

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
November 8, 2012

MEMBERS PRESENT: Mike Erickson, Rolf Johnson, Lon Gellhaus, Steve Kaiser

MEMBERS ABSENT: Dr. Kennon Broadhurst

OTHERS PRESENT: Mike Wilson, Bob King, Terry Helms, Brooke Edgar, Corey Helms, Michael Schmit, Kevin Braun, Darryl Theobald, Dean Knie, Jeff Bahr, Jeff Williams, Julie Johnson, Rhea Ketterling

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:31 am on Thursday, November 8, 2012.

Terry Helms introduced his staff that will be working with the Airport since Muntean had left the firm. Corey Helms handles the financial side of the grants. Mike Schmit who's been with Helms for 4 ½ years had taken his registration test a couple of weeks ago. Schmit had worked on many airports throughout the State with Helms. Between Schmit and Terry Helms they will handle the engineering side of things. Brooke Edgar is from Rockham, SD. She just defended her thesis for a Master's degree this week successfully. She's been handling the environmental and wetland side of things and had our EA signed off. Terry Helms stated Schmit will be the point person. Between the four of them they will continue to work on what Terry Helms call the toughest project that they ever been involved with on the Aberdeen Regional Airport which is the Wetland Mitigation/Storm Water Issues. Wilson added that Edgar is the one that was making daily calls to FAA to get the FONSI ROD signed off.

Item #2 - Approval of minutes from October 9, 2012 meeting – A corrected minutes was distributed. Moved approval by Johnson, seconded by Gellhaus. **MOTION CARRIED.**

Item #3 Adoption of the agenda – Kaiser moved adoption, seconded by Johnson. **MOTION CARRIED.**

Item #4 – Next meeting is scheduled for Thursday, December 6, 2012.

Old Business:

None

New Business:

Item #5 Bills – An updated bill list was distributed. Gellhaus moved approval of the bills for the month of October, seconded by Kaiser. **MOTION CARRIED.**

Item #6 Financial Report – Johnson moved to accept the financial report for the month October, seconded by Gellhaus. Kaiser stated Delta's PFC for August seems high. It's good. Wilson stated we have more passengers. We had a quarter that is all over \$9,000. This sped up our PFC application collection and we will have to get a new application going soon. **MOTION CARRIED approving the financial report.**

Item #7 Recommendation to pay Helms and Associates PE #12 (Final) in the amount of \$3,066.21 for AIP Proj. #3-46-0001-31-2011 Ag Sprayer Taxiway Construction – Engineering Services – Moved approval by Kaiser, seconded by Gellhaus. Wilson stated this is the final bill we have on this project. **MOTION CARRIED approving payment.**

Item #8 Recommendation to approve agreement between the City of Aberdeen and KLJ to review Helms and Associates Professional agreement for AIP Proj. #3-46-0001-33-2013 - Moved approval by Kaiser, seconded by Johnson. Wilson stated because the project for Wetland Design Mitigation is such a large project and the cost is going to be high, the State requires a review of Helms and Associates cost by another consulting firm. KLJ is the one that the State chose to do the review as they like to use a firm that has airport experience and had done similar project before. This review is already in process. We just have to approve the contract and pay \$1,530 for the review of the item 9 agreement. If there are discrepancies in hours and cost during the review, the State then negotiates. Erickson

asked we approved this before it can be reviewed. Wilson stated the review is already on going and the State is the one that chooses who does the review. Terry Helms stated the State chooses firm that understands each other business. We are dealing with professional aren't need to be competitively bid. Helms's overhead rate is audited every year by the State Highway Department. The Office of Aeronautics requires this anytime a project cost is going to be over a 1m. This happens to Helms periodically. Never, ever Helms gets a call from the State to tell him that he need to raise his cost. Helms stated we are in this process and we are in such a timeline. What we are trying to do is trying to get through the wetlands Corps of Engineer permits, meeting with the adjoining land owners on drainage issues, finding areas to mitigate the wetlands off site, deal with land owners, etc.. Then Helms have to do the design and we have to be ready by 1st of July till the end of July, so we are ready for discretionary money coming out of FAA in August. Our timeline is really tight. Wilson added the FAA in BIS ADO's guide to Grant Management said that the EA must be completed in April the year prior to get funding in the next fiscal year. They are allowing us to go beyond this by quite a ways. We are trying to push this through and trying to get everything done in a short period of time so we are ready for the money next year. **MOTION CARRIED approving the Independent review agreement between the City and KLJ.**

