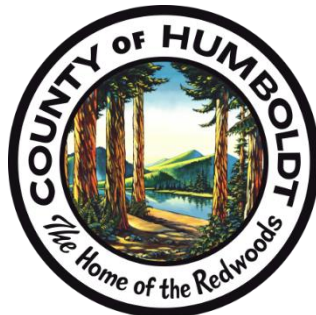


# GOVERNANCE STRUCTURE ANALYSIS

HUMBOLDT COUNTY AIRPORTS DIVISION



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# EXECUTIVE SUMMARY



Humboldt County commissioned Volaire Aviation Consulting to, “research, report and provide recommendations on the organizational and governance structures for the airports operated by the County.” The scope of work included a detailed analysis of several types of airport governance in California, including county departments and sub-departments, airport authorities, and airport districts.

**“VOLAIRE CONSULTANTS  
RESEARCHED THE GOVERNANCE  
OF ALL AIRPORTS AND AIRPORT  
SYSTEMS IN CALIFORNIA WITH  
CURRENT SCHEDULED AIRLINE  
SERVICE.”**

Voltaire consultants researched the governance of all airports and airport systems in California with current scheduled airline service. Consultants also spent two days on site in Humboldt County interviewing County Supervisors, County officials, airport system tenants, airport-related businesses, and airport stakeholders. Additional interviews were conducted over the phone to follow-up on in-person responses. These interviews helped consultants develop a clear picture of the challenges facing the Airport System. A total of 25 people were included in interviews and are as follows:

- > Rex Bohn, Humboldt County Supervisor, First District
- > Estelle Fennell, Humboldt County Supervisor, Second District
- > Mike Wilson, Humboldt County Supervisor, Third District
- > Virginia Bass, Humboldt County Supervisor, Fourth District
- > Ryan Sundberg, Humboldt County Supervisor, Fifth District
- > Amy Nilsen, Humboldt County Administrative Officer (CAO)
- > Tom Mattson, Director, Humboldt County Public Works Department
- > Emily Jacobs, Program Coordinator, Humboldt County Airports System

- > Martin Stockton, Supervisor, Airport Service Workers, Humboldt County Airports System
- > Angeline Vandenplas, General Manager, SkyWest Airlines
- > Phillippe Clauwaert, Station Manager, PenAir
- > Denise McNulty, Manager, National Car Rental
- > Jessica Yang, Manager, Hertz Rental Car
- > Kyle Gabel, Owner, Northern Air, FBO, Murray Field
- > Lt. Dominic Bucciarelli, US Coast Guard
- > Dave Ravetti, Past Chair, Airport Advisory Committee, Airport Tenant
- > Kurt Dervedde, Cal Fire
- > Justin Zabel, Mercer Fraser
- > Gregg Foster, Redwood Region Economic Development Corporation (RREDC)
- > Don Smullin, Eureka Chamber of Commerce
- > Craig Wruck, Humboldt State University
- > Paul McGinty, St. Joseph's Hospital
- > Ken Mierzwa, Biologist, GHD Engineering
- > Steve Bowser, Experimental Aircraft Association (EAA), Hangar Tenant, Rohnerville
- > Tyler Lewis, President, Garberville Pilots' Association
- > Tom Schallert, Northern California Community Blood Bank

The Volaire Aviation Consulting Humboldt County project team has a combined 35 years of experience in researching airport governance, providing strategic airport business planning services, and developing

strategies to improve airport efficiency. Previous experience helped shape recommendations that were based on local research and knowledge of airport governance in California.

The Humboldt County aviation division is one of just two in California that is a sub-division of another department within a county. The

**"THE HUMBOLDT COUNTY AVIATION DIVISION IS ONE OF JUST TWO IN CALIFORNIA THAT IS A SUB-DIVISION OF ANOTHER DEPARTMENT WITHIN A COUNTY."**

airport system operates within a quickly evolving industry. Airports must be agile to respond quickly to take advantage of opportunities. Public Works operates services, while the airport is an enterprise. The current Public Works Director has business experience, which is an asset. However, future directors might not be well-suited to oversee an enterprise business.

Through local research, a number of challenges facing the Humboldt County Airport System were identified. These challenges, in terms of governance, can be classified into three distinct areas: challenges with being a sub-division of the Public Works Department; challenges with limited staffing; and challenges with the current Aviation Advisory Committee. The goal of this report is not to single-out any one employee or any one member of leadership. This report seeks to define structural deficiencies. Specifically, this report found:

**Challenges with airport system as a sub-division of Public Works:**

- 1) Public Works oversees many departments, but only one enterprise – the airport system;
- 2) Public Works response time to requests for extra work take at least one week, and often longer;
- 3) There is little on-field decision-making without an airports manager;
- 4) Unclear chain of command for both employees and stakeholders;
- 5) Airport system does not operate with a business-minded focus.

**Challenges with limited staffing:**

- 1) Costs of almost \$100,000 per year on extra staffing from Public Works;
- 2) Limited strategic planning;
- 3) Airports are not always adequately maintained and safety checks are rare;
- 4) Airline terminal poorly maintained giving a poor impression of the region to visitors.

**Challenges with current Aviation Advisory Committee:**

- 1) Conflict of interest with majority of committee being pilots;
- 2) Operational focus instead of business focus;
- 3) No effort to make the committee inclusive of business and community leaders who are looking to grow the airports, their operations, and their revenue.

The goal then becomes identifying a governance structure that can help the Airport System operate most efficiently, ensure a forward-looking business focus, provide oversight and staffing to adequately maintain

airports, reduce spending on Public Works staff time, reducing the burden on Public Works to use precious resources on items it deems as non-emergencies at the airports.

An ideal governance structure for the Humboldt County Airport System is one that will allow it to operate more like a business under the enterprise fund concept. The ideal structure will give the manager of the Airport System direct control over the airports and ensure elected officials oversee major decisions and budget planning. The ideal structure will

also speed up the decision-making process by putting more direct power in the hands of those who run the Airport System and understand its unique challenges and opportunities.

**“AN IDEAL GOVERNANCE  
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ENTERPRISE FUND CONCEPT.”**

With these items in mind, the authors of this report recommend five goals for the re-structuring of governance of the Humboldt County Aviation System:

- 1) **Goal One:** Create an Airports Department
- 2) **Goal Two:** Hire a Professional Airports Director
- 3) **Goal Three:** Re-Evaluate Airport Staffing Levels
- 4) **Goal Four:** Re-Structure the Aviation Advisory Committee
- 5) **Goal Five:** Better Tenant Communication

This report recommends creating a new Airports Department within Humboldt County. The current structure results in slow response times, a sub-division fighting against critical County infrastructure needs for attention to problems, and a lack of business focus.

The new department should help to remedy several current challenges. It should help make the Airport System a higher priority for County government by elevating its status. It should improve response time for items that can be processed by the department instead of going through Public Works. It will empower on-field decision-making. It will provide a clear chain of command for both employees and stakeholders. It will ensure the Airport System operates with a business-minded focus and with a strategic plan. Finally, it should help ensure

the airports are adequately maintained with safety checks more frequent.

**“EVERY PERSON  
INTERVIEWED FOR THIS  
REPORT AGREED THE  
AIRPORT SYSTEM MUST HIRE  
A FULL-TIME, PROFESSIONAL  
AIRPORTS MANAGER.”**

While airport authorities and airport districts were considered as alternate governance options, in California, they have been shown in this report to add management cost to the airports they oversee.

The Humboldt County Airport System is struggling with budget shortfalls. These shortfalls would be made worse with the added cost of operating under an authority or district – and it does not appear the advantages of those types of government would outweigh the cost.

Every person interviewed for this report agreed the Airport System must hire a full-time, professional airports manager to oversee the division. It is the opinion of the authors of this report that Humboldt County is much more likely to land an experienced and dedicated airport director if the Airport System is positioned to report directly to the Supervisors rather than the Public Works Director. It is also recommended the County conduct a nationwide search for the director.

The County must re-evaluate how the Airport System is staffed, and eventually work to start filling some of the seven positions left open due to budget concerns. It is recommended the Airport System full staffing requirement be reduced from the current 19 positions (again with seven frozen) to 17 positions, eliminating a custodial position (currently unfilled) and a groundskeeper position (currently unfilled). The reduction in staff size will not cause any employee to lose a job. In fact, it would represent a net increase in five jobs over the positions currently filled. The positions marked for new hires (outside of the airports director) do not have to be filled until the County is comfortable that the Airport System's budget is improving. It is further recommended that the new staffing structure transition the current program coordinator position to a deputy director, in charge of air service, marketing, and business development. This would put the System's focus squarely on business development and planning.

**"TRANSITIONING THE FOCUS  
AWAY FROM PILOTS AND THEIR  
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ECONOMIC GROWTH."**

In addition, it is recommended the Aviation Advisory Committee be re-structured to include seven members, down from the current nine, transitioning the focus away from pilots and their perspectives to regional leadership with a focus on leveraging the airports for economic growth. The new Committee should include the following permanent positions appointed by the Board of Supervisors:

- 1) Humboldt County Convention & Visitors Bureau Executive Director
- 2) Economic development representative from one of the region's agencies and/or cities
- 3) Chamber of commerce representative from one of the region's agencies and/or cities

The new Committee should also include positions appointed by the County's Board of Supervisors, based on the requirements of each position, with the following representatives:



- 4) Airline Representative: A locally-based representative of a scheduled passenger or cargo airline serving one of the County's airports;
- 5) Aviation Tenant Representative: A tenant at one of the County's airports;
- 6) Local Business Representative: A leader at a local firm with an interest in the airports;
- 7) Financial Representative: A leader at a bank, investment firm, or accounting firm.

To provide a clear line of communication between Airport System management and tenants at all airports, the report recommends mandated tenant communication. Specifically, the airports director should meet quarterly, in a group setting, with tenants at each of the County's main airports. Beyond tenant group meetings, it is recommended the airports director meet monthly, one-on-one, with the station managers for scheduled airlines – both cargo and passenger. The goal of these meetings will be to ensure nothing gets overlooked in airline terminals and that slow-moving repairs of the past do not become the norm.

While these changes, including the move of the Airports System to an independent department with executive control, will not solve all the problems facing the System, it is the most cost-effective way to ensure the Airport System can best run as a business. The governance change and associated recommendations will directly address the most pressing of the challenges facing the System.

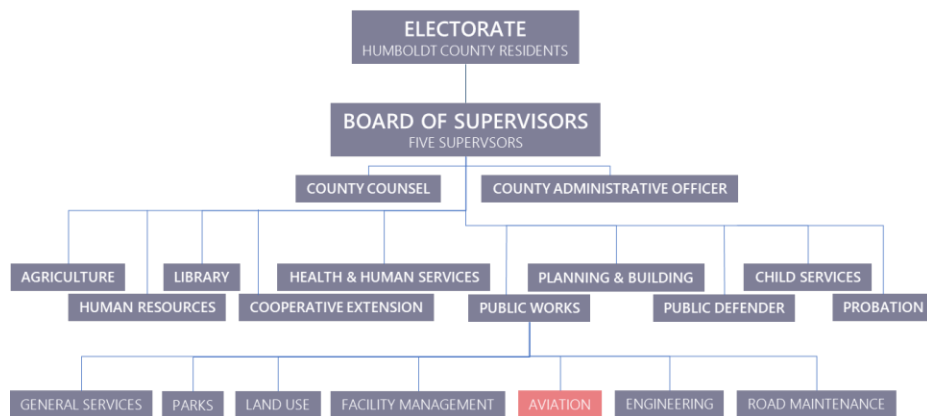
# GOVERNANCE STRUCTURE OVERVIEW



The Humboldt County aviation division is responsible for managing six airports within the County, including one (Arcata-Eureka Airport, ACV) with scheduled daily airline service and one (Murray Field, EKA) with scheduled daily air cargo service. Somewhat uniquely, the aviation division is a sub-department of Humboldt County's Public Works Department. Humboldt County is one of just two in the State of California that places its aviation division within another county department.

**CHART 1: HUMBOLDT COUNTY GOVERNANCE STRUCTURE**  
JULY 2017; SOURCE: HUMBOLDT COUNTY

The electorate of Humboldt County elects five Supervisors to oversee government operations (refer to chart 1). The Supervisors have 12 divisions, or departments, directly reporting to them. Public Works is one of these departments, with the Public Works Director reporting



directly to the Board of Supervisors. The Department of Public Works is responsible for the administration of seven divisions. One of these seven divisions is the County's aviation and airport system.

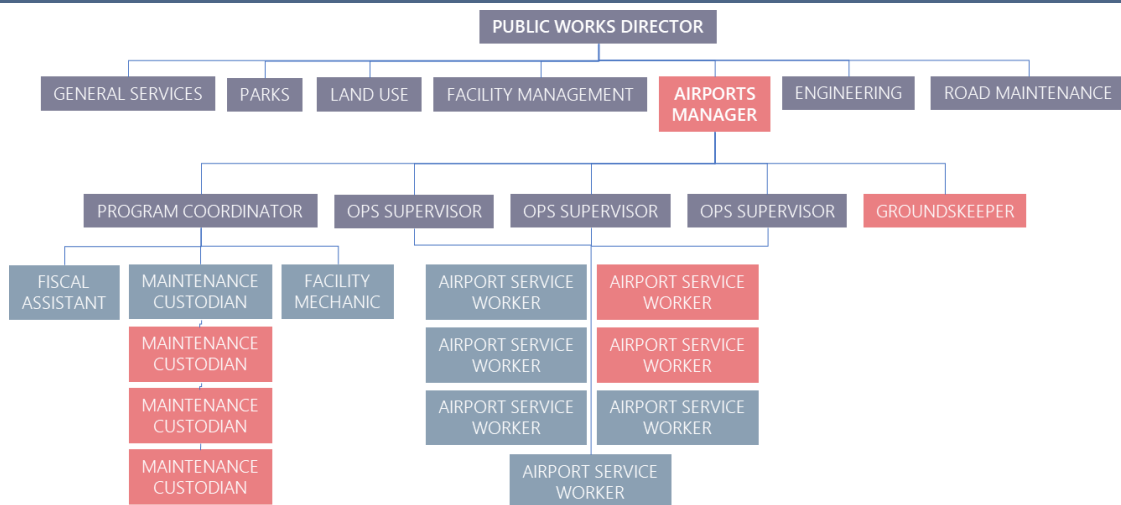
Public Works oversees the operations of General Services, Parks, Land Use, Facility Management, Engineering, and Road Maintenance divisions (refer to chart 1). While all the divisions under Public Works can be classified as services, the aviation division has a distinctly different mission. It operates under a very specific set of rules

and regulations from the Federal Aviation Administration, the Department of Transportation, and CalTrans; unique to airports, requiring special and specific expertise.

Moreover, airports provide tremendous overall economic impact – driving business development for the region – significantly more than parks or land use planning. Unlike other divisions within Public Works, the aviation system is designed to be financially self-sustaining. The airport system operates as its own enterprise fund. While the system is not currently self-sustaining, the long-term goal of its governance is to return the system to being completely self-funded.

One of the most significant current challenges for the aviation division is the lack of an airports manager or director. The lead position for the division has been unfilled since 2013. This is highly unusual. Leading an airport system takes specialized knowledge due to the myriad of FAA, DOT, and State regulations specific to

**CHART 2: AVIATION DIVISION STAFFING PLAN**  
JULY 2017; SOURCE: HUMBOLDT COUNTY



each type of airport. Due to budget concerns, this position has been left open with the Public Works Director forced to act as the de-facto airports director.

In all, there are seven (noted in red on chart 2)

vacant positions in the aviation division, all of which are frozen to balance the division's budget. The aviation division has just 12 people to oversee, manage, and maintain six airports throughout the County separated by as much as 82 miles.

In addition to the airport system operating without an airports manager, it currently operates with just one maintenance custodian – three custodian positions are unfilled (refer to chart 2 on previous page). The system also has two vacant service worker positions, leaving just five to handle all aircraft operations at Arcata-Eureka Airport (ACV). Airport service workers are the “utility players” of the system, working on everything from aircraft firefighting and rescue to aircraft fueling. Lastly, the airport system is without a single groundskeeper, meaning airport service workers must mow grass and tend to airport lands.

