

**SAN BERNARDINO COUNTY AIRPORTS COMMISSION MEETING
MAY 25, 2017.**

The meeting of the San Bernardino County Airports Commission was called to order at 10:03 a.m. by Commissioner William Smith. Meeting location: Department of Airports, 777 E. Rialto Ave. San Bernardino, Ca 92415.

Commission Members Present:

William Smith
Jim Bagley
Ray Marquez
Roy Cox
Mark Taylor
Larry Asmus

Commission Members Absent:

Bob Cable

James E. Jenkins, Director of Airports
Terry Stover, Assistant Director
Cyle Woodruff, Operations Manager
Nicole Leyden, Secretary I
Agnes Cheng, Deputy County Council

Staff Present:

Department of Airports
Department of Airports
Department of Airports
Department of Airports
County Council

Visitors Present:

Deana Olivares-Lambert
Steve Lambert
Chuck McCormick
Bob Velker
Breanna DeBritton
Chuck & Sharon Stuewe
A.J. Ursic, Jr.
Carl Scholl
Doug Crowther

The 20/20 Network
The 20/20 Network
Mead & Hunt
Chino Development League
DeBritton Aviation
Chino Tenants
Chino Tenant/FAA Safety Team Rep.
Aero Trader
Threshold Aviation

Pledge of Allegiance

Led by Commissioner Smith.

Report on Posting of Agenda:

Mr. Jenkins stated that the agenda had been posted.

Awards, Guest Introductions and Announcements:

Guests introduced themselves.

Mr. Jenkins shared that today Joe Dozier, Maintenance Worker I from Chino Airport, is receiving the annual Award for Excellence for the Department of Airports. Also Randall Lee, Maintenance Worker I from Apple Valley Airport, received his 35 year pin and chose not to be awarded at the ceremony, but decided instead to have his award presented at a commission meeting. So, at the next commission meeting we will do a presentation for him.

Mr. Jenkins also shared that we have successfully recruited and hired a Fiscal Assistant for the Department of Airports Administration office. Her name is Patrice Flagg and she will begin this coming Wednesday. This is to replace Richard Torres who promoted to the Real Estate

Services Department about 90 days ago.

Action Item - Approval of Commission Meeting Minutes

A motion was carried by Commissioner Marquez, seconded by Commissioner Taylor and passed to approve the commission meeting minutes from April 27, 2017.

Commissioner Reports/Comments

Commissioner Taylor informed us that the Aerobatic Contest was held at Apple Valley Airport, but they cancelled early on Saturday due to wind.

Commissioner Marquez stated that he was at a 5K run in Chino last Saturday and the previous day they had a brush fire along the 71 freeway. He praised the firefighters for a great job that they did there when he saw them putting out a small fire at Chino Airport.

Commissioner Bagley said that he enjoyed the Chino Airshow and he was happy that it went on without complications. He also complimented the staff for all their hard work.

Commissioner Smith shared that the Redlands Airport had their annual Hangar 24 Airshow. He said that it was an excellent show and it included an Osprey and an F18.

Public Comments

Mr. Ursic introduced himself. He said that he is a FAA Safety Team Representative and has been a Chino Airport tenant since the 1970's and has been very involved with the airport. He shared that there has been a few issues over the years. There was an issue with the overgrowth of weeds and the issue now is rocks. The power-cutter that was used by staff to cut the weeds by his hangar right before the airshow blew rocks onto the taxiway. He passed around pictures to the commissioners showing the size and location of the rocks and asked for them to be swept off the taxiway.

Mr. Jenkins responded by saying that he will take a look at what Mr. Ursic has submitted. He continued by saying that the ramp area issues are not high on the list of priorities on days that we are deficient in staff. He shared that the J-Hangar area has been a challenge to maintain and repair, but it is included in a rehabilitation grant which we plan to exercise mid-summer. Mr. Jenkins appreciated the information that Mr. Ursic had brought and he encouraged him to continue to bring more in the future and we will address the issues as required. He also apologized to Mr. Ursic for having to bring this to the commission meeting to get it resolved.

