

AIRPORT BOARD OPERATIONS COMMITTEE AGENDA

August 13, 2024 at 9:30 AM

Airport Alaska Room/Zoom

https://juneau.zoom.us/j/85783208621?pwd=pd0Nn7DPn1KB53xYFV9xFztpRoabbC.1

or Dial: 1-833-548-0276 Meeting ID: 857 8320 8621 Passcode: 342015

TO TESTIFY: CONTACT PAM CHAPIN, 907-586-0962

<u>BY 3:00 PM</u> ON <u>AUGUST 12, 2024</u>

- A. CALL TO ORDER
- B. ROLL CALL
- C. BUSINESS
 - Tenant/User Insurance Requirements Policy Change (Attachment #1, #2, #3). The Airport, as part of the City & Borough of Juneau (CBJ), receives an annual independent insurance review for all airport operations (leases, operations, facilities, vehicles, fueling, Aircraft Rescue/Fire Fighting (ARFF), Federal Aviation Administration (FAA)/Occupational Safety & Health Administration (OSHA)/ Americans with Disabilities Act (ADA) code compliance) and provides an annual comprehensive report. See January 26, 2024, CHUBB Insurance Report link:

https://juneau.org/wp-content/uploads/2024/06/Juneau-International-Airport-Chubb-Risk-Engineering-Report-092823.pdf

The Airport uses this report to correct discrepancies itself and alert its tenants/users regarding their discrepancies. One of the biggest deficiencies is the insurance requirements for tenants. While the Airport works with Risk Management on new agreements, leases and contracts, the older leases and contracts have not been reviewed and updated in many years based on CBJ insurance requirements and industry standards. Chelsea Swick, CBJ Risk Management Officer, met with the Airport staff and called other (similar) Airports for those industry standards. The attached memo (Attachment #1) from Ms. Swick discusses the general liability insurance minimums that Risk intends to implement for the lowest minimum requirements and increase the standards in accordance with its Underwriter. Comprehensive general liability minimums should be set at \$1M (from the current \$250K), which is still on the low end of minimums. This is a start to the review of all insurance requirements, but it is an important first step.

The Airport has two areas that addresses tenant insurance outside of the lease; the Leasing Policy and Minimum Standards. The Airport has proposed updates to the Leasing Policy (Attachment #2) to allow for required insurance updates and needed for tenants based on industry standards for insurance. Commercial tenant/users have higher minimums commensurate with the type of activity. By Board approval, tenant insurance requirements would be an update of leasing requirements and sent out to tenants to let them know the lowest minimum for comprehensive general liability coverage. The Leasing Policy is the 'vehicle' for how the Airport Board can adjust insurance (and other) lease requirements. The Airport will be implementing the requirements with its tenants through amendment/ notification based on their individual policy renewal date. Additionally, a clause allows for adjustments in minimums as circumstances arise (per CBJ Risk memo), so the CBJ and Airport are not on the line for coverage through the term of the lease. Amendments to insurance requirements would be sent to tenants to update when their insurance policy comes up for renewal (annually). The Minimum Standards (Attachment #3) also includes minimum insurance requirements, but many minimum insurance requirements were left as 'pending'. The table for these needs to be updated by Risk, or simply state

that insurance will be reviewed by Risk and adjusted as needed to ensure the CBJ/Airport has sufficient coverage and liability. Changes to the Minimum Standards would need to be approved by the Board, but it is exclusive of the Leasing Policy language that would allow changes established by Risk. Staff defers to the Risk Manager and Operations Committee for changes to the Minimum Standards Insurance Requirements.

Operations Committee Motion: "Approve the updates to the Leasing Policy which includes provisions for adjusting insurance minimums and language and forward to the Airport Board."

- 2. **Taxilanes Paving and Unpaved Hangar Areas.** As some may remember, the Airport had a Capital Improvement Project (CIP) scheduled for design this year (FFY24) that would have paved the taxilanes on the east and west general aviation areas of the Airport. The Airport had completed the environmental and submitted an FAA pre-application for an estimated \$11M CIP project grant. Upon FAA review, these areas are not fully eligible for federal funding. Only a 35'- 40' swath down the center (taxilane) would be eligible, and the remaining (majority) of the 'taxi' area is the responsibility of the tenant and Airport. The FAA stated that most airport leases extend to the center taxilane, and tenants typically pay for the improvements up to the eligible taxilane. This CIP was pulled from the program until the Airport could formulate a plan for paving the entire area. This is informational only until a funding plan with local/tenant funds is known.
- 3. **Aircraft Wash Station.** A recent project added an aircraft wash station in the northwest area of the airport. In the short duration that the wash station was 'open', the airport witnessed more than aircraft being washed here everything from boats, vehicles and water sports equipment. This was shut down for a few reasons: the use for items other than aircraft, the Airport's Stormwater Pollution Prevention Plan (SWPPP) needs to address the runoff from this; and the cost to pay for the use (water) and maintenance. The Airport will need to add this into the SWPPP program (water only), develop a use fee, and somehow regulate what gets washed.
- 4. General Aviation Impacted by Transient Aircraft (Attachment #4). There is a lot of congestion and transient aircraft in the area near Aero Services. Jet blast toward smaller aircraft and hangars impacts general aviation users. On occasion Aero Services will park a fuel truck in front of smaller GA traffic so the jet blast won't blow the smaller airplane over. Additionally, prop blast from Alaska Central Express' (ACE) Beech 1900's cargo operations blast GA operations when they complete their 180 degree turn to position at Aero Services (on the west side of Aero for offloading). The Airport would like to see how jet/prop blast can be mitigated in this area. Many times, aircraft are parked with engines pointing back directly into the hangars (50' away). Discussions at meeting.
- 5. **Private/Transient Helicopters (Attachment #4).** Transient helicopters have one spot in the E-1 area. Generally, that is kept for helicopters clearing U.S. Customs and Border Protection, then they must relocate to permanent parking. In general, mixing with fixed wing aircraft is not a good/safe practice due to rotor wash. The Airport needs to establish transient helicopter parking in an area that can be serviced by an FBO, and where the helicopter will not conflict with fixed wing. Discussions at the meeting.

D. NEXT MEETING DATE

E. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.



