

**MINUTES
CITY OF FALLON
55 West Williams Avenue
Fallon, Nevada
January 22, 2019**

The Honorable City Council met in a regularly scheduled Council meeting on the above date in the Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

Present:

Mayor Ken Tedford
City Councilman, Robert H. Erickson
City Councilman, James D. Richardson
City Councilwoman, Kelly Frost
City Clerk, Gary C. Cordes
City Attorney, Michael F. Mackedon
Deputy Public Works Director, Ryan A. Swirczek
Deputy Public Works Director, Adrian Noriega
Police Chief, Kevin Gehman
Deputy City Attorney, Leonard E. Mackedon
Legal & Administrative Director, Robert Erquiaga
Deputy City Clerk, Elsie M. Lee
Director of Tourism & Special Events, Jane Moon
Public Works Director, Brian A. Byrd
Marketing & Communications Coordinator, Kaitlin Ritchie
Deputy City Attorney, Trent deBraga

The meeting was called to order by Mayor Tedford at 9:00 a.m.

Mayor Tedford led the Pledge of Allegiance.

Mayor Tedford inquired if the agenda had been posted in compliance with NRS requirements.

City Clerk Cordes advised that the agenda was posted in compliance with NRS 241.

Public Comments

Mayor Tedford inquired if there were any public comments. He noted that comments are to be general in nature, not relative to any agenda items. No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken.

No public comments were noted.

Approval of Council meeting minutes for December 12, 2018

Mayor Tedford inquired if there were any additions or corrections to the minutes for December 12, 2018.

No additions or corrections were noted.

Councilman Erickson motioned to approve the Council meeting minutes for December 12, 2018 as submitted, seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

Approval of Warrants

- A) Accounts Payable
- B) Payroll
- C) Customer Deposit

Mayor Tedford inquired if there were any comments regarding the accounts payable, payroll and customer deposit warrants.

No comments were noted.

Councilwoman Frost motioned to approve the accounts payable, payroll and customer deposit warrants and authorize the Mayor to sign the same; seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

Consideration and possible approval and adoption of the updated Airport Master Plan for the Fallon Municipal Airport

Legal and Administrative Director Erquiaga explained that the Federal Aviation Administration (FAA) recommends that airports update their long-term planning documents every seven to ten years. The City previously engaged Atkins North America, Inc. and Coffman Associates, Inc. to complete the process of updating the Airport Master Plan for the Fallon Municipal Airport. He noted that Mr. Brian Fitzgerald of Atkins North America, Inc. and Mr. Michael Dmyterko of Coffman Associates, Inc. were present today. The process included the formation of a Master Plan Advisory Committee consisting of representatives from the City, Churchill County, Naval Air Station Fallon, the Nevada Department of Transportation, local pilots, and the FAA. Those meetings were very successful; we had good conversation and good discussion during those meetings. Public meetings were also held the same days as the master plan meetings, and they were also successful. The public meetings were published and posted. They were a drop-in format where members of the public and, more specifically, airport users, had the opportunity to come ask questions and take a look at what was being considered as far as the master plan and long-term planning was concerned. They were productive meetings. This has been a fun process and very educational. Hopefully, this will be the culmination of it, with the Council's adoption of the updated Airport Master Plan. The City has been successful in receiving FAA grants through the years and undertook a lot of important projects and improvements at the airport. Updating our Master Plan will keep the City in line with all the regulations and remain eligible for FAA grants. He introduced Mr. Michael Dmyterko of Coffman Associates; he will narrate a PowerPoint presentation to the Council.