Item #9 Recommendation to approve Helms and Associates Professional Agreement for AIP Proj. #3-46-0001-33-2013 Wetland Removal, Mitigation and Storm Sewer Improvements – Moved approval by Gellhaus,

seconded by Kaiser. Wilson stated this is the project that KLJ is reviewing the cost on. We do not have the review back from the State yet and we do not have the final agreement from Helms. Wilson recommends so we can move this project forward that the Board approve Helms's agreement contingent upon not spending more than \$329,050. The numbers might be less depending on what the State comes back on their review and what Helms ends up working out with them. The State had some questions on some hours and some different areas from field surveys. Helms added they had question the number of areas that we have to mitigate here and the number that we have to mitigate off site. Kaiser asked what the question on the off site was. Wilson stated why we are looking at so many sites. We do not have it narrowed down. We probably have to reconstruct/re-established 88 acres of wetland. We also have to figure out a way to get the water on the Airport somewhere else and not draining at a rate faster than currently when it leaves the Airport. Gellhaus asked if they come back with more dollars, what would be the procedure for this. Terry Helms stated it's not going to happen. Vandel from DOT reviews all the contracts. The only trigger is when we go over the 1m which requires an independent review. We are looking at 10m over the life of the project. Johnson asked how we negotiate with land owners. Does Helms do it, does the City? Helms stated the City had to be involved and Helms recommends using the State Department of Transportation appraisers because they know all the Federal guidelines complied with land acquisitions. Helms stated we do not foresee being able to mitigate fully in one site. It would be nice, if we could. Wilson stated the money that we most likely to get for this next year are 1m entitlement and 2m discretionary. Johnson asked do we buy wetlands or do we buy land and create wetlands. Helms stated we buy land to create wetlands. Wilson added we have to establish new wetlands. Erickson asked how far from the Airport. Helms stated FAA would like it to be 5 miles; otherwise we will have to do another Wildlife Assessment if we are close. Gellhaus pointed out that the contract does have a maximum limiting amount already in it and does not think we need any contingency. Wilson stated this is the draft contract. We could do contingent upon review of the City Attorney. Gellhaus amended his motion to approve and include contingent on the final contract and reviewed by the City Attorney, seconded by Kaiser. **MOTION CARRIED.**

Item #10 Financial Close-out Report for AIP Proj. #3-46-0001-31-2011 Ag Sprayer Taxiway/GA Apron Phase 2 – Corey Helms stated what the Board received is the cost breakdown for the project which includes the

construction cost, engineering and administration, advertising, etc. What's in the book are documentations that derive the numbers. Terry Helms added the State of SD currently holds the State portion of the grant until they receive the close out report. For this project its 2%. The next round of funding the Feds are going to hold 10% of the Federal dollars until the close out report is done. Helms added we pride ourselves for getting this done as soon after the project is completed. The nice thing to know about the close out is from start to finish on this project is both the construction and the construction bid is less money and engineering cost and administration is below the contract amount; the project under run. Johnson moved to accept the project close out summary report, seconded by Kaiser. Wilson stated originally when we did this project, we did not think we would have enough money to fund the engineering cost, so we split this off and we were going to fund it with our #32 grant this year. This amount is \$119,873.03. This project under run enough, that we were able to include this amount. Corey Helms added not only this project, but also the #30 grant was under run, so it's a domino effect. We are gaining \$123,000 on this year's grant which will be used to cover all the changes that we have in the terminal remodel. Braun asked there are rooms for 3 Ag operators, is this correct? Wilson stated technically there's room for 4, depending on what the middle operator would do. Braun asked how many of these spaces do have leased out. Wilson stated none yet. We are waiting for AgriMax/Performance Ag which is the first one. They should be moving next year and Kraft Aerial

should be the year after. These are going to be City dollars that is why this has not happened yet. Braun stated there is room, if there is another operator that would like to pursue this. Wilson stated yes. The other option if we run out of room on this side, we would have to construct some spots on the west side of the new Ag Sprayer taxiway (also called the northwest side). **MOTION CARRIED approving the close out report on AIP #31.**

Item #11 JDH Construction AIP Proj. #3-46-0001-32-2012 Terminal Baggage Claim and Security Hold Room Renovations

11a: Recommendation to pay payment application #2 in the amount of \$49,770 for work completed thru October 25th – Moved approval by Gellhaus, seconded by Kaiser. Wilson stated the work were for sheet rocking, constructed the bathrooms, masonry work, site work, and demo. Things are moving right along and are right on schedule. Hopefully, by the end of the month they will be able to move the baggage claim back inside. **MOTION CARRIED approving payment to payment application #2.**

