

**UKIAH REGIONAL AIRPORT COMMISSION
SPECIAL MEETING
July 15, 2008
Minutes**

COMMISSIONERS PRESENT

Dottie Deerwester, Chair
Eric Crane
Don Albright
Bill Beard
Ben Winter

STAFF PRESENT

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

COMMISSIONERS ABSENT

None

OTHERS PRESENT

None

The Airport Commission meeting was called to order by 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**- Everyone cited the pledge of allegiance.

3. **APPROVAL OF MINUTES** - N/A

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

None.

6. **DISCUSSION/ACTION**

6A. CALSTAR Moved Continued

Airport Manager Richey welcomed Calstar Director of Base Operations Deborah Pardee and stated she is present to discuss the relocation of the Calstar operation with the Commission. He referred to a narrative from Ms. Pardee dated July 15, 2008 that provides the historical perspective of when Calstar began its operation at the Airport, Calstar's needs in terms of accommodations necessary to effectively operate, and Calstar's preferences with regard to the proposed sites.

It was noted with regard to 'Calstar Preferences' item 2 should read, "Move to the bare tarmac at the **northwest** section of the Airport; This area meets all of our needs with the exception of a hangar, but has the space that one could be added at a later date."

Airport Manager Richey commented the proposed relocation was precipitated by Calstar's increased activities from when the operation initially began. It has become apparent in terms of safety and for other relevant reasons that Calstar must relocate to another site at the Airport. The Commission has dialogued about various site options to make certain the best interests of the Airport are maintained and that Calstar's needs for relocation are appropriately met. While the best use location is the unimproved bare-ground on the northeast side, it would be costly because of the utility, paving and other associated improvements that must be completed. The DHL Hangar site is now available for lease because DHL has suspended operations at the Ukiah Airport and nationwide in some instances and can be considered as a possible site.

Airport Manager Richey stated other commercial operations leasing facilities at the Airport have left or will be leaving, which may have a detrimental effect on the Airport being able to maintain a positive cash flow in the Airport Fund.

Debbie Pardee commented as follows:

- When Calstar originally came to the Airport, the only developed area was the area currently in use by Calstar.
- Calstar was told that as more areas of the Airport are developed with the appropriate infrastructure, the roto wing operation would be relocated to an area more conducive.
- When the five-year was renewed, Calstar was advised the Airport was not ready to move the operation wherein Caltrans has since mandated that Calstar be relocated.
- Since Caltrans is now at their 10th anniversary lease renewal, the goal by all concerned is to move the operation.
- Calstar's first preference relative to the proposed site options is to remain at the current site, which is not option. The second preferences involves moving to the bare tarmac at the northwest section of the Airport, which would be the most convenient and cost effect approach. The third preference is the DHL Hangar site. There are concerns regarding the DHL Hangar site as specifically expressed in the narrative wherein a tour of the site and cost analysis of the project is necessary. One the primary concerns relocating to the DHL site is the roto wash being so close to the parked cars along the north fence wherein mitigation measures to address this issue would be necessary. One option may be to situate Calstar's pre-manufactured structures such that the cars would be protected from the roto wash operation.
- Calstar desires to purchase new modular buildings wherein financial consideration is being given in addition to upgrades to information technology for the operation.
- She inquired about the rental rate for the DHL building and explained that Calstar headquarters would be responsible for approval of the rental rate.

Airport Manager Richey stated the intent is for the project to continue moving forward so that the relocation issue gets resolved. Previous Airport Commission discussions concerning the relocation of Calstar, determined the site just south of the Bulk Fuel Storage was the ultimate location having the best and highest potential for use. However, the matter of cost for improving the site to accommodate Calstar is a significant factor. Also, a Major Use Permit application would be required.

Debbie Pardee addressed the matter of making the necessary improvements to the proposed site referenced above and is hopeful Calstar would not be responsible for all of the costs.

Chair Deerwester referred to the Airport Land Use Plan in conjunction with the DHL site and stated the Calstar operation is not an allowed use wherein a Use Permit would be required.

The Airport Commission in previous discussions reviewed the feasibility for the site north of Featherlite on the Northwest side of the Airport, which is Calstar's second choice for relocation, and determined in terms of safety and being in close proximity to State Street, the site would not be conducive for Calstar.

