

Oregon State Aviation Board Meeting Minutes

February 25, 2010

Salem, 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 Committee, a meeting of the Oregon State Aviation Board was held on February 25, 2010, at the Public Utility Commission Building, 550 Capitol St. NE, Salem, Oregon.

Board Members in attendance included: Board Chair Mark Gardiner, Vice-Chair Chris Corich, Board Members: Steve Beckham, Larry Dalrymple, Nan Garnick, Jack Loacker, and Joe Smith.

Employees in attendance included: ODA Director, Doug Hedlund; Gregg Dal Ponte, previous ODA Interim Director; ODA State Airports Manager, Mitch Swecker; ODA Projects & Planning Manager, Chris Cummings; Contracts & Planning Manager, Rita Rogerson; ODA Airport Specialist, John Wilson; ODA Grants Coordinator, Sandi Larsen; ODA State Airports Manager Assistant, Roger Sponseller; ODA Director's Executive Assistant & Board Secretary, Renee Stryker.

Presenters and Guests in attendance included: ODOT employees, city, county officials, state airport managers and administrators, DAS staff, Mead & Hunt, local business owners, general aviation pilots, and the public.

CALL TO ORDER — INTRODUCTIONS

- The meeting started at 10:05 a.m. Self introductions were made.

ACTION ITEM -- *Approval of meeting minutes for Oct. 2009, Dec. 2009, Jan. 2010 Teleconference.*

Motion to approve by Joe Smith

Motion 2nd by Jack Loacker

Motion passed unanimously

Public Comments:

Mike Burrill: Chair of the Aviation Committee Hall of Honor at the Evergreen Museum in McMinnville. Asked the board to contact him if anyone has suggestions for nominees into the Hall of Honor.

Board Member Activity:

Joe Smith: Spoke of meeting with the FAA and OPA in regards to Through-the-Fence and the letter submitted by this board. Participated in the OPA Chapter meeting at Mulino, the group discussed hangar problems and clubhouse concerns. Also informed the group of the ASF possibly teaming up with the FAA regarding aviation safety issues.

Mark Gardiner: Thanked Gregg Dal Ponte for serving as the interim Director for the Department of Aviation. Mark welcomed the new Interim Director, Doug Hedlund.

Gregg Dal Ponte: The Ways and Means letter in your binder tab #4 was prepared and never actually presented to the Ways and Means Committee during the February special session. Under the circumstances of transition, the Legislative Fiscal Office (LFO) decided that it would prefer that stabilization of ODA occur, that the Department of Administrative Services (DAS) management review team conclude its formal report and that interim Director Hedlund report to

the E-Board in May. The Ways and Means letter remains instructive to this board and summarizes the current state of affairs within the Department of Aviation.

The letter is 11 pages in length and I'm not going to read it to you. I would like to draw to your attention to some very important content for your consideration and I'd like to give you my urgent recommendations for action.

The most compelling content is the summary of ODA's financial position found on pages 4-5. In mid-October of 2009, I determined that if no action were taken, ODA's operations projected end fund balance was a negative \$474,000. That constituted a most dire circumstance when you additionally understand that LFO expectation is that the ending fund balances should be positive and equal to three months' operating expenses, or almost \$500K. ODA was in a very deep hole in October.

We went to work immediately to reduce monthly costs.

- ended a temporary maintenance employee assignment.
- ended a long-standing ill-advised agency practice that allowed staff to accumulate large balances of comp time and then sell those hours back for cash
- determined that a limited duration employee whose position was due to expire 3/31/10 would not be extended.
- completed a lay-off procedure for two full-time employees.
- reduced the ODA fleet of leased vehicles.

As a result of these actions, by mid-January of 2010 the projected deficit ending operations cash fund deficit had been reduced from a negative \$476K to a negative \$175,000, which is the number you see in this letter.