Human Resources and Risk Management 155 Heritage Way Juneau, Alaska 99801 Telephone: 586-5250, Ext. 4084 Chelsea.Swick@Juneau.gov

MEMORANDUM

Date: June 27, 2024

T0: Juneau International Airport, JNU Board

From: Chelsea Swick, Risk Management Officer

Subject: Airport Lease Agreements – Insurance Increase

This Memorandum is to address the recent implementation of increased insurance limit requirements within the Juneau International Airport (JNU) lease agreements, both General Aviation (GA), and Commercial Lease Agreements. JNU has historically required lower than average insurance limits; however, with rising property values, labor and materials, increased cost in insurance premiums and increased exclusions within insurance policies, we must increase coverage to adequately protect our assets.

In July of 2023, James Duboise with Chubb Insurance, one of JNU's line of coverage carriers, met with JNU staff and myself for a required Airport Liability Risk Engineering Survey. Among many topics discussed, one of the recommendations for the JNU lease agreements was to increase current insurance limit requirements from \$250K to \$1M.

In an effort to get JNU lease agreements more in line with adequate coverage should a loss occur, I recently reached out to Chubb Insurance to talk through what they have seen with other airports of like size and use for comparison. The goal is not to overburden JNU's lessees, but to require coverage that demonstrates the ability to fully cover a loss. Chubb indicated \$5M CGL within lease agreements is the standard across the aviation/airport industry, but given the unique design, use and size of JNU, \$1M should be the lowest minimum requirement. CBJ Risk Management is in agreement with Chubb Insurance on this recommendation and have already implemented this requirement amongst other CBJ Departments.

Exhibit A details a snapshot of JNU's historical insurance premiums, and a snapshot of <u>all</u> CBJ insurance premiums which provide some insight on rising insurance costs. Exhibit B details CBJ's liability structure of insurance and is provided for informational purposes.



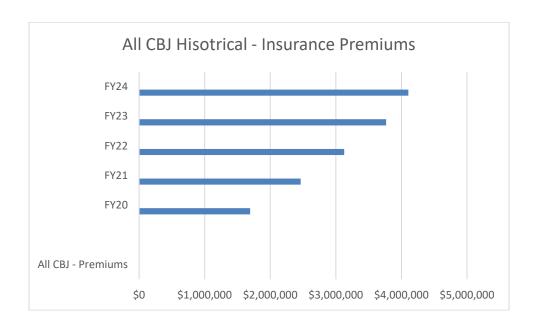


Exhibit B **ATTACHMENT #1**

Section C, Item 1.

City and Borough of Juneau - Liability Structure Charts

Policy Term: July 1, 2024 to July 1, 2025



		Total Premium:		SOLITION	
000,000 xs \$100,000,000					
	Total Cost: \$1,069,695.00 Total Limits: \$20,000,000	Total Cost: \$140,122.50 Total Limits: \$20,000,000		Total Cost: \$90,081.14 Total Limits: \$10,000,000 Fach Occurrence	
ACE Property and Casualty Insurance Company Limit: \$100,000,000 Premium: \$49,357.00	Gemini Insurance Company Limit: \$5,000,000 xs \$15,000,000 Premium: \$160,000.00			\$18,000,000 Aggregate	
	Evanston Insurance Company Limit: \$10,000,000 xs \$10,000,000 Premium: \$200,000.00	Aspen American Insurance Company. – 33.34% Stratford Insurance Company – 33.33% Navigators Insurance Company – 33.33% Limit: \$15,000,000 xs \$5,000,000 Premium: \$41,580.00		Arch Insurance Company	Total Cost: \$490,846.00 Total Limits: \$5,000,000 Each Claim \$10,000,000 Aggregate
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	Insurance Company Limit: \$5,000,000 Premium: \$415,695.00	Navigators Insurance Company Primary Marine Liabilities for Ports Limited Pollution Liability Limit: \$1,000,000 Premium: \$39,531.45	Navigators Insurance Company Hull & Machinery – Per Schedule of Vessels Primary Protection & Indemnity: \$1,000,000 Limited Vessel Pollution Liability: \$1,000,000 Premium: \$31,459.05	Arch Insurance Company Limit: \$1,000,000 per occurrence \$2,000,000 Products Aggregate \$10,000,000 General Aggregate Premium: \$57,585.34	Professional Security Insurance Company Limit: \$1,000,000 per occurrence \$3,000,000 Aggregate for PL & GL Premium: \$327,397.00
	\$350,000 Self-Insured Retention all Coverages	\$1,000 Hull & Machinery, \$5,000 Protection & Indemnity, \$5,000 Marine General Liability Deductible		\$10,000 Occurrence and \$50,000 Aggregate Self-Insured Retention	\$100,000 per claim and \$300,000 aggregate Deductible
rport Liability	Excess Liabilities: - Automobile Liability - General Liability - Public Officials Wrongful Acts (incl. EPL) Law Enforcement Legal	Marine Insurance Program		General Liability & Excess Liability - Eaglecrest Ski Area	Primary Professional Liability and Health Care General Liability & Excess Liability - Bartlett Regional Hospital
	it: \$100,000,000	ters at Lloyds, London 100,000 xs \$100,000,000 101	Total Cost: \$1,689,695.00	Total Cost: \$1,09,695.90	Total Cost: \$1,089,695.00 Total Cost: \$1,089,695.00 Total Limits: \$20,000.00 Limit \$5,000.000 Permium: \$10,000.00 Permium: \$10,000.00 Permium: \$10,000.00 Permium: \$10,000.00 Permium: \$200.000.00 Permium: \$200.000.000 Permium: \$200.000.000 Permium: \$200.000.000 Permium: \$200.000.000 Permium: \$200.000 Permium: \$200.000 Permium: \$200.000 Permium: \$200.000 Permium: \$200.000 Permium: \$200.0000 Permium: \$200.0000 Permium: \$200.0000 Permium: \$200.0000 Permium: \$200.0000 Permium: \$200.00000 Permium: \$200.00



JUNEAU INTERNATIONAL AIRPORT

LEASING POLICY

As approved by the Airport Board on September 6, 2016

I. Purpose

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

The purpose of the Juneau International Airport (Airport) Leasing Policy is to (1) provide sound, consistent guidelines through which the Airport can respond to the interests of financially stable and responsible lessees; (2) administer Airport leaseholds in accordance with its grant assurances; (3) insure the Airport's ability to meet its obligation to provide a stable revenue source for the Airport; and (4) provide guidelines for Airport related business decisions.