11b: Recommendation to approve Change Order #1 an increase of \$18,018 in contract amount – Moved approval by Gellhaus, seconded by Johnson. Wilson stated this Change Order has an addition of \$1,623 to change the ceiling tiles (they had spec tiles without the ridges), a deduct of \$2,320 for reducing columns and beams, an addition of \$453 for adding one pipe bollard for the baggage claim area, we rejected adding a door over by the new baggage carousel that the airline wanted (to solve this they can just use our janitor's closet door to grab bags off the belt if needed), an addition of \$267 to add oak cap and molding for the trim above the new bathrooms and the big addition is the flooring for the security screening area, hold room and baggage claim. The baggage claim had the vinyl spec and it had the quality that Wilson was not expecting. Wilson had sample of what was spec to what is being changed to. The security room and the arrival/departure corridor they were going put carpet in. This was never discussed on the design of the building. We are changing all of this to vinyl rather than the carpet. The vinyl has a 10 year commercial warranty for high traffic areas and it is easier to clean. The hold room will get carpet that the interior designer had selected. This one did not change. This change is \$17,995. Wilson added we will have another change order coming for putting grout lines between the tiles which will be \$2,000 to \$5,000. We will have money for this change order. A picture of the flooring with grout and without grout was shown to the Board. Wilson stated Pierre did a presentation on their new terminal and they said always plan \$50,000 for unexpected items, which is low. If we ever do another project like this, Wilson would want samples of all the products that are being spec. We had said high quality vinyl like what the hospital has and the stuff we have is not comparable to it. Erickson asked will there be changes on the ceiling tiles like for the sprinkler system or anything overhead. Wilson stated they are adding in sprinklers and duct work where it is needed. **MOTION CARRIED approving Change Order #1.** Kaiser asked what the final completion date is. Wilson stated April 30th. They are moving TSA's equipment on January 3rd. Erickson asked we will be using it before it is completed. Wilson stated yes; we will be using it early.

Item #12 Review of Private Hangar and FBO rates – Wilson contacted the commercial service airports in South Dakota and Jamestown. Wilson asked if the Board had any thoughts on rate increases or not. Johnson asked if Wilson has any recommendation. Wilson stated the last time we touched the private hangars was 2007. The City is running into this on their water fees where it has not been raised 4 or 5 years and now they are looking at larger increase. Wilson thinks that in the past Kaiser had mentioned CPI. CPI this year is at 2%, so for private hangar it would be \$0.1122. Wilson does not know if the Board would want to add an accelerator. Johnson stated our contracts are longer term than annual. Wilson stated the contracts are for 5 years, but rates can be adjusted annually. The other option is reach out and talk to other airports to see what they are charging and change rate every year or every two years. Kaiser stated we have not raised our rate since 2007. Wilson stated we had changed the FBO's hangar and cold storage rate last year because they were at \$0.107. This was change to \$0.11 so it's the same as the private hangar rate. Johnson stated landing fees are all over the place. Wilson stated fuel flowage is right in the middle of everything, landing fees everyone else is charging more than we are. Johnson asked how we charge for landing fees. Wilson stated landing fees are only for airlines and cargo. There are no landing fees charged for General Aviation. We charge for the airline and cargo based on the report that they submit each month. Johnson stated it appears that he Board does not want to make an immediate action on this and asked if we can table this until next month and review it. Johnson thinks that everybody is fairly interested in any action that the Board would take on this. If there are any input that the Board could gain from those who are present today, this would be handy as well. Wilson stated the FAA does want every airport to be self-sustaining as possible. We do have requirement to review rates and be as self-sustaining as we can be. Being really far out of line with other airport, is this ideal? Wilson does not want raising rates either. Wilson was looking at CPI and thought this would be a decent way to go, but he does not really like just a generic increase every year either. Erickson thought that CPI went down last year. Wilson stated it was two years ago when it went down to .4%, but there are other years that it went up to 10%. Erickson asked the pilots and tenants who were in attendance for their thoughts. Braun stated from the business side