There was discussion about the possibility of relocating to a site temporarily and allow time to develop the site south of the Bulk Fuel Storage as the permanent site. The Commission favors the DHL site rather than the site north of Featherlite as the temporary site.

There was also discussion about leaving the existing buildings where they are now and moving the helicopter operation further south in the vicinity of the CalFire operation as there is an existing helicopter pad.

Debbie Pardee stated Calstar pilots have expressed concern about operating in close proximity to CalFire and do not support moving that part of the operation further south.

Chair Deerwester stated due to City Budget constraints for this fiscal year, the development of any site is not likely at this point.

Debbie Pardee will consult with headquarters concerning Calstar's budget as it relates to relocation costs in order to get a preliminary look at what costs are involved. She recommends staff, the Commission and Calstar meet to further discuss the proposed sites and associated costs for relocation, including rental rates for buildings and bare ground.

Commissioner Albright proposed alternative methods for financing via loans or other financial methodology for the bare land improvements that may involve fixed CPI's for the paving, water/sewer hook-ups, and electric utilities necessary for the site south of the Bulk Fuel Storage area as a permanent site.

Commissioner Crane recommended formulating a subcommittee to meet with Calstar and review the proposed sites for relocation.

It was the consensus of the Commission to meet with Calstar representatives at the next regular meeting and for the subcommittee to meet as soon as can be arranged in order to keep the process moving forward to look at sites for use on a temporary basis as well as on a permanent basis, including analysis of existing infrastructure and operating facilities and proposed infrastructure for unimproved bare land in terms of cost and feasibility of use and address site issues/constraints.

5. REPORTS

5A. Letter to Senators

Airport Manager Richey referred to his correspondence sent to both of the U.S. Senators and the FAA thanking them for grant assistance allowing for new and rebuilt ramps at the Airport. The well-being of airports by being able to maintain and upgrades to facilities is crucial to successful operations, particularly during emergency situations. If the grant work had not occurred, the fire fighting efforts of the recent wildfires would have been hampered and slowed down as the Airport was used as a staging and refueling area for firefighting activities.

6B. Airport Manager Authority for Lease Renewals

Airport Manager Richey addressed this matter as follows:

- The Commission has requested further discussion concerning Airport manager authority for lease renewals.
- This matter was scheduled for Council consideration for the May 7, 2008 regular meeting, but was pulled from the agenda.
- A copy of this matter was sent to the City Attorney and there has been no response.
- There are commercial lease agreements that have expired that require re-negotiation and they include:
 - Baker Bro/T&M Aviation (5 year extension is included in the lease agreement)
 - CalStar (no renewal option)
 - Gary Gallo Ukiah Equipment (extension included in the lease agreement)

Lucero/DHL (vacating the Airport)
Mendocino Farm Supply (5 year extension included in the lease agreement)

These commercial lease agreements are now month-to-month.

- Staff and the Commission have discussed the possibility of authorizing the Airport Manager to sign 5 year renewal of existing leases. At the present time the Airport Manager signs leases for certain facilities.
- He referred to the draft Agenda Summary Report prepared for the May 2008 regular City Council meeting regarding the matter of the Airport Manager having the authority to sign renewals of existing leases. Action by the City Council via a Resolution would authorize the Airport Manager to sign 5 year renewal/extensions of existing leases making for easier renewals of standing leases without requiring the tenant to wait for months to get the item resolved.
- The Commission first addressed the matter of lease renewals and the authority of the Airport Manager to accomplish this in 2006.
- The Airport Manager has negotiated and signed lease agreement for Tie Down, individual Hangar, and office leases and has been an ongoing practice for decades.
- The leases for large hangars are approved by City Council.
- There has been some discussion about the Airport Manager approving leases for large hangars as well.
- The recommendation for the Airport Manager having the authority to renew leases involve the following limitations:
 1. 5 year renewal only, all other terms and conditions to remain
 2. Must be taken to Airport Commission for recommendation
 3. Must comply with Land Use guidelines
 4. Lease terms and conditions already established by Council including CPI
 5. Tenant can appeal decision to Council
 6. Renewal of existing leases only.
- Again, the intent of the recommendation is not to circumvent the policy authority of City Council, but to lighten Council responsibilities for matters that can be done at staff level. It seems appropriate to allow the Airport Manager *to renew an option of an existing tenant on existing facilities* since essentially all other terms and conditions would remain the same. Any new development and buildings and/or other type of facilities would be required to go through the complete City process and the lease approved by Council.
- The proposed resolution establishes a policy authorizing the Airport Manger to sign lease renewals of the hangars/grounds leased at the Airport, as provided for in the staff report for this agenda item. This resolution specifies that the Airport Manager currently has the authority to sign leases for office space, Tie Downs, and Hangars that are commonly used for the storage of an aircraft and other personal property.

