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4 KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD
5 Special Meeting
6 Friday, June 17, 2011
7 8:30 a.m.
8 Airport Terminal Conference Room
9 1877 Airport Loop Road
10 Kerrville, Texas
11

12 MEMBERS PRESENT: MEMBERS ABSENT:
Stephen King, President Fred Vogt, Vice-President
13 Tom Moser
Mark Cowden
14 Corey Walters

15 AIRPORT BOARD STAFF PRESENT:
16 Bruce McKenzie, Airport Manager
Laurie DeJohn-Ermey, Executive Assistant
17

18 COUNTY STAFF PRESENT:
Jonathan Letz, Commissioner Pct. 3
19 Jeannie Hargis, Auditor
Rob Henneke, County Attorney
20

21 CITY STAFF PRESENT:
Mike Erwin, Finance Director
22

23
24
25

2

1 I N D E X
June 17, 2011
2 PAGE

3 CALLED TO ORDER

4 1. VISITORS FORUM 3
5 2. DISCUSSION AND POSSIBLE ACTION:
2A Interviews to replace vacant seat on the Board
6 (Executive Session) 3
7 2B Vote on new Vice President 4
8 2C Vote on new Board member 5
9 2D Budget Workshop 6
10 ADJOURNMENT 98
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1 On Friday, June 17, 2011, at 8:30 a.m., a special
2 meeting of the Kerrville-Kerr County Joint Airport Board was
3 held in the Airport Terminal Conference Room, Louis Schreiner
4 Field, Kerrville, Texas, and the following proceedings were
5 had in open session:

6 P R O C E E D I N G S

7 MR. KING: I call this Friday, June 17th, 2011

8 special -- is this a special meeting?

9 MR. MCKENZIE: Yes, sir.

10 MR. KING: Special meeting of the Kerrville/Kerr
11 County Airport Board to order. Visitors' forum. At this
12 time, any person with business not scheduled on the agenda
13 may speak to the Airport Board. No deliberation or action
14 can be taken on these items because the Open Meetings Act
15 requires items be posted on the agenda for 72 hours.

16 Visitors are asked to limit presentations to three minutes.

17 None being heard, Item 2; discussion and possible action.

18 Interviews to replace vacant seat on the board. And for

19 that, we're going to go into executive session under -- which

20 item is this?

21 MR. MCKENZIE: It will be the one under employee
22 right here.

23 MR. KING: Stand by.

24 MR. MCKENZIE: Personnel matters.

25 MR. KING: Oh, there you go.

1 MR. MCKENZIE: 551.074.

2 MR. KING: Go into executive session under 551.075

3 and 551.076. Is that right?

4 MR. COWDEN: I think you're right.

5 MR. KING: Both of them, or just one?

6 MR. MCKENZIE: That one right there, .075.

7 MR. COWDEN: It's the number in front.

8 MR. KING: The one in front or back?

9 MR. MCKENZIE: .074.

10 MR. COWDEN: Yeah, it's .074.

11 MR. KING: Okay, so .074. Okay, it is 551.074,

12 personnel matters. Oh, there it is right there. Okay. So,

13 we're in executive session now at 8:35.

14 (The open session was closed at 8:35 a.m. and an
executive session was held.)

15 -----

16 MR. KING: Okay, we'll come out of executive

17 session at 9:20, and back into -- we're going to vote for a

18 vice president. We're going to vote for a vice president.

19 Is that what we're going to do?

20 MR. MOSER: I didn't know this was --

21 MR. COWDEN: Yeah. I'd like to nominate Tom Moser.

22 MR. WALTERS: I'll second that nomination.

23 MR. MOSER: Do we want to wait till we get another

24 board member?

25 MR. KING: I don't -- I think we're too far gone

1 now. Vote on a new vice president.

2 MR. MOSER: I think there's a conspiracy here.

3 MR. KING: Tom Moser's been nominated, and seconded

4 by Mr. Cowden.

5 MR. WALTERS: No, I seconded.

6 MR. COWDEN: I nominated him. He seconded.

7 MR. KING: Mr. Walters seconded. Would you like to

8 make a statement or anything before we elect you?

9 MR. MOSER: Let's see. There's something --

10 something about old railroading or something.

11 MR. KING: All right, no statement being offered.

12 All in favor? All opposed?

13 (The motion carried unanimously, 3-0; Mr. Moser
abstained.)

14

15 MR. KING: None opposed.

16 MR. WALTERS: It's unanimous.

17 MR. KING: Three, with one not voting. Now we're

18 going to vote on a new board member. Are we going to do

19 that?

20 MR. WALTERS: Congratulations, Tom.

21 Congratulations.

22 MR. MOSER: Yeah, right. I'll get you.

23 MR. KING: That's fine. So, do you want to table

24 -- can we table that?

25 MR. McKENZIE: Certainly.

1 MR. KING: We'll just table 2C, and then we'll go
2 into a -- Item 2D, budget workshop with Jeannie and Mike.

3 Sorry, guys. I tried. I know. I tried, I swear. I did my
4 best. Sometimes when the water's running really fast, you
5 can't stop it. Okay, here we go.

6 MR. MOSER: Are we in session?

7 MR. KING: Yeah.

8 MR. MOSER: May I say something about the budget
9 workshop?

10 MR. KING: Yes.

11 MR. MOSER: Is this the same meeting, basically?

12 It's all the same meeting?

13 MR. McKENZIE: Yes, sir.

14 MR. KING: I thought it was two meetings.

15 MR. MOSER: Are we doing the budget workshop now?

16 MR. KING: Right now, yeah.

17 MR. MOSER: Just to kind of set the guidelines

18 where we ought to be, we've got an operating budget and we
19 got a capital improvement budget, and I think we need to make
20 sure that we keep those two things separate as we look
21 through the revenue and everything else. That's a bit
22 confusing to me, from some of the stuff that I've looked at.

23 I guess the other thing is, we've got an indication from the
24 City and County of a significant reduction -- reduction in
25 the amount of money that will be contributed by both, from

1 \$200,000 -- or \$400,000 coming into the airport to \$350,000.

2 So, with that as a given, I think we need to look closely at
3 this -- at each one of these budget items. If it exceeds the
4 previous year's, we need to see -- see what the justification
5 is for that, and we need to get down to the bottom line where
6 we've got -- you know, we've got a balanced budget, that
7 we're starting off with a -- did I pick up your glasses? I'm
8 sorry. Starting off with a -- with a deficit in revenue, so
9 we've got a challenge here in front of us. And I guess --

10 MR. KING: How about -- how about --

11 COMMISSIONER LETZ: I'd like to make a comment as
12 kind of an overview, kind of like Tom. The -- as the board
13 knows, there was a draft of a new interlocal agreement
14 between the City and the County, and they're changing the
15 funding mechanism for the airport. The City and County
16 haven't finalized that agreement, and that agreement may have
17 an impact on the budget.

18 MR. MOSER: Right.

19 COMMISSIONER LETZ: And because of the management
20 contract and a lot of issues, we just haven't visited with
21 them on this whole topic. I -- so, I think you're in a
22 difficult situation trying to come up with a budget by a
23 deadline when you really don't know --

24 MR. MCKENZIE: The rules.

25 COMMISSIONER LETZ: -- the rules.

1 MR. MOSER: But, fortunately -- fortunately, the
2 interlocal agreement says that it's -- the differences are to
3 be made up. So --

4 COMMISSIONER LETZ: Right.

5 MR. MOSER: It's kind of -- I haven't looked at
6 that in a while. Wow, that's pretty good. It says here's
7 the amount, but oh, by the way, if it's deficient, we'll make

8 it up.

9 COMMISSIONER LETZ: But my comments are really more
10 in regards to the management contract and how it works.

11 MR. MOSER: Yeah.

12 COMMISSIONER LETZ: That's the budget --

13 MR. MOSER: Sure.

14 COMMISSIONER LETZ: -- change, you know. And, like
15 I say, we haven't really visited with the City on that,
16 because I've had conversations with, I think, the Mayor and
17 Todd Parton, kind of in vague terms, and I've had
18 conversations, I know, with the County Attorney about it.

19 But I'm not too -- I don't really want to go into those
20 conversations now.

21 MR. COWDEN: So, be forewarned that this may be a
22 moving target a little bit?

23 COMMISSIONER LETZ: Right. It depends on the
24 management -- I don't think the management contract is --
25 it's always been an odd creature, in my mind, from 10 years

1 ago. And it's still an odd contract, because it's a -- it's
2 odd how you budget for something. I mean, the owners are
3 obligated to do things out here, and we budget for something
4 that's kind of a big contingency a lot of times. And -- and,
5 you know, there's -- and that's a -- it's a difficult way to
6 budget from our standpoint, and to operate from your
7 standpoint. So, that's what I'm saying; that whole thing, I
8 think, is going to be at least discussed a little bit as to
9 how the management contract works in relation to funding
10 things at the airport. I don't think it's -- it's not an
11 issue on a funding level. It's the mechanics of how the
12 money gets there.

13 MR. MOSER: Right.

14 MR. KING: I read an interesting article; I'm going
15 to give you guys, the City and County, a copy of this
16 article. I pulled it up out off the Internet last week,
17 where -- where a city in Maine -- is it -- is "ME" Maine or
18 Massachusetts?

19 MS. HARGIS: Maine.

20 MR. KING: A city in Maine decided -- they were
21 having budget issues and budget problems and everything, so
22 they came in and decided that the airport would be a great
23 place to just start whacking money away and taking money out
24 of the city -- out of the airport budget. And they had a
25 similar operation as ours. So, they started whacking money

10

1 and they cut the funding to the airport pretty drastically to
2 try to -- actually, they took money out of the airport --
3 they took money out of the operating funds, and took the
4 money out of their budget and moved it into the general
5 budget to try to run the city. And it was a city -- it was a
6 city-owned airport, not a city/county airport. And they all
7 thought that was really great until the F.A.A. found out
8 about it. F.A.A. came in and said that they were not
9 properly funding the airport, which F.A.A. had the right
10 under the grant assurances. They came in and said that the
11 \$85,000 that they'd moved from the -- from the budget, that
12 they cut out of the airport budget, was not adequate to fund
13 the airport according to grant assurances. Therefore, they
14 filed a lawsuit against the City, and --

15 COMMISSIONER LETZ: Wonder who won.

16 MR. KING: -- the City has now relinquished and
17 added money back into the airport fund. But the F.A.A. came
18 down and did file a lawsuit on them, so there is some
19 ramifications here. You can't -- you have to -- and we're
20 all -- and I've told Bruce, you know, I'm all for cutting
21 this budget. I want to save as much money as we can out
22 here, and do as much as we can to try to help out the city
23 and the county and everything, but we have to also -- you
24 know, we have to adequately -- the airport has to be
25 adequately managed according to the grant assurances that we

11

1 have in place, which is a contract between us and the -- and
2 the federal government with TexDOT and the federal
3 government. So, I'm going to leave this with Bruce. It's an
4 interesting story.

5 COMMISSIONER LETZ: And the County -- I can only
6 speak for the County. The County understands that and will
7 fund the airport appropriately.

8 MR. KING: Yeah. And that's probably not --

9 MR. ERWIN: Yeah. I guess I'm not understanding
10 why we're -- 'cause we've committed to 175,000.

11 MR. KING: I know. No, I just -- we're always
12 talking about these grant assurances and everything. I get
13 questions all the time asked, you know, well, you know, what
14 -- this and that, what they can do and everything. And I
15 just -- I thought that was an interesting article that --
16 that the City and the County has -- you know, we have another
17 partner in this thing that we also have to look at. I agree
18 with you, Mike. The budget at 175,000 -- I mean, is it
19 175,000? You think that's going to be the number after you
20 guys get with the County and the City?

21 MR. ERWIN: You know, that's the same number we've
22 been presenting for probably four months.

23 MR. KING: Okay.

24 MR. ERWIN: So --

25 COMMISSIONER LETZ: There's -- that number was a

12

1 number the City presented to the County in our big picture,
2 with never looking at the airport budget from the county
3 standpoint.

4 MR. KING: Right.

5 COMMISSIONER LETZ: That was a number that the City
6 presented. And we've said, well, that may be reasonable.
7 But if it's a little bit higher, it's higher. If it's lower,
8 it's lower.

9 MR. MOSER: Well, I think --

10 COMMISSIONER LETZ: It's a place marker.

11 MR. MOSER: I think we ought to look at this as a
12 mark; we ought to try to meet it. And if we can't meet it,
13 we'll say --

14 COMMISSIONER LETZ: Yeah.

15 MR. MOSER: -- here's some options.

16 COMMISSIONER LETZ: Right.

17 MR. KING: Yeah. Well, we're going to sign the
18 interlocal agreement -- the proposed interlocal agreement
19 which we have a copy of. We're going to do that Monday. On
20 Monday we're going to talk about that, but it has some
21 ramifications on our budget. There are some things in the
22 interlocal agreement that are -- you know, we have targeted
23 in our budget, and so we'll -- we'll discuss those on Monday.
24 But, I mean, what -- what do you guys -- I guess I was going
25 to ask both of you guys from the City and the County, I mean,

13

1 what are your concerns at the airport as far as our budget?
2 Where would you guys like to see a little more, a little
3 less? Where do you think we can cut our budget to help you
4 guys out?

5 COMMISSIONER LETZ: From the County's standpoint,
6 we haven't looked at it from that -- you know, a specific
7 standpoint from the Commissioners Court. We just haven't --
8 we haven't gotten there yet. I think, you know, the -- based
9 on our history of last year, we think you all do a very good
10 job of running the airport and operating the budget, and, you
11 know, it's kind of -- if you need it, we'll certainly
12 consider that you need it.

13 MR. MOSER: Well, actually, they can't answer that
14 question, 'cause we haven't given them a budget. We got to
15 give them something first.

16 MR. KING: That's right. Y'all haven't even seen
17 this budget. So, if you guys fund at 350 and the number
18 comes in at 350, then you're happy. I mean, that -- is that
19 what it basically comes down to? If we -- if our revenues
20 and -- if the contribution's 350,000, and then our revenues
21 and everything equal out, and our budget right now is --
22 what's our budget, proposed?

