

AGENDA
KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD
Monday, April 13, 2009, 3:30 p.m.
AIRPORT TERMINAL CONFERENCE ROOM
1877 AIRPORT LOOP ROAD, KERRVILLE, TEXAS

CALL TO ORDER

1. VISITORS FORUM:

At this time, any person with business not scheduled on the agenda may speak to the airport board. No deliberation or action can be taken on these items because the Open Meetings Act requires an item be posted on an agenda 72 hours before the meeting. Visitors are asked to limit presentations to three minutes.

2. CONSIDERATION AND POSSIBLE ACTION:

- 2A. Approve the minutes of the March 9, 2009 meeting. P. 1
- 2B. Review the February 2009 financials. (Josh Selleck) P. 5
- 2C. Vision/Mission Statement Meeting of April 29 (Fred Vogt)
- 2D. Management Financial Policies (Mark Cowden) P. 10
- 2E. FY 2010 Budget (Bruce McKenzie)
- 2F. Updated Airport Code (Bruce McKenzie)
- 2G. Interim Management Agreement (Letter of Agreement) (Kristine Ondrias) P. 15

3. INFORMATION AND DISCUSSION:

- 3A. Current Taxiway/Drainage Project
- 3B. Phase II Taxiway/Drainage Project
- 3C. Removal of Soil from Base of Fence
- 3D. RFQ's for Fire Fighting Water
- 3E. AAAE School
- 3F. Replace Portion of Concrete Ramp

4. EXECUTIVE SESSION:

The Kerrville-Kerr County Joint Airport Board reserves the right to discuss any of the above items in executive closed session if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.075, 551.076 (deliberation regarding security devices) or 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

5. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION.

6. ADJOURNMENT

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: _____ at _____ and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

City Secretary, City of Kerrville, Texas

DRAFT

**CITY OF KERRVILLE, TEXAS
KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD**

**Board Meeting
March 9, 2009**

On Monday, March 9, 2009, the meeting of the Board Members of the Kerrville-Kerr County Joint Airport Board was called to order at 3:31 p.m. by Roger Bobertz, President, at the Airport Terminal, Louis Schreiner Field, Kerrville, Texas.

Members Present:

Roger Bobertz, President
Stephen W. King, Vice-President
Mark Cowden
Tom Moser
Fred Vogt

Members Absent:

None

Airport Board Staff Present:

Bruce McKenzie, Airport Manager

City Staff Present:

Josh Selleck, Director of Finance
Kristine Ondrias, Director of General Services
Dorothy Miller, Secretary to Director of General Services

1. VISITORS FORUM:

No one spoke.

2. CONSIDERATION AND POSSIBLE ACTION:

2A. Approve the minutes of the February 9, 2009, meeting

Mr. Moser moved to approve the minutes of the February 9, 2009, meeting as amended. Mr. Vogt seconded the motion. Motion passed 5-0.

Mr. Moser moved to approve the minutes of the February 25, 2009, meeting. Mr. Vogt seconded the motion. Motion passed 5-0.

2B. Review the February 2009 financials (Josh Selleck)

Mr. Selleck reported Kerr County is now one month ahead instead of one month behind. Mr. Selleck stated terminal revenues from tenants are paid at the end of the year so would not show up until that time.

Mr. Selleck reported that currently 36% of the budget has been spent. That amount should be at 41%.

Mr. Selleck stated approximately \$800.00 has been credited to the water and sewer line item due to a water leak and the Board should not see a charge until the credit has been spent down.

Mr. Cowden moved to accept the financials. Mr. Moser seconded the motion. Motion passed 5-0.

2C. Granger MacDonald Lease Agreement (Granger MacDonald)

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Mr. McKenzie stated that in December 2008 Mr. MacDonald had asked for a lease extension of 90 days. Mr. McKenzie stated he had passed on information to Mr. MacDonald expressed by the Board at their last meeting and that Mr. MacDonald requested to speak before the Board. Mr. MacDonald stated he would not pursue an extension of his current lease, especially if the Board can find a useful purpose for the property. Mr. Bobertz moved to let the lease expire at the end of March 2009. Motion was seconded by Mr. King. Motion passed 5-0.

2D. Steve Drane Lease Agreement (Bruce McKenzie)

Mr. McKenzie reported that in December 1999 Mr. Drane leased property and built a hangar with a 20-year lease that expires in 2019 without the option to renegotiate. Mr. McKenzie stated Mr. Drane is requesting the right in 2019 or just prior to that to renegotiate his ground lease for another 10 years. Mr. Bobertz moved to allow Mr. McKenzie to amend the original contract to give Mr. Drane the option to renegotiate at the end of his current lease. Mr. Vogt seconded the motion. Motion passed 5-0.

2E. Dugosh Lease Agreement (Bruce McKenzie)

Mr. McKenzie distributed an aerial photograph of Dugosh Aviation's current ground lease and proposed ground lease. Mr. McKenzie stated Dugosh proposes leasing a smaller square footage than he currently has. Mr. McKenzie stated the current lease expires August 2009. Mr. McKenzie also stated Dugosh is requesting a 20-year lease with two 5-year options. Mr. McKenzie recommends allowing Dugosh's request and said Dugosh will hire a surveyor so that Mr. McKenzie can bring exact square footage of the new lease to the next meeting. Mr. King moved to approve the new lease as negotiated by Mr. McKenzie subject to final survey. Mr. Cowden seconded the motion. Motion passed 5-0.