Since that time, the lease/contract manager has announced that she is leaving ODA to assume a one-year job rotation at ODOT. That action turns out to have been serendipitous in that it enabled ODA to pursue a further cost reduction initiative that calls for the State Airports Manager to assume responsibility for the management of leases on his facilities and to procure lease administrative services on a contracted basis from staff at another agency equipped to assume the workload. At best, the projected ending fund operations balance has been reduced to a \$50K deficit.

I want you to be aware that ODA will not be able on its own to fully resolve the deficit and also provide a positive ending fund operating cash balance equal to three months operating expenses by the end of the current biennium = 6/30/2011.

Knowing this reality, at your December 2009 board meeting you authorized me to seek a legislative remedy which amounted to gaining authority to use the PMP dedicated funds for operational expenses. House Bill 3696 amends OR 836.072 to allow ODA to use the PMP account for operations but that ability sunsets in 16 months on 6/30/2011. ODA has exactly that much time to make further operational adjustments to become self-sustaining with additional resources.

My very strong recommendation to you is that ODA proceed along the path that Director Hedlund is now pursuing to transfer airport maintenance work statewide to another state agency with a statewide presence to be formed on a billable hour basis and to lay off two additional maintenance FTE. By doing so ODA will also be able to shed all of the expense associated with operating and maintaining two big trucks, trailers, and mowers. It simply is not cost effective to haul mowing equipment all around the state and to also incur travel and per diem costs.

In my opinion a reduced in size ODA, working smarter and leveraging other existing state resources will be successful in engaging on July 1, 2011 as being self sustaining.

I have reviewed the financial information that was previously conveyed to you and I therefore understand this information may surprise you. I am telling you that the results I am sharing with you should have been apparent to previous reviewers and have been validated by analysts elsewhere in state government asked to review the data.

My recommendation is that you direct interim Director Hedlund to continue to work in the direction I have outlined.

Mark: Explained that a letter is coming from the DAS Management Review Board to the Aviation board for approval on the agency recommendations. The board will be reviewing the agencies OARs and conforming to business practices and if there needs to be statutory changes.

Lengthy discussion amongst board members on airports throughout the state and how they are maintained by the ODA maintenance staff.

Gregg Dal Ponte: Pointed out that in the past in-kind payments were being done. This is problematic for the agency and will no longer be done. Also provided an overview of the current maintenance operation projects throughout the state, to state owned airports and how they are currently providing maintenance and repairs. He then went on to discuss what the future options are for the agency to continue to provide these services with less FTE and the cost associated with these possible changes.

Rita Rogerson: Explained to the board liability insurance requirement to the airport tenants. She provided information from Risk Management, and her recommendations of insurance amounts for leases and contracts. She also informed the board of insurance limits, liability amounts, and the increase of these amounts. There was discussion on the liability coverage amounts amongst the board.

ACTION ITEM #5 – Approve General Liability Insurance Limits (attachment #5)

Approve to Adopt a Policy to Move to Higher Amounts:

Motion read by Mark Gardiner: Move to approve, to adopt a policy moving to the higher amounts as recommended and to direct staff to development a plan for transitioning the different categories of tenants. A transition plan with the goal to transition to the higher amounts, to extend the process for waivers and exceptions.

Motion to approve by Jack Loacker

Motion 2nd by Chris Corich

Motion passed unanimously

ACTION ITEM #6 – Renaming State Owned Airports Draft Policy: (attachment #6)

Doug Hedlund: Provided the board an overview of the criteria and guidelines necessary to rename state airports.

Approve to Adopt a Policy to Rename State Airports:

Motion read by Mark Gardiner: Move to approve the policy to rename state airports.

Motion to approve by Steve Beckham

Motion 2nd by Nan Garnick

Motion passed unanimously

ACTION ITEM #8 – To Rename a State Owned Airport: (attachment #8)

Approve to Rename Prospect Airport to Eugene Burrill Memorial Field:

Doug Hedlund: Provided supporting documentation to the board to meet the above criteria and guidelines for the renaming of a state airport.

Motion read by Mark Gardiner: Move to approve, to rename the Prospect Airport to the Eugene Burrill Memorial Field.

