

UKIAH REGIONAL AIRPORT COMMISSION
November 4, 2008
Minutes

COMMISSIONERS PRESENT

Dottie Deerwester, Chair
Eric Crane
Don Albright
Jeffrey Sloan
Carl Steinmann

STAFF PRESENT

Greg Owen, Airport Manager
Ken Ronk, Airport Assistant
Cathy Elawadly, Recording Secretary

COMMISSIONERS ABSENT

None

OTHERS PRESENT

Floyd Smoller
Terry Guerrero
Steve Savonen
Don Bua
Mike Whetzel
Dale Harrison
Jim Derickson
Daryl Hudson
Eric Mercer
Nick Bishop
Bob Searer
Dave Brown

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 recited the pledge of allegiance. [6:30:50 PM](#)
3. **APPROVAL OF MINUTES** - October 7, 2008

M/S Crane/Albright to approve October 7, 2008 minutes, as submitted. Motion carried.

4. **AUDIENCE COMMENTS ON NON-AGENDA ITEMS** [6:31:57 PM](#)

Mike Whetzel emphasized the importance of the Airport Commission and its role as an advisory body to City Council and City staff. He recommends the newly seated Commissioners be given the proper resources/documents, such as copies/access to the Airport Land Use Plan, the Airport Master Plan, CIP list, Airport Hangar Policy and Procedures, Airport Quiet Flying Policy and Procedures, and other airport-related regulations/policies/documents to assist the Commission with effectively making sound decisions concerning Airport issues and ensuring successful operation/application of good planning of the Airport as an Enterprise Fund.

Staff will make certain the commissioners have the necessary resources to address/evaluate Airport issues and make appropriate recommendations thereof.

5. **DISCUSSION/ACTION** [6:35:00 PM](#)

A. Budget Line Item 291 (City Manager to discuss)

City Manager Chambers commented on the subject of Budget Line Item 291 (General Government Service Charges) as follows:

- It is common practice for cities to have a Cost Allocation Plan in place for indirect costs in support of the activities a city undertakes; She referred to copy of such a plan as an example.

- The Airport is an activity the City undertakes by supplying the necessary personnel/legal/financial/building/IT/ and direct support from City Administration/City Manager's Office and other relevant support areas it takes for the Airport to effectively operate.
- There are both direct and indirect costs associated with operation of the Airport. The general Budget Line items constitute the direct costs for operation of the Airport and the indirect costs constitute an allocation of time and resources spent to support the activities it takes for the Airport to operate from a business perspective.
- While the tracking of time relative to costs has merit, the City does not have this kind of organizational support system and typically justifies indirect costs for departmental activities from internal billing sources/accounts payable tracking methods and other systems/processes for tracking of costs/expenses. Billing for services/departmental activities on an hourly basis and/or in a more detailed record keeping fashion may not be the best approach for the City in terms of time and cost variables.
- The Finance Department has considerable interaction with the Airport in that it processes all of the accounts payable and receivables for fuel sales, which is essentially the primary business component of the Airport.
- The City has a system that annually distributes cost activities into the indirect cost allocation accounts for the Airport and all other departments.
- She has noted significant increases relative to the indirect cost allocation accounts in the last few years primarily attributed to an increase in the cost of doing business. City departments have noted baseline costs services to maintain/preserve the City as a fully functioning entity have increased.
- City staff and Council will be reviewing the financial policies, including the likelihood of setting new policies wherein one of the policies will be to identify what kind of indirect cost allocation plan the City Council desires the City utilize.
- She encourages the Commission to formulate a Cost Allocation Plan for the Airport by exploring the elements as to the necessary and relevant services rendered for effective/efficient operation of the Airport for review/consideration by Council as part of the financial policy.
- Cost Allocation Plan programs should be 'fair' and consistent across the board for all City departments.
- City Council has assigned ad hoc committees to address priority items/issues the Council believes need to be reviewed for possible restructuring, of which review of the current financial policy is one of those items.

Commissioner Crane is of the opinion that many of the indirect costs could be/should be direct costs and supports having a more detailed methodology for tracking of time/costs for services rendered. One example given was attorney fees, which City Manager Chambers acknowledged would be straight forward to do. It is important to understand the 'cost drivers' and be able to 'control' them. Under the current system, this is not possible. There are other outside entities that could perform services at a lower cost than what the City charges for the same service.

Commissioner Albright commented on the importance for the Airport to be able to plan for building/hangar repairs/improvements and/or other types of necessary improvements, noting it is getting more difficult to plan ahead and effectively save if Line Item 291 continues to increase disproportionately each year. There was an approximate 40% increase compared to last year's FY budget for this expense item. In his opinion, the increase reflects more than just an increase for cost of living.

City Manager Chambers commented another activity staff/Council is undertaking is to develop a comprehensive Capital Improvement Program document with projected timelines and the scheduling of projects, which will include all of the Airport projects.

