

November 12, 2013

2:00 PM

Newport, Oregon

The City of Newport Airport Committee met on the above date in Conference Room A of Newport City Hall. In attendance were Committee members Jim Hawley (Committee Chair), Jeff Bertuleit, Doug Nebert, Thomas Knott, and Mark Watkins. Also in attendance were: Interim City Manager Ted Smith, Engineering Technician Melissa Román, City Council liaison Ralph Busby, and Committee staff Bob Fuller (Public Works).

I. Call to order.

The meeting was called to order at 2:00 PM by Chair Jim Hawley.

II. Approval of October 8, 2013 minutes.

Motion was made and seconded by to approve the October 8, 2013 committee meeting minutes. Motion carried unanimously in a voice vote.

III. Airport historical revenue and expense report by City Manager-Ted Smith

Smith provided handouts of revenues and expenses dating back to FY 11/12 and takeoffs and landings back to FY 10/11. Watkins asked who would be responsible for developing the City's airport budget, as it appears confusing to him; Smith advised part of the confusion possibly stems from five different Financial Directors over the past five years. Smith also advised he will suggest that a committee member or members be involved in developing the next fiscal year's airport budget. Knott referred to a document he had developed regarding some historical airport budget items, and posed the question re: some line items appear to have increased significantly from year to year; Román advised some of those line items will change in response to planned expenses, such as the new roof, AIP expenses, equipment purchases, etc. Watkins agreed the committee needs to be involved in FY 15 budget process. Knott requested additional historical data regarding fuel sales to date back to pre-recession, perhaps 2005 or 2006. (Román advises the FBO was purchased by the City in 2007.)

A discussion ensued regarding the methodology of determining fuel prices; these fuel prices are based in part on the purchase price, and comps of other area airports such as Corvallis. The committee decided they would like staff to provide them with a report of monthly fuel sales at the regular meetings. Knott requested fuel sales include the number of gallons sold; he advises this might better reflect the actual fuel sales since the fuel price fluctuates, and this must be used as the base for the business plan. Román will try to have this information by February's

meeting; however, she has been directed by City Manager to focus on more immediate city projects and may not meet this goal.

IV. Discussion of Part 139 Certification

Smith advised the airport has had Part 139 certification since the 1980's. He further advised a loss of Part 139 certification could result in the loss of the Coast Guard base due to security concerns. A discussion ensued regarding the pros and cons of keeping/discarding Part 139 Certification (Smith provided a handout with brief summary of Part 139 requirements). Busby advised the loss of certification would not require the payback of any Federal funds. Hawley suggested there may be Federal funds available for maintaining the emergency status of the airport as it relates to maintaining Part 139 Certification. Román suggested the committee and the City need to decide the role of the airport as it affects Part 139; she further stated the airport itself did not really cost the City money, or at least "broke even", until the City acquired the FBO. Nebert suggested without an airport manager or director, it will be difficult to formulate a strategy.

Smith said the new city manager starts December 16th, and it would be beneficial for the committee to meet with him as soon as possible to discuss the airport and FBO concerns, plans, etc. Nebert advised that abandoning the Part 139 Certification could result in the airport being less attractive to business development, and it would be of benefit to research the costs and benefits of Part 139 Certification. Smith advises he will contact the Oregon Department of Aviation, and Nebert will contact AOPA, with the goal of detailing costs, benefits, and consequences of retaining/abandoning Part 139 certification.

V. Landing fees

Smith advised the City collects landing fees from one of the two freight carriers at the airport; however, it has been three years since the City has collected landing fees from the other carrier. This possibly puts the airport assurances in jeopardy because fees must be applied uniformly. Ergo, the City needs to either refund the past three years' fees to one carrier or collect three years' due fees from the other. This was due to the omission of landing fees language from the lease renewal of the one carrier; however, he advised it is part of city code so the carrier is not exempt. Watkins suggested the possibility of having that carrier purchase fuel from the FBO as a substitute for payment of landing fees, or some combination thereof. At this time no action will be taken until further research and new city manager is in place.

VI. Committee Member Comments

Román reported the runway project contractor (High Desert Aggregate) wants to change the specs via change order to allow them to use the old asphalt as aggregate. This would save them a significant amount of

money; however, the concern is whether the aggregate would meet FAA Northern Mountain Region specifications. This is still under consideration and research; no decision has been made until further consultation with FAA.

Nebert reported on proposed minimum standards; he said he needs to get the revised version distributed to the committee and will do so. Insurance requirements are up to the City; Smith offered that he could arrange for a representative of the City's insurance carrier could be made available to brief the committee on this subject.

Watkins asked who would be the appropriate City representative to address complaints regarding airport personnel. Smith requested all complaints be directed to his attention. He will meet with Watkins after today's meeting to discuss this further.

Smith also advised the committee they should develop a presentation to the City Council regarding an airport manager/director. Knott questioned whether the airport brings in enough money to warrant hiring a manager/director. Román cautioned that FBO and airport staffing level figures do not account for temporary employees hired through Barrett Business Services, and further noted temporary employees have historically often been used to supplement staffing levels for both entities, which can lead to a misunderstanding of past and current staffing levels of the FBO and the airport. Knott requested information regarding figures for temp staff, and Román said that information will be contained in the feasibility study she has been working on, which will include data for this (and other areas) for those periods, including: Prior to the City acquiring the FBO, after the City purchased the FBO, prior to Seaport Airlines operations, and during and after Seaport operations. She hopes to have this data available by the December meeting.

Knott asked if there was an airport emergency operations plan, and Román advised it is included in the City's EOP, which is available on the City's website.

Burtuleit commented that there seems to be differing opinions amongst committee members regarding the future of the airport.

VII. Public Comment

Three individuals who are users of the Visual Arts Center were visitors at the committee meeting today. They engaged the committee in a discussion of airport costs as it compares to the City's building maintenance costs. The comment was made that the airport budget appears to equal or surpass the entire building maintenance budget for all City buildings. Busby pointed out that the airport budget includes large amounts of grant monies, and that the City is responsible for 5% matching

funding, so even though the dollar amounts appear high, the City's financial responsibility is much less. The committee and visitors agreed all were important to the City's well-being, and the committee expressed appreciation for the VAC group's interest and participation, and invited them to tour the airport and become familiar with its operations and benefits.

- VIII. Develop next agenda.
 - A. Monthly fuel sales report (Smith).
 - B. Follow-up on Part 139 Certification (Nebert, Smith).
 - C. Minimum standards revisions (Nebert, and possibly a representative from City County Insurance Services, the City's insurance carrier).
 - D. Feasibility report (Román).

- IX. Adjourned at 3:45 PM.