

FAQ's

Acronyms:

FAA - Federal Aviation Administration

PAC - Peninsula Airport Commission

GA - General Aviation

ACRP - Airport Cooperative Research Program

FMV - Fair Market Value

Question 1) Does the PAC have a General Aviation Leasing Policy?

Answer 1) No. A leasing policy has been drafted, not adopted. Shortly after adoption of new lease rates and a "form" lease, the PAC consulted with tenants by sending a draft of a General Aviation Leasing Policy on January 23, 2020 asking for feedback by January 31, 2020. As of July 1, 2020, the PAC has received no substantive feedback.

Question 2) Why did the lease rates change? Was it a public process?

Answer 2) The rate changes were in response to the PAC not being compliant with the Federal Regulations in the aftermath of the 2017 investigations. In 2019 all PAC business pertaining to GA Hangar Management was conducted in open session during public meetings.

Question 3) Why did the rates change so quickly?

Answer 3) There has not been an across the board GA rate increase in nearly a decade. In the case of the rates passed on December 5, 2019, the process actually began in 2018 to address both disparity in the rate structure and the undervaluation of airport holdings. Unforeseen shortages in personnel and other pressing matters, exacerbated the delay in correcting known discrepancies.

Question 4) How were GA rates established?

Answer 4a) In 2019 PAC staff conducted quantitative analysis using ACRP research report 213, "*Estimating Market Value and Establishing Market Rent at Small Airports*" and national, state and local market surveys as well as qualitative analysis by interviewing airport directors, general aviation users and industry professionals (especially those in Southeast Virginia) to determine the FMV of its GA leased property holdings. Findings from these analyses were presented in public meetings of the PAC, leading to adoption of a fee structure on December 5, 2019.

Answer 4b) In 2020, in response to feedback from GA tenants, the PAC hired Explorer Solutions to study and further benchmark hangar lease rates. In addition to the

Explorer Solutions work, the Executive Director conducted a second set of visits and interviews with Southeast Virginia airport operators. The results of this second round of FMV analysis reaffirmed the 2019 fee structure.

Question 5) I am in a holdover lease right now, if I sign a new lease when will my new lease rates take effect?

Answer 5) The PAC is offering a gradual phase-in implementation plan beginning April 1, 2021 with full implementation by January 1, 2022. Taking into account that rates were adopted December 5, 2019, this is a two-year implementation plan.

Question 6) What happens if a tenant believes the rate is higher than fair market?

Answer 6) The PAC has asked the Executive Director to maintain a Condition Index database to determine if a downward rent adjustment is warranted. The PAC is considering empowering the Executive Director to make such adjustments when practicable. The PAC Enabling Act currently prevents the Executive Director from taking such unilateral action at this time.