

UKIAH REGIONAL AIRPORT COMMISSION
May 5, 2009
Minutes

COMMISSIONERS PRESENT

Dottie Deerwester, Chair
Don Albright
Jeff Sloan
Carl Steinmann

STAFF PRESENT

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

COMMISSIONERS ABSENT

Eric Crane, Vice Chair

OTHERS PRESENT

Jim Derickson
Nick Bishop
John Eisenzopf
Bob Searer
Mike Whetzel
Daryl Hudson
Ryan Soiucchetti
Floyd Smoller
Phillip Ashiku

1. CALL TO ORDER

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.

3. APPROVAL OF MINUTES – February 17, 2009 and April 7, 2009

M/S Albright/Sloan to approve February 17, 2009 minutes, as submitted. Motion carried.

M/S Albright/Sloan to approve April 7, 2009 minutes, as submitted. Motion carried.

4. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

John Eisenzopf requested his letter dated April 29, 2009 addressed to City Manager Jane Chambers regarding the proposed relocation of CALSTAR be incorporated into the minutes as a matter of record. This document is hereby referenced as 'Attachment 1'.

He stated the Airport Manager has been planning and preparing to move CALSTAR from its present location to a new location further north on the Airport. During this process, the Airport Manager has misrepresented facts and misled public officials to proceed with this objective without regard to legitimate safety concerns expressed by local pilots. He continues to pursue the project despite the objections raised. The CALSTAR relocation poses a hazard to fixed-wing aircraft at the Airport.

Mr. Eisenzopf further commented on his discussions with CALTRANS Aeronautics that are specifically addressed in the above-referenced letter concerning the agency's substantiated reasons for the proposed relocation of CALSTAR. He indicated CALTRANS Aviation Safety Officer Patrick Miles declined to characterize his communication as 'an approval' by stating that 'in his opinion' the proposed site is 'preferable' to CALSTAR's current location and that it is essentially his 'recommendation' they move. Mr. Miles drew a conclusion citing long-term safety as the reason for the move based on a single site visit of less than two hours whereby the 'recommendation' to the Airport Manager was instituted on this solitary visit. He also discussed the matter of potential conflicts with CALSTAR operating at the former DHL Hangar site relative to roto-craft and fixed-wing aircraft operating/parked in close proximity to one another. Mr. Miles

indicated at the time he was visiting the site there was no fixed-wing activity on the adjoining taxiway or abutting hangar and therefore, concluded there would be no conflict with parked or taxiing fixed-wing traffic based on the this observation.

Mr. Eisensof also spoke with Gary Cathey, CALTRANS Division Chief regarding this agency's authority and jurisdiction over the proposed move. CALTRANS has permitting authority over airports, specifically as they pertain to 'movement areas,' such as runways and taxiways rather than ramps or parking areas. The City of Ukiah has permitting authority over individual businesses within its jurisdiction. CALTRANS has nothing to approve since no formal plan was submitted and CALTRANS role is advisory only.

Mr. Eisensof stated, in his opinion, given the close proximity to fixed-wing airplanes, it is unlikely CALSTAR could operate from the proposed new locations without violating FAA regulations and the City of Ukiah could be held responsible for resulting aircraft damage or injuries with approval of the Use Permit for the relocation project.

While Mr. Eisensof supports CALSTAR because it provides a valuable service to the community, he does not support relocation due to potential impacts related to safety hazards and damage to private property.

Phillip Ashiku thanked Greg Owen for doing a good job managing the Airport.

5. DISCUSSION/ACTION

5A. New Lease Agreement for Small Hangars

Airport Manager Owen referred to the draft Special Requirements and Conditions for Hangars and stated this document is essentially an addendum to the lease agreement that has been initiated in response to issues raised concerning compliance with City Hangar leases relative to non-operable aircraft, sub-leasing of hangars and other relevant issues. The objective of this document is to more clearly define the existing hangar leases.

Chair Deerwester stated the current leases require tenants to have an airworthy aircraft and to have updated insurance for the aircraft and inquired regarding other requirements.

Airport Manager Owen stated while the lease agreements do have provisions that address airworthy aircraft and insurance, the current lease agreements do not specify that log books are to be inspected annually and that hangar rents will double for not having an airworthy aircraft in them. He advised the City Attorney will review the document.

There was discussion about kit/homebuilt aircraft projects and/or other aircraft requiring repair and how such circumstances are handled in terms of compliance with the lease agreement provisions.

