

CITY OF CHICO
CHICO AIRPORT COMMISSION REGULAR MEETING – January 27, 2015
Minutes

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1. Call to Order – Management Analyst Debbie Collins called the meeting to order at 6 p.m.

1.2. Swearing-in of Airport Commissioners – Deputy City Clerk Dani Brinkley

Re-appointed Commissioner Thomas Nolan-Gosling and newly appointed Commissioner Mike Antolok and Commissioner Tom Kozik were sworn-in to serve four year terms on the Airport Commission.

1.3. Roll Call – Present: Antolok, Chapman, Kozik, Nolan-Gosling
Absent: Vandenplas

1.4. **ELECTION OF CHAIR AND VICE-CHAIR**

Pursuant to City of Chico Charter Section 1003, at the first regular meeting of each calendar year the Commission will elect one of its members to serve as presiding officer.

Management Analyst Collins described the election process and opened the nominations for Airport Commission Chair.

A motion was made by Chapman and seconded by Kozik nominating Nolan-Gosling for the position of Chair. There being no additional nominations the motion carried by the following vote:

AYES: Antolok, Chapman, Kozik, Nolan-Gosling
NOES: None
ABSENT: Vandenplas

It was noted for the record that Thomas Nolan-Gosling will serve as the 2015 Airport Commission Chair.

A motion was then made by Antolok and seconded by Kozik nominating Chapman for the position of Vice-Chair. There being no additional nominations the motion carried by the following vote:

AYES: Antolok, Chapman, Kozik, Nolan-Gosling
NOES: None
ABSENT: Vandenplas

It was noted for the record that BT Chapman will serve as the 2015 Airport Commission Vice-Chair.

Newly elected Chair Nolan-Gosling welcomed the new Commissioners and requested that City Manager Orme describe the Consent Agenda and how it is handled. Orme advised that the Consent Agenda has items that from a staff perspective are routine in nature and do not need additional discussion unless the Commission feels differently in which case the item can be pulled off of the Consent Agenda and for discussion.

2. **CONSENT AGENDA** – All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1. APPROVAL OF AIRPORT COMMISSION MEETING MINUTES

Approved - minutes of the Airport Commission meetings of July 29, 2014, and October 28, 2014.

Vice Chair Chapman requested follow-up on the following items from the July 29, 2015, minutes: (1) the Vehicle/Pedestrian Deviation; (2) discretionary funds for the next phase of the ramp reconstruction; and (3) Taxiway H and the Hold Apron project. Staff advised updates can be provided during the Airport Manager updates.

A motion was made by Chapman and seconded by Nolan-Gosling to approve the Consent Agenda.

The motion carried by the following vote:

AYES: Antolok, Chapman, Kozik, Nolan-Gosling
NOES: None
ABSENT: Vandenplas

ITEMS REMOVED FROM CONSENT AGENDA – None.

3. **NOTICE OF PUBLIC HEARINGS** – None.

4. **REGULAR AGENDA**

4.1. **MINUTE ORDER – AUTHORIZATION FOR THE AIRPORT MANAGER TO EXECUTE AN AMENDMENT TO THE LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT, AIRPORT CLEAR ZONE (CITY OF CHICO/BRADLEY & SON CATTLE, LLC)**

Approved - minute order authorizing the Airport Manager to execute an Amendment to the Lease of Real Property at the Chico Municipal Airport, Airport Clear Zone (City of Chico/Brandley & Son, LLC) *(The Airport Manager recommended approval of the Minute Order.)*

A motion was made by Chapman and seconded by Kozik to approve the Minute Order.

The motion carried by the following vote:

AYES: Antolok, Chapman, Kozik, Nolan-Gosling
NOES: None
ABSENT: Vandenplas

5. **BUSINESS FROM THE FLOOR**

Former Airport Commissioner Karl Ory addressed the Commission and (1) suggested that the Commission make airline attraction the number one agenda item for the next two years; (2) that the Request for Proposals should be a discussion item of the Commission, that the Commission should be involved early on and that contracting out airport management services might be premature as there are resources within the city that need to be identified. The City Manager's role as Airport Manager should be defined and consideration should be given to appointing high management to show how important it is to return air service to Chico and dedicated administrative staff which would be far less expensively than a consultant; (3) that the city could potentially lose thousands of jobs by not having commercial air service and that the discussion should be about jobs; and (4) that a market survey is necessary to identify potential passengers and where they come from and how many total passengers there are in Chico on a daily basis. We need to know how many people are flying and where they are flying to.

Nolan-Gosling requested that the City Manager assure that this discussion is on the next agenda.

Antolok advised that the air service issue is why he wanted to be a part of the Commission and that a lot of people are hurting due to the loss of service.

Chapman pointed out that at least one member of the Commission is part of the review committee for the RFP. Nolan-Gosling advised that the makeup of the ad hoc committee will now be up to the new Mayor. Orme advised that tonight's meeting was scheduled as a joint meeting with the City Council showing the importance of the issue but since the responses to the RFP are not due for another couple of weeks the Mayor felt it was prudent to postpone the joint meeting so that all of the ad hoc committees could report back at the same time.

6. REPORTS AND COMMUNICATION

- 6.1 Chico Air Museum Annual Report – As required by its lease, the Chico Air Museum submitted its annual report updating the Commission on the progress made in calendar year 2014 toward completion of the tasks outlined in Exhibit C of the lease. Chico Air Museum Board President, Norm Rosene, addressed the Commission and described the modifications that have been made to the hangar to meet fire and ADA requirements and advised that a conditional occupancy permit has been issued. The Museum plans to have a soft opening in the next couple of weeks. The outdoor exhibit area will be fenced in a next couple of weeks and he invited everyone to come out to see the new facility.

