

DATE: November 10, 2017
TO: SAA Board of Directors
FROM: Tim Rogers and Shelli Swanson
SUBJECT: **November 15, 2017 Regular Board Meeting**

Enclosed are items for your review prior to Wednesday's meeting. Please note that the meeting will be held in the **second-floor conference room, Hangar 600, 2720 Arnold Ct.** A map showing the location of Hangar 600 is enclosed in your board meeting packet.

Please note the following agenda comments.

50 Years Ago – November 1967

Air traffic operations at the Salina Airport's new location reached 49,321 operations. For CY 1967 key operating revenue and expenses were:

- Landing fees - \$10,963
- Fuel flowage- \$18,708
- Building rents - \$157,600
- Ag land rental - \$14,866
- Building maintenance - \$6,427
- Salaries - \$45,462
- Capital expenditures - \$4,464

Agenda Item #5 – Review of Airport Activity and Financial Reports for the Month Ending October 31, 2017
(Rogers and Swanson)

Airport Activity – Air Traffic (Rogers)

The October 2017 air traffic count increased 2% to 6,177 operations as compared to the October 2016 total of 6,052. For the year-to-date a total of 50,985 operations have been recorded which is 23% less than the October 2016 YTD total of 66,705. For the YTD, military itinerant traffic continues to trend upward and is a contributor to increased fuel sales.

Airport Activity – Fuel Flowage (Rogers)

October 2017 fuel flowage was 172,614 gallons which was a 36% increase as compared to the October 2016 total of 126,983 gallons. For the year-to-date fuel flowage totals 2,288,935 gallons which is up 45% as compared to the October 2016 YTD total of 1,578,085 gallons. November and December fuel flowage will continue to trend higher increased due to military and flight test operations at the Salina Airport.

Airport Activity – Passenger Counts (Rogers)

Great Lakes completed another successful month with 781 enplaned passengers which was a 37% increase over the October 2016 total of 558 passengers. The airline's total passenger count was 1,547 which was a 34% increase over the October 2016 total of 1,152. For the year to date, a total of 11,523 passengers have boarded scheduled Great Lakes' flights and military charter aircraft. Total passenger enplanements have not exceeded 10,000 since CY 2000.

Financial Reports – Comments and Notes (Swanson)

At the end of the October, total operating revenue arrived at 11% over budget and \$213,022 ahead of the same period in 2016. Total administrative expenses continue to track 1% under budget while maintenance expenses reached 20% over budget bringing total operating expenses to 6% over budget.

Total operating income before depreciation reached \$92,135 at the end of October which is 17% ahead of 2016 or \$13,124.

Financial Reports – October 2017 Significant Expenditures/Payables Report Enclosed (Swanson)

The following represents the October activity in our two bond proceed improvement fund accounts:

**Salina Airport Authority
Account QuickReport
As of October 31, 2017**

Type	Date	Num	Name	Memo	Amount	Balance
Cash in Bank - Bond Funds						204,247.74
108-FBK Imp Fund Temp Note 2016						204,247.74
Bill Pmt -Check	10/25/2017	1029	Lochner - BWR Division	Beechcraft Road Rehabilitation Design	-29,300.00	174,947.74
Bill Pmt -Check	10/26/2017	1030	APAC-Kansas, Inc., Shears Div.	Rwy 17/35 Shoulder Re3pari, Txy D Heave	-62,864.34	112,083.40
▶ Bill Pmt -Check	10/30/2017	1031	Jviation, Inc.	AIP 36 - Txy E & B Imp. Design (Final Pmt)	-4,500.00	107,583.40 ◀
Deposit	10/31/2017			Interest	69.20	107,652.60
Total 108-FBK Imp Fund Temp Note 2016					-96,595.14	107,652.60
Total Cash in Bank - Bond Funds					-96,595.14	107,652.60
TOTAL					-96,595.14	107,652.60

**Salina Airport Authority
Account QuickReport
As of October 31, 2017**

Type	Date	Num	Name	Memo	Amount	Balance
Cash in Bank - Bond Funds						3,985.65
UMB Series 2015-A Proj Fund						3,985.65
▶ Check	10/31/2017			Service Charge	-12.00	3,973.65 ◀
Deposit	10/31/2017			Interest	0.17	3,973.82
Total UMB Series 2015-A Proj Fund					-11.83	3,973.82
Total Cash in Bank - Bond Funds					-11.83	3,973.82
TOTAL					-11.83	3,973.82

Financial Reports – Accounts Receivable Past Due 31 days or more as of November 10, 2017 (Swanson)

<u>Account</u>	<u>Amount</u>	<u>Days</u>	<u>Comments</u>
Airport Apartments	\$1,469.73	31-60	T-hangar rent
Great Lakes Airlines	\$1,250	31-60	Counter rental
National Airlines	\$560	>90	Landing fees
Tischlerei	\$26,649	31>+90	Rent, finance chgs

Agenda Item #6 – Presentation of the Airport Authority’s 2018 Insurance Coverages (Rogers and Swanson)

The Airport Authority’s risk management consultant, James Charlesworth will attend the meeting and report on the Airport Authority’s 2018 insurance coverages that will renew on January 1, 2018. The report will include details concerning policy limits, deductible amounts and premiums for the Authority’s automobile, equipment, commercial property, environmental, workers’ compensation and liability insurance coverages. Enclosed is a preliminary summary of the 2018 insurance package. The total 2018 cost is expected to be \$146,800 which would be a 3.3% increase over our 2017 expense of \$142,063.

Agenda Item #7 – Review 2018 Operating Expenses (Rogers and Swanson)

At the meeting, you will receive the detail for each operating expense account. Shelli and I review the accounts and highlight operating expense priorities for 2018. For example, catching up on deferred airfield maintenance will be a 2018 priority. Our discussion will include a review of airfield maintenance completed during 2017 and our 2018 plan.

Agenda Item #8 – Review and Discussion of Air Carrier Proposals Received for the 2018 to 2020 Salina, KS Essential Air Service Program Subsidy Contract. (Rogers)

Enclosed is a summary of air carrier proposals submitted to the USDOT for the 2018 to 2020 EAS Program subsidy contract. On Monday, November 13 I'll meet with both the Saline County Commissioners and Salina City Commissioners to obtain their comments and air carrier preference.

Agenda Item #11 – Executive Session. (Platten and Rogers)

An executive session will be needed for 30-minutes to discuss the financial affairs and traded secrets of a corporation and matters of non-elected personnel. Board action is not anticipated following the executive session.

STAFF REPORTS

Hangar 409 Column Repair (Bieker)

The replacement and repair work has been designed with the help of local structural engineer, Jim Manley.

Airfield Tasks (Bieker)

All of the ramp repairs have been completed. Building 655 fire suppression service line has been repaired and the concrete patch has been completed.

Airfield Maintenance (Bieker)

APAC Shears completed pavement repairs on the north side of Hangar H606. The area is used to stage vehicles and equipment for Ft. Riley deployment flights. SAA staff have completed three days of annual ARFF training that includes live-fire drills. Maintenance personnel have been working to prepare snow removal trucks for winter ops.

SAA Staff (Windhorst)

The Salina Airport Authority is currently looking to fill a full-time administrative assistant position. Catarino Porras terminated his employment with the Salina Airport Authority effective Monday, November 6th.

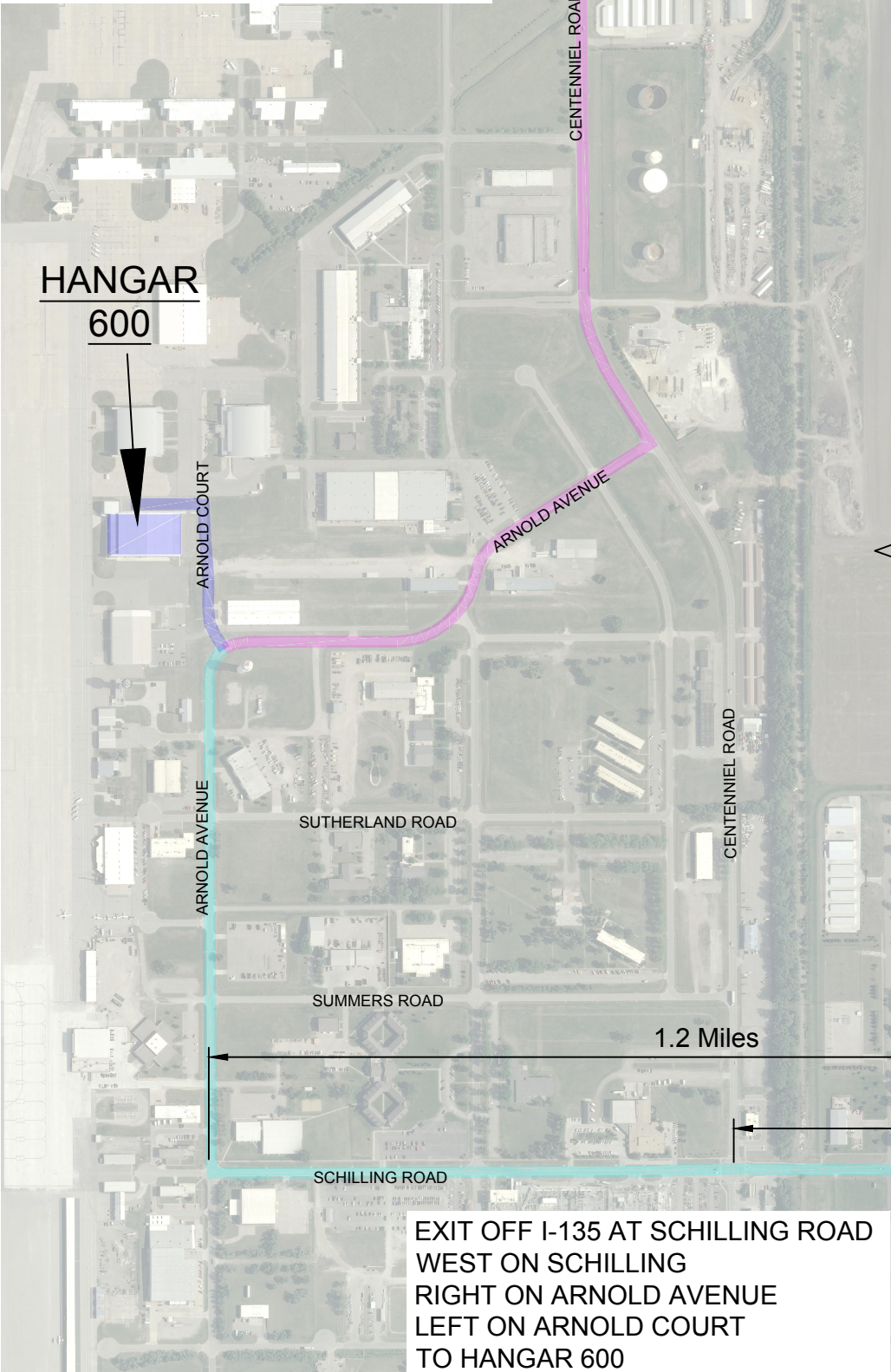
Upcoming Events (Windhorst)

