

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
December 6, 2012

MEMBERS PRESENT: Mike Erickson, Rolf Johnson, Steve Kaiser, Dr. Kennon Broadhurst, Lon Gellhaus

MEMBERS ABSENT:

OTHERS PRESENT: Mike Wilson, Bob King, Terry Helms, Gary Christiansen, John Aman, Dean Knie, Kevin Braun, Jeff Williams, Mike Kulm, Lynn Lander, Jeff Mitchell, Scott Meier, Mark Caven, Shawn Meilke, Rhea Ketterling

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:32 am on Thursday, December 6, 2012.

Item #2 - Approval of minutes from November 8, 2012 meeting – Kaiser moved approval, seconded by Dr. Broadhurst. **MOTION CARRIED.**

Item #3 Adoption of the agenda – Dr. Broadhurst moved to adopt, seconded by Kaiser. **MOTION CARRIED.**

Item #4 – Next meeting is scheduled for Thursday, January 3, 2013.

Old Business:

Item #5 - Motion to take from the table for discussion of Private Hangar and FBO rates – Moved by Johnson, seconded by Gellhaus. **MOTION CARRIED.**

Item #6 – Review of Private Hangar and FBO Rates – Kaiser moved approval of the rate recommendation, seconded by Gellhaus. Wilson explained his recommendation on the rate increases. It would be 4% rounded to the nearest 10th of a cent for all of the rates except for the fuel flowage and the car rental rates. Reason for not increasing the fuel flowage and the car rental rates is that this is based on the actual usage. Wilson did not want to make it harder for our FBO's to compete against other airports on having a larger fuel flowage rate here. Wilson detailed all the rates of what it would go to with the 4% increase in his letter of recommendation. For the FBO's the new rate will not start until 2017 the way their contracts are written. It will be about \$150 increase per FBO per year. For the private hangars it will be \$0.114 per sq.ft. This will start on their annual date of their lease starting in 2013. On average, it would be about \$20 more per year per hangar. Rates on private hangars have not been changed since 2007. On FBO's last time was in 2002. As for farm land, Wilson did not have this in his memo. Our hay land leases have an automatic adjustor built in. The rate is based on the SD Ag Research for North Central SD on low production for hay land. In 2011 it was \$28.40 per acre, 2012 it automatically went up 25% to \$35.50 per acre and 2013 it will go up 12% which will be \$39.85 per acre. Broadhurst asked is this written in the State Law that this is how farm land on the airport is charged. Wilson stated this is written in their leases. Broadhurst stated this is our way we do this. Broadhurst does not mind paying \$20 more a year, but it's not fair to him that they are paying 150 times more than the farmers. Broadhurst is aware that they are in a nicer location, but this is a big difference. Johnson stated Broadhurst is comparing his hangar to hay ground. Broadhurst stated he does not expect it to be what hay ground is because they have concrete and convenience, but it is not worth 150 times what hay ground is. Wilson disagrees because there is a lot more that goes into maintaining asphalt and hangar areas than having someone maintain hay land for us. If the farmers do not maintain the hay land, we would have to and try to sell the bales and run an Agricultural operation on the Airport. Broadhurst stated this is fine too, but what he is saying is have we established something that is throughout the State this is what the charge for hay land on airport property. If it is not, then we have to go back and compare it like what was done with the other rates. Wilson stated he is not able to touch the hay land until the leases are up. These are 15 year leases. The way Wilson did this in Brookings is put it up for bid every two years. Broadhurst stated this rental upgrade should be all inclusive. Broadhurst does not see anything on the auto rental. We know that the airline is set for a certain time, so when this comes up this is the time that everybody should be adjusted. When it comes time to renewing the hay land, Broadhurst thinks this has to fall in line with what we are already doing now with everybody else on the airport. They are all renting the same type land; just in different locations. Johnson stated he does not think we will find all the leases with the same term at the same time. Broadhurst stated he is not saying it should be at the same term at the same time; he is just saying that we

