

**SAN BERNARDINO COUNTY AIRPORTS COMMISSION MEETING
APRIL 23, 2015.**

The meeting of the San Bernardino County Airports Commission was called to order at 10:00 a.m. by Chairman, Mark Taylor. Meeting location: Chino Airport: 7000 Merrill Ave. Chino, Ca 91710

Commission Members Present:

Mark Taylor, Chair
Bob Cable, Vice Chair
Roy Cox
William Smith
Larry Asmus
Ray Marquez

Commission Members Absent:

Jim Bagley

Staff Present:

James E. Jenkins, Director of Airports
Terry Stover, Asst. Director of Airports
Robert Cayce, Airport Operations Manager
Nicole Leyden, Secretary I
Jeff Laass & Steve Mintle
Carrie Hyke
Bob Velker

Department of Airports
Department of Airports
Department of Airports
Department of Airports
Real Estate Services
Special Districts
Department of Airports

Visitors Present:

Carl Scholl
Jake Roberts & Chuck McCormick
Doug Crowther & Tom Bressan
Mike Kreeger

Aero Trader
Parsons Brinkerhoff
Threshold Aviation
Chino Valley Fire Dept.

Pledge of Allegiance:

Led by Larry Asmus.

Report on Posting of Agenda:

James E. Jenkins stated that the agenda had been posted.

Awards, Guest Introductions and Announcements:

Guests introduced themselves.

Mr. Jenkins shared that Mr. Cayce has accepted a new position in Dayton, Ohio and will be leaving in mid-May. We will be recruiting for his position in the coming weeks.

Mr. Jenkins announced that our Staff Analyst, Rikki Vahovick, was selected for the public service award this year.

Action Item - Approval of Commission Meeting Minutes

A motion was carried by Commissioner Smith, seconded by Commissioner Asmus and passed to approve the commission meeting minutes from March 26, 2015.

Commissioners Reports/Comments:

Commissioner Cable stated that contrary to rumors Cable Airport has not been sold and is not for sale.

Commissioner Asmus asked if Hangar 24 will be opening a facility at Chino Airport or across the street. Mr. Jenkins replied that Hangar 24 had inquired about moving to Chino Airport late last summer, but we have not heard back from them on their plans. The property across the street which might have been available to them has since been purchased.

Commissioner Asmus asked how the change of management at Needles is going. Mr. Jenkins explains that the change is underway in the form of a lease assignment. Unofficially, the new management is in place and they are in touch with us and managing the fuel facility. They are moving forward in a positive and responsible manner.

Commissioner Taylor inquired about the Apple Valley Airport Café. Mr. Stover shared that the café changed their hours. They are now closed on Mondays and Tuesdays. They are open from 8 a.m.-2 p.m. on Wednesday and Thursday and from 8 a.m.–3 p.m. from Friday through Sunday.

Commissioner Taylor shared that on April 11th the EAA had a party at Apple Valley Airport in which 45 people attended. It was a successful get-together for the aviation community.

Public Comments:

Carl Scholl said Mr. Nichols' lease expired and that he had submitted a proposal to lease 3 out of 4 of Mr. Nichols' hangars. Mr. Scholl shared that Mr. Nichols had promised to assign the lease to him in the past, but has not done so. He shared that Mr. Nichols has not submitted a proposal. Mr. Scholl said that Aero Trader has been a good tenant for 30 years and has increased their business from one hangar to 3 hangars and that they have enough work for the next 4 or 5 yrs. They need that additional hangar to expand their operation and for the longevity of their business. They are currently on a month to month lease with Mr. Nichols in which a lease extension was sent and raised their rent 13 ½ %, \$2,250 more. Mr. Nichols' rent has only increased \$162. He asked for consideration of his proposal when the review process comes up.

