

The Joint City Council/Airport Commission Work Session was called to order at 5:30 PM by Mayor Bob Hooker.

Council Present:

Jack Gradle
Jean McKittrick
Jane Vincent

Bill McCoy
Bob Hooker
A.J. O'Connell

Staff Present:

Mark Shrives
Roberta Tharp
Layli Nichols
Shelley Humble
Steve Dobrinich

City Administrator
City Recorder
Finance Director
Airport Manager
RARE Intern

Airport Commission Present:

Larry Lowenkron
Glen Charles

Alan Pointer
Sid Voorhees

Council Absent: 0
Airport Commission Absent: 0

Press: 1- Creswell Chronicle

Audience: 8

1. Explanation of City E-Mail Requirements

Mark Shrives reported the City has changed e-mail systems and asked everyone who holds a seat on the Council and Airport Commission to use their City e-mail address when doing city business and reminded them if they use their personal e-mail address, it makes their personal computer at risk for search to fulfill any public records requests. Layli Nichols asked anyone having any problems transitioning over to the new system to give her a call and if she isn't able to help them she would put them in touch with the City's IT person.

2. Airport Historical Cash Flow Analysis

With budget season fast approaching, Mark Shrives City Administrator/Budget Officer felt a work session consisting of the City Council and the Airport Commission necessary to work on budgeting ideas for the upcoming year. Mr. Shrives handed out two spreadsheets compiled by Finance Director Layli Nichols, which reflect a historical cash flow analysis at Creswell Airport.

The spreadsheets show strictly cash flow only and do not take into account any accruals, fixed assets or depreciation of fixed assets. The first spreadsheet, "Historical Revenue and Expenditure Reconciliation" shows available cash on hand or fund balance at the end of the fiscal years beginning in June of 2000 through March of 2012. These figures include FAA grant money as well as all the projects the city has completed over the course of time. The second spreadsheet, "Historical Revenue and Expenditure Reconciliation without Donations" shows essentially the same data without grant proceeds, transfers from the general fund and the outgoing capital outlay that pertains to the projects the City has completed. It looks strictly at cash specifically with regards to maintenance and operations only and without capital outlay expenditure.

Ms. Nichols said the purpose of creating the spreadsheets was to see where cash flow occurs and what appropriate proportions might be expressed. In completing this exercise she found it interesting that Personal Services runs best at about 25 percent and Materials and Services run best around 70 to 72 percent of the total revenues that the airport takes in.

A discussion ensued regarding fuel being the largest expense for the airport with net revenue averaging around \$2000 to \$2500 per month. Also, discussed was at the end of the year, the fuel stored in the tanks is not yet realized revenue but the expenditure for that fuel shows on the books.

Mark Shrives feels the city needs to set the target goal of five percent fiscal year ending fund balance of the gross revenues the city brings into the airport to carry forward for the next fiscal year. Ms. Nichols

reminded everyone that the Airport fund is an enterprise fund which means it should be self sufficient and recommends approximately three percent being the target goal.

3. Presentation of Airport Budget Ideas for Consideration to the FY 2012-13 Budget

Mr. Shrives passed out a page of suggestions he has put together for consideration in trimming and increasing revenue for the FY 2012-13 Budget for the Creswell Airport Fund.

To help meet the twenty five percent personal services target for the upcoming fiscal year the following list of suggestions was presented for consideration:

