

# 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, Larry Morelock, John Sundgren,  
Russ Cowperthwaite, Alvin Osborn and Josh Franco.

### **AGENDA**

**7:00 pm  
COUNCIL CHAMBERS  
678 WEST 18<sup>th</sup> STREET  
MERCED, CALIFORNIA**

**TUESDAY  
OCTOBER 16, 2012**

**([www.cityofmerced.org](http://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](http://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](http://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.

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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 SEPTEMBER 18, 2012.**

*Recommendation: Adopt a motion to approve and file.*

**F. REPORTS**

**1. HANGAR CAFÉ LEASE AMENDMENT**

*Recommendation: Adopt a motion recommending the City Council approve the Hangar Café Lease Amendment.*

**2. INSURANCE REQUIREMENT FOR AIRPORT TENANTS – UPDATE**

*Recommendation: For information only.*

**3. GUIDANCE DOCUMENT REVIEW COMMITTEE - MONTHLY UPDATE**

*Recommendation: For information only.*

**4. AIRPORT MANAGER’S REPORT**

*Recommendation: For information only.*

**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  
NOVEMBER 20, 2012 AT 7:00 PM IN THE CITY COUNCIL  
CHAMBERS, 678 WEST 18<sup>TH</sup> STREET MERCED, CA 95340.

**CITY OF MERCED  
REGIONAL AIRPORT AUTHORITY MINUTES**

**COUNCIL CHAMBERS  
MERCED CIVIC CENTER  
678 WEST 18<sup>TH</sup> STREET  
MERCED, CA**

**Tuesday  
September 18, 2012**

**A. CALL TO ORDER**

Chair Janet Young called the meeting to order at 7:00 p.m.

**B. ROLL CALL**

Members present: Janet Young, Rich Basart, Larry Morelock, John Sundgren,  
Russ Cowperthwaite, Al Osborn and Josh Franco.

Members absent: None

Staff Present: Ron Elliott, Mike Wegley and Jessica Cortright

**1. Resignation notice of a board member and introduction of new board members**

Chair, Janet Young reported that Ray Beverly resigned and introduced the two new board members, Al Osborn and Josh Franco. Both new board members gave a brief introduction of themselves.

**C. WRITTEN PETITIONS AND COMMUNICATION**

None

**D. ORAL COMMUNICATIONS**

Ken Mitten, airport tenant addressed the board in regards to the letter sent by staff regarding insurance requirements, and what is actually required for the General Liability.

Ron Elliott explained that staff is still working on clarification and will get back to the tenants prior to the Sept 30, 2012 deadline as stated in the letter.

**E. CONSENT CALENDAR**

**2. REGIONAL AIRPORT AUTHORITY MEETING MINUTES FOR JULY 17 AND AUGUST 21, 2012.**

M/S/C –Morelock/Cowperthwaite motioned to approve and file the minutes for June 17 and August 21, 2012 as submitted.

**F. REPORTS**

**1. GUIDANCE DOCUMENT REVIEW COMMITTEE – MONTHLY UPDATE**

Ron Elliott explained that a committee has been formed to review the Airport’s General Guidance Documents. Specifically, the airport’s general provisions, rates and fees/rent policy, minimum standards, rules and regulations and development guidelines. This item will become a monthly update so that the board can be informed on the progress.

**2. AIRPORT MANAGER’S REPORT**

Ron Elliott reviewed the Airport Manager’s report for July 2012.

**G. AUTHORITY BUSINESS**

**1. POSSIBLE INCOMPATIBLE LAND USE ACTIVITY**

None

**2. OTHER BUSINESS FROM AUTHORITY MEMBERS**

a. Appointment of Chair and Vice-Chair

Board members nominated Janet Young, Chair and Rich Basart, Vice- Chair to serve another term in their current positions.

M/S/C – Morelock/Sundgren motioned to approve the nomination of Janet Young to serve as Chair and Rich Basart to serve as Vice-Chair for another year.

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

None.

**H. ADJOURNMENT**

M/S/C – Basart/Cowperthwaite motioned to adjourn the Regional Airport Authority meeting at 7:33 pm and to meet again on Tuesday, October 16, 2012 at 7:00 pm at the Civic Center, 678 W 18<sup>th</sup> Street, in the Council Chambers.

