

CITY OF SUSANVILLE
SUSANVILLE MUNICIPAL AIRPORT COMMISSION
September 12, 2016 – 5:15 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130

Meeting was called to order at 5:15 p.m, by Chairperson Stevenson

Roll Call of Members present: Bill Heyland, Richard Hrezo, Mary Foster and Ross Stevenson. Absent: Larry Beck and Cameron Farrell.

Staff present: Jared G. Hancock, City Administrator; Steve Datema, Airport Manager; Gwenna MacDonald, City Clerk and Ian Sims, Project Manager.

APPROVAL OF AGENDA:

Motion by Commissioner Hrezo, second by Commissioner Heyland, to approve to agenda; motion carried. Ayes: Heyland, Hrezo, Foster and Stevenson.

APPROVAL OF MINUTES:

Motion by Commissioner Hrezo, second by Commissioner Foster to approve minutes of the September 14, 2015 meeting; motion carried. Ayes: Heyland, Hrezo, Foster and Stevenson.

BUSINESS FROM THE FLOOR:

Mr. Hancock introduced Ian Sims, Project Manager, and explained his involvement with airport-related projects.

CONSENT CALENDAR: None.

7 NEW BUSINESS:

7A Appointment of Chair and Vice Chair

Motion by Commissioner Heyland, second by Commissioner Foster, to nominate Commissioner Stevenson to serve as Chairperson for the time period of one year; motion carried. Ayes: Heyland, Hrezo, Foster and Stevenson.

Motion by Chairperson Stevenson, second by Commission Heyland, to nominate Commissioner Hrezo to serve as Vice-Chairperson for the time period of one year; motion carried. Ayes: Heyland, Hrezo, Foster and Stevenson.

7B General Airport Discussion and new Commissioner Orientation

Mr. Hancock explained that a new process has been initiated for the orientation of new Commissioners that includes distributing a packet of information and materials related to the framework of regulations from the FAA, CalTrans, the permitting process for projects, and the role between the Commission and City Council with operations and projects at the airport. The City has established a fairly aggressive operational and project plan, and the Commission's input on those projects and updates is very important. He invited questions from the Airport Commission.

There were no questions, and Mr. Hancock advised that it would be most effective to combine the General Airport Discussion with Item 8A which is the FAA project update since many of the questions and discussion will be similar for both topics.

7C Fly in Breakfast / Airshow Update

Mr. Hancock invited Mr. Datema to provide an update to the Commission regarding the Annual Airshow.

Steve Datema, Airport Manager, reported that the Experimental Aircraft Association Annual Airshow was held on August 20th this year. It was very well attended, there were a lot of families who enjoyed the show, and there are

more people flying in from out of town. The event is not an income generator, but a way for people to come out and enjoy the airport.

Commissioner Hrezo commented that it is a great air show, and always fun for attendees.

Commissioner Foster asked if the Commissioners were involved in planning the event.

Mr. Datema responded that the EAA sponsors the breakfast, which is always well attended and they are a hard working group of volunteers. The EAA is more of a pilot organization than an aircraft builder's organization and they have been established in Susanville since the mid-1980's. They meet the first Monday of each month. He stated that he was open to having volunteers assist in the planning of the event.

8 CONTINING BUSINESS:

8A

FAA

Project Update

Mr. Hancock provided a review of the hierarchy of the rules and regulations that govern the operations at the airport. He stated that at the top is the Federal Aviation Administration, and all pilots are required to following all Federal regulations. At the next level is the State through the Caltrans Division of Aeronautics that regulates operations, airport layout, safety requirements and those types of issues.

Mr. Hancock continued that the next level of authority is at the regional level with the Airport Land Use Commission, which is a county level organization. Representatives from the City Council and the Board of Supervisors serve on the Commission, in addition to other members, and they are responsible for the review of the air strips within the county. They review plans for each of those and also consider different land use constraints around them for compatibility and safety.

Commissioner Heyland added that the authority for ALUC also applies to the airspace around it to prevent conflicting land uses and they review land use compatibility for appropriate development, to prevent such things as constructing schools in the air traffic pattern.

There was a general discussion regarding the function of ALUC and the types of projects and developments that would be considered.

