



SAN ANGELO REGIONAL AIRPORT

AIRPORT ADVISORY BOARD – OFFICIAL MINUTES

For a meeting held Wednesday, November 15, 2017 in the City Council Chambers located at the McNease Convention Center at 501 Rio Concho Drive San Angelo, TX 76903, at 1:30 PM.

Board Members Present

Patrick Nuytten William Pritchard
Teresa Special Elizabeth Grindstaff

Board Members Not Present

Fred Key Col. Charlie Powell
Robert Frank

Others Present

Luis Elguezabal Mitch Sprunger Molly Waller David Alexander
Janice Crimm Lindsey Janzen Michael Dane

ORDER OF BUSINESS

PLEDGE

Elizabeth Grindstaff leads the meeting with the pledge of allegiance.

OPEN SESSION

Ms. Teresa Special opens suggesting approval of the minutes from the last Airport Board Meeting from June 30, 2016. Ms. Special entertains a motion, with Mr. Patrick Nuytten moving the motion to approve the minutes. Ms. Special asks if there is a second motion, where Mr. William Pritchard seconds. The minutes are approved unanimously.

PUBLIC COMMENT

There was no public comment and the meeting was turned over to Mr. Luis Elguezabal, Airport Director, to review the current schedule of Rates and Charges along with the suggested changes.

RATES AND CHARGES

The suggested rates are based on appraised Fair Market Value (FMV) of airport and surrounding property as well as appraised fair market value of comparable airports. Mr. Elguezabal explains that the rates and charges are updated every three years and the last update was approved by the Airport Board in May 2014 with approval from City Council in July 2014.

Only the updated rates, or new rates, are explained in detail by Mr. Elguezabal, accompanied by a PowerPoint presentation which shows the current rate and the new proposed rate for approval.

The new Finance Analyst, Lindsey Janzen, is introduced and it is detailed the extent of research that was conducted to produce the following average rates.

The proposed changes are as follows:

EXISTING NON-AERONAUTICAL FACILITIES

\$1.30/BLA per sq. ft. at NNN, the price of off-site storage is \$141.50/month with an average price per sq. ft. \$0.43. Recommend \$120.00/month for storage with garage door 203 sq. ft. and \$90.00/month without garage door, 209 sq. ft.

EXISTING FBO AERONAUTICAL FACILITIES

\$1.30/BLA per sq. ft. at NNN, 26% of appraised fair market value of comparable lease rate. Survey suggests commercial building lease rates currently are \$5.00 per sq. ft. annually.

T-HANGAR

40 ft. units, \$205.00/month, Average rate of comparable airports \$251.33. 10% discount will be given to those who pay one year in advance.

60 ft. Executive units, \$300.00/month, Average rate of comparable airports is \$361.40. 10% discount will be given to those who pay one year in advance.

OVERNIGHT AIRCRAFT FEE

\$12.00 per night, Average rate of compared airports is \$35.40 per night. Recommend 10% discount if paid on a monthly basis. Rate is for overnight parking of air carrier aircraft.

FUEL FLOWAGE

\$0.085, Average rate of comparable airports is \$.1075.

CONFERENCE ROOM RENTAL

\$16.00 per hour, Per Ordinance Sec. A15.001 Airport conference room - Conference room fee per hour: \$16.00.

AIR CHARTER OPERATIONS

Air Carrier aircraft with seating capacity of 70 or less - \$1,545.00

Air Carrier with seating capacity of 71 or more - \$2,079.00

New rates are based on the average rate per hour for: employees, electrical usage, baggage system fee. The average rate of compared airports is \$3,051.30. Rates are based on Above Wing services only and include a round trip charter.

RENTAL CAR COMPANY

10% of gross sales, \$2,000.00/month minimum, In the past 3 years, rental car companies are averaging \$3,700 per month in revenues. Rental car companies have not paid the minimum in the past 5 years. Staff recommends raising the Minimum Airport Guarantee (MAG) to \$2,000 per month.

LANDING FEES

\$0.75 per 1,000 pounds MGLW, Landing fee is 60% below comparable airports. Average rate of comparable airports is \$1.25. This rate has not been increased since 2007.

QUESTIONS

Mr. Elguezabal asks if there are any questions from the Airport Advisory Board.

