

UKIAH REGIONAL AIRPORT COMMISSION
August 29, 2006
Minutes

COMMISSIONERS PRESENT

Bill Beard, Chair
Dottie Deerwester, Vice Chair
Ken Fowler
Eric Crane

STAFF PRESENT

Paul Richey, Airport Manager
Ken Ronk, Airport Assistant
Cathy Elawadly, Recording
Secretary

COMMISSIONERS ABSENT

Ben Winter

OTHERS PRESENT

Floyd Smoller
Leonard Winter
Ian Winter
Art McChesney

The Airport Commission meeting was called to order by Chair Beard at 6:30 p.m., at the Ukiah Regional Airport, Old Flight Service Station, 1403 South State Street, Ukiah, California. Roll Call was taken with the results listed above.

2. PLEDGE OF ALLEGIANCE – Paul Richey led the pledge of allegiance.

3. APPROVAL OF MINUTES – August 1, 2006

It was the consensus of the Commissioners present to review/approve the June 6, 2006 and June 27, 2006 minutes at the next regular October meeting.

Commissioner Crane referred to page 5, paragraph 9, and recommended adding language to the second sentence that reads, "He stated the equipment is expensive and expressed concern as to the cost to benefit regarding the necessity of the device."

Commissioner Deerwester referred to page 5, paragraph 10, and recommended the sentence read, "Commissioner Deerwester stated the equipment would act as a liability prevention for claims made to damaged aircraft caused from flying debris."

On a motion by Commissioner Fowler, seconded by Commissioner Crane, it was carried by an all AYE voice vote of the Commissioners present to approve the August 1, 2006 minutes, as amended.

4. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

No one from the audience came forward.

5. REPORTS

6E. Hartley Proclamation

Airport Manager Richey stated staff contacted the family and friends of Max Hartley concerning the Proclamation and Claudia Clark provided additional aviation-related lifetime achievement information. He asked the Commission to review the draft document for further input/comments.

Mr. Richey indicated that Leonard Winter initially addressed the Airport Commission regarding recognition of Max Hartley for his extraordinary contributions to the Airport and the community in which a roadway on the Airport will be named as a tribute. Presentation of the memorial Proclamation will likely occur at the regular September 20, 2006 City Council meeting, followed by a formal unveiling of the roadway sign at the Chamber Mixer to be held at the Airport on September 28, 2006. Airport staff will be attending the Association of California Airport annual executive meeting and will not be available for the Proclamation presentation.

The roadway sign reads, "Max Hartley Way."

Commissioner Deerwester commented having family and friends at the Chamber Mixer for the unveiling of the roadway sign would particularly heighten the event. She recommended the unveiling take place first on the program of activities.

A general discussion followed regarding the likelihood of persons desiring to speak about Max Hartley during the presentation of the Proclamation and how best to effectively coordinate the time. There was further discussion recognizing those persons who may want to share special stories/experiences and professional connections with Max Hartley.

Mr. Richey will make the necessary contacts with family and friends concerning the times/dates for the Proclamation presentation and unveiling of the sign, including community announcements of the events to relative sources.

The Commission discussed the draft Proclamation and agreed that the document nicely/succinctly provides an insight about Max Hartley and his lifetime achievements and many contributions.

6A. Introduction of New Employee

Airport Manager Richey introduced Ryan Sciucchetti to the Commission and stated Mr. Schiucchetti was hired as the Airport's new Part Time Airport Attendant to fill the vacancy of Ian Winter. He added that Ryan is working on his private pilot license with Ukiah Aviation and has a strong interest in aviation and knowledge about aircraft which is beneficial to Airport operations.

Ryan Sciucchetti is pleased to be working at the Ukiah Municipal Airport.

The Commission welcomed Ryan.

6B. Airport Day – Continued

Mr. Richey indicated that Airport Assistant Ronk and Floyd Smoller are on the Airport Day Committee along with Chair of the Committee Deerwester.

