

UKIAH REGIONAL AIRPORT COMMISSION
October 2, 2007
Minutes

COMMISSIONERS PRESENT

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

STAFF PRESENT

Paul Richey, Airport Manager
Cathy Elawadly, Recording Secretary

COMMISSIONERS ABSENT

None

OTHERS PRESENT

Carl Steinmann
Gregg Taylor

The Airport Commission meeting was called to order by Acting Chair Deerwester 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**- Eric Crane led the pledge of allegiance.

3. **APPROVAL OF MINUTES – September 4, 2007**

M/S Deerwester/Crane to approve September 4, 2007 minutes, as submitted. Motion carried by an all AYE voice vote of Commissioners present.

4. **AUDIENCE COMMENTS ON NON-AGENDA ITEMS**

None.

5. **DISCUSSION/ACTION**

5B. Taylor Hangar Update

Airport Manager Richey addressed City-owned hangars and Airport commercial leases:

- All City-owned hangars lease agreements contain the same fill-in-the-blank language and the City requires that these hangars have an aircraft.
- All the commercial leases are individually written and all of them are different. None of the commercial leases require having an aircraft in a hangar even though it may be an aviation-related business.
- There are commercial businesses operating in Airport facilities that are not aviation-related, including the City Corporation Yard.
- The FAA requires in terms of compliance with 'grant and assurances' polices that all hangars must be rented and that all new hangars developed must be for aviation-related purposes.
- All of the ground leases are long-term. The leases where the City physically owns the ground and the facility improvements, such as the small engine repair business in the NW corner of the Airport are a different type because the City owns the entire facility unlike the Taylor Hangars.

Airport Manager Richey addressed the Taylor Hangar project as follows:

- Staff wrote a letter to Mr. Taylor regarding the use of his hangar project at the Commission's request.
- Mr. Taylor is present to answer questions/concerns about the use of his hangars.

- Staff has reviewed the ground lease the Airport has with Mr. Taylor and it states the hangar project and the corresponding improvements made must be used for 'aviation purposes.' The concept and/or definition of 'aviation purposes' is very broad.
- The lease states that the lessee will pay a ground rent to the City, and in addition, the City collects five percent of the gross income of the hangar rent.
- There is no provision in the lease that allows the City to require the lessee to have the hangar inspected as are the City-owned hangars for compliance with the Hangar Procedures List Policy to see whether or not the hangar houses an airworthy aircraft and/or the hangar is being used for 'aviation-related purposes. Also, there is no provision specified in the ground lease with Mr. Taylor requiring the City to preview the lessee's tenants.
- The hangar project has always had space available for aviation uses from the beginning so for economic assurance, two of the hangars are currently being used for non aviation-related purposes and even now there is one hangar available to rent.
- It is Mr. Taylor's intent to use the hangars for aviation purposes and he will remove any non-aviation operation if an aviation operation wants to rent one of the hangars.
- In previous discussions, the Commission has expressed several concerns regarding non-aviation use of the Taylor Hangars as they relate to aviation operations, access and safety, and demand in conjunction with policies of the Ukiah Airport and other like regional airports.
- The Commission further discussed existing Airport policy that an airport facility/hangar must be used for aviation-related purposes first, and if no such interest is expressed, then a non-aviation related use would be allowed for economic viability.
- If the information submitted by Mr. Taylor is correct in response to staff's letter, it appears Mr. Taylor is in compliance with the above-stated policy.

Chair Beard reviewed the staff report regarding Airport Hangar policy, Mr. Taylor's letter, and staff's response, and in his opinion, the matter of the Taylor hangar project is essentially a non-issue. He is of the opinion that Airport policy is to encourage aviation-related usage of hangars first, and if this is not possible to allow non-aviation related uses. With regard to the Taylor Hangar project, the City's only involvement/concern is with the ground lease and/or potential liability/safety issues.

Commissioner Winter supports allowing non-aviation related businesses to rent hangars, if no aviation-related interest in the hangars is expressed. However, he is of the opinion, since the ground lease specifies the hangars must be used for aviation-related purposes, then the corresponding language in the rental agreement should be changed to reflect the discrepancy or enforce the lease provisions.

