

# **AIRPORT DEVELOPMENT BOARD**

July 8, 2009

## **MINUTES**

**MEMBERS PRESENT:** Lawrence Gill, Chairman, Vince Swinney, Kirk Thaxton, Cindy Haley, Stan Egger, Jim Leonard, Joe Crowder, Vic Corley

**MEMBERS ABSENT:** Woody Gilliland, Vice Chairman, David Lynn, Jimi Coplen

**AIRPORT STAFF:** Don Green, Chris Taylor, Melissa Murphy, Alex Cargile

**CITY EMPLOYEES:** Dan Santee, City Attorney

**VISITORS:** Dale Morris, Vice President of Governmental Affairs with American Eagle, Harley Hall, Manager with Eagle Aviation Services, Amy Johnson, Dyess AFB Air Traffic Control

### **REGULAR SESSION**

**1. Call to order.**

Mr. Gill called the meeting to order at 3:36pm

**2. Introduce visitors**

Mr. Green introduced Mr. Harley Hall, manager at Eagle Aviation Services in Abilene and Mr. Dale Morris, Vice President of Governmental Affairs with American Eagle Airlines. Mr. Green also introduced was, Mrs. Amy Johnson with Dyess AFB air traffic control.

Mr. Morris discussed American Eagle's appreciation for the continued support from the City and the Airport particularly in these tough economic times. Mr. Morris discussed American Eagle's appreciation for the reduction in fuel flowage and landing fees for diverted aircraft. Abilene was one of the first cities to aid them in this respect. American Eagle lost \$463 million last quarter. American is looking at 2010 as a breakeven point.

**3. Consideration and Action approving minutes of the June 10<sup>th</sup> 2009 meeting**

Mr. Gill asked if there were any corrections to the minutes of the June 2009 meeting. Hearing none, the June 2009 meeting minutes stood approved as distributed.

**4. Tenant Report**

There was no report at this time.

**5. Economic Development Department Report**

There was no report at this time.

## 6. Finance and Operations Subcommittee Meeting

Mr. Thaxton provided the Finance and Operations Subcommittee report.

### 1. FY 2010 Budget –

- a. Originally submitted as a flat budget.
- b. City came back asking for additional cuts.
- c. City is approximately \$5.2 Million over budget for FY'10.
- d. City expects sales revenue to drop by 3.5% during FY'10.
- e. The airports revised FY'10 budget cut \$76,473.83.
- f. This reduction has changed the FY'10 budget from \$1.795 million to \$1.72 million.
- g. All directors are required to make these cuts.
- h. City has presented retirement eligible employees the option of retiring with up to an additional 16 weeks of salary.
- i. 5 airport employees are eligible for early retirement. One parking employee has stated interest at this time.
- j. The airport is required to keep the parking lot open during specific hours. Despite the hiring freeze the City may need to find a replacement for the position.
- k. Others available for retirement include the maintenance supervisor and operations employees. Maintenance and operations are vital to the operation of the airport and would need to be replaced if they take the retirement package.
- l. The possibility exists for layoffs in the future.
- m. Any decisions involving layoffs or tax increases are required to be reported by City Hall by July 26<sup>th</sup>.

### 2. FY 2009 Budget –

- a. The airports revised budget cut \$81,267.92 for FY'09.
- b. Some of these reductions are offset by the use of unused purchase order funds.
- c. Budget cuts were made to Tools & Equipment, Uniforms and other object codes.
- d. All revenue goes to the general fund, but are required to be used to the benefit of the airport.
- e. Current budget looks overspent due to the RAMP grant program, which will reimburse 50% of expenses for airside maintenance.
- f. The RAMP program has a history of quick, on time repayments.
- g. Committee suggested a history of budget increases for the last 5 years.
- h. Airport Operations turnover has slowed since the airport's 3 new hires.
- i. CO repayment on the parking lot is on schedule.

### 3. Leases

- a. Airport is currently working on the American Eagle lease.
- b. Currently American Eagle is paying \$1.12 per passenger, which is considered very low.
- c. Planning to increase landing fee from \$0.43 per 1000 lbs to \$0.50 per 1000 lbs.
- d. A raise to fuel flowage prices may occur in the future.
- e. ZeeJet lease is being finalized.
- f. Hangar 2 is paid in full and current.
- g. Renter of Hangar 2 is behind on ground rent for separate building on airport.
- h. As a condition of the RFP for Hangar 2, bidder must be current on all billings to bid.

#### **4. Airport Updates**

- a. Airport is maintaining contact with Continental.
- b. Airport met with Mike Lopez with Continental at Jumpstart in Montreal. He requested that the Airport start sending him enplanement information.
- c. There has been no commitment to return at this time.
- d. Local news statements that Continental will return were incorrect.
- e. Also, news articles stating that American Eagle has lost a flight were incorrect.
- f. The airport working with Mead & Hunt have developed a new market study.
- g. The new study shows that Las Vegas is no longer the airports primary destination. The new primary destination is Orlando, Florida.
- h. Allegiant air was interested to hear that the new number one destination was Orlando.
- i. Allegiant is considering a possible return in spring 2010.
- j. Disney is a big hit with the military.
- k. The military built a hotel in Florida for military personnel to take advantage of.
- l. Allegiant still maintains an interest in operating out of Abilene.
- m. Allegiant is currently more interested in developing Orlando than Las Vegas at this time.

