

## **MANAGER'S BRIEF:**

1. FOR POSSIBLE ACTION: TO DISCUSS AND MODIFY, IF APPROPRIATE, THE TENTATIVE BUDGET FOR FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018. (T. Rowe, L. Harvey, B. Kohn)

The tentative budget for FY 2017/2018 will be discussed for modification by Authority members in anticipation of its approval as the final budget at the Authority's May meeting. There were no changes from the tentative budget approved at the March meeting.

2. FOR POSSIBLE ACTION: APPROVAL TO PROCEED WITH APPRAISAL FOR USE WITH THE REQUEST TO EXTEND THE LEASE OF THE MISER/PORTAHANGAR LEASE; CONDITIONED UPON ADVANCE FOR COST OF APPRAISAL; AUTHORIZE STAFF TO ENGAGE APPRAISER. (M. Golden, S.Tackes).

Michael Golden of Mountain West Aviation, CXP, LLC is requesting to extend the Miser/Portahangar lease which expires 12/4/2031. The CCAA is requested to authorize staff to commission an appraiser to define the fair market value lease rate to be discussed and approved at the May CCAA meeting. Mr. Golden will be proposing to build up to 4 hangars on the Miser/Portahangar lease in the near future.

3. FOR POSSIBLE ACTION: TO APPROVE A COOPERATIVE AGREEMENT BETWEEN THE AIRPORT AUTHORITY AND CARSON CITY TO PERMIT USE OF THE CITY'S HEALTH, DENTAL, VISION AND LIFE INSURANCE FOR AIRPORT EMPLOYEES; DETERMINATION ON MEDICAL COVERAGE TO BE ELECTED, PAYMENT BY AUTHORITY. (L. Law)

Per the Authority efforts to reduce administrative costs, this proposal to the existing interlocal agreement with Carson City would permit the Authority to utilize the City's health insurance program for coverage of the Airport employees in place of the insurance policies currently in place.

The City of Carson City will have to place the Airport Employees onto their payroll system to accommodate the addition of the Airport into its health insurance program. At this time City Finance and the City Manager are reluctant to allow the airport employees to be added to the City payroll system. There will be a cost to this service if the Airport is to join the City payroll, but at this time this is an unknown cost.

What we do know is that Gary Province, airport maintenance technician will lose access to his family doctor under the new health plan. As a result of this and the continued unknown costs, airport staff remains opposed to this change.

4. FOR POSSIBLE ACTION: ADOPTION OF UPDATED THROUGH THE FENCE FEES FOR THE CARSON CITY AIRPORT TO REFLECT THE CURRENT COST OF AIRPORT MAINTENANCE AND AMOUNT OF HANGAR SPACE AND AIRCRAFT PARKING; AND TO APPROVE AN AMENDMENT TO THE CARSON CITY MUNICIPAL CODE TITLE 19.03.060 FEES TO REFLECT THE UPDATE.

This item was discussed previously in conjunction with the observation of the FAA Auditor that the fees are based on a calculation of the Airport operating costs and that the fees have not been updated since 2001. This fee adjustment is based on the same calculation method as the underlying fees, but updated for current costs.

5. PROGRESS REPORT FROM THE COMMITTEE ASSIGNED TO RESEARCH AND COLLECT INFORMATION AND REPORT TO THE AUTHORITY ALL INFORMATION SO THAT THE AUTHORITY CAN EVALUATE ESTABLISHING A HANGAR USE POLICY AND MONITORING PROGRAM THAT SATISFIES THE FAA HANGAR USE POLICY AND MEETS THE NEEDS OF THE AUTHORITY. (T. Rowe, J. Mayes)

The committee members studied general aviation airports in Nevada, California, Idaho and a few other states. In many instances, airports tend to have either very stringent hangar use rules and many do not. These rules range from not allowing any non-aeronautical use as in the case of Truckee Airport to no policy on non-aeronautical use for Lewiston, ID.

The FAA's new Hangar Use Policy as described in Federal Register FR Doc. 2016-14133 describes the uses for aircraft hangars in the new Hangar Use Policy Dated July, 2016.