2F. Motion to approve \$75,000.00 budget amendment previously approved by the Kerr County Commissioners and Kerrville City Council (Roger Bobertz)

Mr. Bobertz moved to amend the Airport's budget to provide for the addition to transfer out of operations \$75,000 and to increase the Airport water line capital project budget to \$495,000. Mr. Moser seconded the motion. Motion passed 5-0.

2G. Engineering RFQ's for Fire Flow Water (Tom Moser)

Mr. Moser stated he met with Charlie Hastings and made a few changes to the RFQ. Mr. Moser suggested another change to the third paragraph after the last sentence they are going to insert, "*Consideration should be given to providing fire water flow for future development at the airport (map to be provided).*" Mr. Hastings stated he would like to start advertising March 13, 2009 with the changes discussed which would mean a deadline for submission from engineers by April 30, 2009, an RFQ selection by May 8, 2009 and presented to the Board on May 11, 2009. He also stated he would like Mr. Moser and Mr. McKenzie along with himself and the CIP Manager to be involved in the selection. Mr. Vogt moved to approve the RFQ as written and amended. Motion was seconded by Mr. Cowden. Motion passed 5-0.

2H. Vision/Mission Statement Update (Fred Vogt)

Mr. Vogt distributed modified copies of "Discussion of Draft Plans," but stated he will need to modify it again. Mr. Vogt discussed the modifications and suggested holding separate workshops to discuss strategies, etc. Mr. Vogt moved to hold a workshop on April 21, 2009, at the Airport terminal at 1:30 p.m. for the purposes of discussing strategies. Mr. Moser seconded the motion. Motion passed 5-0.

Mr. Vogt requested this item be put back on the agenda to discuss strategies and initiatives.

2I. Bonding of Airport Construction Projects (Roger Bobertz)

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Mr. Bobertz reported that Mr. MacDonald previously asked to be released from bonding for his construction expenses since it was private construction and not publicly funded construction, and the Board had agreed to waive the requirement. Mr. Bobertz had suggested the Board may want to amend the Airport Code instead of the lease when a contractor is well known and work to be done is private, but came across opposition. Mr. Bobertz moved that the Airport Code not be changed, but rather has the option to relieve an individual of bonding requirements if the contractor is well known and is conducting private work. Motion failed for lack of a second. The Board agreed that they retain the option to waive bonding if they so choose to under the circumstances stated and that change to Airport Code is not necessary.

2J. Financial Policy Status Report (Mark Cowden)

Mr. Cowden reported the draft policy will be emailed to everyone for review and requested this item be placed on next month's agenda. Mr. Cowden stated he worked with Mrs. Ondrias, Mr. Selleck, and Mr. McKenzie on the draft. Mr. Selleck stated they used a standardized government foundation for the draft.

2K. City of Kerrville Airport Management Contract (Bruce McKenzie)

Mr. McKenzie reported that at the last board meeting the Board discussed the Management Contract the Airport has with the City of Kerrville and said he was instructed to come back to this meeting and make a recommendation to the Board as to what the Airport would request for the next year from the City. Mr. McKenzie stated he recommends the Board accept all services being currently offered by the City with the exception of three items that were on the original contract and that were covered in a letter of understanding between Paul Hofmann, previous City Manager, and Mr. Bobertz on September 8, 2008. The contract includes everything the Airport uses now with the exception of Human Resources, which is now covered by the County for Laurie DeJohn and Mr. McKenzie. Their compensation package and insurance, etc. comes through the County, not the City. Another service was Director of Business Programs (Mindy Wendele) whom no longer supervises the Airport Manager. Director of Business Programs will only provide oversight and discuss development with Mr. McKenzie. Mr. McKenzie also said the Airport has not used the City Manager since October 2008 for any purpose at all. Mr. McKenzie stated he is recommending the Financial Department, Public Works, Engineering, Purchasing, Legal, General Administration, and IT stay on board with the contract that is currently in place now and those services will be furnished to the Airport in the next fiscal year. Mr. McKenzie stated he recommends the Board accept his recommendation then he can work this into the budget and present it to the Board at the next meeting. Mr. Bobertz moved to request the City of Kerrville to extend the current Airport Management Contract through fiscal year 2010 with the same scope of services. Mr. Moser seconded the motion. Motion passed 5-0.

2L. Airport Code Changes (Updates) (Bruce McKenzie)

Mr. McKenzie reported that he, Mr. Vogt, and Mr. Hayes, City Attorney, reviewed and made changes to the Airport Code. Mr. McKenzie stated he had previously been instructed by the Board to keep airport codes up to date. Mr. McKenzie stated he will bring a draft of the codes to the April meeting for Board approval.

2M. Change Date of May Airport Board Meeting (Roger Bobertz)

Mr. Bobertz changed the date of the May Airport Board meeting to May 4, 2009, at 3:30 p.m. due to Board members attending the TxDOT Conference being held on May 11, 2009.