Mr. Jenkins was asked if it was a vendor that came to the Chino Airport to do weed abatement. Also, if there is a phone number for people to report maintenance issues on the airport.

Mr. Jenkins informed us that it is our staff members that do the weed abatement and we will have to look into this and see where we went wrong. It could have just been a lack of oversight, but we will address this.

Mr. Jenkins shared that there are a couple of methods to report findings. On our website there is a link to our maintenance request, which is a web-based maintenance program to report deficiencies or maintenance requests and it has the ability to upload photos. These requests go into a que and go directly to the department. Another is our phone number for our administrative office. This is a 24-hour phone number either answered by a staff members or by an answering service. Once it has been accepted through the answering service those messages are delivered to several staff members on their electronic devices.

Mr. Jenkins was asked when the drivers training website was last updated.

Mr. Jenkins said that this is something that we are currently addressing. It is a Microsoft Internet Explorer based system. It doesn't work with mobile devices, or chrome or some other web browsers. We are getting that system updated and also updating some of the information

in it.

Information Item: Chino Airshow 2017 - Update

Mr. Jenkins explained that the Chino Airshow was a marginal event this year. It was an overall success with attendance being as good as it could be with the weather and with the lawsuit which was filed. The Planes of Fame said that the pre-sale tickets were at a record high, but the attendance coming through the gate was about 20% less than what was expected. They were able to break-even, but Mr. Jenkins doesn't expect to see any increment this year on any profit-sharing. We had no issues related to the lawsuit and they plan on moving forward on next year's airshow. Flying Tigers didn't have an event this year, but we made provisions so their self-serve island could be utilized throughout the day. We had a direct route from the taxiway to their leasehold as opposed to an alternate route that we have had in the previous years. On the operational side it was a safe event. There was only one filed incident report. In the bag-check area on Sunday the wind blew a couple of easy-ups into the air and they impacted 2 people.

Mr. Jenkins was asked if there was anything that the Department of Airports or County Council can do to help settle the lawsuit and preserve future airshows at Chino Airport.

Mr. Jenkins explained that it is a dispute between 2 parties. He said that County Council has done an excellent job at making certain that that line of distinction between what is a dispute between parties and what the county becomes engaged in is held pretty tightly. The county authorizes the Chino Airport to be utilized for the airshow that is sponsored and hosted by the Planes of Fame Air Museum. To date they have met all the provisions in that license agreement. Relative to mitigation/mediation to the parties, unfortunately that is not our role, and if we engage in that then we become enjoined in the dispute. We are not certain with what's going to happen with the dispute moving forward and it is still on calendar with the court.

Mr. Jenkins was asked if the airshow can be part of the terms of agreement in future leases with Chino Airport tenants.

Mr. Jenkins said that we are thinking about a more global approach to how we manage our properties and our assets. Right now we are thinking about getting some language into our minimum standards and rules and regulations. Currently we don't have a minimum standard. We will be developing that minimum standard for consideration by the stakeholders during the course of this summer and possibly have it presented to the Board by spring next year. There are things that we can do within our rules and regulations to expand our ability to point to a rule. We don't necessarily have to have it stipulated in a lease agreement because all lease agreements point back to the rules and regulations as the guiding document that all tenants are required to abide by. That is something that we are considering and the commission will most likely have input on that aspect of rules and regulations and minimum standards as they are developed and amended.

Information Item: IAC 49 Annual Aerobatic contest at APV, May 4-6, 2017

Mr. Stover shared that we hosted the annual aerobatic contest at Apple Valley Airport, pointing out that we don't really do much more except to provide the airport. They bring in their aircraft, tiedown and pay us tiedown fees. They rent a small office from us for the weekend. They typically come in on Thursday to practice, then have their contest on Friday and Saturday. This year they ended early on Friday due to wind and they did not have it on Saturday at all.

The IAC get a waiver through the FAA for a box near Bell Mountain to do their contest in. This year an FAA employee who lives in the area believed that an aircraft was outside the box parameters and called the local Flight Standards District Office in Riverside. The FAA then contacted the IAC, but nobody got stopped and there was no additional paperwork.