Mr. Michael Dmyterko of Coffman Associates explained that both he and Mr. Fitzgerald, along with their respective firms, enjoyed working with the City. He referred to a PowerPoint presentation that was displayed for all attendees. [PowerPoint presentation is attached to these minutes.] He wanted to provide an overview of the updated Airport Master Plan. He noted that they follow the FAA's prescribed process in doing an Airport Master Plan, which is basically a 20-year roadmap for the airport. There are general goals, but there are two things the FAA wants out of this process. The first is an updated airport aviation forecast which will detail the segments of demand that will drive future need. That need translates many times into funding requests of the FAA. We held a public meeting to outline what was going on at the airport and what was the need. After that meeting, we moved into the second phase, airport alternatives, where we translated what the need was and how we can meet that need. Another public meeting was held, detailing what those alternatives were. Then finally, moved into a recommendation. The recommended plan has been tweaked a little bit, not much, from when it was presented about two months ago. A capital improvement plan schedule was also paired with it. Then it was presented at a final public meeting. This final draft document is the result and is presented for the Council's review and approval. The second thing required from the FAA will come after this process. It will be a submittal of the airport layout plan drawings, referred to as ALP. They are very important because that is what the FAA will utilize in your funding requests. If there is a project on the ALP, that is justified by demand, the FAA can then process and fund that project. If the project you are requesting is not on the ALP, the FAA cannot approve or fund that project. There are two overall factors to consider. First, what and how many based aircraft are at the airport. We wanted to quantify the number and the type, which are all important factors. Right now, there are 72 airplanes based at the airport. We did an update because the FAA only had 29 aircraft assigned here. We performed a robust review and updated that number and the FAA has approved the quantity of 72 as the existing number. That is important, it gives a better standing with the FAA for funding. Ultimately, we show that going up to 91 over the course of the next 20 years. The second factor is operations. An operation is generally a takeoff or a landing. Those tell you how busy things are, on that runway system. Right now, there is an estimate of about 23,000 annual operations and we see that increasing to about 33,000 by the end of the planning period. He added that these numbers are vibrant, but not overwhelming, for noise or capacity reasons. As far as the recommended development plan, after identifying need and alternative evaluations, including discussion back and forth, this is an aerial graphic of the ALP. You have a two-runway system. For the primary runway, we are looking at an extension to the west which would allow you to better serve turbine-type aircraft such as a turbo prop or a turbo jet. The goal was to also meet the various FAA design standards. One example is the roadway network that is close to the runway end at present. Part of the plan is to extend the runway, but also to move the roadway network around the runway end and its safety area and the runway protection zone. That is approximately a 12-acre acquisition to ensure those roads are outside of those safety areas. The same can be said about the east end of the runway, with an equidistant extension on that end with the roads being moved outside of the safety areas as well. We are looking at various other issues with design standards the FAA recently changed in the taxiway system. If you look back into the north, we are looking at the modular expansion opportunities for additional hangars and apron areas in the current area that is already being used for aviation. We are not seeing a need for a significant amount of land acquisition; only to meet the needs of the runway safety system. These are all issues to either meet demand with a hangar or an apron, or to meet design with an expansion of the runway or safety areas. We also looked

at environmental factors that go into the recommended development plan. One of the most common environmental issues around airports is noise. For a general aviation facility, the noise profile is much smaller than, say, the Navy base. The FAA's agreed upon measure or metric for noise evaluation is the Day-Night Noise Level (DNL). The FAA considers 65 DNL to be a threshold of significance. If you have receptors that are sensitive such as residential schools, hospitals, or things of that sort, within that 65 or higher level, the FAA can participate in helping you mitigate that noise. Whether it be sound insulation or relocation. Your noise contours remain relatively close into the runway system. The number of annual operations is not significant enough to balloon those contours. Even looking at the long term, the contours get a little bigger, but not so much so that they leave airport property for the most part. Again, from an environmental perspective, noise is a relatively minor issue here. We did not see a lot of other things in any of the 13 other categories we reviewed that were significant in terms of impact. We put together a capital improvement schedule. This is broken up into three terms: short being the first five years, intermediate being the next five years, and long term being the next ten after that. The first five years are going to be the most important because you always have your five-year Airport Capital Improvement Program (ACIP) in front of the FAA. This is a point-in-time analysis, it will change as staff and consultants work through your ACIP process, you may find that some of these move up and down. Or the FAA may tell you that they only have a certain amount of funds available to use so you may have to modify as that goes along. Many projects revolve around things that are not eligible for funding, such as revenue enhancing projects and hangar construction; those are generally not eligible for large amounts of local funding, so we usually see more public-private partnerships and, even in some cases, private hangar development completely, with a land lease behind it. Overall, we are looking at a \$42 million capital improvement program with about \$15 million eligible for funding through the FAA, some of that \$27 million would be eligible for State funding as well. The ALP will be submitted after the Council's approval, along with associated documents, to the FAA for their approval. Once they are approved and signed, they will come back for the Mayor's signature, and they will be included in this plan as signed documents. As projects are completed, the consultant will make redline changes to it and, seven to ten years from now, the City will have to go through this process again. There are ten total drawings in the ALP set. He stated that his presentation was complete and would answer any questions.

Mayor Tedford inquired if the Council had any comments or questions.

Councilman Richardson confirmed that projects to move roads were eligible for grant funding.

Mr. Dmyterko stated that it would be eligible because the FAA's funding mechanism requires a priority ranking. Priority ranking is generally assigned based on the type of project. As an example, a safety project gets a much higher-level ranking and a capacity-improving project such as a runway extension, would be a much lower ranking project. Internally, the FAA takes all 3,000 ACIP items, machinates, and comes out with their annual budget. So, the higher the ranking, the better. Roads and runway protection zone acquisitions are safety related projects so it is believed that they would compete well for federal funding. Some of the others, like a runway extension, unless there is very good justification, tend to go to the bottom of the list and even get pushed to the next year. Roadways are eligible because they are a safety issue.

