



# Agenda

CITY CLERK'S OFFICE

DATE 1/29/15 TIME 11:47am

FORWARDED BY Jon Bulthuis

FORWARDED BY Alicia Kartig

## AIRPORT ADVISORY BOARD MEETING

THURSDAY, FEBRUARY 5, 2015

4:00 PM – 6:00 PM

SANTA FE MUNICIPAL AIRPORT

BUILDING 3002 (JUST NORTH OF TERMINAL BUILDING)

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MEETING MINUTES: JANUARY 8, 2015

PUBLIC COMMENT (*PUBLIC COMMENT LIMITED TO 5-MINUTES PER PERSON*)

INTRODUCTION – LANDMARK AVIATION'S NEW GENERAL MANAGER– JEFF MILLER

### PRESENTATIONS

1. MATTERS FROM THE AIRLINE STATION MANAGER – DEYANIRA "DEE" CERDA
2. AIRPORT TERMINAL EXPANSION PROJECT: PRELIMINARY SCHEMATIC DESIGNS – JOHN PATE
3. AIRPORT MASTER PLAN: KICK-OFF MEETING SUMMARY – MATT QUICK

### ACTION ITEM

1. APPROVAL OF CHANGE ORDER WITH MOLZEN CORBIN – FAA REQUIRED WILDLIFE HAZARD MANAGEMENT PLAN (WHMP)

### DISCUSSION ITEMS

1. NEW FIXED BASE OPERATION PROPOSAL, ASSOCIATED LEASES, AND PUBLIC MEETING CALENDAR
2. RATES & FEES STUDY UPDATE – REVIEW OF EXISTING AND PENDING LEASE AGREEMENTS
3. INSPECTION OF PUBLIC RECORDS REQUEST (IPRA) PROCESS AND RECENT REQUESTS
4. AIRCRAFT TIE-DOWN PERMIT PROCESS – INTRODUCTION OF NEW PARKING DIVISION DIRECTOR
5. FAA MULTIPLE BIRD STRIKE LETTER AND RESPONSE
6. FAA PART 139 INSPECTION – RESPONSE LETTER ADDRESSING FINDINGS

### MATTERS FROM MEMBERS OF THE AIRPORT ADVISORY BOARD

PUBLIC COMMENT (*PUBLIC COMMENT LIMITED TO 5-MINUTES PER PERSON*)

### ADJOURN

*Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520, five (5) working days prior to meeting date.*

SUMMARY INDEX  
CITY OF SANTA FE  
AIRPORT ADVISORY BOARD  
Thursday, February 5, 2015

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1-2
APPROVAL OF THE AGENDA	Approved	2
APPROVAL OF MINUTES – JANUARY 8, 2015	Approved [amended]	2-3
PUBLIC COMMENT		3
INTRODUCTION – LANDMARK AVIATION'S NEW GENERAL MANAGER – JEFF MILLER	Introduction	3
<u>PRESENTATIONS</u>		
MATTERS FROM THE AIRLINE STATION MANAGER	Information/discussion	4
AIRPORT TERMINAL EXPANSION PROJECT: PRELIMINARY SCHEMATIC DESIGNS	Information/discussion	4-6
AIRPORT MASTER PLAN: KICK-OFF MEETING SUMMARY	Information/discussion	6-7
<u>ACTION ITEMS</u>		
APPROVAL OF CHANGE ORDER WITH MOLZEN CORBIN – FAA REQUIRED WILDLIFE HAZARD MANAGEMENT PLAN (WHMP)	Approved Recommendation	7-8

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
<b><u>DISCUSSION ITEMS</u></b>		
NEW FIXED BASE OPERATION PROPOSAL, ASSOCIATED LEASES AND PUBLIC MEETING CALENDAR	Information/discussion	8-11
RATES & FEES STUDY UPDATE – REVIEW OF EXISTING AND PENDING LEASE AGREEMENTS	Information/discussion	12-13
INSPECTION OF PUBLIC RECORDS REQUEST (IPRA) PROCESS AND RECENT REQUESTS	Information/discussion	13-14
AIRCRAFT TIE-DOWN PERMIT PROCESS – INTRODUCTION OF NEW PARKING DIVISION DIRECTOR	Information	14
FAA MULTIPLE BIRD STRIKE LETTER AND RESPONSE	Information	14
FAA PART 139 INSPECTION – RESPONSE LETTER ADDRESSING FINDINGS	Information/discussion	14-15
MATTERS FROM MEMBERS OF THE AIRPORT ADVISORY BOARD	Information/discussion	15
PUBLIC COMMENT	None	16
ADJOURNMENT		16

**MINUTES OF THE  
MEETING OF THE  
AIRPORT ADVISORY BOARD  
Thursday, February 5, 2015**

**1. CALL TO ORDER**

A regular meeting of the Airport Advisory Board, was called to order on Thursday, February 5, 2015, at approximately 4:00 p.m., by Stephen C. Ross, Chair, in Building 3002, Santa Fe Municipal Airport, Santa Fe, New Mexico.

**2. ROLL CALL**

**MEMBERS PRESENT:**

Stephen C. Ross, Chair  
Carolyn Cook  
Chris Ortega  
Ron Krohn  
Troy Padilla  
Mark Miller

**MEMBERS EXCUSED:**

Simon Brackley

**OTHERS ATTENDING:**

John Bulthuis, Transportation Department Director  
Anita Medina, Executive Assistant  
Melessia Helberg, Stenographer

There was a quorum of the membership in attendance.

**AUDIENCE:**

L. Van Allen, Santa Fe Airport Grill  
William Aneshensel, Aviation Association of Santa Fe  
Angela Archibeque, NM Aviation Division  
Steven Bunch, Skyland Aircraft  
Deyanira "Dee" Cerda, Envoy Air  
Marc Coan, AOPA Airport Support  
Gary Dawson  
Ken DeLapp, Landmark Aviation  
Bobbie Ferrell, U.S. Senator Tom Udall's Office  
Kent Freier, Molzen-Corbin  
Mark Greenbury, Road Runner  
Larry Haight, Sierra Aviation, LLC  
Jim Harris, Coffman Associates  
J.P. Held  
Sgt. James Lamb, Santa Fe Police Department  
Jane Lucero, NMDOT-AD  
Sgt. Chris McCord, Santa Fe Police Department  
Jeffrey P. Miller, Landmark Aviation  
Frank Nichols, Frank Nichols Design  
John Pate, Molzen-Corbin  
Matt Quick, Coffman Associates  
Bill Sauter  
John Spain, AASF  
Ron Tarrson, Santa Fe Aero Services  
Bob Wood, Santa Fe Airport

A copy of the sign-in sheet for the meeting of February 5, 2015, is incorporated herewith to these minutes as Exhibit "1."

**3. APPROVAL OF THE AGENDA**

**MOTION:** Chris Ortega moved, seconded by Carolyn Cook, to approve the Agenda, as presented.

**VOTE:** The motion was approved unanimously on a voice vote.

**4. APPROVAL OF MINUTES – JANUARY 8, 2015**

The following correction was made to the minutes:

Page 21, under VOTE, correct as follows: "...and ~~Roy Krohn~~ Simon Brackley voting in favor of the motion and Carolyn Cook and ~~Roy~~ Ron Krohn...."

**MOTION:** Carolyn Cook moved, seconded by Ron Krohn, to approve the minutes of the meeting of January 8, 2015, as amended.

**VOTE:** The motion was approved unanimously on a voice vote.

**5. PUBLIC COMMENT**

A letter dated February 5, 2015, to Steve Ross, Chair, from John L. Collins, Manager Airport Policy, AOPA, submitted for the record by Marc Coan, is incorporated herewith to these minutes as Exhibit "2."

**Bobbie Ferrell, Constituent Services Representative, Senator Udall's Office**, said she tracks economic issues in Santa Fe County. She said she came out last summer for the Runway expansion, but this is the first Advisory Committee meeting she has attended, noting that Mr. Bulthuis invited her to attend.

Chair Ross thanked Ms. Ferrell for attending the meeting, and asked her to thank Senator Udall for "allowing her to grace our meeting."

**Marc Coan, AOPA**, read a letter into the record from John L. Collins, Manager, Airport Policy, AOPA regarding the proposed second FBO lease at the airport, sharing his concerns, and offering his comments and suggestions in this regard. Please see Exhibit "2," for the text of this letter.

Chair Ross thanked Mr. Coan. He said, "I do note that I got an email, I think everybody else did, from John Collins at AOPA withdrawing the letter that was just read to us. I think you all have a copy."

Chair Ross said both he and Mr. Ortega have meetings at 7:00 p.m., so he will try to keep things moving forward, although he won't interrupt discussion or cut anyone off, but asked "tonight, if we could, let's try to keep track of the time and try and get done about 6:30 p.m."

**6. INTRODUCTION – LANDMARK AVIATION'S NEW GENERAL MANAGER – JEFF MILLER**

Jeff Miller, Landmark Aviation, the new General Manager introduced himself. He said he has 30 years in business, starting out in the Air Force, and is coming here from Landmark Aviation in Dallas, Texas. He said he and his wife came out for a visit, and loved Santa Fe, and when the opportunity came he took it. He and his wife are very happy to be here.

Chair Ross welcomed Mr. Miller, and said we are glad to have him here.

## **7. PRESENTATIONS**

### **1. MATTERS FROM THE AIRLINE STATION MANAGER (DEYANIRA "DEE" CERDA).**

A copy of the March airline schedule, entered for the record by Ms. Cerda, is incorporated herewith to these minutes as Exhibit "3."

Ms. Cerda said she doesn't have a report, but she does have the March schedule which fluctuates in and out – "we have runs, we don't have runs." She said, "We also are switching aircraft management, so Sky West is going to be filtering out, and Tran States Airlines will be taking over the United Operation. However, Sky West will continue bringing in a CRJ from Dallas. These are the only changes."

Ms. Cerda said she has had 5 new hires over past two weeks, but she still needs 12 more people to fill positions.

Ms. Cook asked if these are full time jobs.

Ms. Cerda said no, these part time jobs, and the part time schedule is based on the operation of the aircraft.

### **2. AIRPORT TERMINAL EXPANSION PROJECT: PRELIMINARY SCHEMATIC DESIGNS (JOHN PATE, MOLZEN-CORBIN).**

A copy of *Project Challenges Santa Fe Terminal Expansion*, dated February 15, entered for the record by Kent Freier, Molzen-Corbin, is incorporated herewith to these minutes as Exhibit "4."

Kent Freier, Molzen-Corbin, said at the last meeting they presented concepts they have for the terminal expansion project, and at that time decided to look at the terminal building potential instead of the master plan, and then design the first phase of improvements which will be bid for construction later this year. He said John Pate of Molzen Corbin is here today to present that information.

John Pate, Vice-President, Architecture, Molzen-Corbin, said they are retooling the project, noting we were headed in one direction, and we have rethought a lot of things. He said we had a design charrette which brought to life the absolute needs, what works and doesn't work, what is broken and what dreams might be for the terminal. They will take this into consideration when they look at the potential for expansion of the terminal for its growth over time in conjunction with the master plan of the Airport. He said they have potential areas for expansion, and will take the real problems and address those first, noting the biggest challenge currently is the budget.

Mr. Pate presented the information in Exhibit "4." Please see Exhibit "4" for specifics of this presentation.

Mr. Pate noted a big issue is that the kitchen staff will have to deal with TSA and Security just like everyone, and that has to be addressed procedurally and in the design of how we change things. Mr. Pate reviewed the proposed design for arrivals and departures which is part of the plan to fix the problems we have because we can't have traditional gates in this building like you would have in a larger airport. He said additionally, there is a conflict with arriving passengers and baggage handling which has to be addressed.

Mr. Pate noted the need to expand the whole clearance area for TSA so the whole checkpoint can be more orderly and comfortable for everyone, which would include a private area for individual screening which right now is done behind a curtain, and also provide a small amount of office space. This hopefully will take the pressure off the area in front of the counters. He said enlarging the secure area into the restaurant would give us the ability to have another gate for departures, and to add public restroom facilities within the sterile area.

*The Board commented and asked questions as follows:*

- Ms. Cook asked if there is any talk of solar energy for electricity in the future.

Mr. Pate said it certainly can be considered in the future. One thing they found in buildings they've been doing recently, is that HVAC system improvements and lighting improvements save a ton of energy. If we go to the PV carport covers, it is expensive, but it is certainly something they will consider.

- Chair Ross asked how much can we accomplish with the budgeted funds.

Mr. Pate said he is hoping what we can afford is what he has shown here, commenting that all of this really isn't much. He said a big expensive piece of it is passenger screening and revitalizing that entire area. He said when they renovated this building the last time, we actually built "this" wall here, so opening the sterile area for passengers into what is now the restaurant, and basically effectively creating two restaurants – one in the sterile area and one outside. This is a big procedural issue with TSA because of the cooks and everybody that have to go in and out of the kitchen, but beyond that issue, it actually kind of works here. He said this provides us with a reasonably economic way to do something that won't have to be destroyed in the future.

Mr. Pate continued, saying, "If the expansion dictates that a new restaurant is required and a larger airport building some day, then obviously some of these things may change. 'This' renovation over 'here,' not such a bad idea. There already is an exterior door into the building. There's this portico here. Obviously, we would have to brand that side of the building, so people understood this is your arrivals gate. I think that's going to be an important to the ritual of arriving at the Santa Fe Airport to make flying to Santa Fe the nice event that it ought to be. I think that's going to be important and an important way to do that."

Mr. Pate continued, saying, "Those are the expensive things there."



- Chair Ross asked if arriving passengers still walk out the front door.

Mr. Pate said, "No, we would give them a new door. Or space, if we can move rental car out of the building, and I don't know if we can do that or not, I'm just saying that. The building would work a lot better if we could. Then we could provide a new exit for them as well that's in a direct line. You get your baggage and you leave the building which obviously, is an ideal situation. If we have to bring them back into the lobby and back past the counters, we get back into that little bit of conflict that is kind of extreme now. I think this will fix that. But also, we could mirror the foyer that we have coming into the building now, with a foyer to exit the building underneath that portico, so that would help a lot."

Mr. Pate continued, "We also could consider, although I don't like this idea, using that south door. The south has no foyer and it's been a problematic door ever since the building was built. It's a great big wide bunch of doors that would have to be re-done. We would like to create a separate exit for arriving passengers to depart the building."

Mr. Pate continued, "These bathrooms are in pretty good shape. It already has a family restroom. There's an alcove there that leads you back into the men's restroom and the family restroom that could be taken away and actually enlarge the space for the lobby and food service in the lobby versus food service in the sterile area."

Ms. Cook said, "All this is doing is just reconfiguring the inside of the building. You're not adding anything to the building at this point."

Mr. Pate said, "Right now, I'm not foreseeing any expansion except potentially adding a new foyer to exit. Part of the thing is just seeing the building work. Right now, the only real lobby seating outside the sterile area you have is right 'there.' So starting to chop up that wall where all those windows are in front of the counters is not necessarily a good idea, so we don't want to make too big a mess out there. One of the things we could consider is actually enclosing that portico and providing seating there and another exit, because in Santa Fe's weather, we need air locks that we don't have at this exit right here, for instance, which is one of the reasons it's a problem."

Chair Ross thanked Mr. Pate for his presentation.

### **3. AIRPORT MASTER PLAN: KICK-OFF MEETING SUMMARY (MATT QUICK)**

A copy of a one-page, two sided handout on the Role of the Master Plan Advisory Committee and the Airport Master Plan Project Workflow, entered for the record by Matt Quick, Coffman & Associates, is incorporated herewith to these minutes as Exhibit "5."

Matt Quick, Coffman and Associates, reviewed the information in Exhibit "5." Please see Exhibit "5," for specifics of this presentation.

Mr. Quick said they had the kickoff impact meeting this afternoon with 20 people from various entities, with an interest in growth and development of the Airport. He noted the Committee will meet 4 times over the course of the development, and they will be reporting every 90-120 days to the Master Plan Advisory Committee. He said each time the Master Plan Advisory Committee meets they will hold a public workshop later that afternoon and into the early evening hours to provide an opportunity for the general public to come out and look at the refinings to the Master Plan and to provide input.

Mr. Quick said they have developed a study website, specific to the Airport Master Plan, and you can go to that website and find out about the Master Plan, the specific elements, and as they put together draft documentation as the result of the Master Plan, they will post that information material at the study website where anybody can access it and even provide comment on the study via that website. He said this will be a nice thing to have in moving forward with the Master Plan.

Mr. Quick reviewed the Master Plan Project Workflow. Please see Exhibit '5,' for specifics of this presentation.

*Troy Padilla arrived at the meeting during this presentation at approximately 4:37 p.m.*

Ms. Cook asked if this ever included staffing. She said it seems to her with more facilities, that we need more staff to take care of it. She asked if he does anything along that line.

Mr. Quick said that is a good point and they'll look at the facility needs, and if there is a need for increased expansion of facilities, but they don't get into the particulars of staffing components. He said they will look at a financial component in the final phase, but they don't get into a discussion of facility enhancement on the Airport, because that isn't in the purview of a master plan.

## **7. ACTION ITEMS**

### **1. APPROVAL OF CHANGE ORDER WITH MOLZEN CORBIN – FAA REQUIRED WILDLIFE HAZARD MANAGEMENT PLAN (WHMP)**

Mr. Bulthuis noted the letter in the packet dated December 30, 2014, from the FAA describing the requirement for us to conduct a Wildlife Hazard Management Plan. He said the letter was in response to questions he had of the FAA inspector when he was on site in December. He said some initiatives were done in the previous year, 2014, with the Airport intern the City had hired to develop a Wildlife Hazard Management Plan which did not get completed, so he was unsure of the status – if it was a requirement by the FAA or an initiative the City took on.

Mr. Bulthuis said John Dougherty, the Inspector is clearly is stating that it is a requirement. He said we do need to respond to this in a timely manner. He said, "To do that, we are reaching out to our Airport consultant and that is detailed in the packet in terms of what their involvement would be. What we're looking at is a 4-6 week period of time where we will bring that request forward through the City's committee and Council approval process, after which the task will be given to the consultant. He said following a roughly 3 month period, we should have a plan to bring back to this Board for its consideration.

**MOTION:** Troy Padilla moved, seconded by Carolyn Cook, to approve the recommendation for the Wildlife Hazard Management Plan to move forward.

**VOTE:** The motion was approved unanimously on a voice vote.

**8. DISCUSSION ITEMS**

**1 NEW FIXED BASE OPERATION PROPOSAL, ASSOCIATED LEASES AND PUBLIC MEETING CALENDAR**

A copy of *Proposal Jet Center at Santa Fe*, entered for the record by Jon Bulthuis, is incorporated herewith to these minutes as Exhibit "6."

A copy of *Swings in Commercial and Residential Land Prices in the United States*, from the American Enterprise Institute, dated June 2012, submitted for the record by Ron Krohn, is incorporated herewith to these minutes as Exhibit "7."

A packet of correspondence regarding concerns on the lease, entered for the record by Jon Bulthuis, is incorporated herewith to these minutes as Exhibit "8."

Mr. Bulthuis said this is a follow-up to the initial discussion at the previous meeting, but with far more detail included in the packet for your review and consideration. This is a discussion item for information purposes. He said the City has been working with the proponent, noting there was a request to publish notice of a public hearing on February 25, 2015. In the interim, the Ordinance will be moving through the committee process, beginning with the Public Works Committee on February 9, 2015, at 5:00 p.m., then to the Finance Committee on February 16, 2015, at 5:00 p.m., and to the City Council for a public hearing on February 25, 2015.