The leasing of Airport land is regulated and influenced by City, State, and Federal law including, but not limited to, the policies and rules of the FAA, formal policies adopted by the Airport, input from the tenants, users, community, and precedent set by the Airport Board.

II. Rates. Fees and Charges

FAA guidelines require the Airport to make the airport as financially self-sustaining as possible.

To the extent feasible, aeronautical use charges must be established on a cost recovery basis, while use of airport property for non-aeronautical facilities and/or services must be based on fair market value.

In specific circumstances which are not covered by established rates, fair market value will be determined by an independent appraisal of the specific parcel and the rental rate will be negotiated to achieve Airport's intended return.

The Airport assesses rates and fees each year through the budget process and may adjust lease rates

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¹49 U.S.C. §47107(a)(13)

² Aeronautical uses include air taxi and charter, air carrier service, pilot training, aircraft rental, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and service, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute and ultralight activities.

in accordance with the budget needs and tenant negotiations.

III. Land Uses

An Airport Master Plan (AMP) and an Airport Layout Plan (ALP) have been developed for the Airport and are periodically updated. These plans, which are reviewed and approved by the FAA and the Airport following public review and input, provide guidance to Airport staff and the Airport tenants in land use leasing decisions. The Airport lease documents specify permitted uses of Airport property and any land use restrictions which may apply. Please see CBJ Code 53.20 and 05.20.

IV. Authority to Lease

The Airport is owned and operated by the City and Borough of Juneau (CBJ). CBJ provides the Airport land, under CBJ Code Title 49 Lands, and the land is leased by the Airport, under CBJ Code Title 5 Juneau International Airport.

V. New Lease Requests

Airport property is leased on a first come, first served basis in accordance with the AMP, the ALP, the prospective lessee's proposed use or operation, and with the best financial interests of the Airport. Potential lessees shall submit a fully completed Lease Application with associated fees to the Airport together with such additional information as may be required for review by the Airport Manager. All commercial applicants must provide a business use and activity plan that meets airport minimum standards, as reflected in the Airport's Minimum Standards Document.

All applicants who submit a fully completed application for lease property with the associated fees will be put on the Airport Lease Wait List. The list is categorized by type of request (commercial

All applicants who submit a fully completed application for lease property with the associated fees will be put on the Airport Lease Wait List. The list is categorized by type of request (commercial, executive hangar, ti-hangar, tie-down, and/or float pond). When space is available for a specific type of lease, in accordance with the AMP and the ALP, the applicants on the Airport Lease Wait List will be contacted in the order of application submission date. If the an applicant does not wish to pursue the available lease space, the next applicant who desires the same type of lease will be offered the available space for lease. Any applicant that chooses not to pursue the available lease property will not be removed from the Airport Lease Wait List or lose their rank on the Airport Lease Wait List and will be contacted the next time lease space becomes available for the requested lease type.

The Airport will issue a lease to an applicant only if the application meets the requirements of this leasing policy and provided:

- A. The proposed use is consistent with the AMP, the ALP, and the Airport Terminal Plan, if applicable, and other relevant CBJ land use planning documents;
- B. Approval will not constitute a violation of the FAA Grant Assurances;
- An applicant's commercial use of the property will comply with the requirements of the approved Airport Minimum Standards document; and
- D. The applicant and any proposed sublessees, are in good standing with the CBJ including, but not limited to, the timely payment of all CBJ taxes.

From time to time, the Airport and CBJ Law Department may review lease terms and update the Airport's lease template as required, and as approved by the Airport Board.

VI. Lease Agreements and Legal Review

The Airport leases may contain more restrictive clauses than private sector leases. Lessees will be required to assume the liabilities associated with possession and control of real property including, but not limited to, compliance with all Federal, State and CBJ laws and regulations pertaining to the use, storage and disposal of hazardous materials and storm water pollution prevention regulations, air space protection and security of the airport through lessee parcel.

The Airport leases are approved by CBJ and shall, at a minimum, conform to local standards of tenant responsibility and liability. Lease language is periodically updated to reflect changes in FAA regulations and real estate law.

VII. Lease Term

A. Airfield Standard Lease Term

The term of an airfield lease is determined by property designation in the AMP, the ALP, the prospective lessee's proposed use or operation, and the best financial interests of the Airport. Consideration shall also be given to a lessee's substantial capital investment in facilities and the requirement of a lender for a specific lease term. The standard lease term for a new stand-alone lease is based on the term investment schedule (Exhibit A).

Investment is defined as:

- 1. Construction and improvement costs on the lease parcel; or
- 2. The purchase or refinancing of the leasehold improvements on the property.

At expiration of a lease, a current lessee who is in compliance with all provisions of the current lease shall have the right to execute a new lease under the provisions of Section VIII.

A lessee may request a conditional lease and construct leasehold improvement in an area designated for other future development in accordance with the AMP and/or ALP. In such case a lease may expressly stipulate that at the expiration, termination or cancelation of the lease, the lessee will be required to remove the leasehold improvements (see section X.) or that ownership of the leasehold improvements revert to the Airport or the CBJ.

B. Terminal Standard Lease Term

The length of terminal lease term is determined by the Terminal Plan, the prospective lessee's proposed use or operation, and is in the best financial interests of the Airport. Generally, space in the terminal is leased for five years. If the Airport has plans to change the terminal, through renovation, strategic design, etc., leases may be offered on a month-to-month basis.

Concession leases are through CBJ contract bid or proposal for up to five years, with renewal options. Federal Government leases must comply with Federal procurement rules.

C. Exception to Standard Term

On a case by case basis, the Airport Board may consider a significantly longer lease term to support Airport property development and to allow a lessee to amortize its investment based on the

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following criteria:

- Significant initial capital investment;
- 2. Significant additional capital investment in current leasehold improvements;
- Requirements of a lender for minimum lease term for those leases upon which leasehold improvements are used to collateralize loans, including the refinancing of an existing business operations;
- 4. Services provided to other Airport tenants and users;
- 5. Significant job creation;
- Public infrastructure extensions which will benefit other parcels, such as roads, water, or sewer; or
- 7. Potential to attract other new aviation businesses.