Staff and the Commission discussed the Airport Manager having the authority to sign lease renewals as follows:

- There was discussion about some of the reasons the matter of 5 year renewal/extension of existing leases has not yet gone before Council.
- The Commission recommends moving forward for approval on the matter.
- **Chair Deerwester** referred to the Memorandum from Airport Manager Richey to the Airport Commission dated September 27, 2006, and requested clarification that the Airport Manager has and is currently negotiating and signing leases agreements for Tie Down, individual Hangars, and office leases.
- **Airport Manager Richey** confirmed the above-referenced inquiry.

- **Chair Deerwester** inquired whether Airport Manager Richey can negotiate the original lease agreements for Tie Downs, individual Hangars, and office space.
- **Airport Manager Richey** stated these fees are set forth by City Resolution. City Resolution No. 2007-01 provides the current fees for Tie Downs, individual Hangars, and office space wherein the Airport Manager executes the initial leases for these rental rates and user fees.
- **Commissioner Beard** stated City Council approves the larger commercial leases.
- The recommendation is for the Airport Manager to sign leases that have already been negotiated, have been approved by City Council, and can be renewed.
- The Airport Manager can sign all lease agreements for office space, such as for the Hertz rent a car business, if it had remained on the Airport.
- The rental agreement for Calstar is different. In this case, the Airport Manager would contact the City Manager because the lease is not a renewal and would not correspond with the existing Airport policies for leases. The Calstar lease would have to be approved by City Council. Calstar is a larger commercial facility and is not a lease renewal so if Calstar relocates to the DHL Hangar, the City Council would have to approve the lease.
- **Airport Manager** stated most commercial lease agreements have a renewal option, subject to terms and conditions at the time of renewal.
- **Chair Deerwester** inquired regarding the current process for commercial leases that have expired.
- **Airport Manager** commented on the process concerning expired leases and stated the lease would first go through the Community Services Department wherein a new lease would have to be negotiated and approved by City Council. Use permits associated with the commercial operations at the Airport are subject to review by the City Planning Department. The current expired commercial leases have not re-negotiated.
- **Airport Manager** stated according to City policy concerning lease renewals is that the lease negotiation process does not begin until the lease has expired.

M/S Crane/Albright to recommend Airport staff communicate with the City Attorney concerning the proposed resolution allowing the Airport Manager authority to sign renewals of existing leases and to request the City Manager agendize the matter for review/action by the City Council at the earliest possible convenience and to discuss the matter with the Director of Communities Services Sangiacomo for his input.

Commissioner Beard commented the process is relatively simple. Any business the City conducts must be approved by Council. The rental rates for buildings and user fees for the T-Hangars, Tie Downs, office space, vehicle/rental parking, operations and landing fees are set forth in a City Resolution whereby the corresponding rates and fees are adopted by Council. Because these rates are already determined by Resolution wherein the terms and conditions do not change until again modified by Council, the Airport Manager should be have the authority to sign for the renewal of these lease agreements. He currently does have the authority. The policy for new or expired large hangars/FBO buildings/leased grounds has been that they are negotiated by the City Manager and the Director of Community Services and/or other City staff whereby the terms/conditions of the agreement are set by the negotiations and approved by City Council. The CPI's for all leases are automatically incorporated. In order to simplify the process, he supports the Airport Manager sign '**one**' 5 year renewals/extension of existing leases provided there are no changes in the terms and/or conditions like the existing procedure of the Airport Manager signing rental agreement for T-Hangars, Tie Downs, office space and for other user fees set forth by City Resolution.

Commissioner Beard stated the City Attorney will likely have to advise City Council that there is no problem with the proposed resolution.

