



Council Agenda Report

From: Mark Scandalis, Airport Manager

Subject: Acceptance of AMCG Airport Assessment Report and Recommendations

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: January 16, 2024

Facts

1. The City of Paso Robles has owned and operated the Paso Robles Municipal Airport (hereinafter referred to as the "Airport") since 1973. At that time, the Airport was largely undeveloped, housing only four businesses on three lease sites. Airport staff included one airport manager, two secretaries, three airport services assistants, and an airport crash and rescue consisting of ten volunteers and one, 500-gallon pumper truck.
2. In 1985, the Airport became an independent enterprise fund, taking little-to-no funds from the General Fund, operating much like a private business supporting itself mainly through its aeronautical rates and fee structure, lease revenue, and collection of tax revenue generated from based aircraft. At that time airport staff included one airport manager, one maintenance worker, and one part time administrative assistant.
3. The Airport has continued to grow in nearly all aspects, from acreage, to revenue generation, lease site number, aircraft operations, regulatory burden, and security requirements. These factors have contributed to an increase in the Airport's overall complexity. Today, the Airport is 1,300 acres and supports more than 44,000 operations per year, over 220 based aircraft, and an estimated 700 individual jobs supported on over 40 lease sites. Airport staff consists of one airport manager and two maintenance workers (City Council approved the second maintenance worker more recently on November 7, 2023; the position currently is in the recruitment process).
4. Due to recent changes in the future vision for the Airport, including the spaceport license designation, and the "Tech Corridor" concept, it became necessary to evaluate the Airport's operations as it relates to industry best practices.
5. Aviation Management Consulting Group (AMCG) was hired to conduct an evaluation and assessment of the planning, development, operations, management, and finances of the Airport. Over a three-month period, AMCG representatives worked on site with airport staff, met with airport stakeholders, elected and appointed officials, and airport users. The results of the evaluation and assessment detailing their observations and findings can be viewed in the Airport Assessment Report (Attachment 1). Included in the report were 19 short-term and long-term recommendations (listed in order of priority and discussed in further detail below).
6. An ad hoc committee of the Airport Commission, consisting of Chairperson Eric Cook and Commissioner Bill Britton along with Airport Manager Mark Scandalis was formed to evaluate the

findings and prioritize the assessment recommendations by developing a short list for immediate consideration.

7. On December 7, 2023, the Airport Assessment Report and ad hoc committee findings were presented to the full Airport commission. The Airport Commission voted 4-1 to:
 - a. Forward the AMCG Airport Assessment and the ad hoc committee report in their entirety to the City Council for immediate consideration; and
 - b. Recommend the City Council appropriate funding in the upcoming budget cycle to carry out the ad hoc committee's list of prioritized recommendations for the near and long-term betterment of the Airport.
8. Ultimately as the recommendations of the AMCG Airport Assessment Report are carried out by the Airport Commission and staff, City procurement procedures will be followed, and all financial requests detailed in the ad hoc committee report will be considered later by City Council through the normal budget making process.

Options

1. Take no action;
2. Accept the findings of the Airport Assessment Report and Airport Commission ad hoc committee report; or
3. Provide alternative direction to staff.

Analysis and Conclusions

The Airport Assessment Report (Attachment 1) provides the City a detailed roadmap for the orderly and continued successful development of the Airport, including 19 short-term and long-term recommended actions based on AMCG's evaluation. With appropriate resources, some recommendations can be accomplished relatively quickly; however, many will take multiple years of effort to complete. The timeline to complete all recommendations in the Airport Assessment is likely to take more than 15 years.

Upon formation of the Airport Commission ad hoc committee, the goal was to provide five to six realistic recommendations to work on over the next five years (listed below); provide a financial plan for the short list of recommendations that is entirely funded for through the airport enterprise fund; and to provide a recommended action for each item listed in the AMCG Airport Assessment recognizing that perspectives and priorities may change as the recommendations are implemented over the next many years.

