

STAFF REPORT

PRIVATE FUEL STORAGE AT THE AMES MUNICIPAL AIRPORT

April 26, 2011

Background

On March 24, 2011 Brian Aukes wrote the attached letter to the Mayor and City Council requesting that he be allowed to install a private, 1,000 gallon, above-ground storage tank for aviation fuel on his leased land area at the Ames Municipal Airport. Mr. Aukes stated in his letter that the intent of installing a fuel tank is solely for private use, and that his fuel would not be used or sold to other Airport users. Such sales to others would have put him in competition with fuel sold by the current Fixed Based Operator (FBO), Hap's Air Service.

Federal and State Regulations

The Federal Aviation Administration (FAA) released guidance to Airports regarding standards and procedure for fuels storage, handling, and dispensing by Airport users. Current regulations are outlined in two main documents; National Fire Protection Association (NFPA) 407, "*Standard for Aircraft Fuel Servicing*" adopted by the State of Iowa Fire Marshal's Division, and the latest edition of the FAA Airport Circular: AC 150/5230-4, "*Aircraft Fuel Storage, Handling and Dispensing on Airports*". **If private fuel storage were to be allowed at the Ames Municipal Airport, these publications would provide the minimum installation standards with which each user would need to comply.**

It is also recommended that any operator of a private fuel storage tank be required to take approved safety training that is comparable to Federal Code 14 CFR Part 139, Section 321(e)(1). This training should be taken by anyone who is supervising the fueling of aircraft. Part 139 Airports are larger commercial ports that have aircraft larger than those able to land at a General Aviation airport like Ames. Though not required by law, this could be a condition added to an addendum to the lease that would ensure the operator of a privately owned fuel tank is certified in all applicable safety procedures.

Fixed Base Operator (FBO)

The day-to-day operations of the Ames Municipal Airport are taken care of by a Fixed Base Operator (FBO). This position is currently held by Hap's Air Services. Haps' agreement with the City outlines the services they must provide, minimum standards for operation, and rights they have to areas of Airport property. Part of this agreement includes the right for the FBO, as a private business, to make income from fuel sales from the underground storage tanks (UST) owned by the City.

Self Fueling Standards were adopted by the City Council for the Ames Municipal Airport on November 13, 1997, which formally established the policies and regulations for fueling aircraft. Shortly thereafter an airport user made two different requests of the City Council to allow for private fuel storage separate from the UST's owned by the City. **Both previous requests were denied due to several factors, which were mainly based upon safety concerns at the time.** Attached to this report are copies of those documents dated October 12, 1999, and January 25, 2000.

Airport Income from Fuel Sales

The fueling standards established at the Airport require a flowage fee to be paid to the City at the rate of \$0.05/gallon for Aviation Gas (Av Gas) and \$0.07/gallon for Jet Fuel. In the event this request is granted, the fuel pumped from Mr. Aukes's tank would be subject to this flowage fee requirement to the City, and would serve as another source of income for the Airport.

Historically, the incumbent FBO has voiced concern about the effect additional fuel storage facilities would have on the economic viability of the FBO to operate its business at the Airport. In order to insure that our Airport users are provided with a wide array of services, the City has historically done all it can to promote the ongoing economic viability of the FBO.

Recent discussions with those airport users interested in installing additional fuel storage facilities have indicated that they currently do not purchase fuel from the FBO, nor do they plan to do so in the future. They have indicated that private fuel storage would be for their private use only, and would not be sold to other Airport users. Therefore, they would argue that there will be no lost revenue to the FBO.

It should be noted that this change, if granted, would only apply to those users who lease land as well as facilities at the Airport property. Therefore, those who lease the T-hangers on the west side do not have enough land to meet the minimum standards associated with the installation and upkeep of fuel storage facilities. The standards for above ground fuel tanks are reflected in the previously mentioned State and Federal regulations and require separation from structures.

Iowa State University Fuel Tank

It should be noted that Iowa State University has for many years operated an above ground fuel tank at the Ames Municipal Airport. In 1947 the City of Ames and Iowa State College entered into a memorandum of understanding that granted an easement and permitted the College to use the Municipal Airport for flight training and instruction of students in aeronautical engineering. [The agreement was renewed in by Iowa State University in 1964 and remains in effect today.](#) Since Iowa State University's hangar space and leased land are not regulated in the same way as other leases, they have installed a storage tank so that they can operate their flights anytime without the need to

rely on the FBO for fueling their aircraft. The University's tank was installed in accordance with all State and Federal guidelines previously stated in this report.

Modification of Lease Agreement

In order to allow private fuel storage at the Airport, an addendum to the current lease agreement would be needed. The current language states, "... **[The Lessee] shall not engage in the storage, sale, or dispensing of any form of fuel on the leased premises without first entering into an addendum to this Agreement to establish relevant standards for methods of fuel storage, flowage fees, and other relevant terms and conditions to protect the public safety, preserve the public property at the airport ...**"

If this request to have private fuel storage were to move forward, City Council could direct staff to work with the Lessee to define the appropriate conditions of the addendum prior to approving a new lease. It would include, at a minimum, provisions for fire protection, signage, electronic monitoring, and secondary containment, as well as restrictions on who is allowed to use the fuel and required safety training for the operating party.

It is anticipated that the City would also work with the private fuel tank owner to establish a routine equipment inspection and maintenance process checklist as per guidance provided by the FAA to smaller General Aviation airports. Finally, the private owner would submit a Spill Prevention Control and Countermeasure Plan (SPCC) that would remain on file with the City as long as the tank is in use.

What Has Changed That Would Support This Request?

Since the establishment of fueling standards at the Ames Airport in 1997, many changes have occurred both locally and on a national level. First, the economics of general aviation airports have been put under additional strain along with the rest of the nation's economy. This directly affects users who frequently operate aircraft, such as Brian Aukes, which he has described in his letter.

Because of this, there has been an increasing trend in the installation of self-fueling systems, such as above ground storage tanks, which has shown to provide efficiency and greater customer service. However, it is up to the municipal owners of airports to recognize this change and evolve its processes to ensure the safety and well-being of the public in addition to Airport customers.

A second significant change that should be emphasized is the fact that the standards and regulations governing fuel storage have been created to make this change feasible for Airports and their users. This is true both from a technological standpoint (types of double-walled tanks, electronic safety systems, secondary containment, etc.) and from an operational standpoint (environmental protection and safety procedures).

Due to these national changes, a request that private fuel storage be allowed at the Ames Municipal Airport for users who hold a land lease at the Airport and who can meet specified criteria can now be supported.

Next Steps

Should the City Council choose to support this request, the next step would be to approve a motion directing staff to prepare modifications to Mr. Aukes's lease agreement allowing for a self-fueling station subject to specific safety standards recommended by staff.

Motion to approving alternative and thereby y