Information Item: APV café extended days/hours, effective May 15th

Mr. Jenkins briefed us on the café at Apple Valley Airport. He informed us that we have them

on a very tight management watch. They have become tardy in their payments and they are currently late on their utility payments to us. In this past month they incurred their 3rd late payment which puts them into effective default. We are now able to terminate their lease agreement. They recently sent a letter requesting us to extend their lease agreement which expires in September. At this point we will not be extending their lease agreement, but hold them in a hold-over status. We sent them a letter stating that we will hold them in hold-over status for 6 months to see if they can rehabilitate themselves and we will reevaluate at that time. They have made the comment that we would not terminate them for late payments because we need a restaurant there, but unfortunately we will terminate them for being late. Mr. Jenkins wanted the commission to be aware that they are being managed closely and if we don't receive payment on the utilities this week then they will be going to County Council for a 3-day pay or quit notice. They can rehabilitate themselves from that, but it puts them in a category of having a deficiency when we are looking at them for a renewal or lease extension.

Information Item: IEAM quarterly meeting held at Cable Airport, May 16th

Mr. Stover informed us that the Inland Empire Airport Manager's quarterly meeting at Cable Airport was very successful and that they had about a dozen people attend. These are all local airport managers from the Inland Empire. Lilita Valle, manager of San Bernardino Airport, who is the coordinator of the group, had some documentation from Terry Hansen. Also, Patrick Miles was there, who is the Cal Trans Division of Aeronautics Inspector. He conducts the 5010 inspections for our airport permits. He gave a PowerPoint presentation on what he does and why. Will Hamilton, the manager for Redlands Airport has recently joined. He has been dealing with an IAC aerobatic group recently so Mr. Stover encouraged him to reach out to him because of his experience with the group. Mr. Stover said that that is what IEAM is for to discuss similar issues that our airports might have. Gary Gosliga was there also. He is manager for the civilian side of the March Air Reserve Base and he took Mr. Stover's place on the Association of California Airports Board of Directors when Mr. Stover stepped down.

Director's Reports

Capital Improvement Program

Mr. Jenkins explained that our Capital Improvement grant was delayed because our Disadvantaged Business Enterprise Program went stale. This is a program in which we are required to have in place. Our numbers were stale so we had to develop new targets so that we would be able to reach out to those business entities that qualify under that standard. We are very close to that goal now and will be able to present that to the County Board of Supervisors for consideration and adoption. Once that's in place we can get bids on our project. Our project is the general aviation ramp area associated with the J-Hangars, which are the T-Hangars between Runway 21 and Cal Aero Dr. The 2nd area of concentration is the hot spots. Also included is the rehabilitation of the northwest ramp area and the L.A. Greens which is a visual aid to show where the movement area is. The total is just under five million dollars between the state and federal components. The work will be going on through the winter and hopefully by next spring the pavements and hot spots will be completed.

Mr. Jenkins was asked if the ramp rehabilitation included all the asphalt being removed and replaced.

Mr. Jenkins stated that only the area associated with the west side of the Eagles Nest and K-Hangars would be included. On the east side of those hangars is something that will have to be addressed differently. Either the lease-holders or the airport will take care of that. We will discuss it internally to determine how that gets accomplished. We did mitigate the area associated with the taxi lane on the other end.

Mr. Jenkins pointed out that the county's pavements are asphalt and the tenants that have done developments have installed concrete ramps. When you place concrete adjacent to asphalt

you have to have an expansion joint. In the areas mentioned that have “mushroomed” developers neglected to put in expansion joints. The asphalt was put in first and the lease holder has a responsibility to maintain their pavement and to maintain the transition. This has been communicated to the leaseholder. The leaseholders have to get permits for structure improvements, but not for pavement improvements. For that the leaseholders are responsible to coordinate with us to let us know when there will be impact to operational areas vs impact to the leaseholder’s area.

