



July 3, 2013

Mr. David Everitt
Chief of Staff
Salt Lake City Corporation
451 South State Street, Room 306
PO Box 145474
Salt Lake City, UT 84114-5474

Dear Mr. Everitt:

Thank for your February 4 letter, concerning the corrective actions proposed to the Federal Aviation Administration's (FAA) compliance review of Salt Lake City Department of Airports (DOA). The items sent were in response to our request for additional information and modifications of the original corrective action plan submitted by the City on August 2, 2012. We appreciate the fact that your letter recognizes the City's full commitment to implement corrective actions for violations of FAA's Policy and Procedures Concerning the Use of Airport Revenue (Revenue Use Policy).

Your responses to the five findings indicated, in part:

West Jordan Soccer Field: The City will allow the initial term of the soccer field to run its course through October, 2025, but the City will not allow West Jordan to exercise an option for a second, 20-year term.

Land Swap/Easement: The City's General Fund, subject to annual appropriation, will reimburse the DOA \$983,943.19 (\$912,656 plus statutory interest of \$71,287.19) over a 10-year pay period on the following schedule (which accounts for accumulating interest on the unpaid balance):

	Principal	Accumulated Interest	Total
7/01/13	\$94,047.33	\$9,839.43	\$103,886.76
7/01/14	\$94,987.81	\$8,898.96	\$103,886.76
7/01/15	\$95,934.68	\$7,949.08	\$103,886.76
7/01/16	\$96,897.06	\$6,989.70	\$103,886.76
7/01/17	\$97,866.03	\$6,020.73	\$103,886.76

7/01/18	\$98,844.69	\$5,042.07	\$103,886.76
7/01/19	\$99,833.14	\$4,053.63	\$103,886.76
7/01/20	\$100,831.47	\$3,055.29	\$103,886.76
7/01/21	\$101,839.79	\$2,046.98	\$103,886.76
7/01/22	\$102,858.18	\$1,028.58	\$103,886.76
Total	\$983,943.19	\$54,924.46	\$1,038,868.65

The DOA will annually certify to the FAA that these amounts have been properly withheld from the DOA's payments to the General Fund for city services rendered to the airport system.

Boeing Lease: Based on the appraised fair market value of the subject property, Boeing will pay a rental rate of \$0.27/sf for the "Premises" lease, effective January 1, 2013. If Boeing exercises its options on the "Land Bank" or "additional property" over the next five years, Boeing will be required to pay the appraised fair market value of \$0.23/sf. These lease rates will be updated every five years to reflect then-current appraised value in conjunction with Boeing's options to renew the lease.

Wingpointe Golf Course: The City would make reasonable efforts to rezone the property to allow aeronautical uses over the next five years. The DOA would amend the existing MOU so that the MOU expires on December 31, 2017 (instead of June 30, 2087) and, effective July 2, 2013 (the start of the next fiscal year), require the City, subject to appropriation, to reimburse the DOA for its costs (currently about \$55,000/year) for maintaining security, managing wildlife and otherwise ensuring that the use of the property as a golf course does not impair the use of Salt Lake City International Airport (SLC) as an airport.

The MOU would also be amended to provide if, as of December 31, 2017, the property is not needed for aeronautical use, the MOU may be extended for an additional 5-year term, but only if the City pays the DOA the current appraised fair market value rent for the golf course. The City has agreed to the following annual payment schedule, subject to appropriation:

	Annual Payment
FY 2014	\$55,000
FY 2015	\$60,000
FY 2016	\$65,000
FY 2017	\$70,000
7/17-12/17	\$37,500

Cost Allocation Plan: As recommended by the FAA, the DOA's internal auditor will review the City's cost allocation plan on an annual basis.

Based on your responses, FAA has agreed to your corrective action plan. However, you noted that both payments for the Golf Course and Easement are subject to annual appropriations. We understand the DOA's annual budget is subject to City Council approval and that the City is committed to resolving the findings. However, failure to not appropriate

these annual payments could place the DOA in noncompliance with Federal law. Sanctions for noncompliance can include:

- Withholding of future and existing grants;
- Withholding approval of an application to impose a passenger facility charge;
- Federal court action; and
- Civil penalties as stated in FAA's Revenue Use Policy.

In an effort to alleviate FAA's concerns over the "subject to annual appropriations" language, the Executive Director of SLC provided a plan to formalize the repayment for the Golf Course and Easement. It states that if the City's golf course enterprise fund does not make the proposed rental payments, the City will close the golf course and return it to the Airport. For the Easement, the City will include the payments in the City's nondepartmental budget schedule, where it will be described as "10 Year Plan – Airport Trail Reimbursement Required by FAA Corrective Action Plan." The DOA believes that this expressly shows the City's full commitment to making the scheduled payments and inclusion in the non-departmental budget will formalize the obligation.

FAA will continue to monitor the lease arrangements and/or repayments for the Golf Course, Boeing, and the Soccer Field. In the future, please submit copies of supporting documentation to the FAA on an annual basis for the payments made to the DOA for the Golf Course and Easement. In addition, we fully expect the DOA and the City to fulfill its promises with regard to the proposed current and future lease modifications.

Should you have any further questions, please contact David Duchow at (202) 493-4604.

Sincerely,



Randall S. Fiertz
Director of Airport Compliance
and Management Analysis

cc: ✓ Maureen Riley, Executive Director, SLC
Scott Lewis, Anderson & Kreiger, LLP.
John Bauer, Denver Airports District Office
Joelle Briggs, Northwest Mountain Airports Division