



FOR COUNCIL MEETING OF: March 17, 2008
AGENDA ITEM NO: _____ 4 (a)

TO: MAYOR AND CITY COUNCIL
THROUGH:  FOR LINDA NORRIS, CITY MANAGER PRO TEM
FROM: VICKIE HARDIN WOODS, DIRECTOR 
COMMUNITY DEVELOPMENT DEPARTMENT
SUBJECT: FUEL STORAGE TANKS AT McNARY FIELD
ISSUE: Should Council adopt a comprehensive policy concerning Fuel Storage Tanks

RECOMMENDATION:

Staff recommends that Council refer the issue of fuel tank regulation at McNary Field to its Airport Advisory Commission for a recommendation regarding comprehensive rules to promote environmental protection, safety and economic equality.

BACKGROUND:

With the opening of the South Corporate Hangar / Industrial Area a Salem based company has applied to construct a new corporate hangar including an underground fuel storage tank. The company has completed the engineering design of the tank and has acquired a Department of Environmental Quality (DEQ) permit. Councilor Tesler appeared before the Airport Advisory Commission (AAC) asking that consideration be given to banning underground fuel storage tanks based on the environmental risk and the economic impact on the Airport commercial fuel vendor. There are currently three commercial tanks and three non-commercial (private) tanks with two being underground. The most recent was authorized approximately 10 years ago. Current Airport Rules and Regulations and the Salem Revised Code allow private fuel storage tanks at the airport, but are silent regarding whether the tanks may be underground.

FACTS AND FINDINGS:

Issues of private (non-commercial) fuel storage tanks on an airport is a common theme on many public airports. Concerns can be characterized in the following areas:

- 1) Regulatory issues
- 2) Safety / security concerns
- 3) Environmental concern
- 4) Economic impacts

A survey of other Oregon airports include a mix of non-commercial applications often driven by local conditions and based corporate operators. Most rely on Federal EPA, FAA and DEQ regulations to guide fuel tank approval. ¹

All airports contacted recognized the FAA requirement of allowing non-commercial fueling, but most have adopted some measure of local regulation such as local fuel license (Medford) or central tank location (Eugene) and all collect fuel flowage fees. Both underground and aboveground tanks are used for non-commercial fueling.

As a public airport receiving federal funds, McNary Field's responsibility is based on Federal Aviation Administration (FAA) Order 5190.A Airport Compliance Requirements. The right of an aircraft owner to service (fuel) their aircraft with their equipment and their employees is established in both FAA regulations and grant assurances. The FAA does indicate that an airport can and should adopt "reasonable rules and regulations" governing location, equipment and procedures.

Safety/security concerns are addressed in State Fire Marshall requirements, City Fire Codes, City Building Codes, insurance rules, Salem Revised Code Chapter 9, as well as FAA regulations. Current regulation for safety/security allows both underground and above ground tank installments.

Environmental problems and concerns are the basis for most of the regulations concerning fuel tanks. Leaks in underground tanks prompted significant federal rule changes in 1989. Federal Environmental Protection Administration (EPA) regulations were developed to provide environmental protection of existing and new tanks. State requirements were adopted to reinforce the Federal laws. Federal regulations are found in the Code of Federal Regulations (CFR) 40 Part 280 and focus on and require:

- 1) Leak detection and monitoring
- 2) Spill and overfill protection
- 3) Corrosion protection of tanks and piping

Regulations also require evidence of financial responsibility. The Oregon Department of Environmental Quality (DEQ) is charged with implementing Federal EPA and additional safety requirements.

1. Airports Surveyed:

Bend, Aurora, Klamath Falls, North Bend, Redmond, Corvallis, Medford, Pendleton

In response to the Federal Energy Policy Act of 2005, Oregon DEQ is providing additional protection by requiring:

- 1) Secondary containment requirements for new tank installation and replacements (effective 2007)
- 2) Delivering prohibition for non-compliance tanks (effective 2007)
- 3) Operating training requirement (effective August 2009)


Economic concerns recognize the obvious balance between FAA requirements and the importance of having viable commercial fuel vendors on an airport. The proliferation of "self-fueling" (private) tanks can have an adverse economic impact on a commercial fuel vendor. The sale of jet fuel to corporate users is often the critical element of a successful and profitable service. Such sales allow a commercial operator to provide a much higher level of service and equipment that might otherwise be available.

Staff recommends that the task of drafting a comprehensive fuel tank policy be referred to the AAC. Staff will provide the AAC with information regarding policies at other airports and best management processes. Issues addressed by the Commission will include:

- 1) Financial responsibility of fuel tank owner. (Currently only required by DEQ);
- 2) Certification and training of fuel tank owner/employees (DEQ will require in 2009);
- 3) Inspection of private fuel tanks and quality control programs.
- 4) Fuel flowage / inspection fees
- 5) Location of fueling facilities.

The AAC policy would be returned to Council for evaluation and adoption.

In the interim, the pending corporate application would be approved based on SRC Chapter 9 and Airport Rules and Regulations. The applicant would meet all Federal and State environmental and safety standards.



Alan Alexander, Airport Administrator