



Board of Supervisors Memorandum

December 15, 2015

**Memorandum of Understanding between the Tucson Airport Authority,
Raytheon Missile Systems, Pima County and the City of Tucson**

Introduction

For some time, Pima County has pursued existing and expansion buffers for Raytheon Missile Systems to allow expansion of their operations in Tucson, Arizona. The first step in buffering Raytheon was the acquisition of property that threatened to be developed with incompatible land use adjacent to Raytheon. The County purchased this property, removing the threat of incompatible urban encroachment. The second step dealt with the relocation of Hughes Access Road. On December 14, 2015, the County and our regional partners will celebrate completion of the Aerospace Parkway, concluding this buffer requirement.

Next steps include procuring a buffer for existing Raytheon operations and securing a buffer allowing Raytheon to expand operations at their existing facility. These two actions are identified in the Adopted Pima County Economic Development Plan 2015 through 2017 in Chapter 1 – Primary Job Center Development and are restated below:

1.1. Support the initiation of the Environmental Impact Statement for the second runway at Tucson International Airport by the Tucson Airport Authority (TAA) and Federal Aviation Administration to initiate land and right of way exchange between the US Air Force and TAA to complete the Raytheon buffer for existing facilities.

1.2 Complete during 2015 the Environmental Assessment for the release and sale of the 270-acre expansion buffer for Raytheon and acquire the buffer in 2016.

The parties have successfully entered into a Memorandum of Understanding (MOU) that will secure the existing and expanded buffer known as Parcel G and Parcel H in the attached executed MOU and agreement. Parcel G will be acquired through a land exchange between the US Air Force and the Tucson Airport Authority, facilitating a development of a second runway at Tucson International Airport. This land exchange will secure and transfer Parcel G to the US Air Force. Parcel H will then be acquired by the City using revenue from the Annexation Fund established to benefit Raytheon. This fund was a component of Raytheon's annexation by the City of Tucson. At the current appraised value, the Annexation Fund will provide more than sufficient revenue to acquire the land. The land will be acquired in the name of the City, and the City will then enter into an agreement with Raytheon to keep the land and buffer Raytheon during their operation in Tucson. In addition, if any of the land is needed to be transferred to the US

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Memorandum of Understanding between the Tucson Airport Authority, Raytheon
Missile Systems, Pima County and the City of Tucson**
December 15, 2015
Page 2

Air Force or Raytheon to build expanded facilities, appropriate long-term leases or sale transfers can occur.

These steps are being taken to ensure Raytheon has the capability to continue their operations from existing facilities without the requirement of obtaining appropriate safety waivers from the US Air Force or Department of Defense, as well as allow them immediate access to land resources for possible expansion. Importantly, these actions are designed to incentivize Raytheon to expand their operations in Tucson, Arizona rather than at other Raytheon facilities in other states.

This MOU will become effective upon ratification.

Recommendation

I recommend the Board of Supervisors ratify the attached Memorandum of Understanding between the Tucson Airport Authority, Raytheon Missile Systems, Pima County and the City of Tucson. Through this Memorandum of Understanding, all parties intend to cooperatively pursue the agreement leading to existing and expansion buffering for Raytheon Missile Systems, allowing them to expand operations in Tucson, Arizona, and for the development of a necessary second runway at Tucson International Airport being pursued by the Tucson Airport Authority.

Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/anc – December 4, 2015

Attachment

c: Michael Ortega, City Manager, City of Tucson
John Brauneis, Vice President, Contracts, Raytheon Missile Systems
Steve Cole, Board Chair, Tucson Airport Authority
Board Members, Tucson Airport Authority
Bonnie Allin, President/CEO, Tucson Airport Authority

Memorandum of Understanding

Tucson Airport Authority, Raytheon Missile Systems, Pima County, City of Tucson

This Memorandum of Understanding is for the purpose of describing in general terms the current agreement among the Tucson Airport Authority (TAA), Raytheon Missile Systems (RMS), Pima County (County) and the City of Tucson (City) with respect to certain parcels of land needed for safety buffers and/or expansion areas for RMS operations at Air Force Plant 44 (AFP44). This summary reflects the understanding of the key terms following multiple discussions among the parties' representatives.

