

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
December 8, 2011

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

MEMBERS ABSENT: Nate Zeeb

OTHERS PRESENT: Mike Wilson, Bob King, Gary Dahlerup, John Aman, Dean Knie, Kevin Braun, Sam Muntean, Bob Pagel, Ben Bawek, Jeff Bahr, Rhea Ketterling

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:31 am on Thursday, December 8, 2011.

Item #2 – Kaiser moved approval of the minutes from the November 7, 2011 meeting, seconded by Broadhurst. **MOTION CARRIED.**

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

Item #4 – The next meeting is scheduled for Thursday, January 5th at 11:30am.

Old Business: None

New Business:

Item #5 – Bills – Kaiser moved approval of the bills for the month of November, seconded by Johnson. Wilson stated there was an error on Titan Access Account for antifreeze. It should be 5 gallons not 3 gallons. Dr. Broadhurst asked about the one that cost \$65.54. Wilson stated this was for 3 gallons of non-premixed which is more expensive. Johnson asked if we are replacing our own lot lights. Wilson stated yes. Does the City boom truck come in and do this? Wilson stated we have two maintenance workers present at this meeting today; Bob Pagel and Ben Bawek. Bob Pagel is the one that gets the boom truck from the City and works on the lot lights. **MOTION CARRIED** to pay the bills for the month.

Item #6 – Financial Report – Johnson moved approval of the financial report for November, seconded by Broadhurst. **MOTION CARRIED.**

Item #7 –Request approval of payment to Lien Transportation for work completed-to-date and materials on site for AIP Project #3-46-0001-31-2011 Ag Sprayer Taxilane PE #1 in the amount of \$179,002.15 - Broadhurst moved approval to pay Lien Transportation, seconded by Kaiser. Wilson stated this is for work to date. They had done a lot of dirt work, drainage work, and put in sub-base course. Muntean added depending on weather they might come in and do some pipe work and the underdrain work. Work that is complete is about 15 to 20 percent. **MOTION CARRIED.**

Item #8 –Request approval of Lease Transfer from Lehrkamp to Lamont, Airport #62, Hangar #29 – Broadhurst moved approval of the lease transfer, seconded by Johnson. **MOTION CARRIED.**

Item #9 – Request approval of Lease Renewal for Dr. Jerome Eckrich Lease #16 and Dr. Kennon Broadhurst Lease #20 – Kaiser moved approval of the lease renewal for Lease #16 and Lease #20, seconded by Johnson. **MOTION CARRIED.**

Item #10 Airport Manager's Report:

10a: AG Sprayer Taxiway – Some of the updates had been previously discussed. Wilson stated he should be able to have the sprayers start construction on their building starting in the spring if they are willing to. Wilson added he will probably have to get some Fuel Tax Fund grant from the State to pay for moving the pad for Performance Ag from the current location to the new site and also to pay for the gravel in the parking lot area. The gravel for the parking lot was bid on the project but it is not eligible for FAA funds. Wilson thinks it would be about \$30,000 for gravel and \$15,000 to \$20,000 for moving the spray containment pad.

10b: Essential Air Service update - Wilson stated they extended the service obligation again as of December 1st for another 30 days. It was set to expire December 12th. They've now extended all through January 11th to give themselves more time to select SkyWest as a carrier for Aberdeen. Wilson had talked to DOT about this and the reason they did the extension is because they were hit with too many airports at once with Delta filing termination notice and they can't get all the work done they have to do. Wilson had told DOT that he would like to see this pushed through as quickly as possible because the latest thing that Delta is doing is that it looks like in January and February they are cutting us down to one flight per day on Saturdays and Sundays. This is the minimum required by law. Wilson had asked the DOT to hurry up and select SkyWest because they had bid 14 flights a week. DOT had said they will see what they can do since this is the situation that we are running into. Wilson is not sure if they will be able to speed the process or not. They selected Great Lakes for the carrier for Watertown, Devils Lake, Mason City and Fort Dodge. This was selected quickly because they held the regional jet in and they have to pay regional jet prices on a market that can be served by a Beech 1900. They try to save the government some money by selecting these quickly. Hopefully, they will get ours selected soon. Johnson asked about the seat ridership. Wilson stated we have been doing well. October we had over 2,800 passengers, about a 25% increase over last year. November we had over 2,400 passengers, about 10% increase over last year. November last year was the first month we had the regional jet start. We are definitely doing better. Our load factor is up well over last year. Johnson stated he thinks this is admirable considering the fact that Hunting Season is not there. The people at the Airline had said that all of the flights where they are going to one flight on Saturdays and Sundays, they are overbooking them. We have the need for two flights, but Delta, Mesaba, and Pinnacle are doing the minimum by law. Wilson sent an email to see if we can get the second flight back in, but had they not responded.

