

Heber City Corporation
Airport Advisory Board Meeting
August 19, 2015
4:08 p.m.

REGULAR MEETING

The Airport Advisory Board of Heber City, Wasatch County, Utah, met in **Regular Meeting** on August 19, 2015, in the City Council Chambers in Heber City, Utah.

I. Call to Order
[City Manager Memo](#)

II. Roll Call

Present: Board Member Kari McFee
Board Member David Hansen
Board Member Ron Phillips
Board Member Rob Shallenberger
Board Member Erik Rowland
Board Member Heidi Franco

Excused: Board Chairman Mel McQuarrie
Board Member Jeff Mabbutt

Also Present: City Manager Mark Anderson
Airport Manager Terry Loboschefsky
City Deputy Recorder Allison Lutes

Also Present: Paul Boyer, Tim Zilka, Ryan Klassovity, Jeremy McAlister, Greg Grani, Karen Letsinger, Jim Letsinger, Dennis Jensen, Beth Ann Schneider, Paul Schneider, Gerry Hall, Earl Polenz, Nadim AbuHaidar, and Barry Hancock.

III. Pledge of Allegiance

Board Member Hansen led the Pledge of Allegiance

IV. [Minutes for Approval: June 17, 2015 Regular Meeting](#)
[June 17, 2015 Draft Meeting Minutes](#)

Board Member McFee moved to approve the minutes of the June 17, 2015 meeting. Board Member Phillips made the second. Voting Aye: Board Members McFee, Hansen, Phillips, and Shallenberger. The motion carried.

1. [Airport Manager Report / Construction Update](#)
[Airport Manager Report: June 2015](#)
[Airport Manager's Report: June-July 2015](#)

Loboschefsky summarized the highlights of his two reports for the board. He stated that the runway rehabilitation project was a success, having come in on time and under budget. He added there was a possibility the surplus funds from that project could be utilized as long as they were related to the project. Accordingly, the need to replace taxiway lights was identified as a potential use for those funds. Loboschefsky noted they were working on a bid for the project, and were trying to submit it in the next FAA budget.

Loboschefsky explained that the current Automated Weather Observing System ("AWOS") would no longer be supported by the manufacturer after 2016, and added that neither the State nor the FAA would assist in funding a replacement, estimated to cost \$25,000, so it would need to be added to the budget. Anderson mentioned the City was approached by a company to construct a gas station along Heber Parkway. The City held navigation easements in that area. The FAA's position was that while the proposed use was not necessarily incompatible with those easements, it would rather the property be used for another purpose, and were looking to make funds available to the City to acquire that piece of property.

Paul Schneider, Hangar Row 11 tenant, commented on the taxiway painting from Hangar Row 1 through Taxiway A to the north/northeast, and suggested the taxiway lines be painted if surplus funds were available. Loboschefsky indicated that UDOT Aeronautics usually funded those projects.

2. [Report on City Council Action Regarding Existing Non-Reversionary Leases](#)
[Resolution Regarding Non-Reversionary Hangar Lease Terms](#)

Anderson explained that the Council adopted a resolution pursuant to which existing non-reversionary leases, consisting of Daniels 1-4; and 6-22, could opt in to the terms of the new non-reversionary lease which was approved by the Council last fall, provided they do so by December of 2015. Anderson added he still needed to get letters out to the owners of the affected hangars. He also indicated hangar owners' fees would be going up with this new provision, as the price per square foot would be roughly \$0.32.

3. [Discuss General Liability Insurance Requirements for Hangar Owners](#)
[Insurance Survey Submitted by Paul Boyer](#)

Anderson stated that City staff recommended the City give the hangar owners the option of carrying either \$1 million per occurrence or \$2 million aggregate as a minimum; either would satisfy the City's requirements. He added these were the most common insurance requirements at the airports they looked at in the area. Loboschefsky noted the City must be named as an indemnified party in the insurance policies.

Board Member Shallenberger moved to recommend the City establish that the hangar owners carry a minimum of either \$1 million per occurrence or \$2 million aggregate insurance coverage and that they name the City as an additional insured. Board Member McFee made the second. Voting Aye: Board Members McFee, Hansen, Phillips, and Shallenberger. The motion carried.

4. Discuss End of Lease Provisions for Daniel Hangar Reversionary Leases Daniel Reversionary Lease vs. New Standard Ground Lease

Board Member Hansen explained that the discussion on this agenda item would pertain to Daniel Hangar 5, and 23-30 that were presently operating under reversionary leases. The current proposal would be to offer those lease holders the same non-reversionary lease as all the new hangars would be when they were built. There would be an additional cost, due to the footprint being considered at one rate, but the lease term would not change.

Nadim AbuHaidar felt the same lease should be offered to all reversionary leases, and asked if not, then why not. Anderson responded that if the City's intention was to move to a CII/DII airport, the hangar row hangars would create a potential obstruction and would need to be removed. Based on the foregoing, the City had not given significant consideration to those hangars. AbuHaidar countered that there were other commercial hangars that would not be in the obstruction zone that were still operating under reversionary leases, and expressed his opinion that in all fairness, they should be offered the non-reversionary lease. Beth Ann Schneider added she thought the hangar row hangars should not be excluded from the discussions. Board Member Phillips stated he didn't feel the City would want to change those leases, due to the City's potential to have to remove the hangars for CII/DII purpose.