Commissioner Deerwester stated the committee met once on August 22, 2006, to generally orchestrate plans for the event whereby assignments were made for the various tasks. The Committee will be meeting when necessary for further pre-planning, development, and coordination of activities for the event, which is tentatively scheduled for August 2007.

There was a general discussion about special types of activities, such as having a CDF aircraft drop colored water on the in field of the Airport.

6C. Airport Chamber Mixer – Continued – Deerwester

Commissioner Deerwester reported the Chamber Mixer will be held between 5:30 and 7:30 p.m., on September 28, 2006 at the Don Albright Hangar.

The event includes the following activities:

- Food/drinks and beverages served.
- Unveiling of the “Max Hartley Way” roadway sign.
- Tour of Airport and various facilities/FBO's.
- Static displays of CDF and Calstar operations.
- Raffle for prizes donated by Chamber of Commerce business members.
- Transportation around the Airport will be furnished by Airport vehicles and a trailer donated by Ken Fowler Motors that features hay bails.
- Raffle for scenic tour around the Airport.
- Raffle for one free hour of private flight instruction.

The Commission recognized Commissioner Deerwester for her efforts in initiating and organizing the Chamber Mixer at the Airport and noted the event is an effective/positive way to advertise and learn about the Airport and its operations.

6D. City Website Update

Mr. Richey referred to the Airport website, and briefly explained the contents submitted to the City's Website consultant is in draft format at this time. He asked the Commissioners for their input/comments.

Commissioner Deerwester supported the information staff provided to the City Website consultant regarding the Airport.

It was noted that the information relative to the various Commissions is not always current on the City's Website and the Commission emphasized the importance for all information to be kept current.

There was discussion about adding photographs and other pertinent information to the Airport Website that would be helpful, as well as design enhancing.

6. DISCUSSION/ACTION

6A. Albright Hangar Continued Discussion

Mr. Richey stated Don Albright noticeably made more renovations to the hangar than what was specified on the RFP. He has asked staff/Commission to consider a 10-year extension of his lease, which would require City Council approval. The Commission in other discussions concerning this matter supports an in-house extension not to exceed five years and Mr. Albright would be amenable to this alternative suggestion.

Commissioner Crane inquired whether the lease contains a five-year option.

Mr. Richey replied while the lease has an option, it is not for a specific term. Section 2 of the lease reads, "The term of this lease shall commence on the date indicated above, and shall continue in effect for a period of ten years, expiring at midnight on July 30, 2015. This lease may be extended contingent upon the terms and conditions agreed upon at that time. In determining whether and on what conditions to extend the lease term, Lessor shall consider the cost and quality of improvements to the leased premises constructed by Lessee, including those required by Exhibit "C" attached hereto."

Commissioner Crane stated allowing a 10-year extension of the lease may not be in best interest of the Airport whereby the lease would expire at midnight on July 30, 2025. He appreciates the extra amount of money Mr. Albright spent on structure/landscaping improvements to the former Ace Hangar beyond what was asked for in the RFP. It would have been better if Mr. Albright had consulted with the City prior to making the added improvements in which he may not have had a reasonable expectation of an extension of the lease. However, Mr. Albright acted in good faith and with good intentions and he supports a five-year lease extension where at the end of the lease extension term, the lease becomes market negotiable with Mr. Albright having first right of refusal for continuance of the lease and/or having parity dollar for dollar.

It was noted that all other lease conditions would remain the same, including the CPI escalator clause.

A discussion followed regarding general cost comparisons of the hangar being demolished and reconstructed for the same or other type of use versus the renovations completed by Mr. Albright.

Commissioner Fowler stated the former ACE Hangar building was in very poor condition so the renovations/repairs made by Mr. Albright represent a significant improvement.

The Commission noted that construction of a new building to replace the existing would be more costly than the refurbishments done.

Commissioner Deerwester commented the Airport benefits from the work and money spent by Mr. Albright to make the hangar structurally sound and architecturally pleasing.