Councilman Erickson noted that a large amount of the funding not covered by the FAA is for hangar expansion. During the scoping meetings, he asked if they had determined the need for additional hangars at this point in time from the audience attending those meetings.

Mr. Dmyterko confirmed that there was a need for hangars. He added that, traditionally, communities had rallied and funded those types of improvements, such as a T-hangar, where you could put up a six to twelve-unit facility. The problem now, is the hangar cost has far exceeded the value and return on investment for most communities. An 8-unit T-hangar now costs about \$1 million to build and with the rent required to amortize that 15-year note, the rent would be approximately \$300 per month. Most aircraft owners, himself included, probably should not own an airplane; it is a very expensive venture. His point was that those types and amounts of rent are very hard to get in most communities. Many communities are having a hard time justifying that expense. Larger hangars are generally being built by the operators themselves because they want that hangar to be constructed to their specifications. So, you would offer a land lease for 10-30 cents per square foot per year and they would build their hangar. The FAA does allow you to use your Non-Primary Entitlement (NPE) money for hangar construction. But the most you can generate in NPE funds would be \$600,000 and that would be after waiting for four years and paying for nothing else during that time, banking that money, and then you could have one T-hangar that would not even be fully paid for. A project like that does not typically pencil out.

Mayor Tedford noted that aprons and taxiways were critical improvements for us. Planning year five that shows the purchase of ground and extension of the runway has been on planning year five probably going back to when Councilman Erickson was Mayor, over 25 years ago. It was quite the discussion in the Council Chambers that night about spending \$6-8 million to do that and actually was a split vote of the Council that night. The question that night was how many larger jets would land here if we had a longer runway. That is also his question today. It is a different era than when Councilman Erickson was Mayor and the Council decided that they did not want to extend the runways. The idea was still on the plan but not to go out and build it right then. Now, there are more geothermal industries out here and Navy contractors than 25 years ago when this was first discussed. He asked how much corporate jet traffic would come if we extended the runways.

Mr. Dmyterko stated the only real growth in general aviation right now is the turbine market. Right now, there is no backlog; all the used jets are being sold, whereas in 2008 that was not the case. The reality is that these aircraft are much less expensive than they used to be and are much more available and there is value in their use. There is a misconception about the use of this type of airplane and the reality is that the vast majority use it with their middle management. Those are who are on those planes, not the CEOs. Industry feels that Fallon is somewhat regionalized, while only an hour from Reno, time is money to these companies. Companies tend to use these types of aircraft to visit their sites. The current runway can handle them now. Some of that is promotion, some of that is pilot familiarity, once pilots know about it, they can continue to use it. He did believe there is definitely a growth curve upward for that type of airplane here and this community could support that.

Mayor Tedford inquired as to the largest plane that can land at the airport right now.

Mr. Dmyterko stated that the majority of business aircraft could operate out of the airport. How they operate is the difference, especially the larger or less efficient, they could come in and go out very light; the problem is their operational costs increase because they are going to have to stop somewhere else to refuel. The most comfortable size range would be the Citation-range of aircraft. About half the fleet in the market today is in that size range. You will not see a lot of Gulfstream 650s out there. We design to the full B2 standard which can still accommodate those

larger airplanes on occasion, but we are not designing around them. If we were to design around them, safety zones would more than triple.

Mayor Tedford noted that we are a General Aviation (GA) airport in a small rural city and the mission is to serve those that are here that are in general aviation. But, when you have a large geothermal market and a large Navy market, you should have the ability to serve those folks also. Maybe that planning is further down the line, not in five years, but in later years.

Mr. Dmyterko stated that this plan provides a full utility runway, you are not going to be excluded from business jet aircraft. Again, about half the fleet will have no problems whatsoever. Many popular fractional jet companies have an entire fleet of different sized aircraft to choose from and they will choose the most appropriate size which would likely be a Citation, or the like, to fly in and out of here. That size aircraft carries up to nine passengers. Once the runways are extended, you would then be able to handle some of the mid-sized to larger aircraft too. But you are not paying the tens of millions of dollars to design around those large-sized aircraft. This design can handle most of the jets under a B2 design, which keeps the cost down.

Mayor Tedford noted that his real goal was the second phase, planning year 2020, that slips quite a bit every year. The runway is in pretty fine shape, but you cannot neglect the maintenance on that runway, not a bit.

Mayor Tedford inquired if there were any public comments or questions.

No comments were noted.

