

CITY OF MERCED

"Gateway to Yosemite"



WELCOME TO YOUR REGIONAL AIRPORT AUTHORITY MEETING OF THE CITY OF MERCED

AUTHORITY MEMBERS

Janet Young Chair, Richard Basart Vice-Chair, Kraig Riggs,
Larry Morelock, Ray Beverly, John Sundgren and Russ Cowperthwaite

AGENDA

7:00 pm
COUNCIL CHAMBERS
678 WEST 18th STREET
MERCED, CALIFORNIA

TUESDAY
JULY 17, 2012

www.cityofmerced.org

STAFF REPORTS OR OTHER WRITTEN DOCUMENTATION RELATING TO EACH ITEM OF BUSINESS REFERRED TO ON THE AGENDA ARE ON FILE IN THE AIRPORT ADMINISTRATION OFFICE OF THE AIRPORT SUPERINTENDENT. ANY PERSON WHO HAS QUESTIONS CONCERNING ANY AGENDA ITEM MAY CALL THE AIRPORT SUPERINTENDENT AT (209) 385-6873 TO MAKE INQUIRY REGARDING THE NATURE OF THE ITEM DESCRIBED ON THE AGENDA. PRIOR TO EACH REGULAR REGIONAL AIRPORT AUTHORITY MEETING, A COMPLETE AGENDA PACKET IS AVAILABLE FOR REVIEW IN THE FOYER OUTSIDE THE COUNCIL CHAMBERS AND ON THE CITY'S WEBSITE AT WWW.CITYOFMERCED.ORG. ANY DOCUMENTS PROVIDED TO A MAJORITY OF THE COMMITTEE MEMBERS AFTER THIS AGENDA IS POSTED WILL BE AVAILABLE FOR PUBLIC INSPECTION IN THE CITY CLERK'S OFFICE DURING NORMAL BUSINESS HOURS.

FOR CITIZEN PARTICIPATION INSTRUCTIONS, PLEASE REFER TO THE CITY'S WEBSITE AT WWW.CITYOFMERCED.ORG. A HANDOUT IS ALSO AVAILABLE AT THE MEETING ADJACENT TO THE AGENDA. INDIVIDUAL AGENDA ITEMS MAY BE HEARD IN AN ORDER THAT IS DIFFERENT THAN THEY APPEAR ON THE AGENDA TO ACCOMMODATE MEETING PARTICIPANTS.

INFORMATION FOR INDIVIDUALS WITH DISABILITIES:

Accommodation for individuals with disabilities may be arranged by contacting the City Clerk's Office at 209-388-7100.

Assisted Hearing Devices Available for Hearing Impaired
Teletypewriter (TTY) 209-385-6816

THE PUBLIC HAS THE OPPORTUNITY TO ASK QUESTIONS OR COMMENT AT THE TIME SPECIFIC AGENDA ITEMS ARE CONSIDERED. NORMALLY, EACH AGENDA ITEM WILL HAVE A STAFF PRESENTATION, FOLLOWED BY COMMENTS OR QUESTIONS BY THE AIRPORT AUTHORITY MEMBERS. IF REQUESTED BY AN AUDIENCE MEMBER, THE CHAIRPERSON WILL THEN ALLOW THE PUBLIC TO MAKE COMMENTS OR ASK QUESTIONS. AFTER ANY PUBLIC INPUT, THE AUTHORITY MAY HAVE FURTHER DISCUSSION BEFORE TAKING ACTION TO THE NEXT AGENDA ITEM.

- A. **CALL TO ORDER**

- B. **ROLL CALL**

- C. **WRITTEN PETITIONS AND COMMUNICATIONS**

- D. **ORAL COMMUNICATIONS**

AT THIS TIME, ANY MEMBER OF THE AUDIENCE MAY COMMENT ON ANY MATTER NOT LISTED ON THE AGENDA. PLEASE STAND AND STATE YOUR NAME AND ADDRESS FOR THE RECORD. THE AUTHORITY WILL NOT TAKE ACTION ON THE ITEM THAT IS BROUGHT TO THEIR ATTENTION THIS EVENING. IF IT REQUIRES ACTION, IT WILL BE REFERRED TO STAFF AND/OR LISTED ON THE NEXT AUTHORITY AGENDA.

PLEASE BE BRIEF AND TO THE POINT. AVOID REPEATING WHAT PREVIOUS SPEAKERS HAVE SAID. IF TWO OR MORE INDIVIDUALS ARE HERE AS A GROUP AND WISH TO SPEAK ON ONE SIDE OF AN ISSUE, PLEASE SELECT A SINGLE SPOKESPERSON TO PRESENT YOUR VIEWS.

- E. **CONSENT CALENDAR**
 - 1. **AIRPORT AUTHORITY MINUTES FOR JUNE 19, 2012.**

Recommendation: Adopt a motion to approve and file.

F. REPORTS

1. AIRPORT MANAGER'S REPORT

Recommendation: *For information only.*

2. ESSENTIAL AIR SERVICE (EAS) PROPOSAL RECOMMENDATION

Recommendation: *Adopt a motion to approve EAS Committee Recommendation Letter.*

3. MERCED REGIONAL AIRPORT GUIDANCE DOCUMENTS REVIEW

Recommendation: *Form advisory committee to review and update as needed, Airport Guidance Documents.*

G. AUTHORITY BUSINESS

1. POSSIBLE INCOMPATIBLE LAND USE ACTIVITY

Recommendation: *Discussion as desired by Authority members.*

2. OTHER BUSINESS FROM AUTHORITY MEMBERS

Authority members may introduce items to be calendared for a future agenda.

Recommendation: *Discussion as desired by Authority members.*

H. ADJOURNMENT:

TO THE NEXT AIRPORT AUTHORITY MEETING, TUESDAY
AUGUST 21, 2012 AT 7:00 PM IN THE CITY COUNCIL CHAMBERS,
678 WEST 18TH STREET MERCED, CA 95340.

**CITY OF MERCED
REGIONAL AIRPORT AUTHORITY MINUTES**

**COUNCIL CHAMBERS
MERCED CIVIC CENTER
678 WEST 18TH STREET
MERCED, CA**

**Tuesday
June 19, 2012**

A. CALL TO ORDER

Vice-Chair Richard Basart called the meeting to order at 7:00 p.m.

B. ROLL CALL

Members present: Rich Basart, Larry Morelock, Ray Beverly and Russ Cowperthwaite.

Members absent: Janet Young and John Sundgren. (Excused)

Staff Present: Ron Elliott, Mike Wegley and Jessica Cortright

C. WRITTEN PETITIONS AND COMMUNICATION

None

D. ORAL COMMUNICATIONS

None

E. CONSENT CALENDAR

1. REGIONAL AIRPORT AUTHORITY MEETING MINUTES FOR APRIL 17, 2012.

M/S/C -Morelock/Beverly motioned to approve and file the minutes for April 17, 2012 as submitted.

2. REGIONAL AIRPORT AUTHORITY MEETING MINUTES FOR MAY 31, 2012.

M/S/C -Morelock/Beverly motioned to approve and file the minutes for May 31, 2012 as submitted.

F. REPORTS

1. AIRPORT MANAGER'S REPORT

Ron Elliott reviewed the Airport Manager's report for May 2012.

G. AUTHORITY BUSINESS

1. POSSIBLE INCOMPATIBLE LAND USE ACTIVITY

None

2. OTHER BUSINESS FROM AUTHORITY MEMBERS

None.

H. ADJOURNMENT

M/S/C – Beverly/Cowperthwaite motioned to adjourn the Airport Authority meeting at 7:14 pm and to meet again on Tuesday, July 17, 2012 at 7:00 pm at the Civic Center, 678 W 18th Street, in the Council Chambers.

Janet Young, Chairperson
Regional Airport Authority



Merced Regional Airport

Manager's Report June 2012

OPERATIONS

Great Lakes Airlines enplaned 318 total passengers for the month of May. Airline revenue enplanements were up just .01 percent compared to April. Compared to June 2011, enplanements were down 8 percent. There were 16 cancellations this month out of the 122 scheduled departures; no cancellations were due to weather.

CAPITAL PROJECTS AND CONSTRUCTION

Airport staff has been working on the Federal Aviation Administration (FAA) Airport Capital Improvement Program (ACIP) grant for 2011. This grant provides funding for a new commercial airline terminal study. The study will include site design and a needs assessment for the location and layout of a new airline terminal, aircraft parking apron, additional access roads, and vehicle parking needs. RS&H is currently working on the study, and expects to have it completed by July or August 2012.

Additionally, airport staff has been working on the Federal Aviation Administration (FAA) Airport Capital Improvement Program (ACIP) grant for 2012. On June 27th, the FAA approved and funded the grant submitted and approved by the City Council on May 7th. This grant will provide funding for a Runway Safety Area (RSA) study to determine the best and most advantageous option for clearing the airport's RSA. Airport staff and RS&H Consulting will be starting the study in July with a kickoff meeting in San Francisco with the FAA.

Construction of the new Medi-Flight Alert Facility is complete. Carter Construction completed the job on-time and in an outstanding manner. Medi-Flight delivered their modular and has started efforts to bring the building up to City code.....sewer, electrical, water, phone, etc. Medi-Flight crews are expecting to occupy the building in late July or early August.

Airport staff has negotiated and the Airport Authority has approved a new lease with Medi-Flight for a maintenance hangar. The new lease will go to City Council in August for final approval.

Merced Regional Airport's two year essential air service (EAS) contract with Great Lakes Airlines will expire on Oct 1st. The Department of Transportation (DOT) has issued a Request for Proposals (RFP) to any airline interested in competing for a new contract. Two airlines have submitted proposals...Great Lakes Airlines and SeaPort. A subcommittee made up of two Airport Authority members and Airport staff will review the proposals and forward a recommendation. DOT has the final say on awarding a new EAS contract.

OTHER

Expected renovations on Hangar BBQ have stopped. Legal and Airport Staff are working with Mr. Stuhmer to find a way to move forward.

Legal and Airport staff are working with Gateway Air Center on consolidating numerous lease amendments into one lease. Progress is being made, but a completion date has not yet been determined.

Visit the Merced Regional Airport website at www.flymercedairport.com

To: Regional Airport Authority
From: Ronald K. Elliott, Airport Manager
Date: July 17, 2012
Re: **Essential Air Service (EAS) Proposal Review and Recommendation**

Background

The EAS contract for Merced Regional Airport expires October 1, 2012. In anticipation, the Department of Transportation (DOT) released a Request for Proposal (RFP) to any and all airlines interested in providing air carrier service at Merced Regional Airport on May 4, 2012. Two air carriers, Great Lakes Airlines (currently under contract at Merced Regional Airport), and SeaPort Airlines have submitted proposals. These proposals were due to DOT by June 25, 2012.

After these proposals were submitted, DOT requested any comments on these proposals be submitted by August 1, 2012. Comments usually come in the form of a Letter of Recommendation. However, DOT has the final say in which airline is awarded the contract. Due to the timing of City Council Meetings and the short suspense given to submit comments, the Merced Regional Airport Authority Chairperson will sign the Letter of Recommendation.

Airport staff formed a sub-committee made up of two Airport Authority Commissioners and the Airport Manager to review the proposals. This sub-committee will provide an overall review of the proposals and suggested recommendation during the July 17th Airport Authority Meeting.

SUMMARY/RECOMMENDATION:

Adopt a motion approving the Letter of Recommendation for the Essential Air Service contract to the Department of Transportation, and forward to the Merced Regional Airport Authority Chairperson for signature.

Attachments: Great Lakes Airlines Proposal
SeaPort Airlines Proposal

Before the United States Department of Transportation

Washington, DC

June 25, 2012

Essential Air Service at

MERCED, CALIFORNIA
VISALIA, CALIFORNIA

under 49 U.S.C. 41731 et.seq.

Docket OST-1997-3521
Docket OST-2004-19916

This document contains Great Lakes Aviation, Ltd.'s response to Order Requesting Proposals 2012-5-11.

Great Lakes Aviation, Ltd. is pleased to submit this proposal to provide essential air transportation at these points in California. This proposal is submitted as an "inseparable package" serving both Merced and Visalia.

Operating as Great Lakes Airlines, we will continue to offer passengers the benefit of our code-share agreements with United Airlines and Frontier Airlines at our Los Angeles hub. In addition, Great Lakes maintains interline ticketing and baggage agreements with the majority of the other carriers serving LAX, including interline e-ticketing agreements with American Airlines, Delta Airlines, Frontier Airlines, United Airlines and U.S. Airways. All of which will offer the Merced and Visalia passengers maximum access to the domestic and international air transportation system.

All proposals contemplate the use of jet prop airliner equipment.

Questions and comments may be referred to:

Michael O. Matthews
Chief Financial Officer
Great Lakes Aviation, Ltd.
1022 Airport Parkway
Cheyenne, WY 82001
(307) 432-7000

Table of Contents:

Proposal Part	Service Point(s)	Hub(s) Served	Round Trips	Equipment	Subsidy Requirement	Passengers Forecast	Average Fare
1	Merced, California	Los Angeles (LAX),	2	Jet-Prop	\$1,698,878	8,500	\$114.02
		Ontario (ONT), Orange County (SNA) and/or Las Vegas (LAS)					
2	Visalia, California	Los Angeles (LAX),	2	Jet-Prop	\$1,697,929	8,500	\$87.72
		Ontario (ONT) or Orange County (SNA)					
Total Bid Proposal:					\$3,396,807		

Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at

Merced, California to Los Angeles (LAX)

Two Round Trips - Jet Prop - one stop

(at 98 percent completion)

Departures:	1,227
Block Hours:	757

Operating Revenues:				
Passenger:	8,500	psgrs at	\$114.02	\$969,170

Other:	(at 0.62% of passenger revenue)			\$6,009
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Total Operating Revenues:				\$975,179
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Operating Expenses:				
Direct:	Aircraft and Hull Insurance			\$199,710
	Fuel and Oil			\$916,994
	Flying Operations			\$132,581
	Maintenance			\$279,716

Total Direct Expenses:				\$1,529,001
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Total Indirect Expenses:				<u>\$1,017,720</u>
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Total Operating Expenses:				\$2,546,721
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Operating Loss				(\$1,571,542)
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Profit Element (5.0% of Total Operating Expenses)				\$127,336
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Annual Compensation Requirement:				\$1,698,878
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Representative Schedule
 *** [MCE] Merced, California ***

----- D E P A R T U R E S -----					
FLT	TO	DPT	ARR	EQP	FREQ
7161	LAX	7:00	8:45	Jet-Prop	123456
7167	LAX	16:43	18:25	Jet-Prop	12345 7

----- A R R I V A L S -----					
FLT	FROM	DPT	ARR	EQP	FREQ
7262	LAX	14:45	16:32	Jet-Prop	123456
7268	LAX	18:55	20:42	Jet-Prop	12345 7

No Upline Scheduling Restrictions

Inherent in this proposal, Great Lakes considers Ontario (ONT), Orange County (SNA) and/or Las Vegas (LAS) to be pre-approved alternative hub destinations. If Las Vegas is utilized, service will be provided non-stop.

Great Lakes Aviation, Ltd.

Annual Compensation Requirements for Essential Air Service at
Visalia, California to Los Angeles (LAX)
Two Round Trips - Jet Prop - non-stop
 (at 98 percent completion)

Departures:	1,227
Block Hours:	1,176

Operating Revenues:				
Passenger:	8,500	psgrs at	\$87.72	\$745,620

Other:	(at 0.62% of passenger revenue)			\$4,623
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Total Operating Revenues:				\$750,243
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Operating Expenses:

Direct:	Aircraft and Hull Insurance			\$199,710
	Fuel and Oil			\$695,906
	Flying Operations			\$205,965
	Maintenance			\$337,442

Total Direct Expenses:				\$1,439,023
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Total Indirect Expenses:				<u>\$892,569</u>
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Total Operating Expenses:				\$2,331,592
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Operating Loss				(\$1,581,349)
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Profit Element (5.0% of Total Operating Expenses)				\$116,580
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Annual Compensation Requirement:				\$1,697,929
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Representative Schedule

*** [VIS] Visalia, California ***

----- D E P A R T U R E S -----					
FLT	TO	DPT	ARR	EQP	FREQ
7161	LAX	7:50	8:45	Jet-Prop	123456
7167	LAX	17:30	18:25	Jet-Prop	12345 7

----- A R R I V A L S -----					
FLT	FROM	DPT	ARR	EQP	FREQ
7262	LAX	14:45	14:45	Jet-Prop	123456
7268	LAX	20:55	21:25	Jet-Prop	12345 7

No Upline Scheduling Restrictions

Inherent in this proposal, Great Lakes considers Ontario (ONT) or Orange County (SNA) to be pre-approved alternative hub destinations.

Before the United States Department of Transportation
June 25, 2012

Proposal to Provide Essential Air Service at

MERCED, CALIFORNIA
VISALIA, CALIFORNIA

Under 49 U.S.C. 41731 et seq.

Docket DOT-OST-1998-3521
Docket DOT-OST-2004-19916

SeaPort Airlines, Inc.
Proposal to Provide Essential Air Service at
Merced and Visalia, California

By Order 2012-5-11, the Department requested proposals from carriers interested in providing Essential Air Service (EAS) at Merced and Visalia, California no later than June 11, 2012. By Memorandum, the Department subsequently extended the deadline for submission of proposals to no later than June 25, 2012. Pursuant to that Order, SeaPort Airlines, Inc. respectfully submits this timely proposal to provide subsidized essential air service to the communities of Merced and Visalia.

This proposal has been structured to offer residents and visitors a greater number of departure time choices, more nonstop and direct destinations, and a comprehensive marketing strategy at a lower level of subsidy than being paid to the present operator of EAS at Merced and Visalia. The improved service at a lower level of subsidy in this proposal is intended to directly address concerns expressed by the Department in Order 2012-5-11 regarding subsidy levels at both Merced and Visalia which presently exceed the statutory limit of \$200 per passengers.

Shortly after this proposal is docketed, SeaPort Airlines will contact the Airport Manager in each community to schedule a presentation to explain our proposal in detail and answer any questions. In the interim and throughout the carrier selection process, questions regarding this proposal should be directed to:

Timothy Sieber
Vice President – Strategy & Corporate Development
SeaPort Airlines, Inc.
7505 NE Airport Way
Portland, OR 97218
(971) 340-1716
tsieber@seaportair.com

Description of Proposed Service

Company Overview

SeaPort Airlines, Inc. is a FAA certified scheduled airline with 30 years of experience in commercial aviation and built around providing efficient and reliable service to rural communities. This is in sharp contrast to the strategies of the global airline brands and their regional airline partners that no longer have the operational or economic capability, or in many cases even a strategic desire, to serve small communities such as Merced and Visalia.

SeaPort Airlines is headquartered in Portland, Oregon and has operational bases in Portland, Memphis (Tennessee), and Juneau (Alaska). Our approximately 180 professionals operate a fleet of 14 aircraft on an average of 90 daily departures to 20 cities in eight states. The focus of our business is providing affordable and reliable service to small and rural communities, with particular focus on providing connectivity with the national air transportation system.

Presently, SeaPort delivers Essential Air Service to seven communities: Excursion Inlet, Alaska; Pendleton, Oregon; El Dorado, Hot Springs, and Harrison, Arkansas; Salina, Kansas; and Jackson, Tennessee.¹ In each of these cases, after award of the EAS contract, we have started service on time, on budget, and with fares either at or below those outlined in our proposal. This record stands in stark contrast to a number of other airlines in the EAS program that submit proposals with unreasonably low fares that are never realized by the traveling public, delay the start of service, or do not launch service after it has been awarded by the Department.