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Janet Young, Chairperson  
Regional Airport Authority

To: Regional Airport Authority  
From: Ronald K. Elliott, Airport Manager  
Date: Oct 16, 2012  
**Re: Hangar Café Lease Amendment**

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### **Background**

The Hangar Cafe, LLC has requested an amendment to their existing lease with the City of Merced. Proposed lease amendment changes, currently in draft form, include:

- A reduction in overall renovation to the leased premises and no renovation to the three hangar bays behind and connected to the current foot print of the Hangar Cafe Restaurant.
- Two ADA restrooms to be constructed on the leased premises outside the Hangar Cafe.
- Rent to remain the same without an increase for two years.
- The Hangar Cafe Restaurant itself will be renovated to accommodate ADA access requirements.
- All construction is required to be completed within 120 days of Planning Commission approval.

The sale of alcohol will be allowed once renovations are completed, and a "certificate of occupancy" has been obtained.

If the contract amendment is approved by City Council action, the City Planning Commission will review the proposed modifications to the CUP on November 7, 2012.

### **History and Past Actions:**

On June 7, 2010, City Council approved the lease and terms for Building 3, of which the Hangar Café is part. Mr. Steve Stuhmer, Managing Partner, Hangar Café, LLC, obtained approval to provide major renovations to the existing restaurant space as well as the existing three aircraft hangars that comprise Building 3, to restaurant use as well. In addition, restroom facilities, an expanded outdoor eating area, and additional parking spaces were approved as part of the original lease. After the June 7, 2010 lease was approved, Mr. Steve Stuhmer

began working with Golden Valley Engineering, City Planning and Airport Staff in developing approved renovation plans.

At the January 19, 2011 Planning Commission Meeting, Mr. Stuhmer obtained unanimous approval for CUP Permit #1157. In short, the CUP approved the expanded dining area (outdoors), the addition of alcohol sales as an accessory use within the restaurant area subject to 29 conditions, and an environmental categorical exemption under the California Environmental Quality Act (CEQA).

**SUMMARY/RECOMMENDATION:**

Adopt a motion recommending the City Council approve the Hangar Café Lease Amendment.

Attachments: Draft Lease Amendment

## FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (“First Amendment”) is made and entered into in the City of Merced, County of Merced, State of California, as of the \_\_\_\_ day of \_\_\_\_\_, 2012, by and between the City of Merced, a California Charter Municipal Corporation, hereinafter called “Lessor,” and The Hangar Café, LLC, a California Limited Liability Company, hereinafter called “Lessee.”

### RECITALS

WHEREAS, On or about June 7, 2010, Lessor and Lessee entered into a Lease Agreement regarding the Leased Premises; and,

WHEREAS, On or about March 21, 2011, Lessor and Lessee entered into a modified Lease Agreement relating to the Leased Premises (hereafter, the “Lease”); and,

WHEREAS, Lessor and Lessee wish to amend the Lease pursuant to this First Amendment to clarify and modify the rights, duties and obligations of the parties to the Lease.

NOW, THEREFORE, in consideration of the foregoing Recitals which are hereby incorporated into the operative provisions of this First Amendment by this reference and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Lessor and Lessee agree as follows:

Section 1. Section 4 of the Lease is hereby amended to read as follows:

**“4. RENT.** As rent, Lessee shall pay Lessor for the Leased Premises the sum of Four-Hundred-Fifty Dollars (\$450.00) per month from the date of effective date of this Lease until one or more building permits are issued by the City of Merced for the Leased Premises. The rent hereunder shall be payable in advance on the first of every month beginning with the first month’s payment due within five (5) days of the execution of this Lease by both parties. The first rental payment hereunder shall become the commencement date of the Lease as well as the Annual “Anniversary” date. However, rent adjustments shall become effective and due on July 1 of each year.

Starting with the next rent payment due after the first building permit is issued by the City of Merced for the Leased Premises, the rent shall be increased to One Thousand Four Hundred Thirty Four Dollars and Eighty Nine Cents (\$1,434.89) per month. The rent shall be annually adjusted using the Consumer Price Index for all Urban Consumers (CPI-U)-West Region. The annual rent adjustment will be calculated in January of each year based on the prior year's rent. Any rent adjustment will be effective July 1 of the year in which the rental adjustment calculation is conducted. Lessee's rent shall include use of the outdoor dining area as shown on Exhibit "D" hereto.