2N. Quarterly Report (Roger Bobertz)

Mr. Bobertz stated it is a requirement of the Interlocal Agreement to report quarterly to both governing bodies. Report was distributed to Board members.

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20. Airport Manager Review Process (Roger Bobertz)

Mr. Bobertz stated he had previously suggested sending out an email to get input on how the Airport Manager was doing. He recommended a second suggestion today, which is to personally contact those who know what is going on at the Airport and get feedback in person. Mr. Bobertz stated that the Board needs to hear from County Commissioners' Court, City Council, business tenants, city and county staff and hangar tenants. Mr. King stated he would speak to the Commissioners' Court; Mr. Moser stated he would speak to City Council. The rest of the Board will use contacts available as they so desire. Mr. Bobertz stated that during the April executive session, the Board will need to agree on how to tell Mr. McKenzie how he is performing as Airport Manager.

3. INFORMATION AND DISCUSSION:

3A. Stimulus Funding for Phase II

Mr. McKenzie reported TxDOT Aviation stated he should know within 7 to 14 days if the Airport will receive eight million dollars for Phase II of the Drainage/Taxiway Project. Mr. McKenzie also reported the plans for Phase II should arrive by March 25th and that Harry Lorton, Civil Engineer-Project Manager for TxDOT Aviation, would like to go to bid in May if stimulus money is approved. Mr. McKenzie stated Texas Transportation Commission has approved the plan and it has been sent to FAA for approval.

3B. Phase I Progress Report

Mr. McKenzie reported they are now putting base material in on the taxiways and runways. Next, they will pave those associated areas. The removal of the intersection near Brinkman's hangar will be the next phase of the project. Phase I should be complete by August at the latest.

4. EXECUTIVE SESSION:

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5. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION.

6. ADJOURNMENT

Mr. Moser moved to adjourn the meeting. Mr. King seconded the motion. Motion passed 5-0. Meeting was adjourned at 5:32 p.m.

APPROVED: _____

Roger Bobertz, President

Dorothy Miller, Recording Secretary

CITY OF KERRVILLE
FINANCIAL STATEMENT
AS OF: MARCH 31ST, 2009

47 -AIRPORT FUND
REVENUES

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACT & EN C	% OF BUDGET	BUDGET BALANCE
<u>INTERGOVERNMENTAL REVENUE</u>					
47-6306 TXDOT-REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00
47-6322 KERR COUNTY - PROJECT MATCH	25,000.00	2,083.33	14,583.31	58.33	10,416.69
47-6347 KERR COUNTY - CONTRIBUTION	162,000.00	13,500.00	94,500.01	58.33	67,499.99
47-6361 CITY - PROJECT MATCH	25,000.00	2,083.33	12,499.98	50.00	12,500.02
47-6362 CITY - CONTRIBUTION	<u>162,000.00</u>	<u>13,500.00</u>	<u>81,000.00</u>	<u>50.00</u>	<u>81,000.00</u>
TOTAL INTERGOVERNMENTAL R	374,000.00	31,166.66	202,583.30	54.17	171,416.70
<u>INTEREST AND MISCELLANEOU</u>					
47-6901 LEASES	128,050.00	0.00	34,196.68	26.71	93,853.32
47-6902 FUEL FLOW FEES	36,000.00	2,050.83	15,077.79	41.88	20,922.21
47-6903 TERMINAL LEASE	13,145.00	0.00	9,762.05	74.26	3,382.95
47-6904 T-HANGAR LEASE	44,000.00	0.00	20,537.50	46.68	23,462.50
47-6905 VEHICLE RENT-SURCHARGE	3,500.00	116.90	1,586.25	45.32	1,913.75
47-6906 STORAGE RENTAL	1,300.00	0.00	0.00	0.00	1,300.00
47-6908 DAILY RENT T- HANGAR	0.00	0.00	0.00	0.00	0.00
47-6911 INTEREST REVENUE	7,000.00	207.30	1,958.92	27.98	5,041.08
47-6989 MISCELLANEOUS REVENUE	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL INTEREST AND MISCEL	232,995.00	2,375.03	83,119.19	35.67	149,875.81
<u>TRANSFERS IN</u>					
47-7001 TRANSFER - GENERAL	0.00	0.00	0.00	0.00	0.00
47-7040 TRANSFER IN	0.00	0.00	0.00	0.00	0.00
47-7070 TRANSFER IN	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
*** TOTAL REVENUES ***	606,995.00	33,541.69	285,702.49	47.07	321,292.51

