

AIRPORT LEASE SUBCOMMITTEE MEETING

April 25, 2007 – 1:00 p.m.

PRESENT: Chairman Raymond; Supervisor Hunter; Mark Rider, Co. Attorney; Joe Ritchey, Rick Gardner, Tom Speziale, Dept. of Public Works

Chairman Raymond called the meeting to order.

Chairman Raymond said this is turning out to be a lot more complex than she thought it would be. She said we have three leases at the Airport. The property belongs to the County along with one of the hangars. The rest of the hangars will eventually belong to the County, but they have been put up by the private entities, she said. She said the Fixed Base Operators (FBO's) are Richmor and North American, and there is the Saratoga Soaring Club. She said they will be invited to the next meeting. She said today, she wants a feeling of what is going on at the Airport now.

Mr. Ritchey said Tom has done most of the research. He said Richmor has been there since 1969, and there is no rhyme or reason for the amount of their lease. They lease the main hangar which is the one the County is going to replace. They constructed two hangars themselves which are supposed to be turned over to the County by the end of this year, he said. He stated their lease is for 20 years and expires 12/31/07. Chairman Raymond said as of January 1st, they will have to rent those hangars from us.

Mr. Ritchey said North American runs an international company where they handle environmental issues, and they are heavy on transportation, and they wanted to run their own thing. They feel they weren't getting a good shake from Richmor, and they wanted to run their own thing, he said. He said North American constructed all of their area. Richmor is the FBO, but in their lease, they have day-to-day maintenance. They operate the radios. They issue the notices to airmen on the local conditions at the Airport, he stated.

Chairman Raymond asked if there are hours of operation and if so, are they spelled out in the lease. Mr. Ritchey said there are no hours of operation. Mr. Speziale said Richmor has hours of operation, but planes can come in and go at any time.

Mr. Ritchey said we have a weather observation station there which is high maintenance. We supply materials, but Richmor does hands on maintenance of the lighting system above ground. As far as maintenance of the building, we have the water, plumbing, grounds, snow removal, and the FBO's do their own cleaning, he said. Mr. Speziale said we do have standards in place that may require some revision.

Mr. Ritchey said we felt an obligation to be as comparable as we can for a rent price for North American. We took the areas of buildings they had got a unit of square foot price, and we charge them 55 cents. He said when North American built, they built something smaller than what they planned.

Mr. Ritchey said we have to establish how we want to arrive at our rental rates. They are both being charged the same rate, and North American built their own building, he added. Mr. Rider said as of December 31st, we will own North American's building whether they renew or not.

Chairman Raymond asked if they both have fuel. Mr. Ritchey said Richmor has two tanks, and North American also has fuel. We own the Jet A tank, he said. Chairman Raymond said maybe we should remove that or have them take it over.

Mr. Ritchey said we want to at least cover all of our expenses, and that is not happening now. He said the two FBO's are the Hatfields and McCoys. Chairman Raymond said they were presented to us as a business to have their own planes and hangar and not as competition. Mr. Speziale said North American has the same operations as Richmor. Chairman Raymond said she does not think we understood they would become a competitor. Mr. Ritchey said the common areas are used by everybody. Mr. Rider said he received a document that encourages competition at airports.

Chairman Raymond said we need to develop a policy there. Are we going to allow unlimited competition, she asked. Mr. Ritchey said we should open it up for an RFP for Richmor's operation. Chairman Raymond said North American's lease expires 12/31, and they get an automatic renewal for how long? Mr. Rider stated they have a right to renew on all same terms and conditions other than rent, but that means they get exactly what they have and no more. Chairman Raymond pointed out in her binder on page 4, Tab 7, we have a 20-year term. Amount of rental shall be negotiated prior to renewal, she said. If they want a different lease, then we are open, she stated.