Salina Airport Authority staff is working in partnership with Great Lakes Airlines and the Transportation Security Administration on two upcoming events to promote Fly Salina. The Parade of Lights is scheduled for Saturday, November 18th at 6:00 p.m. and will promote Fly Salina and Great Lakes Airlines. In addition to the parade, we are also preparing for the annual Candy Canes and Airplanes event which is scheduled for Saturday, December 2, 2017 in Hangar 600. Doors open 1:00 p.m. and Santa will fly into SLN at 2:15 p.m.

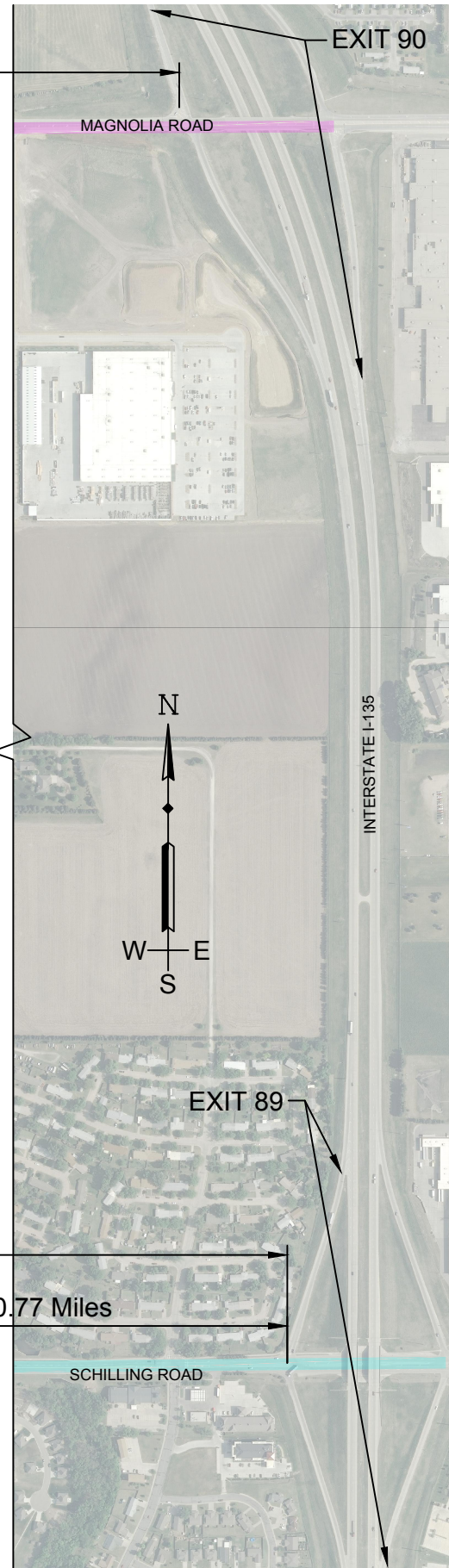
Please contact me if you have any questions or comments.

DIRECTIONS TO HANGAR 600 (2720 ARNOLD COURT)

EXIT OFF I-135 AT MAGNOLIA ROAD
WEST ON MAGNOLIA
LEFT ON CENTENNIAL
RIGHT ON ARNOLD AVENUE
RIGHT ON ARNOLD COURT
TO HANGAR 600



EXIT OFF I-135 AT SCHILLING ROAD
WEST ON SCHILLING
RIGHT ON ARNOLD AVENUE
LEFT ON ARNOLD COURT
TO HANGAR 600



SALINA AIRPORT AUTHORITY REGULAR BOARD MEETING

**Hangar H600, Second Floor Conference Room
2720 Arnold Court
November 15, 2017– 8:00 AM**

AGENDA

Action Items

1. Call to order and determine a quorum is present. (Platten)
2. Recognition of guests. (Platten)
3. Additions to the agenda. (Platten)
4. Approval of the minutes of the October 18, 2017 regular board meeting and November 1, 2017 special board meeting. (Platten)
5. Review of airport activity and financial reports for the month ending October 31, 2017. (Rogers & Swanson)
6. Presentation of the Airport Authority's 2018 automobile, equipment, commercial property, environmental, workers' compensation and liability insurance coverages for 2018 (Rogers and Swanson)
7. Review of 2018 operating expenses. (Rogers and Swanson)
8. Report on the status of the renewal of the Salina, KS Essential Air Service Program subsidy contract. (Rogers)

Directors' Forum (Platten)

Visitor's Questions and Comments (Platten)

Staff Reports (Rogers)

Announcements (Windhorst)

Executive Session (Platten)

9. An executive session of the board of directors for discussion of financial affairs and trade secrets of a corporation and to discuss matters of non-elected personnel. (Platten and Rogers)

Adjournment (Platten)



**MINUTES OF THE REGULAR MEETING OF THE BOARD
OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY
OCTOBER 18, 2017
HANGAR 600 SECOND FLOOR CONFERENCE ROOM**

Call to Order

The meeting was called to order at 8:00 AM by Chairman Platten.

Attendance

Attendance was taken. Chairman Platten, Directors Buer, Eichelberger, Vancil, and Weisel were present. Also present were Executive Director Tim Rogers; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Kenny Bieker; Business and Communications Manager Kasey Windhorst; Administrative Assistant Catarino Porras and Board Attorney Greg Bengtson. Bob Ott, Former SAA Board Member; Bob Vidricksen, Saline County Commissioner; Michael Bunn, T-Hangar Tenant and Cary Adcock, Midwest ATC Salina were guests.

Additions to the Agenda

Chairman Platten asked if there were any additions to the agenda. Executive Director Rogers stated that there were no additions to the agenda.

Minutes

Chairman Platten asked if the board members had additions or corrections to the minutes of the September 20, 2017 regular board meeting. Director Vancil moved, seconded by Director Eichelberger, to approve the minutes of the September 20, 2017 regular board meeting. Motion passed unanimously.

50 Years Ago

The Airport Authority initiated negotiations with the Kansas Power and Light Company for the sale of the former Schilling AFB electrical system to the utility.

Airport Activity and Financial Reports

Executive Director Rogers reported on airport activity for the month of September 2017. Air traffic decreased to 7,081 operations during the month of September 2017 as compared to 7,593 during September 2016. Fuel flowage for the month of September 2017 increased 46% as compared to the same period last year. Avflight reported a total of 418,616 gallons of fuel sold during the month of September 2017 as compared to a total of 137,906 gallons during September 2016. Rogers commented on enplanements for the month of September 2017. Great Lakes recorded 1,479 total enplaned/deplaned passengers during the month which was a 51% increase over the September 2016 total of 976. The target number for total passengers is 1,600 per month.

Director of Administration and Finance Swanson reported on the financials for the 3rd quarter and month ending September 30, 2017. Total operating revenue arrived 13% over budget and is \$197,326 ahead for the same period of 2016. Total administrative expenses ended up 1% under

budget while maintenance expenses reached 21% over budget bringing total operating expenses to 7% over budget. Swanson noted that total operating income before depreciation reached \$96,467 at the end of September which is 15% ahead of 2016 or \$12,669. Chairman Platten directed the staff to file the financials for audit.

Insurance Claims and Settlements

Executive Director Rogers discussed recent incidents resulting in damage to Salina Airport Authority property. The claim for the ARFF vehicle accident and damage to hangar H409 has been successfully settled. Total settlement for ARFF 3 was \$84,497 and paid through the Salina Airport Authority's auto policy. Damage to H409 is estimated at \$30,000 and is covered by Avflight's commercial property policy. SAA staff is coordinating structural engineering design and securing contractor bids for repairs to H409. Another incident on Tuesday, August 29, 2017 resulted in damage to SAA's perimeter fence and gate damage. Total cost of repairs was \$2,337 and settled 100% by the vehicle owners' liability insurance.

