

EL DORADO COUNTY GRAND JURY 2019-2020



COUNTY AIRPORTS

CASE 19-07 • JUNE 8, 2020

Public Release

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BACKGROUND

El Dorado County owns and operates public airports in Placerville and Georgetown. The County sells aviation fuel and rents aircraft tie-down space and hangers at both airports. It also leases ground space upon which individuals can install a portable hanger. Two full time County employees divide their time between the airports. In addition, three County Administrative Office (CAO) staffers devote part of their time to airport management along with other duties.

Residents and businesses are the primary users of County airports. Airports are also an important part of a robust tourist economy, serving those visiting the County for its many recreational opportunities.

METHODOLOGY

Documents reviewed

- Airport contracts and agreements
- Airport Advisory Committee protocol
- Chapter 18 of the El Dorado County Ordinance (#3327) Airports
- El Dorado County Policy Number F-5, *Airports-Hanger Site Allocation*
- El Dorado County Policy Number F-9, *Airports-Portable Hanger Color*
- El Dorado County Policy Number F-10, *Minimum Standards for Commercial Aeronautical Activities for El Dorado County Airports*

Interviewed

- County employees
- Aircraft owners
- Airport Advisory Committee

Site Visits

- Placerville Airport
- Georgetown Airport

DISCUSSION

Management

The CAO's staff manages the airports. The staff duties include interacting and communicating with aircraft owners, along with preparing and administering various leases and insurance requirements. They oversee the posting of information notices at the airport offices, and handle mail and email correspondence. Airport management personnel in the CAO's office devote only 20% of their time to the airports.

The Airport Advisory Committee members are appointed by the El Dorado County Board of Supervisors. It meets quarterly, acting as an advisory body on airport matters.

The CAO's staff has started an in-depth review of the airports and expects to produce a report within the next 12 months. The Grand Jury believes this review is critical to understanding airport potential. Inconsistent communication among management, the Airport Advisory Committee and aircraft owners frustrates airport users. Airport management maintain they send letters and e-mails, and post notices as appropriate. Yet, they may not have an up to date user contact list.

The Grand Jury reviewed one County ordinance and three published Policies that relate to the airports. Policy F-10, adopted 04/19/1994, states the County Department of Transportation is the County department responsible for airports. This responsibility is now in the CAO's office and the Policy has not been updated to reflect that change. Policy F-9, adopted 10/19/1993, states portable hangers will be painted green in Placerville and beige in Georgetown. Hangers in both airports are in compliance.

Revenue

The airports have five main sources of revenue. County-owned hangers are rented, land is leased to airplane owners who install portable hangers, aircraft tie-down spaces are rented on a daily or monthly basis, fuel sales are made and personal property tax on aircraft and hangers is collected. Fuel sales are the largest revenue source. Capital improvements to the airports are primarily funded by Federal Aviation Administration (FAA) grants and County general funds. FAA grants come with strict operational requirements which include the County keeping the airports open for public use.

The County sells aviation fuel at both airports. The fuel is purchased by the truckload and stored in tanks at the airports. Both airports have self-serve fuel setups. The normal practice is to mark up the fuel an established amount per gallon. The airport staff tracks the cost of fuel and adjusts the sale price as required. The Grand Jury found no evidence of management review or oversight of ongoing fuel prices. Spot checks by management would offer a level of accountability not currently in place.

Hangar and Ground Leases

The County owns twelve hangars in Placerville and one in Georgetown that are rented to individuals and businesses. The current *Hanger Rental Agreement – Permit* needs to be updated. It does not contain a provision for future rent changes and insurance coverage limits are not consistent with ground lease or tie-down agreements.

Individuals and businesses can install their own portable hanger upon airport ground space leased from the County. Ten-year leases are initiated by a written contract specifying the ground parcel and rate of monthly rent based upon ground space square footage. The contract also defines specific insurance language, coverage limits, and County indemnification, including various requirements outlined by the FAA for safety and maintenance purposes. There are currently 97 ground leases in Placerville and 12 in Georgetown. There are numerous versions of the ground lease contract in place due to the length of the contracts and periodic changes by County legal department contract review. There may be some unforeseen issues with the way previous contracts were written, such as insurance requirements. The contract being used today appears to be a thorough and comprehensive document. When contracts come up for renewal or there is a change in ownership the new lease contract will be used.

Insurance requirements for ground leases, hanger rentals and tie-down rentals have changed over the last several years. Thus, some older contracts and agreements may not contain the current insurance requirements. County management efforts to obtain and track insurance certificates required in the various contracts has been haphazard. Airport management is working with Risk Management to develop a better system to monitor insurance compliance.

Placerville Expansion

The east end of the Placerville airport has semi-developed open space with existing concrete taxiways. It was developed in 2006 in conjunction with FAA safety improvements. FAA funded 90% of the project and the County funded the remaining 10%. To be fully operational, the site requires utility availability that does not currently exist. The County has done internal cost estimates for water and electrical improvements as recently as 2018. This information will go into the Management's ongoing review of airport operations and development. Road access to the Placerville airport is restrictive for large truck traffic, limiting the potential development of the east end. Several proposals for road improvement have been explored. However, improving road access is an expensive proposition. The potential value to the County in developing this land has not been adequately explored.

ATTACHMENTS

- El Dorado County Policy F-5, *Airports-Hanger Site Allocation*
<https://www.edcgov.us/Government/BOS/Policies/documents/F-5.pdf>
- El Dorado County Policy F-9, *Airports-Portable Hanger Color*
<https://www.edcgov.us/Government/BOS/Policies/documents/F-9.pdf>
- El Dorado County Policy F-10, *Minimum Standards for Commercial Aeronautical Activities for El Dorado County Airports*
<https://www.edcgov.us/Government/BOS/Policies/documents/F-10.pdf>

FINDINGS

- F1. County airport management is stretched thin with other County responsibilities.
- F2. Management expects to complete a major analysis of the airports within the next 12 months.
- F3. County Policy F-10 is outdated and does not reflect current practice.
- F4. There are five main sources of revenue from the airport: ground leases, hanger rentals, tie-down rentals, fuel sales and personal property taxes.
- F5. The hanger rental agreement does not include language for rate increases. Insurance limits are not consistent with ground lease or tie-down contracts.
- F6. The tracking and maintenance of user insurance certificates has been haphazard.
- F7. Fuel pricing is done by airport staff without management review.
- F8. The semi-developed land parcels on the east side of the Placerville airport are inactive. Potential benefit to the County of continued development has not been adequately explored.

RECOMMENDATIONS

- R1. County airport management needs to complete its airport review in a timely fashion.
- R2. County Airport Policy F-10 needs to be updated.
- R3. Hanger rental agreement should be updated to include current insurance requirements and new language providing for rate adjustments.
- R4. Insurance certificate verification process should be updated to ensure proof of insurance is kept up to date.
- R5. County management should develop a fuel pricing review procedure.
- R6. Airport management should explore potential increased revenue from the semi-developed parcels at the east end of the Placerville airport.

REQUEST FOR RESPONSES

This Grand Jury report is an account of an investigation or review. It contains findings and recommendations, and names those who should respond to each finding and each recommendation pertaining to matters under the respondent's control.

Please review *How to Respond to an El Dorado County Grand Jury Report*, a separate document included with this report.

Responses are requested in accordance with California Penal Code §933 and §933.05.

- Responses to all Findings and Recommendations are required from the El Dorado County Board of Supervisors.