



NOTICE OF PUBLIC MEETING

CITY OF ALBANY
CITY COUNCIL/AIRPORT ADVISORY COMMISSION
JOINT WORK SESSION
City Hall, Council Chambers
333 Broadalbin Street SW
Monday, July 12, 2010
4:00 p.m. – 6:00 p.m.

AGENDA

- 4:00 p.m. **CALL TO ORDER**
- 4:00 p.m. **ROLL CALL**
- 4:00 p.m. **BUSINESS FROM THE PUBLIC**
- 4:05 p.m. **DRAFT MINIMUM STANDARDS FOR FBO** – Heath Kasper
Action Requested: Information; discussion; direction.
- 5:00 p.m. **AIRCRAFT STATIC DISPLAY PROJECT** – Heath Kasper
Action Requested: Information; discussion.
- 5:30 p.m. **OTHER AIRPORT AND COMMISSION BUSINESS** – Council and Commissioners
Action Requested: Information; discussion.
- 5:50 p.m. **COUNCILOR COMMENTS**
- 6:00 p.m. **ADJOURNMENT**

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advance notice is requested by notifying the Human Resources Director at 541-917-7500.



TO: Albany City Council

VIA: Wes Hare, City Manager
Diane Taniguchi-Dennis, P.E., Public Works Director

FROM: Airport Advisory Commission
Chris Bailey, Airport and Transit Manager *cb*

DATE: July 9, 2010, for the July 12, 2010, Joint Work Session

SUBJECT: Background Information for the Joint Work Session

RELATES TO STRATEGIC PLAN THEME: ● Great Neighborhoods
● Effective Government

Action Requested:

Information only.

Discussion:

Attached you will find memoranda and approved minutes from the Airport Advisory Commission. These are intended to provide you with some background on the discussions that have taken place thus far at the Commission meetings. They primarily focus on establishing minimum standards for a fixed base operator (FBO) at the airport.

Budget Impact:

None.

CB:kw
Attachments



TO: Airport Advisory Commission
FROM: Chris Bailey, Airport and Transit Manager CB
DATE: June 3, 2010
SUBJECT: Background Information on Fixed Base Operators

Background

At its last meeting, the Commission requested information on Fixed Base Operators (FBOs) in order to prepare for the July 12, 2010, Joint Work Session with City Council. This memo provides information on FBO operations from FAA documentation and similar airports in our region.

What is an FBO?

The FAA defines an FBO in their Advisory Circular AC 150/5190-7, Minimum Standards for Commercial Aeronautical Activities, as follows:

"A commercial business granted the right by the airport sponsor to operate on an airport and provide aeronautical services such as fueling, hangaring, tie-down and parking, aircraft rental, aircraft maintenance, flight instruction, etc."

Besides providing specified aeronautical services, FBOs are often the face of the airport at smaller general aviation airports. It is common in our area to specify operating hours and facilities the FBO must maintain in order to welcome and meet the needs of visitors.

The Albany Municipal Airport is not required to have an FBO by FAA regulation, or state or local law. However, if we choose to have an FBO, the FAA strongly encourages us to develop Minimum Standards that would define what the City requires of FBO(s) so that we do not violate the nonexclusive rights policy of the FAA.

FBOs at Other Airports

McMinnville. The City of McMinnville has established Minimum Standards for its municipal airport, which includes a section on FBOs. An FBO at the McMinnville airport must provide the primary services of aircraft fueling and airframe and power plant maintenance, plus at least two secondary services such as flight training, aircraft rental, avionics maintenance, or aircraft storage. Only FBOs can provide retail fueling at McMinnville. FBOs must be open for business seven days per week during business hours and are on-call 24 hours to provide fuel service within two hours of notification. They may install a card-lock or similar self-service fueling system with approval. The FBO must also provide a pilot services area with a public lounge, restrooms, telephones, flight planning materials, and other basic requirements.

Corvallis. The City of Corvallis has established Minimum Standards for its municipal airport. Their Minimum Standards include a section on FBOs with requirements that are very similar to the McMinnville Minimum Standards.