23 MS. HARGIS: 552,373, which means that you actually
24 have revenue over expense of \$9,230.

25 MR. MOSER: I object. We haven't given a budget

14

1 yet. We don't have a budget, so let's don't say that we've

2 got a budget. We got some numbers here.

3 MR. KING: Under the proposed --

4 MR. MOSER: Generated by something. I don't know
5 what they are.

6 MR. KING: Right.

7 MR. MOSER: So let's don't say we got a budget.

8 MR. KING: Okay. What do you want to do? How do
9 you want to handle this? Want to go down line by line?

10 MR. MOSER: Yeah. Yeah, I think we need to go line
11 by line, and I think we need to take the 350,000 as -- as a
12 target and see -- do everything we can to stay within that.

13 MR. KING: Okay. Okay. Under professional
14 development, I notice you guys -- we have set it the same as
15 last year. What is professional development?

16 MR. McKENZIE: That's everything that we do, and
17 I've got a list right here.

18 MR. COWDEN: This list?

19 MR. McKENZIE: The training, the conferences that
20 we went to, we all attended last week, the conference I go
21 to, the A.A.A.E. conference that I go to, things that you
22 gentlemen attend. That's what's the professional development
23 is.

24 MR. KING: Okay.

25 MR. MOSER: But it's twice what it was in 2010.

15

1 That's too big a jump.

2 MR. KING: How much are we planning on spending out
3 of that 10,000?

4 MR. McKENZIE: No, that was what we spent, Tom, in
5 2010.

6 MR. MOSER: That's right.

7 MR. McKENZIE: This is the 10,000 -- every year
8 we've proposed \$10,000. That's stayed the same.

9 MR. MOSER: Well, actuals are actuals. So,
10 therefore, just because a budget was higher in the past
11 doesn't mean that we need to stay with that same budget --

12 MR. McKENZIE: That's true.

13 MR. MOSER: -- if reality is we didn't need it.

14 Okay?

15 MR. McKENZIE: We came in right at 5,900 one year,
16 and 5,000 the next year, so we're right under \$6,000 if you
17 take both of those numbers.

18 MR. MOSER: All right. So, Bruce, what I'm doing
19 is seeing --

20 MR. KING: I'm kind of like you, Tom.

21 MR. MOSER: That's a big increase.

22 MR. KING: If we're not going to use it --

23 MR. COWDEN: If we're not using it, yeah.

24 MR. MOSER: Let's don't budget it.

25 MR. KING: Let's don't budget it. If, year after

16

1 year, we're not using it, I don't see why you put \$10,000
2 there. We're going to use 6,000 or 7,000, something like
3 that, unless we're going to -- unless we see something -- I
4 mean, and it's -- since it's a yearly budget, we can -- it
5 looks like if we -- you know, we use nine -- if we use -- if
6 we did budget it at 8,000 or something like that, if we use,
7 you know, 8,000 -- 7,995 the next year, we can add a little
8 bit to it, or at least review the -- review what we've spent
9 that money on and stuff like that.

10 MR. McKENZIE: Sure.

11 MR. WALTERS: Would you feel -- I mean, do you want
12 to go ahead and propose a change here and take it from 10 to
13 7?

14 MR. MOSER: Let's just pencil in something, yeah.

15 Let's just pencil in 7.

16 MR. KING: How about 7,500?

17 MR. MOSER: Okay, 7,500. That's a 50 percent
18 increase over actual in 2010. That's pretty darned big. Let
19 me go back to Page 1, if I may, just for clarification.

20 Maybe Jeannie needs to answer this for me. In 2010, the top
21 portion, when I look at the revenue of 993,000 --
22 MS. HARGIS: Mm-hmm.

23 MR. MOSER: -- why did -- how it could jump from
24 524 to 993?

25 MS. HARGIS: That was the water line and the --

1 MR. MOSER: Okay, that's capital. That's capital.

2 MS. HARGIS: Those are not my books.

3 MR. MOSER: Okay.

4 MS. HARGIS: This is the way they were set up, and

5 so I had to show you the actual --

6 MR. MOSER: So, the answer is that's capital.

7 MS. HARGIS: Capital.

8 MR. MOSER: Okay, so we take that out. All right.

9 MS. HARGIS: And the actual amount that was really

10 put in in that particular year was 315.

11 MR. MOSER: So, we don't -- so we don't know what

12 our revenue -- total intergovernmental revenue was in 2010?

13 MS. HARGIS: Yes. Yes, we do.

14 MR. MOSER: What is it?

15 MS. HARGIS: It was -- the County's contribution

16 was 315,892.

17 MR. MOSER: Mm-hmm.

18 MS. HARGIS: And the City's contribution was

19 105,297.

20 MR. MOSER: Which is a total of?

21 MS. HARGIS: I didn't total it up.

22 MR. MOSER: About 420,000. Okay. So, it was -- it

23 was a significant reduction from 2009, and a little bit more

24 than 2000 --

25 MS. HARGIS: Eight.

1 MR. MOSER: All right. Thank you, Jeannie. Now I

2 understand, okay.

3 MR. KING: And we're -- I would assume on our

4 management contract, they're proposing the same number?

5 MS. HARGIS: Yes.

6 MR. KING: Same number? Okay. All right, okay.

7 Local meeting expense, \$600.

8 MR. MOSER: Yeah. Maybe what we could do is -- is

9 -- is I've scanned that. I don't know if other people have.

10 We've got a question.

11 MR. KING: Tell me which ones you got a question

12 on.

13 MR. MOSER: I've got a question on land. It's 201.

14 MR. KING: 201?

15 MR. MOSER: Yeah.

16 MR. KING: How about the professional services?

17 MR. COWDEN: Let's do that one first. Why does

18 that need to be 25,000?

19 MR. KING: What's professional services?

20 MR. MOSER: Sorry.

21 MR. KING: Electrical service, architecture --

22 MR. MCKENZIE: Inspection, surveying, environmental

23 services and fees, as we're dealing with with Mooney right

24 now. Appraisal services. We use F & W Electric for

25 inspection and parts and labor. That's what the professional

19

1 service line item is for.

2 MR. KING: What did we spend last year? Nothing?

3 MR. COWDEN: Zero. Is that right?

4 MS. HARGIS: Mm-hmm.

5 MR. MOSER: And 5,000 the year before.

6 MR. KING: Definitely under budget on that.

7 MR. WALTERS: Three years ago, you spent 17,000.

8 MR. MCKENZIE: I try and keep that --

9 MR. KING: I tell you, I would -- and I understand

10 that. I think -- I think that I wouldn't mind keeping that

11 if we have a caveat that both -- both of our owners

12 understand that we have a huge contingent liability over

13 there with Mooney, and if we don't -- I mean, if we don't

14 have something in our budget in case something blows up over

15 there, I mean, we're -- we're within just -- you know, we're

16 within that far --

17 MR. COWDEN: Getting it all back.

18 MR. KING: -- of ending up with about 369,000

19 square feet of office space that is worth nothing. Literally

20 nothing. Not worth nothing; it's probably a million --

21 MR. WALTERS: A liability.

22 MR. KING: -- a million or million and a half

23 liability.

24 COMMISSIONER LETZ: I think that from a budget

25 standpoint, I think that's a City/County responsibility.

20

1 MR. KING: I agree.

2 COMMISSIONER LETZ: Not necessarily -- I can't
3 account for that in your budget. If something happens there,
4 we're responsible.

5 MR. MOSER: But I think what we may have to do is
6 deal with some legal things that -- and I think that what
7 you're talking about --

8 MR. COWDEN: Well, I think it needs to be clear in
9 the budget who's responsible for what over there.

10 MR. KING: Right. Right.

11 COMMISSIONER LETZ: But if -- if there's some
12 environmental issues that come out, --

13 MR. KING: Sure.

14 COMMISSIONER LETZ: -- that needs to be somewhere
15 in the discussion as a footnote in the budget, to me, as to
16 if that's going to come out of the budget, are we jointly
17 going to have to cough up more money to fund it?

18 MR. KING: I don't mind taking this out of the
19 budget, as long as both parties understand that if something
20 happens over there, something blows up over there, and all of
21 a sudden we're over there having to do an environmental
22 assessment of this thing immediately, you know, because --

23 COMMISSIONER LETZ: Right.

24 MR. KING: -- now we own it. You know, now we own
25 this thing. We know there's mold over there. I mean, we

21

1 know for a fact. There's one --

2 COMMISSIONER LETZ: Shhh.

3 MR. KING: Well, we know for -- I think for a fact
4 there's a lot there. There be could be some environmental
5 issues we do have to take on, and I just -- you know, as long
6 as you guys are -- y'all guys are on board with the fact that
7 if I come back to you guys wanting \$25,000 to go over here

8 and do --

9 MR. WALTERS: Environmental.

10 MR. KING: -- an environmental assessment if we get
11 this thing back at some point during the year, you know, I
12 don't -- I really would not -- I would rather -- two options.

13 I will leave it in the budget, and it's there, and if we
14 don't spend it, --

15 MR. WALTERS: Great.

16 MR. KING: -- that's great. Or I go back to the
17 City and the County and I get in a big argument with them
18 over why we're going to spend \$25,000 at the airport -- I
19 mean, out at the airport for this. So, it's one of those
20 things I want to -- you know, what do you think about that,
21 Mike? I mean, what's your feeling on something like that?

22 MR. ERWIN: Outside of capital, we're committed to
23 give 175,000.

24 MR. KING: Right.

25 MR. ERWIN: So, if you've got between 175 from the

22

1 City and 175 from the County, and then you've got additional
2 revenue over and above that on the revenue that comes in
3 through the terminal, then I think y'all need to handle it.

4 MR. WALTERS: If I can make a comment, I think we
5 leave it in.

6 MR. MOSER: Yeah, I do too. Yeah, leave it in. I
7 agree.

8 MR. KING: Cookie in the jar. Better not --

9 MR. WALTERS: Take it out.

10 MR. KING: -- take it out.

11 MR. MOSER: Okay.

12 MR. KING: We'll leave it in.

13 COMMISSIONER LETZ: I'd still put a footnote in the
14 budget about it.

15 MR. MOSER: I think a footnote's a perfect plan.

16 MR. KING: We'll put a note in there so the City
17 and County knows why, so -- why it's in there. I just don't
18 want someone coming up and saying, "Y'all didn't spend that
19 year last year at all; why do you still have that?" You

20 know.

21 COMMISSIONER LETZ: You might say it may not be
22 enough.

23 MR. MOSER: That -- Jonathan, that's the major
24 point. We put a footnote in there that even with that amount
25 in the budget, that we're not planning on unanticipated

23

1 contingencies associated with the Mooney facility.

2 MS. BAILEY: That's why it's important for it to be
3 in the professional services category, because what you're
4 saying with that is that may be assessments and analysis and
5 getting professional review.

6 MR. MOSER: There you go.

7 MS. BAILEY: If there's a fix to be done, that's
8 the owner's responsibility, and not the board's.

9 MR. McKENZIE: Okay.

10 MR. KING: That's a good point. We'll just do
11 that.

12 MR. MOSER: Land. Let's see, \$47,500 for land.
13 And in 2010, we had 30,000, so there again, we got a 50
14 percent increase. And in looking at previous years --

15 MR. KING: Where are you at?

16 MR. McKENZIE: It's 201.

17 MR. KING: What's that?

18 MR. McKENZIE: That is specifically for our mowing
19 contract. We maintain this 500 acres with that.

20 MR. COWDEN: That contract is 47,5?

21 MR. McKENZIE: Yes, sir. Well, we allow that -- he
22 gets \$5,500 a cycle, every time. Wet years, we mow a lot.
23 Dry years, we don't.

24 MR. MOSER: Okay.

25 MR. McKENZIE: That is in there to keep this

24

1 airport aesthetically pleasing to the public and to keep it

2 cleaned up.

3 MR. MOSER: Help me --

4 MR. COWDEN: You're looking at -- now,

5 historically, it's never been that high.

6 MR. McKENZIE: That's correct.

7 MR. MOSER: That's the problem I have.

8 MR. COWDEN: We could make it 30, or 25.

9 MR. McKENZIE: I'm just trying to cover my bases.

10 MR. KING: Why is it high? I don't understand why

11 it's gone up so much.

12 MR. COWDEN: He's expecting it to be a wet year

13 next year.

14 MR. KING: So, you're forecasting rain?

15 MR. McKENZIE: No, I'm trying to protect my -- if

16 we get to a point and it does rain, and I don't get it mowed,

17 and Tom calls me and says, "Why is the grass growing over the

18 fence?" I don't want to say, "I don't have any money." I've

19 got to -- I'm trying to just make sure we've got enough money

20 to keep the airport mowed.

21 MR. MOSER: But I think a 50 percent increase is

22 too much, Bruce, 50 percent over '9-'10.

23 MR. WALTERS: It's the same thing as --

24 MR. McKENZIE: Same thing it's always been.

25 MR. MOSER: I know, but it jumped from '10 to '11

25

1 by 50 percent.

2 MR. COWDEN: If you annualize what we did last

3 year, that's only about 20,000.

4 MS. DEJOHN-ERMEY: The mowing contract is going up

5 this next year. We've signed a new mowing contract with

6 Corey.

7 MR. KING: With what? Y'all signed a new one with

8 him?

9 MS. DEJOHN-ERMEY: Yes.

10 MR. McKENZIE: We signed a new contract; the board

11 approved it. Next year it's going to be a little bit more

12 than it was this year.

13 MR. MOSER: We need to look very hard at a 50

14 percent increase in mowing.

15 MR. KING: What's it cost a month, \$5,500 a shot?

16 MR. McKENZIE: A cycle now.

17 MR. KING: That would be nine mows?

18 MR. MOSER: No way.

19 MS. DEJOHN-ERMEY: The new amount is 7,400 or

20 7,200; I can't remember offhand.

21 MR. KING: Per mow?

22 MR. McKENZIE: A cycle.

23 MR. KING: From 55 to 75?

24 MR. McKENZIE: Yes. 'Cause that contract was eight

25 years old.