Mr. Bulthuis distributed a copy of written concerns that he received that were expressed regarding the lease [Exhibit "9"]. He said the City Attorney has responded in draft form to each of the concerns which were raised. And it is fairly self evident in the packet that the rules and regulations of the FAA and the advisory comments, the ACRP report has been following this process. He said we also have reached out to our consultant, Frost & Associates, for review of the proposal. Their comments and recommendations were incorporated during the negotiation process. He said, "We are asking the FAA Office in Dallas to review the lease to be sure we have our "I's" dotted and our "T's" crossed. So that request has been made and hopefully there will be a response shortly." He said he called today to see where they are in terms of responding to that, but they didn't get back with him.

Chair Ross asked Mr. Bulthuis to review the general terms of the arrangement.

Mr. Bulthuis said, "There are three parcels that are being incorporated into the agreement. There is a map at the back of the proposal which shows where they are located on the airport property. The purposes for the activities that will take place on each of those as the project is developed are detailed in the proposal as well as the potential revenues to the City. The lease agreement, which is also in your packet, speaks to the specific rents that will be charged and the financial impact for benefit that the City will accrue from moving forward with the plan as proposed. And this is a standard requirement of any Ordinance or Resolution that is brought before the City, that there is a Financial Impact Statement or a Financial Impact Report that is required to be prepared and that is included in the packet, based on the contents of the proposal."

Chair Ross asked the duration of the development plan.

Mr. Bulthuis said the requirement is that no more than 5 years can pass before activity take place, but we certainly anticipate there to be shovels in the ground, so to speak, far in advance of that. But there is that termination clause in the lease should that not occur for whatever reason, that land would be turned back to the City and be available for other purposes.

Chair Ross asked if the projected revenues set out on page 6 of the proposal have been thoroughly vetted by City staff, and asked if those are accurate numbers.

Mr. Bulthuis said, "The charts on page 6, relate back to the Fiscal Impact Report that I spoke about, and they have been brought down somewhat from what is in the proposal based on the City's review of potential market capture and what that could look like going forward, but it's relatively close to what is shown here."

Chair Ross said, "So that impact is \$187,000 per year, direct and indirect to the City."

Mr. Bulthuis said, "Correct. In addition to that, if you flip through the proposal to page 5, it's a pretty significant capital investment that is being projected. And the City would retain GRTs from that project of several hundred thousand."

Chair Ross asked the number of employees there will be, and Mr. Bulthuis said they are projecting 15 employees.

Chair Ross said, "The services that are going to be provided... is that on page 7, Fuel, Maintenance, Equipment."

Mr. Bulthuis said this is correct.

Mr. Krohn said, "In looking at the rental rates on the 3 parcels, Marc [Coan] refers to the 13¢ per square foot in his letter. However, two of the parcels are 18¢ and 16¢, and the fuel farm is at 8¢ per square foot, and it's located pretty far over there. That's a wide disparity between the frontage parcels and the fuel farm, and the 16¢ and 18¢ don't seem to me, to be far off what we're charging everybody on the field, but Troy [inaudible]."

Mr. Krohn said, "The other comment I had was on page 10 of the Lease, Section I at the top of the page, talks about landing fees on transient aircraft. And of course we had a brouhaha a few months ago about the issue of landing fees, and the lease, I think, should be specific about transient commercial aircraft coming in, to make it congruent with the State. The Aviation Commission has the rule that we can't charge GA landing fees anyway, so we might go in there."

Mr. Krohn continued, "The other comment I have is about the adjustments to the annual rent. And I know that Kelley, in her response here says that most of the leases around the Airport, the rental escalation is tied to the CPI. You're basically suggesting that you are going to apply the rental fee to a basket of consumer goods. This is a lease, and I suppose being contractual, the parties can agree to whatever they want. You could benchmark the rental increase to a Latte at Starbucks if you wanted to. And by using the CPI, in a way you are sort of doing that, when you look at the cost and the price fluctuation of real estate relative to the CPI. There was a study done by the American Enterprises, chaired by Joseph Nichols at the Federal Reserve Board, and they looked at commercial real estate prices from 1995 to 2011. The value of commercial land declined approximately 40% during that time period, when the Consumer Price Index was up 40% during that same time period. So the idea of benchmarking rental increases to the CPI in my opinion is completely erroneous and backward." Mr. Krohn provided copies of the study [Exhibit "8."

Mr. Krohn continued, "It is extremely difficult to value raw land, but we have other pricing structures on the field that basically benchmark the price – the benchmark relationship to the CPI, to me is extremely erroneous."

Mr. Bulthuis said, "In terms of the methodology was included in this lease, I think there's a recognition that commercial evaluation do fluctuate, and that causes the appraisal requirement every 10 years. So, it's a 30 year lease, and we adjust it every 3 years, based on the CPI, as currently proposed, but every 10 years we do an appraisal to see if that CPI escalator worked and we're at the market rate. Or, if as Mr. Krohn is saying it's not, then it would be adjusted down based on the appraisal at that date."

Mr. Krohn said, "But you have the Lessee paying an escalated rental rate for years and years until you do the appraisal, based on the price of the Latte."

Chair Ross said, "The other thing Jon, you might want to mention to Kelley, they don't specify which sub-index of the CPI is to be used and that's just going to cause confusion, because there are 100 of them."

Mr. Ortega said several months ago we had a lot of discussion about leases in general, and the leases had really long terms, up to 40 years. He said the FAA guidance for leases is 20-30 years, and they recommend options of 5 year extensions. He asked the thought process that led to a 30 year lease.

Mr. Bulthuis said during the negotiation process, we talked about the least amount of time that would be required for them to get the financing needed to make the project viable. He said we proposed 20 years, and they checked with their financial structures, and it was said that 30 years was the minimum for the level of investment they're planning to make. They did ask for five year extensions which are subject to approval. He said this was the basis of the dialogue.

Ms. Cook said 13¢ per square foot is pretty much what Landmark is paying, so it seems that is the rate for FBO's, and other is more complicated for the other parcels. She said, "We all were given 'this,' remember. These are the FAA Guidelines for Developing and Leasing Airport property which is a fabulous work for us who are not professionals. It seems like many of the questions that were asked, this piece of literature discussed and the point was more clearly spoken to, in discussions of how this lease might not work with the FAA. I'm sure you've seen this. I found it very enlightening and helped me understand the lease and be more favorable."

Chair Ross said, "Kelley [Brennan] refers to that document repeatedly in here, so it looks like she's aware of it. I think you said that FRASCA and Kelly sat down and went over everything."

Mr. Bulthuis said, "Right. We did a conference call and that was basically our bible in reviewing the lease and reviewing the City's interest. And as you said, Kelley cites that repeatedly in her responses, as well as other rule and regulatory policies, but that was the guiding principle for the City, for certain."

Mr. Ortega asked Mr. Bulthuis to explain the reversionary clause.

Mr. Bulthuis said, "The reversionary clause in the lease is addressed in here as well. The term of the lease would allow the tenant to make improvements, to remove improvements during that term, but at the end of the lease, any physical improvements that remain on the site would revert back to the City."

Mr. Ortega asked, "Do they have the option to remove those and relocate them somewhere else?"

Mr. Bulthuis said, "They do have the option, during the term of their lease to add improvements or remove improvements, but at the termination of the lease, whatever remains on the property reverts back."

Chair Ross this is typical of the leases on the Airport.

At the request of the Chair, Mr. Bulthuis reiterated the City committee schedule saying the recommendations will be carried forward to the full City Council for a hearing at the Council meeting on February 25, 2015. Responding to the Chair, he said there the request to publish notice of a public hearing was approved by the City Council at the Council of January 28, 2015.

## **2. RATES & FEES STUDY UPDATE – REVIEW OF EXISTING AND PENDING LEASE AGREEMENTS**

A copy of a Memorandum dated January 29, 2015, to the Airport Advisory Board, from Jon Bulthuis, Transportation Department Director, regarding FRASCA & Associates – Notice to Proceed, is incorporated herewith to these minutes as Exhibit "9."

Mr. Bulthuis said there is a one-page memorandum in the packet that refers to an action plan. He said the Memorandum lists the tasks which have been assigned to FRASCA so far:

1. The review of the Santa Fe Jet Center Proposal and associated leases.
2. The existing lease with American Airlines which expires on June 10, 2015.
3. United Airlines. We currently do not have a lease with United Airlines, noting this was discovered two weeks after he was placed as Interim Director. He said there was talk about getting that done, but it was not done. United has been operating here for some time, so that's a pretty high priority of ours to get a legal document between the two entities which will enable us to invoice them, for one thing.

Chair Ross asked if they are not paying.

Mr. Bulthuis said they aren't paying right now because we don't have a lease.

4. Duke City Gourmet. They are reviewing the draft Lease Agreement which was issued as a part of the RFP process. We have not started negotiation with Duke City yet. We are doing an evaluation of their proposal tomorrow. FRASCA is pro-actively looking at what was sent out in the RFP. He said given the discussions of potential changes to terminal and restaurant footprint, those things will be important to work through with them.
5. FAA ATC Tower. We have no current lease with FAA for the tower. We are sending recommended documents related to that for review at FRASCA. They are paying, so we do have receivables from them even though we don't have a contract. He said this isn't a good place for the City to be, so we need to get an agreement done.
6. Landmark Leases. A general overview of all the agreements we have between Landmark and the City, and we will be meeting with Landmark to discuss those, hopefully to simplify the array of documents that we have which are difficult for the layman to follow and for some of the parties involved.

Mr. Bulthuis said these are the 6 things we're working on currently with FRASCA. He said they will be looking at every lease over time, but this is where we are to date.

Mr. Padilla asked when we expect this work to be completed.

Mr. Bulthuis said it varies, depending on the particular lease. In terms of the negotiations with the airlines we certainly want to have those done before the current lease with American expires. They have wrapped up their work on the Jet Center Proposal. He said the restaurant lease and tower lease should be done within the next quarter. He said the Landmark lease will take more time.

Ms. Cook asked if everyone on this list paying their rent except United.

Mr. Bulthuis said American hasn't been invoiced since February 2014, so we're well behind on our receivables from American, noting we have initiated that discussion as well.

Ms. Cook said then everyone else is paying, and Mr. Bulthuis said yes.

Anita Medina said American will continue to pay its rent, but not the other fees.

Mr. Bulthuis said it would include landing fees, security fees and other fees in the agreement.

Mr. Ortega asked if we know the amount owed to us.

Mr. Bulthuis said we are working on that, so he doesn't have an answer right now.

### **3. INSPECTION OF PUBLIC RECORDS REQUEST (IPRA) PROCESS AND RECENT REQUESTS**

A copy of IPRA requests received today, entered for the record by Jon Bulthuis, are incorporated collectively herewith to these minutes as Exhibit "10."

The *New Mexico Inspection of Public Records Act Compliance Guide*, provided by the New Mexico Attorney General's Office, is incorporated herewith to these minutes by reference, and a copy can be obtained by contacting Anita Medina at the Santa Fe Municipal Airport.

Mr. Bulthuis said the intent is making records available to citizens, anything which is in a form that can be passed by the City to the requester. He said all of the requests are in the packet. He said it is time consuming for staff. He said the time we spent doing that is not available to do other things, so when we get to the Aircraft Tie-Down, I'm going to plead that we had other things to do to comply with the State law.

Mr. Bulthuis passed out additional requests received today, noting this is an ongoing thing. He asked the Chair to put this on the agenda so he tell you what is happening and the staff effort going to comply with these requests. He said this is all information you can request as well, and anything in the packet is available to the Board, and he can provide copies if they would like.



Chair Ross said IPRA is a difficult Statute with which local governments are required to comply. He said the people who do the work also have to respond to the request. He said gathering everything is very time consuming, and he understands Mr. Bulthuis's inability to accomplish other things. He asked if all requests have been addressed.

Mr. Bulthuis said all of the requests in the packet have been complied with, but they're still working on the ones received today.

Ms. Cook said this is an important part of being transparent.

Chair Ross said he has never been "a fan of unlimited ability to shut down government with multiple requests. He talked about a request at the County that took 10 boxes of paper to copy, and the person didn't come and look at the documents. He said there are limits.

#### **4. AIRCRAFT TIE-DOWN PERMIT PROCESS – INTRODUCTION OF NEW PARKING DIVISION DIRECTOR**

Mr. Bulthuis said the new Director, Victor Noel Pinto Correia, has extensive experience in the Bay area and two airports. He was very impressed with his responses in the interview, and he is hopeful that he can help him advance this issue to a conclusion relatively soon. Chair Ross asked Mr. Bulthuis to invite him to the next meeting, and Mr. Bulthuis said he would do so.

#### **5. FAA MULTIPLE BIRD STRIKE LETTER AND RESPONSE**

Mr. Bulthuis said there is correspondence in the packet in this matter, noting this is an FAA compliance issue. He said we did get word of multiple bird strikes on December 26, 2014. We are required by the FAA to document that we have protocols and practices in place to deal with that. He said, "As you mentioned earlier, the Wildlife Survey that was conducted, we cited and shared with the FAA and did receive a closeout letter on that saying that everything is in order, and we're doing what we need to do. He said it does relate to the Wildlife Hazard Management Plan.

#### **6. FAA PART 139 INSPECTION – RESPONSE LETTER ADDRESSING FINDINGS**

A copy of a letter dated February 3, 2015, with attachments, to John Dougherty, Airport Certification/Safety Inspector, from Jon Bulthuis, is incorporated herewith to these minutes as Exhibit "11."

Mr. Bulthuis said there is a copy of a letter dated February 3, 2015, in the Board packet which describes the findings that were made during the Inspector's visit in early December. He said there were two issues. He said one of the issues was the fuel farm, and he has met with Jeff Miller at Landmark and they discussed how Landmark can respond to make the City compliant with the Code. He said Landmark prepared its plan which was reviewed by the Fire Marshal to ensure that the improvement Landmark was going to do would pass muster. He said all these documents are in the packet..

Mr. Bulthuis said, "So we are well on our way, and we are still awaiting the response from the FAA Inspector to authorize the extension. The process of identifying the deficiency in terms of the facility, related to the Code, took a few weeks. The response from Landmark was excellent. They stepped right in and said we're going to get this done and commit to having the capital improvements made by the end of the first quarter of this year. So we've requested an extension to FAA to allow the actual capital improvements to be completed."

Chair Ross asked if the self-serve fuel will be available during this period.

Mr. Bulthuis said, "Absolutely. The fuel farm will still be operational as it has been in the past. I don't think there are any operational changes I'm aware of. So business as usual, but the requirement still is to bring that facility up to current Code requirement."

Mr. Bulthuis said, "The second issue was the penetration of the perimeter fence by small mammals, so our internal staff got right to work on that and did the corrections that were needed at all of the locations where that deficiency was sighted. Those pictures are in the letter that was sent to the FAA and I'm certain we will get that finding closed out when he responds. It was just 2 days ago that we sent this, so we haven't received a response back yet."

Chair Ross said it seems to him there haven't been as many coyotes on the field as there used to be.

Mr. Bulthuis said hopefully, near the April meeting, we will have the final closeout letter from the FAA, after those improvements are made by Landmark.

## **9. MATTERS FROM MEMBERS OF THE AIRPORT ADVISORY BOARD**

Mr. Krohn asked the status of hiring a new Airport Manager.

Mr. Bulthuis said, "As reported last month, the recruitment process is closed. The Human Resources Department has developed a list of eligible candidates. The selection committee from the City side has been identified, and we are in the process of narrowing down the top candidates from the list of eligibles to schedule interviews. I imagine that will start taking place within the next couple weeks. So, I'll keep you posted on that."

Ms. Cook asked how many people were on the list of eligibles.

Mr. Bulthuis said he didn't count them, but they are looking to cull the list to the top 6-10 candidates for telephone conference/interview, then we'll bring in the finalists for an in-person interview.

**10. PUBLIC COMMENT – PUBLIC COMMENT LIMITED TO 5 MINUTES PER PERSON**

There was no public comment.

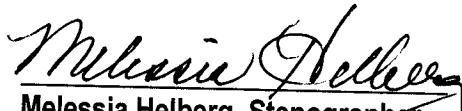
**11 ADJOURNMENT**

There was no further business to come before the Board.

**MOTION:** Ron Krohn moved, seconded by Carolyn Cook, to adjourn the meeting.

**VOTE:** The motion was approved unanimously on a voice vote, and the meeting was adjourned at approximately 5:30p.m.

  
Stephen C. Ross, Chair

  
Melessia Helberg, Stenographer

**AIRPORT ADVISORY BOARD MEETING**  
**Thursday, February 05, 2015**

Exhibit "1"

## AIRPORT ADVISORY BOARD MEETING

**Thursday, February 05, 2015**

[illegible]



421 Aviation Way  
Frederick, Maryland 21701

T. 301-695-2000  
F. 301-695-2375

[www.aopa.org](http://www.aopa.org)

February 5, 2015

Mr. Steve Ross, Chair  
Airport Advisory Board  
The City of Santa Fe  
PO Box 909  
Santa Fe, NM 87501

Dear Chairman Ross:

The Aircraft Owners and Pilots Association (AOPA) is the world's largest aviation organization represents the general aviation interests of pilots and aircraft owners, including approximately 2,400 of our members in the state of New Mexico. On behalf of our membership, AOPA is committed to ensuring the future viability and development of general aviation airports and their facilities as part of a national transportation system.

We are writing to you today because Marc Coan, our Airport Support Network Volunteer at Santa Fe Municipal Airport (SAF), shared a copy of the letter he sent to you concerning a proposed lease for a second Fixed Base Operator at the airport. He also informed us that the airport is in the midst of completing a study and update of the rates and charges that is due for publication later this spring. After reviewing his letter, we share his concerns about the appropriate rates for the proposed lease and language in the lease that may put the airport in non-compliance with the grant assurances they agreed to when they accepted Federal Aviation Administration Airport Improvement Program (AIP) funding.

Of particular concern is the apparent sweetheart deal to get the second FBO on the field. While the FAA does allow for that at new airports to attract development and allows for a below market rate for aeronautical leases versus non-aeronautical leases, this may be too low a rate for an established airport such as SAF. Further, language in the lease that states no other lease can be "more favorable" limits the abilities of the airport to charge a fair rate for a less than prime location in the future. Additionally, it could prevent another operator from coming and investing money to develop their lot with an eye towards a reduced rate in exchange for the improvements.

AOPA believes that competition is good at airports and is encouraged that SAF is considering a second FBO. We do not want to see the airport run afoul of the grant assurances by writing a lease that may grant an exclusive right or forfeit the airport's rights and powers. We would respectfully suggest asking the FAA Airport District Office through your FAA program manager Andy Velayos, (817) 222-5647 to review the lease from a compliance perspective to see if they have any concerns with it. This is not an

AIRCRAFT OWNERS AND PILOTS ASSOCIATION

*Exhibit "2"*

Mr. Steve Ross  
February 5, 2015  
Page 2

approval or acceptance, but merely a review that the airport could act on in negotiation with the prospective FBO. It would also serve to stem any potential future complaints filed by existing or future operators on the airport. We would also suggest that any lease rates be set with respect to the updated rates and charges policy.

Thank you for your consideration of our views on this matter. If we can be of further assistance, please contact our staff at 301-695-2200.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Collins", with a stylized flourish extending to the left.