VIII. Extensions of Existing Leases

A. General

- At the end of a lease term, if a lessee is not in default of its existing lease, and if the leasehold improvements satisfy maintenance and appearance standards approved by the Airport, a new standard form lease shall be granted to the lessee, subject to the following exceptions:
 - a. If the lease is located in an area needed for future Airport development as outlined in the AMP (please see Section X. Disposal of Improvements).
 - b. If the Airport determines that a shorter term is necessary or appropriate in accordance with the AMP, the ALP, and is in the best financial interest of the Airport, the Airport may elect to approve a new lease for less than the standard term then in effect for similar property use.
- At the expiration of the lease, the current Lessee shall have the option to execute a
 new lease under new lease provisions (as long as the lease complies with the
 exceptions stated in section VIII.A.1).
- A private hangar lessee may request the Airport to convert its lease to a commercial lease if the leasehold improvements meet the Airport's Minimum Standards for the proposed commercial activity. If approved by the Airport Board, that parcel shall be converted to the commercial lease rate, rules and requirements of commercial tenants.
- A commercial hangar lessee may request the Airport to reconvert its lease to a
 private hangar lease if the lease was originally a private hangar and conforms with
 the AMP and ALP.

B. Commercial

- At the expiration of an existing commercial lease, or at any time during the lease term, a lessee may submit a proposal to the Airport for a new lease agreement or an extension of its existing lease. The Airport shall grant a new lease provided:
 - The lessee is in full compliance with the existing lease terms and conditions;

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- The Airport determines that there is no immediate need to use the property for Airport purposes when the current lease expires;
- The existing/proposed property use is consistent with the ALP, AMP, and other relevant land use planning documents;
- d. Lessee demonstrates its commitment to maintain or improve the leasehold improvements to the Airport's Minimum Standards.
- The term of a new lease or lease extension(s) will be established, and approved, by the Airport, based on its determination of the following issues:
 - If the Airport's financial or operational interest is best served by a new or extended lease or expiration of the existing lease;
 - b. The value of proposed new and/or improved aviation or industrial facilities;
 - c. Whether the time needed to amortize lessee's investment is longer than lessee's remaining lease term;
 - The reasonable period of time needed to amortize lessee's proposed investment in improvements to its facilities and Airport property.
- 3. If no new capital investment is proposed, a new lease shall be executed, subject to the current standard commercial lease terms and conditions.
- 4. In areas established as general aviation or private hangar lease lots, a business lease (or assignment) may be approved by the Airport Manager, so long as the purpose of the lease remains as aircraft storage. No commercial activity (public for hire) or heavy maintenance may occur in these sites. This includes CBJ building code and lease insurance provisions.
- C. Leases of Adjacent Property

Provided an applicant meets all other requirements of the leasing policy, lease of airfield property adjacent to a current lessee's existing airfield lease shall be considered an addition to the original lease and will be afforded the same term as the lessee's existing lease, unless the lessee applies for a longer term based on additional capital investment.

IX. Construction of Leasehold Improvements

Leasehold improvements must be constructed in accordance with the FAA, CBJ and Airport guidelines. Height restrictions, lot-line setbacks, appropriate parking, building design, quality of construction, and other requirements are controlled by the FAA, CBJ building code, and the Airport. Prior to making substantial changes to the footprint or height of a leasehold improvement, a tenant shall first acquire the written approval of the Airport Manager.

X. <u>Disposal of Land Lease Improvements</u>

The lessee owns the title to the leasehold improvements that they construct or purchase during the term of the lease, unless, at the time of construction, the lease expressly provides that the Airport (or the CBJ) is the owner of the leasehold improvements at the expiration of the lease.

At the expiration, termination, or cancellation of a lease:

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- A. The lessee may sell the leasehold improvements to a new lessee provided the new lessee is in good standing with the CBJ (see Section V). and The lease may be assigned or a new lease generated with the new lessee as outlined in Section VII; or
- B. The lessee shall remove the leasehold improvements at the lessee's sole expense if:
 - 1. The leasehold improvements do not comply with written Airport policies or are inconsistent with the AMP or ALP, at the time of construction; or
 - 2. The leasehold improvements are not sold under X.A. of this section; or
 - 3. The Airport makes written findings that the leasehold improvements are a safety hazard to the public.

Upon removal of leasehold improvements, Lessee shall return the Leased Premises to its unimproved condition; or

- C. If in accordance with the AMP, ALP, and CBJ code the leased property are required for future development, the lease was executed prior to the determination of a future need for the leased property, and the Airport declines to renew a lease, the Airport will either purchase or relocate the leasehold improvements. The Airport, at the Airport's discretion, may either:
 - Purchase the leasehold improvements. The purchase price would be at the cost of replacement of the leasehold improvements at a new location at the Juneau International Airport. If the lessee has no intention to continue leasing at the Juneau International Airport, the Airport will purchase the leasehold improvements at fair market value as determined by an independent appraisal; or
 - Relocate the leasehold improvements to a new location at the Juneau International Airport

XI. Subtenant Approval

A. Private Hangars - Sublease Occupants

Upon the Airport approval, non-commercial lessees may utilize a sublease arrangement to offset hangar ownership expenses provided the lessee:

- Stores at least one of its owned aircraft in the hangar;
- 2. Shall not allow any use of, or activity, on the leased premises by the sublessee that is not in full compliance with the terms and conditions of the lease; and
- Has provided the Airport Manager with a copy of its sublease agreement, in which the financial terms may be redacted.

If the private hangar owner does not utilize the hangar for its owned aircraft, the owner must apply for and obtain a commercial lease to be able to sublease its hangar. (See Section VIII.A.4.).

B. <u>Commercial Sublease</u>

Upon the Airport approval, a lessee may sublease a portion of its leasehold improvements to provide additional aviation related services at the airport. Terminal subleases are not allowed, except by written permission of the Airport Manager, who may approve a short-term sublease in

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unusual circumstances such as a shortage of office or counter space. All sublessees are bound by Regulation 07 CBJAC 10 Rates & Fees, for all applicable fees and reporting, and shall be required to provide proof of insurance under the appropriate section of the lease. The Airport Manager shall have the authority to immediately revoke approval of any sublease, if a sublessee is out of compliance with the Airport, CBJ or FAA use, and reporting or fee payment requirements.

