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Date: 06/29/2021 04:25 PM
Subject: RE: HATC/OYO Land Release Request

Rudy,

From your letter, and a preliminary review of the ALP and Exhibit A , it appears as if the proposal involves airport property acquired under the Surplus Property Act. Chapter 22 of FAA Order 5190.6b – Airport Compliance Manual discusses the laws, regulations, policies, and procedures pertaining to sponsor requests for a release from federal obligations and land use requirements, to include property acquired under the Surplus property Act. Appendix K. of Order 5190.6b – which is titled “Release of Airport Property from Surplus Property Disposal Restrictions” also discuss the procedures the FAA must follow when evaluating a release request of Surplus Property.

Order 5190.6B describes that a proposal for a total release permitting the sale and disposal of real property acquired for airport purposes under the Surplus Property Act shall not be granted unless it can be clearly shown that the disposal of such property will benefit civil aviation. If any such property is no longer needed to support an airport purpose or activity directly (including the generation of revenue for the airport), the property may be released for sale or disposal upon a demonstration that such disposal will produce an equal or greater benefit (to the airport or another public airport) than the continued retention of the land. In making this evaluation, the Port of Olympia should demonstrate the following in its proposal to the FAA:

- Why the disposal will not be in excess of the present and foreseeable needs of the airport
- Describe why this property release will not adversely affecting the development, improvement, operation, or maintenance of the airport where the land is located.
 - Since a release has the effect of authorizing the conversion of a real property asset, the Port of Olympia should describe how the conversion of the property asset into another form of asset (cash or physical improvements) better serves the purpose for which the real property was initially conveyed. This objective requires the Airport to receive an amount equal to the current fair market value (FMV) of the property as a consequence of the release and that such amount is committed to airport purposes.
 - In addition, the Port should describe how more value may be obtained from a disposal of specific parcels than the retention of those parcels for revenue production under leasing.
- A sale and disposal of airport property for less than its fair market value (FMV) is inconsistent with the intent of statute and the FAA Policy Concerning the Use of Airport Revenue and will not be authorized. The value to be placed on land for which a release has been requested shall be based on the present appraised value (for its highest and best use) of the land. The Port should described the its current, or anticipated appraisal process, for determining the fair market value. Chapter 2, page 22-13, of FAA Order 5190.6B discusses the appraisal process. Also, The FAA has published [Compliance Guidance Letter 2018-3](#), Appraisal Standards for the Sale and Disposal of Federally

Obligated Airport Property, which further defines the process for establishing FMV for airport property proposed for disposal.

FAA Order 5190.6B states that although no special format is required, the sponsor must make its request specific and indicate, as applicable, the following:

- a. All obligating agreement(s) with the United States.
- b. The type of release or modification requested.
- c. Reasons for requesting the release, modification, reformation or amendment.
- d. The expected use or disposition of the property or facilities.
- e. The facts and circumstances that justify the request.
- f. The requirements of state or local law, which the ADO or regional office will include in the language of the approval document if it consents to, or grants, the request.
- g. The involved property or facilities.
- h. A description of how the sponsor acquired or obtained the property.
- i. The present condition and present use of any property or facilities involved.

In addition to the above, the sponsor must include the following in its request for release involving disposal of capital items:

- a. The fair market value of the property.
- b. Proceeds expected from the disposal of the property and the expected use of the revenues derived.
- c. A comparison of the relative advantage or benefit to the airport from the sale of the property as opposed to retention for rental income.
- d. Provision for reimbursing the airport account for the fair market value of the property if the property is not going to be sold upon release, for example, if the municipality intends to use it for a new city office building or sports complex.
- e. A description of any intangible benefits the airport will realize from the release. The sponsor may submit a plan substantiating a claim of intangible benefits to the airport accruing from the release, the amount attributed to the intangible benefits, and the merit of applying the intangible benefits as an offset against the fair market value of the property to be released.

NOTE: Only benefits to the airport may be cited as justification for the release, whether tangible or intangible. The non-aviation interest of the sponsor or the local community – such as making land available for economic development – does not constitute an airport benefit that can be considered in justifying a release and disposal.

The Port should also include drawings and property descriptions that clearly identify the property requested to be released. If the FAA is agreeable to the property release and disposal there may be additional steps and submittals to ensure consistency with Section 163 determinations and process, and NEPA requirements.

Please let me know if you have any questions.

Thank you,

Mandi

Mandi Lesauis

WA Compliance Specialist

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