It was noted that the lease was not executed until January 1, 2005, allowing Mr. Albright some leeway time to make the improvements.

Commissioner Deerwester pointed out that at the end of the lease, the hangar would be 15 years old.

Commissioner Crane acknowledged that while the hangar would be 15 years old, a future tenant would not likely question renting a private hangar that has been upgraded to the degree that it has.

Commissioner Fowler added that often times when a building is renovated, the actual cost is often much greater than the anticipated costs as was the case for the Albright Hangar.

It was the consensus of the Commission to support a five-year extension of the lease.

A MOTION was made by Commissioner Deerwester, seconded by Commissioner Fowler to recommend to the City Council approval of a five-year lease extension for the Don Albright Hangar.

A discussion followed regarding the terms of the lease to read, "The term of this lease shall commence on the date indicated above, and shall continue in effect for a period of 15 years, expiring at midnight on July 30, 2020. This lease may be extended contingent upon the terms and conditions agreed upon at that time, providing first right of refusal to the current lessee."

Chair Beard referred to Section 7, Termination, and stated this section states the "Lessee shall have a right of first refusal to relet the premises on the same terms and conditions the Lessor offers to such other persons or entities, if Lessee notifies Lessor that it wishes to exercise such right within 10 days of the date it is notified by Lessor that Lessor intends to relet the premises."

Commissioner Crane stated the purpose of the Termination section is to make certain there is no implied intent to continue to grant five-year extensions, for instance.

Commissioner Fowler recommended adding language to the last sentence in the Term section to read, "This lease may be extended contingent upon the

terms and condition agreed upon at that time, providing first right of refusal to the current lessee, as noted in Section 7 of the lease agreement.”

Commission Crane recommended the language for Section 2, Term, read: “The term of this lease shall commence on the date indicated above, and shall continue in effect for a period of 15 years, expiring at midnight on July 30, 2020 at which time the property would be made available on the open market and lessee shall have first right of refusal.”

It was the consensus of the Commission that the second sentence in Section 2, Term, of the lease agreement read, “This lease may be extended contingent upon the terms and conditions agreed upon at that time, providing first right of refusal to the current lessee.” The remaining language of Section 2, Term, shall be deleted.

The above-motion carried with all AYE voice vote of the Commissioners present, as discussed.

6B. City Corporation Yard Discussion – Crane

Mr. Richey stated Commissioner Crane requested discussion regarding the City Corporation Yard and its relationship to the Airport. He provided a brief history of the Corporation Yard as follows:

- The area being used as the City Corporation Yard was purchased by the City in the 1930s.
- It is unknown when the Corporation Yard was located at its present site. Aerial photographs indicate that the Corporation Yard was in operation at this site in the 1950s.
- The size of the Corporation Yard grew in the 60s and 70s whereby the south fence of the yard move further south.
- In 1984, the Airport’s bulk fuel storage facility was constructed adjacent to the south fence eliminating any further south migration.
- For decades, Airport staff has asked for rent from other departments for usage of the site, which has occurred during the Horsley administration.
- The site is approximately 3 1/2 to 4 acres and the Airport fund receives \$23,000 annually from the departments which use it. This rental rate was increased from \$22,200 last year. Most of the fees received for rent are collected in lieu from the Public Utilities and Public Works departments.
- There is no rental/lease agreement on the site as the City would essentially be leasing from itself. The departments which use the site have been very generous and provide services to the Airport beyond the capabilities of staff where a valuable working relationship has been established over the years.
- Usage of the site is relevant to City departmental needs and this usage may not violate any airspace restrictions required by the FAA or interfere/hinder Airport operations.

- If the Corporation Yard were to be moved, staff would favor the site developed for aviation purposes as recommended by the FAA.

Commissioner Crane commented on the matter of the City Corporation Yard relationship as follows:

- Expressed concern regarding the concept of "Force Account" application is inappropriately being utilized by the City Corporation Yard concerning the bidding for contractual labor of public works projects by public agencies, especially as it relates to the Airport since the site is located on Airport property.