of it, General Aviation and Corporate Aviation is on a decline. General Aviation is on a large decline. There are not a lot of people wanting to build hangars and bring their aircraft here. Raising rates, Braun is not in favor of it. Braun stated we are just not in the capacity with hangars or aircrafts. This is on the private side as well as on the FBO side. Operating an FBO, Braun understands that cost continue to rise. Braun's fuel sales are down 20% from years past. Corporate industries just have not recovered from the recession. Aviation has a long way to go before it gets back to where it was 5 or 6 years ago. Johnson stated fuel flowage is an area that would be sensitive. Wilsons stated the other side of this for the Airport is we are going from 95% Federal funding, with 3% State and 2% City. This year it's 90% Feds, 8% State and 2% City. Next year it will be 90% Feds, 5% State and 5% City. Our costs are going up also. Construction costs are going up. Our projects are getting more expensive. As for fuel tax, this has not been raised since 1933 on Aviation fuel. It's been 4 cents per gallon on Jet fuel and 6 cents on Av gas. They are looking at possibly increasing this so the State can sustain a 5% match on projects. Right now we are looking at 2014 possibly 2015 where the State is able to fund 5%. Beyond this the State may have to drop it down and the City would be at 7% or 8%. This was briefly discussed in the September Aeronautics Committee meeting. Wilson distributed the CPI information to the Board. Johnson moved to table the review of rates until next month so it can be discuss further, research it, and visit with the FBO operators and any other private hangar owners that would like to talk to the Board, seconded by Gellhaus. Erickson stated maybe Wilson can bring input or suggestions. Wilson stated he had looked at what rate increase would do and looked at the FBO's. A one cent increase for all the private hangars that we have would be \$500 a year. This is not a lot and Wilson is aware that this is an added cost to the hangar owners. Kaiser asked if Wilson can put together the average cost of using Aberdeen, Sioux Falls, etc. Wilson stated this is something that would be hard to figure out. **MOTION TO TABLE is CARRIED for the Review of Private Hangar and FBO rates until next month.**

Item #13 Airport Manager's Report

13a: Terminal Remodel – The project is progressing. Terry Helms and Wilson will look at the ramp leading into the baggage claim area as there should be a retaining wall or someway to slope the area. We will probably have a change order for this. Wilson showed the Board the tile and a picture of what would be used on the outside of the building. It matches pretty well. The only major difference is that it is not shiny or glossy. The material is flor grax.

13b: ADO Conference – This was held last month. Laurie Suttmeier is the new BIS ADO Manager. She had been the interim in the past, so she has knowledge of our ADO and knows the staff. She was the Assistant Manager in Minneapolis. The 10% hold back of Federal dollar was discussed also. They are automatically going to hold 10%. The State is not going to hold back their share; otherwise we would be 18% short this year on projects.

13c: Snow and Ice Control Meeting – We had this meeting November 1st; our annual meeting to kick off the season. To make sure we are ready for everything. Kaiser asked if staff is on the runways, how we notify. Wilson stated the biggest change this year is the NOTAM system changed again. With the new NOTAM it was supposed to streamline everything. The system was supposed to call people, text, and send email, but this is not available anymore. We would be calling people who would like to be notified or waiting till the email comes through that our NOTAM went through and forwarding this to everyone who would be on our Snow and Ice Control/NOTAM list. Kaiser stated he is worried about the liability if something happens in our system and people are not notified. Wilson stated we are calling FBO's, airline and Fire Dept. when we issue NOTAM's. Whoever issues the NOTAM's will be the one making the call, but for anyone who wants to be notified on NOTAM we will forward this to. Currently the system forwards it. Johnson stated there is a change, so what does the pilot see on the change. Wilson stated the change does not affect the pilots. Two months ago we would issue a NOTAM, it would go through a computer, then go through a flight briefer. The flight briefer would then look at it to make sure everything is accurate and then either post it or edit it then post. The NOTAM was handled by Lockheed Martin and now the FAA is taking back the system over. They are trying to make it, so the airports can just issue the NOTAM and once it is issued, it's out there, and it does not have to go through a briefer. Wilson does not think this has happen yet, as he is not sure if the system is ready for it. Braun asked this is where the 30 minute delay comes in for confirmation. Wilson asked King what we have seen so far. King stated for confirmation it could be up to 15 minutes. But, then the controller in MSP is only required to check their NOTAM's every 15 minutes. The pilot enroute could have up to half hour delay before they get the information. Knie, a local pilot, asked how a non-radio aircraft coming in would get the NOTAM. Wilson stated hopefully we can get notice on them, but there are times that we can't. We try not to close the runways; if we do we will get the 15 minute PPR and be there. If we can get it clean in 5 minutes, we will. Hillestad, a local pilot, stated as long as we rotate runways and not close the airport. Keep one clean, so they can always get in. With rwy 35 we have the GPS, they can get in as long as we rotate runways. Wilson stated we will try, but with heavy snow it's not possible. Worst case would be that there will be a wind row and we will notify and