Following review of the AMCG Airport Assessment Report, the ad hoc committee chose six recommendations as areas of focus for immediate consideration. The recommendations were chosen because they provide the base upon which the City can grow the Airport, while meeting the current demands and level of complexity of Airport operations. At the December 7, 2023 meeting the Airport Commission reviewed the AMCG Airport Assessment and ad hoc committee's list of prioritized recommendations and voted to forward the report and recommendations to the City Council for consideration. The ad hoc committee recommendations, described in additional detail in Attachment 2, are as follows:

1. Airport Staffing Plan
2. Airport Master Plan Update
3. Airfield Self-Inspection Program
4. Revenue Enhancements Study
5. Airfield Security Improvements
6. Airport Signage Program and Logo Development

Airport Staffing Plan

Both the ad hoc committee report and the Airport Assessment Report identified a staffing plan as the first priority for the Airport. The Airport Assessment Report states:

“The current Airport staff consisting of one airport manager who reports five days a week, remains on-call 24 hours a day, seven days per week without sufficient relief of duties, in addition to one airport maintenance worker is wholly inadequate and needs to be immediately addressed. Inadequate staffing levels can lead to absenteeism, staff burnout, and employee retention issues. Furthermore, inadequate staffing will make recommendations found in this report challenging to complete without adequate time and resources dedicated to those recommendations.”

In light of this finding, at the November 7, 2023 City Council meeting—and as part of the FY 2023-24 quarterly budget amendment—City Council approved staff’s recommendation of an additional maintenance worker recommending City Council “move forward with this position now, and then conduct a further analysis on how to implement the remaining recommended positions in future budgets”.

Additional analysis was carried out by the ad hoc committee to determine if there was still a staffing imbalance and if so, what staffing levels may be appropriate for the Airport. The ad hoc committee reviewed twelve comparable area airports and found that Paso Robles Airport had the fourth lowest staffing levels despite being the second largest airport by size, with the third most based aircraft, and the sixth most traffic (Table 1).

Table 1: Staffing Comparison

Airport Name	Location	Acreage	Based Aircraft	Operations/year	Total Staff	Staff Type		
						Admin	Maintenance	Part Time
San Luis Obispo Regional Airport, SBP	SLO	340	327	74,937	20+ (commercial)	12	8	
Santa Maria Airport, SMX	Santa Maria	2516	211	33,452	12 (commercial)	5	7	
Watsonville Municipal Airport, WVI	Watsonville	330	280	60,000	13	5	8	
Salinas Airport, SNS	Salinas	605	153	70,110	7	4	3	
Shafter Minter Field, MIT	Shafter	1206	107	45,000	7	3	4	
Hollister Municipal Airport, CVH	Hollister	343	83	57,489	5.5	3	2	1
Santa Ynez Airport, IZA	Santa Ynez	125	45	30,400	3	1	1	2
Marina Municipal Airport, OAR	Marina	305	32	42,000	3	2	1	
Paso Robles Municipal Airport, PRB	Paso Robles	1300 (2/12)	223 (3/12)	44000 (6/12)	3 (9/12)	1	2	
Lompoc Airport, LPC	Lompoc	194	42	30,000	2.5	1.5	1	
Mesa Del Rey Airport, KIC	King City	149	12	7,862	2	1	1	
Los Banos Municipal Airport, LSN	Los Banos	101	18	16,000	1			

Key
Commercial Service Airport
Paso Robles Airport
Ranking, for example (2/12) in the acreage column means Paso Robles Airport is the 2nd largest acreage out of the group

In addition to a review of the staffing levels at comparable area airports, the ad hoc committee reviewed the Airports operational data to determine where and when staff coverage may be needed. In this review it was discovered that 46% of Airport operations are occurring on the weekend days and 23% of operations are occurring after hours during times when staff was not scheduled to be in attendance (Table 2).