CITY OF KERRVILLE
 FINANCIAL STATEMENT
 AS OF: MARCH 31ST, 2009

47 -AIRPORT FUND
 00-NON-DEPARTMENTAL
 DEPARTMENT EXPENSES

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACT & EN C	% OF BUDGET	BUDGET BALANCE
<u>PERSONNEL</u>					
47-800-001	SALARIES AND WAGES	0.00	0.00	0.00	0.00
47-800-002	OVERTIME	0.00	0.00	0.00	0.00
47-800-003	TEMPORARY EMPLOYEE	0.00	0.00	0.00	0.00
47-800-004	LONGIVITY	0.00	0.00	0.00	0.00
47-800-005	SOCIAL SECURITY	0.00	0.00	0.00	0.00
47-800-006	RETIREMENT	0.00	0.00	0.00	0.00
47-800-007	GROUP INSURANCE	0.00	0.00	0.00	0.00
47-800-008	WORKER'S COMPENSATION	0.00	0.00	0.00	0.00
47-800-010	PROFESSIONAL DEVELOPMENT	0.00	1,131.35	1,131.35	0.00 (1,131.35)
47-800-011	LOCAL MEETING EXPENSE	0.00	0.00	0.00	0.00
	TOTAL PERSONNEL	0.00	1,131.35	1,131.35	0.00 (1,131.35)
<u>SUPPLIES</u>					
47-800-101	OFFICE SUPPLIES	1,540.00	62.10	1,488.95	96.69 51.05
47-800-102	SMALL TOOLS AND EQUIPMENT	700.00	0.00	401.30	57.33 298.70
47-800-103	CHEMICAL AND MEDICAL SUPP	4,000.00	0.00	26.38	0.66 3,973.62
47-800-104	FUEL AND OIL SUPPLIES	0.00	40.05	218.66	0.00 (218.66)
47-800-105	FOOD SUPPLIES	400.00	0.00	292.36	73.09- 692.36
47-800-106	JANITORIAL SUPPLIES	800.00	74.70	695.84	86.98 104.16
47-800-110	POSTAGE/UPS/FED-EX	750.00	0.00	89.90	11.99 660.10
47-800-111	COMPUTER UPGRADE	0.00	0.00	0.00	0.00 0.00
47-800-112	COMPUTER SOFTWARE PURCHAS	0.00	0.00	0.00	0.00 0.00
47-800-132	SOD, SEED, PLANTING	0.00	0.00	0.00	0.00 0.00
	TOTAL SUPPLIES	8,190.00	176.85	2,628.67	32.10 5,561.33
<u>MAINTENANCE</u>					
47-800-201	LAND	45,500.00	0.00	5,847.00	12.85 39,653.00
47-800-202	BUILDINGS AND STRUCTURES	34,000.00	575.00	5,165.30	15.19 28,834.70
47-800-203	MAINTENANCE - CITY GARAGE	0.00	0.00	0.00	0.00 0.00
47-800-204	PARTS @ CITY GARAGE	0.00	402.93	550.87	0.00 (550.87)
47-800-205	OFFICE EQUIPMENT	1,680.00	197.12	727.39	43.30 952.61
47-800-206	INSTRUMENTS AND APPARATUS	16,600.00	0.00	7,165.99	43.17 9,434.01
47-800-207	STREETS	0.00	0.00	0.00	0.00 0.00
47-800-208	TRAFFIC CONTROL DEVICES	100.00	0.00	1,457.66	1,457.66- 1,557.66
47-800-209	TAXIWAYS/RUNWAYS	0.00	0.00	0.00	0.00 0.00
47-800-212	REPAIRS-NOT CITY GARAGE	0.00	0.00	250.40	0.00 (250.40)
47-800-214	RAMP GRANT MATCH	0.00	0.00	0.00	0.00 0.00
	TOTAL MAINTENANCE	97,880.00	1,175.05	18,249.29	18.64 79,630.71
<u>SERVICES</u>					
47-800-301	PHONE SERVICE	1,068.00	0.00	301.94	28.27 766.06
47-800-302	LIGHT AND POWER	9,500.00	644.62	3,388.48	35.67 6,111.52
47-800-303	NATURAL GAS	0.00	1,092.00	1,628.25	0.00 (1,628.25)
47-800-304	WATER & SEWER	750.00	35.61	189.48	25.26 560.52
47-800-305	LEGAL SERVICE	0.00	0.00	0.00	0.00 0.00
47-800-306	SPECIAL SERVICES	30,000.00	0.00	4,358.37	14.53 25,641.63
47-800-307	INSURANCE	12,000.00	0.00	0.00	0.00 12,000.00

CITY OF KERRVILLE
FINANCIAL STATEMENT
AS OF: MARCH 31ST, 2009

47 -AIRPORT FUND
00-NON-DEPARTMENTAL
DEPARTMENT EXPENSES

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACT & EN C	% OF BUDGET	BUDGET BALANCE
47-800-311 NETWORK SERVICES	1,300.00	0.00	0.00	0.00	1,300.00
47-800-313 HIRE OF EQUIPMENT	3,100.00	0.00	1,103.87	35.61	1,996.13
47-800-316 ADVERTISING	1,000.00	0.00	0.00	0.00	1,000.00
47-800-347 MANAGEMENT CONTRACT	353,851.35	0.00	121,901.16	34.45	231,950.19
47-800-347-01 REIMBURSE COUNTY - EMP CO	0.00	0.00	37,827.90	0.00	(37,827.90)
47-800-348 OUTSOURCED SERVICES	0.00	0.00	0.00	0.00	0.00
47-800-350 CONTINGENCY-OUTSOURCED SE	0.00	0.00	0.00	0.00	0.00
TOTAL SERVICES	412,569.35	1,772.23	170,699.45	41.37	241,869.90