26

1 MR. KING: We bid that?

2 MR. McKENZIE: Yes.

3 MR. WALTERS: We did.

4 MR. McKENZIE: We bid it out, the board approved

5 it. I brought everything in.

6 MR. KING: Man, I wish we could get somebody else

7 to bid on that.

8 MR. McKENZIE: Because that was an eight-year-old

9 contract. Equipment's gone up. Fuel's --

10 MR. KING: No, I understand.

11 (Low-voice discussion off the record.)

12 MR. COWDEN: So, it was 5,500 then.

13 MR. McKENZIE: Yes.

14 MR. COWDEN: So that was five -- six cycles.

15 MS. DEJOHN-ERMEY: Per-mow in the contract is

16 7,537.50.

17 MR. KING: Per mow?

18 MS. DEJOHN-ERMEY: Per mow. And so far this year,

19 we've mowed once.

20 MR. KING: Yeah, I was going to say.

21 MR. COWDEN: Six cycles.

22 MR. McKENZIE: If we mow six times a year, that's

23 \$45,000.

24 MR. MOSER: Six cycles, that's every --

25 MR. KING: Two months.

27

1 MR. MOSER: Yes, but in winter you don't mow it.

2 MR. MCKENZIE: We start mowing usually the end of

3 March, first of April.

4 MR. KING: Historically, how many times -- what's
5 the most he's ever mowed, when we had all the -- when
6 everything was --

7 MR. MCKENZIE: Six.

8 MR. KING: Six times? That was during --

9 MR. MCKENZIE: That was max.

10 MR. KING: That was the big flood?

11 MR. MCKENZIE: '98. Yeah, I think it was that --
12 when we had the rain -- I mean, I'm sorry --

13 MR. MOSER: 2002.

14 MR. MCKENZIE: Back the first part of the decade.

15 But usually -- we've never mowed over six cycles.

16 MR. MOSER: So, six times seven is 42.

17 MS. HARGIS: Six cycles is 45,225.

18 MR. COWDEN: Five cycles is 37,5.

19 MR. MOSER: Make it 40,000.

20 MR. KING: One thing I got from Mike a while ago
21 was that we don't do ourselves a whole lot of good if we cut
22 the budget below our --

23 MR. COWDEN: 350.

24 MR. KING: -- 350, including revenues.

25 MR. COWDEN: We're already there, aren't we?

1 MR. KING: Mike, you -- from the City's point of
2 view, you would rather us be realistic -- very realistic, in
3 that you really would not like us to be under the budget --
4 under what you're -- if we come up with -- we only need
5 165,000 from the City and the County with this brand-new
6 budget we're about to come up here with, proposed, and you
7 guys fund 165 a piece, let's say we save you some money; then
8 we come back to you and say, "Hey, we need 10 more." That's
9 not going to be a real fun deal, huh?

10 COMMISSIONER LETZ: Correct.

11 MR. ERWIN: Correct, for both sides. Because we'll
12 take --

13 MR. KING: 'Cause you're budgeting, and you're

14 like, "This is now a problem." Okay.

15 MR. ERWIN: If I could give y'all a heads-up, we're
16 about -- right now, we're at a balanced budget with no tax
17 rate increase for the City.

18 MR. KING: Right.

19 MR. ERWIN: Funding y'all 175. If y'all come back
20 for that, that's got to come out of someplace else.

21 MR. KING: And the dollars have already been spent.

22 COMMISSIONER LETZ: Well, it's budgeted.

23 MR. KING: If you don't budget it here, you're
24 going to budget it somewhere else.

25 MR. ERWIN: Yes.

29

1 MR. MOSER: Let me ask Bruce a question. Bruce, in
2 here -- and I didn't see it, but is there a management
3 contingency in here of some percentage?

4 MR. WALTERS: There is.

5 MR. COWDEN: Twenty, that's right.

6 MR. MOSER: Where's that? I'm sorry.

7 MR. COWDEN: 507.

8 MR. MOSER: Oh, there it is right there,

9 contingency right there. Contingency, 20,000.

10 MR. COWDEN: We need to have plenty in there.

11 MR. MOSER: 20,000 is a percentage. That's not a
12 very high percentage. That's -- that's 600,000. 600,000, 20
13 percent --

14 MR. COWDEN: Six percent of 350.

15 MR. MOSER: Six percent?

16 MR. COWDEN: Of 350.

17 MS. HARGIS: About 5 percent.

18 MR. MOSER: See, contingency ought to be -- if we
19 -- if we're kind of cutting everything back, contingency
20 ought to be 10 percent or something like that, to give
21 flexibility within the thing. We'll get to that in a minute.

22 I'm sorry.

23 MR. KING: So, Jeannie, what you were saying was we
24 come up with -- if we -- if we just didn't do anything today,
25 we say, "Hey, 357,425 looks pretty good," the upshot for that

1 is we would end up \$9,000 --

2 MS. HARGIS: Up.

3 MR. MCKENZIE: That's correct. It's more than that
4 now.

5 MS. HARGIS: Page 4 of 6, your total budget right
6 now is 552,373.

7 MR. KING: Yeah.

8 MS. HARGIS: And based on the revenue -- and we
9 have looked at those leases really good to make sure that's a
10 good number.

11 MR. KING: I don't think we need to cut it. I
12 think we need to be moving money.

13 MR. MOSER: Let me make sure that we don't have
14 a -- Jeannie, something doesn't pass the "look right"
15 criteria to me.

16 MS. HARGIS: Okay.

17 MR. MOSER: We have a -- we have -- we've reduced
18 our revenue.

19 MS. HARGIS: Yes.

20 MR. MOSER: Significantly.

21 MS. HARGIS: Yes.

22 MR. MOSER: We have big increases in a lot of line
23 items. How do we have a surplus? What -- I'm missing
24 something. I'm missing --

25 MR. COWDEN: Total revenues is --

1 MR. MOSER: I know, but I'm missing something just
2 at the top level. I'm just --

3 MS. HARGIS: If we -- I'll do a little bit of a
4 history lesson here. If you'll go to --

5 MR. MOSER: What did we delete? What did we delete
6 in expenses?

7 MS. HARGIS: Go to Page 3 of 6.

8 MR. MOSER: Okay.

9 MS. HARGIS: And go to the management contract,
10 line number 307.

11 MR. MOSER: Okay, got you.
12 MS. HARGIS: There's \$100,000 you deleted when you
13 signed on.

14 MR. MOSER: Uh-huh, okay. Okay. All right. That
15 was the question I was looking for, okay.

16 MS. HARGIS: You can see that's actually even less
17 than 100 if you go out, say, to 2008, see what it was then.

18 MR. MOSER: Yeah. Okay, so that's the difference.
19 You just answered my question. You just answered my
20 question, thank you.

21 MS. HARGIS: The other items are really pretty much
22 in line with what you budgeted the prior year.

23 MR. MOSER: Right.

24 MS. HARGIS: So, you're not really increasing your
25 budget. You're really --

32

1 MR. MOSER: Okay. Well, you answered my question;
2 \$100,000 less is what -- is the reason we have a surplus.

3 MS. HARGIS: We have 100,000 less than cost, so
4 that's the reason why we can go --

5 MR. MOSER: Okay. Let me see.

6 MS. HARGIS: 'Cause, remember, City and County only
7 funds what the difference is between the revenue that you
8 bring in.

9 MR. KING: Right.

10 MS. HARGIS: So, if you have a budget of 500 and
11 you've got income of 300, we'd only fund 200.

12 MR. KING: Okay.

13 MR. MOSER: Okay.

14 MR. MCKENZIE: We're --

15 MR. KING: What?

16 MR. MCKENZIE: In light of what Tom said -- and
17 this is a draft budget; he's -- he's correct. But as I
18 crafted our operating budget, knowing full well that we would
19 be \$50,000 less than we were, I took that into consideration
20 as I crafted this. We're still in the black. If we don't
21 cut anything, we're still in the black. This says \$9,200,
22 but as of yesterday, we're in the black now about \$15,000,

23 because we just signed on -- we started a new hangar out
24 here, and he's paid his yearly thing, so that's another 5,000
25 in here. So, if we don't touch anything, we're still in the

33

1 black as Jeannie has reflected in this budget comparison,
2 plus it increased yesterday by 5,000 when George gave me his
3 check for hangar rent. So, if we don't -- just for the
4 board's knowledge, if we don't touch this operating part,
5 we're in the black.

6 MR. KING: Okay.

7 MR. COWDEN: I think we're just talking about
8 moving some numbers.

9 MR. MCKENZIE: I just wanted y'all to understand
10 that, so we don't have to -- if we pencil-whip every one of
11 these, I mean --

12 MR. KING: No, I was -- there's a few of these that
13 I don't think are enough, is what I'm getting to. What I'm
14 talking about is -- is what -- do you have any more before I
15 go on?

16 MR. MOSER: Yeah, I do, on instruments and
17 apparatus on Page 2.

18 MR. KING: Instruments and apparatus.
19 MR. MOSER: Yeah. It's still -- Bruce, I'm looking
20 at previous years, and we went from 7,500 in 2001 to an
21 estimated 12,500 in 2012.

22 MR. COWDEN: 205.

23 MR. MOSER: Fourth from the bottom. So, that's --
24 again, I'm back to just looking at trends. That's a huge
25 increase.

34

1 MR. MCKENZIE: Okay.
2 MR. MOSER: What's the reason there?
3 MR. MCKENZIE: This year alone -- I'm sorry.
4 MS. DEJOHN-ERMEY: We actually decreased that.
5 This last year, it was approved for 17,000, and we've --
6 MR. MOSER: That's the budget.
7 MS. DEJOHN-ERMEY: Right.

8 MR. MOSER: I'm looking at actuals.

9 MR. KING: 2010 was 7,500, I think is what he's
10 saying.

11 MR. MOSER: Yeah. I mean, we went from 900 to
12 8,000 to 7,500, and now we're up to 12,000.

13 MR. COWDEN: Well, maybe -- I thought maybe it had
14 to do with something specific.

15 MR. McKENZIE: We put that in specifically for
16 things that crop up that I'm not aware of that I'm going to
17 have to deal with during the year. For example, we are going
18 to put REIL's in, runway end identification lights. That's a
19 \$40,000 project. I have grant money to pay for that.

20 MR. MOSER: That's a capital improvement.

21 MR. McKENZIE: I'm just giving you an example here.
22 With that, I've got to put an \$8,000 transformer in out here
23 to make that work. That's instruments and apparatus. I keep
24 that funding for things specifically like that, for telemetry
25 that we may have to do that's unbeknownst to me at the first

1 of our fiscal year.

2 MR. COWDEN: Is that enough, then?

3 MR. McKENZIE: Well, I have 4,000 -- well, I'm
4 going to take that out of this year's.

5 MR. COWDEN: Okay.

6 MR. McKENZIE: But just things like that. I mean,
7 I'm trying to pack it a little bit.

8 MR. MOSER: When I see things that look like just
9 all of a sudden -- whoa.

10 MR. McKENZIE: I understand. But that's an
11 example.

12 MR. MOSER: That's the reasonableness test.

13 MR. McKENZIE: The smell test, yeah.

14 MR. MOSER: Not saying the bottom line's not good,
15 but, you know, if you play like you want to read about it in
16 the headlines of the paper, you know, "Airport increases
17 apparatus budget by 50 percent," you know --

18 MR. McKENZIE: I understand.

19 MR. MOSER: That doesn't -- that's not the kind of

20 thing I want to read.

21 MR. KING: Okay. Like that item, that small tools
22 and equipment. We budgeted 2,000 last year -- we budgeted
23 1,000 last year. In 2010, we used 523, and we've already
24 used 4,453.

25 MR. McKENZIE: Here's exactly why. We were under

1 the auspices of the city management contract. If I needed
2 anything, I just picked up the phone. In this transition,
3 they -- they told us -- it was great, but there was a
4 thousand things that we need to go get this and that, and --
5 we go to Gibsons and Lowe's all the time. That -- that's
6 what that's for.

7 MR. KING: So, you're anticipating that the -- the
8 tsunami is over with, and by this time next year, it's 2,500?

9 MR. McKENZIE: Yes, sir, I'm hoping. 'Cause we hit
10 a real -- it ebbed and flowed, and that's when it flowed.

11 MR. KING: Okay. I'm hoping, too. How about on
12 that fuel oil and supplies -- fuel and oil supplies? Same
13 deal?

14 MR. McKENZIE: That's exactly right. We had --

15 MR. KING: Budgeted 1,340 and already spent 2,200?

16 MR. McKENZIE: Because of gasoline. We're running
17 lawnmowers now that we operate, another vehicle, and all of
18 our string trimmer equipment and chainsaws.

19 MR. KING: Okay. Okay. What were we doing before
20 on that? Who was paying for that before?

21 MR. McKENZIE: The City was. If I needed something
22 cut, they would come out and take care of it.

23 MR. KING: All right, go ahead. I'm going to go
24 ahead and ask this question before it comes; it's getting
25 ready to come. Why should this not be included as part of

1 the management contract, or at least an addendum to the
2 management contract when we're figuring what the cost of the
3 management contract is? I'm sure that's a question that you
4 have, Mike.

5 MR. ERWIN: I'm just going to take what y'all give
6 me back to my Council.

7 COMMISSIONER LETZ: I think it's --

8 MR. ERWIN: We got a couple of questions.

9 MR. KING: I'm just trying to avoid a question
10 which I know is getting ready to come up in about a week.

11 Is -- is there a possibility that we should look to get a

12 true -- a more -- some of the these items like that, like

13 that item right there, I'd like to put that in a column over

14 here. That's like -- who was paying for that before? And

15 now we're paying for it. So --

16 COMMISSIONER LETZ: I think part of that, though,
17 is -- and I don't disagree.

18 MR. KING: There's a lot of fudge. There's a lot

19 of --

20 COMMISSIONER LETZ: But the other part of it is,
21 more work's being done than was being done before, so
22 there's -- there was a lot more --

23 MR. KING: I agree.

24 COMMISSIONER LETZ: I mean, the City was kind of
25 doing what was necessary. That was the whole management

1 contract. New people are out here under the management
2 contract; they're doing more maintenance, which is using a
3 lot more, so it's -- and I'm not saying it shouldn't be under
4 the management contract.