Mr. Ritchey said any signs that get installed need approval by the Buildings and Grounds Committee. Chairman Raymond said the next subcommittee meeting is a public meeting, and the FBO's have a right to be here. Mr. Rider said it does not have to be a public meeting if you are talking about negotiations. Chairman Raymond said she wants them to tell us what they do, what they want in their lease and terms and conditions. Mr. Speziale said Richmor and Saratoga Soaring called him, and they will definitely be at that meeting. Chairman Raymond stated Stephanie Ferradino represents the new organization that wants in, Air Adventures. She said maybe the following week, we should get someone in from another airport who can give us a better sense of what is expected of us – maybe someone from the F.A.A. She requested Mr. Speziale to talk to the district office to see if they would be willing to send someone here. She said she is clueless, and there is a lot to this. She said one thing that isn't out at the Airport is food. A lot of airport have restaurants, she said. Mr. Ritchey said we have a 5-year Airport Capital Plan. Mr. Speziale said it's updated every year. Mr. Ritchey said we cannot do anything outside of that Capital Plan without permission.

Chairman Raymond said we could establish our rent at X amount per year plus so much per square foot for the building and the grounds. She wondered if there was enough parking area. Mr. Speziale said they have never received complaints about that.

Mr. Ritchey said they would like to see more of the maintenance going to the tenant. We would like them to take over the jet fuel, he said. He mentioned the Airport snow removal has always been after our highway snow removal. Mr. Speziale said Richmor talked about doing major renovations to the main building. That will open the whole building up for code review, he added. Chairman Raymond said when you do certain renovations, you have to bring the building up to code, and that is Richmor's responsibility. She said the Town of Milton has a good Building Department that will make sure it is done right.

Chairman Raymond said we've established that Richmor and North American would like to renew. Mr. Speziale said Saratoga Soaring does next year also. Chairman Raymond said if we go for an RFP, we will need a consultant. Mr. Ritchey said once North American knows that they cannot bid, the issue goes away. Chairman Raymond asked if we are required to do an RFP if the one FBO is leaving. Mr. Speziale said from the F.A.A. and State's perspective, we are not required to do so. Chairman Raymond said we will meet with them next week and see what they have to say. We can go out to the Airport and take a firm look, she said. Mr. Rider stated it seems to be running well without a lot of money from the County. A good economic rental charge should be about the end of it, he stated. Chairman Raymond said we are taking in roughly \$40,000 per year. It is costing us \$65,000 on average, she added. Mr. Speziale mentioned labor is not in the numbers. Chairman Raymond said the reality is we are not going to get this up enough to break even. Mr. Ritchey said with logical rates, we will have more than enough. Mr. Speziale said Richmor's rent should jump drastically with all the land that they have out there. They only pay us \$26,200 this year. That should be projected to go to about \$72,000, he said. Mr. Ritchey said it would be nice to have flexible language in there regarding fuel.

Mr. Hunter mentioned if collected, we would get 80% of their landing fees. Chairman Raymond said she would rather get that in hard dollars. She asked how our costs for maintenance can be reduced. Mr. Gardner stated the AWOS costs a lot to keep operational. Mr. Ritchey said Richmor has been maintaining our lights above ground. It would increase our maintenance expenses and tap our resources to do that. Chairman Raymond said we could make that a condition of the lease. Mr. Speziale said they estimate that at \$4,500. Chairman Raymond said those people are making money or they wouldn't be there.

Chairman Raymond asked how extensive the mowing out there is. Mr. Gardner said probably 300 of 600 acres are mowed. Mr. Speziale said we mow around the taxiway and runway lights.

Mr. Ritchey said the County has control of signage. Chairman Raymond said everybody goes on the master sign out front of the Airport. All signs should be uniform with size and number limitations. She suggested that DPW may want to look at the requirements DEC and APA have inside of the Adirondacks, as some of them make sense.

Copies of North American's brief summary of their intentions and concerns regarding the Saratoga County Airport and copies of the FAA Advisory Circular – 150/1590-6 Exclusive Rights at Federally Obligated Airports were distributed to the subcommittee members.

The meeting was adjourned.

Respectfully submitted,

Elaine M. Sodemann