A Track Record of Building Community Partnerships

SeaPort Airlines prides itself on developing partnerships with each community it serves. This includes participation in local events, donation of tickets, on-going communication, and regular community meetings. We believe this approach serves our own interests equally with those of our EAS communities by fostering long-term, stable relationships that result in increased ridership and, eventually, reduced subsidy requirements.

We also note that in every one of our EAS communities (except in Alaska), SeaPort Airlines represented the first time that service was offered with single-engine aircraft. Any initial trepidation about aircraft size quickly, however, dissipated as each experienced the benefit of higher frequency levels that can only be economically provided with smaller aircraft. Combined with our affordable fares and highly-personal service, SeaPort Airlines enjoys strong community support in our EAS communities. This point is underscored by the fact that every one of our EAS communities in the Lower 48 has selected SeaPort Airlines to continue serving their market for an additional contract period.² This includes the recent reselection of SeaPort Airlines in Salina, Kansas for a four-year contract (rather than the standard two-year contract) based on overwhelmingly positive support from the community, and the selection of SeaPort Airlines at Pendleton, Oregon for a contract renewal over a competing bid that offered 37-passenger aircraft and the brand of a major airlines.

¹ Proposals to provide Essential Air Service at Kake, Alaska are awaiting the Department's carrier selection.

² SeaPort had previously provided EAS at Jonesboro, AR but elected not to pursue a second contract term in that market due to weak traffic and market conditions that indicated a low chance the market could be revitalized.

We encourage the communities of Merced and Visalia to contact any of our EAS communities to discuss the responsive, affordable, and reliable air service that we provide. Additional evidence of our ability to develop strong partnerships and provide Merced and Visalia with reliable, customer-focused air service is demonstrated through community and customer comments that are provided later in this document.

Aircraft

SeaPort is offering two aircraft types for consideration by the communities of Merced and Visalia, both of which are described below:

Cessna Caravan

SeaPort Airlines is proposing to provide service at Merced and Visalia using the modern and efficient Cessna Caravan turboprop. Currently being produced in the USA, the “Caravan” was originally designed in the 1980’s to replace an aging fleet of piston-powered aircraft, such as the De Havilland Otter and Piper Chieftain. Over 2,000 Caravans have been built logging a total of over 12.5 million flight hours.

The Caravan seats nine passengers and we believe this aircraft offers the “right size” capacity increment for both of the communities in this proposal, enabling us to offer optimal frequency levels and reasonable fares while simultaneously minimizing the required level of subsidy. While the Caravan is certified for single-pilot operation SeaPort typically operates with both a Captain and First Officer.



The large cargo pod on the Caravan accommodates more baggage than on older piston twins (i.e., Piper Chieftain and Cessna 402) and allows for easier segregation of passengers and baggage for security purposes.³

³ The cargo pod on the Cessna Caravan has a maximum capacity of 111 cubic feet and 1,090 pounds. In comparison, the Piper Chieftain has a maximum capacity of 65 cubic feet and 700 pounds in its nose compartment and two wing lockers.

As noted earlier, however, SeaPort operates single-engine aircraft and enjoys strong community support in all of the EAS markets that we serve. This is because on a daily basis we demonstrate that the Cessna Caravan is the ideal platform for safe and reliable air transportation with higher frequencies than would be economically possible with larger aircraft. While our experience in these other markets makes us confident of our ability to build support in Merced and Visalia, we offer the following additional points for consideration as both communities evaluate this proposal:

- The argument that single-engine aircraft are less safe than multi-engines is based on the presumption of engine failure. Failure of modern turbine engines is extremely rare, and even rarer that engine failure is the primary cause of an accident or incident.
- Multi-engine aircraft experience asymmetric thrust and a loss of climb performance of up to 80%. In contrast, single-engine aircraft don't experience asymmetric thrust, and they typically have higher glide ratios and can land at slower speeds.
- As reliability has improved over the last 75 years, airlines have specified fewer engines on new aircraft designs – *“more is better” no longer applies.*
- Newer, modern technology single-engine turboprops aircraft provide a better customer experience than 35 year old piston-powered twin engine aircraft.

Piper Chieftain

49 U.S.C. 41732(b)(5) entitles communities to EAS service with twin-engine aircraft, however communities can waive their right to twin-engine aircraft. SeaPort Airlines presently provides service in all of our EAS communities with single engine aircraft and, as noted above, every one of our EAS communities in the Lower 48 has selected SeaPort Airlines to continue serving their market for an additional contract period. Notwithstanding our belief that the Cessna Caravan represents the best platform for frequent, economical and reliable air service at Merced and Visalia, we are including in this proposal the option of service with twin-engine Piper Chieftains.

The Chieftain is a stretched version of the Piper Navajo that operates with a single-pilot and 9 passengers. The aircraft has two Lycoming piston engines and baggage storage in a nose compartment and wing lockers.⁴ The aircraft offers adequate range with a full load of passengers to operate the service pattern offered in this proposal, and has a typical cruise speed of 175 knots.

Over 1,800 Chieftains were built between 1972 and 1984 by Piper Aircraft. Analysis of aircraft presently offered for sale indicates that if the option of service with Chieftains is selected, we will not have any difficulty finding a suitable aircraft to serve Merced and Visalia.

⁴ See footnote 3.

Interline Connectivity & GDS Display

All SeaPort Airlines flights are displayed in the major global distribution systems, making our flights available for sale via travel agents and all primary online travel portals and meta-searchers such as Orbitz, Travelocity, Expedia, Kayak, Hipmunk, and CheapoAir.

SeaPort Airlines Availability in Global Distribution Channels

The image displays three screenshots of flight search results from different Global Distribution Systems (GDS): Cheapoair, Expedia, and Kayak. Each screenshot highlights a flight from SeaPort Airlines between Harrison, AR (HRO) and Memphis, TN (MEM).

- Cheapoair:** Shows a search for "Special Discount take up to \$15 off sale!" for the route "El Dorado, Arkansas, United States (ELD) to Atlanta Hartsfield-Jackson International Airport, Georgia, United States (ATL)". The results table shows SeaPort Airlines flights for 1-stop and 2-stops, with prices starting at \$504. A red circle highlights the SeaPort Airlines flight details, including the flight number 2421, departure time 07:00am, and arrival time 08:00am.
- Expedia:** Shows a search for "Harrison, AR (HRO) to Memphis, TN (MEM)". The results table shows SeaPort Airlines flights for nonstop and 1-stop, with prices starting at \$79. A red circle highlights the SeaPort Airlines flight details, including the flight number 4211, departure time 8:05 pm, and arrival time 9:00 pm.
- Kayak:** Shows a search for "Harrison, AR" to "Memphis, TN". The results table shows SeaPort Airlines flights for nonstop and 1-stop, with prices starting at \$49. A red circle highlights the SeaPort Airlines flight details, including the flight number 4211, departure time 8:05p, and arrival time 9:00p.

SeaPort has an interline ticketing agreement with US Airways and an agreement has been reached with a major airline that has a large presence on the West Coast that is scheduled to become effective on August 20, 2012. Additionally, we are close to securing additional interline agreements that will allow our customers to purchase single ticket itineraries between their local airport and even more destinations around the world. At least one, and possibly two more, interline agreements providing greater connecting opportunities for travelers from Merced and Visalia are anticipated to be in place by the end of 2012.

To facilitate these agreements, SeaPort recently migrated to the Radixx reservation system. This new system provides us with the functionality to implement unilateral and bilateral interline e-ticketing (IET) agreements, including inter airline thru check-in (IATCI) for baggage check to a

customer's final destination and (dependent on agreement terms with each carrier) issuance of connecting boarding passes.

Proposed Aircraft Routing & Connecting Hubs

At both Merced and Visalia, SeaPort Airlines is proposing a linear service pattern that provides service over the following routing:

Oakland International Airport (serving the San Francisco Bay Area) ⇨ Merced ⇨ Visalia
 ⇨ Burbank (serving the LA Basin) ⇨ San Diego

This routing will provide travelers in Merced and Visalia with a combination of nonstop and direct service to three of the four largest metropolitan areas in California (Sacramento being the only remaining one). Equally important, the proposed service pattern results in more frequent flights than presently offered at either Merced or Visalia.

SeaPort Airlines, Inc. Proposed Service Pattern & Illustrative Schedule Merced & Visalia, California



Proposed Schedule: Merced, California

Depart	Arrive	Frequency	Stops	Depart	Arrive	Frequency	Stops
To Burbank/Los Angeles				From Burbank/Los Angeles			
8:40 AM	10:45 AM	ExSatSun	1	10:10 AM	12:15 PM	ExSatSun	1
2:45 PM	4:55 PM	ExSat	1	2:15 PM	4:20 PM	ExSat	1
				8:00 PM	10:05 PM	ExSat	1
To Oakland/San Francisco				From Oakland/San Francisco			
6:30 AM	7:15 AM	ExSun	0	7:45 AM	8:30 AM	ExSun	0
12:25 PM	1:10 PM	ExSat	0	1:50 PM	2:35 PM	ExSat	0
4:30 PM	5:15 PM	ExSat	0	5:45 PM	6:30 PM	ExSat	0
To San Diego				From San Diego			
8:40 AM	12:15 PM	ExSatSun	2	8:55 AM	12:15 PM	ExSatSun	2
2:45 PM	6:10 PM	ExSat	2	12:45 PM	4:20 PM	ExSat	2
				6:45 PM	10:05 PM	ExSat	2
To Visalia				From Visalia			
8:40 AM	9:25 AM	ExSun	0	11:30 AM	12:15 PM	ExSat	0
2:45 PM	3:30 PM	ExSat	0	3:35 PM	4:20 PM	ExSat	0
6:45 PM	7:30 PM	ExSat	0	9:20 PM	10:05 PM	ExSat	0

Proposed Schedule: Visalia, California

Depart	Arrive	Frequency	Stops	Depart	Arrive	Frequency	Stops
To Burbank/Los Angeles				From Burbank/Los Angeles			
6:00 AM	7:10 AM	ExSun	0	10:10 AM	11:20 AM	ExSun	0
9:35 AM	10:45 AM	ExSat	0	2:15 PM	3:25 PM	ExSat	0
3:45 PM	4:55 PM	ExSat	0	8:00 PM	9:10 PM	ExSat	0
To Merced				From Merced			
11:30 AM	12:15 PM	ExSat	0	8:40 AM	9:25 AM	ExSun	0
3:35 PM	4:20 PM	ExSat	0	2:45 PM	3:30 PM	ExSat	0
9:20 PM	10:05 PM	ExSat	0	6:45 PM	7:30 PM	ExSat	0
To Oakland/San Francisco				From Oakland/San Francisco			
11:30 AM	1:10 PM	ExSat	1	7:45 AM	9:25 AM	ExSun	1
3:35 PM	5:15 PM	ExSat	1	1:50 PM	3:30 PM	ExSat	1
				5:45 PM	7:30 PM	ExSat	1
To San Diego				From San Diego			
6:00 AM	8:25 AM	ExSun	1	8:55 AM	11:20 AM	ExSun	1
9:35 AM	12:15 PM	ExSat	1	12:45 PM	3:25 PM	ExSat	1
3:45 PM	6:10 PM	ExSat	1	6:45 PM	9:10 PM	ExSat	1

Frequency Levels

In Order 2012-5-11, the Department states: ***“If 8/9-seat aircraft are proposed, we would expect four or five roundtrips a day (24 or 30 a week).”***⁵ While Order 2012-5-11 is silent on service patterns in conjunction with another community, we note that in Orders requesting EAS proposals in other communities the Department has included language regarding higher frequency levels when communities share capacity. For example, in Order 2011-9-5 the Department stated: ***“We may subsidize additional frequencies if the affected community is served in conjunction with another community.”***⁶

The linear service pattern that SeaPort Airlines proposes results in an average of six daily departures at both Merced Regional Airport and Visalia Municipal Airport. To complement the illustrative schedule shown on the previous page, the table below summarizes the total number of weekly and average daily arrivals from and departures to each connecting hub airport (including nonstop and direct flights), as well as the “bridge” flights between the two communities.⁷

Summary of Proposed Merced Flight Frequencies

Hub Airport	Direction	Weekly Total	Average Daily
Burbank/Los Angeles (1-Stop)	Departures	11	1.6
	Arrivals	17	2.4
Oakland/San Francisco (Nonstop)	Departures	18	2.6
	Arrivals	18	2.6
San Diego (2-Stop)	Departures	11	1.6
	Arrivals	17	2.4
Visalia (Nonstop)	Departures	18	2.6
	Arrivals	18	2.6

Summary of Proposed Visalia Flight Frequencies

Hub Airport	Direction	Weekly Total	Average Daily
Burbank/Los Angeles (Nonstop)	Departures	18	2.6
	Arrivals	18	2.6
Merced (Nonstop)	Departures	18	2.6
	Arrivals	18	2.6
Oakland/San Francisco (1-Stop)	Departures	12	1.7
	Arrivals	18	2.6
San Diego (1-Stop)	Departures	18	2.6
	Arrivals	18	2.6

The greater choice of flight times and destinations provided by this service pattern is projected to result in higher passenger enplanements at both Merced and Visalia which, when combined with a requested subsidy level that is lower than the current rate, is responsive to the Departments concerns about present subsidy levels being above the \$200 per passenger statutory limit.

⁵ Order 2012-5-11, p. 3

⁶ Order 2011-9-5, p. 6

⁷ Nonstop segments are shaded and have **bold** typeface

Finally, note that the proposed service pattern includes “up-line” San Diego service the VIS-BUR segment. **None of the operating costs for the BUR-SAN segment have been included in the calculation of subsidy requirements and SeaPort Airlines will operate BUR-SAN entirely at its own risk.** We have, however, included projected revenues that will be generated by passengers traveling between San Diego and Visalia (and to a lesser degree, between San Diego and Merced), contributing to a lower overall subsidy requirement.⁸

Connecting Hub Airports

As noted, the service pattern that we are proposing at Merced and Visalia provides access to three of the four largest metropolitan areas in California. In addition, each of the “hub airports” provides a range of connection opportunities to domestic and international destinations on a mix of legacy and low-fare airlines.

Oakland International Airport (serving the San Francisco Bay Area)

Oakland International Airport (OAK) provides convenient access to the San Francisco Bay Area, including transportation to both downtown Oakland and San Francisco via the Bay Area Rapid Transit (BART) system. AirBART is a shuttle service that links with the BART rail system at the Coliseum/Oakland Airport station. From there, it is quick ride to major tourist and business centers in the Bay Area including: San Francisco’s Embarcadero (21 min), downtown Berkeley (23 min), Central Oakland (10 min), and Balboa Park (33 min).

Equally as important, Oakland International Airport provides connecting opportunities on nine airlines to destinations throughout the United States and Mexico.⁹ It is important to point out that nearly 82% of capacity at OAK is provided by low-fare carriers, including Spirit and Allegiant, which are commonly referred to as “ultra-low fare” airlines. A map of nonstop service available from Oakland International Airport is provided on the next page.

⁸ The higher level of flight activity at Burbank resulting from our operation of BUR-SAN will generate airport station efficiencies that accrue to the BUR-VIS further lowering our subsidy requirement.

⁹ In addition, ArkeFly provides weekly summer seasonal service between OAK and Amsterdam.

Oakland International Airport Nonstop Service – June 2012



Finally, the most important advantage of Oakland International Airport as a gateway to the Bay Area is the lack of delays relative to those experienced at San Francisco International Airport, a situation that will be amplified over the next couple of years as the airport undergoes major runway construction. In the last year, SFO experienced 12% more delays, averaging 40% longer than OAK.¹⁰

Burbank Bob Hope Airport (serving the Los Angeles Basin)

Burbank Bob Hope Airport (BUR) provides convenient, hassle-free access to the Los Angeles area. The airport is the closest to many of the most popular LA destinations, including Universal Studios, Warner Brothers Studios, Rose Bowl Stadium, Dodger Stadium, Kodak Theater, Getty Center, Santa Monica, Griffith Park, Hollywood Bowl, and The Grove. The airport is 30 minutes to downtown Los Angeles compared to 40 minutes from Los Angeles International Airport.

Bob Hope Airport also offers travelers the convenience of multi-modal transportation. Ten Amtrak trains and 29 Metrolink trains serve the Bob Hope Airport Train Station daily, helping travelers get to Downtown Burbank, Glendale and Union Station in Downtown Los Angeles. In addition to train service, the airport offers free shuttle service to the Downtown Burbank Station, where connections can be made with the Santa Clarita Line, and to the North Hollywood Red Line Station where Red Line provides easy access to Hollywood and Downtown Los Angeles.

As for connections, Bob Hope Airport offers an average of 75 nonstop flights daily on Alaska, Delta, jetBlue, Southwest, United, and US Airways to West Coast cities, mid-continent hubs and New York. Current nonstop connecting destinations are illustrated on the map on the next page.

¹⁰ SOURCE: Bureau of Transportation Statistics.

Burbank Bob Hope Airport Nonstop Service – June 2012



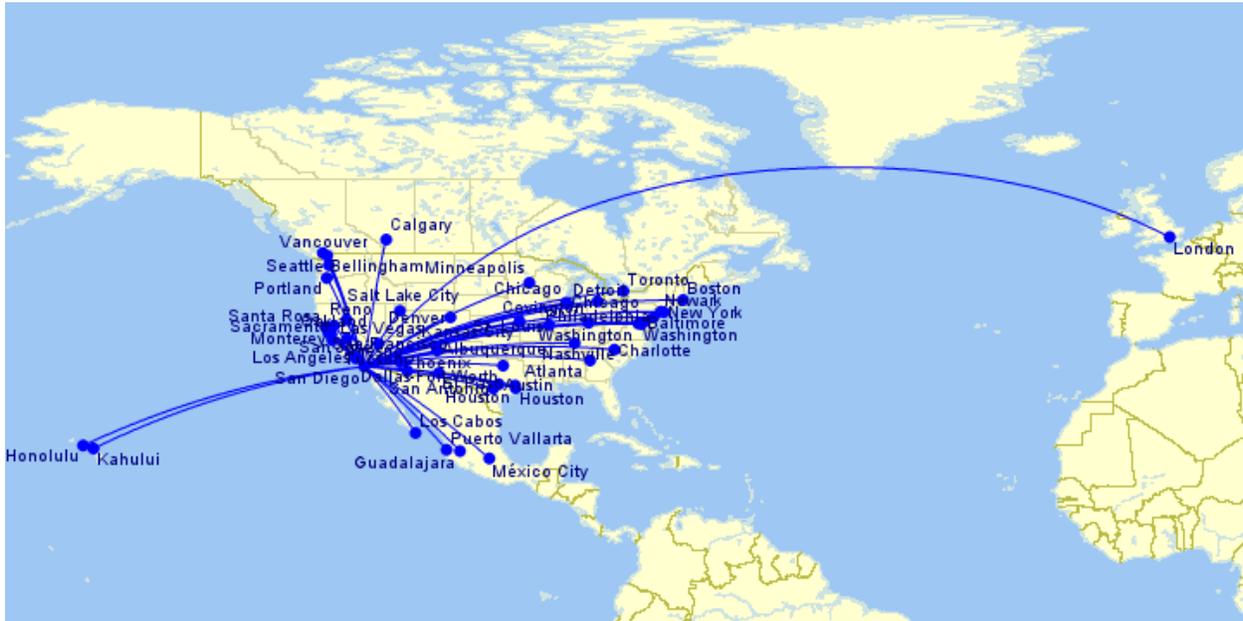
The greatest strength of Burbank Bob Hope Airport is the convenient travel experience, particularly relative to Los Angeles International Airport. All connecting flights at BUR are in one terminal, compared to multiple terminals (and security checkpoints) at LAX. For travelers departing BUR, it is a short walk from the parking shuttle to short security lines and onto the aircraft. For arriving travelers, there is curbside pick-up, convenient access to rental cars, quick parking shuttles, and freeways located only a mile away.

