



QUALITY OF LIFE
DEPARTMENT

City of
REDLANDS

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Christopher Boatman
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Dear Boardmember Mason,

Thank you for meeting with staff on December 14, 2017 to discuss the Redlands Municipal Airport and your questions concerning its operations. I also appreciate your patience as staff researched your questions and prepared a response. Following the meeting, staff has conducted internal research as well as inquired with outside government agencies to address your questions. The responses provided involved the analysis of City financial reports, purchasing documents, accounts payable documents, and professional service agreements. The following is a summary of your questions in bold followed by staff's research:

1) Debt on airport fund - we believe that this came from two events - the purchase of the city hangars which was appropriate and property taxes in lieu, which is not legal. If this is the case, we should consider an adjustment to the liability.

Staff has found no evidence at this time that the airport debt is illegitimate or in violation of the City's grant assurances, nor was any record found that indicates loans are related to property taxes in lieu.

Financial records indicate the origin of the Aviation Fund debt came from two events: funding shortfalls spanning several fiscal years and the purchase of the municipal hangars in 2005. Per City records, loans were made from the General Fund to cover operating expenses and the purchase of hangars in the Aviation Fund dating back to 1987. There is no documentation of "property taxes in lieu" in any City accounting or Council records.

The following is an outline of Aviation Debt Fund activity dating back to 1987.

1. The loan indicated in the City's 1987-1988 Comprehensive Annual Financial Report (CAFR) was \$286,000. No interest was accruing and no repayment provisions had been established at that time. Over the course of the years and due to consistent operating expenditures exceeding operating revenues, the General Fund covered the operating deficit via a loan. As a result, the General Fund loan accumulated to \$651,088 before being transferred to the Solid Waste Fund in Fiscal Year 2002-03.
2. In Fiscal Year 1987-88, a loan from the Water Operations Fund totaling \$40,000 was made to purchase an additional 17 acres of land to increase the size of the airport. The loan payment schedule was \$5,000 per year plus interest accruing at a rate of five percent. This balance was paid off in Fiscal Year 1993-94.
3. In Fiscal Year 2005-06, the Solid Waste loan was increased by \$935,300 for the purchase of the Aerodynamics Inc. hangars. This addition to the loan, along with accrued interest and principal



payments, resulted in a total outstanding loan balance of \$1,795,184 at the end of the Fiscal Year.

4. As of Fiscal Year 2016-17, the total Solid Waste Fund loan balance remaining is \$920,929.

2) Legal & professional fees - 2015-2016 had three big vendor payments. We believe only one was for the airport, the other two were development related. If this is the case, it should be adjusted to reflect how development related expenses are accounted for. There may be a hold harmless in the developers contract with the city that would allow the city to recoup those expenses from the developer.

The services retained from Coffman Associates and Gatzke, Dillon, and Balance were tasked to review various documents and functions related to the airport. Both Coffman Associates and Gatzke, Dillon, & Balance were procured to assist the City in responding to concerns from the airport community concerning its land use documents and airport permit as it related to surrounding development. There was not a nexus to charge any specific developer for use of the consultants as their research related to existing City legislative documents.

The subject vendor payments that occurred in Fiscal Year 2015-16 are related to the following services:

RA Weideman Associates (January 5, 2016/\$94,255): Retained for services related to the development of an airport business plan for Redlands Municipal Airport. This document was prepared with input from the Airport Advisory Board and the Aviation Community. This Airport Business Plan was adopted by the City Council in July, 2016. The costs for these services were paid out of the Aviation Fund.

Coffman Associates (October 6, 2015/\$74,950): Retained for services related to the review and analysis of the Redlands Airport Land Use Compatibility Plan for consistency with the California Airport Land Use Handbook by Caltrans, current compatibility and land use issues, noise patterns from aircraft operations, consistency with the Redlands Airport Master Plan, potential impacts to residential development, the evaluation of both current and alternative flight patterns along with the related airport facilities according to the scope of work. The consultant agreement was approved by the City Council.

Gatzke, Dillon, & Balance (Activity Range 2015 thru 2016/\$55,448.80): Retained to provide legal support for various tasks regarding a residential development project. These tasks include airport land use compatibility issues; noise analysis reports; review of the ALUCP, airport master plan, and airport layout plan; responses to letters from airport users; CEQA documents; review City rules and regulations; helicopter activity; and the review of a mitigated negative declaration.