OTHER EXPENSES

47-800-401 CERTIFICATES, AWARDS, ETC	0.00	0.00	130.54	0.00	(130.54)
47-800-402 DUES AND SUBSCRIPTIONS	0.00	0.00	0.00	0.00	0.00
47-800-405 OTHER CHARGES	4,800.00	0.00	2,665.00	55.52	2,135.00
47-800-410 CONTINGENCY	15,000.00	0.00	0.00	0.00	15,000.00
47-800-430 DEPRECIATION EXPENSE	0.00	0.00	0.00	0.00	0.00
47-800-435 OTHER EXPENSE	0.00	0.00	0.00	0.00	0.00
47-800-460 RESERVE FOR CAPITAL ASSET	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENSES	19,800.00	0.00	2,795.54	14.12	17,004.46

CAPITAL OUTLAY

47-800-501 LAND	0.00	0.00	0.00	0.00	0.00
47-800-502 BUILDINGS AND STRUCTURES	0.00	0.00	0.00	0.00	0.00
47-800-503 MOTOR VEHICLE	0.00	0.00	0.00	0.00	0.00
47-800-505 OFFICE EQUIPMENT	0.00	0.00	0.00	0.00	0.00
47-800-506 INSTRUMENTS AND APPARATUS	0.00	0.00	0.00	0.00	0.00
47-800-508 TRAFFIC CONTROL DEVICES	0.00	0.00	0.00	0.00	0.00
47-800-510 WATER SYSTEM IMPROVEMENTS	0.00	0.00	0.00	0.00	0.00
47-800-513 GRANT MATCH	0.00	0.00	0.00	0.00	0.00
47-800-514 DRAINAGE IMPROVEMENTS	0.00	0.00	0.00	0.00	0.00
47-800-515 GRANT MATCH T-HANGAR 2001	0.00	0.00	0.00	0.00	0.00
47-800-516 TXDOT REIMBURSE 2000-2001	0.00	0.00	0.00	0.00	0.00
47-800-517 CITY T-HANGAR 2001	0.00	0.00	0.00	0.00	0.00
47-800-518 KERR COUNTY T-HANGAR 2001	0.00	0.00	0.00	0.00	0.00
47-800-519 GRANT MATCH LIGHTING IMPR	0.00	0.00	0.00	0.00	0.00
47-800-520 TXDOT REIMBURSEMENT LIGHT	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL OUTLAY	0.00	0.00	0.00	0.00	0.00

TRANSFERS OUT

47-800-901 TRANSFER - GENERAL	0.00	0.00	0.00	0.00	0.00
47-800-902 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
47-800-918 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
47-800-928 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
47-800-940 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
47-800-942 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
47-800-970 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
47-800-974 TRANSFER OUT - AIRPORT CA	125,000.00	79,166.67	100,000.02	80.00	24,999.98
47-800-975 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
47-800-990 TRANSFER - INSURANCE	350.00	29.17	175.02	50.01	174.98
TOTAL TRANSFERS OUT	125,350.00	79,195.84	100,175.04	79.92	25,174.96

CITY OF KERRVILLE
FINANCIAL STATEMENT
AS OF: MARCH 31ST, 2009

47 -AIRPORT FUND
00-NON-DEPARTMENTAL
DEPARTMENT EXPENSES

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACT & EN C	% OF BUDGET	BUDGET BALANCE
TOTAL 00-NON-DEPARTMENTAL	663,789.35	83,451.32	295,679.34	44.54	368,110.01
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CITY OF KERRVILLE
 FINANCIAL STATEMENT
 AS OF: MARCH 31ST, 2009

47 -AIRPORT FUND
 01-TERMINAL
 DEPARTMENT EXPENSES

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACT & EN C	% OF BUDGET	BUDGET BALANCE
<u>SUPPLIES</u>					
47-801-118 SIGN MATERIALS AND SUPPLI	0.00	0.00	0.00	0.00	0.00
TOTAL SUPPLIES	0.00	0.00	0.00	0.00	0.00
<u>SERVICES</u>					
47-801-301 PHONE SERVICE	900.00	92.50	137.60	15.29	762.40
47-801-302 LIGHT & POWER	9,600.00	570.78	3,714.06	38.69	5,885.94
47-801-303 PROPANE GAS	7,200.00	0.00	825.00	11.46	6,375.00
47-801-304 WATER & SEWER	1,800.00	0.00	2,007.46	111.53	(207.46)
TOTAL SERVICES	19,500.00	663.28	6,684.12	34.28	12,815.88
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TOTAL 01-TERMINAL	19,500.00	663.28	6,684.12	34.28	12,815.88
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*** TOTAL EXPENSES ***	683,289.35	84,114.60	302,363.46	44.25	380,925.89

****DRAFT** AIRPORT BOARD FINANCIAL MANAGEMENT POLICIES**

ACCOUNTING, AUDITING AND FINANCIAL REPORTING

A. Accounting Basis

The accounting, reporting and budgeting policies of the Airport Board conform to U. S. generally accepted accounting principles ("GAAP") applicable to non-profit organizations.