get a usable runway. Erickson stated he understand that we have new employees. Are we going to be up to training? Wilson stated our newest employee came from Brookings Street Department who has experience on most of our equipment. He was with the Brookings Street Department for 2 years. The other two new employees, Wilson thinks that they will be more than capable. We did send them to do some work with the Motor grader just so they can get experience on actually running the grader. They have been running the dump trucks, payloader, and skidsteers. We have been trying to get them as much experience to get ready for the snow. They had run the Oshkosh broom too. Hillestad stated as long as they understand that aircraft cannot go through snow ridge like cars do. Braun stated on this subject, being here quite a while, as an operator and speaking for the pilots to retain people from year to year would seem to be the best situation for the City and for experience. With the turnover, is there a study going on to see what can be done to keep staff. Johnson stated like an exit interview. Braun stated why they have to go through a season with new employee every year. Wilson stated we had an employee that moved out of State. Another is a personnel issue which Wilson cannot discuss. Wilson thinks the turnover has not been out of line since he's been here and the reason had been reasonable. Braun stated as an operator, they would like to see steady. Wilson agrees. Wilson would like to see higher pay for staff and bonuses for staff, but we are on the City schedule and we do not fluctuate from it. King could attest to this being with the City for 29 years this December. Every year there is a set fee that they increase and every other is an increase in step. The City does not do performance based raises. Braun asked if our Airport staff pay is comparable to other airport staff; is there a way to check this? Wilson stated what the City does is compare it to other jobs in the City not necessarily against other airports. Braun stated maybe this is not correct. Wilson stated he agrees, but any change would have to go through the Employee Group and does not see it making it through. They compare it to what type of equipment we have and how many hours they operate the equipment and what are the other duties. Our staff rate is between Light Equipment Operator and Heavy Equipment Operator. Braun stated he would think from the City's standpoint there is a huge difference between a snow plow pulling out in front of a jet airliner versus a Ford Fiesta on the street. Braun stated he is trying to help with the consistency of staff, so as an operator and pilots they can say that this crew had been together for years. Erickson stated the Board had tried years ago. They were bringing it in as a light equipment pay grade and our guys are running equipment that the Street Department classifies as heavy. Wilson stated the grade was below the light equipment. Wilson had arguments where they said; if we want we can put an hour meter in the piece of equipment and staff can log in their hours when they are running certain equipment. Then, they will get paid at a certain rate for operating that particular equipment (heavy or light). Wilson stated he had been working on this and had one position bumped up above the heavy equipment and this is the mechanic position which we were not able to fill so we reverted back to the maintenance position. If we would have an employee that starts exhibiting mechanic skills, Wilson will put them in this position. Hillestad stated if needed he's willing to help speak up to the City. Wilson added there is an employee group that would have to be worked through first. Johnson stated he gets the same feeling when he hears the guys plowing the interstates with zero visibility and the DOT rates that they get paid. This is another one that they are risking their lives.

13d: EA Update – The FONSI ROD should be on the Federal register today and tomorrow. We had advertised its availability in the paper on Friday. We may advertise it again once it actually hits the register. Edgar did a great job pushing this through. Johnson asked when they originally told us as far as timing. Terry Helms stated the week of August 8th. Wilson stated it was signed October 17th. The plan is when they get into the design process, we will start the public meeting and have the public come in and get their input.

13e: Fueling in Hangar – We had someone who had a truck close to the hangar and the hose strung into it yesterday. Wilson talked to the Fire Marshall and they had this come up in 2004. There is no fueling allowed in the hangars via fuel trucks. There is an exemption for maintenance if it's necessary to accomplish aircraft fuel system maintenance operations. Wilson's recommendation on this is to contact the Fire Marshall to see if they are meeting the standards. The FBO's received the letter, but we will distribute it to the hangar owners so that everyone is aware.

Item #14 Other Items

14a: Hangar Area lighting - Braun stated something for the Board to think about. In the private hangar area, there are 6 taxiways, roughly 25 hangars and roughly 2 to 4 lights that light the same area. It seems like there's a lot of money that have been spent on projects that may or may not have made sense over the years. Some lighting in the private hangar area is somewhat justified and appreciated. We do have some private owners and operators that have activities passed sun up and also for snow removal. Now, at 4:30pm it is a little dark. Braun asked if this could be looked at to see if there is anything that could happen in the future. Hillestad agreed that they could definitely use some more lighting. Wilson stated this is not a Board item. They can talk about this and if they can't work things

out then they can bring it to the Board. Wilson had never heard of this. Just to save the Board some time, bring operational item to Wilson and they can to work on it. If they are not satisfied, then bring it to the Board.

14b: Geothermal Savings – Last month it was asked if geothermal is saving us money on the SREB. Wilson looked at the previous cost of our old shop and compared this to the new. The cost is about the same and we have twice the square footage in the new shop. This is definitely saving money.

Kaiser moved to adjourn, seconded by Johnson. The meeting adjourned at 12:52 pm.