



U.S. Department
of Transportation
**Federal Aviation
Administration**

New England Region

1200 District Avenue
Burlington, MA 01803

April 21, 2023

Jonathan P. LaBonté, Chair
Auburn Lewiston Airport Board of Directors
Auburn-Lewiston Airport
80 Airport Drive
Auburn, ME 04210

Via Email

Dear Mr. LaBonté:

On July 25-26, 2022, the Federal Aviation Administration (FAA) conducted a land use inspection at Auburn-Lewiston Airport (LEW), Auburn, Maine. We would like to thank you and your Board for the time you committed to our visit. The inspection is attached.

The purpose of the inspection was to determine whether the airport sponsor, the Cities of Auburn and Lewiston, is in compliance with the terms of its Federal obligations dealing with airport property use, lease agreements and property releases. The inspection included a review of airport property use in accordance with the current Exhibit-A and approved Airport Layout Plan (ALP).

We are providing you with a Land Use Inspection Report documenting our observations during the inspection. The compliance action items noted require the airport sponsor to submit a corrective action plan to this office 30 days from the date of this letter. Please provide a completion date for each corrective action.

Should you have any questions please contact Gail Lattrell, Director New England Region Airports, or myself.

Sincerely,

Jorge E. Panteli
Compliance and Land Use Specialist

CC: Gail Lattrell – FAA
Julie Seltsam- Wilps – FAA
Ralph Nicosia Rusin – FAA
Jason Homiack – FAA
Alan Lambert – MEDOT

LAND USE INSPECTION REPORT
Auburn Lewiston Airport (LEW), Auburn Maine – July 25-26, 2022
Federal Aviation Administration, New England Region, Airports Division

Inspection Site Location:

Auburn-Lewiston Airport (LEW), Auburn Maine

Date of Inspection:

July 25-26, 2022

Purpose:

This inspection is part of the FAA’s compliance oversight of federally obligated Commercial Service and General Aviation Airports to assess if airport land uses comply with Federal requirements. The inspection was conducted as per Senate Report No. 106-55, dated May 1999, and per Compliance Guidance Letter 2002-01, dated May 15, 2002, *Regional Land Use Inspections*.

Individuals Conducting Inspection:

- Jorge Panteli, Regional Compliance and Land Use Specialist, New England Regional Office, ANE-600

Airport Owner/Operator:

- Owner/Operator – Cities of Auburn and Lewiston, ME
- Airport Manager – James H. Scheller, C.M.

Airport Master Record:

<p>Based Aircraft: 53</p> <p style="padding-left: 40px;">Single Engine – 39</p> <p style="padding-left: 40px;">Multi Engine – 9</p> <p style="padding-left: 40px;">Jet – 1</p> <p style="padding-left: 40px;">Helicopter – 4</p>	<p>Operations:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Air Carrier</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">Air Taxi</td> <td style="text-align: right;">14,000</td> </tr> <tr> <td style="padding-left: 20px;">GA Local</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td style="padding-left: 20px;">GA Itinerant</td> <td style="text-align: right;">15,900</td> </tr> <tr> <td style="padding-left: 20px;">Military</td> <td style="text-align: right;">100</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">50,000</td> </tr> </table>	Air Carrier	0	Air Taxi	14,000	GA Local	20,000	GA Itinerant	15,900	Military	100	Total	50,000
Air Carrier	0												
Air Taxi	14,000												
GA Local	20,000												
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Military	100												
Total	50,000												

As of 08/19/2020

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Airport Federal Obligations:

- Surplus Property Act of 1944
- National Plan of Integrated Airports System (NPIAS)
- Grant Agreements under Airport Improvement Program (AIP), Federal-Aid Airport Program (FAAP), and Airport Development Aid Program (ADAP)
- Assurance pursuant to Title VI, Civil Rights Act of 1964



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Background and History:

LEW is an active General Aviation airport located about 30 miles north of Portland Maine just off Interstate 95. The airport, owned and operated by the City of Auburn and City of Lewiston, is located in the City of Auburn. Both cities have jointly operated the airport since the airport was built. Both cities are identified by the Federal Aviation Administration (FAA) as the designated Sponsor of the airport and accepts federal grants and the associated grant assurances. The airport has an airport advisory committee that includes representatives from both cities and tenant representatives. The airport is identified in the National Plan of Integrated Airports System (NPIAS) with a service level of Reliever and role as Regional.