Mr. Hancock explained that the next layer is the Airport Master Plan which is a document that has not been updated since 1998. That document is a 10-20 year plan that identifies where the priorities and future growth is planned, what types of uses are anticipated and what the growth would need to be to accommodate those uses as well as those that should be discouraged. The update of the document is usually conducted at the City level, with input from the Airport Commission and ultimate review and approval by the City Council. It would also be submitted to the Airport Land Use Commission for review. Mr. Hancock added that the FAA used to provide more funding to complete Master Plan updates, but it is not normally an activity they are funding now, so continuing to identify potential funding sources will be important.

Mr. Hancock continued by describing the Airport Layout Plan which is the next document governing the operations and uses of the airport. The Plan is a very detailed map of the facilities and includes all of the surrounding properties and references the deeds and easements and their legal relationships with the airport. With the recent PAPI project, in order to accommodate replacement of the VASI system, the FAA sent the City down the path of updating the Airport Layout Plan which included a lot of additional work that had to be completed. This included obtaining the deeds for surrounding properties. The reason behind this is that the FAA does not want to fund improvements that are later determined to be located on someone else's property.

The next level of authority is the Airport Capital Improvement Plan that is reviewed and updated on a two-year cycle with Caltrans, and more regularly with the FAA, and it contains a list of projects that are prioritized over the next

five or six years. It is an important document, and beyond that, there are airport specific rules that include leases, commercial operator agreements etc...

Mr. Hancock invited Mr. Datema to add any other comments.

Mr. Datema noted that the five year Airport Layout Plan is a federal document, and the Capital Improvement Plan is a State document. In order to be considered for funding, projects must be listed on both documents. Most of the time, the timelines and requirements for projects are not coordinated between the State and Federal guidelines which has made it increasingly difficult to obtain funding. It used to be that obtaining the Caltrans match for projects was a given, but in the last 2 or 3 years it has been more difficult to make it happen. This puts the City in a position of having to plan on paying the ten percent match, because we never really know if we will receive the match or not. He added that he is hearing the same thing from other managers throughout the State.

Mr. Hancock stated that those are good points, adding that there is also an increasing divergence between the types of projects that the FAA will approve, and the types that the State would approve. The State is continuing to narrow its focus as it rank projects, and the growing gap has made it difficult.

Mr. Datema commented that the City receives entitlement funding in the amount of \$150,000 and it can be carried forward for four years, which allows \$600,000 to use for projects. In addition the FAA has discretionary funding, and they can elect to award more for projects which is often needed due to the expense of the projects. As an example, the recent runway reconstruction project was approximately \$1.2 million dollars, and that did not get completed with the normal entitlement funding. It is a competitive process to gain the additional funding.

Mr. Hancock stated that the projects listed on the Capital Improvement Plan represents approximately \$3 million as opposed to the \$900,000 in entitlement funding over the same period. That gives an indication to the FAA that we have some more expensive projects that are planned and provides them lead time to set aside extra funding. He clarified that the FAA will fund 90 percent of the project, so the airport has to come up with ten percent. Caltrans will potentially provide grant funding for five percent of the 90 percent, which is four and one half percent of the total project, leaving five and one half percent for the City match. The City has been setting aside \$15,000 from the General Fund so that the full ten percent match is available for the entitlement funds.

Mr. Hancock invited questions or comments from the Commission. There being no questions, he reviewed the following projects:

AIP 13 is the Taxiway A, B and C apron reconstruction project which was completed and closed out last month. Apron reconstruction phase 1 and 2 was in the area outside of the FBO office and extended approximately one-third of the way towards the runway. Phase 1 was completed, and the City had savings in that project, another grant was closing out and we were successful in modifying one of the contracts so that all of the drawings and engineering work for the remaining phases would be completed and ready to go out to bid.

Commissioner Foster asked if the consult at C & S was primarily an architectural and design firm.

Mr. Hancock replied that they have those people on staff, however they are a consulting firm made of mostly engineers.

Mr. Datema stated that another value of utilizing C & S is the relationship they have established with the FAA.

Mr. Hancock continued, explaining that AIP 14 is for the apron reconstruction for phase one and two and was primarily used for repackaging due to an issue with the design. AIP 15 is for the design work for the PAPI installation and AIP 16 is for the construction and installation of the PAPI system. This is the main one that the City has been focusing on, and the City Council has approved funding the full ten percent of the match so that the project could proceed, regardless of the lack of available State matching funds. The bids came in at 14 percent over the original engineer's estimate. Not a lot of companies are bidding on these types of projects and staff discussed putting it back

out to bid in order to encourage more response, but C & S advised that the cost was consistent with what they have seen in other communities so in the interest of moving ahead, the City is planning on accepting the bid. Staff is continuing to work with the State to determine if there are any modifications or changes that would allow them to provide the matching funds from Caltrans.