San Diego International Airport

San Diego International Airport (SAN) provides convenient access to the San Diego metropolitan area, including downtown San Diego, San Diego Cruise Ship Terminal, NAS North Island, and MCAS Miramar. The airport consistently ranks high in surveys conducted by Airports Council International (ACI) that capture passenger appraisal of service factors, from check-in through to departure at the gate.

The airport is served by 17 airline brands (including affiliated regional partners) offering nonstop service to over 50 destinations on an average of 250 daily departures. As shown on the map on the next page, this includes domestic service as well as service to Canada, Mexico, and the United Kingdom.

San Diego International Airport Nonstop Service – June 2012



In addition to service shown on the map, Alaska Airlines has announced it will begin nonstop service between San Diego and Orlando on October 11, 2012 and Japan Airlines will begin nonstop service to Tokyo, Japan (Narita Airport) in December 2012 using Boeing 787 aircraft.

Pricing Model

SeaPort Airlines employs a simplified pricing strategy of all fares being one-way with varying levels of advance purchase and capacity controls. This approach allows us to offer attractive fares while minimizing required levels of subsidy and offering a path for continued eligibility to participate in the EAS program.

The projected highest and lowest fare in both Merced and Visalia, along with a projection of the average fare, is provided on the table below:

SeaPort Airlines Illustrative Fares Pricing Range & Average

	MERCED			VISALIA		
	Highest Selling Price Point	Lowest Selling Price Point	Projected Average Fare	Highest Selling Price Point	Lowest Selling Price Point	Projected Average Fare
Burbank/Los Angeles (BUR)	\$140.00	\$90.00	\$119.80	\$120.00	\$70.00	\$78.52
Merced (MCE)				\$65.00	\$35.00	\$48.12
Oakland/San Francisco (OAK)	\$85.00	\$35.00	\$52.65	\$155.00	\$80.00	\$106.36
San Diego (SAN)	\$190.00	\$105.00	\$151.12	\$180.00	\$95.00	\$146.12
Visalia (VIS)	\$65.00	\$35.00	\$48.12			

NOTE: Listed fares include Federal Excise Tax and segments fees, PFCs, or security

SeaPort Airlines believes that our fare structure represents a responsible approach to pricing in EAS communities and is consistent with the overall objectives of the program. While we offer affordable fares that can be combined with fares from the connecting hub for an overall reasonable trip cost, we do not believe that pricing strategies that shift the true cost of air transportation from the consumer to the Department are consistent with the intent of the essential air service program.

Passenger Traffic Projections

SeaPort’s projections of traffic and revenue at Merced and Visalia were developed using a forecasting methodology that factors recent and historical traffic levels, in addition to frequencies, connecting options, aircraft size, nonstop v multi-stop flights, average fares, etc.

SeaPort Airlines Projected Passenger O&D Traffic by City-Pair

To/From	SAN	BUR	VIS	MCE	OAK	TOTAL
SAN		7,825	1,830	982	0	10,637
BUR	7,825		4,261	1,875	0	13,961
VIS	1,830	4,261		28	3,911	10,030
MCE	982	1,875	28		5,142	8,027
OAK	0	0	3,911	5,142		9,053
TOTAL	10,637	13,961	10,030	8,027	9,053	51,709

Note that projections include 7,825 local O&D passengers between San Diego and Burbank. This equates to approximately 10.8 passengers daily each way (PDEW) and is provided to demonstrate that there will be sufficient capacity on this “up line” service to accommodate thru passengers traveling to and from Visalia and Merced.

Marketing & Community Relations

In this proposal, SeaPort Airlines has allocated \$50,000 per year for marketing and sales activity for both Merced and Visalia (combined total of \$100,000). If selected to provide EAS, we will employ a comprehensive mix of marketing and public relations strategies to introduce our brand to the community and increase enplanements at Merced and Visalia.

In addition to traditional advertising in each community, including a mix of print and radio, key strategies that we will employ include:

- **Local Event Marketing:** Recognizing that visible participation in local events has been successful for both legacy and low-cost airlines, SeaPort has implemented a similar strategy in all of its communities. These have ranged from SeaPort Airlines’ community Easter egg hunts, to presenting at business expos, to hosting “after hours” events at local Chamber of Commerce meetings. In addition, SeaPort often makes “in kind” donations of tickets for use by local charities, either for their own business needs or as a fundraising tool (i.e., raffles, silent auctions, etc.).
- **City Ticket Offices:** SeaPort’s plans for Merced and Visalia include establishing city ticket offices in the downtown area of each community. Borrowing from the success of such offices by other airlines, we believe that this will increase visibility of the airport and air service, create an additional opportunity to provide the highly-personalized customer service on which we have

built our reputation, and reinvest in the local communities. We are also considering the use of city ticket offices as the base for a new Spanish-speaking call center.¹¹

- **Social Media:** Since 2010, SeaPort Airlines has managed a successful social media campaign that has allowed the Company to dynamically engage its customer base in a two-way conversation through sites such as Facebook, Twitter, FourSquare & LinkedIn. We have found social media to be an excellent tool for generating passenger referrals and information sharing in our communities, and expect similar results in both Merced and Visalia.
- **FlyerFlex Customer Rewards:** SeaPort offers a customer loyalty program called “*FlyerFlex*.” This program provides customers with a variety of benefits including free flights, service charge waivers, and bonus points. With the implementation of our new reservation system complete (described above), SeaPort plans to unveil enhancements to the *FlyerFlex* program over the next six months that include a wider range of travel award options and ability for customers to check balances and redeem awards online.¹²
- **Value Accounts:** SeaPort offers Corporate Value Accounts that encourage businesses to make a long-term investment in local air service by offering a variety of benefits, such as waivers to change fees and savings of as much as 15% off published fares. Unlike corporate travel programs of major airlines that typically prevent small businesses from realizing meaningful benefits, companies of virtually any size (and any employee of those companies) can realize real savings and benefits from SeaPort’s Value Account program.

Our approach to marketing budgeting is based on the philosophy that reasonable advertising budgets can be effectively leveraged with “new media” such as social networking, blogs, opt-in email, etc. to engage with customers on a more personal level. Similar to our fare structure, we believe this approach represents a fiscally responsible use of subsidy (and therefore taxpayer dollars) in EAS.

¹¹ Because of the investment required, establishment of city ticket offices is contingent on the selection of four-year EAS contract as discussed later in this proposal.

¹² As interline agreements are added, SeaPort will seek to offer opportunities for credit accrual in the frequent flyer programs of our major airline partners.

Community & Customer Feedback

To this point, we have outlined our own view of why SeaPort Airlines is uniquely positioned to provide reliable and reasonably priced air transportation, contribute to economic vitality and quality of life in both Merced and Visalia, and ensure that the communities maintain their eligibility to participate in the EAS community by reducing subsidy levels to below the \$200 per passenger cap. The strongest proof of our ability to deliver this product can be found in the accolades we regularly receive from both our customers and community partners. Below is just a small sample of the comments that we have received:

Our Essential Air Service Community Partners

“South Arkansas Regional Airport and the entire South-central Arkansas region suffered from the loss of air service previously provided by Mesa Airlines in the Spring of 2008. Unreliable service and a poor schedule were already negatively impacting enplanements before Mesa pulled out, but at that point, the nearest option for air service of any kind was almost a two hour drive away. After sorting through applications from many different interested carriers, the El Dorado Airport Commission, along with El Dorado’s Mayor, chose SeaPort to restore air service to South Arkansas. This was the beginning of a great partnership between SeaPort and our local community.

“Working with SeaPort has been nothing but a pleasure from the bottom to the top of their organization, and their commitment to excellence shines through the glowing comments that I hear from people who fly with them. In addition to hearing comments from others, I have flown SeaPort on several occasions, and have come away from the experience thinking ‘This is how all air service should be.’”

- Josh Zylks
Airport Manager
South Arkansas Regional Airport
(Goodwin Field)

“Eastern Oregon Regional Airport at Pendleton had been struggling since schedule changes following 9/11 served by a carrier flying 37 seat aircraft. Low passenger count attributed to poor schedule, which then contributed to poorer passenger count. The carrier’s solution was to bring in larger aircraft and fly to a different hub. The Airport and community balked at this suggestion and went in search of alternatives. The solution found through the EAS process was SeaPort Air flying a 9 passenger Pilatus. The passengers have welcomed the new service, much better schedule, and are elated with ‘no security check’ and stand by time. Passengers today will say, ‘I love the service’, ‘great customer service,’ and ‘I’m sure glad I finally tried it, cause I’ll be back’

“In our particular market, the 9 passenger aircraft is perfect, and SeaPort Air provides the schedule, the professionalism, and customer service we need and desire.”

- Larry Dalrymple
Airport Manager
Pendleton Regional Airport

"I understand the importance of having dependable, reliable air service with an affordable cost. Not only will SeaPort Airlines meet these needs, but excel by providing great customer service, a high level of community involvement, and an eagerness to become a community partner".

- Luci Larson
Former Mayor & Owner of
Action Travel
Salina, KS

Our Customers

"Two hours before the flight I booked my ticket to Memphis from Hot Springs. Wow! What a surprise; it was simple, convenient, great price, and impeccable service. It far exceeded my expectations and I will be flying to Memphis on SeaPort Airlines instead of driving from now on. The customer service was fabulous!"

- Ruth Ann Smith
Customer (flew from Hot Springs to
Memphis)

"Flew with you guys from Wenatchee to Vancouver WA and back. Awesome trip, had a great flight. TONS more fun than a bigger plane, and a lot less hassle. Will be making the same trip again this fall! Thanks a bunch for the awesome service here, we've needed a decent carrier out of Pangborn for a long time."

- Dan Brown
Customer (flew from Wenatchee to
Portland)

"Had a great flight last Friday from Hot Springs AR to Dallas Love field...had Jeremy (The Flying Hawaiian) & Colin...Best Flight ever! Highly recommend this airline....Great & Friendly service! I will definitely fly this airline again!"

- Susan Gower
Customer (flew from Hot Springs to
Dallas)

"I have never had such a positive experience connected with any airline. I read about SeaPort Air last October when they opened the Mid-South Route, but didn't have the chance to fly until March. Usually the dread of the process comes then you just grin and bear it; however, with SeaPort Air I could arrive 15 minutes early. The hassle free no TSA is wonderful and made me feel special. I have flown twice in the last 2 months and the customer service from start to finish is outstanding. I will be a regular customer and have already recommended the airline to several associates. Thank you, SeaPort Air, for making me feel like a queen!"

- Catherine Martin
Customer (few from Memphis to
Harrison)

“My husband and I recently had to make a fast trip to Dallas for the funeral of a dear friend. I was not interested in making that drive over a fast weekend. Then I remembered that SeaPort had recently started flights between Hot Springs and Dallas. I called SeaPort, Jim and Bob were so quick to get us booked, last minute so we could fly down and attend the funeral and visit with family and friends that we don't get to see very often.

Everyone was so friendly, helpful and professional. It was a dream trip, even to attend a funeral. The pilot going down was so kind. When he found out that my husband had been a ball turret gunner in WWII, he gave him a set of headphones so he could listen to the communication between the pilots and the air traffic controllers. To say the least, my husband was impressed. It was such a blessing to have been taken care of in such a kind and professional manner, especially under the circumstances of our trip. Thank you, Jim, Bob, Chris, Doug, Rodney and Michael.”

- Catherine Martin
Customer (flew from Hot Springs to
Dallas)

“For two decades I have been picking my mother up at the airport and for two decades I have been met with the defeated, hang-dog look that the ordeal of air travel has given her. I guess it pretty much does it to all of us, but (as she is well into her 80's) I worry about the toll it takes on her more and more lately.

“When I picked her up today from her SeaPort flight K52325 from Dallas and saw she was smiling, you could have knocked me over with a feather! She couldn't stop raving about how pleasant the flight was. Let me be clear. My mother is a tough-as-nails Mid-western Yankee from the old school who has been around the world a couple of times since the late 1940's. She doesn't bestow idle praise and she seldom raves.

“I'm in the service industry myself and I know how often complaints come through. I just want to be sure to let you know how well everyone did on this flight. In the future, I will look to SeaPort first for my travel needs and will spread the good word to my friends.

“A smile and a kind word go a long way y'all. Thank you for getting this one so right.”

- Mark Davis Peterson
Customer (flew from Dallas to
Memphis)

Service Proposal

SeaPort Airlines is proposing a single and inseparable service proposal at Merced and Visalia with the option of flights using either the Cessna Caravan or Piper Chieftain. The level of requested subsidy, by airplane type, is summarized on the table below.

	Cessna Caravan	Piper Chieftain
Merced	\$1,578,113	\$1,604,249
Visalia	\$1,857,912	\$1,890,839
TOTAL	\$3,436,025	\$3,495,088

This proposal provides each community with an attractive mix of nonstop and direct service to multiple destinations that, when combined with an aggressive marketing strategy, is structured to result in higher traffic levels which will lower subsidy per passenger levels to below the \$200 statutory limit.¹³

Furthermore, the subsidy levels requested are below that currently provided to the incumbent carrier.

Term of Contract Option

The service proposal is structured on the basis of a two year term. Notwithstanding the risk of cost inflation in coming years (particularly related to fuel) that could possibly outstrip traffic growth and reasonable fare increases, **SeaPort is offering the Department and the communities the option to contract the proposed annual subsidy rate for a four year period at no increase in annual subsidy beyond that level specified for the two year term.** We believe this provides the communities of Merced and Visalia with the assurance of stable air service for an extended period and reduces the administrative burden on both the Department and ourselves.

SeaPort Airlines, Inc. appreciates the opportunity to submit this proposal and we welcome any questions or comments from the communities and/or the Department.

Respectfully submitted,

Timothy Sieber
 Vice President – Strategy & Corporate Development
 SeaPort Airlines, Inc.

June 11, 2012

¹³ Note that the higher “Indirect Expenses” for Piper Chieftain reflect that, should the communities select this type, these would be the only such aircraft in our fleet. Calculations of TRAFFIC SERVICING factor in the operating costs of Merced Regional Airport as outlined in the May 17, 2012 letter to the Department from John Bramble, City Manager in Merced. Finally, the communities and Department are reminded that costs associated with operation of “up-line” BUR-SAN segment are not included in calculations of subsidy requirement and that we intend to operate that segment at its own risk. SeaPort Airlines will agree to consult with the Department and communities prior to making any changes to this up-line service.

**SeaPort Airlines, Inc.
Merced, California (Cessna Caravan)**

Operating Projections

Average Sector Length (sm)	96
Scheduled Departures	2,808
Scheduled Block Hours	2,106.0
Projected Completion Factor	98.5%
Projected Completed Departures	2,766
Projected Completed Block Hours	2,074.4

Passenger & Revenue Projections

Projected Passengers	
MCE-BUR	1,875
MCE-OAK	5,201
MCE-SAN	982
MCE-VIS	14
<u>Total</u>	<u>8,072</u>
Projected Average Fare	
MCE-BUR	\$119.80
MCE-OAK	\$52.65
MCE-SAN	\$151.12
MCE-VIS	\$48.12
<u>Average</u>	<u>\$80.22</u>
Local Revenue Passenger Miles (RPMs)	770,959
Available Seat Miles (ASMs)	2,381,423
Load Factor	
Projected Market Load Factor (Local Traffic Only)	32.4%
Average Segment Load Factor (Includes Thru Traffic)	48.0%
Onboard Segment Load Factor: MCE-OAK	54.7%
Onboard Segment Load Factor: MCE-VIS	40.8%

Financial Projections

Revenues	
Passenger Ticket Revenues	\$647,531
Ancillary Revenues	\$15,217
<u>Total</u>	<u>\$662,748</u>
Expenses	
Flight Operations	\$176,325
Aircraft Ownership/Lease	\$360,319
Fuel & Oil	\$582,494
Sales & Marketing	\$50,000
Traffic Servicing	\$346,938
Insurance	\$33,191
Maintenance	\$373,394
<u>Sub-Total - Direct</u>	<u>\$1,922,661</u>
Indirect	\$211,493
<u>Total Expenses</u>	<u>\$2,134,153</u>
Projected Operating Profit/(Loss)	<u><u>(\$1,471,405)</u></u>

Subsidy Calculations

Operating Loss	\$1,471,405
Economic Return @ 5%	\$106,708
<u>Required Subsidy</u>	<u>\$1,578,113</u>
Subsidy per Departure	\$570.56
Subsidy per Passenger - MCE O&D Only	\$195.50

SeaPort Airlines, Inc.
Visalia, California (Cessna Caravan)

Operating Projections

Average Sector Length (sm)	135
Scheduled Departures	2,808
Scheduled Block Hours	2,730.0
Projected Completion Factor	98.5%
Projected Completed Departures	2,766
Projected Completed Block Hours	2,689.1

Passenger Projections

Projected Passengers	
VIS-BUR	3,995
VIS-SAN	1,620
VIS-OAK	3,901
VIS-MCE	14
Total	<u>9,530</u>
Projected Average Fare	
VIS-BUR	\$78.52
VIS-SAN	\$146.12
VIS-OAK	\$106.36
VIS-MCE	\$48.12
Average	<u>\$101.36</u>
Revenue Passenger Miles (RPMs)	974,150
Available Seat Miles (ASMs)	3,360,544
Load Factor	
Projected Market Load Factor (Local Traffic Only)	29.0%
Average Segment Load Factor (Includes Thru Traffic)	49.2%
Onboard Segment Load Factor: VIS-BUR	54.1%
Onboard Segment Load Factor: VIS-MCE	40.8%

Financial Projections

Revenues	
Passenger Ticket Revenues	\$965,986
Ancillary Revenues	\$22,701
Total	<u>\$988,687</u>
Expenses	
Flight Operations	\$228,569
Aircraft Ownership/Lease	\$467,081
Fuel & Oil	\$755,085
Sales & Marketing	\$50,000
Traffic Servicing	\$388,337
Insurance	\$43,025
Maintenance	\$532,491
Sub-Total - Direct	<u>\$2,464,588</u>
Indirect	\$246,459
Total Expenses	<u>\$2,711,046</u>
Projected Operating Profit/(Loss)	<u><u>(\$1,722,360)</u></u>

Subsidy Calculations

Operating Loss	\$1,722,360
Economic Return @ 5%	<u>\$135,552</u>
Required Subsidy	<u>\$1,857,912</u>
Subsidy per Departure	\$671.73
Subsidy per Passenger - VIS O&D Only	\$194.95

**SeaPort Airlines, Inc.
Merced, California (Piper Chieftain)**

Operating Projections

Average Sector Length (sm)	96
Scheduled Departures	2,808
Scheduled Block Hours	2,074.8
Projected Completion Factor	98.5%
Projected Completed Departures	2,766
Projected Completed Block Hours	2,043.7

Passenger & Revenue Projections

Projected Passengers	
MCE-BUR	1,875
MCE-OAK	5,201
MCE-SAN	982
MCE-VIS	14
<u>Total</u>	<u>8,072</u>
Projected Average Fare	
MCE-BUR	\$119.80
MCE-OAK	\$52.65
MCE-SAN	\$151.12
MCE-VIS	\$48.12
<u>Average</u>	<u>\$80.22</u>
Local Revenue Passenger Miles (RPMs)	770,959
Available Seat Miles (ASMs)	2,381,423
Load Factor	
Projected Market Load Factor (Local Traffic Only)	32.4%
Average Segment Load Factor (Includes Thru Traffic)	48.0%
Onboard Segment Load Factor: MCE-OAK	54.7%
Onboard Segment Load Factor: MCE-VIS	40.8%