Commissioner Albright commented necessary tenant improvements should offset as closely as possible 'tenant improvement credits' in a 'dollar per dollar trade' as part of the FY Budget plan. If Line Item 291 changes disproportionately annually and there is no actual accounting method justifying the expense, it is difficult to plan and/or set aside funding for repairs/improvements and/or prepare for unanticipated expenses.

City Manager Chambers recommends the Airport staff/Commission produce an effective operating Business Plan that would more closely address revenues and expenses and in the process decide whether the Airport should be handled by a straight cost allocation plan or whether there was some other way to manage service costs for review by Council. When developing such a plan, the Commission has the opportunity to identify the elements necessary for an effective operating plan. She will work with the Commission in this regard.

Chair Deerwester inquired about completing a time study in order to come up with a cost allocation plan, noting non-profit organizations use this approach.

City Manager Chambers noted such a study may have relevance and reiterated again at this point the City does not have a detailed method for tracking time and costs. Such tracking could be very expensive.

Chair Deerwester commented on the matter of a CIP plan and stated the Airport Master Plan addresses the matter of having a comprehensive CIP plan in place. The FAA does require updates to the CIP, which is subject to constant review and change.

City Manager Chambers reported the City has purchased a new and sophisticated software program for tracking/managing CIP projects.

Mike Whetzel commented on the matter of the CIP plan and stated the Airport receives a significant amount of FAA grant funding for improvements as part of the CIP wherein the deadlines for submittal of applications thereof must be timely met.

Floyd Smoller commented there has been no mention of the Airport's value to the community to offset/justify the City's direct and indirect costs to operate.

City Manager Chambers replied this would essentially be a policy decision because that portion of the revenues that support the operation of the Airport through the general fund either must be absorbed or charged out for Airport activity. If such expenses are not charged out, they must be absorbed somewhere else and this is when the matter becomes a policy decision set forth by Council. There is no question, the Airport represents a tremendous asset for the community wherein she is hopeful that moving forward and working on a Business Plan in connection with the Airport Land Use Plan that the Airport could be even more of an asset for the City.

City Manager Chambers suggests the Commission make recommendations regarding development of a Business Plan and review of a possible Cost Allocation Plan for the Airport for review by Council.

Chair Deerwester and Commissioner Crane noted the importance for the Commissioners to participate on the ad hoc committee as it relates to a financial policy and its affect on the Airport.

This matter will be agendized for later discussion.

B. Airport Lease [7:03:56 PM](#)

Airport Manager Owen stated the purpose of this agenda is made at the request of the Commission. The Commission has requested language be added to Airport lease documents to read, "Any appeal of these policies will be taken to the Airport Commission for review and recommendation." The City Attorney and City Manager discussed the proposed added language and concluded such language would not solve any issues between the Airport Manager and a tenant in a disagreement on how the lease is being administered. Per City Code, the Airport Manager shall administer this Agreement on behalf of the City whereby the Airport Manager shall represent the City and communicate with the lessee on behalf of the City. The laws and rules applicable to the City will determine which City official or employee has the authority to make any particular decision on behalf of the City. The Commission would not have the authority to make the Airport Manager change their decision on how the lease was being administered. If a tenant desires to appeal the lease

being administered they would do so through the City Manager. If the tenant was still not happy with the decision of the City Manager, the appeal would be taken to Council for final decision.

Staff/Commission comments:

- The City Attorney is of the opinion the matter of appeal is essentially out of the scope of the Commission's authority.
- **Commissioner Deerwester** was offended by the City Attorney's response. The Commission is very serious and conscientious about the duties and role concerning Airport matters. She understands the Commission functions in an advisory capacity and it is not the intent for this body to interfere/challenge the job/duties of the Airport Manager, City Council and/or staff member. The Commission as an advisory body can provide for another avenue and/or alternative recourse for issues they may involve tenants and lease agreements or other issues in which the Commission can make a recommendation.
- **Commissioner Albright** supports the Airport Manager doing his job without the Commission's involvement with regard to disputes involving tenants and lease agreements and for the Commission to continue acting in an advisory capacity for issues that involve land use planning and highest and maximum effective use of land, CIP plans, FAA improvement grant matters, issues involving enforcement of Airport policy and procedures, security, and all matters that pertain to issues affecting operation/maintenance/preservation/improvements of the Airport.
- The Commission discussed the request to add language to the lease agreement and was of the opinion an appeal process is important and should be addressed in lease agreements wherein tenants with disputes have the opportunity/option to take a dispute to the Commission for review if he/she desires. The role of the Commission at this point would be advisory with a recommendation to the Airport Manager and/or City Council.
- The Commission supports the language be included in the lease agreement to read, "Any appeal of these policies **can** be taken to the Airport Commission for review and recommendation."

M/S Albright/Crane to recommend the City Council approve the proposed additional language to the lease agreement as modified above. Motion carried.

