

HEBER CITY CORPORATION
75 North Main Street
Heber City, UT 84032

Airport Advisory Board (AAB) Meeting

August 7, 2024

4:00 p.m. – Regular Meeting

DRAFT MINUTES

-Time and Order of Items are approximate and may be changed as Time Permits-

I. Call to Order/Roll Call (Chairperson Talley)

Chairperson Talley called the meeting to order at 4:02 pm. He complimented Board Member Jay Henry for his work at the EAA (Experimental Aircraft Association) AirVenture Oshkosh. Mr. Henry won a Lindy Award, which was named after Charles Lindbergh, for their Kitfox Series 7 aircraft. Mr. Talley explained that this award would be equal to an Olympic medal in aviation. All in attendance congratulated him with applause.

Airport Advisory Board Present:

Chairperson Jason Talley
Vice Chairperson Bill Tew
Bart Munteer
Jay Henry
Captain Rocco Tomanelli, US Navy (Retired)
Alternate / City Council Member D. Scott Phillips

Excused:

Jeff Peterson
Nadium AbuHaidar

Staff Present:

City Manager, Matt Brower
Airport Manager, Travis Biggs
Deputy Recorder, Robin Raines-Bond
IT Manager, Anthon Beales (remotely)

Also Present: Ryan Leick, Jeremy McAllister, and David Robinson.

Attending Remotely: Curt Castagna, Sara Jane Nagel, and Anthon Beales.

II. Pledge of Allegiance (Board Member Henry)

Board Member Henry led the pledge.

III. Approval of Minutes

1. Approve the June 13, 2024, Meeting Minutes (Robin Raines-Bond, Deputy Recorder)
Deputy Recorder, Robin Raines-Bond presented the minutes for review.

Motion: Board Member Henry motioned to accept the minutes as written. Board Member Tomanelli seconded the motion. Yes: Chairperson Talley, Vice Chairperson Tew, Board Members Henry, and Mounter. **No:** None. **Abstained:** Alternate Board Member/City Council Member Phillips. **Motion Passed.**

IV. **Public Comments:** (Please limit comments to three (3) minutes per person.)
None.

V. General Business

1. Hangar B Discussion (Dave Robinson)
Mr. Dave Robinson, a former member of the airport advisory board with a long history of involvement at Heber Valley Airport, requested a one-year lease extension for Hangar B. The extension would be based on recent capital improvements made to the hangar, including the installation of gas and heat. The lease, which expires on August 31, 2026, is reversionary, allowing for extensions under certain conditions. Mr. Robinson was aware that the lease rate would be increased to current standards. However, the Board discussed the need for city attorney input before making a decision, particularly in light of broader discussions on reversionary leases and the financial responsibilities facing the airport. The request was tabled pending legal advice. Mr. Robinson was invited to continue the discussion with the Airport Manager and City Manager.

The potential role of the airport as an Olympic Gateway was also highlighted.

2. Rates and Charges Policy (Curt Castagna and Ryan Leick, Aeroplex Group Partner)

Chairperson Talley opened the discussion on the Rates and Charges Policy, emphasizing a desire for a shorter meeting. He acknowledged Ryan Leick's updates to the report, which incorporated previous feedback, particularly adjustments related to budgeting and expenditure forecasts up to 2030.

Ryan Leick presented key changes, including the elimination of over-budgeted items in the capital budget, resulting in a reduction in annual expenditures. He highlighted a need to consider how the city could generate more revenue, offering options like revising landing fees, introducing a commercial aeronautical permit fee, and adjusting other miscellaneous fees. He proposed two primary revenue strategies: increasing landing fees or implementing a combination of smaller fee increases. He suggested implementing changes and assessing the impact, then adjusting as needed.