Financial Projections

Revenues	
Passenger Ticket Revenues	\$647,531
Ancillary Revenues	\$15,217
<u>Total</u>	<u>\$662,748</u>
Expenses	
Flight Operations	\$122,621
Aircraft Ownership/Lease	\$93,083
Fuel & Oil	\$621,278
Sales & Marketing	\$50,000
Traffic Servicing	\$346,938
Insurance	\$79,703
Maintenance	\$500,701
<u>Sub-Total - Direct</u>	<u>\$1,814,323</u>
Indirect	\$344,721
<u>Total Expenses</u>	<u>\$2,159,045</u>
Projected Operating Profit/(Loss)	<u><u>(\$1,496,297)</u></u>

Subsidy Calculations

Operating Loss	\$1,496,297
Economic Return @ 5%	\$107,952
<u>Required Subsidy</u>	<u>\$1,604,249</u>
Subsidy per Departure	\$580.01
Subsidy per Passenger - MCE O&D Only	\$198.74

**SeaPort Airlines, Inc.
Visalia, California (Piper Chieftain)**

Operating Projections

Average Sector Length (sm)	135
Scheduled Departures	2,808
Scheduled Block Hours	2,667.6
Projected Completion Factor	98.5%
Projected Completed Departures	2,766
Projected Completed Block Hours	2,627.6

Passenger Projections

Projected Passengers	
VIS-BUR	3,995
VIS-SAN	1,620
VIS-OAK	3,901
VIS-MCE	14
Total	<u>9,530</u>
Projected Average Fare	
VIS-BUR	\$78.52
VIS-SAN	\$146.12
VIS-OAK	\$106.36
VIS-MCE	\$48.12
Average	<u>\$101.36</u>
Revenue Passenger Miles (RPMs)	974,150
Available Seat Miles (ASMs)	3,360,544
Load Factor	
Projected Market Load Factor (Local Traffic Only)	29.0%
Average Segment Load Factor (Includes Thru Traffic)	49.2%
Onboard Segment Load Factor: VIS-BUR	54.1%
Onboard Segment Load Factor: VIS-MCE	40.8%

Financial Projections

Revenues	
Passenger Ticket Revenues	\$965,986
Ancillary Revenues	\$22,701
Total	<u>\$988,687</u>
Expenses	
Flight Operations	\$157,655
Aircraft Ownership/Lease	\$119,678
Fuel & Oil	\$798,786
Sales & Marketing	\$50,000
Traffic Servicing	\$388,337
Insurance	\$102,476
Maintenance	\$687,611
Sub-Total - Direct	<u>\$2,304,542</u>
Indirect	\$437,863
Total Expenses	<u>\$2,742,405</u>
Projected Operating Profit/(Loss)	<u><u>(\$1,753,719)</u></u>

Subsidy Calculations

Operating Loss	\$1,753,719
Economic Return @ 5%	\$137,120
Required Subsidy	<u>\$1,890,839</u>
Subsidy per Departure	\$683.63
Subsidy per Passenger - VIS O&D Only	\$198.41

To: Regional Airport Authority
From: Ronald K. Elliott, Airport Manager
Date: July 17, 2012
Re: Airport Guidance Document Review

Background

Airport staff is requesting the Airport Authority form a sub-committee to review existing guidance documents and consider adopting a new one. Airport Guidance Documents consist of any or all of the following:

1. General Provisions
2. Rates and Fees/Rent Policy
3. Minimum Standards
4. Rules and Regulations
5. Development Guidelines

Currently, Merced Regional Airport has a Rates and Fees Policy/Resolution, Minimum Standards and Rules and Regulations. Rates and Fees are generally reviewed every year and an overall Rates and Fees Study accomplished every five years. However, neither the Minimum Standards nor the Rules and Regulations have not been reviewed or updated since 2004.

Primary Guiding Documents set the stage for the way an airport does business and plays an important role in the operation and management of an airport. While they are interrelated, they function independently of each other. Reviewing and updating all these documents, and possibly writing and adopting a General Provisions and/or Development Guide, is critical to a healthy airport and laying the foundation for being fair and equitable to all airport tenants.

SUMMARY/RECOMMENDATION:

Airport staff recommends that the Regional Airport Authority appoint a sub-committee of at least two Airport Authority Commissioners and a member at-large to join the Airport Manager on the committee.

Attachments: Rates and Fees Resolution
Airport Minimum Standards
Airport Rules and Regulations

RESOLUTION NO. 2012-26

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
ADOPTING VARIOUS FEES, RATES AND
CHARGES APPLICABLE TO THE MERCED
REGIONAL AIRPORT**

THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY
FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. That the City Council of the City of Merced does hereby find, determine and declare, as follows:

A. That the City Council has adopted Section 2.32.020 of the Merced Municipal Code for the purpose of authorizing the use of the Merced Regional Airport such that the airport users should pay for the costs of the services provided therein; and,

B. That the Section requires applicants using the Merced Regional Airport to obtain various permits, authorizations, or other approvals from the City; and,

C. That the City Council, for the purpose of reimbursement of costs associated with processing of the same and for the costs related to providing services at the Merced Regional Airport recognizes the need for fees, rates, and charges at sufficient levels to support airport services; and,

D. That the City Council conducted a duly noticed public hearing regarding the proposed fees, rates, and charges established by this Resolution, at which oral and written presentations were invited, as part of a regularly scheduled meeting. The City Council has duly considered all oral and written testimony prior to the adoption of the fees set forth in Section 2 herein; and,

E. That the amounts of the fees, rates, and charges established herein do not exceed the sums reasonably necessary to cover the costs of providing the services related thereto, unless otherwise authorized by law; and,

F. That the City Council has determined that the public interest, convenience, and necessity require the adoption of the fees, rates, and charges

established herein in order to allow for the continued operation of the Merced Regional Airport.

SECTION 2. Pursuant to Section 2.32.020 of the Merced Municipal Code, the City Council hereby sets the following rates and charges for the use of the Merced Regional Airport as follows:

	Rate 7/1/2012	Rate 7/1/2013	Rate 7/1/2014	Rate 7/1/2015
Aircraft Tie Downs				
Single Engine, monthly	\$33.00	\$34.00	\$35.00	\$36.00
Multi-Engine, monthly (7,500-12,500 lbs)	\$63.00	\$65.00	\$66.00	\$68.00
Large Multi-Engine, Monthly (12,500 lbs +)	\$75.00	\$78.00	\$80.00	\$82.00
Transient (single engine, daily)	\$8.00	\$9.00	\$9.00	\$9.00
Transient (multi-engine, daily)	\$14.00	\$14.00	\$15.00	\$15.00
Transient (multi-engine over 12,500 lbs, daily)	\$27.00	\$27.00	\$28.00	\$29.00
Hangar Rentals (monthly)				
Bldg 3, 3 spaces	\$178.00	\$183.00	\$189.00	\$195.00
Bldg 4, 6 spaces	\$147.00	\$152.00	\$156.00	\$161.00
Bldg 5, 4 spaces	\$179.00	\$185.00	\$191.00	\$197.00
Bldg 6, 6 spaces	\$175.00	\$180.00	\$186.00	\$192.00
Bldg 21, 10 spaces	\$347.00	\$358.00	\$368.00	\$379.00
Bldg 22/23/ 20 spaces	\$450.00	\$464.00	\$477.00	\$492.00
Executive	\$185.00	\$191.00	\$197.00	\$203.00
Executive I	\$214.00	\$221.00	\$227.00	\$234.00
Executive II	\$288.00	\$296.00	\$306.00	\$315.00
Portable Hangar Space Rental				
Executive	\$75.00	\$78.00	\$80.00	\$82.00
Executive 1	\$87.00	\$91.00	\$93.00	\$96.00
Executive 3	\$111.00	\$115.00	\$118.00	\$122.00
Landing Fees (Minimum)*				
Transient Commercial Aircraft/Helicopters	\$14.00	\$14.00	\$15.00	\$15.00
Based Commercial Aircraft/Helicopters	\$8.00	\$9.00	\$9.00	\$9.00
Commercial Operator Permits				
Commercial Operator, monthly	\$93.00	\$96.00	\$99.00	\$102.00
Commercial Operator, daily	\$33.00	\$34.00	\$35.00	\$36.00

*Landing fees: For transient aircraft, \$0.60 per 1,000 lbs of certified gross landing weight, but not less than minimum shown.
For based aircraft, \$0.50 per 1,000 lbs of certified gross landing weight, but not less than minimum shown.

The rates and charges effective as of July 1, 2015 continue in effect unless and until a subsequent Resolution adopts a new or different rate or charge.

SECTION 3. The City Clerk shall certify the adoption of this Resolution.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the 7th day of May 2012, by the following vote:

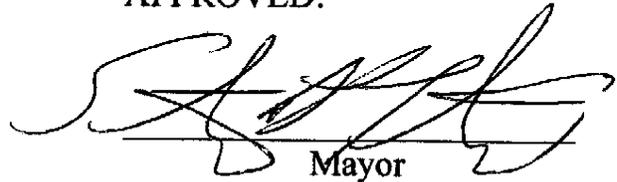
AYES: Council Members: BLAKE, DOSSETTI, MURPHY, RAWLING, PEDROZO

NOES: Council Members: NONE

ABSENT: Council Members: LOR

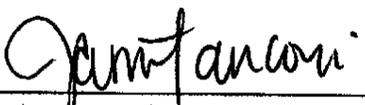
ABSTAIN: Council Members: THURSTON

APPROVED:



Mayor

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY: 
Assistant/Deputy City Clerk

(SEAL)



APPROVED AS TO FORM:


City Attorney Date 3/30/2012

RESOLUTION NO. 2004- 52

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
APPROVING THE MERCED MUNICIPAL/
MACREADY FIELD AIRPORT "MINIMUM
STANDARD REQUIREMENTS FOR
COMMERCIAL AERONAUTICAL SERVICES"**

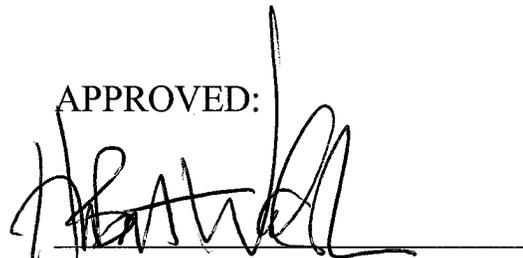
THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY
RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The Merced Municipal/Macready Field Airport
Minimum Standard Requirements for Commercial Aeronautical Services attached
hereto as Exhibit "A" and incorporated herein by reference are approved.

SECTION 2. Upon the effective date of this Resolution, Resolution
No. 88-62 is hereby rescinded and repealed.

PASSED AND ADOPTED by the City Council of the City of Merced at a
regular meeting held on the 5th day of April 2004, by the following vote:

AYES:	Council Members:	SANDERS, WOOTEN, CORTEZ, SPRIGGS, GABRIALT-ACOSTA, OSORIO, WALSH
NOES:	Council Members:	NONE
ABSENT:	Council Members:	NONE
ABSTAIN:	Council Members:	NONE

APPROVED:


Mayor

ATTEST:
JAMES G. MARSHALL, CITY CLERK

BY: *David J. Davidson*
Deputy City Clerk

(SEAL)



APPROVED AS TO FORM:

Gregory A. Piz
City Attorney

CITY OF MERCED
"Gateway to Yosemite"

Exhibit A

MERCED MUNICIPAL/MACREADY FIELD AIRPORT

MINIMUM STANDARD REQUIREMENTS

FOR

COMMERCIAL AERONAUTICAL SERVICES

August 25, 2003

City of Merced
20 Macready Drive
Merced, California 95340

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APPENDICES

- 1 Minimum Insurance Requirements
- 2 Business Plan Requirements
- 3 Commercial Operator Permit

Section 1 - Preamble and Policy

Preamble

The Federal Aviation Administration (FAA) recommends the airport owner (sponsor) to establish Rules and Regulations for the operation and use of its airport and Minimum Standards to establish the threshold entry criteria for those wishing to engage in providing aeronautical services to the public on the airport.

Two of the assurances given by the airport sponsor in exchange for Federal funding used to assist in developing runways, taxiways, etc. at the airport address the obligation of establishing Minimum Standards. These assurances are:

1. Grant Assurance 22h - Imposes the obligation on the Airport operator to establish and enforce fair, equal and not unjustly discriminatory airport Rules and Regulations for the safe and efficient operation of the airport.
2. Grant Assurance 22a - Imposes the obligation on the Airport operator to make the airport available for public use on fair and reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical use. It is therefore implicit upon the Airport operator to establish Minimum Standards to be met by individuals or companies wishing to come onto the airport to provide aeronautical services to the public.

Policy

The Merced Municipal Airport Authority pursuant to its authority under Merced Municipal Code Section 2.36.020 does hereby establish the following policy for Minimum Standards:

1. The Minimum Standards are intended to be the threshold entry requirements for those wishing to provide aeronautical services to the public and to insure that those who have undertaken to provide commodities and services as approved are not exposed to unfair or irresponsible competition.
2. These Minimum Standards were developed taking into consideration the aviation role of the Airport, facilities that currently exist at the Airport, services

being offered at the Airport, the future development planned for the Airport and to promote fair competition at the Airport.

3. The uniform application of these Minimum Standards, containing the minimum levels of service that must be offered by the prospective service provider, relate primarily to the public interest and discourage substandard entrepreneurs, thereby protecting both the established aeronautical activity and the Airport's patrons.

Section 2 - Definitions

Airport - means the Merced Municipal/Macready Field Airport, and all of the property, buildings, facilities and improvements within the interior boundaries of such airport as it now exists on the Airport Layout Plan (ALP) as it may hereinafter be extended, enlarged or modified.

Airport Superintendent - shall mean the person employed by the City of Merced to manage the Airport, acting at the direction of the City Manager.

ALP - shall mean Airport Layout Plan (available at Airport Superintendent's Office.)

Commercial Aeronautical Activity - means any activity conducted at the Airport which involves, makes possible or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations. These activities include, but are not limited to, air taxi and charter operations, pilot training, aircraft renting, sightseeing, aerial photography, crop dusting, aerial advertising, aerial surveying, air carrier operations, skydiving, ultralight operations, aircraft sales and services, sale of aviation petroleum products, repair and maintenance of aircraft, or sale of aircraft parts and aircraft storage.

Commercial Aeronautical Service - means any service which involves, makes possible or is required for the operation of aircraft, or which contributes to or is required for the safety of aircraft operations commonly conducted on the Airport by a person who has a commercial permit/lease from the airport owner to provide such service.

Commercial Operator - shall mean every business conducted on the Airport whose operations, in the judgment of the Airport Superintendent, reasonably requires that the runways, taxiways, and ramps exist and remain in good condition and operational.

FAA - means the Federal Aviation Administration.

FAR - means Federal Aviation Regulation.

FBO - means any aviation business or Fixed Base Operator duly licensed and authorized by written agreement with the City of Merced to provide aeronautical activities at the airport under strict compliance with such agreement and pursuant to these regulations and standards.

Flying Club - means a non-commercial organization established to promote flying, develop skills in aeronautics, including pilotage, navigation, and awareness and appreciation of aviation. See the Airport Rules and Regulations for requirements.

Fueling Operations - means the dispensing of aviation fuel into aircraft.

Fuel Vendor - means an entity engaged in selling or dispensing aviation fuel to aircraft other than that owned or leased by the entity.

Fueling Operations Permit - means a permit issued by the Airport Superintendent to a person or entity that dispenses aviation fuel as a commercial activity at Merced Municipal/Macready Field Airport. (See Airport Rules and Regulations for requirements and procedure.)

Landside - means all buildings and surfaces on the airport used by surface vehicular and pedestrian traffic.

Large Aircraft - is an aircraft of more than 12,500 pounds maximum certified takeoff weight or turboprop and turbojet aircraft.

Minimum Standards - means the standards which are established by the airport owner as the minimum requirements to be met as a condition for the right to conduct an aeronautical activity on the airport.

Mobile Operator – means an aviation business, duly licensed and authorized by written agreement or Commercial Operator Permit with City of Merced, to provide aeronautical services at the Airport without a fixed location.

NFPA - means the National Fire Protection Association.

NOTAM - means a Notice to Airmen published by the FAA.

Owner - means the City of Merced Airport Authority.

Person - means an individual, corporation, government or governmental subdivision, partnership, association, or any other legal entity.

Ramp Privilege - means the driving of a vehicle upon an aircraft parking ramp on the airside of the airport to deliver persons, cargo or equipment to an aircraft as a matter of convenience or necessity. See Airport Rules and Regulations at 2.32.022.

Self-fueling operator - means a Person who dispenses aviation fuel to aircraft owned by such person, or leased from others and operated by such person. See Airport Rules and Regulations for requirements and procedure.

Small Aircraft - is an aircraft of 12,500 pounds or less maximum certified take-off weight.

UNICOM - means a non-governmental communication facility which provides airport advisory information.

Section 3 - Minimum Standards for All FBO's

The following shall apply to all prospective aeronautical service providers wishing to become FBO's Merced Municipal Airport:

1. Leases to Airport FBO's shall be for a term to be mutually agreed upon between the parties with due consideration for the financial investment and the need to amortize improvements to the leasehold.
2. A person shall have a satisfactory business background and shall have demonstrated his business capability to the satisfaction of, and in such manner as to meet with the approval of the City of Merced.

3. Any FBO seeking to conduct a commercial aeronautical activity at the airport must demonstrate that they have adequate resources to realize the business objectives agreed to by the City of Merced and the applicant.

4. A FBO shall lease from the City of Merced suitable ground space on which there is an existing building or upon which it erects a building at the FBO's expense that is sufficient to provide commercial services permitted by the City of Merced. Any building constructed must be approved by the City of Merced prior to construction.

5. The FBO shall have his premises open and services available and shall make provision for someone to be in attendance in the office at all times during the required operating hours consistent with appropriate business practice agreed upon between the City of Merced and FBO specified in the Commercial Operator Permit. (See Appendix 3.)

6. All FBO's shall demonstrate to the City of Merced satisfactory evidence of insurance coverage as required by the City of Merced for each particular type of operation. Such policies of insurance shall be maintained in full force and effect during all terms of existing leases, agreements or business licenses or renewals or extensions thereof with a 30-calendar day notice of cancellation to the City of Merced. Such policies shall not be for less than the amounts listed at **APPENDIX 1**; of the **Commercial Aeronautical Service Permit Application**. In all cases, amounts of policies must meet the statutory requirements of applicable governmental agencies or as determined necessary by the City of Merced.

Section 4 - Application and Qualifications

Demonstration of intent to conduct a business operation at the Airport shall be by application to the Airport Authority. The written application shall contain:

1. The proposed nature of the business. A business plan may be used to express the proposed nature of the business. (See business plan outline at **APPENDIX 2** .of the permit application)

2. The signatures of all parties whose names are being submitted as owning an interest in the business or who will appear on leases or other documents as being a partner, director or corporate officer and those who will be managing the business.

