

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

**Board Meeting
June 6, 2006**

On Tuesday, June 6, 2006, the special meeting of the Board Members of the City of Kerrville, Kerrville-Kerr County Joint Airport Board, was called to order at 4:00 p.m. by Dr. John Davis, President, at the City of Kerrville City Hall, 800 Junction Highway, Kerrville, Texas.

Members Present:

Dr. John Davis, President
Commissioner Letz, Vice President
Commissioner Williams (left at 6:35 pm)
Councilperson Coleman
Mayor Gene Smith (left at 6:10 pm)
Stephen W. King
Roger Bobertz

Members Absent:

Staff Present:

Paul A. Hofmann, City Manager
David Pearce, Airport Manager
Jeannie Hargis, Finance Director
Bruce McKenzie, Street Dept.
K. Irene Stone, Executive Assistant to City Manager
Micah Grau, Intern to City Manager

2. Visitors/Citizens Forum

No one spoke.

3 Approval of Minutes of the May 2, 2006 Meeting:

Commissioner Williams moved to approve the May 2, 2006, Meeting Minutes. Mayor Smith seconded, and the motion passed 7 to 0.

4. Present the approach to resolve issues surrounding the Object Free Area (OFA) and how it relates to the proximity of the runway and SH 27.

David Pearce, Airport Manager, gave an in-depth summary report on how to resolve the OFA situation with TxDOT and the FAA. He specifically asked the Board to wait until the survey and cost estimates were completed before proceeding with funding and to not contact the representatives until all options were exhausted. The Board then discussed the various resolutions as presented. Commissioner Letz stated the problem needed to be fixed before they could determine the future for the Airport. Dr. Davis affirmed that even if the Airport stayed a "visual" (VFR) approach airport and did not have an ILS airport, this would still be a safety issue. There was no further discussion. A motion was not necessary as Mr. Pearce was instructed previously by the Board to monitor the situation closely and report back.

No action taken.

5. Review, discuss, and recommend funding the proposed operational capital grant match and Airport Management Contract budgets to City Council and Commissioners Court.

David Pearce gave a brief overview of the proposed budget and new monthly reporting format. The Board's comments are as follows:

- a) Add a "Budget-To-Date" column to the monthly report,
- b) Not necessary to include the invoices for the man-hours,
- c) Should the Airport Board be footing bills that support the economic development for the City and County?
- d) Did not need all the details on projects, but wanted the level of reporting to address Board's concerns, especially with large items such as tractor costs and parking lots.

Mr. Hofmann said the City would try to respond to the Board's comments. He suggested a solid Business Plan, such as Sugar Land's plan, would address some of their concerns. Dr. Davis concluded that the discussion could continue at the July 12th Airport Board Meeting.

No action taken.

6. Review, discuss, and take action on proceeding with soliciting Private Airport Management Services to manage the Kerrville Airport.

Commissioner Williams gave a brief report on the three methods of airport management: Operating Agreement, Master Lease, and Comprehensive Operating Contract. He passed out a handout with the detailed explanations and airport examples. Mr. Pearce then reviewed his spreadsheet outlining his research analysis on airports through-out the state. Dr. Davis reported that only 1% of Texas airports operate under private contracts. A discussion about the findings ensued.

No action taken.

7. Review monthly budget report.

David Pearce updated the monthly budget report. He noted that 67% of the budget is where it should be. Several Board Members asked clarification on expenditures, the project summary status, and payments received from the City and County.

No action taken.

8. Authorize 90-day written notification to City of Kerrville to cancel/renegotiate Airport Management Contract for purpose of amending the Scope of Services

Commissioner Letz opened the discussion by stating he and Commissioner Williams felt the management contract needed to be redefined and that the Airport Manager should report directly to the Airport Board. The Board discussed options for having the Airport Manager work for the Airport Board and the compensation issue. Mr. Bobertz noted that the Airport Board needed to decide if they are to be supervisors or a Board of Directors. Commissioner Letz replied he felt they were a Board of Directors who must work through a third party.