Background

Pursuant to a separate Memorandum of Understanding dated April 9, 2014 (MOU), TAA and the United States Air Force (USAF) have agreed to a property exchange whereby they will trade approximately 52 acres of USAF-owned land needed for future airport runway safety areas for approximately 80 to 130 acres of TAA-owned land needed for AFP44 buffer and redevelopment areas.

In addition, the MOU between TAA and USAF provides that the fair market value of twelve storage bunkers and supporting infrastructure currently located on the future runway safety areas will be credited to USAF as part of the exchange, in accordance with FAA regulations and eligibility guidelines for reimbursable project expenses.

The approximately 80 to 130 acres to be conveyed to USAF by TAA pursuant to the MOU is commonly referred to among the parties as "Parcel G" and is shown on the attached Exhibit A. The exact boundaries of Parcel G will be determined following initial valuation / appraisals by the USAF and/or as part of FAA's runway redevelopment Environmental Impact Statement (EIS) process. USAF is a cooperating agency with FAA in the EIS.

RMS has requested that property adjacent to Parcel G, referred to as "Parcel H" and shown on the attached Exhibit A, be left undeveloped by TAA (or any other party) and available for use as a buffer or future expansion of its operations at AFP44, including construction of new buildings or other improvements.

Parcel H is estimated to be approximately 300 to 370 acres. The exact area of Parcel H is dependent on the extent of Parcel G, and will be determined once USAF provides the final Parcel G boundaries.

All parties are committed to maintaining and facilitating expansion of RMS operations at AFP44, including completing the exchange between TAA and USAF for Parcel G and securing Parcel H for use by RMS and/or uses which are compatible with RMS.

Agreement

TAA, County and City will enter into a conditional purchase agreement to sell Parcel H for appraised value subject to determination of final Parcel H boundaries and FAA approval. In coordination with RMS, the parties will determine the buyer (County or City) and the interest to be conveyed (e.g., fee title).

Upon determination of the final Parcel H boundaries, TAA will immediately pursue formal FAA release and disposal approval to allow sale of Parcel H.

TAA agrees to leave Parcel G and Parcel H undeveloped and available for RMS buffer and/or expansion use until the exchange with USAF (Parcel G) and the sale to Pima County/City of Tucson (Parcel H) are complete. Following the sale, the County/City agree to hold Parcel H undeveloped and used as RMS buffer and/or available for RMS expansion or other compatible uses, such that if and when such expansion is necessary, in any form, it can proceed quickly and unencumbered.

If Parcel G or Parcel H is needed before the exchange and/or sale can be completed, TAA will offer to enter into a short-term land lease with Raytheon and accelerate the sale or other transfer of property (Parcels G and/or H, as necessary) to the County or City.

This MOU will terminate if the exchange and sale described above has not occurred within seven (7) years of the Effective Date of this MOU, unless otherwise extended by agreement of the parties.

All proposed transactions will be subject to FAA and, if applicable, USAF/Department of Defense regulatory review and approval and must comply with all applicable laws and regulations.

Effective Date: _____

Tucson Airport Authority By: <u>[Signature]</u>	Raytheon Missile Systems By: <u>[Signature]</u> 12/1/15
Pima County By: <u>C. Dulcet [Signature]</u> 12/1/15	City of Tucson By: _____

Exhibit A
(Parcel Map)