John L Collins  
Manager  
Airport Policy

Cc:

Members of the Airport Advisory Board  
Mr. Jon Bulthius, Acting Airport Manager  
Ms. Kelly Brennan, City Attorney  
Mr. Andy Velayos, FAA LA/NM Airports Development Office  
Mrs. Yasmina Platt, AOPA Central Southwest Regional Manager  
Mr. Marc Coan, AOPA Airport Support Network Volunteer, SAF

# MARCH 2015

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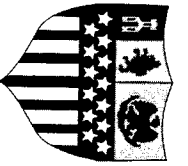


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# FEAR REPORT

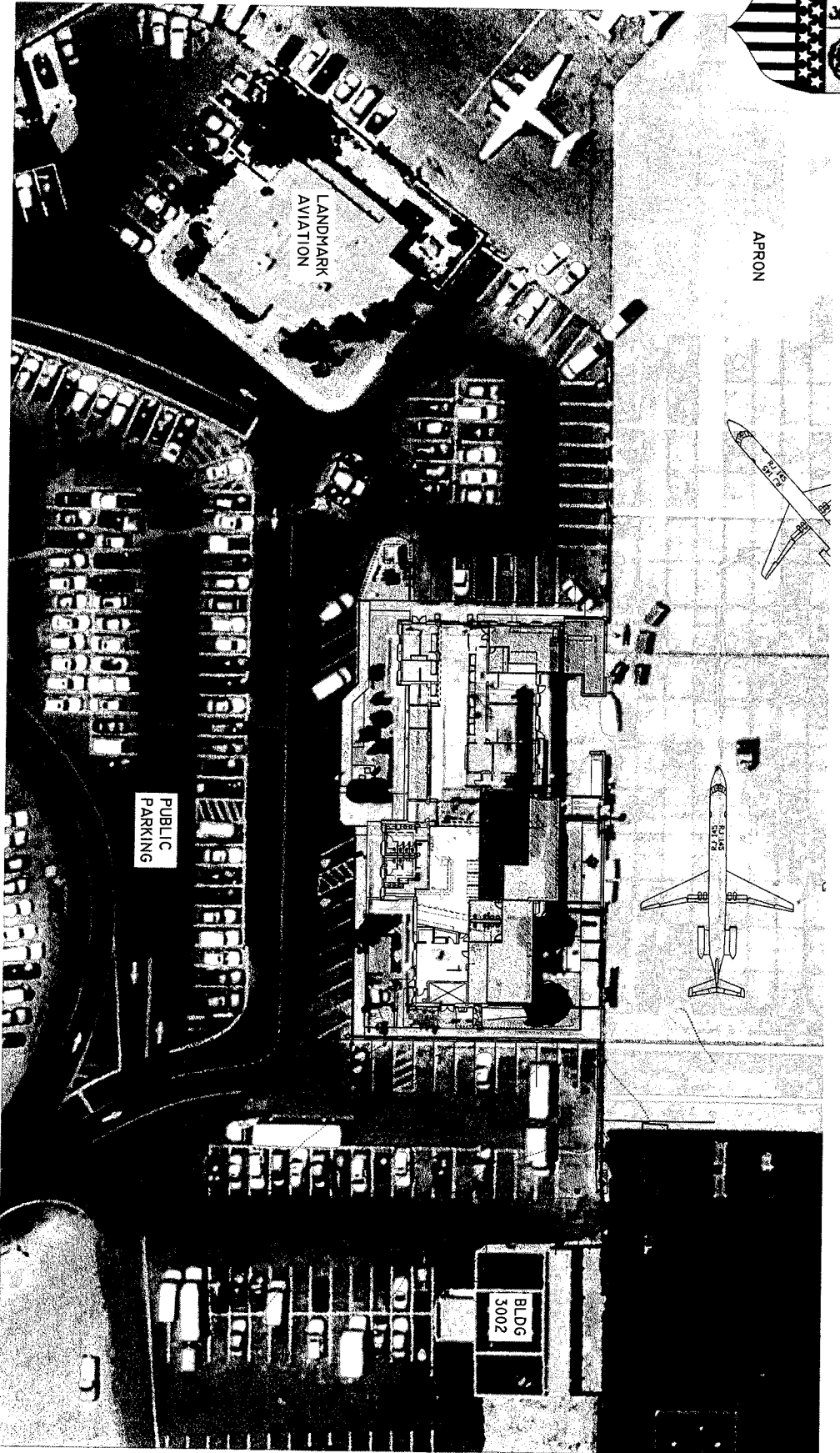
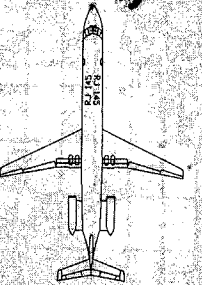
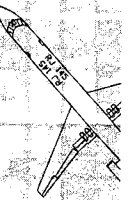
Exhibit "4"

\* original  
is available  
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# S I T E

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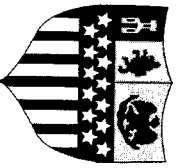


SANTA FE AIRPORT  
SAF TERMINAL EXPANSION  
AIRPORT ADVISORY BOARD

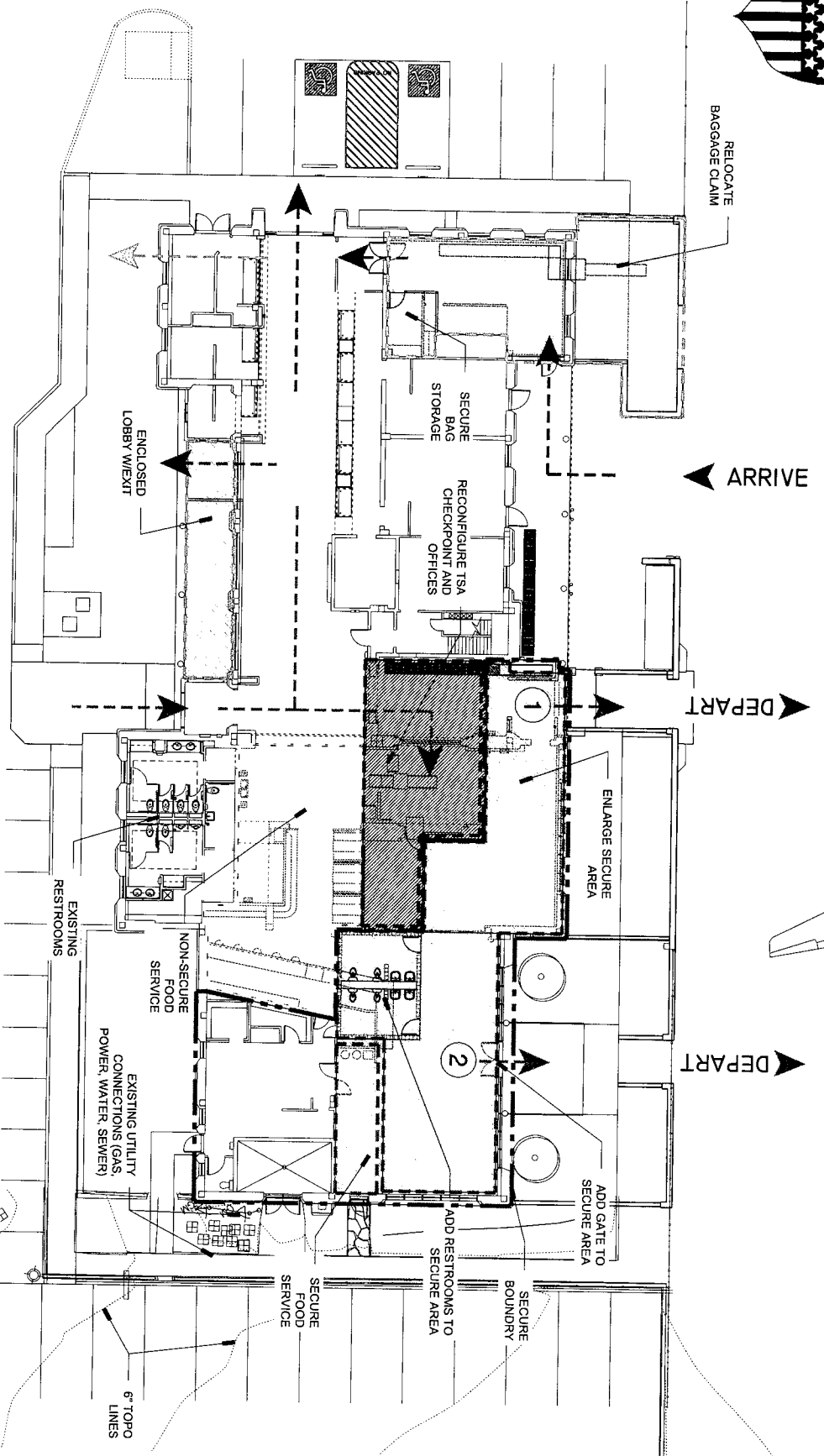
MOLZENCORBIN

SANTA FE, NEW MEXICO  
FEBRUARY 2015

\*Original is  
available in  
the Clerk's  
office.



# P L A N



SAF TERMINAL EXPANSION  
AIRPORT ADVISORY BOARD

## S A N T A F E A I R P O R T

MOLZENCORBIN

SANTA FE, NEW MEXICO  
FEBRUARY 2015

\*Original is available in the Clerk's Office.

# SANTA FE MUNICIPAL AIRPORT MASTER PLAN

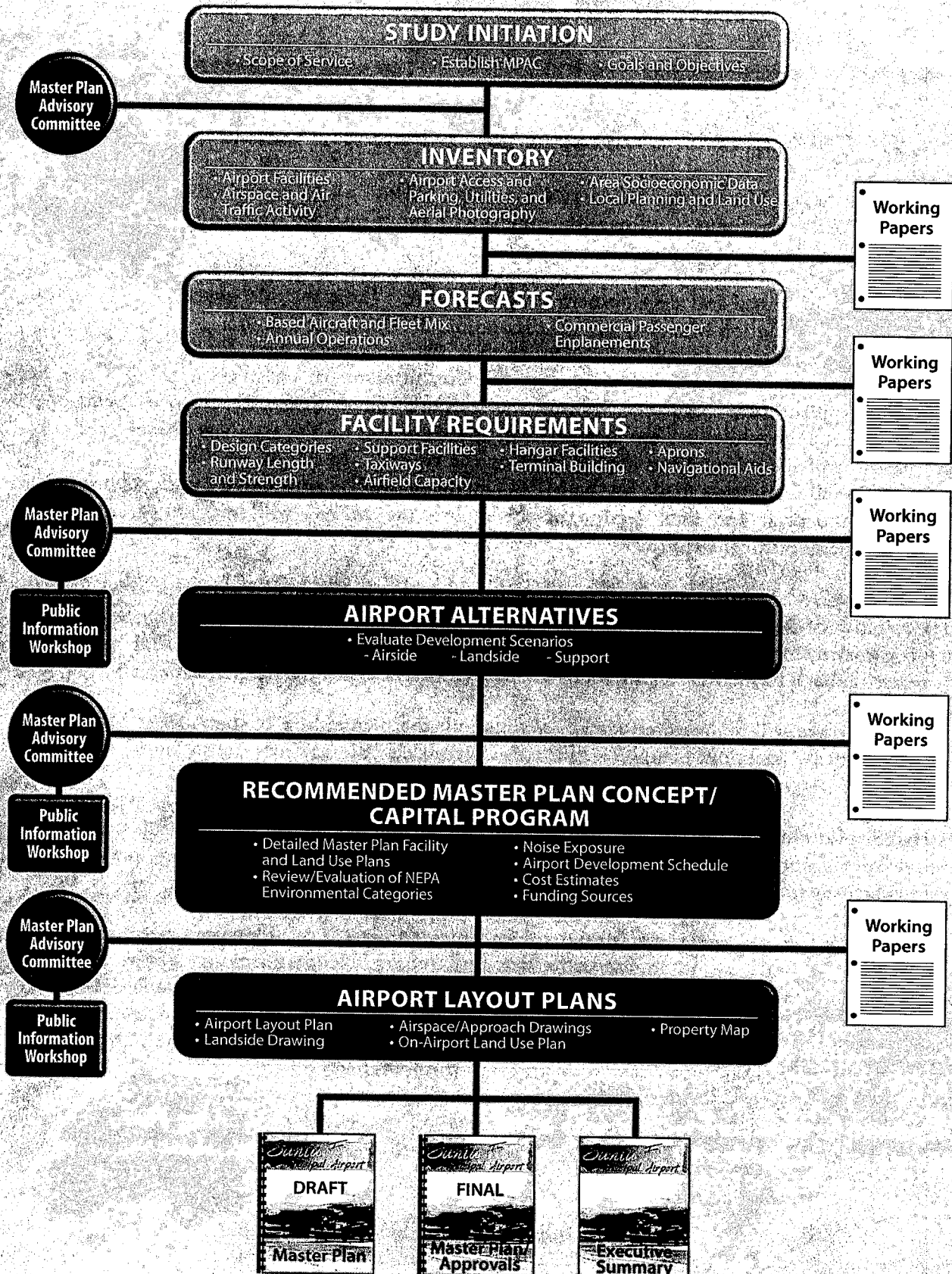


## *Role of the Master Plan Advisory Committee*

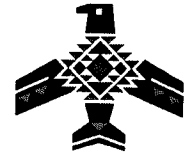
- ▶ The **purpose** of the Master Plan Advisory Committee (MPAC) is to provide the City of Santa Fe and the planning consultant (Coffman Associates) with input into the Airport Master Plan.
- ▶ The **members** of the MPAC are intended to represent a variety of organizations and individuals with interest in the use and development of the Airport. These include governmental interests, aviation and non-aviation interests, and area economic development interests.
- ▶ The **role** of the MPAC is to provide input to the City of Santa Fe and the Consultant regarding the current and future use of Santa Fe Municipal Airport. The MPAC will review elements of the Airport Master Plan while they are in draft form and comment on the accuracy of the assumptions and relevance of the information used to develop the report. The MPAC is a non-voting advisory body. While all comments made by the MPAC members will be considered by the Consultant in developing the draft and final version of the report, the MPAC will not vote to approve or disapprove elements of the study.
- ▶ Individual MPAC members are considered to **represent** their designated organizations. It is the responsibility of MPAC members to communicate with their respective organizations and report any comments/concerns regarding the development of the Airport Master Plan from their organization back to the MPAC, the City, and the Consultant throughout the process.
- ▶ **MPAC meetings** will be held periodically throughout the preparation of the Airport Master Plan. There are four (4) meetings planned at this time. Because of the advisory nature of the committee, a quorum is preferred, but will not be required.
- ▶ **Attendance** at the meetings is strongly encouraged. Each member of the MPAC represents a unique or significant group. If you are unable to attend any given meeting, please send a representative who is able to speak for you or your organization.
- ▶ For your convenience, **comment forms** will be provided for MPAC members to submit written comments for consideration in preparing the final report. It would be greatly appreciated if comments are submitted by the due date indicated on the form (approximately two weeks following the meeting). If this is not possible, contact Coffman Associates and let them know when you plan to submit your comments. Comments can also be submitted electronically through the project website dedicated to this study (<http://santafemasterplan.airportstudy.com>).
- ▶ **Comments or Questions** regarding the MPAC, MPAC meetings, or Working Papers should be directed to Matt Quick with Coffman Associates at 1-800-892-7772 or to John Bulthuis with the City of Santa Fe at 505-955-2001.
- ▶ Three (3) **Public Information Workshops** will be held during the course of the study. The primary purpose of these workshops is to allow the public to obtain information regarding the Master Plan, ask questions, and provide input. Each MPAC member is invited to attend this meeting and to encourage members of their organization to attend.

*Exhibit "5"*

# Airport Master Plan Project Workflow



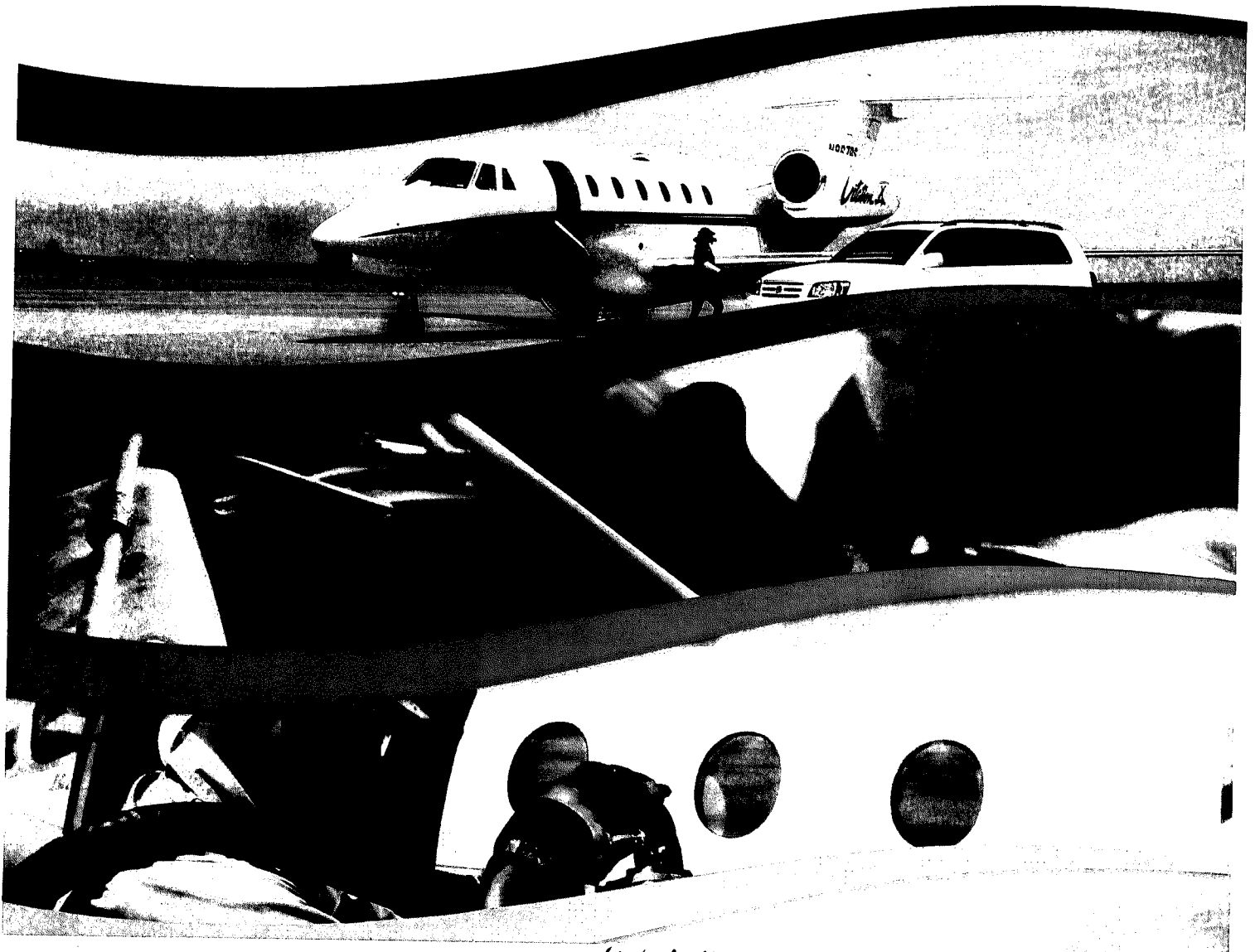
# PROPOSAL



**JET CENTER**  
at • SANTA FE

## JET CENTER AT SANTA FE

A NEW FIXED BASE OPERATION  
SANTA FE MUNICIPAL AIRPORT  
SANTA FE, NEW MEXICO



*Exhibit "6"*



**PROPOSAL**  
**Jet Center at Santa Fe**  
Santa Fe Municipal Airport

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## **Executive Summary**

Jet Center at Santa Fe, LLC, (JCASF) a new entity formed by the founders and former owners and operators of Santa Fe Air Center and its predecessors, propose to establish a new fixed base operation that will provide a first-in-class FBO option to the local aircraft operators, transient, and the general flying public.