Mr. Jenkins briefed us on the situation. He pointed out that prior to the year 2001 the S.O.P. process was to hand delivered notices to tenants notifying them of public processes. They would tape the notice on the leaseholds or hand-deliver them with envelopes. It is county policy to hand-deliver or mail notices to each tenant. During lock-down on September 11th a distribution system was set up to have the notices at the airport gates. We then defaulted to this system of distribution for all notices to tenants and have been following that practice to date. Mr. Nichols challenged this system and claimed he wasn't properly noticed. Since the county code states to hand-deliver to each tenant or mail it and we did neither we failed in that SOP process. After finding that error we rejected all the proposals that were received for that property. The county directed that we modify the process. The language of hand-delivering or mailing is being removed and will be executed in a week. We will continue the current distribution system utilizing the airport manager's office, gates, and website and publish a public notice in the Daily Bulletin and Chino Champion. We will be going back to the SOP process for that property and Mr. Nichols as well as others will be able to participate. S& R Aviation and another company had responded for that SOP process.

Mr. Jenkins expressed his apologies that S&R was engaged in this mishap. He thinks that they

will be a good candidate for the facility. Mr. Jenkins continued in saying that regarding rent paid by a sub-leaseholder in the new documents 100% of the monies above of what it costs the leaseholder to lease their property go to county. Subleasing a ground lease development is different. The language will be different and it won't affect ground leases.

Mr. Jenkins said that we don't know why Mr. Nichols didn't participate, but we believe he was properly noticed. We thought we had clear conversation with him regarding the process and a copy of document was sent electronically to his office. We were challenged by Mr. Nichols that he wasn't served the documents.

Mr. Jenkins explained that we tell all participants in the SOP process to give their history, the number of people employed, the number of projects that could be garnered if they get additional space etc. They will be evaluated on the highest and best use of the facility. We look for someone that can grow into the facility and provide services that draw the aviation community to this airport to use those services.

It is a collaboration between Real Estate Services and Airports which approves tenants in the S.O.P. process.

Bob Velker announced that May 1, 2, and 3rd are the dates for the Chino Airshow. On the Thursday before, on April 30th, from 4:30-7:30 there will be an open house which will be a mixer of about 200-300 business people and people from the community. They will be offered a 30 minute tram tour of the airport. Airshow planes will be lined-up to look at. They will have a fire engine from September 11th from New York on display, Threshold will have a Gulfstream aircraft to view and Edison will have their helicopter there. They will also have a F-22 Raptor. Five restaurants are sponsoring the event with food donations. Friday night there will be an after-burner show at dusk. Mr. Velker said that they are expecting 40,000 spectators for the airshow.

Mr. Velker announced that a gentleman who was prominent around Chino Airport, Robert Baker, passed away and services are today at noon.

Tom Bressan expressed that the meeting Mr. Jenkins hosted with Threshold went well and that they had a productive discussion. Threshold would like there to be a better line of communication and they want to be known as a supporter of the airport who works with the airport.

Mr. Jenkins elaborates that the meeting included Threshold senior management staff, Real Estate Services and Department of Airports. They discussed the last items that needed to be resolved relating to the settlement agreement. The county contested that the door repair included the till rutter doors. Threshold agreed that they will include the rutter doors as part of the county's ongoing maintenance process which will be a publicly bid process. This process takes an additional 60 days which starts after we find out what the repair will entail. Threshold won't penalize us for the additional time it takes to repair. Mr. Jenkins expressed that they have been gracious enough to work with us.

Mike Kreeger expressed his excitement to be working in partner with Planes of Fame on their airshow. Chino Valley Fire Dept. will be there to help with EMS and to make sure everything is safe out on the runway.

Mr. Kreeger continued to explain that they have 7 fire stations with 8 apparatus and a big ladder truck. They normally run 4 people to an engine, but will be switching that to 3 people. They will be introducing 4 paramedic squads to their area including one stationed at the fire station adjacent to Chino Airport. This will help give the fire stations a quicker response time. He shared that 85% of all accidents are car accidents or people injured at home or business.

