

**AIRPORT COMMITTEE
CITY OF LINCOLN
MEETING MINUTES**

Wednesday, October 17, 2018

10:00 AM

LOCATION: CITY HALL – 600 SIXTH STREET

First Floor Meeting Room

Lincoln, CA 95648

Members Present

Paul Joiner, Councilmember
Dan Karleskint, Councilmember
Bob Butera
Jeff Hanner
Byron Maynard

Members Absent

Richard Pearl, excused
Brian Leibundguth, excused

Staff Present

Shawn Tillman
Jennifer Hanson
Bob Adams

CALL TO ORDER

The meeting was called to order at 10:02AM by Byron Maynard, Vice Chairman,

QUOROM

A Quorum was established with five of the seven members in attendance.

PUBLIC COMMENT

There was no public comment

APPROVAL OF THE MINUTES FROM THE PREVIOUS MEETING

The committee approved the minutes from the previous meeting on September 19, 2018.

OPERATION UPDATE – JENNIFER HANSON

FUEL FARM

The final design for the tanks was received and is currently under review. Advertising and request for bid will soon follow. The tanks will be bid out separately from the site work. Both construction bids will require Council approval, which is expected probably around January 2019. Construction is expected to begin Spring of 2019. There will be two above ground stainless steel tanks, 12,000 gallons each. These will be fenced in. The old tanks must be removed with testing for leaking into the ground. There was a brief discussion on the configuration and placement of the tanks.

HANGARS

Only one response was received regarding the development of new Hangars at the airport. The reason for low response is still thought to be the current cost of money. Since there was only one proposal and, therefore no comparatives, staff has decided to re-open a request for qualifications (RFQ). The one proposal included an RV storage unit in the Triangle property, which is not airport property. The new RFQ will also include a request for an RV storage unit on the Triangle.

GENERAL OPERATIONS

Caltrans will be inspecting the airport in October. They are the permitting agency for the airport. Staff is working with FAA regarding previous issues. The Airport runway design code is currently a C-III. It is likely that it will be re-designated as a B-I or a B-II because of the number of jet operations.

The Airport Reconstruction Project was discussed. The FAA has determined that they will fund improvements to the taxiway and to allow it to be used as a runway during the construction period rather than just constructing the second runway. Funds for the Airport Reconstruction Project and the Taxiway Improvement Project would come from Caltrans Grants 5%, FAA 90% and City 5%. There are additional possible Federal funds. City share would be expected at between \$250,000 and \$500,000 for all projects + environmental costs.

Runway reconstruction, including Environmental, Design and Construction components is expected to last from 2 to 3 years.

In other comments it was noted there is a lot of F.O.D. (Foreign Object Debris) on the ramp, taxiways and the runway. It needs to be swept again. For the most part, the gravel originates from disintegrating asphalt. It was recommended that we crack seal as we can with staff who can perform that task.

It was asked as to the status of the Common Area Maintenance fees. The "how to administer" question is being discussed by staff. Possibilities could be that it would be driven by a city ordinance and administered to all or, to those lessees who's agreements allow for it.

It was also noted that funding in the C.I.P to replace the ramp is of lower priority

GENERAL AIRPORT BUSINESS UPDATE

FINANCES

A slide presentation was made on both Airport Finances and Airport Management Analysis. The slides are attached. The staff is gearing up to make a proposal to the City Council.

MANAGEMENT OF AIRPORT ANALYSIS UPDATE

The staff is still considering options for airport management via an FBO. One option is to have a company that would manage the entire airport and the second is management/ownership of the fuel farm only. Staff will provide additional input on the Finance Options by the next Airport Committee Meeting.

There is a workshop with Staff and the City Council on December 4, 2018 to which members of the Airport Committee are welcome.

NEXT MEETING – November 21, 2018

ADJOURNMENT 11:26AM

SUBMITTED BY: Jeff Hanner, Committee Member

Airport Finances

Airport Committee
October 17, 2018

Fund Balance (Fund 750)

- \$5,644,740 Unaudited Beginning Balance July 1, 2018
- \$5,642,609 Projected Year End Balance June 30, 2019
- Require formal Interfund loan or other financing option
- Cannot continue to carry debt without repayment plan.

Interfund Loan

- *Interfund loans* are the *lending* of cash from one City fund to another for a specific purpose and with a requirement for repayment.
- The practice of *interfund loans* is a recognized and necessary aspect of municipal finance.
- Must be consistent with Council Policy
 - Short Term vs Long Term
 - Accrue interest (around 3%)
 - Must have a repayment plan

Financing

- Municipal Revenue Bonds
 - Paid back with revenue stream
- Private Bank Financing
 - Paid Back with revenue stream

Revenue Streams (Gas)

- Fuel Sales for 2018/2019 - \$927,617
- Cost of Fuel - \$686,366
- 35% markup
- Strive to Increase by 5% each year

Leases

- New hangar ground lease
- Proposed storage facility on Triangle
- Proposed museum Lease
- Other Lease Negotiations

Option: Sale of Existing Hangars

- Square foot cost ranges from \$40 to \$75
- Potential Generation of \$3,000,000 to \$4,000,000 in Revenue
- Then enter into new ground leases
 - Receive New Ground Lease Rent
- Require Appraisal
- Pros and Cons

Continue Evaluating FBO Option

- Full Management of Airport
 - Monthly Cost for Labor
 - Percentage of Fuel Sales
 - Incentive for Revenue Increase
 - Pros and Cons
- Just Fuel
 - Fuel Flowage Fee
 - Ground Lease
 - Fuel Farm Lease
 - Pros and Cons

Next Steps

- Presenting Options to City Council December 4, 2018
- Presentation of Formal Interfund Loan Documents