Mr. Pritchard asks what airports were utilized. Ms. Janzen explains that 23 airports were surveyed, which were both General Aviation Airports and other airports that compare in size to San Angelo Regional Airport. Depending on the items surveyed, there was different data provided. An example of this would be some airports did not provide fuel flowage data, while others did not provide information on charters. The following list was provided as an example of some of the airports that were surveyed: Abilene, Addison, Grand Prairie, Killeen, Lubbock Preston Smith International, Roswell, Spinks, Stillwater Regional.

Ms. Grindstaff asks about the vacancy rate for the T-Hangar units. Mr. Elguezabal responds with 0% vacancy, as there is a waiting list.

Mr. Nuytten asks a question regarding charters. He inquires about the price for departure and arrival, as the staff is used for both departure and arrival. Mr. Elguezabal explains that the calculations have been completed and the total for the charters include both departure and arrival of the flight. This is a flat rate. Mr. Nuytten also inquires about the landing fee to see if it is only for the airlines. Mr. Elguezabal explains that the airlines and other commercial aircrafts are charged a landing fee, along with air charters as an additional fee to the aforementioned above wing charter Fee. In addition, the Fixed Base Operators, which handle below wing air charters, have a separate fee that they may send to the air charter company.

Ms. Grindstaff inquires about raising the T-Hangar rate. Mr. Elguezabal explains that the last time the T-Hangar rates were brought to the board, they too inquired about raising the rate. Mr. Elguezabal explains that the rates were updated 3 years ago; therefore, the proposed increase is only \$5. Mr. Elguezabal goes on to say that if the board wishes to raise the rate, the Airport staff would be happy to review further, but the rate is based on the storage units located in the City of San Angelo based on square foot. Ms. Special asks if any of the T-Hangar storage units are currently leased. Janice Crimm, Administrative Assistant, states that there is 1 T-Hangar storage unit that has been rented for several years. Furthermore, the tenants will be advised that the T-Hangar Storage Units are available, so long as they abide by the lease, which states there can be nothing flammable in the units. Mr. Nuytten asks if there is currently a waiting list for which Mr. Elguezabal states that there are currently people interested in renting these units.

Ms. Special asks about the rental car company average payment to the airport totaling \$3,700.00/month. Mr. Elguezabal explains that the rental car companies have not met the minimum in a long time, therefore, increasing the minimum guarantee will not affect the rental car companies until their current lease is up. Mr. Elguezabal goes on to say that all the rental car counters are full and the revenue, even after dropping to 3 flights a day, has increased.

The only item that has not been detailed through these rates and charges are airline leases, as Mr. Elguezabal is looking into hiring a consultant for redoing the airline rates and leases.

Mr. Grindstaff makes a motion to approve. The motion passes unanimously.

TAXIWAY RECONFIGURATION PROJECT

Mr. Mitch Sprunger explains the Taxiway Reconfiguration Project will begin January 4, 2018 through July 12, 2018 which will result in runway closures due to runway safety areas. The tenants are aware of the temporary closures. Project information is as follows: Contractor – Reece Albert, Inc., Engineer – KSA Engineers, Project Cost - \$3,299,700, 90% funded with a Federal Grant with the remaining 10% local match funded with Passenger Facility Charges. The following items will be in the final product: New taxiways C and E with paved shoulders, lights, signage, new apron islands with lights and signage, asphalt repairs along the apron edge, new markings on air carrier apron, new airfield lighting control computers for the lighting vault and control tower. There will be 2 phases. Phase 1 will include removal of taxiway Charlie and Echo, with reconstruction of the new taxiways Charlie and Echo. Phase 2 will focus on apron islands and asphalt repairs on the ramp.

QUESTIONS

Mr. Pritchard inquires about the notification of military personnel. Mr. Sprunger advises that Laughlin, Randolph, and Sheppard Air Force Bases have been notified.

Ms. Special asks if KSA will have a project manager on site. Mr. Sprunger states that there will be a site manager on the project as the FAA will be paying for 40 hours a week for inspection.

PAVEMENT PRIORITIZATION PROJECT

After meeting with the FAA, Mr. Elguezabal was advised that the FAA will no longer fund 3 runways. Ms. Molly Waller, with KSA Engineering, will be sharing a presentation that summarizes the findings of the Pavement Management Plan, Funding Eligibility and runway Classification, Existing Pavement Condition, and Pavement Prioritization.