With extremely limited staffing, the airport system must lean on Public Works employees to accomplish basic airport tasks. In fiscal year 2016, the aviation division paid almost \$100,000 back to Public Works for extra staff time.

**CHART 3: AVIATION PAYMENTS TO PUBLIC WORKS**  
FISCAL YEAR 2016; SOURCE: HUMBOLDT COUNTY

With maintenance and grounds keeping staff so thin at the airports, the system paid Public Works almost \$21,000 for extra maintenance work in 2016 (refer to chart 3). Without an airports manager, the system had to pay Public Works more than \$50,500

Extra Staff Cost Summary	
Maintenance	\$20,622
Administration	\$50,515
Property Management	\$27,616
<b>Total Charges</b>	<b>\$98,753</b>

for administrative services. Without enough management infrastructure, the airport system paid Public Works almost \$28,000 for property management services. In all, the aviation division spent almost \$100,000 reimbursing Public Works for services it cannot accomplish on its own due to limited staffing.

The impacts of both limited staffing and the lack of an on-field airports manager will be detailed in this report. This report will also detail governance in peer airports within California, comparing governance effectiveness against current governance in Humboldt County.

# EFFECTIVENESS OF CURRENT GOVERNANCE



This report seeks to determine the effectiveness of current governance in ensuring the airport system is efficiently operated, and that it has a governance structure which can foster growth eventually leading to financial self-sufficiency. Volaire Aviation consultants interviewed more than 25 people directly connected with the Humboldt County airport system including airport system staff, Public Works leadership, all County Supervisors, County administration, a wide collection of airport system tenants from each of its six airports, and members of the current Airport Advisory Committee. These interviews provide the best possible insight into the things the airport system does well and the areas in which it can— and should— improve.

**“...INTERVIEWS PROVIDE THE  
BEST POSSIBLE INSIGHT INTO  
THE THINGS THE AIRPORT  
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SHOULD IMPROVE.”**

It is important to remember the airport system operates within a quickly evolving industry. Scheduled airline service evolves on almost a daily basis, as airlines re-allocate resources in the light of demographic shifts, cost increases, pilot shortages, and competitive changes. Airports must be agile and able to respond quickly to take advantage of opportunities as well to mitigate losses.

Additionally, as general and private aviation grows in importance and scope, airports must be able to quickly respond to tenants with varied needs – from large fixed based operators shuttling corporate executives to leisure flyers traveling for fun. It is more important than ever to have the authority to quickly respond to the business needs of all users and stakeholders.

Each person interviewed for this report shared the same goal: to see the airport system grow and succeed.

The last four years have posed unprecedented challenges, with Public Works leadership and airport staff working together to do an admirable job of trying to balance the airports budget despite declining revenue. But

**“THE GOAL OF THIS  
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interviews indicate there is much more work ahead to bring the system to sustainability.

It is also important to remember the goal of this report is not to single-out any one employee or leader. It is the job of the consultants to remove personality and

individuality from the analysis. Instead, this report focuses only on the structure of governance and how that structure could be improved to allow the system to run better and take better advantage of its natural position.

While comments collected from those interviewed are sometimes pointed, they are not included as personal attacks. They are included as evidence of structural deficiencies in aviation division governance.

**PART ONE:  
SUB-DIVISION OF PUBLIC WORKS**

The Humboldt County aviation division is one of just two in California that is a sub-division of another department within a county (the other being Sonoma County Airport in Santa Rosa). By comparison, there are seven airports within California that are their own county departments. Humboldt County’s airport governance structure is rare.

In most California counties that own and operate airports, the airport system is separated from other governmental departments because airports are often the only “enterprise zone” within County governance. Enterprise zones are designed to be self-sustaining, which means they must run more like a business than a county service. However, in Humboldt County, airports are placed under Public Works, which is meant to run a number of essential county services, instead of county enterprises.

In interviews, many people noted the current governance structure puts Public Works in the difficult position of weighing airport system needs against all other department needs. Those in leadership at Public Works said, themselves, that airport needs are often not considered emergencies so they are moved to the end of the line. This is certainly true: when an essential road develops a slump, Public Works must immediately mobilize resources to fix it or face stranding or isolating people in a part of the County. In comparison, light fixture maintenance for an airport parking lot seems unimportant as it is non-essential.

With such limited airport system staff, it must rely on Public Works employees to help with maintenance of airport facilities. But that maintenance, according to multiple sources including Public Works, is often triaged to a lower priority. These decisions are not made for political reasons or due to relationships. The decisions are made because Public Works has a clear mission to maintain County infrastructure first. Frankly, that mission is defensible.

**CHART 4: SUMMARY OF SUB-DIVISION CHALLENGES**  
SOURCE: VOLAIRE AVIATION CONSULTING

- 1. LACK OF BUSINESS/ENTERPRISE FOCUS**
- 2. AIRPORT SYSTEM LOW PRIORITY FOR PUBLIC WORKS**
- 3. TOO MUCH RELIANCE ON PUBLIC WORKS STAFF**
- 4. PUBLIC WORKS OVERSEES MANY SUB-DEPARTMENTS**
- 5. IMPRESSION OF POOR COMMUNICATION**
- 6. UNCLEAR CHAIN OF COMMAND**

A majority of Humboldt County Supervisors believe the Public Works Department does an admirable job managing the various disparate divisions. At the same time, they are concerned the current governance structure is handcuffing the airport division. One Supervisor was clear in saying Public Works is overloaded and has too many sub-departments making it difficult for anyone in a leadership role to truly take ownership of airport system decision-making.

Some airport system tenants were more pointed in their criticism of the current governance structure. One reported it is their belief that the relationship between the Public Works Department and the airports division is dysfunctional and that communication between Public Works and the airports is weak. Another reported witnessing what was called a “good old boy network” in which those working within the airport system are not

included, ostracizing them from the rest of the Public Works Department. Public Works leadership, it should be noted, disputes this assessment. Public Works leadership maintains it works to treat all its divisions with equal priority. Even with that being the case, it is still important in this document to note the impression airport tenants have of how current governance works.

The final challenge under current governance is the lack of a clear chain of command. The airport division has been without a professional airports manager for four years. Airport staff interviewed for this report said they are unclear of who they report to. They are not sure if they report to the current Project Coordinator or if they directly report to the Public Works Director. A lack of clarity in reporting structure can cause projects and initiatives to be delayed.

## **PART TWO: TIMELINES FOR PROJECT COMPLETION**

Most individuals interviewed for this report said that day-to-day decisions for the airport system are made on the same timeline as any other department or division within Humboldt County. The challenge, reported by most sources, is in accomplishing larger tasks. Some of those interviewed said they believe the Public Works Department is always swamped, so the department has little time to spend on work at the County's six airports. These sources noted that the Department does oversee seven divisions, some of which are of critical every day importance to taxpayers, such as road maintenance.

In interviews, Public Works leadership stated that airport system initiatives can't always be accomplished quickly, noting there seems to be an expectation that airports employees can pick up the phone and Public Work will be able to immediately handle the request. This is impossible, Public Works said, stating that proper procedures must always be followed.

Airport system tenants provided many examples of specific instances where slow reaction time, believed to be caused by the governance structure, caused the airports to provide poor service for extended periods of time. Projects can take many months to complete, partially due to limited airport staffing and partially due to Public



Works staff having so many divisions to cover. Because of this, some tenants say they do not even try to ask the airport system, or Public Works, to help as they believe the County always says no as a default position.

When PenAir announced it would begin new service to Arcata-Eureka Airport (ACV) it needed changes made to its ticket counter. PenAir was required to work through the County's architect, who, according to PenAir, had a backlog of other Public Works projects to complete first – and all were rated as higher priority. PenAir offered to design and build the ticket counter themselves, but they were denied that option by the County. It took nine months to finally replace the counters and the ultimate counter is not close to the design PenAir had requested. PenAir decided to leave the

counter as-is, but the Airline noted the County was much more difficult to work with than its other stations, where counter installations take days, not months. Other carriers might not have patience for these kind of delays and slow decision-making on seemingly simple projects could cost the market air service.

Similarly, the flight information screens in the ACV terminal were inoperative for more than nine months. SkyWest, the Airport's other airline tenant, repeatedly complained, but reported there was no urgency in fixing the screens. SkyWest became upset because there was no passenger information available on the status of flights for that entire period, which corporate found unacceptable. At the same time, PenAir also complained and reported to the interviewers of this report, that they were told the screens were a low priority.

PenAir has also reported the passenger announcement system at its gate in the terminal is inoperative. PenAir said it has reported the problem through official channels, but no one has contacted them about a fix. For now, as witnessed by the consultants who authored this report, PenAir agents merely yell to announce boarding of flights. The impression this leaves of Humboldt County is certainly not ideal.

**CHART 5: SUMMARY OF PROJECT CHALLENGES**  
SOURCE: VOLAIRE AVIATION CONSULTING

- 1. PUBLIC WORKS DOESN'T ALWAYS HAVE TIME TO IMMEDIATELY PROVIDE HELP TO AIRPORTS**
- 2. PUBLIC WORKS PROCEDURES SLOW RESPONSE TIMES AT AIRPORTS**
- 3. AIRPORTS ARE A LOW PRIORITY FOR PUBLIC WORKS**

**PART THREE:  
CURRENT STAFFING LEVELS**

Obvious to almost every person including those interviewed for this report, said airport staff works hard, is easy to work with, and does as good a job as possible with limited resources. As previously mentioned in this report, the airport division has just 12 employees to oversee and manage six airports throughout Humboldt County. The system has seven other airport positions that have been frozen to attempt to balance the system's budget. The result is the system spends almost \$100,000 per year on extra staff from Public Works and the system is at the mercy of Public Works as to the availability of extra staff.

Business leaders interviewed for this report said they believe the County airport system currently just "exists," as there is not enough staff for it to do anything else other than react to problems. The same leaders said there certainly is not enough time for airport staff and management to think strategically about the future, as all staff and management time is spent keeping the airports operational.

Virtually all tenants of the airport system – of all six airports in the County – complained there is no airport system management with any decision-making authority on any of the fields. Many said they believe the contact structure is not clear – especially in outlying airports. Tenants said no one knows who to call when there is an issue or when someone has a question.

It is certainly difficult for an airport system, with six airports scattered over a wide area, to operate without a full-time professional manager, as has been the case in Humboldt County since 2013. Several large tenants said without an on-field manager, and with decisions being made by Public Works instead of by an expert in running airports, no one makes quick decisions. Public Works said, in its interview, that most airport system needs are not emergencies when

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AIRPORTS GET."**

compared to other projects it oversees in the County so most requests for decisions take at least one to two weeks. The majority of other California airports, small decisions are made on-field and do not require the time of a departmental director from outside the airport system.

The authors of this report took dozens of complaints about the limited attention the County's secondary airports get. All tenants interviewed said they routinely do maintenance at secondary airports that should be done by the County. But they said if they did not do the extra maintenance, the facilities would be unsafe. Specifically, Cal Fire said it does the mowing at Rohnerville. At one point, there were so many weeds in the taxiways at Rohnerville that they had to actually mow the pavement.

Tenants of the airline terminal at Arcata-Eureka Airport (ACV) said the terminal is poorly maintained. They have seen both management employees and cross-utilized airport service workers cleaning bathrooms since there is only one custodian on staff. Airline tenants said the terminal is never truly clean and passenger complaints are common.

The lack of staffing manifests itself in other ways. For example, when a commercial airline flight takes off or lands, the airport is required to have a firefighting crew on standby. Because airport service workers, who are trained primarily as

firefighters, are also being used to do things like clean the bathrooms in the terminal, sometimes those workers are cleaning toilets when planes take off and land. This means, in an accident, they would have to run to the fire house, get the equipment ready, and then respond. Federal Aviation Administration (FAA) Part 139 rules require response within 120-seconds of an accident to the midpoint of the farthest runway. Because the airfield is relatively small, airport service workers say they can still meet that minimum. But in an aircraft accident, every second counts.

**CHART 5: SUMMARY OF STAFFING CHALLENGES**  
SOURCE: VOLAIRE AVIATION CONSULTING

- 1. SPEND OF ALMOST \$100,000 PER YEAR ON PUBLIC WORKS EXTRA STAFFING**
- 2. NO PROFESSIONAL AIRPORTS MANAGER**
- 3. NO TIME TO PLAN STRATEGICALLY**
- 4. NO ON-FIELD DECISION MAKING**
- 5. NOT ENOUGH STAFF TO MAINTAIN ALL SIX AIRPORTS ADEQUATELY**
- 6. SAFETY CHECKS ARE RARE AT SECONDARY AIRPORTS**

Limited staff also means airports other than Arcata-Eureka and Murray Field are rarely visited. The airport system reports it only does a check of Rohnerville and Garberville airports once per month, or 12 times per year. Staff only completes a safety check at Dinsmore airport once every six months. Kneeland only gets checked once per year.

Public Works Department leadership said airport operations staff is very good, but they seem reluctant to call in help from other divisions. Airport system staff reported it can take weeks to get support from other divisions so, in the interest of working quickly, they try to do as much as they can on their own.

#### PART FOUR: BUSINESS PHILOSOPHY

Many of those interviewed for this report, including business leaders, tenants, airport users, and even County Supervisors, said that the airport system is run too much like a Humboldt County service and not enough like a stand-alone business. The County's own mission statement for the airport system, in fact, says nothing about operating like a business, even though the airport is an enterprise fund:

**"THE AVIATION DIVISION IS RESPONSIBLE FOR  
MANAGING SIX COUNTY AIRPORTS IN A  
MANNER THAT ENSURES AERONAUTICAL  
SAFETY, SAFETY OF THE TRAVELING PUBLIC,  
CONTINUED AIR SERVICE, AND COMPLIES WITH  
FEDERAL, STATE AND/OR LOCAL AVIATION  
RULES, REGULATIONS AND ADVISORIES."**

Humboldt County Aviation Division Mission Statement, July 2017

Humboldt County Supervisors were vocal, in on-site interviews, that the airport division needs to be more focused on business-like decision-making and revenue development and not as focused on cost cutting. One Supervisor states that as an enterprise fund the airport system is non-functional because there is no entrepreneurial spirit and no business philosophy. At the same time, multiple Supervisors said they do not believe the airport division fits with the mission of Public Works, which is designed as a taxpayer service. Most Supervisors would prefer to see the airport system have more autonomy to make decisions and to adopt a broader focus on business and revenue development. It must, however, be kept in mind that, as a government agency, the airport system will still be subject to the same rules and regulations as any other division within the County's governance.

#### CHART 6: SUMMARY OF BUSINESS CHALLENGES

SOURCE: VOLAIRE AVIATION CONSULTING

- 1. LIMITED EFFORT TO OPERATE AIRPORTS AS AN ENTERPRISE**
- 2. DOES NOT MESH WITH MISSION OF PUBLIC WORKS, WHICH IS A SERVICE**
- 3. FOCUS ON GOVERNMENTAL PROCESSES INSTEAD OF GETTING THINGS DONE**

#### PART FIVE: AVIATION ADVISORY COMMITTEE

Humboldt County has a current Aviation Advisory Committee. It was first established in 1999, and its form was altered in 2000, 2010, and 2011. According to those interviewed, the County promised the Federal Aviation Administration (FAA) it would institute the Committee as part of its FAA grant assurances. The committee is currently composed of nine members. Each of the five County Supervisors appoints one member, and the remaining four positions are appointed by a majority vote of all Supervisors.

At the time of the writing of this report, eight of the nine committee members were pilots in Humboldt County. Pilots are often members of advisory committees, as they have specialized knowledge about airport operations. But having a majority of pilots form a committee represents a conflict of interest. Some interviewed for this report even called the Committee a "pilot's club." The Humboldt County Aviation Advisory Committee votes on initiatives for all six of the County's airports, with the vote going to the County Board of Supervisors as a recommendation. Supervisors often vote in-line with committee recommendations, as committee members are supposed to know the subject matter best.