10c: Environmental Assessment Update – Muntean from Helms and Associates stated they had made the last final revisions to the draft EA and had sent it back to the FAA Regional Office for their final review. We are anticipating hearing back from them saying that it's good, at which point we will be able to coordinate publishing it for public comment. It will be out for 45 days. We will have a public hearing on it. At this time we are waiting for the FAA Regional Office for their final approval. Wilson stated that the public hearing for this will be held between 30 and 45 days after it is available and will get this scheduled as soon as we know. Johnson asked does this include the change on relocation of water retention. Muntean stated the EA addresses this, but does not have the final design for mitigation. It would be a design issue, but it does talk about what is required for mitigation. Wilson added it does not show where we are putting ponds either; this would all be in the final design. Johnson asked if we have to have another public hearing once the design is done. Muntean stated no, we do not have to but as the engineer they recommend that we get all the residents around the Airport involved in this process.

10d: City Council work session on November 28, 2011 – Recap – The City Council decided to have the City Attorney rewrite the ordinance according to SD Codified Law 50-7-13 Existing airports creation of Boards. This is for airports existing in the 1940's that can create an Airport Board. With this type of Board they do not have taxing authority. It will be an Advisory Board. The current 50-6 has taxing authority and the funds are supposed to be kept in a separate account. With the current ordinance, the Airport Board has to bring the budget to the City Finance Officer; this would be going away. It currently also states that the Airport Board operates the operation or supervises and operates the operation. This will change to supervise the operation, development and improvement. With the memberships of the Board, the City Attorney will be changing it so that 3 of the Board members will have to reside in City limits and 2 can be within 25 to 30 miles of the City limits. Wilson is not sure if the City Attorney will make it a requirement or recommendation to have at least 2 Board members be pilots also. These are the major changes that were discussed at the work session. As for leases, the action will go to the Board and then from there the Transportation Director, City Manager and City Attorney will sign the leases. The Board will still be able to see the leases. The Council thought that the Board would not want the responsibility in case there were issues with the leases. Johnson stated the Board does have indemnity insurance which they did not have before. Johnson added he had mentioned interviewing candidates for the Board members, is there a change necessary here as far as what the City Manager uses for his protocol. Wilson does not think that they will put this in the ordinance. This is more just internal protocol. Johnson stated he agrees that it probably does not need to be an ordinance. Braun asked if the Airport Board will continue to be in place. Wilson stated yes, the Board will still do pretty much the same as what they do now. We are just trying to have the correct ordinance. Johnson added to put us in line with the law. Wilson stated to have the duties called out a little better. Braun asked so the structure will stay the same. Wilson stated yes; it was just referencing the proper law and clearing up membership requirements.

10e: Minimum Standards – Wilson stated he has a lot of changes he has to do going through the Minimum Standards. Wilson thought he would have this done prior to this meeting, but does not. Some of the changes are on

square footage requirements and making sure that all the current FBO's all met the requirements which they have. There's also some questions on indemnification and lease section in the Minimum Standards which Wilson had asked the City Attorney to review. Wilson thinks that we will be deleting a lot of sections that do not belong in the Minimum Standards that are currently in them. Once the City Attorney is done reviewing the Standards Wilson will email a draft copy to the Board. Wilson had gone over a few things with Braun from Quest and made quite a few changes for the things that Braun had brought up. There was also a section that referenced the Airport Master Plan dealing with hangar standards. Wilson went through the Airport Master Plan and there was nothing in the Master Plan that talked about hangar standards, so Wilson changed this to reference a new standard that he is working on for Hangar Construction. Broadhurst asked will the Board be able to see the changes that are made. Wilson stated he can highlight the changes.