should have a factor that we take and we put into this formula, so it automatically adjusts whenever the time comes up for adjustment. Wilson talks about that there has not been a raise in the hangar rent since 2007. We have some adjustment with the car rental that has not been done since we moved into this building and this was tough to do. If we are going to start now, we better start early in getting some of these adjustments made. Wilson asked what adjustments and who. Broadhurst stated Hertz and Avis. Kulm from Hertz stated they were paying 4% and then it jumped to 7% when we moved to this building. Kulm stated this was a 3% increase. Broadhurst stated but they came from an old place to new a building. Everything should be on the line. Wilson stated he sees the fuel flowage and the car rental being separate because their rate is based on sales. The more they make the more income for us. We make money if they rent a car for someone that is not on the Airport. Wilson thinks this is fair and this is his recommendation. The Board can make the change if they choose. Johnson stated he appreciates the CPI comparison. For the sake of the tenants, Johnson thinks they appreciate this as it would have been more significant than what we are proposing now (\$31.40 versus \$4). Inflation does take into account for a lot of things and we have tried to be more conservative in our approach. Johnson has to endorse what Wilson had done and supports the information provided in his recommendation. Erickson stated the crop land/hay land price is not just for airports. This is for hay land anywhere in the area. Wilson stated yes and we use the North Central region for hay land price. Broadhurst stated but we do not have any comparison of what is being charge in other places. Just because the leases are not up and we cannot change it; why can't we know what the others are charging? Wilson stated he could have put this information together. Broadhurst stated this is the reason he thinks we should have a comprehensive type that includes all the rental property. Wilson stated he did not see the need to do the farmland as we cannot change it right now. He can put the information together of what the other airports are charging now. Gellhaus asked if this is controlled by the City Council. Wilson stated it is controlled by the lease; how they were written. Gellhaus stated what figures Wilson had indicated are pretty comparable to past rental throughout our area. We have to be careful we are not comparing apples to oranges. In terms of what Wilson is suggesting, it's adequate and since we have not changed anything since 2007 it's a proper increase. Erickson asked Helms if he knows of how many airports have cropland for haying. Wilson stated most of the airports do, but they do not lease it as cropland, its hay land. Bismarck is the only one that leases cropland. Wilson stated our hay land is more restricted than ones off airport because the farmers have to control the gates. We make them get the hay bales off within certain amount of time and get the bales away so they are not in the safety areas. Wilson thinks this is why the leases are written to use the low productivity rate. Erickson asked if there are any comments from the public. Braun from Quest stated he made his comments at the last month's meeting. Johnson stated on the car rental. As business increases or decreases, hopefully back on increasing for our load factor with the airline, we do see an increase in their rent. Going from 4% to 7% is not a 3% increase. It's about a 75% increase in revenue. It's possible that business picked up at the same time, so it could be a lot more significant than that. Using percentages of sales revenue is much different than using per square foot calculation. We have to be very careful if we are going to start negotiating their rent in an open forum without any research. Johnson stated he is comfortable of what had been presented. Broadhurst asked if we have any information of what the Ag Sprayers brings in. Wilson stated their land rent which would be \$54 more per year as per his recommendation based on their current land space. Broadhurst asked how does this compare to other airports. Wilson stated at other airports they would pay for space just like the other tenants for renting ground unless an airport has a clause where they take a percentage of the gross sales of the Ag Sprayers or the FBO's. Braun asked how we monitor cargo operations for landings and takeoff. Wilson stated the ones that operate here (FedEx and UPS) send us a monthly report. Braun asked what about if someone comes in with unscheduled freight. Wilson stated unless the FBO's informed us about this, we have no way of tracking it. **MOTION CARRIED adopting the rate recommendation as written, with Broadhurst opposing.**

New Business:

Item #7 Bills – An updated bill list was distributed. Broadhurst moved approval to pay the bills for the month of November, seconded by Gellhaus. Broadhurst asked what does AOPA membership do for the Airport. Wilson stated he receives Smart Briefs from them every day on airport issues throughout the country. Erickson asked if we are still pumping the holding pond. King stated we are done. Wilson added on the bills there is a pump charge that is included. Broadhurst stated we are through pumping and we are not going to pump until spring so the electrical bill on the holding pond should go down. It was stated it should on the holding pond. Kaiser asked if there is a chance they could see the ad that is being ran at Midco. Wilson stated he had offered the Board to look at the ad a couple of months ago and no one did. It's the same ad that ran in KELO. Kaiser stated we did not change it. Midco does free production. Wilson stated he used the ad that we paid for. **MOTION CARRIED approving the bills.**

