

**REGULAR MEETING**  
**ASHEVILLE REGIONAL AIRPORT AUTHORITY**  
**October 14, 2011**  
**8:30 a.m.**

The Asheville Regional Airport Authority ("Authority") met on Friday, October 14, 2011 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

**MEMBERS PRESENT:** David R. Hillier, Chairman; David Gantt, Vice-Chairman; Jeffrey A. Piccirillo, Secretary-Treasurer; Brownie Newman; Martha W. Thompson; Bob Roberts and Bill Moyer

**MEMBERS ABSENT:** None

**STAFF AND LEGAL COUNSEL PRESENT:** Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Airport Director; Michael Reisman, Deputy Airport Director of Development and Operations; C. Jeffrey Augram, Chief of Public Safety; David Nantz, Director of Operations and Maintenance; Vickie Thomas, Director of Finance and Accounting; Tina Kinsey, Director of Marketing and Public Relations; Suzie Baker, Director of Administration; Kevan Smith, Public Safety Captain; Amy Burritt, Marketing Supervisor; Kellie Whittemore; Duane Fischer; and Ellen Heywood, Recording Secretary

**ALSO PRESENT:** Mike Darcangelo, AVCON; Jeff Kirby, LPA/Michael Baker Corp.; Nate Otto, RS&H; Brad Wente, RS&H; Dennis Iskra, RS&H; Scott Burnette, Asheville Fire Department; Jeff Richardson, City of Asheville; David McFee, Asheville Fire Department; and Chris Costner, Martin Starnes & Associates

**CALL TO ORDER:** The Chairman welcomed everyone in attendance and called the meeting to order at 8:30 a.m.

**APPEARANCES:** None

**SERVICE AWARD PRESENTATION:** The Chairman recognized Duane Fischer with a service recognition award and gift for his 15 years of service with the Authority.

**PRESENTATIONS:**

**A. Custodial Department:** David Nantz presented an overview of the functions of the Custodial Department. Mr. Nantz identified the top three objectives of the

department as being cleanliness, customer satisfaction, and safety. The staff has over 120,000 square feet of terminal space to maintain which includes various types of flooring, 18 restrooms, 141 light fixtures, two baggage carousels, some outdoor areas, recycling products, tenant areas, as well as the daily duties performed in the Authority office areas. The Board thanked Mr. Nantz for his presentation.

**FINANCIAL REPORT:** The Director reviewed the airport activity section of the Executive Summary for the month of August. Enplanements for the month totaled 37,798 which was a decrease by 1% over the same period last year. Commercial aircraft operations totaled 2,097 which was an increase of 5.6%. General Aviation and Military flights were both down for the month by 1.2% and 18.2% respectively. Mrs. Thomas reported on the financial results stating that operating revenue was \$802,535 which was 8.7% above budget for the month and operating expenses for the month totaled \$552,304 which was 15.9% under budget. Mrs. Thomas also reviewed the cash position for the month.

**CONSENT AGENDA:** The Chairman advised the Board that Consent Agenda Item B, Approval of the Asheville Regional Airport Authority August 12, 2011 Closed Session Minutes, would be pulled for review in Closed Session.

**A. Approval of the Asheville Regional Airport Authority August 12, 2011 Regular Meeting Minutes:**

**C. Approval of the Asheville Regional Airport Authority August 19, 2011 Special Meeting Minutes:**

**D. Amendment to the Space/Use Permit with The Lamar Companies:**

**E. Approval of Resolution for Donation of 6% Fire Fighting Foam:**

Mr. Gantt moved to approve Consent Agenda Items A, C, D and E. Mr. Piccirillo seconded the motion and it carried unanimously.

**OLD BUSINESS:**

**A. Update of Joint Fire House Discussion:** The Chairman informed the Board that he did not anticipate a vote regarding the issue of a joint fire house but just wanted an update from both parties and for the Board to have the ability to monitor the situation as it goes forward.

Michael Reisman informed the Board that at the August 12, 2011 Board meeting, staff was directed by the Board to do research for potential costs associated with bringing the City into the Authority's public safety building. Mr. Reisman reviewed the spreadsheet that was available for the Board at their seats and informed the Board that