Aircraft Hangars are to be used for:

1. **Storage of active aircraft.**
2. **Final assembly of aircraft under construction.**
3. **Non-commercial construction of amateur-built or kit-built aircraft.**
4. **Maintenance, repair, or refurbishment of aircraft, but not the indefinite storage of nonoperational aircraft.**
5. **Storage of aircraft handling equipment, e.g., towbars, glider tow equipment, workbenches, and tools and materials used in the servicing, maintenance, repair or outfitting of aircraft.**

CCMC Title 19 follows the criteria of the FAA Hangar Use Policy although it is ambiguous regarding incidental non-aeronautical use of airport hangars. It may have been written to be purposely ambiguous regarding non-aeronautical use. In any event, Title 19.02.020.350 H (2) (a) states:

**That the premises are to be used and occupied primarily for aircraft storage and at least one aircraft will be housed in each occupied hangar. Aircraft housed in a hangar will be listed as personal property with the Carson City Assessor's office, or, if domiciled at another location, documentation provided to support such classification. Each hangar owner shall notify the Airport Manager of the aircraft stored in such hangar(s) including**

**FAA N-number, Manufacturer, year and model. Users of all hangars shall comply with all applicable Carson City fire and safety codes. Fire suppression shall be provided in each hangar as required by the Fire Code of Carson City.**

CCMC Title 19 is somewhat in compliance with the new FAA Hangar Use Policy with the exception of defining incidental non-aeronautical use. The FAA has established a base line for Federally Obligated Airports that use Airport Improvement Grant (AIP) money for airport projects. Airports may be more restrictive regarding non-aeronautical use, but not less restrictive.

6. FOR POSSIBLE ACTION: DISCUSSION, AND RECEIPT FOR CONSIDERATION, OF THE HANGAR MONITORING PROGRAM PROPOSED BY THE AIRPORT USERS GROUP. (E. Laetsch)

An Airport Users Group has been working on a hangar monitoring program that they feel would be effective and would minimize expense to the Airport. Mr. Laetsch has submitted a draft that is being proposed to be adopted by the Authority that will satisfy the FAA Hangar Use Policy.

There are problems with the Draft Policy:

FAA guidelines on hangar use:

Aircraft Hangars are to be used for:

1. **Storage of active aircraft.**
2. **Final assembly of aircraft under construction.**
3. **Non-commercial construction of amateur-built or kit-built aircraft.**
4. **Maintenance, repair, or refurbishment of aircraft, but not the indefinite storage of nonoperational aircraft.**
5. **Storage of aircraft handling equipment, e.g., towbars, glider tow equipment, workbenches, and tools and materials used in the servicing, maintenance, repair or outfitting of aircraft.**

In his draft proposal Mr. Laetsch has crossed out "but not the indefinite storage of nonoperational aircraft" from the FAA Hangar Use Policy. Aircraft stored in a hangar, whether operational or under repair must have an Airworthiness Certificate issued by the FAA except for: final assembly of aircraft under construction, or non-commercial construction of amateur-built or kit-built aircraft as described by the new FAA Hangar Use Policy.

**Title 19.02.020.350 H (2) (a) states:**

**That the premises are to be used and occupied primarily for aircraft storage and at least one aircraft will be housed in each occupied hangar. Aircraft housed in a hangar will be listed as personal property with the Carson City Assessor's office, or, if domiciled at another location, documentation provided to support such classification. Each hangar owner shall notify the Airport Manager of the aircraft stored in such hangar(s) including FAA N-number, Manufacturer, year and model. Users of all hangars shall comply with all applicable Carson City fire and safety codes. Fire suppression shall be provided in each hangar as required by the Fire Code of Carson City.**

Mr. Laetsch has also indicated the use of “Auxiliary Hangars”. I don’t know exactly what this means but I have found no reference to auxiliary hangars on any airport, anywhere. Mr. Laetsch appears to be using this terminology to excuse non-aeronautical storage.

Regarding enforcement in the proposal. Any penalty or automatic increase to Fair Market Value imposed by the Authority for non-aeronautical use, will require amendments to the existing land leases and rewriting Title 19. This will require a legal opinion by Legal Counsel.

Under Federal Law, airport sponsors, (in this case Carson City) that have accepted federal grants under the Airport Improvement Program (AIP) have agreed to comply with certain Federal policies included in each AIP grant agreement as sponsor assurances. Among those Grant Assurances that consider non-aeronautical use:

#### **Grant Assurance #5 Preserving Rights and Powers**

The airport sponsor will not take or permit any action which would operate to deprive the airport of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in the grant agreement without the written approval of the Secretary.

#### **Grant Assurance #19 Operations and Maintenance**

Grant Assurance 19 prohibits an airport sponsor from causing or permitting any activity that would interfere with use of airport property for airport purposes.

The key wording to pay attention to is from 19(a)....”*The sponsor will not cause or permit any activity or action thereon which would interfere with its use for airport purposes.*

If airport property is used for purposes other than aeronautical, the airport sponsor is in danger of losing its grant(s) and facing fines.