C. Review and Approval

The commercial lessee shall submit a fully completed Sublessee Application to the Airport Manager together with such additional information as may be required for review by the Airport Manager. The sublease will be approved if:

- The proposed use is appropriate and consistent with the AMP, the ALP, and CBJ code:
- 2. Approval will not constitute a violation of FAA Grant Assurances;
- 3. The use of the property will comply with the requirements of the Airport Minimum Standards; and
- 4. The lessee and sublease have provided written acknowledgement that they will comply with all provisions of the original lease.

XII. Assignment of a Lease

A. Assignment of Private Hangar Lease

A lessee who intends to sell its leasehold improvements to another party shall provide 30-day written notice to the Airport Manager of the lessee's desire to assign its lease due to pending sale or transfer of its leasehold improvements and pay the administrative assignment fee established in the current Airport rates, fees and charges. The written notice must comply with section X.C.

The Airport shall not approve a lease assignment until the Airport staff inspects the hangar and determines the hangar is in compliance with the Airport and CBJ codes. Assignees must be in good standing with the CBJ.

B. <u>Assignment of Commercial Lease</u>

A lessee who intends to sell its leasehold improvements to another party or otherwise assign its commercial lease shall submit a completed Airport Lease Action Request to the Airport Manager at least thirty (30) days prior the request assignment and pay the administrative assignment fee established in the current Airport rates, fees and charges.

The Airport shall not approve any assignment of a commercial lease which would cause the Airport to violate its Grant Assurances. A commercial assignee must be registered with the CBJ and be in good standing.

C. <u>Assignment Action Request Form</u>

All assignments must provide an action request form that includes the following:

- The name of the proposed assignee, including the names of the controlling interest owners if a limited liability company, corporation, partnership, or other association;
- 2. Contact information for the assignee; and
- 3. A copy of the proposed or actual document to be used to convey ownership, such as a sales agreement or a bill of sale, in which the financial terms may be redacted.

XIII. Insurance Requirements,

All insurance requirements will be determined by CBJ Risk Management in accordance with industry standards for each type of activity, or leasehold property, on the airport; and to ensure that adequate coverage is demonstrated to cover the full loss and cover the CBJ/Airport and its assets. Insurance coverage will be reviewed regularly and may be adjusted due to changes in market, rising costs of property costs, labor and materials to adequately cover the Airport's assets. Such adjustments to tenant/leaseholder leases/contracts will be made through amendment of lease/contract, to be effective at the time of the tenant/leaseholder's insurance policy renewal.

CBJ reserves the right to modify these insurance requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Lessee shall timely provide the Airport Administration office, Certificates of Insurance, naming the CBJ/Airport as additional insured, evidencing the required insurance, and certificates evidencing renewal of replacements of policies of insurance thereafter at least thirty (30) days prior to the expiration of, cancellation, or material change of policies.

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MINIMUM STANDARD REQUIREMENTS FOR AIRPORT AERONAUTICAL SERVICES

JUNEAU INTERNATIONAL AIRPORT JUNEAU, ALASKA

JANUARY 2001

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Section 1 - Preamble and Policy

The City and Borough of Juneau being the Owner and in a position of responsibility for the administration of the Juneau International Airport does hereby establish the following Policy for the Minimum Standards:

The Minimum Standards are intended to be the requirements for those wishing to provide aeronautical services to the public and to insure that those who have undertaken to provide commodities and services as approved are not exposed to unfair or irresponsible competition. These Minimum Standards were developed taking into consideration the aviation role of the Juneau International Airport, facilities that currently exist at the Airport, services being offered at the Airport, the future development planned for the Airport and to promote fair competition at the Juneau International Airport. The uniform application of these Minimum Standards, containing the minimum levels of service that must be offered by the service provider, relates primarily to the public interest and discourages substandard entrepreneurs, thereby protecting both the established aeronautical activity and the Airport patrons.

Section 2 - Definition

Aeronautical Activity means any activity conducted at airports which involves, makes possible or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations. These activities include, but are not limited to: air taxi and charter operations, pilot training, aircraft renting, sightseeing, aerial photography, crop dusting, aerial advertising, aerial surveying, air carrier operations, skydiving, ultralight operations, aircraft sales and services, sale of aviation petroleum products, repair and maintenance of aircraft, or sale of aircraft parts and aircraft storage.

<u>Aeronautical Service</u> means any service which involves, makes possible or is required for the operation of aircraft, or which contributes to or is required for the safety of aircraft operations commonly conducted on the airport by a person who has a lease from the airport owner to provide such service.

<u>Airport</u> means the Juneau International Airport, and all of the property, buildings, facilities and improvements within the exterior boundaries of such airport as it now exists on the Airport Layout Plan or Exhibit A or as it may hereinafter be extended, enlarged or modified.

FAA means the Federal Aviation Administration.

FAR means Federal Aviation Regulation.

FBO (Fixed Base Operator) means any aviation business duly licensed and authorized by written agreement with the airport owner to provide aeronautical activities at the airport under strict compliance with such agreement and pursuant to these regulations and standards.

<u>Flying Club</u> means a non-commercial organization established to promote flying, develop skills in aeronautics, including pilotage, navigation, and awareness and appreciation of aviation requirements and techniques. See the Airport Rules and Regulations for requirements.

<u>Fuel</u>: As defined in an operator's lease agreement.

<u>Fueling Operations</u> means the dispensing of aviation fuel into aircraft.

<u>Fuel Vendor</u> means an entity engaged in selling or dispensing aviation fuel to aircraft other than that owned or leased by the entity.

<u>Fueling Operations Permit</u> means a permit issued by the airport manager to a person or entity that dispenses aviation fuel at the Juneau International Airport (see Airport Rules and Regulations for requirements and procedure). There are two types: (1) Fuel Vendor's Permit; and (2) Self-fueling Permit.

<u>Landside</u> means all buildings and surfaces on the airport outside the fence used by surface vehicular and pedestrian traffic.

Manager means the Airport Manager or his/her designee.

<u>Minimum Standards</u> means the standards which are established by the airport owner as the minimum requirements to be met as a condition for the right to conduct an aeronautical activity on the airport.

NFPA means the National Fire Protection Association.

NOTAM means a Notice to Airmen published by the FAA.