Mr. Woodruff stated that when Mr. Garcia, the Project Manager from Project Management Division, came to Chino Airport he gave him a tour and they went over some of the projects that we have planned. A major project is the Kimball Ave. conveyance project in which we will be connecting the storm water basins from the airport property underneath Kimball Ave. to some basins on the south side of Kimball Ave. They took a look at that area and took some measurements. Another project is the air compressor replacement in the commercial hangar complex, which has been assigned to a contractor.

Mr. Woodruff also briefed us on Building A305, which is an unoccupied building along Merrill Ave behind Flo’s Cafe at Chino Airport which we intend to remove. There is a telecommunication hub in it for Frontier Communications as well as a Southern Californian Edison power supply that has to be relocated. He met with some Frontier representatives last week and is expecting to get some engineer drawings in the next couple of weeks along with their recommendation of where an exterior panel can go, what will be required, and a cost estimate for that project.

Mr. Woodruff said that at Apple Valley Airport we will be having a HVAC upgrade for the terminal. We have a recommendation from the previous project manager on that and those plans were sent to Mr. Garcia for him to provide his guidance and recommendation. Also at Apple Valley the project of new wind locks for the hangar doors has been awarded to a contractor.

Board of Supervisors Activity

Mr. Jenkins shared that there was only one item that went to the Board of Supervisors. It was authorization for the Apple Valley Airshow. It was approved, so we are moving forward on that event. We also had to establish a \$10,000 petty cash fund which was approved by the board. This enables us to give change to the public when they pay their admission fee. Also yesterday we sent contracts to the parties that we lease property from for overflow parking. We did not increase the budget this year for the event, but our budget is adequate.

Real Estate

Mr. Jenkins briefed us on a couple of Real Estate items including one which he explained may or may not resolve itself. Inland Valley Aviation has been on a repayment program of \$1,000 a month for payment on arrears from several years ago. They have been paying for about 4 years, but decided this month to only pay their base rent and to withhold payment for their arrears because there is maintenance that they want us to do on their building. It was communicated to them that we don’t have any maintenance responsibilities on the building. We have tried to work with this tenant for years and Real Estate Services has had a lease agreement out to them for an extended period of time with which this tenant has failed to execute. So, not only do we not have any responsibilities to maintain, but there isn’t a viable contract in place. This tenant is in hold-over status which means the terms and conditions from the previous agreement continue to be our guide. If they don’t pay then they will receive a termination notice.

Mr. Jenkins shared that Yancey Enterprises gave an update this week that they are moving towards a solution to their issue to get an agreement executed with the city of Rialto.

Ms. Cheng added that Yancey Enterprises present court council has been working with us. They have permits issued for tenant improvements. They've been working with the City of Rialto and are waiting for a grading permit to come through. Once they execute an agreement with the City of Rialto we anticipate the construction of improvements to start. We put them on notice that they need to be operating in their space and they haven't been, but their court council seems to be making positive progress with the City of Rialto.

Mr. Jenkins briefed us that there may be another item that may become problematic. R&R Properties who is a sod farmer at Chino Airport has about 300 acres under contract to harvest sod. They had a base of operations that was near Chino Corona Rd. on the south part of Chino and they lost their lease. Prior to that they leased a conditional piece of property from the county and they were going to move their base of operations down to a 5 acre parcel on Kimball Ave. For a year they were under plan review/entitlement with the City of Chino and made quite an investment in entitlement fees. They became time constrained with the lease agreement where they were based and they needed to move. We allowed them to lease an office space along Merrill Ave. near Flo's Café temporarily so that they could continue to do a retail business. This was a one year lease agreement which is month to month and was just until they get their permanent place on Kimball Ave. They have not been moving forward on the efforts for this and they have made several requests to more firmly establish themselves on Merrill Ave., which we have denied. The area that they are in now is very congested with the traffic from Flo's Café and the other businesses adjacent to them. There is also a dust issue so they brought some road-based material and began wetting it down. We have a meeting with them next week to talk about their future plans and what they plan to do for a permanent location. We already put them on notice that from our perspective they don't need to be on the airport to sell their sod, they can do that off the airport. We are encouraging them to get back on their side on Kimball Ave. and if that's not viable then they can expect that come January 2018 they will not have a lease at the airport for their retail operation. They do us a great service by having the sod farm there because that is 300 acres of area that we don't have to maintain. We hope that they will be able to develop their retail sale location on the 5 acre parcel where they originally planned to do it. They have a fuel tank that they want to install which requires them to get a permit which in turn, requires a letter from us, but we are not giving them that letter until we see that they are moving forward with their operation on the south side.

