



City of Madras
Airport-Industrial Site Committee
General Aviation Building
2028 NW Berg Drive

March 21, 2024
4 P.M.

AGENDA

- I. Call to Order**
- II. Consent Agenda**
 - A. Approval of Agenda
 - B. Approval of Minutes: February 15, 2024
- III. Read Section 4: Committee Duties of Resolution No 01-2020.**
- IV. Visitor Comments**
- V. New Business**
 - A.
- VI. Project Updates**
 - A. Apron / Fencing Construction
 - B. Helibase
 - C. Interior Perimeter Road
 - D. FBO RFP - Update (Jeff Hurd)
 - E. Madras Airport Day
 - F. Airport Operations
- VII. Additional Discussion**
- VIII. Adjourn**

125 S.W. "E" Street, Madras, OR 97741 Telephone (541)475-2622 - Fax (541)475-1038



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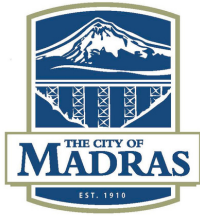
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Pursuant to ORS 192.640, this agenda includes a list of the principal subjects anticipated to be considered at the above referenced meeting; however, the agenda does not limit the ability of the Airport-Industrial Site Commission to consider additional subjects. Meetings are subject to cancellation without notice. This meeting is open to the public and interested citizens are invited to attend. This is an open meeting under Oregon Revised Statutes, not a community forum; audience participation is at the discretion of the Commission. The meeting may be audio taped. Minutes of this and all public meetings are available for review at the Madras City Hall. The meeting place is handicapped accessible. Those needing assistance are asked to contact the City Recorder two (2) days in advance of the meeting.

125 S.W. "E" Street, Madras, OR 97741 Telephone (541)475-2622 - Fax (541)475-1038

The City of Madras is an Equal Opportunity Provider



MADRAS MUNICIPAL AIRPORT NEWSLETTER

March 2024

Vol. 3



February was certainly packed with activity here at the airport. Plowing and shoveling snow then clearing gravel and fixing taxiway and runway lights after the snow was removed took many hours. It was very much worth the effort and enjoyable to see our airport functioning as quickly as possible between the storms.

There were many opportunities to share with the community and our legislatures about what is going on here at the Madras Airport. We began the month by hosting a Jefferson County Chamber of Commerce Coffee Cuppers event. It was an opportune time to share about the airport with MANY local residents and business owners.

During February it was my pleasure to share about upcoming airport and proposed projects with US Senator Wyden and Merkley staff and US Congressman Cliff Bentz. A quick trip to Salem for the Oregon Airport Management Association (OAMA) Legislative Day was also beneficial in meeting others in the industry.

It is always my pleasure to provide tours to schools and groups to share about aviation and how the airport functions as an important part of our community. Photos of some of these tours from this past month will be included later in this newsletter.

We also hosted a meeting with FEMA and other agencies and provided a walking tour of the airport to highlight the vast area of land and the buildings available. FEMA is sponsoring an assessment of the Madras Municipal Airport (MDJ) for the purpose of developing a Disaster Response Air Operations Plan to support local or regional disasters. The assessment focuses on identifying sites, facilities, equipment, and services to support Air Evacuation, Air Reception, Logistics Staging, and Aeromedical Staging. Thank you to the tenants that attended and who took part in on-site meetings. We are hopeful that this exercise will highlight our airport and community's strengths and availability to help in a time of need.

CALENDAR AT A GLANCE

UPCOMING

- March 6:** OSHA Visit to General Aviation Building
- March 10 - August:** Apron construction work
- March 21 @ 4PM:** Industrial Site - Airport Commission Meeting at General Aviation Building conference room

FUTURE: SAVE THE DATE

- June 1 @ 8 AM - 1 PM:** Madras Airport Day
- June 1 @ 8 AM - 1 PM:** EAA Young Eagle flights
- June 6-9:** Cherokee gathering
- June 17-21:** Tri-Pacer Fly In
- July 15-18:** Aviation Day Camp (Tentative date)
- August 10:** Palms To Pines Air Race terminus and banquet
- August 23-24:** Airshow of the Cascades

ONGOING

- Sunday mornings @ 9 AM:** Coffee & doughnuts @ General Aviation Building
- Third Thursday of the month @ 4 PM:** Industrial Site - Airport Commission Meeting @ General Aviation Building conference room

Call 541-777-4935 to add Madras Airport events to the calendar (Madras Airport business/tenant/aviation related)

March through August will be an active time as the apron and fencing construction are completed. We will also continue plans and work on the helibase and airport perimeter road. The hope is to have this area available and ready for use during fire season this year.

New hangar construction is in discussion, if you are interested in finding out more about this exciting project, please give me a call. Address numbers will be going up on the existing hangars. This will aid in identifying property and will be helpful if emergency services are ever needed.

During the week of March 11-15 I will be taking an online "live" course from 7AM to 4PM. My plan is to be at the airport at this time and take care of business during breaks. Thank you for understanding if I am delayed in response or unable to meet with you during this time. The first week of April I plan to be at an American Association of Airport Executives conference. These opportunities will allow me to grown in my position and help our airport stay up to date with the airport industry's news, trends, and resources.

With much appreciation,
Lorraine Martinelli

APRON/FENCE CONSTRUCTION

The areas in front of the General Aviation Building and the concrete pad at the transient tie-down area will be torn out and replaced during March through August. This project has been in the plans since 2022, with the project being approved in late 2022. The original approval slated this project to be completed in one phase. In order to minimize the impact on self-serve fuel service and tie-downs, the project will now be completed over two phases and extend the project into August. The updated plans will be up at the General Aviation Building. Construction will be completed prior to the Airshow of The Cascades.

With this area as a construction work zone, please be mindful of barriers, construction equipment, and FOD. The contractors will give every effort to work with airport tenants and pilots. If you have any questions or concerns during this project, please contact me.



PROJECT/PROGRAM UPDATES

Hangars: There are a couple of contractors interested in building hangars! If you are interested in discussing options for a t-hangar, box hangar, or corporate hangar, please reach out soon. The ball is beginning to roll...

A hangar waitlist policy and waitlist is in the works and lease templates for ground leases and city t-hangars are available for perusal.

Runway extension: This project remains on the table but will be moved to a long-term project.

Apron repair work: See above.

Wash pad: The Public Works crew is ready to fix the water fixture at the wash pad in the spring. It will be ready for pilots to use to wash their aircraft.

Run up area taxiway lights: We have begun the process of removing the inner circle of lights at the run-up areas. During March we will complete this process and remove a few taxiway lights from in front of Erickson Aircraft Collection. These areas have been problem areas for taxiway lights.

Grass strip: The grass strip has been aerated and is well on the way for spring maintenance. Be sure to listen to the AWOS for any temporary maintenance and grass strip closures. Also be mindful to not use the grass strip during and after significant rain, as aircraft use may create unwanted ruts.

REIL lights: The REILs are scheduled to be fixed by mid-March. They are currently NOTAM "Inop" until March 31st.

FOD: Thank you for helping to keep our airport clean and free of debris. There is a FOD box in the GAB.

Surveillance cameras: Upgrades are in the works!

MADRAS AIRPORT DAY: JUNE 1

June 1, 8AM - 1PM: Madras Airport Day! Save the date! This event will be open to the public and free for attendees. This will be an opportunity for pilots, aviation business, and flight schools to highlight what is available in aviation through careers and education. To make this event a success, aviation business, pilots, aircraft mechanics along with volunteers will work together to share aviation with our community. If you are interested in collaborating on this event, please give me a call!

NEW AIRPORT STAFF INTERN



Through the Youth Career Connect program, we have a new youth intern. Come and say, "Hi!" to Abby! She is really enjoying her work here at the airport and I am thankful for her help. She has been becoming familiar with all of the components of the runway and taxiway light system by taking inventory and organizing the parts on hand. This photo shows us removing one of the taxiway lights in the inner circle of the runup area. Abby's plan is to pursue an education and career in aviation.

HAPPENINGS AT MADRAS



What happens when an aircraft is in need of a tire repair after landing? Our on-field aircraft mechanic and maintenance shop, New Moon Aviation, safely removes the aircraft off of the active runway and repairs, as needed. We ensure that a safe perimeter is created for the disabled aircraft and for the mechanics, communicate with aircraft that are in the area, and close runways, as necessary - always keeping SAFETY as our number one goal.

The airport property covers a wide area, including wetlands. During February, a scientist with Beaver Works was in search of willows to collect starts to create beaver habitats. It was fascinating to learn about this program.



Providing opportunities for youth to learn about aviation is important for the future growth of aviation. Mariposa Bilingual Program students took a lunchbreak at the General Aviation Building conference room after learning about the airport and touring Erickson Aircraft Collection and Erickson Aero Tanker.



CITY OF MADRAS AIRPORT OFFICE

Pilot lounge available 24/7. Please call for the current door code.

Airport Operations:

Lorraine Martinelli 541-777-4935

lmartinelli@cityofmadras.us

If you did not receive this newsletter directly, please email me your contact information to stay up to date with Madras Airport news.

For the convenience and comfort of pilots who fly in at night, our 24/7 pilot lounge now has a microwave, Keurig, and a small fridge with drinks. We will be expanding this area to ensure that pilots flying through when the main office is closed, have amenities available. This is a secure area for pilots only - please contact me for the current door code. 541-777-4935.

FBO NEWS: BERG AIR, LLC MARCH HOURS

Monday - Saturday 9 AM - 4 PM

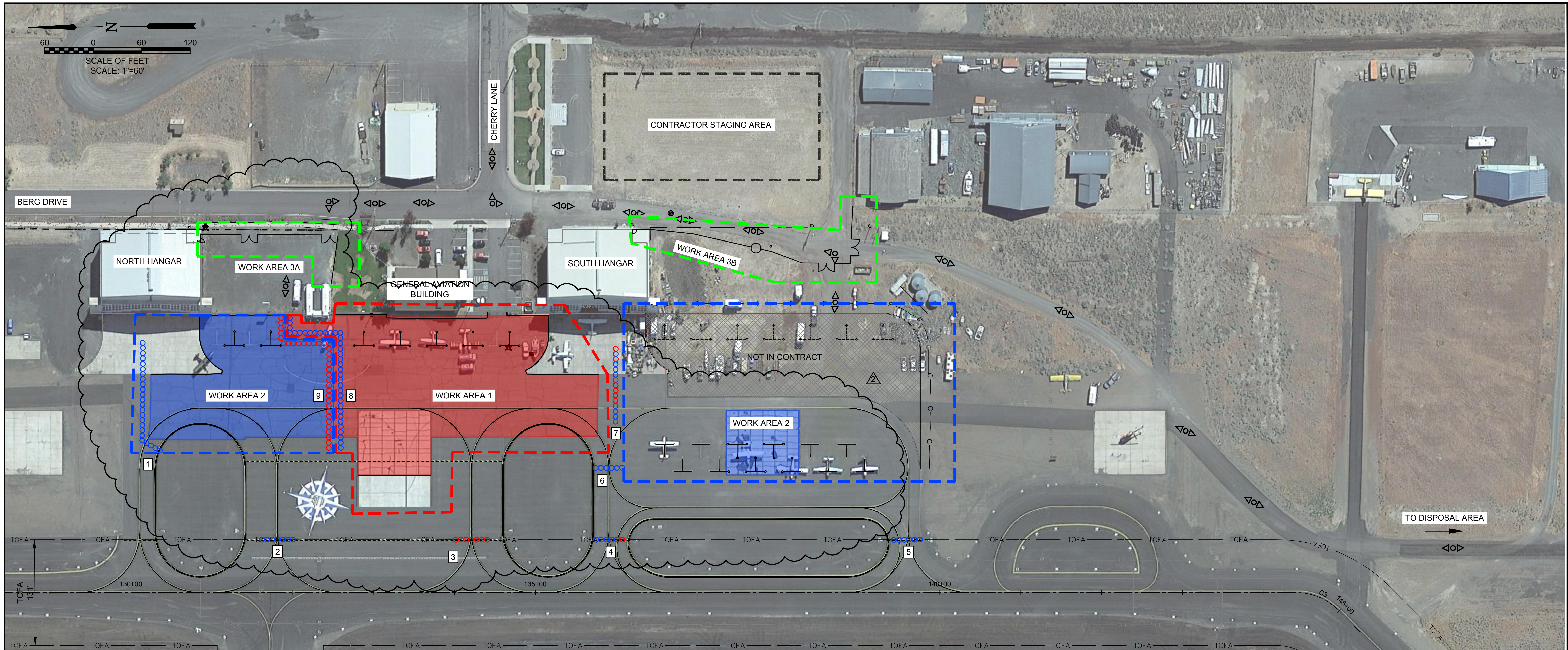
Sunday 9 AM - 1 PM

Self Serve 100LL and Jet A available 24/7
Call to schedule full service fueling 541-475-4899

Contacts:

Treia Ingram 541-460-0101 Rob Berg 541-420-8905





LEGEND

- PROPOSED WORK AREA 1
- PROPOSED WORK AREA 2
- PROPOSED WORK AREA 3A/B
- $\langle \circ \rangle$ CONTRACTOR ACCESS AND HAUL ROUTE
- ∞ LOW PROFILE BARRICADES FOR WORK AREA 1 PER G-04
- ∞ LOW PROFILE BARRICADES FOR WORK AREA 2 PER G-04
- PROPOSED PAVEMENT
- 1 BARRICADE ID

1
G-04

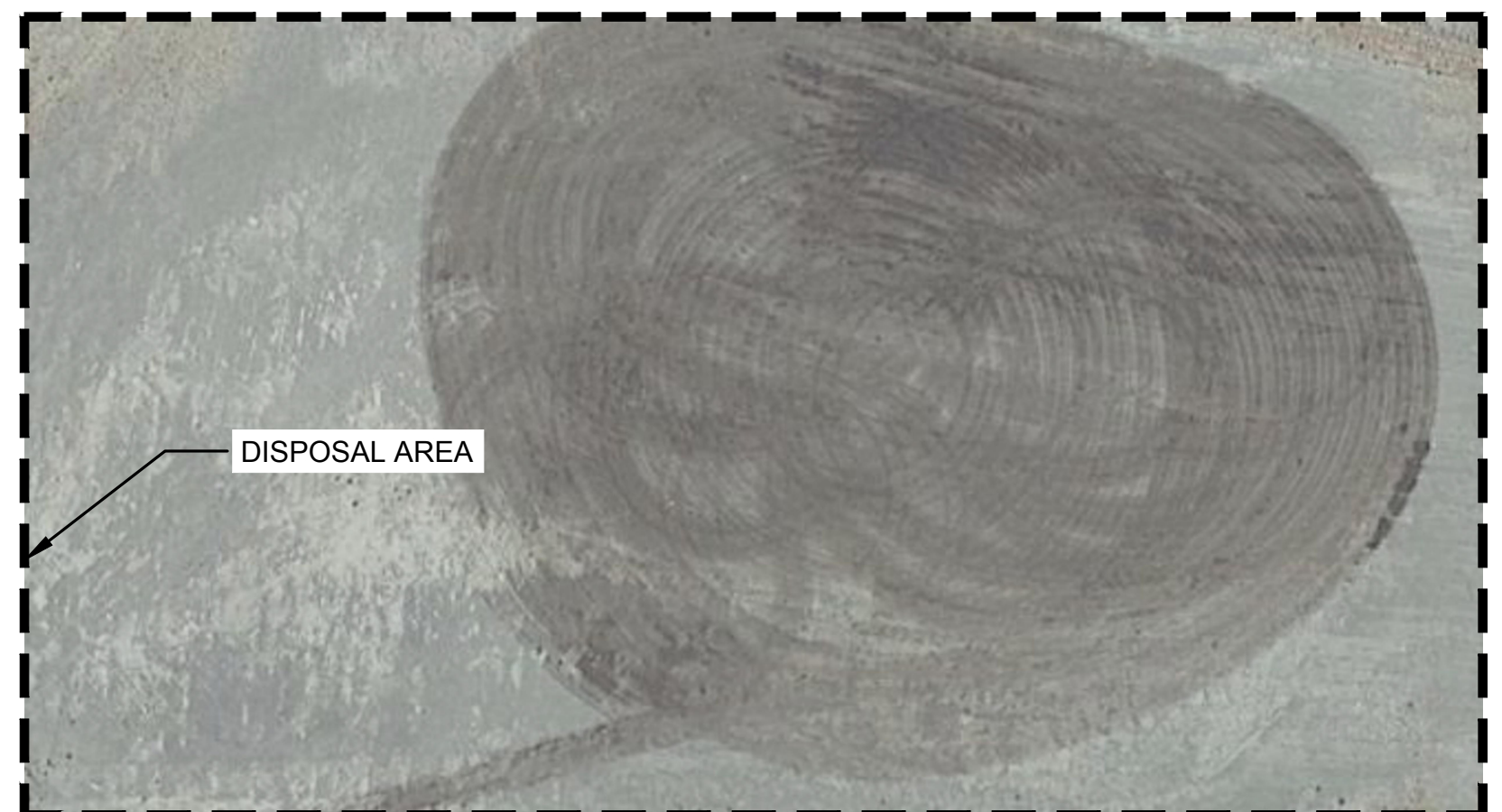
PHASING AND SAFETY PLAN 1
SCALE: 1" = 60'

CONSTRUCTION PHASING AND OPERATION CONSTRAINTS

PROJECT PHASE	BARRICADE #									DESCRIPTION
	1	2	3	4	5	6	7	8	9	
WORK AREA 1	N	N	Y	Y	N	N	Y	N	Y	CLOSURE OF SOUTHERN MAIN APRON
WORK AREA 2	Y	Y	N	Y	Y	Y	Y	Y	N	CLOSURE OF NORTHERN MAIN APRON & HARDSTAND
WORK AREA 3A	N	N	N	N	N	N	N	N	N	NORTH FENCE SEGMENT
WORK AREA 3B	N	N	N	N	N	N	N	N	N	SOUTH FENCE SEGMENT

NOTES:

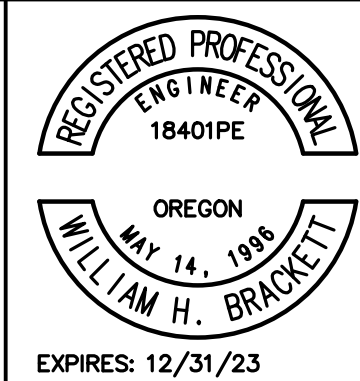
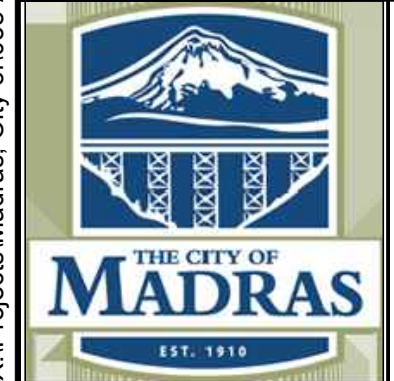
1. WASTE EARTHEN MATERIAL SHALL BE DISPOSED IN THE DESIGNATED DISPOSAL SITE OR OFF-SITE AT THE CONTRACTOR'S EXPENSE. THE DISPOSAL SITE SHALL BE GRADED SMOOTH UPON COMPLETION OF THE CONTRACTOR'S OPERATIONS. WASTE ASPHALT, ROCK, CONCRETE, AND OTHER DEBRIS SHALL BE DISPOSED OF OFF-SITE AT THE CONTRACTOR'S EXPENSE. THE DISPOSAL SITE SHALL BE GRADED SMOOTH UPON COMPLETION OF THE CONTRACTORS OPERATIONS.
2. WASTE ASPHALT, ROCK, CONCRETE, AND OTHER DEBRIS SHALL BE DISPOSED OF OFF-SITE AT THE CONTRACTOR'S EXPENSE. DISPOSAL OF WASTE MATERIALS SHALL BE IN ACCORDANCE WITH GOVERNING AGENCY SAFETY, HEALTH, AND OTHER REQUIREMENTS.