The Airport Operating fund will use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

B. Chart of Accounts

The Airport board and/or its financial service provider(s) will use a chart of accounts that substantially conforms to the format and line item content as specified and depicted in Exhibit B of the 2008 Interlocal agreement.

C. Monthly and Quarterly Financial Reports

Monthly reports shall be prepared comparing expenditures and revenues to current budget, for the month and fiscal year-to-date, projecting expenditures and revenues through the end of the year, and outlining any remedial actions necessary to maintain the Airport's financial position. Financial Reports will be provided quarterly to all Board Members, City Council members, and Kerr County Commissioners in a summary format comparing expenditures and revenues to current budget, for the quarter and fiscal year-to-date.

D. Annual Audit

Pursuant to State Statute, the Airport shall have its records and accounts audited annually and shall have an annual financial statement prepared on the audit. The audit shall be performed by an independent certified public accounting (CPA) firm licensed to practice in the State of Texas. The annual financial statement, including the auditor's opinion, shall be filed within the time frame outlined in the interlocal agreement and in any applicable State Statute. The audit firm shall provide a management letter to the Airport Board, prior to the filing of the audit, outlining any significant financial management issues. The audit firm shall also provide a single Audit of Federal and State grants, when necessary. An official Comprehensive Annual Financial Report (CAFR) shall be issued no later than six (6) months following the end of the fiscal year.

E. Accounts Payable

The Accounts Payable process must utilize an approval process for all purchases or withdrawals. In order to ensure adequate internal control, requisitions or purchase orders must be processed through a secondary party such as the Airport Board's financial services provider.

F. Revenue Collections

The Airport board's financial services provider shall maintain high collection rates for all Airport revenues by monitoring monthly receivables. The provider shall follow an aggressive, consistent, yet reasonable approach to collecting revenues to the fullest extent allowed by law for all delinquent lessees and others overdue in payments.

BUDGET DEVELOPMENT

A. Preparation and Adoption

The Airport Manager will propose a base budget adequate to fund continued operations and maintenance of the airport for the ensuing fiscal year no later than the regularly scheduled meeting in April of each year. The budget should include detailed revenues, expenditures, and

proposed contribution requests to the airport's owners. The budget should be presented with the five year fiscal forecast and the five year capital improvement plan. Funding for Capital Improvement Projects is separate from funding for annual operating costs, and as a result, a separate contribution should be indicated and split evenly between the owners for these projects.

BUDGET GUIDELINES

A. Balanced Budget

The Airport Board budget must be structurally balanced, whereas, recurring revenues are equal to or more than recurring expenditures.

B. Use of Non-Recurring Revenues

Non-recurring revenue sources, such as a one-time revenue remittance, should only be budgeted to fund non-recurring expenditures, such as capital purchases or capital improvement projects (CIP). Non-recurring revenue sources may be used to offset normal expenditures in the event of financial distress, but this should not be a common procedure so as to ensure that recurring expenditures are not funded by non-recurring sources.

C. Target Fund Balance/Contingency

The Airport's operating fund will maintain minimum fund balance and/or working capital balance at a targeted reserve level of three to six months of budgeted operations and maintenance expenditures.

Fund balance reserved for contingencies should be used for emergency purposes only, and should be replenished back to the minimum level as soon as reasonably possible.

D. Reserve for liabilities

The Airport operating fund will maintain a cash balance, in addition to the target fund balance, sufficient to provide for liabilities including severance obligations to the airport board employees.

E. Reserve for Capital Equipment Replacement With a Useful Life Less Than 10 Years

The Airport operating fund will maintain a reserve for the replacement of capital equipment such as vehicles. This reserve should be accumulated over a period of time equal to the useful life of the asset. An amount should be set aside each year which is equal to the annual depreciation of the asset. As a result, the amount of the reserve should be approximately equal to the accumulated depreciation on the effected capital assets. These funds should never be used for operating expenses.

F. Use of Fund Balance/Retained Earnings

Fund balances in excess of contingencies and reserves should be calculated annually during the budget process, and should be used to offset annual contributions from the owners. Where possible, these balances should be considered as one time sources, and should be used to fund nonrecurring expenses in the budget.

G. Avoidance of Operating Deficits

The Airport Manager shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end.

Corrective actions in order of precedence are:

- Expenditure reductions
- Reduction of land and facility maintenance to minimum acceptable levels.
- Use of fund balance
- Deferral of capital purchases
- Reduce transfers to the Capital Improvement Fund for pay-as-you-go CIP.
- Hiring freezes

- Lay-off employees

H. Five-Year Forecast of Revenues and Expenditures

A five-year forecast of airport revenues, expenditures, and owner contributions shall be prepared in conjunction with the annual budget process. The forecast assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve the Airport's goals. The forecast will provide an understanding of available funding; evaluate financial risk; assess the likelihood that services can be sustained; assess the level at which capital investment can be made; identify future commitments and resource demands; and identify the key variables that may cause change in the level of revenue

BUDGET AMENDMENTS

The interlocal agreement states that excess spending is prohibited without the prior written approval of each of the owners. The Board shall not spend nor incur obligations which at any time will exceed the total amount of the Board Budget adopted by the County and the City for that fiscal year.