Anderson provided some background concerning the evolution of the airport from 1989 to 2009, and explained that the leases evolved over the years as a function of the evolution of the airport and its value to the City. Anderson explained that that the City held on to the original eight reversionary leases longer than they would have and received less consideration for them, had the City offered them as non-reversionary leases. Anderson expressed concern in considering converting those leases to non-reversionary to allow the holders to retain them in perpetuity, stating that it represented a significant change in the ultimate revenue the City would receive.

Nadim AbuHaidar stated that the City had a valuable commodity in the income value of a certain hangar lease per year, over which the City held total control, and could thereby increase the revenue to the City. AbuHaidar pointed out that there was a formula in the Lease Rates and Charges document that pegged the dollar value per hangar size per year. Based on that, the City could sell the time for the hangar. AbuHaidar stressed that it was absolutely not in the City's best interest economically to give away this commodity for nothing, which he opined the City was being asked to do.

After further discussion, Board Member Shallenberger moved to continue the issue for one month to explore a solution that would be equitable for the City and the hangar owners. Board Member McFee made the second. Voting Aye: Board Members McFee, Hansen, Phillips, and Shallenberger. The motion carried.

At 5:30 p.m., Board Members Rowland and Shallenberger left the meeting.

5. [Review Request from Barry Hancock for a Specialized Commercial Aeronautical Operator \(SASO\) License Under Chapter 8 of the Airport Minimum Standards](#)

[SASO Application](#)

[Area Map](#)

[Chapter 8 Minimum Standards](#)

[Leasehold Survey](#)

Barry Hancock explained that the intent of his application was to consolidate under one SASO, adding that it made little sense to have three separate SASO agreements with the addition of the flight school they were hoping to open. Further, Hancock added that Section Eight of the Minimum Standards appeared to cover all of the activities his operation would be engaged in.

Anderson projected a map of the original leasehold, and explained that it was slightly ambiguous. The FBO paid to have a survey of the area done, and it showed that the areas on the eastern and northern edges of Hancock's area were not part of his leasehold agreement. Hancock suggested he may need some tie downs for some aircraft in his fleet, and Anderson stated if that was the case, the Board should discuss the potential lease of that area. Anderson added that the existing tie downs probably straddled the edge of Hancock's leasehold, but with regard to any additional tie downs, the City should consider leasing that area.

Anderson pointed out that the Airport Minimum Standards suggested that if there was more than one operation within a SASO agreement, that it was not cumulative concerning space requirements, so only 500 square feet of office space would be required for the different operations, however the staffing requirements of the three individual operations needed to be considered pursuant to the Minimum Standards. Anderson suggested the City see whether they could develop an agreement that would include those three activities, but it would not compound the staffing needs accordingly.

After further discussion, Board Member McFee moved to send Barry Hancock's request for a consolidation of his multiple Specialized Commercial Aeronautical Operator (SASO) application with the understanding that he return to negotiate additional tie down space as needed with the City. Board Member Phillips made the second. Voting Aye: Board Members McFee, Hansen, and Phillips. The motion carried.

7. [Review Letter of Intent Received from North American Service Group](#)
[Letter of Intent - North American Service Group](#)

Ryan Klassovity of North American Service Group ("NASG") explained they had been users at the airport for a couple of years, and they saw an opportunity to compete as a full service FBO. Klassovity added NASG had all the certifications through their current FBO in upstate New York.

Anderson stated NASG would have to show how they met the Minimum Standards and return with a proposal for the Board.

6. Discuss Cancellation or Rescheduling of the September 16th Airport Board Meeting

This item was on the agenda due to a conference that Board Member Franco and Anderson would be attending, however both were agreeable to returning early from the conference to attend the September Board meeting, rendering this agenda item as moot.

8. Other Items as Needed

Board Member Hansen noted they received a letter from the FAA pertaining to some of the comments in the last meeting concerning preserving grant assurances, primarily with regard to Grant Assurance Number 5, "Preserving Rights and Powers", and he suggested it be included as an agenda item for the next Board meeting. Anderson further explained he and Paul Boyer spoke with Marc Miller, Compliance Specialist with the FAA, who suggested they may be out of compliance with Grant Assurance Number 5, "Preserving Rights and Powers", but added it was not for certain. Anderson suggested three options to address the Grant Assurance issue: 1) When discussions concerning FBO lease revisions are commenced, the Board could consider adding language to address concerns regarding Grant Assurance Number 5; 2) If the Board felt certain changes to the Minimum Standards should be enacted, then those proposed changes could be presented to the FBO; and 3) if any party felt they were unjustly discriminated against, they could appeal to FAA to determine whether the Minimum Standards were overly burdensome.

Board Member Hansen thought it important they advise everyone that a set of Minimum Standards was not required, but rather encouraged as a baseline, and that the City not confer its authority over its asset to others. He added they could not let a SASO or FBO run the airport. Board Member Franco expressed her surprise upon learning the FBO had veto authority, and stressed the critical importance of aligning the City's Minimum Standards with FAA requirements, and that the City be in charge of the airport. It was agreed this issue would be on the next meeting agenda.

With regard to the NASG FBO proposal, in light of a potential review or revision of the Minimum Standards, Board Member Hansen encouraged Klassovity to take into account the proposed CII/DII classification requirements concerning tie down space, etc.

V. Adjournment

With no further business, the meeting was adjourned.

Allison Lutes, Deputy City Recorder