the space use allocation pages of the spreadsheet breaks out the assumptions staff made for what they anticipate the City would need for space. Originally, staff assumed the Asheville Fire Department (AFD) would require approximately 2,500 SF of space in the building and the Authority would require a 12,000 SF building. In addition to FAA guidelines, staff used National Fire Protection Association guidelines to identify additional space needed to accommodate the AFD staff. Therefore approximately 3,000 SF was added to the original 12,000 SF building. The cost for the entire building is \$5.582 million and Mr. Reisman reminded the Board that \$4 million was budgeted for the Authority 12,000 SF public safety building. Mr. Reisman further stated that assuming the City would be occupying 40% of the building for both dedicated and common space, staff used 40% as the basis in terms of identifying the cost of the building for the City's share. This amounts to approximately \$2.4 million assumed as the City's share. Staff also calculated anticipated annual operating expenses for the City to include insurance, utilities, fair market value rent, as well as training and support for all the personnel stationed at the airport and this amounts to approximately \$39,000. A copy of this information has been sent to the City and a teleconference was held with Jeff Richardson and Scott Burnette to clarify all of the numbers. The Authority staff and the City staff are not in full agreement on some of the numbers and the City has submitted a letter requesting quantification of the information and posed a few other questions that staff was able to answer.

Mr. Gantt inquired if staff used a third party to determine these figures and if they were in attendance at the meeting and also if the City has had input with the third party. Mr. Reisman replied that the consultant was not at the meeting and that the City did not have input with the consultant. Mr. Reisman further stated that the City had input when the teleconference took place a few weeks ago and Mr. Reisman's impression was that while the City was generally in agreement with some of the assumptions on space allocation that were made, there was disagreement on their part with the allocation of space for areas they felt they did not need, for example an alarm room, office and record room. Mr. Reisman further stated that staff was not yet at the point of designing the building and space, and that the City would be involved with the consultant at that point. Mr. Reisman also reminded the Board that staff was asked to determine the cost to accommodate the City in the fire house and based on the assumptions that were made, staff is discovering that the cost is fairly equivalent to the City building their own fire station as they used a \$2.5 million figure for a stand-alone fire station.

Mr. Roberts asked if the differences in percentages were based on certain FAA requirements. Mr. Reisman replied that the FAA will not allow staff to use federal funds to pay for any portion of the building that will be used by the AFD. Based on staff's assumption, the AFD will use 40% of the building so 40% of the building will not be

eligible for federal funding. Some of the other percentages are estimates used for utilities and other items. The Director interjected that staff wanted to take a more realistic approach so rather than using 40% across the board, varying percentages were used to be a little more specific in determining operating costs.

The Chairman requested that Mr. Reisman explain some of the numbers on the last page of the spreadsheet. Mr. Reisman responded that 12,000 SF is the original space planned for the exclusive use of the Authority staff. 3,000 SF of space was added to total 15,000 SF. Of that, almost 6,000 SF of the space would be dedicated for or shared with AFD which leaves a little more than 9,000 SF of space for the Authority staff. Staff wanted the Board to be aware that the Authority is building a fire station that the Authority staff is not getting full and exclusive use of and that was the reason for some of the numbers on the spreadsheet.

Mr. Moyer asked at what point and how the FAA monitors the project. Mr. Reisman replied that if a decision is rendered to move forward with a joint fire house, a program document will need to be put together by the consultant and presented to the FAA. The FAA will examine and audit everything that is done. They will determine how much of the building is eligible for federal funding and will make the judgment on what portion of the building is to be paid for by the City. The Director commented that the FAA would permanently monitor the joint use facility to ensure that the Authority collects proper amounts from the City. The FAA would conduct annual audits and the Authority could be in jeopardy of losing future entitlement funding if annual operating expenses were not collected from the City.

Mr. Roberts asked if the FAA would pay for 95% of the Authority's cost if we were to build just the 12,000 SF. The Director responded that the FAA pays up to 95%. Some of the building would be paid for with PFC funds, AIP funds, and some from the Authority's fund balance. The Director further explained that the airport receives approximately \$2.2 to \$2.3 million a year from entitlement funding from the FAA but not all of this will be used for this project.

Mr. Newman asked if staff could determine at this point what the likely ratio of AIP funds vs. other funds would be for this project. The Director replied that on the CIP that was approved last year, \$4 million was earmarked for the fire house. \$2.2 million was in AIP entitlement funding, \$1.2 million was in future PFC funding, and \$600,000 was airport capital for a total of \$4 million. Since this CIP was sent to the FAA, a new application was submitted for PFC funding, so staff has raised the PFC dollar amount slightly, the airport capital amount has gone down slightly, and the \$2.2 million has stayed the same. Staff was planning on designating all of next year's AIP money towards a portion of the fire house.

The Chairman stated that he was concerned about the cost of the joint fire house and the fact that staff was spending a considerable amount of time planning this. The Chairman also asked about the timeline once staff went to the FAA with this project. Mr. Reisman responded that staff would like to have design plans done by December, have the bid package out in February, with groundbreaking in late April or early May. With the additional time needed to determine if a joint fire house will work, as well as some type of agreement between the Authority and City to document the responsibilities of payment, start of construction may need to be put off for a year. The reason for this is that with the extra time needed for the planning of a joint facility, the bid package wouldn't go out until the spring and contractors already have their jobs for the construction season lined up by that time.