- The City spends approximately \$7000 per year for temporary help at the airport. It is suggested to require volunteer help to complete the tasks currently carried out by temporary help. The additional cost the city would incur by cutting Temporary Help is the cost of workers comp volunteer rates through CIS (CityCounty Insurance Services).
- The city currently loses \$4,000 per year on discounts offered to tenants who pre-pay their yearly land leases. No longer offer the five (5) percent pre-pay discount for land leases.
- Eliminate the ten (10) cent per gallon fuel discount to on the field businesses – By no longer offering this discount, it should increase revenue at the airport by \$800 to \$1000 annually.
- Current Land Leases only allow for a CPI Increase - Review Land Leases to identify a way to charge an additional fee – The leases currently in place are the leases the City inherited from Creswell Airport Inc. when acquiring the airport.
- When the City took over the Airport, Creswell Airport Inc. retained three sets of hangars that they continue to lease out. The airplane owners in those hangars are not paying anything to use the Airport or as a maintenance fee because their lease money is paid directly to Creswell Airport Inc. Mr. Shrives said we could possibly look at identifying a way to charge the lease holders of Creswell Airport Inc. hangars a maintenance fee like we do the City hangar owners. A discussion ensued that the Airport Inc.'s lease is good for another twenty two years.
- The lease rate for the EAA (Experimental Aircraft Association) building needs to be reviewed, as they currently pay ten dollars per year for their building lease. Mr. Shrives said they are a non-profit organization but feels it needs to be reviewed.
- At the end of every fiscal year, due to revenue shortfalls, there is always a fuel crisis at the Airport. Mr. Shrives said this year will be no different. There are basically two options:
 - Transfer funds from the General Fund to purchase fuel during the last month of the fiscal year, or.
 - Do not purchase fuel until the next fiscal year when the Airport can afford it.

A discussion ensued that the city recently ordered three thousand gallons of fuel and at the beginning of June; we will need to evaluate the amount of fuel left as well as funds to see if the Airport can afford to purchase fuel again before the end of the fiscal year. Airport Manager, Shelley Humble said the amount of fuel used is highly dependant on the weather and how busy the flight schools are. Discussion continued about the businesses on the Airport who rely on the fuel and how the situation will more than likely come before the Council in June requesting a transfer of funds from the General Fund to the Airport Fund for the purchase of fuel. Mr. Shrives said the Airport's revenue stream comes from fuel sales, land leases, office rentals and a small amount of pilot supplies. The bottom line is, where the money is going to come from if there is a need to purchase fuel before the end of the fiscal year.

The Council and Commission began a brainstorming session trying to come up with ways to increase the revenues to the Airport. It was discussed to provide a discount to fuel buyers who do not use credit cards, but the Council had chosen not to offer a cash discount when we began taking credit cards. Further discussion continued about the leases being explicit on how much the city can charge the tenants and the fact these are relatively long term leases.

Councilor Bill McCoy asked if the City could build hangars at the Airport and how many it would take to help the Airport break even. Mr. Shrives said funding is the problem, there aren't any grants available to build them and about the only way possible would be for a private investor to come in build the hangars and work out a way the city could pay them back in order for the city to retain ownership. You need to rent the hangars not the land they sit on, that is the reason the Airport is losing money now.

A discussion ensued regarding the \$340,000 transfers within the budget to the Airport fund over the past ten years. This is an annual average of about \$34,000 transferred to the Airport fund to offset

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the cost of fuel purchases, grant matches and legal fees. Mr. Shrives reminded the Council and Commission that the Airport gets \$150,000 annually from the FAA for AIP (Airport Improvement Projects) but now they are requiring a ten percent match, up from five percent for projects. You are allowed to hold the money for up to three years, but if the Airport is running in the deficit, you will not be able to come up with the match funds and will lose the money. Mr. Shrives said the City works hard on the Connect Oregon Grants because you can use the AIP money as a match and we don't have any out of pocket costs with Connect Oregon grants. The weather station project was supported by the ACT (Area Commission on Transportation) and will more than likely move forward by the Oregon Transportation Commission. The City has also been working on the Taxiway and Taxi Lane Improvement Project in case we find an investor to build hangars the taxiway and lanes will be ready to go. Shelley Humble added this may be the last year for the Connect Oregon Grants.

Councilor O'Connell made the suggestion of purchasing fuel on either a Visa card or taking out a line of credit. A discussion ensued that the Airport would still have to pay for the purchase and if at year end you are in a deficit situation you would only be digging a bigger hole for the next fiscal year besides having to pay interest on the money owed.

Councilor Gradle suggested assessing a homeowner's fee to the hangars. Mr. Shrives said he would have to go back and review the leases to see if anything like that is possible.

Layli Nichols gave a brief explanation of the difference between Fund Balance and Cash. Fund balance functions on a full accrual basis and cash is essentially what you have on hand at the time being.

Councilor Anderson suggested charging a Maintenance Fee for Airport Users. By looking at the numbers the Airport runs about \$3000 short per month and there are approximately one hundred twenty three based aircraft that use the Airport. Divide the \$3000 by one hundred twenty three and come up with a user fee that will help the Airport break even and the fee will actually be paid by those who use the Airport.

