and because some reversionary leases will begin expiring in 3 years, I would recommend that the Board not entertain the conversion of reversionary leases to non-reversionary. It may make sense to discuss this matter after the City has taken possession of some hangars on hangar row and we have a better feel for the pros and cons of hangar ownership. Also, it would be helpful to have a clear understanding of the direction of the Airport Master Plan (which may or may not require the removal of hangar row) and a more current understanding of demand factors at the airport.

With regard to demand, I have spoken with three people in the last two weeks that seem very interested in hangar construction this next spring. Two are lot owners in Red Ledges and the third currently has a plane based at the airport.

Lastly, I am enclosing some excerpts from previous staff reports/sources that have been provided to the Board and City Council on this issue below:

In 2007, the City engaged Michael Hodges with Airport Business Solutions to evaluate our leasing practices as the City was contemplating the construction of additional hangars. In my opinion, the City chose to use reversionary leases for the eight hangars *constructed in 2009 because of recommendations made by ABS. Because all eight hangars have been sold, I think it is fair to say that buyers are willing to accept the reversionary terms. When asked by hangar owners, would you (ABS) advise the City to stay with current plan or change reversionary status? ABS's response was:*

ABS prefers reversionary clauses because it protects the airport sponsor and puts the facility in a better situation with the FAA for future funding and expansion.

To provide additional information on reversionary leases, I have enclosed a newsletter (Airport Beacon Report) that was produced by ABS in July 2006 that explains reversionary clauses in hangar leases. The conclusion of the newsletter is as follows:

In conclusion, reversion clauses are the "norm" in the aviation industry for a number of reasons. These include maximizing future revenue streams, maintaining a level of control over the development and maintenance of facilities on the airport, and the ultimate control/management over airport development, as it may impact future airport expansion.

Another source of information that was provided to the Airport Board was supplied by Cole Miller of JUB Engineering. The document is the Guidebook for Developing and Leasing Airport Property (Report 47) put out by the Airport Cooperative Research Program. The full document can be found at:

http://onlinepubs.trb.org/onlinepubs/acrp/acrp_rpt_047.pdf

Regarding lease types, the report recommends the following:

6.2.5 Reversion

Best practices for leasing and developing airport property include reversion of improvements back to the airport sponsor at the termination of the lease. Therefore, the lease must be long enough for the developer to be able to amortize the investment the company makes in improvements, but not so long as to unnecessarily restrict the options available to the sponsor to develop and improve the airport in the future. The savvy airport sponsor will be prepared to balance these sometimes competing goals so as to attract development without impeding future options, all while securing market-rate fees that will support the operational costs of the airport in a sustainable fashion.

Mark Anderson

From: Paul Boyer <pebo@boyaire.us>
Sent: Tuesday, September 29, 2015 8:55 PM
To: Marc.C.Miller@faa.gov
Cc: Kristin.Brownson@faa.gov; John.Sweeney@faa.gov; manderson@ci.heber.ut.us
Subject: Re: Leasing Policy

Mr. Miller:

I cannot disagree with the factual part of your response and explanation, and I sincerely appreciate your taking the time to aid our understanding.

However, I do take minor offense of your emotional impression that anyone is seeking to use anything from the FAA as "a hammer which pressures the airport sponsor to make changes" to leasing policy. Nothing could be further from the truth.

Seriously, Mr. Miller, if I wanted to do that--if I really was that devious--why would I ask for your clarification?

As I stated to you in my July 13 email, hangar owners are "working collaboratively with the Airport Advisory Board to address [a variety of] important airport issues." We are legitimate stakeholders in the airport and are proud of the trusting, respectful relationship we have forged with Heber City's elected and appointed decision makers--the Board, its members, the City Council, the Mayor and individual City Councilors--over the past two years. We have provided literally hundreds of hours to help a City and airport that have neither the financial or personnel staff resources to do so themselves.

Even Mr. Anderson has recently thanked me on at least one occasion for my volunteer work researching and surveying minimum hangar insurance requirements.

Frankly, Mr. Miller, the FAA should "encourage" this kind of relationship among airport sponsors and their airport stakeholders. Encourage. You know ... something that is a good thing for the airport sponsor to do, but not one that is required (yes, I am beginning to understand FAA-speak).