The City follows GASB standards and guidance when tracking expenses. These practices and the Aviation Fund expenditures and revenues are audited annually by an outside accounting firm along with the rest of the City's finances.

5) Airport Tax Revenue Accounting. Where does the approx. \$35K reported come from? Does it include aircraft and buildings?

The \$35,000 reported on the Aviation Fund budget is derived from unsecured property taxes (Aircraft). It does not include any taxes from real property. Following the meeting, staff contacted its primary contact at the County to discuss the concerns discussed at the meeting that not all taxes were being collected by the County and that staff was being unresponsive to County requests for information. The Assessor's office confirmed that staff have been responsive to all requests and that the same was reported to Mr. Gablin shortly after his initial conversation that indicated otherwise.

With respect to unreported aircraft, staff did confirm that the County has no record of aircraft stored by Redlands Aviation and are working with the County to resolve the issue. As background, the San Bernardino Tax Assessor-Recorder-County Clerk office is responsible for collecting taxes, including unsecured property taxes on aircraft. According to the assessor, they employ a variety of means to determine where aircraft are stored including the use of information from the FAA and Caltrans. Each year the City receives a request from the Assessor to report the planes located in City hangars and each year we provide a response. The Assessor's office also sends similar requests to other Fixed-Based Operators (FBO's) including Coyote Aviation and Redlands Hangar Association. In addition, staff has no record of past requests by the County to verify aircraft stored within the hangars of its FBO's.

The Assessor's office reports that taxes related to aircraft stored by Redlands Aviation are being evaluated and will be addressed shortly. Staff has scheduled meetings with San Bernardino Tax Assessor-Recorder-County Clerk to further discuss unsecured taxes.

6) Did the city ever reimburse the airport enterprise fund for the hangar used by the air support unit?

In March, 2007, the Redlands City Council approved a Hangar Rental Waiver for the Redlands Police Department (RPD) Air Support unit. This allowed the RPD Air Unit to operate solely on Asset Forfeiture funding and have no impact on the General Fund. In exchange for providing hangar space for RPD aircraft and support personnel, the airport receives in-kind compensation in the form of onsite security. Staff is currently in communication with the FAA regarding the use of the City's hangar to verify that the FAA does not have objection. The following is a summary provided by the RPD concerning hangar use and the provision of onsite security:

- On March 20, 2007, the City Council approved the implementation of RPD's air support program. The approval included the authorization for "the police department to utilize a City-owned hangar at the Redlands Municipal Airport to support the program and waive any inter-fund transfers related to the storage of the plane in the hangar."
- On average, the plane flew 52 weeks out of the year, five days a week. On average, a police officer (sometimes corporal, sometimes sergeant) was on the ground at the hangar six hours per day of each day worked (10 hour work day). The other four hours were spent flying in the air. On some occasions, the plane was down due to maintenance or weather (average 8 weeks out of the year). A top step officer makes \$45.98 per hour (Again, corporals and sergeants often filled the spot which would have been a higher cost to the police department).

- RPD conservatively spent about \$60,694 (6 hrs.*5 days a week*44 weeks per year*\$45.98) per year supplying a police officer to be present at the hangar at the Redlands Municipal Airport. (Based on a conservative number of nine years, RPD spent at least \$546,242 supplying a police officer to be present at the airport. This amount far outweighs the amount RPD would have paid to rent the hangar (\$75,600= \$700 per month*12 months*9 years))
- During the officer's time on the ground, the Redlands Municipal Airport benefitted by the officer's presence in the following ways:
 - Assisted airport staff in enforcing municipal ordinances related to blight.
 - Performed speed enforcement on airport property citing multiple violators.
 - Conducted extra patrol regarding a domestic related incident where a subject intentionally crashed his plane when he targeted his ex-wife.
 - Routinely provided security by patrolling the property.
 - Assisted Quality of Life personnel in providing hangar inspections.
 - Provided security as City Staff served evictions on hangar tenants.
 - Investigated a fatal traffic accident that occurred on airport property.
 - Performed search and rescue missions of downed planes in the area.
 - Provided periodic representation on the Airport Advisory Council.
 - Helped City Staff with airport community events.
- RPD provides monitoring of the five City owned surveillance cameras located at the airport free of charge. (These cameras were purchased with funds from the Aviation Operating Fund)

Sincerely,



Chris Boatman
Quality of Life Director

cc: Mayor Foster and City Council
Chairman Hoyt and Airport Advisory Board
N. Enrique Martinez, City Manager