Owner means the City and Borough of Juneau/Juneau International Airport or group providing any or a combination of aeronautical services to or for aviation users at the Airport.

<u>Person</u> means an individual, corporation, government or governmental subdivision, partnership, association, or any other legal entity.

<u>Ramp Privilege</u> means the driving of a vehicle upon an aircraft-parking ramp on the airside of the airport to deliver persons, cargo or equipment to an aircraft or hanger as a matter of convenience or necessity. See Airport Rules and Regulations for requirements and procedures.

<u>Self-fueling operator</u> means a person who dispenses aviation fuel to aircraft owned by such person, or leased from others and operated by such person, See Airport Rules and Regulations for requirements and procedure.

<u>UNICOM</u> means a non-governmental communication facility which provides airport advisory information.

Section 3 - Minimum Standards for All FBOs

<u>APPLICABILITY</u>

The following shall apply to all existing FBOs and aeronautical service providers wishing to become FBOs at the Airport per CBI Code 05.05.100(k).

MINIMUM STANDARDS

- 1. Leases shall be as specified in the Juneau International Airport Leasing Policy.
- 2. Any prospective FBO seeking to conduct aeronautical activity at the airport may be asked to demonstrate that they have adequate resources to realize the business objectives agreed to by the Juneau International Airport and the applicant.
- 3. All FBOs shall demonstrate to the Airport Manager satisfactory evidence of its ability to acquire insurance coverage as stipulated for each particular type of operation. An FBO should make its own analysis to determine if more is needed. However, such policies of insurance shall be maintained in full force and effect during all terms of existing leases, agreements or business licenses or renewals or extensions thereof with a 30-calendar day notice of cancellation to Juneau International Airport. Such policies shall not be for less than the amounts listed at APPENDDIX 1; however, in all cases, amounts of policies must meet the statutory requirements of applicable governmental agencies.
- 4. Any FBO, person, party, firm or corporation operating on this airport must comply with all federal, state and local environmental requirements.
- 5. The lawful and sanitary handling and timely disposal, away from the Airport, of all solid waste, regulated waste, and other materials including, but not limited to, used oil, solvents, and other regulated waste. The piling and storage of crates, boxes, barrels, and other containers will not be permitted within the leased premises.

Section 4 - Application and Qualification

Demonstration of intent to conduct a business operation at the Airport shall be by application to the Juneau International Airport. The written application shall contain at the minimum:

- 1. The proposed nature of the business. A business plan shall be used to express the proposed nature of the business. (See a business plan outline at APPENDIX 2.)
- 2. The signatures of all parties whose names are being submitted as owning an interest in the business or will appear on leases or other documents as being a partner, director or corporate officer and those who will be managing the business.
- 3. A listing of building and equipment owned, or being purchased, or leased which will be used in the business on the Airport.
- 4. A written authorization for the FAA, any Aviation or aeronautics commissions, administrators, and departments of all states in which the applicant has engaged in aviation business to release information in their files relating to the applicant or its operation. The applicant will execute such forms, releases, or discharges as may be required by those agencies.
- 5. Preliminary plans, specifications and dates for any improvements which the applicant intends to make on the Airport as part of the activity for which approval is sought. Applicant must comply with appropriate Review Procedures and the Juneau International Airport requirements.
- 6. Proof (copy or insurance company letter of intent) of liability coverage for the business operation, flight operations, itinerant aircraft and operators and premises insurance.

Section 5 – Action on Application

All applications will be reviewed and acted upon by the Juneau International Airport within 30 business days from the receipt of the application. Applications may be denied for one or more of the following reasons:

- 1. The applicant does not meet qualifications, standards and requirements established by these Minimum Standards.
- 2. The applicant's proposed operations or construction will create a safety hazard on the Airport.
- 3. The granting of the application will require the expenditure of local funds, labor or materials on the facilities described in or related to the application, or the operation will result in a financial loss to the Juneau International Airport.

- 4. There is no appropriate or adequate available space or building on the Airport to accommodate the entire activity of the applicant.
- 5. The proposed operation, Airport development or construction does not comply with the approved Airport Layout Plan and the Airport Master Plan.
- 6. The development or use of the area requested will result in a congestion of aircraft or buildings or will result in unduly interfering with the operations of any present fixed base operator on the Airport, such as problems in connection with aircraft traffic or service, or preventing free access and egress to the existing fixed base operator area, or will result in depriving, without the proper economic study, an existing fixed base operator of portions of its leased area in which it is operating.
- 7. Any party applying, or having an interest in the business, has supplied false information, or has misrepresented any material fact in the application or in supporting documents, or has failed to make all required disclosures on the application.
- 8. Any party applying, or having an interest in the business, has a record of violating the Rules, or the Rules and Regulations of any other Airport, Civil Air Regulations, Federal Aviation Regulations, or any other Rules and Regulations applicable to this or any other Airport.
- 9. Any party applying, or having an interest in the business, has defaulted in the performance of any lease or other agreement with the City & Borough of Juneau, the Juneau International Airport or any lease or other agreement at any other airport.
- 10. Any party applying, or having an interest in the business, is not sufficiently credit worthy and responsible in the judgment of the Juneau International Airport to provide and maintain the business to which the application relates and to promptly pay amounts due under the FBO lease. A credit report may be required.
- 11. The applicant is delinquent on any City and Borough of Juneau obligations.
- 12. In the opinion of the Airport Manager, the activity being applied for may be detrimental to the Juneau International Airport. In such a case, the application shall be presented to the Airport Board for determination of acceptance or denial.

Section 6 – Aircraft Sale

APPLICABILITY

1. New Aircraft Sales: An aircraft sales FBO engages in the sale of new aircraft through franchises or licensed dealerships (if required by local, county or state authority) or distributorship

(either on a retail or wholesale basis) of an aircraft manufacturer; and provides such repair, services, and parts as necessary to meet any guarantee or warranty on aircraft sold.

2. Used Aircraft Sales: Many companies engage in the purchasing and selling of used aircraft. This is accomplished through various methods including matching potential purchasers with an aircraft (brokering), assisting a customer in the purchase or sale of an aircraft, or purchasing used aircraft and marketing them to potential purchasers. In many cases, these FBOs also provide such repair, services, and parts as necessary to support the operation of aircraft sold.