The airport has two runways. Runway 04-22 is 5,001' by 100' and is the primary runway. The runway has a full instrument landing system precision instrument approach to Runway 04 and a Global Positioning System (GPS) RNAV non-instrument approach to Runways 04 and 22. Runway 17-35, which is 2,750' by 75', is the crosswind runway. This runway has visual approaches to either runway end.

Airport Sponsor's Compliance History with Federal Obligations:

Historical records show a number of lease related issues over time, however, many of those issues were resolved. The FAA worked with the City to ensure that a portion of the business park supports the airport through land lease agreements. That is one of the leases that was reviewed under this land use inspection.

The airport recently released several acres of land to Tambrands for their expansion of their manufacturing facility. It was land that was not needed for aviation purposes and far from the airport proper. The airport has also provided releases for utility easements on and along the edge of the airport for drainage right of ways for the State of Maine. Those are in process and will be completed with FAA.

Action:

Airport to coordinate finalization of release requests for 911 Antenna and State drainage easements.

Inspection Findings:

A. Airport Land Use Analysis & ALP Review

The current Airport Layout Plan (ALP) was dated 2006. The master plan and ALP will be updated in FY 23 based on the current Capital Improvement Program data. The master plan will focus on

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future development of airside and landside facilities to enhance revenue generation for the airport through additional hangar development and use of non-aeronautical areas of the airport.

The Exhibit A is in good order. The Exhibit A was recently updated with the release of the Tambrands land and will be updated once the releases for the utility and drainage easements are complete. The Exhibit A conforms to all of the current requirements of the Exhibit A 3.0 Standard Operating Procedure guidelines.

The ALP and the Exhibit A meet the following Grant Assurances:

4. Good Title

a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

29. Airport Layout Plan

a. It will keep up to date at all times an airport layout plan of the airport showing

1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;

2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities;

3) the location of all existing and proposed nonaviation areas and of all existing improvements thereon; and

4) all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as

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approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.

b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

Action:

No Action is required.

B. Airside and Landside Inspection Findings

There were no discrepancies found as part of the airside and landside inspection. A summary is provided below:

1. Site Inspection

The airside facilities are in good shape and well maintained. The airport has kept up with maintaining their pavements. The main runway was rehabbed in 2019 while the crosswind runway was rehabilitated. Taxiway A was reconstructed in 2021. In 2022, the airport reconstructed the east apron and extended a taxilane to the existing T-hangars. There was a camper parked on the east apron area and it was noted the owner was notified to remove the camper. There were no other non-aeronautical vehicles or equipment on the airfield.

It was requested to inspect the existing hangars on airport to ensure that there was no non-aviation uses in the hangars. As the airport manager is new, he had not yet done any hangar inspections. Access was obtained for the large box hangar adjacent to the terminal building, the airport owned hangars and the three box hangars on the west side.

Access to the two sets of T-hangars on the west side was limited to only a few. The airport at one time had key access to all T-hangar units on the east side, however, the

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previous manager gave all key back to the T-hangar owners. The same is true for the T-hangars on the west side as well.

Given that hangar inspections could not be done, the airport will set up an inspection with FAA to conduct a thorough hangar inspection of all hangars with the FAA present to ensure that the hangar owners are meeting their lease agreements and storing aviation uses. As noted to the airport manager, the revised FAA hangar storage requirements allow some non-aviation uses if they do not hinder access of the aircraft stored in the unit. The airport has the ultimate responsibility of determining the policy and its application at the airport and also meeting the policy requirements. The revised hangar policy can be found at:

https://www.faa.gov/airports/airport_compliance/hangar_use

The airside and landside area were found to not have any unauthorized uses or development. Perimeter fencing is in place with card access at all gates.