3. A current financial statement prepared or certified by a Certified Public Accountant.
4. A listing of assets owned, or being purchased, or leased which will be used in the business with/on the Airport.
5. A current credit report for each person owning or having a financial interest in the business and a credit report on the business itself covering all geographical areas in which it has done business in the ten-year period immediately prior to such application.
6. An agreement to provide a bond or suitable guarantee of adequate funds to the Airport Authority to be used to defray any expenses and fees normally paid by the Lessee between the time of any default and the execution of a new lease or assignment to another Lessee is approved by the City of Merced. A bond or surety will be required by any applicant to ensure that any proposed tenant improvements are built on time and as planned.
7. A written authorization for the City of Merced to obtain information from the FAA, any aviation or aeronautics commission(s), administrator(s), and/or department(s) of any state in which the applicant has engaged in aviation business and to release such information in their files relating to the applicant or its operation. The applicant will execute such forms, or releases, as may be required to obtain such information.
8. Preliminary plans, specifications and dates for any improvements which the applicant intends to make on the Airport as part of the activity for which approval is sought. Applicant must comply with appropriate City of Merced review procedures and requirements.
9. Proof of liability coverage for the business operation, flight operations, itinerant aircraft and operators and premises insurance.
10. Such other information as the Airport Authority may require to fully evaluate the application.

Section 5 - Action on Application

All complete applications will be reviewed and acted upon by the Airport Authority in a timely manner as reasonably possible. (Normally with within 90 days from the receipt of the application.

Applications may be denied for any legal reason including but not limited to:

1. The applicant does not meet qualifications, standards and requirements established by these Minimum Standards.
2. The applicant's proposed operations or construction will create a safety hazard on the Airport.
3. The granting of the application will require the expenditure of local funds, labor or materials on the facilities described in or related to the application, or the operation will result in a financial loss.
4. There is no appropriate or adequate available space or building on the Airport to accommodate the entire activity of the applicant.
5. The proposed operation, Airport development or construction does not comply with the approved ALP.
6. The development or use of the area requested will result in a congestion of aircraft or buildings, or will unduly interfere with the operations of any present fixed base operator on the Airport, such as problems in connection with aircraft traffic or service, or preventing free access and egress to the existing fixed base operator area, or will result in depriving, an existing fixed base operator of portions of its leased area in which it is operating.
7. Any Applicant or person applying, or interested in the business has supplied false information, or has misrepresented any material fact in the application or in supporting documents, or has failed to make full disclosure on the application.
8. Any Applicant or person having an interest in the business, has a record of violating federal, state, City or local agency laws, rules and regulations, or any other rules and regulations applicable to this or any other airport.

9. Any Applicant or person having an interest in the business, has defaulted in the performance of any lease or other agreement with the Airport Authority or any lease or other agreement at any other airport.

10. Any Applicant or person having an interest in the business, is not sufficiently credit worthy and responsible in the judgment of the Airport Authority and/or City of Merced to provide and maintain the business to which the application relates and to promptly pay amounts due under the commercial aeronautical service permit or FBO lease.

11. The applicant does not have the finances necessary to conduct the proposed operation for a minimum period of six months.

12. The applicant has committed any crime, or violated any local ordinance rule or regulation, which adversely reflects on its ability to conduct the commercial aeronautical service applied for.

Section 6 - Aircraft Sales

Statement of Concept

1. **New Aircraft Sales:** An aircraft sales FBO engages in the sale of new aircraft through franchises or licensed dealerships (if required by local, county or state authority) or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer; and provides such repair, services, and parts as necessary to meet any guarantee or warranty on aircraft sold.

2. **Used Aircraft Sales:** Many companies engage in the purchasing and selling of used aircraft. This is accomplished through various methods including matching potential purchasers with an aircraft (brokering), assisting a customer in the purchase or sale of an aircraft, or purchasing used aircraft and marketing them to potential purchasers. In many cases these FBO's also provides such repair, services, and parts as necessary to support the operation of aircraft sold.

Minimum Standards

1. The FBO shall provide necessary and satisfactory arrangements for repair and servicing of aircraft for the duration of any sales guarantee or warranty period. The FBO shall provide an adequate inventory of spare parts for the type of new aircraft for which sales privileges are granted. The FBO who is engaged in the business of selling new aircraft shall have available a representative example of the product.

2. The FBO shall have in his employ, and on duty during the appropriate business hours, trained personnel in such numbers as are required to meet the Minimum Standards set forth. The FBO shall maintain, during all business hours, a responsible person in charge to supervise the operations in the leased area with the authorization to represent and act for and on behalf of the FBO. The FBO shall provide check ride pilots for aircraft sold.

Section 7 - Aircraft Maintenance and Repair

Statement of Concept

An aircraft airframe, engine and accessory maintenance and repair FBO provides one or a combination of airframe, engine and accessory overhauls and repair services on aircraft, may including business jet aircraft and helicopters. This category shall also include the sale of aircraft parts and accessories.

Minimum Standards

1. The FBO shall provide sufficient equipment, supplies, manuals and availability of parts equivalent to that required for certification by the FAA.

2. The FBO shall employ, and have on duty during business hours, trained personnel in such numbers as are required to meet the Minimum Standards set forth in this category of services in an efficient manner, but never less than one person currently certificated by the FAA with ratings appropriate to the work being performed and who holds an airframe, power plant or an aircraft inspector rating.

Section 8 - Aircraft Lease and Rental

Statement of Concept

An aircraft lease or rental FBO engages in the rental or lease of aircraft to the public.

Minimum Standards

1. The FBO shall have available for rental, either owned or under written lease to FBO, certified and currently airworthy aircraft.
2. The FBO shall have in his employ and on duty during business hours, a minimum of one person having a current FAA commercial pilot certificate with appropriate ratings, including instructor rating.

Section 9 - Flight Training

Statement of Concept

A flight training FBO engages in instructing pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

Minimum Standards

1. The FBO shall have available for use in flight training, either owned or leased aircraft properly certificated aircraft for the level of instruction.
2. The FBO shall have at least one flight instructor who has been properly certificated by the FAA to provide the type of training offered.

Section 10 - Aircraft Fuels and Oil Service

Statement of Concept

An aircraft fuels and ramp service FBO provides aviation fuels, lubricants and other services supporting itinerant aircraft operations and operations of aircraft based on the airport.

Minimum Standards

Except as otherwise provided in any agreement between the FBO and the City of Merced, an FBO conducting aviation fuel and oil sales or service to the public on the Airport shall be required to meet the following personnel, fueling, services, and equipment requirements:

1. Appropriate grades of aviation fuel:
 - a. Jet
 - b. 100 LL
2. An adequate inventory of generally accepted grades of aviation engine oil and lubricants.
3. Fuel dispensing equipment, meeting all applicable Federal, State, and the City of Merced requirements for each type of fuel dispensed.
4. Proper equipment for aircraft towing, inflating aircraft tires, washing aircraft windscreens, and recharging aircraft batteries.
5. The safe storage and handling of fuel in conformance with all Federal, State, County, and City of Merced requirements and local fire codes pertaining to safe storage and handling of fuel, and comply with all Airport Rules and Regulations for such activities.
6. All aircraft fueling supervisors and refuelers will comply with the airport's fueling and fuel safety requirements established under FAA Part 139.

7. The lawful and sanitary handling and timely disposal, away from the Airport, of all solid waste, regulated waste, and other materials including, but not limited to, used oil, solvents, and other regulated waste.

8. The piling and storage of crates, boxes, barrels, and other containers will not be permitted within the leased premises.

9. Adequate bonding wires will be installed, continuously inspected and maintained on all fueling equipment, to reduce the hazards of static electricity.

10. An adequate supply of properly located fire extinguishers and other precautions and/or equipment required by applicable fire codes.

11. Unless provided by the City of Merced, the FBO shall have fixed fuel storage system that shall contain safety fixtures and filtration systems to ensure airline-type quality. The storage system must include adequate fuel spill prevention features and containment capabilities, together with an approved fuel Spill Prevention Countermeasures and Control Plan (SPCC), as applicable.

12. Shall comply with the Airport's fuel tank monitoring and emergency response plans.

Section 11 - Avionics, Instruments or Propeller Repair Station

Statement of Concept

An avionics, instrument, or propeller repair station FBO engages in the business of and provides a shop for the repair of aircraft avionics, propellers, instruments, and accessories for general aviation aircraft. This category may include the sale of new or used aircraft avionics, propellers, instruments, and accessories. The FBO shall hold the appropriate repair station certificates issued by FAA for the types of equipment planned to be serviced and/or installed.

Minimum Standards

The FBO shall have in his employ and on duty during the appropriate business hours trained personnel in such numbers as are required to meet the Minimum Standards set forth in this category in an efficient manner but never less than one person who is an FAA rated radio, instrument or propeller repairman.

Section 12 - Aircraft Charter and Air Taxi

Statement of Concept

An unscheduled, or scheduled air charter or air taxi FBO engages in the business of providing air transportation (persons or property) to the general public for hire, on an unscheduled or scheduled basis.

Minimum Standards

1. The FBO shall provide, either owned or under leased aircraft, the type, class, size and number of aircraft intended to be used by the FBO. Such aircraft must be within the requirements of the air taxi commercial FBO certificate held by the FBO.
2. The FBO shall have in his employ and have on duty during business hours trained personnel in such numbers as are required to meet the Minimum Standards set forth in this category in an efficient manner but never less than one person who is an FAA certified commercial pilot and otherwise appropriately rated to permit the flight activity offered by FBO.

Section 13 - Aircraft Storage

Statement of Concept

An aircraft storage FBO engages in the rental of conventional hangars or T-hangars.

Minimum Standards

1. The FBO shall have his facilities available for the tenant's aircraft removal and storage on a continuous basis.
2. The FBO shall demonstrate that it can provide sufficient personnel trained to meet all requirements for the storage of aircraft to include maintenance of such storage facilities.

Section 14 - Specialized Commercial Flying Services.

Statement of Concept

1. A specialized commercial flying services FBO engages in air transportation for hire for the purpose of providing the use of aircraft for the following activities:
 - a. Non-stop sightseeing flights that begin and end at the same airport.
 - b. Crop seeding, fertilizer application.
 - c. Banner towing and aerial advertising.
 - d. Aerial photography or survey.
 - e. Power line or pipe line patrol.
 - f. Fire fighting.
 - g. Any other operations specifically excluded from Part 135 of the Federal Aviation Regulations.

Minimum Standards

1. The FBO shall lease from the Owner and the lease shall include a building sufficient to accommodate all activities and operations proposed by the FBO. The minimum areas in each instance shall be subject to the approval of the Owner. In the case of crop seeding, fertilizer application, the FBO shall make suitable arrangements and have such space available in the leased area for safe loading and unloading and storage and containment of chemical materials. All FBO's shall demonstrate that they have the availability of aircraft suitably equipped for the particular type of operation they intend to perform.
2. The Owner shall set the minimum insurance requirements as they pertain to the particular type of operation to be performed. These minimum requirements shall be applicable to all operations of a similar nature. All FBO's will, however, be required to maintain the Aircraft Liability Coverage as set forth for all FBO's.
3. The FBO shall have in his employ, and have on duty during appropriate business hours, trained personnel in such numbers as may be required to meet the Minimum Standards.

4. The FBO must provide, by means of an office or a telephone, a point of contact for the public desiring to utilize FBO's services.

Section 15 - Multiple Services.

Statement of Concept

A multiple services FBO engages in any two or more of the aeronautical services for which Minimum Standards have been herein provided.

Minimum Standards

1. The FBO shall comply with the aircraft requirements, including the equipment thereon for each aeronautical service to be performed except that multiple uses can be made of all aircraft owned or under lease by FBO except aircraft used for crop dusting, aerial application, or other commercial use of chemicals.
2. The FBO shall provide the facilities, equipment and services required to meet the Minimum Standards as herein provided for all aeronautical service the FBO is performing.
3. The FBO shall obtain, as a minimum, that insurance coverage which is equal to individual insurance requirements of all aeronautical services being performed by FBO as determined by the City of Merced.
4. The FBO shall employ, and on have duty during the appropriate business hours, trained personnel in such numbers as are required to meet the Minimum Standards for each aeronautical service the FBO is performing as herein provided in Sections 6 through 14. Multiple responsibilities may be assigned to meet the personnel requirements for each aeronautical service being performed by the FBO, subject to the approval of the Airport Superintendent.

Section 16 - Flying Clubs

See requirements for Flying Clubs in the Merced Municipal Airport Rules and Regulations.

Section 17 - FBO's Subleasing From Another Commercial FBO

Prior to finalizing an agreement, the lessee and sublessee shall obtain the written approval of the City of Merced for the business proposed. Said sublease shall define the type of business and service to be offered by the sublessee FBO.

The sublessee FBO shall meet all of the Minimum Standards established by the City of Merced for the categories of services to be furnished by the FBO. The Minimum Standards may be met in combination between lessee and sublessee. The sublease agreement shall specifically define those services to be provided by the lessee to the sublessee that shall be used to meet the standards.

Section 18 - Minimum Standards for All Mobile Operators

The following shall apply to aeronautical service providers wishing to become Mobile Operators at Merced Municipal Airport:

1. A person shall have a satisfactory business background and shall have demonstrated his business capacity to the satisfaction of, and in such manner as to meet with the approval of the City of Merced.
2. Any person seeking to conduct a commercial aeronautical activity at the Airport must demonstrate that he has adequate resources to realize the business objectives agreed to by the City of Merced and the applicant.
3. All Mobile Operators shall demonstrate to the City of Merced satisfactory evidence of insurance coverage as required by the City of Merced for each particular type of operation. Such policies of insurance shall be maintained in full force and effect during all terms of agreements, business licenses, Commercial Operator Permits or renewals or extensions thereof with a 30 calendar day notice of cancellation to the City of Merced. Such policies shall not be for less than the amounts listed at APPENDIX 1. In all cases, amounts of policies must meet the statutory requirements of applicable governmental agencies or as determined necessary by the City of Merced.”

Section 19 - Environmental

Any FBO, person, party, firm or corporation operating on this airport must comply with all federal, state, County, City of Merced and local environmental requirements.

APPENDIX 1

Minimum Insurance Policy Limits

<u>Type of Insurance</u>	<u>Minimum Standards</u>	<u>When Needed</u>
Worker's Compensation	Statutory	Statutory.
Aircraft Liability Risk	1 million	Owned or leased aircraft.
Non-owned Aircraft Liability	1 million	Flying non-owned aircraft (such as dual to owner, maintenance test & ferry flights, pilot services, sales demonstrations).
Airport Premises Liability	1 million	Airport premises are owned or leased by tenant.
Products & Completed Ops	1 million	Aircraft repair or service, fuel and oil sales, aircraft sales, avionics repair, aircraft parts sales, and manufacturing.
Builders Risk	1 million	Construction projects.
Contractual Liability	1 million	Hold harmless and indemnification agreement is included in a lease.
Hangar Keepers Liability	1 million	Non-owned aircraft are in the care, custody or control of the tenant while on the ground.

All Coverages:

All policies must provide occurrence coverage. Claims made coverage is not acceptable.

Ground Coverages:

Property insurance for replacement value covers physical damages of lease hold premises damage to premises leased from the airport.

APPENDIX 1

Automobile Liability Statutory minimum owned and non-owned licensed vehicles are driven on the airport premises.

Environmental Risk Insurance.

APPENDIX 2

Minimum Requirements for a Business Plan

1. All services that will be offered.
2. Amount of land desired to lease or location where services will be provided on the Airport.
3. Building space that will be constructed or leased.
4. Number of aircraft that will be provided.
5. Equipment and special tooling to be utilized.
6. Number of persons to be employed.
7. Short resume for each of the owners and financial backers.
8. Short resume of the manager of the business (if different from "7" above) including this person's experience and background in the managing a business of this nature.
9. Periods (days and hours) of proposed operation.
10. Amounts and types of insurance coverage to be maintained.
11. Evidence of the projections for the first year and the succeeding 4 years.
12. Methods to be used to attract new business (advertising and incentives).
13. Amenities to be provided to attract business.
14. Plans for physical expansion, if business should warrant such expansion.

APPENDIX 3

Commercial Operator Permit

THIS **PERMIT** is made and entered into in the City of Merced, County of Merced, State of California, on the _____ day of _____, 20____, by and between the CITY OF MERCED, a municipal corporation of the State of California, hereinafter called "**PERMITOR**", and _____, hereinafter called "**PERMITTEE**".

On the terms and conditions hereinafter set forth, **PERMITOR**, grants to **PERMITTEE** the rights, powers, licenses and privileges provided to herein to be exercised in connection with the approved services and agrees to comply with and perform all the terms and conditions of this commercial operator permit.

A. GENERAL PROVISIONS.

1. **PERMITTED PREMISES:** The Permitted premise is the real property located at the Merced Municipal Airport as more specifically described on attached Exhibit A incorporated herein by reference.

2. **FEES:** **PERMITTEE** agrees to and shall pay to **PERMITOR** a commercial operator fee as specified by the City. Such fee shall be paid on a monthly basis to Lessor, in advance on or before the due date of each month for the term of commercial operator permit. The parties agree that the commercial operator fee paid hereunder will increase whenever the said fee is increased per the City.

Failure on the part of **PERMITTEE** to pay the commercial operator fee and/or additional tiedown fee at the end of the month and after same shall become due shall authorize **PERMITOR**, at its option and without any legal proceedings, to declare this airport commercial operator permit void, cancel the same, and **PERMITTEE** shall cease providing commercial services.

3. **LATE FEE.** On any payment made 21 days after the payment due date, Lessee shall in addition, pay a late charge of five percent (5%) of the monthly rent for each month or part thereof that the payment is late. In addition, if payment is not received 30 days after the payment due date an additional 5% charge of the balance will also be charged.

4. **TERM:** The term of this Permit is month to month commencing on the date first above written.

5. **AUTHORIZED SERVICES:** Within sixty (60) days of execution of this Permit and for the remainder of the term and renewal thereof, **PERMITTEE** is authorized to offer and shall provide the following services to the public at the Permitted premises: **(DESCRIBE AUTHORIZED SERVICES)**

6. **HOURS OF OPERATION:** **PERMITTEE** agrees to operate and perform the service designated in paragraph 5 above, on a daily basis during the term of this Permit, except federally designated holidays.

7. **ADDITIONAL RIGHTS GRANTED TO OPERATOR:** During the term hereof, **PERMITTEE** shall have, and **PERMITOR** hereby grants and gives the **PERMITTEE**, the following additional rights:

(a) Joint Operator: The right to the joint operator with others of roads and driveways on the airport premise in the conduct and operation of **PERMITTEE'S** Permit subject to the rules and regulations of **PERMITOR**.

(b) Ingress and Egress: The right of **PERMITTEE**, its agents, servants, employees, customers and patrons to ingress and egress from the location of **PERMITTEE'S** operations at the airport.

(c) Quiet Enjoyment: The right, on payment of the commercial operator permit fee and performance of all covenants and agreements on the part of **PERMITTEE** to be performed here under, to have and enjoy all the rights and privileges granted by this Permit.

8. **IMPROVEMENTS: CONSTRUCTION, ALTERATION, REMOVAL:** **PERMITTEE** will construct on the Permitted premises a building to be used for the purposes herein specified. No construction or subsequent alteration thereof shall commence until **PERMITOR'S** designer has in writing approved plans and specifications theretofore submitted to the Airport Superintendent by **PERMITTEE**.

9. **COVENANTS OF OPERATOR:** **PERMITTEE** hereby covenants and agrees:

(a) Service: To furnish prompt and efficient service, adequate to meet all customer needs.

(b) Personnel: That personnel performing services hereunder shall be neat, clean and courteous, and **PERMITTEE** shall not permit its agents, servants or employees so engaged to conduct business in a loud, noisy, boisterous, offensive or objectionable manner.