MINIMUM STANDARDS

1. The FBO shall have in their employ, duty during the appropriate business hours, trained personnel in such numbers as are required to conduct the business in an efficient manner. The FBO shall also maintain, during all business hours, a responsible person in charge to supervise the operations in the leased area with the authorization to represent and act for and on behalf of the FBO and provide check ride pilots for aircraft sold.

Section 7 - Aircraft Airframe, Engine and Accessory Maintenance and Repair

APPLICABILITY

An aircraft airframe, engine and accessory maintenance and repair FBO provides one or a combination of airframe, engine and accessory overhauls and repair services on aircraft up to and may include business jet aircraft and helicopters. This category shall also include the sale of aircraft parts and accessories.

MINIMUM STANDARDS

- 1. The FBO shall provide equipment, supplies, manuals and availability of parts sufficient to return or maintain aircraft in airworthy condition.
- 2. The FBO shall have in their employ, and on duty during the appropriate business hours, never less than one person currently certificated by the FAA with ratings appropriate to the work being performed and who holds an airframe, power plant or an aircraft inspection authority.

Section 8 – Aircraft and/or Ultralight Vehicle Lease and Rental

APPLICABILITY

An aircraft and/or ultralight vehicle lease or rental FBO engages in the rental or lease of aircraft and/or ultralight vehicle to the public.

MINIMUM STANDARDS

Aircraft:

- 1. The FBO shall have available for rental, either owned or under written lease to FBO, certified and currently airworthy aircraft.
- 2. The FBO shall have in his employ and on duty during the appropriate business hours, a minimum of one person having a current FAA commercial pilot certificate with appropriate ratings.

Ultralight Vehicles:

- 1. The FBO shall have available for rental, either owned or under written lease to the FBO; a minimum one approved two-place ultralight vehicle.
- 2. The FBO shall have in their employ and on duty during appropriate business hours, a minimum of one person having a current FAA commercial pilot certificate or an Advanced Flight Instructor's (AFI) rating from the United States Ultralight Association (USUA).

Section 9 - Flight Training

APPLICABILITY

A flight training FBO engages in instructing pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction in preparation to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

MINIMUM STANDARDS

- 1. The FBO shall have available for use in flight training, either owned or under written lease to FBO, properly certificated aircraft.
- 2. The FBO shall have on staff at least one flight instructor who has been certificated by the FAA to provide the type of training offered.

Section 10 - Commercial Sky Diving

APPLICABILITY

A Skydiving FBO engages in the transportation of persons for skydiving, instruction in skydiving, and rental and sales of skydiving equipment.

MINIMUM STANDARDS

- 1. The FBO shall have available for skydiving at least one properly certificated aircraft.
- 2. The FBO operation shall meet or exceed the Basic Safety Requirements (BSR) of the United States Parachute Association (USPA), FAR 105, and related FAA Advisory Circulars. The jump plane pilot must hold a FAA commercial pilot certificate and be appropriately rated for the aircraft being operated.
- 3. The skydiving FBO shall carry the same insurance-coverage and-limits as any other FBO on the airport.

Section 11 – Aircraft Fuels and Oil Service

APPLICABILITY

An aircraft fuels and oil service FBO provides aviation fuels, lubricants and other services supporting itinerant aircraft operations and operations of aircraft based on the airport.

MINIMUM STANDARDS

Except as otherwise provided in any agreement between the FBO and the Juneau international Airport, an FBO conducting aviation fuel and oil sales or service to the public on the Airport shall be required to provide the following services and equipment:

- 1. Appropriate grades of aviation fuel.
- 2. An inventory of generally accepted grades of aviation engine oil and lubricants.
- 3. Fuel dispensing equipment, meeting all applicable Federal, State and local requirements for each type of fuel dispensed.
- 4. Properly rated equipment for aircraft towing, inflating aircraft tires, washing aircraft windscreens, and recharging aircraft batteries.

- 5. The safe storage and handling of fuel in conformance with all Federal, State, and local requirements and fire codes pertaining to safe storage and handling of fuel.
- 6. The lawful and sanitary handling and timely disposal, away from the Airport, of all solid waste, regulated waste, and other materials including, but not limited to, used oil, solvents, and other regulated waste. The piling and storage of non-airport related crates, boxes, barrels, and other containers will not be permitted within the leased premises.
- 7. Unless provided by the airport owner, the FBO shall have a fixed fuel storage system, which shall contain safety fixtures, and filtration systems in accordance with all Federal, State and local requirements. The storage system must include adequate fuel spill prevention features and containment capabilities, together with an approved fuel Spill Prevention Countermeasures and Control Plan (SPCC), as applicable.
- 8. Bulk storage will be on leased land in tanks that are in compliance with all federal, state and local standards, the Airport Fuel Farm, or off airport.

Section 12 - Avionics, Instruments or Propeller Repair Station

APPLICABILITY

An avionics, instrument, or propeller repair. station FBO engages in the business of and provides a shop for the repair of aircraft avionics, propellers, instruments and accessories for general aviation aircraft. This category may include the sale of new or used aircraft avionics, propellers, instruments, and accessories.

MINIMUM STANDARDS

- 1. The FBO shall have in their employ and on duty during the appropriate business hours at least one person who is a FAA rated radio, instrument or propeller repairman.
- 2. The FBO shall hold the appropriate certificates issued by FAA for the types of equipment they plan to service and/or install.

Section 13 - Aircraft Charter and Air Taxi

APPLICABILITY

An unscheduled, or scheduled air charter or air taxi FBO engages in the business of providing air transportation (persons or property) to the general public for hire, on an unscheduled or scheduled basis under Code of Federal Regulations CFR 14 Part 1 35 of the Federal Aviation Regulations.

MINIMUM STANDARDS

- 1. The FBO shall provide, either owned or under written lease, type, class, size and number of aircraft intended to be used by the FBO.
- 2. The FBO shall have in their employ and on duty during the appropriate business hours at least one person who is an FAA certified commercial pilot and otherwise appropriately rated to permit the flight activity offered by FBO.
- 3. The FBO shall be required to report to the Airport Manager data regarding enplanements, cargo, operations and fuel usage as may be requested.

Section 14 - Aircraft Storage

APPLICABILITY

An aircraft storage FBO engages in the rental of conventional hangars or multiple T-hangars.