The Director informed the Board that during the time that staff has been working on this, an e-mail was received from the city manager asking for information about the property across the street. The Director further stated that based on previous discussions with the City, staff offered a .72 acre lot to the City for a stand-alone station. However, the City did not think a .72 acre lot was adequate and they requested a 2 acre lot. Staff has requested the City provide reasons why 2 acres are needed and some information has been provided. The Director would like for this to be further discussed with the City.

Chief Scott Burnette appeared before the Board to give an update on the progress made since the August 12 Authority Board meeting. Chief Burnette identified best practice models using the Town of Garner/Wake County Partnership and the Charlotte Douglas International Airport. Chief Burnette spoke of the two great models in Garner and Wake County that the City was able to use to contrast and compare. Garner and Wake County have two separate public safety facilities located next door to each other that received a lot of criticism from the community. The next safety facility that was built is a co-located facility. The city and county reported considerable savings during capital construction as well as annual operational savings which have been realized when comparing the two facilities side by side to the co-located facility. Chief Burnette also discussed the Charlotte Douglas International Airport which has the largest co-located airport fire station in the world. The public safety officials there report that the operational synergy has increased public safety considerably. Chief Burnette also informed the Board that the City evaluated the property offered by the airport on NC 280 and there are both advantages and disadvantages. A design professional has looked at the property and has determined that very little grading would be required to build a stand-alone station. Chief Burnette further stated that the design professionals have consistently told the City that two acres of land is optimal to build a fire station, but the City would be able to use the property to provide basic services. The disadvantages are that the property would not have the room for a community center

for events such as car seat checks, a drive through bay would not be an option, the building footprint and parking would use all of the available space, LEED certification would be a very challenging design on that parcel as well as very costly, and finally storm water retention would be a significant issue as it would have to be designed underneath the parking lot and would be very costly. The City's design professional has estimated that the cost for building this station would be \$2.4 million independent of LEED certification and storm water retention.

Mr. Newman commented that the station could be built on the property offered by the airport but asked if construction costs would be lower if more acreage was available. Chief Burnette responded that this was correct and gave examples of construction costs for other City fire stations built on both similar sized and larger lots.

Ms. Thompson asked if the joint facility would be Leed certified and also have a drive through bay. Chief Burnette replied that he did not believe the joint facility would be Leed certified but was not aware if there would be drive through bays. The Director commented that the joint use facility would not have drive through bays. Ms. Thompson further asked if the joint use facility would only enable the City to provide basic services and Chief Burnette responded that this was correct. Ms. Thompson also asked if there would be advantages of the location on NC 280 for access to the highway or response time vs. the joint use facility. Chief Burnette stated there would not be an advantage for the response time but a slight advantage for access to the highway. Chief Burnette further stated that with the modifications to the existing traffic signal near the I26 interchange, the net would be the same.

The Chairman commented that he was concerned with how the City would make a left-hand turn onto NC280 from Wright Brothers Way and also asked what community would be served from a fire station in a commercially zoned area. Chief Burnette responded that a community is more than just residential and gave examples of citizens who shop or work in the area that stop at fire stations for directions, car seat checks or other services, as well as airport passengers who would stop to ask directions.

Mr. Gantt expressed his concern about the left hand turn from Wright Brothers Way onto NC 280 and asked if the City expected the NCDOT to put in a stop light at the intersection. Chief Burnette replied that the City did not expect a stop light to be installed but rather felt the NCDOT was likely to approve traffic preemption for this intersection. Chief Burnette explained that traffic preemption is equipment that is on board the fire trucks that controls the intersection, allows the fire trucks to enter the intersection, and does not alter the traffic flow.

The Chairman asked where the City stood regarding the offer by the airport to use the existing Department of Public Safety building so that the fire trucks could exit from a

non-secure location. Chief Burnette replied that he believed the offer was for use of the building on a limited time of five years. The Director stated that the building is slated to be torn down at some point, but the airport could make a commitment for a short term such as five years, and felt that it would give the City the opportunity to see if the location works for them at a minimal investment by the City for some modifications made to the building. Chief Burnette commented that one thing that is lost with that scenario is the economy of the scale. For the City to add on to the airport's new fire station at a later date would cause the savings to be lost.