Table 2: Aircraft Operations Data Paso Robles Airport

Operations by Day of Week (Jan-Oct 2023)		Operations by Hour (Jan-Oct 2023)	
	%		%
Week Day (Monday - Thursday)	54	Staff in attendance (7AM - 5PM)	77
Weekend (Friday - Sunday)	46	Staff not in attendance (5PM - 7AM)	23

Following a review of staffing and operational data, the ad hoc committee agreed with the assessment report finding that a staffing plan should be developed in order to provide the best level of service for the public. The ad hoc committee recommended a plan to provide 7 day a week coverage and 24 hour on-call response to the Airport. The ad hoc committee recognized appropriate staffing levels will be key to the current and future success of the Airport.

The recommended staffing plan is a 3-year phased approach which will address critical issues identified in the Airport Assessment and will allow airport staff to meet current operational needs for the Airport’s overall complexity. All costs are ongoing and all costs for the staffing plan are to be absorbed solely by the Airport Fund, primarily through lease rates, aircraft property taxes, and aeronautical charges at the Airport. After year three of the plan, total costs are projected to be \$529,265 per year including pay and benefits (i.e., fully loaded). Details for each staff position, including draft job descriptions can be found in Attachment 2.

Position	Year 1	Year 2	Year 3
Maintenance Specialists	\$ 108,467	\$ 108,467	\$ 108,467
Lead Maintenance Specialist	-	119,000	119,000
Airport Operations Technician	-	125,987	125,987
Assistant Airport Manager	-	-	157,811
“On-Call” Premium	18,000	18,000	18,000
Total	\$ 126,467	\$ 371,454	\$ 529,265

It should be noted that the amounts above are estimated and represent the present value of the cost of the position. Actual costs will differ depending on the individuals and their applicable health benefit and retirement enrollments and/or the timing of when the positions will begin.

In addition to the staffing plan detailed in the ad hoc committee report, the ad hoc committee explored the idea of using contractors for the general maintenance of the Airport. However, after reviewing existing City agreements with landscape contractors, it was determined that it was the most cost-effective solution for airport maintenance to be performed in-house. Generally, contractors cost from \$100 to \$120 per hour for landscape maintenance services, while a full-time maintenance employee costs the Airport approximately \$52 per hour, including pay and benefits.

Airport Master Plan Update

An Airport Master Plan is a comprehensive study that is used to determine the development plans of an airport. The City’s current Airport Master Plan was last updated in 2004. The Airport Master Plan update is eligible for 2024 FAA grant funding and is estimated to cost \$600,000. Of the total cost, the Airport would be responsible for a 10% match (\$60,000). As the City continues to pursue its FAA Part 420 Spaceport License, the Airport Master Plan update should include a chapter on the proposed spaceport. Spaceports are considered ineligible under current FAA eligibility requirements for master plans. As such, the spaceport chapter will need to be funded separately by the City as an economic development project.

The estimate for the one-time cost of the spaceport chapter of the Airport Master Plan update is \$50,000. Since this is funded separately, it is not included in the Airport's fiscal impact analysis.

Airfield Self-Inspection Program

The Airport Assessment Report recommends that the City develop an airfield self-inspection program based on 14 Code of Federal Regulation (CFR) Part 130 protocols and implement daily, documented airfield inspections. This is a critical component to the safety and security of airport operations. There is no direct financial request for this recommendation, but it is recognized that without appropriate staffing detailed in the Airport Staffing Plan, it will be challenging to complete the airfield self-inspection program to the frequency detailed in the FAA advisory circular.

Revenue Enhancement Study

The City charges fees for certain services that are deemed to be those for which a particular individual or group is the primary beneficiary, as opposed to the public at large. For most fees, the City is not allowed to charge more than the reasonable cost of providing the service or performing the activity. For some (e.g., youth recreation) the City purposefully charges less than the cost of providing the service in an effort to maintain accessibility and affordability. Regardless, the City needs to update the fee study report, provide accurate information as to what the true cost a service is, and to appropriately charge users for City services. For the Airport, this study will review aeronautical charges (landing fees, parking fees, etc.) compared to similarly situated airports within our region. There are no additional appropriations necessary as this study has been included in prior year budget reports and is currently funded.

