

MINUTES
ABERDEEN REGIONAL AIRPORT BOARD
Regular Meeting
September 8, 2011

MEMBERS PRESENT: Mike Erickson, Rolf Johnson, Nate Zeeb, Dr. Kennon Broadhurst

MEMBERS ABSENT: Steve Kaiser

OTHERS PRESENT: Mike Wilson, Bob King, Dean Knie, John Aman, Darryl Shook, Jeff Williams, Kevin Braun, Sam Muntean, Adam Altman, Comm. Mike Wiese, Rhea Ketterling

Chairman Erickson called the regular scheduled meeting of the Aberdeen Regional Airport Board to order at 11:32 am on Thursday, September 8, 2011.

Item #2 – Johnson moved approval of the minutes from the August 4, 2011 meeting, seconded by Broadhurst. **MOTION CARRIED.**

Item #3 – Adoption of the September 8th agenda, moved by Johnson, seconded by Zeeb. **MOTION CARRIED.**

Item #4 – The next meeting is scheduled for Monday, October 3rd at 11:30am.

Old Business:

Item #5 - Airport Marketing – Wilson stated we are working on an ad for radio and we will get a testimonial advertisement for this ad. Our billboard is up near Jamestown; a copy of how the billboard looked was shared with the Board. Wilson added he got some heat from the travel agent for not having them listed in the ad for contacting to book tickets. In the future we will promote travel agents too. Wilson was just trying to get to a quick spot that had the link for booking tickets. Wilson had apologized to them and hopefully they will not be too upset that we have a billboard up too. We also have a portable banner, where the CVB can take to their hunting shows. The banner was out at the Brown County Fair for a couple of days at one of the booths. Johnson asked if there is a website for check ABR 1st. Wilson stated we may get a landing page for check ABR 1st rather than going to Delta.com. And have links for travel agents, Delta, and the City Airport's website. Wilson thought the cost is \$10 a year. Comm. Wiese asked will this be mobile compatible. Wilson stated he thinks it would be. KSFY had said they would do this for us. As for Stump the DJ, Wilson had been sending them ticket prices and they have been advertising this on the radio. The radio station had been doing this for us for free for the last few months. We will be buying again in the near future.

New Business:

Item #6 – Bills – Johnson moved approval to pay the bills for the month of August, seconded by Zeeb. Johnson asked about the highlighted item on the bill list. This highlighted item (NVC \$290) is an additional bill. Broadhurst asked are we in line with the NorthWestern Energy bill. Wilson stated we are right on track. Johnson stated about a year ago or so Geothermal was discussed and the City in general discussed with other building structures in the community. Has anything come up in the City discussions about converting buildings? Wilson stated we have a plan for here, but he does not think FAA will fund it. This is in our plan and we have brought it to FAA. There is a new manager in the ADO office who questioned this more than the old manager did. Wilson is not sure if we can convert this building with FAA grant. The SRE building is already geothermal. Muntean stated as far as City wide and City funds he is not aware of this. The terminal building will be fairly inexpensive because we already have the land and the in-floor heating which is compatible. There will not be a lot to add other than the wells. Muntean added it is in our capital improvement plan, but the FAA had been questioning this and we need more justification to make it eligible. Part of this will depend on how the government continues to favors green energy. **MOTION CARRIED** to pay the bills for the month of August.

Item #7 – Financial Report – Broadhurst moved approval of the August financial report, seconded by Johnson. Wilson stated on Swenson the bill is past due. Performance Aerial had passed the bill to Agri Max and we have added the late fee. As for Fed-Ex, there is a new manager. We had resubmitted the invoice. GCC we also had to resubmit the invoice. They had stated the bill will be paid today. **MOTION CARRIED** approving the August financial report.

Item #8 Upper Plains Contracting, AIP Proj. #3-46-0001-30-2010 GA Apron Expansion:

Pay request for materials and work completed to date PE #6 in the amount of \$13,068.99 – Broadhurst moved approval to pay, seconded by Johnson. Wilson stated this is for concrete testing and top soil. Johnson asked are we getting close to completion. Wilson stated yes and we will probably be doing the final inspection next week and then they will have their punch list items. **MOTION CARRIED** to pay PE #6.