Item #8 Financial Report – Broadhurst moved to accept the financial report for the month of November, seconded by Kaiser. **MOTION CARRIED approving the financial report.**

Item #9 Requests from J & J Properties to build a hangar – Wilson stated this is a request from John Aman to construct a hangar to the northeast of Hangar 9, Inc. Gellhaus moved approval, seconded by Johnson. Wilson stated the hangar is going to be 50' x 60'. It would be spaced 21' off Arment's hangar. The reason for this is that there is a power line that runs through between the two hangars. NorthWestern Energy wants at least 5' off the power line. The back side of the hangar would be about 19' off of the road so we have room for piling snow. The hangar will be used as the fence, so they would tie the fence into each side of the hangar and there would be a pass through door on the back side. We will put a provision in the lease when it is drawn up to make sure that this door is locked and have a penalty if it is not. Johnson asked what would this door be used for in other terms; just to access the back side. Aman stated to park outside in the public access area. Johnson asked would the hangar be steel on steel. Aman stated that it would be. Kaiser asked if this is Aman's personal hangar. Aman stated it would be his and his wife's. Erickson asked about construction. Aman stated his next step after this approval is submitting the 7460. **MOTION CARRIED approving the request from J&J Properties.**

Item #10 Helms and Associates:

10a: Recommendation to pay invoice #2 in the amount \$5,233.98 for AIP Proj. #3-46-0001-32-2012 Airport Approach Survey, 35% complete – Gellhaus moved approval, seconded by Kaiser. Helms stated that aerial photography had been completed. Part of the land survey had been completed. Now the processing of all the data is starting. **MOTION CARRIED to pay invoice #2.**

10b: Recommendation to pay invoice #4 in the amount of \$22,817.57 Construction Admin. and Resident Engineering Services for AIP Proj. #3-46-0001-32-2012 Airport Terminal Renovations – Gellhaus moved approval, seconded by Broadhurst. Wilson stated he can take the Board for a tour after the meeting. He took Erickson for a tour before the meeting. The bathrooms in the hold room are constructed and they are being used in the new hold room. We had moved all the seating in the new area and gained 8 seats. For people leaving it is actually better now than what it has been. They are going to construct the walls where the private screening will be in the future. They will also start demolishing the old bathrooms. Garage doors will be up sometime soon. Hopefully, we can then move the baggage back in the building with some temporary rollers to run it through the wall until we get the baggage carousel back in place. As for the flooring, the tile that we had ordered was shipped to Santa Barbara and the workers went on strike for 8 days. Our flooring has been sitting there. Wilson thinks they went off their strike yesterday, so hopefully we will see our flooring soon. The baggage carousel cannot be put back in place until the flooring is in. On the outside of the building, we will have a change order coming through for two retaining walls. The asphalt out there was designed to slope off the sides and retaining walls were not put in in the original design of the building. This will be covered under the grant. Our cost will be 2%. Wilson stated he received his first complaint on the project. Wilson tried to explain to the person that it takes time and they are making good progress on it. We are also having weekly meetings and going over what is being worked on. TSA's equipment and IT will be moved on January 3rd. Kaiser stated baggage had been the biggest complaint. How long until we can get this inside? Wilson hopes within 2 weeks or less. We also started last week sending one of our staff to help control the crowd and off load bags except on weekends. **MOTION CARRIED to pay invoice #4.**

Item #11 Recommendation to pay JDH payment application #3 in the amount of \$105,089.15 for work completed thru November 25th – Broadhurst moved approval, seconded by Gellhaus. **MOTION CARRIED.**

Item #12 Recommendation to transfer Lease #37 from Dr. Mark Harlow to Aberdeen Flying Service – Broadhurst moved approval, seconded by Gellhaus. **MOTION CARRIED.**

Item #13 Airport Manager's Report

13a: Terminal Remodel – previously discussed.