DISPOSAL AREA 2
SCALE: 1" = 60'

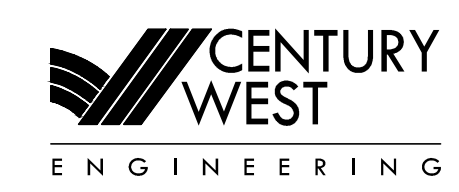
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G-04

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VERIFY SCALES
BAR IS ONE INCH ON ORIGINAL DRAWING.
0" = 1" IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY.

NO.	DATE	BY	APPR	REVISIONS
1	9/14/23	WHB	WHB	CONFORMED PLANS FOR CONSTRUCTION
2	3/4/24	WHB	WHB	CONFORMED PLANS FOR CONSTRUCTION



BEND OFFICE
1020 SW EMKAY DRIVE, #100
BEND, OR 97702
541.322.8962
541.382.2423 FAX

DATE: APRIL 2023 PROJECT NO: 10149.038.01

DESIGNED BY: WHB
DRAWN BY: SAW
CHECKED BY: WHB
SCALE: AS NOTED

**CITY OF MADRAS-MADRAS MUNICIPAL AIRPORT
APRON/FENCING IMPROVEMENTS**

PHASING AND SAFETY PLAN

DRAWING NO. **G-04**
SHEET NO. **4 OF 18**



Madras Municipal Airport Contract FBO VS. City Operated Analysis

Introduction

The current FBO contract ends on June 31, 2024. The City released an RFP for FBO services and received two responses. As staff reviewed the proposals it became clear that we need to evaluate if the City should take over the services that an FBO offers for at least one year. In addition, the question has been raised by members of the Airport Advisory Committee, and a few Council members on whether the city should manage those operations themselves versus hiring an FBO to do that work.

The below report goes over the background of the airport in how we got here, the financial analysis of having the City manage the services versus hiring an FBO, the plan of operations if the City were to manage, the tradeoffs, and summary and recommendation for the City to provide the services.

Background

According to local historical accounts Madras Municipal Airport began as a small airstrip, developed by the Madras Airport Association in 1938 to support a local agricultural aircraft and a Civil Air Patrol aircraft. In 1942 the United States Army Air Corps constructed a training base known as the Madras Army Airfield, for B17 and P63 pilots in World War II. Following the war, the federal government transferred ownership through quitclaim deed to the City of Madras and Jefferson County in July 1948. Jefferson County subsequently transferred its ownership in the Airport by quitclaim deed to the City of Madras in 2004, except for 20 acres that currently accommodates the county jail facility.

Approximately in the fall of 1993, Robert and Ron Berg started a family aircraft maintenance business known as Berg Air, LLC. They operated their business out of the southern WWII B17 Bomber Hangar commonly referred to as the South Hangar. In 2006, Don Mobley, the then Fixed Base Operator (FBO) and Airport Manager moved on, and Berg Air, LLC became the City's Fixed Base Operator and Airport Manager. Berg Air is the current FBO and provides fueling services, aircraft tie-down rental, aircraft hangar rental in the North Hangar, courtesy car, flight instruction, and pilot customer services. Hours of operation are Monday thru Friday, 8:00 am to 5:00 pm, with on-call availability in case of emergencies. Robert Berg of Berg Air, LLC was the Airport Manager until Derek Ables was hired in April of 2023 and performed the duties of the Airport Manager under the direction of the City Administrator.

In 2021, the City contracted with Century West Engineering who sub-consulted with Aviation Management Consulting Group (AMCG) to conduct an airport management and FBO management review at the Airport (attached). As part of their analysis, they researched the airport's history to include all lease agreements and financial data, performed site visits, obtained stakeholder input, and toured other airports in the region and their operations. AMGC's recommendation to the City was to hire one full-time airport manager and one full-time airport operations specialist starting July of 2022. In addition, AMGC recommended the City issue a request for proposal (RFP) for an FBO.

Based on AMGC’s recommendation, the city advertised for FBO services in January of 2023. The City received one proposal and could not come to terms with the proposer. The City readvertised for proposals in October of 2023 and has received two proposals. However, the proposals do not appear financially favorable to the City; therefore, staff is proposing to manage the FBO themselves to maximize profits and increase customer service.

This report includes a detailed breakdown of how it would be managed by city staff and the financial and reputation gain the City can obtain by operating the FBO. This proposal does not exclude any future changes or considerations for bringing on a contracted FBO. Still, with the low volume of fuel sales we currently cannot attract larger FBO operations.

FBO Proposals and Financial Modeling

The current structure of the FBO provides the operator with 50% of net revenue on fuel sales and hangar rental in the North Hangar. The FBO provides flight instruction, customer service for pilots, fuel services during normal business hours, and aircraft tie-downs. The City compensates the FBO \$6,820 monthly in addition to 50% revenue sharing for fuel and hangar rent. Staff compiled the total revenue vs. expenses for aviation fuel for the past 9 years. Below is a condensed version from July of 2014 until June of 2023.

Airport Fuel Revenue/Expenses Under Current FBO	
	9 years
	July of 2014 -June of 2023
Fuel Revenue	\$ 4,314,321.00
Fuel Expense	\$ 3,362,028.40
Payment to Berg	\$ 436,757.73
Net to City	\$ 515,534.87
Average per Year	\$ 57,281.65
FBO Payment per Year	\$ 81,840.00
Net to City	\$ (24,558.35)
note the net number is based on current contract, previous years, City paid only 50% of net fuel revenues.	

In addition, staff performed a snapshot of various scenarios with the City managing fuel service versus a contractor with rates provided by the proposals (attached) in January of 2024. In this scenario, staff only compared items directly associated with the current FBO and proposals.

Financial Comparison between City and 3 FBO Options					
Description	Current	City 2 FTE	City 1 FTE/1 TEMP	Proposer 1	Proposer 2
Aviation Fuel	114,563	114,563	114,563	-	-
FBO - Flowage Fee	-			11,456	9,165
Old Hangar Rent	52,000	52,000	52,000	28,000	28,000
FBO - Hangar and GAB Lease				18,000	9,000
North Hangar Airplane Storage		9,200	9,200		
FBO - Tie-Downs	-	19,200	19,200	9,600	19,200
Revenues	166,563	194,963	194,963	67,056	65,365
Description		Grade 16/Step 7 x 2	Grade 16/Step 7 x 1		
Regular		114,358	57,179		
PERS		21,945	10,973		
Charge for Pension Costs		6,862	3,431		
Social Security		7,090	3,545		
Unemployment Tax		114	57		
Industrial Accident Insurance		457	229		
Health & Accident Insurance		23,696	11,848		
Annual Fuel Trainings		5,000	5,000		
Temps	50,000	-	50,000	50,000	50,000
Insurance for Operating		10,000	10,000		
Insurance for North and South		2,500	2,500		5,000
Fixed Base Operator	81,840	-	-	-	-
Commissions - FBO	57,282	-	-	-	-
Expenses	189,122	192,023	154,762	50,000	55,000
Net	(22,558)	2,940	40,201	17,056	10,365

The comparison model utilizes the City's budget format with the following clarifications for the analysis:

- Aviation Fuel shows gross revenue only compared to our direct costs to the fuel provider. Does not include in-directs such as processing fees.
- Flowage Fee = \$0.10 per gal proposer #1 and \$0.08 per gal proposer #2
- South Hangar lease agreement with New Moon dissolves. Current rent is \$24,000 a year.
- FBO Hangar(s) and General Aviation Building (GAB) Lease – Proposer #1 is \$1,500 monthly for North, South, and GAB. Proposer #2 is \$750 monthly for North, South, and GAB.
- Airplane storage based on current revenue projections.
- Tie downs based on \$100 per month at 16 each. Proposer 1 shares 50% of revenues. Proposer 2 did not cover this.
- Annual fuel trainings are employee trainings to stay current with certificates for fueling.
- All scenarios other than the 2 FTE model require a PTE employee 3 days a week to keep up with operations.
- Insurance for operating is the City's cost for additional insurance due to the liability of providing fuel services. This is a conservative amount.
- Insurance for North and South Hangar. Proposer No. 2 excluded insurance from their proposal.

Based on these assumptions, the City will net the most on fuel sales if it operates the fueling services utilizing City staff comprised of 1 additional FTE and one additional PTE for 3 days a week under direct supervision of the Airport Administrative Coordinator.

City Operation Plans

Fueling Contract

Under the proposal of the City managing the fuel contract, staff would complete a fueling RFP and solicit the major fuel suppliers such as Titan, World Fuel, and Valcon. The contract will require that the City purchase a minimum amount of fuel per year like our current contract. Specific items to request in the RFP include new fuel trucks (lease option) with wireless point-of-sale services within the trucks. Current operations utilize a hybrid electronic system for self-serve and handwritten invoices. This has resulted in staff (more particularly finance) spend upwards of almost a day each month to balance the sales receipts.

All large fuel suppliers offer these services that can be negotiated as part of the contract. Typical items included are leased trucks, lease-to-own, point-of-sale systems, fuel cards, delivery guarantees, etc. Attached for reference is a current brochure of services offered by Valcon.

Capital Investment

Short Term

- The GAB needs a facelift to better cater to pilots. This includes repainting the interior walls, updating the pilots lounge to provide vending machines, light snacks, microwave, seating and a T.V. Staff would also install a pilot's charging bar in the main lobby ranging from \$10,000 to \$15,000.
- Purchase of an aircraft tug. To move airplanes, the City will need to purchase a tug. Used ride-on tugs range from \$20,000 to \$50,000.
- Advertise an RFP for flight instruction services to include rental of office space at the GAB and possible hangar space. The selected proposer would be required to provide adequate insurance and compensate the City for office rental and hangar space. This can be offset by fuel sales and/or revenue sharing.
- Addition of common aviation merchandise items and eatery options such as partnering with the golf course to deliver sandwiches and hotdogs and have menus of local restaurants in town.
- Look at opportunities to offer discounts on larger purchases, member ideas, and group packages partnered with destination areas such as outfitters, rafting companies, cove rentals, eateries, and hotel/motel accommodations.
- Improve the marketing of the Airport to pilots and business opportunities to include becoming members of specific aeronautical publications for fuel pricing and services. Creating a website that displays up-to-date rates, weather, and current events in town.

Long Term

- Whether the City manages fueling itself or contracts the fuel service, it's recommended to add Jet A fuel tank. Fuel suppliers provide the best bulk pricing based on a 9,000-gallon delivery. Our current tank holds 12,000 gallons. Most of the time, it is manageable to be able to order a load when at the 3,000-gallon mark and keep up with demand, but there have been occasions where fuel has been exhausted prior to receiving a delivery, delaying takeoffs, and frustrating customers. The short-term solution is an updated communication plan with large Jet A consumers and fuel suppliers to enhance the coordination of fuel delivery, minimizing disturbance to pilots. The long-term solution is to construct an additional 12,000-gallon Jet A tank. In 2024 dollars, the estimated cost per tank installed is around \$500k. The demand for 100LL is low, and staff doesn't anticipate the need for an additional 100LL tank within the next 20 years. Jet A is becoming more and more the common fuel for corporate airplanes.

- As business expands and larger corporate jets are attracted, deicing equipment needs to be considered as service. During icy, wet conditions, planes need to be deiced before takeoff, and standard practice is to offer the service for a fee. We see this as farther down the road as additional staff would be needed to accommodate the service.

Services

Hours of operation are proposed 8:00 am to 5:00 pm Monday-Saturday, and 8:00 am to 12:00 pm on Sundays for self-serve and served fueling, aircraft movement, and customer service desk. Outside normal business hours, self-serve is available with scheduled on-call fuel services coordinated ahead of time. To meet the demand, the City will need to hire a minimum of one FTE to operate fueling, aircraft tug, and customer service desk. In addition, the City will need to hire one PTE 3 days a week to cover weekends and Fridays/Mondays.

Positives of the City managing the fueling

- Greatest degree of control over the Airport. With contracted fuel services, there are always complications with coordination between the owner and the contractor. Internal controls can be built into any contract, but there is always a process required to resolve issues, which can become time-consuming, resulting in the perception that the City is not resolving the situation in a timely manner, causing customer dissatisfaction.
- Better customer service. This ties into control over the Airport. Customer service falls entirely on the City and blame cannot be shifted elsewhere. The buck stops with the City. Communication between management and operations is improved as management will better understand the Airport's needs from a customer service perspective as they will have direct contact with customers versus a third party.
- Provides the greatest number of financial contributions to the Airport. Per the analysis above, the City is currently losing ~\$22k annually. Under the City, the Airport would generate ~\$40k annually in fueling, tie down, and hangar rents. Proposer 1 generates ~\$17k a year and provides the same services.

Negatives of the City managing the fueling

- The greatest degree of risk/liability exposure to the City. Airplanes are expensive, fuel is expensive, and employees are expensive. Under City control, the City assumes liability for damage to planes and fueling equipment if caused by Staff negligence. This requires additional insurance coverage to protect the City in case of an incident/accident. The cost to provide the additional liability insurance and training needed for a safe operation is included in the above financial analysis.

Summary

In summary, the City can add fueling, customer service, and airplane storage rental to its operations and be successful from both the financial side and the customer service side. To move forward with this option, the City to hire one FTE and a PTE beginning June 1 of, 2024, for a transitional period. In addition, the City will need to advertise, negotiate, and award a long-term fuel contract of up to 5 years. The City will also need to purchase a tug by July 1, 2024.

Aircraft maintenance will continue under New Moon, providing aircraft maintenance services (this would be the same under City operating or contractor operating). As the airport continues to grow and expand its operations, the City should consider going back out for a contract FBO, but at this time the market is not there. In conversations with larger FBO companies, JetA fuel sales must be a minimum of 150,000 gallons a year to consider investing into an operation. The City currently sells around 100,000 to 110,000 gallons a year. Once the City hits a consistent sell point of 150,000 gallons of JetA per year, consider advertising for an FBO.

Attachments: AMCG Airport and FBO Management Review; Proposer 1 offer, Proposer 2 offer; Valcon brochure



Aviation Management
Consulting Group

Airport and FBO Management Review

City of Madras

Madras Municipal Airport

September 1, 2021



September 1, 2021

Mr. Matt Rogers, PE
Vice President, Aviation Business Development
Century West Engineering
1020 SW Emkay Drive, Suite 100
Bend, Oregon 97702

Mr. Gus Burrell
City Administrator
City of Madras
125 SW E Street
Madras, Oregon 97741

RE: Airport and FBO Management Review

Dear Mr. Rogers and Mr. Burrell:

Aviation Management Consulting Group (AMCG) has been engaged by Century West Engineering (Century), on behalf of the City of Madras (City), to conduct an airport management and fixed base operator (FBO) management review at the Madras Municipal Airport (Airport).

The section of this report entitled "Airport Management Review" conveys AMCG's observations, opinions, and findings on the current and recommended Airport management structure.


The section of this report entitled "FBO Management Review" conveys AMCG's observations, opinions, and findings on the current and recommended FBO management structure.

The section of this report entitled "Airport Facilities Review" conveys AMCG's observations, opinions, and findings on the current and recommended management and usage of City owned facilities at the Airport.

AMCG is pleased to have been called on to conduct this review and provide the associated observations, opinions, and findings.

Please contact me if you have any questions pertaining to the observations, opinions, findings, or data conveyed and contained in this report.