The Airport Manager has the authority to make certain progress is being made for kit projects and repairs for completion in a timely manner. The draft conditions state, 'Aircraft must be airworthy (lawful to fly) within 12 months after the lease is signed, or 12 months after implementation of these requirements.'

Chair Deerwester noted the language referenced above is similar to the existing language in the Hangar lease agreements in this regard.

There was discussion concerning the language, 'Permittee accepts that hangars are designed and constructed as storage structures and as such may be subject to occasional problems including, but not limited to, minor leaks, drainage problems, settling, difficult door opening cracked pavement, etc.' and how general maintenance issues would be addressed.

Airport Manager Owen stated the provisions do not preclude maintenance.

M/S Albright/Steinmann to recommend Airport Manager Owen move forward with finalizing the draft document and incorporate the contents as part of the Hangar lease agreement. Motion carried.

5B. Fuel Price

Airport Manager Owen stated this topic was briefly discussed at the last regular Commission meeting whereby further discussion was requested. The Airport follows City Resolution 87-45 that states aviation prices at the Ukiah Municipal shall be set not higher than 25% below the highest and not less than the average pump price for aviation of those surveyed within 50 miles of the coast, between Napa and Arcata.” Staff complies with this resolution when setting fuel prices by surveying other airports within this radius. Some of these Airports are self service, self service & full service or full service. Presently, full service is the type of fueling facility available at the Ukiah Airport. Consideration is being given to implementing a self-fueling facility in the future. However, such a self-fueling facility will likely have to be budgeted for because it is a costly item.

The fuel pricing comparison chart demonstrates fuel prices for airports within the respective radius specified in the Resolution and categorized according to whether the airport is ‘Full Service’, ‘Self Service’ or both. The chart also shows fuel prices for airports out of the area not covered by the Resolution. Napa and Sonoma County Airports offer both full service and self service. Sonoma County Airport has two fuel vendors for each of the two individual fueling systems. According to the most recent fuel price survey and corresponding chart, there are three airports having lower fuel prices and they are self service. Staff is very conscientious about setting fuel prices and being competitive with the other airports in the area in accordance with the Resolution provisions.

Staff/Commission/public discussed this agenda item:

- Reference to ‘average pump price’ in the City Resolution pertains to fuel comparisons for Full Service.
- The matter of fuel prices has come about because concern has been expressed the Ukiah Airport fuel prices were higher than other areas when in fact out of all the self service comparisons, there were three airports lower than Ukiah Airport.
- Staff uses the “Air Nav” website for current fuel price comparison purposes.
- Staff addressed the rumor that fuel prices would be raised at the Ukiah Airport and stated there are no plans to raise fuel prices.
- **Mike Whetzel** expressed concern about possible fuel and hangar rent increases and whether other options have been explored to raise revenue for the Airport without fuel and hangar increases.
- **Mike Whetzel** commented on the matter of fuel differentials and stated pilots do purchase fuel at airports with the lowest price. He supports the Airport has competitive gas prices and whether it would be beneficial in the long run to lower fuel prices to encourage pilots to purchase fuel at the Ukiah Airport.
- There was discussion about the benefit of doing a fuel cost analysis and whether it would be cost effective for the Airport to reduce fuel prices and remain competitive. The concern is possible margin of loss that could occur if the Airport offered fuel at a discount in conjunction with financially being able to compete with the cost of purchasing fuel. The Airport must sell a sufficient amount of fuel in order to offset the cost of purchasing fuel and still make a profit. The question is how this can be effectively accomplished without risk of losing revenue.
- Staff does not disclose information to the public about what the Airport pays for its fuel. The City Attorney would be able to address whether such information can be made public.
- The Airport follows the perimeters set by the Resolution with regard to establishing fuel prices.
- **Commissioner Albright** inquired about purchasing fuel and the associated costs and whether the inventory of fuel is considered and documented when decisions are made whether it is the appropriate time to purchase fuel.
- Staff stated fuel is typically ordered based upon need/demand and cost whereby inventory is considered. If the price of fuel is determined to benefit the Airport, fuel will be purchased even though the Airport may not necessarily need it. For example, during the summer months when the Airport sells the most volume of fuel, it is important the Airport have a sufficient amount of fuel on hand to meet the demand. Staff determines the best time to purchase fuel sales and regulates

inventory according to demand, projected anticipated fuel sales, and fuel costs. Profit margins are subject to decisions made by considering/balancing the criteria of demand, fuel costs, existing inventory, and fuel prices