Airport Operations and Safety Staff

Executive Director Rogers reviewed the current staffing plan for the Salina Airport Authority airport operations and safety staff. SAA has hired four new employees due to one retirement, two resignations and one termination. Rogers reviewed the updated organizational chart and the preliminary staffing plan for 2018.

SAA Resolution No. 17-11

Executive Director Rogers reviewed the establishment of the Salina Community Economic Development Organization and reviewed SAA Resolution 17-11. Director Weisel moved to approve SAA Resolution 17-11 reappointing Jeff Thompson to the Board of Directors for the Salina Community Economic Development Organization, Inc. Seconded by Director Vancil. Motion passed unanimously.

2018 Operating Expenses

Director of Finance and Administration Swanson distributed a 10-year profit and loss report and a 10-year operating revenue and expense analysis. Rogers commented on significant events in prior years resulting in loss of operating revenue. Swanson reviewed the projections for the 2018 operating revenue and expenses. The final 2018 operating plan and budget will be presented to the December 20th board meeting.

Renewal of Salina, KS Essential Air Service Program Subsidy Contract

Executive Director Rogers commented on the updated passenger true market and demand study for Salina Regional Airport prepared by ArkStar Group. Rogers noted the catchment area has grown 18% since the prior study completed in 2006. SLN captures approximately 14 passengers per day each way (PDEW) out of the potential 412 passengers PDEW in the catchment area. Rogers reviewed the Essential Air Service (EAS) air carrier selection process. Air carrier proposals must be submitted to the USDOT by November 1, 2017 and community comments will be submitted by November 15, 2017.

Executive Session

At 9:05 A.M. Director Vancil moved to recess the open meeting until 9:35 A.M. for an

executive session for the purpose of discussing confidential data relating to financial affairs or trade secrets of a corporation for the reason that public discussion of that information would unfairly disadvantage the business in relation to its competitors and for the discussion of matters of non-elected personnel for the reason that public discussion would violate the individual's privacy rights. Director Weisel seconded the motion. Motion carried unanimously.

The open meeting resumed at 9:35 A.M.

At 9:35 A.M. Director Weisel moved to continue the executive session until 9:50 A.M. Director Vancil seconded the motion. Motion carried unanimously.

The open meeting resumed at 9:50 A.M.

Upon a motion duly made, the meeting adjourned at 9:51 A.M.

Minutes approved at the November 15, 2017 Board Meeting.

Secretary

(SEAL)

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF
DIRECTORS OF THE SALINA AIRPORT AUTHORITY
NOVEMBER 1, 2017
HANGAR 600 SECOND FLOOR CONFERENCE ROOM**

Call to Order

The meeting was called to order at 4:00 AM by Chairman Platten.

Attendance

Attendance was taken. Chairman Platten, Directors Buer, Weisel, Vancil (via conference call) were present. Also present were Executive Director Tim Rogers; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Kenny Bieker; Business and Communications Manager Kasey Windhorst; Administrative Assistant Catarino Porras and Board Attorney Greg Bengtson. Bob Vidricksen, Saline County Commissioner; Retha Wittlake, Great Lakes Airlines Salina Manger and Tim Horan, Salina Journal were guests.

Additions to the Agenda

Chairman Platten asked if there were any additions to the agenda. Executive Director Rogers stated that there were no additions to the agenda.

2018 Operating Plan and Budget

Executive Director Rogers reviewed the priorities for 2018. Director of Finance and Administration Swanson distributed the updated scorecard which highlights on SAA building and hangar leasing activity. As of November 1st, SAA occupancy rate is at 69% as compared to 60% at the same period last year. The vacancy rate is tracking at 31%. Swanson highlighted on significant capital expenditures in the 2018 capital budget. Swanson discussed the 2018 budget summary and noted detailed operating expense reports would be available at the upcoming board study session scheduled for December 6, 2017.

Essential Air Service Renewal

Executive Director Rogers reported on the status of the renewal of the Salina, KS Essential Air Service Program subsidy contract. The SAA is expecting four proposals for the next EAS contract beginning April 1, 2018 and ending March 31, 2020. Rogers reviewed the EAS program air carrier evaluation criteria including the five factors considered by USDOT and Salina's expectations for air service.

Executive Session

At 4:45 P.M. Director Weisel moved to recess the open meeting until 4:55 P.M. for an executive session for the purpose of discussing confidential data relating to financial affairs or trade secrets of a corporation for the reason that public discussion of that information would unfairly disadvantage the business in relation to its competitors. Director Buer seconded the motion. Motion carried unanimously.

The open meeting resumed at 4:55 P.M.

Upon a motion duly made, the meeting adjourned at 4:55 P.M.

Minutes approved at the November 15, 2017 Board Meeting.

Secretary

(SEAL)

**SALINA AIRPORT AUTHORITY
AIRPORT ACTIVITY REPORT
2017**

AIR TRAFFIC/ATCT

October, 2017	6,177 Operations 845 Instrument Operations 472 Peak Day
October, 2016	6,052 Operations 935 Instrument Operations 332 Peak Day
January 2017 - October 2017	50,985 Operations
January 2016 - October 2016	66,705 Operations
January 2015 - October 2015	80,496 Operations

FUEL FLOWAGE

October, 2017	172,614 Gallons
October, 2016	126,983 Gallons
January 2017 - October 2017	2,288,935 Gallons
January 2016 - October 2016	1,578,085 Gallons
January 2015 - October 2015	2,250,473 Gallons

		Avflight	
		Military/Gov't Portion	Self-fuel Station Portion
KSU-S	Avflight Salina		
8,968	163,645	43,193	744
12,711	114,272	35,696	665
84,630	2,204,304	848,475	7,330
97,405	1,480,680	575,336	8,543
111,097	2,139,376	696,907	8,553

Great Lakes

October, 2017	766 Passengers
October, 2016	558 Passengers
January 2017 - October 2017	7,221 Passengers
January 2016 - October 2016	1,993 Passengers
January 2015 - October 2015	963 Passengers

ENPLANEMENTS

DEPLANEMENTS

TOTAL

ENPLANEMENTS - Charter Flights

October, 2017	180 Passengers
October, 2016	0 Passengers
January 2017 - October 2017	4,302 Passengers
January 2016 - October 2016	624 Passengers
January 2015 - October 2015	8,754 Passengers

TOTAL ENPLANEMENTS - Scheduled Flights & Charter Flights

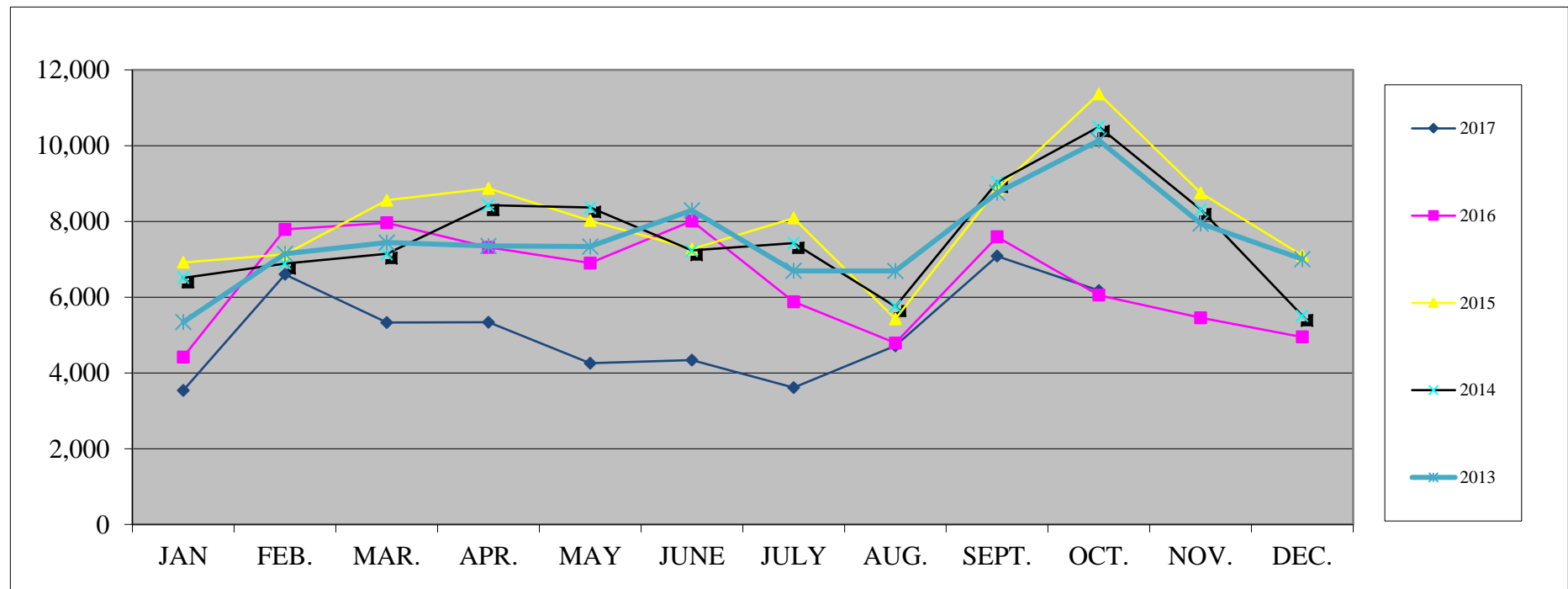
October, 2017	946 Passengers
October, 2016	558 Passengers
January 2017 - October 2017	11,523 Passengers
January 2016 - October 2016	2,617 Passengers
January 2015 - October 2015	9,717 Passengers

