

MINUTES

ABERDEEN AIRPORT BOARD

Regular Meeting

August 6, 2020

MEMBERS PRESENT: Lon Gellhaus, Mike Erickson, Carl Perry, Tom Seyer, John Aman

OTHERS PRESENT: Rich Krokkel, Mark Hanley, Joe Gaa (City Manager), Ron Wager (City Attorney), Brooke Edgar and Michael Schmit (Helms & Associates), Scott Meier (Avis), Janna Caven and Mark Caven (AFS/Dollar Thrifty), Rhea Ketterling,
via Tel-Con: Rolf Johnson, Jeff Catron, Dani Roeker (Quest Av), Julie McGrath (Enterprise), Mike Kulm (Hertz)

Chairman Gellhaus called the monthly scheduled meeting of the Aberdeen Airport Board to order at 10:30AM on Thursday, August 6th, 2020.

Item #2 Approval of Minutes from the July 9th, 2020 Regular Meeting – Moved by Aman, seconded by Perry.
MOTION CARRIED.

Item #3 Adoption of the Agenda – Moved by Perry, seconded by Erickson. **MOTION CARRIED.**

Item #4 Schedule Next Meeting – Thursday, September 3rd at 10:30AM, City Council Chambers.

Old Business:

Item #5 Remove from the table the Discussion of Car Rental Concessions RFP – Moved by Erickson, seconded by Perry. **MOTION CARRIED.**

Item #6 Discussion and Possible Approval of Car Rental Concessions RFP – Wager stated over a year ago when the existing car rental concessions leases were to expire there was a potential interest from a 3rd company wanting to do business in the terminal. We worked on putting a formal request for proposals using the Rapid City Airport proposal as a guide. We proposed on increasing our concession fees from 7% to 10% as this seems to be the going rate of what the airport are charging around our region. We also added a required MAG for both In-Terminal and Off-Terminal rental car concessions. The Board was presented a draft copy of the RFP and the proposed lease. With the pandemic, this was put on hold. The Airport industry was hit tremendously hard. We also saw the numbers dropped for the car rental companies. The current car rental lease extensions are coming due at the end of this year. The concerns of if a language can be added take into account if we see a significant drop, to have MAG or not have a MAG, the lease structure (same time line or staggered), and the selection process. Wager wants a concensus from the Board so we can move forward with the RFP along with the lease by the end of this year.

Seyer stated with the current environment do we need to require a minimum guarantee? Can we ask bidders to provide their performance or guidelines on how they update their fleet? Our goal is to make sure that we have the best concessioners serving the public and to make sure that the Airport has what it needs for car rental service. He added that Meier just recently invested in 10 new Chevy Suburban which shows his investment commitment at this Airport.

Meier stated most of his business from the last four months has been mostly one way trip (walk-ins) and not coming off the plane. He thinks the MAG should be included, but he just can't justify bidding \$25,000 – \$29,000 until we know what is going to happen with the airline industry. Avis standards is current model/year and no further back than 2 years. He has concerns if he's even going to meet his MAG this year.

Caven stated he operates off-terminal concessions. In his past leases, they had worked with the City to come up with a lease that is both agreeable. With everything the way it is now and everything is uncertain, can the Airport do another extension for another 6 months? The Airline industry already had stated that they won't know what is going to happen until 2025. This pandemic has created a huge flux in the industry.

Kulm (via-phone) stated their current lease is a 15 year lease with a \$10,000 yearly MAG and with 5 year interval for increase. As for lease extensions, Corporate will not let him operate on a month-to-month basis. If another extension is granted he prefer a year extension because of corporate vehicles. As for the MAG requirement, we are living in uncertain time. His business has picked up because of a local business sending their employees for training.

These are not passengers coming off the aircraft. For anyone bidding, it would be important to know that the City will work with them if we continue to see the decline in numbers at the counters. October reservations are not looking good for this year for all current concessioners. As for the 10% concession fees, he has no problem with this but comparing facilities with FSD, FAR, RAP and BIS; all have an on-Airport car wash for their concessioners to use.

McGrath (via-phone) echoes the same concerns of the existing concessioners. The car rental industry have been drastically affected by the pandemic. They had seen numbers they would not think they will see in a lifetime. Enterprise is still very interested on doing business at ABR and still want to be part of the RFP. They are in fine if the RFP is delayed, but they also does not want to miss their opportunity to bid.

Wager stated in the propose lease there is the ability to “negotiate fees suspension or reduction”. The Board stated they would be willing to discuss this for the year. The recommendation to the Board is to award the RFP to the responsible highest bidder, if awarded to a lesser MAG then the Board must justify this decision and to weigh the total package and customer history of each bidders.

In-Terminal: remove the table and any references of the 85% from the lease and the bid form; modify the lease on “Negotiation of Fees” to include 50% deplanements decrease from the corresponding months of the previous two years; to move forward with the RFP timed for receipt of proposals and award proposals prior to December 31st, 2020; the Leases to start on January 1st, 2021 for a of 5 year term with a minimum annual guarantee of \$15,000 and a 10% concession fees; to include in the RFP submission of the Company’s Standard of Service. Bidders will have the ability to offer something greater as far as MAG on their Bid Form and to give the Board flexibility when it comes to awarding the proposal.

Perry made a motion to move forward with the lease with the changes as discussed, the RFP to go out as soon as possible and proposal to be received before December 31st with a MAG of \$15,000 and 10% concession fees, seconded by Erickson. MOTION CARRIED.

Off-Terminal: remove the MAG of \$4,000; any persons interested in offering an off-terminal car rental concessions may operate through any of the 3 FBO’s; and must meet the Company’s Standard of Service.