There was a general discussion regarding the coordination of projects that are listed on the Airport Layout Plan and the Capital Improvement Plan, and the updating timeline of one document, which is 5 years, and the other document, which is 2 years.

Chairperson Stevenson asked if the money is spent elsewhere, or if the State just retains it.

Mr. Hancock responded that funding is available, the State has the money and they are doing other projects. The key point from this experience is the importance of planning ahead and being forward thinking when looking at potential projects and including them on the list.

Chairperson Stevenson observed that entities are going to be changing the method of doing business in order to keep up with the shift in processes with Caltrans.

Commissioner Heyland stated that the PAPI project was unlike the rest, in that it was not planned but related to the failure of the VASI system and the Commission overall is doing a much better job in terms of long-range planning than has occurred in the past.

Mr. Datema noted that every five years, the Commission is supposed to release a Request for Qualifications to hire another consultant, and C & S Engineers is getting very close to the five year time frame.

Commissioner Foster asked if there was a department in the City that does the same work as the consultants so that the Commission could utilize in house services.

Mr. Hancock explained that over the past few years, with the addition of the Project Manager position and the expertise of the City Engineer, the City has become more involved in airport projects with a lot of the work related to inspections and surveying completed in-house. It has brought to light a number of things related to the work done by consultant as well as items that could be completed more cost effectively. When the inspections for the apron project were bundled with the consultant sending a staff person from out of the area to conduct daily inspections, it became very expensive due to the additional cost of per diem and hotel expenses so those types of services would probably be handled in house. C & S does have a full design team, and so for services related to development of plans and specs they are able to complete much more efficiently. It has been an eye opening experience to get staff more involved and in the future the City will be able to tailor the services needed by a consultant to maximize the savings realized by utilizing in house staff.

Chairperson Stevenson thanked Mr. Hancock for providing the update.

8B Current Commercial Operator Fees.

Mr. Hancock explained that the City Council, at its meeting of May 18, 2016, set a new Commercial Operator fee for those businesses that are based at the airport. This fee is based upon a percent of the Airport's annual operating costs, less any FAA funded projects. The amount was initially set at 7.5 percent, however the Council revisited the topic on July 19, 2016 and voted to reduce to rate to 6 percent for Commercial Operator pending compliance certifications. The past practice for establishing the lease rate was somewhat reactionary, with non-standard agreements and at times including negotiations for making improvements with some sort of credit established with no dollar value identified. The City has been focused on developing a more fair and consistent pricing structure that is in adherence with FAA guidelines and as transparent as possible and in discussing the potential rate for large commercial operators versus small, it became clear that there was no simple way to identify what would differentiate a business as small, and the desire not to price out potential operators that would add a value to the airport. That becomes a problem when you are dealing with a large nationwide company, such as UPS, that may

have only a few employees on site, or with family-owned businesses when members of the family are not considered employees. Staff looked at several rubrics to identify what makes a small operator, and how to obtain the information needed to accurately and fairly categorize them. Staff has reached out to other airports and discovered that they are either struggling with the same issue or just not being as proactive with their airport.

The City Council determined that the simplest solution at this time was to lower the fee so that it would apply to any commercial operator that is based at the airport. The Commission is not being asked to take any action on the item, but it relates to consideration of the next item which addresses the airport lease language.

Chairperson Stevenson asked for clarification of the fee as it relates to an operating cost that will probably increase every year.

Mr. Hancock responded that the fee is established as a baseline but the fee amount is fixed and will only increase based on the consumer price index, which is what all of the leases are tied to.

Commissioner Heyland commented that if the City is successful in recruiting businesses to the airport, and they have twenty businesses then all of the operating costs would be covered.

Mr. Hancock replied that the scenario has been discussed, but there is not a lot of concern in order for us to accommodate there would need to be a significant amount expansion, triggering a need for increased fire suppression services, paving runways, which would trigger an increase in operating cost to manage that level of activity. The Council would be looking at it every 3 to 5 years and re-evaluate the percentage cost.

There were no further questions or comments.