Information Item: Airports Budget Presentation 2015-16

Mr. Jenkins shared the major accomplishment of acquiring a new database called Syrasoft.

This assists in doing audits as well as collection and delinquency management.

Another accomplishment is the two leases for Mooney and one for Yancy Enterprises which we have executed and will earn us a \$488,000 increase in annual revenue. We also secured 1.2 million dollars in federal and state grants last year for design work and ALP updates for 29 Palms, Needles, and Chino Airport

Lastly, we are concluding the ground water contamination characterization phase of the clean-up and abatement order from 1990. At the end of the month we will be submitting our final report on characterization to the regional board.

Mr. Jenkins pointed out that we are still at a 50% balance between staff costs and operational costs. Staffing cost is at 2 million for 20 positions and services and supplies expenses will be at 2 million in the upcoming cycle. We are going from an expense and revenue budget of 2.5 million this year to 2.9 million next year. We take our revenue stream and discount it to about 85% and we budget based on that 85%. Unlike other departments that are general fund based, they need to make a presentation to the board to get their funds, our budget is based on the revenue we produce. We don't have to have a reserve to spend our monies up front.

Mr. Jenkins explained that our major expenses next year will be paid by grants. A presentation of 2.6 million dollar budget was given to the board for federal and state projects. If the grants are not approved then we won't spend the money.

Mr. Jenkins said that there will be no increase in staffing or fees. We will be filling Rob Cayce's position and dual filling another position. Next year he intends to increase staff with an Executive Secretary in which we have been building up revenue towards. We will have the additional money associated with Mooney & Yancy leases. Also next year we will defease the bond of the commercial hangar complex. Mr. Jenkins said that he negotiated to pay half of the \$865,000 bond payment due this year. The other half will be paid next year. The money will immediately replenish our capital fund which has been used in managing the plume.

We did spend a large sum of money on the Threshold lawsuit for the settlement of \$450,000. That money came from reserves and from a settlement we received for some hangar damage done in 2013. Also next year we will take a look at adjusting fees, but not necessarily raise them. We may be refining the fee structure by removing some of these levels of what we call fee ordinance based facilities which are buildings in a rate not subject to appraisal. We currently have 45 lines in our fee structure, but after getting rid of some of the fee based rates we can get our lines down to 20 in the book.

Southern California Association of Governments is doing an analysis and tasking with the Aviation Technical Advisor Committee this year regarding rates and charges in the region. We plan on using their studies for the basis of adjusting our fees.

We spoke with the FAA last week about our 5 year Airport Capital Improvement Program which is federally funded. We'll be making some refinements based on their comments. The FAA wants to fund some of our projects based on some runway safety priorities being completed in the region. We may see additional dollars on the back side of the federal process when they come to ask if we can spend the money for additive/alternates, which we have ready to go for projects. We should also be able to move forward on projects that are not federally funded as long as we continue to have our revenue stream leveled.

Mr. Jenkins was asked about the possibility of Aero Trader buying buildings from the county. Mr. Jenkins explained that regarding a purchase we would enter into an agreement with the person. We would discount the rate of what our compensation would be. We would take those present value dollars, come up with a rate and take that as a payment as a lump sum payment or monthly. There would still be the ground rent component, though.

All leases have a fixed rate adjustment or a consumer price index adjustment which is based on the surrounding 5 counties.

Information Item: California Aviation Day

Mr. Stover referred to the Aviation Day pamphlet he handed out which had statistics and a mission statement. It was the 3rd annual Aviation Day held the previous day. He flew up to Sacramento for it Tues. That day several aviation groups such as Association of California Airports, Aircraft Owners and Pilots Association, and National Business Aviation Association went to the Capitol to visit senators and assembly offices and speak about Aviation Day. They also lobbied in favor of Senate Bill 747 which mandates the monies from the excise tax on aviation fuel be used for aviation costs. This tax has been taken away from aviation in recent years and put into California's general fund. The FAA made this new mandate that California uses this toward aviation or the FAA will have all of its transportation funding pulled. The bill passed that afternoon and will be going to assembly then to the senate for review.

