

Oregon State Aviation Board
Approved Meeting Minutes

March 20, 2002

Medford, Oregon

Pursuant to notice made by press release to newspapers of general and local circulation throughout the state and mailed to persons on the mailing list of the Board, a meeting of the Oregon State Aviation Board was held in Medford, Oregon, on March 20, 2002.

Board members present included Bill Wilkins (Chair), Mike Burrill, Jack Loacker and Steve Schreiber. Carrie Novick attended by teleconference. Also present were Oregon Department of Aviation (ODA) staff members Ann Crook, Daren Griffin, Carma Gale, Rebecca Jasso, Tom Franklin and Carolyn Berry. Lynn Rosik, Assistant Attorney General, attended by invitation. State Aviation Board appointee, Joe Smith, also attended.

Chair Wilkins opened the meeting at 10:02 a.m. on March 20, 2002. Introductions followed.

A discussion of the concept of an aviation summit was added to the agenda.

Chair Wilkins moved to the Consent Calendar. The February 20, 2002 meeting minutes were approved as published. The Board reviewed the language clean up in the Minimum Standards for Categories II and IV Airports. Several minor language corrections were suggested including:

- Add "sponsor" to the OAR definitions.
- Change "laws" to "state requirements" in various places in both documents.

The Board agreed to adopt the standards with those changes.

Burrill reviewed the concept of an aviation summit that was discussed at the intensive work session in February.

- The State Aviation Board and the Department of Aviation would partner with the Port of Portland to discuss aviation system planning for the next 10-20 years. Representatives from Washington and California would also be invited to participate.
- Initially, it would look at the growth projections of West Coast airports in Portland, Seattle, San Francisco, Oakland and Los Angeles, and consider problems in meeting these projections.
- It would look at the problems from a regional standpoint rather than from an individual airport view.

Schreiber noted that the Port of Portland has completed its 20-year master plan and is looking at a new terminal and a third parallel runway. The Port of Portland is considering ways it could use surrounding airports for cargo. He suggested that the FAA be involved. Novick suggested including Vancouver, British Columbia, because of its impact on Sea-Tac and PDX. Burrill moved that the Board approve the exploration of the West Coast aviation summit. Schreiber seconded. The motion carried unanimously. Crook stated that the department was excited about the project, but noted that it is not a budgeted item.

Franklin reviewed the request to the E-Board for a Pavement Maintenance Program limitation increase of an additional \$1,217,780 for the 01-03 biennium. He distributed a list of proposed projects. The revenue is available and is dedicated to this program. The funds cannot be spent anywhere else. Wilkins asked if the legislative staff was informed of the request. Crook responded that they had been informed. Novick moved that the request be approved. Loacker seconded. The motion carried unanimously. Crook noted that the E-Board would be meeting in April.

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Jasso presented the 2nd Quarter Budget Report. She noted that expenditures were a bit low through the second quarter and that revenues had spiked in December. She has not been able to discover a specific reason for the increased revenue in December. SAR (search and rescue) revenue was down 6%. Crook noted that the department is working on a legislative concept regarding the department's registration statutes. Jasso asked what the Board would like to see in future budget reports. The Board mentioned they would like to see the report in a non-state-mandated form and would like Board expenses included.

Griffin offered a review of the Smart Contracting insurance document. As requested by the Board at the last meeting, the department has received more input from the insurance industry. Some changes have been made to the document at Smith's suggestions. Griffin distributed a letter from Gregory Sterling, AOPA Insurance Agency, Inc. A discussion followed regarding Mr. Sterling's recommendations.

- Partial rather than full indemnification of the state. Rosik stated that the state requires full indemnification.
- Aircraft liability. He recommended use of per "person" rather than "passenger". Griffin would like to discuss this further with tenants.
- Noted the \$2,000,000 coverage requirement might be difficult to obtain for some smaller commercial operations using smaller aircraft.
- Airport liability for commercial and non-commercial tenants. He recommended letting tenants choose either \$500,000 premise coverage or \$1,000,000 coverage for aircraft liability.

In his discussions with insurance executives, Griffin received the following information:

- It is less expensive to get premise liability coverage through an existing aircraft liability or homeowner's policy than as a stand-alone policy.
- Many insurance companies won't write stand-alone policies.
- There are less than seven companies that write aviation policies.

Wilkins opened the meeting to public comment.

- Butch Milani, OPA Jackson Chapter, reported that he is paying \$181 per year for \$1 million stand-alone liability coverage on property. The coverage is from Safeco.
- Griffin reported that Cottage Grove tenants had asked him if the Oregon Tort Claims Act limit of \$500,000 applies. Rosik stated that the act only protects the state and state employees. It does not protect private entities.
- Alex Grossi, Grants Pass Airport Director, reported the airport requires \$500,000 in coverage for private and \$1M for commercial. Their risk manager set these amounts. The cost is the same for both amounts.
- Bern Case, Rogue Valley International/Medford Airport Director, reported that he sees riders on insurance for aircraft and there is a nominal charge.