Very Respectfully,

Paul Boyer
Lt. Colonel USAF (retired)
817-845-8080

From: "Marc.C.Miller@faa.gov" <Marc.C.Miller@faa.gov>
To: pebo@boyaire.us
Cc: Kristin.Brownson@faa.gov; John.Sweeney@faa.gov; manderson@ci.heber.ut.us
Sent: Tuesday, September 29, 2015 1:32 PM
Subject: RE: Leasing Policy

Mr. Boyer,

In responding to your "truly and well intended" question, we felt it was important to not only confirm the guidance contained in Mr. Willis' presentation where FAA supported and encouraged best practices for airport leases, we also felt the need to provide the necessary context to the discussion which could not be obtained from a yes/no answer. As you are aware, there are several items in play with regards to the Heber City Airport, and our office has had continued conversations with the City, OK3, and yourself over the past couple of months. Based on those conversations, it has become very clear that nothing is quite as simple as it originally appeared to be from all sides. We wanted to be very clear that Mr. Willis's presentation was/is intended to be viewed as a guidance tool or resource available to assist airport sponsors develop airfield leases, and is not intended to be a hammer which pressures the airport sponsor to make changes.

We would be more than willing to discuss the airports current and proposed leases with the sponsor and provide any feedback we might be able to offer.

Sincerely,

Marc Miller
Colorado Engineer / Compliance Specialist
Federal Aviation Administration
Denver Airports District Office
303.342.1282
303.342.1260 (fax)

From: Paul Boyer [mailto:pebo@boyaire.us]
Sent: Monday, September 28, 2015 11:10 PM
To: Miller, Marc C (FAA)
Cc: Brownson, Kristin (FAA); Sweeney, John (FAA); manderson@ci.heber.ut.us
Subject: Re: Leasing Policy

Thank you, Mr. Miller. Yes, we spoke briefly in July about Mr. MacDonald's comment that the FAA encourages leasing policy consistency, but most of your and my conversation concerned Grant Assurance #5.

I'm not sure how we got off course in my Sep 18 request. My only question to you about Mr. Willis' presentation was truly simple and well intended: Is the information contained therein still current? I think that's a valid question for a presentation that is nearing seven years old, and didn't want to ask Mr. Willis himself. I never suggested his presentation as a source for non-compliance with any Grant Assursance. A simple yes/no answer would have sufficed, but your expanded answer is appreciated, although overly indulging of me.

Now that you have confirmed the currency of Mr. Willis' presentation, however, two general facts appear to be fairly important. First is the title, "*Developing an Airport Leasing Policy: Best*

Management Practices for General Aviation Airports," and secondly the fact that the presenter is the current Manager of the FAA's Airport Compliance Division.

While I understand the guidance contained therein does not constitute FAA requirements, it is also obvious that it rises to enough importance for the FAA to: 1) Deem it as "*Best Practices for General Aviation Airports,*" and 2) Assign the Manager, or eventual Manager, of the Compliance Division to make the presentation.

Despite your characterization otherwise, the presentation appears to be an important high-level FAA document meant to guide and influence airport sponsor behavior. FAA "encouragement" may not be a requirement, but it certainly appears to rise to something more than a simple suggestion for airport sponsors to consider or ignore.

Or in your professional opinion, do you think I am over-interpreting that? Are such FAA presentations just routinely authored and given without a reasonable expectation that it will have an affect on sponsor decisions?

Your courtesy of reply would be appreciated. Thanks much.

Best Regards,

Paul Boyer
Lt. Colonel, USAF (retired)
817-845-8080 cell

From: "Marc.C.Miller@faa.gov" <Marc.C.Miller@faa.gov>
To: pebo@boyaire.us
Cc: Kristin.Brownson@faa.gov; John.Sweeney@faa.gov; manderson@ci.heber.ut.us
Sent: Monday, September 28, 2015 1:05 PM
Subject: RE: Leasing Policy

Good afternoon Paul,

Yes, as we discussed previously, the FAA does "Support well-organized and comprehensive approach to leasing" as well was "Encourages transparency and consistency" as it relates to Airport Leasing Policy as outlined in Mr. Willis' 2009 presentation. Those statements are in an effort to help airport sponsors comply with their Federal Grant Assurances. This relates specifically to Grant Assurance #22, "Economic Nondiscrimination" which requires the sponsor make the airport available without unjust discrimination among users. The statement of unjust discrimination however does not prevent an airport sponsor from entering into different lease types and terms based on specific conditions associated with the development investment, location, use, and timeframe, etc. as long as similarly situated users are offered/treated fairly. Also please note that the FAA "Supports" and Encourages" these leasing practices as a tool to help a sponsor comply with their grant assurances, however, they are not "required" and do not necessarily constitute a sponsor being in non-compliance if not followed.

As always, please feel free to contact me with any questions or concerns you may have.

