

Minutes of Waukesha County Airport Commission
June 9, 2010

Chairman Crowley called the meeting to order at 8:00 a.m.

Commissioners Present: Crowley, Schoepke, Falstad and Richards. Absent: Vice-chairman Bluemke

Others Present: Control Tower Chief Andy Groth, Laurie Stein, Stein Aircraft Services, Linda Witkowski, County Dept of Admin-Finance, Brian Behrens, Spring City Aviation, Harry Becker, Manager Atlantic Aviation, Val Ramos, Airport Administration, Airport Manager Keith Markano and Airport Operations Kurt Stanich.

Approve Minutes of May 12, 2010

MOTION: Secretary Richards moved with second by Commissioner Falstad to approve the May 12, 2010 minutes. Motion carried.

Public Comment

Very positive responses received by Mr. Markano on the aviation conference held in Waukesha. County Executive Vrakas has recommended another four-year term for Chairman Crowley. The recommendation will go to the Waukesha County Board for approval at the meeting. Corporation Counsel is reviewing the control tower contract for continuation in the program.

Discussion and action on modification to Declarations of Covenants and Restrictions for Buildings and Structures of Waukesha County Airport Development District/Corporate Hangar Area Development – Mr. Markano explained the document changes to the Commission. The changes are to allow Stein Aircraft Services to operate as a limited aeronautical service provider out of the corporate hangar area. Corporate hangar area covenants, section 2, listed what was permitted in that area. The area was basically limited to aircraft storage, associated offices, storage of related parts and supplies, and associated parking facilities. In order to move forward with this we had to amend it and add specialized commercial flying services to cover for aircraft management, aircraft charter and unscheduled air taxi and aircraft/airframe engine and accessory maintenance and repair and flight training. There is also a sentence that follows that was in the original, “Hangar’s used for providers of aeronautical services are not permitted within the airport development district”, that will be deleted. Those are the only modifications, the addition of four items and the deletion of one sentence, the rest remain the same. The draft ordinance will go to Public Works tomorrow. Chairman Crowley asked if Corporation Counsel had reviewed this and if Mr. Markano had any concerns or issues. Mr. Markano: Corporation Counsel, County Executive and Department of Administration reviewed and approved the document prior to this meeting. Secretary Richards asked if this would compete with the fixed base operator. Mr. Markano: Stein will not be allowed to perform fixed base operator services out of this area. Secretary Richards asked if money making and social events would be held at the hangar and if this would present a problem and are there any restrictions that you cannot have these functions at the airport. Mr. Markano: The first event held at the airport was at the Safro hangar. At that time Corporation Counsel and Risk Management determined that Safro was the lease holder, it was their structure and they are responsible for what takes place in their facility. As long as they maintain clear delineation between the airside and the hangar it is up to them how to use the facility. Chairman Crowley said he read the sublease agreement and operating agreement with Stein and it covers just about everything other than mentioning these social or fund raising events. As far as having not less than five million dollars or insurance and so forth, there are quite a few paragraphs that cover every possibility without specifically stating that they can or cannot. It is under their control and their responsibility. This was reviewed and approved by Corporation Counsel, so we are ok. Mrs. Stein said when they have events they always have security and are very cautious making sure everyone stays airside unless escorted and followed all of the alcohol rules to the letter. They are aware of all the issues and have been very cognizant to be in compliance at all times. Motion to approve the modified Declaration of Covenants and Restrictions for Buildings and Structures of Waukesha County airport Development District/Corporate Hangar Area Development by Secretary Richards with a second by Commissioner Falstad. Motion approved.

Discussion and Action on sublease agreement between Select Leasing and Stein Aircraft Services, LLC (2651 Aviation Drive) – Mr. Markano – With the leases in general we approve the assignments and we are also required under the leases to approve sublease agreements with the private hangars. Since this was a private hangar in the corporate area and required changing the covenants, the sublease agreement must be approved by the Commission. The original sublease agreement was reviewed by Corporation Counsel and they did request some changes be made. The requested changes were made and a new document was sent that was agreeable to the County, Select Leasing and Stein. Mr. Markano is requesting approval by the Commission on the new sublease agreement. This agreement does not have to go to the County Board for approval, only Commission approval is required. Motion to approve Secretary Richards with second by Commissioner Schoepke. Motion approved.