B. SPECIAL PROVISIONS.

1. **SIGNS:** **PERMITTEE** will not suffer or permit to be erected or maintained upon the outside of any improvements on the Permitted premises any billboards, signs or other advertising, except that **PERMITTEE** may maintain on the outside of said improvements its name on a sign or signs conforming to the municipal sign ordinance; such signs; however, shall be approved by the Airport

Superintendent as to their number, size, construction, location and general appearance. **PERMITTEE** agrees to remove any signs or other advertising erected on the Permitted premises at **PERMITTEE'S** expense at the termination of this Permit.

2. **UTILITIES:** **PERMITTEE** promises and agrees to pay for all electric energy and electric lighting, telephone service, water, and other public utility services operated on the Permitted premises. All extension or alterations to the wiring system and all globes and electric lamps shall be paid for by **PERMITTEE**.

3. **GARBAGE:** **PERMITTEE** agrees to remove at its own expense from the Permitted premises all waste, garbage, and rubbish, and agrees not to deposit the same on the Permitted premises except temporarily in connection with collection for removal.

4. **AUTO PARKING:** **PERMITTEE**, its employees and customers, shall have the nonexclusive right to operator the public vehicle parking area located outside the airport security fence, or such other suitable area as may be from time to time designated by **PERMITOR**.

5. **SECURITY:** **PERMITTEE** shall, at its own expense, provide reasonable security for the buildings and other improvements now existing or hereafter erected or installed on the Permitted premises subject to the approval of the Airport Superintendent. **PERMITTEE** shall not be required to install nor maintain a burglar alarm system on the premises.

6. **LOCKS:** No additional locks or bolts of any kind shall be placed upon any of the doors of the Permitted premises nor shall any change be made in existing locks, unless the Airport Superintendent approves and is furnished a duplicate set of keys therefore.

7. **AIRPORT SECURITY PLAN:** **PERMITTEE** agrees to comply with all rules set forth in the Airport Security Plan now and in the future that pertain to its operation.

8. **WORK AREAS:** **PERMITTEE** agrees to confine the performance of all major aircraft maintenance/repair work mentioned herein to the interior of the hangars.

9. **VENDING MACHINE OPERATIONS:** Vending machines may not be installed without the permission of the **PERMITOR** or **PERMITOR'S** designer and the **PERMITOR** shall have the right to terminate such permission and require the removal of such vending machines.

C. LEGAL PROVISIONS.

1. NONDISCRIMINATORY SERVICE TO THE PUBLIC:

PERMITTEE promises and agrees that if service such as the furnishing or sale of any aeronautical parts, materials, or supplies essential to the operations of aircraft at the City of Merced Municipal Airport, is rendered to the public, **PERMITTEE** shall furnish said service on a fair, equal, and not unjustly discriminatory basis to all user thereof, and shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service; except, however, the **PERMITTEE** may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reduction to volume purchasers.

2. VOLUNTARY ASSIGNMENT: Except as expressly provided herein, **PERMITTEE** shall not assign this Permit nor any right hereunder, nor sublet the premises, nor any part thereof, or suffer any other person to occupy or operator the said premises or any portion thereof without prior written consent of the **PERMITOR** first had and obtained. Any such assignment, subletting, occupation or operator by any other person without such consent shall be void, and shall at the option of **PERMITOR**, terminate this Permit.

3. INVOLUNTARY ASSIGNMENT: **PERMITTEE** agrees that, except as expressly provided herein, neither this Permit or any interest herein shall be assignable or transferable by operation of law, except for devolution upon the death of the **PERMITTEE**, and it is hereby mutually agreed, covenanted and understood by and between the parties hereto that in the event of any proceeding under the Bankruptcy Act or any amendment thereto be commenced by or against **PERMITTEE**, or in the event **PERMITTEE** be adjudged or makes an assignment for the benefit of his creditors, or a writ of attachment or execution be levied on this Permit.

4. COMPLIANCE WITH RULES AND REGULATIONS: **PERMITTEE** shall comply with all rules and regulations of the Federal Aviation Administration and the laws of the United States of America and the State of California, ordinances of the County of Merced, and the Municipal Code of the City of Merced and all regulations of the Merced Municipal Airport as they now exist or may hereafter be enacted or amended. Permitior expressly reserves the right to enact, amend and repeal provisions of the Merced Municipal Code, and such actions shall, when effective, apply to this Permit and to **PERMITTEE'S** occupancy of the Permitted premises. Nothing herein contained shall be construed to the **PERMITTEE**, his employees or agents to operator the said airport for or in connection with the operation of any regularly scheduled interstate or intrastate airline either for the transportation of person, property, cargo or mail by air.

5. **NATIONAL EMERGENCY:** **PERMITOR** reserves the right during time of war or national emergency to Permit the landing area or any part thereof to the United States Government for military or civil operator provided that if any such Permit is executed, the provisions of this agreement shall be suspended insofar as they are inconsistent with the provisions of the Permit to the United States Government.

6. **SUBORDINATION:** This agreement shall be subordinate to the provisions of any existing or future agreement between **PERMITOR** and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required to be a condition precedent to the expenditures of federal funds for the development of the airport.

7. **TAXES:** **PERMITTEE** recognizes and understands that this Permit may create a possessory interest subject to property taxation and that the **PERMITTEE** may be subject to the payment of property taxes levied on such interest. **PERMITTEE** further agrees to pay, without the right to deduct from rental fees provided herein, any and all property taxes, if any, assessed during the term of this Permit against **PERMITTEE**'s possessory interest in the Permitted premises.

PERMITTEE further agrees to pay, without right to deduct from rental fees provided herein, any and all personal property taxes assessed against its property on said Permitted premises, and such portion of any real property taxes as may be levied against improvements owned by **PERMITTEE** and erected upon land owner by **PERMITOR**.

8. **NONDISCRIMINATION:** **PERMITTEE**, in the operations to be conducted pursuant to the provisions of this agreement and otherwise in the operator of the Merced Municipal Airport, shall not, on the grounds of race, religion, sex, color or national origin, discriminate or permit discrimination against any person or group or person in any manner prohibited by the Federal Aviation Regulations or any amendments thereto.

9. **CONDEMNATION:** If any part of the Permitted premises of said airport is condemned, or its character is changed by public authority or otherwise, or in the event operation of said airport for airport purposes is discontinued, or if any obstructions are placed on said airport or premises adjoining said airport so that it then becomes impossible or impractical to operator said premises for the purposes for which they are Permitted hereof, this Permit shall terminate. Tenant shall not be entitled to any proceeds from the condemnation except those specifically designated by the public entity or person acquiring the property under threat of condemnation for the purpose of relocation and/or goodwill. **PERMITTEE** hereby assigns to **PERMITOR** his rights to any and all damages for property taken in any such proceeding and all such damages shall be payable to **PERMITOR**, except relocation and/or goodwill.

10. **AUDIT AND FINANCIAL RECORDS** PERMITOR shall have the right by its agents or employees to audit and examine at all reasonable times each of PERMITTEE'S books and financial records as may be reasonably required by Permitor in order to enforce the terms of this Permit or to evaluate PERMITTEE'S performance thereof.

11. **INDEMNITY AND INSURANCE:** PERMITTEE agrees to indemnify, defend and hold PERMITOR, and its officers, agents and employees, free and harmless from any and all liabilities, claims, demands, actions, losses, damages and costs, including all costs of defense thereof, caused by, arising out of, or in any way related to PERMITTEE'S operator or occupancy of the Permitted premises, or occurring on the Permitted premises during the term of this Permit or any time of occupancy of the premises by PERMITTEE, including claims, liabilities and actions based upon nuisance or inverse condemnation. Upon demand, PERMITTEE shall, at its own expense, defend PERMITOR, and its officers, agents and employees, against any and all such liabilities, claims, demands, actions, losses, damages and costs.

Operator shall file a Certificate of Insurance with the City Clerk of PERMITOR evidencing that said owner or operator has in full force and effect a policy of public liability insurance to be a comprehensive form covering, but not limited to, general liability, automobile liability, products liability (completed operations), contractual liabilities, and hangar keepers liability which shall be in an amount not less than the value of all aircraft under the PERMITTEE'S care, control and custody.

All said policies and the certificates evidencing them shall provide for a minimum of thirty (30) days written notice to the City Clerk of PERMITOR in the event of cancellation or material change in the terms thereof.

Notwithstanding the above, PERMITOR agrees that except as provided below, PERMITOR shall be solely responsible for any and all environmental pollution and/or the contamination of soil or water which has occurred, is existing and which may exist or occur in the future in, on, about or under the Permitted premises. PERMITOR agrees that PERMITOR shall indemnify, protect and defend and hold PERMITTEE and the directors, officers, employees, agents, successors and assigns harmless from and against any and all claims, demands, proceedings, causes of action, damages, liabilities, losses, costs and expenses, including, without limitation, attorneys' and consultants' fees, costs and expenses arising out of or resulting from any and all environmental pollution and/or the contamination of soil or water which has occurred, is existing and which may exist or occur in the future in, on, about or under the Permitted premises.

Notwithstanding the previous paragraph, PERMITTEE agrees that it shall be responsible for fuel spills and for any other of its negligent acts, and

monitor such as is required by law and regulations of the state or federal government. **PERMITTEE** agrees that **PERMITTEE** shall indemnify, protect and defend and hold **PERMITOR** and the officers, employees, agents, successors, and assigns harmless from and against any and all claims, demands, proceedings, causes of action, damages, liabilities, losses, costs and expenses arising out of or resulting from any and all of the above, whether or not labeled environmental pollution and/or contamination of soil or water.

12. **INSPECTION:** The **PERMITOR** shall be permitted to enter and view the premises at any and all times for the purpose of inspecting or maintaining such premises and doing any and all things with reference thereto which the **PERMITOR** is obligated to do or which may be deemed necessary or desirable for the proper conduct and operation of the airport.

13. **OPERATOR OF THE PREMISES** **PERMITTEE** shall not operator the Permitted premises, or any portion thereof, for any purpose other than the purposes described in this Permit.

14. **IMPROVEMENTS, MAINTENANCE AND REPAIRS:** All structures and facilities on the Permitted premises are Permitted to **PERMITTEE** in an "as is" condition and all costs for adopting such facilities to **PERMITTEE'S** business purposes shall be borne by Operator. All improvements and fixtures attached to the real property shall be the property of the **PERMITOR**. No improvements or fixtures shall be constructed or installed without written approval of the Airport Superintendent.

PERMITOR will be responsible for all major structural repairs such as roofing, exterior painting and major electrical repairs. **PERMITTEE** will be responsible for all other maintenance and repairs including broken windows, doors, fixtures, air conditioning and heating equipment, and interior painting, as well as all interior improvements.

PERMITOR reserves the right to notify the **PERMITTEE** in writing to maintain or repair any of the above which are **PERMITTEE'S** responsibility. If **PERMITTEE** fails to make such maintenance and repairs within a reasonable length of time as set forth in said notice, **PERMITOR** may perform such maintenance or repairs and **PERMITTEE** shall pay cost including ten percent (10%) for overhead. **PERMITOR** shall be the sole judge of the amount of repairs necessary in order to maintain the facilities.

15. **TERMINATION PRIOR TO EXPIRATION:** The **PERMITOR** shall have the right to terminate this Permit, in whole or in part, on the occurrence of any of the following events:

- (a) Failure on the part of the **PERMITTEE** to pay fees.

(b) Filing by or the final adjudication of **PERMITTEE** of any petition in bankruptcy or the making of any transfer of general assignment for the benefit of creditors which has not been previously authorized by the **PERMITOR**.

(c) The failure of the **PERMITTEE** to perform substantially or keep or observe any of the terms, covenants and conditions which it is obligated to perform, keep or observe under this Permit after the expiration of a thirty (30) day period of warning or ultimatum given by the **PERMITOR** to the **PERMITTEE** to correct any such deficiency or default.

(d) The discontinuance of the **PERMITTEE'S** business operations or required services, or any portion thereof. Should this occur, **PERMITOR** shall not be responsible for the custodial protection of merchandise, fixtures or equipment abandoned, even though it is necessary for **PERMITOR** to remove same from the Permitted premises for storage or disposal.

(e) In the event of need for the premises by the **PERMITOR** for purposes of national defense.

16. **RIGHTS AFTER TERMINATION**: In the event of termination for default or unsatisfactory performance by the **PERMITTEE**, the **PERMITOR** shall have the right (unless otherwise specified in the termination notice), and any and all goods and chattels belonging to the **PERMITTEE** or his associates which may be found in or upon same, without being liable for prosecution or to any claim for damages therefor. Upon such termination by the **PERMITOR**, all rights, powers and privileges of the **PERMITTEE** shall cease, and the **PERMITTEE** shall immediately vacate any and all space occupied by him under this Permit, and shall make no claims of any kind whatsoever against the **PERMITOR**, its agents or representatives, by reason of such termination, or any act incident thereto.

17. **BREACH**: In the event of breach of this Permit by **PERMITTEE**, **PERMITOR** shall be entitled to all rights and remedies provided by law in addition to the specific remedies mentioned herein.

18. **COPARTNERSHIP DISCLAIMER**: It is mutually understood and agreed that nothing in this Permit is intended to or shall be construed as in any way creating or establishing the relationship of copartners between the parties hereto, or as constituting the **PERMITTEE** as an agent or representative of the **PERMITOR** for any purpose or in any manner whatsoever.

19. **NOTICES**: Any notice to the **PERMITOR** shall be sufficient if sent by certified mail postage prepaid, addressed to the City Clerk, City of Merced, 678 West 18th Street, Merced, California, 95340. Any notice to the **PERMITTEE** shall be sufficient if sent by certified mail addressed to **PERMITTEE** at the address of the Permitted premises or posted thereon, whether or not

PERMITTEE shall have theretofore vacated or abandoned such premises, or by personal delivery to **PERMITTEE**.

20. **TIME OF ESSENCE, BINDING UPON HEIRS, ETC:** Time is of the essence of each and all the terms and provisions of this agreement, and the terms and provisions of this agreement shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto. If more than one **PERMITTEE** is named herein, the obligations of said **PERMITTEES** herein contained shall be joint and several obligations. The singular includes the plural, and the plural, the singular.

21. **ATTORNEY'S FEES:** If either party brings any action or proceeding to enforce, protect or establish any right or remedy under this agreement, the prevailing party shall be entitled to recover reasonable attorney's fees. Judicial arbitration is an action or proceeding for the purpose of this provision.

22. **NON-WAIVER:** Any waiver or breach of covenants or conditions herein contained to be kept and performed by either party shall be effective only if in writing and shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent the other party from declaring a forfeiture or exercising its rights for any succeeding breach of either the same or other condition or covenant.

23. If **PERMITTEE** shall violate any of the restrictions in this Permit, or shall fail to keep any of its covenants after written notice to cease such violation and a reasonable time thereafter to correct same, **PERMITOR** may at once, if it so elects, terminate the same.

24. **FEDERALLY MANDATED PROVISIONS:** The following provisions prevail over any inconsistent provisions in paragraphs 1-26 hereof.

A. The **PERMITTEE**, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Permit for a purpose for which a Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Operator shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. The **PERMITTEE**, for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (a) no person on the grounds of race, color, national origin, ancestry, disability, sex, or religion shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the operator of said facilities; (b) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, national origin, ancestry, disability, sex, or religion shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination; (c) that the **PERMITTEE** shall operator the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of te Civil Rights Act of 1964, and as said Regulations may be amended.

C. That in the event of breach of any of the above nondiscrimination covenants, **PERMITOR** shall have the right to terminate the Permit and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Permit had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

D. **PERMITTEE** shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service; PROVIDED, THAT the **PERMITTEE** may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

E. Non-compliance with Provision 4 above shall constitute a material breach thereof and in the event of such non-compliance the **PERMITOR** shall have the right to terminate this Permit and the estate hereby created without liability therefore or at the election of the **PERMITOR** or the United States either or both said Governments shall have the right to judicially enforce Provisions.

F. **PERMITTEE** agrees that it shall insert the above five (5) provisions in any sub-use agreement by which said **PERMITTEE** grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises herein Permitted.

G. The **PERMITTEE** assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, ancestry, disability, sex, or religion be excluded from participating in any employment

activities covered in 14 CFR Part 152, Subpart E. The **PERMITTEE** assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The **PERMITTEE** assures that it will require that its covered suborganizations provide assurances to the **PERMITTEE** that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR, Subpart E, to the same effect.

H. The **PERMITOR** reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the **PERMITTEE** and without interference or hindrance.

I. The **PERMITOR** reserves the right, but shall not be obligated to the **PERMITTEE** to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the **PERMITTEE** in this regard.

J. This Permit shall be subordinate to the provisions and requirements of any existing or future agreement between the **PERMITOR** and the United States, relative to the development, operation or maintenance of the airport.

K. There is hereby reserved to the **PERMITOR**, its successors and assigns, for the operator and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein Permitted. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Merced Municipal Airport.

L. **PERMITTEE** agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the Permitted premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Permitted premises.

M. The **PERMITTEE**, by accepting this expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land Permitted hereunder. In the event the aforesaid covenants are breached, the **PERMITOR** reserves the right to enter upon the land Permitted hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the **PERMITTEE**.

N. The **PERMITTEE**, by accepting this Permit agrees for itself, its successors and assigns that it will not make operator of the Permitted

premises in any manner which might interfere with the landing and taking off of aircraft from Merced Municipal Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the Permitter reserves the right to enter upon the premises hereby Permitted and cause the abatement of such interference at the expense of the **PERMITTEE**.

O. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

P. This Permit and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport or the exclusive or non-exclusive operator of the airport by the United States during the time of war or national emergency.

IN WITNESS WHEREOF, the parties hereto have caused this access easement to be duly executed on the day and year first above written.

ATTEST:	PERMITOR: CITY OF MERCED A Municipal Corporation
BY: _____ Deputy City Clerk	BY: _____ City Manager

APPROVED AS TO FORM:	PERMITTEE:
BY: _____ City Attorney	BY: _____
	BY: _____

ACCOUNT DATA: _____	Taxpayer I.D. No. _____
BY: _____ Verified by Finance Officer	ADDRESS: _____
	TELEPHONE: _____

Chapter 2.32 - AIRPORT REGULATIONS*

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2.32.010 - Rules and regulations adopted.

There is declared and adopted rules and regulations for the use and conduct of the Merced Regional Airport, set forth in this chapter.

(Ord. 2155 § 1 (part), 2004)

(Ord. No. 2343, § 5, 10-19-2009)

2.32.011 - Definitions.

"Aircraft" means a device to be used, or intended to be used, for flight in the air.

"Airport" means the Merced Regional Airport.

"Airport authority" means the citizens appointed by the city council of the City of Merced pursuant to Article III of this chapter.

"Airport operational area" means the area used for landing, takeoff, or taxiing of aircraft.

"Airport superintendent" means the person employed by the City of Merced to manage the airport, acting at the direction of the city manager.

"City" means the City of Merced, California.

"City council" means the city council of the City of Merced.

"City manager" means the city manager of the City of Merced as provided in Charter [Section 500](#).

"Commercial operator" means every business conducted on the airport whose operation in the judgment of the airport superintendent reasonably requires that the runways, taxiways, and ramps exist and remain in good

condition and are operational.

"Control tower" means the air traffic control facility located at the airport.

"Cross wind component" is the existing wind direction and velocity compared to the magnetic runway heading as expressed in an equivalent wind at right angles to the runway; i.e., a fourteen (14) knot wind from a direction forty-five (45) degrees to the runway magnetic bearing would be a ten (10) knot cross wind component.

"FAA" means the Federal Aviation Administration of the United States of America.