State Category IV Airports. The State has created Minimum Standards for its airports based on category. The Lebanon and Independence state airports are Category IV airports. In this category, each FBO must provide fuel services (self-serve or full-serve) plus at least one other secondary service such as flight training, airframe and power plant maintenance, aircraft rental, and aircraft storage/hangars. Only FBOs can provide fuel service at Category IV airports. FBOs must be open five days per week during regular business hours and are on-call 24 hours to

provide fuel within four hours of a request for service. State FBOs are also required to have a pilot services area with a public lounge, restrooms, telephones, and local ground transportation contacts.

Specialized Aviation Service Operations.

There is another category of aeronautical business at airports, the Specialized Aviation Service Operation (SASO). An SASO provides a single or limited aviation-related service. Many airports also specify the requirements for SASOs at their airfield. Examples of SASO services include flight training, skydiving, agricultural spraying, avionics maintenance and sales, aircraft storage and hangars, aircraft sales, and aircraft restoration, painting, or upholstering. Most airports that define the requirements of FBOs also define requirements for SASOs either directly or by including them in the category of “other commercial activities.”

Minimum Standards and Nonexclusive Rights

Airport sponsors that have received federal funding to develop or improve their airport assume certain obligations. The primary obligation is to make the airport available for use by the public for any type, kind or class of aeronautical activity. Recipients of federal funding are required to impose terms and restrictions on use of the airport that are reasonable and applied fairly without unjust discrimination. Onerous or unreasonable minimum standards are likely to violate the FAA rules that prohibit exclusive rights at publicly-funded airports. Airport sponsors that receive federal funding are required to abide by these policies on nonexclusive rights. The FAA recommends that airports that have received federal funding develop Minimum Standards to ensure they have met these requirements. Because of the FAA policy against exclusive rights, we are not limited to having only one FBO.

Questions for the Commission to Consider

- Can the Albany airport function without an FBO?
- If so, how would we provide a welcoming environment for visitors?
- If not, what services should Albany require an FBO to provide?
- How can the City ensure an FBO meets its obligations? What could happen if they fail to meet those obligations?
- Does the City need to develop Minimum Standards?

CB:prj



TO: Airport Advisory Commission
 FROM: Chris Bailey, Airport and Transit Manager *CB*
 DATE: June 15, 2010
 SUBJECT: General Aviation Fixed Base Operator Services Survey

At the last Commission meeting, I was asked to survey a few airports similar in size and function to Albany's about their arrangements for FBO services. Each airport is unique and the information is summarized below. Additionally, based on discussions at the last Commission meeting, I have provided a history of fuel sales at the Albany airport and provided a list of questions to consider regarding the needs for FBO services.

Arrangements at Other Airports

Airport	FBO?	Fuel Service From:	Pilot's Lounge?	Hours
Newport	No	City	Yes	7 days / 8-5 After hours with prior arrangements
Madras	Yes	FBO	Yes	24 hours via keycode
Mulino	No. SASO agreements	State	Yes	24 hours via keycode
Florence	No	City	Yes	5 days / 8-5
Albany	Yes	City	Yes	6 days / 8-5 or so

Background on Fueling at the Albany Airport

Fuel sales are often managed by the FBO at general aviation airports and are an important factor in the business models of full-service FBO operations. For this reason, it is important for the Commission to understand why the City currently manages fuel sales at the airport.

In their first lease agreement with the City in 1983, Reliant was authorized to provide fuel services at the airport and paid a \$.03 per gallon fuel flowage fee to the City. That fee increased to \$.05 after a year according to the terms of the lease. This arrangement continued until February 1999 when new rules from the State Fire Marshall's Office meant Reliant's truck could no longer be used. The City agreed to lease a fuel truck from Valley Oil and sublease it to Reliant. Reliant was to make truck lease payments directly to Valley Oil and pay the City a fuel flowage fee of \$.10 per gallon. By September of 1999, the City had taken over direct payment of the truck lease to Valley Oil and was directly invoicing Reliant for the fuel flowage fee because several lease payments to Valley Oil had not been made and there was general confusion in calculating the amount due to the City from the building lease, truck lease credits, and fuel flowage fees each month.