Chief Burnette reviewed the LPA Group's analysis stating that the preliminary work was completed and LPA's estimated cost for the City was \$2.3 million. This was reviewed between the city and airport staff, and the city and airport staff agreed that the estimates contained assumptions by LPA that would need to be clarified. Chief Burnette identified the recommended next steps as (1) the airport and city staff to meet with the LPA Group to clarify the assumptions and finalize cost estimates, (2) the airport and city staff to perform a tour of the fire station at Charlotte Douglas Airport, (3) the airport and city staff to meet with the FAA to identify feasibility, and (4) to report back in 30 days to the Authority Board to meet the Board's direction in August of a 90-day turnaround.

Mr. Gantt questioned if the City had any time constraints for this project. Chief Burnette replied that 2013 worked best for the City but had flexibility on this. Mr. Gantt stated that he thought a comment had been made that a delay by a year might be needed if a decision was not made soon. Mr. Reisman responded that the expectation was that if several months were lost in the process to get to the design phase and out to bid, it would be in the best fiscal interest to wait until early 2013 to bid it out because staff would be bidding a project on the tail end of the construction season which would drive up the contractor pricing. The Chairman noted that this timing issue might be dependent upon a discussion regarding New Business Item D and suggested the Board discuss that issue and go back to the fire house discussion.

The Director stated that he would like clarification from Chief Burnette on a comment made at the August Board meeting regarding locating a fire station at the most critical point on Airport Road. The Director further stated that the way an airport operates, if a disaster were to occur, the airport may close for a short time until trailers were brought in to continue operations. However, if a disaster were to strike a Target, Lowes or Walmart, hundreds of people would be unemployed and a loss of tax base for the City would occur due to a lack of revenue being generated. The Director asked if that wouldn't indicate a more critical point. Chief Burnette responded that the AFD uses the Commission on Public Safety Excellence (CPSE) as a standard of cover for a fire protection planning model and that is the benchmark in the fire service for fire

protection planning throughout the country. The CPSE model ranks airports as the highest critical infrastructure risk for a region. This model looks at the economic engine that an airport is to the whole region.

Mr. Moyer stated that he felt something specific regarding the traffic situation needs to be considered a next step. Mr. Newman commented that he hoped to see the critical mass of information gathered within the next 30 or 60 days so that maybe an initial decision could be made about whether this is a good idea or not. Mr. Newman further stated that he wanted to see everyone getting together to do this analysis, gathering around the table to discuss and understand all the assumptions that everyone is bringing to the table. The Director stated that he thought progress was being made and that there would be differences between both parties. The airport staff wants to make sure that the building is something that is not obsolete for the airport if the City decides in 20 years that the location does not work for them anymore and the airport inherits the space. Mr. Newman stressed the need for communication and the importance of making sure the technical information on the due diligence is sent to the fire chief and assistant city manager. Mr. Gantt also emphasized the importance for everyone involved to sit down together to work out the details and gather the information so time is not being wasted.

The Chairman informed the Board that with their permission New Business Item D would be discussed and the Board would then continue with the joint fire house issue.

**NEW BUSINESS:**

**D. Approval of Regional Boarding Ramp Replacement:** Mr. Reisman reported that in 2007 the Authority purchased three Regional Boarding Ramps (RBRs) for gates 4-6. Shortly after the units were delivered, the manufacturer went out of business. The RBRs have been highly problematic since then with a lack of parts being available and lots of down time. Mr. Reisman informed the Board that the RBR at gate 4 collapsed and is severely damaged and out of service. US Airways has had to ground board passengers in open weather and the airport has experienced a reduction in revenue as the airlines are charged for a per use basis of the units. The RBRs at gates 5 and 6 are also having problems and are being inspected by Maintenance staff daily. Mr. Reisman reviewed the options for replacing the RBRs. The first option was to retrofit the RBRs at a cost of approximately \$84,000.00 each for a total cost of \$252,000 by a company that has purchased the rights to the original manufacturer's designs. The second option was to eliminate the RBRs and require the airlines to ground board the passengers. The third option was to replace the RBRs with Passenger Boarding Bridges (PBBs) similar to those used at gates 2 and 3. Mr. Reisman further informed the Board that the CIP includes replacement of the RBRs in 2016 and although there is a lead time of 6 to 12 months to bid and obtain the units, over the long term this option is



considered the most desirable. Minor modifications would need to be made to the building for the purchase of PBBs but the existing ground power and pre-conditioned air units would be reused. The total cost to purchase the PBBs is estimated at \$1.5 million. Mr. Reisman advised the Board that there is currently \$378,000 in assets on the existing RBRs that would need to be written off the books if the units were disposed. Mr. Reisman also informed the Board that there were a variety of ways to fund the purchase of 3 PBBs including rearranging projects in the current CIP. The Chairman requested more specific information regarding the funding. The Director advised the Board that the current CIP calls for the purchase of PBBs at a cost of \$2 million for Federal Fiscal Year 2016 which is October, 2015. There is currently \$2.2 million in AIP funding this Federal Fiscal Year slated for the fire house. Projects could be shifted around by putting the fire house off for one year and moving the purchase of the PBBs to this year using the \$2.2 million. The purchase of the PBB is 95% AIP eligible and the other 5% would be Authority funding or under PFC approval. An alternative would be to purchase the PBBs with the Authority's fund balance and the federal funding for the PBBs in the CIP for 2016 could be used for other projects.