**AIRPORT TRAFFIC RECORD
2016 - 2017**

	ITINERANT					LOCAL			Total Operations
	AC	AT	GA	MI	Total Itinerant	Civil	Military	Total Local	
2017									
January, 17	5	1,154	585	141	1,885	1,438	216	1,654	3,539
February, 17	25	2,062	751	831	3,669	2,553	376	2,929	6,598
March, 17	2	1,426	805	260	2,493	2,518	318	2,836	5,329
April, 17	6	1,793	688	230	2,717	2,317	306	2,623	5,340
May, 17	2	1,433	823	165	2,423	1,612	218	1,830	4,253
June, 17	22	1,241	841	452	2,556	1,328	454	1,782	4,338
July, 17	6	1,035	795	205	2,041	1,320	252	1,572	3,613
August, 17	0	1,281	810	310	2,401	1,800	516	2,316	4,717
September, 17	28	1,953	793	302	3,076	3,496	509	4,005	7,081
October, 17	5	1,676	759	220	2,660	3,283	234	3,517	6,177
November, 17									
December, 17									
Totals January - October	101	15,054	7,650	3,116	25,921	21,665	3,399	25,064	50,985
2016									
January, 16	5	941	676	88	1,710	2,502	210	2,712	4,422
February, 16	78	2,171	1,038	208	3,495	4,064	230	4,294	7,789
March, 16	21	1,830	869	234	2,954	4,644	364	5,008	7,962
April, 16	15	1,799	791	269	2,874	4,110	328	4,438	7,312
May, 16	106	1,610	980	325	3,021	3,473	404	3,877	6,898
June, 16	69	1,758	1,089	273	3,189	4,310	512	4,822	8,011
July, 16	3	1,411	942	152	2,508	3,215	154	3,369	5,877
August, 16	12	1,231	817	194	2,254	2,054	481	2,535	4,789
September, 16	55	2,513	885	144	3,597	3,872	124	3,996	7,593
October, 16	3	2,275	902	186	3,366	2,530	156	2,686	6,052
November, 16									
December, 16									
Totals January - October	367	17,539	8,989	2,073	28,968	34,774	2,963	37,737	66,705
Difference	-266	-2,485	-1,339	1,043	-3,047	-13,109	436	-12,673	-15,720
YTD % Change	-72%	-14%	-15%	50%	-11%	-38%	15%	-34%	-24%
Legend:	AC: Air Carrier		AT: Air Taxi						
	GA: General Aviation		MI: Military						

AIR TRAFFIC

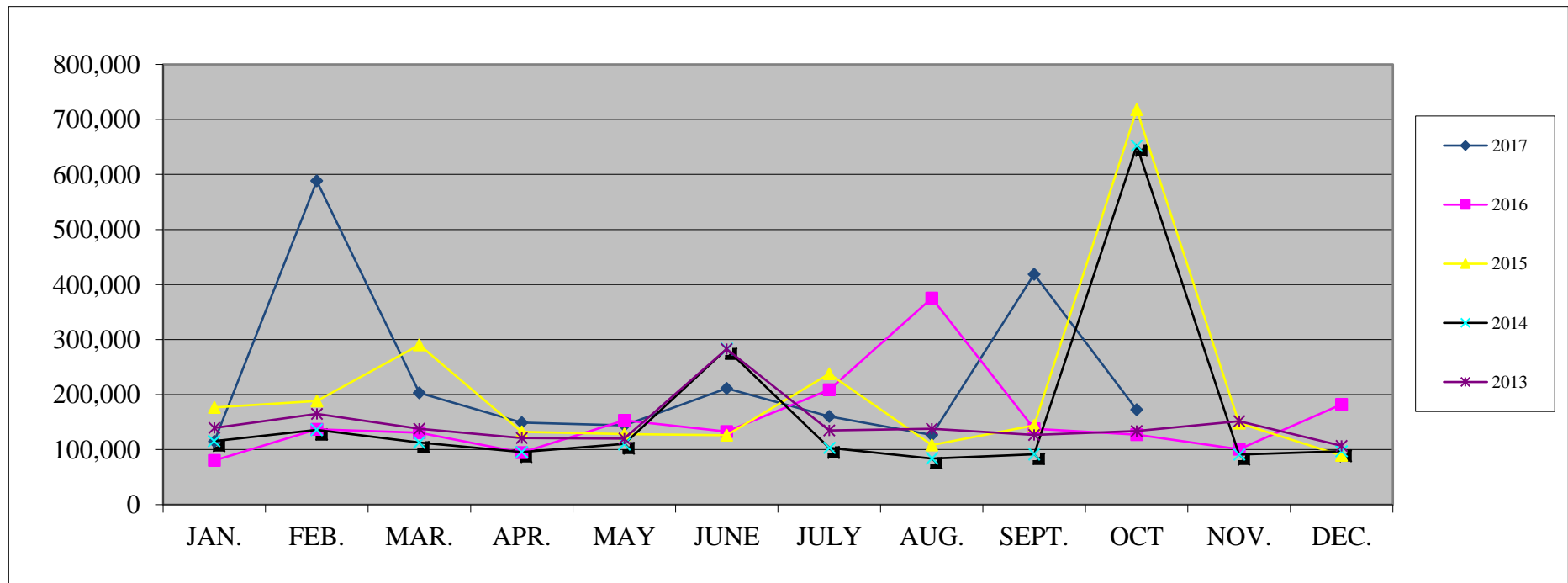
	<u>JAN</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>	<u>TOTAL</u>
2017	3,539	6,598	5,329	5,340	4,253	4,338	3,613	4,717	7,081	6,177			50,985
2016	4,422	7,789	7,962	7,312	6,898	8,011	5,877	4,789	7,593	6,052	5,458	4,948	77,111
2015	6,918	7,133	8,557	8,870	8,022	7,268	8,089	5,426	8,846	11,367	8,753	7,101	96,350
2014	6,511	6,887	7,143	8,426	8,365	7,234	7,423	5,756	9,035	10,496	8,316	5,509	91,101
2013	5,341	7,146	7,440	7,349	7,336	8,291	6,696	6,694	8,755	10,136	7,946	7,001	90,131
2012	4,642	6,700	8,189	8,002	11,819	7,532	7,635	7,802	10,478	10,292	8,838	5,409	97,338
2011	3,088	3,880	4,632	5,671	5,418	6,379	5,639	4,804	9,355	9,249	6,138	4,954	69,207
2010	2,760	4,430	5,743	5,964	4,611	4,572	4,364	4,009	6,816	7,653	5,100	4,429	60,451
2009	4,345	6,822	5,675	5,888	6,209	5,883	5,082	3,860	6,470	5,258	5,775	3,795	65,062
2008	4,233	6,749	6,063	6,291	5,530	6,345	5,356	4,112	7,425	8,125	6,571	4,775	71,575
2007	5,606	5,726	6,005	7,264	6,087	6,788	6,232	5,531	8,637	7,425	7,498	3,680	76,479