Chapman advised he had been out to the hangar for the dedication of the new Enloe helicopter and said the work that has been done to the facility is amazing. He asked how the number of visitors in 2014 compared to previous years. Rosene advised the number in 2014 was a little lower than in the past but he attributed that to having fewer activities but anticipates the numbers to go up when the new facility is open and they can have more events. There will be a grand opening in May for the Museum's 10th anniversary. Chapman asked if there was concern over the Profit and Loss Statement which shows a loss and Rosene advised that reserves were used to cover the loss. He advised that they have a Capital Building Fund and an anonymous donor matched it dollar for dollar \$25,000 of it. The Capital Building Fund is now low because they spent much of it on the improvements but there are sufficient General Fund cash reserves to run the Museum plus the other pot of money for improvements. Chapman then asked if there were any 2014 goals that the Museum did not get accomplished. Rosene advised that the roof is the one item that still needs to be addressed and there is not agreement from manufacturers on the process to install the coating. The roof is the top priority for the next big upgrade.

Nolan-Gosling asked if the City has been working well with the Museum or if there have been road blocks. Rosene advised he only has kudos for the City staff and everyone has been pulling in the same direction. Nolan-Gosling asked about the piece of the NASA shuttle acquired by the Museum and Rosene shared the Museum's plans for it.

6.2 Budget Monitoring Report

The airport budget monitoring report was provided to the Commission.

Chapman asked about the status of charging audit costs to Fund 856. Collins advised since we currently cannot charge to the PFC fund for the audits the cost will now be charged to the airport Fund 856.

City Manager Orme advised that the airport fund can no longer incur additional debt and that any future debt will be a General Fund obligation. Chapman said that he learned at the Finance Committee meetings that funds in a deficit position can increase from one

year to the next for airport account 856 this means that on 6/30/14 856 was \$968,000 in the red so that at 6/30/15 if the deficit exceeds that amount then the General Fund will transfer funds in.

Nolan-Gosling suggested that since we have new members that we have an agenda item for the next meeting with a small presentation explaining the budget to the Commissioners. Orme advised that the Administrative Services Director, Frank Fields, gets this question a lot because fund accounting is not something you learn in school so we can get that on the next agenda.

Chapman asked if there was any concern about 856-691-5480 related to communications which is at 31%. Collins advised that at this point there is no concern as any overage that may occur could be absorbed at the category level.

6.3. Airport Manager Verbal Update

Orme wanted to make it public record to assure the public that the City did not spend \$700,000 for the piece of the NASA shuttle although it was public dollars they were federal dollars and Rosene advised the Museum got it for free. Orme also made note of the fact that Mr. Rosene did an amazing job giving the history of the airport to the Rotary Club recently.

a. An airport certification inspection was conducted by FAA in November, and several correction items were identified. A Letter of Correction and a Letter of Investigation were issued to the City by FAA. Some of the correction items identified include:

- Airport Certification Manual required updating – updates were submitted to FAA on Dec. 31st.
- Failure to provide records – some of the records have now been provided.
- Failure to train personnel every 12 consecutive calendar months – training of key personnel has been conducted and those personnel are now in compliance.
- Faded markings – the t-hangar area was remarked last week but there still is an issue with the area scheduled for reconstruction in the spring.
- Wind cone in the runway object free area – the city will be applying for an AIP grant to make this correction however it will not be completed by the FAA correction due to our inability to pay for it which is why we are hoping to have it funded through an AIP grant.
- Self inspection program procedures – additional training was provided for ARFF personnel.
- Pedestrian and Ground vehicle training – major changes are occurring to resolve this discrepancy. Everyone must now complete a driver training program prior to being issued an airport gate access card.
- Wildlife Hazard Management Plan update – an update was submitted but was returned for additional revisions.

FAA issued correction dates for all of the items and staff is diligently attempting to meet those dates. This has taken a tremendous amount of effort from staff especially Ms. Collins. We realize that meeting the FAA standards are necessary and we are moving forward to ensure that we do comply.

Nolan-Gosling asked if FAA gives notice of the inspections, how often do they come and do we have a checklist of things they are going to inspect. Collins advised they generally come annually and that they do provide a checklist. We ran into changes this year with a new inspector who interpreted things a little differently than our last inspector did and we were unprepared for that.

Orme advised that we have been in constant contact with FAA and that staff from the City Manager's Office, Public Works and the Fire Department have really pulled together to move forward on a lot of the findings. It has been a tremendous amount of work.

Antolok asked if the inspection was to have general aviation at the airport and Collins advised that we are trying to maintain the Part 139 Certification so that when air service does return we are ready.

- b. The Request for Proposals for Airport Management Services was released January 5th and closes on February 6th at 5:00 p.m. Responses are anticipated but none have been received yet but have received a lot of interest.

Nolan-Gosling asked if we don't get any responses do we extend this or do we go back to the City Council. Orme advised we would go back to the City Council's ad hoc committee to review the options. Nolan-Gosling asked that the minutes reflect that the closing is 2/6/2015 at 5:00 p.m.

Antolock asked what the review process would be and Orme advised he anticipates the Mayor will reconvene the ad hoc committee in some form for the review.

Nolan-Gosling noted that under the Charter it is the Airport Commissions responsibility to recommend to the City Council the appointment of an airport manager. Collins advised that was repealed by the City Council by Ordinance but did not know when that occurred. The Ordinance does not change the language of the Charter so it still appears in the Charter language.

- c. The Airport Capital Improvement Program Summary was included in the agenda packet. It identifies millions of dollars of work that the airport will require over the next several years. These projects will be more difficult to complete because the airport's AIP grant entitlement will soon be decreasing from \$1 million to \$150,000 per year due to the loss of air service.
- d. The Vehicle/Pedestrian deviation that was reported last July was investigated and FAA closed their investigation with no findings against the airport.
- e. The ramp reconstruction project and the reconstruction of Taxiway H and the Hold Apron that were discussed at the July meeting are scheduled to start around April 15, 2015.