Mr. Moyer questioned how much revenue would be lost if the airlines were not using the RBRs. The Director responded that the airlines are charged approximately \$17-18 each time the RBR is used and this amounts to less than \$50,000 annually. The Director also stated that if the Authority uses its own funds to purchase the PBBs, the airlines can be charged rent and operating use for the PBB whereas if AIP funds are used, the airport can only charge operating and maintenance expenses.

Mr. Roberts commented about the \$378,000 that would need to be written off and asked if there was any salvage value for the RBRs. Mr. Reisman stated that other airports were also having problems with the same RBRs and would not want to purchase them but the RBRs could be stripped and their parts sold to other airports.

Mr. Newman asked about the useful life for the PBBs. Mr. Reisman replied that RBRs have a useful life of 5-7 years and the PBBs have a useful life of 20+ years.

Mr. Roberts asked how difficult it would be to reallocate AIP funds. The Director responded that it was not too difficult as it is basically what is submitted each year in the CIP. The CIP would be approved by the Board in December and sent to the FAA in January along with a pre-application of the projects staff believes will be submitted that year. It is not a full commitment until the actual application is submitted with the project.

Mr. Moyer moved to pursue the replacement of the existing Regional Boarding Ramps with new Passenger Boarding Bridges and present the bids and any required budget

amendments to the Board for approval. Mr. Newman seconded the motion and it carried unanimously.

**OLD BUSINESS:**

**A. Continuation of Joint Fire House Discussion:** The Chairman commented that it seemed the consensus of Board was to get the City and airport staff together with the consultants to handle the discrepancies that exist, get some specific information from the DOT regarding the left-hand turn from Wright Brothers Way, have the City and airport staff visit the Charlotte Douglas Airport, and have information ready for the December Board meeting for the Board to have a picture if this is worth pursuing further or not.

Mr. Moyer thought a study should be completed on the probability for accidents with left-hand turns from Wright Brothers Way. The Chairman agreed that he would like to have as much information on this as possible. Mr. Newman stated that he believed there had been some preliminary traffic engineering analysis completed by the City's traffic engineering staff but the DOT had not done any formal analysis on this yet. Chief Burnette responded that this was correct and that until an application for improvement is made, the DOT will not render a decision. Chief Burnette also informed the Board that the City engaged Mattern & Craig, an independent traffic engineer, to do a traffic study so they have the data from both. The Director commented that the DOT may do a traffic analysis for accidents or injuries as part of the due diligence of approving traffic changes at that intersection. Chief Burnette stated that the City would have to ask that question of the DOT as part of the process.

The consensus of the Board was to move ahead and gather as much information as possible for the December Authority Board meeting.

The Chairman called for a break at 10:07 a.m.

The Board reconvened at 10:18 a.m.

**NEW BUSINESS:**

**A. Asheville Regional Airport Authority 2010/2011 Annual Audit Report and Acceptance:** Vickie Thomas advised the Board that the annual audit was performed by Martin Starnes & Associates and approved by the Local Government Commission. Mrs. Thomas introduced Chris Costner of Martin Starnes & Associates who gave a brief presentation to the Board. Mr. Costner informed the Board that an unqualified opinion was issued for the audit. Mr. Costner also stated that other opinions were issued that relate to federal awards and reported no findings or questioned costs. Mr. Costner also noted no internal control weaknesses were reported

and the firm was more than pleased with the very cooperative staff at the airport. Mr. Costner briefly reviewed the results of operations comparing total revenues vs. expenditures for 2010 and 2011 as well as net assets. Largest revenue streams and largest line items for expenditures were also reviewed. Mr. Costner also mentioned other items of note including debt service, depreciation expense, operating income, and cash flow. Mr. Costner encouraged the Board to look over the statement of cash flow as this is what keeps the organization operating and was one of the most overlooked financial statements.

Mr. Roberts inquired about the assets, specifically the \$7.8 million in land and asked if this was all of the land that was owned by the airport. Mrs. Thomas responded that this was land that the Authority has purchased since the Agreement that formed the Authority in 1980. The Director interjected that any land purchased by the Authority is still in the City's name since the Authority cannot have property titled in the Authority's name.

Mr. Moyer moved to accept the 2010/2011 Audit Report as presented by staff. Ms. Thompson seconded the motion and it carried unanimously.