In Humboldt County’s case, most pilots on the Advisory Committee could present a conflict between what’s best for the aviation division and what’s in the Committee’s own best interest. For example, if airport system leadership wanted to institute or increase a landing fee, it would be conceivable that a pilot-majority committee would vote against it to keep its own costs lower. Similarly, if airport system leadership recommended an increase in hangar rent, pilots could vote no to scuffle the idea before it reached the Supervisors.

A current member of the Aviation Advisory Committee said, in

an on-site interview, the Committee has too many members and has the wrong mission. With nine members, it has been difficult to get a quorum. This also illustrates the importance with which committee attendance is viewed by members. Some current members also believe the Committee’s operational focus – advising the County on day-to-day operational issues in the airport system – is the wrong focus.

Some current committee members, some County Supervisors, and many business leaders in the region believe the true mission of the Advisory Committee should be to act like a corporate board, providing advice and helping airport system leadership with decision-making. This focus should be on running the airport system like a business; building economic activity and revenue instead of operational issues. The airport system has a staff of experts to handle operational issues, but business advice and acumen would be of greater value.

Many of those interviewed for this report would like to see the Aviation Advisory Committee completely re-structured, with a limited number of pilots and with more regional business leaders on the board. This change would mirror recent advisory board changes in other California communities.

**CHART 7: SUMMARY OF COMMITTEE CHALLENGES**  
SOURCE: VOLAIRE AVIATION CONSULTING

- 1. FAA GRANT ASSURANCES REQUIRE ADVISORY COMMITTEE**
- 2. POTENTIAL CONFLICTS OF INTEREST WITH MAJORITY PILOT MEMBERSHIP**
- 3. BUSINESS FOCUS NEEDED INSTEAD OF OPERATIONAL FOCUS**

# AIRPORT GOVERNANCE IN CALIFORNIA



There are 26 current commercially served airports or airport systems in the State of California as of the summer of 2017, down from 30 just seven years ago. Since 2010, 13% of California airports have lost all scheduled airline service. Today's airports range in size from Los Angeles International Airport (LAX), with 186 non-stop cities and 76 million annual passengers to Inyokern Airport (IYK), with one non-stop city and just 12,120 annual passengers (refer to chart 8).

Arcata-Eureka Airport (ACV) ranks the 19<sup>th</sup> busiest in the State based on 2016 total passengers, with Stockton ranked just ahead and Redding ranked just behind (refer to chart 8). ACV averages 6.3 daily departures to two non-stop destinations (Portland and San Francisco) on two airlines (PenAir and United Express operated by SkyWest Airlines). In 2016, the Department of Transportation reports just over 145,000 passengers (one way) used ACV.

In this report Arcata-Eureka Airport is compared to other peers matched as closely as possible in terms of current air service. This allows the best gauge

for how different governance types could be applied in Humboldt County. In California, however, there are no ideal corollaries to the Humboldt County Airport System, as most airports in the State are operated as single entities. The entire Humboldt County system will be compared, in some cases, to single airports, and full systems in other cases.

**CHART 8: CA AIRPORTS BY PASSENGERS  
CY2016; SOURCE: US DOT DATABASE OD1A**

Rank	Airport	Code	2016 Passengers
1	Los Angeles Int'l	LAX	75,798,790
2	San Francisco Int'l	SFO	49,506,698
3	San Diego	SAN	20,853,512
4	Oakland	OAK	12,221,188
5	San Jose	SJC	10,943,086
6	Orange County	SNA	10,365,964
7	Sacramento	SMF	10,147,339
8	Burbank	BUR	4,370,899
9	Ontario	ONT	4,321,806
10	Long Beach	LGB	3,079,126
11	Palm Springs	PSP	1,876,906
12	Fresno	FAT	1,813,250
13	Santa Barbara	SBA	666,314
14	Monterey	MRY	391,468
15	Santa Rosa	STS	355,491
16	San Luis Obispo	SBP	326,965
17	Bakersfield	BFL	195,703
18	Stockton	SCK	187,241
19	Arcata-Eureka	ACV	145,103
20	Redding	RDD	90,419
21	Santa Maria	SMX	72,730
22	Mammoth Lakes	MMH	42,185
23	Imperial	IPL	18,675
24	Merced	MCE	18,300
25	Crescent City	CEC	17,056
26	Inyokern	IYK	12,120
Total			207,838,334

In the California, there are four basic types of airport governance, with some types grouped together because they are so similar. The main types of governance in California are airport or port authorities, city or county departments, city or county sub-departments, and airport or port districts. The Humboldt County Airport System is a county sub-division, as its management operates within the County's Public Works Department.

The most common airport governance type in California is the airport as its own city department. Almost 31% of all California airports with airline service are their own city departments – or eight airports, altogether (refer to chart 9). When airports operating as their own county departments are added to that tally – as they operate almost exactly like their city counterparts – a total of 15 of 26 California commercial service airports operate as their own department, or 58% of all airports with airline service.

**CHART 9: CA AIRPORTS BY GOVERNANCE**  
SOURCE: VOLAIRE AVIATION CONSULTING

Governance Type	Number of Airports in CA
Airport Authority	4
City Department	8
City Sub-Department	1
County Department	7
County Sub-Department	2
Airport District	3
Port Authority	1
<b>Total</b>	<b>26</b>

The Humboldt County Airport System is one of just three in the State that operates as a sub-department to either a county or a city (refer to chart 9). Just 8% of California airports with airline service operate as County sub-departments. Just one airport operates as a city sub-department, meaning only 11% of commercially served airports in California operate with the same governance structure as the Humboldt County Airport System.

Airport authorities, airport districts, and port authorities are rarer in California than airports that operate as part of city or county government. There are just four independent airport authorities in California, and only three independent airport districts (refer to chart 9). Just 15% of California airports are run by airport authorities, while just 12% are run as airport districts. Both airport authorities and airport districts are autonomous of local government, and they can be difficult to enact, as their formation is dependent upon either a bill in the State



Legislature or a vote of the electorate. There is just one port authority in California – in Oakland – running both Oakland International Airport and the Port of Oakland.

## PART ONE: SUB-DEPARTMENTS OF CITIES/COUNTIES

Both the Humboldt County Airport System and the Charles Schultz Sonoma County Regional Airport are governed as sub-departments within their counties (refer to chart 10). There is just one city sub-department airport in California –Redding Municipal Airport. In terms of both daily airline departures and passengers, the Humboldt County Airport System, anchored by Arcata-Eureka Airport, is in the middle of this group. ACV has fewer flights and passengers than Santa Rosa and more than Redding.

**CHART 10: AIR SERVICE ANALYSIS OF CALIFORNIA AIRPORTS WITH SUB-DEPARTMENT GOVERNANCE**  
 SOURCE: VOLAIRE AVIATION CONSULTING

Code	Airport Name	Location	County	Non-Stop Cities	Airlines	Daily Departures	O&D Passengers
ACV	Arcata/Eureka Airport	McKinleyville	Humboldt	2	1	6.3	145,103
RDD	Redding Municipal Airport	Redding	Shasta	2	2	6.0	90,419
STS	Charles Schulz Sonoma County Airport	Santa Rosa	Sonoma	8	5	7.7	355,491

*Passenger data as of the year ended March 2017, US Department of Transportation O&D Database.*

Both Humboldt County and Sonoma County place their airports in a sub-division of Public Works (refer to chart 11) – the only two counties in California to do so. Redding’s airport is a sub-division of the City of Redding’s Department of Support Services.

**CHART 11: GOVERNANCE DETAIL OF CALIFORNIA AIRPORTS WITHIN A SUB-DEPARTMENT**  
 SOURCE: VOLAIRE AVIATION CONSULTING

Code	Airport Name	Governance Type	Governance Detail
ACV	Arcata/Eureka Airport	County Sub-Department	A Division of the County Department of Public Works
RDD	Redding Municipal Airport	City Sub-Department	A Division of the City Department of Support Services; Airport Director reports to the Director of Support Services, who reports to the Mayor and City Council
STS	Charles Schulz Sonoma County Airport	County Sub-Department	Airport is a division of the County’s Public Works Department; Airport Commission advises County’s Board of Supervisors on Airport related matters.

*Passenger data as of the year ended March 2017, US Department of Transportation O&D Database.*

California’s three sub-department airports represent just 12% of all airports within the State with scheduled airline service.

**PART TWO:  
CITY/COUNTY DEPARTMENTS**

The largest proportion of airports in California are operated as their own departments either within their city or county of ownership. In all 15 of the 26 airports with scheduled airline service in summer of 2017, or 58% of all airports with scheduled service, are operated as their own departments – the single most common governance structure in California. Department airports range from huge operations such as Los Angeles and San Francisco, to much smaller airports such as Imperial and Mammoth Lakes (refer to chart 12).

**CHART 12: AIR SERVICE ANALYSIS OF CALIFORNIA AIRPORTS WITH DEPARTMENT GOVERNANCE**

SOURCE: VOLAIRE AVIATION CONSULTING

Code	Airport Name	Location	County	Non-Stop Cities	Airlines	Daily Departures	O&D Passengers
BFL	Meadows Field	Bakersfield	Kern	3	2	8.7	195,703
FAT	Fresno Yosemite International Airport	Fresno	Fresno	11	7	32.6	1,813,250
IPL	Imperial County Airport	Imperial	Imperial	1	1	4.8	18,675
LAX	Los Angeles International Airport	Los Angeles	Los Angeles	186	57	855.2	75,798,790
LGB	Long Beach Airport at Daugherty Field	Long Beach	Los Angeles	16	4	40.8	3,079,126
MMH	Mammoth Yosemite Airport	Mammoth Lakes	Mono	3	2	1.3	42,185
ONT	Ontario International Airport	Ontario	San Bernardino	14	7	89.4	4,321,806
PSP	Palm Springs International Airport	Palm Springs	Riverside	18	10	31.1	1,876,906
SBA	Santa Barbara Municipal Airport	Santa Barbara	Santa Barbara	7	3	21.5	666,314
SBP	San Luis Obispo County Regional Airport	San Luis Obispo	San Luis Obispo	5	3	12.1	326,965
SCK	Stockton Metropolitan Airport	Stockton	San Joaquin	3	1	4.4	187,241
SFO	San Francisco International Airport	San Francisco	San Francisco	148	50	551.1	49,506,698
SJC	Mineta San Jose International Airport	San Jose	Santa Clara	41	15	145.2	10,943,086
SMF	Sacramento International Airport	Sacramento	Sacramento	33	9	135.5	10,147,339
SNA	John Wayne Airport - Orange County	Santa Ana	Orange	23	7	124.2	10,365,964

*Passenger data as of the year ended March 2017, US Department of Transportation O&D Database.*

Several of the airport departments operate more than one airport like the system in Humboldt County. The strongest corollary is San Luis Obispo County, which recently created a new airports department, removing airports from General Services (refer to chart 13 on next page). The new department oversees three airports

within the County and recently appointed its first airports director who is charged with making airport decisions on the field. This governance structure change will be examined in more detail in the next section of this report.

**CHART 13: GOVERNANCE DETAIL OF CALIFORNIA CITY/COUNTY DEPARTMENT AIRPORTS**  
 SOURCE: VOLAIRE AVIATION CONSULTING

Code	Airport Name	Governance Type	Governance Detail
BFL	Meadows Field	County Department	Own department within the County; Strong executive design; Airport Director reports directly to the County's Board of Supervisors
FAT	Fresno Yosemite International Airport	City Department	Own department within the City; Airport Director reports to City Manager
IPL	Imperial County Airport	County Department	Own department within the County; Strong executive design; Airport Director reports directly to the County's Board of Supervisors
LAX	Los Angeles International Airport	City Department	Los Angeles World Airports is the Los Angeles city department that owns and operates a system of three airports: Los Angeles International (LAX), LA/Ontario International (ONT) and Van Nuys (VNY); Department has its own independent board of commissioners.
LGB	Long Beach Airport at Daugherty Field	City Department	Own department within the City; Airport Director reports to City Manager
MMH	Mammoth Yosemite Airport	City Department	Own department within the City; Airport Director reports to Airport Commission, which reports to the City Council and the Mayor.
ONT	Ontario International Airport	City Department	Los Angeles World Airports is the Los Angeles city department that owns and operates a system of three airports: Los Angeles International (LAX), LA/Ontario International (ONT) and Van Nuys (VNY); Department has its own independent board of commissioners.
PSP	Palm Springs International Airport	City Department	Own department within the City; Airport Director reports to City Manager
SBA	Santa Barbara Municipal Airport	City Department	The Airport Commission is an advisory body to the Santa Barbara City Council, which is the official governing body for the Airport.
SBP	San Luis Obispo County Regional Airport	County Department	Airport division is its own County department.
SCK	Stockton Metropolitan Airport	County Department	The Airport Commission is an advisory body to the Board of Supervisors, which is the official governing body for the Airport.
SFO	San Francisco International Airport	City/County Department	An independent department of the City and County of San Francisco
SJC	Mineta San Jose International Airport	City Department	The Airport Commission is an advisory body to the San Jose City Council, which is the official governing body for the Airport.
SMF	Sacramento International Airport	County Department	Own department within the County; Strong executive design; Airport Director reports directly to the County's Board of Supervisors
SNA	John Wayne Airport - Orange County	County Department	Own department within the County
<i>Passenger data as of the year ended March 2017, US Department of Transportation O&amp;D Database.</i>			

The majority of airports governed within their own city or county department also have airport advisory committees. These committees, as Humboldt County understands, help advise airports on both operational and business issues as well as aid with federal compliance.

In Humboldt County, department heads report directly to the Board of Supervisors. In a number of other counties in California, department heads report first to a County Administrative Officer (CAO) who then reports to the Board of Supervisors. This is the case in San Luis Obispo County, as well as in Stockton and Orange County.

### PART THREE: AIRPORT/PORT AUTHORITIES

In other states, airport authorities and port authorities are the most common type of airport governance. In California, there are just four airport authorities and one port authority that operates an airport (refer to chart 14). These authorities have their own, independent board of directors, appointed by government agencies within the authority's jurisdiction. In California, authorities operate both large and small airports, with the largest serving almost 21 million annual passengers (San Diego) and the smallest serving just over 17,000 annual passengers (Crescent City).

**CHART 14: AIR SERVICE ANALYSIS OF CALIFORNIA AIRPORTS WITH AUTHORITY GOVERNANCE**  
 SOURCE: VOLAIRE AVIATION CONSULTING

Code	Airport Name	Location	County	Non-Stop Cities	Airlines	Daily Departures	O&D Passengers
BUR	Bob Hope Airport	Burbank	Los Angeles	13	6	70.7	4,370,899
CEC	Del Norte County Airport	Crescent City	Del Norte	1	1	2.0	17,056
MCE	Merced Regional Airport (MacReady Field)	Merced	Merced	2	1	4.3	18,300
OAK	Metropolitan Oakland International Airport	Oakland	Alameda	45	13	172.8	12,221,188
SAN	San Diego International Airport	San Diego	San Diego	65	18	241.8	20,853,512

*Passenger data as of the year ended March 2017, US Department of Transportation O&D Database.*

Authorities in California can only be enacted in one of two ways: with the vote of a majority of the residents within the proposed authority's boundaries, or with the passage of an airport authority bill by the State Legislature. The most recent authority to be created was the body now operating San Diego's Lindbergh International Airport. It was created by a vote of the Legislature in 2002 (refer to chart 15 on next page). At the same time, the other airports within San Diego County were retained by the County and are operated as their own County Department. None of those airports have scheduled airline service.

Crescent City's authority is the only one in the State that is actually governed by a board nominated by governments in two states – both Oregon and California (refer to chart 15 on next page). Directors are nominated and confirmed by a number of California jurisdictions, along with the City of Brookings, Oregon.