It was noted that committee assignments should be agendaized for the next regular meeting or possibly prior to the anticipated City Council/Airport Commission special joint meeting.

Orme advised the Commission that it is restricted by the Brown Act from having three or more Commissioners deliberating or discussing an item at the same time unless at a formally noticed meeting. So if there is an attendance issue where three of the Commissioners attend the same meeting it would be prudent for one to leave in order to avoid the perception of a Brown Act violation due to a majority being in attendance.

- 7. **ADJOURNMENT** – Adjourned at 7:04 p.m. to a regularly scheduled Airport Commission meeting on April 28, 2015, at 6:00 p.m. in the City Council Chambers located at 421 Main Street, Chico, California.

Date Approved: April 28, 2015

Deborah M. Collins
Management Analyst

CITY OF CHICO
CHICO AIRPORT COMMISSION REGULAR MEETING – April 28, 2015
Minutes

1. **REGULAR AIRPORT COMMISSION MEETING**

Assistant City Attorney Andrew Jared joined the meeting via conference call.

1.1. Call to Order – Vice-Chair Chapman called the meeting to order at 6:03 p.m.

1.2. Roll Call

Present: Antolock, Chapman, Kozik,

Absent: Nolan-Gosling

2. **CONSENT AGENDA** – All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1. **APPROVAL OF AIRPORT COMMISSION MEETING MINUTES**

Approved - minutes of the Airport Commission meeting of January 27, 2015.

Removed from the consent agenda by Vice-Chair Chapman to ensure everyone understood why certain items were not on the agenda as requested by Chair Nolan-Gosling at the last meeting. Chapman explained that the air service development item was not on the agenda because it would be addressed as part of the upcoming presentation by AvPORTS and that the presentation explaining the budget for the new commissioners has been delayed until a full commission has been seated.

A motion was made by Kozik and seconded by Antolock to approve the Minutes of the January 27, 2015 meeting.

AYES: Antolock, Chapman, Kozik,

NOES: None

ABSENT: Nolan-Gosling

ITEMS REMOVED FROM CONSENT AGENDA 2.1

3. **NOTICE OF PUBLIC HEARINGS** – None.

4. **REGULAR AGENDA**

4.1. **AVPORTS PRESENTATION AND DISCUSSION**

AvPORTS President and CEO Ozzie Moore and Project Manager Steve Forrer made a presentation to the Airport Commission. The presentation included an update on the work being conducted to develop an air service development strategy. The presentation was followed by a question and answer period. A listing of the airport consulting services that AvPORTS has been contracted to conduct was included with the agenda.

Steve Forrer shared a PowerPoint presentation introducing AvPORTS and AFCA and talked about their goals for Chico to include solid airport management, revenue generation, and to work together so that the airport can be a catalyst for economic development. They will be approaching their work in two phases. Phase I includes a strategy for the return of passenger service, understanding the current physical condition, operations and other elements of the airport. Phase II would be a long term management agreement. AvPORTS will be back at the July Airport Commission meeting with deliverables.

Ozzie Moore shared some of the air service development activities AvPORTS is performing including market analysis and attending JumpStart June 1-3, 2015, to present information to airlines that have been identified. The Director of Air Service Development, Tom Reich, will be in Chico May 27th to 29th to talk with the local business community. By late June they may request a Small Communities Air Service Development grant on behalf of the airport and he has authorized and is prepared to risk own funds if necessary to develop Chico.

Following the presentation the Commission asked questions and then opened the item up for public comment. Tom Aylward, Stan Gungl and Dan Jay addressed the Commission.

4.2. **DISCUSSION OF COMMITTEE ASSIGNMENTS**

1. The Airport Architectural Review Subcommittee is the only standing Airport Commission committee. Members appointed to this subcommittee will review applications for site design and architectural review, use permit, and variance applications within the A and AP zoning districts in conjunction with the City's Architectural Review and Historic Preservation Board. Such reviews occur on an as needed basis. The Commission assigned Antolock and Chapman to this subcommittee.
2. The Commission may also choose to assign one member to attend other meetings and report back to the Commission on the items discussed that are relevant to the airport. These meetings may include one or all of the following:

City Council Finance Committee – Assigned to Chapman.

City Council Internal Affairs Committee – No assignment made.

Butte County Airport Land Use Commission – Assigned to Antolock.

North Valley Aviation Association (NVAA) – Assigned to Kozik.

It was the consensus of the Commission that this discussion will be re-agendized for the discussion by the full Commission.

5. **BUSINESS FROM THE FLOOR** - None

6. **REPORTS AND COMMUNICATION** - The following report and communication items are provided for the Commission's information. No action can be taken on the items unless the Commission agrees to include the item or items on a subsequent posted agenda.

- 6.1. Consideration of a request by Dan Jay that the Commission make a recommendation to the City Council to extend the term of his ground leases for the Delta Row hangars.

By email dated April 10, 2015, Dan Jay requested that the Airport Commission agendize a discussion regarding the extension of his ground leases for the Delta Row hangars for an additional 15 years. The existing leases terminate in February 2021 and December 2022.

The Commission could not discuss or take action on this item but was asked to vote on whether to agendize the item for discussion at its next meeting. The Commission agreed to agendize Mr. Jay's request for discussion at the July meeting.

6.2. Budget Monitoring Report

The March budget monitoring report for the airport funds was provided to the Commission. Management Analyst Collins explained that the items crossed out are not related to the airport and that the report is now being prepared at a category level rather than the line item level.

6.3. Charter Section 1007.1 – Airport Commission Powers and Duties

At the January 27, 2015, Airport Commission meeting there was discussion regarding the Commission's powers related to the appointment of an airport manager. At that time it was staff's understanding that the power related to appointment of an airport manager had been repealed by the City Council through adoption of Ordinance 2344, Section 7. The Commission requested staff research when this occurred.