Vice Chairperson Tew asked the Board to address concerns raised regarding potential violations of a settlement agreement with OK3 Air (Full-Service Fixed-Base Operator), particularly around landing fees and fuel flowage fees. City Manager, Brower assured that the airport attorney would review any final decisions to ensure compliance with existing agreements and grants. Mr. Brower told the group that studies and trends in airports were a consideration for justifying those changes, which was why the Board was pursuing this current study for these items and asking for recommendations to the City Council. Mr. Brower explained the difference between a policy decision and an administrative decision.

The Board Members agreed that a balanced approach to revenue generation, considering legal constraints and the interests of airport stakeholders, was needed.

During the discussion, the committee considered two primary options for airport revenue adjustments. Option one was straightforward, while option two included a broader range of factors. There was also a proposal for a potential third option that combined elements from both. The committee emphasized the importance of establishing a sustainable recommendation for the city council and revisiting it next year to review results.

Key points included:

- The importance of not revisiting this issue every few years but rather setting a long-term plan.
- Ensuring airport users contribute fairly to the airport's costs, with a focus on balancing the impact on local businesses.
- A detailed discussion on fuel flowage fee increases, with a consensus to raise Jet Fuel fees to 15 cents per gallon and to consider the potential increase of avgas (predominantly used by small piston engine powered aircraft) to 10 cents, though this was debated.
- Consideration of increasing landing fees by 3% annually, with some members questioning whether a static rate for several years might be more manageable.

Board Member Tomanelli clarified that the options presented could be individually considered, or the Board could choose one of the options presented from 1a, 1b, or Option 2 as presented by Mr. Leick. He appreciated the simplicity and reasonability of managing these changes. Mr. Leick confirmed that he was there to present options that could be reasonably justified. The Board decided to focus on Option 2, with the possibility of adjusting landing fees if necessary.

Hangar Rental Rate Discussion:

- The committee discussed establishing a hangar rental rate of \$0.34 per square foot for city-owned hangars.
- A member suggested pricing the hangars individually rather than setting a standard rental rate, especially considering upcoming lease negotiations with the B, C, and D hangars.

- There was a consensus that setting a minimum rental rate of \$2,000 per month for certain hangars is appropriate, given market conditions and demand.
- It was agreed that pricing should reflect market rates and the possibility of higher rental rates was acknowledged.

Commercial Aeronautical Permit Fee Discussion:

- The committee considered changing the commercial aeronautical permit fee from 1% of gross income to a fixed tier system:
 - \$500 for gross income under \$100,000
 - \$1,000 for gross income between \$100,000 and \$1 million
 - \$2,000 for gross income over \$1 million
- There was general support for the fixed tier system, which would simplify compliance for airport businesses.
- Concerns were raised about the enforcement of these fees and the potential for under-the-radar commercial operations.

AOA (Airport Operations Area) Access Fee Discussion:

- A proposal was made to charge a \$40 annual access fee for all users, with no waiver for hangar owners.
- Some members suggested that hangar owners should receive a break or a single access card without additional charges, given their lease payments and property taxes.
- There was discussion about the practicality of administering these fees and ensuring compliance, including checking documents and insurance during renewals.
- The committee leaned towards a compromise of offering one free access per hangar or lease, with additional cards charged at the standard \$40 rate.
 - As a security measure, a plan was proposed to deactivate all existing cards that have not been renewed by October 1st.
- The council is expected to consider these items at their first meeting in September, following a mandatory public hearing on a separate issue, Truth In Taxation.

The Board discussed implementing a \$100 monthly parking fee for 38 spots on airport-owned property. This fee could generate significant revenue, around \$45,000 annually. Mr. Brower suggested they agree to use technology to manage the parking system, such as license plate readers or gate systems.

A 10% fee on rental car rates was proposed, to be assessed to the customer, not the rental company. The fee was common at other airports and was seen as a standard practice. Legal verification was requested to ensure the fee could be implemented without affecting existing contracts.

Transient landing fees were reintroduced. The Board considered a 3% annual increase in landing fees while exempting piston and electric aircraft under 8,000 pounds. This exemption aims to encourage general aviation traffic to Heber. There was also discussion on the potential revenue from reversionary hangars and the impact of the Olympic Games on airport projects.

