

Sierra Vista Municipal Airport Task Force

*Report to Council
August 5, 2007*

Executive Summary

The City of Sierra Vista Airport Task Force was commissioned in 2006 to examine the current status of the Sierra Vista Municipal Airport, to identify areas of improvement and to create greater efficiency in operations and management. The Sierra Vista City Council approved the following 5 tasks:

- Task 1: Organization and Management
- Task 2: Policies and Procedures
- Task 3: Business and Aviation Services
- Task 4: Economic Development
- Task 5: Budget

The Airport Task Force has examined each of the five task areas using survey methods, document review, and personal interviews with airport representatives in Arizona and throughout the United States. A total of 26 airports returned the survey, including the City of Sierra Vista. In addition, the Task Force reviewed the current operational structure of the City of Sierra Vista Municipal Airport. The task force's recommendations are focused on the goal to move the airport toward self-sufficiency. It is recommended that progress toward self-sufficiency for the airport be reviewed in 3-years.

Based on the study, the Airport Task Force recommends the following:

Task 1: Organization and Management

To create greater efficiency and maximize the opportunity that a private entity can provide and to move toward self-sufficiency, the Airport Task Force recommends that the City implement the following as a management structure:

Option 1: Independent Contractor as Airport Manager in order of priority:

1. The Economic Development Foundation (EDF) as contractor
 - a. Task and fund the EDF to hire an Airport Manager for Operations and Development
 - b. Airport manager support from the City would include:
 - i. Salary
 - ii. Marketing and Promotions, (to include Community Involvement)
 - iii. Operations
 - iv. Capital planning
 - v. Facilities maintenance Grant submittal and oversight
2. Individual contractor as manager reporting directly to the City Manager

Option 2: Airport Manager as a City Employee

- a. City Manager would be responsible for identifying appropriate reporting relationships

Option 3: Airport Authority – This option is recommended as a future consideration.

Task 2: Policies and Procedures

The Airport Task Force recommends the following to create an environment that provides a uniform set of rules and regulations that are equitable to the City and to airport users:

- A comprehensive set of published rules and regulations, with the goal to accommodate and encourage different legitimate aviation uses should be implemented, such as guidelines for different aviation uses (kit built/ultra lights, aircraft construction)
- Hangar Lease Options
 - Vary lease length with one year and month-to-month options

- Remove mandatory five year lease requirement
- Develop and implement a transient hangar policy
- Allow airport manager to relieve tenant of lease obligations based on extenuating circumstances
- Insurance – Balance between covering City and supporting pro-business environment (without undue financial burden on lessees and businesses)
 - Show flexibility for different uses of hangars/facilities
 - Come in-line with other entities (i.e. general use at other airports)
 - Industry standards to include a periodic review.
- Recommended insurance requirements:

| | Current Insurance | Recommended Insurance |
|-------------------------------------|--|---|
| Hangars/Tie-downs | \$1 million liability, \$100k each incident | Same |
| | Additional Insured is U.S. and City | Same |
| | Primary Coverage to landlord | Same |
| | Waiver of Subrogation | Remove |
| Mobile Operator’s License | Hold Harmless | Same |
| | General Liability | Same |
| | Additional Insured is U.S. and City | Same |
| | Product and completed operations liability \$1 million | Remove |
| | Waiver of Subrogation | Remove |
| | Vehicle Liability | Min. of \$100k personal/\$300k property liability |
| | Business License | Same |
| Other Insurance Requirements | | |
| Facility Based Operator | Additional Insured is U.S. and City | Same |
| | Hangar Keepers | Same |
| | Product and completed operations liability \$1 million | Same |
| | Hold Harmless | Same |
| | Vehicle Liability | Min. of \$100k personal/\$300k property liability |
| | Business license | Same |
| | General liability | Same |
| | Workman’s Compensation – As appropriate | Same |
| | Business License | Same |
| Other Business | | |
| | General Liability | Same |
| | Vehicle Liability | Min. of \$100k personal/\$300k property liability |
| | Workman’s Compensation – As appropriate | Same |
| | Business license | Same |
| | Hangar Keepers | Recommend only if not mobile |

Task 3: Business and Aviation Services

The Airport Task Force recommends the following to create an environment that is conducive to business and provides a uniform set of rules and regulations:

- Standard published policies and procedures
- Business friendly environment
- Customer oriented
- Develop/support business and facilities for aviation
- Review better use of terminal

