

**THUN FIELD ADVISORY COMMISSION
SPECIAL MEETING SUMMARY**

December 6, 2017

A special meeting of the Pierce County Thun Field Advisory Commission (TFAC) was held on Wednesday, December 6, 2017 at 6:30 p.m. at the Civil Air Patrol building, Thun Field, 16915 – 103rd Ave. E., Puyallup, WA 98374.

I. Call to Order & Welcome

Chair Keith Kemper called the meeting to order at 6:30 pm.

TFAC VOTING MEMBERS	
Present:	J. Keith Kemper, Chair Douglas Miller, Vice Chair Mike Thompson Lyle Sindlinger John Hurlbut Marshall Collins Andrew Karlsson
Excused:	
TFAC NON-VOTING MEMBERS	
Present:	Nichole Weber, SHAC
Excused:	Dan Roach, Pierce County Council District 1; Hugh Taylor, Pierce County Council Alternate
PIERCE COUNTY STAFF	
Present:	Lauren Behm, Jay Simons, Lissa Smith, Cindy Willis
VISITORS	
Present:	Six members of the public signed the attendance sheet.

II. Old Business

- **TFAC Discussion/Recommendation on Fuel Concession**

Keith Kemper referred to page 27 of the memorandum; the baseline from 2017 is consumption of gallons – 87,989. Then it’s projected forward at three different growth rates. Page 12 has average annual growth rates in a line chart. Page 27 has very different numbers and the growth rates look a lot higher. The whole study is predicated on numbers on page 27. It appears that there was a problem with the math. Those numbers were used for extrapolation and that drives the numbers way up. He wondered if that invalidates the whole discussion. Keith provided a page of what he thought the numbers should be in

Appendix C-1 with projected growth rates at 1% for low, 1.4% for medium, and 1.7% for high with all annual numbers adjusted accordingly. Lauren Behm stated that Michael Transue said at the last meeting that the FCS group didn't have money budgeted to come back out to TFAC again. However, if there's an error, the report would need to be adjusted. We'd need to look for money for FCS to address those questions. Keith said if there is an error, they'd have to rework the study at their own cost; it may change the conclusions. Keith said let's list our questions tonight. If we get them in writing, we can submit them and get the answers. Lauren said the EIDC said meeting on this topic will be late January, so there's still time to provide a TFAC recommendation, and we do have a TFAC meeting already scheduled on January 16, so it would be before EIDC.

Lauren welcomed Andrew Karlsson, new TFAC member. Andrew said he took his first flight from Thun Field in 1995 as a young boy, so this airport has had a special place in his heart.

Questions:

Doug Miller – Assumptions on the numbers don't add up for flow usage on the field; he doesn't understand where they originated.

Marshall Collins said there are typos; it talks about usable fuel when it should say unusable. There's reference to the runway needing 400+ feet to accommodate jet traffic, but only lists the runway as 3,450. Then the runway length is correctly listed elsewhere as 3,650 feet.

Keith Kemper wondered how they determined a \$0.20 base allowance of profit in Proposal 3; they excluded labor in the gross margin (p. 7 of the PowerPoint document).

John Hurlbut referenced a gross margin of \$0.90 /gallon; is that what we're figuring now?

Keith Kemper said the labor reference is related to \$0.90. What do we pay vs. what is charged? Rod Wetherbee, current fuel concessionaire, said he earns an income of \$0.25 to \$0.50/gallon maybe; he didn't want to reveal proprietary information. Doug Miller asked if that's in the contract. Rod said the County is supposed to pay everything above \$2500 for maintenance per the contract. Keith asked Rod if the consultants had talked to him; where were these margin numbers coming from? Rod said they had conversations, but it wasn't about these numbers. They interviewed other operators also.

Rod said on questions about margin (\$0.25 to \$0.50), it depends on what the market is. He said he leads and follows with price changes. His fuel price is constantly in flux to follow his costs. It's like playing the stock market. It usually averages out. He wants to be competitive in the market to bring pilots in—fuel is not a money maker. Rod starting flying from the Spanaway airport in 1987; later he got back into it and did more training, got flight safety, and got into flight simulators. He started up an FBO and let students use his simulator. Then he purchased airplanes to teach pilots and bought Spencer Aircraft. All this wasn't for his personal wealth; it was for pilots and the community. He wants to provide pilots with resources. We're a community of businesses on the airport that buy from each other.

Rod had some other issues with the report from SIM's perspective. The growth chart shows 1998 to 2016 up by .06% per year – not a big increase. However, the speculation of those numbers is crazy. The consultant took fuel sales from 2014 and forward, but did not include anything before we took it over when it was below 70,000 gallons/year. We prepaid \$5000 to the County and used it as an incentive to try to sell more fuel. He would like the growth chart to show the FBOs' on the field, Spencer Aircraft's, and customers' usage of the airport that's not recognized in the 1.47% growth number. Everybody's working hard; increases

aren't due to increase in the number of airplanes; it's because we're working to bring people into the airport.

