

Wednesday, July 20, 2016 at 5:30 p.m.

MEETING MINUTES

Lake Havasu City Police Council Chambers
2360 McCulloch Blvd N., Lake Havasu City, AZ 86403

www.lhcaz.gov

1. Call to Order

A quorum being present, Chairman Stebbens called the Airport Advisory Board meeting to order at 5:31 p.m.

2. Pledge of Allegiance

Chairman Stebbens led the Board in the Pledge of Allegiance.

3. Roll Call

R.N. Mendoza conducted a Roll Call of the Board members:

Regular Members Present: Shannon Stebbens, Louis Worthy, Jeff Sayre

Regular Members Absent: Mark McKenna, David McNary

Alternate Member Present: Bill Boyer

Council Member Present: Cal Sheehy

Staff: Steve Johnston, R.N. Mendoza,

Mark Clark, Louis Martinez

4. Call to the Public

Chairman Stebbens requested a Call to the Public for any comments and issues to address. There were no members of the public present. Chairman Stebbens recognized City Staff in the audience Mr. Mark Clark, Maintenance Division Manager and Mr. Louis Martinez, Operations Director.

5.1 Approval of June 15, 2016 meeting minutes.

Chairman Stebbens called for a motion to approve the minutes of the meeting held June 15, 2016. Mr. Bill Boyer made a motion and Mr. Jeff Sayre seconded. Unanimously approved.

6.1 Airport Supervisor's Report

- July 12, 2016, an addendum was sent and approved by the City Council for D-2. There will be a 40,000 square foot improvement of vertical structures, hangars and shadeports. This is the last part of the Part 16 settlement from 2008. The property is located on the ramp east of the self-fueling area.

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- City Staff (Steve Johnston, Mark Clark and Louis Martinez) attended a meeting on June 22, 2016 in Phoenix, AZ with regards to CIP grant projects with the FAA, ADOT and C&S Engineers. The first five (5) projects were approved. The airport is in queue to receive a \$125,000 grant for the Runway 32 PAPI from ADOT. The construction for the Electrical Vault is set for next year for \$500,000, Signs & Hydrants replacement is set for 2018, Airport Masterplan is set for 2018 which will cost \$500,000 and staff is expecting a proposal by next week. Airport statistics shared to the FAA, based aircraft from 98 aircraft in 2015 to 162 aircraft in 2016. Fuel sales are up 22% to 620,000 gallons. Average weight of heavy aircraft over 12,500 lbs. is about 55,000 lbs. Over the past nine years local investment is \$14.5 Million dollars into the airport. Airport Events for the past nine years has generated conservatively \$2.7 Million dollars spent into the community from Open Houses, Helicopter certification, Military Aircraft repair. These events would not be possible if the airport was not there.
- Staff and Board attended City board training on June 29, 2016 at the PD Council Chambers.
- The Engineering service agreement /GSA with C&S Engineers have been signed as well as the three (3) Task Orders. The Notice to Proceed has gone out as well. Staff received the Grant Offer from the FAA for \$40,000 for the Electrical Vault today 6/20/16. Staff is scheduled to go to City Council for approval on August 9, 2016.
- The first letter has been drafted for an airport tenant regarding Non-Aeronautical Hangar use. The letter will be sent certified mail on Thursday 7/21/16.
- The planning consultant general services agreement will be received by this week or early next week.
- The airport is expecting 21 military helicopters and possibly a C-130 to refuel and possibly a tomorrow 7/21/16.

Chairman Stebbens asked Mr. Johnston to explain the importance of tracking the weight of the aircraft, the number of aircraft and number of based aircraft. Mr. Johnston explained that in the approximately one and half to two years ago, the FAA (Federal Aviation Administration) has implemented "rightsizing" and cited that the Troutdale airport in the Portland airport system as an example. Mr. Johnston further explained the documentation required to justify activity in the airport when seeking FAA grants. Mr. Johnston added that when staff started documenting the heavy aircraft activity and presented to the FAA, they have expressed that the Airport Master Plan be moved up from four years to two years out. The master plan will help identify to overlay the runway and taxiways and strength coefficient maintained to attract large aircraft for the FBOs (Fixed Based Operator).

