



SAN ANGELO REGIONAL AIRPORT AIRPORT ADVISORY BOARD - OFFICIAL MINUTES

For a meeting held Wednesday May 7, 2014 in the South Meeting Room located at
501 Rio Concho Drive, San Angelo, Texas at 1:30 P.M.

Board Members Present

Fred Key
Sonny Sanders

Charles Powell
Pat Nuytten

Dave Dierker

Board Members Not Present

David Herbert
Elizabeth Grindstaff

Others Present

Luis Elguezabal
Janice Crimm
Bryan Kendrick

Michael Dane
Ray Minix
David Alexander

Rebecca Shorey

ORDER OF BUSINESS

Open Session

Chairman Charles Powell called the meeting to order at 1:30 P.M. The January 29, 2014 minutes were unanimously approved in a motion from Mr. Key and seconded by Mr. Nuytten.

Public Comment

Rebecca Shorey with Skyline Aviation stated that she and her husband went to the last meeting held January 29th, to address the Board about renting the hangar by the tower. She would like to know if there are any updates to their request. Mr. Elguezabal turned this over to Mr. Kendrick. Mr. Kendrick replied, we have submitted the perimeter for the lease to our legal department and are in the process of writing the lease. Ms. Shorey also wanted to know when they could occupy the hangar. Mr. Elguezabal responded, when we receive the draft copy we will forward it to you for review. If all is agreed upon we can then take it to the June 3rd City Council meeting. If Council approves the lease you can move in June 3rd.

Discussion and Possible Action on Airport's FY-15 Budget

The proposed FY-15 revenue budget total is \$1,284,451. The original revenue budget for FY-14 total is \$1,458,979. The original budget had to be revised due to loss of revenue, that total is \$1,244,036.

The proposed FY-15 expenses total is \$1,284,451. The original budget for FY-14 total is \$1,458,979. Due to loss in revenue the expense budget was revised to \$1,244,036.

We are proposing a balanced budget of 1,284,451. To review the entire budget by line item Mr. Kendrick has a copy and can discuss it with you.

Motion to approve the budget as listed was made by Mr. Nuytten and second by Mr. Key.

Motion carried unanimously.

Terminal Project Update

The contractor is Templeton Construction, Inc. The project began January 25, 2012, currently 687 days charged to the project (time stopped on 12-12-13) out of 540 original contract days. Change Order No. 1, 2, 3 additional days equaling 136 days for a total of 676 contract days total equal 102% time used.

The project budget is \$5,925,715. The total Change Orders to date is \$298,236.60 with no change to project budget. Billed to date (gross) is \$3,721,358 retainage of (5%) \$186,068. Billed to date (less retainage) \$3,534,290 and is 63%, complete.

The Development Corporation Fund presented to the COSADC Board. Out of the \$500,000 allotted to the terminal, \$207,057.88 has been paid, which is 41.41% of the project and we still have a balance of \$292,942.12, 58.59%.

Mr. Elguezabal stated that the Change Order that was submitted to the FAA in December, last month, through our Passenger Facility Charge amendment was not denied but not accepted. We have resubmitting the PFC amendment application.

Mr. Alexander of KSA Engineering told the Board the project is still moving forward with some of the element of the project just at a slower pace. They are working on the tower, finished the Canopies out front and have started demolition at Above the Clouds deli. Contractor will resume full construction work when the change order is approved.

Discussion and Possible Action on Airport's Schedule of Rates and Charges

The Rates and Charges were approved by the Airport Advisory Board on November 10, 2009. City Council on December 15, 2009. The rates are based on appraised fair market value (FMV) of airport and surrounding property. Commercial land values range from \$2.50-\$5.50 SF, also appraised fair market value of comparable airports.

Mr. Elguezabal presented the board with the regulatory requirements for rates and charges for the airport. They include Chapter 22 of the Texas Transportation Code. Texas does not allow the terms of agreements to exceed 40 years. The charges, rental, and fees must be reasonable and uniform for the same class of privilege or service. Any arrangement (e.g. lease) must also be made subject to the terms of any federal or state grant or loan.

FAA Order 51906A, Airports Compliance Handbook was also used. This states preference for direct local negotiation between airport proprietors and users. Rates, fees and charges to aeronautical users must be fair and reasonable. The grant assurances prohibit unjust discriminatory rates and charges. The airport sponsor shall maintain a fee and rental structure that makes the airport as self-sustaining as possible. Revenue generated by the airport is not to be diverted for other, non airport purposes.

The proposed changes are as follows:

PROPERTY TYPE LAND LEASE:

Aeronautical Use/Land, current annual rate is \$0.11/SF the proposed rate \$0.12/SF. This is based on the CPI Adjustment of 8.3% November 2009 to March 2014.