After further research staff found that Ordinance 2344, Section 7, adopted in 2006, memorialized that the City Manager's office would assume the duties of the airport manager but that the Commission's power pertaining to the confirmation of the appointment of an airport manager made by the City Manager was not repealed.

6.4. Letter to the Airport Commission from Mavis McGillis

A letter dated March 3, 2015, from Mavis McGillis to the Airport Commission regarding air service at Chico Municipal Airport was provided with the agenda. Chapman advised Ms. McGillis' comments would be shared with AvPORTS and the Chamber of Commerce.

6.5. Airport Manager Verbal Update

- a. City Manager Orme provided an update on the Airport Improvement Program grant project. The project was delayed by one week and began April 20, 2015. During the delay it was identified that a portion of the project was not eligible for FAA grant funding. The apron area in front of the Fixed Base Operator (FBO) is leased by the FBO and under their control and is therefore cannot be reconstructed with federal funds.
- b. Management Analyst Collins advised that the airport has been quite successful in knocking almost all of the compliance items identified by FAA during its November inspection out. The one remaining item is moving the supplemental wind cone. This project will be included in the next AIP grant application process. FAA has recognized it will take time to complete the move and has extended the correction date to the end of November.

7. **ADJOURNMENT** – Adjourned at 7:42 p.m. to a regularly scheduled Airport Commission meeting on July 28, 2015, at 6:00 p.m. in the City Council Chambers located at 421 Main Street, Chico, California.

Date Approved: July 28, 2015

Deborah M. Collins
Management Analyst

CITY OF CHICO
CHICO AIRPORT COMMISSION REGULAR MEETING – July 28, 2015
Minutes

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1. Call to Order –Chair Nolan Gosling called the meeting to order at 6:00 p.m.

1.2. Swearing-in of newly appointed Airport Commissioner – City Clerk Deborah Presson

At its May 19, 2015 meeting, the City Council appointed Marshall Friedman to serve as Airport Commissioner for the remainder of the term vacated by Marc Vandenplas.

1.3. Roll Call

Present: Antolock, Friedman, Kozik, Chapman, Nolan-Gosling

Absent: None

2. **CONSENT AGENDA** – All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1. **MINUTE ORDER – AUTHORIZATION FOR THE AIRPORT MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/EDGAR G. KNOX, LESSEE AND ASSINGNOR/RICHARD WOLSTENHOLM, ASSIGNEE) HANGAR SPACE NO. A-20**

Approved - minute order authorizing the Airport Manager to execute a Consent to Assignment and Assumption, Lease of Property at the Chico Municipal Airport (City of Chico/Edgar G. Knox, Lessee and Assignor/Richard Wolstenholm, Assignee) Hangar Space No. A-20. ***The Airport Manager recommended approval of the Minute Order.***

2.2. **APPROVAL OF AIRPORT COMMISSION MEETING MINUTES**

Approved - minutes of the Airport Commission meetings of April 28, 2015.

A motion was made by Chapman and seconded by Kozik to approve the Consent Agenda.

AYES: Antolock, Friedman, Kozik, Chapman, Nolan-Gosling

NOES: None

ITEMS REMOVED FROM CONSENT AGENDA

3. **NOTICE OF PUBLIC HEARINGS** – None.

4. **REGULAR AGENDA**

4.1. **AIRPORT BUDGET DISCUSSION**

At the January 27, 2015 Airport Commission meeting Chair Nolan-Gosling suggested that a discussion explaining the airport budget would be beneficial for the newly appointed Commissioners. The May budget monitoring report was also provided to the Commission as part of this discussion. ***(Report – Administrative Services Director, Frank Fields)***

Administrative Services Director Fields presented a PowerPoint presentation and discussed the structural imbalance of the Airport Fund (856) and how the General Fund is currently subsidizing the Airport Fund. He went on to state that revenue has been decreasing since 2008-09. In FY 15-16 revenue is 42% less than FY 08-09. Operating expenses have increased substantially since FY 2013-14 due to the updated City Cost

Allocation Plan although this has been offset by decreased direct salaries and benefits. Net operating losses have increased but by Council policy these losses have been offset by General Fund transfers as follows: FY 13-14 - \$431,945, FY 14-15 - \$643,176, FY 15-16 - \$620,546.

4.2. **AVPORTS PRESENTATION AND DISCUSSION**

AFCO AvPORTS provided the Airport Commission with an update on the progress made related to passenger air service development and the status of their evaluation of the airport. The presentation was followed by a question and answer period. **(Report - Executive Vice President, Steve Forrer and Director of Air Service Development, Tom Reich)**

Director of Air Service Development Tom Reich presented a PowerPoint presentation to the Commission and described the five steps that need to be followed in order to attract new air service to Chico: (1) Quantify the Market; (2) Market Chico to the Airlines; (3) Develop a Marketing Action Plan; (4) Identify Funding Sources; and (5) Execute the Plan.

Katie Simmons, President and CEO of the Chico Chamber of Commerce, addressed the Commission and described the work she and Tom Reich have done over the past few months speaking with employers and identifying the needs of the community related to air service.

Chair Nolan-Gosling asked questions about AvPORTS deliverables and confirmed they are meeting the terms and conditions of the City's agreement with them. AvPORTS Executive Vice President, Steve Forrer, advised the Commission that AvPORTS hopes to complete all deliverables by the end of September and briefly discussed what types of items will be a part of a long term management plan and that it will take time to fully negotiate such a complex contract.

It was the consensus of the Commission to agendize a discussion with AvPORTS at the October 27th meeting primarily on the deliverables and an update on air service.

