

**SAN BERNARDINO COUNTY AIRPORTS COMMISSION MEETING
MARCH 24, 2016.**

The meeting of the San Bernardino County Airports Commission was called to order at 10:00 a.m. by Commissioner Bob Cable. Meeting location: Needles Airport: 711 Airport Rd. Needles, Ca 92363

Commission Members Present:

Jim Bagley
Bob Cable
Mark Taylor
Larry Asmus

Commission Members Absent:

Ray Marquez
William Smith
Roy Cox

Staff Present:

James E. Jenkins, Director of Airports
Terry Stover, Asst. Director of Airports
Cyle Woodruff, Airports Operations Manager
Nicole Leyden, Secretary

Department of Airports
Department of Airports
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Visitors Present:

David & Paula Rickwalt

Paradise Aviation

Pledge of Allegiance:

Led by Commissioner Cable.

Report on Posting of Agenda:

Mr. Jenkins stated that the agenda had been posted.

Awards, Guest Introductions and Announcements:

Guests introduced themselves.

Action Item - Approval of Commission Meeting Minutes

A motion was carried by Commissioner Taylor, seconded by Commissioner Asmus and passed to approve the commission meeting minutes from February 25, 2016.

Commissioner Reports/Comments

Commissioner Asmus informed us that he has a different phone number than what he had reported at the last meeting. He wrote the new number on the sign-in sheet.

Commissioner Cable shared that they are moving forward on their AWOS at Cable Airport and it will be put in the same location as the tetrahedron.

Public Comments

David Rickwalt reports that Paradise Aviation is doing well and currently has 5 students in ground school. They have 2 Cessna aircraft that are utilized in the flight training. They plan to do training in their seaplane in the future.

Information Item: Mooney Status Update

Mr. Jenkins shared that Mooney is actively pursuing another entity to take over the lease through a sublease agreement for Commercial Hangars 1 and 2. This will have to be approved by the Department of Airports. It still appears that they are transitioning out of the Chino Airport, but industry chatter is that they are really struggling. They flew their aircraft in December and discovered that the wing needed to be redesigned. Mooney has not been open in informing us what their intentions are so we are getting information second-hand in which they confirm afterwards. On May 5th their first lease payment will be due for Commercial Hangar 1 which is about \$22,000. Commercial Hangar 2 has not been turned over to them, but once it is a clock of 150 days begins when they will have to start paying for that lease.

Information Item: County T-Hangar Inspections Update

Mr. Jenkins reminded us that the T-hangar inspections came about as a Part 13 Complaint. They are being inspected for non-aviation use. Notices will be given to tenants that do not meet the mandatory criteria. We are starting with our T-hangar permits, next will be our facility leases, and last will be the ground leases. Chino Airport now has a waiting list of 32 people. Ten units may clear out due to this first process. The people on the top of the waiting list will get hangars first, so the individuals that were involved in the Part 13 Complaint will not be a recipient of one of these hangars. Tiedowns are currently available for rent though, in the meantime while they are waiting.

Director's Reports

Capital Improvement Program

Mr. Jenkins informed us that Carrie Hyke was asked by the FAA if we could accept more grant money for a project at Chino Airport for the hot spots. We were going to do the project in 3 phases, but she was asked if we were able to do phases 1 and 2 right now. This will be the painting of islands at the base of the tower, which was recommended by the FAA.

Mr. Jenkins said that there had been a Capital Projects meeting the previous day and there was discussion on how we are transitioning some of our tasks from our on-call engineers and engaging project management division with Real Estate Services, and we'd like to get them engaged a little bit earlier.

Mr. Jenkins shared the projects at our other airports which include looking at panel replacement of the concrete ramp at Barstow-Daggett Airport and reconstruction on runway 18/36 at Apple Valley Airport.

Projects at Twentynine Palms Airport and Needles Airport will follow. Currently they are having ALP updates which will produce the projects. These will most likely be a lot of drainage improvements. Needles will have some property acquisition. We need to acquire property in some runway safety areas for drainage improvements. This land most likely belongs to Bureau of Land Management.

We have been encouraged by the Bureau of Land Management to acquire from them our one leased facility in the system, Baker Airport. We will be going through a patent process to acquire that property which will include an environmental study as part of that process.