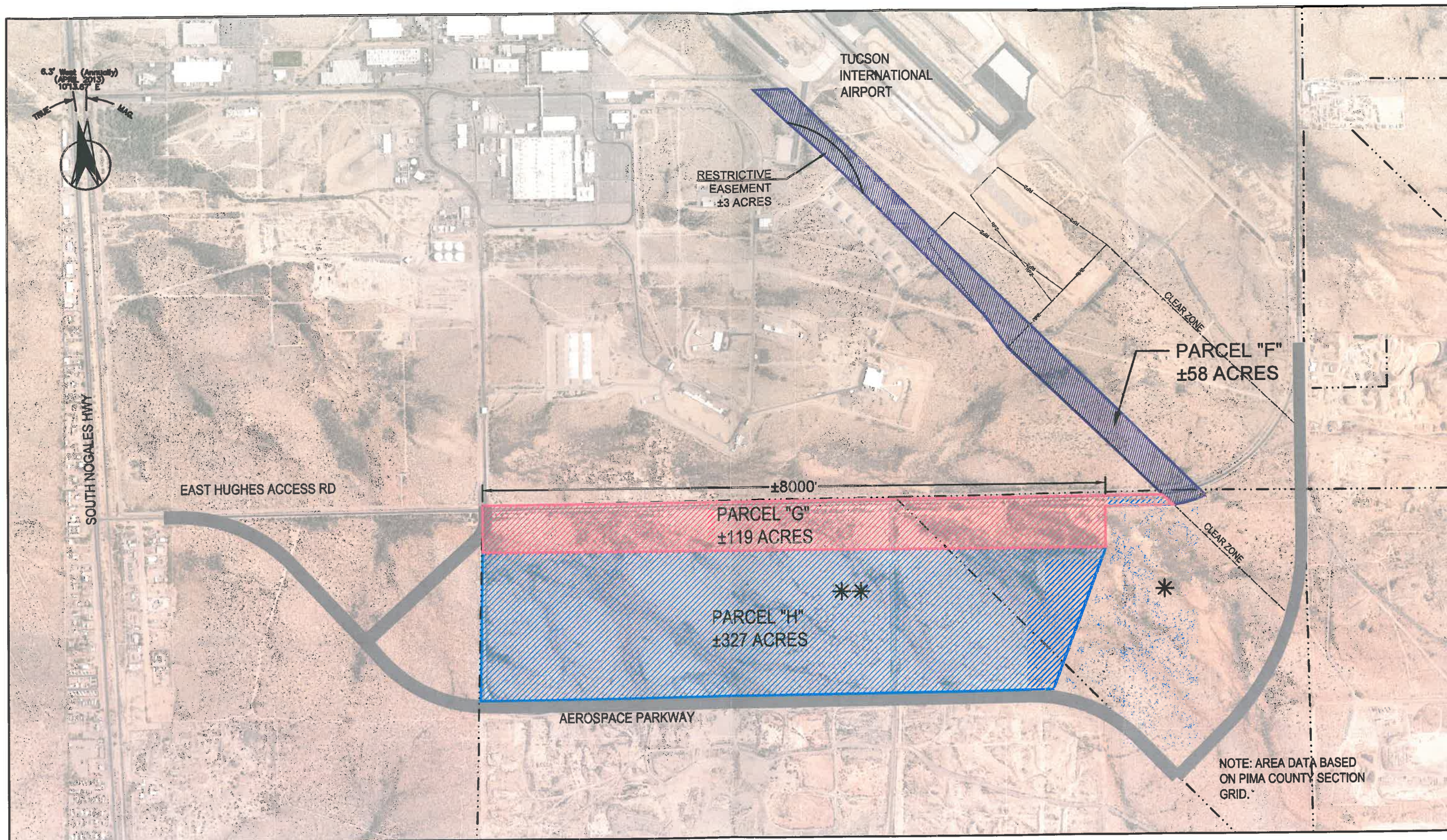


EXHIBIT A - PARCELS FOR TAA RUNWAY, USAF
PLANT 44 BUFFER

HISTORICAL PARCEL INFORMATION
 - - - - - HISTORICAL PARCEL BOUNDARY
 * NOISE LAND
 ** PFC LAND