The Board asked the County to clarify the problem they had with the management contract. Commissioner Letz restated the County's position that the Airport Board should be able to evaluate the Airport Manager, even though he is a City employee. Mayor Smith noted that the City of Kerrville's Charter prevented anyone outside the City Manager evaluating a City employee. Commissioner Letz replied that that was the problem.

Mr. King thought the Airport Board would "be in the hole big time" if the City backed out of the contract. He did not see how David Pearce was able to do his job if he worked for the Airport Board and had to report to both owners also. Mr. King pointed out that costs will go up as the owners become more involved, but he could understand the County's position also.

Mr. Hofmann addressed the Board and said that the Board's questions get answered, and Mr. Pearce always gives the Board project details in the agenda packets. Mr. Hofmann, as City Manager, has made his office available if a Board Member has a complaint or question, but has yet to have anyone come to him. Mr. Hofmann continued that the Airport Board's job is to answer the question, "Where to go with the Airport?" Currently, all the Board is doing is repeating past discussions. He believed the Board does have options, and that the contract clearly has guideline to enable the Board Members to make changes.

Mr. Hofmann stated that if the County's sole objective was to supervise the Airport Manager, they could do that through a process and renegotiating the management contract. If the County thinks they can get a better deal, than Mr. Hofmann suggested they go get that better deal. For what it is worth, he fully supported the Board seeing how other airports get it done. Commissioner Letz admitted he did not think the answer was private contractors. Mr. Hofmann asked him what was wrong with the way it is done. It seemed to Mr. Hofmann that the current process is working; however, the County was welcome to bring their ideas to the table. Commissioner Letz was concerned about the "take it or leave it" attitude from the City. He admitted that he did not have a problem with continuing the contract for another year.

Several Board members were concerned that a new contract allowing the Airport Board to control the Airport Manager would be too complex. The current contract is simpler, and the financials of the contract would be more difficult. Commissioner Letz stated his biggest

concern is who would track the funds – the City or County? He has found areas that the County and City can do services but wanted the majority of those services to be done by the City. Mr. Pearce responded that he routinely does cost-comparison for services from the County, City, or private businesses and gave specific examples. The Board was pleased to hear that and felt it was a positive step forward

Commissioner Williams asked the Board to not offer a motion at this meeting. His premise is it is not good for the Airport Manager, who should take direction from the Airport Board, to be two steps removed from the Airport Board. He asked that the City and County come together to talk about the management contract and do an addendum to the agreement within the next 30 days. Councilmember Coleman asked if the owners could receive a brief outline from the three Board Members and the City Manager.

Dr. Davis suggested that Mr. Pearce find time for the four owners to get together and the other three Board Members to consider the following:

- a) Direct Accountability of Airport Manager
- b) Contracting Additional Services

Mr. Hofmann is to be included in the meetings. Mr. Hofmann has noted the Airport Board's concerns and the City will do better by sharing every correspondence with the Board. He stated that the Board gets to tell the City what to do, and the City gets to respond. Commissioner Letz affirmed that they wanted to be treated like a full Board.

No further discussion.

9. Announcements and General Updates:

David Pearce noted that the next Airport Board meeting was scheduled for July 4th. As that was a holiday, the Board recommended tentatively setting July 12th at 4pm for the July meeting.

Mr. Pearce updated the Board on the following:

Taxilane:

TxDOT was reviewing the Engineering Report and would then do a solid design. They are three to four weeks behind, but the quality of the design will be better.

Airport Terminal:


Huser Construction was ready to start the Terminal project on June 9th. Security will still be maintained for the Airport during the construction phase.

Mr. Pearce will let the Board know when the groundbreaking ceremony is scheduled.

Adjournment

Roger Bobertz moved for adjournment. Councilmember Coleman seconded, and the motion passed 5 to 0. Meeting was adjourned at 6:55 p.m.

APPROVED: 7-19-06



Dr. John Davis, President



K. Irene Stone, Executive Assistant to
the City Manager