4.3. **CONSIDERATION OF A REQUEST FROM DAN JAY TO MAKE A RECOMMENDATION TO THE CITY COUNCIL TO INCLUDE ONE 15-YEAR EXTENDED TERM TO EACH OF HIS DELTA ROW HANGAR LEASES AND TO MERGE THE LEASES INTO ONE LEASE**

By email dated April 10, 2015 Dan Jay requested that the Airport Commission agendize a discussion regarding forwarding a recommendation to the City Council to include one 15-year extended term to each of his Delta Row hangar ground leases. It was the consensus of the Commission to agendize the request for consideration at tonight's meeting. **(Report – Management Analyst, Debbie Collins)**

Commissioner Friedman recused himself from this discussion because he rents a D row hangar from Dan Jay.

Management Analyst Collins provided background on Mr. Jay's request advising that the request had originally been agreed to by former City Manager Greg Jones in 2006 and the Airport Commission in 2009. Staff requested direction from the Commission regarding whether to forward a recommendation to Council now or at a later date, the scope of the extended term, and whether to merge the two leases into one lease or amend the existing two leases.

Mr. Jay addressed the Commission. He stated he was disturbed and finds it unacceptable that at the end of the 15-year extended term there seems to be a line in the sand and that the Airport Manager is not recommending that the lease continue on year to year after the end of the 15-year extended term. He said it does make sense to merge

the leases and agreed with the proposed meeting in the middle of the initial term end date. It will make it simpler for the City and for him.

Commissioner Chapman moved that the minute order be approved extending the lease for one 15-year extended term, but not include the year to year extensions following the 15-year extended term, and to merge the two existing leases into one lease and establishing a revised initial term end date of July 9, 2022. The motion was seconded by Antolock.

AYES: Antolock, Kozik, Chapman, Nolan-Gosling
NOES: None
ABSTAIN: Friedman

MINUTE ORDER - RECOMMENDATION THAT THE CITY COUNCIL AUTHORIZE THE AIRPORT MANAGER TO EXECUTE LEASE AMENDMENTS OR A MERGED LEASE AGREEMENT TO INCLUDE ONE 15-YEAR EXTENDED TERM TO (1) LEASE OF PROPERTY AT CHICO MUNICIPAL AIRPORT WITH GRANT OF LANDING PRIVILEGES, AIRCRAFT HANGAR AREA – T-HANGAR PAD AREA D, T-HANGAR SPACE NO. D-8 THROUGH D-22 (CITY OF CHICO/DANFORD A. JAY) AND (2) LEASE OF PROPERTY AT CHICO MUNICIPAL AIRPORT WITH GRANT OF LANDING PRIVILEGES, AIRCRAFT HANGAR AREA – T-HANGAR PAD AREA D, T-HANGAR SPACE NO. D-1 THROUGH D-7 AND D-23 THROUGH D-28 (CITY OF CHICO/DANFORD A. JAY) IN ACCORDANCE WITH THE DIRECTION PROVIDED BY THE AIRPORT COMMISSION AT TONIGHT’S MEETING

Approved – minute order recommending that the City Council authorize the Airport Manager to execute ~~lease amendments or~~ a merged lease agreement to include one 15-year extended term to (1) Lease of Property at Chico Municipal Airport with grant of landing Privileges, Aircraft hangar Area – T-Hangar Pad Area D, T-Hangar Space No. D-8 through D-22 (City of Chico/Danford A. Jay) and (2) Lease of Property at Chico Municipal Airport with grant of landing Privileges, Aircraft hangar Area – T-Hangar Pad Area D, T-Hangar Space No. D-1 through D-7 and D-23 through D-28 (City of Chico/Danford A. Jay) in accordance with the direction provided by the Airport Commission.

4.4. **DISCUSSION OF COMMITTEE ASSIGNMENTS AND REPORTS**

At its April 28, 2015 meeting the Airport Commission made its committee assignments with the exception of the City Council Internal Affairs Committee which meets on the second Wednesday of each month as needed at 8:00 a.m. in City Council Conference Room 1. The Commission requested that this assignment be agendized for discussion at tonight’s meeting.

It was the consensus of the Commission that Chair Nolan-Gosling be assigned to attend the Internal Affairs Committee.

5. **BUSINESS FROM THE FLOOR**

Lisa Johnson, CEO and Co-owner of Transfer Flow addressed the Commission to advise of vandalism and street racing that has been occurring in the Airport Industrial Park.

Norm Rosene, Chico Air Museum, also addressed the Commission about street racing and how they had spun brodies inside their outdoor display area, they put a camera out and were able to catch a car but couldn’t read the plate. CalFire has also witnessed the street racing incidents. He also thanked Tom Reich for his presentation on air service development. He spoke to the reversion clause and stated that this is what keeps people from building hangars at the airport. And he wanted to let the Commission know that

trees are being lost around the Terminal and on Airpark Blvd. due to the drought and lack of watering.

It was the consensus of the Commission to agendize a discussion on the reversion clause at the next meeting.

6. **REPORTS AND COMMUNICATION**

- 6.1. By email dated May 12, 2015, Tom Aylward has requested that the Airport Commission agendize a discussion regarding the termination of his current lease so that it can be replaced with a new DE Row standard lease.

The Commission cannot discuss or take action on this item at tonight's meeting but is being asked to vote on whether it desires to agendize the item for discussion at its next meeting.

It was the consensus of the Commission that they should wait to agendize this discussion until it becomes clear if AvPORTS is going to manage the airport because AvPORTS would certainly have input on something like this and that to agendize it for the next meeting was premature.

6.2. **Committee Reports**

- a. Finance Committee – Chapman – nothing to report.
- b. Butte County Airport Land Use Commission (ALUC) – Antolock – nothing to report.
- c. North Valley Aviation Association (NVAA) – Kozik – NVAA had a graduation dinner for their Summer Flight Academy graduates who got 10 hours of flight time and ground school. It was a very positive event.