**B. Approval of Airline Incentives for Allegiant Air:** The Director reported that Allegiant Air is the latest airline to begin service from the airport and gave a brief background of the airline. Allegiant is proposing two non-stop flights a week to Orlando-Sanford International Airport beginning November 18. The Director told the Board that he would like to offer the incentive package which includes \$150,000 for marketing, \$20,000 for start-up costs to Allegiant, \$15,000 of which is for the common-use equipment, and waive rents and fees for up to a year, which amounts to approximately \$66,000.

Mr. Gantt left the meeting at 10:30 a.m.

The Director stated that the negotiations with Allegiant for the incentives have not been finalized but that these amounts would be the maximum amounts offered and the Director is still looking to minimize the incentives.

The Chairman affirmed that the Director was seeking approval of \$150,000 and would adjust this amount as seen fit. The Director responded that the \$150,000 is pretty much committed for marketing but may not provide Allegiant with as much waived rents and fees as requested in the \$66,000 amount. The Director also advised the Board that this is budgeted in the Business Development account but will be moved to the Marketing budget.

Mr. Roberts moved to approve the airline incentives with Allegiant Airlines for the Orlando-Sanford service and authorize the Airport Director to execute the necessary documents. Mr. Moyer seconded and it carried by a 6 to 0 vote.

**C. Approval of Airport Authority Funds for Sponsorship of the 2012 Southern Conference Basketball Tournament:** The Director announced that the Southern Conference Basketball Tournament will be coming to Asheville in 2012. The airport has been approached by the conference Sponsorship Committee for a sponsorship. The event will be held March 2–5, 2012 at the Civic Center and UNCA campus and approximately 8,000 visitors are expected. Staff would like to offer a sponsorship but have policies and procedures as well as guidelines issued by the FAA to follow. Due to the fact that this sponsorship meets the minimum requirements of the airport's marketing plan and staff has not budgeted for this sponsorship and would need to transfer money from the cash fund balance, staff is seeking the Board's guidance on how much, if any, the Board would like to sponsor.

The Chairman asked for Tina Kinsey's opinion on this matter and Mrs. Kinsey responded that based purely on the Marketing Directive, she would have made a decision to possibly move forward with a small sponsorship. Mrs. Kinsey also noted that there are other benefits that can be derived from a sponsorship specifically corporate good community citizen and working with business leaders in the community. The Chairman recalled the time this tournament was in Asheville back in the 80's and how much of a big deal it was for the area and the impact it made locally. The Chairman talked about the benefits of the different sponsorship opportunities and stated that he would like to see the Authority sponsor between \$5,000 and \$7,500.

Mr. Newman commented that if the conference were held in Asheville for the long term, and would hopefully create direct business for the airport, it may be in the best interest of the airport to help create a successful year this time in the hopes the conference would stay for the long term. Mrs. Kinsey did not have a lot of detail around what type of air traffic would be generated as most of the visitors would more than likely drive. Mrs. Kinsey further stated that due to FAA regulations, staff's hands are somewhat tied as airport funds cannot be spent for purely economic development of the region unless the case can be made that it is for the development of air service.

Mr. Roberts remarked that in the interest of community good will, he would recommend the Authority offer a sponsorship of \$5,000 and Mr. Moyer agreed that he would support this as well. Mr. Piccirillo thought \$10,000 would be an appropriate level of sponsorship. Mr. Newman and Ms. Thompson each stated that they could support a \$5,000 sponsorship.

Mr. Moyer moved to approve a \$5,000 sponsorship of the 2012 Southern Conference Basketball Championship, authorize the Airport Director to execute the necessary paperwork, and amend the FY11/12 budget by adopting the following budget ordinance amendment. Mr. Roberts seconded the motion and it carried by a 5 to 1 vote with Mr. Piccirillo voting against.

BE IT ORDAINED by the Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2012:

Section 1. To amend the appropriations as follows:

**EXPENDITURES:**

	<u>Decrease</u>	<u>Increase</u>
Marketing Department		\$5,000
Totals	<u>\$0</u>	<u>\$5,000</u>

This will result in a net increase of \$5,000 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

**REVENUES:**

	<u>Decrease</u>	<u>Increase</u>
Transfer from ARAA Cash/Investments		\$5,000
Totals	<u>\$0</u>	<u>\$5,000</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 14<sup>th</sup> day of October, 2011.

\_\_\_\_\_  
David Hillier, Chairman

Attested by:

\_\_\_\_\_  
Jeffrey A. Piccirillo, Secretary-Treasurer

## **DIRECTOR'S REPORT:**

The Director advised the Board that he had a few items to report that were not on the agenda.