**CHART 15: GOVERNANCE DETAIL OF CALIFORNIA AUTHORITY AIRPORTS**  
 SOURCE: VOLAIRE AVIATION CONSULTING

Code	Airport Name	Governance Type	Governance Detail
BUR	Bob Hope Airport	Authority	Independently operated by TBI Airport Management; Authority is made up of three cities with oversight: Burbank, Glendale, and Pasadena
CEC	Del Norte County Airport	Authority	Authority is an independent, autonomous body, operating under a Joint Powers Authority (JPA) with Directors from Del Norte County, Crescent City, Elk Valley Rancheria, and the City of Brookings, Oregon.
MCE	Merced Regional Airport (MacReady Field)	Authority	Authority is an independent, autonomous body, operating independent of City owners.
OAK	Metropolitan Oakland International Airport	Port Authority	Independent Port commission with seven members nominated by the Mayor of Oakland and appointed by the Council for four-year terms.
SAN	San Diego International Airport	Authority	Formed into independent authority in 2003 with a Bill in the CA Legislature.

*Passenger data as of the year ended March 2017, US Department of Transportation O&D Database.*

There is no set number of board members, or participating jurisdictions, required in a California airport authority or port authority. In the case of Oakland's airport, the Port of Oakland runs both the airport and the sea port with executive directors for each line of business.

#### PART FOUR: AIRPORT/PORT DISTRICTS

Just three airports with scheduled airline service in California are operated by airport districts. There are no current airports in the State with airline service that are operated by port districts. Districts differ from authorities in the State in that district governing boards are directly elected by a vote of the people living in the district. Districts in California operate smaller airports, ranging from 12,000 passengers per year (Inyokern) to 391,000 passengers per year (Monterey) (refer to chart 16).

**CHART 16: AIR SERVICE ANALYSIS OF CALIFORNIA AIRPORTS WITH DISTRICT GOVERNANCE**  
 SOURCE: VOLAIRE AVIATION CONSULTING

Code	Airport Name	Location	County	Non-Stop Cities	Airlines	Daily Departures	O&D Passengers
IYK	Inyokern Airport	Inyokern	Kern	1	1	1.1	12,120
MRY	Monterey Peninsula Airport	Monterey	Monterey	5	4	12.4	391,468
SMX	Santa Maria Public Airport	Santa Maria	Santa Barbara	2	2	4.9	72,730

*Passenger data as of the year ended March 2017, US Department of Transportation O&D Database.*

District board members are elected in one of two ways: either at large within the district, as in the case of Inyokern and Santa Maria, or by ward, as in the case of Monterey (refer to chart 17). Districts are governed the most directly of any type of airport governance in California, but there are drawbacks. It can be difficult funding qualified board candidates to run a public campaign. It can also be difficult to ensure the electorate knows the candidates and their qualifications before voting.

**CHART 17: GOVERNANCE DETAIL OF CALIFORNIA DISTRICT AIRPORTS**

SOURCE: VOLAIRE AVIATION CONSULTING

<u>Code</u>	<u>Airport Name</u>	<u>Governance Type</u>	<u>Governance Detail</u>
IYK	Inyokern Airport	Airport District	Airport Director reports to an independently elected group of Commissioners, not affiliated with any nearby cities or counties.
MRY	Monterey Peninsula Airport	Airport District	Airport Director reports to an independently elected group of Commissioners, who come from the municipalities surrounding the airport based on ward.
SMX	Santa Maria Public Airport	Airport District	Airport Director reports to an independently elected group of Commissioners, who come from the municipalities surrounding the airport.
<i>Passenger data as of the year ended March 2017, US Department of Transportation O&amp;D Database.</i>			

Districts can only be enacted by a vote of the people who live within the proposed district's boundaries. Although, in the case of Humboldt County, the County could enter into an intergovernmental agreement to allow the current port district to manage and operate the airports. It is not clear if that would be advantageous to the airport system, however.

Airport authorities and airport districts present several challenges, in terms of effecting governance change, which could be expensive and/or politically untenable. This is likely the reason California has so few airport authorities and districts. Nonetheless, authorities and districts offer a level of autonomy not offered should the Airport System stay within County governance.

# DETAIL OF DEPARTMENT GOVERNANCE



The majority of California's commercially served airports are governed as their own departments within a county or a city. For this report, the focus will be on airports as their own department within a county, as it would be impractical for Humboldt County to shift ownership of airports to cities within the County. For this reason, city department airports have been eliminated from analysis. Altogether 58% of California airports with scheduled airline service, or 15 airport systems, are governed as their own county or city department, compared to just 12%, or three systems, governed as a sub-department.

**"THE MAJORITY OF  
CALIFORNIA'S  
COMMERCIALLY SERVED  
AIRPORTS ARE GOVERNED AS  
THEIR OWN DEPARTMENTS  
WITHIN A COUNTY..."**

The governance structure of a county department airport in California is not greatly different from the current structure in Humboldt County. The Airport System would simply be split out of the Public Works Department and into its own department. In the case of Humboldt County, where there is not as extra layer of governance between the departments and the Board of Supervisors, management would report directly to the Board of Supervisors.

This structure would eliminate one layer of decision-making between the airports manager and the Board of Supervisors while increasing direct communication between the Airport System and top government officials. It would also give the airports manager more authority to make decisions without running those decisions by or through the Public Works Department. Under this structure, the Airports staff and structure of leadership, itself, could remain unchanged, although an airports manager must be hired. This structure will not change the decision-making body for the system, which will remain the Board of Supervisors.

**CASE STUDY ONE:  
SAN LUIS OBISPO COUNTY AIRPORTS DEPARTMENT**

In 2011, the authors of this report completed a similar analysis and recommendation for San Luis Obispo County, which owns and operates three airports within its system. At the time of that report, the County's airport system was governed as a sub-department under General Services. That report recommended the airport system be broken out of General Services as its own department. The reasoning in that report was clear:

"This report has found significant challenges with the current governance structure of the San Luis Obispo County Airport System. The current governance structure has multiple reporting layers between the Airport management and the County board. This leads to a slower decision-making process. It also invites airport tenants to bypass airport management on critical issues. It leads to delays for relatively simple decisions due to the Airport having to take questions and requests "downtown" via a review and decision chain involving a number of County divisions. This then leads to a situation where airport management has little power to run what is a very successful self-sustaining business, with huge local economic importance."

"The weakness identified in this report is unresponsive airport oversight. The strength of the Airport System is the low cost of operation. The solution is a more centrally controlled management at the same cost."

*San Luis Obispo County Airport Governance Structure Review, December 2011*

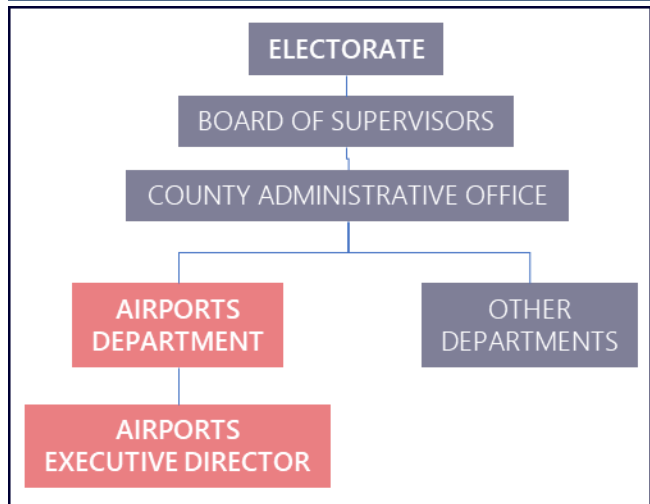
Initially, San Luis Obispo County leadership resisted the idea of creating another department. It was thought at the time of the report that the County Administrative Officer (CAO) would have too much on his plate, as all



departments in the County reported directly to him. However, after a leadership change, and the hiring of a new CAO, the Board of Supervisors voted to create an Airports Department in 2015.

The current governance structure in San Luis Obispo County is quite simple. All departments, including the newly created Airports Department, report directly to the County Administrative Officer (CAO) (refer to chart 18). The Airports Department is led by an executive director, who has full department head authority within the County.

**CHART 18: SAN LUIS OBISPO COUNTY AIRPORT GOVERNANCE**  
SOURCE: VOLAIRE AVIATION CONSULTING



The governance change in San Luis Obispo County has been an unequivocal success. The airport system is moving forward with its new airline terminal, set to open in the fall of 2017. At the same time, the airports department has recruited new service on two routes bringing a new airline to the market. This was made easier as the airport director had authority to reach out directly and build a community coalition to develop incentives for new service. Before the governance change, General Services oversaw all incentive-building activities and decisions were slow to be made.

The community coalition quickly built by the airport director and staff at the end of 2015 successfully recruited Alaska Airlines to the market in 2016, with daily jet service to Seattle/Tacoma that launched in April of 2017. The airports department also worked hard with local economic development and tourism agencies to recruit Denver service on United. That service was announced in February of 2017 and launched in June. Both efforts had been handcuffed by previous governance and quickly saw success following the governance change.

**CHART 19: SAN LUIS OBISPO AIRLINE FLIGHT DEPARTURES PER DAY**

SOURCE: OAG SCHEDULE DATA, JULY 2017



2016 to an average of 13.5 in 2017 (refer to chart 19) – an increase in flights of 27% year-over-year.

The net result of the success of San Luis

Obispo's service recruitment efforts is a

large increase in airline capacity in the

market. Peak summer departures per

day at San Luis Obispo County Regional

Airport are up from an average of 10.6 in

At the same time, the number of available airline seats in the San Luis Obispo market has increased by 38%

over summer of 2016. With new service recruitment efforts paying off, the market will see an average of an

additional 222 departing airline seats per

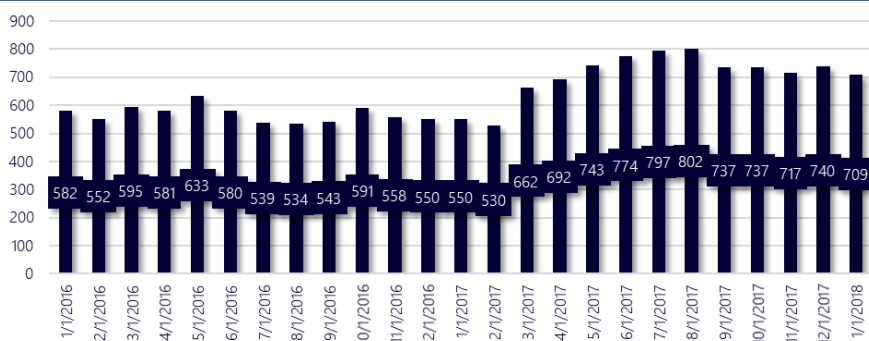
day in summer of 2017 (refer to chart 20)

– with a peak of 802 departing seats per

day in August of 2017.

**CHART 20: SAN LUIS OBISPO AVAILABLE AIRLINE SEATS PER DAY**

SOURCE: OAG SCHEDULE DATA, JULY 2017



These additional airline seats will

translate to significant additional revenue

for the airport system. It earns an average of \$15 per enplaned passenger. Based on current performance, the

airport is adding an average of 150 enplaned passengers per day with the new service. The net result is an

increase in daily revenue of \$2,250 and a total annual revenue increase projected at more than \$821,000.

The County credits much of the recent airport system success to the governance change. It has reported

quicker responses from airport management to tenants and stakeholders. It has also reported a more involved

airport with better links directly to the community. These changes helped to land additional airline service and

grow airport revenue.

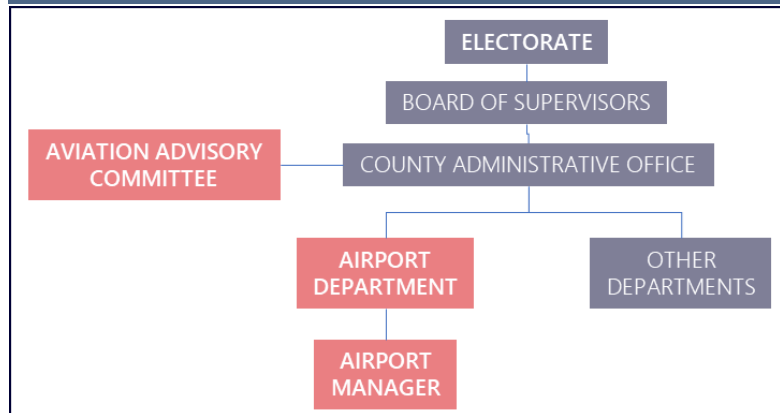
**CASE STUDY TWO:  
SAN JOAQUIN COUNTY AIRPORTS DEPARTMENT, STOCKTON**

The Stockton Municipal Airport is owned and operated by San Joaquin County. Stockton is served only by less-than-daily carrier Allegiant Air. It does not have daily scheduled air service. Still, the airport saw a total of 187,000 passengers in the year ended first quarter 2017.

Much like Humboldt County, San Joaquin County elects a five-member Board of Supervisors for five distinct districts. Directly below the Board is the County Administrative Office (refer to chart 21). Beneath the Administrative Office is each of San Joaquin County's departments. The airport operates as its own department, with the airport manager acting as the department head.

The San Joaquin County Board of Supervisors has an aviation advisory committee under its direct report (refer to chart 21). This committee is made up of

**CHART 21: SAN JOAQUIN COUNTY AIRPORT GOVERNANCE**  
SOURCE: VOLAIRE AVIATION CONSULTING



members from a broad range of associated organizations and businesses, with the intent of giving airport stakeholders a direct line to their elected officials, without the filter of airport management. Unlike the current situation in Humboldt County, the aviation advisory committee structure places an emphasis not just on airport operations but also on running the airport like a business. It includes the following seven members:

1. **Transportation:** An individual who represents another mode of transportation other than aviation such as the Port of Stockton, or Rail Commission, or a large local, respected trucking company.
2. **Financial:** An individual representing a local bank, investment, or accounting firm.
3. **Aviation:** A large aviation tenant who uses the Airport for aviation purposes and is open minded to future development and competition on the field.

4. **Commercial Real Estate/Development:** A representative from a local commercial firm, other than the firm that is now in partnership with the County, to provide an independent outlook.
5. **Large Local Firm:** A firm that clearly understands the community and can provide historical background and share lessons learned.
6. **Airlines/Cargo:** An individual representing an airline or cargo firm now operating at the airport, or a firm that you would like to operate at the airport, or someone who may have retired from the airlines or an air cargo company.
7. **Academic/Educational Representative:** A representative from a higher education facility. As the Airport continues to grow it will be important for the local universities and technical colleges to keep pace and provide applicable classes and training for the workforce.

The San Joaquin County aviation advisory committee is a good example of how to leverage an advisory board to build community and buy-in. It is also a good example of how to bring people together to give advice on many aviation-related topics outside the expertise of airport management and county leadership. The board includes specialists with business, airline, real estate, and finance expertise – not just pilots.

#### SUMMARY: COUNTY DEPARTMENT GOVERNANCE

The main advantage of direct county department governance in Humboldt County would be to remove one layer of bureaucracy from the decision-making process. The other main advantage would be to reduce the amount of airport money spent on extra staff time from Public Works staff members.

Personnel cost of the Humboldt County Airport System could change, if it is split out as its own department within the County. The airport manager position, which is currently unfilled and unfunded, would become the department head – but otherwise the staff could stay the same. The airport system already relies upon other County departments for certain services, such as legal, properties, human resources, and architectural support. This would not change – nor would it require a major change in the budget.

In short, the transition to a county department governance system could reduce decision-making timelines at the airports; give a manager more authority over how the airports are run; potentially improve responsiveness of airport management; potentially save money that is currently spent on Public Works fees; and provide a more direct line of communication between airport system management, the County Administrative Office, and the County Board of Supervisors.

**“...THE REMOVAL OF  
IMPEDIMENTS TO DECISION-  
MAKING AT THE COUNTY  
LEVEL WILL BE A KEY TO THE  
SUCCESS OF ANY TYPE OF  
AIRPORT GOVERNANCE.”**

The transition would not solve problems with general County governance. These roadblocks will likely remain, no matter how the airport system is governed. This report was not commissioned to solve other roadblocks – but the removal of impediments to decision-making at the County level will be a key to the success of any type of airport governance.