Supporting your aviation management excellence,


Jeff A. Kohlman
Managing Principal
Aviation Management Consulting Group

I. INTRODUCTION.....	1
A. Background Information	1
B. Scope of Work.....	1
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I. INTRODUCTION**A. Background Information**

The City of Madras (City) is the owner and airport sponsor of the Madras Municipal Airport (Airport). The Airport has only one fixed base operator (FBO) – Berg Air. The City has contracted with Berg Air to provide certain Airport management and FBO management services with additional support provided by the City, as discussed further herein.

B. Scope of Work

The City has engaged Century West Engineering (Century) as prime consultant and Century engaged Aviation Management Consulting Group (AMCG) as a subconsultant to conduct an Airport and FBO Management Review (Review) of the current management of the Airport and FBO and make recommendations (including benefits and challenges) regarding alternative management structures for the Airport and FBO. In addition, AMCG was asked to provide additional input on usage of City owned facilities at the Airport including the General Aviation Building, North World War II Hangar, and South World War II Hangar.

C. Work Plan

To accomplish the Scope of Work, AMCG completed the following work plan:

1. Information Gathering

AMCG reviewed relevant and pertinent information, data, and documentation on the community, market, Airport, and FBO provided by the City, Century, Berg Air, and collected independently by AMCG.

2. Airport and FBO Site Visit

AMCG conducted a site visit to the Airport and FBO on June 14th and 15th to gain a more thorough understanding of the current Airport and FBO management structure and usage of City owned facilities at the Airport. During this site visit, AMCG toured the Airport, FBO facilities, and other general aviation facilities and met with and interviewed City management representatives, Airport management representatives, FBO management representatives, community members, and many key aeronautical and non-aeronautical users, tenants, and stakeholders of the Airport.

3. Stakeholder Survey

AMCG conducted a stakeholder survey of based aircraft owners/operators at the Airport. This survey was designed to evaluate the type, level, and quality of the general aviation products, services, and facilities at the Airport; Airport management, and FBO Management.

4. Airport Summaries and Tours

Century West has developed five summaries of airport and FBO management structures at similarly situated airports in the region. In addition, Century West coordinated a tour of at least one of these airports for City management.

D. Summary of Report

Following is a summary of the remaining sections of this report:

- **Section II – Background Information.** This section identifies the Airport's and the FBO's key assets, amenities, and attributes; identifies the Airport's primary planning, management, and compliance documents; identifies unique characteristics of the Airport and the FBO; and examines some key Airport and FBO statistics and trends.
- **Section III – Airport Management Review.** This section conveys AMCG's observations, opinions, and findings on the current and recommended Airport management structure, including the benefits and challenges for each alternative Airport management structure. In addition, this section conveys AMCG's recommendations with regard to supplemental staffing by the City, Consultants, or other entities that would allow the City to meet the expectations of users to successfully manage the Airport.
- **Section IV – FBO Management Review.** This section conveys AMCG's observations, opinions, and findings on the current and recommended FBO management structure, including the benefits and challenges for each alternative FBO management structure.
- **Section V – Airport Facilities Review.** This section conveys AMCG's observations, opinions, and findings on the current and recommended management and usage of City owned facilities at the Airport.

E. Recommendations

Based on AMCG's site visit, stakeholder interviews, review of provided and collected data and information, and the above analysis, AMCG's recommendations follow:

- **Airport Management.** City hire a one full-time airport manager and one full-time or part-time airport operations specialist. The airport manager should have a minimum of 5 years' experience in general aviation airport management and operations. See complete recommendation in the report.
 - Following are next steps and associated timeline:
 - Identify roles and responsibilities and prepare job description and compensation package (1 month)
 - Advertise open position(s) (1 month)
 - Interview qualified candidates (1 month)
 - Offer position to most qualified candidate
- **FBO Management.** City issue a request for proposal to solicit proposals for the lease (and possible development) of FBO products, services, and facilities. The minimum qualifications should be five years of FBO management and operation experience at a comparable airport (or larger). In addition, the financial wherewithal should be considered and assigned personnel should also have similar FBO management and operation experience. See complete recommendation in the report.
 - Following are next steps and associated timeline:
 - Identify minimum general aviation products, services, and facilities to be provided by FBO (1 month)
 - Determine rents and fees to be paid by FBO for leasing of exclusive areas of General Aviation Building, apron, vehicle parking, hangars, etc. (1 month)
 - Prepare RFP (2 months)
 - Advertise RFP and solicit proposals (2 months)
 - Evaluate proposals and interview proposers (1 month)
 - Negotiate lease agreement with most qualified proposer and proposal in the best interest of the City (1 month)

- **Airport Facilities Use:** The public use areas of the General Aviation Building (e.g., lobby, conference room, kitchen/vending, restrooms, and pilot's lounge/restroom) should be maintained for public use only. In addition, one office of the General Aviation Buildings should be reserved for the Airport Manager.

The South World War II hangar should continue its primary use of aircraft maintenance and secondary use of aircraft storage. All unnecessary storage of materials (especially non-aeronautical materials) should be addressed and removed. In addition, the hangar should be leased and managed by the FBO.

The North World War II hangar should continue its primary use of aircraft storage and secondary use for the airshow. All unnecessary storage of materials (especially non-aeronautical materials) should be addressed and removed. The hangar should be leased and managed by the FBO. However, AMCG does recommend that all office, shop, and storage areas (off the hangar floor dedicated to aircraft storage) be leased to the airshow. However, the hangar floor shall be made available to the airshow for a reasonable period of time in advance of and following the airshow.

- Following are next steps and associated timeline:
 - Determine rents to be paid by FBO and Airshow for leasing space in hangars. (1 month)
 - Prepare lease agreements (1 month)
 - Negotiate lease agreement with FBO and Airshow (1 month)

II. BACKGROUND INFORMATION
A. Airport Profile
Table 1 – Airport Profile

Item	Information
Airport Name	Madras Municipal Airport
FAA Airport Identifier	S33
City and State	Madras, Oregon
Distance/Direction from CBD	3 miles Northwest of the Central Business District
Airport Sponsor (Type)	City of Madras (City)
Airport Governing Body	City of Madras
Type of Airport Governing Body	<input type="checkbox"/> Elected <input checked="" type="checkbox"/> Appointed
Airport Operator (Type)	City of Madras (City)
Part of an Airport System	No
Type of NPIAS Airport	<input type="checkbox"/> Primary <input type="checkbox"/> Non-Primary Commercial Service <input type="checkbox"/> Large Hub <input type="checkbox"/> Medium Hub <input type="checkbox"/> Small Hub <input type="checkbox"/> Non-Hub <input type="checkbox"/> General Aviation Reliever <input checked="" type="checkbox"/> General Aviation
Airport Reference Code (ARC)	AAC: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E ADG: <input type="checkbox"/> I <input checked="" type="checkbox"/> II <input type="checkbox"/> III <input type="checkbox"/> IV <input type="checkbox"/> V RVR: <input type="checkbox"/> VIS <input type="checkbox"/> 5000 <input type="checkbox"/> 4000 <input type="checkbox"/> 2400 <input type="checkbox"/> 1800 <input type="checkbox"/> 1200 <input checked="" type="checkbox"/> N/A
Market Segments Served	Industry <input type="checkbox"/> Air Carrier <input type="checkbox"/> Military <input checked="" type="checkbox"/> General Aviation General Aviation <input checked="" type="checkbox"/> Personal <input checked="" type="checkbox"/> Business <input type="checkbox"/> Commercial <input checked="" type="checkbox"/> Government
Air Traffic Control Tower	<input type="checkbox"/> FAA <input type="checkbox"/> Contract <input checked="" type="checkbox"/> None
Acreage	2,112 acres

B. Airport Infrastructure
Table 2 – Airport Infrastructure

Airport Infrastructure	Details
Runway 04/22	
Length/Width	2,701' x 50'
Weight Bearing Capacity	SW: 16K
Taxiways (WBC and Width)	Unknown
Precision Approaches	None
Non-Precision Approaches	None
Other Navigation Aids	None
Lighting	None
Runway 16/34	
Length/Width	5,091 x 75'
Weight Bearing Capacity	SW: 75K, DW: 120K, DWT: 180K
Taxiways (WBC and Width)	Unknown
Precision Approaches	None
Non-Precision Approaches	16: RNAV (GPS) and 34: RNAV (GPS)
Other Navigation Aids	34: REIL; VASI
Lighting	Medium Intensity Runway Lights

C. Airport Master Plan

The Airport's last Airport Master Plan was completed 2010. Currently, the City has engaged Century West to update the Airport Master Plan.

The purpose of the Airport Master Plan is to define the current, short-term and long-term needs of the Airport through a comprehensive evaluation of facilities, conditions and FAA Airport planning and design standards. The study will also address elements of local planning (land use, transportation, environmental, economic development, etc.) that have the potential of affecting the planning, development and operation of the Airport.

D. Airport Primary Management and Compliance Documents

Primary Management Compliance Documents (PMCDs) consist of Rules and Regulations, General Aviation Minimum Standards, Leasing Policy, Rents and Fees Policy, and Development Standards. In essence, PMCDs are a compendium of documents that govern the operation, management, and development of an airport.

In combination, these documents: (1) contribute to the financial health of an airport; (2) facilitate (foster) orderly development; (3) promote the provision of quality products, services, and facilities; (4) protect the health, safety, interest, and general welfare of the public; (5) reduce the potential for conflict with lessees, consumers, and users; and, (6) reduce the potential for (and provide a platform for the resolution of) complaints.

Within this context, PMCDs set the stage (parameters) for the way an airport does business. While PMCDs are interrelated, each document functions independently of the other. Beyond serving the intended purpose, PMCDs need to be consistent with (not duplicate) the Federal Aviation Administration (FAA) Airport Sponsor Assurances, applicable legal requirements, and other compliance related directives issued by the FAA.

Currently, the City does not have any PMCDs other limited City of Madras Code that addresses the Airport Development Zone (Chapter 18) and Fuel Flowage Fees (Chapter 3.10).

Rules and Regulations

By definition, this PMCD document sets forth the rules and regulations for the safe, orderly, and efficient operation and use of an airport. The purpose of Rules and Regulations is to protect the public health, safety, interest, and welfare on an airport (and to restrict any activity or action that would interfere with the safe, orderly, and efficient operation and use of an airport).

The City would be able to utilize Rules and Regulations to educate and inform all Airport users about the requirements for using the Airport and/or engaging in activities at the Airport. In addition to being relevant, reasonable, and appropriate for the Airport, the market, and the activities, the City should only establish rules and regulations that the City is ready, willing, or able to enforce.

General Aviation Minimum Standards

By definition, this PMCD document sets forth the minimum requirements that need to be met as a condition for conducting commercial general aviation aeronautical activities at an airport. The purpose of Minimum Standards is to provide a fair and reasonable opportunity, without unjust discrimination, to applicants to qualify, or otherwise compete, to occupy available airport land and/or improvements and engage in authorized commercial general aviation aeronautical activities at an airport.

In essence, by providing consistent threshold requirements for engaging in such activities at the Airport, General Aviation Minimum Standards (Minimum Standards) level the playing field and promote fair competition among commercial aeronautical operators. Beyond providing the basis for the uniform treatment of operators, Minimum Standards reduce the potential for (and provide a platform for resolving) conflicts, complaints (informal and formal), and disputes (including lawsuits). Consistent with the objectives established by the FAA, Minimum Standards should (1) promote safety, (2) protect Airport users, (3) maintain and enhance the availability of services, (4) promote the orderly development of the Airport, and (5) ensure operational efficiency.

Leasing Policy

By definition, this PMCD document sets forth the parameters for leasing airport land and improvements for general aviation purposes. The purpose of the Leasing Policy is to convey an airport's general aviation leasing practices.

The City would be able to utilize a Leasing Policy to educate existing and prospective lessees about the process the City would utilize to lease airport land and/or improvements for general aviation uses at the Airport. As such, this policy would provide the structure for ensuring that the leasing process is consistent (uniformly applied) and not unjustly discriminatory.

Rents and Fees Policy

By definition, this PMCD document outlines the process for establishing and adjusting general aviation rents and fees at an airport. The purpose of the Rents and Fees Policy is to convey an airport's general aviation rents and fees practices.

The City would be able to utilize a Rents and Fees Policy to educate existing and prospective lessees about the process the City would utilize for establishing and adjusting general aviation rents and fees in a timely manner without undue influence.

Development Standards

By definition, this PMCD document sets forth the parameters governing the design, development (construction), and/or modification of general aviation improvements at an airport. The purpose of Development Standards is to promote and ensure consistent, attractive, and compatible high quality general aviation development at an airport.

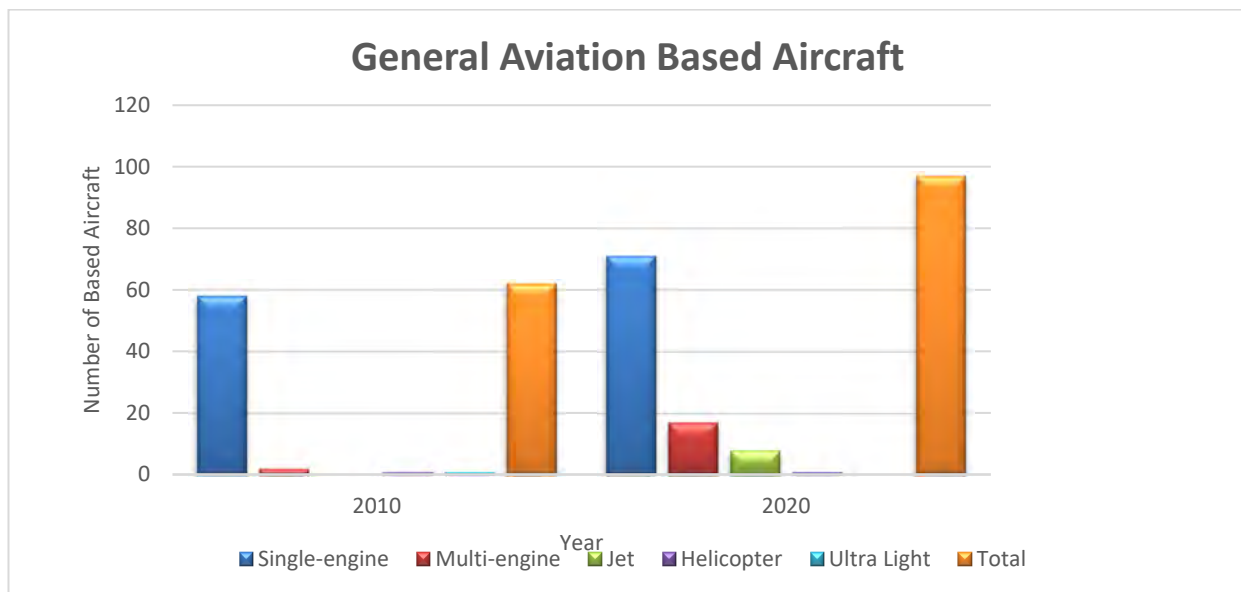
The City would be able to utilize Development Standards to educate and inform existing and prospective operators/aviation businesses and lessees about the process and the requirements for making and/or modifying general aviation improvements at the Airport.

E. Airport Operational Data

Since the Airport does not have a tower, accurate aircraft operations data is not available. Therefore, this report does not include estimated aircraft operations data.

Figure 1 illustrates the number of based aircraft at the Airport in 2010 and 2020, as reported by the City and Century West.

Figure 1 – General Aviation Based Aircraft



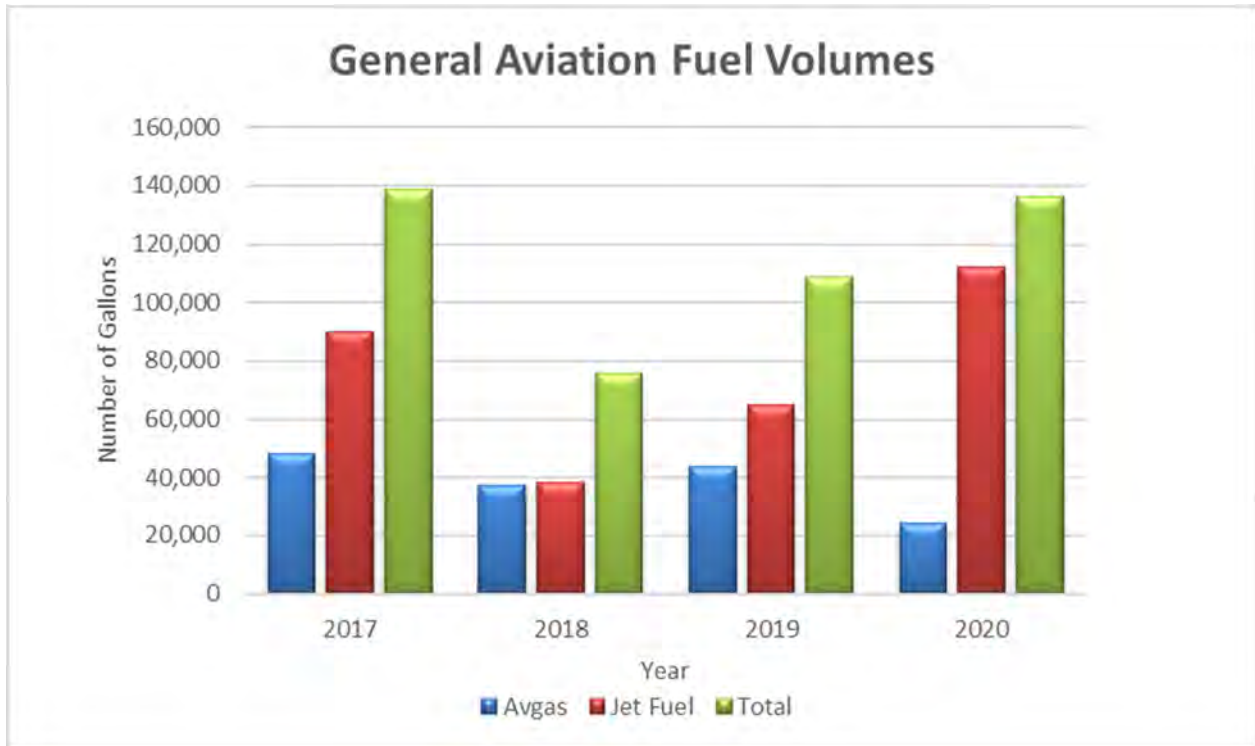
As shown in Table 3, 97 aircraft are currently based at the Airport. From 2010 to 2020, the number of total aircraft based at the Airport increased a total of 56.5%, or a compounded annual increase of 4.2%.