"Fixed base operator" means any aviation business duly licensed and authorized by written agreement with the City of Merced as a fixed base operator to provide aeronautical activities at the airport under strict compliance with such agreement and pursuant to these regulations and airport minimum standards.

"F.S.S." means a flight service station operated by the Federal Aviation Administration.

"Fuel tenders" means any vehicle designed and used for the transportation, handling, or dispensing of petroleum, fuel, and oil.

"Gross weight" means the maximum allowable gross take-off weight of an aircraft under standard conditions as determined by the Federal Aviation Administration and incorporated in the certificate of airworthiness of the particular aircraft.

"Local based aircraft" means those aircraft registered with the city as stored at the airport.

"Minimum standards" means those minimum standards and requirements for commercial aeronautical services for the airport as are adopted by resolution by the city council pursuant to these regulations.

"Mobile equipment" means any non-self-propelled vehicle or device in which a person or property may be transported.

"Motor vehicle" means any self-propelled vehicle.

"NOTAM" means notice to airmen published by FAA.

"Public area" means any area that is normally accessed by and for public use.

"Ramps" mean areas used for the parking, storage, and incidental surface circulation to taxiways of aircraft.

"Runways" mean the paved portion of the airport used for the takeoff and landing of aircraft.

"Safety areas" mean areas around taxiways and runways designed to provide additional clearance from obstructions and to protect aircraft in the event of an unintended departure from the paved portion of runways and taxiways.

"Taxiways" mean those areas used by aircraft to taxi to and from the runway.

(Ord. 2155 § 1 (part), 2004)

(Ord. No. 2343, § 5, 10-19-2009)

2.32.020 - General rules and regulations.

The Merced Regional Airport general rules and regulations are as follows:

- A. Purpose. The Merced Regional Airport shall be conducted as a terminal facility for the promotion and accommodation of air commerce and shall be operated as a free public air terminal.
- B. Hours of Operation. The airport shall be open for public use at all hours of the day subject to such restrictions due to inclement weather, the condition of the landing area, the presentation of special

- events and like causes, as may be determined by the airport superintendent and approved by the FAA.
- C. **Special Services and Facilities.** Special services may be rendered or special facilities may be provided on such terms as the city council may prescribe from time to time. No person shall use the airport as a base for the carrying on of commercial activities, for the carrying for hire of passengers, freight, express or mail, for instruction in aviation in any of its branches, for the sale of fuels, refreshments or any commodity or for any other commercial purpose, unless a permit has been granted therefor by the airport superintendent.
- D. **Use to Create Obligation to Obey Regulations.** The use of the airport or any of its facilities in any manner shall create an obligation on the part of the user thereof to obey all rules and regulations provided in this article.
- E. **Responsibility of User.** The privilege of using the airport and its facilities shall be conditioned on the assumption of full responsibility and risk by the user thereof, and he/she shall release, hold harmless and indemnify the city, the city council, its officers, employees, and agents from any liability or loss resulting from such use as well as against claims of third persons so using the airport. The exercise of the privilege of use shall constitute an acknowledgement that the city and the city council maintain the airport in a governmental capacity.
- F. **Air Traffic Rules Adopted.** The air traffic rules and regulations promulgated by the FAA and as presently in effect or hereinafter amended are referred to, adopted, and made a part of these regulations as fully set forth.
- G. **Operators and Aircraft to be Authorized by Federal Aviation Administration—Exceptions.** No person not properly authorized by the FAA, and no aircraft not similarly certified, shall operate on the airport; provided, that this restriction shall not apply to public aircraft belonging to the government of the United States or to a state, territory, possession, or any political subdivision, nor to any aircraft of a foreign country operated under permission of the Federal Government of the United States.
- H. **Compliance with Rules and Regulations Required.** No person shall navigate any aircraft over, land upon, or take off from, or service, repair or maintain any aircraft on the airport or conduct any operation on or from the airport otherwise than in conformity with these rules and regulations and those of the FAA.
- I. **Handling, Policing and Protection of Public.** The airport superintendent shall have authority to take such steps as may be necessary for the handling, policing, and protection of the public while present at the airport, subject to the review of the city manager.
- J. **Maximum Speed of Motor Vehicles—Parking.** The maximum speed for the operation of motor vehicles on the airport shall be fifteen (15) miles per hour and all motor vehicles shall be parked only in such areas on the airport as may be from time to time designated by the airport superintendent.
- K. **Vending Machines.** No vending machine of any kind shall be placed, used or maintained on the airport or any of its improvements or facilities, unless the airport superintendent has first given his approval.
- L. **Payment of Fees or Rentals.** The payment of any fees or rentals that may be required by the city council shall be a condition precedent to the use of the airport.
- M. **Tiedown.** The airport superintendent retains the prerogative of assigning tiedown spaces for both permanent and transient aircraft. Air taxi, air charter, and air service passenger and cargo pickup and drop-off points will be designated by the airport superintendent. Operators or commercial entities desiring to display or advertise their equipment and/or aircraft will be assigned specific area for such purposes by the airport superintendent.
- N. **Deemed Part of Lease.** The provisions of these rules and regulations shall be deemed a part of each and every lease, permit or instrument of tenancy now in effect and heretofore issued to any tenant of any portion of the airport, or which may hereafter be issued to any such tenant.
- O. **Aeronautical Activities.** All aeronautical activities at the airport and all flying aircraft departing from or arriving in the air space above the airport shall be conducted in conformity with the current pertinent provisions of the Federal Aviation Regulations, and orders issued by the airport superintendent, or the control tower when in operation, including State of California rules and regulations regarding aeronautical activities.
- P. **Use of Airport.** No person shall come upon or use the airport, except while traveling through as a

passenger on a bus or taxicab, or while enplaning or deplaning as a passenger on a commercial aircraft operating on the airport, after such person has for lawful cause been denied the use of the airport by the airport superintendent.

- Q. Equipment. No person, other than employees of the owner or lessee, shall make use of shops, garages, facilities, or equipment at the airport without specific permission of the lessee or owner. Facilities owned by the city, not under lease to any third party or in active use for city operations, are available for use by airport tenants with the written permission of the airport superintendent and if appropriate insurance is in place before such use.
- R. Fuel Delivery. No person shall transport or deliver aviation fuels on the airport or dispense fuels into aircraft for hire unless said persons are holders of a valid agreement with the city authorizing them to do so.
- S. Closing of Field. In the event the airport superintendent believes the conditions of the airport or any portion thereof to be unfavorable for taxiing, landing, or takeoff, it shall be within his/her authority to close the airport until such portions thereof is again useable, at which time the NOTAM shall be cancelled.
- T. Securing of Unattended Aircraft. No aircraft shall be left unattended on the airport unless properly secured or within a hangar. Owners of such aircraft shall be held responsible for any damage resulting from failure to comply with this rule.
- U. Interfering or Tampering with Aircraft. No person shall interfere with any aircraft, or put in motion the engine of such aircraft, or use any aircraft, aircraft part, instrument, or tool without the permission of the owner.
- V. Security Requirements. All individuals, clubs, and FBOs using the airport for private or commercial operations will familiarize themselves with the airport security requirements. Failure to comply with the stated airport security requirements will be cause for the airport superintendent to deny use of the airport facilities.
- W. Liability Insurance. The privileges of using the airport and its facilities shall be conditioned upon the assumption of full responsibility and risk by the user thereof. The city, its officers, employees, and/or agents, shall not be liable for loss, incident, or mishap of any nature whatsoever and/or from any cause whatsoever to any individual, aircraft, or property occurring on the airport except for acts of the city's sole negligence. No person, firm, or corporation shall maintain a local based aircraft at the airport unless there is on file with the airport superintendent, written confirmation of coverage in a form approved by the city and in the minimum amounts and coverage(s) as required by the city. All public liability insurance must be endorsed to add the city, its officers, employees, and/or agents for operations on the airport.
- X. Damage to Airport Property. Any and all airport property destroyed, injured, or damaged by accident or otherwise, shall be paid for by the party or parties responsible for such destruction, injury, or damage thereto.
- Y. Liens on Aircraft. Pursuant to Part 3, [Title 4](#), Chapter [5](#) of the Code of Civil Procedure of the State of California, commencing with Section 1208.61, the City of Merced has a lien dependent upon possession for the compensation to which it is legally entitled for making repairs or performing labor upon, furnishing supplies or materials; for the storage and safekeeping of aircraft; also for reasonable charges for the use of any landing aid furnished such aircraft and reasonable landing fees, and pursuant to said chapter, the City of Merced may sell the property or so much thereof as is necessary to satisfy the lien and costs of sale at public auction, if the City of Merced is not paid the amount due within thirty (30) days after it becomes due.

(Ord. 2355 § 1 (part), 2004)

(Ord. No. 2343, § 5, 10-19-2009)

2.32.021 - Conduct.

All users of the Merced Regional Airport are subject to ordinances governing conduct in [Title 9](#) of the Municipal Code of the City of Merced and the following:

- A. Disorderly Conduct. No person shall be disorderly, obnoxious, indecent, or commit any act of nuisance on the airport that creates a safety hazard.
- B. Garbage Disposal. No person shall dispose of garbage, papers, refuse, or other material on the airport, except in receptacles designed for that purpose.
- C. Defacement of Property. No person shall destroy, injure, deface, or disturb any building, sign, equipment, marker, or other structure, tree, flower, lawn, or other property on the airport.
- D. Abandonment of Property. No person shall abandon any personal property on the airport.
- E. Loitering. No person shall loiter on any part of the airport or in any building on the airport.
- F. False Statements. No person shall knowingly or willfully make any false statement or report to the airport superintendent.
- G. Restricted Entry. No person shall enter any restricted areas posted as being closed to the public except as provided in these rules.
- H. Airport Operational Area. No person shall enter upon the airport operational area, utility and service rooms or areas except:
 - 1. Persons assigned to duty therein;
 - 2. Authorized representatives of the airport superintendent;
 - 3. Persons authorized by the airport superintendent; and
 - 4. Passengers, under appropriate supervision, entering the field area for the purpose of embarkation and debarkation.
- I. No person shall smoke on the airport apron, or in any hangar or service station area, gasoline storage area, or in any building, room, or place on the airport where smoking is prohibited. No smoking shall be permitted within fifty (50) feet of any fuel carrier when not in motion, or when it is being utilized for fueling or draining of fuel from aircraft. No smoking shall be permitted within fifty (50) feet of any aircraft fuel tank while the aircraft is being fueled or drained of fuel.
- J. No person shall take or use any aircraft, aircraft instruments, or tools thereof owned, controlled, or operated by any other person while such aircraft parts, instruments or tools are stored, housed, or otherwise left on the airport or within its hangars without the consent of the owner or operator thereof.
- K. No person shall occupy the road or walks in such a manner as to hinder or obstruct their proper use.
- L. No person shall walk in a picket line as a picket or take part in any public demonstration on any part of the airport which would interfere or tend to interfere with aviation operations.
- M. No person shall enter the airport public area, terminal building, or the airport operational area with a dog or other animal, unless such dog or animal is restrained by leash or properly confined. Service animals are permitted for appropriate purposes.
- N. No person shall post or display signs, advertisements, circulars, printed or written matter at the airport except in designated areas, without the approval of the airport superintendent.
- O. All orders of the fire chief of the city, or authorized representative(s) thereof, shall be complied with by any and all tenants and personnel at the airport.
- P. Any person finding lost articles shall deposit them at the office of the airport superintendent. Articles unclaimed within sixty (60) days may be returned to the finders thereof. Articles not claimed or turned over to the finders thereof shall be turned over to the Merced Police Department as unclaimed property.

(Ord. 2355 § 1 (part), 2004)

(Ord. No. 2343, § 5, 10-19-2009)

2.32.022 - Operation of motorized ground vehicles.

- A. General Rules. No person shall operate any motor vehicle on the airport except in accordance with the provisions of these rules and regulations and the laws of the state of California for the control of such vehicles.
 - 1. No person shall operate a motor vehicle of any kind on the airport operational area in a reckless manner.
 - 2. No person shall operate a motor vehicle on the airport contrary to the directions of posted traffic signs.

3. No person shall operate a motorized vehicle or equipment on the runway, and taxiways, and associated safety areas, at the airport prior to the successful completion of the FAA Airport ground vehicles access operators training program.
 4. The driver of any motor vehicle operated on the airport must, at all times, comply with the order, signal or directive of the airport superintendent or an authorized representative of the airport superintendent, including the signals from the control tower when in operation.
 5. All vehicles shall yield to all moving aircraft.
 6. No vehicles shall operate nor park adjacent to taxiways and runways without authorization from the airport superintendent or designee.
 7. Emergency conditions existing on the airport operational area will not mitigate or cancel any existing rules. During such conditions, the driver of every motor vehicle shall give way to emergency vehicles.
- B. Motor Vehicle License Tags. No person shall operate a motor vehicle on the airport when such vehicle does not possess valid license tags issued by an appropriate authority, unless such vehicle is strictly for on-field use and is registered with the airport superintendent.
- C. Vehicle Safety. No motor vehicle shall be operated on the airport if it is so constructed, equipped, or loaded as to endanger persons or property.
- D. Parking. No person shall park a motor vehicle on the airport other than in an area specifically established for parking. No person shall abandon any motor vehicle on the airport, nor shall any person park a motor vehicle on the airport for a period more than seventy-two (72) hours unless approval for such parking is obtained from the airport superintendent. No person shall park a motor vehicle in an area requiring payment for parking thereon without paying the required parking fee.
- E. Reflectors. All motor vehicles authorized to operate on the airport operational area shall be equipped with two (2) reflectors on the rear. Mobile equipment used outside of airline passenger loading gate areas shall be equipped with two (2) reflectors for each side (front and rear) and two (2) reflectors on the rear. Reflectors shall be red on motor vehicles, and amber on mobile equipment. A reflector will be considered adequate when it is so designated, located, and maintained as to be visible for at least five hundred (500) feet when opposed by a vehicle with ordinary headlights.
- F. Repair of Motor Vehicles. No person shall clean or make any repairs to motor vehicles anywhere on the airport other than designated shop areas, except those minor repairs necessary to remove such motor vehicle from the airport. Nor shall any person move, interfere, or tamper with any motor vehicle, or put in motion the engine; or take, or use, any motor vehicle part, instruments or tool thereof without the permission of the owner.
- G. Buses. No carrier by motorbus for hire shall load or unload persons at the airport at any place, other than designated for such purpose, nor shall such conveyance pick up passengers on the airport without prior agreement of the city.
- H. Taxicabs. No person shall, within the boundary of the airport, solicit, or invite persons to ride in any taxicab, rental cars, or other vehicles used for the purpose of carrying passengers for hire unless that person is the holder of an agreement authorizing same with the city.
- I. Passenger Loading Gates. No motor vehicle of any type shall cross passenger-loading gates between an aircraft and the gate.
- J. Removal of Vehicles. Motor vehicles that are parked by their owner or operators on the airport in violation of these rules may be towed/removed whenever it is determined by the airport superintendent that such motor vehicles create a nuisance or a hazard. The airport superintendent shall have the authority to make a reasonable charge against the owner or operator of such motor vehicle for such towing or moving service, and the motor vehicle so towed or removed shall be subject to a lien for such charge.
- K. Motor Vehicle Operation in Hangar. No person shall operate a motor vehicle in any hangar on the airport without exhaust protected by screens or baffles to prevent the escape of sparks.
- L. Accident Reports. All persons involved in an accident, other than one involving an aircraft, occurring on the airport, shall make a full report thereof to the Merced City Police Department, which report shall include names and addresses of all persons involved.
- M. Rental Car Concessions. Rental car concessions shall be by agreement executed with the city.

(Ord. 2355 1 (part), 2004)

2.32.030 - Aircraft operating rules.

The Merced Regional Airport general aircraft operating rules are as follows:

- A. Operation of Aircraft. No person shall navigate any aircraft, land upon, fly same from, service, maintain, repair any aircraft, or conduct any aircraft operations on or from the airport otherwise than in conformity with current Federal Aviation regulations, Transportation Security Administration regulations established under federal authority, and these rules.
- B. Operating While Drunk or Drugged. No person shall take any aircraft from the landing area or hangars, or operate such craft, while under the influence of, or using any intoxicating liquor or habit-forming drug.
- C. Tail Wheels or Tail Skids. No aircraft shall use paved runways, unless equipped with tail wheels. No aircraft shall operate on any of the airport with tail skids, in order to protect and preserve pavement.
- D. Radio Contact. Radio contacts by the pilots of aircraft, operators of motor vehicles, and control tower operators shall be conducted in accordance with the procedure and by means of the terminology prescribed by the administrator of the Federal Aviation Administration whenever practicable.
- E. Parking of Aircraft. No person shall park aircraft in any area on the airport other than areas designated for that purpose.
- F. Disabled Aircraft. All disabled aircraft and parts thereof on the airport operational area shall be promptly removed by the owner unless required or directed by the airport superintendent or authorized representatives of the Federal Aviation Administration to delay such action pending an investigation of an accident. If it is impossible for the owner to promptly remove the aircraft or part, airport personnel may remove it and the airport superintendent shall charge the owner for this service.
- G. Airport May Refuse Clearance. The airport superintendent may delay, suspend, or restrict any or all flight operations at the airport, and may refuse take-off clearance to any aircraft without regard to weather conditions whenever such action is deemed necessary in the interest of public safety, and approved by the FAA.
- H. Taxiing of Aircraft.
 1. No person shall taxi an aircraft until he/she has ascertained that there will be no danger of collision with any person or object.
 2. No aircraft shall be taxied in a careless or reckless manner.
 3. During periods of control tower operation, pilots shall not taxi onto or across any runway until specifically cleared to do so by radio or visual signal.
 4. Aircraft shall be taxied in accordance with prescribed taxiing patterns associated with the particular runway in use.
- I. Starting Engines. No person shall start or run an engine in an aircraft unless a person appropriately licensed to do so is inside the aircraft attending the engine controls. Blocks shall always be placed in front of the wheels before starting the engine or engines unless the aircraft is provided with adequate brakes or the aircraft has been secured.
- J. Engine Testing. No person shall run the engine or engines of any aircraft at any location on the airport in such a manner as to cause damage to other aircraft or property, or in such a manner as to blow dirt, paper, or other materials across taxiways or runways, or in such a manner as to endanger the safety and operations of the airport.
- K. Engine Run-up. Engine run-up before takeoff shall be accomplished on run-up pads or other areas provided for this purpose. No engine run-up shall be permitted in any areas that would create a hazard to persons, aircraft, or other property.
- L. Flying Instructions. No one other than a pilot with an instructor's rating, shall teach the art of flying on the airport for hire, reward, or gratuitously, and no one other than a pilot with an instructor's rating shall "flight check" students.
- M. Familiarity with Rules and Regulations. Every person instructing students in flying at the airport shall acquaint themselves and their students with the rules and regulations in effect.

- N. Accident Reports. Witnesses of and participants in accidents on or within the airport shall provide written notification thereof to the airport superintendent within twenty-four (24) hours or as soon after the accident as possible, together with their names and addresses, telephone numbers, and insurance information.

(Ord. 2355 § 1 (part), 2004)

(Ord. No. 2343, § 6, 10-19-2009)

2.32.040 - Fueling operations.