The move to a County department could be made through a simple vote of the Board of Supervisors. This change could likely be affected in a matter of weeks, using the template of another County department to set up the management structure of the new airports department and a potentially re-structured aviation advisory committee.

# DETAIL OF AUTHORITY GOVERNANCE



In on-site interviews in Humboldt County, a number of those interviewed who have a deeper knowledge of airport governance – most notably airport system tenants – said they would like to see the airport system gain more autonomy. Some think an airport authority would be the best option for running airports like a business. But they worry that the voters of the County do not understand the value of the aviation system so they would be unlikely to approve an authority in a vote.

In California, airport authorities are somewhat rare. Of the 26 commercially served airports in the State, just four are operated by airport authorities. Airport authorities in California tend to be created only when there are multiple jurisdictions that share ownership of, or interest in, an airport facility. There are no airport authorities in California that oversee more than one airport, or an airport system. Three of the airport authorities in California exist as joint powers agreements between multiple jurisdictions that all had partial ownership over an airport.

None of the airport authorities in California is of a similar size, in terms of passengers, facilities, or even staff levels, to the Humboldt County Airport

System. Two are much larger: the Burbank – Glendale – Pasadena Airport Authority and the San Diego Airport Authority, while two are much smaller: Border Coast Airport Authority in Crescent City and the Merced Airport Authority.

**“THERE ARE NO AIRPORT  
AUTHORITIES IN  
CALIFORNIA THAT  
OVERSEE MORE THAN  
ONE AIRPORT, OR AN  
AIRPORT SYSTEM.”**

Airport authorities do offer the airports they govern total autonomy from local government and they relieve local government agencies of all financial liability in running the airport. Authorities are completely independent under California's Public Utilities code. Moreover, actual ownership of airport facilities and land must be transferred from the jurisdiction that previously owned them to the authority. In all California cases, this has been done without payment to the original jurisdiction.

Airport authorities in California are overseen by a board of directors of five to nine members, depending on the number of parties in the joint powers agreement. Airport authority boards of directors are always appointed in California by the respective joint powers participants. Airport authority boards in California are not elected. Under this structure, the airport director reports directly to the board of directors of the airport authority. While the airport authority board is appointed by the various jurisdictions, the board has no legal ties to those

jurisdictions, and the jurisdictions have no legal governance control of the airport.

## **"IN HUMBOLDT COUNTY AN AIRPORT AUTHORITY WOULD REQUIRE THE COUNTY TO GIVE UP OWNERSHIP OF THE AIRPORT SYSTEM."**

In Humboldt County, an airport authority would require the County to give up ownership of the Airport System through a divestiture to the newly formed authority. In turn, the County Board of Supervisors would have the

right to select the Airports' board of directors each term, which would typically run for four years. The County would also divest all budget control and oversight, along with all liability for Airports budget shortfalls.

Airport authorities in California have the right to issue bonds in their own names, without oversight from the previously governing jurisdiction, but those bonds are also without liability to the previously governing jurisdiction. Airport authorities can levy taxes in their jurisdictions – in this case all of Humboldt County – but none of the current airport authorities in California levy such taxes. A tax levy can only pass with a super majority vote of the electorate in the jurisdiction. This can handcuff airport authorities in providing financing for airports in difficult economic times.

**CASE STUDY ONE:  
BORDER COAST AIRPORT AUTHORITY, CRESCENT CITY**

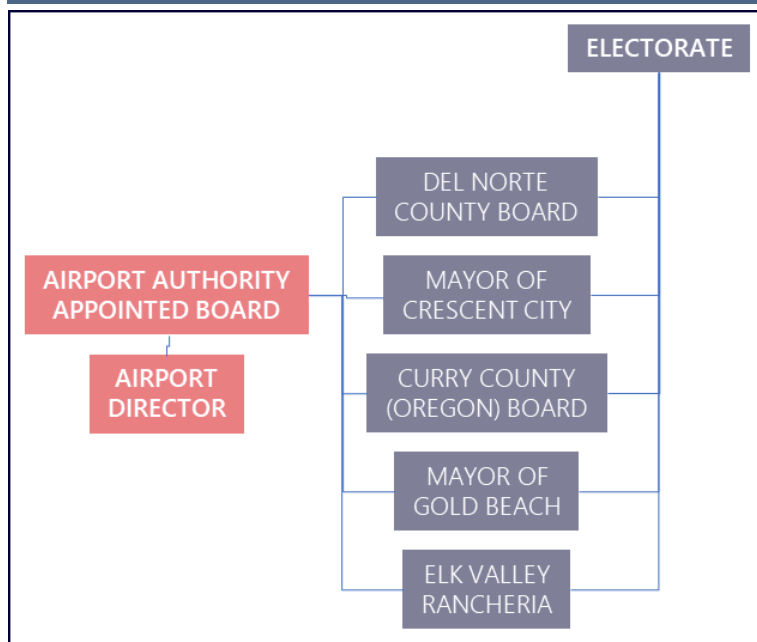
The Border Coast Regional Airport Authority is charged with governing the Del Norte County Regional Airport in Crescent City. The Border Coast Authority is unique in California, and in the West, because it includes jurisdictions in both California and Oregon.

While the Del Norte County Regional Airport used to be owned and operated by Del Norte County, it was organized into an airport authority, through California legislation, and then multiple jurisdictions signed a joint powers agreement giving the authority its local power to operate the Airport. As part of the agreement, the County turned over the airport land and facilities to the authority, which is now governed by a regionally-appointed board representing both states. The joint powers agreement that formed the authority can be found in Appendix Two to this report.

Like other California airport authorities, the board of the Border Coast Regional Airport Authority is appointed by regional stakeholders. In this case there are five appointing agencies (refer to chart 22). Del Norte County appoints three members to the seven-member board of directors, while Crescent City, Curry County, Oregon, Gold Beach, Oregon, and the Elk Valley Rancheria each appoint one member.

The stakeholder communities do not have any financial burden or liability for the Airport – it is completely independent except in the stakeholder communities' ability to appoint board members.

**CHART 22: BORDER COAST AIRPORT AUTHORITY GOVERNANCE**  
SOURCE: VOLAIRE AVIATION CONSULTING





Del Norte County Regional Airport shares some governance challenges with the Humboldt County Airport System. Due to the small size of the airport in Crescent City, it does not have its own department such as legal, risk management, and properties. These services are contracted from the County. This can slow decision-making in much the same way decisions tend to be delayed in Humboldt County. In smaller airports that do not have the passenger traffic to warrant a large on-site staff, there are often few advantages in decision-making speed to airport authority governance. Most advantages come in the form of reduced budgetary liability to the local cities or counties.

The authority in Crescent City does shield the local governments from financial liability in the operation of the airport. At the same time, if the airport were ever to face a major deficit, it would be faced with attempting to levy a property tax. The authority also creates additional cost in the operation of Del Norte County Regional Airport as it must find staff – whether directly employed by the Airport or on contract – to cover many of the missions the County would cover at reduced cost

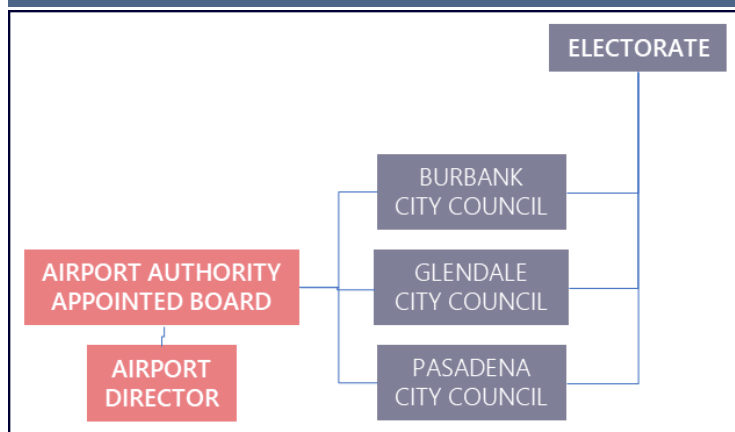
#### CASE STUDY TWO: BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Bob Hope Airport operates under the Burbank – Glendale – Pasadena Airport Authority, which was established by a legislative act to create the authority, followed by a joint powers agreement between all three cities to establish the authority’s governance. Each of the three cities appoints three members to the nine-member airport authority board of directors (refer to chart 23).

The authority’s board of directors is intentionally isolated from the pressures of the electorate, as the authority’s only link to the electorate is through the city councils. The executive director of the airport reports directly to the

board, which does not directly report to the cities, but its directors must gain appointment from the cities – the

**CHART 23: BURBANK AIRPORT AUTHORITY GOVERNANCE**  
SOURCE: VOLAIRE AVIATION CONSULTING



only link the cities maintain to the governance of Bob Hope Airport. As part of the joint powers agreement, the cities agreed to give up control of the Airport's land and facilities, which are now wholly-owned and operated by the authority itself. This is a prerequisite to the formation of an airport authority in California.

Under the structure of the airport authority at Bob Hope Airport, there is little oversight from elected officials. Their only impact on the operations and decisions made at the Airport is through their appointment of directors. This is a strength of the airport authority system in California in that it ensures the airport is being run like a business and the airport is responsive to stakeholders and tenants. But it is also a weakness in that the electorate has little control over the direct governance of the airport.

Airport authority governance does speed up the decision-making process for airport management. Airport executive directors under airport authority governance have much more control than

directors under city or county governance in California. The entire structure of airport authorities is designed to be able to react to business demand of running an airport and to separate an airport from political will.

If the Humboldt County Airport System were separated into an airport authority to mirror the one at Bob Hope Airport, it is unlikely the Airport System would see any true cost efficiencies. In fact, it is likely that governance under this structure would end up costing more as the Airport System would have to either hire staff to handle legal and architecture, among other functions, or continue to contract those services to the County.

**"...IT IS UNLIKELY THE AIRPORT  
SYSTEM WOULD SEE ANY  
TRUE COST EFFICIENCIES. IN  
FACT, IT IS LIKELY THAT  
GOVERNANCE UNDER THIS  
STRUCTURE WOULD END UP  
COSTING MORE."**

**SUMMARY:  
AIRPORT AUTHORITY GOVERNANCE**

It does not appear Humboldt County – or its Airport System – naturally fits the mold designed for airport authority governance in California. Airport authorities were primarily created to bring multiple ownership groups together in a way that all could fairly manage an airport to maximum benefit to all groups. The two authorities reviewed in this report bring together diverse governmental organizations – not just stakeholder groups – into an autonomous governing body designed for the maximum benefit of the collection of communities.

Most of those interviewed for this report believe it would be difficult to muster the political will to form an airport authority in Humboldt County. One member of the Board of Supervisors noted a roads referendum for \$10

**“MEMBERS OF THE EUREKA CHAMBER SAID IN ON-SITE INTERVIEWS THAT THEY WOULD BE UNLIKELY TO SUPPORT DUE THE FORMATION OF AN AIRPORT AUTHORITY.”**

million failed with less than half the vote. An authority in Humboldt County would almost certainly need to levy a tax to support the airport system in order to cover its extra costs, outside the County.

Members of the Eureka Chamber said in on-site interviews that they would be unlikely to support the formation of an airport authority due to potential tax implications. The Chamber would prefer the airport system stay with the County.

As Humboldt County is the sole owner and operator of the Airport System, there are no other apparent stakeholder communities that have an ownership interest in the Airport System. There are no diverse governmental jurisdictions in Humboldt County to bring together under an authority. While an airport authority could speed up decision-making and responsiveness of airport management, it would not be solving a problem in jurisdictional direction as it did for Bob Hope Airport or Del Norte County Regional Airport.

A major roadblock to the formation of an airport authority in Humboldt County is the motivation for the County, itself, to divest its airport control to an outside authority, and to an authority that will likely have some members that are not appointed by the County itself. In all other California airport authorities, multiple jurisdictions appoint authority board members. There would be no point to forming a separate authority in Humboldt County if the very Board of Supervisors that currently oversees the Airport System is appointing all the authority board members. All an authority would do is add another layer of government in the County in this case. A re-structured airport advisory committee might be as effective.

Another major challenge to creating an airport authority for the Humboldt County Airport System is cost. Airport authorities can only be created in a two-step process. First, the authority must be established in California law, through the State legislature, with a signature from the Governor. Second, the agencies that will appoint airport authority board members must sign a joint powers agreement stating exactly how the authority will be governed.

**CHART 24: COST OF AUTHORITY FORMATION**  
SOURCE: VOLAIRE AVIATION CONSULTING

Project	Cost
Draft of Authority Bill	\$5,000
Lobbying for Passage	\$60,000
Draft of Joint Powers Agreement	\$5,000
<b>Total</b>	<b>\$70,000</b>

According to airport lobbyists interviewed for this report there is small cost in drafting a suitable bill for legislative review and passage. This draft will have to be generated at County expense through the State Office of Legislative Counsel. This cost would be less than \$5,000. There will, however, also be expense and time in seeing that bill through both chambers of the State legislature and onto the Governor's desk. Generally, lobbying for a bill of this type would cost around \$5,000 per month. A bill of this type would take between nine and 12 months to find its way to the floors of both chambers. The lobbying cost is estimated to be between \$45,000 and \$60,000.

It is possible the bill could fail in one chamber or the other depending on the political climate. Should the bill pass, and be signed, there would then be legal cost in drafting a joint powers agreement – along with the cost of deciding which other jurisdictions in the region should be able to appoint members to the board. This cost

is estimated to be at least \$50,000. The County would have to give up all control of the Airport System, and ownership of the airports, in this process.

Finally, there would be additional cost in establishing a full airport staff, or airport contracts, to handle all of the services that are currently provided by the County. The Airport System would likely need additional accounting and professional staff. Then the Airport System would need to determine how to best provide for legal services, risk management, and human resources, among other County services.

An airport authority would allow the County to divest its interest in the Airport System and to eliminate its budgetary liability for the Airports. This might be attractive to County leadership, especially in a time of financial crisis. However, should the Airport System run at a deficit as an airport authority, it would either have to raise user fees or pass a property tax to fund the Airports, which would likely be politically impossible. The move to an airport authority could put the Airport System on uneven financial footing with a risk of a reduction in overall activity through increased rates as a result of increased costs.

# DETAIL OF DISTRICT GOVERNANCE



There are two major essential differences between a California airport district and an airport authority. One: an airport district can only be created by the electorate, through a general election, rather than being created by the legislature. And two: an airport district has board members that are elected directly by the voters, instead of appointed by regional jurisdictions. The result is a clear and clean chain of command and total airport autonomy.

There are just three airport districts in the State: the Indian Wells Airport District in Inyokern, the Monterey Peninsula Airport District, and the Santa Maria Public Airport District. The fact that only three airport districts exist likely reflects the difficulty in getting an airport district passed by the electorate and the increased cost of operation of an airport that is overseen by its own district.

California airport districts are completely independent of all other governance structures in their regions. Districts operate as their own independent governments, with their own elected officials and their own accountability to the electorate. Districts are always governed by a board and they always have defined boundaries. The voters elect a board of directors, which usually has five members. Those directors appoint an airport executive director, who runs the airport with his or her management team.

**“DISTRICTS OPERATE AS  
THEIR OWN INDEPENDENT  
GOVERNMENTS, WITH  
THEIR OWN ELECTED  
OFFICIALS AND THEIR  
OWN ACCOUNTABILITY TO  
THE ELECTORATE.”**

Unlike airport authorities, California airport districts provide direct accountability to the electorate. One drawback is that there often are not enough interested candidates to fill all the positions on the board. Another drawback is the fact that the electorate usually knows very little about the candidates running for the airport district board, which means those seeking political advancement, rather than the airport's best interest, sometimes get elected.

An airport district would also strip Humboldt County of its interest in the Airport System. If a district was enacted by voters in the County, the Airport System would become the property, and the responsibility, of the district itself. The County would lose ownership, but it would also give up all budgetary liability. The district would continue to run the Airport System as an enterprise fund and it would be responsible for balancing the budget.

