



**TRUCKEE TAHOE AIRPORT DISTRICT  
BOARD OF DIRECTOR STAFF REPORT**

**AGENDA TITLE: Midwest ATC Service Contract**

**MEETING DATE: April 25, 2018**

**PREPARED BY: Hardy Bullock, Director of Aviation & Community Services**

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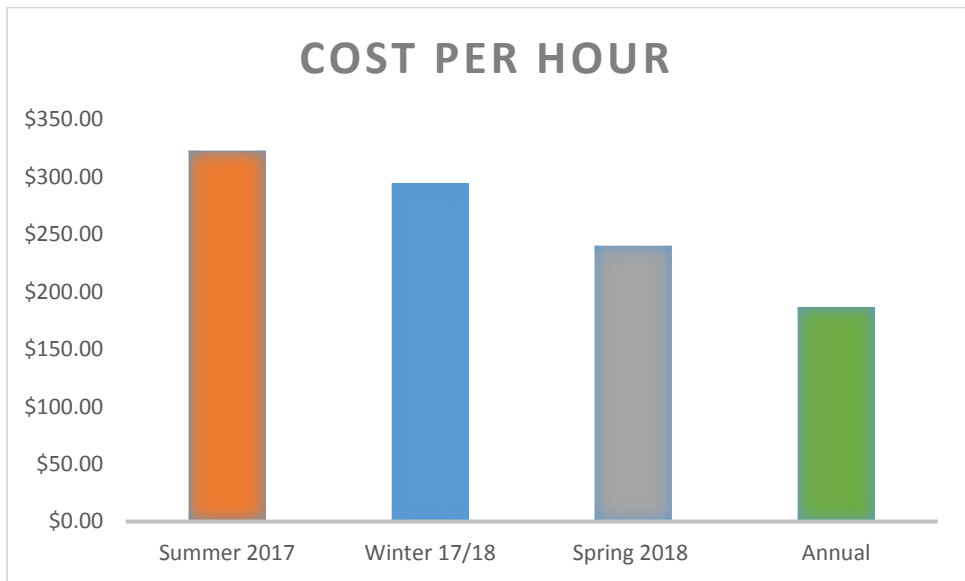
**RECOMMENDED ACTION:** Approve a service contract with Midwest ATC to provide air traffic control services and tower management services for a three year period. Other action may include approval of a contract period of one or two years.

**DISCUSSION:** The Board directed Staff to develop a contract and annual pricing for one, two, and three year periods for air traffic control services with Midwest ATC. The attached contract is identical to the contract for the previous periods except the term subject to Board approval.

The execution of the contract details such as staffing levels, service offerings, hours of operation, equipment maintenance, training, certification, safety, and alike are outlined within the contract. The operational behavior of the tower is outlined in greater detail through memorandums between Midwest ATC and the District. These outline protocol for noise abatement procedures, glider operations, skydiving, and other special conditions. These have been developed prior to opening and they are routinely updated as new procedures are identified and implemented.

It is staff opinion that Midwest ATC, the Tower Manager, and the entire control staff are willing to continue operation of the tower in the current manner with care and responsive attention to the needs of the District, the flying public, and the surrounding community. Staff does not foresee any negative implications for executing a three-year contract and is confident that continued improvement and refinement will occur as a result of a longer term agreement.

The three options are priced the same with a 3% annual escalation for cost of living adjustments and wage increases for merit and tenure. Staff compared the hourly cost of the tower over the course of the past three contract terms. The graph below shows that the District is realizing a considerable cost reduction when comparing the first term of the agreement predicted on a temporary basis. The original cost per hour was \$322 and the year one hourly cost is now at \$186 per hour. While annual cost increases the actual value of the tower service per hour is static over the course of the three year contract except for the 3% escalation.



These cost are based on the following hours of operation:

January	7 AM to 6 PM	11 hours
February	7 AM to 6 PM	11 hours
March	7 AM to 6 PM	11 hours
April	7 AM to 7 PM	12 hours
May	7 AM to 7 PM	12 hours
June	7 AM to 8 PM	13 hours
July	7 AM to 8 PM	13 hours
August	7 AM to 8 PM	13 hours
September	7 AM to 8 PM	13 hours
October	7 AM to 6 PM	11 hours
November	7 AM to 6 PM	11 hours
December	7 AM to 6 PM	11 hours

Additional cost to the District will include the direct communications lines from Oakland Center. Estimates are \$39,000 initially for installation with a recurring cost of \$12,000 annually. This does not include underground improvements for conduit contained within the taxiway ROMEO resurface project. This communications cost is being negotiated with the FAA. Additional cost

may be annual metallurgic inspection of the containers, paint, fence maintenance, and site improvements. This is expected to be less than \$2,000 per year. The detail outlined below is the annual total tower cost and the three contract options:

	Midwest ATC	Communications	Maintenance	Total Cost
Year 1	\$799,725	\$39,000	\$2000	\$840,725
Year 2	\$822,182	\$12,000	\$2000	\$836,182
Year 3	\$848,204	\$12,000	\$2000	\$862,204

A three year agreement will allow the District to fix the cost. If the District sees utility in preserving flexibility a one year contract will offer the same price and terms. Staff recommends executing a three year agreement to fix the cost. The agreement may be modified or cancelled by either party with 90 days written notice.

**WHAT'S NEXT:** Staff will prepare a report and contract for the FAA reimbursable agreement to provide secure data communications to the tower. This report is anticipated for May or June delivery to the Board.

**FISCAL IMPACT:** Approximately \$860,000 per year. Within budget for the operating period within the current fiscal year.

**SAMPLE MOTION(S):** I move to authorize the Board President and the General Manager, on behalf of the District to negotiate a contract with Midwest ATC for an amount not to exceed \_\_\_\_\_ for a period of \_\_\_\_\_ years.

**ATTACHMENTS:**

Midwest ATC Contract Draft