

SALINA Airport

Authority

Salina Airport Authority
Board of Directors
Regular Meeting

February 15, 2023



Call to order, determine that a quorum is present and confirm that the meeting notice has been published.

Kent Buer, Chair



Recognition of Guests

Kent Buer, Chair



Additions to the agenda and agenda overview

Tim Rogers, A.A.E.

Agenda Review

- Consideration and approval of a First Amendment to the Salina Community Economic Development Organization, Inc., Members Agreement.
- Scheduled Air Service Update and Outlook Report
- Consideration and approval of an Aircraft Fleet Maintenance Agreement with Sky West Airlines



Approval of the minutes of the January 18, 2023 regular board meeting

Kent Buer, Chair

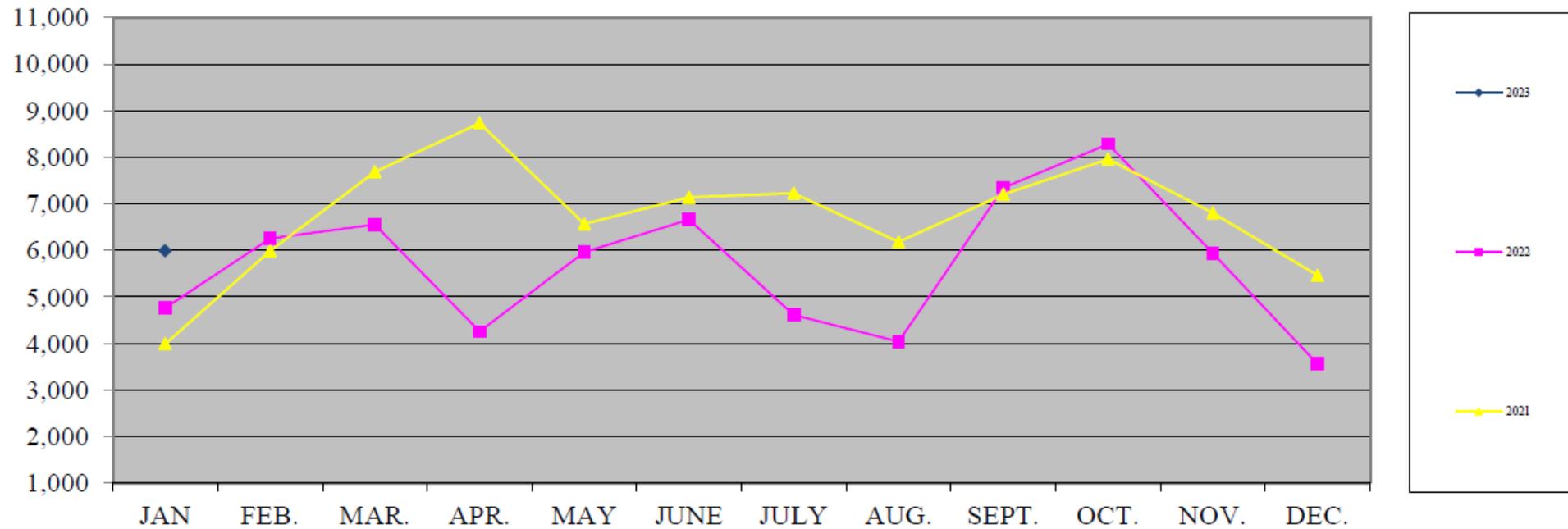


Review of Airport Activity and Financial Reports for the month ending January 31, 2023

