




City of Santa Barbara
Airport Department

Meeting: 06/15/22
Agenda Item No. 09

AGENDA DATE: June 15, 2022
TO: Airport Commission
FROM:  Brian D'Amour, Interim Airport Director
SUBJECT: Update on Revised Minimum Standard Requirements for Aeronautical Activities at the Santa Barbara Municipal Airport

RECOMMENDATION: That the Airport Commission:

- A. Receive a presentation from staff regarding the status of revisions to the Minimum Standard Requirements for Aeronautical Activities at the Santa Barbara Municipal Airport;
- B. Provide policy direction to staff regarding key components of the Minimum Standard Requirements; and
- C. Consider whether to refer discussion on fees to the General Aviation Subcommittee.

DISCUSSION:

Executive Summary

Since 2017, the Santa Barbara Airport (SBA) has been working with its stakeholders to update the Minimum Standard Requirements for Aeronautical Activities at the Santa Barbara Municipal Airport (Minimum Standards). A draft Minimum Standards document was presented to the Airport Commission on November 17, 2021 and was made available for public comment from December 2, 2021 to January 3, 2021.

Airport staff, under new leadership, have reviewed all public comments and made further refinements to the draft Minimum Standards. Staff is recommending that the Airport Commission receive a presentation from staff highlighting the proposed changes to the Minimum Standards. Staff further recommends that the Airport Commission provide policy direction regarding key components of the Minimum Standards.

Background

Minimum Standards set forth the minimum requirements an individual or entity wishing to provide aeronautical services to the public on a public-use airport must meet to provide those services, such as minimum leasehold size, required equipment, hours of operation, and types of fees. Minimum Standards are imposed to ensure that an adequate level of safe and efficient service is available to the public.

The adoption of Minimum Standards, though not required by the Federal Aviation Administration (FAA), can help public-use airports to remain eligible for Airport Improvement Program (AIP) grant funds. An entity operating an airport that receives these federal grants is known as the airport sponsor. Receipt of funds through the AIP are contingent upon the airport sponsor agreeing that the airport will be used for the public good. This agreement obligates the Airport Sponsor to follow 39 different Grant Assurances. These Grant Assurances cover a wide range of items from compliance with all Federal laws, regulations, executive orders, policies, guidelines, and requirements to maintaining an airport layout plan. Of particular interest regarding Minimum Standards are Grant Assurances 22 (Economic Nondiscrimination) and Grant Assurance 23 (Exclusive Rights).

Economic Nondiscrimination states that the airport sponsor *“will make the airport available for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.”* Further, it states, *“The sponsor may establish reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.”* Exclusive Rights states that the airport sponsor *“will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public.”*

These two grant assurances are intended to ensure that airports receiving federal funds are operated in a manner that benefits the public and to guarantee that companies or individuals wishing to provide commercial aeronautical services to the public are treated fairly with equal opportunities. The creation, implementation and enforcement of Minimum Standards are an important tool to ensure that the needs of the public, surrounding community, and those wishing to provide services on the airport are met in a manner that is fair, economically viable, and in compliance with FAA regulations and policies.

City of Santa Barbara Minimum Standards

SBA, through the Airport Commission, last modified its Minimum Standards in November 2017 (Attachment 1). Significant changes were made to the section related to Flying Clubs. The changes followed FAA guidance language regarding Flying Clubs including the extent to which Flight Instruction could take place within a Flying Club. Additionally, though not part of the Minimum Standards, annual fees for Independent Flight Instructors were increased from \$150 to \$200 at the time of the 2017 update to the Minimum Standards.

SBA faced challenges with its current Minimum Standards almost as soon as they were adopted. In November 2018, the FAA issued a letter in response to a complaint made by one of the airport's tenants. The complaint alleged that the airport was in violation of its grant assurance obligations by allowing Independent Flight Instructors to compete unfairly with flight schools that had established a fixed place of business on the airport. The complaint alleged that the burden faced by brick-and-mortar flight schools including

payment of rent, salaries, taxes, business license fees, and insurance placed flight schools at a competitive disadvantage from independent flight instructors that paid only a modest annual permit fee.

