



To: Mayor and City Council
From: Dylan Mulfinger, City Administrator
Subject: Airport Fixed Based Operator (FBO) and Fuel Sales
Date: 7/24/2023

With credit card access going online at the airport the city council must make some crucial decisions. Recently, the airport has been a major focus of the city council with joint meetings and several discussions on the fixed-based operator. Below is a timeline provided to council to understand where we are at with the airport:

December of 2021 the City signs up for a new fuels system.

March of 2021 the new fuel system is installed, company states that the credit card will be delayed.

July of 2022 the City Council and the Airport Board meet to discuss the Fixed Based Operator (FBO) and fuel. No direction was provided to the City Administrator by the Council.

June of 2022 the City Administrator requested the airport board provide a recommendation on fuel. No action was taken.

November of 2022 Council voted unanimously to approve a one-year contract of the FBO for June 2022 to July of 2023. 11 members of the public spoke in support of the FBO.

February of 2023 council met jointly with the Airport Board. The only members in attendance were Greg Bryan and Ken Woodraska. No direction was provided to the City Administrator by the Council.

February of 2023 City Council did not consider the recommendation from the Airport Board to eliminate funding the Fixed Based Operator Position at the Oelwein Municipal Airport. The motion had a first, but died for a second. No direction was provided to the City Administrator by the Council.

April of 2023 Airport Board President responds that the Airport Board's recommendation of defunding the FBO position remains unchanged.

What does council need to discuss:

1. Does the council want to change the FBO contract?
2. Does the council want to change the process on fuel at the airport?

What does Council need to decide on:

1. The council should approve an FBO contract as the current one is expired.
2. The council should provide direction on fuel so staff can implement a new plan.
3. The council should also consider why they have the airport and the level of service they want to provide.
 - a. The more you put into the airport the more you get out of it.



The Contract

Some issues with the FBO occurred this year. One was that the board complained that the terminal was not being kept clean. This has been resolved. The FBO provides logs of airport activity when asked, but not as required by their contract. The FBO used city owned equipment to load a plane for an airport user. This issue was addressed. Even though the FBO was a major discussion of the Airport Board this year, numerous airport users still talk highly of his service and appreciate his help on their airplanes. The City Administrator feels that the current FBO does a good job for the airport and should be offered a contract renewal. If the council wants to move past the annual discussion, a two percent increase each year for three years is recommended by the City Administrator.

FY2023	FY2024	FY2025	FY2026
\$ 35,997.84	\$ 36,717.80	\$ 37,452.15	\$ 38,201.20

The Fuel

The city now has the capabilities to charge for fuel with a credit card. The current system for fuel sales is managed by the FBO. The FBO orders the fuel, sets the prices, collects from the customer, and checks the system daily. The city pays for all maintenance of the system. The city takes a 10-cent flow fee from the FBO. While discussions for bigger tanks have taken place, the city will not be in a financial position to upgrade the tanks at any time.

In previous council meetings the City Administrator recommended changing the process to:

- City buys fuel
- FBO sets prices
- Customer pays the city
- City cuts a monthly check to the FBO

The Airport Board was not in favor of this new process as some did not want the FBO to make money from fuel sales the FBO did not purchase. The city does not want to be in the fuel business because of the sporadic demand from the crop spraying businesses. If the city must fully monitor the fuel system, the city will not have the staff to provide adequate fuel to the crop spraying businesses. The fuel sales are also a large incentive for the FBO. The city cannot capture the revenue that the FBO makes on fuel because the city would not be able to supply the crop spraying businesses in the same capacity as the FBO.

The City Administrator recommends changing the fuel management but keeping the incentive for the FBO. Once the current FBO retires that city can evaluate the process and negotiate with the next FBO.