Airport districts are given taxing authority under California law. Only one airport district in the State takes advantage of that authority, but the others have the authority. An airport district property tax can only be enacted with a super majority vote of the electorate within the district's boundaries. As airports are competing with schools and other social services for property tax funding, it is rare for an airport district tax to pass.

#### CASE STUDY ONE: MONTEREY AIRPORT DISTRICT

The Monterey Peninsula Airport provides the clearest example of how an airport district works in California, as the Airport is totally self-sustaining, and is the only one in the State to provide all of its own services under the district.

The Monterey Peninsula Airport District is governed by a board of directors made up of five members elected at large by all those living

**CHART 25: MONTEREY DISTRICT GOVERNANCE**  
SOURCE: VOLAIRE AVIATION CONSULTING



within the District's boundaries (refer to chart 25 on previous page). Each board member serves a four year term, and the terms are rolling, with an election to some of the seats every two years. The strength of an airport district is that it provides the electorate within the district direct control over the airport and total transparency. The weakness is that the airport's board of directors is often filled with those who have political aspirations, but little knowledge of how airports should run.

In the case of the Monterey Peninsula Airport District, the District has all of its services under the executive director, including its police department and fire department. This is unique to California airport districts, but

**"THE INCREASED COST OF  
AIRPORT STAFF IN MONTEREY  
LEADS TO HIGHER COSTS FOR  
AIRPORT TENANTS,  
INCLUDING THE AIRLINES  
THAT SERVE THE MARKET."**

it ensures the airport has all the services it needs, provided directly by the district, itself. Other services within the district include legal and accounting.

The impact of having a strong executive design is that an airport executive director has the authority to quickly make decisions on

items airport management is not authorized to decide on in city and county airports. Decisions on airport events can be made quickly by airport management, and by airport staff, whereas the same decisions must go through Humboldt County government, soaking up time and resources.

The challenge created by having all services within an airport district is the cost. The increased cost of airport staff in Monterey leads to higher costs for airport tenants, including the airlines that serve the market. This increased cost has hurt the Monterey Peninsula Airport District in the recruitment of additional air service.



**CASE STUDY TWO:  
SANTA MARIA AIRPORT DISTRICT**

The Santa Maria Public Airport District is the only airport district in California that levies a property tax. All airport districts have taxing authority granted by the State. Research shows Inyokern and Monterey do not use their taxing authority while the Santa Maria Public Airport District levies a 1.11 cent property tax per \$1,000 of valuation. It is unclear, from the research, how much this property tax generates in revenue per year, as it is not reported to the Federal Aviation Administration (FAA) as operating revenue. The owner of a \$250,000 home in the district would pay an average of \$2.78 per year in airport-related property taxes. A property tax, like the one levied in Santa Maria, can only be enacted by a super majority (two-thirds) vote of the district's electorate.

**"THE SANTA MARIA  
PUBLIC AIRPORT  
DISTRICT IS THE ONLY  
AIRPORT DISTRICT IN  
CALIFORNIA THAT LEVIES  
A PROPERTY TAX."**

Outside the use of a property tax to help fund the district, the Santa Maria Public Airport District is set up almost identically to the two other districts in the State – Monterey and Inyokern. The district board of directors is elected by the district's voters to four-year terms. There are five directors in total although there was a period in which only four of the positions were filled. This left the district with challenges, as several votes were two to two, with no provision in the district's authorization for a tie-breaking vote.

Nonetheless, the airport district governance structure in Santa Maria generally allows for quick decision-making and quick reactions from airport management and staff. The executive director has significant authority to make decisions on day-to-day operations and airport event approvals. The executive director does have in-house counsel as a resource. Still, most property issues and other approvals must get board approval. In these cases, decision-making is hampered by the limited board meeting schedule – just once per month.

As in other California airport districts, there is an increased cost associated with this type of governance. As most functions must be "in house" in a district – as it operates with complete autonomy from all other local

government – the cost of airport management and staff is higher in districts than it tends to be in city or county airports.

There are several potential pitfalls to the development of a similar district in Humboldt County. First, airport cost will likely be increased beyond the savings the Airport System would realize from reducing the amount it pays the County for management services. Second, the County would lose control of its airports – including its ownership share. And third, it is unlikely, in the current political and economic environment that a new airport district would be able to institute a property tax through a vote of the electorate – no matter how small.

#### **SUMMARY: AIRPORT DISTRICT GOVERNANCE**

Airport districts are formed under California special districts law. In essence, an airport district is no different than an independent water district, a park district, or even a zoo district. Special districts have been praised as a form of direct democracy. At the same time, they have been criticized for fragmenting government and creating more taxing agencies for the electorate.

While there are no airport districts in California that currently oversee multiple airports, this would not be a factor in the potential formation of a district in Humboldt County. Special districts can encompass whatever the voters of the district approve. A district could be created that includes all six Humboldt County airports with a single set of airport management.

The first challenge in forming an airport district in Humboldt County will be getting the voters to approve it. Airport districts, by their nature, are taxing authorities. While there are districts in the State that do not exercise their taxing authority and while the Humboldt County Airport System might reassure the electorate it does not plan to request a tax, the referendum for the approval of the district must be transparent and explain the new district's taxing authority. In the current political climate, it could be exceedingly difficult to get voters to enact a new form of government even if it does not come with an immediate tax.

This worried members of the current Humboldt County Aviation Advisory Committee who said a district would not be viable until there is a narrative in the community about air service success and the value of the airport system to the general taxpayer. The narrative might also have to include information about how the County tax burden would decrease if the district was passed, and that would be highly unlikely with current County revenue challenges.

The Airport System could also be folded into the current Harbor District with an intergovernmental agreement or a vote of the County electorate. But the feeling in on-site interviews was the Harbor District has too many

other lines of business to manage and would not be prepared to take on the County's airports.

**"...THE HARBOR DISTRICT HAS TOO MANY OTHER LINES OF BUSINESS TO MANAGE AND WOULD NOT BE PREPARED TO TAKE ON THE COUNTY'S AIRPORTS."**

There would be significant expense to the County and the Airports in preparing the measure for the ballot and putting the measure on the ballot. The first step would be for a set of registered voters to apply

to the Local Agency Formation Commission (LAFCO) for the creation of the airport district. Then, if approved by LAFCO, the formation would be open to a public hearing. Following the public hearing LAFCO would schedule a protest hearing, in which a majority protest – or signatures from a majority of the electorate in the proposed district – would end the process. If there is no majority protest, the referendum would go to the voters. The County would incur additional expense in educating voters about the potential value of the district.

Research for this report from the Voting Technology Project, a joint effort of Cal Tech and MIT, shows, "there is no ready answer [to the cost of local elections]." The same report estimated a special referendum cost – a district election such as this – at \$10 per voter, or \$900 per precinct. The website [completecampaigns.com](http://completecampaigns.com) reports that the average election advertising per vote is \$14.

Another roadblock to the formation of an airport district in Humboldt County is the motivation for the County, itself, to divest its airport control to an outside district. As would be the case in an airport authority, an airport district would take control of all County land and facilities at both airports. The district would also take financial responsibility for the Airport System's budget and debts. A district would add another layer of government in the County, but the County would essentially lose the land and the facilities it owns at its six airports.

**"A DISTRICT WOULD ADD  
ANOTHER LAYER OF  
GOVERNMENT IN THE  
COUNTY, BUT THE COUNTY  
WOULD ESSENTIALLY LOSE  
THE LAND AND THE  
FACILITIES IT OWNS AT ITS  
SIX AIRPORTS."**

California's airport districts do have three distinct advantages. One, they can tailor their services to the demand of those who use the facilities. Airport districts do not have to be accountable to the political pressures of county board governance. Two, airport districts can run more like a business with airport users paying fees that cover the cost of the operation of the airport; assuming the district does not levy a district wide tax. And three, districts tend to be more directly responsive to their constituents. Airport district board members are directly elected within the district, so, unlike an appointed airport authority board, they must be directly accountable to the electorate for their actions. This can sometimes be bad for an airport when a vocal sub-community is able to elect an anti-airport board member.

There are also several distinct disadvantages to airport district governance, outside the increased cost of operation of an airport as a district. First, airport districts create another independent layer of government. The citizens of many counties already feel as though they are "over governed" and a new district, with the sole mission of running an airport, can feel like a waste of taxpayer time and resources. Second, the State of California reports that special districts often hinder regional planning. In the case of an airport district, the district has sole control over airport impact on the community from issues such as aircraft noise. Under district control, the county loses its say over these types of issues, and coordination between agencies becomes more

time consuming and expensive. Finally, although it would not appear to be the case, special districts actually have the impact of decreasing the accountability of the district to the taxpayer.

While it is true the taxpayer elects the district's board of directors, districts are so specialized in mission that it can often be difficult for the residents of a district to keep informed on the decisions being made. Districts are not visible in most communities, which makes it difficult for residents to know who's in charge. Moreover, airport district elections take place during Presidential elections and mid-term elections, which means those running for airport district boards get little attention, and the electorate spends little time learning about those candidates. This can lead to a board being elected that it not well suited for making important airport decisions.

# RECOMMENDATIONS FOR FUTURE GOVERNANCE



While the report has made it clear there are significant challenges with the current operations of the Humboldt County Airport System, it has not been pre-determined that those challenges necessitate a governance structure change. A change can only be recommended if:

1. The change would improve or eliminate a significant number of the challenges identified by the stakeholders interviewed for this report that the status quo could not;
2. The steps to achieve the change are feasible in the current political environment in the County;
3. The change would be legal under current California and federal law.

The cost of achieving a change in the governance structure of the Airport System is another, separate issue. While costs are factored into the recommendation they are not a deciding factor in the recommended future governance structure so long as the future governance structure is designed to increase revenue through better airport operations. If a new structure provides substantial increases in service quality or Airport System efficiency that structure should be considered despite cost. This philosophy is consistent with the direction of the Board of Supervisors, all members of which were interviewed for this report, and a majority of which said short term cost increases are worth it to create a self-sustaining Airport System in the future.

Any governance change will seek to remedy as many challenges as possible with the current operation of the Airport System. It is clear that some of the problems are manifested by the lean staff and the lack of an airports manager. Lean staffing causes the Airport System to spend almost \$100,000 per year on extra staffing from

Public Works. It also has resulted in airports that many report as not adequately maintained and infrequent safety checks at outlying airports. Moreover, without an airports manager, there is no on-field decision-making, an unclear chain of command, and no strategic business planning focus.

Other challenges appear to be caused by the current positioning of the Airport System as a sub-department within Public Works. These challenges include the incompatible missions of Public Works' sub-departments, wherein all but one – the Airport System – are not independent enterprise funds. Many interviewed for this report stated they believe the mission of Public Works does not fit with the business mission of an enterprise fund and limits the Airport System's business focus.

**"MANY INTERVIEWED FOR THIS REPORT STATED THEY BELIEVE THE MISSION OF PUBLIC WORKS DOES NOT FIT WITH THE BUSINESS MISSION OF AN ENTERPRISE FUND..."**

At the same time, the current Aviation Advisory Committee is designed to advise the County on airport operations issues, instead of a focus on leveraging the airports for business and economic growth. The Committee has a conflict of interest with eight of nine members being pilots. The County is missing an opportunity to place regional leaders on the Committee in order to use their wide-ranging business experience to develop strategic revenue growth options for the airports.

The goal then becomes identifying a governance structure that can help the Airport System operate most efficiently, ensure a forward-looking business focus, provide oversight and staffing to adequately maintain airports, and reduce spending on Public Works staff time, reducing the burden on Public Works to use precious resources on items it deems as non-emergencies at the airports. At the same time, the recommendation must consider the desire of the Board of Supervisors, stated in interviews, to retain the airports, and the lack of political will to create a new government sub-division within Humboldt County.

**GOAL ONE:  
CREATE AN AIRPORTS DEPARTMENT**

Two of the five members of the Board of Supervisors said they would not support any move of the Airport System to another governmental body. Another said a move is politically impossible because voters would never support it. The authors of this report concur the Airport System, in order to stay financially viable, needs to be able to use the staffing resources and expertise of other County departments.

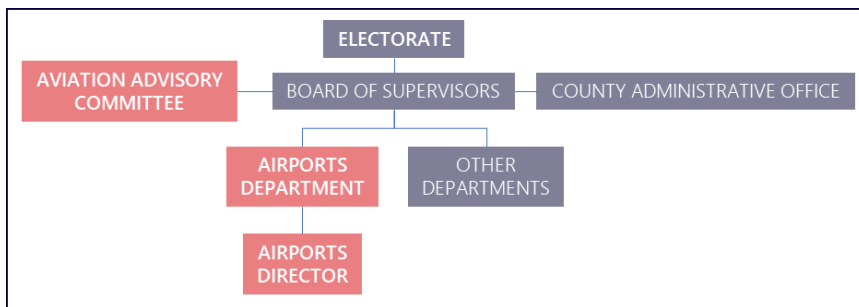
An ideal governance structure for the Humboldt County Airport System is one that will allow it to run more like a business under the enterprise fund concept. The ideal structure will give the manager of the Airport System direct control over the airports and ensure elected officials oversee major decisions and budget planning. The ideal structure will also speed up the decision-making process by putting more direct power in the hands of those who run the Airport System and understand its unique challenges and opportunities.

A majority of Supervisors recommended the Airport System move away from the Public Works Department, as did virtually all business leaders, community leaders, airport tenants, and airport users interviewed for this report. Others focused on the fact that Public Works' mission is about service to the community while the Airport System mission is about economic development and business development. Some believe autonomy will help get things done more quickly at the airports, as the airports will not be leaning on Public Works to make decisions or process requests as often.

This report recommends creating a new Airports Department within Humboldt County (refer to chart 26). While this recommendation creates the County's 13<sup>th</sup> appointed department, and it will create

more work for County administrative staff and the Board of Supervisors, it is also true the current structure

**CHART 26: RECOMMENDED AIRPORT SYSTEM GOVERNANCE**  
SOURCE: VOLAIRE AVIATION CONSULTING





results in slow response times, a sub-division fighting against critical County infrastructure needs for attention to problems, and a lack of business focus.

Specifically, the new department should help remedy a number of current challenges:

- 1) Make the Airport System a higher priority for County government by elevating its status;
- 2) Improve response time for items that can be processed by the department instead of going through Public Works;
- 3) Empower on-field decision-making;
- 4) Provide a clear chain of command for both employees and stakeholders;
- 5) Ensure the Airport System operates with a business-minded focus and with a strategic plan;
- 6) Reduce spend on extra staffing from Public Works;
- 7) Ensure airports are adequately maintained and safety checks are more frequent;
- 8) Better maintain the airline terminal with on-field oversight.

With the creation of the new Department, this report recommends two other structural changes. First, the Airports Department must have an Airports Director (refer to chart 26 on previous page). It is unacceptable that so many airport stakeholders reported they do not know who to contact when there is a problem. Moreover, the lack of strategic vision has been clear to most interviewed for this report. More detail on this recommendation can be found in the “goal two” section of this report.

This report also recommends the County change the structure of the Aviation Advisory Committee. A pilot committee does little to forward the enterprise mission of the Airport System. The new structure, detailed in “goal four” of this report, will better connect the Airport System to the region’s leaders and provide better business insight to new airports leadership.

This transition can be made with limited additional costs to the County or the Airport System. The Airports can be split into their own department by County resolution, avoiding the cost of a county-wide election or the cost of working legislation through State government. A resolution can be drawn up by the County's legal department for quick passage, even in the case where the County feels it should have a public comment session on this plan.

**"THIS TRANSITION CAN BE  
MADE WITH LIMITED  
ADDITIONAL COSTS TO  
THE COUNTY OR THE  
AIRPORT SYSTEM."**

An airport authority or an airport district running the County Airport System could also be a solution to many of the challenges, but it is not believed to be the ideal governance structure in this case. While both structures would give stakeholders of the Airport System a direct line of communication to airport leadership, it has not been proven through the research in this report that communication is any more effective than communication with an airports director.

Both airport authorities and airport districts in California have been shown in this report to add management cost to the airports they oversee. The Humboldt County Airport System is struggling with budget shortfalls. These shortfalls would be made worse with the added cost of operating under an authority or district – and it does not appear the advantages of those types of government would outweigh the cost.