JCASF is uniquely qualified with over 25 years of demonstrated success in the FBO business. We have over 19 years of experience in Santa Fe, having owned and operated Santa Fe Air Center and its predecessors including Santa Fe Jet Center and Capital Aviation. During this time period, working closely with the Airport Manager and The City of Santa Fe, Santa Fe Jet Center completed a new passenger terminal and over 130,000 square feet of hangar space. Ownership has also operated FBO's at other major airports including Scottsdale, AZ (KSDL), White Plains, NY (KHPN), Teterboro, NJ (KTEB) and West Palm Beach, FL (KPBI).

JCASF will pay to the City of Santa Fe as rent in advance "Prepaid Rent," an amount of approximately \$27,225. City will enter into a 30 year lease with two five (5) year options to extend with JCASF for Commercial Activities on the City of Santa Fe Airport including but not limited to line service and aircraft storage to include the Parcels B, C & D as described herein and identified in Exhibit "A".

City will use Prepaid Rents to pay the outstanding balance of its current note payable for the purchase of building 3002 slated for its future development purposes. Upon exercising its right of termination on the current lease, the City agrees to a lot split of the land contained in the prior lease and then to lease to JCASF the balance of Parcel B, which excludes Building 3002.

Rents due the City of Santa Fe from the leases described herein, will be credited against the Prepaid Rent until the Prepaid Rent amount is repaid in full. Beginning the month following the full repayment of Prepaid Rents, all rents due to City will be paid per terms of lease. In consideration of the initial construction costs and startup expenses that will be incurred by JCASF, all fees will be deferred for an initial period of time as defined in the lease.

JCASF will relocate the F-111 from its current site to the south of Airport Road (Exhibit "A"). This is consistent with future airport plans to accommodate new roads and a new airport entry. Additional hangars will be constructed on the current site of the F-111, identified as Parcel "C" in Exhibit "A," and will be included in the 30-year lease.

## Qualifications

The owners and operators of Jet Center at Santa Fe are uniquely qualified with over 25 years of demonstrated financial capability and success in the development and operations of the FBO business, including over 19 years as operators and facility developers at the Santa Fe Municipal Airport:

- Our ownership group became active in Santa Fe with the acquisition of Post Aviation in 1986 and developed the company into a full-service FBO and MRO facility.
- Over the years, ownership has operated the business as Capital Aviation, International Aviation, Santa Fe Jet Center and Santa Fe Air Center. Working closely with the Airport Manager and The City of Santa Fe, we completed the following improvements at KSAF:
  - New 4,000 sq. ft. passenger terminal - Building 3005 (now Landmark Aviation);
  - Over 130,000 square feet of hangar construction, including:
    - G Hangar – Building 4009, (20,000 sq ft)
    - K Hangar - Building 1010, (22,000 sq ft)
    - Executive Hangars - Building 4010, (14,400 sq ft)
    - T-hangars - Buildings 4006 and 4007, approximately (23,000 sq ft)
    - Maintenance Hangar - Building 4002, (15,000 sq ft)
    - F Hangar - Building 4008, (16,000 sq ft)
- In 2002, ownership worked with the City of Scottsdale to develop and finance Air Center Scottsdale, a new \$20 million FBO facility consisting of 18,000 sq ft of world-class passenger terminal and offices and over 75,000 sq ft of modern hangar facilities. In addition to the FBO facilities, ownership developed the Air Center Cholla Airpark facility consisting of 16,000 sq ft of offices and over 75,000 sq ft of hangar facilities. Scottsdale Air Center also included an aircraft sales and aircraft management division.
- Ownership has also operated FBO's at other major airports including White Plains, NY (KHPN), Teterboro, NJ (KTEB) and West Palm Beach, FL (KPBI).
- Ownership owned and operated AirWest, LLC in Colorado Springs, A FAR Part 141 Flight School providing flight training to the US Air Force Academy through our own fleet maintained by our Part 145 repair station. The company also included a Part 91 management company and Part 135 charter business providing turbo prop, light and mid-sized jets to the southwestern US market.
- Ownership currently operates a Part 145 repair station at the Santa Fe and Santa Teresa, NM airports and an aircraft management, air charter and consulting group working with principles in the United States, Europe and Asia.
- Upon execution of the lease, funding of the development will include substantial cash infusion from the owners, financial assistance from our fuel suppliers and conventional lenders as needed for construction and long-term financing.

## Recognition

We have demonstrated a legacy of exemplary customer service:

- Santa Fe Jet Center was 8-time recipient of ExxonMobil Aviation's Gold Service Award and consistently highly ranked in AIN's pilot surveys.
- Scottsdale Air Center was ranked the number 3 FBO in the United States by AIN's pilot survey in its second year of operation and continued to be ranked in the top 5 throughout our ownership period.



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## Development Plan

JCASF will enter into a long-term lease(s) with the City of Santa Fe for the following parcels (see attached drawing Exhibit "A"):

- 38,189 ft<sup>2</sup> of land identified as Parcel "B"
- 42,617 ft<sup>2</sup> of land identified as Parcel "C"
- 51,047 ft<sup>2</sup> of land identified as Parcel "D"

JCASF intends to develop the above lease parcels in three (3) phases as described below:

1. Phase 1 consists of the installation of temporary terminal and offices on Parcel "B" and the development of a fuel farm on Parcel "D" to begin immediate operations.
2. Phase 2 includes the design, development and construction of a 20,000 ft<sup>2</sup> hangar, associated parking and site work on Parcel "C" and construction of a new terminal building and office space on Parcel "B".
3. Phase 3 includes the removal of the temporary terminal, and in its place the development and construction of a new hangar and parking on Parcel "B" as designated in Exhibit "A".



**PROPOSAL**  
Jet Center at Santa Fe  
Santa Fe Municipal Airport

## Projected Capital Expenditures

Item	Projected Expenditure
Prepaid Rents	27,225
New Terminal Building	650,000
Temporary Building and Modifications	80,000
Hangar 1 - Approximately 20,000 sq. ft	2,000,000
Hangar 2 - Approximately 10,000 sq. ft.	1,100,000
Fuel Farm	350,000
Ground Equipment	200,000
Fixtures and Furniture	100,000
<b>Total Projected Capital Expenditures</b>	<b>\$ 4,752,000</b>

## Projected Revenues to City of Santa Fe

JCASF projects that the City of Santa Fe will earn approximately \$187,000 in leases and fees from JCASF in Year 1 of operations.

### Leases

Lease Parcel	Ft <sup>2</sup>	Annual Rent
Parcel "B"	38,189	6874
Parcel "C"	42,617	6819
Parcel "D"	51,047	4,084
<b>Total</b>	<b>131,853</b>	<b>\$ 17,777</b>

### Other Fees

	Gross Amt	Rate	Total to City
Flowage Fees (gals)	1,275,093	\$0.07	\$ 89,256
Hotel lodgers and gross receipts taxes	\$40,000	15%	6,000
Rental car taxes and concessions	\$128,000	25%	32,000
Transient ramp fees	\$15,000	75%	11,250
Transient tie down fees	\$8,000	75%	6,000
Adjusted Gross Receipts	\$1,250,000	2%	25,000
<b>Total Revenues (City)</b>			<b>\$ 169,506</b>



## **PROPOSAL**

### **Jet Center at Santa Fe**

Santa Fe Municipal Airport

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## **Operations**

### **Employees and Training**

Approximately 15 new, local employees will be hired to handle line service, customer service, property maintenance, and provide management and accounting needs at an annual expense in excess of \$600,000.

We have a legacy of exemplary customer service. In our previous ownership of Santa Fe Air Center (and predecessors), SFAC was consistently highly ranked in AIN's pilot surveys and was an 8-time recipient of ExxonMobil Aviation's Gold Service Award. Additionally, during our ownership of Scottsdale Air Center, SAC was ranked the number 3 FBO in the United States by AIN's pilot survey in its second year of operation and continued to be ranked in the top 5 throughout our ownership period. The customer service program at Jet Center at Santa Fe will continue this legacy of providing exemplary service to pilots and the flying public.

Safety is the foundation of our culture. Our line service technicians will be highly trained using the NATA Safety First training program known as the industry standard in Line Service Specialist training.

Our customer service representatives will lead the industry by using Horizons Total FBO program. We will implement our proprietary arrival and departure module, which provides real time monitoring of aircraft work-in-process status to assist our CSR's to ensure the highest level of service with zero service defects.

### **Fuel Vendor**

Our fuel training and quality control procedures will surpass the minimum requirements as outlined by both Envoy and United Airlines. Our selection of fuel vendor will align with our company values. This fuel vendor will not just supply our fuel but will assist us to ensure the highest quality fuel as outlined in ATA 103. We will lease our fuel trucks from this same fuel vendor, and install wireless electronic meters to ensure accurate fuel gallons at the time of delivery.

Our fuel farm will initially consist of 12,000-gallon Avgas and 20,000-gallon Jet double wall tanks with the ability to expand as necessary. We will work closely with the New Mexico Environmental Department Petroleum Storage Tank Bureau to ensure all New Mexico rules and regulations are closely followed. We will seek comments and approval from Envoy Air, United Airlines, United States Government Defense Logistic Agency and the Santa Fe Fire Department, ensuring that we exceed their stringent inspection requirements.

### **Maintenance**

We will contract one or both of the existing on field maintenance companies to perform necessary line service, annual inspection, avionics inspection, heavy aircraft maintenance and any emergency maintenance required by our customers.

## Equipment

Our support equipment will include of the following:

Jet Fuel Truck(s)
Avgas Fuel Truck
Tugs – conventional and Lektro
Tow Bars and heads, as needed
GPU's (Ground Power Unit)
Lavatory Cart
Potable Water Cart
Deicing cart
Golf Carts and service equipment
Catering Refrigerator, Dishwasher, Washer Dryer, Ice Machine
Safety equipment including chucks/cones, etc.
Radios/Base Station



## PROPOSAL

### Jet Center at Santa Fe

Santa Fe Municipal Airport

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## Marketing

Jet Center at Santa Fe will promote the city's culture and special events by working with the Department of Economic Development and the Santa Fe Chamber of Commerce. JCASF will become members of National Business Aircraft Association (NBAA) and National Air Transport Association (NATA). Through these organizations we will work hand-in-hand to promote Santa Fe Municipal Airport and our rich culture and popular events that make Santa Fe a destination location. We will extend an invitation to the Department of Economic Development and the Santa Fe Chamber of Commerce to the yearly industry events to help market Santa Fe and showcase our community through our Aviation Gateway.

An aggressive direct sales effort will be focused on contract fuel customers including flight departments, 135 charter operators and program operators. We will employ a variety of web-based programs to aid the local and transient pilot with their fuel purchasing decision, giving them access to the most up-to-date information on the Santa Fe Municipal Airport and will help drive internet educated pilots to the best FBO in Santa Fe, Jet Center at Santa Fe.

JCASF will use proven and effective targeting methods including our proprietary CRM program that works in conjunction with Passur aircraft tracking program to monitor customer activity and target prospects. Our CRM program monitors all aircraft traffic in and out of the Southwest market. It tracks their base airport and will allow us to market Santa Fe as an alternative to other fuel stop airports in the Southwest.

We are currently developing a service enhancement website, specifically designed to provide hands-on, interactive communication that immediately responds to the ever-changing needs and wants of owner/operators. Not only will the website include service changes that can be made and reviewed on the spot, but also available are important weather updates, city coverage and local news, special event schedules, job "hot line" information, along with the latest incentives and giveaway programs for frequent visitors or high-volume users. Along with delivering current information, our website will be used to promote the image and services of the entire Santa Fe Municipal Airport.

Lastly, JCASF will participate in co-op programs and pilot loyalty programs provided by our fuel partner and other applicable fuel purchasing programs to continually drive traffic and encourage fuel and service purchases.

## Economic Benefits of New FBO

The addition of Jet Center at Santa Fe will create increased competition at Santa Fe Municipal Airport directly increasing fuel flowage and revenues to the City of Santa Fe. A single source FBO on field has created inflated fuel pricing strategies. These high prices have reduced the quantity of fuel sold and reduced Airport revenues as pilots and flight departments have found alternative fuel supplies and modify their fuel purchasing habits by "tankering" fuel. We will monitor the fuel prices and offer another option to the pilot. With our knowledgeable CSR and sales strategies, we will encourage maximum uplift to increase fuel volumes through a variety of sales tools.

### Other benefits:

- **Jobs:** Our projections are that an immediate creation of 15 new jobs at an annual payroll expense of \$600,000. According to the 2002 Santa Fe Airport Master Plan, the "Indirect Benefits" created by spending by airport employees and employers have a multiplier effect on the local economy. "For example, when an aircraft mechanic's wages are spent to purchase food, housing, clothing, and medical services, these dollars create more jobs and income in the general economy of the region through multiplier effects of respending." *Source: Santa Fe Airport Master Plan Appendix D, Economic Benefit Analysis, page D-4 and Table 13)*
- **Additional Services:** As the company grows, additional services may be provided such as aircraft charter, aircraft sales, aircraft management, aircraft maintenance, and other aviation related services each requiring additional employees. These services will also generate revenue for the Airport from fees and gross receipt payments as outlined in the proposed lease.
- **Ground Rents:** Additional direct income to the Airport will be generated by leasing in excess of 135,000 sq. ft. of vacant or underutilized properties on the airport. At current rates this would be approximately \$20,000 annually.
- **Other Fees:** Additional revenue to the Airport will be generated by the 2% gross receipts fee revenue. There are landing fees, transient ramp fees, rental car percentage charges, hotels and lodger fees, and flowage fees.
- **Increase Flowage Fees to City:** The pricing levels for fuel and other services now charged by the sole source are resulting in planes taking no fuel or reduced fuel, a practice known as "tankering." Fewer gallons purchased at Santa Fe Airport results in reduced flowage fees to the Airport. The addition of Jet Center at Santa Fe to the Airport will create a competitive environment where one does not currently exist. This will directly and positively impact fuel volumes as lower fuel prices discourage "tankering." As part of our marketing initiative, Jet Center at Santa Fe will target volume customers with discounts and other benefits to encourage the purchase of more fuel and services.
- **New Facilities:** Upon execution of the Lease Agreement, Jet Center at Santa Fe will also install a temporary executive terminal and offices, install a new fuel farm, purchase ground equipment, office furniture and support equipment increasing the assets of the Airport and providing substantial tax revenue to the various state, local, and federal agencies. Further, as our plan is fully implemented, we will construct additional buildings on the premises, which will create construction jobs for the community and local vendors.



## PROPOSAL

### Jet Center at Santa Fe

Santa Fe Municipal Airport

- **New park and more appealing entrance into the Airport from the new entrance road:** As proposed, during Phase 2 of our construction process, Jet Center Santa Fe has agreed to move the F-111 and fencing from Parcel "C" across Airport Road to its new location. This will create an updated and improved entrance to the Airport. In addition, Jet Center at Santa Fe has agreed to fence an adjoining parcel of approximately 5,000 ft<sup>2</sup> that can serve as a dog park for both transient passengers traveling with their pets as well as the community of Santa Fe.
- **Prepaid Lease and Fees:** Upon execution of the Lease Agreement, Jet Center at Santa Fe will prepay rents and fees of approximately \$27,225 so that the City may complete the purchase of building #3002 for its expansion needs.
- **Additional Hangars:** We intend to build 2 hangars of approximately 10,000 and 20,000 sq. ft. (maximum that will fit the parcels and meet building codes) that will house large corporate aircraft and regional jets. This will generate taxes from the construction and rental income, additional fuel sales and other services creating incremental revenue for the Airport. At the expiration of the lease these buildings will revert to City ownership.
- **Promote Santa Fe and the Santa Fe Airport.** Jet Center at Santa Fe will attend numerous trade shows, conventions, and related activities to promote our business and the City of Santa Fe. We will provide visitor materials supplied to us by the Economic Development team, the Chamber of Commerce, and other groups or agencies that would like to participate. All of these activities drive economic benefits to the City.





## PROPOSAL

### Jet Center at Santa Fe

Santa Fe Municipal Airport

## Ownership of Santa Fe Jet Center

### Members of LLC

Herb Marchman  
Ron Tarrson  
E. Martin Shaeffer  
John Marchman

Herb Marchman has spent the last 30 years in general aviation as a pilot and FBO owner. Marchman was president of Santa Fe Jet Center, Inc. based in Santa Fe, NM, president of Scottsdale Air Center Operations and Scottsdale Air Center Real Estate in Scottsdale, AZ., member of the Board of Directors for International Aviation with FBO's in New York, New Jersey, and Florida. Marchman was Chairman of ExxonMobil Aviation advisory council for five years. In addition, Marchman was president of Air West, LLC, an aircraft charter, management, maintenance, and consulting business in Colorado Springs, CO. Marchman is currently CEO for Flight Partners Group, LLC, an international aircraft management, air charter, and consulting group working throughout the United States, Europe and Asia.

Ron Tarrson has been involved in private aviation since 1975 as a pilot and in ownership capacities of Fixed Base Operations and Aircraft Maintenance and Repair Facilities. Mr. Tarrson was a partner in Santa Fe Air Center and Scottsdale Air Center until its sale to Ross Aviation in 2005. He currently owns and operates Aero Services, a maintenance and avionics installation and repair facility with operations in Santa Fe, Albuquerque and Santa Theresa, NM. Mr. Tarrson holds an MBA from the University of Chicago and remains an active pilot.