Task 4: Economic Development and Tourism

The Airport Task Force recommends the following to create an environment in which economic development occurs in seamless and cohesive environment:

- Strategic plan for economic development
- Identify opportunities for use of the terminal
- Work closely with EDF/CVB/Communications
- Develop a marketing plan specifically for the airport
- Customer oriented
- Foster relationships with education institutions such as Cochise College
- Actively recruit government entities such as the Border Patrol
- Examine feasibility of an international designation
- Establish programs to assist new business activities at airport
- Provide and/or identify readily available transportation to and from the airport at a reasonable cost (i.e. – courtesy car, rental, shuttle)
- Explore opportunities with the Enhanced Use Lease (EUL) if and when appropriate

Task 5: Budget

To accomplish the above task recommendations, the priority budget recommendation is to fund a full-time airport manager as identified in Task 1. Through a contract with the EDF, the City would be initially responsible for providing salary. It is estimated that through a contract with the EDF, the initial cost to the City would be \$80,000-\$100,000. As a City employee, the estimated cost for a full-time manager would be up to \$110,000 including benefits. In addition, a shared-hired partnership with the EDF can be explored for clerical assistance.

Over the long-term, the budget requirements from the City could be lessened through a contract with a full-time airport manager. Using the EDF as the contractor for the airport manager, the manager and EDF would have incentive to identify and create additional revenue. The City may be able to maximize existing personnel opportunities and minimizing the budget impact of the task force recommendations by reallocating personnel to other, unfilled positions within the City. Grant funding for capital infrastructure would be maintained as it currently exists.

The task force's recommendations are focused on the goal to move the airport toward self-sufficiency.

Introduction

The City of Sierra Vista views the development of its municipal airport as a key component in the development of our community's economic viability and quality of life. As such, the City has worked for several years to develop the airport, both for commercial aviation and for general aviation purposes. Successful grant writing activities have aided significantly in the development of airport maintenance and infrastructure. Inter-municipal cooperation has added programs and subsidies that have encouraged commercial interests to provide air service where the market conditions did not make such activities economically viable. Also, very recently, the City has been successful in acquiring low interest loans to help support general aviation activities through additional hangar construction.

Recent developments, such as the proposed leasing of 203 acres by Fort Huachuca to the public, has fundamentally altered how the City should continue to develop this vital resource. As a result, the City Council established the Sierra Vista Municipal Airport (SVMA) Task Force through Resolution 2006-101.

Current Status of the Sierra Vista Municipal Airport

Currently, the Director of Public Works manages the Sierra Vista Municipal Airport (SVMA) and the Transportation Services Superintendent supervises the daily operations. The City of Sierra Vista owns and leases tie-downs and hangars at the Sierra Vista Municipal Airport. The hangars are furnished with lighting, electrical outlets, skylights, roof turbine vents, and most have electrically operated doors. The hangars are located at the general aviation apron site, and the lighted general aviation apron is secured from the public. Hangar lessees are provided access cards to electrically operated security gates and have 24-hour, seven-day access. An aircraft wash rack is located on site. In addition to the 62 hangars, 35 tie-down sites are located at the Sierra Vista Municipal Airport GA apron. Both aviation and jet fuel service are provided to general aviation and limited government aircraft.

A variety of businesses currently operate at SVMA. Businesses currently operating at the airport include:

- Southwest Aerotech Avionics Services
- Turner Aviation
- Mobile A&P mechanic
- Federal Express, UPS
- LifeNet
- Border Patrol
- U.S. Forest Service
- Civil Air Patrol

Ft. Huachuca Relationship

The Sierra Vista Municipal Airport is a joint-use airport with Libby Army Airfield on Ft. Huachuca. Joint-Use is defined as an installation where written agreement between the military department and a local government agency authorizes use of the military runway for a public airport. Four parcels of land were deeded to the City where the current terminal is located, the airport access road, and Taxiway F.

The airside of the airport is basically the only part of the airport that is "Joint Use". The military aircraft approach the taxiways and runways from the Southside, and the civilian aircraft approach the taxiways and runways from the north side.

When the control tower is open, they control all the movement of traffic on the airside. The civilian activity on the north side is generally not a concern to the military and no contact is required until civilian traffic is ready to enter the airside taxiways.