5 MR. KING: I'm not saying that either. What I'm
6 saying is we should -- we should identify those costs in this
7 budget and make it very clear that there are some costs that
8 we've taken on ourselves that were not in the management
9 contract that there was -- that -- that the City was
10 providing that is now not provided, and there are -- if you
11 had a \$158,000 management contract, you had \$5,000 worth of
12 stuff that we took on ourselves, then the management contract
13 is actually 162,000.

14 COMMISSIONER LETZ: Right.

15 MR. KING: For the overall management contract.

16 So, I mean, I think we should identify that so that we're

17 fair to the City, to our owners, so that they -- they don't
18 come up and go, you know, "This really isn't right." You
19 know, it's not that -- and -- but, I mean, it's all capped
20 off by the fact that the management contract is \$100,000
21 cheaper than it was, so, you know, there's a lot of fluff in
22 there.

23 MR. MOSER: Yeah.

24 MR. KING: Yes, Mike?

25 MR. ERWIN: With that point, then, shouldn't the

39

1 maintenance and operating be \$100,000 less than it was, say,
2 in '10? If the -- if the management contract, when y'all --
3 when you got the County's quotes --

4 MR. KING: Right.

5 MR. ERWIN: -- came in 100,000 less. And I
6 completely understand looking at what's the best cost.

7 MR. KING: Sure.

8 MR. ERWIN: 'Cause we're doing the same thing. But
9 then doesn't it make sense that if the maintenance contract
10 was cut by 100,000 by going to the county, then shouldn't the
11 maintenance and operating budget be 100,000 less? Or at
12 least 80,000 less?

13 MR. KING: I think, maybe -- I always use that
14 100,000, but I don't think it was -- what was the difference?

15 MR. McKENZIE: 92,000.

16 MR. ERWIN: Okay. So, shouldn't we see at least a
17 \$70,000 --

18 MR. McKENZIE: It will never work. That's not
19 even --

20 COMMISSIONER LETZ: This is a topic that --

21 MR. McKENZIE: That might work on --

22 COMMISSIONER LETZ: -- the County would like to
23 visit with the Board and the City about on the management
24 contract, because I think the management contract has always
25 been hard to do. My personal view of --

40

1 MR. MOSER: Never did an apples-to-apples.

2 COMMISSIONER LETZ: -- the things that should be in

3 the management contract should be changed.

4 MR. MOSER: See, what would --

5 COMMISSIONER LETZ: Let me finish.

6 MR. MOSER: Okay, I'm sorry.

7 COMMISSIONER LETZ: Things like the H.R. function,

8 the payroll function, the insurance, all of that stuff is

9 a -- the management contract function, to me.

10 MR. KING: Mm-hmm.

11 COMMISSIONER LETZ: It would make more sense, and

12 probably be cheaper for both the City and County if the two

13 county employees we've assigned out here came directly under

14 your budget; you paid for all the stuff related to that, and

15 then the -- it would be more of a true picture. And the

16 management contract, how it -- where it got -- well, the City

17 had it originally, and it fit 20 years ago. It didn't fit

18 too good 10 years ago. Five years ago, it got worse, and the

19 longer it went, it got worse, just because of the

20 relationship, what was going on at the airport. I think I'd

21 like to visit with the City about -- let's look at the

22 management contract. Is that the most efficient way for the

23 airport to operate? If the agreement is yes, well, then we

24 go back and we look at these numbers, and I would agree that

25 these numbers should go into a management contract, you know.

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1 I think if it's -- the answer is no, those employees are --

2 it probably makes more sense to let them -- they're out here

3 full-time. They're technically really working for Bruce.

4 Why not put them on the payroll as airport employees? And

5 they're --

6 MS. BAILEY: Budget reason. But I think,

7 certainly, operationally, I agree with Jonathan. I think

8 that --

9 COMMISSIONER LETZ: It needs to be looked at. I'm

10 not saying -- it's just my idea. The Court hasn't looked at

11 this. We haven't really discussed it. I think that there

12 would probably be a savings, because when the City had it,

13 you have to build in a contingency for a lot of unknowns, and

14 the airport is building up its own contingency. That is --
15 now, the management contract always had a contingency. Now
16 the airport budget has a contingency. That's two
17 contingencies. I mean, it's unnecessary that way. I think
18 that, long term, it's going to be a lot cheaper if we can
19 simplify the whole operation out here and put more and more
20 under the direct authority of the Airport Board.

21 MR. MOSER: I think the management contract needs
22 to clearly have a -- a specific set of requirements that it
23 doesn't have now. That probably needs to be rescoped
24 somewhat the next time we have a management contract. We
25 need -- and help me, Bruce, remember here, but we -- we had a

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1 scheduling problem; we couldn't go back and redefine all this
2 stuff, go back and get additional bids last time.

3 MR. McKENZIE: That's correct.

4 MR. MOSER: And we said next time we will have a
5 definitive set of requirements with which to get bids.

6 MR. McKENZIE: Delineated.

7 MR. MOSER: I think some of the stuff that Jonathan
8 has there is the kind of stuff that ought to be in it.

9 COMMISSIONER LETZ: Next year it can stay the same.

10 I think we need to set a goal of where we're trying to get to
11 long term with the airport.

12 MR. MOSER: Right.

13 MR. WALTERS: I don't want to jump off too much on
14 that subject, but, I mean, is there a liability and an
15 insurance cost consideration that the airport should look at,
16 that those people are better suited under the county, or if
17 it -- the contract were to go to the City, as city or county
18 employees rather than employees of the board -- of the
19 airport?

20 COMMISSIONER LETZ: Well, it passes -- I mean,
21 there is a -- is some issues on employment now. Who's on --
22 who works for who? Who's getting direction from who, and all
23 this stuff. I think Ilse brought that up at one point; I
24 know Rob has to the County. But I think the -- you know, we
25 have to account for it in our management contract, those

1 overhead-type costs. The City had to account for people
2 being out here getting injured and all that under workman's
3 comp rates and all that. So, it's in there either way, and
4 it's being split somehow either way. It's a lot cleaner to
5 me if the workers comp insurance for Bruce, Laurie, and the
6 two other workers out here at the airport -- we know what the
7 workers comp cost is for the airport, rather than have it as
8 an estimate in the city budget or county budget, which then
9 gets put into the contract. So, I don't know -- I don't know
10 that it changes the dollars that much. It certainly makes it
11 a lot easier to track. There's certain functions, like it
12 makes no sense for -- you know, like the accounting function.
13 I mean, clearly, whether you choose to use the City, the
14 County, or a third party, it's a lot more efficient for the
15 Airport Board, for the -- for that type of a function, to --
16 to, you know, source that out somewhere. But I just think
17 it's the -- I just think it's cleaner for the airport to be
18 autonomous. That's -- the County's goal for years has been
19 to get it as autonomous as it could. That's why we developed
20 the management contract that had employees, even though the
21 county employees report to Bruce, to let the airport run.
22 And I think the next logical step in that is to get those
23 employees into the airport. Whether it's this year or five
24 years from now, that's something for the City and the County
25 to work out.

1 MR. HENNEKE: And whether it's worked out as it was
2 in practice, this is -- well, the issues we're talking about
3 today are kind of the evolution of the concept that was put
4 in place last year when Bill Williams was still here. When
5 we were negotiating this contract, the -- the discussion
6 specifically was, you know, okay, we take two employees; we
7 put them out here under -- under Bruce. We go out and we buy
8 all the tractors and weedeaters and lawnmowers, and we buy
9 the equipment and we give it to you. And then, you know, if
10 we need weedeater string --

11 COMMISSIONER LETZ: Didn't give it; we put it out
12 here.

13 MR. HENNEKE: We get the people, we get the
14 equipment, we put it out here. And the question was, what
15 happens if we need weedeater string? The answer last year
16 was y'all would go buy it. Now, because you have the people,
17 you have the equipment. If there's a major breakdown of
18 something, then, you know, those repairs will be different.

19 But, like, the day-to-day --

20 MR. MOSER: The marginal costs.

21 MR. HENNEKE: The marginal stuff.

22 MR. COWDEN: Service -- routine service.

23 MR. HENNEKE: Were going to be handled out here,
24 because that's where all the resources were.

25 MR. KING: Mm-hmm.

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1 MR. HENNEKE: So y'all wouldn't have to go through
2 county purchasing to go buy, you know, a chainsaw blade,
3 whatever. So, we're seeing how it works the first year,
4 but -- and this is kind of how the discussions went when this
5 was put into effect.

6 COMMISSIONER LETZ: The reason for a management
7 contract is that -- where that comes in, what if there's a --
8 a big pothole that develops over here, like we just had not
9 too long ago? Someone needs to fix it. That's kind of in --
10 it's in our budget. We just come out here and fix it.

11 That's -- there's no billing going on. That makes sense.

12 There's history; you know, the County can figure it out, City
13 can figure it out, or a third party can figure out about what

14 the repair costs on that stuff's going to be out here. It
15 can either be done and protect the Airport Board -- it's
16 being done now as part of the management contract. As the
17 airport builds up in contingency, it can go into contingency

18 to be done. And -- you know, and that may be a long --

19 long-term way to do it. I mean, reality is, most of the
20 runways and a lot of the infrastructure is brand-new. There
21 shouldn't be a whole lot of repairs out here on roadways and
22 things. Well, the road's being -- I guess will be redone.

23 So, you know, I think that's just a direction as to, you
24 know, how to do it. I think it's probably more
25 cost-effective for both the City and the County to put 20,000

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1 a year into a contingency fund out here and leave it there,
2 and get -- and move a lot of the stuff out of the management
3 contract.

4 MR. KING: So, if I'm understanding you, are you
5 saying that eventually, as a long-term plan, that there would
6 be no management contract?

7 COMMISSIONER LETZ: I think there would be sort of
8 a management contract for certain functions.

9 MR. KING: That's also what -- I mean, I think as a
10 part of this budget, I think we should probably look -- at
11 some point during the year, we need to look at -- at least
12 look at what we're actually -- in this management contract,
13 what we're -- what services are being provided out here.
14 Let's look and see what service is being provided here that
15 we -- that those two guys are not providing. Those two
16 guys -- I mean, how much outside -- outside services are
17 actually coming into the airport?

18 COMMISSIONER LETZ: And I guess, as an example --
19 and I know the City -- this was the same argument the City
20 had. It's one reason I was always so irritated with the
21 management contract over there. We put in our budget, I
22 don't know, roughly -- in the management contract, \$20,000,
23 say, for Road and Bridge to come out here and do work. I
24 don't know how much they've been out here, but I'm pretty
25 certain we haven't spent \$20,000 worth of Road and Bridge

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1 time out here this year.
2 MR. KING: Yeah. Yeah.
3 COMMISSIONER LETZ: But, you know, it didn't make a
4 big difference, 'cause we paid 100 percent of it, so it's
5 kind of -- anyway, to do contingency out here, all of a
6 sudden, now we have a fifty-fifty partner paying for it. And
7 this -- the City will now be paying \$10,000 for something

8 that didn't need to be spent. And we did the same with the
9 City previously, which is -- our big argument is that you
10 have to budget for it if it's in a management contract.

11 MR. KING: Right.

12 COMMISSIONER LETZ: But if it doesn't get spent,
13 the person that has the management contract gets a big
14 windfall.

15 MR. MOSER: Right.

16 COMMISSIONER LETZ: This year, it -- you know, I
17 won't say it's big. It will be maybe a \$10,000 windfall on
18 the management contract. Other years, it's been other
19 amounts. Some years it could be negative. But I think if
20 you -- those need to be budgeted for, I think.

21 MR. KING: No, I agree. That's the -- well,
22 that's -- I mean, I think that's -- I think that's good for
23 the City and the County if we can figure. Plus it also -- I
24 think it gives the City a chance, that when we -- if we want
25 to rebid this contract, you guys can stick two guys from the

1 city out here just as easily as the County can stick two
2 guys, right?

3 MR. ERWIN: Yeah. If we chose to bid it.

4 MR. KING: If you chose to bid it. That's what I'm
5 getting at. If you chose to bid under the parameters of what
6 -- I mean, I think the one thing you have -- one thing I will
7 say for the management contract is, the way -- the way it's
8 set up with the two employees out here, it works great. I
9 mean, it's a -- just a very, very good system. I mean,
10 it's -- I think that the airport looks great, as good as it
11 ever has, and we have instant availability -- instant
12 availability to people to fix things and do stuff. And,
13 anyway -- so, I mean, I think -- but I think we should look
14 at this management contract and try to find out.

15 MR. MOSER: I mean, I think any time you enter into
16 a contract with someone for \$158,000, we need to look at it
17 and see what we're actually spending. You know, how much
18 money you guys are making off this contract over and above --
19 you know, there's -- like you say, the Road and Bridge deal.

20 Let's look at it and see if we couldn't eventually -- maybe
21 some of this stuff, take it in-house, and then contract --
22 contract for the services. Like, you know, we don't have a
23 dump truck, a dump truck and a paving crew. We don't have
24 something like that. But, I mean -- but the whole goal being
25 to try to operate it as cheap as we can to try to save as

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1 much money as we can out here on the -- on the management
2 contract.

3 COMMISSIONER LETZ: You can also -- I don't want to
4 get too much off into, you know, the specific budget, but you
5 can also put in there a -- rather than bid an amount on the
6 management contract, bid an hourly rate for a dump truck,
7 hourly rate for this. That way, it's -- you know, I'm --
8 giving the airport more and more control over this, I'm for.
9 To me, get it out of the management contract, put it into
10 your authority, that's better.

11 MR. KING: You guys are like the middleman,
12 basically.

13 COMMISSIONER LETZ: Yeah, I think that's -- yes, I
14 think it's better for the employees to work for the airport.
15 I don't think they should be in a management contract. It
16 would be more efficient for them to be here. Under some of
17 the -- the handling of the payroll, yeah, clearly, whether
18 the City or County or third party.