The budget may be changed and amended, upon the recommendation of the Airport Manager as follows:

- A. In case of grave public necessity, or for emergency expenditures to meet unusual and unforeseen conditions, which could not by reasonable diligent thought and attention have been included in the original budget, a change and amendment may from time to time be authorized by the Airport Board as amendments to the original budget without other notice or hearing.
- B. The budget may be changed and amended from time to time as deemed appropriate by the Airport Board if such change and amendment is determined to be necessary by the Airport Board. With Board approval, the Airport Board President shall make written request to the Kerrville City Council, and the Kerr County Commissioner's Court for supplemental appropriations to the approved Airport Budget. The owners may approve use of fund balance or excess revenues by resolution. However, in situations where an amendment to the airport budget requires additional funding from the owners, additional steps may be necessary on the part of the City or County in order to make funds available from their respective budgets. Following City and County approval, the airport board will take official action to approve the amendment of the budget.

PURCHASING

A. Purchasing authority

The Airport Manager shall make every effort to maximize any discounts offered by creditors/vendors. The Airport Manager will follow state law concerning the amount of the purchase requiring formal bidding procedures and approval by the Airport Board. For purchases where competitive bidding is not required, the Airport Manager shall obtain the most favorable terms and pricing possible. In addition, the Airport Manager will comply with State Law with respect to including Historically Underutilized Businesses (Hub's) in the bidding process.

B. Purchasing thresholds

The purchasing agent for the Airport shall have purchasing power without Airport Board approval up to \$10,000.

CAPITAL ASSETS

A. Capitalization Threshold for Tangible Capital Assets.

1. Tangible capital items should be capitalized only if they have an estimated useful life of at least two (2) years following the date of acquisition or significantly extend the useful life of the existing asset and cannot be consumed, unduly altered, or materially reduced in value immediately by use and has a cost of not less than \$5,000 for any individual item.
2. A capitalization threshold of \$5,000 will be applied to individual items rather than to a group of similar items (i.e. desks, chairs, etc.).

3. Computer software, regardless of cost, will not be capitalized.

B. Five-Year Capital Improvement Plan (CIP)

1. The Airport Manager shall annually prepare a five-year Capital Improvement Plan based on the needs for capital improvements and equipment, the status of the Airport's infrastructure, replacement and renovation needs, and potential new projects. Capital projects are improvements or additions to the Airport's physical plant/facilities and become part of the Airport's asset inventory. Capital projects can be further categorized into land, buildings, improvements other than buildings, and infrastructure, which includes roads, sidewalks, bridges, utility lines, etc. Capital costs typically consist of preliminary design, final design, construction, and may involve the acquisition of land or easements. For every project identified in the plan, a project scope and project justification will be provided. Also, project costs shall be estimated, funding sources identified, and annual operation and maintenance costs computed.
2. The Airport Manager is charged with recommending a Capital Improvement Plan to the Airport Board. The Five-Year Capital Improvement Plan shall be filed and adopted with the annual budget.
3. The Five-Year CIP shall be limited to the affordability limits identified in the long-range financial plans of the Airport, taking into consideration all available funding sources.
4. Annually, through the budget process and at year-end, projects are to be reviewed and if identified as complete will be closed and any remaining funds closed to fund balance, which can then be re-appropriated during the next fiscal year capital budget.
5. Appropriations for capital projects are for the life of the project; therefore re-appropriation of capital funding for budgeted projects will not be necessary.

C. Capital Improvements/Project Reporting

A summary/status report on the Airport's capital projects will be prepared quarterly and presented as a component of the quarterly report.

GRANTS

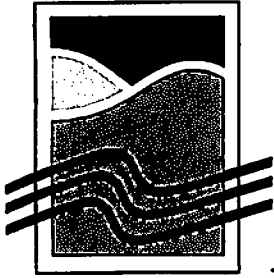
A. Grant Guidelines

1. The Airport Manager shall apply and facilitate the application for only those grants that are consistent with the objectives and high priority needs identified by Airport Board.
2. Grant funding will be considered to leverage Airport funds. Inconsistent and/or fluctuating grants should not be used to fund on-going programs.
3. The potential for incurring on-going costs, to include assumptions of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.
4. Unless otherwise specified, grant funds will be considered to be expended first in a project, followed by Airport funds.

B. Grant Review

1. All grant submittals shall be reviewed for cash match requirements, potential impact on the operating budget, and the extent to which they meet the Airport Board's goals. If there is a cash match requirement, the sources of funding shall be identified and confirmed prior to application.

2. **The Airport Manager shall approve all grant submissions and Airport Board shall approve all grant acceptances over \$25,000 and any grant acceptance no matter the dollar amount if a budget adjustment is required.**



CITY OF KERRVILLE
OFFICE OF THE CITY MANAGER
800 Junction Highway
Kerrville, Texas 78028
830-257-8000 / www.kerrvilletx.gov

March 25, 2009

Mr. Roger Bobertz
President
Joint Airport Board
Kerrville/Kerr County Airport
1877 Airport Loop Road
Kerrville, Texas 78028

Re: Agreement for Interim Management Services for FY10

Dear Mr. Bobertz,

At the March 9, 2009 Meeting of the Airport Board, the Board requested the City of Kerrville consider providing a proposal for Interim Management Services through FY10 (September 30, 2010) to allow the Board to further evaluate service alternatives. At the March 24th City Council meeting, the City Council authorized the following proposal for Interim Management Services along with the associated fees, payable in twelve monthly installments.