Action:

The airport is required to complete an inspection of all hangars with FAA present and provide a report of inspection findings with actions to the FAA upon inspection completion.

2. Management Structure

The airport is jointly owned and operated by the City of Auburn and the City of Lewiston. The cities have an interlocal agreement on the operation and management of the facility. The airport has a manager, administrative staff and operations and maintenance staff. The airport maintains much the financial administration with support from the City's financial office. The airport operations staff have a maintenance building in which they store and maintain the existing snow removal equipment (SRE) and other maintenance vehicles and equipment (i.e. tractors, mowing equipment, etc.).

The airport also serves as the Fixed Base Operator (FBO) and provides parking, hangar storage and fuel to the public. The airport has implemented their proprietary rights as explained in FAA Order 5190.6B Airport Compliance Manual, Chapter 8, Section 8.9.

Action:

No action is required.

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3. Leases

All of the leases were provided for review. The FAA does not approve leases, but when requested, will review leases for a variety of clauses. The clauses that are reviewed are outlined in FAA Order 5190.6B. Chapter 12, Section 12.3.

As part of the land use inspection, leases are reviewed to determine if they meet the recommendations of FAA Order 5190.6B. The following leases were reviewed:

Lease	Premises	Term	CPI Adjustments	Reversion	Subordination	Assignment
1. Air Center	Stated FBO Hangar space	Month to Month	No	No, hangar owned by airport	No	Yes, notification in writing
2. Elite Airways	Stated Hangar 5 maintenance only	20 Years – 10 yr initial, 10 yr extension	Yes – if second term executed	No, hangar owned by airport	No	Yes, notification in writing
3. Auburn Hangar Condo Assoc.	T-Hangars, aviation use only	40 years – 20 yr initial, 20 yr ext.	Yes – CPI in initial and extension	Yes, tenant can remove, if any improvement left, reverts to airport if not removed	No	Yes, notification in writing
4. Bel Air Condo Assoc.	T-Hangars, aviation use only	50 year lease, 25 yr initial, 25 yr extension	Yes, CPI in initial and extension	No	No, Section 5 references federal, state and local laws.	Yes, notification in writing
5. Geneva Aviation	Lease Terminated	Lease Terminated	Lease Terminated	Lease Terminated	Lease Terminated	Lease Terminated
6. Life Flight	Hangar Storage	25 Year – adjusted with amendment	CPI Adjustment every term	Yes	No	Yes, notification in writing
7. TIM Corp	Aircraft hangars and related used permitted	60 year lease	CPI Adjustment every five years	Yes, if not taken out after 90 days	No	No
8. Air New England	Office space, hangar space and tie down	3 year lease, 1 year and 2 year option. Can be extended	No CPI	No	No	Yes notification in writing

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9. Inter modal Facility	Intermodal Facility	100 year lease, 20 yr and 8 10 yr options	Yes CPI every 5 years	Yes	No	Yes per agreement
10. Power and Construction Group	Open area for storage	3 year lease, extend 7 Years with a 10 year renewal	Yes, CPI every 5 years	Yes, land goes back to airport	No	Yes, notification in writing
11. US Foods	Parking for trucks and trailer	Month to Month	Varying payment based on number of vehicles	Yes, land goes back to airport	No	Yes, notification in writing
12. Auburn Hangar Company	Hangar	40 year, 20 yr initial, 20 yr extension	Yes, CPI every 5 years	Yes	No	Yes, notification in writing
13. Skyward Aviation		License Fee				

Generally, the various leases presented above were developed at different times and as such, they vary in their overall consistency such as insurance requirements, cure periods, etc. It is recommended that a lease template be developed for airport leases that contains all City lease requirements. This ensures that all leases meet the general needs of the airport and the City. This template should be reviewed with the FAA to ensure that it does not impact Grant Assurance obligations.

In reviewing the leases, there are a number of grant assurances that are considered in the review. They include Grant Assurance 5 - Rights and Powers, Grant Assurance 22 - Economic Nondiscrimination, Grant Assurance 23 - Exclusive Rights, Grant Assurance 24 - Fee and Rental Structure, and Grant Assurance 25 - Airport Revenues.