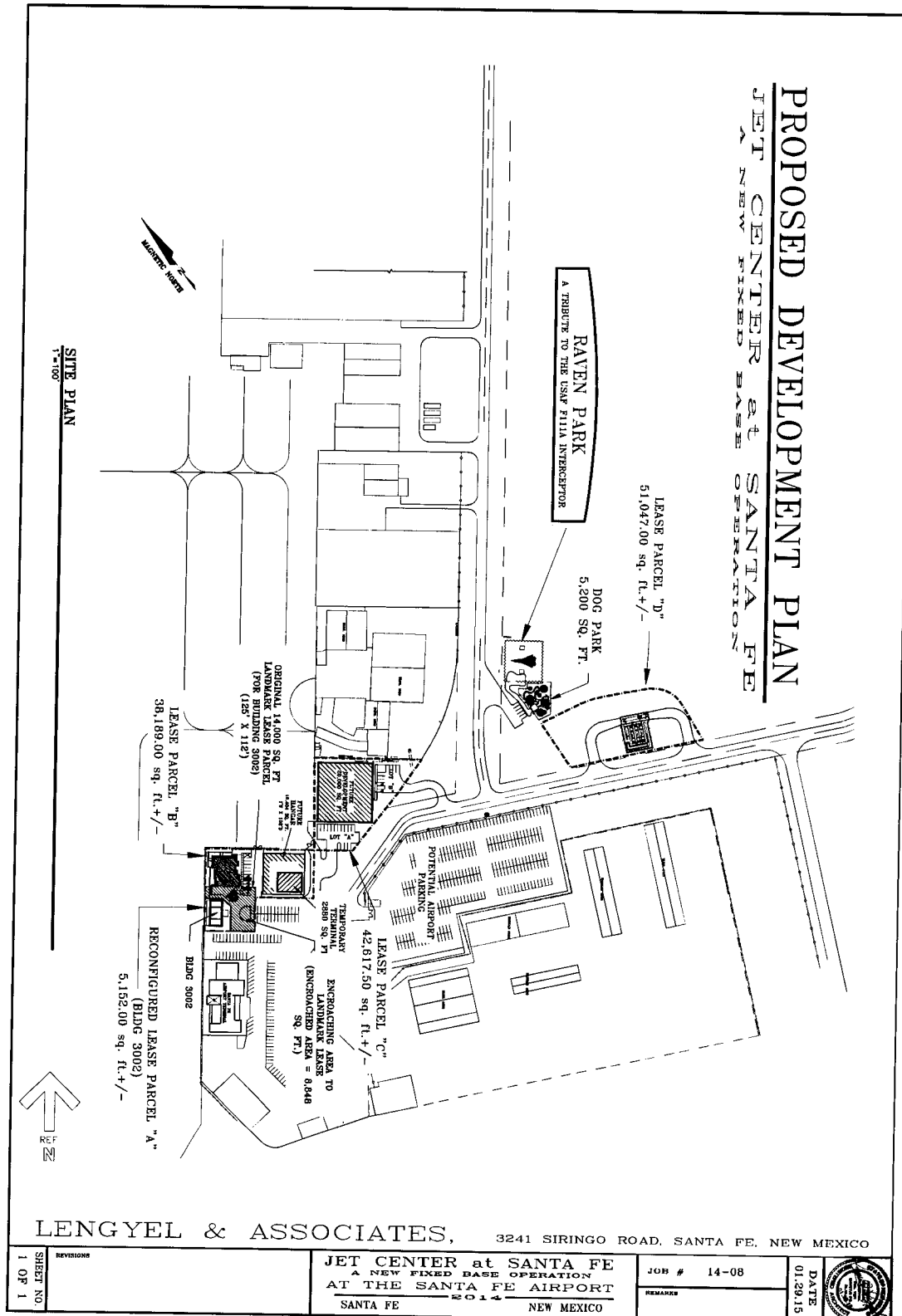
E. Martin Shaeffer has been a partner with Herb Marchman in several businesses since 1976. He was a partner in Santa Fe Jet Center, Inc., and Scottsdale Air Center Operations and Real Estate. Shaeffer is a lifetime resident of New Mexico and has operated a successful construction business until his retirement in 2006. Shaeffer is responsible for the design and construction for the Landmark Santa Fe Airport terminal in addition to approximately 125,000 sq. feet of hangar space on the airport. Shaeffer managed the development of 14 acres of land at the Scottsdale Airport that included over 150,000 sq. ft. of world-class terminal, office, maintenance, and hangar storage.

John Marchman brings 25 years of executive management, brand development and sales and marketing experience in the aviation, financial services, energy, technology, retail and CPG sectors. He has served as marketing advisor to ExxonMobil Aviation and its Aviatat FBO network and his firm has created and administered brand development and marketing programs for ExxonMobil Aviation. He is active with the National Business Aircraft Association. Marchman is currently president of Flight Partners Group, LLC, an international aircraft management, air charter and consulting group serving corporate flight departments, aviation attorneys, OEM's, aviation program operators, HNW individuals and institutional investors in the United States, Europe and Asia.

Additional ownership shares will be reserved for management and other investors.

**EXHIBIT A**

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AMERICAN ENTERPRISE INSTITUTE

# Swings in Commercial and Residential Land Prices in the United States

Joseph B. Nichols  
*Federal Reserve Board*

Stephen D. Oliner  
*AEI and UCLA Ziman Center for Real Estate*

Michael R. Mulhall  
*J.P. Morgan Chase*

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AEI Economic Policy Working Paper 2012-03  
June 2012

*Exhibit "7"*

# Swings in Commercial and Residential Land Prices in the United States

Joseph B. Nichols  
Federal Reserve Board

Stephen D. Oliner\*  
American Enterprise Institute and UCLA Ziman Center for Real Estate

Michael R. Mulhall  
J.P. Morgan Chase

June 2012

*Forthcoming in the Journal of Urban Economics*

**Abstract:** We use a large dataset of land sales dating back to the mid-1990s to construct land price indexes for 23 MSAs in the United States and for the aggregate of those MSAs. The price indexes show a dramatic increase in both commercial and residential land prices over several years prior to their peak in 2006-07 and a steep descent since then. These fluctuations have exceeded those in well-known indexes of home prices and commercial real estate prices. Because those indexes price a bundle of land and structures, this comparison implies that land prices have been more volatile than structures prices over this period. This result is a key element of the land leverage hypothesis, which holds that home prices and commercial property prices will be more volatile, all else equal, in areas where land represents a larger share of real estate value.

**Acknowledgements:** We received helpful comments from Stuart Rosenthal (the editor), three anonymous referees, numerous Federal Reserve staff, and participants at the 2009 AREUEA meetings, the 2011 USC–UCLA–UC-Irvine Urban Economics Research Symposium, and the 2012 Barcelona Institute of Economics Workshop on Urban Economics. We thank Christopher Reynolds and Katherine Hayden for producing the location maps in the paper. The data for this study were provided by the CoStar Group, Inc. The views expressed herein are those of the authors alone and should not be attributed to any of the organizations with which the authors are affiliated.

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Phone: (202) 419-5205

## 1. Introduction

All types of economic activity require land. This requirement is obvious in industries such as farming and construction, but all other forms of commerce ultimately need land as well because workers, equipment, and buildings must be located somewhere. Even a high-tech company like Google has a corporate campus and more than 70 other facilities.

A broad measure of the value of land in the United States can be derived from the Flow of Funds (FOF) accounts published by the Federal Reserve Board. The FOF-based estimate covers land owned by households, nonprofit organizations, and most nonfarm businesses, and is calculated as the market value of real estate in those sectors minus the value of structures from the U.S. National Income and Product Accounts (NIPAs). This estimate of U.S. land value exceeded \$17 trillion in 2006 at the height of the real-estate boom.<sup>1</sup>

With such a large aggregate value, changes in land prices can have a substantial effect on the net worth of businesses and households. In this regard, Davis and Heathcote (2007) estimate that swings in residential land prices accounted for most of the variation in house prices over 1975-2006 for the United States as a whole. Davis and Palumbo (2008) reach the same conclusion for a large set of metropolitan areas, as do Bostic, Longhofer, and Redfearn (2007) in their detailed analysis of home price changes in a single metropolitan area (Wichita, Kansas).

Land also serves as a form of collateral for loans, especially for construction loans. If the borrower defaults before completing a construction project, the lender's recovery will depend largely on the value of the land pledged as collateral. Commercial banks in the United States

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<sup>1</sup> The data for this estimate are in tables B.100, B.102, and B.103 of the *Flow of Funds Accounts of the United States* ([www.federalreserve.gov/release/z1](http://www.federalreserve.gov/release/z1)). Barker (2007), Case (2007), and Davis (2009) estimated aggregate land value from earlier vintages of the FOF data. We should note that all of these estimates are subject to substantial measurement error. Indeed, the FOF accounts stopped publishing series for land value in 1995, at least in part because of concerns about the accuracy of the estimates. For estimates of aggregate land values that do not use the FOF data (but that rely on a variety of strong assumptions), see Davis and Heathcote (2007), the Bureau of Labor Statistics (2007), and the earlier work by Goldsmith (1951), Manvel (1968), and Milgram (1973).

have substantial exposure to land prices through their lending activities. Indeed, domestic banks held more than \$500 billion in construction and land development loans in 2007, and the subsequent delinquency rates on these loans exceeded those on all other major types of bank loans.<sup>2</sup>

Despite the importance of land as a component of wealth, as a source of variation in real estate prices, and as collateral for loans, only a handful of studies have calculated land price indexes for the United States as a whole or for a broad set of U.S. cities.<sup>3</sup> Davis and Heathcote (2007) and Davis and Palumbo (2008) estimate price indexes for residential land in the United States, while Davis (2009) estimates indexes for both residential and commercial land. These indexes, however, are not based on transaction prices. Instead, Davis and his coauthors infer land prices as a residual in a measurement framework that is similar to the Flow of Funds methodology described above. Notably, their estimates rely on the assumption that the market value of existing structures is well approximated by the capital stock series in the NIPAs. Given that these series are constructed from limited information on depreciation rates, this assumption may not be appropriate.

In contrast, Sirmans and Slade (2011) use transaction prices to calculate national land price indexes. However, they do not estimate price indexes for individual metropolitan statistical areas (MSAs), an important limitation given the substantial local variation in real estate markets. Our study addresses this limitation by providing the first transaction-based indexes of land prices for a broad swath of MSAs across the United States.

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<sup>2</sup> These figures represent aggregates from the Consolidated Reports of Condition and Income (Call Reports) filed by domestic commercial banks. See Lee and Rose (2010) for a full analysis of the Call Report data.

<sup>3</sup> That said, there are numerous studies of land prices for narrow geographic areas within the U.S. For residential land, see Bryan and Sarte (2009), Downing (1970), Greenlees (1980), Ihlanfeldt (2007), and Voith (2001). For commercial land or a combination of commercial and residential land, see Brownstone and DeVany (1991), Colwell and Munneke (1997, 2003), Guntermann and Thomas (2005), Haughwout, Orr, and Bedoll (2008), Kowalski and Paraskevopoulos (1990), McMillen (1996), McMillen and McDonald (1991), Munneke (2005), Peiser (1987), Wallace (1988), and Wieand and Muth (1972).

For each MSA, we calculate separate price indexes for commercial land and residential land. Standard models of spatial equilibrium (see Glaeser, 2008, and Anas, Arnott, and Small, 1998) allocate land to its highest-value use, subject to regulatory constraints. This allocation process implies that expected risk-adjusted returns should be equal across alternative land uses. We are able to shed light on this prediction by comparing the price movements between the two broad types of land.<sup>4</sup>

Using source data from the CoStar Group, Inc., we construct a dataset that includes 180,000 land transactions in 23 MSAs from the mid- or late 1990s through mid-2011.<sup>5</sup> These MSAs include the major population centers in the United States and some smaller cities. We estimate hedonic equations in which residential and commercial land prices depend on property-level characteristics, a flexible specification of property location, and half-yearly dummy variables to capture the changes in land prices over time after controlling for the other factors. The specification of locational effects includes both the property's distance from the central business district (CBD) and the semiparametric specification introduced in Colwell (1998) that can accommodate a much wider range of spatial patterns.

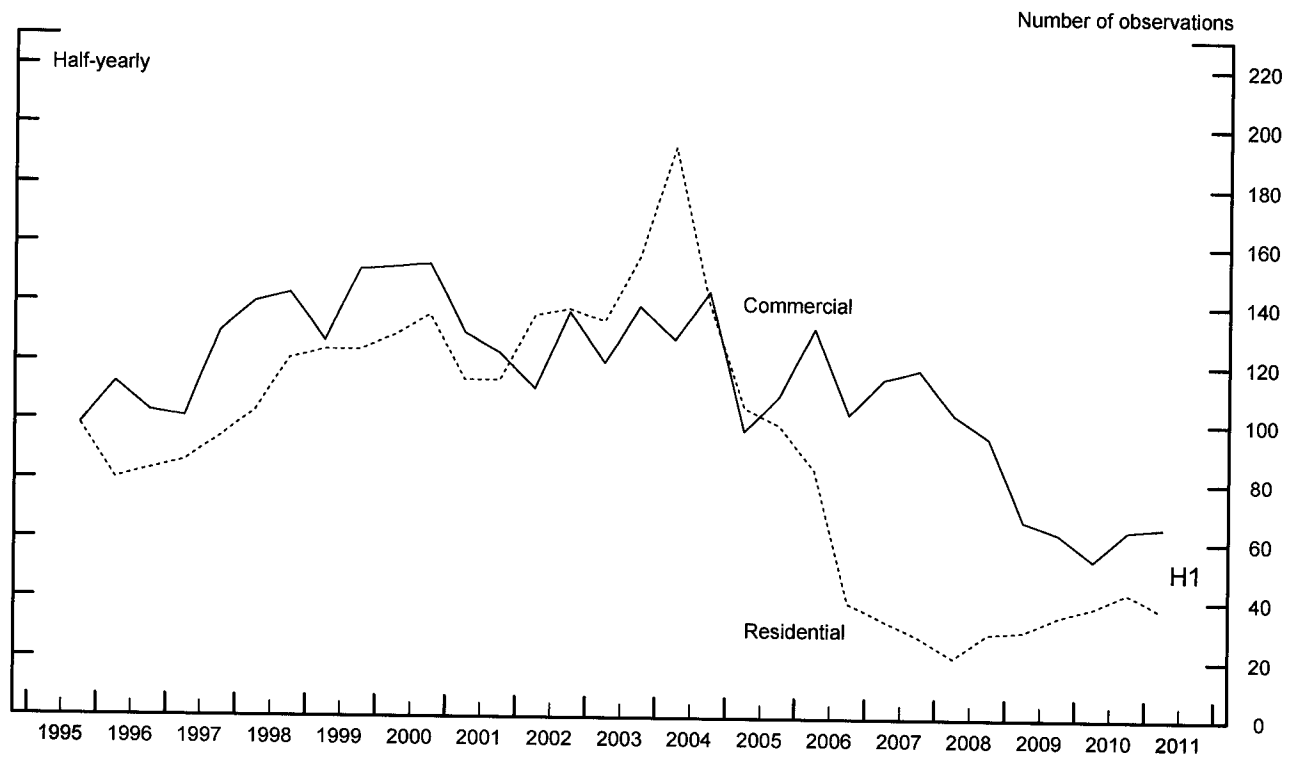
Our primary focus is on the land price indexes implied by the coefficients on the half-yearly dummy variables. For each MSA, we present price indexes for a composite of residential and commercial land along with separate indexes for these two broad types of land. We also report the analogous price indexes for the aggregate of the 23 MSAs taken together.

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<sup>4</sup> Note that our regressions generate price indexes for these two broad categories and do not permit a comparison of their absolute price levels. However, we are able to compare price levels among the different types of residential land and separately among the different types of commercial land.

<sup>5</sup> In addition to our paper and Sirmans and Slade (2011), other studies that have used the CoStar land price data include Albouy and Ehrlich (2011), Kok, Monkkenen, and Quigley (2010), Haughwout, Orr, and Bedoll (2008), and Colwell and Munneke (2003). Albouy and Ehrlich focus on the differences in the level of land prices across MSAs and use these differentials to estimate cost functions and productivity for housing and tradable goods. The other three studies analyze land prices for San Francisco, New York City, and Chicago, respectively.

**Figure 1**  
**Median Half-Yearly Sample Size Across MSAs**



Source. Authors' analysis of data from the CoStar Group, Inc.



# ***SkyMachines***

**"Aircraft Sales & Training" ✈**

February 2, 2015

Mr. Steve Ross,  
Chair, Airport Advisory Board  
The City of Santa Fe  
PO Box 909  
Santa Fe, NM 87501

Hello, Steve,

It's been like pulling my own teeth, but I finally got a copy of the most recent draft of the proposed "Fixed Based Operator" (FBO) lease and adopting ordinance for the Santa Fe airport. Sponsored by Councilor Ives, who I am copying on this letter, it seems to be fast-tracked for City approval. From the city's Web site:

Public Works Committee: 2-9-15  
Finance Committee: 2-16-15  
City Council (public hearing): 2-25-15

While I have only spent a short time with the proposed lease so far, **my first impression is that it contains numerous possible violations of FAA grant assurances, airport leasing best practices, and even our own Minimum Standards** for Commercial Aeronautical Activities. I realize that the City's consultant, Frasca & Associates, is working on lease issues and provided a small amount of feedback to Jon Bulthuis on the FBO lease.

However, I'm not sure they have done as thorough analysis as I have. The issues I describe below are only the opinions of this single airport user, and, unlike you, I am not an attorney. However, neither am I a novice: I have 35 years of experience as a pilot, flight instructor, multiple aviation business buyer and seller, airline pilot, aviation journalist, FAA FAAS Team representative, AOPA Airport Support Network volunteer, subscriber to all three airport management magazines, and, perhaps most importantly, commercial real estate broker (in which capacity I wrote numerous leases).

Furthermore, during the past month, I worked full-time on airport issues: I read dozens of airport ground and FBO leases, multiple archived articles in the airport management press, all of the FAA and various state guidance documents on airport leases, and the FAA Airport Compliance Manual...as well as consulting four current airport management textbooks for additional guidance. So, while the opinions are my own, they are based on a very detailed and methodical review of all of the issues involved with airport leases, particularly ground leases.

