



To: Oelwein City Council

From: Dylan Mulfinger, City Administrator

Subject: Airport Fixed Based Operator (FBO)

Policy Date: 4/10/2020

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This coming year council made several reductions to general fund departments to ensure a balanced budget. One reduction was taking the FBO contract salary down from \$37,465 to \$30,000. The FBO has seen a two percent increase each year for the last three years.

FY2018	\$ 36,010.08
FY2019	\$ 36,730.20
FY2020	\$ 37,344.84

The reduction to the FBO has caused a discussion and a request from the FBO to work with council on a new contract. The city council has had discussions on the airport with plans of making changes in the spring of 2020 because the FBO contract expired June 30, 2020. I wanted to work through this process with Council and the FBO to ensure we were making the best decision for the community. I had great intentions of having several meetings, with one taking place at the airport. I always want to ensure that council is completely informed when they make decisions that will affect the city for years to come. The city council must determine their end goal so that staff can work on accomplishing that goal.

Right now, our current FBO, George Tegeler, needs to know what the plan is for July so that he can determine if he still will work for the city at a reduced contract rate. The FBO has expressed concerns that he cannot make the price cut work and will have to find other employment to support himself and his family.

While I believe that the future of the airport must be considered, it does not need to be rushed, and the city is not losing out on anything by keeping the status quo. I believe the city council must read over the information provided by the FBO and the notes I have provided. I am recommending that the council negotiate a one-year contract with the current FBO and work throughout the year on new contract between the city and the FBO. While the city can save money from limiting projects at the airport, the city still must maintain a facility. Saving money by not having a FBO on site is not a realistic outcome and cannot occur in a matter of three months.

I am recommending a work session April 27 to discuss the contract with our FBO and go over any question's council may have concerning this item. George Tegler our FBO will be present at the meeting.

## City Administrator Notes

- The city will have to hire on some form of staff to man the airport
- The city does have a nice airport and does receive federal funding for projects
  - On site visits the FAA and IDOT compliment the airport and talk about how it is a great resource for the community
- I was unable to find a figure close to the FBO's gas tax (the fuel fee the FBO pays for suing city equipment)
  - The last four years
  - 5,174.64
  - 4,217.69
  - 5,043.60
  - 7,585.18
- The fuel revenue comes primarily from the crop sprayers
  - If the city does not have an FBO the fuel revenue will dramatically decrease, over 60 percent
- The FBO does make money on the fuel, because of the work they put into it
  - The city would not monitor the fuel as well as the onsite FBO
- The city would have to begin buying fuel
- The FBO does make an income on maintenance to airplanes
  - The shop is provided by the city with the FBO paying electricity
- The airport was self sufficient when crop prices were high
- The FBO does a lot for the airport and ensures we have a good facility
- The city would pay a lot to have the area mowed and maintained
- The FBO mans the radio and delivers NOTAMS
- We would have to hire out snow removal