A tent was set up on the north steps of the Capitol that had displays in the different aviation groups and some senators and assemblyman came down to speak.

Mr. Stover shared that Aviation Day is starting to get some recognition. In recent years people had not heard of it, but now it is starting to get positive feedback. Assemblymen also attended the event's reception on Tuesday night.

This event continually occurs annually at the same time in April. The next one is April 20, 2016.

Commissioner Cox explained that he is on the Board of Directors for the California Chapter of Air Medical Services and requested that he be informed of the event in 2016. He'd like to be involved and help out with lobbying for bills. He said that he has a lobbyist in Sacramento who we can utilize in helping to get bills passed.

Mr. Stover stated that there is a General Aviation Caucus that has formed in California with 18 members from both senate and assembly who are a part of it. He shared how they were passing the word on and trying to get the other senators and assembly people involved. Senator Gene Fuller is the Chairperson and Assemblyman Jim Patterson is the co- chair.

Information Item: Pavement Improvement Presentation – Parsons Brinckerhoff

Chuck McCormick presented a chart display of the airport improvement program.

He said that they are working on a design project at Chino Airport funded by the FAA through a grant. The project consists of several sections of asphalt pavement around Chino Airport; the Northwest apron, the transient apron, in front of the tower taxi lane, and pavement in the B Hangar complex. The B Hangar complex will have reconstruction with drainage improvements. Also to be done are non-pavement repair and clearing up the hotspots, also known as pilot deviation areas. Clean-up and improvements to lighting and pavement modifications will be done to taxiway K. Depending on the amount of funding from the FAA this project will be broken up into multiple years. This year will be B Hangar complex in which the design completion will be in the next month. Also this year they're reviewing the hot spot work to help clear up the pilot deviation areas. Starting of the apron project will probably be in 2016 or 2017; completed all at once or broken into one to two years depending on funding.

Mr. Jenkins commented on the AIP process. He stated that there is another design project we will be advancing which is fire suppression and pond removal.

For Apple Valley we have the reconstruction of runway 18/36 including the taxiway. After speaking with FAA we won't go through with it at this time due to the instability of the reauthorization process. FAA will fund at a higher level in 2016/17. We will do pavement repairs nevertheless with funding we have now.

Mr. Stover added that we have already done some significant crack-filling on 08/26 with improved materials.

Mr. Jenkins was asked if the south side of Chino Airport will be included since it is need pavement improvements. He responded that it is in budget under maintenance dollars and that

we are doing a slurry seal in the fall which should give us another 3-5 years out of them. Then it will be re-evaluated. Mr. Jenkins added that with an increase in capital reserves we should be able to do a reconstruction of those pavements there possibly within the next 7-8 years.

Information Item: Presentation – Falcon Demonstration

Rob Cayce presented and Carrie Hyke narrated a slideshow of falconry service which gave an exhibition to show how they can help with the bird problem at Chino Airport. There was a demonstration of scaring the seagulls as opposed to killing them. They use a dummy-bird on the end of a long pole and train the hawk to land on it and then reward the bird with a piece of raw meat.

Mr. Jenkins explained that Carrie Hyke does a lot for our department. She manages time consuming projects and is responsible for the Airport Capital Improvement Program process with the FAA. She applied for a depredation permit to tackle this bird problem and kill them effective. She is not part of our department, but we have increased our level of budget so she can dedicate time to us. Mr. Jenkins shared that this year he'll be exploring the idea of having her in a full time position for us. If we he can justify having her full time he will choose that added staffing position over having an Executive Secretary.