When the control tower is closed, the airside is used the same way as any uncontrolled airport. Aircraft simply announce their intentions and use standard see and avoid procedures.

The airport is composed of three discreet areas, which are defined as:

1. Southside
 - a. The Southside is composed of military hangars, military ramp, base operations, Air Traffic Control offices, Military Airfield's Manager's offices, other offices, and a control tower. This area is strictly used for military aircraft/aviation operations.
2. Airside
 - a. The airside is defined as all runways, taxiways, helo pads, navigational aids, and airfield lighting.
3. North side
 - a. The north side is defined as the Civilian/General Aviation/Commercial ramp, civilian hangars, Fixed Based Operations (FBO), civilian terminal, and Med-evac and Life Net operations. The Army deeded this property to the City of Sierra Vista in 1982 and 1989.

Overview of Task Force work approach

Sierra Vista Municipal Task Force Survey

The SVMA Task Force sent a survey to 34 airports to identify “best practices” based on the five objectives of the Task Force. Of the 34 surveys sent, 26 surveys were returned. Airports surveyed included:

- Local area airports
- Similar size cities/service areas
- Joint use airports
- Arizona airports

After the surveys were returned, personal contacts were made by members of the Task Force to further examine responses on the survey. A total of 22 personal contacts were conducted. It is important to keep in mind that not all survey respondents fully completed the surveys and that the survey was not conducted in accord with formal statistical methods.

The population areas of the airports surveyed ranged from 6,943 to 1.2 million people. The number of airport operations of airports surveyed ranged from 350 to 400,000 per year.

Task Force Objectives and Findings

Task 1: Report on how SVMA and other, successful airports are organized and managed.

The Airport Task Force found that although a range of management and organizational structures exist, the common factor found was that a dedicated airport manager was identified. The Task Force found that of the 26 airports surveyed, 17 had a full-time manager and 4 had an airport authority. The airports that had a full-time manager, at 13 airports the manager is a city and/or government employee and at 5 airports the manager is a contract employee. The Task Force also found that the of those managers that are city employees, 5 reported to

the City Manager, 8 reported to a city or county division, and none reported to the Council. The Task Force found that of those managers that are contract employees, 3 reported to an airport authority.

The following duties relating to the responsibilities of the airport manager were identified in the surveys:

- Has personnel responsibility
- Serves as a leasing agent for hangars and tie-downs
- Serves as a leasing agent for other building and facilities
- Responsible for condition of hangars and facilities
- Ensure all FAA rules and regulations are followed
- Is responsible for submitting annual operation budget
- Seeks financial support for capital projects from Federal and State agencies through grant applications
- Promotes economic development at the airport by:
 - Working with Economic Foundation or Director
 - Working with Chamber of Commerce
 - Working with other business organizations
 - Coordinates and plans special event
 - Is involved in capital improvement projects

The majority of airports surveyed had either an advisory board or commission.

Task 2: Report on policies, practices, and procedures for use of airport facilities such as hangars, fueling facilities, terminal buildings, airport common areas, and FBO facilities.

The Airport Task Force review found that 22 airports surveyed had hangars and tie-downs. Of those airports, 22 had city-owned hangars and 5 allowed privately owned hangars. Also 2 airports, allowed for ground leases to build hangars and other facilities.

As part of the review of policies and procedures, the Task Force reviewed the current insurance requirements for the Sierra Vista Municipal Airport and made recommendations based on input from the surveys.

Task 3: Report on how SVMA and other airports deal with persons wishing to conduct business or provide aviation services at the airport.

The Airport Task Force found that 24 airports allowed businesses on the airport. 20 airports have a Fixed-based operator (FBO). Of the 20 airports that have a fixed-based operator, 8 provide aircraft rental, 12 provide flight instruction, 18 provide fueling, 20 provide A&P services, 4 provide avionics services, 3 provide painting, 3 provide a courtesy car, and 8 provide other services such as restaurant service.

Task 4: Report how SVMA and other airports work with public and private groups in their communities to stimulate economic activity and tourism.

The Task Force survey showed that economic development was a responsibility of the airport manager for coordinating and developing economic activity with outside agencies.