Sincerely,

Marc Miller
Colorado Engineer / Compliance Specialist
Federal Aviation Administration
Denver Airports District Office
303.342.1282
303.342.1260 (fax)

From: Paul Boyer [mailto:pebo@boyaire.us]
Sent: Friday, September 18, 2015 1:53 PM
To: Miller, Marc C (FAA)
Subject: Leasing Policy

Mr. Miller:

I spoke to Compliance Specialist Lawrence MacDonald at FAA Headquarters in June, and one of the things he said is "the FAA encourages consistency in leasing policy."

I have since located the attached FAA presentation that expands upon Mr. MacDonald's statement. It was made to the ANE Winter Conference on Dec 9, 2009 and is titled "*Developing an Airport Leasing Policy: Best Management Practices for General Aviation Airports*." Note that the presenter was "Kevin C. Willis, ACO-100," who is the Manager of the Airport Compliance Division at FAA Headquarters in Washington D.C. for whom Mr. MacDonald works.

Mr. Willis' presentation is now nearly six years old. Can you please confirm its accuracy and currency, particularly Slide #6 that says the FAA: 1) Supports well-organized and comprehensive approach to leasing," and 2) "Encourages transparency and consistency" in "Airport Leasing Policy."

As always, thank you for your help.

Paul Boyer
Lt. Colonel, USAF (retired)
36U Hangar Owner
817-845-8080 cell

Airport Beacon Report

Airport Business Solutions

www.airportbusiness.net

July 2006

AIRPORT REVERSION CLAUSES

By Michael A. Hodges, President/CEO and Mark R. Davidson, A.A.E., Vice President

Most lease documents for long-term ground leases at airports contain a provision known as a "reversion clause". Reversion clauses basically address what happens to improvements on a leasehold at the end of a lease. (Usually, ownership of improvements made by the tenant revert to the airport sponsor at the end of the lease period.) Essentially, this is the point at which an airport can begin leasing both the land and improvements on a leasehold at their prevailing market rent, as opposed to just receiving ground rent. However, reversion can also take other forms. In some instances, reversion can mean that at the termination of a lease, the Lessor can require that the tenant remove them at their own expense and bring the site back to its original unimproved state.

The presence of a reversion clause is standard within the aviation industry for a number of reasons. These include the provision for future revenue streams, maintaining a certain level of control over the development and maintenance of facilities on the airport, and the ultimate control/management over airport development as it may impact future airport expansion. However, it should be noted that there are numerous other alternatives in place at airports throughout the United States, to include provisions for the airport to purchase the improvements at lease termination. Seldom is there a provision for automatic or perpetual renewals of the lease at the prevailing ground rent only. (Note: Reversion clause are not unique to airports. They are also contained in ground leases on commercial sites in the general real estate market.)

New Economy Class!

Before adopting a leasing policy that addresses reversion, the airport should consider the following issues:

- The reversion policy should be consistently applied to all existing and prospective tenants.
- The airport should take an inventory of the buildings it will be absorbing in the near term and determine if it can cover the cost to bring the improvements up to code.
- Determine if reverted improvements will be attractive to prospective tenants.
- Refer to the airport's Master Plan to find out if current structures and their locations meet current and future airport development needs.
- Confirm that the reversion policy is in compliance with the Airport's Sponsor Assurance stated in FAA Order 5190.6.
- Ensure that there is no discrimination between prospective tenants and current tenants whose property has reverted.

In order to determine how airports approach reversion clauses, *ABS* conducted a survey. Of the airports that responded, two-thirds had reversionary language within their leases, while the remainder had no language at all. The reversionary language varied at each airport, and provided a number of approaches on how the airport sought to protect their interests.

One unique arrangement allows the tenant to choose which type of lease they would like to execute. One lease option was a "buyout lease", while the other was called a "reversion lease". If the tenant chose the buyout lease, they must pay a premium rate throughout the term of the lease. At the end of the lease, the airport must purchase the improvements at a price determined by an independent appraiser. The reversion lease was a typical lease in which the improvement reverted to the airport at lease termination.

In addition to the survey, *ABS* contacted the FAA to gain their views on reversion clauses. (Like we really expected a straight answer!) The primary supervisor at one of the Airport District Offices (ADO) advised that the FAA does not track airports with reversion clauses in their leases, and officially does not have a established policy on the issue. (Surprise, surprise!) During the discussion, the supervisor did offer that the FAA recommends reversion clauses to make it clear to the tenant what happens at lease termination, but admitted that their interpretation is that if the lease is silent on the issue, it automatically reverts to the airport since tenants can not own the public land.