FUEL FLOWAGE

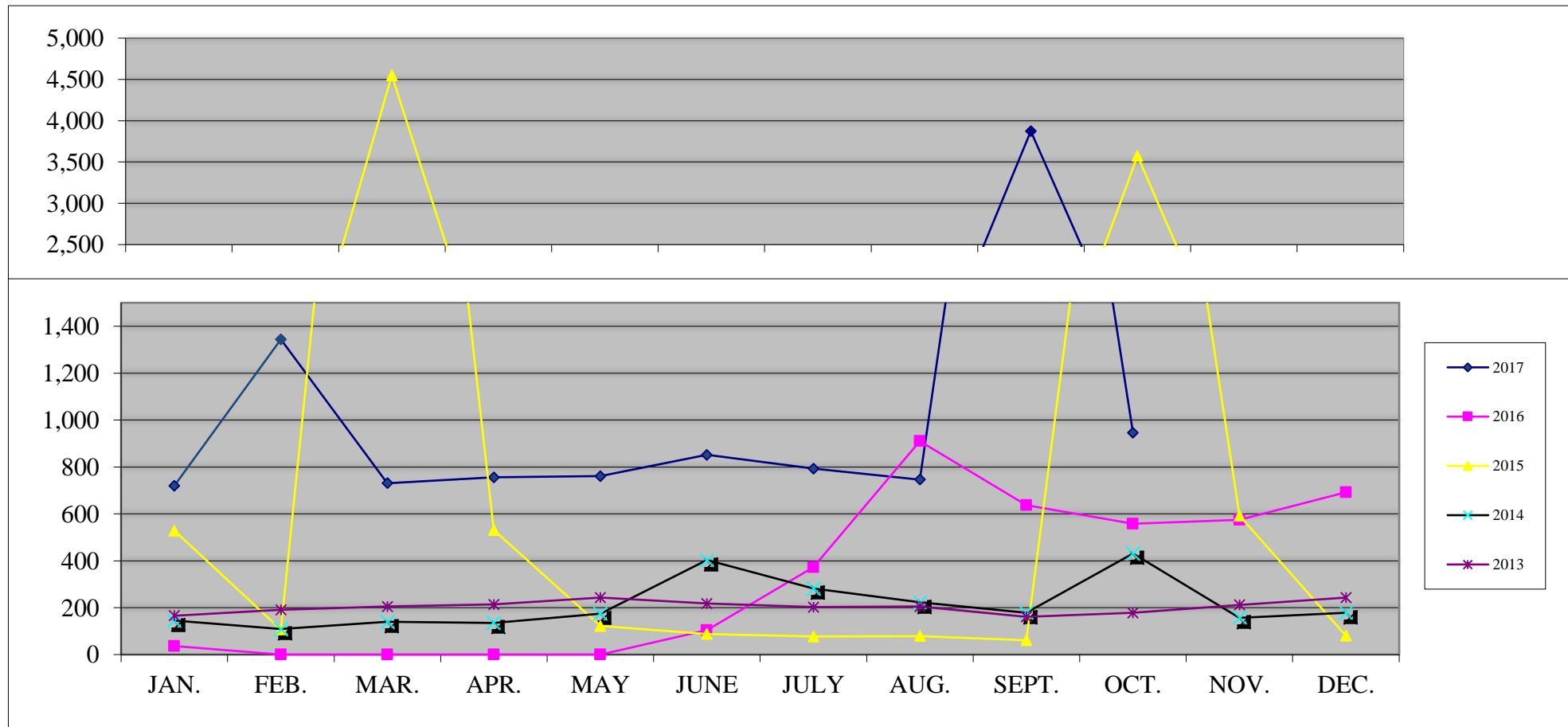
Gallons of Fuel Sold at SLN

	<u>JAN.</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT</u>	<u>NOV.</u>	<u>DEC.</u>	<u>TOTAL</u>
2017	115,075	588,072	203,387	149,134	143,801	211,351	160,134	126,751	418,616	172,614			2,288,935
2016	80,221	136,763	130,990	94,673	153,410	132,964	208,846	375,330	137,906	126,983	100,764	182,062	1,860,912
2015	176,746	188,406	290,470	132,543	128,100	126,428	237,782	108,581	143,816	717,601	147,853	89,277	2,487,603
2014	115,573	135,651	112,694	95,549	110,387	282,468	103,108	83,757	91,423	652,207	90,948	97,295	1,971,061
2013	139,227	165,167	138,056	121,295	120,083	282,743	134,677	137,840	126,523	134,024	151,427	106,917	1,757,981
2012	136,995	163,253	303,472	142,770	307,541	365,938	162,584	169,534	163,515	149,404	287,619	241,424	2,594,049
2011	158,199	175,703	311,254	168,490	141,986	261,097	246,687	202,390	178,133	172,586	203,684	166,461	2,386,670
2010	140,149	174,668	276,837	195,019	195,859	333,684	271,029	212,013	170,735	209,067	315,010	269,921	2,763,991
2009	202,765	239,649	182,205	183,738	192,029	306,421	222,991	145,268	171,251	216,190	256,904	162,174	2,481,585
2008	240,060	298,097	293,841	231,396	212,675	319,814	218,666	236,294	245,330	374,857	236,718	206,767	3,114,515
2007	301,504	331,456	315,827	300,209	306,483	433,448	292,410	317,909	323,365	294,420	327,122	234,641	3,778,794



ENPLANEMENTS

	<u>JAN.</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>	<u>FAA</u> <u>Adjustment</u>	<u>TOTAL</u>
2017	720	1,344	731	756	761	852	793	746	3,874	946				11,523
2016	36	0	0	0	0	104	372	910	637	558	574	692		3,883
2015	528	107	4,550	531	122	88	77	79	61	3,574	592	80	-310	10,079
2014	145	109	140	135	175	403	282	223	178	431	157	178	-158	2,398
2013	166	191	205	214	243	218	202	205	161	178	212	243	391	2,829
2012	237	249	247	216	287	213	174	198	151	187	229	335	803	3,526
2011	146	156	205	181	254	258	261	234	225	287	264	234	152	2,857
2010	81	97	139	116	668	166	162	154	178	436	234	510	203	3,144
2009	224	227	275	223	232	210	225	242	439	190	223	129	29	2,868
2008	228	147	224	283	372	396	393	450	524	930	309	398	516	5,170
2007	109	81	133	107	185	226	221	285	241	325	679	353	1,182	4,127



**Adjustment based on Nonscheduled/On-Demand Air Carrier Filings FAA Form 1800-31

Salina Airport Authority
Statement of Net Assets Prev Year Comparison
As of October 31, 2017

	Oct 31, 17	Sep 30, 17	\$ Change	Oct 31, 16	\$ Change	% Change
ASSETS						
Current Assets						
Checking/Savings						
Cash in Bank - Bond Funds	111,626	208,233	-96,607	676,437	-564,811	-84%
Cash in bank & Petty Cash-Op	252,907	94,037	158,870	426,201	-173,294	-41%
Total Checking/Savings	364,533	302,270	62,264	1,102,639	-738,105	-67%
Accounts Receivable						
Accounts Receivable	165,814	241,802	-75,988	82,125	83,689	102%
Total Accounts Receivable	165,814	241,802	-75,988	82,125	83,689	102%
Other Current Assets						
Mill Levy receivable	71,179	71,179	0	0	71,179	100%
Other current assets	128,652	131,934	-3,282	139,018	-10,366	-8%
Undeposited Funds	360	9,464	-9,104	0	360	100%
Total Other Current Assets	200,191	212,577	-12,386	139,018	61,173	44%
Total Current Assets	730,538	756,649	-26,111	1,323,782	-593,244	-45%
Fixed Assets						
Fixed assets at cost	85,035,523	84,930,729	104,794	82,843,081	2,192,443	3%
Less accumulated depreciation	-41,576,085	-41,351,520	-224,565	-38,890,110	-2,685,975	-7%
Total Fixed Assets	43,459,439	43,579,209	-119,771	43,952,971	-493,532	-1%
Other Assets						
Irrevocable Escrow 2017-A&B	1,288,505	1,288,505	0	0	1,288,505	100%
Other assets	7,223	9,202	-1,979	31,748	-24,526	-77%
Total Other Assets	1,295,728	1,297,707	-1,979	31,748	1,263,980	3,981%
TOTAL ASSETS	45,485,705	45,633,566	-147,861	45,308,501	177,204	0%
LIABILITIES & EQUITY						
Liabilities						
Current Liabilities						
Accounts Payable						
Accounts payable	98,003	103,414	-5,411	373,288	-275,285	-74%
Total Accounts Payable	98,003	103,414	-5,411	373,288	-275,285	-74%
Credit Cards						
Sam's Club Discover	0	1,919	-1,919	-357	357	100%
VISA - Sunflower Bank, N.A. - K	0	22	-22	0	0	0%
VISA - Sunflower Bank, N.A. - S	1,415	214	1,201	0	1,415	100%
VISA - Sunflower Bank, N.A. - T	39	1,219	-1,180	-29	68	234%
Total Credit Cards	1,454	3,374	-1,921	-386	1,839	477%
Other Current Liabilities						
Accrued debt interest payable	165,999	88,113	77,886	161,427	4,572	3%
Debt, current portion	1,222,153	1,222,153	0	1,109,894	112,259	10%
Deferred Mill Levy revenue	351,876	524,532	-172,656	331,856	20,020	6%
Other current liabilities	218,270	196,991	21,279	271,720	-53,449	-20%
Total Other Current Liabilities	1,958,299	2,031,790	-73,491	1,874,897	83,402	5%
Total Current Liabilities	2,057,755	2,138,578	-80,823	2,247,799	-190,043	-9%
Long Term Liabilities						
Debt - Long Term	22,647,162	22,647,162	0	22,443,794	203,367	1%
Less current portion	-1,222,153	-1,222,153	0	-1,109,894	-112,259	-10%
Security Deposits Returnable	49,572	49,572	0	44,904	4,668	10%
Total Long Term Liabilities	21,474,581	21,474,581	0	21,378,804	95,776	1%
Total Liabilities	23,532,336	23,613,159	-80,823	23,626,603	-94,267	-0%
Equity						
Invested in Capital Assets net	20,812,276	20,902,747	-90,471	21,456,408	-644,132	-3%
Net assets, Designated	90,000	90,000	0	90,000	0	0%
Net assets, Unrestricted	1,348,121	1,257,650	90,471	1,342,149	5,972	0%
Net Income	-297,028	-229,989	-67,038	-1,206,658	909,631	75%
Total Equity	21,953,369	22,020,407	-67,038	21,681,898	271,471	1%
TOTAL LIABILITIES & EQUITY	45,485,705	45,633,566	-147,861	45,308,501	177,204	0%