**GOAL TWO:  
HIRE A PROFESSIONAL AIRPORTS DIRECTOR**

Every person interviewed for this report agreed the Airport System must finally hire a full-time, professional airports manager to oversee the division. Regardless of governance structure, the System must have a manager. It is remarkable the Airport System has been able to function for four years without direct management, speaking to the quality of the leadership at Public Works and the employees of the System in ensuring the System could continue to function.

Those interviewed for this report want to see more authority directly on the field so decisions do not have to be made at the County level. Some reported current system leadership is weak as Public Works should not be asked to lead an enterprise fund. Many would like to see a strong aviation division director with significant

experience. Even Public Works leadership agreed the System needs a professional manager with a lot of experience.

**“REGARDLESS OF  
GOVERNANCE STRUCTURE,  
THE SYSTEM MUST HAVE A  
MANAGER.”**

In the experience of the authors of this report, a strong, experienced manager will not be attracted to a job where he or she is reporting to another department head. The best airport leaders in the country want to lead their own airports with a structure allowing them to directly report to the leadership of a governmental body – in this case the Board of Supervisors. Taking pay out of the equation, Humboldt County is much more likely to land an experienced and dedicated airport director if the Airport System is positioned to report directly to the Supervisors rather than the Public Works Director.

The reason the County has cited for not filling the airports manager position for the last four years is to reduce the airports cost to balance the budget. At the same time, the Airport System paid Public Works more than \$50,000 in extra costs for administrative services. Savings in this area could fund at least a portion of the extra cost of hiring a strong manager. A salary will be recommended in the future strategic business plan for the Airport System.

**GOAL THREE:  
RE-EVALUATE STAFFING LEVELS**

The Humboldt County Airport System is understaffed. Just 12 employees oversee, manage, and maintain six airports separated by as much as 82 miles. The sheer volume of work is too much for the current staff, and even the addition of an airports director will not relieve the pressure felt by the amount of work to be done. Airports are not adequately maintained, and tenants have taken on too much of a burden for maintenance.

The County must re-evaluate how the Airport System is staffed, and eventually work to start filling some of the seven positions that have been left open due to budget concerns. In fiscal year 2016, the Airport System paid Public Works almost \$21,000 for extra maintenance staff time and almost \$28,000 for extra time for property management.

The goal of governance change recommended in this report and the hiring of an airports director, is to place more emphasis on strategic business planning and revenue growth. Once a strategic business plan is in place and revenue growth can be documented, it is recommended new revenue first go to hiring staff.

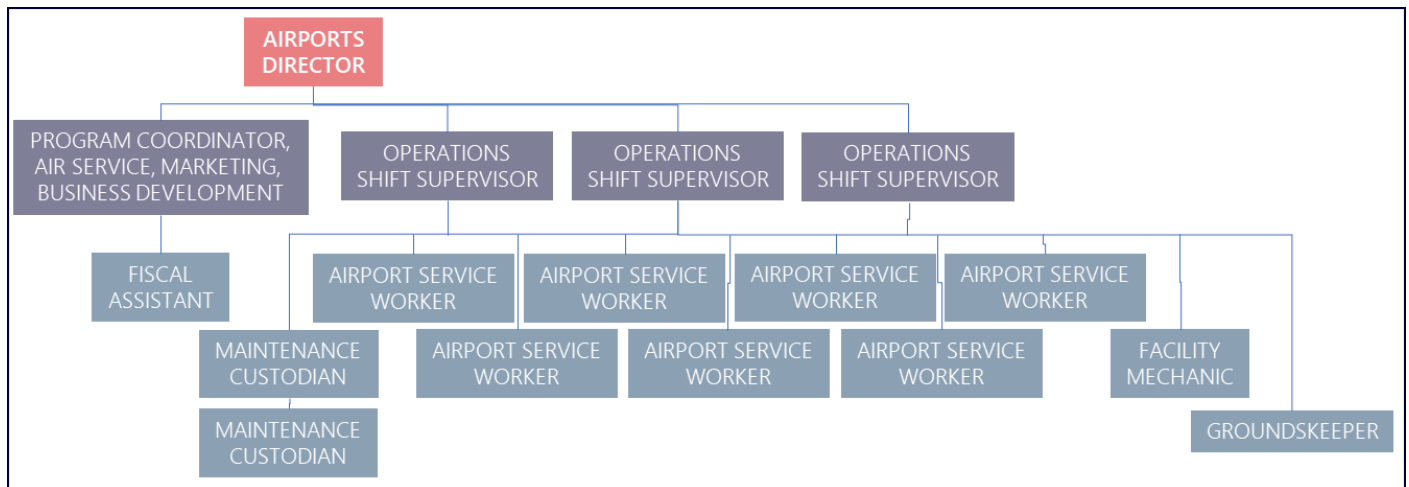
It is also recommended Airport System staffing be re-structured (refer to chart 27 on next page). It is suggested System full staffing be reduced from the current 19 positions (again with seven frozen) to 17 positions, eliminating a custodial position (currently unfilled) and a groundskeeper position (currently unfilled). The reduction in staff size will not cause any employee to lose a job. In fact, it would represent a net increase in five jobs over the positions currently filled.

**"THE COUNTY MUST RE-EVALUATE HOW THE AIRPORT SYSTEM IS STAFFED, AND EVENTUALLY WORK TO START FILLING SOME OF THE SEVEN POSITIONS THAT HAVE BEEN LEFT OPEN..."**

The new staffing structure should include specific responsibilities for a staff member in charge of air service, marketing, and business development (refer to chart 27). This would put the System's focus squarely on business development and planning.

**CHART 27: RECOMMENDED AIRPORT SYSTEM STAFFING PLAN**

SOURCE: VOLAIRE AVIATION CONSULTING



It is also recommended all seven airport service worker positions be filled (refer to chart 27). This will ensure airport safety checks can be done more frequently. It will allow the Airport System to bring the majority of tasks that are currently farmed out to Public Works back in-house, including vehicle maintenance.

The staffing structure can be changed at the same time governance changes are enacted. But the positions marked for new hires (outside of the airports director) do not have to be filled until the point at which the County is comfortable that the System's budget is improving. But the airports will face challenges with maintenance until the System is fully staffed.

**GOAL FOUR:  
RE-STRUCTURE THE AVIATION ADVISORY COMMITTEE**

Even members of the current Aviation Advisory Committee believe it should be re-structured to better match a new Airport System mission to run like a business and help to develop the regional economy. Most interviewed for this report said the Committee should be made up of business and community leaders.

As noted in this report, other California airports with advisory committees use those committees to bring in a wide range of regional perspectives to airport planning. Humboldt County is currently unique in that it places an operational focus on the committee, rather than a business focus. It is recommended the County transition the focus away from pilots and their perspectives on the airports to regional leadership and a focus on leveraging the airports for economic growth.

**“MOST INTERVIEWED FOR  
THIS REPORT SAID THE  
COMMITTEE SHOULD BE  
MADE UP OF BUSINESS AND  
COMMUNITY LEADERS.”**

It is recommended the Aviation Advisory Committee be re-structured to include seven members, down from the current nine. The current Committee has trouble obtaining a quorum for meetings, which indicates it has too many members. It is also recommended that, instead of all members being appointed by the Board of Supervisors, certain positions be attached to positions within other community organizations.

The new Committee should include the following permanent positions appointed by the Board of Supervisors:

- 1) Humboldt County Convention & Visitors Bureau Executive Director
- 2) Economic development representative from one of the region's agencies and/or cities
- 3) Chamber of commerce representative from one of the region's agencies and/or cities

The new Committee should also include the following positions appointed by the County's Board of Supervisors, based on the requirements of each position. Each of these appointees shall be nominated to the Supervisors by the Airport System:

- 1) Airline Representative: A locally-based representative of a scheduled passenger or cargo airline serving one of the County's airports;
- 2) Aviation Tenant Representative: A tenant at one of the County's airports;
- 3) Local Business Representative: A leader at a local firm with an interest in the airports;
- 4) Financial Representative: A leader at a bank, investment firm, or accounting firm.

The bylaws of the new Committee should specify that no more than three of the seven members of the Committee shall be pilots, whether they have aircraft based at airports within the County or not. This will reduce the chance of a conflict of interest.

The authors of the report did consider the outright elimination of the Aviation Advisory Committee, removing a layer of governance and potentially enhancing the on-field decision-making of a professional airports director. However, current federal grant assurances require participation with users and affected parties; this is how the county ensures this. Moreover, there is an opportunity to use the re-structured committee to better connect the Airport System to the region and the people the airports are meant to serve.

#### **GOAL FIVE: BETTER TENANT COMMUNICATION**

It was clear in interviews tenants want better communication with Airport System leadership. Virtually all have trouble understanding the chain of command under Public Works, and few know exactly who they are supposed to contact when they have something to report.

To provide a clear line of communication between Airport System management and tenants at all airports, the report recommends mandated tenant communication through different forums based on the airport and the tenant. Specifically, the airports director should meet quarterly, in a group setting, with tenants at the following airports:

- 1) Arcata-Eureka Airport
- 2) Murray Field
- 3) Garberville Airport
- 4) Rohnerville Airport

These meetings should take place at each airfield so that tenants do not have to travel to Arcata-Eureka Airport to be heard. There are few tenants at Kneeland and Dinsmore airports and they should be welcome to attend meetings at any of the other airports. The goal of these meetings will be to address any operational issues, to ensure maintenance is being performed, and to ensure tenants have a direct line of communication to the Airport System.

It is recommended the airports director meet monthly, one-on-one, with the station managers for scheduled airlines – both cargo and passenger. These meetings should be regularly scheduled and held at the airports director office at Arcata-Eureka Airport (ACV). The goal of these meetings will be to ensure nothing gets overlooked in airline terminals and that slow-moving repairs of the past do not become the norm.

Finally, it is recommended that the airports director meet monthly with the County Administrator and each member of the Board of Supervisors. These meetings should be scheduled on the same date in each month to ensure they are kept on the calendar and regarded with adequate importance.



# APPENDIX ONE: CALIFORNIA GOVERNANCE



Governance Type of California Airports with Commercial Air Service									
Source: Volaire Aviation Consulting, June 2017									
Code	Airport Name	Location	County	Non-Stop Cities	Airlines	Daily Departures	Q&D Passengers	Governance Type	Governance Detail
ACV	Acacia/Eureka Airport	McKinleyville	Humboldt	2	1	63	146,103	County Sub-Department	A Division of the County Department of Public Works
BFL	Meadows Field	Bakersfield	Kern	3	2	87	195,708	County Department	Own department within the County Strong executive design. Airport Director reports directly to the County's Board of Supervisors
BUR	Burb Hope Airport	Burbank	Los Angeles	13	6	707	4,370,899	Authority	Independently operated by TBI Airport Management. Authority is made up of three cities with oversight: Burbank, Glendale, and Pasadena
CEC	Del Norte County Airport	Crescent City	Del Norte	1	1	2.0	17,056	Authority	Authority is an independent autonomous body operating under a Joint Powers Authority (JPA) with Directors from Del Norte County, Crescent City, Elk Valley Rancheria, and the City of Brookings, Oregon.
FAT	Fresno Yosemite International Airport	Fresno	Fresno	11	7	32.6	1,813,250	City Department	Own department within the City Airport Director reports to City Manager
IPL	Imperial County Airport	Imperial	Imperial	1	1	4.8	18,675	County Department	Own department within the County Strong executive design. Airport Director reports directly to the County's Board of Supervisors
IKK	Inyo-Kern Airport	Inyo-Kern	Kern	1	1	1.1	12,120	Airport District	Airport Director reports to an independently elected group of Commissioners not affiliated with any nearby cities or counties.
LAX	Los Angeles International Airport	Los Angeles	Los Angeles	186	57	855.2	75,798,790	City Department	Los Angeles World Airports is the Los Angeles city department that owns and operates a system of three airports: Los Angeles International (LAX), LA/Ontario International (ONT) and Van Nuys (VNY). Department has its own independent board of commissioners.
LGB	Long Beach Airport at Daugherty Field	Long Beach	Los Angeles	16	4	40.8	3,079,126	City Department	Own department within the City Airport Director reports to City Manager
MCE	Merced Regional Airport (MacReady Field)	Merced	Merced	2	1	4.3	18,300	Authority	Authority is an independent autonomous body operating independent of City owners.
MMH	Mammoth Yosemite Airport	Mammoth Lakes	Mono	3	2	1.3	42,185	City Department	Own department within the City Airport Director reports to Airport Commission, which reports to the City Council and the Mayor.
MRY	Monterey Peninsula Airport	Monterey	Monterey	5	4	12.4	391,488	Airport District	Airport Director reports to an independently elected group of Commissioners who come from the municipalities surrounding the airport based on ward.
OAK	Metropolitan Oakland International Airport	Oakland	Alameda	45	13	172.8	12,221,188	Port Authority	Independent Port commission with seven members nominated by the Mayor of Oakland and appointed by the Council for four-year terms.
ONT	Ontario International Airport	Ontario	San Bernardino	14	7	89.4	4,321,806	City Department	Los Angeles World Airports is the Los Angeles city department that owns and operates a system of three airports: Los Angeles International (LAX), LA/Ontario International (ONT) and Van Nuys (VNY). Department has its own independent board of commissioners.
PSP	Palm Springs International Airport	Palm Springs	Riverside	18	10	311	1,875,906	City Department	Own department within the City Airport Director reports to City Manager
RDD	Redding Municipal Airport	Redding	Shasta	2	2	6.0	90,419	City Sub-Department	A Division of the City Department of Support Services Airport Director reports to the Director of Support Services, who reports to the Mayor and City Council
SDA	San Diego International Airport	San Diego	San Diego	65	18	241.8	20,953,512	Authority	Formed into independent authority in 2003 with a bill in the CA Legislature
SBA	Santa Barbara Municipal Airport	Santa Barbara	Santa Barbara	7	3	215	666,314	City Department	The Airport Commission is an advisory body to the Santa Barbara City Council which is the official governing body for the Airport
SBP	San Luis Obispo County Regional Airport	San Luis Obispo	San Luis Obispo	5	3	12.1	236,965	County Department	Airport is own County department
SCK	Stockton Metropolitan Airport	Stockton	San Joaquin	3	1	4.4	187,241	County Department	The Airport Commission is an advisory body to the Board of Supervisors, which is the official governing body for the Airport
SFO	San Francisco International Airport	San Francisco	San Francisco	148	50	551.1	49,506,698	City/County Department	An independent department of the City and County of San Francisco
SJC	Mineta San Jose International Airport	San Jose	Santa Clara	41	15	145.2	10,943,086	City Department	The Airport Commission is an advisory body to the San Jose City Council, which is the official governing body for the Airport
SMF	Sacramento International Airport	Sacramento	Sacramento	33	9	135.5	10,147,339	County Department	Own department within the County Strong executive design. Airport Director reports directly to the County's Board of Supervisors
SMX	Santa Maria Public Airport	Santa Maria	Santa Barbara	2	2	4.9	72,730	Airport District	Airport Director reports to an independently elected group of Commissioners who come from the municipalities surrounding the airport.
SNA	John Wayne Airport - Orange County	Santa Ana	Orange	23	7	124.2	10,365,964	County Department	Own department within the County
STS	Charles Schulz Sonoma County Airport	Santa Rosa	Sonoma	8	5	7.7	355,491	County Sub-Department	Airport is a division of the County's Public Works Department Airport Commission advises County's Board of Supervisors on Airport related matters
Passenger data as of the year ended March 2017. US Department of Transportation O&D Database									

# APPENDIX TWO: BORDER COAST AUTHORITY



## **BORDER COAST REGIONAL AIRPORT AUTHORITY SECOND AMENDED JOINT POWERS AGREEMENT**

THIS AGREEMENT is made and entered into this \_\_\_ day of \_\_\_\_, 2010, by and between the County of Del Norte, a legal subdivision of the State of California, hereinafter referred to as "County", the City of Crescent City, a municipal corporation existing under the laws of the State of California, the Elk Valley Rancheria, a federally recognized Tribe, the City of Brookings, a municipal corporation existing under the laws of the State of Oregon, the County of Curry, a political subdivision of the State of Oregon, and the City of Gold Beach, a municipal corporation existing under the laws of the State of Oregon, collectively referred to as "Participants", who agree as follows:

### **RECITALS**

This Second Amended Joint Powers Agreement amends and restates that certain Joint Powers Agreement of the Border Coast Regional Airport Authority dated October 4, 2007, and the First Amended Joint Powers Agreement dated August 7, 2008, under which the Participants other than the City of Gold Beach and the County of Curry have operated the Authority to date.