To provide additional insight, *ABS* contacted the Branch Manager at the FAA Safety and Standards Office. This Branch had recently worked with an airport dealing with some reversion clause issues. The Branch Manger echoed the ADO Supervisor in stating that the FAA does not have a set policy on reversion clauses. However, he advised that he felt it was a good business practice to include the clause, although problems occur when the clause is included in a lease, but not enforced. (He could just as easily be talking about Minimum Standards, but that is a different article.)

During the course of our research, it was discovered that at one airport, the FAA had to pressure the City to charge market rates for the "improved land". As a result, during a review of leases at the airport, it was revealed that the City had renounced or removed its claim to building improvements on several ground leases on the leased airport land, which was in direct conflict with the "reversion terms" of the leases. The Airport inserted new language to the leases that stated that "the City shall not assert any claim to improvements, pre-existing or not." (Note: This was done at the request of the leaseholders at the airport. Kind of brings to mind the concept of "the inmates running the asylum.") This did not sit well with the FAA, and now the airport is in jeopardy of losing Federal and State funding, since it is out of compliance with the Grant Assurances.

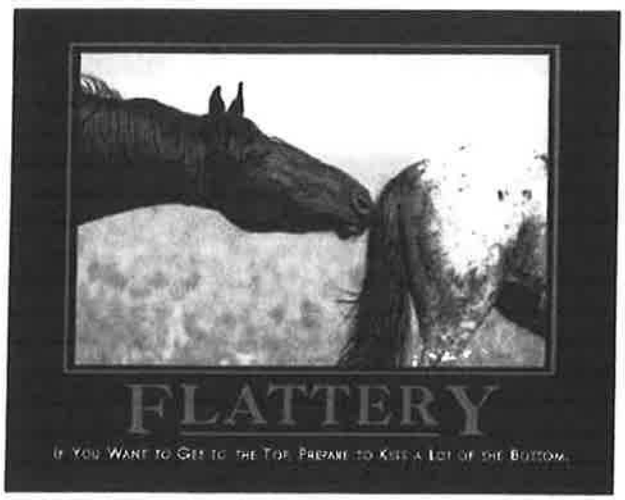
In a letter to the City from the Department of Transportation, it pointed out that the normal procedure is to rent bare land at a subsidized rate, and to have the improvements revert to the airport after the lease term has expired. These facilities then flow to the airport, who then has the ability to rent the land with improvements at a rate 10 to 20 times greater than the bare ground rental rate. This then allows the airport to become a self-sustaining entity, and lessens the burden on the local taxpayer. The DOT also advised that some of the leases they reviewed were giving away the sponsor's property interest, which was a direct violation of the law under the anti-donation clause.

On the other side of the issue, the City wrote a letter to the FAA arguing that the reversion clauses could lead to increased City spending. The City stated that asserting that the City should take possession of the improvements may not take into consideration the economic burden the City would be undertaking. In addition to the City, several tenants do not like the reversion since several have sold their interest to third parties for substantial financial gains. (See "inmates running the asylum" above.)

In conclusion, reversion clauses are the "norm" in the aviation industry for a number of reasons. These include maximizing future revenue streams, maintaining a level of control over the development and maintenance of facilities on the airport, and the ultimate control/management over airport development, as it may impact future airport expansion. Each airport has their own lease language and different approaches to the issue. Regardless, what is best for the airport is the key to developing a consistent policy, and keeping control of your "asylum".

BASICS OF SMALL AIRPORT MANAGEMENT WORKSHOP
October 14 and 15, 2006
New Orleans, Louisiana

The *Basics of Small Airport Management* workshop is again scheduled to be presented by Michael A. Hodges and Bobbi Thompson in conjunction with the AAAE National Airports Conference scheduled in October in New Orleans. This interaction and informative workshop provides an overview of most property, business, and management issues facing airports today. The workshop is beneficial for those new to the airport management field, as well as those of you with years of experience, and qualifies for 12 CEU credits by AAAE. Contact AAAE to get registered.



www.despair.com

ASK ABS

A monthly part of our newsletter is a section called "Ask ABS", where we answer aviation-related questions from our readership. (If we do not receive a question, we make one up.) Each month we publish one question that we receive with a joint reply from our professional consulting team. As stated in our last issue, we would REALLY appreciate more questions from our readers, as we are getting tired of making up questions. Please submit any questions via e-mail to Mark Davidson at: mdavidson@airportbusiness.net

This month's question (it really was an outside question) comes from an Airport Manager in Arizona who asked *"I am curious how many airports are requiring their hangar and tie-down tenants to have liability insurance with the airport owner as additional insured?"*

Let's start by answering this question with a few questions of our own:

1) If a fire occurs and spreads to adjacent hangars, who is liable?

2) If a tenant is spraying paint and the "overspray" gets on his neighbor's aircraft, who pays for the damage?