Director's Reports

Mr. Jenkins briefed us on the Apple Valley and Chino Airport master plan update. He said that there were problems with the way we presented information to the board regarding use of Chino's runway 26 left and the amount of traffic it will have which would have opened us back up from a lawsuit from 2002/2003. Regardless of our attempt to stall the lawsuit was re-enlightened based on our draft master plan. In an earlier master plan update we spoke of the extension of runway 26 right. In that update the runway extension was longer in the update than it currently appears. Litigators may say that we are not linking that runway as long as we plan to initially, therefore that 7, 000 foot runway becomes more attractive to those who want to utilize the airport. That was the trigger for re-introducing the lawsuit. We are revising the narrative for the Chino and Apple Valley master plan updates and will present it to the Board of Supervisors.

Capital Improvement Program

Mr. Jenkins shared the upcoming Airport Capital Improvement Plan which he had mentioned earlier. This includes the hot spots at Chino and the northwest ramp, also removal or replacement of the pavement in the B-hangar area which is in deteriorating condition. This federal project will take care of some of the drainage and elevation problems in that area. We also have the project relating to the removal of the ponds within the commercial hangar complex which we are hopeful that we may be able to move forward with.

Board of Supervisors Activity

Mr. Jenkins relayed that there were no Department of Airports items presented to the board during this reporting period, although this week we did present to the board license renewal for the Planes of Fame Airshow and it was approved. The next cycle for the license agreement we will take to the board as soon as the Planes of Fame decide that they will have the airshow. We asked that they do that over the summer, instead of their regular time in the fall, so we can make a presentation to the board at the end of the summer, early fall. This year some tenants were not happy with the way the airport was operating during airshow weekend so next year we want to make sure that everyone has the opportunity to comment prior to our presentation to the board.

Real Estate

Steve Mintle states that an unlawful detainer was perfected on the tenant, Cal Aero, two weeks ago. Locks were changed and the county retained possession on the facility. Once a Standard of Practice is revised we will issue an S.O.P. on that facility.

We are moving forward with existing leases by renewing and extending terms.

Mr. Jenkins added that Cal Aero had a sub-tenant Aircraftsman, which we were able to execute a lease with on the day of the lock-out. They will continue to occupy that facility on a temporary basis. An S.O.P. will be done in which Aircraftsman will be able to participate in as well as other interested parties.

Financial Report

Mr. Jenkins briefed us on the department's finances. He said that we are at 79 percent of the year. We expended 82 percent of our revenue stream. We are a little out of balance because certain things are paid up front at the beginning of the year. We've collected 85 percent of our revenue, but we don't budget on a percent of our expected revenue.

At Apple Valley Airport we have a revenue stream which is use of property and an anticipated 1.6 million dollars in tax revenue. It is a stand-alone budget as money that Apple Valley generates doesn't go back into the system. They have a 5 million dollar reserve fund that exists based on that tax revenue. Apple Valley strictly pays for what it buys. It buys staffing from the Department of Airports including Mr. Jenkins' increments and Real Estate Services, who contribute to managing their leases. Also, we take advantage of when Apple Valley buys new equipment the Department of Airports buys their old equipment.

The administrative office budgets their services and the balance of the system funds what we charge. Chino Airport is the one that shoulders the weight out of the airports and is the revenue generator for the four airports out of the five that are out of the general fund.

Since it is a system of airports the system of revenue supports the entire system of airports. Baker Airport doesn't generate any revenue, but is a necessary air strip to the transportation system. It is used for over the road trucker care. Aircraft bring in parts for trucks which are broken down on the freeway. It is also used for medical emergencies and medical transport. Mr. Jenkins explained that we've received grants from the state for Baker Airport which it didn't qualify for since they recognize its importance. With that we were able to fund a pavement improvement project 5 years ago.

Mr. Jenkins continued and said that Needles Airport is on target for what revenue we generate there, but the expenses are \$16,000 more than that. Our system of airports is able to contribute and operate this facility. Barstow/Daggett Airport has a \$70,000 deficit, which the army pays us very little. They now pay all of the cost of maintaining the sewer facility, which is costly.