Gregg Taylor addressed the Commission as follows:

- He is the owner of Ukiah Aviation Services LP.
- He has a ground lease with the City and in addition to the rent, the City collects another five percent of the gross income of the rent.
- The Ukiah City Council initially reviewed the ground lease and there were discussions on the uses where Council understands from an economical standpoint the importance of renting all of the hangars.
- His intent is to use all of the hangars for aviation-related purposes to include housing an aircraft.
- At no time has the hangar project been full and he confirmed one hangar is available for rent.

- If and when all of the hangars are full rented and a person with an aircraft desires to rent a hangar, he will terminate the rental agreement of any hangar tenant that does not have an aircraft and/or an aviation related use to make room for this person.
- The City Attorney reviewed Mr. Taylor's rental agreement for his tenants and authorized its use. The City is not involved with the tenant lease process for the Taylor hangars.
- The rent charged for the hangars is well below market rate and considerably less compared to other airport facilities with the same or similar square footage.
- He supports that Airport administration and the Commission focus on promoting the Airport and its uses to the community and communities around Ukiah.
- There are two hangars that are currently being used for non-aviation related purposes.
- A person leases the hangars for one year and after one year, the lease agreement becomes month-to-month.

Vice Chair Deerwester expressed concern regarding the element of safety and liability issues with regard to the non-aviation related agriculture/landscaping business in one of the Taylor hangars with commercial vehicles accessing the facility and possible interference with Airport operations. She raised the question regarding the non-aviation related pharmaceutical storage facility operating in one of the hangars, and commented if potential significant improvements are made by the tenant whether it would be fair/reasonable and/or a good business practice for the tenant to have to vacate the facility to allow for an aviation-related use.

The Commission discussed the fact that there are businesses operating in buildings/facilities other than hangars that are non-aviation related whereby the lease agreement does not specify that the use must be aviation-related. Airport policy has been that the use must be first aviation-related, and if no interest is expressed the facility and/or hangar use can be non-aviation related.

The Commission noted rental agreements for existing non aviation-related business operating in facilities at the Airport are typically short term to be able to accommodate a new or existing aviation-related business desiring to rent the facility.

Commissioner Crane commented that specifically the landscape/fertilizer business currently operating in one of the Taylor hangars is clearly not aviation related and under the current land lease, this use is not allowed. He supports that language in the lease be changed to reflect Airport policy to allow the use or enforce the policy. He expressed concern that commercial trucks operating in the area for the landscape/fertilizer business may be a safety hazard.

Airport Manager Richey stated again, that each Airport ground leases is different where changing the language may not be necessary in some cases and if changes are to be made, they should be made across the board. Changes to the ground lease must be approved by City Council because this would essentially be re-negotiating the lease.

Airport Manager Richey stated the question becomes how to effectively define/quantify an 'aviation-related' use. He supports that the issue of allowing non-aviation related uses in hangars and buildings should be viewed in terms of practicality and economic viability.

Commissioner Fowler supports the concept that ground leases should allow for some flexibility in its language to allow for those circumstances when no interest is expressed for an aviation-related use.

Commissioner Winter commented an effective approach would be to ask whether the business tenant agrees with Airport policy that a hangar and/or business located in an Airport facility must provide for an aviation-related use and if so, the tenant would be allowed to stay because he/she would be in compliance with the lease agreement. If the hangar or business tenant is not in compliance with the lease agreement and/or Airport policy, the tenant would have the option to re-negotiate the lease.

Airport Manger Richey stated the above-referenced discussion would be a matter for the City Attorney to review.

Vice Chair Deerwester commented on the Taylor Hangar project, and stated there really is no issue because the two hangars rented for non-aviation related businesses would be essentially vacant like the one remaining hangar that is vacant due to lack of interest for either an aviation-related or non-aviation related business. It would not be economically feasible for Mr. Taylor to allow unoccupied hangar space while waiting for an aviation-related business to express an interest when the policy of the Airport has been to allow for a non-aviation related business during times when no aviation-related interest has been expressed.

Mr. Taylor recommended staff and the Commission review the rents for the City-owned hangars because they are very low compared to other like airports. He commented on Airport policy regarding airplane allowing aircraft kits in hangars that are not airworthy.

Commissioner Winter addressed the matter of the variations in leases, and recommended all leases have a standard clause that effectively applies to each lease type that states the facility must be used for aviation-related purposes unless there is no demand for the property and/or facility.

Mr. Taylor would be amenable to change the language in his lease to reflect that his hangars must be used for aviation-related purposes **unless** no interest has been expressed in this regard. He acknowledged that his rental agreement with his tenants has a clause that addresses potential safety hazards.