The City installed the current above ground fuel tank and fuel pump in early 2000. Reliant continued to provide the fuel service, ordering and dispensing fuel from the new facility, with the fuel flowage fee still in effect. There were several instances of delinquency in fuel flowage fee payments to the City culminating in the City assuming management of fueling at the airport in May of 2004. At that time a card-lock system was installed for self-service and City staff began ordering and pricing fuel. Reliant requested a \$0.40 per gallon discount on fuel purchases in a letter to the City dated May 17, 2004. The request was denied because it gave Reliant an unfair advantage over others at the airport, there was no lease in effect at the time ensuring Reliant would remain at the airport, the City wanted to better understand aviation fuel pricing strategies before agreeing to any discount, and the City wanted to develop minimum standards that would

address fuel services at the airport. During lease negotiations in 2005, Reliant asked again for a fuel discount. The City declined to include a fuel discount in the lease. It was signed and effective July 1, 2005.

Questions for the Commission to Consider

1. Does the Albany airport need an FBO? The sentiment among airport managers I spoke to is that a good FBO is critical to the success of the airport. However, there is not one model that works for everyone. The services the FBO provides differ depending on the needs of the local aviation community.
2. What services does the Commission think an FBO should be required to provide at the Albany airport? The list of options includes:
 - a. Fuel services
 - b. Pilot's lounge/flight planning area
 - c. Airframe and powerplant maintenance
 - d. Aircraft rental
 - e. Flight instruction
 - f. Avionics sales or maintenance
 - g. Aircraft storage/hangaring

Reliant currently provides a lounge/flight planning area, airframe/powerplant maintenance, aircraft rental, flight instruction, and tie-down spaces.

3. Should the City maintain control of fueling at the airport? Fuel sales contribute significantly to the bottom line of whoever manages them. For instance, the City made \$29,940 this year in fuel sales whereas under a fuel flowage fee arrangement of \$0.05 per gallon, the City would have received \$1,606. Even if the City authorizes an FBO to provide fuel at the airport, the City will still incur some costs associated with the fuel facility such as liability insurance costs, meter registration, and maintenance of the facility. It seems to be of greater economic benefit to the City to maintain fuel sales in-house; however, this does not address the intangible benefit of attracting and retaining an FBO.
4. Who should provide the welcoming presence at the airport, if anyone? There are clear benefits to providing a facility that is available to visiting pilots at any time. Providing such a facility would mean some capital investment for which there is currently no source of revenue available. There are other options such as providing a staff person at the airport. However, any option that would require additional expense would also require identification of additional revenue sources.
5. How will the City define its relationship with an FBO? Because we do not have Minimum Standards, there are no clear requirements on what our current FBO will provide. The only agreement in effect is the lease for the building itself. A separate agreement for FBO services would help define the City's expectations of the FBO until such time as Minimum Standards are developed and approved.
6. What sort of credits, if any, should the City offer to the FBO to offset costs? For instance, if the City is requiring a lounge that is available after hours, that creates a cost to the FBO. Should the City offer any consideration for that cost such as reduced rent? Keep in mind that the airport budget has no margin so if the City agrees to offer credits that would reduce revenue, there will also need to be a corresponding reduction in expenditures.

CB:prj

**CITY OF ALBANY
AIRPORT ADVISORY COMMISSION
City Hall, Willamette Room/City Council Chambers
333 Broadalbin SW
Thursday, May 13, 2010
3:30 – 5:30 p.m.**

MINUTES

Commission Members Present:: Pat Eastman, John Harshberger, Heath Kasper, Dennis Smith, John Pascone, Ron Terhaar, Jerry Wilken

Commission Members Absent: None

Staff Present: Chris Bailey, Airport & Transit Manager; Irene Mann, Executive Assistant to the Public Works Director

Others Present: Jim Delapoer, Sharon Konopa, Happy Miles, Dan Miltenberger, and Vicki and Tom Kopczynski

CALL TO ORDER

The meeting was called to order at 3:30 p.m.

APPROVAL OF MINUTES

There were none to approve.

INTRODUCTIONS

City of Albany Mayor Sharon Konopa provided some history of the airport interest group and said not all the issues were always brought to the City Council. The Airport Advisory Commission's role is to bring recommendations before the City Council. Each member of the City Council appointed one member of this Commission.

Konopa asked each member to introduce themselves and discuss their interest in the airport.