The State of California under the Uniform Public Construction Cost Account Act regulates the limits and methods/processes for the bidding of public works projects by public entities/agencies. Public works projects pertain to construction, reconstruction, renovation, and improvements and maintenance work projects do not apply.

- He has observed that the Corporation Yard has been making renovations/improvements to the facility and he questions whether the cost of these improvements comply with the law regarding the cost limitation concerning contracts for public works projects being completed by public entities.
- Also, he expressed concern that the Airport operates as an Enterprise Fund differing from other city department operations, which typically function from the General Fund. He recommends review of the Corporation Yard operation as having a more structured relationship in terms of contract work.

Chair Beard addressed the City Corporation Yard relationship compared to other City departments and stated additionally Force Account work is a process used in contracts whereby a contractor is placed in a position where there is extra work to be done under the contract which is not accounted for in the contract.

Commissioner Crane addressed another element of Force Account practices and commented the limit/cap for cost of projects relative to contract work appears to be undetermined that also pertains to extra work under the contract which is not accounted for in the contract. It is his understanding that public works projects exceeding the cost of \$30,000 are required to go to public bid.

Chair Beard stated the employees working at the City Corporation Yard work in the streets, storm drains, and sewers, and in other capacities, for example, doing work for another department other than projects they normally work on wherein the Airport receives \$23,000 annually for work completed by the persons working at the Corporation Yard. The dollar value of \$30,000 represents a limitation that has been set by law where the matter of using Force Account comes into play when City employees perform work that exceeds this limitation. It is at this point

that concern is generated relative to the use of Force Account when contractual labor should be used.

Commissioner Crane stated even if the project is calculated below \$30,000, an estimate is required, and it does not appear that this procedure is being followed. Therefore, he questions the City process.

Chair Beard stated the issue depends upon the type of project.

Mr. Richey commented the City Corporation Yard building improvements is likely considered an interior remodel.

Chair Beard commented this type of project work gets into a "gray area" that is basically undefined.

Commissioner Crane stated the remodel to the Corporation Yard building is fairly substantial. He questions whether City personnel should be doing this work when they may be needed for regular departmental work around the City.

Chair Beard acknowledged that some of City departmental operations have not been well defined for many years, and cited the Airport as an example. The Airport budget is subject to administrative costs which come from the Airport Enterprise Fund and into the General Fund. Such examples simply indicate that these rather undefined areas have not been through the process to determine the exact/best method/process in which certain procedures should be addressed to eliminate associated concerns. The work being conducted at the City Corporation Yard likely falls into this rather undefined area of protocol/procedures, including, for example, the matter of the Airport receiving revenue in the sum of \$23,000 for work conducted by employees at the Corporation Yard for in-kind services. Part of the reason for allowing certain procedures to occur, as referenced above, is to eliminate tedious bookkeeping/accounting practices that do not really affect the greater picture of the City's budget. It would be a time-consuming process to document the time when a Corporation Yard employee does work in-kind work at the Airport or for another City department.

Commissioner Crane stated his intent is to evaluate the relationship of the Corporation Yard so that projects whether construed as in-house or otherwise are well defined and comply with State regulations relative to bidding for contractual labor of public works projects.

Mr. Richey addressed the relationship between the Airport and the Corporation Yard and stated the Corporation Yards provides a number of different services for the Airport. He acknowledged that the Corporation Yard has operated on Airport property for a long time and has a good working relationship with Airport staff. The City Public Works and Public Utilities Departments work out of the

Corporation Yard and Airport operations cannot be impeded by this operation in any way that would cause the Airport to be in non-compliance with FAA regulations. The FAA provides grant funding to the Airport for a variety of CIP improvements/upgrades to facilities where funding assurances is contingent upon full compliance with FAA standards. Moreover, if a department is in violation of a State standard, it is the responsibility of the Director for that particular department to address the issue.