Here are some issues I've identified with a first read of the proposed lease:

1. The lease calls for charging what appears to be significantly below-market rent for optimal land at a commercial service airport like ours. The Jet Center is proposing to lease 120,666 sq. feet (Parcels B, C, D) for \$15,763 annually, or \$0.13 per square foot. Yet, I fully expect the 2015 Rates and Charges Study currently being completed

**Buy ■ Sell ■ Trade ■ Train**

---

Santa Fe Municipal Airport (KSAF)  
121 Aviation Dr. #10, Santa Fe, NM 87507  
Tel/Text: 575-741-1205 Email: [Marc@SkyMachines.com](mailto:Marc@SkyMachines.com)

*5.11.14 "8"*

- to show the market rent as \$.25-.40 per sq. ft.! I have studies from other states, even Alabama, showing average ground rent rates which are all above the proposed rent prescribed in the Jet Center lease. The amount of available land at the Santa Fe airport suitable for construction of an aeronautical operation of the type proposed is limited to just these parcels. Therefore, if we are following FAA guidance to maximize the airport's income, the three ramp (tarmac)-side parcels to be leased to the Jet center should command premium rent, not discounted rent.
2. The lease does not allow the publication of the upcoming 2015 Rates and Charges Study, or any subsequent market study, to control the rents prescribed in the lease. In fact, if in fact the starting rents are below market, the lease prevents them from being raised to market rent for 10 years, when an appraisal is to be performed. (Who orders or pays for the appraisal is not prescribed.) A proper lease allows a new market assessment, appraisal, or Rates and Charges study to be performed, and rents brought to market rate, every three or five years.
  3. The lease allows the lessee to make "exclusive" use of the airport ramp in front of the Premises, but it doesn't define the size of the area, the permitted activities thereon, or the responsibility for maintaining the area. It also doesn't charge the lessee *any* rent for the ramp, although the previous airport manager says she told them they would need to rent ramp space. The ramp areas should be included in the lease as part of the Premises, and the City should charge the operator rent for any portion of the ramp it is being given exclusive use of.
  4. In return for allowing it to earn income on airport property, many airports negotiate additional improvements to be built and maintained by the lessee, above and beyond what was in the lessee's original proposal. Had anyone with an aviation background represented the City in the lease negotiations, such requests likely would have been made. For example:
    - Santa Fe could really use a self-serve fueling station for 91 octane fuel, but the City doesn't have funding to build one. Since the existing airport operator (Landmark Aviation) is required to offer self-service fueling of 100LL fuel, Santa Fe Jet Center should be required to do likewise with 91 octane. Fair is fair.
    - The airport is missing suitable office space for independent flight instructors to meet with students. The lease could require such space be maintained on the leased premises, at least until the City says they are no longer needed.
    - The north ramp area on the airport is in a terrible state of disrepair. Perhaps the Jet Center should help pay for part of the cost to rebuild the area it will utilize in its operations, in lieu of paying rent for use of the area.
  5. The Jet Center lease does not appear to require the lessee to actually *build* anything; commercial ground leases should always require compliance with a strict timetable as far as construction of the improvements.
  6. It allows the lessee to withhold improving the best, most visible parcel, Parcel C, for up to 5 years. Why? Does the lessee not have the financial wherewithal to complete it sooner? Holding back valuable land which could be developed sooner by another developer is not in the airport's best interest. The lessee should be required to complete all improvements in a far shorter time. Alternatively, the lease should allow the City to terminate the lease on Parcel C should it receive a qualified offer to develop the property sooner.
  7. The lease references a Development Plan, but does not state that the Development Plan is intended to become part of the lease or that the Development Plan must be complied with. It is not referenced as an Exhibit to the lease; no Development Plan was included in the document currently posted on the City's web site. Why?
  8. Unlike other commercial ground leases, this lease does not appear to require the lessee to provide proof of its creditworthiness or its other financial ability to complete the proposed improvements. (And, since it is requiring 5 years to fully develop the

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- property, a case could be made that this particular lessee does not, in fact, have the necessary finances to proceed in a manner that most favors the City. Alternatively, the lease could require the lessee to post a surety bond to insure construction is completed and the other terms of the lease are met.)
9. Airport leases often require surety performance and payment bonds of the contractors who construct the lessee's improvements; this lease has no such requirement.
  10. This lease does not require the lessee to comply with the Americans with Disabilities Act at its own expense.
  11. The lessee bankruptcy provisions of this lease are a fraction of those found in other airport leases.
  12. The lease permits the lessee to *offer* pretty much every aviation business activity that an airport might ever offer, Most FBO leases only allow the lessee to engage in a short list of specific services, with other uses permitted only upon written permission later. Alternatively, a large number of services can be allowed under the lease, but they must be provided /offered to the public within a certain time frame or the authorization to offer the service is automatically revoked. (It can always be granted later.)
  13. Leases at commercial airports usually specify what the lessee may NOT engage in. These usually include food sales (except outside catering), car rentals, car parking, ground transportation, retail sales, or anything which competes with what lessees in the terminal offer. This lease contains no such provisions, and specifically allows the FBO to directly offer car rental services (as opposed to being required to work with one of the rental car lessees in the terminal.). Why should this airport allow an FBO to offer services other airports do not?
  14. The lease does not make clear that the operator is prohibited from using its new "aeronautical" leased premises for non-aeronautical uses; it should make clear than either non-aeronautical services and uses are banned outright, or that the rent for non-aeronautical uses will be set far higher than for aeronautical uses (and according to the latest Rates and Charges study, appraisal, or market assessment).
  15. It does not set any parking requirements on the lessee, when the lessee should be required to provide sufficient paved parking for its employees and customers without encroaching on the City's parking lot. (Or, if the lessee's parking area is to encroach on the city's lot, it should pay additional rent in an amount sufficient to reimburse the city for the amount of lost parking revenue.)
  16. It sets several requirements on the city which are not seen in other airport leases. For example, it requires the airport to enforce the Minimum Standards for Commercial Aeronautical Activities it adopted in 1986. Unfortunately, no airport manager has enforced compliance with those in years. Why should a single lease be allowed to now require this action on the City's part? It is not for the FBO to tell the City what it will enforce...it is simply up to the FBO to comply.
  17. The lease states, "Any other operator providing FBO services will not be permitted to operate on the Airport under rates, terms or conditions more favorable than those set out in this Lease." So, the City couldn't entice a new FBO by offering discounted rent or deferred payments...the very things it is offering this lessee! This seems like another obvious case of economic discrimination/favoritism shown one operator but not any future operators, and is thus not likely to pass FAA review.
  18. It allows the lessee to construct temporary structures, but does not limit how long they may be used.
  19. The lessee is allowed to remove any of the improvements it constructs without compensating the City. So, if the lessee decides that, after 29 years, it wants to move its hangars to another airport and not replace these valuable airport assets, which were set to revert to the City the following year, it may do so. How on *earth* is this in the City's best interests to permit?

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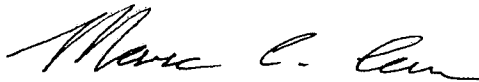
20. The lease is missing numerous protective clauses which are in most other airports' leases, including, "In the event of a conflict between the provisions of this Lease and the provisions of the Minimum Standards and Requirements, the Minimum Standards and Requirements shall control." (A list of missing clauses will be supplied in our final report.)

Upon request, FAA will review a lease to ensure it meets FAA rules and grant assurances. I hope the City will submit the lease to FAA for review, as I am concerned that the lease currently contains violations of grant assurances that could jeopardize future grant funding. However, before submission, I strongly suggest the City insert a simple clause into the lease mandating that its terms be changed to meet FAA requirements should FAA request them. All airport leases need such a clause, and the lack of one here is a significant oversight. (If the City does not submit the lease to FAA for review, other interested parties may still do so.)

Over the next few days, the former airport manager and I will further review the lease in detail and provide a list of clauses which could be added to the lease as an addendum to further protect the City's interests. In the meantime, I hope you will draw the attention of other Board members and city staff to the potential lease problems so all concerned understand we have issues which need correction before the Council begins to consider it for approval.

I want no reward for all of the time and energy I have put into this matter; a properly-run airport is reward enough. I have ONLY the Airport's best interests at heart. And so, because this lease does not adequately protect the Airport's interests, at least as presently structured, I will do everything in my power, both public and private, to prevent it from being adopted until corrections are made: Let's take the time to get it right.

Sincerely,



Marc C. Coan,  
President

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Santa Fe Municipal Airport (KSAF)  
121 Aviation Dr. #10, Santa Fe, NM 87507  
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Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 1 of 11

No.	Claim	Response	Comments
1	Rent "appears to be significantly below-market" at \$0.13 SF for Parcels B, C and D.	<p>"The most common form of valuation is the identification of relatively similar land and the assessment of the established value. From this information, the similar land can serve as a benchmark to determine valuation based on a measurement metric such as cost per square foot. This approach involves determining the lease rates at comparable sized airports offering similar levels of service and using the findings to establish lease rates. In order to account for varying regional real estate values, lease rate data should be acquired from competing airports within the same market area. Market area, size of airport, and demographics of region should all be considered when establishing comparables, as well as the number of based aircraft, size of based aircraft, and indicators of traffic volume such as fuel-flow volumes." Airport Cooperative Research Program Report 47 (ACRP 47), 4.5.2.</p> <p>The City does not believe that there are any comparable sized airports offering similar levels of service in the market area to establish comparables within the meaning of ACRP 47.</p> <p>Rent has therefore been established in accordance with an appraisal by a certified appraiser.</p>	<p>In addition to monetary rent and fees, the Lessee's prepayment of rent will permit the City to use Building 3002 during the terminal expansion; the Lessee is also relocating the F 111 and installing a fenced dog run (Par. 6.E).</p> <p>The rent is not "below-market", especially as the Lessee is building and financing its own facilities, which would justify a lower rent.</p>

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 2 of 11

		<p>Generally, Rent for the three parcels differs, based on location and other factors. For example, Parcel B is cited for its proximity to the terminal and access to ramps on two sides. Rent for Parcel B is \$0.18/SF; for Parcel C, \$0.16/SF and for Parcel D, \$0.08.</p> <p>FAA Airport Compliance Manual, Order 5190.6B, Chapter 9, 9.2.c.: "...The sponsor must impose the same rates, fees, rentals, and other charges on similarly-situated fixed-based operators (FBOs) that use the airport and its facilities in the same or similar manner. However, FBOs under different types of sponsor agreements may have different fees and rentals. For example, an FBO leasing a sponsor-owned aeronautical facility may pay more in rent to the sponsor than an FBO that builds and finances its own facility. In the first case, the FBO is not servicing debt while in the second case, the FBO is servicing debt.</p> <p>"Each FBO at the airport shall be subject to the same rates, fees, rentals and other charges as are uniformly applicable to all other FBOs operating at the airport..." ACRP 47, 3.2.5 (Grant Assurance 22)</p>	
2	The lease does not provide for rent adjustments based on the rates and charges	<p>"...The most common form of rent escalation is a standard increase every 3 to 5 years where rent escalation is tied to one or more of the consumer price indices set by the U.S. Department of Labor."</p>	Mr. Coan would like the Lease to provide for a different method to adjust rent; others might prefer other methods. The City negotiated reasonable terms consistent with other similar

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 3 of 11

	<p>study now underway. This is a problem where starting rents are below market rent. A "proper lease" allows a new market assessment, appraisal, or rates and charges study to be performed every 3 to 5 years.</p>	<p>ACRP 47, 2.2.7 The lease provides for rent adjustments every 3 years based on CPA (Par. 6.C) and every 10 years based on an appraisal (Par. 6.D).  Based upon FAA guidance (see 1 above), the rent is not below market. The rent adjustment based on CPI is consistent with other similar airport leases. The 10-year appraisal provision is an addition to standard rent adjustment provisions in other similar airport leases.  Other charges under the lease are subject to adjustment based on changes in costs and other airport conditions (Par. 6.G.1, H and I).</p>	<p>airport leases.</p>
3	<p>The ramp areas adjacent to the Premises are exclusive-use, not defined, and not subject to rent.</p>	<p>The Lease provides that "...the Lessor may, but need not, lease to the Lessee any or all of Parcel A and/or any rights appurtenant thereto, including, without limitation, the exclusive right to use the ramp area located west of Building 3002, all upon such terms and conditions as the Parties may then agree..." If Lessor does not need to use Building 3002 for at least a year, it will lease it to the Lessee for that period under a separate lease, upon similar terms and conditions to [the] Lease[, including] the right to use [the adjacent ramp]..." or, in the event the Lessor retains Building 3002 for its own use, the right to use the adjacent ramp "under a separate</p>	<p>The use of ramps appurtenant to the lease of Parcel C is exclusive to Parcel C, consistent with other similar airport leases. The use of ramps adjacent to Parcel A (as subsequently configured) is speculative, based on future conditions now unknown, and subject to a separate agreement.</p>

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 4 of 11

	agreement."	
4	The City could have negotiated other terms to its advantage, including a requirement that the Lessee provide a self-serve fueling station for 91 octane fuel, the provision of office space for independent flight instructors to meet with students, and repair to the north ramp area.	Mr. Coan would like to have seen the terms he suggests imposed under the lease; others might have preferred other terms. The City negotiated reasonable terms under applicable rules.
5	The Lease "does not appear to require the Lessee to actually build anything; commercial ground leases should always require compliance with a strict timetable as far as construction of the improvements."	<p>The initial Proposal submitted by SFJC to the City included a development plan for four parcels. Discussions between SFJC and the City resulted in revisions to that development plan. The revised Proposal and Development Plan establish the Lessee's construction requirements under the Lease.</p> <p>"... (g) Lessee's prepaid rent for the Premises, which is intended, without limitation, to secure the commencement and completion of the Development Plan in order to assure timely provision of the Authorized Services..." (Par. 2)</p> <p>"The Lessee shall use the Premises in accordance</p> <p>The Lessee is required to develop the Premises in accordance with the Proposal and Development Plan.</p> <p>Construction plans and a construction schedule must be submitted and approved by the Lessor prior to construction.</p> <p>Failure to develop constitutes a default under the Lease</p>



Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 5 of 11

		<p>with the Proposal and the Development Plan solely to provide FBO services (collectively, the Authorized Services) at the Airport..." (Par. 3.A)</p> <p>"...Lessee may not commence any construction, erection, installation, alteration or maintenance (except routine maintenance) work on the Premises without first obtaining the written approval of Lessor and the [FAA]. Lessee shall provide a schedule for commencement through completion of all such work at the time it submits plans for such work to the Lessor for review and approval." (Par. 3.E)</p> <p>"...If the Lessee shall default in the performance of any terms, covenants, agreements or conditions of this Lease other than in the performance of payment obligations...including, without limitation, Lessee's failure to complete the Development Plan, as the same may be modified from time to time by the agreement of the Parties..." (Par. 10.B.1)</p>	
6	<p>The Lease "allows the Lessee to withhold the improving the best, most visible parcel, Parcel C, for up to 5 years. ... The [L]essee should be required to complete all improvements in a far shorter time [or] the</p>	<p>The Development Plan contemplates the completion of all construction within 3 years, with construction commencing first on Parcel D and B, then on Parcel C.</p>	<p>The Development Plan is consistent with the Lessee's business development plans for the parcels and as such, is a factor in its success. The City does not restructure a private enterprises business model.</p> <p>The parcels have remained underutilized and undeveloped for years. As a result, there does not appear to be a basis for assuming that a better</p>

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 6 of 11

	[L]ease should allow the City to terminate the [L]ease on Parcel C should it receive a qualified offer to develop the property sooner."		proposal may be forthcoming. In addition, providing for termination at any time if a "qualified offer" to develop the Premises is made significantly compromises Lessee's ability to develop in accordance with the Development Plan.
7	The Lease references the Development Plan, but does not incorporate it as an exhibit and it is not currently posted on the City's website.	See Nos. 5 and 6 above.	Failure to complete the Development Plan within 5 years constitutes a default. (See No. 5 above.) Given the uncertainties of development, providing a 2-year "cushion" is reasonable.  The Proposal and Development Plan have been revised in accordance with the discussions between the City and SFJC and will be included in the packet for consideration by Council Committees and the Governing Body. They will constitute exhibits to the Lease.
8	The Lease does not provide for proof of Lessee's creditworthiness or financial ability to carry out its obligations under the Lease. As an alternative, the Lease could require a bond to secure performance of Lessee's obligations under the Lease.		Among the first questions the City asked SFJC regarding its Proposal was a request for information about funding and capitalization levels and financial guarantees to secure construction. In response, SFJC stated that it would capitalize upon execution of the Lease; provided a reference at the Scottsdale AZ airport, where the SFJC team obtained the right in 2001 to develop an FBO on approximately 20 acres of raw land at a \$20M project cost; and offered to provide reference letters from various financial institutions addressing the ability to fund its obligations under the Lease. The City expects to include the information in the packet for consideration by Council Committees

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 7 of 11

			and the Governing Body.  The City anticipates that the Lessee will provide evidence of adequate financing at the time plans and a schedule are submitted by the Lessee for the City's approval. Typically, construction contractors are required by the parties contracting for the work to provide performance and payment bonds on construction contracts at the time of contracting.
9	"Airport leases often require surety performance and payment bonds..." to secure performance on construction contracts.	See No. 8 above.	
10	The Lease does not require compliance with the Americans with Disabilities Act (ADA) at its own expense.	"...Lessee shall not make or suffer or permit to be made any alterations, additions or improvements whatsoever in or about the Premises without first obtaining the written consent of the Airport Manager. If Lessor gives such consent, all alterations or improvements shall be done solely at Lessee's expense and in compliance with all applicable municipal, state and federal ordinances, laws, rules and regulations." (Par. 18)  The Lessee is required under the Lease to comply with "...all laws, ordinances, minimum standards, rules and regulations promulgated by the Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the	Compliance with all applicable law, including the ADA, is a condition of the lease.

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 8 of 11

		Airport, including the federal government, the state, the county and the City now or hereafter in effect." (Par. 16)	
11	The bankruptcy provisions are a fraction of those found in other airport leases.	Bankruptcy/receivership constitute events of default under the Lease for which the Lessor can terminate the Lease. (Par. 10.C.2-4)	
12	The Lease permits the Lessee the right to offer most aviation business services offered by airports, where most FBO leases allow the lessee to engage only in a short list of services, with other uses permitted only with written approval. Alternatively, a large number of services can be allowed, but must be offered within a fixed time.	The Lessee is authorized to use the Premises for specific listed purposes (Par. 3.A.1-3).  "In addition to the foregoing uses and services required to be provided by the Lessee on the Premises, the Lessee is authorized, but not required, with the prior written consent of Lessor...to provide..." a wide variety of other services. (Par. 3.A.4.a-k)  "The Premises shall not be used for any other purposes without the prior written consent of the Lessor..." (Par. 3.A)	
13	Leases at commercial airports typically specify the activities lessees may not engage in, such as food sales, car rentals, or other services that compete with services	See No. 12 above. All services that are not specifically permitted cannot be provided without the prior written consent of the Lessor.	

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 9 of 11

	offered in the terminal.		
14	The Lease does not make clear that the Lessee cannot use the Premises for non-aeronautical uses.	FAA Airport Compliance Manual, Order 5190.6B, Chapter 12, 12.3(B)(2) (addressing FAA review standards for leases): "...Does the lease require any use to be approved by the [City]? This will prevent improper nonaeronautical uses of airport property."	The Lease authorizes the provision of aeronautical uses on the Premises. All other uses require the prior written approval of the Lessee.
15	The Lease does not set any parking requirements on the Lessee.		Parking is addressed in the Development Plan.
16	The Lease contains several provisions not found in other airport leases, such as requiring the City to enforce the Minimum Standards and Requirements.		The Lease provides for the City's enforcement of the Minimum Standards and Requirements in conjunction with its obligation to grant rights to users in a nondiscriminatory manner and because its grant of rights is non-exclusive, i.e., the Lessee has the right to expect – by law – that its obligation under the Lease to comply with the Minimum Standards and Requirements will be equally enforced against other similar lessees.
17	The Lease includes a provision that prevents the City from leasing to other FBOs on more favorable terms than those provided in the Lease. This prevents the City from "enticing" a new FBO with things like discounted or deferred payments.	FAA Airport Compliance Manual, Order 5190.6B, Chapter 9, 9.2.c.: "...The sponsor must impose the same rates, fees, rentals, and other charges on similarly-situated fixed-based operators (FBOs) that use the airport and its facilities in the same or similar manner."  See No. 1 above.	