19 MR. KING: Right.

20 COMMISSIONER LETZ: That makes a lot of sense. You
21 don't need to set up a payroll system.

22 MR. KING: All right. Well --

23 MR. WALTERS: The down -- I'm sorry, go ahead.
24 MR. KING: Getting to my point, I think we do need
25 to go -- we need to look through this thing at some point,

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1 Bruce; look through the budget and -- and identify the parts
2 of this budget that are -- that were in the management
3 contract before, were in the old management contract, and now
4 they're not in the old -- not in the new management contract,

5 and we're paying for them out of pocket, so I can just -- I
6 mean, I want to have that number straight up and everything
7 so we know what it is, in case it's ever brought up to us.

8 COMMISSIONER LETZ: I think it's probably too late
9 to do a big change this year.

10 MR. KING: No, I agree.

11 COMMISSIONER LETZ: I think this is why we -- I
12 didn't really want to bring a lot of this up, 'cause --

13 MR. MOSER: But it's a good --

14 COMMISSIONER LETZ: It's good to discuss it, you
15 know, during the next year, and then for the --

16 MR. KING: Sure.

17 COMMISSIONER LETZ: -- 2012-2013 budget, it would
18 be a good thing to work on before as to what needs do we want
19 to -- yes, we do want to look at it.

20 MR. MOSER: It's a good thing to have as we discuss
21 the budget proposal, too, with the City and the County. You
22 know, this is --

23 MR. KING: Yeah.

24 MR. MOSER: "This amount of money was increased
25 because of..."

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1 MR. KING: Right. Right.

2 MR. MOSER: Yeah, as a block.

3 MR. WALTERS: My concern is when you go to start
4 doing the things you're talking about, taking items out of
5 the management contract and giving them to us, then you kind
6 of open the door for things that are hard, from what I get --
7 hear from Mike, for them to expect. They've said, "We've
8 allocated this amount of money, and that's what we're going
9 to give you." Well, as long as we stay within that, then

10 they're pretty happy. But all of a sudden, if you say, "Hey,
11 we -- you know, we saved you \$30,000," but then the next year
12 we overspent \$45,000, and we as a board get very -- we get
13 scrutinized. "Why did y'all go over?"

14 MR. HENNEKE: Corey, I think y'all do get a lot

15 more specific if we do some of that. I mean, two-thirds --
16 60 percent of the management contract is the cost of the two

17 employees. You know, we'll look at it. You know, if you
18 pull that out and just make those employee line items
19 additional employees in the airport, all of a sudden the
20 total package of the management contract is a whole lot less
21 right there. And then -- then, when you start breaking that
22 out into budgeting for -- for -- well, whatever the number is
23 for gas or -- I think you get a lot more precision if you
24 start looking at services on an hourly basis or whatnot.
25 There's just a lot more specificity than this big, nebulous

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1 \$250,000 number -- \$158,000 number.
2 MR. KING: Yeah, right.
3 MR. HENNEKE: I should be able to quantify every
4 single thing. If it makes sense to do, you know, in-house,
5 like having the people be y'all's, or buying the lawnmower
6 and having it be out here, --
7 MR. KING: Yeah.
8 MR. HENNEKE: -- do that. But if it's something
9 like cutting the payroll check or managing the insurance --
10 MR. KING: Right.
11 MR. WALTERS: That's true. But, I mean, at the
12 same time, I mean, we're not -- we're not a company out here;
13 we're not showing up for work here every day, 9:00 to 5:00,
14 you know. Bruce is, but -- so when you start to take all
15 those -- some of those things --
16 MR. COWDEN: Outsourced.
17 MR. WALTERS: -- and outsource them, that makes it
18 a lot more management-intensive for Bruce.
19 MR. COWDEN: Yeah. He may have to have an
20 assistant or something.
21 MR. KING: He manages those two employees already.
22 MR. WALTERS: Yeah.
23 MR. KING: Those two employees. You manage them,
24 don't you?
25 MR. MCKENZIE: Yes, sir.

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1 MR. KING: I mean, you --

2 MR. MCKENZIE: The payroll and the insurance and

3 all that --

4 MR. KING: They don't like to come up with that.

5 MR. HENNEKE: That's the purpose of the management

6 contract, is to keep the payroll --

7 MR. WALTERS: The difference, though, for Bruce to

8 say, "Hey, we've got, you know, some things that need to be

9 fixed here," rather than go, you know, and ask for somebody

10 to give us a -- you know, an hourly budget for those items.

11 COMMISSIONER LETZ: That's what I'm saying. The

12 management contract -- I mean, they can stay the same; it

13 doesn't make any difference to me. Either party has to

14 budget for it, though. Like, if the County's doing all the

15 road work out here, we have to budget a number for that, and

16 we hope we hit it right. Now, it's going to either -- in

17 reality, it's going to be --

18 COMMISSIONER OVERBY: We're either going to make

19 money or lose money. The odds of hitting it dead-on are

20 about zero. When the City does it, it's the same thing. So,

21 you know, you hope over the long-term it might balance out,

22 but if you didn't, just put it in the management contract,

23 and an hourly rate; you could do the same thing. That's more

24 specific. Then there's no risk to the City or the County for

25 missing it.

1 MR. WALTERS: Sure. I see what you're -- I mean --

2 MR. KING: Also, the same thing we have with the

3 City, when we had the City -- their management contract.

4 There was a lot of things in there we really didn't know what

5 -- how much we used them. You know, but we were getting

6 charged for them, 'cause they got to charge us for them,

7 'cause we might use them.

8 MR. COWDEN: They really couldn't keep up with them

9 either.

10 MR. KING: And a lot of those things we don't even

11 use. I mean, we really don't use. I mean, there's

12 engineering. We thought we were just going to use

13 engineering -- tons of engineering, but we didn't. We

14 haven't. And so -- but, you know, either party has got to
15 charge us for that if it's in the contract. If it's in the
16 contract, you've got to charge it, because what if we do
17 start using it? You know, so anyway... Okay, I think it's a
18 good direction, maybe, to look at. What do you think, Mike?

19 MR. ERWIN: I got to go. (Laughter.) No, I think
20 it would be great for us to see an RFP for management
21 services next year. I would like to see it go through the
22 normal RFP process, where it's put out at the same time for
23 everybody to bid before a due date and a due time and an
24 opening at that time.

25 MR. KING: Okay.

1 MR. MOSER: That's the plan.
2 MR. KING: In other words, instead of just agreeing
3 to their contract, basically --
4 MR. ERWIN: Yeah, kind of like what happened last
5 year.

6 MR. KING: Yeah, we ran out of time.
7 MR. ERWIN: There wasn't really any --
8 MR. KING: I understand.
9 MR. COWDEN: That's a big mistake, I agree.
10 MR. KING: We ran into a time situation there, but
11 I agree with you. No, I agree, and I don't have a problem
12 with that. But go out for an RFP, and -- and stating all the
13 stuff, and --

14 MR. ERWIN: "Here's what we want; you tell us how
15 much it will cost."

16 MR. KING: And, like right here, fuel and oil, we
17 put that in here; say that's part of it. Or -- or maybe we
18 get away from that, and some of that stuff we take out of the
19 contract. That -- you know, the problem with that is, if I
20 put the fuel and oil in the contract, they're going to
21 probably say \$4,000, when we only spend 2,500 on fuel and
22 oil, you know. I mean, 'cause you don't want to be caught
23 short. You know, you don't want to be caught short. But I
24 agree with the RFP; we should do that. But we can delete
25 certain stuff out of there.

1 MR. MOSER: Got to make sure we get that RFP in
2 work; that's a big job.

3 MR. KING: That's good, Mike.

4 MR. MOSER: I've got a question on salaries and
5 benefits, still on Page 2.

6 MR. KING: All right.

7 MR. MOSER: Increase on workman's comp.

8 MS. HARGIS: Workman's comp is probably high. I
9 haven't got the numbers yet on that.

10 MR. MOSER: Say again, Jeannie?

11 MS. HARGIS: It's probably too high, but I haven't
12 had a chance to get with the Treasurer to -- we just got our
13 audit done. We just got it finished, so I need to see what
14 your --

15 MR. MOSER: So, that's your estimate of what it
16 would be?

17 MS. HARGIS: Right.

18 MR. KING: 12,6?

19 MS. HARGIS: Which is probably high.

20 MR. KING: What did you'll use for that? Who do
21 y'all use for workmen's comp?

22 MS. HARGIS: We use Texas Association of Counties.
23 And we did get a refund and we did get a rebate, but it's --
24 I've got to look at each classification and see where y'all
25 fall, and that's the problem.

1 MR. MOSER: So -- but that's --

2 MS. HARGIS: It's an estimate.

3 MR. MOSER: Workman's comp for just the two people
4 here?

5 MS. HARGIS: Right.

6 MR. MOSER: Okay, yeah. So you think it's high?

7 Fifty percent increase is --

8 MS. HARGIS: We had 12 in there last year. I left
9 it, because I put it back to 75.

10 MR. MOSER: Uh-huh.

11 MS. HARGIS: And -- but I want to see what our new
12 billing came in at.

13 MR. KING: So -- I guess I'm a little confused
14 here. So, we pay for that? That's not in the management
15 contract?

16 MS. HARGIS: This workman's comp is on Laurie and
17 on Bruce.

18 MR. KING: This is Laurie and Bruce, okay. Sorry
19 about that.

20 MR. MOSER: Yeah.

21 MR. McKENZIE: Can I ask a question, Steve, before
22 you go any further? Back to what we were talking about with
23 Mike and Jeannie, if this -- we put out an RFP, and let's say
24 the City gets in next year. What happens to these two
25 employees --

1 MR. KING: I don't know.

2 MR. McKENZIE: -- that we've brought up and I've
3 got trained and spent money on, and then somebody else gets
4 the contract? We need some --

5 COMMISSIONER LETZ: If they're your employees, it
6 doesn't make any difference.

7 MR. KING: If they're our employees, it wouldn't
8 make any difference, but if it was not our employees, then
9 that's life in the big --

10 MR. MOSER: How we structure the management
11 contract.

12 MR. KING: That's like Corey. Corey bought all
13 those mowers and everything, and if Rob Smith decides to bid
14 that contract and says, "I can do it for 6,500," then Corey
15 better find someplace to mow, you know.

16 MS. HARGIS: Well, and on your payroll --

17 MR. KING: Part of the deal.

18 MS. HARGIS: Just a little bit of F.Y.I. The
19 reason you're staying with the City or the County is because
20 you're too small to offer benefits.

21 MR. KING: I understand.

22 MS. HARGIS: And you can't keep flopping back and

23 forth, because we offer different. Our retirement is higher.

24 MR. KING: Right.

25 MR. MOSER: Okay.

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1 MS. HARGIS: Theirs is lower. They have less --

2 MR. MOSER: Let's not redo the management contract
3 here.

4 MR. KING: I agree.

5 MS. HARGIS: There are a lot of -- but if I could
6 go back to small tools and fuel and oil.

7 MR. KING: Right.

8 MS. HARGIS: I don't think you have enough for fuel
9 and oil if he's already at 22, because that's just -- we
10 still have four months to go. So, I would suggest you go up
11 to 5,000 on that. Mowing, we'll let you decide.

12 MR. McKENZIE: That's -- I think that's a good
13 idea. Because it hasn't rained; we haven't mowed much, a
14 salient point.

15 MR. KING: How about four? We have 200 left over
16 where I chopped that other deal.

17 MR. MOSER: Yeah, we cut professional back.

18 MR. COWDEN: Three up to five? Is that what you're
19 saying?

20 MR. MOSER: To 2,500.

21 MR. KING: You want to go five?

22 MS. HARGIS: Yeah. 'Cause 22 --

23 MR. KING: We only have four months left. Let's go
24 to five.

25 MR. MOSER: Is somebody keeping track of all these

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1 pluses and minuses?

2 MR. KING: I got it. So, you're going to go five
3 there.

4 MR. McKENZIE: On the fuel and oil.

5 MR. KING: Okay. Now we only have 500 bucks.
6 Okay, I can live with that.

7 MS. HARGIS: Did you go to five or four?

8 MR. KING: Getting back to that management just for

9 a second, --

10 MR. MCKENZIE: Five.

11 MR. KING: -- my only deal, Bruce, was you've got

12 -- we really, really, really need to send it out. We need to

13 put an RFP out. I don't care if the County bids on it every

14 year; if one person bids, that's fine. But, I mean, we need

15 to put it --

16 MS. BAILEY: We already talked about the fact that

17 we need to get to work on it right away so that we'll be way

18 ahead of the curve, we aren't doing it up on the budget time.

19 MR. KING: Only fair way to do it. So --

20 MS. BAILEY: Yeah, we'll try to get on that pretty

21 quick.

22 MR. KING: All right. Who else? Buildings and

23 structures, I notice that you went down on that 6,000 bucks.

24 That's 202.

25 MR. WALTERS: Is that for maintenance of buildings

1 and structures?

2 MR. MCKENZIE: Yes, sir, all the buildings. Not

3 just this building, but all the buildings that we own at the

4 airport.

5 MR. WALTERS: Okay.

6 MR. KING: What do we own?

7 MR. MCKENZIE: This building, 1700 Airport Loop,

8 1994 Airport Loop, the vaults, the structures out here.

9 That's the only buildings that we do maintenance on.

10 MR. MOSER: But, Bruce -- okay, I'm going to go

11 back to my same old song. 2010 actual, that's a 50 percent

12 increase.

13 MS. HARGIS: 2010 actual was 33,000.

14 MR. MOSER: I'm looking at buildings --

15 MR. COWDEN: 202?

16 MR. MOSER: I'm sorry.

17 MR. KING: 205.

18 MR. MOSER: Okay. No, I'm sorry, I was in the

19 wrong -- I was looking at land.

20 MR. KING: Only spent 5,400, right.
21 MR. McKENZIE: We're going to bring, in 2013, about
22 a year and a half, the Brinkman --
23 MR. MOSER: Okay, yeah. I'm sorry.
24 MR. KING: Two years.
25 MR. WALTERS: Two and a half years.