Notwithstanding any language in this Section 4 to the contrary, the Rent shall not be adjusted to \$1,434.89 a month until two years from the date that Lessee pulls the first building permit for the Leased Premises if all of the following occur: within one hundred twenty (120) days from the date that the Planning Commission modifies the Conditional Use Permit for the Leased Premises, Lessee installs an ADA compliant ramp to the front door of the restaurant located on the Leased Premises, installs one ADA compliant door at the entrance to the restaurant located on the Leased Premises that is accessible via the ADA compliant ramp and installs two permanent ADA compliant bathroom connected to the City's water and sewer systems and connected to the Leased Premises metered electrical system (collectively, the "ADA Improvements"), a final inspection has occurred and a certificate of occupancy has been issued by the City of Merced Inspection Services."

Section 2. Section 15(n) of the Lease is hereby amended to read as follows:

"(h) **Schedule for Improvements**: If the Planning Commission approves the amendment to the Conditional Use Permit for the Leased Premises, then Lessee shall commence and complete construction of the ADA Improvements by no later than one hundred twenty (120) days from the date of the Planning Commission's approval of the amendment to the Conditional Use Permit. Prior to the start of construction of the ADA Improvements, Lessee shall obtain the bonds require by Section 10(e) of this Lease."

Section 3. Section 16 is hereby added to the Lease to read as follows:

**“16. CONSENT TO APPLY FOR AMENDMENT TO CONDITIONAL USE PERMIT.** In its role as the property owner of the Leased Premises, Lessor consents to the Lessee applying for an amendment to the Conditional Use Permit on the Leased Premises as long as such proposed amendment includes the construction of the ADA Improvements. Lessee acknowledges and agrees that it will not be allowed to sell alcohol on the Leased Premises until the construction of the ADA Improvements is completed, a final inspection has occurred and a certificate of occupancy has been issued by the City of Merced Inspection Services. Lessee also acknowledges and agrees that it must fully comply with all of the conditions of the Conditional Use Permit for the Leased Premises, as such permit may be modified by the Planning Commission.”

Section 3. Miscellaneous Provisions.

(a) Entire Agreement. Except for the Lease, which this First Amendment amends, this First Amendment represents the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the parties with respect to the matters contained in this First Amendment.

(b) Section Headings. The section headings contained in this First Amendment are for convenience and identification only and shall not be deemed to limit or define the contents to which they relate.

(c) Venue. This First Amendment and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this First Amendment shall be held exclusively in a state court in the County of Merced.

(d) Waiver. No waiver of any provision of this First Amendment shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought.

(e) Severability. If any part of this First Amendment is declared invalid for any reason, such invalidity shall not affect the validity of the remainder of the First Amendment or the Lease which it amends. The other parts of this First Amendment and the Lease which it amends shall remain in effect as if this First Amendment had been executed without the invalid part. The parties intend and

desire that the remaining parts of this First Amendment and the Lease which it amends continue to be effective without any part or parts that have been declared invalid. If, for any reason, the First Amendment does not take effect, then the provisions of the Lease shall remain in full force and binding upon the parties to the Lease.

(f) **No Reliance on Other Party.** All parties to this First Amendment declare that, prior to the execution of this First Amendment, they have informed themselves of sufficient relevant data, either through experts or other sources of their own selection, and have sought and obtained legal counsel, in order that they might intelligently exercise their own judgment in evaluating the contents of this First Amendment and making the decision to execute it. The parties each represent and acknowledge that in executing this First Amendment, they do not rely and have not relied upon any representation or statement set forth herein made by any other party to this Amendment or their respective legal counsel with regard to the subject matter, basis or effect of this First Amendment.

(g) **Construction.** The provisions of this First Amendment shall be liberally construed to effectuate its purpose. The language of this First Amendment shall be construed simply according to its plain meaning and shall not be construed for or against any party, as every party has participated in the drafting of this First Amendment and has had its legal counsel review it. Whenever the context and construction so require, words used in the singular shall be deemed to be used in the plural, and vice versa.

(h) **Successors and Assigns.** This First Amendment shall be binding on and shall inure to the benefit of the parties and their respective legal representatives, successors and assigns.

(i) **Governing Law.** The validity and interpretation of this First Amendment shall be governed by the laws of the State of California without giving effect to the principles of conflict of laws.