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7. Public Hearings

7.1 Airport Budget Presentation

Mr. Johnston gave a report on the airport budget. Mr. Johnston stated under revenues, Federal Grants is Electrical Vault Design and Construction. The revenues reflect the Federal and State share of the grant. State Grants comprises of the Hydrant Relocation, Runway FOD and Runway Edge Lips project approximately \$605,000. Business Type Activities include Fees, Leases, Fuel Flowage Fees, Rental Cars, FBO and Late Charges. Rents and Leases is the apportioned use of the 6 million gallon water tank located south of the airport which is used by the airport and the mall which is approximately \$28,000 which is charged to the mall. Miscellaneous Revenue is investment earnings and interest. Operating Transfers includes a transfer from the General Fund of approximately \$228,000, transfer from the Vehicle Replacement Fund \$150,000 and borrowing of \$90,000 for Arc Flash upgrades. Mr. Johnston further added that at the airport there are four areas identified for the Arc Flash upgrades, one of which is the Electrical Vault project which will be paid for by State and Federal funds not the Arc Flash fund.

Expenses include Salaries, Wages, Benefits, Payroll Taxes and Retirement Contributions for two employees for R.N. and Steve and an unfilled part-time position which is approximately 2.25 employees in the administrative office. Professional Services includes constructing a new weed drag, painting taxiway alpha edge line and center line, tie down repaint and an airport address project which will have a number and a letter on each structure for the Fire Department's response. Constructing drainage culverts on the east side of the airport, a storm water plan update that is required to be updated every four (4) years with ADEQ (Arizona Department of Environment Quality), Arc Flash implementation budgeted for \$90,000 which Mr. Johnston estimates to come in at a lower cost for three (3) sites, and an AWOS signal study. Utility Services include Electric, Water and Phone services. Airport Operating and Maintenance Expenses include Repair and Maintenance of Vehicles, Equipment, Radios, Building and Grounds, Repairs, Insurance, Training, Travel, Postage, Memberships, Bank and Credit Card Fees, Office and Computer Supplies, Maintenance and Operation Supplies, Tools, Equipment, Special Event, Miscellaneous Supplies, Airfield Supplies and Bad Debt expense for \$500 dollars.

Capital Lease Principal and Interest includes the money which will be borrowed in a period of five (5) year time frame around \$94,000. This also includes the principal and interest on the Arc Flash and an energy savings program conducted three to four years ago in the terminal and maintenance trailer which is about \$5,007 out of \$23,825. Interfund transfers include different City services throughout the City and the biggest part is \$147,000 for 2.2 maintenance employees for Salary and Benefits paid back to MSD (Maintenance Services Division). Contingency has been the same for three or four years

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for \$7,000 dollars that has not been spent. Capital Improvements are all grant projects with local funding included.

Chairman Stebbens asked for the breakdown of the Operating Transfers. Mr. Johnston responded \$228,000 from the General Fund, \$150,000 from the Vehicle Replacement Fund and \$90,000 for Arc Flash.

7.2 Update of Airport Rules and Regulations

Chairman Stebbens stated that he and Mr. Johnston had a meeting with the City Attorney. Mr. Stebbens and Mr. Johnston discussed Airport Operating Regulations with regards to the financial responsibility paragraph of the City code. According to Chairman Stebbens, it is the City Attorney's desire to be updated to a generic language. The proposed language will replicate ADOT's definition of a based aircraft which is 90 calendar days within a calendar year period and will be required to provide proof of insurance. A public process was proposed to be able to provide an avenue for all who are affected by the change regarding based aircraft insurance requirement. Chairman Stebbens added that the City Attorney recommended that the airport have a written policy on based aircraft insurance requirement which is currently reflected on the lease agreements and Chairman Stebbens furthermore read the language on the lease agreements. Chairman Stebbens added that the current lease agreements mirrors what was discussed during the insurance issues discussed at the Board meetings. Chairman Stebbens discussed the sub-paragraphs about the additional insured language the paragraph about the waiver of subrogation. Chairman Stebbens added that the City Attorney will return to the Board after research. Chairman Stebbens furthermore described his interpretation of the waiver of subrogation requirement. Chairman Stebbens opened the floor for any guidance, discussion or responses from the Board from his presentation. Mr. Sayre asked for clarification if the City will be exonerated from any damage that the aircraft owner causes whether if it was accidental or negligent in nature. Chairman Stebbens responded that this language is a standard language that cities use for contracts, rental agreements and construction. Chairman Stebbens proposed that a City ordinance be revised with the generic requirement, a written policy from the airport manager, and then it will be coordinated with the Board. Chairman Stebbens added that this process makes sense and that the Board can be used as an avenue for people to have a public forum. Chairman Stebbens added that if the Board disagrees with the policy, the concerns will be brought to Councilmember Sheehy to be brought up to the City Council. Chairman Stebbens asked for guidance from the Board if what he proposes is reasonable. Vice Chairman Worthy asked about the position of the AOPA (Aircraft Owners and Pilots