Ron Terhaar: He has been a licensed pilot since 1984. He has built and owns hangers and airplanes and wants the airport to be the best that it can be.

Jerry Wilken: He has been a pilot since 1967 and has had a commercial pilot license since 1970. Flying is a hobby and he is a flight instructor.

John Pascone: President of AMEDC. He was in the Navel Reserves and was a member of the Airport Master Plan Task Force Committee.

Heath Kasper: Owner/builder of hangers. His father was the FBO from 1966-1980.

Dennis Smith: Private pilot and owns a hanger.

Pat Eastman: Is a previously a licensed pilot and is interested in the needs for the airport.

John Harshberger: Lives next to the airport.

DISCUSSION OF LEGAL RESPONSIBILITIES

City Attorney Jim Delapoer discussed the legal responsibilities of a City Commission. He distributed a packet of Oregon Statutes regarding Public Meetings and reviewed the materials, interpreted their meaning, and answered questions. He reminded the Commission members that their role is as an advisory body to make recommendations to the City Council.

He cautioned the members that if four (4) members discussed any airport business, it would be interpreted as illegal in the spirit of the law. They would constitute a quorum and it would be deemed a public meeting and have to be advertised. He cautioned the members to avoid any discussion of airport business at the monthly airport meetings and have all discussions at the Airport Advisory Commission meetings to avoid any ethics violations.

If the members of the Commission need any legal advice, Konopa recommended they first contact the Airport and Transit Manager, Chris Bailey, and she would talk to the City Attorney. Delapoer said he would attend any meetings the Commission asked that he attend as long as he was first on the agenda and excused as soon as the discussion was completed.

NOTE: Jim Delapoer left the meeting at 4:30 p.m.

REVIEW OF NOTEBOOK MATERIALS

Chris Bailey reviewed the items in the notebooks. She said a Chair and Vice Chair needed to be elected to run the meetings.

The notebooks included a draft of the proposed airport budget for fiscal year 2010-2011.

Bailey asked that if members were unable to attend a meeting, to please call her or Irene Mann.

Konopa mentioned that the "Business from the Public" item on the agenda every month needs to be time limited to allow adequate time for Commission agenda items to be discussed.

ELECTION OF CHAIR AND VICE CHAIR

Harshberger motioned that Heath Kasper be elected as Chair of the Airport Advisory Commission. Smith seconded the motion and it passed unanimously. Terhaar nominated Dennis Smith as Vice Chair. John Pascone seconded the motion and it passed unanimously.

Bailey provided the new Chair and Vice Chair with a copy of *Robert's Rules of Order*. It was decided to use a modified Robert's Rules of Order to guide the meetings.

OTHER BUSINESS

Commission members and the Mayor provided subjects to be added to future agendas.

COMMENTS FROM THE PUBLIC

Vicki Kopczynski commented that she felt the FBO should have been represented on the Commission. Pascone noted that some boards use ex officio members and suggested the FBO may participate in that capacity if City Council approves.

NEXT MEETING DATE

Terhaar motioned and Pascone seconded a motion to meet on the second Thursday of every month at 3:30 p.m. Meetings will be held in the Santiam Room at City Hall whenever possible. The next meeting has been scheduled for Thursday, June 10, 2010, at 3:30 p.m.

ADJOURNMENT

The meeting was adjourned at 5:15 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'I. Mann', with a long, wavy horizontal line extending to the right.

Irene Mann
Executive Assistant to the Public Works Director

IM:prj

CITY OF ALBANY
AIRPORT ADVISORY COMMISSION
City Hall, Santiam Room
333 Broadalbin SW
Thursday, June 10, 2010
3:30 – 5:30 p.m.

MINUTES

Commission Members Present: Pat Eastman, John Harshberger, Heath Kasper, Dennis Smith, John Pascone, Ron Terhaar, Jerry Wilken

Commission Members Absent: None

Staff Present: Chris Bailey, Airport & Transit Manager; Irene Mann, Executive Assistant to the Public Works Director; Mike Murzynsky, Senior Accountant –City of Albany; Steve Uerlings, Barker-Uerlings Insurance

Others Present: Happy Miles, Dan Miltenberger, Chuck Kratch, Tom Kopczynski, Ed Hemmingson, June Hemmingson

CALL TO ORDER

Chair Kasper called the meeting to order at 3:30 p.m.