Aman made a motion to move forward with the lease with the changes as discussed, the RFP to go out as soon as possible and proposal to be received before December 31st and with 10% concession fees, seconded by Seyer. MOTION CARRIED.

New Business:

Item #7 Bills for the Month of July – Moved payment by Perry, seconded by Erickson. **MOTION CARRIED.**

Item #8 July Financial Report – Moved approval by Erickson, seconded by Perry. **MOTION CARRIED.**

Item #9 Recommendation to pay Helms & Associates Invoice #24 in the amount of \$4,686.58 on AIP Proj. #3-46-0001-39-2018 Airport Master Plan 96% complete, ALP 91% complete and Aerial Approach Survey 96% complete – Moved by Aman, seconded by Erickson. **MOTION CARRIED.**

A review of the ALP with the FAA still need to be scheduled. Edgar hopes to do this within the next month; virtually. There was also discussions on how to handle the next public meeting which is to discuss the alternatives. The 1st meeting was very well attended and was held at the Public Safety Building. Aman suggested to hold a series of meetings and require registration of the attendees to maintain the social distance requirement. The ARCC or the Civic Arena were mentioned as potential venues.

Item #10 AIP Proj. #3-46-0001-40-2019, Reconstruction of Taxiway C

a. Recommendation to pay Helms & Associates Invoice #22 in the amount of \$62,291.04 for Administration and Resident Engineering services – Moved by Aman, seconded by Perry. **MOTION CARRIED.**

The project is going well and is on schedule. The primary runway will be open this coming Monday. Schmit stated the project took a lot of hands to get all the observations, testing and staking done to fit the project short schedule of the runway closure. The 3 local contractors did a great job on the project.

b. Recommendation to pay Reede Construction pay estimate #4 in the amount of \$1,141,796.75 for materials and work completed-to-date on Bid Schedule A and B – Moved by Perry, seconded by Aman. **MOTION CARRIED.**

Item#11 Recommendation to pay Helms & Associates Invoice #10 in the amount of \$5,213.67 on AIP #3-46-0001-41-2020 Design stage of Taxiway Geometry Improvements 80% complete – Moved by Aman, seconded by Erickson. **MOTION CARRIED.**

Advertisement for Bids on this project will be on August 13th and 20th with Bid Opening on the 27th. The work will start next spring.

Item#12 Recommendation to pay Helms & Associates Invoice #1 per LOA – Assistance on SRE Purchase in the amount of \$1,812.50 – Moved by Perry, seconded by Erickson. **MOTION CARRIED.**

Advertisement for Bids on this project will be on August 13th and 20th with Bid Opening on the 25th. This is the Airports primary entitlement for 2021 that's why we're able to go out for bids and secure contract. The lead time of the delivery of the equipment is over a year. The other equipment that need to be purchase is the de-icing truck which will be done later in the year. Estimated cost for the rotary plow is \$750,000.

Item #13 Manager's Report (Krokel)

Airline Operations 2020:

July: Enplanements is down 60.16%, Deplanements is down 60.56%, total July Pax Traffic is down 59.60%, July Load factor is at 33.17%.

YTD - July: Enplanements is down 54.62%, Deplanements is down 53.36%, Total YTD Pax Traffic is down 53.99%. YTD Load factor is at 42.27%.

Tentative Schedule - Sun Country – October

July Cancellations and Major Delays – 8 events; 1 WX, 2 MX and 5 Other.

2020 Monthly Total Fuel Statistics

Total July Fuel Sales is down 12.38% compare to July 2019. YTD is down 10.43%.

2020 Car Rental – June: Total June Gross Sales is down 70.6% compare to June 2019. YTD is down 48.8%.

Construction, projects, and other notes:

- SEH's 5th year/final year of monitoring wetland we built in Willow Dam in 2015. The final payment is \$8,500. Wetlands are needed to be monitored up to 5 years until they are established. The Corps of Engineers signs off on this. Not all of the wetlands on the Airport that was filled, drain and modified on the previous project were jurisdictional. Some fell under the jurisdiction of the Corps and the others were US Fish and Wildlife Service. As of now with the Corps (only has a portion of acres for wetland) site visits and what Helms had shown for monitoring, they are happy with what is out there. The final monitoring will need to be completed by mid-September. If acres and the quality of the wetland is not where it needs to be, the Airport may have to do some more mitigation to meet all the requirements.
- Txy C Reconstruction: Few punch list items completed this week. Opening rwy 13/31 on Monday and phase 2 of the project will begin.
- Air Kraft Spraying – presented with a new lease. The City Attorney sent a formal letter to renew lease by February 7th, 2021.
- CARES Act Grant – continuing to submit for reimbursement.
- SD National Guard – 12,000 sq. ft. building expansion funding is approved. Working with City Attorney on lease adjustment. The project will not start until 2021.

Maintenance Report (Hanley):

- July is painting season.
- Completed quarterly PAPI, fuel farm and jet bridge inspection.
- Rewired rotating beacon; was down for 12 hours.
- Driver's Training completed for staff and ARFF staff.
- New TV installed in the conference room.
- Services on few vehicles.
- Completed 21 spall repairs on rwy 13/31.

Erickson asked the status of the Tri-ennial. Krokell stated he needs to contact BCEM and the other agencies to check if they are able to participate. Our FAA Cert. Insp. (Nader) had stated that he can give us a 3 months extension. He (or another inspector) still plans to do on-airfield inspection in October.

There being no other business before the Board, Erickson moved to adjourn, seconded by Aman. The meeting adjourned at 12:07 PM.

APPROVED BY:
ABERDEEN AIRPORT BOARD
David L. Decker 9-3-20