Commissioner Crane commented that improvements are being done to a facility that is part of a government agency where full compliance with State standards is necessary.

Mr. Richey stated the City and its various facilities are essentially one agency. It would not be a common practice for the Corporation Yard to have a contract with the Airport for the use of land since the Corporation Yard and the Airport are represented under one governmental agency.

Commissioner Crane is concerned with the relationship of the Airport and the Corporation Yard in the event the Corporation is in violation or has a problem with the State concerning application of the Force Account or some other regulation/standard. The Airport is part of the City and therefore, obligated to ensure compliance with State law/standards unless certain standards are exempt.

Mr. Richey commented the matter of Force Account should likely be addressed at the City Council level rather than the Airport Commission. The Corporation Yard buildings belong to the City as part of Public Works/Utility Departments and do not concern the Airport, provided they do not impact/interfere with the operation of the Airport and/or its compliance with federal regulations. Airport funds or grant appropriations were not used to construct the structures at the Corporation Yard.

Chair Beard stated the uses of City-owned buildings are not typically distinguished.

Mr. Richey understands the Force Account has exemptions relative to certain requirements and it may be that the Corporation Yard building renovation project could be exempt in this regard.

Chair Beard acknowledged that while the relationship between the Airport and the Corporation Yard is unusual, he explained that the relationship works well and changing the accounting and/or related practices/documentation relative to in-kind services may not be the best approach or even necessary. It may be that at some point the entire system of City operations should be revisited and possibly modified in certain areas such as relationships between various City Departments and the services they provide, and how work done

interdepartmentally is documented, as well as the Force Account application/practices.

Mr. Richey emphasized that questions/concerns directed toward Force Account methodology and practices/procedures should be discussed at the City Council level.

6C. FOD Boss – Crane

Commissioner Crane desired to continue discussion of this agenda item to later date.

6D. Hangar Lease Discussion

Mr. Richey addressed the subject of airport leases in which the Commission questioned whether a lease extension/renewal can be done in-house without Council action. Specifically, the question for discussion is if there are leases where City Council has an established value/rate and there is continuing and appropriate CIP increment increases would it be appropriate for the lease to be reviewed by the Airport Commission and at the recommendation of this body to allow the Airport Manager to proceed with approving a five-year lease extension. Airport staff does not desire to make policy or write leases. Also, modification of lease terms and conditions would not be within the purview of the Airport Commission or staff other than as a recommendation to Council. The intent of staff is to have the authority to negotiate office leases, small hangar leases, and five-year lease extensions within the Resolution guidelines established according to the Airport Fee Schedule, and within the limitations that the lease and the structure must be existing, the lease must corresponds with the Airport Land Use Plan, and the value/rate for the lease must have already been established by City Council. A value/rate would have already been established by Council for leases that have regular CPI increment increases.

Mr. Richey stated Airport staff has negotiated individual hangar and tie-down leases and all office leases for decades. However, staff has not approved a lease extension except on office leases like the proposed lease extension for the Albright Hangar.

City Attorney Rapport reviewed the Government Code and Ukiah City Code sections concerning this matter, and recommends that long term leases/lease extension for Airport facilities be reviewed/approved by the City Council. He further recommends that the Airport Manager be given the authority to lease the small hangars, subject to the hangar lease policy, using the standard form of the lease. Past practices should not be given consideration in this regard where the process has noted to be somewhat inconsistent.

Chair Beard requested clarification whether the City Attorney is requiring all leases be reviewed by Council, particularly in cases for the larger commercial hangars where new rates are being established/increased and/or which may be

inconsistent with the CPI at the time of expiration where a renewal or extension is to be considered.

Mr. Richey replied "yes." He has reviewed resolutions about which type of leases the Airport Manager has authority to sign and stated inconsistencies do exist. He commented the process of renewing leases would be accelerated if staff is allowed to do in-house five-year lease extensions. However, the City Attorney is essentially recommending at the recommendation of the Airport Commission that all lease extensions and large commercial hangar leases be reviewed/approved by City Council.