10f: Terminal Remodel – Wilson distributed an updated drawing of the terminal remodel after meeting with the architect. Wilson stated the south wall in the baggage claim area will be extended out 14' so the airline will have more room to get their cart in with fewer problems. The baggage claim conveyer will be expanded so it is less congested and people can get to their luggage. The baggage room itself will be expanded and the granite floor will most likely be removed and it will have to be filled with concrete since the granite is about a 1 ½ thick. This then will provide us an area to bolt the conveyer belt down to. We will do some really nice floor tiling in this area. Kaiser asked we will not match the granite tile. Everything matches now. When the terminal was built there were issues putting the granite floor in this area. Wilson stated it would be impossible to put granite back in this area. Muntean stated the recommendation from the architect was it would be better to take the granite tile out of the existing baggage claim room since it is still a separate room when we expand and put in something different. This will also give them a 1 ½ that they can add to the floor to fasten the conveyor belt since the floor has infloor heat. Braun asked if this design would be able to handle two airlines if we ever go back to having two airline status. This terminal was designed to handle two airlines. Wilson stated he does not think that this use is changing at all. This is to make it more convenient for people; make it a larger area because the observation room will never be used as a café. This will also expand the hold room. Right now we have 39 seats for a 50 passenger aircraft. With this design Wilson will take all the seats that are in the terminal area and put them all in the hold room which will give us at least 70 seats in this area. Johnson asked if we are adding two bathrooms. Wilson stated the private screening room that is in the drawing is where the current bathrooms are. This will become the new TSA private screening room. The bathrooms will tie into the back wall of the other bathrooms. Wilson is trying to keep all of TSA's equipment/needs in one area. Johnson asked who we used for the design. It was reported HKG Architects. Wilson added on the long corridor, the door labeled 145A will most likely become a one way security revolving type door so we do not have any security issues. The other two doors in this area will have cypher locks on both sides. Dahlerup asked what about a fire door where you can bust out and an alarm goes off. Wilson stated each end of the corridor is a fire alarm door. As for the baggage claim area, they would have to use the front doors. Johnson stated terrazzo is a lifetime like granite. It's expensive, but once it's down the annual maintenance costs are near zero. Wilson stated the flooring is going to be discussed with the architect. It will not be a vinyl sticky tile. Muntean stated one thing to keep in mind as we are designing this is that 98% of the initial cost is going to be State and the FAA. The ongoing maintenance of it is going to be 100% City. Wilson stated right now we are polishing the floor in the observation room a lot. Muntean stated when it comes to airport they are kind of bias; if it cost a little bit more in the front end and has low maintenance this is how they are going to go. Johnson stated this is what he is getting at. Chairman Erickson asked if the TSA tables and such will remain in the main hall or will it be inside the screening area. Wilson stated that the hope is to get it all out of the lobby. We will meet with TSA to see how much room they will need. The other thing is the gate they have now is a security concern to Wilson. There was also an incident at one point that it fell on someone. This gate will go away and we will get an overhead electric gate that you can't get anything through. Johnson asked will this also help the congestion or the use of the space that they had taken at the second airline counter. Wilson stated no; this is for their baggage screening. The only thing that will help here is that if they get different equipment. Johnson stated the concern is that if there is ever the opportunity of a second airline then how would we accommodate all those people in that small area. This is not a primary concern now. Wilson stated if we have a second airline we would not have Delta. Chairman Erickson stated his concern is TSA equipment. When TSA started they only have a piece of equipment and pretty soon they wanted a change and wanted to put more new equipment in. Wilson stated they are changing this right now where they are going to more new generation equipment which actually got smaller. Hopefully they don't ever need more space than what we will give them right now.