3) If a tenant has oil on his hangar floor and a visitor falls, who is liable?

Are your tenants willing to assume the financial responsibility of any occurrence with a personal guarantee for the full amount of the loss? (Because that is what they are asking you to do.) Remember, any time there is a risk that is not covered by a tenant, you as the airport sponsor, are liable. (Some call it the "deep pockets" theory.) Are you willing to put your airport at risk? Is the City/County/Commission/ Authority willing to accept this risk?

Heber City Corportation

Reversionary vs. Non-Reversionary Lease
75'x75' Hangar

Includes all Property Tax Revenue

Assumptions		
Hangar Rate	$ 0.32	per/sqft
Unimproved Ground Rate	$ 0.16	per/sqft
CPI Assumption	2%	
Interest Rate	3.5%	
Leasehold Hangar	5625	sqft
Leasehold Unimproved	3400	sqft
Estimated Initial Hangar Value	$ 250,000	
Monthly Lease Fee	$ 2,500	
Wasatch Prop Tax Rate	1.23%	
Est Demo Cost in 2015 $$	$ (30,000)	

Reversionary

Year	Ground Lease	Prop Taxes	Hangar Sale	Total Revenue
1	$ 2,344	$ 3,078		$ 5,422
2	$ 2,391	2975.1583		$ 5,366
3	$ 2,439	2872.5667		$ 5,311
4	$ 2,487	2769.975		$ 5,257
5	$ 2,537	2667.3833		$ 5,205
6	$ 2,588	2564.7917		$ 5,153
7	$ 2,640	2462.2		$ 5,102
8	$ 2,693	2359.6083		$ 5,052
9	$ 2,746	2257.0167		$ 5,003
10	$ 2,801	2154.425		$ 4,956
11	$ 2,857	2051.8333		$ 4,909
12	$ 2,914	1949.2417		$ 4,864
13	$ 2,973	1846.65		$ 4,819
14	$ 3,032	1744.0583		$ 4,776
15	$ 3,093	1641.4667		$ 4,734
16	$ 3,155	1538.875		$ 4,694
17	$ 3,218	1436.2833		$ 4,654
18	$ 3,282	1333.6917		$ 4,616
19	$ 3,348	1231.1		$ 4,579
20	$ 3,415	1128.5083		$ 4,543
21	$ 3,483	1025.9167		$ 4,509
22	$ 3,553	923.325		$ 4,476
23	$ 3,624	820.73333		$ 4,445
24	$ 3,696	718.14167		$ 4,414
25	$ 3,770	615.55		$ 4,386
26	$ 3,846	512.95833		$ 4,359
27	$ 3,922	410.36667		$ 4,333
28	$ 4,001	307.775		$ 4,309
29	$ 4,081	205.18333		$ 4,286
30	$ 4,163	102.59167		$ 4,265
31	$ 5,231		$ 250,000	$ 255,231
32	$ 5,336			$ 5,336
33	$ 5,443			$ 5,443
34	$ 5,551			$ 5,551
35	$ 5,662			$ 5,662
36	$ 5,776			$ 5,776
37	$ 5,891			$ 5,891
38	$ 6,009			$ 6,009
39	$ 6,129			$ 6,129
40	$ 6,252			$ 6,252
41	$ 6,377			$ 6,377
42	$ 6,504			$ 6,504
43	$ 6,634			$ 6,634
44	$ 6,767			$ 6,767
45	$ 6,902			$ 6,902
46	$ 7,041			$ 7,041
47	$ 7,181			$ 7,181
48	$ 7,325			$ 7,325
49	$ 7,471			$ 7,471
50	$ 7,621			$ 7,621
51- Demo				$ (80,748)
Net	$ 222,196	$ 47,705	$ 250,000	$ 439,154
			NPV of Total Revenue	**$192,996**