Board of Supervisors Activity

Mr. Jenkins explained that the licensed agreement for Verizon was executed for a cell tower on the perimeter of Chino Airport and how it will produce some revenue and will also improve coverage for cell phone use at the airport. Other cell phone providers will most likely connect with the tower and we will receive an increment of that additional lease agreement. The tower will sit in the shadow of the existing power lines and not above them.

Mr. Jenkins added that the F86 agreement for extension at Apple Valley Airport was also taken to the board. The previous agreement was open-ended and County Counsel was not comfortable with that. They wanted us to renew the agreement with the current Board of Supervisors. After review the board decided that they will extend the agreement and it will not have to go before the board for 5 more years.

Mr. Jenkins advised us that the canopy for the F86 will be replaced in the near future as we budget for annual maintenance of the aircraft.

Mr. Jenkins also added that the license for the Planes of Fame Air Show was taken to the board and was unanimously approved.

Real Estate

Mr. Jenkins briefed us on how we are removing Aircraftman from their facility in Chino Airport and their history. He said that they were a successful party on a SOP a year ago. They never executed their lease agreement and were on a Use Permit. They have been on the airfield for 40 years doing aircraft recovery and maintenance for most major insurance carriers. In 2000 they lost 20 aircraft and their facility in an arson fire and have relocated twice since then. They then lost 2 mechanics and were unable to pay their insurance premium. This was a default for us, so they then decided to close their business.

Mr. Jenkins informed us that Flo's Airport Café is currently being investigated by the Board of Equalization for tax evasion. They may have kept 2 sets of books, one for cash and one for credit cards. Credit cards were banked and cash was not and they only paid taxes on the credit cards. This affects the commissions that are paid to the Department of Airports and this could be a breach of contract with the county. They also have some ADA upgrades that need to be made which were included in the recent lease agreement they were given.

Financial Report

Mr. Jenkins pointed out that we are at 67 percent of the year. We have earned 69 percent of our revenue and expended 54 percent of our budget.

We will put a quarter of a million dollars into our reserves this year. Since we budget only 85 percent of our revenue when there are added expenses we are able to cover them. Some of the reserve is unanticipated revenue that we are receiving and some of it is an unexpected insurance reimbursement increment from the plume matter. We are spending one million dollars to manage the groundwater plume which would normally be part of our reserve.

Mr. Jenkins explained that we are building a budget now and do not plan on increasing staff level. We plan on buying services from Special Districts, which is Carrie Hyke's time for grant management. We anticipate that we will have another increment there.

There are no increases in fees, yet we added a fee in the fee schedule for non-aviation use which doubles the rate for those who are using our facilities for non-aviation purposes. This is during the time that we are trying to correct the issues with the non-aviation use. We changed our formula for late fees. It was a flat fee of \$30, but we now charge 10 percent of the lease amount and no less than \$30.

Mr. Jenkins said that we manage the 5 general fund airports as a unit, but Apple Valley is managed separately because it has a tax base and therefore we have to account for it completely separate. Apple Valley has a reserve of about \$8,000,000. We have some projects coming up that will expend some of that money, but Apple Valley will continue to have a large reserve because the projects we have don't keep up with that tax increment that's collected. We will be bring some projects for the commission to review. As a result of the master plan effort there is a property acquisition tasked to Real Estate Services. It is a 5 acre acquisition for

a storm water management basin at the southwest quadrant of the airfield. It could cost anywhere from \$300,000 to \$1,000,000 depending on what the nature of the acquisition is. If we have to condemn to get the property then it causes the rates to go up. If we can come to an agreement with the property owners the cost will be just above the market price. There is also some projects on the Federal side that we will expend some dollars, but it is grant matching dollars so it is not a large amount. The reserve rose at about \$750,000 annually. It nets about 1.4 to 1.6 million and we take about \$500,000 to \$600,000 out of that for operations and maintenance of the airfield and staffing cost. CSA 60 has no staff, only the Department of Airports does, so we pay the staff and they reimburse us. They only pay for staff that they use. There is no generalized increment that they are paying monthly, but based on their actual cost.

An inquiry was made about the amount of money spent on County Counsel at Twentynine Palms Airport in March.