8C Single Lease Option

Mr. Hancock stated that as part of the commercial operator lease discussion, the City has been reviewing two different lease options. The City owns the airport, and all of the land at the airport. As part of the acquisition process, the City has agreed to operate according to FAA guidelines, and when an individual is allowed to build a hangar, they are not buying the land, but signing a long-term land lease agreement with the City. There are two lease rates, one is approximately \$.29 per square foot per year for private use and \$.80 per square foot per year. Most of the commercial leases are approximately 5 years long, and the private leases are 20 years, which allows a longer amortization period to depreciate the cost of construction. What the Council is proposing is to combine the language for the private and commercial leases into one document, and obtain feedback from the Commission. There are a number of issues to resolve, including maintaining flexibility, establishing an optional lease length, clarifying the ability to sublet a hangar and the proposed rate is a bit higher for private operators who will see an increase, but a significant decrease to \$.38 per square feet per year for commercial operators. That cost is in addition to the Commercial Operator fee that will be assessed. In addition, what constitutes an appropriate use of the hangar would be addressed and references to FAA requirements were included so that the lease does not have to be amended every time the FAA updates their requirements. The language included in the lease is very new and came out in 2016.

Commissioner Heyland remarked that there is a big difference between a private and a commercial user and asked if it was really going to be possible to include them both on one lease. He asked if there was any advantage to having one lease instead of two.

Mr. Hancock responded that staff determined that the two leases were almost identical, and there were several areas of overlap that simply lacked the clarity needed to implement either one very well. By joining them together and keeping the lease generic, and tailoring some of the requirements differently, then including the Commercial Operator Agreement for those users is the most efficient way to address some of the issues. He requested that the Commissioners review the leases, and provide feedback at the next meeting as there is a lot of information to review. He added that he would like to have the new leases considered by the City Council prior to the end of the year.

The Commissioners requested that a markup version of the old lease be provided via email so that they can compare the new language with the old version.

8D UPS Commercial Lease

Mr. Hancock explained that UPS has leased a space at the airport since 1994, and are currently on the last extension option of their lease. As the City is reviewing the lease, the site characteristics and uses and in reviewing the lease documents, it appears that the issues of concern were the same as the issues that were raised in 2006. The City tried to negotiate an arrangement where UPS would pave entrances and when the lease was approved it did not include any of that language. The site is used as a transfer station with all of the ground transport coming here. The packages are sorted and redistributed, and there is one flight per day for air packages and an open office that customers can visit. The impact inside the gate is fairly limited, but they have expanded their footprint on the site, primarily to accommodate employee parking. On any given day there are a lot of trucks pulling up on the property and outside the gate. During bad weather, there is mud tracked onto the roadway and the high volume of truck traffic can also be damaging.

Staff has contacted the regional manager, and discussed possible options including identifying a more appropriate location for their facility. The City owns the property at the animal shelter and also on the other side of Highway 395. Several of the other site options behind the airport would require an extension of utilities, and they are open to those discussions so staff will be scheduling a site visit. If there was another location that did not have them located right at the entrance to the airport, that would be the preference.

There was a general discussion regarding the price and terms of the lease, which is currently at approximately \$450 per month and the standard business plan of UPS. The financial impact of having them relocated to an area outside of the airport is fairly minimal.

Chairperson Stevenson asked if there were another user lined up for that particular property.

Mr. Datema responded that the property is slated for future display aircraft, and additional parking for people who have airplanes.

Chairperson Stevenson stated that at some point in the next 12 months, the Commission needs to develop a definitive statement regarding the future vision of the airport, and what can be done to attract the types of businesses that would be beneficial.

9 AIRPORT MANAGER'S REPORT: None.

10 CORRESPONDENCE/INFORMATION: None.

COMMISSION ITEMS:

Chairperson Stevenson announced that his schedule which had forced the Commission to meet on Monday evening has changed, and he is no longer teaching evening classes. He recognized that if it was beneficial or convenient to move the meeting nights, he would be agreeable to that and he thanked the Commission for their support of his schedule.

There was a general discussion regarding the evenings that would not conflict with other meetings held in the chambers, and it was the consensus of the Commission to move the meetings to Thursday evening at 5:15 p.m. on a bi-monthly basis.

Motion by Commissioner Hanson, second by Commissioner Foster, to move the meeting time of the Susanville Airport Commission to the second Thursday of every other month at 5:15 p.m.; motion carried.

The Commission discussed scheduling the next meeting for November 10, 2016.

ADJOURNMENT:

Meeting adjourned at 6:56 p.m., by Chairperson Stevenson.



Gwenna MacDonald, City Clerk



Ross Stevenson, Chairperson

Approved November 10, 2016