10g: Capital Improvement Plan – Wilson distributed a draft copy of the Capital Improvement Plan which had been submitted to FAA. One of the items for 2012 is the EA for Runway Decouple at \$192,000. Majority of this money had already been spent and some of it has actually been reimbursed on a Fuel Tax Fund grant. We took out a grant in

2008 for \$100,000. This money we will payback into the Fuel Tax Fund and have it reimbursed on an FAA grant. The Fuel Tax Funds we can use on a lot of different things; things that the FAA funds will not cover. Wilson would like to get this money back in the Fuel Tax account. Kaiser asked what will be the City cost on a \$1,052,000 grant. Wilson stated the current funding is 2%. The \$1m is FAA and State is 3%. Wilson stated 2015 and 2016 are the actual construction of the Runway Shift. This is as long as everything else goes according to plan. Kaiser asked about the Mitigation on the wetlands. Are we buying separate land for this? Muntean stated we will be probably buying land or easements. It will be constructing the wetlands, constructing dams, doing the plantings; the actual work to create the wetlands. It will also be doing the pipe work and the drainage work on the Airport. Johnson asked if the FAA has a deadline for the RPZ's and shifting the Runways and are we within this. Wilson stated as long as we are working on it in a reasonable amount of time. There is no actual set deadline on it. We are also subject to their approval on the EA and this is taking a while. We are doing everything in reasonable time. Dahlerup asked about the perimeter road being done in 2018. Johnson asked for explanation on the perimeter road. Wilson stated it is an interior perimeter road going around the fences to help with fence inspection and also to travel so we are not crossing the runways all the time. We can use the road to travel around the entire Airport. A lot of airports have perimeter roads. It makes it nice especially for maintenance personnel not having to cross the field to get places. The reason this is down so far is that this can't happen until the runway shift. It is also a low priority with FAA.

Broadhurst stated as he understands the fuel and paper are contracted. How are these contacts set up as if he looks at what we are paying for Diesel it's significantly more than what somebody is paying at a station. Wilson stated if we spend over \$25,000 with any one company or product throughout the City, we have to bid it. King stated we also use #1 Diesel. Broadhurst asked what about the paper. Wilson stated this is also bid out. A lot of things are bid out because we have to, so we are not overspending. It's on State Bid laws. We try to get the best deal. Broadhurst stated he knows it's just a few pennies here and there but if we look at everything this way, we would not be in trillions of dollars of debt that we are in with this national problem that we have. Broadhurst is concerned about whether we are going to get the money on the projects in the Capital Improvements Plan if there is no money to be gotten. Wilson stated if we do not get the money for these projects, FAA will have to lessen their safety regulations and requirements. Wilson added according to the City of Aberdeen Purchasing manual, local buying is the desire of the City to purchase from City of Aberdeen and Brown County vendors whenever possible. This satisfied Broadhurst's question. Broadhurst asked then what about with \$28,000 expenses and \$18,000 in income, how do we run with this kind of numbers. Wilson stated airports our size do not make money. Broadhurst stated if we do not get whatever subsidies we get from these government agencies and there is not much we can cut back, what do we do? Wilson stated we operate at a lost and we are subsidized by the City. It's the Airport; it's the economic benefit of the airport to the community. We know that we are not going to make money. Broadhurst asked can we get a little closer to breaking even. Wilson stated he does not know what we can do to try to get close to breaking even. Broadhurst stated he does not know either, if we do not have the entitlement programs for us then what do we do. Wilson stated he heard of other Cities are starting to go to 50-6 for Airport Board and they are taxing up to \$1.20 per \$1,000 property valuations. Wilson does not think this is necessary as we are already subsidized by the City's General Funds. Johnson stated the City has a balanced budget. The County taxes tend to be palatable by the residents that live here. Broadhurst stated yes, the budget is balanced but it's on the backs of the taxpayers in general to some extent. Johnson stated this would be the case for a lot of governmental agencies. Broadhurst agreed but if you asked some families if they want to pay more to send their kids to school or do you want to pay to continue to keep an open airport. There may be a difference in opinion there. Johnson asked if Broadhurst has any suggestion. Broadhurst stated he is just calling this to the Board's attention. Braun stated he agrees with Broadhurst why to some extent the Airport is operating at a lost where in private business if they do not cover their cost and try to make a profit they are not going to stay open. Wilson stated then he can charge the users more. We are not going to make money and the City is well aware of this, that is why they subsidize the airport with the General Fund.

Item # 14 - OTHER: None

Johnson moved to adjourn, seconded by Broadhurst. The meeting adjourned at 12:36pm.