Discussion and action on Operating Agreement Between Waukesha County and Stein Aircraft Services, LLC (2651 Aviation Drive) - Mr. Markano – As part of our minimum standards and to be in compliance of the FAA’s grant assurances and the compliance documents in 5190.6A. It states that we must have a lease or operating agreement with an entity that wants to perform aeronautical services on the airport. Technically the lessor is Select Leasing, we had to come up with an operating agreement which specifically states what is permitted from the premises and includes certain statutory language that is required by grant assurances, EEOC requirements, non-discriminating, affirmative action, war clause and rules. Most of this is the boiler plate information that

comes right from the grant assurances. The compliance documents also say that when we convey a right upon an aeronautical service provider to perform some services on the airport for compensation we should receive a fee and the fee schedule is included here. To develop the fee schedule we basically took the corporate hangar area rate 1.86 cents per square foot less than the terminal hangar area, so that rate was applied to the 2651 lot. For the first year it adds up to \$1,833 in added revenue to the County by allowing these services out of the hangar. Chairman Crowley asked if the Commission had any questions, the reply was no. Motion to approve the Operating Agreement Between Waukesha County and Stein Aircraft Services, LLC made by Commissioner Falstad with second by Commissioner Schoepke. Secretary Richards asked if insurance was verified for this agreement. Both Mr. Markano and Mrs. Stein assured this was covered. Motion approved.

Discussion and action on Airport operating budget – Chairman Crowley and the Commission received the operating budget forms prior to the meeting for review. Chairman Crowley asked Mr. Markano to address this item with the Commission.

Mr. Markano - In the operating budget Mr. Markano said the airport was tasked with keeping the same tax levy target for the past several years which was \$192,563. The strategic objectives really do not change from year to year. The objectives are 1) To effectively run the airport, maintain standing in the Federal Contract Tower program, ensuring continued Federal Aviation Administration; 2) Comply with security enhancements by the Transportation Security Administration; 3) To plan capital projects for pavement before it deteriorates; 4) Keep the airport open continuously regardless of snow conditions; 5) Develop and implement the marketing plan, and 6) To explore the acquisition of lands identified in the airport master plan.

Performance measures

FAA benefit/cost ratio: The measures of the cost ratio benefit, which will now be determined bi-annually, we had 1.7 in 2009, estimating 1.6 in 2010 and hopefully as things start to rebound looking at 1.7 in 2011.

Relevant Items

Security enhancements, we are updating the gate project and that will go out for bid July 15th for the runway safety action team items list which includes the gates and reactivating the gate by the control tower and we will installing cameras on those gates as well to assist in security enforcement. This will bring the airport up to 83% in 2010 and in 2011 brings the airport up to 85% compliance.

Pavement

As part of the gate project this year a section of the pavement will be repaired since it is close to the gates and the way the project costs are coming in there is another pavement area for concrete that will probably be done as part of this project.

Runway Closures

We were lucky not to have any closures this past winter and looking forward to continue this trend into the future.

Program Codes

Mr. Markano explained how the budget is broken out and presented by program codes to the County. The first grouping is buildings, grounds, the ramp and fixed base operator (FBO). Our charges for services are not going up very much. Charges for services mostly include land lease revenues, what the FBO pays in rentals for the county owned buildings they lease exclusively. The FBO leased facilities are adjusted annually by the change in CPI which has been stagnant so we will not be seeing an increase in land leases and fuel revenues have also slid. We do see a decrease in charge for services of \$29.00. Other revenue we are budgeting for \$23,500 in 2010 where we budgeted \$24,000. We did receive more revenue in 2009 and we are actually a little higher right now for 2010. We do get reimbursed from our snow removal contractor for work done by fleet to rotary snow thrower and other miscellaneous revenue items. Mr. Markano continued reviewing the other programs with the Commission.

Capital Projects

Nothing has changed we just updated the dates on these projects. We are working with the County Facilities Department on a capital project to schedule maintenance on the terminal and control tower buildings (carpeting, painting, and HVAC components). This project will go forward with the budget and concept in 2012 for Commission approval so the work can be done in 2013.

Secretary Richards inquired about the status of Century Fence. Mr. Markano informed the Commission that Century Fence is in the process of moving out of the property. The County does have an access agreement to go out on the property for phase I and phase II environmental analysis. We are waiting to hear from them to go ahead with the inspection once they have vacated the property. Mr. Markano is working with Parks and Land Use and Public Works on this project.