Table 3 – General Aviation Based Aircraft

General Aviation Based Aircraft							
Year	Single-engine	Multi-engine	Jet	Helicopter	Ultra Light	Total	% Change
2010	58	2	0	1	1	62	N/A
2020	71	17	8	1	0	97	56.5%

Figure 2 depicts total general aviation fuel volumes (by type – jet fuel and avgas) at the Airport from 2017 to 2020, as reported by the City.

Figure 2 – General Aviation Fuel Volumes



As depicted in Table 4, total general aviation fuel volumes decreased from 138,501 gallons in 2017 to 136,435 gallons in 2020, which represents a total decrease of 1.5% or a compounded annual decrease of 0.2%.

Table 4 – General Aviation Fuel Volumes

General Aviation Fuel Volumes				
Year	Avgas	Jet Fuel	Total	% Change
2017	48,238	90,263	138,501	N/A
2018	37,336	38,445	75,781	-45.3%
2019	44,011	64,822	108,833	43.6%
2020	24,359	112,075	136,435	25.4%

F. Comparable Airport Profiles¹

Prineville Airport

Management Structure

- Airport Owner – City Owned
- Airport Manager Structure - City Staff
 - o Airport Manager – City Staff (Kelly Coffelt)
 - o Airport Manager reports to Public Works Director (Eric Klann)
- Financials (Salary/Benefits Costs or annual Contract amount)
 - o Airport Manager – Salary Range: \$5,819 - \$7,565 per month

Background

The Prineville / Crook County Airport is an ever-evolving airfield with an on-site commercial pilot training facility and two full service FBO's.

The Prineville / Crook County Airport is a joint venture between the City and the County where the capital assets are owned by the County and the City currently manages the operations. The Prineville-Crook County Airport is a general aviation airport Aviation-related services and support are provided for private users and aviation-related businesses.

Financials

Airport Fund										
General Manager	1.00	1.00	1.00	1.00	1.00	5,660	7,358	67,920	88,296	
Assistant	1.00	1.00	1.00	0.00	0.00	3,314	4,143	39,768	49,716	
Airport Fund Total	2.00	2.00	2.00	1.00	1.00					

FY 18 - Assistant to the Airport Manager position eliminated.

¹ Prepared by Century West Engineering

Airport Budget

Resources	Actual	Actual	Current	Estimated	BN 2023		
	2017-2018	2018-2019	Budget	Total Budget	Proposed	Proposed	Proposed
			2019-2021	2019-2021	Budget	Budget	Total Budget
					2021-2022	2022-2023	2022-2023
Beginning fund balance	\$ 65,888	\$ 42,915	\$ 13,215	\$ 163,422	\$ 35,436	\$ 33,936	\$ 35,436
Current year resources							
Intergovernmental	\$ 288,380	\$ 1,572,022	\$ 1,180,000	\$ 742,683	\$ 180,000	\$ 250,000	\$ 430,000
Charges for services	526,877	605,605	1,164,000	984,775	577,000	577,000	1,154,000
Interest	-	191	-	1,341	500	500	1,000
Transfer from other funds	150,000	50,000	180,000	280,000	100,000	100,000	200,000
Total current year resources	\$ 965,257	\$ 2,227,818	\$ 2,524,000	\$ 2,008,799	\$ 857,500	\$ 927,500	\$ 1,785,000
Total resources	\$ 1,031,145	\$ 2,270,733	\$ 2,537,215	\$ 2,172,221	\$ 892,936	\$ 961,436	\$ 1,820,436
Expenditures							
Personnel Services	\$ 159,966	\$ 129,359	\$ 269,900	\$ 268,365	\$ 141,700	\$ 155,400	\$ 297,100
Materials and services	480,220	536,571	1,088,400	846,558	508,600	519,400	1,028,000
County Lease Payment	25,000	25,000	50,000	50,000	25,000	25,000	50,000
Capital outlay							
Improvements	245,444	1,344,081	1,000,000	849,161	100	-	100
Transfers	77,600	72,300	122,700	122,700	183,600	205,600	389,200
Contingency			6,215	35,436	33,936	56,036	56,036
Total expenditures	\$ 988,230	\$ 2,107,311	\$ 2,537,215	\$ 2,172,221	\$ 892,936	\$ 961,436	\$ 1,820,436
Ending working capital	\$ 42,915	\$ 163,422	\$ -	\$ -	\$ -	\$ -	\$ -
Budgeted positions (FTEs)	2.00	2.00	1.00	1.00	1.00	1.00	
Policy 60 days operating capital						150,900	
5% Emergency reserve						\$ 45,270	
Total Policy						\$ 196,170	

Bend Municipal Airport

Management Structure

- Airport Owner – City of Bend
- Airport Manager Structure - City Staff
 - o Airport Manager – City Staff (Tracy Williams)
 - o Airport Manager reports to Community Development Director/Manager (Carolyn Eagan)
- Financials (Salary/Benefits Costs or annual Contract amount)
 - o Airport Manager – Salary Range: \$6,815 - \$8,852 per month

Background

Bend Municipal Airport is owned and operated by the City of Bend. It is located outside of City limits within Deschutes County. The airport is part of the Economic Development Department within the City and the Airport Manager reports to the Economic Development Director who reports to the City Manager. The Airport is staffed with one full-time Airport Manager, one part-time Administration Assistant, and one part-time airport maintenance personnel. The Airport Manager maintains the Airport to meet FAA, State, and Local regulations and requirements, oversees airport operations, manages the airports budget, airport leases and tenant relations. The Airport contracts out services through the City of Bend for finance, legal, human resources, information technology, and administration in order to minimize staffing needs at the airport.

Airport mowing and general maintenance is completed by airport maintenance personnel; however, the Airport contracts out their snow removal operations as well as the electrical maintenance for their PAPI and AWOS systems.

Financials

The Airport's operating expenses, one full-time airport manager, and two part-time administrative and maintenance personnel cost approximately \$316,100 annually for salaries and benefits. The City will charge the Airport approximately \$410,500 annually for City services including finance, legal, human resources, and procurement over the 2019-2021 biennium. In addition, the Airport's materials and services are budgeted at \$221,900 for FY2020.

AIRPORT REVENUE	
Tiedown Fees	\$16,400
Fuel Flowage Fees	\$49,200
Ground Leases	\$424,600
Hangar Leases	\$414,600
Building Leases	\$48,700
ROW Leases	\$14,300
Miscellaneous Revenue	\$2,800
TOTAL AIRPORT REVENUES	\$970,700
AIRPORT EXPENSES	
Airport Personnel Services	(\$316,100)
City Administration & Support Services	(\$410,500)
1. Attorney Services	\$28,200
2. IT Services	\$28,700
3. Facilities Management Services	\$8,000
4. Administration & Human Resources Services	\$112,100
5. Finance Services	\$77,100
6. Purchasing Services	\$60,500
7. Insurance Premiums	\$46,400
8. LEAP	\$3,600
9. Other Small City Transfers	\$45,900
Materials and Services	(\$221,900)
1. Administration & Support Services	\$120,600
2. Operations & Maintenance General	\$12,800
3. Operations & Maintenance Building & Structure	\$54,100
4. Operations & Maintenance Aircraft Operations	\$34,400
Debt Service	(\$169,000)
1. Eastside Improvements	\$56,000
2. Interfund Loan from Insurance Fund	\$113,000
TOTAL AIRPORT OPERATING EXPENSES	(\$1,117,500)
NET OPERATING INCOME	(\$146,800)

Sumner Parker Field

Management Structure

- Airport Owner – City of Ashland
- Airport Manager – Contract FBO Contract Manager (Skinner Aviation) reports to the Public Works Director
- Financials (Salary/Benefits Costs or annual Contract amount)
 - o Skinner Aviation keeps 25% of all airport revenues and receives a credit for water and garbage services from the City. There are no monies/contract amounts within their “service concession agreement.”

Background

The City contracts with a local FBO for airport operations. The City is responsible for conforming to all applicable FAA regulations, design standards, and grant assurances. The Public Works support division staff the oversight and maintenance requirements, design standards, storm water permits and the Airport Commission. The Airport Commission assists with oversight recommendations for management of maintenance and improvement projects at the airport.

The Facilities Maintenance Division, with assistance from the City Electric Department and Parks Department ensure appropriate maintenance is completed. The Public Works Engineering Division contracts for grant funded improvements and major maintenance related items.

Management decisions for the Airport and related facilities receive oversight and recommendations through the Airport Commission, and staff work is completed through the Public Works Administrative Division. The airport is operated by Robert Skinner, Skinner Aviation, as the contract Fixed Base Operator (FBO). Skinner has been the airport's FBO since 1993 and is responsible for overall oversight of the Airport facilities including radio control, fuel facility, aircraft maintenance, hangar rental collection, flight training and facility maintenance.

Financials

The airport has two primary revenue categories: airport leases including ground leases, hangar leases, and tiedown leases, and fuel sales. Both of these revenue streams are managed by the FBO in exchange for 25% of the revenue. Financial records provided by the City do not distinguish between the individual revenue and expenditure sources.

Airport Divisions							
	BN 2013/15	BN 2015/17	BN 2017/19	BN 2019/21	BN 2019/21		
	Actual	Actual	Amended Budget	Proposed Budget	Adopted Budget	Change	
Material and Services	\$133,293	\$87,020	\$425,380	\$216,088	\$266,088	\$266,088	-37%
Debt Services	77,072	77,072	77,075	0	0	0	-100%
Capital Outlay	44,962	54,113	312,000	340,000	340,000	340,000	9%
Transfer-Out, Contingency, Ending Fund Balance	19,000	0	112,022	0	0	0	-100%
Total	\$274,327	\$218,205	\$926,477	\$556,088	\$606,088	\$606,088	-35%

2020 Supplementary Information

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AIRPORT FUND
For the year ended June 30, 2020

	BN 2019-2021 Biennium Budget Amounts		First Year Actual FY 2019-20	Total Actual for budget period	Variance with Final Budget Over/Under
	Original	Final			
Revenues:					
Intergovernmental	\$ 468,800	\$ 468,800	\$ 67,245	\$ 67,245	\$ (401,555)
Charges for services	322,000	322,000	165,347	165,347	(156,653)
Interest on investments	1,000	1,000	5,062	5,062	4,062
Miscellaneous	-	-	1,000	1,000	1,000
Total revenues	791,800	791,800	238,654	238,654	(553,146)
Expenditures:					
General government:					
Materials and services	266,088	266,088	63,591	63,591	202,497
Capital outlay	340,000	340,000	34,154	34,154	305,846
Total general government	606,088	606,088	97,745	97,745	508,343
Debt service	-	-	-	-	-
Contingency	-	-	-	-	-
Total expenditures	606,088	606,088	97,745	97,745	508,343
Net change in fund balance	185,712	185,712	140,909	140,909	(44,803)
Fund balance, Beginning	225,306	225,306	235,659	235,659	10,353
Fund balance, Ending	\$ 411,018	\$ 411,018	\$ 376,568	\$ 376,568	\$ (34,450)

Hermiston Municipal Airport
Management Structure

- Airport Owner – City of Hermiston
- Airport Manager – Contract FBO Contract Manager reports to the Assistant City Manager
- Financials (Salary/Benefits Costs or annual Contract amount) see attached table 8-3 for detailed operating costs.

Background

Hermiston Airport has one FBO (Gorge Aviation) who provides a range of services including aircraft fueling, maintenance, flight training, tiedowns, restrooms, and flight planning facilities. Gorge Aviation operates from the main FBO building and a maintenance hangar. The current level of maintenance and operating expenses is considered to be reasonable based on the size of the facility and reflects the efficient use of staff and outside resources.

Financials

Between 2017 and 2018 the City transitioned from having an Airport Caretaker to an Airport Manager, which increased the “Other Professional Services” expenses from \$39,000 annually to \$83,000 annually.

AIRPORT DETAILED EXPENDITURES

	2017-18 Expended	2018-19 Expended	2019-20 Budget	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
OTHER PROFESSIONAL SERVICES	37,004	79,973	83,000	85,075	85,075	85,075
PROPERTY & LIABILITY INS	9,923	10,198	11,800	11,000	11,000	11,000
ELECTRICITY	10,818	10,160	11,000	11,000	11,000	11,000
TELEPHONE	2,969	5,524	3,500	6,000	6,000	6,000
MISCELLANEOUS CONTRACTUAL	10,085	11,439	10,000	10,000	10,000	10,000
LICENSES & PERMITS	431	451	300	300	300	300
OFFICE SUPPLIES	191	341	200	200	200	200
CLEAN/SANITATION SUPPLIES	319	372	300	300	300	300
FOOD & MISCELLANEOUS	414	197	500	500	500	500
MINOR/SAFETY EQUIP	1,214	1,376	1,000	1,000	1,000	1,000
MOTOR VEHICLE FUEL & OIL	139,779	110,545	165,000	165,000	165,000	165,000
PARTS FOR OPERATING EQUIP	1,764	1,465	2,000	2,000	2,000	2,000
MATERIALS & SERVICES	214,911	232,041	288,600	292,375	292,375	292,375
AIRPORT IMPROVEMENTS	15,778	15,000	15,000	15,000	15,000	15,000
CAPITAL OUTLAY	15,778	15,000	15,000	15,000	15,000	15,000
RES-AIRPORT IMPROVEMENTS	15,000	15,000	15,000	100,000	100,000	100,000
RES- AIRPORT HANGAR CONST	-	-	-	5,400	5,400	5,400
TRANSFERS OUT	15,000	15,000	15,000	105,400	105,400	105,400
TOTAL AIRPORT	245,689	262,041	318,600	412,775	412,775	412,775

Kittitas County Airport (Bowers Field)

Management Structure

- Airport Owner – Kittitas County
- Airport Manager – Kittitas County reports to the County Commissioners
- Financials (Salary/Benefits Costs or annual Contract amount)
 - o Airport Manager / Director of Airport Operations – Salary Range: \$5,747 - \$7,734 per month
 - o (Vacant) Airport Coordinator – Salary Range: \$4,418 - \$5,945 per month
 - o Operations Technician – Salary Range: \$3,864 - \$5,199 per month
 - o Administrative Assistant – Salary Range: \$2,826 - \$3,803 per month

Background

The Kittitas County Airport (Bowers Field) is a public use general aviation airport owned by Kittitas County. The Airport has historically been managed by Public Works with a contract FBO (formerly Midstate Aviation), who handled the day-to-day operations and airport oversight and was compensated for their services with reduced hangar/apron rents. In 2019, the Airport transitioned from being managed under Public Works to its own department. At this time, the Airport hired a FT Airport Manager and contracted with Public Works for maintenance. Within the year, the Airport Manager hired an Airport Coordinator to assist with the day-to-day operations and maintenance of the airport. Later that year, the Airport Coordinator moved into the Airport Manager position, thereby eliminating the Airport Coordinator position, who then hired an Operations Technician and Administrative Assistant.

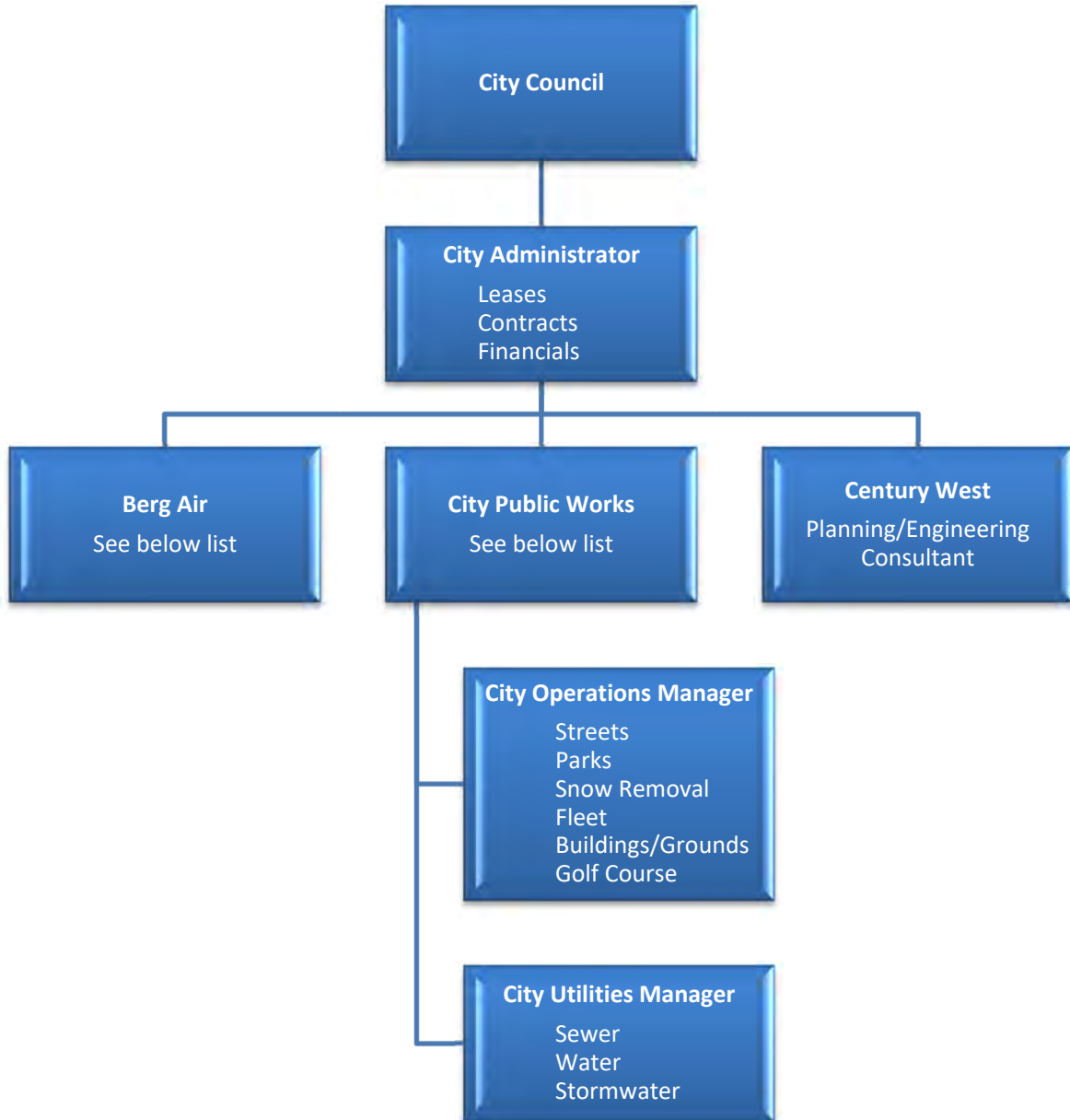
Financials

Based on a review of the airport fund and its revenues/expenses, it appears that airport personnel expenses and possibly some operating expenses are covered under the general fund.