Salina Airport Authority Profit & Loss Budget Performance

October 2017

	Oct 17	Budget	\$ Over Budget	% of Budget	Jan - Oct 17	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Ordinary Income/Expense									
Income									
Airfield revenue									
Fuel Flowage Fees	13,101	14,165	-1,064	92%	176,603	130,677	45,925	135%	158,000
Hangar rent	31,397	45,000	-13,603	70%	346,683	430,000	-83,317	81%	520,000
Landing fees	3,119	542	2,578	576%	40,127	5,417	34,710	741%	6,500
Ramp rent	3,614	4,167	-553	87%	39,344	41,667	-2,323	94%	50,000
Total Airfield revenue	51,232	63,873	-12,642	80%	602,756	607,761	-5,004	99%	734,500
Building and land rent									
Agri land rent	0	4,667	-4,667	0%	55,774	46,667	9,107	120%	56,000
Building rents - Long Term									
Short-term leasing	19,483	7,445	12,038	262%	195,397	74,450	120,947	262%	89,340
Building rents - Long Term - Other	67,797	65,375	2,423	104%	665,210	653,745	11,465	102%	784,494
Total Building rents - Long Term	87,280	72,820	14,460	120%	860,607	728,195	132,412	118%	873,834
Land rent									
Basic Land Rent	7,484	8,096	-612	92%	86,046	80,958	5,088	106%	97,150
Property tax - tenant share	10,000	10,000	0	100%	100,000	100,000	0	100%	120,000
Total Land rent	17,484	18,096	-612	97%	186,046	180,958	5,088	103%	217,150
Tank rent	808	792	16	102%	8,080	7,917	163	102%	9,500
Total Building and land rent	105,572	96,374	9,198	110%	1,110,508	963,737	146,771	115%	1,156,484
Other revenue									
Airport Marketing	2,572	4,000	-1,428	64%	44,012	40,000	4,012	110%	48,000
Commissions	63	1,917	-1,854	3%	32,406	19,167	13,240	169%	23,000
Other income	11,833	3,750	8,083	316%	60,697	37,500	23,197	162%	45,000
Total Other revenue	14,469	9,667	4,802	150%	137,116	96,667	40,449	142%	116,000
Total Income	171,272	169,914	1,358	101%	1,850,380	1,668,164	182,216	111%	2,006,984
Gross Profit	171,272	169,914	1,358	101%	1,850,380	1,668,164	182,216	111%	2,006,984
Expense									
Administrative expenses									
A/E, consultants, brokers	0	1,250	-1,250	0%	850	12,500	-11,650	7%	15,000
Airport promotion	2,572	4,833	-2,261	53%	49,706	48,333	1,372	103%	58,000
Computer/Network Admin.	1,728	1,125	603	154%	13,952	11,250	2,702	124%	13,500
Dues and subscriptions	2,192	2,083	109	105%	22,778	20,833	1,945	109%	25,000
Employee retirement	5,676	5,583	93	102%	52,404	55,833	-3,429	94%	67,000
FICA and medicare tax expense	4,500	4,667	-166	96%	46,821	46,667	155	100%	56,000
Industrial development	6,250	6,250	0	100%	25,000	25,000	0	100%	25,000
Insurance, property	13,435	12,500	935	107%	123,364	125,000	-1,636	99%	150,000
Insurance, medical	13,834	14,167	-333	98%	159,874	141,667	18,207	113%	170,000
Kansas unemployment tax	0	83	-83	0%	553	833	-280	66%	1,000
Legal and accounting	1,777	2,667	-890	67%	15,247	26,667	-11,419	57%	32,000
Office salaries	32,832	37,387	-4,556	88%	365,792	373,871	-8,079	98%	448,645
Office Supplies	913	567	347	161%	5,751	5,667	85	101%	6,800
Other administrative expense	716	417	300	172%	8,769	4,167	4,602	210%	5,000
Postage	50	250	-200	20%	1,717	2,500	-783	69%	3,000
Property tax expense	13,333	13,333	0	100%	133,333	133,333	0	100%	160,000
Special Events	0	83	-83	0%	0	833	-833	0%	1,000
Telephone	1,555	1,378	177	113%	15,074	13,782	1,292	109%	16,538
Training	135	667	-532	20%	175	6,667	-6,492	3%	8,000
Travel and meetings	1,214	833	380	146%	9,133	8,333	800	110%	10,000
Total Administrative expenses	102,712	110,124	-7,412	93%	1,050,294	1,063,736	-13,442	99%	1,271,483

Salina Airport Authority
Profit & Loss Budget Performance

October 2017

	Oct 17	Budget	\$ Over Budget	% of Budget	Jan - Oct 17	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Maintenance expenses									
Airfield maintenance	803	2,083	-1,280	39%	23,690	20,833	2,857	114%	25,000
Airport Security	48	42	6	115%	849	417	432	204%	500
Building maintenance	9,057	3,750	5,307	242%	86,747	37,500	49,247	231%	45,000
Equipment fuel and repairs	4,982	4,542	440	110%	94,267	45,417	48,851	208%	54,500
Fire Services	0	1,250	-1,250	0%	750	12,500	-11,750	6%	15,000
Grounds maintenance	653	292	362	224%	4,046	2,917	1,129	139%	3,500
Maintenance salaries	29,633	27,117	2,516	109%	280,945	271,167	9,779	104%	325,400
Other maintenance expenses	1,515	1,458	57	104%	13,110	14,583	-1,474	90%	17,500
Snow removal expense	0	1,667	-1,667	0%	514	16,667	-16,152	3%	20,000
Utilities	14,864	16,667	-1,803	89%	203,033	166,667	36,366	122%	200,000
Total Maintenance expenses	61,555	58,867	2,688	105%	707,950	588,667	119,284	120%	706,400
Total Expense	164,267	168,990	-4,723	97%	1,758,244	1,652,403	105,842	106%	1,977,883
Net Ordinary Income	7,005	924	6,082	759%	92,135	15,761	76,374	585%	29,101
Other Income/Expense									
Other Income									
Capital contributed	5,670	340,723	-335,053	2%	857,894	3,407,231	-2,549,337	25%	4,088,677
Gain on sale of assets	15,065	0	15,065	100%	15,065	7,500	7,565	201%	15,000
Interest income									
Interest income on deposits	70	83	-13	85%	862	833	28	103%	1,000
Interest income - Other	0	0	0	0%	0	0	0	0%	0
Total Interest income	70	83	-13	85%	862	833	28	103%	1,000
Mill levy income	207,603	172,656	34,946	120%	1,762,605	1,726,561	36,044	102%	2,071,873
Total Other Income	228,408	513,462	-285,054	44%	2,636,425	5,142,125	-2,505,700	51%	6,176,550
Other Expense									
Debt interest expense net									
Bond issue cost	0	85,000	-85,000	0%	1,076	850,000	-848,924	0%	1,020,000
Interest Expense on Debt	77,886	77,886	0	100%	778,863	778,863	0	100%	934,635
Total Debt interest expense net	77,886	162,886	-85,000	48%	779,938	1,628,863	-848,924	48%	1,954,635
Depreciation expense	224,565	224,565	0	100%	2,245,650	2,245,650	0	100%	2,694,780
Total Other Expense	302,451	387,451	-85,000	78%	3,025,588	3,874,513	-848,924	78%	4,649,415
Net Other Income	-74,043	126,011	-200,054	-59%	-389,163	1,267,613	-1,656,776	-31%	1,527,135
Net Income	-67,038	126,935	-193,973	-53%	-297,028	1,283,374	-1,580,402	-23%	1,556,236

Salina Airport Authority
Capital Additions Budget vs. Actual
As of October 31, 2017

12:03 PM
11/10/2017
Accrual Basis

	Oct 17	Jan - Oct 17	Annual Budget	+/- Annual Budget	% of Annual Budget
ASSETS					
Fixed Assets					
Fixed assets at cost					
Airfield					
AIP-36 Txy E Rehab Const. Ph 1		946,976	1,644,825	-697,849	58%
AIP-37 Txy B & E Rehab Design	4,500	4,500	53,133	-48,633	8%
AIP-38 Txy B Rehab Const. Ph 2	49,953	51,325	1,998,250	-1,946,925	3%
Airfield Improvements	65,201	135,270	171,510	-36,240	79%
Rwy 17/35 Improvements		198,559	180,000	18,559	110%
Total Airfield	119,654	1,336,630	4,047,718	-2,711,088	33%
Buildings & Improvements					
Building improvements					
Bldg. Imps. Other		42,471	17,500	24,971	243%
Bldg. Roofing Systems		0	10,000	-10,000	0%
Hangar #509 Imps.		0	10,000	-10,000	0%
Hangar 600 Development					
Hangar 600 - Other		7,282	10,000	-2,718	73%
Total Hangar 600 Development	0	7,282	10,000	-2,718	73%
Hangar 606 Rehabilitation		5,007	10,000	-4,993	50%
Hangar 959 Rehabilitation		10,700	31,000	-20,300	35%
Total Building improvements	0	65,460	88,500	-23,040	74%
FBO Improvements					
Avflight North		6,086	5,000	1,086	122%
Total FBO Improvements	0	6,086	5,000	1,086	122%
Terminal building improvements					
2015 Terminal Bldg. Remodel		-9,736	5,000	-14,736	-195%
2nd Floor Remodel-SAA Admin Ofc		3,180	2,500	680	127%
Terminal Bldg. Other		2,456	47,000	-44,544	5%
Total Terminal building improvements	0	-4,100	54,500	-58,600	-8%
Total Buildings & Improvements	0	67,446	148,000	-80,554	46%
Equipment					
ARFF equipment	55,830	-21,376	43,446	-64,822	-49%
Communications equipment		1,425	5,000	-3,575	29%
Computer equipment		14,930	15,000	-70	100%
Total Equipment	55,830	-5,021	63,446	-68,467	-8%
Land					
Airport Indust. Cent. Imps.		16,296	500	15,796	3,259%
Environmental					
Environmental - SAFB	10,272	18,998	20,000	-1,002	95%
Total Environmental	10,272	18,998	20,000	-1,002	95%
Rail Spur Imps.		20,900	30,000	-9,100	70%
West Beechcraft Road Imps.	799	55,873	379,700	-323,827	15%
Total Land	11,071	112,067	430,200	-318,133	26%
Total Fixed assets at cost	186,555	1,511,122	4,689,364	-3,178,242	32%