**A. Update on Runway Reconstruction Project:** The Director reminded the Board that the consensus of the Board was to move forward with the construction of a parallel taxiway on the west side and reconstruct the runway 75' to the west. A Letter of Intent (LOI) Application was submitted to the FAA in February 2011 with an expected response from the FAA by November 1, 2011. The Director informed the Board that he had received verbal notification that the LOI will be denied but the FAA will fund whichever alternative is selected under a "pay as you go" plan. This funding commitment is a little more secure and the project would be done in a shorter timeframe vs. six or eight years as staff proposed in the LOI application in an attempt to help defer the costs for the FAA. The Director and Deputy Director met with FAA officials and they are willing to fund 95% of a \$12 to \$14 million rehabilitation of the runway, however this does not correct the two safety deficiencies that the airport has. After discussing this option with the FAA, staff has been asked to perform some additional due diligence and cost benefit analysis on the parallel taxiway and runway reconstruction option and submit to the FAA by the beginning of November. The FAA will then make a determination in early 2012. The FAA has suggested using current taxiway alpha as a temporary runway while the runway is reconstructed further to the west. The taxiway is not configured to be used as a runway so there would be a substantial cost for it to be modified. The commercial aircraft ramp would be out of service so the FAA would be willing to fund a ramp on the west side that would be a staging area for the aircraft, a roadway would be built from the commercial terminal to this ramp and passengers would be bused to/from the terminal. Staff is working with RS&H to examine those alternatives and is expecting those costs to be equal to if not greater than actually building the parallel taxiway and moving the runway. The FAA's concern is building a taxiway on the west side for roughly \$20 million when there is no development there. The FAA is willing to fund development of a taxiway in portions as development occurs but not all at once. The Director also advised the Board that if the Authority moves forward with this plan, the FAA will give a commitment as a pay as you go plan whereby they reimburse the Authority for expenses incurred.

Mr. Newman asked if there would be several scenarios of how the project will be done if the runway rehabilitation is the option that is chosen. The Director responded that this was correct. Most of the work would be done at night with some impact to the airlines, however staff recommendation would be that the final overlay of the pavement would be a week-long project during the day whereby the airport would be shut down.

This would be two to three years out from now so there is enough notice to have the community and airlines involved. The Director recapped by stating staff is still moving forward, there is a commitment by the FAA to fund a rehabilitation of the runway in its current place, but staff is still pushing for the larger project.

**B. Board Travel for Conference Schedule:** A schedule of conferences was available for the Board members at their seats and the Director recommended several conferences that would be of benefit to the Board members. The Director requested the Board members review the information and report back in December if interested in attending any conferences as staff will begin the budget process in January. The Chairman mentioned that he was seriously considering attending the AAAE Aviation Issues Conference in Hawaii in January as he felt it was the most comprehensive and helpful of all the conferences he has attended.

**C. FAA Grant:** The Director advised the Board that the city and county approved acceptance of the \$1.6 million grant which includes the fire truck purchase, fire house design and master plan study.

**D. TSA Award:** TSA in Asheville was awarded Airport of the Year for Category II airports in Area 3 which consists of Georgia, South Carolina, North Carolina, Virginia and Washington, DC. They will compete for the national award in November.

**E. TSA Screening:** TSA is rolling out a screening program that will allow passengers to leave their shoes on. They are testing markets in four airports, Miami, Atlanta, Detroit and Dallas. Only certain passengers are allowed to participate and are mostly frequent flyers. If it is successful, the TSA will roll out this screening program nationwide.

**F. Airline Outlook:** The airlines are looking at the economy and forecasting their business. United has stated they will remain flat for 2012, Delta plans some cuts, American just announced 3% reduction in flight schedules for next year. The economy has not rebounded so the industry will be seeing cuts in capacity.

**G. Sponsorship:** The airport is sponsoring a small conference in Asheville November 7-9. Sabre Airline Solutions is offering air service development round-table sessions in Sacramento, CA with Alaskan Airlines, Newport News, VA with Frontier Airlines, and here in Asheville with Allegiant Airlines. It's a comprehensive day and a half meeting with the airlines, finding out how they do business, how they attract new service, what they look for from airports. There are about 20 airports that have been invited to each session and the airport will sponsor a dinner one evening.

**H. Runway Rejuvenation Project:** The Director informed the Board that as part of the runway rejuvenation project this past summer, Ms. Amy Burritt in the Marketing Department did a blog on the website which compared the rejuvenation project to a day at the spa at Grove Park Inn. The Board members were shown before and after pictures of the runway.