Mr. Jenkins said that we normally have a small increment of cost associated with County Counsel for Twentynine Palms Airport. We had document review for the ALP update and there were a couple of issues which we took to them relating to tiedown unlawful detainers or permits.

Monthly Report

Mr. Stover informed us that he, Steve Mintle and Tom Toepfer met with the owner of Vitelli's Deli to discuss the Apple Valley Airport Café. The owner, Bob Steele, is interested in possibly taking over the café and opening it with a scaled down version of their current menu adding some breakfast items.

Another person, Tracy Archuleta, is also interested in opening the café. She has been running a catering business for 9 years.

The county process requires us to publish a solicitation of proposal which will be advertised in the newspaper.

Mr. Stover shared that Louis Tickemyer, Project Manager, from the Project Management Department came out to look at T-hangars at Apple Valley Airport. He is going to work on a design for locks on T-hangar doors for A320 and A340.

Mr. Woodruff briefed us on the progress of the T-hangar inspections at Chino Airport. He said that out of all of the notices that were mailed he was able to do inspections on 70 percent of them. Out of the hangars inspected only a very small number of them are in a clear violation of non-aviation use of space. There are some tenants with abandoned projects building an aircraft or getting an aircraft back to airworthy status. These will be placed on a list and asked to give a progress report.

A second round of letters will be mailed out to the tenants that we were unsuccessful in contacting so far. Some certified letters were also returned due to the wrong address.

Mr. Woodruff pointed out that he is very close in making a recommendation on a new maintenance work order program after reviewing various different ones. It will be smart-phone capable, web-based, able to include all assets, and user friendly. It will track all work done on a particular building or hangar and track a specific repair.

Chino Airport Operations

Mr. Jenkins stated that our numbers went from 179,000 in 2014 to 171,000 in 2015. The numbers at Chino are cyclic, but are relatively flat. This has been helpful in a few legal matters where our master plan forecast had been looked at and it was said that we should be at 240,000 and based on those numbers we are negatively impacting the community. That was a plan that was anticipated, but the numbers are showing us to be relatively flat. The numbers

have been cyclical for about a 10 year period hovering very flat. We anticipate that the numbers will be strong this year. We have two very strong training operations at Chino Airport and a bit more helicopter training going on.

Mr. Jenkins also shared that on the delinquency side the numbers have been flat. We have 5-6 unlawful detainers that were sent to County Counsel and three more tomorrow. They've been very diligent about turning them around pretty quick, about 90 days. We are going to be turning over the major delinquencies from 3 years ago to Central Collections. The 3 LLC's delinquencies amounted to 1.5 million dollars. The biggest component was the commercial hangar complex which was \$22,000 month lease payment, which took County Counsel a year to get them out after they were a year behind. We don't expect that to be recoverable because it's an LLC.

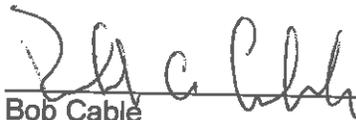
Other smaller delinquencies we will most likely be sending off to County Counsel and will add up to the amount of \$100,000. We'll present with the budget package those exact entities with the attachments. We are not calling it a write-off because we are sending them to Central Collections. We are just taking it off of our books.

Date, Time and Place of Next Meeting

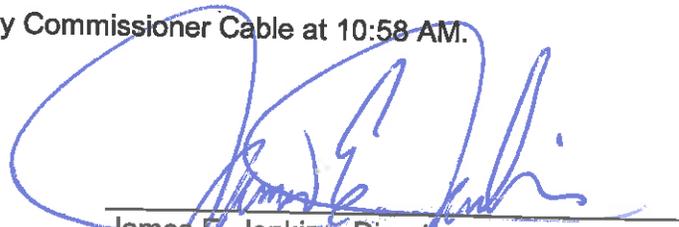
The next meeting will be held on Thursday, April 21, 2016 at 10:00 a.m. at Chino Airport, 7000 Merrill Ave, Bldg. A-340 Chino, Ca. 91710.

Adjournment: Meeting adjourned by Commissioner Cable at 10:58 AM.

Respectfully submitted,



Bob Cable
Airports Commission Chair



James E. Jenkins, Director
Department of Airports



Nicole Leyden, Secretary I
Department of Airports