Response to February 2, 2015 Letter  
to Steve Ross, Chair, Airport Advisory Board  
from Marc C. Coan, President, SkyMachines  
Page 10 of 11

18	The Lease allows the Lessee to construct temporary structures, but does not limit how long they may be used.	"...Lessee has Lessor's consent to place temporary buildings on the Premises prior to and during, construction." (Par. 18)  See No. 5 above for Lessor approval of construction plans and schedule, which would define the time temporary structures may be used on the Premises.	
19	"The Lessee is allowed to remove any of the improvements it constructs without compensating the City."	Lease Par. 3.C gives the Lessee the right to "construct, erect, install, maintain and alter buildings or other structures on the Premises" and provides that title to those improvements "shall remain in Lessee during the term..., but shall pass to the Lessor upon expiration or earlier termination..."  Par. 4.C permits the Lessee to remove its personal property from the Premises upon termination, but provides that "[a]ll permanent leasehold improvements shall, upon termination, be and become the property of the Lessor."  Par. 18.C provides that "any and all alterations, additions and improvements, except shelving, trade fixtures and movable furniture..., whether attached to the walls, floors, Premises or not, shall belong to Lessee but shall merge and become a permanent part of the Lessor's realty and vest in Lessor upon termination...and shall remain on the Premises... The shelving, trade fixtures and movable furniture..." may be removed by the Lessee upon	

	termination.	
20	<p>The Lease is missing “numerous protective clauses”, including a provision governing conflicts between the lease terms and the conditions and the Minimum Standards and Requirements.</p> <p>“...In the event of contest or legal dispute regarding this Lease, this Lease shall be construed according to the laws of the State of New Mexico and any applicable City Ordinances.” (Par. 29)</p> <p>“.. This Lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or the State of New Mexico relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the Airport.” (Par. 26)</p>	<p>The Minimum Standards and Requirements are an ordinance of the City.</p> <p>A conflict provision of the type recommended by Mr. Coan have a potential to create issues where, for example, a provision under the Minimum Standards and Requirements conflicted with an applicable requirement of federal law.</p> <p>In all conflict issues, there are established legal rules of construction that apply. Generally, federal and state law will take precedence over City ordinances where there is a direct conflict, and City ordinances will take precedence in the event of a conflict with a lease provision.</p>

## **BULTHUIS, JON R.**

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**Subject:** FW: Lease Critique  
**Attachments:** Letter to AAB Chair Steve Ross RE-Airport Lease Issues 2-2-15.pdf; Wilkes-Barre-Scranton-PA-FBO Lease.docx; Fort Worth Meacham Ground Lease.docx; Vacaville-Nut Tree Airport FBO Lease and Concession Agreement.docx; NYCBarAssn.-Ground Lease form-legal.doc; AIR Commercial RE Assn - Land\_Lease\_-\_Gross\_(2014).pdf; Bankruptcy Addendum.doc

**From:** SkyMachines [<mailto:marc@skymachines.com>]  
**Sent:** Tuesday, February 03, 2015 9:55 AM  
**To:** BRENNAN, KELLEY A.  
**Subject:** Lease Critique

Ms. Brennan,

Please see attached sent to Councilor Ives and Steve Ross. I have also sent it to Councilor Trujillo, "the taxpayer's friend," and asked him to pull it from the consent agenda.

Sorry, from a taxpayer protection standpoint, this lease is a piece of crap that excessively favors the tenant, and I am going to fight its adoption until it is corrected....if that means contacting every councilor and the press, the state Aviation Division, the Aircraft Owners and Pilots Association, Landmark Aviation's legal team, and the FAA Airports Division, then so be it. (I already started, with the AOPA.)

I LIKE the Jet Center people and their proposal, but they are taking advantage of the City's naivete, and you are giving them the farm in this lease. So far, I've kept things private, but I'm getting closer to letting the world know, because I get no responses from the City. As a former journalist, I can see a great story developing:

- How the Airport Advisory Board set up a documents committee with the former airport manager, but yet the committee wasn't consulted on the most important document of all...the one that lasts 40 years.
- How I asked the AAB chair to reactivate the documents committee to review this lease, but was rebuffed.
- How everything was negotiated in secret, without the city having any aviation background.
- How the City refused to wait for the new airport manager to be hired before proceeding.
- How the City refused to wait for the new Master Plan to say where the new FBO should be located.
- How the City refused to wait for its own \$48,000 rates and fees study to be completed, and refused to allow that study to control rents in the lease.

Then it pretty much will look at the City Attorney's role in it:



- How when my IPRA request asked for your draft of the lease, you illegally claimed a privilege that is not in IPRA (I have my quote from Susan Boe, remember?) And, after refusing to make it available, THE NEXT DAY it was published on the city web site. (That one really sticks in my craw.)
- How the FBO gave you a lease written by its attorney, and you blindly used it rather than some of the attached which far better protect the City's interests and were written by attorneys at far larger airports.
- How the former airport manager asked you to involve an aviation attorney on airport leases, and you refused.
- How the FBO provided their own appraisal, which you accepted at face value.
- How the appraiser ("residential, land, commercial!") is not experienced in valuing airport properties like ours.
- How the appraisal used as "comps" rents already charged on the field, instead of at peer airports. (Even though the former airport manager had told staff and the AAB that current rents on the field were way below market.)
- How you refused to include clauses found in most ground lease agreements, including actually requiring the FBO to actually build something.
- How you refused to require the FBO to offer any services whatsoever.
- How you allowed them to cancel with a 60-day notice, when ground lessees are NEVER allowed to just cancel and walk.
- How you didn't examine the FBO's financial capabilities, and refused to require them to post a completion and performance bond to ensure compliance.
- How you conspired to do everything you could to keep the public and the Advisory Board out of the process, and then, when you were finally told about the lease's deficiencies, you refused to make changes.
- Oh, and let's not forget the best part: The tireless, unpaid volunteer flight instructor who loves his airport so much, he put in 100's of hours doing the City Attorney's job for her by reviewing leases, lease policies, FAA compliance documents, and the rates and fees charged at other commercial airports. Only to be ignored by the City and its Attorney.

Sounds interesting! Look for Part 1 next week if the lease stays on the consent agenda as now planned. I am not joking.

Part 2 won't be so much about your recent screw-ups, but about outstanding problems that City hasn't taken action on in years:

- City records proving multiple FAA grant violations.
- A quote from the former airport manager that she brought them to your attention but the City "just didn't seem to care."
- Possible connections between the above and the firing of the former airport manager.
- How the City allowed the sewer treatment plant to be built illegally on airport land and how the smell hits passengers after they deplane.
- How there is an illegal Police Shooting Range(!) 100 yards from the airport terminal, and how Thursdays are "bomb days" there, which cause pictures to fall off walls in hangars across the street.
- Photos of crumbling infrastructure

- Continual under-staffing and under-funding of the airport.
- Inaccurate airport enterprise reporting accounting from the city's finance division
- Comparisons of our airport's finances with our peer airports
- The upcoming FAA Part 13 complaint which either I will initiate, or the Part 16 complaint that Landmark will.

I'm tired of pushing so hard to get you and Jon Bulthius to do the right thing, in public. You have now proved the old adage: Bad policy is always made in secret.

Ms. Brennan, it is late in the game. Things must start changing, TODAY, or the gloves come off. Please make sure your boss and the Mayor are comfortable with the approaching "shitstorm," the stink of which they will be sure to deflect on YOU first (or I will).

It's time you put your ego away, stop the process now, and correct the lease so that it equals those used at peer airports. (Samples attached; either the Wilkes-Barre or Vacaville would be perfect models.).

Sincerely,

Marc C. Coan,  
President/CEO

-----  
SkyMachines USA  
Santa Fe Municipal Airport, NM  
Mobile/TXT: 575-741-1205  
Fax: 888-385-5397  
Email: marc@skymachines.com  
Web: www.SkyMachines.com

# City of Santa Fe, New Mexico

# memo

**DATE:** January 29, 2015

**TO:** Airport Advisory Board

**FROM:** Jon Bulthuis, Transportation Department Director 

**RE:** FRASCA & Associates – Notice to Proceed

## Item and Issue

The City of Santa Fe has issued a “Notice to Proceed” to FRASCA & Associates to begin work on reviewing and assessing existing airport leases and provide comment and recommendations on pending leases and associates rates and fees.

As such, the firm has been tasked with reviewing and making recommendations on the following leases to date:

1. Santa Fe Jet Center Proposal and Associated Leases  
*(currently pending review and consideration by the City Council)*
2. American Airlines  
*(existing lease expires on June 10, 2015)*
3. United Airlines  
*(no current lease in existence)*
4. Duke City Gourmet  
*(lease negotiation to occur in relation to submitted proposal)*
5. FAA ATC Tower  
*(no current lease in existence)*
6. Landmark Leases  
*(review existing instruments with intent to consolidate)*

## Action Recommended

For information only.

*Exhibit "9"*

**BULTHUIS, JON R.**

---

**From:** SkyMachines <marc@skymachines.com>  
**Sent:** Thursday, February 05, 2015 7:14 AM  
**To:** ROMERO, BERNADETTE B.  
**Cc:** MEDINA, ANITA C.; BULTHUIS, JON R.; AAB-Ross, Steve; BRENNAN, KELLEY A.  
**Subject:** Public Records Requests Attached.  
**Attachments:** IPRA16-LEASE-NOTES.pdf; IPRA15-SOLAR-ARRAY.pdf; IPRA17-PUBLICWORKS.pdf

Good Morning, Ms. Romero,

Please see the attached public records requests (3). I'm afraid one of them is going to take some time and energy to produce, and I apologize in advance to Anita for increasing her workload.

By the way: The previous one for the financial reports generated by the Finance Dept. for the airport is getting pretty stale. Please follow up.

Sorry to say, there will likely be many more of these over the coming days as I continue to accumulate documents to hand Mr. Gallagher of the Journal; include in my FAA Part 13 complaint; and send to Mr. Ashcraft, Landmark Aviation's general counsel.


(Sadly, Mr. Buthius and Ms. Brennan know EXACTLY what they need to do to stop this, but, they would apparently prefer you and Anita do all this work rather than negotiate for what's best for the Airport. So, if you and Anita need someone to blame, I suggest you start with them.)

Sincerely,

Marc C. Coan,  
President/CEO

-----  
SkyMachines USA  
Santa Fe Municipal Airport, NM  
Mobile/TXT: 575-741-1205  
Fax: 888-385-5397  
Email: marc@skymachines.com  
Web: www.SkyMachines.com

# ***SkyMachines***

**"Aircraft Sales & Training" **

February 5, 2015

Ms. Bernadette Romero,  
Records Custodian  
The City of Santa Fe  
PO Box 909  
Santa Fe, NM 87501

Hello, Ms. Romero,

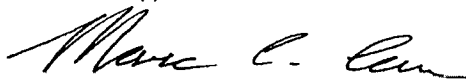
I am seeking the following public records:

1. All notes, messages, emails, letters, communications, memos, documents, drawings, and any and all printed or electronic documents written, created, received by or sent by Transportation Director John Bulthius concerning the proposed lease of airport property between the City and Santa Fe Jet Center Real Estate, LLC, including, but not limited to, to and from City Attorney Kelley Brennan, to and from any other City employee, to and from the proposed lessees/applicants or their counsel, or to or from any other person, organization, or entity. Specifically included shall be any notes taken during any telephone calls or meetings regarding the lease or proposal, and especially all results or output from negotiations between the City and the proposers/applicants which the proposed lease states occurred in December 2014.
2. All notes, messages, emails, letters, communications, memos, documents, drawings, and any and all printed or electronic documents written, created, received by or sent by City Attorney Kelley Brennan concerning the proposed lease of airport property between the City and Santa Fe Jet Center Real Estate, LLC, including, but not limited to and from any other City employee, to and from the proposed lessees/applicants or their counsel, or to or from any other person, organization, or entity. Specifically included shall be any notes taken during any telephone calls or meetings regarding the lease or proposal, and especially all results or output from negotiations between the City and the proposers/applicants which the proposed lease states occurred in December 2014.

If such documents are available as electronic files, please email them to me. If they are available only in paper format, please advise when you have them in your office and I will come down and digitize them myself.

Thank you.

Sincerely,



Marc C. Coan,  
President

**Buy ■ Sell ■ Trade ■ Train**

---

Santa Fe Municipal Airport (KSAF)  
121 Aviation Dr. #10, Santa Fe, NM 87507  
Tel/Text: 575-741-1205 Email: [Marc@SkyMachines.com](mailto:Marc@SkyMachines.com)

# ***SkyMachines***

**"Aircraft Sales & Training"**



February 5, 2015

Ms. Bernadette Romero,  
Records Custodian  
The City of Santa Fe  
PO Box 909  
Santa Fe, NM 87501

Hello, Ms. Romero,

I am seeking the following public records:

1. Any contracts or agreements between the City and the installer, owner, or operator of the 1.1 MW photovoltaic system installed across from the Wastewater Treatment Plant on Airport Road in about 2010 as described at [www.santafenm.gov/m/renewable\\_energy](http://www.santafenm.gov/m/renewable_energy).

If such documents are available as electronic files, please email them to me. If they are available only in paper format, please advise when you have them in your office and I will come down and digitize them myself.

Thank you.

Sincerely,


Marc C. Coan,  
President

**Buy ■ Sell ■ Trade ■ Train**

---

Santa Fe Municipal Airport (KSAF)  
121 Aviation Dr. #10, Santa Fe, NM 87507  
Tel/Text: 575-741-1205 Email: [Marc@SkyMachines.com](mailto:Marc@SkyMachines.com)

# ***SkyMachines***

**"Aircraft Sales & Training" **

February 5, 2015

Ms. Bernadette Romero,  
Records Custodian  
The City of Santa Fe  
PO Box 909  
Santa Fe, NM 87501

Hello, Ms. Romero,

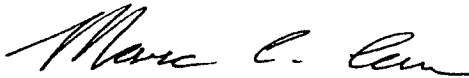
I am seeking the following public records:

1. A copy of the Agenda for the Feb. 9, 2015 meeting of the Public Works/CIP and Land Use Committee. No such agenda is currently posted on the City's web site.

Such document should be emailed to me as soon as it is available.

Thank you.

Sincerely,

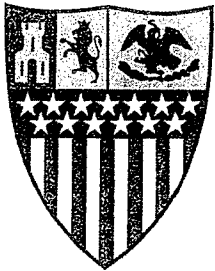


Marc C. Coan,  
President

**Buy ■ Sell ■ Trade ■ Train**

---

Santa Fe Municipal Airport (KSAF)  
121 Aviation Dr. #10, Santa Fe, NM 87507  
Tel/Text: 575-741-1205 Email: [Marc@SkyMachines.com](mailto:Marc@SkyMachines.com)



# City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909

www.santafenm.gov

*Javier M. Gonzales, Mayor*

## Councilors:

Peter N. Ives, Mayor Pro Tem, Dist. 2

Patti J. Bushee, Dist. 1

Signe I. Lindell, Dist. 1

Joseph M. Maestas, Dist. 2

Carmichael A. Dominguez, Dist. 3

Christopher M. Rivera, Dist. 3

Ronald S. Trujillo, Dist. 4

Bill Dimas, Dist. 4

February 3, 2015

John Dougherty  
Airport Certification/Safety Inspector  
FAA Airports Division – SW Region  
Safety and Standards Branch  
2601 Meacham Boulevard  
Fort Worth, TX 76137

Dear Mr. Dougherty:

SUBJECT: Letter of Correction, EIR No. 2015SW840014

The City of Santa Fe is in receipt of your letter, dated December 17, 2014, in which you communicate discrepancies found during the periodic certification safety inspection of the Santa Fe Municipal Airport (SAF) conducted December 10-12, 2014. Your letter also requests that corrective actions be taken, on the findings specified below, on or before February 10, 2015.

a. FAR Part 139.321 (b), Handling and storage of hazardous substances and materials:

*Certificate holder did not maintain established standards by not requiring protective barriers to protect fueling piping systems and by allowing an excess amount of combustible material within the fuel farm. Correction may be accomplished by bringing the fuel farm into compliance with the adopted code or by letter from the authority having jurisdiction indicating that the facilities are in compliance with the adopted codes.*

Correction Date: February 10, 2015

Extension Requested: March 31, 2015

Santa Fe Municipal Airport staff have met with the Fire Marshall and determined that the current configuration of the fuel farm, owned and operated by Landmark Aviation, is not compliant with adopted code. The attached memo from Reynaldo Gonzales makes recommendations for bringing the facility into compliance with IFC Edition 2009. In response, Landmark Aviation has prepared a proposed design for remediation that Fire Marshall Gonzales has deemed acceptable, and has ordered the necessary materials to bring the facility into compliance with code. At this point, it is anticipated that delivery of materials will require 30-days with an additional 30-days necessary for installation (see attached addendum for communication documentation). As such, an extension of the correction date is being requested from February 10, 2015, to March 31, 2015.

*Exhibit "11"*



a. FAR Part 139.337, Wildlife hazard management:

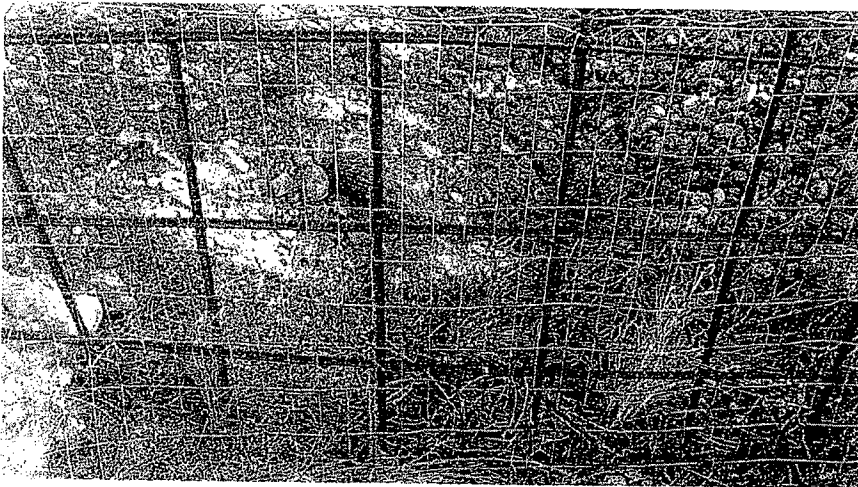
*Observed several areas in the perimeter fence with gaps under the fence, or under access gates, of sufficient size to permit the ingress of small mammals. Perimeter fence must be made secure to prevent the entrance of small mammals.*

Correction Date: February 10, 2015

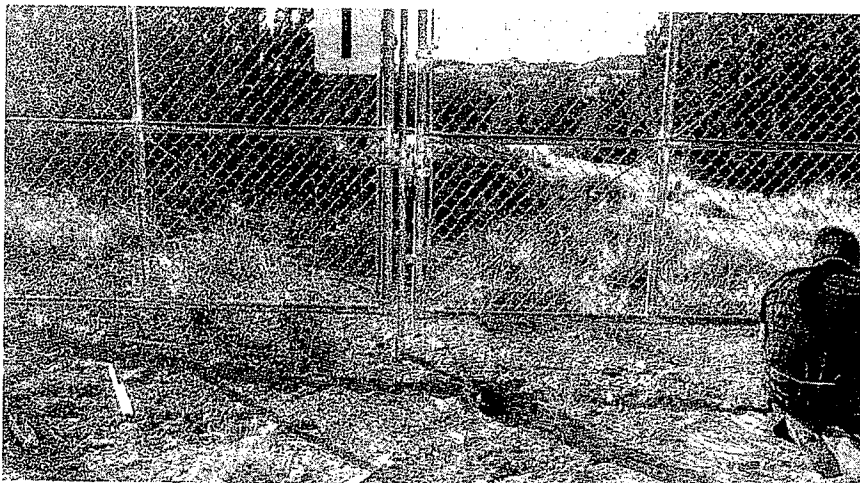
Corrective Action Completed: January 28, 2015

Santa Fe Municipal Airport maintenance staff have taken corrective action by making modifications to the perimeter fence to address the gaps under the fence, and under access gates, that will prevent the ingress of small mammals. The following images show examples of the alterations made in multiple locations.