Griffin asked if the airports were covered as additional insured. Case and Grossi stated it was a requirement. Rosik reviewed the Oregon Tort Liability Law and the liability of the state.

Griffin asked the Board for further direction. The Board directed him to proceed in refining the document and bring it back to them in April to consider approval.

The meeting recessed at 11:50 for lunch.

Wilkins reopened the meeting at 1:30 p.m.

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Griffin gave an update on status of transfers and dispositions of six state-owned airports.

- Aurora State Airport. No further discussions have taken place.
- Joseph State Airport. There have not been any further developments since August 2001. Wilkins asked how the Enterprise Airport people felt about the possible transfer. Griffin reported that they are trying to get airport improvements. It is the department's position that Joseph State Airport will get the funding. Joseph may be getting fuel.
- Toledo State Airport. Griffin noted that the Port has held two public meetings to obtain public input into the decision and has contracted to have a financial feasibility study completed. Wilkins asked if markings could be put on the wires at the airport. Griffin said markings could be added.
- Bandon State Airport. Griffin reported that transfer is likely. The topic will be revisited at the completion of the Master Plan Update that is scheduled to begin this spring.
- Cascade Locks State Airport. There have been no further discussions with the City of Cascade Locks since November 2001.
- Nehalem State Airport. Transfer discussions will not take place until ODA's lease renewal with the Oregon Department of Parks and Recreation has been completed. The lease expires in January 2003.
- Beaver Marsh and Lake Billy Chinook State Airports. These airports are being advertised to other state agencies. After that is complete, ODA will advertise both airports publicly and move forward on the surplus process. Smith asked if the state was required to sell the airports. Griffin responded that the state did not have to sell if the department felt the bid is not good or the owners weren't qualified.

Schreiber asked if there were criteria a community must meet in order to transfer an airport. Griffin stated they have to show they can maintain the airport and will keep it an airport.

Chair Wilkins introduced Bern Case, Director of the Rogue Valley International/Medford Airport. Case thanked the department for its support, especially for the blast study and the air service study. He also stated that he appreciated the weekly Part 107 conference calls. He encouraged everyone to take a look at the mural in the terminal building. The department provided some of the funding for the mural. He reported the following:

- The airport has residual agreements with the airlines.
- The airport feeds four hubs (San Francisco, Los Angeles, Portland and Seattle) via three airlines and serves approximately 500,000 total passengers a year.
- Commercial departures average 21 per day; total flights in and out average 42 a day.
- There are 135 hangars on the airport.
- The airport can accommodate wide body aircraft.
- It has a growing foreign trade zone.
- The yearly budget is \$14 million. Grants are very important to the airport. They received an \$8 million appropriation from the legislature to extend the runway and were then able to get the FAA to pay for the taxiway.
- The airport is very proud of its security and safety records. They have not had any discrepancies in 7 years.
- The airport has a total of 169 employees; 17 are county employees. The airport uses the private sector as much as possible. It has contracted with private companies to provide custodial, security, engineering, parking attendant, restaurant and fire services. It depends on volunteers to cover their information booth. ACE (Airport Community Enthusiasts) helped greatly in the aftermath on September 11th. Advertising is done in-house.
- Civil Air Patrol leases space on the airport and has been of great service to the airport.

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Case stated the airport plans to continue growth while not incurring great debt. It plans on expanding its service to include eastern departures.

Wilkins invited Mayor Alan DeBoer to speak on behalf of the Ashland Municipal Airport. He reported that the airport is a Category IV airport, has 75 based aircraft and one FBO, Skinner Aviation. It does not have an instrument approach because of the surrounding mountains. Ashland has been doing reversion successfully for 18 years. He thanked the State Aviation Board and the Department of Aviation for their support of the airport.

Novick requested and was granted time to report on the new aviation degree program at the Oregon State University campus in Central Oregon. The program will be unique in the state. An appropriations request has been submitted to the Oregon congressional delegation, which is supportive of the program. Novick requested that the State Aviation Board send a letter of support for the program. The Board asked Carolyn Berry to draft a letter for their signatures.

Wilkins opened the meeting to public comment.

- Mayor DeBoer clarified that the Ashland Airport has a plan for building large hangars with no reversion clauses.
- The Board thanked Jet Center South for the use of their facility for the meeting and thanked the Jackson County Airport Authority for their hospitality.
- Burrill thanked the attendees.
- Smith thanked the OPA members for attending.
- Novick reported the Redmond airport is starting its largest project to date, an \$11 million expansion project.

The Board moved to setting the agenda for the April 17th meeting in Eugene. Items to be considered include:

- Consider approval of the "Smart Contracting" Insurance Document
- Review and public comment on the Rates and Charges Policy
- Update on the aviation summit
- Informational review of the Director's position
- Minimum requirements for acquiring/transferring airports. This may be moved to a future meeting.

Wilkins informed the Board that the July meeting would not be in Baker City. Wilkins will be unavailable for the meeting and Michael Nelson has requested that all Board members be present when they meet in Baker City.

There being no further business, the meeting was adjourned at 2:50 p.m.

Respectfully submitted,
Carma Gale, Office Manager