Salina Airport Authority
Significant Capital Expenditures Detail
October 2017

11/10/17

Type	Date	Name	Memo	Amount	Balance
Fixed assets at cost					
Airfield					
AIP-37 Txy B & E Rehab Design					
Bill	10/01/2017	Jviation, Inc.	Inv. No. 13 - Txy B & E Rehab Design	4,500.00	4,500.00
Total AIP-37 Txy B & E Rehab Design				4,500.00	4,500.00
AIP-38 Txy B Rehab Const. Ph 2					
Bill	10/01/2017	Jviation, Inc.	Inv. No. 1 - Txy B Recon	49,953.48	49,953.48
Total AIP-38 Txy B Rehab Const. Ph 2				49,953.48	49,953.48
Airfield Improvements					
Bill	10/04/2017	APAC-Kansas, Inc., Shears ...	Rwy 17/35 Shoulder Re3pari, Txy D Heave	62,864.34	62,864.34
Bill	10/25/2017	Dellinger Fence Co.	Repairs to damaged perimeter fence	2,337.00	65,201.34
Total Airfield Improvements				65,201.34	65,201.34
Fossett Plaza					
Bill	10/13/2017	City of Salina - Planning Dept.	Permit Fee - Fossett Plaza	71.00	71.00
Total Fossett Plaza				71.00	71.00
Total Airfield				119,725.82	119,725.82
Equipment					
ARFF equipment					
Bill	10/13/2017	Big Truck & Equipment Sale...	Deposit - 1996 Int. Paystar5000 (ARFF 3)	5,000.00	5,000.00
Bill	10/13/2017	Big Truck & Equipment Sale...	Final payment - 1996 International Paystar 5000 (ARFF 3)	50,830.00	55,830.00
Total ARFF equipment				55,830.00	55,830.00
Total Equipment				55,830.00	55,830.00
Land					
Environmental					
Environmental - SAFB					
Bill	10/01/2017	Clark, Mize & Linville	Env. legal fees - September 2017	203.75	203.75
Bill	10/01/2017	Stinson Leonard Street, LLP	Professional services - September 2017	7,336.19	7,539.94
Bill	10/31/2017	Stinson Leonard Street, LLP	Professional services - October 2017	2,496.00	10,035.94
Bill	10/31/2017	Clark, Mize & Linville	Env. legal fees - October 2017	236.35	10,272.29
Total Environmental - SAFB				10,272.29	10,272.29
Total Environmental				10,272.29	10,272.29
West Beechcraft Road Imps.					
Bill	10/01/2017	Clark, Mize & Linville	West Beechcraft Road Improvement legal fees - September...	798.70	798.70
Total West Beechcraft Road Imps.				798.70	798.70
Total Land				11,070.99	11,070.99
Total Fixed assets at cost				186,626.81	186,626.81
TOTAL				186,626.81	186,626.81

Commercial Property / Liability Insurance Expense Analysis 2014-2018

Revised 11-10-17

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Quoted	+/- Expiring	% Expiring
Commercial Property							
Invoiced / Quoted	93,592.95	101,296.50	100,659.00	97,836.15	101,042.00	3,205.85	3.3%
Addition of Fossett Plaza				85.85		(85.85)	-100.0%
Inland Marine	3,020.00	2,907.00	3,028.00	3,007.00	3,055.00	48.00	1.6%
Inland Marine Audit				(56.00)		56.00	-100.0%
Remove Bldg. 394			(225.25)				
Return premium (H713 & H724 move to ACV)		(2,797.35)	-				
Total Commercial Property Insurance Expense	96,612.95	101,406.15	103,461.75	100,873.00	104,097.00	3,224.00	3.2%
Auto Policy							
Invoiced / Quoted	16,155.00	15,610.00	16,326.00	14,885.00	17,619.00	2,734.00	18.4%
Commission Deleted	(2,389.05)						
Add DRMO Dump Truck		307.00				-	
Add vehicles to policy				224.00		(224.00)	-100.0%
Delete sold vehicles			(1,715.00)	-			
Total Commercial Auto Policy Expense	13,765.95	15,917.00	14,611.00	15,109.00	17,619.00	2,510.00	16.6%
Commercial Aviation and General Liability (Airport & Industrial Center Liability), including hangarkeeper's							
Invoiced / Quoted	5,867.00	2,538.00	2,538.00	2,538.00	2,463.00	(75.00)	-3.0%
Public Officials Errors and Omissions							
Invoiced / Quoted	5,586.78	5,598.30	5,692.38	5,839.26	5,839.00	(0.26)	0.0%
Worker's Compensation							
Invoiced / Quoted	10,556.00	9,774.60	7,355.70	6,980.40	6,890.00	(90.40)	-1.3%
Return of commission	(1,913.05)						
Workers' comp audit & mod rating credit	(1,556.00)	(1,609.20)	(1,707.00)	(355.50)		355.50	-100.0%
Workers Comp KS Rate Change or Dividend		(792.90)	(380.00)				
Total Worker's Compensation Expense	7,086.95	7,372.50	5,268.70	6,624.90	6,890.00	265.10	4.0%
UST Liability							
Invoiced / Quoted (Commission Deletion)	1,900.80	1,900.80	1,900.80	1,425.60	1,426.00	0.40	0.0%
Crime							
Invoiced / Quoted	1,115.20	1,120.80	1,084.60	1,084.60	1,085.00	0.40	0.0%
Above Ground Tank Liability (self-fuel station)							
Invoiced / Quoted	288.75						
Other							
Notary Renewals			50.00				
Total Property/Liability Insurance Premiums	132,224.38	135,853.55	134,607.23	133,494.36	139,419.00	5,924.64	4.4%
Broker Fee (Lockton 2013-2017)	16,500.00	16,500.00	17,000.00	17,500.00	18,000.00	500.00	2.9%
Risk Manager Fee (Charlesworth)	6,600.00	6,600.00	6,600.00	6,600.00	6,600.00	-	0.0%
Total Property/Liability Insurance Premiums & Fees	155,324.38	158,953.55	158,207.23	157,594.36	164,019.00	6,424.64	4.1%
Commercial Property Insured Billed as Additional Tenant Rental	(10,175.77)	(13,448.99)	(15,347.81)	(15,531.60)	(17,218.90)	(1,687.30)	10.9%
Previous Year Adjustments/Credits							
Net Property/Liability Insurance Expense	145,148.61	145,504.56	142,859.42	142,062.76	146,800.10	4,737.34	3.3%
Budget	155,000.00	155,000.00	150,000.00	150,000.00	150,000.00	-	0.0%
+/- Actual vs. Budget	(9,851.39)	(9,495.44)	(7,140.58)	(7,937.24)	(3,199.90)	4,737.34	-59.7%
NATA Good Experience Return							
KS UST Policy Dividend	(907.20)	(71.25)		(56.11)		56.11	-100.0%
Net Property/Liability Insurance Expense After Returns & Dividends	144,241.41	145,433.31	142,859.42	142,006.65	146,800.10	4,793.45	3.4%



Fly Salina Essential Air Service Air Carrier Preference

November 2017

Salina Evaluation Factors	Aerodynamics Inc.	Boutique Airlines	Great Lakes Airlines Option A	Great Lakes Airlines Option B	SkyWest Airlines
Regional Aircraft, 30-seat minimum	Yes - 50 Seat RJ	No - 9 Seat SE Turboprop, no further consideration	No- 30 Seat EMB-120 Brasilia will not be available after March 2018	Yes- 30 Seat Dornier 328 Jet with Key Lime Air. Key Lime is not a Part 121 airline. Public charter operator	Yes - 50 Seat CRJ-200 Aircraft and crew are available
Aircraft overnights at SLN (RON)	Unknown	NA	No	Unknown	Yes
Maintain current SLN-DEN, local market pricing	Yes	NA	Yes	Yes	Yes
GSA city pair program fares	No	NA	No	No	Yes - Capable of working with United
Code-share and interline agreements	No	NA	Yes - Partial	No	Yes - Fully Branded as United Express
TSA Pre-Check	No	NA	No	No	Yes
Reliability (Scheduled flight completion at or above 98%)	Unknown	NA	Yes	Unknown	Yes
Pilot recruitment and retention program	No	NA	No	No	Yes
Maintain per passenger subsidy at less than \$200	Yes - \$198	NA	Yes - \$129	Yes - \$149	Yes - \$107
Improved connections to East and West Destinations	No	NA	No	No	Yes - Dual Hub Service to DEN & ORD, 144% increase in available connections
USDOT Subsidy Requirement	\$5,342,838	NA	\$2,597,524	\$3,737,194	\$2,995,087
USDOT Factors					
Service reliability					
Contractual arrangements with larger carrier at the hub					
Interline agreements with larger carrier at the hub					
Community views, giving substantial weight to the views of elected officials					
Presence of a marketing plan					

Note: The USDOT Essential Air Service Program Office can award a subsidy contract to an air carrier other than the air carrier preferred by the community.