The following services can be provided for a lump sum contract amount of \$251,000.00. This would be paid to the City of Kerrville in twelve monthly installments for services rendered.

Airport Facilities Maintenance – The following categories and types of maintenance shall be provided by the City of Kerrville pursuant to this Agreement:

1. Weekly maintenance shall include: (1) airfield lighting checks and completion of replacement(s) and/or repairs as needed; (2) pilot controlled lighting inspections and completion of minor repairs; (3) runway and taxiway inspections and emergency repair; and (4) daily runway condition inspections to include for Foreign Object/Debris (FOD) inspections. The Board shall supply all materials and parts.
2. Monthly maintenance shall include: (1) providing calibration equipment for and certified personnel to complete maintenance on approach lighting (PAPI's & VASI's); (2) completing inspection and maintenance of the airfield safety area including grading in and around runways, taxiways and drainage areas; (3) inspecting runways, taxiways, aprons, ramps, and access roads with subsequent repairs completed as required which may include crack sealing, concrete patching/replacement, etc., including access roads to the FAA Remote Communication Facility, boundary access roads and the required

access road to the Edmonds' property; and (4) Mowing/weed eating around lighting and signage as well as providing certified personnel for and completing herbicide/pesticide applications around fencing and airfield lighting, in addition to routine mowing provided by separate contract. The Board shall supply all materials and parts.

3. Routine services provided on an as-needed basis shall include: (1) providing continuous coverage for setup and operation of runway closure lighting signs as well as taxiway closures and performing daily inspections (conducted at least twice per day) during operation of runway closure signage and emergency airfield maintenance activities; (2) ensuring that such services are coordinated with the FAA through their required communication procedures and coordination and/or reporting activities with Flight Services. Notice to Airmen (NOTAM's) will be generated and closed as required; (3) monitoring aircraft frequencies and communicating as needed during all activities in the flight areas; (4) providing vehicles and equipment used for airfield activities equipped with required lighting and radios for communications with aircraft and the Fixed Base Operator; (5) providing minor facility repairs to those facilities owned and operated by the Owners (*i.e.*, T-hangers, terminal, gates, etc.); and (6) providing escort, required notices, and communications for outside contractors performing services at the Airport to include oversight of contractors performing repairs to leased facilities.

Legal Services – the City's legal staff will attempt to provide routine services, which will include reviewing and preparing documents, contracts, and other instruments as to form, and conducting legal research. In the provision of these services, the legal staff shall provide such services only if the provision of services to the Board does not in any way impair the legal staffs' ability to provide legal services to the City.

Financial Services – Providing all necessary financial services to include bookkeeping, accounts payable and receivable, collections, budget development, debt management, financial reporting and auditing, unless specifically agreed upon otherwise by written contract or other agreement between the parties.

Engineering and Project Management Services – Providing all necessary engineering services to include professional engineers and engineering technicians required for the maintenance, marketing and development of the Airport property and its infrastructure. This does not include design services related to and otherwise funded for grant projects.

Purchasing – Providing services related to conforming with the competitive bidding statutes including notice, development of Requests for Proposals (RFP's), excluding any services the City may seek to be included in, and Requests for Qualifications (RFQ's), advertising, publication, bidding and tabulation and bidder qualification for all purchases and contracts all of which shall be conducted in accordance with state law, as applicable to home-rule municipalities.

Information Technology and Geographic Information System – Providing services related to development, implementation and maintenance of information technology infrastructure to include development and maintenance of data (parcel, aerial, utilities, etc.) required to support ongoing and future Airport projects as well for use in FAA and TXDOT Aviation compliance measures.

Grant Management Services – Providing all grant management services not otherwise covered by the foregoing provisions.

Property, Casualty, and Premises Liability Insurance – Providing and maintaining property, casualty and premises liability insurance coverage for Airport property.

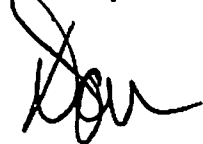
Joint Airport Board Support – Providing Board support in the form of posting agendas and the recording of minutes.

Building Maintenance and Custodial Services – Providing routine building maintenance such as changing light bulbs as well as provide for routine custodial services for the Airport Manager’s and administrative support office.

Fleet Maintenance – The City will provide Fleet Maintenance services to the Airport Manager’s vehicle including regularly scheduled maintenance, repairs (minus cost of materials) and ability to use bulk fuel at City facility (fuel billed separately).

The City appreciates the opportunity to work with the Joint Airport Board to provide Interim Management Services. If I can be of further assistance or answer any questions regarding this proposal, please do not hesitate to contact me at 830-792-8305.

Sincerely,



Don Davis
Interim City Manager

Approved by: _____
Joint Airport Board President Date

Pursuant to action taken by the Joint Airport Board, the Board has authorized the President to approve this Agreement for Interim Management Services.