APPROVAL OF MINUTES

Eastman moved and Smith seconded the approval of the minutes from May 13, 2010. The minutes were unanimously approved.

DISCUSSION OF INSURANCE FOR YOUNG EAGLE PILOTS DURING NWAAF

Steve Uerlings (City of Albany Risk Management Consultant) and Mike Murzynsky discussed the policies and insurance coverage required by the City for flying Young Eagles during the Northwest Art and Air Festival (NWAAF). Bailey discussed the background of the insurance and the flights.

The EAA (Experimental Aircraft Association) requires \$1 million and Uerlings also said the City needed a certificate of insurance for \$1 million and proper documentation from each pilot flying Young Eagles.

Murzynsky and Uerlings left the meeting at 4:40 p.m.

COMMENTS FROM THE PUBLIC

A suggestion was made to add a plaque to note it as a National Historic Site so it could be advertised and noticed. Pascone said someone in his office deals with historic signs. Bailey will follow up on the comment.

There were more comments on flying the Young Eagles at any time with/without any additional insurance.

Miltenberger said he would like to discuss the cost of managing the airport. He also discussed the need for sweeping the asphalt at least three times per year. He also wanted the CPI adjustments on the leases fixed. He said he felt the cost of the NWAAF should be paid for from the City of Albany Parks & Recreation budget.

There was some discussion of the current FBO – Reliant Aviation. Miles said that Tom Kopczynski provides a good service to the airport.

There was discussion of City vehicles parking on the taxiway. Bailey said she would have it added to pending agenda items.

There was some discussion on why the fueling function was returned to the City and removed from being an FBO function.

DISCUSSION: NORTHWEST ART AND AIR FESTIVAL (NWAAF)

Bailey provided some additional information and explained that it was staff's function to comply with insurance rules. She said she would also contact the City Attorney for his ruling on needing additional insurance to fly the Young Eagles flights. The pilots shared that they will not obtain the additional insurance and it would be difficult to monitor, especially during the actual NWAAF Young Eagle flights.

DISCUSSION: FIXED BASE OPERATOR (FBO) SERVICES

Bailey led the discussion on what the City wanted in an FBO. A number of the public attending the meeting also added their comments.

There were comparisons to Newport, Madras, Mulino, and Lebanon airports and of Category 2, 3, and 4 FBO services.

Bailey will prepare a staff report and send it to the Commission prior to the meeting on June 24, 2010.

COMMISSIONER'S COMMENTS

None.

OTHER BUSINESS

None.

NEXT MEETING DATE

A special meeting will be held on Thursday, June 24, 2010, from 3:30 p.m. to 5:30 p.m., to discuss FBO needs for the Albany Municipal Airport.

ADJOURNMENT

The meeting was adjourned at 5:15 p.m.

Respectfully submitted,



Irene Mann
Executive Assistant to the Public Works Director

IM:kw

**CITY OF ALBANY
AIRPORT ADVISORY COMMISSION
City Hall, Santiam Room
333 Broadalbin SW
Thursday, June 24, 2010
3:30 – 5:30 p.m.**

MINUTES

Commission Members Present:: Pat Eastman, John Harshberger, Heath Kasper, Dennis Smith, John Pascone, Ron Terhaar, Jerry Wilken

Commission Members Absent: None

Staff Present: Chris Bailey, Airport & Transit Manager; Irene Mann, Executive Assistant to the Public Works Director;

Others Present: Jeff Christman (Albany City Councilor), Happy Miles, Dan Miltenberger, Chuck Kratch, Tom Koczynski, Henry Pollak

CALL TO ORDER

Chair Kasper called the meeting to order at 3:30 p.m.

APPROVAL OF MINUTES

There were none to approve.

Mann informed the Commission that the meetings were all tape recorded.

COMMENTS FROM THE PUBLIC

None

DISCUSSION: NORTHWEST ART AND AIR FESTIVAL (NWAAF)

Bailey said that the City Finance Department informed her that the pilots' Certificate of Insurance cards would be adequate to allow them to fly the Young Eagles. In 2011, the City will require the additional \$1 million dollars for the City to have the additional insurance.