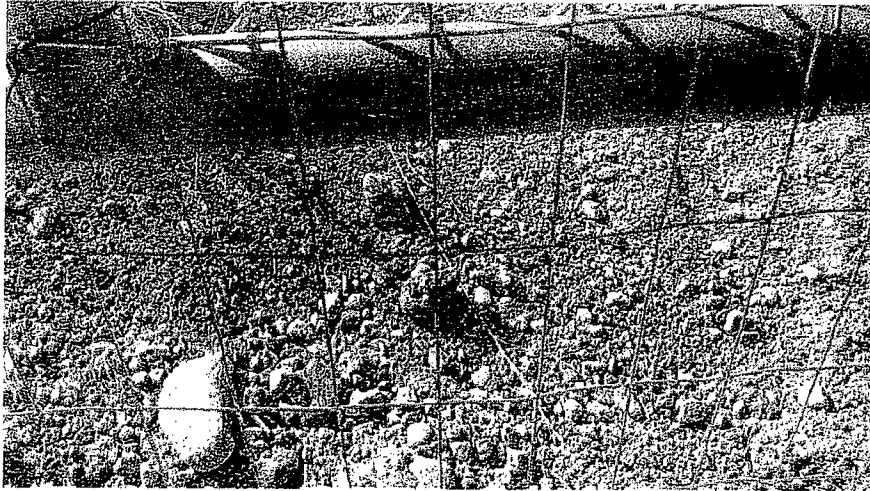
*Example treatment of areas where gaps existed under the fence . . .*



*Example treatment of areas where gaps existed under gates . . .*



*Close-up of treatment of areas where gaps existed under gates . . .*



I look forward to your response regarding the request for an extension to complete the required corrective actions related to construction of protective barriers to protect fueling piping systems, and the removal of combustibile material within the fuel farm, which will bring that facility into compliance with adopted code.

I trust our documented response, detailed above, related to the remediation made to the perimeter fence to prevent the ingress of small mammals, is sufficient to close out that discrepancy.

Sincerely,

Jon Bulthuis, Interim Airport Manager  
Director, City of Santa Fe Transportation Department

Cc: Brian Snyder, City Manager

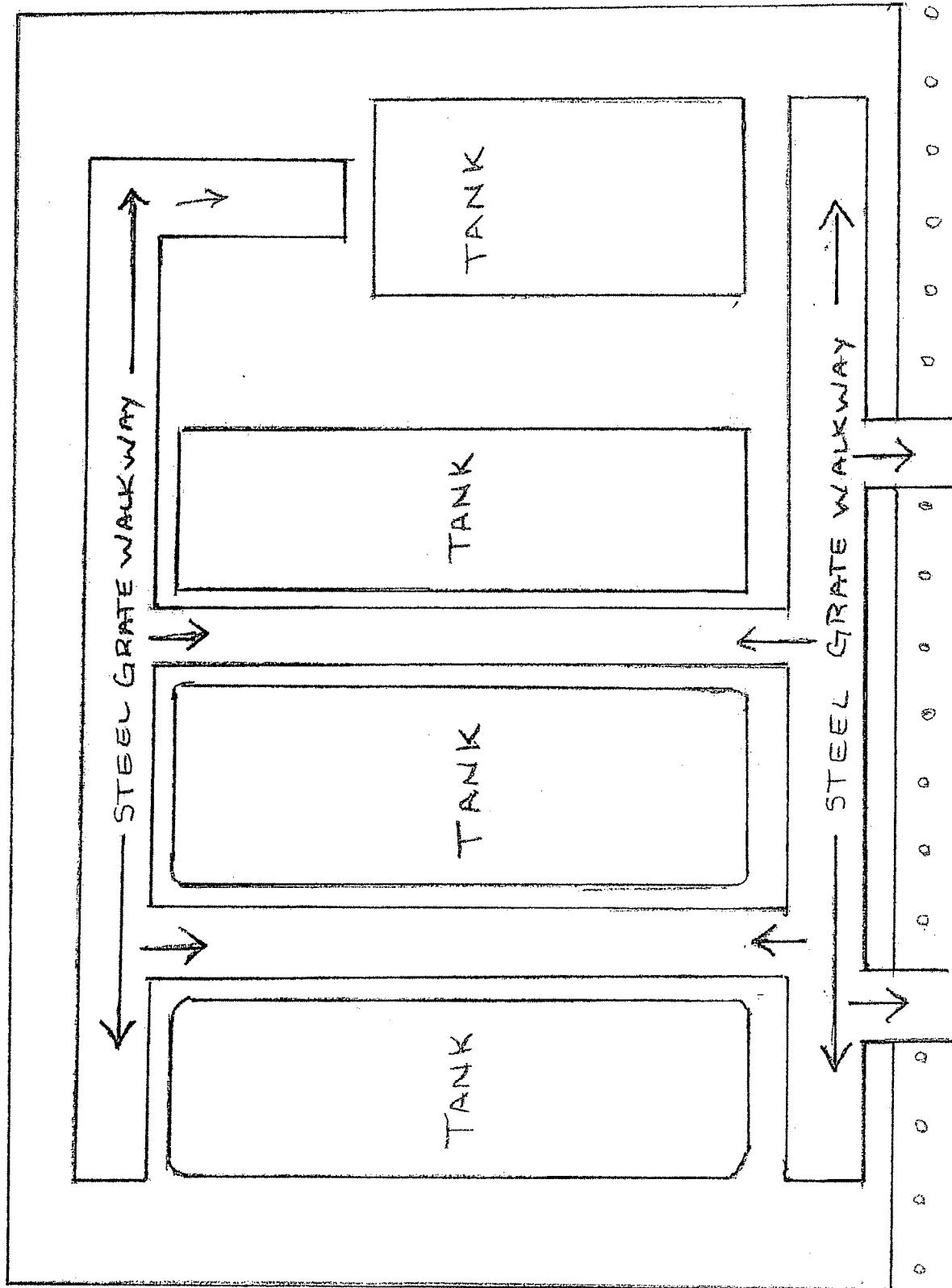
# City of Santa Fe, New Mexico

## memo

**DATE:** February 2, 2015  
**TO:** Jon Bulhuis  
**VIA:** Assistant Chief Paul Babcock  
**FROM:** Fire Marshal Reynaldo Gonzales  
**SUBJECT:** Part 139 Inspection

I have reviewed the proposed changes for the fuel farm to meet the International Fire Code 2009 edition as per FAR Part 139.321. The proposed bollards and steel grate walkways as submitted in the drawings do meet the IFC requirements and are approved by the City of Santa Fe Fire Marshal's office. These changes address the concerns of combustible material on/near the premises and preventive measures to avoid vehicular impact to the tanks.

81 - 4" BOWARDS W/ CONCRETE FILL



**BULTHUIS, JON R.**

---

**Subject:**

FW: Welcome to SAF & Part 139 Inspection Follow-Up

---

**From:** Miller, Jeff [mailto:jpmiller@landmarkaviation.com]  
**Sent:** Friday, January 30, 2015 3:12 PM  
**To:** BULTHUIS, JON R.  
**Cc:** Bradberry, Louis; Sutphin, Gregory  
**Subject:** RE: Welcome to SAF & Part 139 Inspection Follow-Up

That gives us two months. That should be good.

I appreciate your support Jon.

**Jeff Miller** | General Manager  
8321 Lemmon Ave  
Dallas, TX 752092643

214.351.1872 office  
214.317.9201 cell  
214.351.3192 fax  
jpmiller@landmarkaviation.com  
<http://www.landmarkaviation.com>



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---

**From:** BULTHUIS, JON R. [mailto:jrbulthuis@ci.santa-fe.nm.us]  
**Sent:** Friday, January 30, 2015 3:10 PM  
**To:** Miller, Jeff  
**Subject:** RE: Welcome to SAF & Part 139 Inspection Follow-Up

Yes – thanks. I'll reply to FAA that the improvements (including bollards) will be complete within the first quarter of 2015. That provides a little "wiggle room". Sound OK?

---

**From:** Miller, Jeff [mailto:jpmiller@landmarkaviation.com]  
**Sent:** Friday, January 30, 2015 2:53 PM  
**To:** BULTHUIS, JON R.  
**Cc:** Bradberry, Louis  
**Subject:** RE: Welcome to SAF & Part 139 Inspection Follow-Up

Hi Jon,

Materials ordered

2 weeks to construct the walkways off-site

2 weeks to install

I do not have exact dates as of yet.

Does this help?

**Jeff Miller** | General Manager  
8321 Lemmon Ave  
Dallas, TX 752092643

214.351.1872 **office**

214.317.9201 **cell**

214.351.3192 **fax**

[jpmiller@landmarkaviation.com](mailto:jpmiller@landmarkaviation.com)

<http://www.landmarkaviation.com>



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IAD | IAH | IFP | INT | ISN | ITO | KOA | LAX | LFMN | LFPB | LFT | LIH | LNY | LRD | LUK | MAF | MIA | MQS | NEW | OAK | OGG | OCF | OPF | ORF | PHK |  
RDU | ROA | SAF | SAN | SAT | SDL | SPS | SYR | TEB | TMB | TPA | TRM | TTN | UGN | YVR | YYC | YYZ

---

**From:** BULTHUIS, JON R. [<mailto:jrbulthuis@ci.santa-fe.nm.us>]

**Sent:** Friday, January 30, 2015 2:50 PM

**To:** Miller, Jeff

**Subject:** RE: Welcome to SAF & Part 139 Inspection Follow-Up

Jeff –

Do you have any project development schedule, to go along with the sketch of the planned improvements you provided for the fuel farm (see my email of January 23rd - below)?

Thanks,

Jon

---

**From:** Miller, Jeff [<mailto:jpmiller@landmarkaviation.com>]

**Sent:** Friday, January 23, 2015 4:06 PM

**To:** BULTHUIS, JON R.

**Cc:** MEDINA, ANITA C.; Bradberry, Louis; Sutphin, Gregory; Hamilton, Ted

**Subject:** RE: Welcome to SAF & Part 139 Inspection Follow-Up

Good Afternoon Jon,

Thank you for welcoming me to beautiful Santa Fe. I know that my wife and I will love being part of the community.

I have received the Part 139 Inspection and forwarded that on to the corporate office. The Landmark corporate office immediately contacted our Construction Project Manager, who sent his team out today to assess the requirements stated in the Part 139 Inspection. The construction team arrived, evaluated the repairs required, and has been in touch with our Construction Project Manager.

Thank you for reaching out to me and a time line should be given soon.

Landmark Aviation appreciates and is looking forward to the partnership with the City of Santa Fe and Department of Aviation.

**Jeff Miller** | General Manager

8321 Lemmon Ave  
Dallas, TX 752092643

214.351.1872 office

214.317.9201 cell

214.351.3192 fax

[jpmiller@landmarkaviation.com](mailto:jpmiller@landmarkaviation.com)

<http://www.landmarkaviation.com>



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IAD | IAH | IFP | INT | ISN | ITO | KOA | LAX | LFMN | LFPB | LFT | LIH | LNY | LRD | LUK | MAF | MIA | MQS | NEW | OAK | OGG | OCF | OPF | ORF | PHK |  
RDU | ROA | SAF | SAN | SAT | SDL | SPS | SYR | TEB | TMB | TPA | TRM | TTN | UGN | YVR | YYC | YYZ

**From:** BULTHUIS, JON R. [<mailto:jrbulthuis@ci.santa-fe.nm.us>]

**Sent:** Friday, January 23, 2015 3:47 PM

**To:** Miller, Jeff

**Cc:** MEDINA, ANITA C.

**Subject:** Welcome to SAF & Part 139 Inspection Follow-Up

Jeff –

On behalf of the City of Santa Fe's Aviation Division, as the interim Airport Manager, I want to welcome you to Santa Fe and SAF! I hope you find the city airport staff to be a solid partner in Landmark's operations and that you find Santa Fe to be great place to live and work.

Among the many things I'm sure you are sorting through on your desk, since your arrival, I want to make sure you are aware of a recent finding pertaining to the FBO during our recent Part 139 inspection - specifically Landmark's fuel farm located off Aviation Drive. Hopefully this is not the first time you are seeing this, but if that be the case, the information is fairly self-explanatory in the attached documentation. Although the FAA is not requiring the capital improvements required to be made *immediately*, what they are requiring is a plan to address the deficiency raised (including a plan to address it and a reasonable timeline for implementation). As such, as requested in the attached letter, I would like to receive your plan to address the deficiency, and a reasonable timeline for implementation, by the end of the month. With that, I will have the Fire Marshall review/approve before submitting the corrective action plan to the FAA.

Please feel free to give me a call if you have any questions about the response required on your part.

I look forward to meeting you in the coming weeks.

Jon Bulthuis, Interim Airport manager  
Transportation Department Director  
City of Santa Fe  
(505) 690-3493

**From:** BULTHUIS, JON R.

**Sent:** Friday, January 16, 2015 10:13 AM

**To:** 'tpadilla@landmarkaviation.com'  
**Cc:** GONZALES, REYNALDO D.; BABCOCK, PAUL R.; BACA, MARK D.  
**Subject:** Action Requested - Part 139 Inspection Response

Troy –

I believe Anita Medina hand-delivered the original copy of this letter to your office yesterday - but a digital copy is attached for your records.

Please let me know if you have any questions with regard to the content and if you will be able to respond to the request by the end of the month.

Thank you,

Jon

---

**From:** <Padilla>, Troy Padilla <[tpadilla@landmarkaviation.com](mailto:tpadilla@landmarkaviation.com)>  
**Date:** Friday, January 16, 2015 at 11:58 AM  
**To:** "Sutphin, Gregory" <[gsutphin@landmarkaviation.com](mailto:gsutphin@landmarkaviation.com)>  
**Cc:** "Delapp, Kenneth" <[kdelapp@landmarkaviation.com](mailto:kdelapp@landmarkaviation.com)>  
**Subject:** RE: CAPEX

Greg, as expected,

Here is the letter, I received moments ago, from the Fire Marshall, we will need to address the lack of barriers and will need to install these. We will also need to remove the wood decking and install nonflammable material in place of the decking. This was not scheduled in the Capex budget so this will need some discussion I am sure. The city is asking to comply with this by the end of the month. Not sure if it can happen by then.

**Troy Padilla | General Manager**  
Santa Fe Municipal Airport, 121 Aviation Drive #3005  
Santa Fe, NM 87507

505.471.2525 office

505.438.0671 fax

[tpadilla@landmarkaviation.com](mailto:tpadilla@landmarkaviation.com)

<http://www.landmarkaviation.com>



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---

**From:** Padilla, Troy  
**Sent:** Monday, December 15, 2014 10:16 AM  
**To:** Sutphin, Gregory  
**Cc:** Delapp, Kenneth  
**Subject:** RE: CAPEX

Hey Greg,



We just went thru an airport 139 FAA inspection. In that inspection he noted that our fuel farm was in need of some repair/update. He is giving the fire marshal 60 days to research the code and make recommended repairs.

The repairs are the following:

1. Install bollards around the fuel farm
2. Remove wood decking inside the fuel farm and install some alternative material that is not combustible. (The decking was installed to prevent slipping on the geo tech mat. The mat is very slick with it has moisture on it).

The fire marshal did not know the code at the time so it is still in a pending state. This is not in the CAPEX budget but it may come up early next year for us to repair. It is my feeling that the fire marshal will go along with the FAA finding and we will be repairing/updating our fuel farm. Should I try to get some sort of estimate on these items? I am not familiar with the amount of bollards need per code; we will need until the fire marshal give us direction. These items have had several inspectors, fire inspections, and FAA 139 inspectors with no findings. But this is a new inspector and he noted it...

Other than the new findings everything else was in good shape..

**Troy Padilla | General Manager**

Santa Fe Municipal Airport, 121 Aviation Drive #3005  
Santa Fe, NM 87507

505.471.2525 office

505.438.0671 fax

[tpadilla@landmarkaviation.com](mailto:tpadilla@landmarkaviation.com)

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HPN | IAD | IAH | IFP | INT | ISN | ITO | KOA | LAX | LFBD | LFBO | LFL | LFLL | LFML | LFMN | LFMT | LFPB | LFRS | LFRZ | LFST | LFT | LIH | LNY | LRD | LUK |  
MAF | MIA | MQS | NEW | OAK | OGG | OCF | OPF | ORF | PHK | RDU | ROA | SAF | SAN | SAT | SDL | SPS | SYR | TEB | TMB | TPA | TRM | TTN | UGN |  
YVR | YYC | YYZ

From: Sutphin, Gregory

Sent: Friday, December 12, 2014 3:14 PM

To: Byers, Brian; Cherry, Joel; Colby, Craig; Diaz, Mario; Faulkner, Eric; Fulcher, Chad; Lacey, Doug; Miller, Jeff; Overland, Tanner; Padilla, Troy; Parks, Dave; Shade, Brett; White, Clayton

Subject: CAPEX

Importance: High

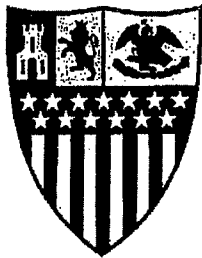
Please remember we cannot proceed with CAPEX expenditures until approved by Dan. I know that some of these are emergencies but we must get the proper approvals PRIOR to committing to ANY vendor or service supplier. Let me support you on future issues to ensure we operate as required.

THANK YOU

**Gregory Sutphin | Regional Vice President**

1500 CityWest Blvd., Ste. 600  
Houston, TX 77042

713.895.9243 office



# City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909

[www.santafenm.gov](http://www.santafenm.gov)

*Javier M. Gonzales, Mayor*

## Councilors:

Peter N. Ives, Mayor Pro Tem, Dist. 2

Patti J. Bushee, Dist. 1

Signe I. Lindell, Dist. 1

Joseph M. Maestas, Dist. 2

Carmichael A. Dominguez, Dist. 3

Christopher M. Rivera, Dist. 3

Ronald S. Trujillo, Dist. 4

Bill Dimas, Dist. 4

January 15, 2015

Troy Padilla  
Landmark Aviation  
121 Aviation Drive  
Building #305  
Santa Fe, NM 87507

RE: **FAA Part 139 Inspection – Response Required**

Dear Mr. Padilla:

As you are aware, the recent Federal Aviation Administration's Part 139 inspection, conducted at SAF from December 10-12, 2014, resulted in a finding related to the fuel farm owned and operated by Landmark Aviation (see attached).

In response to this finding, the City of Santa Fe's Fire Marshall, Reynaldo D. Gonzales, met with SAF staff on January 9, 2015, on site, and completed a visual inspection of the facility. Yesterday, I received the attached letter that indicates the current facility is not in compliance with IFC 2009 and recommends steps that need to be taken to assure necessary compliance.

In response to this notice, please provide me with a plan to address the noted deficiencies, and a timeline for implementation of the planned improvements, no later than January 30, 2015. Upon receipt, I will share the documentation provided with Fire Marshall Gonzales to assure that when completed, the improvements will bring the facility into compliance with IFC 2009.

I look forward to receiving the improvement plan and timeline before January 30<sup>th</sup>, but would be happy to discuss any questions you may have prior to that date.

Sincerely,

Jon Bulthuis, Interim Airport Manager  
Director, City of Santa Fe Transportation Department

Cc: Reynaldo D. Gonzales, Fire Marshall



## City of Santa Fe Fire Department

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(505) 955-3110 · FAX (505) 955-3115

January 13, 2015

To: Jon R. Bulthuis, Transit Director

From: *Reynaldo D. Gonzales*  
Reynaldo D. Gonzales, Fire Marshal

CC: Paul Babcock, Assistant Fire Chief  
David Sandoval, Battalion Chief

Re: Airport Inspection

In review of the recent Airport inspection, Fire Marshal Gonzales has recommendations as per IFC Edition 2009.

1. Barriers need to be strategically placed to protect the fuel farm from oncoming vehicular traffic. The barriers will need to be engineer designed and the posted speed limit will need to be factored into the design. The code is not specific on type of barrier; however barriers must meet their intent.
2. Only non-combustible materials shall be used as walk ways and in the areas near and around the fuel farm.