- Staff discussed the proposed matter of lowering fuel costs and stated there are extenuating circumstances that must be considered. It was noted the current fuel vendor (BP) does accept credit cards with no processing fee, which is one of the factors to be considered.
- The Commission discussed approaches to cutting costs, noting one element of cost savings would be to refrain from taking credit cards in instances where the Airport pays the fees for processing. Such costs should be extended to the customer rather than the Airport absorbing the cost.
- **Commissioner Albright** commented the cost savings to the Airport by establishing a policy that no longer accepts credit card requiring a processing fee could be essentially extended to hangar tenants by offering fuel at a discount to offset costs to tenants, such as increases in hangar rents. In other words, the fuel purchased by tenants could be tied into some form of hangar rental credit.
- **Mike Whetzel** stated it is not that fuel prices are abnormally high, the intent of the discussions about fuel prices, hangar rents/other costs and cost savings is to facilitate ways of generating money for the Airport.
- **John Eisenzopf** stated the reason the fuel issue has come about is that the Commission/staff and interested persons have been discussing ways of actually bringing additional revenue to the Airport rather than local pilots having to absorb additional costs. One of the obvious ways is to sell fuel to transient pilots, which is a revenue stream that could be potentially captured and not currently in place. In response to a recent survey/questionnaire he conducted relevant to fuel prices and encouraging fuel sales at the Airport, he found a large disparity of prices between regional airports. He noted a cost savings of purchasing fuel at the Colusa airport. The intent is to create a strategy to encourage fuel sales at the Ukiah Airport.
- There was discussion about formulating a trial period by adjusting fuel prices just enough to attract business from pilots outside of the area.
- **Chair Deerwester** suggested if a trial period were to occur, it should be during the summer when the volume of fuel sales is higher.
- There was discussion about the potential loss to the Airport by offering fuel at a discount and how the City would recover/compensate in the case of a poor business decision.
- There was also discussion about the financial benefit to having a self-fueling facility.
- **Phillip Ashiku** commented it is necessary to conduct a fuel analysis and obtain the necessary data/information before imposing an action.
- **Airport Manager Owen** stated the approach to conducting an analysis would be to track tail numbers to see who purchases fuel, what quantity, and the frequency.
- **Airport Manager Owen** stated any proposed changes outside of the Resolution relative to fuel pricing would have to be reviewed by City Council.
- **Chair Deerwester** supported the concept of working within the perimeters of the Resolution.
- **Commissioner Albright** recommended staff proceed with eliminating the percentage fee cost paid by the Airport to credit card companies for processing fuel charges by establishing a policy that places the cost of processing the credit card fees to the consumer. BP does not charge such a fee. In this way, staff would be able to more effectively assess fuel prices in connection with fuel costs with knowing what the net price will be.
- The Commission recommended staff post fuel prices on site and for staff to complete a fuel price analysis based on past and present data relative to the margining of profit based on fuel prices/sales and costs.
- The Commission supported looking at other ways to generate revenue at the Airport, such as growing grass hay on the acreage available and selling it, opening up a camp area on the east side of the Airport for pilots that fly to Ukiah, consideration for potential fuel discounts within the Resolution requirements to attract pilots from out of the area, and other innovative techniques/practices that would be workable. Fuel sales represent the highest amount of revenue generated for the Airport whereby the goal should be to sell as much fuel as possible. The question is how to best accomplish this objective? Should fuel be discounted? How much inventory should be on hand depending on the season?

- Advertising fuel prices is important.
- **Chair Deerwester** stated Airport policy/procedural changes must be done in a well-thought out manner.
- There was discussion about the cost of repairs to one of fuel trucks in terms of maintaining additional fuel inventory and fuel cost savings. Staff confirmed there is an older fuel truck that needs repair and that it would likely be costly.
- **Jim Derickson** asked if FAA grant funds would be available for truck repairs.
- **Airport Manager Owen** stated such funding is not typically available for vehicle repairs.
- **Airport Manager Owen** stated there has been discussion about the Airport going out to bid for fuel vendors to ensure the Airport has a contract with a vendor at the best price.

The Commission requested staff putting together some data for review at the regular June meeting with a plan recommendation whether it would be feasible to have a trial period for selling fuel at a discount to target additional fuel sales and/or other ideas on ways to generate additional revenue for the Airport, including strategies on how the Airport is marketed.

Commissioner Albright recommended further discussion concerning encouraging customers to use BP credit cards in an effort to possibly eliminate/limit the merchant fees the Airport has to pay to the credit card companies for processing charges for fuel.