Chair Deerwester commented essentially the intent of the motion is to agendize the matter for review by City Council.

Commissioner Crane inquired whether the matter has to be reviewed by City Council.

Commissioner Beard stated the Resolution would have to be approved by City Council.

Commissioner Beard stated the only persons that need to really be involved with the matter are the Airport Manager, the City Manager, and the City Attorney to advise the City Council that 'nothing changes' by allowing the Airport Manager to one sign 5 year lease renewals and/or extensions of existing leases. The City Attorney can address any questions the City Council may have and note that the proposed Resolution is a processing procedure rather than a change allowing for an easier method of renewing leases.

Airport Manager Richey recommends approval of authorizing the Airport Manager to one sign 5 year renewals of existing leases.

Commissioner Crane withdrew the above motion and Commission Albright withdrew his second.

The Commission discussed Resolution No. 2007-01 and whether it would be appropriate to incorporate language from this document into the proposed resolution concerning lease agreement renewals.

Commissioner Albright stated the aforementioned document does not refer to the term 'lease' in the document wherein there is a clear distinction between the policy procedure concerning the leasing of T-Hangars and lease agreement renewals for buildings/large hangars and grounds.

Commissioner Crane inquired whether Resolution No. 2007-01 should be modified or replaced.

Commissioner Beard stated the Resolution can not be modified/replaced. T-Hangar rates do not have escalation rates incorporated as do the other Hangars/grounds lease agreements wherein modification to the existing T-hangar rates can only be accomplished by the adoption of a new resolution.

The Commission addressed the matter of lease renewals and noted the rental agreements for office space, Tie Downs and Hangars are considered leases and not lease renewals.

The Commissioner further addressed the method for processing of lease agreement renewals and supported modifying *proposed* Resolution No. 2001-63, Resolution of the City Council of the City of Ukiah Establish a Policy Authorizing the Airport Manager to Sign Lease Renewals of Hangars/Grounds Leased at the Municipal Airport as follows:

The Commission modified the title of Resolution No. 2001-63 to read, "Resolution of the City Council of the City of Ukiah to **Modify** the Policy authorizing Airport Manager to Sign Lease Renewals of Hangars/Grounds Leased at the **Regional** Airport."

Whereas,

- 1. At the Ukiah Regional Airport, the City leases airport hangars and land upon which the lessee leases hangars/grounds subject to the terms of the lease; and

No change.

- 2. Said leases have lease terms and conditions that have been approved by City Council.

No change.

- 3. The Airport Manager is currently authorized by City Council resolution to sign leases or rental agreements for office space, Tie Downs, and Hangars that are commonly used for the storage of an aircraft and other personal property; and
- 4. The City Council determines the use, dollar amount, location, and type of other leases not listed above.
- 5. The Airport Manager signing lease renewals does not conflict with the aviation uses of the Airport or the interests of the City or its citizens.

No change.

Now, Therefore, be resolved that the City Council adopts the following policy regarding **lease renewals** at the Ukiah Regional Airport:

- 1. The Airport Manager is authorized to sign lease renewals for leased property on the Ukiah Regional Airport under the following conditions:

No change.

- A). A Maximum of one Five (5) year renewal only
- B). Must be taken to Airport Commission for recommendation (No change)
- C). Must comply with Land Use Guidelines (No change)
- D). Lease terms must remain as established by Council or higher (No change)
- E). Any tenant can appeal to decision to Council (No change)

Passed and adopted.....

M/S Winter/Crane to recommend the amendment of proposed City Resolution 2001-63 be submitted to City Council for adoption. Motion carried.

7. COMMISSIONER COMMENTS

There was a brief update concerning the incoming new Airport Manager.

The Commission discussed meeting dates and it was the consensus of the Commission the next regular meeting will be September 2, 2008. A subcommittee meeting regarding Calstar will be held August 5, 2008, at 6:30 p.m.

8. STAFF COMMENTS

There was discussion concerning Airport Manager Richey's retirement party on July 24, 2008.

9. AGENDA ITEMS FOR NEXT REGULAR MEETING

1. Calstar relocation

10. ADJOURNMENT

There being no further business, the meeting adjourned at 9:01p.m.

Dottie Deerwester, Chair

Cathy Elawadly, Recording Secretary