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1 MR. McKENZIE: Yeah, you're right.
2 MR. KING: December, isn't it?
3 MR. McKENZIE: End of the year.
4 MS. BAILEY: I just wanted to make sure we
5 didn't --
6 MR. KING: All right. Well, we'll look at it
7 again, but then next year if you only spend 10,000 on those
8 buildings -- I guess, you know, that could be another
9 footnote there. You could put a footnote on there, the
10 buildings and structures, you could rip through \$30,000 over
11 there on the other side of the field pretty quickly. I mean,
12 just on anything. So, I think you should put a footnote in
13 there that -- you know, that that -- that also could come
14 into play on this Mooney situation, okay? Would that be
15 okay?

16 MR. MOSER: I think it's a good idea.
17 MS. HARGIS: The average is 21,000.
18 MR. KING: What is the average?
19 MS. HARGIS: Twenty-one.
20 MR. KING: That we've spent out there? Okay, we're
21 not too far off. Okay. All right.
22 COMMISSIONER LETZ: Can I make one more comment?
23 On Page 2, --
24 MR. KING: Yeah.
25 COMMISSIONER LETZ: -- the salaries for Airport

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1 Manager and personnel.
2 MR. KING: Right.
3 COMMISSIONER LETZ: Just as a general comment, the
4 County -- we have been -- we haven't given raises in a couple

5 years, and we have historically voted against any entity that
6 we fund with tax dollars giving a raise beyond what we give.
7 You might just think about that. And that's -- like
8 Appraisal District, we'll vote against their budget if they
9 have a salary increase that's above -- and it doesn't have to
10 be exactly, but -- or if there's justification for something
11 changing.

12 MR. COWDEN: We've already done that. We've
13 already done that, right?

14 MR. KING: Yeah, it's done. I was in China, by the
15 way.

16 COMMISSIONER LETZ: But it's just -- for the
17 future, I think that the -- the salaries item, we're reducing
18 staff right now.

19 MR. KING: I understand.

20 COMMISSIONER LETZ: And in lieu of -- and trying to
21 figure out how to get raises. I think the City's pretty much
22 in the same boat. I mean, salaries are capped.

23 MR. WALTERS: I don't know how much more staff we
24 can reduce here.

25 COMMISSIONER LETZ: I know you can't reduce, but,

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1 you know, some county employees took pay cuts last year.
2 Others -- no one got a -- I don't believe anyone got an
3 increase, or very few increased. So -- so, I just -- that's
4 a hot button for Commissioners.

5 MR. MOSER: We -- as we went through that, though,
6 we -- we put that top of the list, said here's the baseline.
7 They're not giving any, and so, therefore, let's start with
8 that. And so --

9 MR. WALTERS: And we did. And one of the things
10 that we did -- that we did consider in our consideration of
11 these increases is looking at where our employees were to
12 other employees in similar positions across the state,
13 comparable. So -- and we felt like these increases justified
14 to get them to a level that were comparable to other
15 locations within the state of Texas.

16 MR. MOSER: And we looked at comps within the

17 county and city, on different positions there.
18 COMMISSIONER LETZ: I think that's a very good
19 approach for a long-term compensation package. I don't think
20 that it's a real good approach on short term, when there's
21 budget shortfalls.

22 MR. KING: I agree.

23 COMMISSIONER LETZ: Anyway, just a general comment.

24 MR. MOSER: Yeah.

25 COMMISSIONER LETZ: I think Mike probably shares

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1 that --

2 MR. MOSER: I agree with you.

3 MR. KING: No, I agree 100 percent.

4 MR. MOSER: Okay.

5 MR. KING: Y'all didn't get my e-mail, I guess, did

6 you?

7 MR. MOSER: Yeah, we did.

8 MR. KING: All right.

9 MS. HARGIS: No comments.

10 MR. KING: No comments.

11 (Low-voice discussion off the record.)

12 MR. MOSER: Okay, next one.

13 MR. KING: Okay, next. What else?

14 MR. MOSER: We're on Page 3?

15 MR. KING: Yeah, we're on 3.

16 MR. MOSER: Question, Bruce, on liability

17 insurance, 303 up near the top. It used to be there, and

18 it's not there now. So, what -- what is --

19 MS. HARGIS: That's part of our management

20 contract.

21 MR. MOSER: Okay. Part of the management, okay.

22 MS. HARGIS: So is the property.

23 MR. MOSER: Okay. All right. And probably the

24 same is true for special services. That used to be --

25 MS. HARGIS: Those used to be professional

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1 services, and to me, that's where they need to be.

2 MR. MOSER: They're in the management contract now?

3 MS. HARGIS: No, they're under professional

4 services.

5 MR. MCKENZIE: Professional services.

6 MR. COWDEN: Which is --

7 MR. MCKENZIE: At the top of the first sheet.

8 MR. COWDEN: Which is 008.

9 MS. DEJOHN-ERMEY: No, 010.

10 MR. MOSER: Special services -- oh, I'm sorry, I

11 was on equipment. Yeah.

12 MS. HARGIS: We probably should put those -- move

13 those there, but I can move that and make that a little bit

14 clearer. I'll fix that.

15 MR. MOSER: So, special services in 2010 was

16 24,000.

17 MS. HARGIS: Mm-hmm.

18 MR. MOSER: Right?

19 MS. HARGIS: Right.

20 MR. MOSER: And now it's zero. Tell me that one

21 more time?

22 MR. WALTERS: Moved to professional.

23 MR. MOSER: To professional services, I got you.

24 I'm sorry, I wasn't listening to you. Okay.

25 MS. HARGIS: She just didn't pick that one up and

1 move it.

2 MR. MOSER: Okay.

3 MS. HARGIS: To me, that's what that classification

4 is. It's -- the terminology is just better. Special

5 services to me is not hiring engineers and appraisers, you

6 know.

7 MR. WALTERS: Why do we need it as a line item?

8 MR. COWDEN: We can take it out.

9 MR. WALTERS: Why don't we take it out?

10 MS. HARGIS: We will take it out. What we were

11 trying to do is fix it. And, unfortunately, I was out of

12 town. This is one I didn't catch. I worked real hard.

13 There are some things we changed the terminology on it and

14 fixed.

15 MR. MOSER: Okay.

16 MR. COWDEN: What else?

17 MR. WALTERS: I've got an item on here; I don't

18 know if we're down as far as the legal services. I'm

19 concerned that -- you know, I mean, we've got 10,000 in

20 there. We spent 5,000. I mean, it's probably, you know, all

21 right.

22 MS. HARGIS: You have another 10 in ours.

23 MR. WALTERS: We have another 10 in yours? Okay,

24 good.

25 MR. MOSER: Another 10 where?

1 MS. HARGIS: In the management contract.

2 MR. WALTERS: Okay, good. Then we're fine.

3 MR. MOSER: Why is legal services different than

4 professional services?

5 MR. WALTERS: Well, professional -- well, I mean --

6 MS. HARGIS: They're one and the same, but

7 generally, in -- in most people's set of books, they keep the

8 legal services separate, because that's usually something

9 that you use more constant, whereas you may --

10 MR. COWDEN: Engineering.

11 MS. HARGIS: -- hire an engineer once or twice a

12 year, whereas legal are more constant. People usually want

13 to know exactly what those are, and you have to pick them

14 out. That's just the way I've seen that pretty consistently

15 over my 30 years.

16 MR. MOSER: Okay.

17 MS. HARGIS: And if you used an engineer over

18 specifically the same -- in the same manner, you would have

19 engineering services.

20 MR. MOSER: I see, got you.

21 MS. HARGIS: So, if you actually hired somebody to

22 be here on a 12-month basis, --

23 MR. MOSER: Okay.

24 MS. HARGIS: -- it keeps -- you kind of like to see

25 how much you're paying them real quickly every time you look

1 at your financials so you know what you're paying.
2 MR. MOSER: Okay.
3 MS. HARGIS: 'Cause I know a lot of times in my
4 water districts, attorneys are real bad about billing; all of
5 a sudden they catch it by looking at their financials.
6 MS. BAILEY: Yeah, it actually helps the -- the
7 person doing the legal serves to sort of budget their time.
8 "Oh, I probably need to put off doing that till next month,"
9 or -- or, you know, I can -- "I can do that large amount of
10 work that needs to be done because there's a lot left over."
11 We're on legal services, 401.

12 MR. KING: Where are you at?
13 MS. BAILEY: I mean 311.
14 MR. KING: Is that going to be okay?
15 MR. WALTERS: Jeannie says we have 10,000 in the
16 county budget as well.

17 MR. KING: Okay.
18 MR. COWDEN: Management contract.
19 MR. WALTERS: Management contract.
20 MR. MOSER: Okay. I didn't have any other
21 questions.

22 MR. KING: I think on these -- these terminal
23 expenses, looks like those things are going to be real -- I
24 mean, do you think that phone service and light and power and
25 all that stuff's going to be okay, Bruce?

1 MR. MCKENZIE: The phones -- excuse me. The phones
2 will.
3 MR. KING: Electric bill went down, looks like.
4 MR. MCKENZIE: The phones, the -- well, we had to
5 -- we had to absorb the increases in the power. I mean, it
6 was --
7 MR. KING: Right. I tell you, I would suggest --
8 MR. MCKENZIE: We didn't know this time last year
9 we were going to have --
10 MR. KING: I understand. I would suggest maybe get

11 the county guys to come out here and let's look at the
12 fireplace. There's not a flue. Do you realize there's no
13 flue for that? All of our air conditioning is just flying
14 out the window, flying out the hole. It's a big -- there's a
15 big old hole, too. Air conditioning is going straight out
16 the top. And, you know, we lit that thing probably three
17 times.

18 MR. McKENZIE: I don't light it any more, period.

19 I've turned it off. It's --

20 MR. KING: Why don't we get somebody out here?

21 MR. McKENZIE: For several reasons I'll tell you
22 later.

23 MR. KING: Why don't we get someone out here to
24 look at this, maybe put a door on that thing, or -- I don't
25 care.

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1 MR. McKENZIE: Put a flue in.

2 MR. KING: Close it, whatever you do. I can't
3 imagine how much cold air is just flying out that thing every
4 day.

5 MR. MOSER: Getting sucked out.

6 MR. McKENZIE: Good point.

7 MR. KING: Another thing, I talked to Laurie a
8 while back -- I talked to Laurie about these temperatures
9 inside this building here. They're -- somebody's putting
10 them at 73 degrees. And I was coming in here; they were at
11 72 a couple times. I told Laurie -- I said to tell everyone
12 else in here in the thing that we pay the electric bill on
13 that thing. Let's put the -- let's move the thermostats up
14 on that, 'cause you were going to put a note out there or
15 something.

16 MS. DEJOHN-ERMEY: I did.

17 MR. KING: Don't touch it. There's no reason to
18 come into this building and it's 73 degrees.

19 MR. McKENZIE: I agree.

20 MR. KING: Only people in here are you guys, and
21 you're in your office. Only people out here is one person
22 normally.

23 MR. McKENZIE: Right.
24 MR. KING: So I think we can cut back on
25 electricity a bunch by shutting that flue thing and then

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1 jacking -- jacking the thermostats up a little bit, 'cause
2 it's a big building to try to heat and cool, especially in
3 the winter. I can't imagine in the winter, how much heat is
4 just flying out there.

5 MR. MOSER: As a matter of fact, you can just seal
6 that off now, just temporarily, till --

7 MS. HARGIS: I hate to put a damper on what you're
8 talking about, but the power right here is the power to the
9 other buildings.

10 MR. KING: I thought -- no, I'm in terminal.

11 MS. HARGIS: Terminal is on the last page. You
12 asked for it to be set out all by itself so you could watch
13 it.

14 MR. KING: Where is it?

15 MR. MOSER: Last page.

16 MS. HARGIS: 406.

17 MR. KING: That's where I'm at. That's where I'm
18 at; I'm on 9,600. I'm just saying -- I looked at that thing
19 a while back. I looked at it, and I think we can do
20 something about it.

21 MR. McKENZIE: That's a good point.

22 MR. MOSER: Good point. We've been at 11,000 in
23 2009, and 10,000 -- I mean 2008. 10,000 actual in 2010. It
24 shouldn't go down. It's going to go up. 9,600 is probably
25 not enough.

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1 MS. HARGIS: Hmm-mm.
2 MR. KING: That's what I think. I think we're
3 going to have to add 1,000 there. That means we're going to
4 have to cut something.

5 MR. McKENZIE: 10,6 or 11?

6 MR. MOSER: I'd go to 12.

7 MR. KING: Oh, god, I hope not.

8 MR. McKENZIE: 12.
9 MR. WALTERS: Light and power going to 12,000?
10 MR. McKENZIE: Yes, sir.
11 MR. KING: I might go 11,6 so it's even. 11,6.
12 MR. McKENZIE: Is that where you're going with it?
13 MR. KING: Right. It's to an even number.
14 MS. HARGIS: Remember, it has to be divisible by
15 12.
16 MR. KING: Does it really?
17 MR. MOSER: It's divisible by 12; just not an even
18 number. I can do that.
19 MR. KING: Everything is divisible.
20 MR. McKENZIE: That's 966.666 and so forth.
21 MS. HARGIS: If you do 12, it's 1,000.
22 MR. KING: We've only used 5,000 through -- through
23 five -- right? Through six months? So, that's 10,000.
24 Okay, go to 12. We can do the 12.
25 MR. McKENZIE: That's going to be part of

1 contingency.
2 MR. KING: Now we're going to have to find \$2,400,
3 right?
4 MR. WALTERS: First, on the previous page, what is
5 other charges? What constitutes -- what's included in that?
6 MR. McKENZIE: 505?
7 MR. WALTERS: 505, yeah.
8 MS. DEJOHN-ERMEY: I know that we take out the
9 AWAS.
10 MR. McKENZIE: Sometimes we do our telemetry on the
11 weather system. The AWAS comes out of that sometimes, right?
12 That's the only other thing I can think of. Because we got
13 our RAMP grant to help us with our AWAS all the time.
14 Sometimes I've got to spend a little extra money on it.
15 MR. WALTERS: Maybe there's our 2,400.
16 MR. MOSER: There's our 2,400 right there, yeah.
17 MR. WALTERS: So --
18 MR. KING: Drop it down to 2,400?
19 MR. MOSER: Whatever it takes to balance it.