As presented in the above table, there are 12 leases (one recently terminated) and one license agreement. In the review, the FAA looks a several aspects of the leases as presented in FAA Order 5190.6B, Chapter 12, Section 12.3 and include the purpose of the lease, the term, the rates, reversion at lease end, subordination, fee adjustments and assignment.

For the most part, the leases include most elements noted in Section 12.3 as noted in the table. However, it is clear that none of the leases have a subordination clause. The subordination clause falls under Grant Assurance 5 -Rights and Powers:

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5. Preserving Rights and Powers.

a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this Grant Agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere Airport Sponsor Assurances 5/2022 Page 6 of 19 with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.

b. Subject to the FAA Act of 2018, Public Law 115-254, Section 163, it will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this Grant Agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this Grant Agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this Grant Agreement.

c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.

d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.

e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.

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f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to ensure that the airport will be operated and maintained in accordance with Title 49, United States Code, the regulations and the terms, conditions and assurances in this Grant Agreement and shall ensure that such arrangement also requires compliance therewith.

g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

As discussed in FAA Order 5190.6B, Chapter 6, Section 6.6, a sponsor may place ...”a “subordination clause” in all of its tenant leases and agreements that subordinates the terms of the lease or agreement to the federal grant assurances and surplus property obligations. A subordination clause may assist the sponsor in amending a tenant lease or agreement that otherwise deprives the sponsor of its rights and powers. A typical subordination clause will state that if there is a conflict between the terms of a lease and the federal grant assurances, the grant assurances will take precedence and govern.”

Consideration of including a subordination clause into a lease template would strengthen the lease.

There are two leases in particular that have elements that do not meet the guidance of Section 12.3, the Timcor lease and the Bel Air Lease. The FAA’s review of the leases is provided below.

Timcor Lease

The Timcor lease is one of the oldest leases currently active. The lease is not well written, there are a number of omissions of information, making it hard to determine the annual rent, rights of Timcor and the Airport, and several clauses that do not meet FAA guidelines for leases (Chapter 12, Section 12.3). The issues are addressed below.

Preamble

In the preamble, there is no date upon which the lease was executed. The date of signature at the end of the lease is dated October 6, 1987, and is assumed to be the commencement of the lease.

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Section 1 – Lease Premises

Under this section, the lease premises are defined. However, the reference to the Exhibit A that is attached does not provide a description or graphic of the lease area around two T-hangar. What is leased is not clear, there are no area calculations of building size and square footage and no square footage of the overall lease area.

Section 2 – Term of Lease

The term of the lease is a twenty-year lease with two twenty-year extensions, totaling a 60 year lease. As stated in Chapter 12 – Leases, Section 12.3, b., (3):

(3). Term. Does the term exceed a period of years that is reasonably necessary to amortize a tenant's investment? Does the lease provide for multiple options to the term with no increased compensation to the sponsor? Most tenant ground leases of 30 to 35 years are sufficient to retire a tenant's initial financing and provide a reasonable return for the tenant's development of major facilities. Leases that exceed 50 years may be considered a disposal of the property in that the term of the lease will likely exceed the useful life of the structures erected on the property. FAA offices should not consent to proposed lease terms that exceed 50 years.

The second twenty-year extension is slated for 2027 based on the signature date of the lease. The airport will have to determine what rights the airport has and does not have in this lease regarding the term.

Section 3 – Rent

The initial rate of \$.04 per square foot of building floor area is identified as the initial rent. As noted in Section 1, the Exhibit A does not state the leased premises. However, in this section, the rent is based on building floor area and assumed the footprint of each T-hangar. The rent is adjusted every five years by the Consumer Price Index (CPI) for the Boston region. The current CPI for the Boston region is 1.1%. There is no information to determine how the rental rate was derived. Given that, the current annual lease generates \$1,195.80 per year as of 2022.

Section 4 – Use of Premises

The lease states that the premises is to be used for airplane hangars and related uses. It is known that Skyward Aviation operates a maintenance operation out of several T-hangar units under a commercial activity fee. This operation, however, should fall under the minimum standards and the operation should meet all requirements of the minimum standards and a lease with the airport.