Chairperson Talley summarized that so far the Board had agreed to increase the fuel flowage fee as presented, escalate landing fees by 3% with piston aircraft and electric aircraft under 8,000 pounds exempted, establish a rental rate of \$2,000 per month for two reverted hangars, change the commercial aeronautical permit fee to a fixed three-tier system as outlined in the report, assess an AOA access fee for all users, with one provided to hangar owners, collect \$100 per month parking fee, assess a 10% rental car fee to the renter, and increase the airport apron lease rate to \$0.25 per square foot.

The Board agreed to recommend these changes to the City Council, with Chairperson Talley and City Council Member Phillips abstaining from the vote. The proposed changes included all the discussed fees and exemptions, aiming to generate substantial revenue and support the airport's future development plans.

Mr. Henry clarified that base aircraft were not included in these changes. Base aircraft do not pay landing fees due to the State fees and property taxes they already pay.

Chairperson Talley called for a motion.

Motion: Board Member Henry motioned to accept, as outlined by Chairperson Talley, the recommended items. Vice Chairperson Tew seconded the motion. Yes: Vice Chairperson Tew, Board Members Henry, Tomanelli, and Mounteer. **No:** None. **Abstained:** Chairperson Talley and City Council Member Phillips.

The meeting atmosphere was noted for its reasonable and productive discussions, with everyone able to talk openly.

There was discussion about addressing issues related to hangars B, C, and D at a future meeting. The group agreed that these hangars represent a significant asset that could help with the airport's cash flow issues. The options of selling or long-term leasing of these hangars were mentioned, but no recommendation was made during this meeting.

City Manager Brower asked if the Board was recommending the hangar rental rate of \$.34 per square foot. Chairperson Talley said they were not making recommendations for Hangar B, C, or D.

The Board felt it addressed all items from Board Member Nadeem AduHaidar's letter (included at the end of the meeting minutes), including his concerns about the fairness of fees. They felt they had fairly distributed the revenue burden across all types of airport users. The board respected his business concerns but proceeded with the decisions for all Heber City residents.

Mr. Leick asked for the last motion to be reread.

Motion: Board Member Henry motioned to accept, as outlined by Chairperson Talley, the recommended items. Vice Chairperson Tew seconded the motion.

Chairperson Talley outlined the following items accepted for this motion:

1. Adopted the recommendation on the fuel flow fee from five cents a gallon to 10 cents a gallon for Avgas and 15 cents and up to 15 cents a gallon for jet fuel, effective January 2025.
2. We agreed to increase the landing fees of transient aircraft by 3% annually and exempt piston and electric aircraft under 8,000 pounds from landing fees.
3. We agreed to establish a hangar rental rate of \$2,000 per month for the two city-owned hangars that are on hangar row.
4. We agreed to change the commercial aeronautical permit fee from 1% gross income to a fixed tier of \$500 for gross income under \$100,000, \$1,000 for gross income between \$100,000 and \$1 million, and \$2,000 for gross income over \$1 million.
5. We agreed to assess an AOA access fee for all users of \$40 per year with one AOA access included for a hanger owner or a lease agreement with the city. With the strong recommendation that all cards be turned off on October 15, 2024.
6. We agreed to collect a \$100 per month parking fee on airport owned property.
7. We agreed to assess a 10% rental car fee and TNC fee charge.
8. We also agreed to increase the apron fee from 7 cents per square foot to 25 cents per square foot.

It was clarified that hangar owners or city leaseholders would receive one AOA access at no charge, with additional access charged at \$40 each.

All Board Members agreed that was the correct motion for the decisions made.

Alternate Board Member/City Council Member Phillips requested communication items.

Communication Items:

1. Landing Fees Collection:

City Council Member Phillips Inquired how many large aircraft that frequent the airport have started paying landing fees under the new rule. Airport Manager Travis Biggs responded that there has been a significant increase in base aircraft. The airport has gone from 35 base aircraft to approximately 200 plus base aircraft. The State was considering returning some funds collected from these fees to the Heber Valley Airport.