Commissioner Larry Lowenkron said he thinks that by getting a number of qualified volunteers to help with the duties of the Airport Temporary Help, it would significantly reduce or cut the \$7,000 the City currently spends. Mr. Lowenkron said has two hangars and he is willing to eliminate the five percent pre-pay land lease to help increase revenue for the Airport.

Bill McCoy said he would like to see a budget exercise of putting together a budget that doesn't include the fuel sales and revenues in order to see what it will take to make the Airport work.

Shelley Humble said the FAA holds the Airport to charging everyone the same. Creswell Airport Inc. got a good deal and she suggested the users in the open T-hangars should be charged a \$10 to \$15 per month fee and that would bring in approximately \$3600 per year and would only affect those who keep their aircraft at the Airport.

Larry Lowenkron and Sid Voorhees asked if there is a way to buy out the Creswell Airport Inc., and rebuild the hangars so the Airport can acquire the landlord responsibilities and manage the Airport.

Mark Shrives polled the Council and Commission to see if anyone had any qualms with eliminating the 5% prepay discount for land leases. No one was opposed to the elimination of the pre-pay discount.

Mr. Shrives polled the Council and Commission to see if anyone had any qualms with eliminating the 10 cents per gallon discount to on field businesses. After discussion it was decided to leave the discount in place at this time.

The Council and Commission gave Mr. Shrives their consensus to review the lease for Creswell Airport Inc. and try to identify a way to charge the lease holders of Creswell Airport Inc hangars a maintenance fee.

A discussion ensued regarding the idea of increasing the EAA (Experimental Aircraft Association) annual rent. The EAA currently pays \$10.00 a year for the use of the building. It was brought up that the City as well as others utilizes the building for meetings and functions as well as the EAA. It

was suggested that the City approach them and ask them what they would volunteer to pay annually for rent.

Bob Hooker said at the February 14th meeting he heard pilots say they were willing to help by paying their share at the Airport. Mr. Hooker said our options are either increase revenue or cut expenses and he suggested putting in place a user's fee. Mr. Shrives said we would need to have a conversation with the FAA regarding putting a user's fee in place.

A discussion ensued about putting a landing and takeoff fee in place. Shelley Humble stated we do not have the resources to track and record that. Larry Lowenkron said that would kill the Airport within a year.

4. Additional Ideas Regarding Potential Airport Revenues

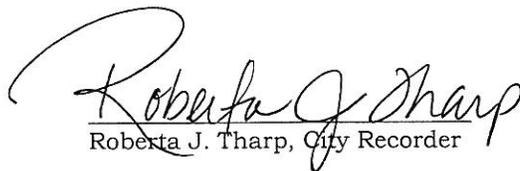
Sid Voorhees said there is a group of pilots who are working towards putting together a couple of events to help the Airport with its budget woes. They are organizing a fly-in to be held at Hobby Field. The group is working to provide quality prizes with the goal of raising \$40,000.

Councilor O'Connell thinks a maintenance fee is a good idea but is not in support of eliminating the Temporary Help by using volunteers. He also brought up the subject of changing the name of Hobby Field. Commissioner Sid Voorhees said Creswell is known for two things: The 4th of July Celebration and the Hobby Field Airport.

A discussion ensued about buying fuel when the price is down and the Airport's fuel capacity being only 9000 gallons. Mr. Shrives said we currently split loads with other Airports to save on fuel costs. Mark Shrives went over the list of suggestions to present to the Council for increasing revenues and decreasing expenditures at the Airport:

- Eliminate the 5% pre-payment discount for Land Leases
- Check into implementing a Creswell Airport Inc. Maintenance Fee
- Look at using volunteers at the Airport instead of Temporary Help – Check into Workers Comp
- Discussion with FAA on implementing a User Fee
- Budget exercise without fuel
- One or two events a year to help pad the budget – maybe the Airport Commission should have a meeting and send a recommendation to the Council.

There being no further discussion the work session ended at 6:57 PM.


Roberta J. Tharp, City Recorder


Robert A. Hooker, Mayor