III. AIRPORT MANAGEMENT REVIEW

A. Current Airport Management Structure

The Airport is currently managed under a hybrid model by both the City and Berg Air, whereby Berg Air has the primary Airport management responsibilities (under an airport management services agreement, discussed herein) and additional management, operational, and financial support is provided by the City. Following is an organizational chart that demonstrates the hybrid nature of the current Airport management structure.



Airport Management Services Agreement

Term: The City has entered into an airport management services agreement with Berg Air (with an effective date of July 1, 2016 and termination date of June 30, 2021)².

Services: The agreement requires the provision of certain airport management services, including all management, personnel, labor, tools, and equipment³ necessary or appropriate, as follows (in no particular order or priority):

- regularly attend Airport industrial site commission and air show meetings;
- attend City Council meetings, as requested;
- represent Airport in various forums and public meetings;
- provide leadership in the development and management of the Airport Layout Plan;
- plan, implement, manage, and supervise all Airport activities and operations, including, without limitation, Airport safety, facility maintenance, janitorial services, and compliance inspections;
- maintain all Airport facilities in a good, clean, and presentable condition;
- provide material and data on Airport operations to City, as requested;
- confer with City on all Airport fees and develop process for collection of fees;
- evaluate Airport and report safety issues or concerns to City;
- work with City to schedule activities and equipment needed to maintain Airport;
- maintain Airport security gates, fencing, and appropriate locks;
- report any Airport security issues or concerns to City;
- solicit grants for the purchase and construction of security fencing for the Airport's perimeter and the access areas to the taxiways and runways;
- maintain Airport and its grounds, including, without limitation, all runways, taxiways, vehicle parking areas, airplane parking areas, beacon tower, lighting system, and landscaping in good order and repair, safe condition, and free from all obstacles, unauthorized vehicles, structures, equipment and other items;
- remove any obstacles, including disabled aircraft, from runways, taxiways, and other Airport areas;
- take care to prevent the occurrence of any event causing damage, claim, or loss to City and/or third parties;
- assist City with any repairs and/or improvements in and to the Airport;

² At the time of this report, it is AMCG's understanding that this agreement has been extended to September 30, 2021 in order to provide the City sufficient time to evaluate alternatives and implement the selected alternatives

³ City will provide Berg Air with limited use of certain City equipment from time to time to assist with performance of airport management services.

- water, mow, and otherwise maintain the lawn and other landscaping around the Airport's General Aviation Building and WWII war memorial;
- operate the Airport's runway system, including lighting and alignment of lights.
- coordinate construction work and snow removal with City, Airport users, and members of the general public;
- issue appropriate notices to the FAA announcing construction, snow, removal, and other hindrances to the Airport's safe operation;
- coordinate with City's police, fire, and public works departments for personnel to provide Airport rescue and safety programs;
- assist City with the development of the proposed Airport budget and manage budget, maintain budgetary control of all expenditures, and be accountable for expenditures;
- assist City in the negotiation, administration, and management of contracts, leases, and agreements with tenants for land, operations, and improvements;
- contact potential businesses and provide other economic development activities for the Airport, as directed by City;
- coordinate any Airport related development leads with City and County EDCO manager, including coordination of questions concerning the enterprise zone with enterprise zone manager; and
- encourage pilots operating on Airport or in traffic pattern to conduct operations in conformance with FAA regulations, the AIM, and all applicable local rules or practices established at Airport.

Hours of Services: The airport management services are to be provided by Berg Air, at a minimum, Monday through Friday (0800 to 1700, November through March, and 0800 to 1800, April through October) and at all other times will be available on-call in case of emergency.

Compensation: The base compensation to Berg Air for the above airport management services over the term of the agreement is as follows:

- First Year – \$3,500.00 per month, \$42,000.00 per annum
- Second Year – \$3,850.00 per month, \$46,200.00 per annum
- Third Year– \$4,658.50 per month, \$55,902.00 per annum
- Fourth Year – \$5,124.35 per month, \$61,492.20 per annum
- Fifth Year – \$5,636.79 per month, \$67,641.48 per annum

In addition, Berg Air receives 60% of the gross revenues associated with ground leases and/or licenses between City and the Bureau of Land Management (and other federal and/or state governmental agencies) for SEAT Base and other operations, and (ii) certain mutually agreed upon special events held at the Airport.

City Support of Airport Management Services

The City supports Berg Air in the provision of airport management services by providing the following airport management services (in no particular order or priority):

- management of and legal review of lease agreements;
- management and preparation of financial statements;
- minor building maintenance;
- invoicing for lessee agreements (e.g., land and/or improvements);
- green space mowing and landscape maintenance;
- grading around the runways;
- sweeping the runway, taxiway, and apron area;
- crack sealing pavement;
- coordination of contractors;
- snow plowing;
- airshow preparations; and
- grass runway irrigation and mowing.

Stakeholder Interview Comments

Following is a consolidation of stakeholder interview and survey comments⁴ as it relates to the Airport management services and/or the type, level, and quality of Airport services and facilities (in no particular order or priority):

- Airport lacks good systems for collection, reporting, and analysis of airport financial and operational data and information;
- Airport lacks standard operating procedures (SOPs) in areas including, but not limited to, safety, security, maintenance, and administration;
- Airport lacks processes for following through with prospective lessees/developers;
- General Aviation Building cleanliness/organization lacks consistency and attention;
- not enough “Rob Berg” to go around;
- need more foreign object debris equipment;
- full-time job chasing grant monies;
- Airport lacks a Strategic Airport Business Plan that outlines the mission, vision, goals, objectives, and action plans for the Airport.

⁴ Since there were only 6 completed survey responses, the response rate is not statistically reliable to draw specific conclusions from. The 6 respondents were generally satisfied with the current Airport and FBO management. However, 50% of the respondents felt that the FBO should be managed by the City and 50% felt that the FBO should be managed by a private third party. 83.33% of respondents felt that the FBO should manage the Airport.

- Airport has evolved significantly (for the better), especially with the addition of Erickson and Daimler;
- time to look at different airport management model;
- need to refill vacant economic development position (previously funded by City and County);
- need to improve real estate management services for both aeronautical and non-aeronautical properties at the airport;
- desires improved snow removal (e.g., timeliness, staffing, snow berms in front of hangar areas);
- runup area has been impacted for larger aircraft due to new lighting;
- desires improved security and signage (e.g., homeless individuals, “wanderers,” etc.);
- no runway edge striping;
- AWOS and rotating beacon inoperable too often;
- requests are not addressed in a timely manner;
- airshow is extremely important to the Airport and the community;
- Erickson is a huge asset to the Airport and the community;
- non-aeronautical tenants are crucial to the sustainability of the Airport;
- communications with Berg Air are frustrating; and
- County use to fund an economic development manager.

AMCG Site Visit Observations, Opinions, and Findings

Following are AMCG’s observations, opinions, and findings from the site visit and associated interviews as they specifically relate to airport management (in no particular order or priority).

- Upon arrival in company aircraft, runway, taxiways, and parking area appeared to be reasonably well maintained.
- Neither City or Berg Air were aware if a Spill Protection, Control, and Countermeasure (SPCC) plan existed or whom is responsible for implementation of the SPCC (if existing).
- Windsock needs replacement.
- Significant amount of non-aeronautical vehicles, boats, bicycles, grills, forklifts, RVs, golf carts cabinets, kayaks, unflyable aircraft, aircraft parts, tires, and junk located both on the apron and aeronautical land in front of and south of the South World War II Hangar in non-compliance with the Airport’s FAA Airport Sponsor Assurances (Assurances). See photos in Appendix.

- Numerous 50-gallon barrels without lids or bung caps. Once filled with rainwater, the rainwater is considered hazardous waste and must be disposed of in accordance with EPA rules and regulations. See photo in Appendix.
- Numerous LED lights for apron and attached to hangars were on during the day. See photo in Appendix.
- Numerous non-aeronautical RVs and campers were parked at the skydiving facility. Depending on use and how long they have been parked there, this may be in non-compliance with the Airport’s Assurances. See photo in Appendix.

B. Airport Management Structure Alternatives

In order to better understand the Airport Management Structure Alternatives, it is first best to understand the broad roles and responsibilities of airport management. Following is a comprehensive list of airport management roles and responsibilities in the areas of strategy, management, operations, financial, marketing, and development.

Airport Management Roles and Responsibilities

STRATEGY	MANAGEMENT	OPERATIONS	DEVELOPMENT
Market Assessments <ul style="list-style-type: none"> • Industry • Airport • Community • Market • Customer Segments • Market Drivers • Demand and Capacity • Competition 	Planning <ul style="list-style-type: none"> • Developing and Implementing Policies • Tenant, Community, and Agency Relations • Lease Negotiations • Compliance Issues • Sustainability • Succession Planning 	<ul style="list-style-type: none"> • Staffing • Products and Services • Inspections/Reporting • Safety and Security • Maintenance • Emergency Response • Vehicles/Equipment • Vendors and Suppliers • Insurance • Procedures • Manuals 	Existing Conditions <ul style="list-style-type: none"> • Inventory • Socioeconomic • Financial Resources • Human Resources
SWOT Analysis <ul style="list-style-type: none"> • Strengths (Internal) • Weaknesses (Internal) • Opportunities (External) • Threats (External) 	Human Resources <ul style="list-style-type: none"> • Recruiting • Hiring • Training • Development • Compensation • Benefits • Policies and Procedures • Motivational Strategies • Disciplinary Strategies 	FINANCIAL <ul style="list-style-type: none"> • Financial Controls • Accounting Systems • Financial Statements • Funding Mechanisms • Performance Measures • Variance Analysis • Budgeting Techniques • Revenue Enhancement • Expenditure Reduction 	Forecasting <ul style="list-style-type: none"> • Economic • Demographic • Geographic • Business • Political
Strategic Business Plan <ul style="list-style-type: none"> • Mission • Vision • Values • Goals • Objectives • Action Plans 	Management and Compliance Documents <ul style="list-style-type: none"> • Rules and Regulations • Minimum Standards • Leasing Policy • Rents and Fees Policy • Development Standards 	MARKETING <ul style="list-style-type: none"> • Branding • Communications • Special Events • Social Media • Public Relations • Airport Advocacy 	Requirements <ul style="list-style-type: none"> • Airside Land • Landside Land • Airside Infrastructure • Landside Infrastructure • Airside Improvements • Landside Improvements
Implementation <ul style="list-style-type: none"> • Responsibility • Leadership • Accountability • Empowerment • Ownership • Recognition 			Project Implementation <ul style="list-style-type: none"> • Team Building • Land Use • Site Planning • Facility Programming • Budget • Funding • Schedule

There are three alternatives for the management of the Airport, as follows:

Airport Sponsor Managed Airport

The Airport Sponsor Managed Airport alternative is best described as the airport sponsor manages and operates all aspects of the Airport with sponsor employees using the sponsor's assets (i.e., facilities, vehicles, and equipment) and resources. This alternative is most common within the industry.

FBO Managed Airport

The FBO Managed Airport alternative is best described as the Airport's FBO manages and operates all (or most) aspects of the Airport with FBO employees using the sponsor's assets (i.e., facilities, vehicles, and equipment) and resources. This alternative can include additional management and operational support from the airport sponsor, similar to what is occurring today at the Airport. This alternative is more common within the industry at smaller general aviation airports.

Third-Party Managed Airport

The Third-Party Managed Airport alternative is best described as a third-party (public or private entity) manages and operates all (or most) aspects of the Airport with the third-party's employees using the sponsor's assets (i.e., facilities, vehicles, and equipment) and resources. This alternative can include additional management and operational support from the airport sponsor, similar to what is occurring today at the Airport. While this alternative is not very common, it does occur within the industry (typically at medium to large general aviation and air carrier airports).

C. Evaluation of Airport Management Structure Alternatives

This section will evaluate each of the Airport Management Structure Alternatives from a managerial, operational, and Airport tenant/user perspective. This analysis includes identification of the positive and negative impacts of each alternative from the City's and Airport tenant/user perspective. AMCG has made the following key underlying assumptions – as it pertains to the managerial, operational, and customer perspectives.

1. Managerial and Operational Analysis

The following criteria and accompanying descriptions provide the basis for analyzing the managerial and operational impacts of each Airport Management Structure Alternatives from the City's perspective:

- **Airport control and responsibility** – represents the City's control of (and responsibility for) the Airport including:
 - strategic and business planning
 - policy development and implementation
 - range, level, and quality of airport infrastructure and improvements;
 - real estate sales, marketing, and business development functions;

- planning and development functions;
 - setting of airport rents and fees;
 - quantity, quality, condition, and functionality of the vehicles and equipment;
 - establishment of the qualifications and experience (and the selection) of personnel and all other human resources related functions; and
 - community, tenant, and user relations including the prompt resolution of complaints/disputes.
- **Airport financial contribution** – represents the compensation received by the City relating to the Airport including the rents and fees paid to the City and operating net cash flow realized by the City.
 - **Airport capital requirements** – represents the City’s capital expenditures that would be required to properly manage and operate the Airport (e.g., developing new and/or replacing existing infrastructure and improvements and purchasing additional and/or replacing existing vehicles and equipment). Since the City would be responsible for the Airport’s capital requirements in all three alternatives, no assessment of this criteria is included below.
 - **Airport risk/liability (exposure)** – represents the City’s risk/liability (exposure) associated with the Airport.
 - **Airport administration** – represents the City’s administrative requirements associated with the Airport.

2. Airport Tenant/User Perspective Analysis

The following criteria and accompanying descriptions provide the basis for analyzing the impacts of each option from an Airport’s tenant/user perspective:

- **Airport infrastructure and improvements** – represents the tenants’/users’ concern for the range, level, and quality of Airport infrastructure and improvements. This may also include the tenants’/users’ concern for the real estate sales, marketing, and business development functions.
- **Airport rents and fees** – represents the tenants’/users’ concern for the rents and fees charged for use of the Airport and/or leasing of land and improvements.
- **Airport vehicles and equipment** – represents the tenants’/users’ concern for the quantity, quality, and functionality of the Airport’s vehicles and equipment.
- **Airport personnel** – represents the tenants’/users’ concern for qualified, experienced, and competent Airport personnel (i.e., management and staff).
- **Airport relations** – represents the community’s, tenants’ and users’ concern for the consistent provision of airport infrastructure and improvements in safe, secure, efficient, and prompt manner as well as the resolution of complaints/disputes in a prompt, fair, and reasonable fashion.

Airport Sponsor Managed Airport

Following are the positive and negative impacts associated with the Airport Sponsor Managed Airport alternative.

1. Managerial and Operational Analysis

Positive impacts to the City include the following:

- The greatest degree of **Airport control and responsibility** (of the three options).
- The greatest amount of **Airport financial contribution** (of the three options) as the net cash flow from the Airport would be realized by the City.

Negative impacts to the City include the following:

- The greatest degree of **Airport risk/liability (exposure)** of the three options as the City would assume all risk/liability (exposure) associated with the Airport.
- The greatest degree of **Airport administration** (of the three options).

2. Tenant/User Analysis

Positive impacts to the tenants/users include the following:

- The least degree of concern for **Airport infrastructure and improvements** (of the three options) and the approach to the sales, marketing, and business development functions of the Airport as only one entity (i.e., the City) would be involved in setting and collecting rents and fees.
- The least degree of concern for **Airport rents and fees** (of the three options) as only one entity (i.e., the City) would be involved in setting and collecting rents and fees.
- The least degree of concern for **Airport vehicles and equipment** (of the three options) to ensure that high quality vehicles, equipment, and facilities are available as the City has additional depth beyond the Airport.
- The least degree of concern for **Airport relations** (of the three options) for the consistent provision of airport infrastructure and improvements in a safe, secure, efficient, and prompt manner as well as the resolution of complaints/disputes in a prompt, fair, and reasonable fashion as only one entity (i.e., the City) will have to be engaged in Airport relations.