Non-Reversionary

Year	Ground Lease	Conversion Fee	Prop Taxes	Total Revenue
1	$ 2,888	$ 1,500	$ 3,078	$ 7,466
2	$ 2,946	$ 1,500	$ 3,078	$ 7,524
3	$ 3,005	$ 1,500	$ 3,078	$ 7,582
4	$ 3,065	$ 1,500	$ 3,078	$ 7,643
5	$ 3,126	$ 1,500	$ 3,078	$ 7,704
6	$ 3,189	$ 1,500	$ 3,078	$ 7,766
7	$ 3,252	$ 1,500	$ 3,078	$ 7,830
8	$ 3,317	$ 1,500	$ 3,078	$ 7,895
9	$ 3,384	$ 1,500	$ 3,078	$ 7,962
10	$ 3,451	$ 1,500	$ 3,078	$ 8,029
11	$ 3,520	$ 1,500	$ 3,078	$ 8,098
12	$ 3,591	$ 1,500	$ 3,078	$ 8,169
13	$ 3,663	$ 1,500	$ 3,078	$ 8,240
14	$ 3,736	$ 1,500	$ 3,078	$ 8,314
15	$ 3,811	$ 1,500	$ 3,078	$ 8,388
16	$ 3,887	$ 1,500	$ 3,078	$ 8,465
17	$ 3,965	$ 1,500	$ 3,078	$ 8,542
18	$ 4,044	$ 1,500	$ 3,078	$ 8,622
19	$ 4,125	$ 1,500	$ 3,078	$ 8,703
20	$ 4,207	$ 1,500	$ 3,078	$ 8,785
21	$ 4,291	$ 1,500	$ 3,078	$ 8,869
22	$ 4,377	$ 1,500	$ 3,078	$ 8,955
23	$ 4,465	$ 1,500	$ 3,078	$ 9,043
24	$ 4,554	$ 1,500	$ 3,078	$ 9,132
25	$ 4,645	$ 1,500	$ 3,078	$ 9,223
26	$ 4,738	$ 1,500	$ 3,078	$ 9,316
27	$ 4,833	$ 1,500	$ 3,078	$ 9,411
28	$ 4,929	$ 1,500	$ 3,078	$ 9,507
29	$ 5,028	$ 1,500	$ 3,078	$ 9,606
30	$ 5,129	$ 1,500	$ 3,078	$ 9,706
31	$ 5,231		$ 3,078	$ 8,309
32	$ 5,336		$ 3,078	$ 8,414
33	$ 5,443		$ 3,078	$ 8,520
34	$ 5,551		$ 3,078	$ 8,629
35	$ 5,662		$ 3,078	$ 8,740
36	$ 5,776		$ 3,078	$ 8,853
37	$ 5,891		$ 3,078	$ 8,969
38	$ 6,009		$ 3,078	$ 9,087
39	$ 6,129		$ 3,078	$ 9,207
40	$ 6,252		$ 3,078	$ 9,330
41	$ 6,377		$ 3,078	$ 9,455
42	$ 6,504		$ 3,078	$ 9,582
43	$ 6,634		$ 3,078	$ 9,712
44	$ 6,767		$ 3,078	$ 9,845
45	$ 6,902		$ 3,078	$ 9,980
46	$ 7,041		$ 3,078	$ 10,118
47	$ 7,181		$ 3,078	$ 10,259
48	$ 7,325		$ 3,078	$ 10,403
49	$ 7,471		$ 3,078	$ 10,549
50	$ 7,621		$ 3,078	$ 10,699
Net	$ 244,265		$ 153,888	$ 443,153
			NPV of Total Revenue	**$199,523**

Heber City Corportation

Reversionary vs. Non-Reversionary Lease
75'x75' Hangar

Excluding all County Property Tax Revenue

Assumptions

Hangar Rate	$	0.32	per/sqft
Unimproved Ground Rate	$	0.16	per/sqft
CPI Assumption		2%	
Discount Rate		3.5%	
Leasehold Hangar		5625	sqft
Leasehold Unimproved		3400	sqft
Estimated Initial Hangar Value	$	250,000	
Monthly Lease Fee	$	2,500	
Heber City Prop Tax Rate		0.115%	
Est Demo Cost (2015 $'s)	$	(30,000)	