Item #9 – Helms and Associates:

9a: AIP Proj. #3-46-0001-30-2010, GA Apron Expansion: Pay request for Construction Administration and Engineering Service PE #8 in the amount of \$2,351.26 – Broadhurst moved approval to pay, seconded by Zeeb. **MOTION CARRIED.**

9b: AIP Proj. #3-46-0001-31-2011, Ag Sprayer Taxiway: Pay request for Design Services PE #3, 100% complete, in the amount of \$22,980.82 – Broadhurst moved approval to pay, seconded by Zeeb. **MOTION CARRIED.**

Item #10 – Bid recommendation for Ag Sprayer Taxiway Improvements:

Broadhurst asked was there any other bidders on this project. Wilson stated no. Johnson moved to accept the recommendation from Helms and Associates to “award AIP Project #3-46-0001-31-2011 to Lien Transportation in the amount of \$820,135.90 pending SDDOT approval and receipt of FAA grant offer”, seconded by Zeeb. Wilson stated we only had one bidder for this project. It was Lien Transportation. The bid was higher than the Engineer’s estimates by \$126,000. Part of this cost is for the gates. They are not sure who will provide power whether it’s Northern Electric or NorthWestern Energy. They added in about \$20,000 on one gate for this, but since it was bid as a lump sum they added this price to each gate in case we took a gate off in the future. They did not want to lose \$10,000. We are actually being double billed for bringing power in. Lien had talked to us on this and most likely this would be lower in the future on a change order, hopefully \$35,000 to \$40,000 less. Another item that was high is the “owner furnished borrow material”. We felt we had enough in one pile on property, but Lien thinks they will have to get grab some from the larger pile, so cost was added in for this. This is why the Engineer’s estimate is so much lower than what was bid. Chairman Erickson asked how is funding going to affect this project. Muntean stated overall funding; the Airport has the \$1m entitlement to do what the Airport wants to do this year regardless. The FAA grant was written to fully fund this project and fund the remaining of the GA Apron Expansion. Next year’s funding will handle the Hangar 9 Access Road that’s already been built and paid for and just needs to be reimbursed. And then the engineering and the design as it relates to this project will be reimbursed next year. Wilson stated we will be fronting \$300,000 to \$350,000 for another year and this will be on the grant for next year. One good thing was that Lien was wondering if we would mind if they try to get as much work done this year as possible. We had put a completion date of June 30, 2012 just so we would get bidders and we did not want to tie someone to get it done soon. Lien may have this project done this year or they might get everything done except the paving. Chairman Erickson asked when the bid opening date was. It was on August 31st. **MOTION CARRIED** to award AIP project #3-46-0001-31-2011 to Lien Transportation.

Item #11 Approval of Lease Addendum for Airport Lease #46, Darvl Bierman – Moved approval by Broadhurst, seconded by Zeeb. Wilson stated we are removing some of the land Bierman is leasing. There is a slough going through the middle of his area. Bierman had approached Wilson if we could go out there and measure it and deduct the area that he can’t hay. Bierman has not been able to hay this area for the last two years because of the higher water levels. **MOTION CARRIED** approving Bierman’s lease addendum.

Item #12 - Airport Manager’s Report:

12a: Meeting with Senator Thune, August 19 – Wilson stated we had a meeting with Senator Thune on August 19th. We had invited the Board Chairman, County Commission liaison, City Council liaison, City Manager, and Helms and Associates (Sam Muntean and Terry Helms). The meeting was about an hour long and they had discussed a few things. Wilson stated EAS (Essential Air Service) was one of the main issues along with a long term funding bill for the FAA. They had a good discussion with the Senator. The Senator was knowledgeable on the subject and felt our pain. He did not quite realize some of the issues we had with multiple grant periods and having to bid project so late in the year because we do not have funding right away. Hopefully this meeting helps and the Senator can take it back to Washington to try to move something through. They also discussed adding requirements. It really worries us when they add requirements and try to decrease funding for the requirements that they are making us do. One of those is decoupling the runways and getting buildings out of the RPZ (Runway Protection Zone). This was discussed with the Senator. Our issues were that they can’t keep forcing us to do things and then try to cut the funding to it. They also talked about the EA (Environmental Assessment). How long they take and how much money is involved and it really gets us to the point of the same thing we would have been at with a lot less study. We already have a good understanding of most of the items, they just want everything perfect on it and some is personal preference. Overall, Wilson stated that they had a really good discussion with the Senator. Johnson asked did the Senator make any comments on EAS. Wilson stated the Senator felt that Aberdeen is doing things right. He is happy that we are doing marketing and that we are trying to get our passenger counts up. Johnson asked if they are going to cut funding this much on so many airports, he wonders if they have any feel for anything that is going to happen in Washington on EAS. Wilson stated he does not think that the Senator felt that they would just cut the program. It’s going to be there. Wilson’s point was if they cut it, don’t cut everything. Try to look at it on City by City basis. We have more passenger enplanements than all but two or three airports that were on the list. Two of those airports have multiple airlines operating in them, but those airlines do not meet the requirement of EAS. Only one airline there meets the requirements and it gets funded. There is only one airport that strictly had more enplanement than us with a similar situation, and it had less than 100 passengers more than us. The Senator was happy that we are advertising and that we are doing everything right. If they are cutting places, he would prefer it not something like us. It’s airports that have small passenger counts. Johnson stated the Senator must be hearing it from all the airports within the State too. Comm. Wiese