#### **7. Airport Management Report:**

##### **a. Review and acknowledgement of the June 2009 Statistical Reports**

Mr. Cargile presented the June 2009 Statistical report. Airport operations statistics have been restored for January, but November and December of 2008 are irretrievable due to record problems at the control tower. American Eagle is up 4% enplanements compared to last year, but overall the airport is down approximately 11%. Parking lot revenue is up 38% for the month and 44% for the year. Mr. Crawford with Abilene Aero has stated that fuel sales are down 46% due to lack of diverted aircraft as compared to last year. Other like-sized airports in Texas are down more than 46%. Hertz's revenue is lower due to a new location in town.

##### **b. Mr. Taylor Updated the Board on Current Projects:**

1. Air Carrier Ramp Area C – 80% complete
2. Air Carrier Ramp Area D – Has been awarded to Epic Construction
3. T-Hangar Taxilane Area A & B– Completed punch lists. Started Excavation.
4. New Control Tower – Construction will be started at the end of this year.
5. 17R Localizer – Bids will open next week.
6. 17R/35L Runway Rehab – Estimated to start in November.
7. Project in Design – The remainder of the Taxilanes and Air Carrier Ramp Area E.

##### **c. Air Service and Business Development Update**

Mrs. Murphy presented the air service and business development report. Mrs. Murphy presented the pricing guide, showing monthly comparisons between prices out of Abilene and Midland. On average prices are \$20-\$30 higher when flying from Abilene as compared to D/FW. American is upholding their agreement not to raise prices due to being the sole carrier in Abilene. The ABI-VIP program now has 550 people registered with the program with 300 rewards mailed.

##### **d. Restaurant and Gift Shop Update**

Mr. Green presented the restaurant and gift shop update. The request for proposals for the gift shop and restaurant will be out this Sunday. There will be a pre-proposal conference on July 22 and the airport will accept proposals on July 29<sup>th</sup>.

**Executive Session:**

**Pursuant to Govt. Code Section 551.072, a governmental body may conduct a closed meeting to deliberate the purchase, exchange, lease or value of real property if deliberate on in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person. Additionally, Section 551.087 allows a governmental body to discuss or deliberate on commercial or financial information that has been received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the City and with which there may be ongoing negotiations or deliberate the offer of a financial or other incentive to a business prospect. Further, Section 551.071 provides that a governmental body may seek advice from its attorney regarding a pending or contemplated litigation subject, settlement offer, or attorney-client privileged information. After discussion in executive session, any action or vote will be taken in public.**

Executive session was entered into at 4:02pm and exited 4:15pm with no decisions being made.

**8. Consideration and Action on a recommendation to City Council to change the fuel flowage fee abatement for diverted signatory airline aircraft.**

Action is to review actions taken that reduce fuel flowage fees from \$0.0675 per gal to \$0.04 per gal for diverted signatory aircraft. Also, review of the reduced landing fees that lowered the fee from \$0.43 per 1000 lbs landed to \$0.215 per 1000 lbs landed for diverted signatory aircraft. Recommendation is to extend to December 31, 2009.

After discussion it was decided to allow the fee reductions to expire as of December 31, 2009. At that point the prices will be re-evaluated.

Motion to accept made by Mr. Leonard and Seconded by Mr. Crowder. Motion passed.

**9. Consideration and Action on a recommendation to City Council to authorize Task Order 17 with URS.**

Project is for Air Carrier Ramp Area E Phase I (Design). Due to lower than expected bids on other projects, the airport is able to fund Air Carrier Ramp Area E ahead of schedule. The not to exceed cost is \$188,773.55

Motion to accept made by Mr. Crowder and Seconded by Mrs. Haley. Motion passed.

**10. Consideration and Action on a recommendation to City Council to award a contract for the Runway 17R/35L Lighting Reconstruction Project.**

The airport opened bids on June 26<sup>th</sup>. Willis Electric was the lowest bidder on this project at approximately \$863,000. Willis Electric is a local bidder. Airport staff toured their facility and was impressed. The engineers' recommendation also recommends Willis Electric.

Motion to accept made by Mr. Leonard and Seconded by Mr. Crowder. Motion passed.

**11. Consideration and Action on a recommendation to City Council to amend Task Order 16 with URS.**

Item was removed from the agenda. Changes will take the form of Task Order 18.

**12. Announcement of the next Finance and Operations Subcommittee, Wednesday July 3, 2009 at 12:00 PM, to be held in the Abilene Regional Airport Training and Conference Room.**

13. **Announcement of next Airport Development Board meeting scheduled for Wednesday July 8, 2009 at 3:30 p.m., to be held in the Abilene Regional Airport Training and Conference Room.**
13. **Adjourn.**

Motion to adjourn at 4:29 pm made by Mr. Crowder. Seconded by Mr. Swinney. Motion passed.