Pavement Management Plan – The condition of runways and airfield were surveyed and they prepared a Pavement Condition Index (PCI). runway 18/36 – Green, which means that this runway may only need upkeep such as sealing, runway 3/21 – Yellow, which means that there are more cracks and damage that need to be looked into and repaired, runway 9/27 – Red, which means that there is significant cracks and damage that need significant repairs. In the short term, runway 18/36 requires crack seal, seal coat, and re-marking which would total \$984,400. Runway 3/21 will need crack seal, seal coat, and re-mark totaling \$972,205. Runway 9/27 will require a 3" mill and overlay and partial reconstruction totaling \$2,330,000. In the Medium Term, runway 18/36 will require a 2" overlay totaling \$1,750,890. Moving forward, the FAA will fund a primary runway and a crosswind runway. However, the additional runway is not eligible for funding by the FAA because it is not needed for the San Angelo Regional Airport based on the AIP Handbook justifications.

Ms. Waller goes on to say that this eligibility is due to the wind data collected over a 10-year time frame. Looking at the wind coverage, Ms. Waller describes that with 10.5 knots the coverage is 99.50%, with 13.0 knots the coverage is 99.85%, and at 16.0 knots the coverage is 99.97% when you include all 3 runways. Looking at the wind coverage on two runways the following data was collected: 18/36 and 3/21 sy10.5 knots the coverage is 96.79%, 13.0 knots the coverage is 98.34%, and at 16.0 knots the coverage is 99.37%. 18/36 and 9/27 at 10.5 knots the coverage is 98.77%, at 13.0 knots the coverage is

99.71%, and at 16.0 knots the coverage is 99.37%. Although the wind coverage is greater with 18/36 and 9/27, 9/27 on its own has the following data: 10.5 knots the coverage is 79.14%, at 13.0 knots the coverage is 87.11%, and at 16.0 knots the coverage is 95.81%, Ms. Waller reminds the board that there will be times when the primary runway will have closures, such as sealing, and this wind coverage is not ideal for landing. Other factors to consider are instrument approaches and hotspots. San Angelo Regional Airport has 9 published instrument approaches to runways 18/36 and 3/21. runway 9/27 is the least sophisticated runway. Additionally, runway 9/27 creates two hotspots at the intersection with taxiways Bravo and Alpha. The recommendations are as follows: Runway 18/36 be classified as the "Primary" runway, runway 3/21 be classified as "Crosswind" runway, and runway 9/27 be classified as "Additional" runway.

Ms. Waller continues to say that there are three airfield alternatives: Alternative 1 consists of closure of runway 9/27 and Extension of taxiway Hotel, alternative 2 consists of conversion of runway 9/27 to taxiway Hotel, or alternative 3 consists of rehabilitation of runway 9/27. Alternative 1, provides a benefit to the airport and is eligible for Airport Improvement Program (AIP) Funding at 90% and a local Passenger Facilities Charge (PFC) match of 10%. Alternative 2 does leave room for changing standards where additional changes may be needed in the future, and it is also eligible for AIP funding at 90% and local PFC match of 10%. Alternative 3 has an anticipated short term cost of \$2.33 million. As this "additional" runway is no longer eligible for funding, the following funding sources would be available: Local (on-airport) funding from increasing rates and charges, city General Fund, or the sale of bonds.

Mr. Pritchard questions if the first two alternatives are eligible for 90% of funding through AIP funds. Ms. Waller states that generally, yes, the funding is provided by the FAA. Ms. Waller goes on to say that because this information has not been shared with the FAA that she cannot commit the FAA to funding this alternative. Mr. Pritchard inquires about the rehab of runway 9/27 as there is no instrument procedure and operationally, he asks about which alternative is best for the tenants of the airport. Mr. Elguezabal states that Alternative 1 – Closure of Runway would be the best alternative due to the fact that Alternative 2 – Conversion of runway 9/27 to taxiway H leaves room for the FAA to come back and mandate the approach to the instrument runway be parallel. Ms. Waller says there is a period of time when it comes to updating per the FAA, however, Alternative 2 may require funds going into taxiway H and then more funds going into the taxiway to meet the FAA requirements. Mr. Elguezabal steps in to state that coming up with the \$2.33 million needed to fund these steps will considerably increase the Rates and Charges that were approved earlier in the meeting. Further clarifying the term "hot spot" is a runway incursion where an aircraft may access the runway without clearance, which can cause a potential collision.