While there are significant competitive advantages to the presence of a fixed place of business on the airport, SBA did not dispute the 2018 FAA letter, nor the merits of the complaint, and committed to address the matter to ensure fairness and equality for all flight instruction activity on the Airport.

On November 7, 2019, as the Airport was working to develop reasonable solutions to this initial Complaint, the Airport received a second letter from the FAA related to another complaint filed by the same tenant in which allegations were made of unfair practices by the Airport's Flying Clubs.

On June 17, 2020, the Airport received a third letter from the FAA, informing the Airport that an informal Title 14, Code of Federal Regulations Part 13.1 Complaint had been filed in writing by the same tenant. In response to this complaint, the Airport agreed to finalize an audit, which was already in development, of the flying club in question to specifically evaluate flight instruction occurring within the club that was alleged by the complaint to create an unfair competitive environment and to be in violation of FAA policy for Flying Clubs.

The Airport's review of the Flying Club revealed significant flight instruction activity that resembled activity more akin to that of a flight school than a flying club. Working with the Santa Barbara City Attorney's Office and outside counsel for the Flying Club, on November 30, 2020, an agreement was entered into that imposed, among other things, a limitation on Flight Instruction activity by the club while the airport worked to develop appropriate policies to address flight instruction by flying clubs through an update to the Minimum Standards.

In November 2020, the airport also initiated a comprehensive process to develop proposed changes to the Minimum Standards related to flight instruction. To ensure transparency, the initial effort developed and outlined the specific process and timeline that would be used throughout the process to develop Minimum Standard updates. Included in this process was a series of Task Force Working Group Meetings intended to bring together the three types of entities engaged in Flight Instruction activities to discuss objectives and to allow each individual perspective to be heard. These meetings were held in addition to planned public outreach and were very productive in bringing the affected stakeholders to the table. Final Task Force Working Group meetings were held in July 2021.

A draft Minimum Standards (Attachment 2) document was presented to the Airport Commission on November 17, 2021 and was made available for public comment from December 2, 2021 to January 3, 2021. Airport staff, under new leadership, have reviewed all public comments and made further refinements to the draft Minimum Standards. Most

of the public comments were critical of the draft Minimum Standards, particularly surrounding the exclusion of independent operators (Article 8). Additional comments critical of the draft Minimum Standards were received related to Flying Clubs (Article 10).

Proposed Revisions to Minimum Standards

Based on public comment received, airport staff, with the assistance of outside consultants, revised the draft Minimum Standards (Attachment 3). In addition, all public comments have been complied and responses provided into one document (Attachment 4). Key changes with this draft of the Minimum Standards are summarized below.

- Independent Operators (applicable to all)
 - Allowed via permit
 - Must be licensed, insured, and have applicable fees paid
 - Permit duration up to 1 year
- Independent Flight Training Operator
 - Cannot provide training in aircraft owned, rented, or leased by Independent Flight Training Operator
 - Ground School only allowed on the premises of and with agreement from a Flight Training Operator with a fixed place of business
 - Advertising not allowed
 - Must submit flight log to airport
- Independent Aircraft Detailer or Washer
 - Only in designated areas specified in the permit
 - Must follow provisions of City's stormwater requirements
- Independent Aircraft or GSE Maintenance Operator
 - Only in designated areas specified in the permit
 - Typically only Preventive Maintenance per 14 CFR Part 43, Appendix A
 - Must submit maintenance log to airport
- Independent Avionics Maintenance
 - Only in designated areas specified in the permit
 - Typically only Preventive Maintenance per 14 CFR Part 43, Appendix A
 - Must submit maintenance log to airport
- Flying Clubs
 - Member flight instructors must obtain a permit from the City to provide Flight Training to other members of the Flying Club

Next Steps

Airport staff are recommending that the Airport Commission provide policy direction to staff regarding key components of the Minimum Standards, specifically for the sections related to Independent Operators and Flying Clubs as described above.

If there is majority support from the Airport Commission with the current draft Minimum Standards, Airport staff recommend that the Airport Commission consider whether to refer

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discussion on associated fees to the General Aviation subcommittee or to bring back to
the full Commission this summer.

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