Del Norte County owns Del Norte County Regional Airport, Jack McNamara Field, a commercial airport located in Del Norte County which serves passengers from both California and Oregon (the "airport"). Recognizing the bi-state regional significance of the airport, the Del Norte County Board of Supervisors has decided to enter into this Border Coast Regional Airport Authority (the "Authority") in order to permit other governments to share in operational decision-making for the airport. In addition to the City of Crescent City, the Elk Valley Rancheria, the City of Brookings, the County of

Curry, and the City of Gold Beach, these governments may include other local government agencies in the State of Oregon as well as sovereign tribal governments. The parties to this agreement believe that by working together in the framework of this Authority, the role of the airport in accommodating current and future air travelers, facilitating the economic development of the border coast region, and maintaining and operating the airport as an essential component of the region's emergency response network, will be protected and enhanced.

By entering into this agreement, Del Norte County does not intend to transfer ownership of the land and facilities that make up the airport. Nor does entry into this agreement by entities other than Del Norte County imply a commitment on their part to provide funding for the capital improvement or operation of the airport. However, these and other issues may become the subjects of ongoing conversation among the Authority's Participants.

This agreement is entered into pursuant to the provisions of California Government Code, Sections 6500 and following, hereinafter referred to as the "California JPA Law," and Oregon Revised Statutes, Section 190.420, hereinafter referred to as the "Oregon JPA Law," for the purpose of creating an agency to provide for the planning, operation, marketing, and maintenance, directly or indirectly, of the commercial airport located in Del Norte County and known as Del Norte County Regional Airport, Jack McNamara Field.

It is the intent of the Participants in the Border Coast Regional Airport Authority that the membership in the Authority will be open to all those public agencies in the States of California and Oregon that elect to join the Authority, and meet the following criteria: (a) the territory of the public agency is substantially located in Del Norte County, California, or Curry County, Oregon; (b) the public agency has the power under the California JPA Law or Oregon JPA Law, to join the Authority; and (3) the public agency has the power to operate an airport. Participation in the Authority will remain open to those entities that may decide to join after the Authority is formed and operational.

## **ARTICLE I**

### **CREATION AND OPERATION OF THE AUTHORITY**

SECTION 1.1 CREATION OF AUTHORITY: Pursuant to the California and Oregon JPA Laws, there is hereby created a public entity to be known as the "BORDER COAST REGIONAL AIRPORT AUTHORITY", referred to herein as the "Authority". The Authority is a public entity separate and apart from the parties hereto.

SECTION 1.2 PARTICIPANTS: The Participants in the Authority are Del Norte County, the City of Crescent City, the Elk Valley Rancheria, the City of Brookings, Curry County, and the City of Gold Beach.

SECTION 1.3 GOVERNING BOARD; INITIAL BOARD; APPOINTMENTS: The Authority is administered by a governing board, which is called the "Board of Commissioners of the Border Coast Regional Airport Authority," and which is referred to herein as the "Board." The Board of the Authority initially consisted of five members appointed as follows: The Del Norte County Board of Supervisors appointed three members, two of whom were Supervisors of that County, and two of whom were designated to serve four-year terms and one of whom was designated to serve a two-year term; the first two additional Participants were Crescent City and the Elk Valley Rancheria, which appointed one member each, with each of those members serving a term congruent with the term of the two-year appointee of the Del Norte County Board of Supervisors. Upon approval of the First Amended Joint Powers Agreement and becoming a Participant, the City of Brookings appointed one member to the governing board, with that member serving a term congruent with the four-year appointees of the Del Norte County Board of Supervisors.

SECTION 1.4 GOVERNING BOARD; PERMANENT CONSTITUTION: The number of members of the permanent Board shall be between seven and eleven. Appointments shall be made by resolution of the governing body of the Participant. Following the terms of the initial Board, the terms of all Board members shall be four years. However, each Board member shall serve at the pleasure of the appointing authority for that position and may be removed and replaced according to the rules of the governing body

of that Participant. If a Board member's term expires before that member's reappointment or the appointment of a successor, the incumbent may continue to serve until he or she is reappointed or a successor is appointed.

SECTION 1.4.1 GOVERNING BOARD; CURRY COUNTY AND GOLD BEACH: Upon approval of this Second Amended Joint Powers Agreement, as amended to include Curry County and the City of Gold Beach, these entities have been recognized as Participants and may each appoint one member to the Governing Board, with those members serving terms congruent with the terms of the four-year appointees of the Del Norte County Board of Supervisors.

SECTION 1.5 ALTERNATE MEMBERS: The governing body of each Participant may by resolution appoint an alternate to serve in the absence of any member of the Governing Board appointed by that Participant.

SECTION 1.6 COMPENSATION: Members of the Board of Commissioners will receive no compensation. However, they may be reimbursed for the actual expenses incurred while performing the duties and activities of the Board.

SECTION 1.7 REGULAR MEETINGS: The Board of Commissioners will provide for its regular and special meetings; provided, at least one regular meeting must be held each calendar quarter.

SECTION 1.8 RALPH M. BROWN ACT: All meetings of the Board of Commissioners of the Authority, without limitation, regular, adjourned, regular, and special meetings, must be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code, Sections 54950 and following.

SECTION 1.9 OREGON PUBLIC MEETINGS LAW: All meetings of the Board of Commissioners of the Authority, without limitation, regular, adjourned regular, and special meetings, must be called, noticed, held and conducted in accordance with the provisions of the Oregon Public Meetings

Law, Oregon Revised Statutes, Sections 192.610 through 192.690.

SECTION 1.10 PUBLIC MEETINGS; BROAD INTERPERTATION: In any instances of conflict between the Ralph M. Brown Act and the Oregon Public Meetings Law, the Authority must comply with those notice and meeting conduct provisions of law which will provide the highest level of public participation, observation, and knowledge of the Authority's affairs.

SECTION 1.11 MINUTES: The Board must provide for taking, approving, and preserving minutes of the meetings of the Board.

SECTION 1.12 QUORUM: The attendance of a majority of the Board is required for the transaction of business at meetings of the Board.

SECTION 1.13 RULES: The Board of the Authority may adopt and amend rules and regulations for the conduct of its meetings and affairs.

SECTION 1.14 MANNER OF EXERCISING POWERS: The manner of exercising the powers of the Authority is subject to the same restrictions on the exercise of like powers that apply to the County of Del Norte. In all respects, including Public Contracting procedure, employment practices and ethics/conflicts of interest, the Authority will be mindful of the cross-border nature of the Authority and must conduct its affairs to comply with applicable State Laws.

SECTION 1.15 FISCAL YEAR: The fiscal year of the Authority is from July 1 through June 30.

SECTION 1.16 TERM OF AGREEMENT: This agreement will continue indefinitely, except that this agreement may be terminated sooner if withdrawal is elected pursuant to Section 1.17 of this agreement by either the County of Del Norte or by all Participants other than the County of Del Norte.

SECTION 1.17 WITHDRAWAL: Any Participant may withdraw from this agreement by giving sixty (60) days written notice to the Authority and to all

other Participants. The withdrawing entity will not be entitled to the return of any assets or contributions that the Participant made to the Authority.

## **ARTICLE II**

### **OFFICERS**

SECTION 2.1 CHAIR, VICE-CHAIR, AND AIRPORT DIRECTOR: The Board of Commissioners must elect a Chair and a Vice Chair from among its members. It may appoint an Executive Director or an Airport Director, who must not be a member of the Board of Commissioners.

SECTION 2.2 TREASURER: The Treasurer of Del Norte County is hereby designated as the Treasurer of the Authority and as the depository to have custody of all the money of the Authority from any source. The Treasurer, and the officer performing the functions of Auditor or Controller, who must be the Auditor-Controller of Del Norte County, will have the duties and obligations set forth in Section 6505 and 6505.5 of the California JPA Law and will assure that there will be a strict accounting of all funds and accurate reports of all receipts and disbursements of the Authority. The Treasurer and the Auditor-Controller must provide any Oregon entities participating in the Authority those financial reports as are necessary and convenient to those entities.

SECTION 2.3 BONDING OF PERSONS HAVING ACCESS TO PROPERTY: From time to time, the Board of Commissioners may designate public officers or persons, in addition to the Treasurer and the Auditor-Controller, having charge of handling or having access to any property of the Authority, and the Board must determine the amount of their official bond, pursuant to Section 6505.1 of the California JPA Law.



**ARTICLE III**  
**POWERS AND DUTIES**

SECTION 3.1 POWERS: Border Coast Regional Airport Authority has each of the following powers:

- a. To make and enter into contracts and to receive and expend funds, providing for aviation and airport-related services to the public;
- b. To supervise and oversee the performance of aviation and airport-related service contracts;
- c. To provide all services necessary to operate the Airport;
- d. To acquire, construct, manage, maintain or operate any facilities or improvements;
- e. To acquire, hold and dispose of property;
- f. To incur debts, liabilities or obligations, which do not constitute a debt, liability or obligation of the member entities;
- g. To employ personnel;
- h. To sue and be sued in its own name;
- i. To invest in accordance with the provisions of Section 6509.5 of the California JPA Law, money in the treasury of the Authority that is not required for immediate necessities of the Authority;
- j. To apply for, accept, and utilize funds from any source for public Airport purposes, including funds available through the Federal Aviation Administration;
- k. To raise revenues, including the establishment of lease rates, parking fees, passenger facility fees, and other revenue and tax rates as authorized by law, to support aviation and airport-related services;
- l. To incur short-term indebtedness;



- m. To petition the federal and state governments;
- n. To receive contributions from Participants and to provide for their repayment on those terms as the Authority finds advisable;
- o. All other powers that are necessary and proper for the Authority to have in order to provide aviation and airport-related services.

SECTION 3.2 DUTIES: Border Coast Regional Airport Authority has the following specific duties:

- a. On or before May 1st of each year, it must cause to be prepared and submitted to the Board and each of the Participants a proposed budget for the upcoming fiscal year. The proposed budget will be subject to approval and ratification as set forth in Section 4.3.
- b. The Authority will oversee and maintain an ongoing Airport Capital Improvement Plan (ACIP) to address the future needs of the airport, including the maintenance and periodic updating of the Airport Master Plan and an Airport Layout Plan, anticipating the needs of the public for commercial air service.
- c. The Authority will actively pursue funding, and the development of sources of funding, for the implementation of its plans for aviation improvement and airport development.
- d. The Authority will prepare and submit to the member entities quarterly progress reports concerning the provision of aviation services and the plans for development and financing of improvements to those services.

SECTION 3.3 OBLIGATIONS AND AUTHORITY: (a) To the extent permitted by the laws of the home state of each Participant, the debts, liabilities, and obligations of the Authority will not be the debts, liabilities and obligations of any of the member entities.

(b) To further ensure that the debts, liabilities, and obligations of the Authority will not be the debts, liabilities, and obligation of any of the member

entities, the Authority will negotiate for the inclusion of a clause having the same force and effect as the following in each contract entered into by the Authority:

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No Recourse Against Authority Participants. Notwithstanding any provision in the laws of California or the State of Oregon, [Contractor] agrees that any debts, liabilities or obligations of the Authority as set forth in this [contractual agreement] will not be the debts, liabilities or obligations of the members of or participants in the Authority.

(c) If the Authority must, in the judgment of the Board, enter into a contract that does not include the clause set forth in (b), above, no debt, liability or obligation that is not budgeted in the then-current-year's budget of the Authority may be undertaken or entered into by the Authority unless and until the governing body of each Participant has been provided the opportunity to approve or reject the proposed debt, liability or obligation. Notwithstanding any other provision of this agreement, the rejection of a proposed debt, liability or obligation of the Authority by the governing body of a Participant will effect the immediate withdrawal of the Participant from the Authority and this withdrawal will be deemed to be effective prior to the incurring of the debt, liability or obligation by the Authority.

SECTION 3.4 TORT LIABILITIES AND INSURANCE: The Authority must procure and maintain aviation-operations (including premises liability) insurance with policy limits of not less than \$45 million. This insurance must name each Participant as an additional named insured. Additional policies of liability and property insurance with commercially reasonable policy limits must be maintained by the Authority consistent with the best practices of airport management, as well as Worker's Compensation Insurance that complies with the laws of the State of California.

SECTION 3.5 AUTHORITY SHALL INDEMNIFY AND DEFEND PARTICIPANTS: The Authority must defend, indemnify, and hold harmless the Participants, and their officers, employees, and agents from and against any and all causes of action, claims, liabilities, obligations, judgments or damages,

including reasonable attorneys' fees and costs of litigation ("claims"), arising out of the Authority's performance of its obligations or the exercise of Authority's powers under this Agreement or out of the operations conducted by the Authority, including any Participants' active or passive negligence, except for the loss or damage arising from the sole negligence or willful misconduct of the Participant. In the event a Participant indemnitee is made a party to any action, lawsuit, or other adversarial proceeding arising from Authority's performance of this Agreement or its operations hereunder, the Authority must provide a defense to the Participant(s) or at Authority's option reimburse the Participant(s) their costs of defense, including reasonable attorney's fees, incurred in the defense of these claims. Each Participant entitled to indemnity hereunder agrees to cooperate reasonably in the conduct of its defense and the defense of the Authority.

#### **ARTICLE IV**

##### **FUNDING**

SECTION 4.1 CONTRIBUTIONS NOT REQUIRED: Except as provided in section 4.2, no Participant is or will be required to make contributions to the Authority, except as that Participant may in its sole discretion agree. No Participant is subject to assessment.

SECTION 4.2 ADMINISTRATIVE AND OPERATING COSTS: For the duration of this Agreement, the County of Del Norte is required to provide annual funding to the Authority at the level of the County's budgeted commitment to support the airport for the fiscal year 2006-2007, subject to reduction only by the consent of the Authority.

SECTION 4.3 APPROVAL OF BUDGET: The Board may tentatively adopt the annual budget of the Authority; however, the budget will have no force and effect until it is approved or ratified by each Participant that is contributing funds to the Authority pursuant to or in support of that budget.

**ARTICLE V**

**DISPOSITION OF ASSETS UPON TERMINATION**

SECTION 5.1 NO SUCCESSOR ENTITY: Upon termination of the Border Coast Regional Airport Authority, without a successor entity, pursuant to paragraph 1.17 or otherwise, and subject to the terms of any repayment agreements entered into pursuant to paragraph 3.1, subparagraph n, the Board must convey or quitclaim all assets and property of the Authority to the County of Del Norte.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and attested by their proper officers, who are duly authorized, as of the day and year first above written.

ATTEST:

\_\_\_\_\_  
Larry Anderson, Mayor  
City of Brookings

\_\_\_\_\_  
Kelly Schellong, Mayor  
City of Crescent City

\_\_\_\_\_  
Gerry Hemmingsen, Chair  
Board of Supervisors

ATTEST:

\_\_\_\_\_  
Rod Butler, Clerk  
City of Crescent City

ATTEST:

\_\_\_\_\_  
Jeremi Ruiz, Clerk  
Board of Supervisors

APPROVED AS TO FORM:

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Robert Black, City Attorney  
City of Crescent City

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Dohn Henion, County Counsel  
County of Del Norte

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Dale A. Miller, Tribal Chairman  
Elk Valley Rancheria

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Kim Krokodilos, Tribal Secretary  
Elk Valley Rancheria

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, Mayor  
City of Gold Beach

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Shirley Walker, Recorder  
City of Gold Beach

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## VOLAIRE AVIATION, INC.

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