OTHER ITEMS

Bailey discussed the runway closure for the overlay. The contract was awarded to Wildish Construction. The runway will be closed for 29 days and the work will commence around Labor Day. Bailey will contact the pilots, the FBO, and the hangar owners.

DISCUSSION: FIXED BASE OPERATOR (FBO) SERVICES

The Commission discussed what the requirements should be for an FBO. They discussed the options of allowing the FBO to manage the fuel system at the airport after a year of proving they were a viable FBO. The question of where to obtain the revenue that the City currently has available in the Airport budget if the fuel revenue went to the FBO was discussed.

The recommendation from the Commission is that the Airport needs an FBO.

Pascone motioned to recommend to Council that the FBO be required to:

- Provide a leased facility with restrooms, comfortable pilot lounge, flight planning area, and public telephone;

June 24, 2010

- Provide consistent and posted hours of operation;
- Provide basic pilot supplies;
- Maintain the lease obligations;
- Maintain insurance for all aeronautical activities that the FBO provides;
- Provide Unicom assistance to pilots; and
- Promote the benefits and values of the airport and aviation to the community.

The FBO must also provide at least two of the following:

- Additional aeronautical activities including but not limited to, aircraft maintenance, flight instruction, aircraft sales, aircraft rental, on-demand charter, or aircraft storage;
- Be open seven days a week with 24-hour, on-call assistance available; or
- Provide for local transportation needs of travelers, rental cars, pilot cars, taxi dispatch, and hotel transfers.

ACTION: A vote was taken on the motion and it passed with Pascone, Harshberger, Eastman, Kasper, Terhaar and Wilken voting yea, and Smith voting no.

The Commission asked Bailey to obtain more information on the City of Madras' airport.

The mowing contract for the Airport was discussed and Bailey agreed to send out an email to the Commission on the annual mowing costs and frequency of mowing.

COMMENTS FROM THE PUBLIC

Kopczynski asked if he would get a credit from the City due to the lack of business due to the runway closure. It was decided this was a lease issue between Kopczynski and the City and he needed to talk to City staff.

Miltenberger discussed the number of tie downs he felt was necessary. He asked if Miles was paying for his tie down. He is also concerned about the bus stored at the airport.

Kratch mentioned a safety issue. He asked if a beacon could be installed on top of the tall building at the closed plant in Millersburg off I-5.

OTHER BUSINESS

None.

NEXT MEETING DATE

The next meeting of the Airport Advisory Commission is scheduled for July 8, 2010, at 3:30 p.m. in the Santiam Room at City Hall.

ADJOURNMENT

The meeting was adjourned at 5:30 p.m.

Respectfully submitted,



Irene Mann
Executive Assistant to the Public Works Director

IM:kw



TO: Airport Advisory Commission
FROM: Chris Bailey, Airport and Transit Manager *CB*
DATE: June 9, 2010
SUBJECT: Aircraft Static Display

Background

In 2006 the Airport Advisory Group and Dick Ebbert began planning to create an aircraft static display at the airport. They found and acquired three A-4 Skyhawks from the federal government at Davis-Monthan AFB, AZ. Jack Kasper paid \$10,000 to the state of Oregon, which was necessary to take ownership of the aircraft. Dan Miltenberger gave the City \$10,000 to cover costs of disassembly and loading of the aircraft in Arizona. In return, the City gave Dan \$10,000 credit toward rent on one of his leases at the airport.

In March 2007 the City signed a contract with the state to acquire the three aircraft. The contract stipulated that the aircraft should be on display within 12 months. In July 2009 the state contacted the City and stated the aircraft were subject to repossession because they had not been put to their intended use within the 12 months allotted. The City submitted a request for an extension until July 2011 because the work is being done by volunteers.

The planes are disassembled and being gutted to reduce their weight. They will be reassembled, painted, and mounted on concrete posts. The latest estimate is that they will be ready for display by July 2011.

Staff Recommendation

There is no record that Council has been informed of the intention to create a static display at the airport. Because it is a highly visible project that will be displayed on City property, it would be proper to inform Council of the plans and allow them to discuss the project. Staff recommends including this as a discussion item for the July 12, 2010, joint meeting between the Commission and City Council.

CB:kw