RESOLUTION - ACTION REQUESTED 2017-106

MEETING: February 28, 2017

TO: The Board of Supervisors

FROM: Tony Stobbe, Public Works Director

RE: Approve Airport Operator Agreement

RECOMMENDATION AND JUSTIFICATION:
Approve an Agreement with Airborn Aviation Services to Operate the Mariposa-Yosemite Airport; and Authorize the Board of Supervisors Chair to Sign the Agreement.

Airborn Aviation Services (AAS) has been actively involved at the Mariposa-Yosemite Airport since October 2015, when the County and AAS first entered into an agreement that provided positive mutual benefit. Staff, the Airport Advisory Committee, and the general aviation public unanimously feel the presence of AAS at the airport has been a significant step forward towards a vibrant airport and has resulted in an increasingly valuable asset to the region. The original agreement knowingly excluded the administration and revenue of the hangar leases at the airport, with the intent to amend the agreement to add this provision by October 2016. During discussion in Fall 2016, with the benefit of twelve months of operation in regards to the overall agreement, it became apparent that other aspects of the original agreement merited evaluation. Staff has been working diligently with a variety of sources, including the County's Airport Consultant and AAS, and through additional assembly of other best practices in place at other similar facilities, and a new agreement is recommended.

The main externally visible change to the new agreement involves a correction in the lexicon used to describe the roles at the airport, with AAS assuming the role of "Operator" and the term "Airport Manager" being applied to the Director of Public Works as this is aligned with the expectations of regulatory agencies including the FAA and Caltrans.

Internally, the main change to the agreement is a collection of payments between AAS and the County that capture the value of the components of the agreement. A basic overview of the terms is as follows: AAS will pay rent for the lease of the business counter section of the terminal, the residence, two hangars, and the use of three aircraft tie downs. AAS will also pay a per-gallon flowage fee for the operation of the County owned aviation fuel system. AAS will assume the administration of the hangar leases and will be entitled to retain a portion of the revenue collected, with the
remainder flowing to the Airport Fund for use by the County for various airport operating expenses. The County will pay AAS to serve as Operator, a role which includes maintaining an “attended” status at the airport terminal, conducting maintenance and inspection activities, and representing the airport with customers and potential airport partners.

For the current budget year, it is anticipated that an available fund balance and lower than anticipated expenses will result in a balanced budget glideslope. In future fiscal years, it is likely that the Airport Fund will require additional “lift” from other funding sources to support this agreement, but this should be considered short term turbulence as the large principal and interest payments on a loan used to construct hangars will end after FY18-19.

In conclusion, the proposed agreement provides for a continuation of the excellent results already realized by the County and AAS. To use aviation terminology, the relationship has completed a successful takeoff, is climbing, requires some minor trim adjustment, and shows tremendous potential for a great flight.

**BACKGROUND AND HISTORY OF BOARD ACTIONS:**
On October 6, 2015 the Board approved an Airport Manager Agreement with Airborn Aviation Services.

**ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:**
The Board could choose to leave the existing agreement in place, which would leave known deficiencies in place. The Board could also choose to direct the existing agreement to be amended, but this would be problematic due to the somewhat different basis of the terms of the agreement. The Board could also choose to give alternative direction to the Director of Public Works.

**FINANCIAL IMPACT:**
It is anticipated that a combination of an existing fund balance and lower than anticipated expenses will fully support this agreement through the end of this fiscal year. The FY17-18 submitted budget will be constructed to include the financial impacts of this agreement.

**ATTACHMENTS:**
Airport Operator Agreement (DOCX)

**CAO RECOMMENDATION**
Requested Action Recommended

Dallin Kimble
Dallin Kimble, Interim CAO 2/23/2017
RESULT:   ADOPTED [UNANIMOUS]
MOVER: Merlin Jones, District II Supervisor
SECONDER: Rosemarie Smallcombe, District I Supervisor
AYES: Miles Menetrey, Rosemarie Smallcombe, Merlin Jones, Marshall Long
EXCUSED: Kevin Cann