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Title: Salem Municipal Airport Commercial Air Service

Ward(s): 2
 Councilor(s): Andersen
 Neighborhood(s): SEMCA
 Result Area(s): Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
4/25/2022	1	City Council	approved	Pass

TO: Mayor and City Council

THROUGH: Kristin Retherford, Interim City Manager

FROM: Norman Wright, Interim Director, Urban Development

SUBJECT:

Salem Municipal Airport Commercial Air Service

Ward(s): 2
 Councilor(s): Andersen
 Neighborhood(s): SEMCA
 Result Area(s): Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy

SUMMARY:

The airport has received a letter of interest from a regional commercial air carrier, and is expecting letters of interest from at least one, and possibly two additional air carriers in 2022. Airline names, proposed routes, and other information remains confidential until such time that the airline announces its intentions publicly. An airline letter of interest triggers a series of local and federal readiness efforts. These efforts will require new airport staffing, local and federal inspections, equipment purchases and other budgetary impacts that have not previously been presented to City Council. This information report provides detail on the steps and actions that are anticipated in the months ahead.

ISSUE:

Commercial Air Service Readiness and Implementation Efforts

RECOMMENDATION:

Information only.

FACTS AND FINDINGS:

At appropriate times, staff will return to Council for approval of the following action items:

- Approval to accept a \$540,388 of State of Oregon General Fund award.
- Approval to accept a \$850,000 USDOT Small Community Air Service Development (SCASD) grant award, if Salem is selected as a recipient.
- Approval to expend airport contingency funds, as needed, to complete any terminal modifications required to accommodate TSA equipment, and/or any passenger occupancy issues identified in the terminal assessment, and/or for any other as-yet-unidentified needs.
- Approval of new airport staffing positions to develop, implement and manage the required Airport Security Program.
- Approval of a fee waiver policy to support airline startup operations.
- Approval of a lease to store airport equipment and materials.

BACKGROUND:

The Salem business community's air service development efforts, which have been ongoing since late 2017, have resulted in renewed interest from several commercial air carriers to provide scheduled airline service to the Salem community.

The airport has not had commercial airline service since Delta Airlines ceased service in 2008, and it currently lacks the fundamental infrastructure required to service commercial airlines. This includes federal (TSA) passenger and baggage security screening equipment, aircraft ground handling service equipment (passenger loading bridge, baggage carts, tugs, etc.), and possibly some modifications to the airport terminal to accommodate TSA equipment and aircraft passenger loads. The airport will also be required to develop and seek approval for an updated Airport Security Program (ASP), hire

and train at least two new full-time positions, including an Airport Security Coordinator (ASC), conduct fingerprint and federal background checks for all airport users accessing the airfield, including issuance of identification badges, provide local law enforcement presence during flight operations, and ensure Salem Fire Department has the requisite number of trained airport firefighters and response equipment to meet the FAA's minimum standards for certified air carrier operations. If commercial air services return, the FAA will upgrade Salem Airport's operating category from Category IV (no scheduled air service) to Category I (scheduled air service), placing additional requirements on existing airport operations and maintenance staff.

Some of the implementation efforts are already underway:

- A formal request for Federal Screening Resources and Other Requirements (FSROR) was sent to TSA in early March and the process to seek federal approval to install equipment and provide staffing to service the airport is in process. An onsite visit is scheduled for April 27th.
- The airport has engaged its Aviation Planning and Architectural Services consultants in Portland to conduct a terminal assessment for both the installation and operation of TSA equipment, offices, and other required spaces. The assessment will also help determine the suitability for the terminal to serve aircraft with greater than 50 passenger seats. This assessment will be shared with the TSA to seek their confirmation that equipment and staff spaces meet minimum federal requirements, and what level of terminal modifications (including cost estimates) may be required if minimum standards cannot be met.
- TSA regulatory staff conducted a site visit on April 14th to assess current airport staffing levels, review access controls, and to discuss new regulatory requirements to implement a full Airport Security Program. These requirements will include increased staffing, background checks and badging of all airport tenants and other airport users that require unescorted access to any portion of the airport, random personnel and vehicle inspections, ongoing training programs, and other such regulatory requirements not currently necessary. Given that neither the Airport Fund nor the City General Fund can support additional staffing and other costs to implement a security program, an external source of funding will need to be identified to supplement any additional revenue realized from the presence of commercial service.
- FAA Safety and Compliance staff in Seattle have been notified of the interest from airlines and a review of the Airport Certification Manual and Airport Emergency Plan are underway. Updates to both will be required.
- In conjunction with Salem Aviation Fueling, which is planning and preparing to provide passenger and ground handling services on behalf of the airline, a ground handling equipment list has been developed, which includes cost estimates. Minimum required equipment is estimated to cost approximately \$200,000, and a full slate of equipment will cost more than \$500,000. Grant funds of \$540,388 from the State of Oregon have been awarded to Salem Airport (pending Council approval) to assist with these needs. If allowed by the State, these funds could be used to procure the needed equipment. An agreement for use of City-owned

equipment by a private entity would have to be developed and approved, and the cost to store and maintain the equipment has not yet been determined.

Other required efforts and expenses that are not yet underway include:

- Upgrades to Airport signage, parking lots, terminal seating, and other as-of-yet unknown facility updates.
- Locating a suitable space to store airport files, equipment and other materials that are currently stored in spaces required for TSA equipment will have to be identified.
- Approval of an airport fee waiver program to support new startup airline service, and which is standard practice at airports. A fee waiver policy has not previously been approved by City Council. FAA allows for up to 24 months of fee waivers of the direct costs to airlines including landing fees, terminal space rental fees (if any), and ramp parking fees (if any). These fee waivers will be of minor significance to the airport budget and are likely to be offset by increased parking and fuel flowage revenue.

It is important to note that airline letters of interest (or intent) are non-binding to the airline, which means they are under no obligation to either begin service or to sustain service for any length of time. National economic conditions, geo-political events, ongoing (or new) public health crises, and similar unanticipated occurrences could alter any plans an airline develops at this time. The City of Salem Airport and Fire Department, as well as the FAA and TSA could invest significant resources to accommodate commercial air service only to find that the service does not arrive as originally intended or does not sustain itself for the long-term.

John Paskell
Airport Manager

Attachments:
None