6.3. **Airport Manager Verbal Update**

- a. By letter dated May 8, 2015 the FAA advised the City that their investigation found that airport management had taken appropriate actions through reprimand, retraining, and preventive measures. As such their investigation has been closed with the expectation of future compliance with the regulations.
- b. The Airport Improvement Program reconstruction projects are just about done. Only a punch list remains.

6.4. **Consent to Sublease**

A report listing subleases to be executed by the Airport Manager was attached for the Commission's information.

7. **ADJOURNMENT** – Adjourned at 8:25 p.m. to a regularly scheduled Airport Commission meeting on October 27, 2015, at 6:00 p.m. in the City Council Chambers located at 421 Main Street, Chico, California.

Date Approved: October 27, 2015

Deborah M. Collins
Management Analyst

CITY OF CHICO
CHICO AIRPORT COMMISSION REGULAR MEETING – October 27, 2015
Minutes

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1. Call to Order – Chair Nolan Gosling called the meeting to order at 6:00 p.m.

1.2. Roll Call

Present: Antolock, Kozik, Chapman, Nolan-Gosling

Absent: None

2. **CONSENT AGENDA** – All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1. **MINUTE ORDER – AUTHORIZATION FOR THE AIRPORT MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/MARTIN PETTER RINGVOLD, LESSEE AND ASSINGNOR/THE PIPER FAMILY TRUST, ASSIGNEE) HANGAR SPACE NO. A-9**

Approved - minute order authorizing the Airport Manager to execute a Consent to Assignment and Assumption, Lease of Property at the Chico Municipal Airport (City of Chico/Martin Petter Ringvold, Lessee and Assignor/the Piper Family Trust, Assignee) Hangar Space No. A-9. ***The Airport Manager recommended approval of the Minute Order.***

2.2. **MINUTE ORDER – AUTHORIZATION FOR THE AIRPORT MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/ROBERT RYAN, LESSEE AND ASSINGNOR/JIMMIE BRYANT, ASSIGNEE) HANGAR SPACE NO. C-2**

Approved - minute order authorizing the Airport Manager to execute a Consent to Assignment and Assumption, Lease of Property at the Chico Municipal Airport (City of Chico/Robert Ryan, Lessee and Assignor/Jimmie Bryant, Assignee) Hangar Space No. C-2. ***The Airport Manager recommended approval of the Minute Order.***

A motion was made by Chapman and seconded by Kozik to approve Item 2.1. and Item 2.2. of the Consent Agenda.

AYES: Antolock, Kozik, Chapman, Nolan-Gosling

NOES: None

2.3. **APPROVAL OF AIRPORT COMMISSION MEETING MINUTES**

Approved - minutes of the Airport Commission meeting of July 28, 2015.

Commissioner Chapman requested that this Item be removed from the Consent Agenda to provide follow-up to the Commission on the street racing that was reported by Lisa Johnson, CEO of Transfer Flow, during Business from the Floor at the last meeting. He advised that the racing is still a problem. Although the Police Department has responded they have been unable to catch the racers and he feels it needs to be moved up the scale for attention. Airport Manager Orme advised that he and the Chief paid a personal visit to Transfer Flow and the Chief is fully aware of the situation. Chair Nolan-Gosling requested that the Police Chief address the Commission at the next meeting on this issue.

Michael Moran addressed the Commission regarding the lease assignments and the need for a provision for the assignee to assume, by written language, the terms and

conditions of the lease. This had been an issue in the past when he was on the Commission.

A motion was made by Antolock and seconded by Chapman to approve the July 28, 2015 meeting minutes.

AYES: Antolock, Kozik, Chapman, Nolan-Gosling
NOES: None

ITEMS REMOVED FROM CONSENT AGENDA - Item 2.3.

3. **NOTICE OF PUBLIC HEARINGS** – None.

4. **REGULAR AGENDA**

4.1. **CONSIDERATION OF A MINUTE ORDER AUTHORIZING THE AIRPORT MANAGER TO EXECUTE A LEASE OF IMPROVED REAL PROPERTY, CHICO MUNICIPAL AIRPORT, 77 PIPER AVENUE (CITY OF CHICO/AIR SPRAY U.S.A. INC.)**

In addition to requesting authorization to enter into a new lease for the 77 Piper Avenue property the Airport Manager is advising the Airport Commission of Air Spray's request for preferential use of about one-third of the aircraft parking apron to the east of the leased property as well as the temporary use of the hangar portion of the 100 Lockheed Avenue property.

Management Analyst Collins provided a summary of the terms and conditions of the new lease to the Commission.

Approved - minute order authorizing the Airport Manager to execute a Lease of Improved Real Property, Chico Municipal Airport, 77 Piper Avenue (City of Chico/Air Spray U.S.A. Inc.) ***The Airport Manager recommended approval of the Minute Order.***

A motion was made by Antolock and seconded by Kozik to approve the Minute Order.

AYES: Antolock, Kozik, Chapman, Nolan-Gosling
NOES: None

4.2. **CONSIDERATION OF THE AFCO AVPORTS MANAGEMENT LLC PROPOSAL FOR MANAGEMENT OF THE CHICO MUNICIPAL AIRPORT**

AFCO AvPORTS Management LLC (AvPORTS) completed its review and analysis of the Chico Municipal Airport and submitted its *Long Term Strategic Plan for CIC: A Proposal for the Management, Operation, Development and Maintenance of the Chico Municipal Airport*. The Commission was provided the proposal for review and was asked to discuss the proposed terms and conditions and provide input to be forwarded to the City Council for their consideration at their November 17, 2015 meeting. Steve Forrer, AFCA AvPORTS Executive Vice President, Tom Reich, Director of Air Service Development and Brian D'Amico, Manager of Business Development were available to answer any questions. ***The Airport Manager recommended that the Airport Commission provide input on the proposal which will be forwarded to the City Council for consideration.***

Chair Nolan-Gosling disclosed that he had received an email from James Schlund regarding the concerns of Tom Aylward but he did not have a conversation with Mr. Schlund on the topic. Commissioner Chapman advised that he had telephone conversations on this topic with Norm Rosene and Marshall Friedman.