Mr. Elguezabal introduces Mr. Michael Dane to speak on the financial aspect of the alternatives to include bond sales. Mr. Dane states that if the airport were to consider investing \$2.3 million into the rehabilitation, the life of the improvements might be 10 years, which is also the maximum number of years the City would want to finance the loan. At the end of the 10 years, there will need to be another reconstruction, which would potentially need more funding. This then creates a borrow, reconstruct, finance circle. In order to avoid this, Mr. Dane concurs with Mr. Elguezabal about increasing the Rates and Charges in the ballpark of 20%. Increasing Rates and Charges is a process, and due to the fact that the tenants are in contracts, they are protected from increases to the Rates and Charges per the terms of the lease. This means that the first year loan payment, approximately \$250,000 to \$300,000 will need to be paid, but there will not be enough income from tenants due to their lease contracts.

This brings further questions from Mr. Nuytten regarding Alternative 1 – Closure of runway 9/27 and Extension of taxiway H. He questions where taxiway A will be. Mr. Elguezabal states that he is not sure what the designation would be, but there will be a taxiway by the U.S. Customs Building. Mr. Pritchard asks what the weight bearing classification would be for runway 9/27 and Mr. Elguezabal and Mr. Sprunger agree that it will not be the same classification. Mr. Prichard refers to this as money down the drain for this alternative. Mr. Nuytten inquires if runway 9/27 is 139, which Mr. Elguezabal states that it is.

Ms. Waller continues to say that the trapezoid shapes located at the end of the runway, considered “Runway Protection Zones”, and that these trapezoid areas will be available for prime real estate at the airport. Additionally, Ms. Waller provides references to Monroe, Louisiana and the Albuquerque Sunport as airports who also lost runways due to the AIP dollars not stretching as far as they used to.

Mr. Elguezabal requests public comment or questions.

PUBLIC COMMENT

Ms. Special asks for any public comments or questions, and there were no public comments or questions.

QUESTIONS

Ms. Special inquires about the tenants at the airport and if the airport has had any input. Mr. Elguezabal stated that this Airport Board Meeting is the first meeting as the study has just been completed. Ms. Special states that having a hearing on Airport premises would be appropriate in this case in order to have the tenants have an avenue to ask questions.

Mr. Pritchard asks if staff is looking for a recommendation. Mr. Elguezabal states yes, staff is looking for a recommendation from the board to take to council. Mr. Pritchard moves to recommend Alternative 1. Ms. Grindstaff seconds the recommendation. Mr. Nuytten seconds the recommendation. Ms. Special states that the recommendation passes unanimously.

Mr. Elguezabal states there will be a hearing held at the airport to further discuss the alternatives with the airport tenants and will then proceed to council.

Mr. Nuytten has one remaining question regarding the 3/21 being considered a crosswind runway as opposed to be the secondary runway. Ms. Waller approaches the podium and refers to the Funding Eligibility and Runway Classification slide on the presentation which states that the airport must be operating at 60% capacity in order to qualify and be eligible for funding. At the current operational level, San Angelo Regional Airport could not justify to the FAA for funding under a secondary runway. Mr. Elguezabal states that even Dallas/Ft. Worth airport is not running at capacity.

DIRECTOR'S REPORT - Statistics

2015 vs. 2016 1st Quarter

Air Traffic is down 13%.

Fuel Flowage down 5%

Passenger Enplanements are down 3%

Load Factor is up 3%.

Rental Cars are down .01%

The first three quarters January-September 2016 vs. January-September 2017

Air Traffic is up 12%

Fuel Flowage is up 4%

Passenger enplanement are down 5%, with the holidays coming we expect the numbers to go up.

Load Factors are up 11%

Rental Cars are up 10%

AA Schedule Started November 9, 2017

Before November 9, 2017, there were 3 flights on the CRJ-700, 65 seats per plane, total daily seats of 195 per day.

Starting November 9th 2017, American Airlines changed their schedule to 4 flights per day, giving us 224 available seats per day.

December 15, 2017 American will have 5 flights per day for the holidays, all on the ERJ 140. These are 44 seat aircraft with 220 available seats.


January 8, 2018, American Airlines will bring the flights back down to 4 flights a day for 176 seats giving the option of 4 flights versus 3.

Mr. Elguezabal introduced Lindsey Janzen, our new Business and Finance Analyst.

Future Agenda Items

Mr. Elguezabal recommended a meeting in February, 3 months from now.

Ms. Special motioned to adjourn, Ms. Grindstaff seconds. Meeting adjourned at 2:34 PM.



Luis E. Elguezabal, A.A.E.
Airport Director



Charles E. Powell
for Airport Advisory Board Chairman