Tourism related functions that were offered at the various airports includes:

- Aircraft Owners and Pilots Association (AOPA)
- Experimental Aircraft Association (EAA)
- Arizona Pilot's Association (APA)
- Air Shows
- Fly-ins

Task 5: Report on budget impacts

The budget numbers reported in the survey ranged from \$21,000 to \$2 million per year. In the survey, the Task Force found the following regarding sources of revenue for supporting the operation of the airport:

- Grants
- Lease of hangars and other facilities
- Taxes
- Parking
- Concessions
- Fuel sales
- Service sales
- Landing fees
- Commercial business leases
- Other:
 - City general fund subsidy

Recommendations

The Airport Task Force recommends the following recommendations for consideration by the City Council for implementation. The Airport Task Force recommends that the City Council approve a contract with the Economic Development Foundation to hire a full-time airport manager for operations and development. The airport manager will then implement the remaining Airport Task Force recommendations.

1. The following is an analysis of the pros and cons for the full time airport manager.
 - a. Contract Manager
 - i. Pros
 1. Incentive based performance
 2. Semi-private/private entity can provide greater efficiency
 3. Fuel revenue can provide initial support
 4. Move toward self-sufficiency of the airport
 5. Tie in with other economic development activities
 6. FBO can be separate from the manager contract or can be the same as the manager contract
 7. Airport manager would be required to show progress toward self-sufficiency within 3 years
 8. Less cost to the taxpayer over a longer period of time
 - ii. Cons
 1. Current financial limitations
 2. City would release a portion of fuel revenue
 3. Potential general fund subsidy
 4. Potential increase cost to the taxpayers
 - iii. The City would maintain:
 1. Grant submission, review, and oversight
 2. Existing financed infrastructure capital
 3. Existing facility maintenance
 - b. City Employee
 - i. Pros
 1. Resource support through City departments

- ii. Cons
 - 1. Not incentive based performance
- 2. Duties and Responsibilities
 - a. Due to the joint military use of the Sierra Vista Municipal Airport, Army personnel perform many traditional airport manager functions, which creates an opportunity to recruit a manager who can be focused on marketing and business development opportunities. The preferred candidate would have experience in airport development. The recommended minimum background and experience of a full-time airport manager should include but not be limited to:
 - i. Experience with airport management and development
 - ii. Marketing background
 - iii. Strong emphasis on customer service
 - b. Minimum job duties of a full-time airport manager should include but not be limited to:
 - i. Manage airport personnel
 - ii. Manage daily operations
 - iii. Develop and maintain a comprehensive set of policy and procedures
 - iv. Serve as a leasing agent for hangars and tie-downs
 - v. Serve as a leasing agent for other buildings and facilities
 - vi. Develop and maintain a positive working relationship with Ft. Huachuca and the Department of the Army
 - vii. Develop budget for development and management for the airport
 - viii. Work collaboratively with the Department of Public Works to:
 - 1. Ensure all FAA rules and regulations are followed
 - 2. Submit an annual maintenance and operation budget to submit to the EDF
 - 3. Seeks financial support for capital projects from Federal and State agencies through grant applications
 - 4. File all necessary FAA and ADOT reports
 - 5. Maintain condition of hangars and facilities
 - ix. Promotes economic development at the airport by:
 - 1. Working with the Economic Foundation or Director
 - 2. Working with the Chamber of Commerce
 - 3. Working with other business organizations
 - 4. Coordinates and plans special events
 - 5. Is involved in capital improvement projects
 - 6. Promoting tourism opportunities
- 3. Develop a marketing plan with emphasis on general aviation
- 4. Develop a business plan
- 5. Develop a 5-year plan for development of the airport
- 6. Update Airport Master Plan
- 7. Remaining acreage available to City remain undeveloped pending the outcome of the use of the adjacent 203 acres

The Task Force recommends the following implementation steps:

- The City Manager and the Economic Development Foundation Executive Director should develop the airport manager contract through the EDF for submission for approval to the City Council and the Economic Development Foundation Board of Directors.
- Identify a funding mechanism with a recommendation from the City Manager to fund and hire an airport manager as soon as possible but no later than January 1, 2008.
- Once an airport manager is hired and in-place, recommendations 2-5 would be implemented and would become the responsibility of the airport manager.

Attachments

1. Council Resolution
2. Sierra Vista Municipal Airport Task Force Survey
3. SVMA Survey Matrix
4. Map of the Sierra Vista Municipal Airport
5. Map of deeded land
6. Sample Marketing Plan
7. Insurance data from Airport Task Force Survey

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