Steve Forrer addressed the Commission. He explained who AFco and AvPORTS are, that their analysis was data driven, that the airport is a valuable and irreplaceable resource and that the airport should continue to be managed and operated as a Part 139 airport with the intention of bringing regular passenger service back to Chico. He said AvPORTS is here to advise and to provide support and data but how the airport moves forward will be through policy driven decisions. The challenge is not cutting expenses but creating revenue and it may require spending more to capture the revenue opportunities. Revenue opportunities include filling vacancies and review of rates and charges which AvPORTS' market analysis indicated are below the airport's peer group and below market. He advised these are observations that should be considered but it is a policy decision that Chico will need to make. He further advised they propose airport staff would be AvPORTS employees. These employees would be a local presence who are part of the community. The airport control, and control over the budget, do not change under their proposal. At the end of the day, Chico needs to guide everything that is done not AvPORTS.

Chair Nolan-Gosling advised he wants to make sure they do their due diligence and will go through the proposal page by page. AvPORTS' SWOT Analysis was discussed and Mr. Forrer advised that there will be opposition to change which will be addressed through communication and transparency. AvPORTS' strategic vision for the airport is 50% towards achieving the return of commercial air service and 50% general aviation, corporate, and the support of existing tenants. The revenue enhancement opportunities are provided as options. The City can pick and choose which to pursue keeping in mind that the airport's breakeven point will move further into the future as opportunities are eliminated.

Proposed staffing levels and increased expenses were discussed and it was pointed out that it will require a lot of additional revenue to achieve the increases. Mr. Forrer noted that many of the expenses outlined in the proposal will not be committed to until there is much more certainty that there is revenue from air service that will support it. When comparing the management fee of \$180,000 per year plus all the other expenses, and you ask what will you really get for it when City staff could continue to do what they are doing, you are getting a lot, you are getting the potential to achieve some of the successes that AvPORTS' believes can be achieved. If you want to do it with City staff, in order to get the airport where you want it to be it needs to be properly staffed. It was noted that the passenger air service development piece is not an addition in the proposal but is buried in the management fee. It would cost thousands to hire an independent air service development firm.

Air service development was discussed with Tom Reich. AvPORTS' vision is that an airline such as Allegiant or a similar airline would most likely be the type of service to return passenger air service to Chico. But in order to do that a modular terminal building would need to be installed for TSA and the old holding area in the terminal would be converted to baggage return. Funding for these improvements have not been identified. Step two, in three to five years, would be to obtain a daily regional carrier such as SkyWest. AvPORTS' experience in bringing commercial air service to the airports they manage was questioned. AvPORTS' has brought air service to an airport that has no service but has added service to an airport with existing service.

The Small Community Air Service Development grant was discussed and how it should complement rather than a substitute for a community driven incentive program. It was pointed out that they want to see a community that is engaged before they will consider investing grant dollars in the community.

It was pointed out that there was only one paragraph in the proposal that addressed general aviation and it was asked what AvPORTS would do for general aviation. Mr. Reich advised that because it is such a small community general aviation can be reached

through targeted marketing and reaching out directly to pilots. Brian D'Amico assured the Commission that AvPORTS values general aviation and corporate aviation.

The financial projections related to general aviation were also question. Commissioner Kozik pointed out that the FAA 2015 National Forecast report has a description of general aviation that is grim. It is a dying enterprise yet the revenue projections appear to jump up between 2017 and 2018. Mr. Forrer advised that it represents having a full time manager with the ability to collect landing fees for corporate aircraft and the growth in the out years is due to CPI.

Back to passenger service, Mr. Forrer pointed out if we can achieve 10,000 enplanements the airport would again be eligible for the 1 million annual entitlement in FAA funding for capital projects. That revenue is not reflected in the projections.

AvPORTS identified Rod Dinger as the recommended airport manager for Chico.

Key general aviation assumptions were discussed to include lowering the landing fee from \$11 to \$10 and increasing the fuel flowage fee from \$0.06 to \$0.07 which is the fee in Redding.

Commissioner Chapman commented that the automatic salary increase for the airport manager should be performance based with a percentage cap, not automatic. He also stated that any forecast beyond three to five years is worthless.

Chair Nolan-Gosling asked about the 10 year contract and where the City would go if something doesn't work out. Airport Manager Orme advised that in any contractual agreement there are items that will dictate those parameters and the specifics will depend upon negotiations of the contract. Mr. Forrer agreed that they would expect to discuss performance standards and termination rights during negotiations. He also pointed out that there are performance standards listed in the proposal related to expenses in excess of the approved budget with outlines AvPORTS' liability if they were to over expend.

Commissioner Chapman stated that the 3% annual escalator in the management fee could get pricy and Mr. Forrer advised that is not a deal breaker and they would be willing to agree to CPI instead. Chapman also challenged the success fee being tied to air service staying for a minimum of 12 months. His research said it takes 24 to 48 months to prove success. AvPORTS' stated they believe 12 months is reasonable and would not be willing extend it.

The following individuals addressed the Commission against the proposal: Larry Wahl, Rene Vercruyssen, Marshall Friedman, Alicia Rock, Dan Jay, Wayne Cook, Joe Montes, James Schlund, David Ehrlich, Norm Rosene, Tom Aylward, Michael Moran, and Harold Schooler.

The opinions and concerns expressed by the public included but were not limited to the following:

- It is unclear what the City will get for the \$180,000 management fee.
- The City can hire an airport manager internally.
- AvPORTS has no track record for bringing in air service. The City should contract with a company specializing in air service development.
- Why should the City hire AvPORTS in order to hire a local developer or real estate agent when the City could go directly to the local real estate community?
- The number of flights and airlines identified in the proposal is a pipe dream.
- The annual management fee compounded over the life of the contract is over \$8 million.