20 MR. KING: That would be about what we spent the
21 last four years.
22 MR. WALTERS: Is that all right with you?
23 MR. McKENZIE: I think we can live with that 2,400
24 on it.
25 MR. KING: Yeah.

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1 MR. McKENZIE: Contingency.
2 MR. KING: Right.
3 MR. McKENZIE: Okay.
4 MS. HARGIS: If you take --
5 MR. KING: I got 500 now. Don't we still have 500
6 to the good?
7 MR. WALTERS: Yeah. We might be --
8 MR. McKENZIE: We're at 2,400, Jeannie, on 507,
9 line number --
10 MR. WALTERS: No, 505.
11 MR. McKENZIE: Sorry, 505, other charges.
12 MR. MOSER: Okay.
13 MS. HARGIS: I think you're going to come out with
14 more than that.
15 MR. KING: I think we're 500 to the good.
16 MR. COWDEN: 2,900.
17 MR. KING: We have \$500 we can add back into the
18 budget.
19 MS. HARGIS: You haven't really raised anything;
20 you've moved it around.
21 MR. COWDEN: Professional development.
22 MR. KING: You cut 2,500, you --
23 MR. COWDEN: Added 2,000.
24 MR. KING: -- gained 2,500, then you added 2,000.
25 MS. HARGIS: That's 500.

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1 MR. COWDEN: Added 2,400.
2 MR. WALTERS: Added 2,400 and you cut 2,400, so I
3 figure 500 bucks.
4 MR. KING: Five hundred bucks.

5 MR. MOSER: Power on the last page --
6 MS. HARGIS: So that's plus 500.
7 MR. KING: Plus 500. Right now it's plus 500. We
8 can put 500 back in the budget somewhere, like the --
9 MS. HARGIS: The contingency amount at 5 percent is
10 around 27,000.

11 MR. KING: Is it?
12 MS. HARGIS: Mm-hmm, at 5 percent, which is a good
13 -- 5 percent is a good contingency.

14 MR. KING: What do you feel about contingency,
15 Mike? When you look at budgets, what -- where do y'all like
16 to be?

17 MR. ERWIN: We try to -- basically, what we try to
18 do is take it out of the departments' hands and put it under
19 the City Manager's budget. And -- and we shoot for a target
20 of, say, 50,000 to 100,000 on a \$20 million budget, of
21 contingency. Which is not a lot of contingency, if you think
22 about that.

23 MR. MOSER: It's not, yeah.
24 MR. ERWIN: But that's -- that's the way we look at
25 it. I think one of the concerns that we have on

1 contingencies is it might allow for, like, small capital
2 projects to get done without the owner's approval. Say it's
3 a \$5,000 project, and it just comes out of contingency.

4 MR. KING: Right, right.
5 MR. ERWIN: And then it doesn't get the owner's
6 approval.

7 MR. KING: Right, okay. Well, we're going to
8 discuss that in the interlocal agreement, when we talk about
9 that on Monday. I've got some great ideas on that.

10 MS. HARGIS: We do basically the same, 50 to 100,
11 yeah.

12 MR. MOSER: Fifty to 100 on your whole budget?
13 MS. HARGIS: The taxpayers looking at having a very
14 large contingency, they don't like that. They want you to be
15 budgeting; they want to understand what you're spending it
16 for. We've actually -- I actually increased ours to 100 this

17 year, because we've had a lot of extra legal fees in this
18 last year. They had the L.C.R.A. line stuff we didn't have
19 before, and so we've had to pull from other budgets. Our big
20 problem, unlike him, is if we have big trials -- we have our
21 C.P.S. trials with children; we have to pay for the kid's
22 attorney and the parents' attorney, and we have to pay the
23 judges. So, ours is a little bit different, but by and
24 large, taxpayers don't like that word, so we have to be
25 careful.

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1 MR. KING: Okay. Well, glad you told us that.
2 Then --
3 MS. HARGIS: So that's why it's usually a little
4 lower, but you want to keep enough that you know if there's
5 another item you go over, that you have enough to -- to
6 offset that.
7 MR. KING: Okay. Well, I think we ought to lower
8 that to 15,000. Reason being, I think we're going to have
9 to --
10 MR. COWDEN: Contingency?
11 MR. KING: Uh-huh. I think we're -- someone's
12 going to hammer us on this. We're going to get a hammer on
13 this really badly, because of the other thing. I mean, I
14 just -- I'm trying the figure out -- I mean, I'm saying we
15 lower it 5,000 bucks. I'm not saying we lower the budget by
16 5,000, but I think that --
17 MR. MOSER: This line item.
18 MR. KING: -- we move it back somewhere else. I
19 just -- I agree, if you guys have got that low a contingency,
20 then I think we should put it at 15,000, which is what it was
21 last year.
22 MR. WALTERS: That would be fine. Give us a net
23 5,500 savings.
24 MR. KING: Right, okay. So --
25 MR. WALTERS: I agree.

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1 MR. KING: Now --

2 MR. COWDEN: Did you understand -- you're right.

3 Did you want to move the 5,000 back somewhere else? You just
4 want to --

5 MR. KING: I want to be sure. I'm going to look at
6 these right now to be sure where we're at here.

7 MR. COWDEN: Where we could put it?

8 MR. KING: Well, I mean, equipment rental, I see
9 you budgeted 3,100. And you've already -- what are we
10 renting equipment for? What are we using --

11 MR. McKENZIE: I had to rent a generator several
12 days when we were using our electronic X's out here;
13 generator went out on our X's. Things like that.

14 MR. KING: Did we fix it?

15 MR. McKENZIE: Yes, sir.

16 MR. KING: Okay.

17 (Low-voice discussion off the record.)

18 MR. KING: You think legal services are good?

19 MR. COWDEN: Need to go back and --

20 MR. KING: How about that light and power?

21 MR. MOSER: Which page?

22 MR. KING: What is light and power on? 406.

23 800-406.

24 MS. DEJOHN-ERMEY: That's the other meters for
25 the --

1 MR. KING: I know. We budgeted 10,200. We've
2 already used 7,000; it's not even -- we're halfway through.

3 MR. McKENZIE: We got three months to go.

4 MR. KING: Three months to go?

5 MS. HARGIS: It's more, because you run a month
6 behind.

7 MR. McKENZIE: Four months to go.

8 MR. KING: Four months to go?

9 MR. McKENZIE: But we have many, many meters around
10 this airport that are ours.

11 MR. KING: I think that's a little low. I think
12 we're going to run over that.

13 MR. MOSER: Yeah. When you look at it compared to

14 actuals in 2010, you got to.
15 MR. KING: I mean, in '10, you ran 10,5.
16 MR. MOSER: Right.
17 MR. KING: Haven't gone up.
18 MR. COWDEN: I'd just go back to 4,800 on that
19 other charges, 505, and go back -- on professional
20 development, go back to 10, and that's 5,000 -- that's 4,900.
21 MR. KING: So, let's do --
22 MR. MOSER: And increase the light and power.
23 MR. KING: Yeah, increase the light and power to
24 13,000.
25 MR. McKENZIE: Thirteen?

1 MR. KING: I think 1,500 bucks probably would cover
2 that.
3 MR. MOSER: Right. Are we having to pay for any
4 more lights since we did the runway deal? I notice you got
5 those. Are those things lit?
6 MR. McKENZIE: Yes, sir.
7 MR. KING: Those are lit.
8 MR. McKENZIE: Tied into our system, so that's more
9 energy that is in that. We've also put two new signs up, the
10 one on the highway and the new sign that we put up here.
11 MR. KING: That sign on the -- that sign coming in
12 on the deal, has that thing got a timer timing out on it?
13 MR. McKENZIE: It's on a photocell.
14 MR. KING: No, on the one that comes --
15 MR. McKENZIE: They're both on photocells.
16 MR. KING: They stay on all night?
17 MR. McKENZIE: The lights do.
18 MR. KING: Why don't we turn them off about
19 11 o'clock, that big giant sign?
20 MR. McKENZIE: Because they're LED's, and you don't
21 spend 20 cents --
22 MR. KING: I came by here, like, 11 o'clock at
23 night; that things looks like Walmart over there or
24 something, all lit up.
25 MR. McKENZIE: Well --

1 MR. KING: Pretty bright, it really is. I mean, I
2 looked over there; I thought -- I couldn't figure out what it
3 was.

4 MR. COWDEN: The LED, you don't --

5 MR. McKENZIE: It's very cheap. I mean, it's very
6 cost efficient.

7 MS. BAILEY: Low use of energy.

8 MR. McKENZIE: That's why we put LED lights in.

9 MR. KING: Did you get that change, Corey? On
10 the -- back up to 24; we went 2,400 up on that.

11 MR. McKENZIE: Next year we're going to have REIL's
12 in on both ends of this runway, and that's a lighting system
13 that will stay open 24 -- you know, if you key it up, they're
14 going to come up.

15 MR. KING: Right. That's the ones, okay.

16 MR. COWDEN: You're talking about 505?

17 MR. KING: 24 and 1,500, which is 39. And we had
18 five.

19 MS. DEJOHN-ERMEY: We're at 4,000.

20 MR. KING: We got to go back through again. Okay,
21 we changed that other charges; we moved that other charges
22 back up to 4,800, where it was.

23 MR. McKENZIE: So we're back to 48?

24 MR. KING: And we moved that light and power to
25 13,000. So --

1 MR. COWDEN: Want to go back to 10,000 on
2 professional development?

3 MR. KING: I don't know. Let me see. Where are we
4 at right now, 39? I just added 24, 34 -- five, six -- I
5 added 30 -- 24, 34 -- I added 39 back in there. What's --
6 how much were we under, 5,500? 5,500 minus 39.

7 MS. DEJOHN-ERMEY: You put 15 in the lights, 2,400
8 in the other charges.

9 MR. COWDEN: We were going to go back to 48.
10 MR. McKENZIE: Back to 48 in other charges.

11 MS. DEJOHN-ERMEY: Right. So, that leaves us with
12 16.
13 MS. HARGIS: You spent 500 -- 5,000 by taking the
14 20,000, so you didn't go up on that.
15 MR. KING: Right.
16 MS. HARGIS: You went up 2,000 in one place, and --
17 MR. KING: Went up 24.
18 MS. HARGIS: And in another -- and then --
19 MS. BAILEY: Still up 1,600.
20 MS. HARGIS: You're still up.
21 MS. DEJOHN-ERMEY: Professional development's going
22 back?
23 MR. MCKENZIE: I don't know yet. Hang on.
24 MR. COWDEN: Did we go back to 10,000 on
25 professional development?

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1 MS. HARGIS: We did.
2 MR. KING: Back to where?
3 MS. HARGIS: 10,000 on professional development.
4 MR. COWDEN: That gets it to 1,500.
5 MS. HARGIS: 1,500 still.
6 MR. MOSER: It is absolutely -- light and power,
7 that -- can't do that. Can't go to 10,000 on that.
8 MR. KING: So, five -- 74, 94, 99 --
9 MS. HARGIS: Still 4,000 to the good if we move
10 that professional development to 75.
11 MR. KING: I'm coming up right now with 1,600 to
12 the good, 1,600 over. We're 1,600 -- our budget is 1,600
13 less than what it was.
14 MS. HARGIS: Right. I didn't check off the amount
15 you took over here.
16 MR. KING: 'Cause I've got the 5,000, I've got
17 2,400, and I've got another 2,500 on professional
18 development, and that's what we pulled out of the budget.
19 And that comes to --
20 MS. HARGIS: That's right.
21 MR. KING: 9,900.
22 MS. HARGIS: That's right, you're at 1,600. I

23 didn't turn the last page.

24 MR. KING: 1,600, so we could add 1,600 back in

25 there; we'd be back where we were.

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1 MS. HARGIS: Well, I think your small tools is

2 someplace you might think about it.

3 MR. KING: Okay. Are you through on dues and

4 subscriptions? Dues and subscriptions? Because we're at

5 budget right now. We're \$4 under budget, and we got -- we're

6 about to go over budget. You think 1,500 is going to cover

7 that? We ought to go up on that.

8 MR. MOSER: Yeah.

9 MR. MCKENZIE: That's fine.

10 MR. MOSER: What's that line item, Jeannie?

11 MS. HARGIS: The small tools. We've already spent

12 \$4,400.

13 MR. COWDEN: Small tools, 105.

14 MR. MOSER: 102.

15 MS. HARGIS: You're right, 102. 102. I would

16 suggest you put it there, because the --

17 MR. KING: Oh, wow. Yes.

18 MS. HARGIS: Small tools break, and --

19 MR. MCKENZIE: Put the 16 back?

20 MR. KING: Put the 1,600 there.

21 MR. MOSER: There you go. Make this 4,100.

22 MR. KING: Make that 4,100. Okay?

23 MR. MOSER: Yep.

24 MR. KING: All right. So, if we're looking at

25 this, the changes are -- you got them all, Laurie?

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1 MS. DEJOHN-ERMEY: I have --

2 MR. KING: 7,500 on professional development, 4,100

3 on small tools.

4 MS. DEJOHN-ERMEY: Yes. 5,000 on fuel.

5 MR. KING: Wait, let me write it down. 5,000 on

6 fuel? Where's that?

7 MR. WALTERS: 104.

8 MR. KING: Oh, yeah. I got that.
9 MS. DEJOHN-ERMEY: Okay.
10 MR. KING: Wait, hang on. Okay. And then we go to
11 -- we went up to 13,000 on light and power?
12 MS. HARGIS: Mm-hmm.
13 MR. KING: We stayed at 48 on that other deal.
14 MS. DEJOHN-ERMEY: Yes.
15 MR. KING: We dropped contingencies to 15,000.
16 MS. DEJOHN-ERMEY: Yes.
17 MR. KING: And we went up on the light and power to
18 12,000.