2. FAA Reauthorization Budget

Chairperson Talley mentioned the FAA's reauthorization budget, which increased the federal matching funds for airport projects from 90% to 95% for the next two years. Mr. Talley pointed out that could potentially lead to a higher reserve for the airport, though it is not something to be relied upon immediately. Mr. Leick replied that he had already calculated this into the reserves.

3. Fuel Farm Relocation:

Mr. Phillips raised a question about the timeline for the new fuel farm, specifically the replacement and relocation of OK3's fuel farm. Mr. Biggs replied that the relocation is dependent on ongoing environmental studies, but progress would be made.

4. Acquisition of 10 Acres:

Mr. Brower updated the Board on the acquisition of 10 acres of land southwest of the airport. He commented that the FAA is covering 90% of the cost, UDOT 5%, and the airport 5%, amounting to approximately \$300,000. This land would be added to the airport's portfolio and will remain undeveloped, contributing to open space preservation.

VI. Adjournment

Motion: Alternate Board Member/City Council Member Phillips motioned to adjourn the meeting. Board Member Henry seconded the motion. The meeting adjourned at 5: 37 p.m.

I, Robin Raines-Bond, Deputy Recorder of Heber City, hereby certify that the foregoing minutes represent an accurate and complete record of the meeting held on August 7, 2024. This document constitutes the official minutes of the Airport Advisory Board Meeting.

SEAL

October 9, 2024

Robin Raines-Bond,
Deputy Recorder

07 August 2024

Dear Members of the AAB,

I apologize that I will not be able to attend the AAB meeting tomorrow. I am on the east coast traveling with family.

However, I would like to provide the following observations with regards to the new draft Rates and Charges Study for your consideration and inclusion into the record:

- The AAB requested that the consultants look into and incorporate into the financial analysis the value of any hangars that will revert to the City in the next couple of years (Hangars B, C, and D). This does not appear to have been done. This represents a significant potential revenue to the City, maybe upwards of \$1.5 mil. dollars, and simply continuing to lease them at current lease rates is not in the City's best financial interest.
- I discussed with Matt and Travis the potential value to the City when the Daniels Hangar leases terminate and about having a gameplan to properly monetize that value. This could represent an additional value in excess of \$1.5 mil. None of this appears to have been included in the analysis.
- Why has the recommendation for SASO fees changed from the prior recommendation of 2% of revenue to a tiered annual fee ranging from \$500 to \$2,000? For a business with \$1 mil in revenue, this represents a reduction of potential fees to the City from \$20,000/year to \$2,000 /year.
- The recommendation to raise landing fees for transient aircraft from \$4/1000lbs to \$6/1000lbs does not comply with the settlement agreement between OK3 AIR and the City. A proper financial analysis has to be completed to justify this increase, which has not been done. As a matter of fact, it is my understanding that the consultants have now been directed by the City to not consider the airport budget when making airport fee recommendations. At a minimum, this makes no sense. But, making fee recommendations in a vacuum also sets the City up to violate its existing contracts.

- As discussed at the last meeting, and as communicated to the City on several occasions in the past, the current recommendation to raise fuel flowage fees will violate the FBO lease. I am somewhat baffled why this recommendation keeps reappearing. OK3 has communicated with the City in writing on several occasions going back to 2010 on this issue, and the City has never disagreed with us, that any such increase must reflect regional *trends* (not *averages*) for the preceding five-year period. Curt, one of the City's consultants, agreed with this reading at the last AAB meeting, but stated that that type of analysis would simply be too hard. I do not agree that it is too hard, but even if it is, that does not change the terms of the FBO lease.

In summary, I do not think that the new report is either accurate or comprehensive enough for the AAB to make any recommendations to the City Council. Once again, the consultants should be directed to complete the work necessary to make recommendations fully supported by the evidence and that comply with the City's legal obligations, so that the AAB can make an informed recommendation to the City.

Thank you for your consideration.

Nadim