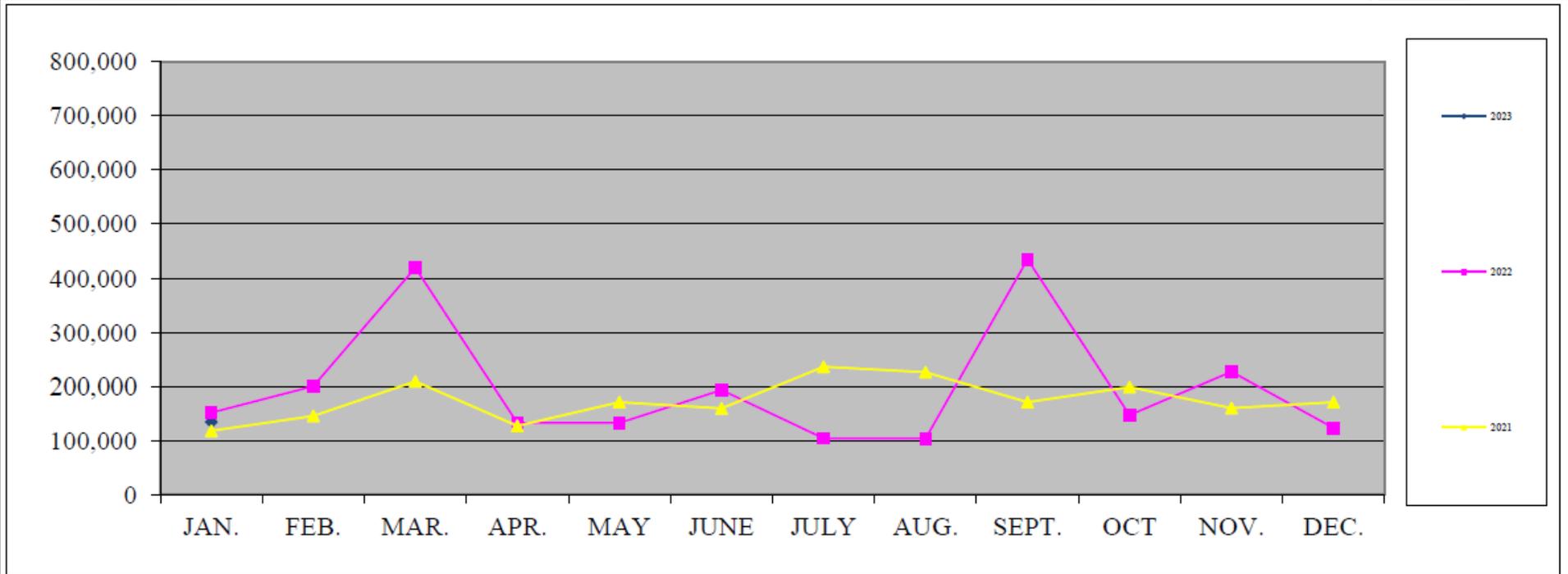
Tim Rogers, A.A.E.

Shelli Swanson, C.M.