**INFORMATION SECTION:** No comments

**AUTHORITY MEMBERS' REPORTS:**

**A. Discussion of Method for Airport Director Performance Evaluation:** The Director reminded the Board that at a previous Board meeting Mr. Gantt had asked about using the 360° evaluation as a tool for the Director's next performance evaluation. The Director spoke to the consultant and the cost will be \$350 for 14 participants which will include the Board Members, three direct reports, three peers and the Director himself. The evaluation is done on-line and takes about 30 minutes and when completed, a comprehensive report is compiled.

Mr. Piccirillo and Ms. Thompson both stated that their companies utilize this evaluation and find it very comprehensive and a good development tool. The consensus of the Board was to use the 360° evaluation as a supplement to the performance evaluation.

**B. Pending Legislation:** The Chairman spoke about the legislation pending in the General Assembly and the conversations he has had with city council members. The Chairman summarized the concerns the city council members voiced regarding the pending legislation and identified them as (1) the requirement that the City transfer the title of the real estate to the airport, (2) the provision of eliminating public officials from the Authority Board, and (3) the change in the makeup of the Authority Board from 3 City of Asheville, 3 from Buncombe County and 1 appointed by the 6 to 2 City of Asheville, 2 Buncombe County, 2 Henderson County and the 7<sup>th</sup> appointed by those 6. The Chairman also stated that he had informed the city council members that he would convey their concerns to the legislative representatives with whom he had contact but that his impression up to that point was that the Authority Board would have no problem on the title piece but that the public official and certainly the make-up of the Board concerns were not going to change in the legislature from his understanding. The Chairman spoke with Mr. McGrady recently and got very much the same impression from him. The Chairman noted that he shared this information with the Board to keep



everyone apprised and also stated that it was critical to the Authority that this legislation passes.

Mr. Roberts inquired about the timeline and the Chairman responded that he did not know, but was certainly not this year and was hopeful it would be in 2012. The Director stated that he had been told it would be May when the Senate would go back in session and deal with it. The Director also informed the Board that he had a conversation with Senator Apodaca and would like to meet with Senators Apodaca and Nesbitt together to explain the airport's side of this and answer any questions they have. Senator Apodaca is open to that but has not had a conversation with Senator Nesbitt yet but does not see this as being a problem. The Director believed this meeting would happen early in 2012. Senator Apodaca is the one that held the bill in committee out of respect for Senator Nesbitt since it crossed over at such a late time in the session that he felt it was not fair to Senator Nesbitt to vote on something without having full information.

Mr. Newman thanked the Chairman and the Director for the update and reiterated that the title to the property is a substantive issue as it could set precedent for the government taking other real estate owned by the City. Mr. Newman also felt from the City's viewpoint that the elected officials piece was the second major concern with the legislation.

**PUBLIC AND TENANTS' COMMENTS:** None

**CLOSED SESSION:** At 11:10 a.m. Mr. Piccirillo moved to go into Closed Session pursuant to Subsections 143-318.11(a)(3) and (4) of the General Statutes of North Carolina, to consult with legal counsel in order to preserve the attorney-client privilege and to discuss matters relating to the location and/or expansion of industries or other businesses in the area served by the Asheville Regional Airport Authority, including agreement on a tentative list of economic development incentives that may be offered by the Asheville Regional Airport Authority in negotiations. Ms. Thompson seconded the motion and it carried unanimously.

Open Session resumed at 11:37 a.m.

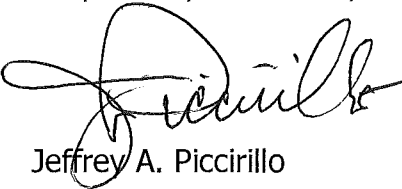
**APPROVAL OF ASHEVILLE REGIONAL AIRPORT AUTHORITY AUGUST 12, 2011 CLOSED SESSION MINUTES:** Mr. Moyer moved to approve the Asheville Regional Airport Authority August 12, 2011 Closed Session Minutes. Mr. Roberts seconded the motion and it carried by a 6 to 0 vote.

**CALL FOR NEXT MEETING:**

The Chairman advised the Board that the November 18, 2011 Authority Board meeting would not be necessary at this time. The next regular meeting of the Authority Board will be on Friday, December 9, 2011 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

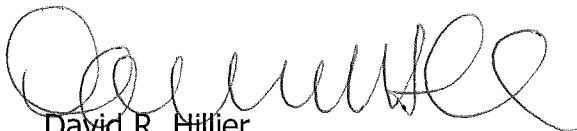
**ADJOURNMENT:** Ms. Thompson moved to adjourn the meeting at 11:38 a.m. Mr. Newman seconded the motion and it carried unanimously.

Respectfully submitted,



Jeffrey A. Piccirillo  
Secretary-Treasurer

Approved:



David R. Hillier  
Chairman