The Commission supports a follow-up report in this regard.

C. T & M Aviation New Lease [7:18:34 PM](#)

Airport Manager Owen addressed the new lease agreement that will go before City Council for final approval.

Mike Whetzel commented while the lease has increased in length and is more technical in nature, he and the Airport Manager Owen have successfully negotiated an agreement. He briefly elaborated on the contents of the lease and the changes made thereof. The lease agreement is for a five-year with a renewal option and he has first right of refusal. One of the issues was liability with regard to fire damage, which was changed to \$1 million coverage as opposed to \$2 million.

Airport Manager Owen generally discussed the new lease agreement format and stated even though the agreement is more comprehensive, it contains the same information as to terms and conditions. The Lease Summary is helpful because it provides an overview of the terms and conditions for lease agreements.

M/S Albright/Sloan to accept lease agreement, as written. Motion carried.

D. FAA Lease Renewal [7:26:56 PM](#)

Airport Manager Owen stated a new five-year lease agreement is proposed for the equipment room. The FAA typically writes its own leases for facilities. The existing lease expired September 30, 2008. The FAA has delineated the space they desire to lease and in the process relinquished some square footage formerly leased. The storage facility the FAA has occupied for many years is now empty. He supports the Commission recommends City Council approve the FAA lease for the FAA equipment room. When the lease

expires, he will stipulate to the FAA the lease be a City document. The lease will become effective October 8, 2008.

M/S Stein/Albright to recommend the City Council approve the FAA lease agreement for the FAA equipment room.

E. Old Lumber Mill Roof Replacement [7:30:37 PM](#)

Commissioner Crane recused himself from discussion/action of this agenda item.

Airport Manager Owen stated the project generated two bid proposals wherein low bid went to HLR roofing. There is money in the Airport maintenance budget to make the roof improvement. The expense can be recouped by rental of the property.

There have been inquiries concerning leasing of the existing building, as well as for a ground lease.

The Commission noted the old lumber mill area is a high profile site wherein site presentation/appearance is important when considering the type of use. The Commission supports future tenants operate an airport-related business.

Airport Manager Owen commented the site, as presently developed, could not support an aviation-related business and noted the importance of the Airport being able to generate revenue by allowing a non-aviation related tenant to lease the site.

M/S Albright /Steinmann to approve the bid award. Motion carried.

6. REPORTS

A. CALSTAR Update [7:36:44 PM](#)

Airport Manager Owen reported the matter of the CALSTAR operation relocating to Hangar 9 pending approval of a Major Use Permit to comply with CalTrans aeronautics Division finding the current location is unsafe for CALSTAR's current operation and authorize City to Manager to approve CALSTAR's lease is before City Council tomorrow night.

B. Sweeper Parking [7:38:14 PM](#)

Airport Manager Owen reported the Public Works Department has indicated the taxiways/runways will be swept every three weeks.

The Commission discussed past problems associated with the Public Works Department consistently being able to sweep the Airport. The Commission desires to know about the history of the street sweeper donated by the Montanos family in terms of its effectiveness.

C. Commission Attendance Policy [7:42:18 PM](#)

Airport Manager Owen referred to City Code regarding the matter of Commission attendance.

Chair Deerwester stated Commission policy has been for the Commissioners to contact staff or the Commission Chair in the event of an impending absence allowing for an excused absence versus an unexcused.

7. COMMISSIONER COMMENTS [7:47:34 PM](#)

Chair Deerwester requests receiving a copy of the Airport Newsletter.

Chair Deerwester/Commissioner Crane desire to receive agenda packets by e-mail.

Commissioner Albright supports agendizing the issue of helicopter transient parking for discussion.

The Commission requests all agenda items proposed for discussion for the next regular meeting be included on the agenda and the Commission will decide which items will be discussed.
There was a brief discussion concerning the matter about a person who comes to the Airport and 'loiters.'

8. STAFF COMMENTS [7:45:11 PM](#)

Airport Manager Owen commented on tenant issues with regard to the Taylor Hangars that have not been resolved.

9. AGENDA ITEMS FOR NEXT REGULAR MEETING

Cost Allocation Formula recommendations regarding Budget Line Item 291(discussion/action) (A subcommittee was formulated in this regard)

Transient Helicopter (Discussion/Action) (A subcommittee was formulated in this regard)

Non-Aviation tenants (Discussion/Action)

FAA CIP/ACIP plan (Discussion/Action)

Business Plan (Discussion/Action)

Airport day update (report)

Compass Rose update (report)

Taylor Hangar Update (report, if available)

History of street sweeper and policy (report)

CALSTAR relocation update (report)

Redding Auto Body matter (report)

10. ADJOURNMENT

There being no further business, the meeting adjourned at [8:20:06 PM](#).

Dottie Deerwester, Chair

Cathy Elawadly, Recording Secretary