EXECUTIVE DIRECTOR

3237 Arnold Ave.

Salina, Kansas 67401

Telephone (785) 827-3914 • FAX (785) 827-2221 • E-Mail
trogers@salair.org

DATE: November 9, 2017

TO: Salina City Commission

FROM: Tim Rogers

SUBJECT: Essential Air Service Program (EAS) Air Carrier Proposals and Community Comments and Preference

Since 2002 scheduled air service for Salina has been supported by a federal subsidy through the USDOT Essential Air Service Program. The current subsidy contract with Great Lakes Airlines will expire on March 31, 2018. The next EAS contract will be for a two (2) year period beginning April 1, 2018 and ending March 31, 2020.

On September 17, 2017, the USDOT issued an Order requesting proposals from air carriers interested in serving Salina during the next two (2) year contract. The deadline for air carrier submittals was November 1, 2017. Proposals were submitted by:

- Aerodynamics, Inc., d/b/a SkyValue Airways
- Boutique Airlines
- Great Lakes Airlines
- SkyWest Airlines

The EAS Program legislation provides that community views are one of five (5) factors to be considered by the USDOT when selecting an air carrier. Substantial weight is given to the views of elected officials representing the community. The five (5) factors are:

- Service reliability
- Contractual arrangements with a larger air carrier at the hub
- Interline agreements with larger carriers at the hub
- Community views giving substantial weight to the views of elected officials
- Presence of a marketing plan

The following community expectations have been used to locally evaluate air carrier proposals:

- Regional aircraft, 30-seat minimum
- Aircraft overnights at SLN (RON)
- Maintain the current SLN – DEN, local market pricing
- Capable of filing for GSA city pair program fares
- Functioning code-share and interline agreements
- TSA Pre-Check
- Reliability – Scheduled flight completion at or above 98%
- Demonstrated program for pilot recruitment and retention
- Maintain the per passenger subsidy at less than \$200
- Improved connections to East and West Destinations

Attached is the evaluation grid that summarizes the results of the review of the air carrier proposals. The grid represents the assessment of the CEO's of the City of Salina, Saline County, Airport Authority, Salina Chamber and Salina Community Economic Development Organization. The evaluation of air carrier proposals was supported by air service consultant Gary Foss, managing director for the ArkStar Group.

Based on information provided by each air carrier in their written proposal and response to follow-up questions, the proposal submitted by SkyWest Airlines is the superior proposal for Salina. The SkyWest proposal meets or exceeds all USDOT and local evaluation criteria.

Also included with this memo is a draft letter that summarizes community's views and requests the USDOT select SkyWest Airlines for Salina's 2018 – 2020 EAS subsidy contract.

At Monday's meeting, I will have the ArkStar Group's detailed analysis of the four air carrier proposals for your review.

Cc: Jason Gage

<CITY OF SALINA LETTERHEAD>

November 13, 2017

Michael Martin
United States Department of Transportation
Office of Aviation Analysis
1200 New Jersey Avenue SE
Washington, DC 20590

Re: DOT-OST-2002-11376

Dear Mr. Martin:

Thank you for the opportunity to submit community comments and views concerning the four air carrier proposals submitted to the USDOT for the 2018 – 2020 Salina, KS subsidy contract. A review of the four proposals has resulted in the determination that SkyWest Airlines submitted the only proposal that meets community needs and can meet EAS subsidy contract obligations. In our judgement, SkyWest meets USDOT selection criteria, is capable of meeting subsidy contract obligations and does not rely on any contingencies.

Salina's findings are as follows:

Boutique Air (BTQ)

No further consideration has been given to BTQ since the community is not willing to request a waiver to the statutory guarantee of two (2) pilot, two (2) engine aircraft. The community expects service with 30 to 50-seat regional aircraft consistent with what Salina currently receives.

Aerodynamics, Inc d/b/a SkyValue Airways (ADI)

The ADI proposal was confusing and after receiving additional information from the airline there was still a lack of understanding on how Salina would be served. It appears that ADI would start as "Great Lakes Jet Express" and then transition to SkyValue once "there were sufficient interlines in place with majors." It is Salina's expectation that all code-shares should be in place at the time proposals are submitted and not prospective in nature. Salina is not interested in service by an air carrier that has no agreements with a carrier at the Denver hub.

Great Lakes Airlines (GLA) – Option A and Option B

The GLA proposal lacks certainty and the airline has failed to describe how either option can meet community expectations. When questioned about the Option A for continued EMB-120 service, Salina was informed that GLA intends to move EMB-120 operations to Southern California by March 2018. If this is the airline's plan, then continued EMB-120 service at Salina is not an option that can be considered for an EAS subsidy contract scheduled to start on April 1, 2018.

Option B is for Dornier 328 jet flights operated by Key Lime Air. In Salina's opinion, this is an attempt to set up a "virtual airline" situation at Salina. To our knowledge, the Key Lime Air option would not be supported by United Airlines with a code-share agreement and there is no evidence that Key Lime has interline agreements at the Denver hub. With the limited information provided by GLA to Salina, the community will not support the air carrier's proposal to use Key Lime Air at Salina.

Salina does have concerns about GLA's future. Even though GLA is meeting current EAS contract obligations, the air carrier may have difficulty meeting future obligations.

- GLA has recently lost a high number of qualified EMB-120 pilots.
- GLA's decline in cities served is a concern. By December 1 the GLA system will be down to single digit numbers. With the decline in cities served, is the decline in employees. Published reports has the airline's total employment down to "30 to 40" employees.
- On October 22, 2017, the Wyoming Tribune Eagle reported that GLA owes the Cheyenne Regional Airport \$203,142 in lease payments.
- **As of November 5, 2017, GLA is past due on \$2,500 in payment of lease rental (October and November) to the Salina Airport Authority.**
- The GLA proposal ignores the fact that the ArkStar Group's True Market and Demand Study supports the need for a schedule that connects with both west and east bound banks out of the Denver hub. Since the first of the year, GLA has pushed back the SLN morning flight to a 08:30 a.m. departure due to crew rest requirements and limited crew. GLA was provided the results of the study and shown that the late morning departure results in a 39% reduction in the number of possible connections at Denver for Salina passengers.

SkyWest Airlines (SKW)

Salina views the SkyWest proposal as superior to the other three proposals in all aspects. The airline has been responsive to requests for additional information. The air carrier's proposal does not include any irregularities or contradictions. The SkyWest proposal offers Salina the following advantages:

- 50-seat regional aircraft operations in the CRJ-200.
- SkyWest operates as a fully branded United Express air carrier. The full United Express brand brings benefits to Salina passengers such as improved customer service, TSA PreCheck and full access to the United Airlines system. United will provided SLN passengers and travel agents full ticketing and reservations support.
- SkyWest has a well-documented pilot recruitment, training and retention program. The air carrier maintains a relationship with the professional pilot training program at K-State Salina which is located at SLN.
- The proposed schedule that includes service to both DEN and ORD will support existing SLN market demand. SKW has the resources in aircraft and crew to act on the ArkStar Group study. The proposed routing will increase the number of connecting flights for SLN passengers by 144%.

- SkyWest has indicated willingness to partner with Salina to work with United and obtain GSA City Pair Program (GSA CPP) fares for the SLN market. Having GSA CPP fares in the market will stimulate additional market growth that is sustainable.
- SkyWest has the aircraft and crew available to meet EAS subsidy contract obligations.
- The SkyWest proposal meets and exceeds the USDOT evaluation factors of service reliability, contractual and marketing arrangements with a larger air carrier at the hub, interline arrangements with a larger carrier at the hub and the presence of a marketing plan.
- The SkyWest financial performance is superior to all other air carriers that submitted a SLN proposal. On October 25, 2017, SkyWest Inc. reported a Q3 2017 **net income of \$54 million**. SkyWest has the financial strength to meet EAS subsidy contract obligations at SLN.
- The proposed SkyWest subsidy requirement for SLN is reasonable relative to recent EAS contact awards in Kansas and Nebraska. In each case the communities expressed preference for superior service by SKW as compared to less effective service by other air carriers.

After careful review of the four air carrier proposals, it is Salina's recommendation the USDOT select SkyWest Airlines for the 2018 – 2020 EAS subsidy contact at Salina, KS.

Respectfully submitted,

CITY OF SALINA, KANSAS

Kaye Crawford, Mayor

Jason Gage, City Manager

**A MOTION TO RECESS FOR AN EXECUTIVE SESSION
OF THE BOARD OF DIRECTORS FOR THE SALINA AIRPORT AUTHORITY**

Madam Chair, I move to recess the Open meeting for an Executive Session for thirty (30) minutes for the purposes of:

1. Discussing confidential data relating to financial affairs or trade secrets of a corporation for the reason that public discussion of that information would unfairly disadvantage the business in relation to its competitors.
2. Discussing matters of non-elected personnel for the reason that public discussion would violate the individuals' privacy rights.

The Open meeting shall resume in the Hangar 600, 2nd Floor Conference Room at _____ A.M. (Thirty (30) minutes after the start of the Executive Session).