stated that the Senator has a new position and responsibilities in transportation that he did not have before. He is getting better educated and understanding more. He also recognizes some of these airlines are inappropriately trying to under mind the system and they are aware of that and trying to work through. There are certain level of support that is justifiable but some of the other things may not be and are jeopardizing the whole program inappropriately.

12b: Travel to Sioux Falls October 4th – 7th SD Municipal League – Wilson stated he will be going to the SDML. Helms and Associates, Sam Muntean will be doing a presentation on “Preparation and Protection for your airport”. The State is doing an update on the “Aviation System Plan” and some “Wildlife Hazard Updates”. There are supposed to be some new Advisory Circulars coming out with how airports do wildlife hazard assessment. Chairman Erickson asked when the Airport portion of the municipal league is. Wilson stated this will be on the 5th from 1pm to 4pm. There will also be a tour of the Sioux Falls Airport this day at 9:00am.

12c: 2010 State Aviation System Plan – The Board received a copy of the 2010 State Aviation System Plan. This is the economic impact of the Aberdeen Airport on the community. The total impact on the area from us is about \$28m. The State did their system plan and went through and looked at a number of airports and did the economic impact study. Aberdeen came out quite high. We are higher than the other airports. Johnson asked who created this. Wilson stated Mead and Hunt did the study. Johnson asked who commissioned it. Wilson stated the State. Helms and Associates worked on the system plan. Aman asked if this information was shared with the Senator. Muntean stated Terry Helms gave the Senator the Executive Summary. Aman suggested forwarding a copy of this report showing the economic impact it would have as far as EAS is concerned to all the Congressional delegation.

12d: Billboard - Wilson stated last month he will follow up on a billboard on Airport property. Wilson looked into the cost of it and he would not be interested on this unless we are renting it out. Wilson found a data from 2007 Oregon DOT and to get a decent billboard it's at least \$20,000. Wilson stated he would not want something that is constructed poorly and would start leaning over sometime. We would need to get a big structure that would go above the fence so it can be seen in both directions and have a sign in each direction. Our budget now cannot afford a billboard. This is something we can look at in the future. The other thing is that Wilson has not done a 7460.

12e: EA – Environmental Assessment – Wilson stated the EA came back yesterday from regional review. There are some revisions that they want us to make. Muntean and Wilson will have to work on this to try to come up with how we will cover some of the sections. Wilson stated he should have a better update on this next month. The major thing that they are asking for right now is how we came up with our runway length justification to add 100' to the runway. This might take a little more time as we worked with HNTB on coming up with this information.

OTHER:

Ag Sprayer Taxiway – Johnson stated at one time the media had covered saying that with the current funding it would not happen, yet we are going forward with it. Johnson asked if we should clarify this with a press release. Wilson stated he has to check on this as Wilson did not think that he had told them we were not moving forward that we were only getting 80% funding for it.

CVB – Hunting Season – Johnson stated the CVB will put something in the FBO's facilities during hunting season to help on being part of the whole hunting theme they put together. Braun from Quest asked when this will happen as they get a lot of traffic early for those that go to Hunting Preserve. Wilson stated he can contact the CVB.

Tour of Hangar 9 Facility – Johnson stated he had mentioned previous without Aman present that we can have our monthly meeting and conclude it with a tour of Hangar 9 or conduct a Board meeting there. Aman stated he has no problem with this.

FOD – Zeeb stated last year as we come in to the Hunting season there had been concerns from the FBO's about rocks and debris on taxiways. Zeeb suggested the FBO's bring a list next meeting of what we need to have done for the Hunting season. Any of their concerns could be brought at the next meeting.

GA Access Road – Braun from Quest stated the other thing that he and Wilson discussed is that the GA access road is not in good shape. Braun asked if there would be some repairs done to this before winter. Wilson stated we are getting the pot holes filled. King added he has the concrete pipe in for the sewer system. We just need to coordinate with Public Works when they can get this work done. Braun stated he is just talking about the road. It's getting to be a dirt track. King stated that we would do this in phases. Wilson stated we do not have funding for a lot of it. Right now what we are doing is patching the holes. Braun stated where the big dip is the asphalt pieces they tipped up last year and they actually had a guy knock a hole in his gas tank from this. Wilson stated we are patching the holes and closer to the SRE building where the old terminal was we are taking out the curb and gutter and we are going to narrow the road. Wilson is aware that there is a lot of work that needs to be done here. The plan is to eventually do the whole road.