Chairman Crowley's concern is how to increase airport revenue. He asked Mr. Markano to provide him with a budget analysis from previous years and provided a rough draft to the Commission. As you can see there are some trends, expenses are steady or slightly increasing, fuel sales revenue has constantly dropped since 2004, and we cannot rely on our tax levy. We need to find ways to improve our revenue. With expenses going up, there isn't too much we can cut without affecting our operations and service. With our marketing plan we really need to find ways to improve revenue. Chairman Crowley wanted to chart this out and show the trends and that we cannot continue in this fashion, we have to find ways to improve revenue. What other opportunities lie within our perimeters,

such as restaurants, rental agencies, those types of things. How do we improve or increase that? We also need to drive traffic back to the airport and retain the corporate traffic and improve our recreational traffic. Mr. Markano will clean up this spreadsheet and forward to the Commission to keep handy. This may be something we want to share with the County Executive and Public Works and maybe as an additional piece with the budget. Secretary Richards thought that when Atlantic came on board, that with their national presence they could assist in the marketing and getting an indication of people wanting to relocate to this area. Is there anything in that regard? Mr. Markano hasn't really worked with Mr. Becker on that. Secretary Richards suggested we use the people who are using the airport to go out and talk up the airport and what a great facility we have.

Mr. Markano is seeking approval of the operating budget with the condition that Mr. Markano work with Finance Department to address any changes prior to presenting the budget to the County Executive on July 8th. Commissioner Falstad moved with second by Secretary Richards to approve the airport operating budget with condition of any changes by Finance Department. Motion approved.

Chairman's Report - Chairman Crowley would like to hold meetings in the evening to allow the general public, pilots and tenants to attend. He proposed alternating the monthly meeting time to 6:00 P.M. every other month starting August 11, 2010. Chairman Crowley requested a revised meeting schedule be posted in the main terminal building, the airport website and e-mailed to everyone on the tenant mailing list. The election of officers will also take place at the July meeting.

Airport Manager's Report – Mr. Markano reminded the Commission:

1a. of his previous months manager's report and his tele-conference with FAA Tech Ops regarding the runway safety area,
1b. their initial decision was that the localizer could not be moved to the other side of the road (Pewaukee Road). Mr. Markano informed them that the road had been lowered to meet the FAA Part 77 highway clearance criteria in 1992. When the FAA came in to meet with Mr. Markano on the June 26th, they said the road was low enough that the localizer could be moved to the east side of Pewaukee Road. Outcome of the meeting is that we can move the localizer and move forward with the declared distances for the runway safety area.

The issue now is that the environmental assessment be completed. With the new timelines:

- 2a. we are attempting to have the engineering and environmental documents to the FAA,
- 2b. prior to the February 1, 2011 deadline,
- 2c. for discretionary funding in 2012 for design and looking for construction in 2013.

U S Cellular vs. County – The judge has dismissed the federal case against the County by U S Cellular for the second communications tower to the east of the airport. U S Cellular does not have a short amount of time for an appeal, but Steve Schmitz (Corp Counsel) said he was not sure of the length of time they had to appeal or if they would appeal since the other tower structure they have out there is coming down. Mr. Markano informed the Commission that our airport liaison, Steve Schmitz, was retiring from the County and that today was Steve's last day. We will miss working with Steve. At this time we do not know who will be taking Steve's place so everything is going to Tom Farley in Corporation Counsel.

Fuel and Tower activity – Mr. Stanich handed out charts on his fuel analysis project and reviewed this with the Commission. The next step will be to go to other airports and ask if they will share their operations and fuel revenue information with us to see where we fit in the future of southeastern Wisconsin for fuel and operations. Mr. Stanich gave the Commission two additional sheets of what he plans to include at the end of each quarter, one is a fuel revenue comparisons by quarter and the other is the operations comparisons by quarter. This gives us a snapshot of how we are doing quarter by quarter. Mr. Stanich will include these with the fuel and tower reports starting with the July meeting.

Wings Over Waukesha - Mr. Stanich invited everyone to attend this event, June 25th to the 27th. The last meeting was held and everything is set. We have lots of involvement from area organizations and very good media coverage also. Thank you to the sponsors, Atlantic, Stein Aircraft Services, Spring City, and others plus airport tenants, the community and friends who helped take care of the expenses. Any money that is made at the event will go to EAA scholarship funds and special needs schools in Milwaukee or Waukesha. We are short on volunteers, so if anyone is interested we do have volunteer forms available to fill out. We also have event fliers if anyone is interested in taking some to distribute or post. So far it looks like this will be a great event.

Future agenda items

Focus group, fuel price poll at other airports, election of commission officers.

Adjourn

Richards moved, second by Schoepke to adjourn at 9:30 a.m. Motion carried.

Respectfully submitted,

Dick Richards
Secretary
June 9, 2010