13b: CIP /Validation Report – This needs to be turned into the FAA by December 17th. Wilson is working on this with Helms. They are trying to figure out what our next 5 years of expenses are going to be. The ARFF truck replacement we are trying to move up to 2015. It was slated for 2017 replacement. We are at the point that we need to move this one up and get it replaced. We had a recommendation from our Certification Inspector this year that we need to start planning for it. We're only allowed one piece of equipment by the FAA and once it hits 15 years we are eligible for replacement. Our newest ARFF truck is 1998, so we are eligible in 2013. The back-up truck is 1981 which the FAA does not care about. If we buy one in 2015, we will have the 1998 as the back-up truck. The 1981 ARFF truck had a lot of issues recently. Otherwise, we are looking at \$3M next year for the Wetland Improvements, Storm Sewer, and Wetland Mitigation. In 2014 we are programming \$10M to \$11M for the Phase 1 of the Runway

Shift. We are trying to cover the entire Runway Shift project in 2014. Helms's contract for Wetland projects did go through and the State decreased it by \$6,000 over the max that the Board had approved last month. Helms stated that the FAA is encouraging us to budget it this way because of discretionary funds. Helms's thought at one time we had the \$10M spread out over 2 years. Wilson stated we had it for 2015 and 2016 and FAA had told him to move everything up to 2014. Try to get it scheduled so if they have money available we will be ready to go. Johnson asked what is the next step in the process. Do we start having public hearing? Wilson stated yes, we will set up public hearings. Helms's stated we committed to developing up to 3 different alternatives for the storm water management side. These are the issues we promised those such as Jobee Acres and anybody around the Airport that we will sit down with them at a public meeting and review all the alternatives. Ultimately, we will select one and move forward with it, but they will have their input on it. Helms's stated we also added on the wish list a jet bridge. Wilson stated we added this for 2018 to replace the one we have. This one has had issues since Wilson had started here. Dew Bridge no longer makes jet bridges. Erickson asked what the cost for the one we have. This was purchased at \$250,000. Wilson is budgeting \$600,000.

13c: Airline Station Manager – Introduced Gary Christiansen as the new airline station manager from Salt Lake City. Christiansen stated his family is glad to be here. They have had a warm welcome and looking forward to some exciting things happening here in Aberdeen.

13d: Lighting for Hangar Area – We will be installing 2 light poles. NorthWestern Energy will do this free of charge in the spring. The cost to the City would be the monthly maintenance and the power usage.

Item #14 Other Items

14a: Private Hangar Gate – Broadhurst asked if the private hangar gate is working. Wilson stated depends who is asked. Every time we tried it, we cannot get it to fault. Vosika came out to look at it and King stated he doesn't know if they found anything. Hillestad has had problem, but we have tried different people's cards and we cannot get it to fault. Erickson asked if this can be manually operated. Wilson stated not from outside the fence. Knie stated he has not had a problem since last week.

14b: Generator – Broadhurst asked if there is an update on the generator. Wilson stated our generator went bad and we have will replace it at some point, but we haven't yet.

14c: Lunch – Broadhurst stated this was mentioned the last two meetings. Broadhurst thought that Wilson had stated that there is a possibility. If it is a possibility let's do something or just forget about it. Johnson stated he thought that the City Manager answered this question for Wilson. Wilson stated that Lander had stated that we can provide lunches. Johnson asked if this is something they need to vote on. Broadhurst stated we are just going back to something that we used to do. What is the need for a vote? Erickson stated when he started with the Board many years ago there was restaurant in the building. They used to take turn buying; the airport did not pay for their lunch. Then after a while they decided to pay for it and took it out of the budget. Wilson stated he is fine with this, whoever wants food, we can provide it. Johnson stated he is fine the way it is. Kaiser stated he always eats on his way out as it is always a hassle. Wilson stated we can send an email out and if someone wants food then we can pick a location. Gellhaus asked why can't we start the meeting early. Kaiser stated it's your time and your time is worth money. Kaiser stated he would not want to move it up, if we can give up the lunch hour.

Johnson moved to adjourn, seconded by Gellhaus. The meeting adjourned at 12:21 pm.