Non-Aeronautical Use, current annual rate is \$0.16 - \$0.36/SF the proposed rate \$0.17 - 0.38/SF. CPI Adjustment of 8.3%

Non-conforming Uses does not change it is negotiable

EXISTING AERONAUTICAL FACILITIES:

Flightline conventional Hangar board permitted use, current annual rate is \$2.50/BLA at NNN the proposed rate \$2.70/BLA at NNN per SF. CPI Adjustment 8.3%

Off-flightline conventional hangar, broad permitted use, current annual rate is \$2.00/BLA at NNN the proposed rate \$2.15/BLA at NNN per SF. CPI Adjustment 8.3%

EXISTING NON-AERONAUTICAL FACILITIES:

Facility, the appraised value has not changed current annual rate is \$2.50-\$5.50/BLA at NNN

EXISTING FBO AERONAUTICAL FACILITIES:

Conventional Hangar, FBO permitted use, current annual rate is \$1.25/BLA per SF at NNN this rate has not changed

T-HANGAR:

40 foot units, current rate \$150.00/month, proposed rate \$170.00/month. This is 54% of appraised FMV of comparable airports. The average is \$315.47/month

60 foot executive units, current rate is \$260.00/month, this rate has not changed. Appraised FMV of compared airports is \$315.47

Mr. Nuytten suggested that the current tenants pay the \$170.00 for the current year then pay a higher rate the second year. Mr. Elguezabal concurred, the last rates and charges started at \$110.00. We gave the current tenants a step up to \$130.00 for the current year the second year \$150.00. If the Board recommends this, it can go to council as \$170.00 the first year for current tenants then \$200.00 for the second year, or what the Board would recommend.

Mr. Sanders wanted to know the occupancy of the t-hangars. Mr. Elguezabal stated it is 100 percent and we have a waiting list.

Mr. Dierker wanted to know at what rate it becomes profitable for a private company to build a hangar. Mr. Elguezabal stated he did the figures in 2005-2006 to build new our rate would have to be \$500 to \$600 per month just to cover the cost. Mr. Nuytten added, when you build new you will have 20 years of ground lease before you get other type of income.

OVERNIGHT AIRCRAFT FEE:

Rate, proposed \$8.00/per night. New rate on commercial air carrier aircraft (not for general aviation). Based on airport survey average rate of compared airports is \$20/per night. Recommend discount if paid monthly.

Mr. Elguezabal stated that he had a call from American Eagle and they would like to store 25 ERJ 140's by next January and storing them at the northern end of the ramp. They are being stored at the Abilene airport; the Airport Board does not want them because of the look of the SAAB's along the loop. The SAAB's will not moving they are being used for parts.

American wants to sell these aircraft, 59 in all, 25 aircraft by the end of the year. An article in the Star Telegraph wrote that American will lay off 47% of their pilots by disposing of these aircraft.

FUEL FLOWAGE:

Rate, current rate is \$0.07, proposed rate \$0.08. Based on total gallons received at the airport 98% of appraised FMV of compared airports \$.082

TERMINAL SPACE:

Rates, current \$17.50/SF, \$40.00/month for use of PA system, \$250.00/month for use of baggage system, \$20.00/month for use of internet/network access. Proposed \$19.00/SF, \$50.00/month for use of PA system, \$270.00/month for use of baggage system. Terminal space is 92% of appraised FMV of comparable airports \$20.59.

LANDING FEES:

Rate, current \$0.30 per 1,000 pounds MGLW Jet, \$0.50 per 1,000 pounds MGLW Turbo Prop. Proposed \$0.50 per 1,000 pounds MGLW Jet, \$0.70 per 1,000 pounds MGLW Turbo Prop. Landing fee is 49% and 69% of appraised FMV of comparable airports which is \$1.02. MGLW=Max Gross Landing Weight.

The landing fee includes American Airlines and commercial Charter flights.

Mr. Elguezabal stated that the only other change suggested by a council person, changing the adjustment from a five year period to a three year period.

New leases will also be adjusted to the three year period not the five year.

ADJUSTMENT OF RATES AND CHARGES:

Rates will be adjusted for each subsequent ~~five year period~~, three year (3) period, by percentage increase in the Consumer Price Index (CPI) for the Dallas/Fort Worth Metropolitan Area as announced by the United States Department of Labor between the first day of the year of adjustment and the date that was ~~five~~ Three (3) years before such first day.