- A. Hangar Fueling. No aircraft shall be fueled or defueled while the engine or engines are running, or while such aircraft is in a hangar or enclosed space.
- B. Dispensing Apparatus. During the refueling or defueling, the aircraft and the fuel-dispensing apparatus shall both be grounded to a point or points of zero electrical potential.
- C. Spillage. Persons engaged in the fueling and defueling of aircraft shall exercise extreme care to prevent overflow or spillage of fuel.
- D. Ignition Service. No person shall use any material during fueling or defueling of aircraft that is likely to cause a spark or be a source of ignition.
- E. Fire Extinguishers. Adequate fire extinguishers shall be within reach of all persons engaged in fueling or defueling aircraft.
- F. Hoses. Fuel hoses and equipment shall be maintained in a safe, sound, and nonleaking condition.
- G. Fueling Devices. All hoses, funnels, and appurtenances used in fueling and defueling operations shall be equipped with a ground device to prevent ignition of volatile liquids.
- H. Passengers. No passengers shall be permitted in any aircraft during fueling, unless an attendant is present at or near the cabin door, who is not engaged in the fueling procedure.
- I. Fifty-Foot Restriction. Only personnel engaged in fueling or operation of the aircraft shall be permitted within fifty (50) feet of fuel tanks of such aircraft during such operation except as provided in subsection (H) above.
- J. Radio Transmitters. No person shall operate any radio transmitter or receiver or switch electrical appliance on or off in an aircraft during fueling or defueling.
- K. Engine Operator. No person shall start the engine of any aircraft when there is fuel on the ground under such aircraft.
- L. Fuel Tenders. Fuel tenders will not be driven in front of, or in line with, the taxi path of any aircraft in motion or with its engine running.
- M. Riders. No riders are allowed outside of the tender's cab.
- N. Backing Fuel Tenders. Fuel tenders shall not be moved backwards unless there is a qualified observer to aid the driver through appropriate voice and/or hand signals.
- O. Fueling Practices. These rules do not replace additional good fueling practices, and do not constitute only those procedures necessary for safe fueling operations. The authorized fuel dealer and his personnel are responsible for good, safe service of aircraft operating for the airport.
- P. Denial of Operation. Any driver or assistant can be denied permission by the airport superintendent to operate fuel tenders on the airport if these rule are violated, or there are prior incidents of noncompliance.
- Q. Fueling Permit. Each person, individual, or corporation who dispenses fuel for their own use shall obtain a noncommercial fueling permit from the city and carry pollution insurance or place a bond in an amount and in the form satisfactory to the city that insures against any toxic spill. Proof of such insurance must be on file before such fueling activity is permitted.
- R. Compliance with Other Laws. All fuel dispensing equipment and facilities shall comply with all local, state, and federal laws in regards to their installment, operation, and maintenance.
- S. Dispensing Equipment Installation. Fuel dispensing equipment and facilities installed pursuant to this section cannot be used for the commercial resale of fuel or for the use of anyone other than the owners of the equipment and/or facility.
- T. Fuel Tank Installation. Each person installing fuel tanks under this section will be required to enter into a lease agreement with the city prior to the installation of fuel tanks.

(Ord. 2355 § 1 (part), 2004)

2.32.050 - Air traffic rules.

- A. Federal and State Air Traffic Rules. The applicable air traffic and flight rules for the type of aircraft being operated of the Federal Aviation Administration and the State of California governing the operation of aircraft, and the same are currently in effect or as hereafter amended, are hereby adopted by reference and made a part of the air traffic and flight rules of the city as fully as set forth herein.
- B. Take-Offs and Landings. Take-offs and landings shall be made from the runway. All operations shall be confined to hard surface.
- C. Traffic Patterns. Unless otherwise directed by an operational control tower, the normal traffic patterns will be as follows:
 - 1. Runway 30 traffic pattern is left-handed.
 - 2. Runway 12 traffic pattern is right-handed.
- D. Helicopter Operations. Operations of helicopters shall be conducted in such a manner as to preclude any damage by their downwash to other aircraft on the airport. When landing or departing, their flight path shall be the shortest route to airport operational area while avoiding parked aircraft. Helicopters shall not be flown over any parked aircraft at an altitude below two hundred (200) feet AGL. Helicopters shall be flown and/or taxied over runways and taxiways whenever possible.

(Ord. 2355 § 1 (part), 2004)

2.32.060 - Instruction and practice flying.

- A. Familiarity with Rules and Regulations. Every person instructing students in flying at the airport shall acquaint them with the rules and regulations in effect.
- B. Instruction. Instruction practices and procedures shall comply with FAA Rules and Regulations.

(Ord. 2355 § 1 (part), 2004)

2.32.070 - Noncommercial hangar ramp area rules.

- A. Hangar and Room Designations. For purposes of identification, all hangar buildings and spaces at the airport are designated by letter and space number according to a drawing and schedule prepared by the airport superintendent.
- B. Hangar Use. No person, firm, co-partnership or corporation shall hereafter occupy or use a hangar, or tenant tiedown ramp area, at the airport without having first completed and signed a rental agreement approved in writing for such purposes by the city.
- C. Tenant of Hangar. No person, firm, partnership or corporation shall be permitted to use or become a tenant of hangars for the sole purpose of parking or storage of miscellaneous vehicles or materials unrelated to aviation. Any unauthorized tenancy for other than aviation use shall be subject to cancellation by the airport authority or the airport superintendent, or designated representative, upon thirty (30) days' written notice.
- D. Transfer of Hangars. Hangars may not be transferred to any party for any purpose without written approval of the city.
- E. Painting. Hangars and facilities shall not be used for painting, spraying, or other treatment of aircraft, vehicles or articles that might deposit foreign materials on walls, floors, fixtures, or endanger neighboring aircraft finishes or hangar contents.
- F. Storage. Such facilities shall not be used for storage of vehicles, other than those of the hangar tenant, and only then when tenant will be using their own aircraft on trips.
- G. Modification of Hangar. No modifications, installations, systems or other improvements or attachments shall be made or attached at any time to the hangar without written approval of the airport superintendent.
- H. Attachments to Hangars. No pulleys, slings, or other lifting devices shall be attached to the building frame, supports, or other structural member of the hangar without written approval of the airport superintendent or his designee.
- I. Maintenance, Construction and Restoration of aircraft. Individual aircraft owners, partnerships, formally

organized aviation clubs or hired company pilots may work on privately-owned, aviation club-owned, or company aircraft in maintenance, construction, or restoration as permitted by Federal Aviation Regulations, unless otherwise specifically prohibited by any provision of this code or minimum standards for the airport. No tenant shall engage or hire outside help or mechanical service other from those authorized as a commercial operator by possessing a valid permit in accordance with the minimum standards to perform such work on the airport.

- J. Fire extinguishers. Each tenant shall provide at least one (1) fire extinguisher of either CO₂ or powder content in tenant's aircraft or in the hangar at all times while tenant's aircraft is in or about the facilities.
- K. Drip Pan. Each tenant shall provide and maintain a drip pan under each and every engine of tenant's aircraft while such aircraft is in storage or being worked on in tenant's assigned area.
- L. Spillage. No spillage of oils, drainage of fuel, use of solvents and detergents, aircraft washing, paint removal, or other acts leading to unsightliness or damage to pavement shall be permitted in subject area other than in specifically designated locations. Accidental spillage shall be immediately removed by using absorbent materials and neutralized.
- M. Damage. All hangar tenants shall be responsible for hangar damage caused by their tenancy, excluding normal wear and tear.
- N. Keys. All tenants shall provide the airport superintendent with one (1) key to hangar door lock or will use a lock furnished by the airport to facilitate fire protection inspection, hangar maintenance and inspections of structure and doors. The airport superintendent will notify any tenant with no less than a fifteen (15) day notice of pending inspections of their hangar.
- O. Engine Operations. No aircraft engines may be started or operated inside the hangars at any time, and no aircraft engine shall be run up to high-power settings in or about the subject areas unless moved and tailed to unobstructed and non-dust-producing areas.
- P. Children. No unattended children shall be allowed within any Airport hangar, and no unescorted children shall be allowed to loiter about, play on, or otherwise occupy the subject areas of other aircraft parking or movement areas of the airport at any time.
- Q. Hangar Entrances. Hangar entrances shall be kept clear at all times.
- R. Liability Insurance. City of Merced liability insurance affords protection only to the city, and does not apply to users of the airport.

(Ord. 2355 § 1 (part), 2004)

2.32.081 - Commercial operation use permits.

It is intended that every business conducted on the airport whose operations, in the judgment of the airport superintendent, reasonably require that the runways, taxiways, and ramps exist and remain in good condition and operational, shall be required to obtain a commercial operator permit and pay the appropriate charge as determined by the city.

(Ord. 2355 1 (part), 2004)

2.32.090 - Fire and safety regulations.

- A. Firearms. No person, except peace officers, duly authorized personnel of the United States Post Office, airport personnel, members of the armed forces of the United States on official duty, or properly licensed persons shall carry any weapon, explosive, or flammable material on the airport, except when such material is intended for legitimate aviation use. This section shall not apply to persons carrying firearms in cases, broken down, or unloaded when said firearms are being transported for the purpose of sale, demonstration, hunting, or other sports activities.
- B. Caution to Prevent Fires. Every person using the airport or its facilities in any way shall use the utmost caution to prevent fire and shall otherwise conduct himself/herself so as to prevent bodily injury or property damage.
- C. Fueling or Draining Aircraft. No aircraft shall be fueled or drained while its engine is running, or while in a hangar or other enclosed place. Fueling shall be done in such manner and with such equipment that has adequate connections for the grounding of static electricity shall be continuously maintained during such time.

- D. Cylinders or Flasks of Compressed Gas. No cylinder or flask of compressed flammable gas shall be kept or stored, except at a place designated by the airport superintendent and the fire department of the city for that purpose.
- E. Cleaning of Motors. The cleaning of motors or other parts of aircraft shall not be carried on in any hangar, except with nonflammable substances. If flammable liquids are employed for this purpose, the operation shall be carried on in the open air or in such other structures as may meet with the approval of the airport superintendent and the fire department of the city and in compliance with any applicable laws, ordinances, or regulations governing such activity.
- F. Cleaning of Aircraft. No person shall use flammable volatile liquids for the cleaning of an aircraft engine, propellers, appliances, or for any other purpose, unless such operations are conducted in open air or in a room specifically set aside for that purpose. Such rooms shall be properly fireproofed and equipped with adequate, and readily accessible, fire extinguishing apparatus.
- G. Smoking. No person shall smoke or ignite any match or cigarette lighter in any hangar or other building on the airport.
- H. Maintenance Work. No aircraft maintenance work shall be carried on or performed in any hangar, except in maintenance hangars so designated by the airport superintendent or as permitted by Section [2.32.070](#)
- I. Accumulations of Boxes, Crates, and Other Rubbish. No boxes, crates, rubbish, paper, or other litter shall be permitted to accumulate in or about any hangar, and all oil, paint, and varnish cans, bottles, or other containers shall be removed from the hangar immediately upon being emptied.
- J. Storage. No person shall store or stock material or equipment in such a manner as to constitute a fire hazard.
- K. Storage of Flammable Liquids. No person shall keep or store any flammable liquids, gases, signal flares, or other similar materials in the hangars or any buildings on the airport, unless such materials are kept in a proper receptacle.
- L. Waste. Tenants shall provide suitable receptacles for storage of waste, rags, and other rubbish. All wastes, rags, and other rubbish shall be removed on a regular basis by the tenant.
- M. Open-Flame Operations. No person shall conduct any open-flame operation in any hangar or on the airport unless specifically authorized by the airport superintendent.
- N. Floor Care. Floors shall be kept clean and free from oil, and no volatile flammable solvent shall be used for cleaning floors. All lessees on the airport shall keep the floors of the hangars and hangar and terminal apron pits and areas adjacent thereof, leased by them respectively, free and clear of oil, grease, and other flammable materials.
- O. Doping. "Doping" processes shall be conducted only in open air, or in designated and properly designed fireproofed and ventilated rooms or building in which all illumination, wiring, heating, ventilation equipment, switches, outlets, and fixtures shall be spark-proof and vapor-proof. No person shall enter or work in a "dope" room while "doping" processes are being conducted unless such person wears spark-proof shoes.
- P. Storage in Apron Area. Gasoline, oil, and solvent drums or receptacles shall not be stored on apron and ramp areas. In addition, no material of such type shall be kept, except enclosed and covered in housings of a design and type approved by, and at a place directed by the airport superintendent.
- Q. Dangerous Cargo. The loading, unloading, or parking of aircraft or any vehicle carrying explosive or highly toxic cargoes is prohibited except with the written permission of the airport superintendent in areas so designated by the airport superintendent.
- R. Pesticides. No pesticides or emptied containers thereof shall be dumped or left unattended at any place on the airport where they are likely to present a hazard to persons, animals, crops, or property. All emptied containers, sacks, barrels, etc., are to be removed, disposed of, or stored in a proper and safe manner immediately after use.

(Ord. 2355 § 1 (part), 2004)

(Ord. No. 2343, § 7, 10-19-2009)

2.32.100 - Requirements for flying clubs.

- A. Purpose of Flying Clubs. A flying club may be either a nonprofit corporation or an unincorporated association created for the purpose of fostering flying for pleasure, developing skills in flying, and developing an

awareness and appreciation of aviation and aeronautics.

- B. By-Laws. Each club must furnish the airport superintendent prior to operating at the airport with a copy of the by-laws, articles of incorporation, operating rules, and membership agreement.
- C. Officers and Directors. A current roster of officers and directors must be filed with the airport superintendent prior to operating at the airport.
- D. Use of Airport for Commercial Purposes Prohibited. Flying clubs shall not engage in any commercial operation as herein defined.
- E. Membership List. The flying club shall keep a membership record containing the full names and addresses of all its members, past and present, together with the date when their membership commenced and terminated. These records shall be available for review upon reasonable request by the airport superintendent.
- F. Insurance. All flying clubs must obtain public liability and property damage insurance with a hold harmless agreement in favor of the City of Merced, its officers and employees in an amount and form satisfactory to the city.
- G. Aircraft Registration. All aircraft owned, leased, or used by the club must be registered with the airport superintendent. Club owned or leased aircraft cannot be used for commercial ventures, purposes, or operations.
- H. Laws and Regulations. All members must comply with federal, state, and local laws and regulations.
- I. Fixed Based Operation. Any flying club organized and operated by a fixed base operator as a commercial venture or for commercial purposes or operations as heretofore defined, must meet all the requirements of a fixed base operator as specified in the minimum standards and requirements of the conduct of commercial aeronautical services and activities at the Merced Regional Airport.

(Ord. 2355 § 1 (part), 2004)

(Ord. No. 2343, § 7, 10-19-2009)

2.32.200 - Failure to comply.

In addition to any other penalty prescribed by this chapter, any person operating or handling an aircraft on the airport in violation of any provisions of this article or refusing to comply therewith in any respect, may be removed or ejected from the airport by or under the authority of the airport superintendent, and upon the order of the city manager may be deprived of the further use of the airport and its facilities for such length of time as may be deemed necessary to insure the safeguarding of the same and the public and its interest therein.

(Ord. 2355 § 1 (part), 2004)

2.32.300 - Penalty.

It shall be unlawful and a violation for any person to violate this chapter. Any person who violates any provision of this chapter shall be guilty of a misdemeanor and subject to punishment in accordance with [Chapter 1.12](#) of this code. An administrative fine may also be imposed not to exceed the amount allowable for a criminal fine. Nothing in this chapter shall prevent the city from pursuing criminal, civil, and administrative, or any other legal remedy to address violations of this chapter.

(Ord. 2355 § 1 (part), 2004)

2.32.310 - Administrative enforcement.

- A. Any person authorized to enforce ordinances may issue an administrative citation to any person who violates this chapter.
- B. The citation shall set forth the section or sections of this chapter so violated; the date; the approximate time thereof; the location where the violation occurred; the amount of the fine; a statement printed on the notice indicating that payment of the fine is required to be made not later than twenty-one (21) calendar days from the date of citation issuance; the procedure for the alleged violator to deposit the amount of the fine with the finance officer or to contest the citation pursuant to [Section 2.32.320](#); and an appropriate notice to the recipient of his or her right not to contest the violation and appropriate instructions and procedures for

payment, as prescribed by the finance officer.

- C. Any person to whom an administrative citation is issued may, within twenty-one (21) days of receipt, pay the amount of the fine in lieu of contesting the violation. Upon timely payment under this section, and proof of the cessation of the violation satisfactory to the city manager or his designee unless it is determined that the penalty for the violation shall include ejection from the airport, may resume use of the airport pursuant to the terms and conditions of usage prior to the violation of this chapter.
- D. The city council shall, by resolution adopt a schedule of fines.

(Ord. 2355 § 1 (part), 2004)

2.32.320 - Contesting citations.

- A. For a period of twenty-one (21) calendar days from the issuance of the administrative citation, a person may request an initial review of the administrative citation by the airport superintendent. The request may be made by writing to the airport superintendent. There shall be no charge for this review.
- B. If, following the initial review, the airport superintendent is satisfied that the violation did not occur, or that extenuating circumstances make dismissal of the citation appropriate in the interest of justice, the airport superintendent shall cancel the citation. The airport superintendent shall advise the finance officer of the cancellation. The airport superintendent or the finance officer shall mail the results of the initial review to the person contesting the citation.
- C. If the person is dissatisfied with the results of the initial review, the person may request an administrative hearing of the violation no later than twenty-one (21) calendar days following the mailing of the results of the airport superintendent's initial review. The request shall be made in writing. The person requesting an administrative hearing shall deposit the amount of the fine with the finance officer.
- D. The finance officer shall provide a written procedure to allow a person to request an administrative hearing without payment of the fine upon satisfactory proof of an inability to pay the amount due. Notice of this procedure shall be provided to all persons requesting an administrative hearing.

(Ord. 2355 § 1 (part), 2004)

2.32.330 - Administrative hearing process.

The administrative hearing process shall include the following:

- A. The city manager or his duly authorized representative (hearing officer) shall hear and consider all relevant evidence, objections or protests, and shall receive testimony from the accused violator and any witnesses.
- B. The person requesting a hearing shall have the choice of a hearing by mail or in person.
- C. Written notice of the date, time, and place of the hearing shall be served at least ten (10) calendar days prior to the hearing. Notice of the hearing shall be sent to the owner by first class mail. The hearing shall be set no sooner than twenty (20) days following the request for hearing. The administrative hearing shall be held within ninety (90) calendar days following the receipt of a request for an administrative hearing. One (1) continuance of the hearing, not to exceed twenty-one (21) days, may be granted upon written request to the city manager or authorized hearing officer.
- D. The administrative hearing shall be conducted in accordance with written procedures established by the city manager and approved by the city attorney. The hearing shall provide an independent, objective, fair, and impartial review of the dispute. The hearing officer shall hear and consider all relevant evidence, objections, or protests, and shall receive testimony from the party charged with the violation and any witnesses. All documents relating to the dispute shall be submitted as evidence. The hearing officer's decision or order shall be deemed the final administrative order or decision of the city. The administrative hearing procedures provided by this section shall not apply to any criminal enforcement of this chapter.
- E. The police officer or person who issues a citation may, but shall not be required to, participate in an administrative hearing.
- F. The hearing officer shall issue a written decision which may be served personally upon, or by first class

mail to, the owner or the authorized representative of the owner.

(Ord. 2355 § 1 (part), 2004)

2.32.340 - Payments collected by finance officer.

Charges and fines imposed, and payments to be collected shall be processed and collected by the finance officer.

(Ord. 2355 § 1 (part), 2004)

To: Regional Airport Authority
From: Ronald K. Elliott, Airport Manager
Date: July 17, 2012
Re: Possible Incompatible Land Use Activity

No activity this month.

To: Regional Airport Authority
From: Ronald K. Elliott, Airport Manager
Date: July 17, 2012
Re: Other Business from the Authority

Authority members may introduce items to be calendared for a future meeting.