5C. Taylor Hangar

Airport Manager Owen stated there is nothing new to report.

5D. Joint Airport Commission and Mendocino County Land Use Commission Meeting

Airport Manager Owen advised the Commission has discussed the possibility of meeting with this Commission concerning the Infill B2 Compatibility zone that controls development in this area and whether possible changes should/can be made.

The Airport Commission asked if the Airport Manager would contact the Commission and propose some dates for a joint meeting.

5E. Possible Revenue Sources

Airport Manager Owen stated this agenda item essentially ties-in with the above discussion about fuel pricing. There has been discussion concerning the need for a wireless credit-card reader and staff is reviewing the cost with the City Finance Director in terms of revenue feasibility. Staff is also looking at hiring a consultant to formulate a marketing/business plan for the Airport.

There was additional discussion concerning the production of grass hay on the Airport for sale and how the grass could be irrigated.

A public member stated even the 'simplest' of courtesies could encourage fuel sales at the Airport, such as renting/offering bicycles for customers/patrons to take advantages of the eateries/services in the area while waiting for aircraft repairs or other reasons. Staff could work with the hotels in the area to arrange for shuttle services by the hotels for pilots and other persons flying to the airport for business/pleasure to stay at their facilities. This would be a way to encourage fuel sales for the Airport. The hotels would benefit as would the retail establishments and eateries in the area.

It is important the Airport explore alternative ways to generate additional income.

There was a brief discussion concerning allowing use of the Airport's electric vehicle for shuttling. Staff indicated this may be a liability issue requiring review by the City Risk Manager.

There was discussion concerning the implementation of solar panels to reduce costs at the Airport. Staff is continuing to explore this feature.

Staff advised the proposed tenant for the former lumberyard site has declined to move forward because the City Planning Department would require a Use Permit and he did not want to expend more money.

Chair Deerwester supports having a kiosk on the Airport that provides information about the Airport and this would be a positive way to promote the Airport.

5F. Compass Rose

Airport Manager Owen referred to his staff report for this agenda item and reported the 99's was successful with painting the Compass Rose on the ramp. Some concern was expressed that the location selected might be too difficult to use if aircraft are parked too close to the Compass Rose.

The Commission discussed the need for having a more functioning Compass Rose on the Airport. Various locations are being considered by the Commission in an effort to find a suitable location for effective use without interference by parked aircraft. The second more functioning Compass Rose can be smaller in size.

Chair Deerwester recommended staff craft a letter thanking the 99's for painting the Compass Rose.

5G. Airport Day

Airport Manager Owen commented on the planning progress for the Airport Day event and stated the number of activities has expanded than originally planned. He commented on the various scheduled activities planned for this family event.

The Commission anticipates Airport Day will be well-attended with the many activities, static displays, programs, vendors and food services planned.

The Commission discussed the issue of parking to make certain there will be sufficient accommodations.

The Airport Day committee meets regularly on Monday evenings.

It was noted former Airport Manager Richey will be the 'Air Boss' and staff is looking into securing a back-up for Mr. Richey.

6. REPORTS

6A. CALSTAR Update

Airport Manager Owen reported the Planning Commission reviewed CALSTAR's request for approval of a Major Use Permit and Major Site Development. At that time, the Commission cited issues with the project and continued the matter to a date uncertain to allow time to substantiate the reasons cited for the mandated move by CALTRANS Aeronautics, as well as to resolve unanswered questions raised by the public/interested persons that pertain to safety hazards and potential impacts/damage to private property. The Planning Commission understands that the proposed relocation is a temporary site and that the future plan is to move CALSTAR to a permanent site on the east side of the Airport where a helicopter operation would be use appropriate.

Airport Manager Owen stated the Planning Department initially had concerns about the project because the Airport Land Use Plan document does not allow helicopter use in that portion of the Airport.

The Airport Commission has also reviewed the site and supports the relocation as a temporary solution with the intent that a permanent site on the east side of the Airport would be considered for infrastructure improvements and development to accompany a helicopter rescue operation. It was the understanding of the Airport Commission that CALSTAR must move to another location because of safety issues at the current location. With this mandate in mind, the Airport Commission began the process of looking at other areas on the Airport that could support a helicopter rescue operation. The former DHL building became available for rent and the Airport Commission looked at the site in terms of safety and made a recommendation to staff. The Commission stated the proposed new site would be temporary until a

permanent site on the east side of the Airport can be improved to support the use. While no formal documentation was ever made available by CALSTAR or CALTRANS to staff or the Airport Commission substantiating the move, there is documentation that CALSTAR is in violation of safety standards. CALTRANS also looked at the proposed site and approved of it. Greg Owen was not the Airport Manager when the matter of CALSTAR having to relocate began. CALSTAR agreed to the move. In November 2008, the City Council reviewed the CALSTAR project and approved the new site and authorized the City Manager to execute a lease agreement in this regard.