Mr. Woodruff informed us that he reached out to one of our consultants to recalibrate the compass rose and to establish a secondary location. This will be located on the approach end of runway 21 in the closed run-up area. We will have an engineer come out and place some pins and mark that off. Once we have the new re-calibrated locations we can get that painted. Mr. Woodruff also shared that he's been in contact with the San Gabrielle Valley 99's, who are very eager to help with it. They will paint their logo and a big, bright blue and white compass rose like they have done at other airports.

Financial Report

Mr. Jenkins said that we are at 88% of the year. We've earned 101% of our expected revenue for the year and we've expended 69% of what we've budgeted. We've earned more money than we've expected to. Some of that is conservative budgeting and some is that is we have received payments where we expected delinquencies.

For the commercial hangar complex we've earned 146% of our revenue and we've expended 33% of our budget. One of the reasons we are seeing an influx of cash there is because we weren't sure if some of our tenants were going to survive, so we budgeted accordingly, but fortunately they have survived. The expenses are low due to we don't spend money because of certain cash drains like the plume issue that we are currently still funding. The insurance reimbursements are slow so we need to preserve our cash. There are a couple of projects that we did not get to this cycle for the same reason, but we hope to get to them in the upcoming

cycle. We defeased the bond last year at the commercial hangar complex. It was an 8 year cycle of a million dollars a year that we had to fund. The revenue you see in reserves are a resultant of that lack of expense that we have on the bond.

At Apple Valley Airport revenue is up and expenses are below expectation. We are very close to the end of the year so we are expecting a little more revenue.

Administration does not earn any money and we are 141% above our expected expenses because we have not received a reimbursement for our share of cost to the Apple Valley Airport. They haven't paid us back for our expenses, but once that balances we will likely be in balance.

At Chino Airport we've spent 58% of our expected budget and earned 109% of its revenue. We preserve projects because of cash flow. We hope that that cash flow issue will correct itself in this cycle. Our goal is to have the general fund manage the plume issue, in place of the airport system managing it. We are hopeful this will happen based on a settlement agreement with our insurance carrier on that plume matter.

At Needles Airport we are at 193% of expenses due to the windstorm last August. We had quite a few unexpected expenses. This is a high expense area and we will be doing a little bit more work before the end of the year. We will see some of the money back in insurance reimbursements. It is at 94% of its revenue.

At Barstow-Daggett Airport we've earned 70% of its revenue. It may come in a bit low this year. We kept the expenses in line, so we will likely balance there.

In the upcoming budget cycle we are budgeting a bit more aggressively because the budget office of the county wants to see that, but it won't change how we manage. Even though our budget targets will be higher if we don't earn it then we won't spend it. The reserve remains healthy and remains principally for grant matching

Mr. Jenkins was asked about the low fuel flowage numbers at Apple Valley and Needles Airport. Mr. Jenkins said that it could be that the numbers are low or there was an accounting issue. He said that we will audit it and make certain at the next cycle if the numbers balance or if it's a bit low.

Mr. Jenkins was asked what the plan was to increase staff at Chino Airport. Mr. Jenkins pointed out that we have plans for 2 additional positions for Chino. One is a new one, which is airport manager, which we hope to present to the Board in the first quarter of the upcoming cycle. Second will be an Airport Maintenance Worker II in the next budget cycle. The recruitment for Apple Valley Airport Manager closed 2 weeks ago and interviews for that are next Wednesday. Also, we are currently recruiting for Maintenance Worker I for Apple Valley Airport.

Monthly Report

Mr. Stover shared that he attended a hire a veteran event hosted by Supervisor Hagman. The Department of Airports had a table there with information and a few small things to give away. It was a very positive event with a lot of veterans there looking for jobs and was well attended by a lot of other cities and entities.