	Reversionary				Non-Reversionary			
Year	Ground Lease	Prop Taxes	Hangar Sale	Total Revenue	Ground Lease	Conversion Fee	Prop Taxes	Total Revenue
1	$ 2,344	$ 287		$ 2,631	$ 2,888	$ 1,500	$ 287	$ 4,675
2	$ 2,344	276.95		$ 2,621	$ 2,946	$ 1,500	$ 287	$ 4,732
3	$ 2,391	267.4		$ 2,658	$ 3,005	$ 1,500	$ 287	$ 4,791
4	$ 2,439	257.85		$ 2,697	$ 3,065	$ 1,500	$ 287	$ 4,851
5	$ 2,487	248.3		$ 2,736	$ 3,126	$ 1,500	$ 287	$ 4,913
6	$ 2,537	238.75		$ 2,776	$ 3,189	$ 1,500	$ 287	$ 4,975
7	$ 2,588	229.2		$ 2,817	$ 3,252	$ 1,500	$ 287	$ 5,039
8	$ 2,640	219.65		$ 2,859	$ 3,317	$ 1,500	$ 287	$ 5,104
9	$ 2,693	210.1		$ 2,903	$ 3,384	$ 1,500	$ 287	$ 5,170
10	$ 2,746	200.55		$ 2,947	$ 3,451	$ 1,500	$ 287	$ 5,238
11	$ 2,801	191		$ 2,992	$ 3,520	$ 1,500	$ 287	$ 5,307
12	$ 2,857	181.45		$ 3,039	$ 3,591	$ 1,500	$ 287	$ 5,377
13	$ 2,914	171.9		$ 3,086	$ 3,663	$ 1,500	$ 287	$ 5,449
14	$ 2,973	162.35		$ 3,135	$ 3,736	$ 1,500	$ 287	$ 5,522
15	$ 3,032	152.8		$ 3,185	$ 3,811	$ 1,500	$ 287	$ 5,597
16	$ 3,093	143.25		$ 3,236	$ 3,887	$ 1,500	$ 287	$ 5,673
17	$ 3,155	133.7		$ 3,288	$ 3,965	$ 1,500	$ 287	$ 5,751
18	$ 3,218	124.15		$ 3,342	$ 4,044	$ 1,500	$ 287	$ 5,830
19	$ 3,282	114.6		$ 3,397	$ 4,125	$ 1,500	$ 287	$ 5,911
20	$ 3,348	105.05		$ 3,453	$ 4,207	$ 1,500	$ 287	$ 5,994
21	$ 3,415	95.5		$ 3,510	$ 4,291	$ 1,500	$ 287	$ 6,078
22	$ 3,483	85.95		$ 3,569	$ 4,377	$ 1,500	$ 287	$ 6,164
23	$ 3,553	76.4		$ 3,629	$ 4,465	$ 1,500	$ 287	$ 6,251
24	$ 3,624	66.85		$ 3,691	$ 4,554	$ 1,500	$ 287	$ 6,341
25	$ 3,696	57.3		$ 3,754	$ 4,645	$ 1,500	$ 287	$ 6,432
26	$ 3,770	47.75		$ 3,818	$ 4,738	$ 1,500	$ 287	$ 6,525
27	$ 3,846	38.2		$ 3,884	$ 4,833	$ 1,500	$ 287	$ 6,619
28	$ 3,922	28.65		$ 3,951	$ 4,929	$ 1,500	$ 287	$ 6,716
29	$ 4,001	19.1		$ 4,020	$ 5,028	$ 1,500	$ 287	$ 6,815
30	$ 4,081	9.55		$ 4,091	$ 5,129	$ 1,500	$ 287	$ 6,915
31	$ 5,231		$ 250,000	$ 255,231	$ 5,231		$ 287	$ 5,518
32	$ 5,336			$ 5,336	$ 5,336		$ 287	$ 5,622
33	$ 5,443			$ 5,443	$ 5,443		$ 287	$ 5,729
34	$ 5,551			$ 5,551	$ 5,551		$ 287	$ 5,838
35	$ 5,662			$ 5,662	$ 5,662		$ 287	$ 5,949
36	$ 5,776			$ 5,776	$ 5,776		$ 287	$ 6,062
37	$ 5,891			$ 5,891	$ 5,891		$ 287	$ 6,178
38	$ 6,009			$ 6,009	$ 6,009		$ 287	$ 6,296
39	$ 6,129			$ 6,129	$ 6,129		$ 287	$ 6,416
40	$ 6,252			$ 6,252	$ 6,252		$ 287	$ 6,538
41	$ 6,377			$ 6,377	$ 6,377		$ 287	$ 6,663
42	$ 6,504			$ 6,504	$ 6,504		$ 287	$ 6,791
43	$ 6,634			$ 6,634	$ 6,634		$ 287	$ 6,921
44	$ 6,767			$ 6,767	$ 6,767		$ 287	$ 7,054
45	$ 6,902			$ 6,902	$ 6,902		$ 287	$ 7,189
46	$ 7,041			$ 7,041	$ 7,041		$ 287	$ 7,327
47	$ 7,181			$ 7,181	$ 7,181		$ 287	$ 7,468
48	$ 7,325			$ 7,325	$ 7,325		$ 287	$ 7,611
49	$ 7,471			$ 7,471	$ 7,471		$ 287	$ 7,758
50	$ 7,621			$ 7,621	$ 7,621		$ 287	$ 7,907
51-Demo				$ (80,748)				
Net	$ 220,378	$ 4,441	$ 250,000	$ 394,071	$ 244,265		$ 14,325	$ 303,590
			NPV of Total Revenue	**$137,456**			**NPV of Total Revenue**	**$134,052**

Tab 7

HEBER CITY CORPORATION

STAFF REPORT

Type of Meeting: Work Meeting	Date: March 3, 2016
Submitted by: Chief Dave Booth	
Approved by: Chief Dave Booth	
Subject: Deer Study	

PURPOSE

The police department is seeking input from the council on the best way to deal with a growing deer population within Heber City limits.