Negative impacts to the tenants/users include the following:

- The highest degree of concern for **Airport personnel** (of the three options) who are qualified, experienced, and competent (for the functions being performed) should the City not appoint or hire personnel with Airport management experience.

FBO Managed Airport

Following are the positive and negative impacts associated with the FBO Managed Airport alternative.

1. *Managerial and Operational Analysis*

Positive impacts to the City include the following:

- Less **Airport responsibility** (than the Airport Sponsor Managed Airport alternative) in most areas as a private FBO entity would assume some responsibility.
- Less **Airport risk/liability (exposure)** (than the Airport Sponsor Managed Airport alternative) as a private FBO entity would assume some of the risk/liability (exposure) associated with the Airport.
- Less **Airport administration** (than the Airport Sponsor Managed Airport alternative) as a private FBO entity would assume some of the Airport Administration.

Negative impacts to the City include the following:

- Less **Airport control** (than the Airport Sponsor Managed Airport alternative) in most areas as a private FBO entity would assume some of the control.
- Less **Airport financial contribution** (than the Airport Sponsor Managed Airport alternative) as a portion of the net cash flow from the Airport would be paid to and/or realized by a private FBO entity – not the City.

2. *Tenant/User Analysis*

Neutral impacts to the tenants/users include the following:

- Neutral concern for **Airport vehicles and equipment** to ensure that high quality vehicles, equipment, and facilities are available as the City will still be able to support the private FBO entity.
- Neutral concern for **Airport relations** for the consistent provision of airport infrastructure and improvements in a safe, secure, efficient, and prompt manner as well as the resolution of complaints/disputes in a prompt, fair, and reasonable fashion as there will be an on Airport and aviation experienced entity to engage with.
- Neutral concern for **Airport personnel** who are qualified, experienced, and competent (for the functions being performed) with the expectation that the City would require the private FBO entity to employ a qualified and experienced team.

Negative impacts to the tenants/users include the following:

- More concern for **Airport infrastructure and improvements** (than the Airport Sponsor Managed Airport alternative) and the approach to the sales, marketing, and business development functions of the Airport as two entities (i.e., the City and the private FBO entity) would be involved in setting and collecting rents and fees.
- More concern for **Airport rents and fees** (than the Airport Sponsor Managed Airport alternative) as two entities (i.e., the City and the private FBO entity) would be involved in setting and collecting rents and fees.

Third-Party Managed Airport

Following are the positive and negative impacts associated with the Third-Party Managed Airport alternative.

1. Operational and Managerial Analysis

Positive impacts to the City include the following:

- Least amount of **Airport responsibility** in most areas as a qualified third-party would assume most responsibility.
- Least amount of **Airport risk/liability (exposure)** as a third-party would assume most of the risk/liability (exposure) associated with the Airport.
- Least amount of **Airport administration** as a third-party would assume most of the Airport Administration.

Negative impacts to the City include the following:

- Least amount of **Airport control** in most areas as private entity would assume most of the control.
- Least amount of **Airport financial contribution** as a larger portion of the net cash flow from the Airport would be paid to and/or realized by third-party – not the City.

2. Tenant/User Analysis

Neutral impacts to the tenants/users include the following:

- Neutral concern for **Airport vehicles and equipment** to ensure that high quality vehicles, equipment, and facilities are available as the City will still be able to support the third-party.
- Neutral concern for **Airport relations** for the consistent provision of airport infrastructure and improvements in a safe, secure, efficient, and prompt manner as well as the resolution of complaints/disputes in a prompt, fair, and

reasonable fashion as there will be an on Airport and aviation experienced entity to engage with.

- Neutral concern for **Airport personnel** who are qualified, experienced, and competent (for the functions being performed) with the expectation that the City would require the third-party to employ a qualified and experienced team.

Negative impacts to the customers include the following:

- More concern for **Airport infrastructure and improvements** (than the Airport Sponsor Managed Airport alternative) and the approach to the sales, marketing, and business development functions of the Airport as two entities (i.e., the City and the third-party) would be involved in setting and collecting rents and fees.
- More concern for **Airport rents and fees** (than the Airport Sponsor Managed Airport alternative) as two entities (i.e., the City and the third-party) would be involved in setting and collecting rents and fees.

D. Airport Management Structure Recommendation

Based on AMCG's site visit, stakeholder interviews, review of provided and collected data and information, and the above analysis, it is AMCG's recommendation that the City hire one full-time airport manager and one full-time or part-time airport operations specialist. The airport manager should have a minimum of 5 years' experience in general aviation airport management and operations.

The increased aeronautical and non-aeronautical tenants (and associated revenue stream) at the Airport and in the Industrial Park, the increased activity at the Airport, and the pending completion of the Airport Master Plan justifies dedicated personnel to manage and operate the Airport.

The full-time airport manager can also fill the role of the open economics development person. This would allow the funds allocated for the economics development person offset a portion of the costs of employing a full-time airport manager. In addition to the funds for the economic development person, the City is currently budgeting the following funds for 2020-21 for airport management and operations that could be allocated to the positions of airport manager and airport operations specialist:

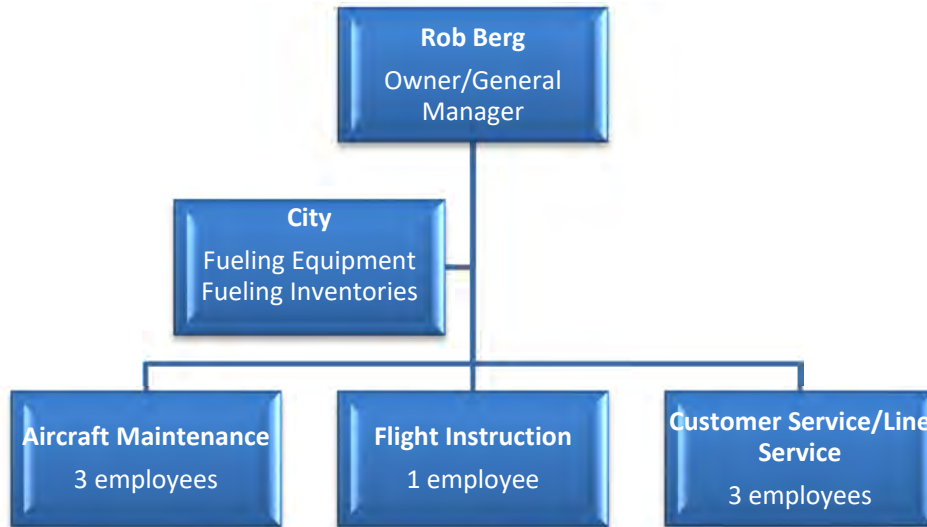
- \$ 61,492 – Airport Management Services Agreement (with Berg Air)
- \$178,863 – Internal Services Central Services Fund
- \$ 72,793 – Internal Services Public Works Staff Fund

While not all of these funds need to be or should be allocated to the costs of employing an airport manager and airport operations specialist, since these two positions would absorb many of the roles and responsibilities a portion of these funds can and should be allocated accordingly.

IV. FBO MANAGEMENT REVIEW

A. Current FBO Management Structure

The FBO at the Airport is currently managed under a hybrid model by the City and Berg Air, whereby Berg Air has the primary FBO management responsibilities (under an FBO management services agreement, discussed herein) and additional managerial, operational, and financial support is provided by the City. Following is an organizational chart that demonstrates the hybrid nature of the current FBO management structure.



FBO Management Services Agreement

Term: The City has entered into an FBO management services agreement with Berg Air (with an effective date of July 1, 2016 and termination date of June 30, 2021)⁵.

Services: The agreement requires the provision of certain FBO services on behalf of City, including all management, personnel, labor, tools, and equipment⁶ necessary or appropriate, as follows:

- operate assigned Airport UNICOM;
- perform janitorial service and maintenance on General Aviation Building, including minor repairs;
- manage the Airport courtesy car(s) or rental car(s);
- provide material and data on FBO services and duties to City; and

⁵ At the time of this report, it is AMCG’s understanding that this agreement has been and/or will be extended in order to provide the City sufficient time to evaluate alternatives and implement the selected alternatives

⁶ City will provide Berg Air with limited use of certain City equipment from time to time to assist with performance of FBO services.

- manage the Airport's fuel sales, including:
 - maintaining adequate supply of avgas and jet fuel;
 - maintain fuel systems in good working order and repair;
 - determine appropriate competitive fuel pricing;
 - operate aircraft fueling system and tanks (including the filter system);
 - test all fuels and inspect all tanks and components of the fuel supply system as required by, and in accordance with, all legal requirements and fuel suppliers;
 - account for fuel sales and purchases on a monthly basis; and
 - report promptly to City the need for maintenance or repairs of the fuel tanks, card lock system, pumps, truck, and related equipment;

Hours of Services: The FBO services are to be provided by Berg Air, at a minimum, Monday through Friday (0800 to 1700, November through March, and 0800 to 1800, April through October) and at all other times will be available on-call in case of emergency.

Compensation: Berg Air will receive directly or indirectly the following compensation for the above FBO services over the term of the agreement as follows:

- purchase aviation fuel (for Berg Air use only) at \$0.05 over City cost;
- receive 50% of net profits from the sale of aviation fuel at Airport;
- receive 50% of fuel flowage fee paid by fuel operators and collected by City;
- receive 100% of rental proceeds associated with the North WWII Military Hangar and South WWII Military Hangar (leased by Berg Air under a separate lease);
- receive 100% of tie-down space rental proceeds;
- receive \$20.00 per month, per unit rented in City's 9 bay t-hangar building; and
- receive \$8.00 per month, per storage unit rented (total of two) located at the end of City's 9 bay t-hangar building.

In addition, Berg Air receives exclusive use of General Aviation Building's reception, manager, FBO, and snooze room areas.

City Support of FBO Management Services

The City supports Berg Air in the provision of FBO management services by providing the following support:

- purchases and maintains aviation fuel inventories;
- owns and/or leases and maintains refueling vehicles and fuel storage facility;
- provides and maintains airport courtesy cars; and
- provides, maintains, and insures refueling vehicles and fuel storage facility.

Airport Hangar Lease Agreement

In addition to the FBO management services agreement, Berg Air leases from the City the North WWII Military Hangar and South WWII Military Hangar.

- The term of this agreement is coterminous with the Airport and/or FBO management services agreements.
- The triple net⁷ rent for these hangars is \$1.00 per month and Berg Air retains all revenues associated with subleasing hangar space.
- The North WWII Military Hangar use is restricted to storage of aircraft and the annual Airshow of the Cascades (Airshow).
- The South WWII Military Hangar use is for Berg Air's performance of FBO management services agreement and provision of aircraft maintenance services.
- The hangars may not be used for storage of personal vehicles or personal property.

Stakeholder Interview Comments

Following is a consolidation of stakeholder interview comments as it relates to the FBO management services and/or the type, level, and quality of FBO products, services and facilities:

- FBO lacks good systems for collection, reporting, and analysis of FBO financial and operational data and information;
- FBO lacks SOPs;
- stakeholders like self-service fuel, especially since there are times that the FBO is unavailable to provide fueling services;
- desires larger (e.g., higher door height) and/or independent hangar facilities;
- City lacks a plan for interim FBO management services should current operator not be available or unable to continue;
- five-year agreement with FBO operator does not encourage private investment on the Airport;
- General Aviation Building conference room not always available due to use by Berg Air;
- desires of more reliability of aviation fuels (e.g., inventory, truck reliability, and staffing);
- fueling, aircraft maintenance, and aircraft storage requests are not addressed in a timely manner;
- most aircraft in North World War II Hangar are not airworthy; and
- (based on a complaint by a Berg Air customer to the City) Berg Air has been non-responsive and delayed in completing aircraft repairs to customer aircraft.

⁷ Lessee pays all taxes insurance, utilities and maintenance associated with the hangars.

AMCG Site Visit Observations, Opinions, and Findings

Following are AMCG's observations, opinions, and findings from the onsite visit as they specifically relate to airport management.

- Upon arrival in company aircraft, runway, taxiways, and parking area appeared to be well maintained.
- Neither City or Berg Air were aware if a Spill Protection, Control, and Countermeasure (SPCC) plan existed or whom is responsible for implementation of the SPCC (if existing).
- No fuel spill protection materials or eye wash containers found on refueling vehicles or fuel storage facility.
- The flammable placard on the refueling vehicles are faded. See photo in Appendix.
- The Oregon Department of Agriculture (Weights and Measures Program) meter sticker on the refueling vehicles states "not legal for trade...use only for estimating"). These may be non-compliant with associated regulatory measures for the sale of aviation fuels. See photo in Appendix.
- The interior of the South World War II Hangar, while being primarily used for aircraft maintenance by Berg Air, is cluttered with tools, parts, car lift, slot machine, and amusement park games that limit the usefulness and highest and best use of the hangar. In addition, the back offices are cluttered with boxes, parts, and paperwork. See photo in Appendix.
- The interior of the North World War II Hangar, while being primarily use for aircraft storage, have aircraft that appear to not have been flown in months (if not years) and may not be airworthy. In addition, this hangar is used to store a lot of non-essential equipment, parts, and games owned by Berg Air.

B. FBO Management Structure Alternatives

In order to better understand the FBO Management Structure Alternatives, it is first best to understand the broad roles and responsibilities of FBO management. Following is a comprehensive list of FBO management roles and responsibilities in the areas of strategy, management, operations, financial, marketing, and development.

FBO Management Roles and Responsibilities

STRATEGY	MANAGEMENT	FINANCIAL	MARKETING
Market Assessments <ul style="list-style-type: none"> • Industry • Airport • Community • Market • Customer Segments • Market Drivers • Demand and Capacity • Competition 	Ownership and Management <ul style="list-style-type: none"> • Forms • Powers • Responsibilities • Structure • People • Management Information Systems • Policies 	<ul style="list-style-type: none"> • Financial Controls • Accounting Systems • Funding Mechanisms • Financial Statements • Performance Measures • Variance Analysis • Budgeting Techniques 	<ul style="list-style-type: none"> • Branding • Communications • Implementation • Initiatives (Target Audience, Messaging, Tactics, and Tools) • Budget • Schedule • Funding
Mission, Vision, and Values <ul style="list-style-type: none"> • Purpose • Aspirations • Guidelines 	Human Resources <ul style="list-style-type: none"> • Recruiting • Hiring • Training • Development • Compensation • Benefits • Policies and Procedures • Motivational Strategies • Disciplinary Strategies 	DEVELOPMENT	
SWOT Analysis <ul style="list-style-type: none"> • Strengths (Internal) • Weaknesses (Internal) • Opportunities (External) • Threats (External) 	OPERATIONS <ul style="list-style-type: none"> • Products, Services, Facilities (Type, Level, and Quality) • Inspections and Reporting • Safety and Security • Maintenance and Repair • Emergencies • Staffing • Vehicles and Equipment • Vendors and Suppliers • Insurance • Procedures 	Existing Conditions <ul style="list-style-type: none"> • Inventory • Socioeconomic • Financial Resources 	
Strategic Business Plan <ul style="list-style-type: none"> • Mission • Vision • Values • Goals • Objectives • Action Plans 		Forecasting <ul style="list-style-type: none"> • Economic • Demographic • Geographic • Business • Political 	
Implementation <ul style="list-style-type: none"> • Responsibility • Leadership • Accountability • Empowerment • Ownership • Recognition 		Requirements <ul style="list-style-type: none"> • Infrastructure • Facilities 	
		Implementation <ul style="list-style-type: none"> • Land Use • Site Planning • Facility Programming • Budget • Schedule • Funding 	

There are three alternatives for the provision of FBO products, services, and facilities at a public-use airport, as follows:

Privately Owned and Operated FBO (Lease Agreement)

The Lease Agreement alternative is best described as the airport sponsor leases land and/or improvements to a private entity for the management and operation of an FBO. The private entity's employees manage and operate all aspects of the FBO (utilizing the land and/or improvements leased) using the private entity's assets and resources. Under this alternative, the private entity may: (a) lease land only from the airport sponsor and make FBO improvements (e.g., terminal building, hangars, office, shop, ramp, etc.) to the land, (b) lease land and certain FBO improvements and make additional FBO improvements, or (c) lease land and all FBO improvements. This alternative is most common at public use airports.

The potential for third parties to develop and provide competitive FBO products, services, and facilities at the Airport is greatest under the Lease Agreement alternative as an exclusive right cannot be granted to an FBO not operated by the airport sponsor – this is prohibited under the Airport Sponsor Assurances.

Airport Sponsor Owned and Operated FBO (Proprietary Exclusive)

The Proprietary Exclusive alternative is best described as the airport sponsor owns the FBO and the sponsor's employees manage and operate all aspects of the FBO using the airport sponsor's assets (i.e., facilities, vehicles, and equipment) and resources. This alternative is next most common and more common at smaller general aviation airports.

The potential for FBO competition is the least under the Proprietary Exclusive alternative. When an airport sponsor exercises its proprietary exclusive right (in accordance with Airport Sponsor Assurances), the sponsor is able to prohibit other parties from engaging in FBO activities at the airport.

Airport Sponsor Owned and Privately Operated FBO (Management Agreement)

The Management Agreement alternative is best described as the airport sponsor owns the FBO assets, and a private entity manages and operates all aspects of the FBO under a FBO management agreement with the airport sponsor using the airport sponsor's FBO assets. While this alternative is not very common, it appears that it is being considered more frequently by airport sponsors.

Similar to the Lease Agreement alternative, the airport sponsor cannot exercise its proprietary exclusive right under the FBO Management Contract alternative. However, it is the opinion of AMCG that private entities would be reluctant to compete with an FBO operated under an FBO management agreement – as such entities are typically focused on realizing a reasonable return on investment.