19 MR. MOSER: 12,000? Is that it? All right.
20 MS. HARGIS: That's it except for the first page,
21 where you got to add 5,000 for revenue for the new T-hangar
22 leases that we didn't count, because that's a brand-new one.
23 MR. MCKENZIE: New big hangar, yeah.
24 MR. KING: Well --
25 MR. COWDEN: T-hangars. That's really 20 --

1 20,361?
2 MR. MCKENZIE: That's another 5,300. I think
3 that's what his check was.
4 MS. DEJOHN-ERMEY: 53.
5 MR. KING: Just a question on -- and this is a
6 budgeting question. Those T-hangar prices, do they ever go
7 up?
8 MR. MCKENZIE: No, sir, they've been 250 since we
9 started. We have a waiting list --
10 MS. DEJOHN-ERMEY: Of 33.
11 MR. KING: If you had a building that had -- like,
12 you had 10 tenants and you had 40 people wanting to get into
13 your building, what would you do?
14 MR. MOSER: I bet I know what he'd do.
15 MR. WALTERS: Well, I think I'd be -- I'd be
16 unpopular like Brandon and raise the rent.
17 MR. KING: Raise the rent. What's the worst we
18 could do? Flush a couple of guys out. I think you should
19 look -- why don't we look -- let's look at what

20 Fredericksburg is getting for those 300,000 T-hangars they

21 got over there, and let's look at ours.

22 MR. COWDEN: Theirs are less. I think they're

23 less.

24 MR. KING: Are they less than ours? They got so

25 many, I'm sure they are.

1 MS. DEJOHN-ERMEY: I think they are less than ours.

2 MR. KING: Like they always say, when you're in

3 Kerrville, you have to pay a little extra to be here.

4 MS. HARGIS: Yeah, that's the truth. It's not a

5 little extra.

6 MR. KING: That wouldn't seem logical. If we got

7 25 people on a waiting list, maybe you have some incremental

8 increase in your rent. When's the last time it increased?

9 MR. MCKENZIE: We built them 10, 11 years ago.

10 MR. KING: Eleven years ago, and they're still

11 paying the same.

12 MR. COWDEN: What are the leases?

13 MR. MCKENZIE: There's a contract and a lease.

14 MR. WALTERS: They haven't increased those.

15 MR. COWDEN: Go up 25 bucks or something.

16 MR. KING: At least. I mean --

17 MR. MCKENZIE: Or 50.

18 MR. KING: I don't think one of those guys is

19 moving out. I mean, those --

20 MS. HARGIS: That's the other thing. If you

21 increase those, then that makes the other T-hangars

22 profitable; you know, a little bit more logical.

23 MR. KING: Exactly. That seems like, to me, that's

24 just -- I thought about this last night. I was looking at

25 that thing, and I thought to myself, I bet we haven't

1 increased those.

2 MR. MCKENZIE: Never have. Never.

3 MR. KING: I mean, I'm telling you, just the cost

4 of living, just the -- that should have gone up, just the --

5 what do we call it, corpus charges?

6 MS. HARGIS: Some of those leases are real

7 long-term.

8 MS. DEJOHN-ERMEY: Not in the T-hangars.

9 MR. KING: No. T-hangars, those things are year to

10 year to year, aren't they?

11 MS. DEJOHN-ERMEY: They renew annually.

12 MR. KING: Evergreen. Basically, just evergreen.

13 MR. COWDEN: We ought to bump them \$25 and look at

14 this next year.

15 MR. McKENZIE: Let me find out and bring it back.

16 MR. KING: Let's just plan on going up on that.

17 That's just silly. I mean, I don't think any of those guys

18 are going to complain, and it's just -- heck, it's free

19 money. So -- okay.

20 MR. McKENZIE: Okay.

21 MR. KING: Those are -- little things like that, we

22 got to catch. I mean, we got to catch that, because that's

23 just -- I mean, it's senseless for people to go 11 years

24 without getting an increase in rent. Especially if we have a

25 -- I mean, like some of those other guys might say, heck,

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1 I'll give you 300 a month to move in, you know. All right,

2 we'll do that. Okay. Any other questions? Mike, do you got

3 any questions?

4 MS. HARGIS: You need to go to capital.

5 MR. ERWIN: Are you going to capital?

6 MR. KING: Oh, capital. God, what's that?

7 MS. HARGIS: Page 5 of 6.

8 MR. KING: Oh, great. All right, capital. The

9 RAMP grants we're cool on, right? You guys have prepaid your

10 RAMP grant?

11 MR. ERWIN: Yes, we have, next year and the

12 following year.

13 MR. KING: Good job. Way to go. Okay, what else?

14 MS. HARGIS: We have the T-hangars in here.

15 MR. ERWIN: 600,000.

16 MR. KING: Did you pull it out of the budget? You

17 haven't budgeted any money for that thing?
18 MR. ERWIN: Huh-uh.
19 MR. KING: I don't know. I mean, Mike --
20 MR. COWDEN: You're going to, though, right?
21 MR. ERWIN: No, sir.
22 MR. KING: Here's the deal, Mike. I told you -- on
23 any of these -- on any of that, I would just tell the Council
24 that prior to -- I mean, we have this -- I mean, I feel like
25 we should leave it in. That's in 2012, isn't it?

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1 MR. MOSER: Yeah.
2 MR. KING: Man, I don't know.
3 MR. MOSER: We'd be a lot smarter on money when we
4 look through the master plan again.
5 MR. KING: I don't know what -- we're still
6 waiting -- we talked to TexDOT when we were in Austin at that
7 meeting, under professional services, and we talked to them,
8 and they're trying -- I mean, they're going to try to work --
9 they're trying to work with us. It's just they don't have
10 any money.

11 MR. ERWIN: Right.
12 MR. KING: They don't have any money. They told us
13 they were done till when?

14 MR. MOSER: 2014.
15 MR. KING: '13?
16 MR. MOSER: '13 or '14.
17 MR. KING: They had a slot maybe in 2013. They had
18 a couple of slots in 2013, maybe.

19 MR. ERWIN: Has there been a pro forma worked up?
20 MR. KING: No, because we were waiting on them to
21 tell us -- waiting to give us what -- what type of grant we
22 could expect. You know, they've told us all the stuff.
23 Maybe that's what we need to do, Bruce, is just go to them
24 and ask them -- say, "Look, we're not asking for any money,
25 but if..." And this is the hard part of it. They might give

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1 you \$5,000; they might give you 500,000. It's -- you don't

2 -- they don't have the money right now.
3 MR. MCKENZIE: 2013. I can tell you what
4 Michelle's going to tell us. Tom and I talked about it,
5 remember? And it was 2013. Because we were talking about --
6 remember, Tom, the reauthorization funds, you were explaining
7 about reauthorization, which is -- they've done 19 times now
8 to that fund. But it's every 13 days, they just keep
9 reauthorizing; they won't sign the bill. So --

10 MR. KING: Outside -- outside of their help, I
11 don't think the City and County can build them by themselves.
12 Just -- I don't think it's cost-effective. I don't think --
13 you know, we even looked at it -- we talked to Michelle about
14 it, even doing a -- them helping and a private -- having a
15 private deal in on the deal also, you know, with the -- with
16 the State's help. 'Cause they can do some ground --
17 groundwork and some flat work and stuff like that. They
18 can't do verticals. And then -- but then we're also -- we're
19 actually in their T-hangar program.

20 MR. MCKENZIE: We are.
21 MR. KING: In their program now. They have a
22 T-hangar program, and we're in that program. But we -- the
23 answer to your question is no, we haven't done any --
24 MR. MOSER: Pro forma.
25 MR. KING: -- pro forma, because we don't know. We

1 don't know. I think the best -- probably the best we can
2 move this is 2013. What do y'all think about that? Just
3 move it out till 2013? Would that make y'all guys feel a
4 little bit --

5 MR. ERWIN: Mm-hmm, yes.
6 MR. KING: So there's not something hanging.
7 MR. ERWIN: There's not a \$300,000 number out
8 there.

9 MR. KING: Why don't we --
10 MR. COWDEN: We need to take that to zero.
11 MR. MOSER: What? Should we wait till we talk to
12 Garver on Monday before we make that -- that change?
13 MR. WALTERS: I don't know what difference it would

14 make talking to Garver.

15 MR. KING: I mean, I don't think --

16 MR. WALTERS: Unless Garver's going to loan us the

17 money.

18 MR. MOSER: It's -- I think they just -- they have

19 some --

20 MR. COWDEN: Were they the ones that gave us --

21 MR. MOSER: What we're trying do is get this thing

22 as close to revenue-neutral as we can, and the only way you

23 can increase revenue -- I mean, when you got 30 people

24 waiting for hangars, and we're saying, you know, it's stupid

25 not to -- not to have that revenue source, but at the same

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1 time, you got to -- does it make sense? Well, if Garver

2 doesn't really add anything to that Monday, take that back.

3 MR. KING: What I think we need to do, Bruce --

4 like, you and I talked about it; we haven't done it.

5 Probably my bad. We got to go over and have lunch with those

6 guys in Fredericksburg and find out how in the heck they're

7 funding those things. Who's funding them? Where they're

8 getting money from.

9 MR. COWDEN: Snowden did some of those on his own.

10 MR. MOSER: Go to zero in the budget. We just put

11 a budget notation, just like we've done on some of the other

12 things, that there's really, hopefully, \$650,000 that will be

13 anticipated this next year, so don't be surprised when it

14 gets back in next year, something like that. Then you --

15 it's like a placeholder.

16 MR. KING: We have how long? Five-year C.I.P.,

17 don't we?

18 MR. COWDEN: Yeah.

19 MR. KING: Five-year. Five-year C.I.P. We'll move

20 it out to '13, then. It's not over y'all's guys heads. Is

21 that okay?

22 MR. ERWIN: Yes.

23 MR. KING: I'm sure you'd like that.

24 MR. WALTERS: One of the reasons, I bet, how

25 Snowden's doing that is there isn't a lot of infrastructure

1 that he would normally have to do, like we're going to have
2 to do. It's already over there. He's just building right on
3 the ramp?

4 MR. MCKENZIE: Oh, yeah.

5 MR. WALTERS: He's just basically building --
6 pouring slab and structure.

7 MR. KING: I guess so.

8 MR. MCKENZIE: Not doing any site work. He's going
9 up.

10 MR. KING: What's that, 100,000 on this deal?

11 100,000 was that RAMP grant?

12 MS. HARGIS: RAMP, 50 and 50. Fifty from the state
13 and 25 from each of us, so it's 100 out.

14 MR. KING: Okay, I got you. We'll just do that. I
15 mean, I anticipate that -- Mike, if we do a T-hangar project,
16 it's going to take everybody's money. It's going to take --
17 I mean, I just anticipate it's going to E.I.C. and asking for
18 a loan. Not for a grant; a loan, that we can pay them back.
19 I anticipate the State's going to have to help us out on the
20 deal. They're going to have to put some money to make it
21 economically feasible. And I think that, you know, we'll go
22 to the County, we'll go to everybody. But, you know, it's
23 like all these guys told you; the bottom line R.O.I.'s got to
24 be a number that somebody can live with.

25 MR. ERWIN: Right.

1 MR. KING: A private person can't live with it
2 right now, 'cause they don't have anybody helping them, I
3 don't think. Even at \$300 a hangar, it's a tough deal. It's
4 just a tough -- tough way to make it go. And, you know,
5 everybody's under a budget crisis, and so -- the State is
6 short. They've got a set number in that pot, and, man, they
7 dole it out pretty quick, we found out. But they know our
8 problem, and they want to help us. You know, they really
9 want to help us, but it's going to take -- it's going to take
10 some time. And I guess we're going to have to get more

11 organized on it and get some -- maybe get a proposal up at
12 least for the cost. Get a good proposal up for the cost, and
13 then take it to the -- take the breakdown to the State and
14 see what they can help us with, and at least get it on their
15 budget deal, 'cause we're just wasting time if it's not on
16 their agenda, you know. We're up out in '13; we'll be up out
17 in '14 pretty fast. All right. Any other questions? What
18 else we got? Is that it?

19 MR. McKENZIE: That's it.

20 MR. WALTERS: Made Mike's day, taking 300,000 out.

21 MR. ERWIN: That's right.

22 MR. MOSER: Mike can go back and say, "Guess what I
23 got?"

24 MR. WALTERS: "Guess what I did?"

25 MR. MOSER: "I'm taking off the rest of the week."

1 MR. KING: Tell Todd that was a peace offering.

2 MR. ERWIN: Is this meeting over?

3 MR. KING: We're going to close, yeah.

4 MR. COWDEN: Need a motion?

5 MR. KING: For what?

6 MR. COWDEN: To approve this.

7 MR. KING: A motion to approve the budget and send

8 it on to the County and --

9 MS. BAILEY: As amended.

10 MR. KING: Amended budget, and send it to the City

11 and the County.

12 MR. MOSER: Right.

13 MR. COWDEN: So moved.

14 MR. MOSER: Second.

15 MR. KING: All in favor?

16 (The motion carried by unanimous vote, 4-0.)

17 MR. MOSER: I move that we adjourn.

18 MR. KING: Anything else we need to talk about?

19 MR. McKENZIE: So, we're good; City and County can

20 scrutinize it at that point.

21 MR. KING: Motion to adjourn?

22 MR. COWDEN: So moved.

23 MR. WALTERS: Second.

24 MR. KING: Motion by Mr. Cowden, seconded by Mr.

25 Walters. So moved?

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1 (The motion carried by unanimous vote, 4-0.)

2 (Airport Board meeting adjourned at 11 a.m.)

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5 STATE OF TEXAS |

6 COUNTY OF KERR |

7 I, Kathy Banik, official reporter for Kerr County,

8 Texas, do hereby certify that the above and foregoing is a

9 true and complete transcription of my stenotype notes taken

10 at the time and place heretofore set forth.

11 DATED at Kerrville, Texas, this 22nd day of June, 2011.

12 _____
13 Kathy Banik, Texas CSR # 6483
14 Expiration Date: 12/31/12
15 Official Court Reporter
16 Kerr County, Texas
17 700 Main Street
18 Kerrville, Texas 78028
19 Phone: 830-792-2295

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