Mr. Jenkins added that if you go to the county's website and navigate to the 4th District Supervisor page you will likely find some information on this.

Mr. Stover briefed us on the antiquated water system at Barstow-Daggett Airport which we have for fire suppression. There is a 300,000 gallon ground tank which the wells pump into. There is a booster system that pumps into an elevated tank which has floats in it to keep the water at a certain level. The floats have failed and it overflowed so we had to turn the pumps off. It is quite an expensive fix with which we have had one estimate so far of \$44,000. Staff is going out there every other day to make sure that the tank is full. There is only one connection besides the fire suppression which goes to our building and the FBO building. The Army facility has their own water system.

Mr. Woodruff shared some of his monthly report. He shared that he had attended some meetings leading up to the Chino Airshow.

Mr. Woodruff briefed us on the fire at Chino Airport. He said that staff was called out by the air traffic control tower in regards to a flock of seagulls. Staff is trained in and uses pyro techniques to try to mitigate the bird population. Staff had discharged a "Bird Banger" which uses 22 caliber caps to launch projectile into the air. It blows up and it scares off the birds. Apparently, when staff shot this it landed in the brush. Staff then departed the area after the birds departed, followed by a call from the tower 30 minutes later about a fire. Chino Valley Fire was dispatched to assist, but there were no damages nor any injuries.

Mr. Woodruff briefed us on the rock and debris issue at Chino Airport. He said that we have increased our sweeping contract from sweeping one day a month to two days a month. As a result of the numerous complaints we've been getting for rocks & debris in the taxi lanes we have been keeping a closer watch on the sweeper service and found that they were not doing an adequate service. Mr. Woodruff met with the owner of the company and one of the supervisors. The supervisor has now been the one sweeping lately and is doing a much better job. He's using a newer truck with proper settings and it's picking up a lot more debris. Also, staff was out this week doing crack filling at the commercial hangar complex on the ramp area because that's been a big concern with the tenants due to the amount of large, heavy aircraft coming in on a regular basis.

Mr. Woodruff said that we are working on these things in the areas that we can with the resources that we have.

Mr. Woodruff informed us that the roof on the office at Twentynine Palms Airport had deteriorated. Staff was out there last week and removed all the items from the office so once the wall is torn out we don't have to worry about the security of the office. We are still working on scheduling staff to go and spend two or three days out there to complete that project.

Chino Airport Operations

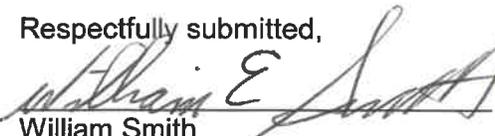
Mr. Jenkins informed us that the Chino operations numbers for this cycle are balancing back out at 16,000 operations this month. The first 2 months of the year were low mainly due to weather, but we will likely have an operational count of 170,000 this year. We've got another flight school based at Chino so we will see if they bring up the count an additional 5,000 that they claim they will.

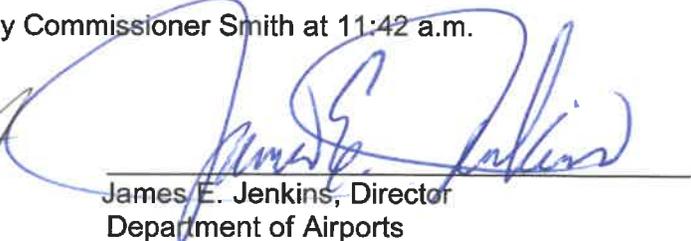
Date, Time and Place of Next Meeting

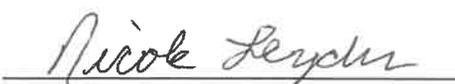
The next meeting will be held on Thursday, June 22, 2017 at 10:00 a.m. at Department of Airports, 777 E. Rialto Ave. San Bernardino, Ca 92415

Adjournment: Meeting adjourned by Commissioner Smith at 11:42 a.m.

Respectfully submitted,


William Smith
Airports Commission


James E. Jenkins, Director
Department of Airports


Nicole Leyden, Secretary I
Department of Airports