(j) **Section Headings.** The section headings contained in this First Amendment are for convenience and identification only and shall not be deemed to limit or define the contents to which they relate.

(k) **Authorizations.** All individuals executing this and other documents on behalf of the parties certify and warrant that they have the capacity and have

been duly authorized to so execute the documents on behalf of the entity so indicated.

(l) Definitions. All terms not specifically defined in this First Amendment shall have the meanings ascribed to them in the Lease.

(m) Impact of Amendment on Lease. Unless otherwise specifically amended by this First Amendment, all provisions of the Lease shall remain in full force and effect.

*[First Amendment continued on next page]*

DRAFT

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

LESSOR:  
CITY OF MERCED  
A California Charter Municipal Corporation

BY: \_\_\_\_\_  
City Manager

ATTEST:  
JOHN M. BRAMBLE, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
City Attorney      Date

ACCOUNT DATA:

BY: \_\_\_\_\_  
Verified by Finance Officer

DRAFT

LESSEE:  
HANGAR CAFÉ, LLC

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Stephen S. Stuhmer  
Managing Partner

Taxpayer I.D. No. \_\_\_\_\_

Business License No. \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

TELEPHONE: \_\_\_\_\_

FACSIMILE: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

DRAFT

To: Regional Airport Authority  
From: Ronald K. Elliott, Airport Manager  
Date: September 18, 2012  
Re: **Monthly Report - Airport Guidance Document  
Review Committee – For Information Only**

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### **Background**

During the July 17, 2012 Regional Airport Authority meeting, commissioners approved by unanimous decision the formation of a sub-committee to review existing Merced Regional Airport Guidance Documents. In addition, the committee will discuss the possibility of adding additional documents to those already existing. 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

The committee has been formed with the following individuals:

1. Ron Elliott, Airport Manager
2. Janet Young, Airport Commissioner
3. Russ Cowperthwaite, Airport Commissioner
4. Robyn Stiles, City of Merced employee

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.

No committee meeting was held in August. Nothing further to report.



# Merced Regional Airport

Manager's Report September 2012

## **OPERATIONS**

Great Lakes Airlines enplaned 283 total passengers for the month of September. Airline revenue enplanements were down 13 percent from the month before. Compared to September 2011, enplanements were down 13 percent as well. There were 10 cancellations this month out of the 120 scheduled departures; no cancellations were due to weather.

Expect enplanements to decrease significantly for the month of October due to a schedule change. For the month of October, Great Lakes Airlines will only fly to Las Vegas on Saturdays and Sundays. Flights to LAX will remain unchanged except for minor changes to scheduled departure and arrival times. Beginning in November, Great Lakes Airlines will again start flying to Las Vegas once daily.

## **CAPITAL PROJECTS AND CONSTRUCTION**

Airport staff has been working with RS&H Consulting 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 has been focusing on our Runway Safety Area Study, and we're waiting on a letter from TSA regarding office space needs and current limitations. Nothing new to report since last month.

Additionally, airport staff has been working on the Federal Aviation Administration (FAA) Airport Capital Improvement Program (ACIP) grant for 2012. On June 27<sup>th</sup>, the FAA approved the Runway Safety Area (RSA) study to determine the best and most advantageous option for clearing the airport's RSA. FAA is asking the study be completed as soon as possible. Nothing new to report since last month.

Construction of the new Medi-Flight Alert Facility is complete. Medi-Flight delivered their modular and has started efforts to bring the building up to City code.....sewer, electrical, water, phone, etc. Carter Construction will also do the upgrades on Medi-Flight's maintenance hangar as well. Medi-Flight has encountered a delay getting the up-grades contracts approved due to an internal reorganization.

Merced Regional Airport's two year essential air service (EAS) contract with Great Lakes Airlines was approved by DOT and subsequently approved by the Merced City Council on September 17<sup>th</sup>. The new contract goes into effect October 1, 2012 through September 30, 2014.

## **OTHER**

Expected renovations on Hangar BBQ have stopped. Legal and Airport Staff are working with Mr. Stuhmer and his attorney 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.

To: Regional Airport Authority  
From: Ronald K. Elliott, Airport Manager  
Date: October 16, 2012  
**Re: Possible Incompatible Land Use Activity**

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No activity this month.

To: Regional Airport Authority  
From: Ronald K. Elliott, Airport Manager  
Date: October 16, 2012  
**Re: Other Business from the Authority**

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