Rod submitted his written comments to the TFAC and read them into the record. Somebody needs to be available to help people at the pumps; that adds to costs. Option 2 – a \$0.02 increase won't hurt the market when it's good, but \$0.90 will. Keith Kemper said the fuel sales numbers are completely out of whack. Option 3 – Rod said 20 cents a gallon will dramatically impact fuel sales negatively. Option 4 is the same as 3, but adds hidden overhead costs at a management level. Option 5 is where the County operates the fuel concession. He was concerned about the money spent doing this survey (Lauren noted that it was not airport money—it came from the County Council). Rod said it's disheartening to think the fuel concession might be taken away from him. Rod said Option 1 is best; maybe try the \$0.07 or \$0.10. Pilots will fly elsewhere to save money. We want them to fuel up here.

John Hurlbut is a business owner; he won't stay in business very long if it loses money. Without knowing what Rod's margins are, it's hard to make a decision on what's best for the County and FBOs; we're making assumptions on not-real numbers. How much profit is there? Doug Miller said at 4% profit, it comes to between \$20,000-\$40,000/year minus operating expenses. Rod should be reimbursed for maintenance costs above \$2500 if it's above ground; it's in the contract. Doug said the study is only partially complete; it's missing key values.

Rod said we have to look at other impacts. There's a price balance that determines if pilots buy here or go elsewhere. Doug said we're in a bind because money earmarked for airports is gone; we have to fight others for guaranteed money. There's no money to expand the airport, so how do we offset operational costs for running an airport? Rod said there are auxiliary benefits that airports provide. An airport can't be self-sufficient. He knows margins and knows what they need to be to keep an airport running.

Lauren said the proposal for the County to take over the fuel concession is not our recommendation. We want to put it out to bid; we have no strong feelings of one option over another. Setting prices so high that pilots go elsewhere doesn't help anyone. Our new director is supportive of the airport businesses. We've talked about putting it out to bid and asking 'what is your best proposal?' We'd like to leave it open-ended, not include a prescribed cost/gallon.

Mike Thompson asked where the competitive bid process come in. Doug Miller said an open bid could be open to anyone in the community, not necessarily someone on the airport. That was never an option in the study. Lauren said grant assurances from the FAA say they must be fairly bid out. This contract had an end date, so we're not taking it away from SIM; the contract is ending. An open government process is always done through an open bid; that's the fairest way.

Rod strongly encouraged requiring qualifications; someone off the airport won't have the same incentive to look out for pilots. Doug Miller said you can't include reasons why someone can't bid because that limits it. Lauren said an open bid process would include scoring criteria to meet the airport's needs.

Doug Miller recommended the fuel concession be put out to open bid. John Hurlbut suggested that the numbers need to be revised and data corrected so that when we get bids in, the numbers are comparable. What we've heard from the current operator is that he's OK with Options 1 and 2; the County doesn't want Option 5, so we need to clarify numbers for Options 3 and 4.

Motion (Miller/Marshall) passed unanimously to recommend that the County send the fuel concession out to open bid to include scoping data to be brought back to the TFAC for comment prior to the beginning of the bidding process.

Lauren said we'll write up the TFAC's comments in a letter and bring your recommendation to the EIDC in January; we will let you know once a date is set so that you may attend and testify before the committee. We'll bring the letter for your approval.

Lyle Sindlinger said other airports have new above-ground pumps. We're the sixth busiest airport in Washington, yet we have the oldest pumps. Lauren said she will get a cost estimate to replace the pumps. Lyle said companies can bring in new tanks. If we have a leaking tank, it will cost big money to fix it. Lauren said the pumps are in the worst condition; the tanks are OK, but what's above ground is in bad shape. Rod Wetherbee suggested that we should all contact our Councilmembers about funding for pumps.

III. Adjournment

The meeting was adjourned at 7:27 p.m.

TO CONTACT THE THUN FIELD ADVISORY COMMISSION regarding any items on this agenda or any other issues:	
Call:	(253) 798-7250 (Airport Administration)
Fax:	(253) 798-2740
Mail:	Thun Field Advisory Commission 2702 South 42 nd Street, Suite 201 Tacoma, WA 98409-7322
Email:	pctfac@co.pierce.wa.us
Submit comments online:	www.piercecountywa.org/thunfield (click on "contact us")

TFAC Next Meeting

Date: January 16, 2018
Time: 6:30 PM
Location: Thun Field, Civil Air Patrol Building
 16915 103rd Ave. E.
 Puyallup, WA 98374