MINIMUM STANDARDS

- 1. The conventional hangar FBO shall have his facilities available for the tenant's aircraft removal and storage on a mutually agreeable basis.
- 2. The FBO shall demonstrate that it can provide sufficient personnel trained to meet all requirements for the storage of aircraft with appropriate equipment.

Section 15 - Specialized Commercial Flying Service

<u>APPLICABILITY</u>

- 1. A specialized commercial flying services FBO engages in air transportation for hire for the purpose of providing the use of aircraft for the following activities:
 - a. Non-stop sightseeing flights that begin and end at the same airport.
 - b. Crop-dusting, seeding, spraying, and bird chasing.
 - c. Banner towing and aerial advertising.
 - d. Aerial photography or survey.
 - e. Power line or pipe line patrol.
 - f. Fire fighting.
 - g. External load operations (Part 133).
 - h. Any other operations specifically excluded from Part 135 of the Federal Aviation Regulations.

MINIMUM STANDARDS

- 1. The minimum space requirements in each instance shall be subject to the approval of the Airport Manager. In the case of crop dusting or aerial application, the FBO shall make suitable arrangements and have such space available in his leased area for safe loading and unloading and storage and containment of chemical materials. All FBOs shall demonstrate that they have the availability of aircraft suitably equipped for the particular type of operation they intend to perform.
- 2. The Airport Manager shall set the minimum insurance requirements as they pertain to the particular type of operation to be performed. These minimum requirements shall be applicable to all operations of a similar nature. All FBOs will, however, be required to maintain the Aircraft Liability Coverage as set forth in Appendix 1.
- 3. The FBO shall have in their employ, and on duty during appropriate business hours, trained personnel in such numbers as may be required to operate in an efficient manner.
- 4. The FBO must provide, by means of an office or a telephone, a point of contact for the public desiring to utilize FBO's services,
- 5. All external load operations shall be conducted from locations on the airport property that eliminate the overflight of all aircraft and structures. Long lines shall be of a length to minimize rotor wash. Staging of external loads is expected but the airport should not be used for storage of material over an extended period of time.

Section 16 - Multiple Services

APPLICABILITY

A multiple services FBO engages in any two or more of the aeronautical services for which Minimum Standards have been herein provided.

MINIMUM STANDARDS

- 1. The FBO shall comply with the aircraft requirements, including the equipment thereon for each aeronautical service to be performed except that multiple uses can be made of all aircraft owned or under lease by FBO except aircraft used for crop dusting, aerial application, or other commercial use of chemicals.
- 2. The FBO shall provide the facilities, equipment and services required to meet the Minimum Standards as herein provided for all aeronautical services the FBO is performing.

- 3. The FBO shall obtain, as a minimum, insurance coverage which is equal to individual insurance requirements of all aeronautical services being performed by FBO.
- 4. The FBO shall have in their employ, and on duty during the appropriate business hours, trained personnel in such numbers as are required for each aeronautical service the FBO is performing as herein provided. Multiple responsibilities may be assigned to meet the personnel requirements for each aeronautical service being performed by the FBO.

Section 17 - Flying Club

See requirements for Flying Clubs in Airport Rules and Regulations.

Section 18 - FBOs Subleasing from Another Commercial FBO

Prior to finalizing an agreement, the lessee and sublessee shall obtain the written approval of the Airport Manager for the business proposed. Said sublease shall define the type of business and service to be offered by the sublessee FBO.

The sublessee FBO shall meet all of the Minimum Standards established by the Juneau International Airport for the categories of services to be furnished by the FBO. The Minimum Standards may be met in combination between lessee and sublessee. The sublease agreement shall specifically define those services to be provided by the lessee to the sublessee that shall be used to meet the standards.

Section 19 "Through the Fence" Operations

APPLICABILITY

A person or business that has direct access to airport operational areas and supports aircraft or air cargo operations, or that performs any of the activities covered in this minimum standards document.

MINIMUM STANDARDS

- 1. Such person or business shall have a written agreement with the Airport Manager for the access from their property and will meet all requirements of on field FBOs as regards insurance, personnel, and equipment as well as all other minimum standards.
- 2. Such written agreement shall include provision for payment of an access fee, as applicable, as established for such type of activity by the Airport Board.

ATTACHMENT #3

Section C, Item 1.

Access Fees:

The purpose of an access fee is to ensure that those commercial activities that are using the airport facility in the conduct of their business to earn a profit are participating in the cost of operating, maintaining, and developing the airport. Also, to ensure they are maintaining safe operations and minimum standards while using the airport.

ATTACHMENT #3

APPENDIX I

Minimum Insurance Policy Limits

Type of Insurance	Minimum Limits	When Needed	
Workers Compensation	Statutory .	Statutory	
Aircraft Liability	Pending	Owned or leased aircraft	
Non-owned Aircraft Liability	Pending	Flying non-owned aircraft (such as Dual to owner, maintenance test ferry flights, pilot service, sales demos)	
Airport Premises Liability	Pending	Airport premises are owned or leased by tenant.	
Products & Completed Ops.	Pending	Aircraft repair service, fuel and oil sales, aircraft sales, avionics repair, aircraft parts, sales and manufacturing.	
Builders Risk	Pending	Construction projects.	
Contractual Liability	Pending	Hold harmless and indemnification agreement is included in lease.	
Hanger Keepers Liability	Pending	Non-owned aircraft are in the care and custody or control of the tenant while on the ground.	
Property Insurance	Pending	Covers physical damage of leasehold premises leased from the airport.	
Automobile Liability	Statutory	Owned and non-owned licensed vehicles that are driven on the airport premises.	
Chemical Liability	Pending	Aerial applicators and fire bombers	
Environmental	Pending	Investigate state and federal limits and financial assistance.	

APPENDIX 2

Minimum Requirements for a Business Plan

- 1. All services that will be offered.
- 2. Amount of land desired to lease.
- 3. Building space that will be constructed or leased.
- 4. Number of aircraft that will be provided.
- 5. Equipment and special tooling to be provided.
- 6. Number of persons to be employed.
- 7. Short resume for each of the owners.
- 8. Periods (days and hours) of proposed operation.
- 9. Amounts and types of insurance coverage to be maintained.
- 10. Plans for physical expansion, if business should warrant such expansion.

ATTACHMENT #4