#### **#22 Economic Non Discrimination**

The FAA believes airport users should not be displaced by non-aviation uses that could be conducted off airport property. When the FAA conducts land-use inspections that it is required to do under the airport improvement program it has been consistent regarding the non-aeronautical uses of hangars.

#### **#24 Fee and Rental Structure**

The sponsor of a federally obligated airport must maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible. Rates charged for non-aeronautical use of the airport must be based on Fair Market Value or the leasing of land at fair market rent. For non-aeronautical storage – If it can be stored at U-Store-Um, an airport must charge the same rate.

#### **#25 Airport Revenues**

Provides, in part, that: all revenues generated by the airport includes aeronautical and non-aeronautical rents, fees, charges, and other payments received by the airport sponsor.

In every case where the lease involves non-aeronautical uses, the airport sponsor is required to charge non-aeronautical fair market rates.

The Final Policy also suggests that airport sponsors include provisions in hangar leases that require an automatic increase in rates to Fair Market Value in the event that a tenant uses his hangar for non-aeronautical purposes. While all of these provisions provide sponsors with some flexibility, the agency has not established a formal procedure (or, importantly, a timeline) for securing approvals.

The FAA's new policy allows for the leasing of hangars for the construction of amateur-built or kit-built aircraft. Aircraft under repair and overhaul are also covered under the new policy. Some airport rules and regulations may prohibit this activity but the FAA now allows for it. Hangar users need to comply with applicable building, fire and safety codes. Local airport rules and regulations, city and county codes may further restrict hangar uses.

Federal Register FR Doc. 2016-14133

#### **Section V. No Right to Non-Aeronautical Use**

**In the context of enforcement of the Grant Assurances, this policy allows some incidental storage of non-aeronautical items in hangars that do not interfere with aeronautical use. However, the policy neither creates nor constitutes a right to store non-aeronautical items in hangars. Airport sponsors may restrict or prohibit storage of non-aeronautical items. Sponsors should consider factors such as emergency access, fire codes, security, insurance, and the impact of vehicular traffic on their surface areas when enacting rules regarding hangar storage. In some cases, permitting certain incidental non-aeronautical items in hangars could inhibit the sponsor's ability to meet obligations associated with Grant Assurance 19, *Operations and Maintenance*. To avoid claims of discrimination, sponsors should impose consistent rules for incidental storage in all similar facilities at the airport. Sponsors should ensure that taxiways and runways are not used for the vehicular transport of such items to or from the hangars.**

An airport sponsor may be more restrictive than the FAA Hangar Use Policy, but not less restrictive. Any non-aeronautical use of aircraft hangars must be approved by the FAA.

While airport sponsors may adopt more restrictive rules for the use of hangars, the FAA will generally not consider items to interfere with the aeronautical use of the hangar unless the items: block or restrict the free movement of the aircraft to or from the hangar.

**A sponsor may request approval for interim use of a hangar for non-aeronautical purposes for a period no more than 5 years. This will require the following:**

- An inventory of aeronautical and non-aeronautical land uses
- Information on vacancy rates
- Procedures for accepting new requests for aeronautical use (Keeping a record of a waiting list)
- Assurance that facilities can be returned to aeronautical use when there is renewed aeronautical demand for hangar space.

For airports with hangar capacity that exceeds local demand, the FAA understands that, "it is preferable to make use of the hangars to generate revenue for the airport, as long as the hangar capacity can be recovered on relatively short notice for aeronautical use when needed."

This policy applies regardless of whether the hangar occupant leases the hangar from the airport sponsor or developer, or the hangar occupant constructed the hangar at the occupant's own expense while holding a ground lease. When land designated for aeronautical use is made available for construction of hangars, the hangars built on the land are subject to the sponsor's obligations to use aeronautical facilities for aeronautical use.

The FAA's Hangar Use Policy is only concerned with the "Compliance" of the Grant Assurances of Federally Obligated Airports.

7. AUTHORIZE THE CHAIRMAN TO SUBMIT A FAA GRANT APPLICATION FOR THE AIRPORT MASTER PLAN UPDATE FAA AIP NO. 3-32-0004-31; AND APPROVE ACCEPTANCE OF THE GRANT OFFER FROM THE FAA FOR THE AIRPORT MASTER PLAN UPDATE; ALL CONDITIONED ON APPROVAL AND FUNDING BY THE FAA. (B.Fitzgerald; S. Tackes)

The Authority previously submitted an application for an AIP Grant to conduct the Master Plan Update for the Carson City Airport. This item approves the acceptance of that Grant from the FAA which is conditioned on approval and funding by the FAA.