Airport Board Organization – Altman, City Attorney stated he will talk about the role of the Board as compared to the role of the Airport Manager as compared to the role of the City Council. Questions had come about who signs leases, agreements, bills, etc. Altman looked into this and the law that is currently set up does not jive with the way the Airport is run. The current law states “the Airport Board shall supervise and operate the operation, development and improvement of the Aberdeen Regional Airport”. If we just look at this, this Board should be operating the Airport. The Board are all volunteers and can’t be here every day to supervise the day to day operation. Then the question arises how does the Airport Board work where the Airport Board proper hires the Airport Manager. One of the ways that an airport can be organized is with an Airport Board which has the authority to hire personnel, so the Airport Board is operating the airport through its employee the Airport Manager. Johnson stated technically the City Manager hires the Airport Manager. Altman stated correct. The idea that Wilson works for this Board, does not work because the Board does not have any source of income other than through the City Council and the FAA funding for construction. The Airport Board under Chapter 50-6 and the Airport Authority under 50-6A contemplate an airport that is funded via a property tax levy. Under the 50-6 the Board certify levy to the Council and under 50-6A the Board certify their own levy. Altman stated this Board had never been this type of Board. Altman’s current assumption is that the Board was organized what is now under 50-7 publicly owned airports. The major reason Altman thinks this is because 50-7 was amended in the 1945 legislative session. This would have come to effect on January 1st, 1945. The very first ordinance that we could find creating an airport Board was approved in July 1945. At this time the powers and duties of the Board were to “adopt regulations, established fees and charges for the use of such airport and to do all things necessary to improve, regulate and supervise the construction improvement and operation of air facilities”. In 1945, this appears to be a supervisory Board. In 1947, the ordinance was amended and at that point there was not much of a change of the obligations of the Board. The Board “shall supervise and regulate the operation, development and improvement of the airport”. This is for a supervisory and regulatory Board. The Board makes recommendation to the Commission in means to improve air service and the facilities and prepare and submit a budget. In 1980, the Board powers and duties were now becomes essentially what it is today which is “to supervise and operate the operation”. The operate is what is troubling to Altman because operates means that the Board is telling staff what to do, talking to the airlines and talking to marketers which in fact this is Wilson’s job. Wilson as a Transportation Director is responsible for administration, direction, operations, and coordination of the Airport. Wilson was appointed by the City Manager. The Board could work with the City Manager and have a voice with the City Manager. Altman does not think that the Board can remove Wilson as he was appointed by the City Manager. But, if this Board was organize under 50-6 or 50-6A then the Board would have authority. Altman stated the current ordinance needs to be fixed as the Board does not operate the Airport as such. This will be Altman’s recommendation to the City Council. The City Council will determine what role the Airport Board has, if it has to have any role, what role the Airport Manager has, what role the City Council has and what role the City Manager has. Because it is a policy question Altman will not make any recommendation. This will be done probably in a work session in October and will try to work it that the Board is there, so they can describe their role to the Council. Wilson thinks the whole section in the City Ordinance needs a rewrite. For members we have requirements that they need to be a pilot, lease property for aviation purposes on the airport, engage in financial activity at the airport or take at least 15 trips from the airport. Wilson would prefer to see this as 5 members; 3 members must reside in City limits and 2 members must be from Brown County. The other item in the ordinance is for the Budget. Wilson was confused as he was told that he had to have it approved by the Board. Wilson had never done this with his previous Board. All he would do is bring it to them, look it over and they would ask questions about it. We can continue to have the Board approve the budget, but Wilson does not have a lot of time on preparing the budget. The reason a budget is approved by a Board is because of tax levies because they are trying to figure out what the amount that needs to be levied for the operation of the airport. The date of August 15th needs to be changed as State law now is July 15th. Broadhurst stated their question in general was why we waste time putting items that they vote on the agenda as it relates to leases when they don’t have any say in those leases. The leases come from the City Attorney and the Board is to say okay; never seeing the lease. The Chairman and Secretary of the Board have always been signatory on the leases. Broadhurst stated he does not understand if they do not have authority over the lease, why they even deal with it. Don’t put it on the Board’s agenda. It’s the responsibility of the City and if there are Leasees who has problem they can deal with whoever handles the lease department. Altman stated in the past the Airport Board had authority and it does as it hasn’t changed “where the Board has authority to make such rules, regulations and agreements”. Altman sees agreements as the lease that is why the Chairman and the Secretary of the Board sign the leases. Broadhurst stated now they don’t. Altman stated with Wilson coming from a place where the Airport Board was an Advisory and it’s a form lease why waste the Board’s time going into the substance of it. Altman stated the question came to him and it looks like the Board should be entering into this agreement and this is his recommendation to Wilson. For now leave it as it is, we have to fix it generally. It is permissible to have this Board enter into those agreements under 50-6, 50-6A or 50-7. When it’s not one of the taxing Board, 50-7 “allows the governing body may vest jurisdiction for the construction, improvement, equipment, maintenance, and operation thereof the airport any suitable officer, board, or body of such municipality or county”. Zeeb stated if the Board is going to be voting to approve a lease, they should be able to see the lease. Wilson stated at his former job, he brought the actions to the Board and the Board voted on the actions and this was what he was used to. Wilson has questions for Altman on exactly how things work. Wilson had asked before if the leases can just be done administratively as they are just voting on the actions. When they had checked into this, there was more to it. Wilson stated we can keep everything the same for now where the Board signs the leases. Once everything is figured out by the Board and the Council, Altman can go through the detail. Wilson added bills had never been approved by the board from his previous job. At Ride Line, their Board does not approve the bills. It is different here than the other departments. Johnson stated there also some areas in which the Board needs to empower the City Manager to do more since it is a new position and