It was the consensus of the Commissioners present to accept the City Attorney's recommendation to delegate the authority to the Airport Manager or his designee to lease the small individual hangars according to hangar lease policy and to recommend the Council authorize the Airport Manager or his designee to approve five-year lease extensions for all leases.

Chair Beard recommended the Airport Commission establish parameters/clearly define the process of renewing/extending leases for small hangars.

Commissioner Deerwester inquired how City Attorney Rapport's recommendation affects the Don Albright Hangar lease.

Mr. Richey stated, at this point, it is the City Attorney's opinion that staff does not have the authority to provide for an extension of the lease. Therefore, the motion carried above recommending Council approve the five-year extension will be taken to Council for consideration/approval or, the issue of whether the Airport Manager at the Airport Commission's recommendation should have the authority to approve the five-year lease extensions for existing leases be taken to Council for discussion.

Commissioner Crane requested that the Council be appropriately advised that Don Albright acted in good faith concerning the renovations made to the former ACE Hangar and with coming to the Commission to request a lease extension.

Commissioner Deerwester recommended drafting language to present to the Council concerning the Commission's discussion and recommendation to Council relative to the Albright Hangar for review at the next regular Commission meeting as an action item. She also recommended language be crafted for review by Council that the Airport Commission supports allowing the Airport Manager or his designee to approve five-year lease extensions of an existing lease for all hangars.

A general discussion followed regarding the Airport Fee Schedule that was approved by Council at the Commission's recommendation.

A brief discussion followed regarding other circumstances that could occur and whether staff should have the authority to approve a lease or lease extension for an existing facility other than a hangar with a different tenant. The Gary Gallo lease was cited as an example.

Commissioner Deerwester stated it is likely a new lease would be required.

Commissioner Deerwester supports the concept that if the facility is an existing business already operating on the Airport and the current tenant or different tenant desires to relocate to another location or extend the lease at the same facility and provided the rate is the same as the existing rental rate for the facility, the Airport Manger or his designee has the authority to approve the lease or an extension of a existing lease.

Commissioner Fowler supported that the Airport Manager should have the authority to approve such leases, since the Airport Land Use Plan essentially determines what type of uses are allowed or permitted whereby staff's decision-making must be compliant with this Plan. He referred to the process concerning the leasing of the Gary Gallo facility and the length of time the structure remained vacant until Council had sufficient application information and a recommendation from the Commission to approve the lease.

7. COMMISSIONER COMMENTS

Commissioner Deerwester reported there will be a Chamber of Commerce golf tournament in September.

Commissioner Crane attended the Santa Rosa air-show and stated it was fun. He submitted his County Airport Land Use Commission application.

Commissioner Fowler requested information regarding an airplane crash that occurred in Petaluma yesterday.

Mr. Richey stated the airplane was built from a kit.

8. STAFF COMMENTS

Mr. Richey commented as follows:

1. He has a letter regarding a letter of Notice of Completion from Winzler and Kelly relative to the FAA Infrastructure grant, which is now complete. City Council will review the matter and act according to procedure in this regard.
2. The Airport was funded \$20,000 for pavement maintenance work this fiscal year. The plans and specifications have been drafted for this project and the work should be completed this year. Council will review/approve the plans/specs at the regular September 20 meeting, followed by RFP submittals for the project.

9. AGENDA ITEMS FOR NEXT REGULAR MEETING

1. Airport Day update.
2. Discussion of County Land Use on the southwest side of the Airport.
3. Hangar Lease discussion.
4. Grant updates.
5. FOD Boss.
6. Chamber Mixer follow-up.

10. ADJOURNMENT

There being no further business, the meeting adjourned at 8:57 p.m.


Bill Beard, Chair


Cathy Elawadly, Recording Secretary