Motion to approve by Chris Corich

Motion 2nd by Larry Dalrymple

Motion passed unanimously

Public Comments:

Mike Burrill: Thanked the board for the approval of renaming the Prospect Airport to the Eugene Burrill Memorial Field.

Break:

ACTION ITEM #9 – Approve a Policy for use of Reduction of Expense: (attachment #9)

Approve Policy for use of Reduction of Expense Accounting Procedure:

Doug Hedlund: Briefed the board on the use of reduction of expense following the State of Oregon Accounting Manual.

Gregg Dal Ponte: Expanded on the use of reduction of expense, provided examples to the board.

Motion: To approve a policy for the use of reduction of expense accounting procedure.

Motion to approve by Joe Smith

Motion 2nd by Chris Corich

Motion passed unanimously

ACTION ITEM 10 – Revised ODA Organizational Chart: (attachment #10)

Approve Revised ODA Organizational Chart:

Doug Hedlund: Provided to the board a revised ODA organizational chart.

Gregg Dal Ponte: Explained the agency staff changes and responsibilities.

Motion read by Mark Gardiner: To adopt and approve the new org chart.

Motion to approve by Larry Dalrymple

Motion 2nd by Nan Garnick

Motion passed unanimously

Steve Ponce: Provided information on the status of the Mulino RFI to the board.

Mark Gardiner: Informed the group of the Mulino airport hangars and a brief history of the current situation.

Gregg Dal Ponte: Elaborated on the Mulino hangars, the current conditions and the decisions that have been made in regards to their demolition.

ACTION ITEM #13 – Through-the-Fence (TTF) Resolution: (attachment #13)

Adopt the Through-the-Fence (TTF) Resolution:

Gregg Dal Ponte: Informed the group of the letter to the FAA on Through-the-Fence and ongoing discussions and concerns of Through-the-Fence.

Mark Gardiner: Briefed the board on additional information of Through-the-Fence and the Independence Residential Airpark. The title of the letter, strike from the title Independence State Airport.

Motion read by Mark Gardiner: To adopt the resolution with the title removed.

Motion to approve by Jack Loacker

Motion 2nd by Joe Smith

Motion passed unanimously

ACTION ITEM #15 – In-Field Grass Landing at Aurora State Airport:

In-Field Grass Landing:

Mitch Swecker: Explained the in-field grass landings currently happening at the Aurora State Airport and requests the recommendation from the board on the enforcement of not allowing this to happen because of the safety aspects. His recommendation to the board is to forbid these types of landings.

Motion read by Mark Gardiner: For the board’s approval to reinforce the existing prohibition landing on anywhere elsewhere than the runway at Aurora State Airport.

Motion to approve by Chris Corich

Motion 2nd by Larry Dalrymple

Motion passed unanimously

Break

12:30 p.m.

Chair Mark Gardiner: Provided an introduction to the Connect Oregon III Project.

Chris Cummings: Explained to the board and audience a brief overview of the Connect Oregon III Project, how the process works and the modal matrix.

Conflict Disclosures:

Vice Chair Chris Corich: I work for the Port of Portland and will not be participating in the ranking of Port of Portland applications.

Nan Garnick: I have a conflict of interest with both Leading Edge Aviation and Madras.

Connect Oregon III: There was discussion regarding the ranking and prioritization. Responded to questions from the board and audience.

Motion read by: Joe Smith.

Motion: To approve to adopt modal review matrix now as the position of the board.

Motion 2nd by Larry Dalrymple

Motion passed unanimously

The meeting was adjourned at 3:15 p.m.

The next OAB teleconference is **March 15, 2010**, from **1:30 p.m. to 3:30 p.m.**

The next OAB meeting will be **April 22, 10 a.m. to 3 p.m.** at PDX, 7000 NE Airport Way, Portland, Oregon in the Multnomah Conference Room.

Draft MINUTES OAB Feb 25, 210 Salem