Mr. Jenkins shared that balancing numbers tell our story on expenses and revenues. If expenses get higher we pull back on spending. We do have a reserve of \$500,000 that we can use if we get out of balance. Another million is available, but is funding the plume at this time.

Mr. Jenkins pointed out that Rob Cayce circulated a copy of the Federal Register to each commissioner, which is published by the FAA. It is important because the federal register notification notices us of a proposed rule-making where they are decommissioning certain VOR's and NDB's throughout the United States. Chino's VOR has been decommissioned, considered an obsolete system and is being removed. Comments regarding this can be referred to the FAA. The National Business Association of Aviation supports the removal of that VOR. It is believed that the money maintaining that can be used elsewhere to support aviation.

Monthly Reports

Mr. Stover shared his meeting with the Town of Apple Valley Development Advisory Board. These meetings are regarding potential developments in and around Apple Valley and usually

don't have any effect the airport. He attends when there is a topic that relates to the airport like this and gives them concerns or helpful hints regarding being next to an airport and any FAA rules. An out-of-state manufacturing company wants to expand in California and build a manufacturing plant adjacent to the airport in about 30-40 acres on the west side.

Mr. Stover also shared his meeting with tenant Mark Pike who has a building that he'd like to move onto the airport. We are awaiting details in writing and then will forward them to Real Estate Services for review.

Mr. Stover announced that there will be the aerobatic contest at Apple Valley Airport on the same weekend as the Chino Airshow. We don't host it, but they utilize the airport, restaurant, and terminal. They do their own waiver also. It's not a published event, but public is welcome to watch. Letters were sent to our tenants, neighbors and the Town of Apple Valley to inform them it will be happening because it generates some noise which we receive calls about.

Chino Airport Operations

Mr. Jenkins pointed out that the operations count is down in February. January was up since 2011, so he has asked the tower to audit the number for February. Our operations counts are pretty consistent with about 168,000 operations over the past 5 years.

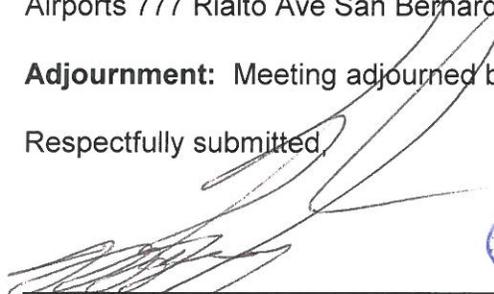
An inquiry was made about Merrill Ave. being closed for construction during the Chino Airshow. Mr. Jenkins advised us that there is an access perimeter road for Fire and Safety. For emergency vehicles that need access off the airport we have perimeter gates along Merrill Ave. which they can exit.

Date, Time and Place of Next Meeting

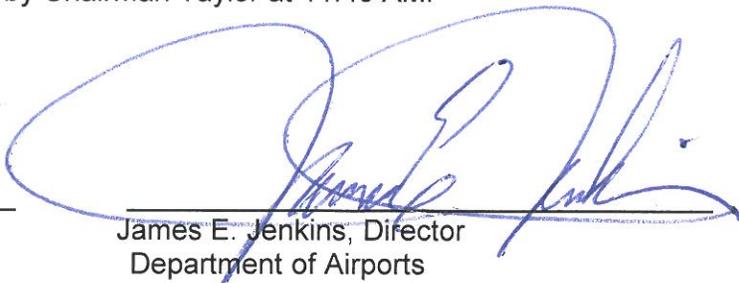
The next meeting will be held on Thursday, May 28, 2015 at 10:00 a.m. at Department of Airports 777 Rialto Ave San Bernardino, Ca 92415

Adjournment: Meeting adjourned by Chairman Taylor at 11:40 AM.

Respectfully submitted,



Mark Taylor, Chairman
Airports Commission



James E. Jenkins, Director
Department of Airports



Nicole Leyden, Secretary I
Department of Airports