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Further, this section references that sublease is subject to provisions here set forth, but there is no section regarding subleases.

Section 7 – Improvements

This section addresses improvements to Timcor's facilities. All improvements are at the cost to Timcor and the improvements are part of the buildings. This section notes that at the termination of the lease, all buildings are either removed or if not removed within 90 days, the facilities revert to the airport.

The last paragraph notes that site grading, fill, and extension of utilities will be the responsibility of the airport. This would not normally be done as such expenses subsidize the tenant's development using airport revenues.

Section 15 – Option to Expand

This section describes the option to expand in an area designated on the Exhibit A and would be a lease of additional land. Based on review of the current Airport Layout Plan, this area is not show as future development, rather development continues to the west of the existing buildings. Providing additional land for the development of facilities can be provided by the airport, however, any and all development requirements would be on Timcor. If the airport were to provide any or all development of land and utilities, the airport would be in violation of Grant Assurance 22 - Economic Non-Discrimination by providing services to Timcor that would not be given to other similarly situated operators and against the Airport Revenue Policy in which airport revenue being used for other than the operation and maintenance of the airport.

Overall, this lease has a number of elements that do not meet several Grant Assurances and various policy documents and takes away some rights of the airport under Grant Assurance 5 - Rights and Powers. This lease should be evaluated by the airport.

Bel Air T-Hangar Association

The airport has effectively provided the Bel Air Condominium with a 70-year lease of the property upon which the T-hangar occupies. The initial lease was dated October 6, 1999 and provided a 20 year lease with a 20 year extension. However, the Bel Air Condominium and the airport terminated this lease at the expiration of the initial 20-year term and created a new lease, executed October 1, 2019, with an initial 25-year term and a 25-year extension term. It is unclear as to why this was done.

As a note, the Auburn Hangar Condominium Association (formerly Jetport Hangar Association) has a similarly situated T-hangar facility. Both T-hangar leases were executed around the same time, with Bel Air Condominium commencing in October

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1999 and Auburn Hangar Condominium lease commencing June 2001. Both Leases were very similar in content, lease rates and term (20 year initial with 20-year extension). Both also had Declaration of Condominium documents that were also similar in content. Auburn Hangar Condominium exercised their 20-year extension on August 2021, about 2 years after Bel Air terminated their lease for a new 50 year lease.

The new lease does not terminate the Declaration of Condominium and as such, all requirements identified in the Declaration apply to the new lease.

The new Bel Air lease has a number of sections that are in question if they violate Grant Assurance 5 - Rights and Powers. A review of the lease is provided below.

Article I – Term of Lease

The term is a 25-year initial term with a 25-year extension, which is within the FAA's 50-year lease policy. However, this is based on the termination of the previous lease. The T-hangar existing twenty years prior to termination of the old lease.

Article II – Rental Fees

The fee for the initial term is \$0.48/sf annually, with a five-year Consumer Price Index adjustment throughout the term of lease. This rental fee structure is the same as Auburn Hangar Condominium.

Article IV – Obligations of the Tenant

Section 14 - Environmental Indemnity does not recognize the previous 20-year lease in which the Bel Air Condominium existed on the property. The same clause noted below recognizes that the airport is liable for any environmental issues prior to 1999. Why is Bel Air not responsible for their occupancy between 1999 and 2019?

Article V – Obligations of the Airport

Section 3 Paving and Maintaining Apron requires clarification. The airport may plow the public taxilanes to the T-hangar, however, they cannot provide services that would be otherwise the responsibility of the Condominium. Additionally, the airport cannot provide paved apron or taxilanes that support only the Condominium.

Section 4 Environmental Indemnity requires the airport to be liable for any hazardous materials prior to October 1999, however, as noted in Article IV above, the Condominium is not liable for their previous 20-year occupancy of the same area.