Airfield Security Improvements

AMCG recommends the Airport conduct a security assessment and develop and implement a security plan. These types of plans focus on establishing security protocols and procuring necessary equipment and facilities to ensure the Airport is operated safely and securely. It is estimated that this assessment will cost \$35,000; however, following the security study, funding requests for necessary security improvements will need to be made through the normal budget process and considered separately by City Council.

Airport Signage Program and Logo Development

The last recommendation is to implement a signage program consisting of safety, commercial, directional, and monument signage. This is considered a one-time cost and is estimated to be \$60,000. Signs should be installed on each vehicle/pedestrian gate leading to the Air Operations Area prohibiting trespassing and unauthorized commercial activity. Every gate should have a specific number that is posted on both sides of the gate for safety and informational purposes.

The report also recommends standards be developed for commercial aeronautical signage (both for the landside and airside). These signs are critical for transient aircraft operators and visitors to the Airport. These signs help customers to know where the various aeronautical businesses are located. Proper, uniform commercial signage also contributes to an overall professional appearance of the Airport. The terminal building should have a prominent sign (both airside and landside), so visitors know where to go for transient line services, fueling, pilots' lounge, and administrative offices.

There also needs to be clearly visible directional signage placed at critical locations on the landside directing visitors to the Airport and key areas of the Airport (i.e., Airport terminal building, commercial aeronautical operator locations, entrance/exit gates, etc.).

And lastly, the Airport’s only monument sign is obscure, set too far off Airport Road, and only visible to north-bound traffic. It either needs to be relocated to a more prominent location or a new (recommended) contemporary sign with an LED display needs to be installed so the location of the Airport is more readily apparent. The new sign needs to direct visitors to the Airport Terminal Building and commercial aeronautical operators.

Fiscal Impact

Implementing assessment report findings will be an ongoing process that will take many years to complete. On December 7, 2023, the Airport Commission voted to recommend the City Council appropriate funding in the upcoming 2-year budget cycle to carry out the ad hoc committee’s list of prioritized recommendations. The list of recommendations detailed in the ad hoc committee report can be broken into one-time cost and ongoing costs. Upon full implementation of recommendations, the total ongoing costs are estimated to be approximately \$530,000 per year and one-time costs are estimated to be \$155,000. Through the normal budget making process, these funding requests will be considered by the City Council in Spring of 2024.

<u>Recommendation</u>	<u>Ongoing</u>	<u>One-Time</u>
Staffing Plan	\$ 529,265	\$ -
Master Plan	-	60,000
Self-Inspection Program	-	-
Revenue Enhancements	-	-
Security Improvements	-	35,000
Signage and Logo Development	-	60,000
Total	\$ 529,265	\$ 155,000

Current State of the Airport Enterprise Fund

The actual reserve balance for the Airport Fund was \$3.3 million on June 30, 2023. For Fiscal Year 2023-24, the Airport Fund’s budget had estimated to receive \$1.1 in operating revenues and \$869,700 in operating expenditures, resulting in a surplus of \$180,300. However, due to recent efforts by the Airport Commission and City Council, multiple new revenue streams have come to the Airport Enterprise Fund including new lease agreements, collection of landing fees for transient aircraft over 6,000 lbs., and revenues from hosting the British Royal Airforce. In total these new revenue streams account for roughly \$420,000 per year and will be fully available by July 2025:

Table 3: New Revenue Sources

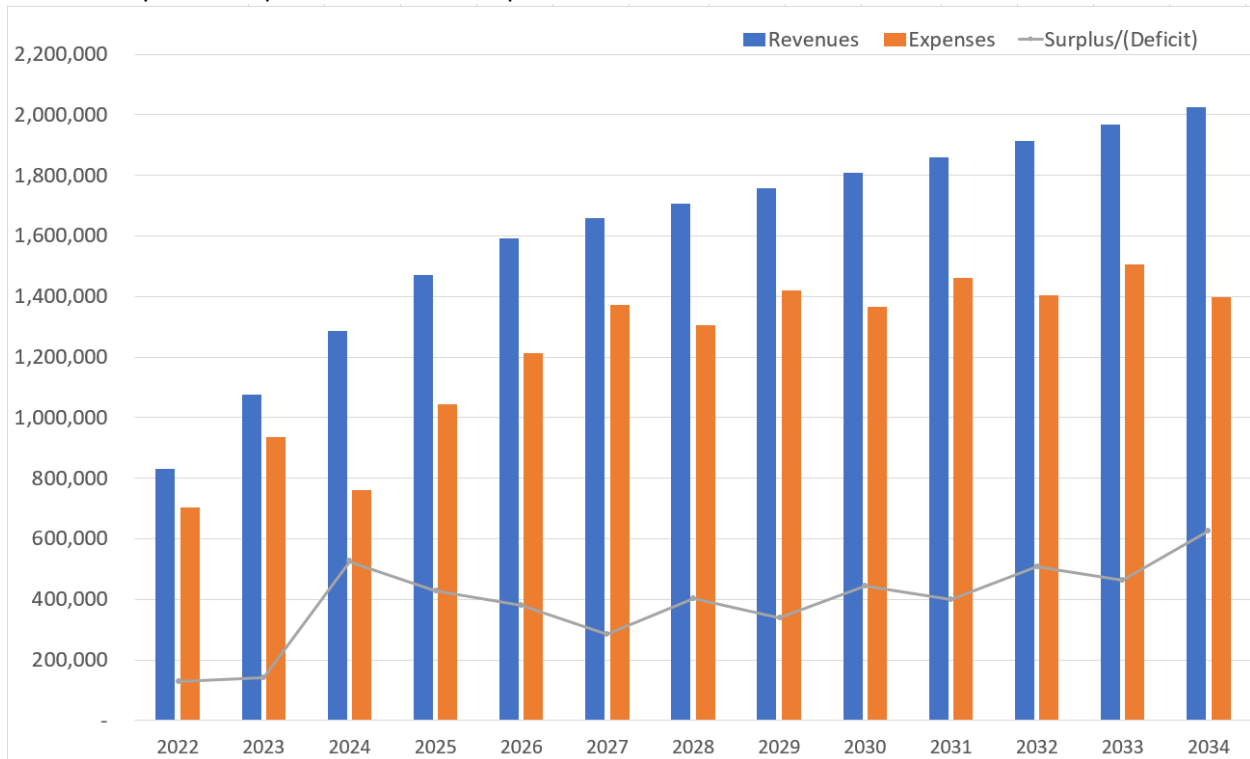
<u>Revenue Source</u>	<u>Beginning Term Date</u>	<u>Annual Revenues</u>
Royal Airforce – Parking/Landing Fees	1/2023	\$ 55,000
4309 Second Wind Way Hangar	3/2023	13,200
Lot 48 Winery	1/2024	54,876
Solar Farm	1/2024	42,000
Transient Landing Fee	2/2024	84,000
Lot 47 RV Storage	2/2024	55,824
Lot 2 Hangar ¹	7/2024	36,000
Lot 42 Hangar	7/2025	79,668
Total		\$ 420,568

Note 1: Lease revenues increase to \$58,560 in 2027

State of the Airport Enterprise Fund if the recommendations are implemented

If the ad hoc committee recommendations are implemented, it is anticipated that by 2034 operating revenues will be a little more than \$2 million, with expenditures projected to be \$1.4 million. As a result, the Airport Fund can incur these additional recommendations without adversely impacting the overall financial health and services of the airport operations. Additionally, it is intended that the airport operations enhancements will encourage continued airport development, and in return increase revenues. The amounts shown below only include leases received today and the new revenue sources listed above. As such, any additional revenue expansion will only result in more positive fiscal results.

Chart 1: Airport Enterprise Fund – with implementation of recommendations



CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378, because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment.

Recommendation (Option 2)

Accept the findings of the Airport Assessment Report and Airport Commission ad hoc committee report.

Attachments

1. AMCG Airport Assessment Report
2. Airport Assessment Ad-hoc Committee Report