RECOMMENDED

A survey was sent to the citizens of Heber City asking them to give input on the deer herds within our city.

The overwhelming response to the survey was that there was not a problem observed within the city. I will present to the council a power point presentation identifying the outcome of the survey conducted.

I would like to discuss both sides of the issue with the council. I'm seeking your advice and input on how to move forward with the understanding of all the issues that are before us.

Division of Wildlife Resources will be present to answer questions, Animal Services will be present to answer question, and I will have a power point available to view. I will invite the public to attend through social media and will personally contact those who have expressed concern.

FISCAL IMPACT

There is no impact if we do nothing. If we choose to take action, depending on the action, monetary costs would impact the city.

LEGAL IMPACT

If we do nothing there would be no impact. If we choose to take action, a city ordinance(s) would need to be passed.

Tab 8

HEBER CITY CORPORATION

ENGINEERING STAFF REPORT

MEETING TYPE:	Regular Council Meeting	**MEETING DATE:**	March 3, 2016
SUBMITTED BY:	Bart L Mumford	**FILE NO:**	16001
APPROVED BY:	Mark K. Anderson		
SUBJECT:	2016 CRACK SEAL PROJECT - ADVERTISE AND BID		

PURPOSE

To obtain Council approval to advertise and bid a citywide road crack seal project, and prepare a physical inventory of the city's streets.

RECOMMENDED ACTION

That the City Council: 1) authorize staff to advertise and solicit bids for a citywide road crack seal project and present bids for Council approval along with a budget amendment, and 2) initiate an inventory of the condition of the City's streets.

BACKGROUND/HIGHLIGHTS

Heber City schedules a Citywide Road Maintenance Project every 5 to 6 years for the purpose of repairing, maintaining, and sealing a majority of the City's streets. The next citywide project is scheduled and will be included in the FY2017 budget. Approximately every three years, and prior to a citywide maintenance project, the City also does a project to seal the cracks in the roads. This is usually done in the fall and spring when temperatures are cooler and the cracks wider. Crack sealing seals roads against the damaging effects of water infiltration. It is also one of the most cost effective measures that can be taken to extend road life.

The cold weather that Heber experienced this winter has caused more deterioration of the City roads than we've seen the past couple of years. To mitigate the increased deterioration, and potentially higher repair costs, staff is recommending that the crack seal work planned for next fiscal year be moved up to start this spring instead of next fall. This would allow most if not all the 65 miles of City roads to be done in a single season, reducing the number of unsealed roads that would have to go through another winter.

Staff is also requesting approval to do a physical road inventory of the condition of the City's streets using Utah State University's LTAP (Local Technical Assistance Program) group. In the past, the City has used this group's college students to prepare a low cost inventory of the City's streets, and determine the treatments needed to extend the streets useful life. This inventory then becomes the basis for the work to be completed in the Citywide Road Maintenance project next year.

FISCAL IMPACT

The estimated budget needed for the crack seal project is $390,000. The estimated budget for the LTAP inventory is $10,000.

Proceeding with the proposed work will require the FY2016 budget to be amended. However, since not all of the work will occur in FY2016, it is difficult to estimate how much to request for the budget amendment. It is therefore recommended that, if the Council is supportive, the project be advertised and bids solicited at this time. Upon receiving the bids staff will return with a budget amendment recommendation for the current fiscal year, and if acceptable to the Council, a contract can be awarded.

LEGAL IMPACT

None

Tab 9

Heber City Form Based Codes and Branding

Heber City is in the process of developing a brand for the city, drafting a master plan, rewriting the zoning ordinance and design criteria.

This process will change the zoning of your property.

You may view the proposed zoning changes online at www.ci.heber.ut.us and participate in the public process as shown in the schedule below. If you have questions about the proposed changes, please call the City Planner at 435-657-7900 or tkohler@ci.heber.ut.us.

Form Based Codes Schedule

Meeting	Date and Location
Draft Form Based Code available for viewing online at www.ci.heber.ut.us	March 21
Public Open House	March 23, 6 pm to 8 pm @ Senior Citizens Center
Public Hearing	March 31, 6 pm @ Senior Citizens Center
Work Meeting	April 14, 6 pm @ City Hall
Work Meeting	April 21, 4 pm @ City Hall
Planning Commission Recommendation	April 28, 6 pm @ City Hall
City Council Adoption	May 5, 6 pm @ City Hall