C. Evaluation of FBO Management Structure Alternatives

This section will evaluate each of the FBO Management Structure Alternatives from a managerial, operational, and customer perspective. This analysis includes identification of the positive and negative impacts of each alternative from the City's and customers' perspective. AMCG has made the following key underlying assumptions – as it pertains to the managerial, operational, and customer perspectives.

1. Managerial and Operational Analysis

The following criteria and accompanying descriptions provide the basis for analyzing the managerial and operational impacts of each alternative from the City's perspective:

- **FBO control and responsibility** – represents the City's control of (and responsibility for) the FBO including the:
 - range, level, and quality of products, services, and facilities;
 - sales, marketing, and business development functions;
 - planning and development functions;
 - product, service, and facility pricing;
 - quantity, quality, condition, and functionality of the vehicles, equipment, and facilities;
 - establishment of the qualifications and experience (and the selection) of personnel (including management and staff) and all other human resources related functions (e.g., hiring, training, discipline, etc.); and
 - customer service including the prompt resolution of complaints/disputes.
- **FBO financial contribution** – represents the compensation received by the City relating to the FBO including the:
 - rents and fees paid to the City;
 - operating net cash flow realized by the City; and
 - financial synergies resulting from managing and operating the Airport and the FBO.
- **FBO capital requirements** – represents the City's capital expenditures that would be required to properly operate and manage the FBO. This includes capital expenditures relating to developing new and/or replacing existing FBO facilities and amenities and purchasing additional and/or replacing existing FBO vehicles and equipment.
- **FBO risk/liability (exposure)** – represents the City's risk/liability (exposure) associated with the FBO.

- **FBO administration** – represents the City’s administrative requirements associated with the FBO, as it specifically pertains to the selection and initiation of an entity to operate the FBO including: (1) procurement (i.e., developing and implementing a Request for Interest or RFI, Request for Qualifications or RFQ, or Request for Proposals or RFP) and (2) negotiation (of a lease agreement or management contract with the selected party).
- **Potential for SASO opportunities** – represents the potential for Specialized Aviation Service Operators (SASOs) to provide complementary products, services, and/or facilities at the Airport.

2. Customer Perspective Analysis

The following criteria and accompanying descriptions provide the basis for analyzing the impacts of each option from a customer perspective:

- **FBO products, services, and facilities** – represents the customers’ concern for the range, level, and quality of FBO products, services, and facilities provided. This may also include the customers’ concern for the sales, marketing, and business development functions of the FBO.
- **FBO prices** – represents the customers’ concern for the prices being charged for FBO products, services, and facilities.
- **FBO vehicles, equipment, and facilities** – represents the customers’ concern for the quantity, quality, condition, and functionality of the FBO’s vehicles, equipment, and facilities.
- **FBO personnel** – represents the customers’ concern for qualified, experienced, and competent FBO personnel (including management and staff).
- **FBO customer service** – represents the customers’ concern for the consistent provision of products, services, and facilities in safe, secure, efficient, and prompt manner as well as the resolution of complaints/disputes in a prompt, fair, and reasonable fashion.
- **Potential for FBO competition** – represents the customers’ concern for FBO competition to occur at the Airport (i.e., for competitive FBO products, services, and facilities to be provided at the airport).
- **Potential for SASO opportunities** – represents the customers’ concern for SASOs to provide complementary products, services, and facilities at the Airport.

Privately Owned and Operated FBO (Lease Agreement)

Following are the positive and negative impacts associated with the Lease Agreement alternative.

1. Operational and Managerial Analysis

Positive impacts to the City include the following:

- The least degree of **FBO responsibility** (of the three options) in all areas.
- The least amount of **FBO capital requirements** (of the three options) as a private entity would, typically, incur all capital expenditures relating to the FBO's facilities, amenities, vehicles, and equipment.
- The least degree of **FBO risk/liability (exposure)** of the three options as a private entity would assume a significant majority of the risk/liability (exposure) associated with the FBO.
- The greatest **potential for SASO opportunities** (of the three options) as a private entity is more likely to provide (and/or help enable and/or facilitate the provision of) complementary products, services, and facilities at the Airport.

Negative impacts to the City include the following:

- The least degree of **FBO control** (of the three options) in all areas.
- The least amount of **FBO financial contribution** (of the three options) as the net cash flow from the FBO would be realized by a private FBO entity – not the City.
- The greatest degree of **FBO administration** (along with the FBO Management Agreement alternative) as it relates to procurement and negotiation (of a lease agreement).

2. Customer Analysis

Positive impacts to the customers include the following:

- The least degree of concern for **FBO products, services, and facilities** (of the three options) provided by a private entity and for the sales, marketing, and business development functions of the FBO.
- The least degree of concern for **FBO vehicles, equipment, and facilities** (of the three options) as a private entity is most likely to ensure that capacity is sufficient to meet demand and high-quality vehicles, equipment, and facilities are available.
- The least degree of concern for **FBO personnel** (of the three options) who are qualified, experienced, and competent (for the functions being performed).

- The least degree of concern for **FBO customer service** (of the three options) for the consistent provision of products, services, and facilities in a safe, secure, efficient, and prompt manner as well as the prompt resolution of complaints/disputes.
- The least degree of concern for the **potential for FBO competition** (of the three options) as an exclusive right cannot be granted to the FBO under this option.
- The least degree of concern for the **potential for SASO opportunities** (of the three options) as complementary products, services, and facilities are most likely to be provided at the Airport, contingent on market demand – however.

Negative impacts to the customers include the following:

- The highest degree of concern for **FBO prices** (of the three options).

Airport Sponsor Owned and Operated FBO (Proprietary Exclusive)

Following are the positive and negative impacts associated with the Proprietary Exclusive alternative.

1. Operational and Managerial Analysis

Positive impacts to the City the following:

- The greatest degree of **FBO control** (of the three options).
- The greatest amount of **FBO financial contribution** (of the three options) as the net cash flow from the FBO would be realized by the City – not a private FBO entity.
- The least degree of **FBO administration** (of the three options) as it relates to procurement and negotiation (of a lease agreement or management contract) – as neither would be necessary.

Negative impacts to the City include the following:

- The greatest degree of **FBO responsibility** (of the three options).
- The greatest amount of **FBO capital requirements** (along with the FBO Management Agreement alternative) as the City would incur all capital expenditures relating to the FBO's facilities, amenities, vehicles, and equipment.
- The greatest degree of **FBO risk/liability (exposure)** of the three options as the City would assume all risk/liability (exposure) associated with the FBO.

- The least **potential for SASO opportunities** (of the three options) as the City is least likely to provide complementary products, services, and facilities (directly) at the Airport.

2. *Customer Analysis*

Positive impacts to the customers include the following:

- The least degree of concern for **FBO prices** (of the three options).

Negative impacts to the customers include the following:

- The highest degree of concern for **FBO products, services, and facilities** (of the three options) and the approach to the sales, marketing, and business development functions of the FBO.
- The highest degree of concern for **FBO vehicles, equipment, and facilities** (of the three options) to ensure that capacity is sufficient to meet demand and that high quality vehicles, equipment, and facilities are available.
- The highest degree of concern for **FBO personnel** (of the three options) who are qualified, experienced, and competent (for the functions being performed).
- The highest degree of concern for **FBO customer service** (of the three options) for the consistent provision of products, services, and facilities in a safe, secure, efficient, and prompt manner as well as the prompt resolution of complaints/disputes.
- The highest degree of concern for the **potential for FBO competition** (of the three options) as the City would (most likely) exercise its proprietary exclusive right and prohibit other parties from engaging in FBO activities at the Airport.
- The highest degree of concern for the **potential for SASO opportunities** (of the three options) as complementary SASO products, services, and facilities are least likely to be provided at the Airport under this option.

Airport Sponsor Owned and Privately Operated FBO (Management Agreement)

Following are the positive and negative impacts associated with the Management Agreement alternative.

1. Operational and Managerial Analysis

Positive impacts to the City include the following:

- A lower degree of **FBO responsibility**.
- A lower degree of **FBO risk/liability (exposure)** of the three options as the City would be able to transfer some of the risk/liability (exposure) to the FBO management entity.
- A higher **potential for SASO opportunities** as the FBO management entity is more likely to work with private entities to encourage the provision of complementary SASO products, services, and facilities at the Airport.

Negative impacts to the City include the following:

- A lower degree of **FBO control**.
- A lower amount of **FBO financial contribution** as the fee paid by the City to the FBO management entity would reduce (commensurately) the net cash flow from the FBO that would be realized by the City.
- The greatest amount of **FBO capital requirements** (equivalent to the Proprietary Exclusive alternative) as the City would incur all capital expenditures relating to the FBO's facilities, amenities, vehicles, and equipment.
- The greatest amount of **FBO administration** (along with the Lease Agreement alternative) as it relates to procurement and negotiation (of a management agreement).

2. Customer Analysis

Positive impacts to the customers include the following:

- A lower degree of concern for **FBO products, services, and facilities** and for the sales, marketing, and business functions of the FBO.
- A lower degree of concern for **FBO vehicles, equipment, and facilities** as the FBO management entity is more likely to work with the City to encourage the availability of high-quality vehicles, equipment, and facilities (of sufficient capacity to meet demand).
- A lower degree of concern for **FBO personnel** who are qualified, experienced, and competent (for the functions being performed).

- A lower degree of concern for **FBO customer service** for the consistent provision of products, services, and facilities in a safe, secure, efficient, and prompt manner as well as the prompt resolution of complaints/disputes.
- A lower degree of concern for the **potential for FBO competition** as the City cannot exercise its proprietary exclusive right under this option.
- A lower degree of concern for the **potential for SASO opportunities** as the provision of complementary SASO products, services, and facilities are more likely to be provided at the Airport.

Negative impacts to the customers include the following:

- A higher degree of concern for **FBO pricing** as the FBO management fee would need to be recovered.

D. FBO Management Structure Recommendation

Based on AMCG's site visit, stakeholder interviews, review of provided and collected data and information, and the above analysis, it is AMCG's recommendation that the City issue a request for proposal to solicit proposals for the lease (and possible development) of FBO products, services, and facilities.

At a minimum, the FBO should lease the following improvements:

- exclusive use areas of the General Aviation Building;
- North and South World War II Hangars; and
- fuel storage facility and refueling vehicles

At a minimum, the FBO should provide the following FBO products, services, and facilities:

- aviation fueling services (Jet A and Avgas);
- aircraft ground handling services;
- aircraft storage;
- passenger and crew services; and
- aircraft maintenance services.

The minimum qualifications should be five years of FBO management and operation experience at a comparable airport (or larger). In addition, the financial wherewithal should be considered and assigned personnel should also have similar FBO management and operation experience.

V. AIRPORT FACILITIES REVIEW

A. Current Airport Facilities Usage

The primary use of the South World War II Hangar is aircraft maintenance by Berg Air and the secondary use is aircraft storage. This does not take into account the hangar space consumed by unnecessary storage of Berg Air material that is discussed previously.

The primary use of the North World War II Hangar is aircraft storage and the secondary use is for the airshow. This does not take into account the hangar space consumed by unnecessary storage of Berg Air material that is discussed previously.

B. Recommended Airport Facilities Usage

The South World War II hangar should continue its primary and secondary use and all unnecessary storage of materials should be addressed and removed. In addition, the hangar should be leased and managed by the FBO.

The North World War II hangar should continue its primary and secondary use and all unnecessary storage of materials should be addressed and removed. The hangar should be leased and managed by the FBO. However, AMCG does recommend that all office and storage areas (off the hangar floor) be leased to the airshow. In addition, the lease agreement with the FBO should clearly designate temporary control and use of the hangar by the airshow during the necessary period of time to prepare for, put on, and tear down the airshow.











Proposer #1

6.2. Anticipated Rents and Fees

For the following buildings, proposes paying the respective rents to the City of Madras (or profit sharing where appropriate):

- General Aviation Building
 - \$500 per Month
 - Shared space with the City as indicated in the RFP
 - Community space made available at all hours and days
 - Available to perform facilities maintenance at cost

- North Aircraft Storage Hangar
 - \$500 per Month
 - Shared space with the City/Airshow as indicated in the RFP
 - Vacated during the airshow with the help of FBO personnel
 - Used for parking of transient and maintenance overflow aircraft

- South Maintenance Hangar
 - \$500 per Month,
 - Dedicated for aircraft maintenance

- Aviation Fuel Storage and Pumping
 - FBO to purchase fuel
 - Flowage fee of \$0.10 per gallon paid to the City
 - Preventative maintenance to be conducted by the FBO at Own Cost

- 16 Aircraft Tie Downs and 10 Heavy Parking Positions
 - Free for transient use
 - \$50/week or \$100/month for long-term use
 - 50% of revenue to be shared with the City.

- FBO Courtesy Vehicles as Described in the RFP
 - Included in FBO contract at No Cost
 - Insurance costs borne by FBO
 - Maintenance costs borne by FBO

For the fuel concession, Hood Aero proposes the following:

- FBO pays a flowage fee to the City of Madras of \$0.10/gallon.
- FBO collects a flowage fee from other fuel pumps on the airfield at \$0.20/gallon of which \$0.10/gallon will be paid to the City of Madras.
- Fuel tank preventative maintenance by FBO at Own Cost.

Proposer #2

Proposed Fees –

Fuel Flowage Rate:

0 – 164,999	Annual Rate of \$.08 per gallon
165,000 – 224,999	Annual Rate of \$.095 per gallon
Greater than 225,000	Annual Rate of \$.105 per gallon

Hagar / Office Rent:

FBO Office Space	\$250.00 Per Month
South Hangar	\$250.00 Per Month
North Hangar	\$250.00 Per Month

Maintenance Costs:

FBO to provide for the following:

- All repairs & Maintenance on Courtesy Car
- Maintenance on Fuel Trucks
- Filters on Fuel Tanks

General Responsibilities -

FBO to handle all payroll for FBO Employees

FBO to carry general liability insurance on all owned and leased equipment.

FBO to carry Work Comp Insurance on all FBO employees.

Exclusions –

City of Madras will cover the following:

- Insurance/Maintenance & Repairs on FBO Office
- Insurance/ Maintenance & Repairs on South Hangar
- Insurance/ Maintenance & Repairs on North Hangar
- Insurance on Fuel Tanks
- Janitorial Services for FBO Office Space

Above and Beyond Fuel
An independent Aviation
fuels and related services
provider...

CityServiceValcon, LLC



CityServiceValcon



The Most Trusted Wings In Aviation™

CityServiceValcon, LLC

P.O. Box 1

Kalispell, MT 59901

888.921.4628

About Us

CityServiceValcon, LLC (CSV) is quickly spreading as one of the major fuel supplier and logistics leader in the United States. If you intend to do business with a nimble and an independently owned energy marketer in partnership with a major fuel producer (Phillips 66 Aviation), you have found the right people.

We have been in business since 1932. Our mission continues to escalate quality and service with a leading edge in professional etiquette, technology, and resources. As a preeminent distributor of energy products in your area, we will provide optimal outcomes for your aviation fuel, related services and lubricant needs.

We pride ourselves on our ongoing mission to provide outstanding service and top-quality energy products in a professional and safe manner to form a mutually beneficial business partnership.

Mission

We will work as a team to provide innovative services and quality products to our customers.

We strive to grow and expand our business through core values of honesty and integrity which allows development and cultivation of profitability and maintaining a strong capital foundation.

We will create a safe and healthy environment for our employees in which they feel valued and can pursue their personal growth and career objectives.

We seek to contribute in a positive way to the communities we serve by staying true to our core values.

Core Values

- **Customers:** We put people first and take pride in caring for our customers. Our success is based on strong relationships with our customers that is anchored in strong fundamentals and customized solutions that exceed our customers fuel delivery and service needs.
- **Service:** With a focus on safety, we strive to create efficiencies for our customers by investing in products and services that create incremental value.
- **Value:** Our employees go Above and Beyond Fuel to create value for our customers and community by relentlessly pursuing solutions to your needs.

Our Offer

CityServiceValcon (CSV), an independently owned and the long-standing reliable aviation fuel marketer for Phillips Aviation. We are nimble and easy to do business with.

We value all of our customer relationships, big or small! We strive to optimize individual business goals through superior customer service, knowledge, safety and value-added programs. We are committed to provide best service and experience.

We work with our highly-trained CSV drivers with our proprietary transport equipment, as well as a network of carefully selected third-party carriers, to ensure product deliveries are in a timely manner and superior commitment to safety.

CityServiceValcon, in partnership with Phillips 66 Aviation, is uniquely qualified to provide onsite technical support to all sizes of business and all channels of trade (FBOs, Flight Departments, Ag/Heli, Airlines, OEMs and Military).

We have products and services to provide solutions to your FBO needs by offering Phillips branded aviation fuels, lubes, parts, quality control, refuelers, training, marketing, credit card program, FBO related consulting and financing.

Who We Serve

CityServiceValcon's diverse supply, products and services and a long-standing partnership with Phillips 66 is our foundation to provide unique and customized solutions to FBOs, Airlines, OEMs, Flight Departments, Agricultural and Helicopter operators, Military and other distributors.



Products

Jet Fuel and Avgas: CityServiceValcon offers branded and unbranded jet A, jet A with FSII and avgas through independent and major refiners and through proprietary inventories. Branded jet A, jet A-56MB and avgas aviation fuel through Phillips 66, our exclusive branded partner. We deliver clean, bright jet fuel that meets all American Society for Testing and Materials (ASTM) requirements to the following:

- ✓ FBOs (branded and unbranded)
- ✓ Commercial Aviation
- ✓ Flight Departments (Base Fuel)
- ✓ Flight Schools
- ✓ Medical Flight agencies, Agriculture applicators and helicopter companies
- ✓ OEMs
- ✓ Military

Lubes: CSV offer Phillips 66® line of aviation lubricants with premium single and multi-viscosity engine oils and the highest quality hydraulic fluids. Approved by the FAA and leading engine manufacturers around the world, the Phillips 66 line of aviation lubricants offers everything from break-in to TBO.