Mr. Powell wanted to know if Mr. Elguezabal wanted the Board's approval on the proposed Rates and Charges to take to City Council. Mr. Elguezabal stated yes and if the Board wanted to recommend amending any of the Rates and Charges this can be done. Both recommendations from the Board and from staff will be taken to City Council. In 2007 when Rates and Charges were created the Board had a different recommendation then Staff. Both were brought to City Council. The Council chose the step up on the T-Hangar. The rent going from \$110.00 to

\$150.00 with a step up of \$130.00 for first year for current tenants, then moving up to \$150.00 the second year.

Mr. Powell opened discussion with Board to answer any questions on the proposed changes.

Mr. Dierker would like to have more time before the vote. He stated he would like to see what effect this would have on anyone who is currently at the airport and the effect to their business. He would like more time to research this to understand the impact it will have.

Mr. Powell stated they have looked at this several times and discussed this for the past two years; some of these numbers are dictated by the CPI, Consumer Price Index.

Mr. Key stated that he liked the rate proposal and making the review in 3 years verses the 5 years.

Mr. Elguezabal stated we recommend a \$.01 (one cent) increase to the fuel flowage, from \$.07 to \$.08. The building rate was left at \$1.25 for the FBO because of the additional revenue they bring to the airport.

Mr. Nuytten wanted to know if we are still going forward with the RFP on the hangar Mr. and Ms. Shorey want to rent. Mr. Elguezabal stated yes.

Mr. Powell asked for a motion for approval to send the proposed changes of Rates and Charges to council for approval. Mr. Key made the motion to move for approval, Mr. Sanders second the motion. The motion was unanimously approved.

DIRECTOR'S REPORT

First Quarter Statistics 2013 vs. 2014: Air Traffic up .3%. Fuel Flowage up 18%, Cy-2012-CY-2013 fuel flowage was at 16%. Passenger Enplanement increased 15%, Load Factor increased 10%. The first part of the year which is traditionally the slowest for the airport is doing quite well.

FAA Tri-Annual Part-139 Emergency Exercise tentative date July 2014 to be held on the ramp area. This will include the Fire Department, Hospital's and Goodfellow will be helping with casualties.

FUTURE AGENDA ITEMS

The next Airport board Meetings: August 13, 2014

November 5, 2014.

At the McNease Convention Center 501 Rio Concho Dr. at 1:30 PM

Mr. Powell wanted to know if the trees that were causing a clearance problem had been removed. Mr. Elguezabal stated that they were and the FAA was sent pictures and diagrams to show they had been removed.

Mr. Dierker stated that he would like to meet with Mr. Kendrick to try and understand why it takes so long to make things happen. He notes that other airports do not take as long in responding. He does not want to miss any business opportunities because somewhere in the process the wheels are turning very slow.

Mr. Powell stated that he gave Mr. Elguezabal articles on the Midland Airport. Their numbers are really high. They have had great success with United Airlines being there now.

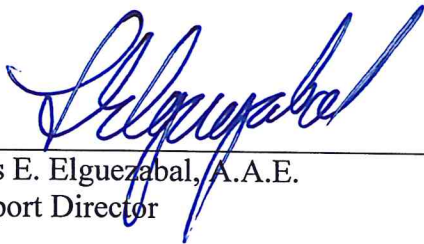
Mr. Nuytten wanted to know where we stand with getting another airline. Mr. Elguezabal responded that at the next board meeting he will accommodate that issue. He will be having a meeting with a person from Dallas to discuss this. If it is successful and profitable and if he will work with us I will bring him here to meet with the City Manager and Assistant City Manager. He also stated that he will be starting up the Air Service Committee again.

Mr. Dierker wanted to know about the new Master Plan. Mr. Elguezabal responded that we should have the Airport Layout plan and the Land Use study ready soon. Mr. Alexander, of KSA Engineering, also responded that they just had an internal review of the Airport Layout plan with the planner. We are two to three weeks out on that plan. It is to be submitted to the FAA for review and approval. Mr. Elguezabal stated that the Board will also receive a copy of the Airport Layout plan and Land Use study to review. The FAA will be the ones to approve them.

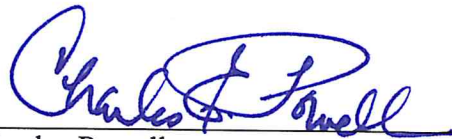
Mr. Nuytten would like to know the status of Amcom North. Mr. Elguezabal stated that the Development Corporation is working with L-3 Communication and it still an ongoing process.

Mr. Dierker wanted to know what had happened to the concrete in front the trash can. Mr. Alexander stated that it didn't meet compressive strength and specification requirements. It cracked prematurely and had to be removed. It is being replaced.

Mr. Powell asked if there were any more comments. Being none the meeting was adjourned at 2:20 PM.



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



Charles Powell
Chairman