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Article IX - Assignment and Subletting

This section allows for a Guest Lease for each hangar owner. This is not to exceed 180-day lease that requires the Guest to follow all lease requirements. This guest lease covers the cost of the monthly hangar lease for the hangar owner when they are not using their hangar. Although the Guest may have to follow the lease requirements, if the Guest commits an egregious act that violates the Grant Assurances, there are no provisions in this section that are binding on the Guest. This could jeopardize the airport's direct rights in resolving any issues or infractions on the hangar owner and thus, violate Grant Assurance 5 - Rights and Powers. The airport also does not gain any financial remuneration for having a non-tenant on the airport.

Article X - Administrative Matters

This section should be reviewed against the Declaration of Condominium to ensure compliance.

Article XI – Leasehold Mortgages and Attornment

This section should be reviewed against the Declaration of Condominium to ensure compliance.

Article XII – Leasehold Mortgagee's Rights

This Article should be reviewed to ensure that no rights of the airport have been given up in terms of actions the airport would take in the normal course of enforcing the lease.

Skyward Aviation

Skyward Aviation operates a maintenance operation out of several Timcor T-hangar units under a commercial activity fee. The maintenance operations offer aircraft maintenance to based at the airport as well as aircraft from other airports. Aircraft maintenance is identified in the Minimum Standards. As Skyward offers aircraft maintenance, a commercial activity under the Minimum Standards, they should have a lease with the airport, not a commercial activity fee.

Action:

The airport is to review these two leases and Skyward Aviation's activity fee status and provide remedies to ensure these leases and activities are in compliance with Grant Assurance 5 - Rights and Powers, the Airport Revenue Policy, and other noted concerns. The airport is also strongly encouraged to review all leases and provide the FAA with any further findings or remedies.

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4. Minimum Standards

The airport has both Minimum Standards as well as Rules and Regulations. Both documents were reviewed.

Minimum Standards

Although minimum standards are optional, the FAA highly recommends their use and implementation as a means to minimize the potential for violations of Federal obligations at federally obligated airports. The Minimum Standards for Commercial Operations outlines the requirements for aeronautical services provided on the airport. It outlines the facilities required to offer the services, licenses, staffing, and insurance requirements among others.

Our review found that they generally meet the requirements in Advisory Circular AC 150/5190-7 Minimum Standards for Commercial Aeronautical Activities. The only item that was found to be confusing is under Part 1 Definitions for Aeronautical Activity. The list of items under Aeronautical Activity do not fully match up with the various categories under the Appendix categories.

Rule and Regulations

Advisory Circular 5190.6B Airport Compliance Handbook provides guidance on the development of Rules and Regulations in Chapter 11, Section 11.6. Reasonable Rules and Regulations. Rules and Regulations are developed to ensure safe operations, preservation of facilities, and the protection of the public interest.

The review of the Rules and Regulations did not find any issues. They provide specific requirements for public and tenant usage, aircraft operations and fueling.

It is unclear if the both the Minimum Standards and the Rules and Regulations have been finalized and approved by the Airport Board.

Action:

Review Minimum Standards and Rules and regulations with FAA. Provide information as to the status of the documents and their approval by the Board.

C. Financial Review

The financial records were reviewed for the past three years. The revenue/expense reports were detailed, and records well maintained. The airport provided balance sheet information from 2017 to 2022. A review of the data did not find any discrepancies.

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The airport meets the following Grant Assurance in regard to maintaining a separate account and detailed documentation of revenues and expenses specific to the airport:

25. Airport Revenues

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport, and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:
 - 1) If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.*
 - 2) If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.*
 - 3) Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.**
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.*
- c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.*

LAND USE INSPECTION REPORT
Auburn Lewiston Airport (LEW), Auburn Maine – July 25-26, 2022
Federal Aviation Administration, New England Region, Airports Division

Conclusion:

The summary of the Land Use Inspection is that the airport and the Sponsor meet grant obligations. The airport is well maintained and professionally staffed and managed. There were several items noted in this land use inspections that require further follow-up with the FAA. As such, the Sponsor is requested to provide a Corrective Action Plan that details actions and schedules to address FAA's findings. The Sponsor is asked to provide the Corrective Action Plan within 30 days of the transmittal letter date.