- The management fee does not include the cost of the airport manager or any other staff, real estate development, engineering, construction/project management, services pursuant to development or maintenance, or commercial airline promotion.
- AvPORTS is not among one of the companies you would contact to bring in air service.
- The number of aircraft operations at Chico is equivalent to those at Oroville. Chico is a general aviation airport and hiring AvPORTS to manage the airport is overkill.
- The financial projections are flawed and full of false expectations.
- The airport does not need an outside management company that would need to significantly increase revenues just to cover their costs. Higher costs will negatively impact the businesses at the airport.
- Getting air service back will be a function of the free market. Trying to influence an airline to come in or making large capital improvements to the terminal will have no impact until it makes financial sense to the airline.
- With an experienced airport manager, such as the one proposed from Redding, what management services would they actually be providing?
- AvPORTS corporate east coast experience is in no way comparable to the west coast. We need local management that plays to the strengths of our community.
- AvPORTS projections are flawed and simply not true.
- We can address the issues we have in Chico in house.
- You don't have the legal authority to contract out what is proposed.
- The projected rent increases proposed by AvPORTS will push tenants out of business.

Chair Nolan-Gosling stated commercial air service is important but he has no control over it. He does care about general aviation and there is very little on general aviation in the proposal. He purposely ran the meeting to allow AvPORTS to answer questions and not everything was answered to his satisfaction. After listening to AvPORTS and to the speakers he is very concerned about the cost, that there is no out clause, and about the assumptions that are based on the return of commercial air service so he cannot support nor will he make a recommendation to the City of Chico to support the report from AvPORTS.

Commissioner Antolock stated he is an optimist and he believes we can get commercial air service again. When we lost service and there was a proposal for a professional company to come in and take charge it was a relief and people needed that. But government has a tendency to throw money at things to fix it and spends a lot more than is needed. We are in financial flux right now with the budget so it is scary to jump into a commitment that would cause us to not get better financially. He can't support it. It is just too big of an expense and he would rather grow it organically with the talent we have in town.

Commissioner Kozik said he was hopeful but the FAA forecast for commercial service is bleak. There is too much of a disparity between the presentation and the FAA document. There was not one member of the community that gave support to the plan. They did a good job presenting things but they did not sway the community so he cannot support it.

Vice Chair Chapman commended the speakers. Many of the comments where that there are people in this community who can do this. He accepts that there are problems and issues with the presentation as made but before he would reject this where is the community to show the plan that replaces it.

A motion was made by Nolan-Gosling and seconded by Antolock that, based on the discussions at tonight's meeting with AvPORTS and the citizens of Chico, the recommendation is that the City Council reject the proposal from AvPORTS as presented to the Airport Commission on Tuesday, October 27, 2015.

AYES: Antolock, Kozik, Nolan-Gosling

NOES: Chapman

4.3. **DISCUSSION – AIRPORT LEASE REVERSIONARY CLAUSE**

At the July 28, 2015 meeting it was the consensus of the Commission to agendize a discussion on the airport ground lease provision known as the “reversionary clause” at tonight’s meeting. A report providing background and information on reversionary clauses has been prepared to assist the Commission in its discussion. ***No formal action is required.***

It was the consensus of the Commission to continue this item until the January 26, 2016 meeting.

5. **BUSINESS FROM THE FLOOR** - The public may address the Commission on any matter under the Commission’s jurisdiction that is not already listed on the agenda. The Commission cannot take any action at this meeting on requests made under this section of the agenda.

Although the item was postponed, the Airport Commission allowed the following individuals to address the Commission regarding the reversionary clause: Michael Moran, Tom Aylward, Dan Jay and Norm Rosene.

6. **REPORTS AND COMMUNICATION** - The following report and communication items are provided for the Commission’s information. No action can be taken on the items unless the Commission agrees to include the item or items on a subsequent posted agenda.

- 6.1. Committee Reports – Commissioners will report on airport related items that have been addressed by their assigned committee, commission or association since the last Airport Commission meeting. (if any)

- a. Finance Committee – Chapman – no report.
- b. Internal Affairs Committee – Nolan-Gosling – no report.
- c. Butte County Airport Land Use Commission (ALUC) – Antolock – not report.
- d. North Valley Aviation Association (NVAA) – Kozik – no report.

- 6.2. Airport Manager Verbal Update

The Airport Manager thanked the Commission for their patience, their ability to manage a difficult subject and for the thoughtful process. He also thanked AvPORTS for their presentation and the community for voicing their concerns.

- 6.3. Commissioner Request - Pursuant to AP&P 10-10, a majority vote of the Commission is needed in order to agendize this item for discussion at a future meeting. If agendized, public comment will be taken at that meeting.

By email dated October 7, 2015, Commissioner Chapman has submitted a request that the Commission consider assigning chapters from “Effects of Airline Industry Changes on Small and Non-hub Airports” to each commissioner. Commissioners would then be responsible for summarizing the contents of the assigned chapters for distribution to the entire Commission.

Commissioner Chapman advised that based on tonight’s discussion the need to understand the details in the report are no longer necessary.

Commissioner Kozik brought up the letter from Tom Aylward for discussion.

A motion was made by Kozik and seconded by Nolan-Gosling to have the email sent by Tom Aylward on October 9, 2015 regarding his E-6 hangar be reconsidered by the Commission at the January 2016 meeting based on new information.

AYES: Antolock, Kozik, Chapman, Nolan-Gosling

NOES: None

7. **ADJOURNMENT** – Adjourned at 9:48 p.m. to a regularly scheduled Airport Commission meeting on January 26, 2016, at 6:00 p.m. in the City Council Chambers located at 421 Main Street, Chico, California.

Date Approved: January 26, 2016

Deborah M. Collins
Management Analyst