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Association). Chairman Stebbens responded that he can speak about the EAA (Experimental Aircraft Association) broker's response. The EAA broker responded that there is no problem adding Lake Havasu City as additional insured and it is becoming a common practice in the EAA broker's opinion. Chairman Stebbens added that the waiver of subrogation can be added in the policy per the EAA broker. Chairman Stebbens added that the EAA responded by asking why would a policy holder waive the rights on damages that occur on your aircraft. Chairman Stebbens added that this is the only question that is still pending and is under contention at the moment. Chairman Stebbens further added that the City Attorney is working on the subject matter. Chairman Stebbens opened the floor for comments from the Board members for guidance to move forward. Mr. Sayre stated that he agrees that there should be an avenue to express concerns and make suggestions. Mr. Boyer added that he also agrees with Mr. Sayre that it is important that the public has a forum through the Board. Vice Chairman Worthy agrees as well. Vice Chairman Worthy added that he would like to see the City Attorney meet with the EAA and that all parties discuss and have a consensus prior to going to City Council for final approval. Chairman Stebbens explained that the City Attorney will prepare a draft ordinance to amend 11.08.220 and present to the City Council defining based aircraft and the insurance requirement. Airport Staff will prepare a policy and discuss at the Board meeting and include a paragraph if there are amendments to the policy it will be brought forward to the Board for discussion. Mr. Johnston added that the airport policy will have the detail and the code to the City Council will be simple and straight forward. Chairman Stebbens stated based on the response from the Board, the subcommittee will continue to pursue and report to the Board with regards to the waiver of subrogation.

7.3 Local Aviation Contributors Recognition Plaque in Terminal

Mr. Johnston requested this item to be tabled as there is a City policy in process to address this item. Chairman Stebbens added that this policy was reported by Mr. Clark previously and requested Mr. Clark for an update. Mr. Clark responded that the draft policy has been submitted to the City Manager's office. Mr. Clark mentioned that the draft policy includes the language that has different applicable criteria, dollar amount and levels of approval. Mr. Clark will bring the draft policy next for the Board to review.

7.4 Update of FAA Final Rule on Hangar Use Policy

Mr. Johnston reported that the Final Rule takes effect in July 2017 and was published in the Federal Register on June 15, 2016. Chairman Stebbens asked for clarification that if this new rule is more lenient than the current one in place. Mr. Johnston agreed to Chairman Stebbens' comment and stated that this rule is a clarification of

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the rule that came out on July 22, 2014. Mr. Johnston added that this new rule applies to all aircraft storage areas of federally obligated airports and applies to all users of hangars. Mr. Johnston stated that hangars must be used for aeronautical purpose which includes, storage of an active aircraft, final assembly of an aircraft under construction, construction of amateur kit-built aircraft, wings repair refurbishment of aircraft, not indefinite storage of non-operational aircraft, storage of aircraft handling equipment, workbenches, tools, materials used in servicing, maintenance and repair. Non-aeronautical items may be stored provided they do not interfere with the aeronautical use of the hangar. Mr. Johnston provided that the rule details that it must not impede the movement of the aircraft in or out, it may not displace the aircraft, the hangar is not used to conduct a non-aeronautical business function and that items stored are not in violation of local rules, regulations, leases, building and fire codes and ordinances. Mr. Johnston added that the hangar may not be used as a residence. The rule applies to all hangars whether they are public or private.

Mr. Johnston further added that there might be situations that the FAA might approve non-aeronautical use. Mr. Johnston further stated the conditions on non-aeronautical use has to be for a short time span, there should be no aviation demand use for the hangar space, the non-aeronautical use cannot interfere with airport operations, the non-aeronautical hangar use must be charged using fair market value fees. Mr. Johnston added that the non-aeronautical use must be pre-approved by the FAA. Mr. Johnston added that the airport sponsor has to have a program in place to monitor use of the hangars and eliminate and prevent non-aeronautical use.

8. Future Agenda Items

- Update of Airport Rules and Regulation Subcommittee
- Recognition of Local Aviation Contributors to Recognition Plaque in Terminal

9. Future Meeting Date – Wednesday, August 17, 2016 @ 5:30 p.m. Council Chambers

10. Adjournment

Chairman Stebbens asked for a motion to adjourn. Mr. Bill Boyer made a motion to adjourn and Mr. Jeff Sayre seconded the motion and was unanimously approved. The meeting adjourned at 6:09 p.m.