- ✓ Single source for piston engine oils and hydraulic fluids
- ✓ High-performance properties for extremes from Alaska to the tropics
- ✓ Protective additive packages that exceed industry specifications
- ✓ Phillips 66 X/C® can be used from break-in to TBO
- ✓ Compatible with other brands

Supply

CSV and Phillips 66 Aviation combined provides a diverse network of proprietary and exchange aviation fuels both branded and unbranded. Our long-standing marketer relationship with Phillips 66 Aviation gives us the strength of a major supply.

Logistics

CSV will make every effort to deliver product orders meeting date and time requirements possible with accredited common carriers of the area. If the Airport has preferred fuel carriers, we will make every effort to utilize these familiar performers. Delivery transport is subject to driver and equipment availability. Product price is set at the time of transport loading. In the event of terminal outage, alternative terminals will be selected, and possible delays will be communicated.

Freight Equalization

In the event of terminal outage, alternative terminals will be selected, and possible delays will be communicated. Unique to General Aviation and in partnership with Phillips 66® Aviation for branded dealer – we will offer automatic freight equalization for unscheduled or prolonged product outages of the primary supply.

Customer Support

CSV offers aviation dedicated customer service support related to fuel orders, dispatch and other fuel order and invoice related questions. To ensure timely delivery of your fuel, fuel orders are place your order 48 - 72 hours in advance of the desired delivery time. Some instances may require more than 72 hours in advance. Emergency loads may be arranged for quick delivery with available trucks.

Orders are placed directly through our customer support/dispatch line (888-921-4628) or email (avdispatch@cityservicevalcon.com).

Refuelers

CSV and Phillips 66 Aviation offers state-of-the-art, safe and reliable refueler for your business. In addition, our branded dealer program, we offer painting and imaging assistance for branded dealers for the refuelers you currently own. Decals for your refueler are supplied at no cost.



There are three options for you to consider when you lease from CSV/Phillips 66:

- | | |
|-------------------------------|------------------------|
| ✓ Lease with Full Maintenance | Used refueler program: |
| ✓ Lease to Purchase | ✓ Lease to purchase |
| ✓ Lease Only | ✓ Lease Only |

In addition:

- ✓ Skymark Refueler: Straight rental or rent to own program (see brochure)
- ✓ CityServiceValcon, LLC financing program (subject to approval)

Parts (Line Service)

CSV offers line service parts support and sales through our Tech/Ops department (406-250-9225). Our focus is to help you minimize your down time.

Electronic Point of Sale (ePOS) / credit card programs

As a branded Phillip 66 dealer, you will benefit from an array of credit card processing device and credit card options. Furthermore, you will enjoy low processing fees starting with Phillips 66's credit cards at zero percent.

Phillips 66® Aviation Wings Card makes your customers daily travels and weekend excursions easier. Customers can use their Personal Credit Card at more than 800 Phillips 66 branded aviation FBOs across the country – including self-service and pay-at-the-pump sites. And they can gas up at any of thousands of Phillips 66®, Conoco and 76® gas stations nationwide.

Beyond fuel, pilots can use the Phillips 66 Personal Credit Card to pay for hangar fees, tie-downs, and to get cash at ATMs nationwide.

Highlights of the branded cards program:

- Only aviation brand able to leverage motor fuel credit card processing rates at
- Use your card at over 800 Phillips 66 branded aviation FBOs across the country.
- 7,000+ branded c-store locations
- Lowest card rates in the aviation industry
- NO qualified versus non-qualified transactions
- Credit Card reimbursements within 48 hours via EFT

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- Corporate “Wings” card co-branded with AvCard is accepted at 7000+ locations worldwide – no annual fees or administrative charges to cardholders



**Phillips 66 Corporate Card
“Wings Card”**



Phillips 66 Personal Card



**Phillips 66 WingPoints
Card**

Self-serve fueling terminal will transition to Phillips 66 processing platform where you will enjoy the low processing fee.

Following are methods to process credit cards on the Phillips 66 network. Vx520 is a fully integrated electronic card swipe unit (Vx680 is mobile). Phillips 66 AvPos is a web-based software that can be used on the front-counter computer or on a mobile device.

EPOS network connection and maintenance fees are subject to change during the supply term but are expected to remain industry competitive. Phillips 66 will supply one (1) EPOS unit at no charge, dealer is responsible for the monthly charges.

CSV/P66 offers competitive processing fees with no up-charge for non-qualified transactions.

CARD TYPE	Per dollar, effective April 18, 2022
Phillips 66 Aviation Wings Card	0.00%
Branded Personal Card	0.00%
Branded Commercial Card	0.00%
Branded / Co-Branded Fleet Card	0.00%
Branded Gift / Cash Card	0.00%
American Express	3.25%
AvCard	2.15%
Debit	1.50%
Discover / Diner's	3.30%
MasterCard	2.75%
MasterCard NonQualified (card on file, keyed)	2.95%
MultiServe	3.35%
Visa	2.25%
Visa NonQualified (card on file, keyed)	2.25%
Voyager	2.75%
WEX	2.75%

ePOS Options

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AvPOS

Portable – Yes

EMV – No

PCI Compliant - Yes

WingPoints – Yes

Gov't Air Cards - Yes

VX 520

Portable – No

EMV – Yes

PCI Compliant - Yes

WingPoints – Yes

Gov't Air Cards - No

VX680

Portable – Yes

EMV – Yes

PCI Compliant - Yes

WingPoints – No

Gov't Air Cards - No

Phillips 66 Partners-Into-Plane Contract Fuel Program -

The Phillips 66 Aviation Partners-Into-Plane Program / Phillips 66 Contract Fuel is exclusive to Phillips 66 branded FBOs. All Contract Fuel transactions are processed through the Phillips 66 network, providing a safe-guard from reseller charge-backs. Phillips 66 does not add charges to the contract fuel transactions, dealers having the ability to choose customers they want to service. Participating in our contract fuel program, your FBO will be marketed to operators using print, digital media, and other communications. Our Partners-Into-Plane program is very robust. You have the ability to select the operators and resellers (Mercury Fuels, UVAir, etc) that are accepted on the Phillips 66 Partners-Into-Plane program and customize into-wing fees by channel of trade (i.e. cargo, medical, corporate, and charter, etc.)



Key Benefits of the Phillips 66 Aviation Contract Fuel Program:

- No Processing Fees, No Fuel Releases, No Hassles
- Transactions are processed online through the Phillips 66 “Bizlink” web-based portal.
- No additional transaction charges
- Reimbursement within 12 - 24 hours via EFT.
- Includes Cargo, Medical, Scheduled Airline, Part 91 and 135 customers.

Marketing and Promotions

Phillips 66 continues to stay ahead of trend, surpassing industry standards in the sky and space, continuing to earn the title of “The Most Trusted Wings in Aviation®.”

Your fuel pricing and services will be listed on several web portals. Those portals are:

- P66 website: FBO locator
- PIP (Partners Into Plane – Contract fuel): Pricing is sent to operators every Tuesday

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- FltPlan.com: A free service to our branded account with price posting
- Pricing compatibility with fuelerlinx, jetfuelx, pfm, fos, bart, airplane manage

Together as one, CSV and Phillips 66 will work on creating a marketing and business development strategy for your FBO. Our efforts will be focused on incremental growth and cost savings opportunities.

CSV and Phillips 66® Aviation will offer ongoing suggestions and opportunities aimed at growing increasing fuel sales and aircraft operations. On site promotions, open house events, Civil Air Patrol, and AOPA events will be supported. This includes electronic media promotions, Phillips 66® Aviation Web Site link to the Airport Web Site.

Phillips 66® Aviation offers our branded dealers an opportunity to have a professional advertising company research and produce a custom, periodical quality article to be offered to all USA Aviation Magazines for publication. If selected, CSV and Phillips 66® Aviation will work with your FBO to produce this high visibility advertising, at no cost.

Co-op Program

CSV and Phillips 66® Aviation offers annual Co-Op support for advertising based on annual combined fuel sales. In subsequent years of the supply agreement, Co-Op dollars will be based on the previous year combined fuel volume by CSV and Phillips 66® Aviation and cannot be carried forward into the following year.

Co-op Program Summary:

- Designed to assist Phillips 66 branded dealers to promote P66 aviation brand and to improve services available at branded FBOs.
- Phillips 66 will allocate funds at a rate of \$0.005 (one half cent) per gallon on all net gallons purchased (excludes into-plane gallons)
- Funds can be used on various items – wingpoints, advertising, uniforms, fuel testing & fuel quality protection equipment, premium promotional items, signage, etc.
- Reimbursement of 50% of the approved vendor invoice amount on all qualifying items



Phillips offers the very successful WingPoints Pilot Incentive Program. Proven to boost fuel sales, this program is easily utilized in conjunction with airport promotions and can be of significant benefit to based aircraft pilots. Phillips pays for standard WingPoints earned on Proprietary credit card fuel sales. The program has many attributes and is completely voluntary.



The Most Trusted Wings In Aviation™

Pilots respect the Phillips 66 name and have rated it one of the “best” fuel brands. Through our advertising and promotional campaigns, we continue to remind them of all the great reasons they should visit the Phillips 66 dealers. To support this objective, Phillips 66 has a National Advertising and Business Promotion program is actively updated.

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Phillips 66 exhibits at the industry's leading national trade shows including National Business Aviation Association, NBAA Schedulers and Dispatchers and Aviation International Expo (NATA). The focus of the Phillips 66 booth is to promote the branded FBO network directly to corporate pilots.



Phillips 66 National Print and On-Line Advertising campaign focuses on the pilot and includes placements in Pro Pilot, Aviation International News, Aviation Pros, Aviation Business Journal, Business & Commercial Aviation, Private Pilot and AOPA. Phillips 66 highlights our FBOs in advertising and in articles offered to the trade press. The current advertising and PR plan for the month of October is included. Our FBOs can even take advantage of our ad rates in national aviation trade magazines when placing ads for your own FBO (see attached MAP).



Phillips 66 also uses a customer-focused e-newsletter from Phillips 66 called News You Can Use. This is a bi-weekly e-newsletter that spotlights an FBO, their history and tradition, and their community contributions. This e-newsletter along with "Trusted Wings" e-newsletter is distributed to more than 10,000 and many major aviation publications.

Phillips 66 is also using advertising and promotional funds to increase the presence of the Phillips 66 Aviation brand elsewhere on the internet, such as if you Google "aviation fuel suppliers", the first item listed on the results page is a link to the Phillips 66 Aviation website.

The Phillips 66 Aviation web site (www.phillips66aviation.com) is designed with pilots in mind and is continually under refreshment. The site is intended to be a comprehensive location with access to information about Phillips 66 programs and our FBOs. Included in this web site is a Phillips 66 Aviation FBO Locator) that contains specific information about your FBO. You can change your information in the FBO locator as often as you like at no charge. This is a service that is provided to you at no charge – all you have to do is update the information as needed.



Phillips 66 has an agreement with Fitplan.com to provide marketing recognition and cost savings to our FBOs. As part of our agreement with Fitplan.com, the following items are included cost free to each Phillips 66 FBO.

- FBO logo, 399 characters of copy, phone number, fax number, radio frequency, email address and website address.
- Up to 10 Icons for amenities at their facility (example: Hertz rental car, catering, etc.)

As a key part of this agreement, Phillips 66 negotiated with Fitplan.com to obtain the top position in FBO listings where available. The FBO can also choose to log in and update their fuel pricing, providing the latest information for flight planning.

Phillips 66 continues to expand marketing programs to help dealers grow. Phillips 66 has an agreement with Flight Aware, Passur, ARGUS TRAQPak FBO, and FlightBridge, providing branded dealers special pricing on all offerings.



- ✓ Phillips 66 FBOs have the option to buy an annual subscription to FlightAware's FBO Toolbox at a special discounted price.
- ✓ Power FBO marketing analysis tool puts useful information into the hands of the FBO, enabling more complete picture of current and potential customer flying habits.
- ✓ Contact FlightAware for a no obligation trial (800) 713-8570; fbtoolboxflightaware.com.
- ✓ Phillips 66 Branded FBO Price: \$132/month (one location and one AMSTAT account)



- ✓ ARGUS TRAQPak is an Aircraft Activity Analysis and Market Intelligence reporting tool used by FBOs to analyze the current and historical trends of aircraft activity, and to make better and more efficient planning decisions.
- ✓ Phillips 66 Branded FBO Price: \$495/month



- ✓ PASSUR is a leading aviation business intelligence company. PASSUR's products include a suite of web-based solutions that address the aviation industry's most intractable and costly challenges, including underutilization of airspace and airport capacity, delays, cancellations, and diversions, among other inefficiencies.
- ✓ Phillips 66 Branded FBO Price: \$600/month



- ✓ FlightBridge is a one-stop website that makes it EASY for FBO's to book hotels, rental cars, catering, manage arrival reservations and more
- ✓ This is a valuable tool to be used by Customer Service at your FBO at NO COST

Phillips 66 gives you the buying power of a Fortune 50 company when purchasing basic business goods and services. Our Marketplace Vendors Program on Bizlink includes the following companies offering special discounts to Phillips 66 and the Phillips 66 branded FBO network: American Airlines, Avis, Barnes & Noble, CellularOne, Cingular, Corporate Express Office Supplies, Dell Computers, Dobson Cellular Systems, Entertainment Book, Insight IT Solutions, Philips Electronics, Sprint and T-Mobile.

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Young Eagles



Phillips 66® Aviation is committed to spreading awareness and encouraging interest about general aviation with the youth of America. As a proud supporter of the EAA and the Young Eagles program, we continue to provide a \$1-per-gallon avgas rebate to all EAA Young Eagles volunteer pilots. Over 4,000 pilots have used Phillips 66 avgas to introduce more than 2 million kids to the wonders of flight. As a result of the avgas rebate, Phillips 66 has helped the Young Eagles program exceed its original goal of one million flights with almost two million flights and counting.

Compassion Flight Program



As a proud supporter of pilots who fly compassion flights organized by eligible charitable organizations, Phillips 66® Aviation provides a \$1-per-gallon avgas rebate to help support the pilots who unselfishly donate their time and aircraft so that children and adults may access life-saving medical care free of charge.

Signage

At no cost to the dealer, Phillips 66 will install an appropriate Logo signage. There's no installation or monthly lease. Electrical hook-up and normal bulb maintenance will be customer responsibility.



Current signage options include:

- Pole Mounted Signs - available with sign faces of 6' by 5', 7' by 6' and 8' by 7'
- Wall Mounted Signs - sign faces of 6' by 5', 7' by 6' and 8' by 7'
- Monument Sign:



Fortune 50 Buying Power

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CSV/Phillips 66 gives you the buying power of a Fortune 50 company when purchasing basic business goods and services. Our Marketplace Vendors Program on Bizlink includes the following companies offering special discounts to Phillips 66 and the Phillips 66 branded FBO network: American Airlines, Avis, Barnes & Noble, CellularOne, Cingular, Corporate Express Office Supplies, Dell Computers, Dobson Cellular Systems, Entertainment Book, Insight IT Solutions, Philips Electronics, Sprint and T-Mobile.

DLA

Military fuel sales can be an important part of your business. CSV/Phillips 66 has the expertise to assist you in preparing a successful bid for the DLA contract on your airport. Our sales group includes a representative who deals exclusively with the DLA and has access to the key contacts at the DLA to ensure prompt attention and assistance on all aspects of your DLA contract.

Quality Assurance

CSV and Phillips 66® Aviation maintain an industry leading product quality control programs for all refined products. Refining, Pipeline, Terminal and dispensing programs are in place to insure continued product quality and availability. Phillips Branded FBOs are required to maintain routine ramp personnel training and conduct routine fuel storage and dispensing inspections. Training is provided at no cost and inspection criteria meet NATA and ATA-103 established standards.

Phillips 66 Aviation has led the industry in providing high quality aviation fuels. A comprehensive collection of fuel quality control information, technical data and specification, training tools and links to industry guidance is aviation through TrustedFuel.com

TrustedFuel.com is designed to support the fuel-handling operations at your FBO.

The following programs are available to an approved Phillips 66 Branded Dealer:

- Training: National Air Transport Association's (NATA) Safety 1st
- Quality Control and Training Forms and Calculators
- Misfueling Prevention
- Quality Control Inspection Program
- Fuel Handling
- Health, Safety & Environmental (H.S.E)
- Aircraft Accidents
- Quality Control Assurance Obligations
- Equipment and Industry

As a CSV and Phillips 66® Aviation branded dealer, you will have free access to live quality control seminars – in 2018, 20 live seminars were offered around the country.

Annual inspections are performed by CSV and / or Phillips 66® Aviation quality assurance team. Correction action(s) and consulting regarding any discrepancy is provided by team CSV and / or Phillips 66® Aviation. In addition, phone support for technical and quality control is available at no cost.

Onsite, customized, hands on training on quality control and quality assurance is provided at no cost – subject to availability of staff

There are no instances of aircraft damage or personal injury caused by delivery of product not meeting ASTM standards.

Branded Dealer Excess Liability Insurance Program

Phillips 66-Branded Airport dealers are invited to enroll (free of charge) to enroll in the Phillips 66-Branded Airport Dealers Excess Liability Insurance Program (“Program”) with minimum primary coverage as outlined in the Letter of Understanding (LOU).

Provided that all of the Program requirements are met, your coverage in the Program will take effect when your fully executed LOU is received by Phillips 66 Company. Upon confirmation of your acceptance into the Program, Phillips 66 will return a copy of your completed and verified LOU form to you for your files as confirmation that you are enrolled in the Program.