there hasn't been that authority since we elected this form of government. Johnson is aware that the City Manager hired Wilson, but based in the old law should it be done that way? Johnson does not know. Do some laws as it relates to the City Manager's position have to be broadened? Altman stated he thinks it should to be clarified. Johnson stated if this is the way the City Council wants it. Altman stated there is a provision in the State law governing the City Manager form of government that says that all officers shall be appointed by the City Manager and shall serve the City Manager's pleasure subject to other provisions in law. For example the Zoning Board cannot be removed by the City Manager. Also the City Attorney and the Finance Officer are not to the City Manager, they are to the City Council as a whole. Altman stated this need defining. Chairman Erickson stated with the leases if the tenants have problem they come the Airport Manager or eventually to the Board. If this Board will not have anything to do with the leases then they need to go to the City Council with the problems. Wilson stated he thinks this should come to him. He had talked to someone the other day and briefly told him about the complaint. The person said that he will come in and talk to the Board about it sometime. Wilson informed the person that he prefers he talks to him about it first and Wilson will take care of it. Wilson stated the person wants the Board to know what is going on. Wilson informed the person that he would rather know what is going on and try to take care of it as this is his job. Broadhurst stated most of the Board if they are faced with such person, they would usually say have you spoken with the Airport Manager first and see what he will do. Then the Board will get involved only after they had spoken to the Airport Manager. At least this had been Broadhurst approach and has not had any since he had been reappointed. Johnson stated the concern he had in the past is that all closed doors sessions on personnel did not necessarily involve this Board. Johnson thinks this should be clarified. Whether the Board should be involved or should not be involved. Altman stated these are the items that should be address: budget, operation, regulations including a penalty for violation of regulations, agreements, membership of the Board, City Council liaison or governing body liaison and personnel. In 1980 a lot of the regulations became ordinance. Chairman Erickson stated also in the past the Board was invited on the final interview of the Airport Manager position. Chairman Erickson had attended four or five managers interview since he had been on the Board. Comm. Wiese stated he had been involved in this Board for 20 years in various capacities and the functions and responsibilities almost had not change at all. Consistency got something to do with this even though it is not defined. It's been by precedence this Board had always been involved. Comm. Wiese stated Broadhurst is absolutely right, first negotiation is between the manager and a possible lease holder. However, they do have recourse which is to go to the Board if there are unresolved situations. This Board historically has had an influence over the terms of leases to try and make sure the interest of the Airport as well as the appropriate vested interest of individuals interested on doing business on the Airport. By consistent function this is the way that this had been handled. It's not to say that it can't be handled better, but Comm. Wiese thinks we would have better blending resolution if there are questions, concerns, or situations. Wilson as the Manager is the first resource, but having recourse is an appropriate thing to have; its public funds and resources which are the responsibility of the City. There are certain things better defined that would be helpful although Comm. Wiese does not think there ever been significant conflicts. Wilson stated he agrees and he had looked at other Boards. The ones that are 50-6 have more authority and they also have taxation in the ordinances and have hiring and firing duties. We are a mix between the two and we just need clarification.

Zeeb moved to adjourn, seconded by Broadhurst. The meeting adjourned at 12:38pm.