Airport Manager Owen stated the concern CALTRANS has does not pertain to the Airport Land Use Plan. A document formulated by the Airport outlining how uses are planned is not a concern of CALSTRANS and it is considered a local rule. CALTRANS looks at how the Airport complies with the rules that are in effect.

Staff recently met with CALSTRANS and the recommendation from this agency is the proposed new site.

John Eisenzopf commented CALTRANS has indicated to him they have no jurisdiction over the ramps in the parking areas and that their jurisdiction ends at the taxiways. He questioned why CALSTAR is being moved from one site where CALTRANS has no jurisdiction to another site where CALTRANS also has no jurisdiction.

Airport Manager Owen stated CALTRANS Aeronautics inspects and certifies the Airport whereby the Airport must comply with the regulations imposed and has recommended/approved the new location.

John Eisenzopf stated there is a clear distinction between the terms 'recommend' and 'approve.' CALTRANS 'recommends' relocating CALSTAR to the new site. He does not support the proposed new site because of safety issues and potential impacts to private property.

There was discussion about the fact the Airport is losing revenue because no rent is being paid since the project has not been approved by the Planning Commission and the lease agreement has been approved by City Council.

Mike Whetzel does not support the move and cites safety and impacts to private property whereby the City would be held liable.

The Commission discussed the project and requested clarification whether there is any documentation that can be produced stating CALSTAR is required to move.

Airport Manager Owen also questioned whether there was documentation because when he came aboard as Airport Manager the matter of the CALSTAR relocation was an ongoing agenda item and that action was necessary to find a suitable location. It is for this reason that he got involved in the process. CALTRANS has requested CALSTAR be relocated to a better location citing safety as the issue and that the current location is unsuitable. This request requires the City to act on finding a more suitable location to avoid being held liable for injury and/or damage to persons/private property. CALTRANS has indicated the safety concerns/issues at the current location are mitigated with relocation to the new site.

Chair Deerwester stated the documentation that is necessary is for CALTRANS to submit the reasons CALSTAR must relocate. CALSTAR should also submit documentation.

Airport Manager Owen stated CALTRANS will send a full report. The Planning Commission will revisit the project once the issues raised have been fully addressed.

Chair Deerwester recommends the Commission be advised when the Planning Commission will again review the project. She encourages the Commissioners to attend to inform the Planning Commission of the measures the Airport Commission has considered and taken with regard to supporting relocation to the new site. It is very important for the Airport to have the documentation from CALTRANS and/or CALSTAR that provides the support for the decision made concerning the move.

There was discussion why no one has seen the original documentation when the process began years ago, since the current site was to be temporary.

The matter of CALSTAR relocating was requested to be agendized for continued discussion at the regular June meeting.

Chair Deerwester recommended the CALSTAR discussion be a timed agenda item.

6B. Budget Line Item 291

Airport Manager Owen stated there is nothing new to report. This matter will be agendized for the July regular commission meeting.

6C. FAA Grant Storm Drain Construction

Airport Manager Owen reported the Airport is still waiting for the plans and specifications from the consultants. The Airport will receive another \$200,000 from the FAA for a grand total of approximately \$750,000 for the construction portion of the Airport storm drain project.

7. AGENDA ITEMS FOR NEXT REGULAR MEETING IN JUNE

1. Fuel price comparison analysis /discussion/action
2. Proposed credit card change regarding processing fee /discussion/action
3. Helicopter pad / report
4. Compass Rose / report
5. CALSTAR information update / discussion action
6. Airport Hangar Maintenance/Grounds/Building Checklist / report
7. Joint Meeting with Mendocino County Land Use Commission / report
8. Airport Budget 2009/10 / report

Discussion/action of Taylor Hangar was tabled for the June regular meeting.

8. COMMISSIONER COMMENTS

Commissioner Sloan will volunteer at the Airport Day event.

9. STAFF COMMENTS

Airport Manager Owen reported the City sweeper has regularly been working at the Airport.

10. ADJOURNMENT

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

Dottie Deerwester, Chair

Cathy Elawadly, Recording Secretary