Mayor Tedford thanked Mr. Dmyterko for his presentation.

Councilman Erickson complimented Coffman Associates and Atkins North America on their work product; it was very well done. In the meetings that we had with the public and the pilots, it was a very good dialogue and was very well conducted and he appreciated how they treated our citizens. It was very impressive and very professional.

Councilman Erickson motioned to approve and adopt the Airport Master Plan for the Fallon Municipal Airport as submitted; seconded by Councilwoman Frost and approved with a 3-0 vote by the Council.

Consideration and possible approval of engagement letter and appointment of Eide Bailly for professional services to complete the mandatory independent audit of the records of the City of Fallon Municipal Court for the year ended June 30, 2018 for the estimated fee of Seven Thousand Seven Hundred Fifty Dollars (\$7,750.00) plus out of pocket travel costs

Legal and Administrative Director Erquiaga explained that the Fallon Municipal Court is required by the Supreme Court of Nevada and the Nevada Administrative Office of the Courts (AOC) to contract with an independent auditor once every four years to complete an independent audit of the records of the Court. The four-year independent audit must be completed by a certified public accountant or certified internal auditor. The independent audit includes a review of the Court's accounting records, procedures, automated financial management system records, and internal controls. If approved, Teri Gage would be the engagement partner for this project. Both Eide Bailly and Teri Gage are fully qualified to complete the independent audit and have provided exceptional service to the City of Fallon during past City audits. They are qualified and have made the list of approved auditors through the AOC. Eide Bailly is confident they can complete the audit by its March 1, 2019 due date. This has also been reviewed by the Audit

Committee and they are willing to assist in any way they can to make sure this is a smooth and appropriate process.

Mayor Tedford noted that the 40+ pages of accounting standards detailing what they must do for a Court audit is a lot for the amount of transactions that they perform in Municipal Court. They are all pretty straightforward. He was pretty impressed with what the AOC wants.

Legal and Administrative Director Erquiaga stated that perhaps a few bad examples have caused a level of review that is applied to all Courts. It is probably unnecessary or in too much depth for a Court of our size; we are on the smaller end as it relates to caseload and especially financial transactions. The Supreme Court and the AOC have essentially treated all Courts the same, whether they be District Courts or Justice Courts that handle a lot more cases and more financial transactions, or our Municipal Court. It probably comes from a couple of bad examples where there was mismanagement or financial issues, not an issue we have had here in our Court, but we still get to follow the same rules and the same audit procedures.

Mayor Tedford noted that there is a section on the issuance of checks, which are written in the Clerk's Office, they must be issued in sequential order. They must also maintain an inventory record of all used and unused checks. Imagine Las Vegas having to do that. It does not even say how long you have to maintain the records.

Mayor Tedford inquired if the Council had any comments or questions.

Councilman Richardson asked how the new Marsy's Law would impact our Municipal Court; requiring restitution be paid to victims before court fees.

Legal and Administrative Director Erquiaga stated that some portions of that law are still being worked out. As far as restitution is concerned, it has been the practice of Municipal Court that restitution goes first; we did not need an additional law to tell us to do that. Now, whether the Municipal Court's procedures are written and recorded appropriately may be part of this audit. But in practice, that has been the case. Anything owed to somebody has gone first, before those court fees and fines. There is no real change because our practice has been in compliance with that.

Mayor Tedford inquired if there were any public comments or questions.

No comments were noted.

Councilman Erickson motioned to approve the engagement letter as submitted and appoint Eide Bailly for professional services to complete the mandatory independent audit of the records of the City of Fallon Municipal Court for the year ended June 30, 2018 for the estimated fee of Seven Thousand Seven Hundred Fifty Dollars (\$7,750.00) plus out of pocket travel costs; seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

Public Comments

Mayor Tedford inquired if there were any public comments.

No public comments were noted.

Council and Staff Reports

Mayor Tedford inquired if there were any Council or staff reports.

Legal and Administrative Director Erquiaga advised that bids for construction of the Fallon Youth Center are due February 21, 2019. He was excited to bring that project award before the Council for consideration during a Council meeting in March. The phone system

project for City Hall and some other City facilities is underway. CC Communications representatives will be around for the next couple of weeks running lines and doing some groundwork so the City's phone service will not be interrupted as they build the new network and test the system so it will be fully operational before the changeover.

Councilwoman Frost commended the City crews for the cleanup work they did on the North Maine Street property.

Executive Session

Mayor Tedford tabled the executive session, as it was not needed at this time.

Adjournment

There being no further business to come before the Council, Mayor Tedford adjourned the meeting at 9:55 a.m.



Mayor Ken Tedford

Attest:



Gary C. Cordes, City Clerk/Treasurer