Vice Chair Deerwester commented since the ground lease does contain language that addresses the hangars must be used for aviation-related purposes that it is not necessary to revisit the lease agreement because Mr. Taylor has a vacant hangar and/or space available for rent where no interest has been expressed for an aviation-related purpose. According to Airport policy if this is the case, the hangar can be used for a non-aviation related purpose, which is essentially no difference for allowing the small engine repair business to operate because no aviation-related business interest was ever expressed.

Airport Manager Richey stated the Commission can review the various leases. However, he does not recommend including the leases in the staff report as a discussion item since the documents are confidential and not for review by the public.

There was a brief discussion about the issue of mirco-managing non-City owned hangars if the lease agreement language is changed to include the 'flexibility' clause that provides a facility must be used for aviation-related purposes **unless** no interest has been expressed, then a non-aviation related purpose would be allowed.

Commissioner Winter commented adding in the 'flexibility' clause would eliminate the need for mirco-managing.

Chair Beard stated Mr. Taylor reiterates in his letter that his intent is to rent to persons with aviation-related uses, and if there is no demand, he would allow a non-aviation use, which is essentially corresponds with Airport policy and therefore, the matter is not an issue.

Commissioners Winter and Crane support clarifying the language in the ground leases to include the 'flexibility' clause.

Chair Beard and Commissioners Fowler and Deerwester support the concept of allowing for lease flexibility and do not support having to re-negotiate the leases.

Vice Chair Deerwester recommends the Commission review the Taylor Hangar commercial lease. However, she is not convinced that this is necessary.

Commissioner Winter stated to his knowledge the Taylor Hangar project is the only lease not in compliance.

M/S Deerwester/Crane to table the Taylor Hangar project lease agreement for further discussion at the next regular meeting to allow each Commissioner the opportunity to review the lease individually with staff. **Motion carried.**

5A. Airport Land Use – Continued

Airport Manager Richey advised this agenda item was continued from the September 2007 regular meeting.

Vice Chair Deerwester inquired regarding future development and/or use of the land on the NE corner of the Airport in terms of economic benefit for the Airport and adjacent hotels and commercial businesses in the AIP.

There was a brief discussion about land and land uses for the eastern portion of the Airport, including the proposed new CDF facility.

Staff recommended review of the Land Use Guidelines as to allowed/permitted uses by designated area, beginning with the NE corner.

The Commission concurred with this recommendation.

5C. Airport Commission Application - Continued

Airport Manager Richey addressed the City Council appointment for one vacancy on the Airport Commission and noted due to the clarification of the Sphere of Influence relative to the applicants, it is not know when the appointment will be made.

It was noted the City Council extended the Sphere of Influence to 'Countywide.'

Vice Chair Deerwester commented the City Council disregarded the Commissions input regarding the Airport Commission appointment, which was discouraging in light of the information the Commission worked to assist Council regarding the appointments.

Staff asked the Commission to review the draft application instructions. The cover sheet should likely specify that three of the Airport Commission seats must be City residents and two can reside

within the County of Mendocino and to check with the City Clerks' Office before filling out an application to make certain he/she resides in the appropriate jurisdiction.

Vice Chair Deerwester drafted a revised Application for Appointment to the Airport Commission for the Commission to review for comments/input. She recommended the Commission review the document and proposed changes and provide comments.

The Commission generally discussed the draft application form with particular focus on question no. 9 and whether this question was necessary, if the application instructions provide this information.

6. REPORTS

6A. Grant Updates

Airport Manager Richey reported on the FAA grants as follows:

- The RFQ's for the engineering portion of FAA Storm Drain Grant have been sent and will close on October 22, 2007 whereby he and Deputy Director of Public Works Seanor will review all of the applicants with final approval by Council.
- Staff has received a copy of the EIR for the proposed CDF facility. He noted the document is not for public distribution at this point and was sent for staff comments.
- Grant #9 will be closed out shortly after some tracking information is finalized.

6B. Hangar Inspections

Air

7. COMMISSIONER COMMENTS

8. STAFF COMMENTS

9. AGENDA ITEMS FOR NEXT REGULAR MEETING

1. Grant updates
- 2.

10. ADJOURNMENT

There being no further business, the meeting adjourned at 9:07 p.m.


Bill, Beard


Cathy Elawadly, Recording Secretary