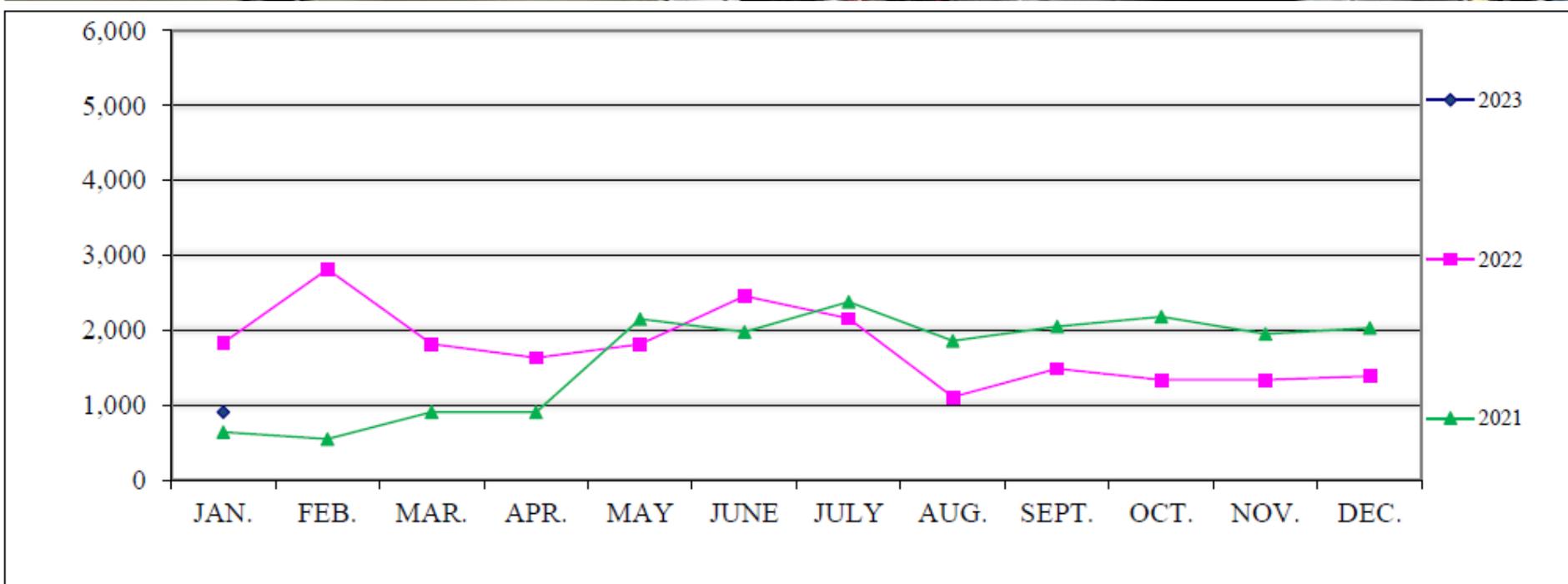
Air Traffic

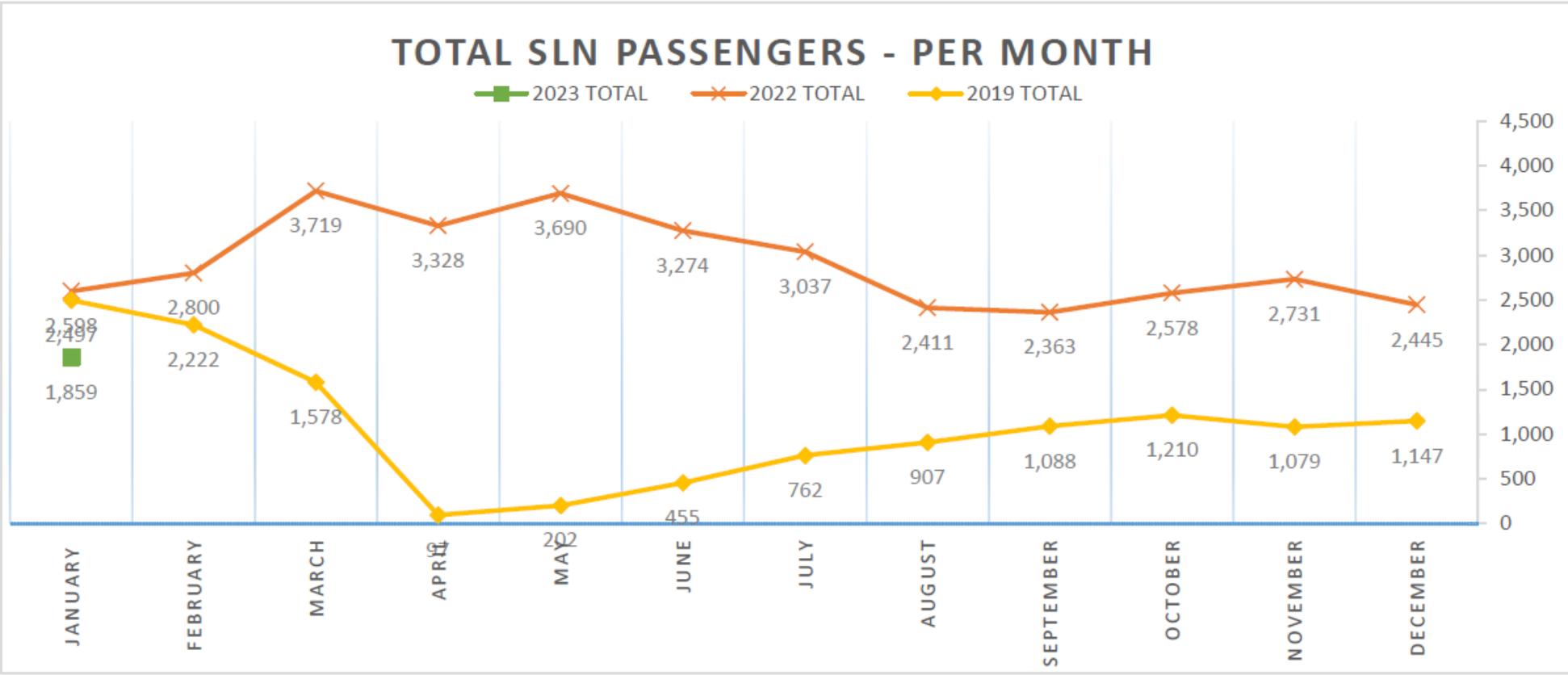


Fuel Flowage



Enplanements





- * Per Pax subsidy based on prior 12 months \$96.69
- * Subsidy amount based on \$275,848/month
- * Total passengers - the total of enplaned and deplaned passengers at SLN
- * Passenger numbers reported are unaudited by SKW and subject to change

Source: SkyWest Monthly Activity Report (Rev/Non-Rev Pax)

Arrivals
Departures

2/10/23 - 2/28/23

Flight #	Departure	From	To	Arrival
ORD 5060	11:55 a.m.	ORD (Chicago)	HYS (Hays)	2:15 p.m.
	2:43 p.m.	HYS (Hays)	SLN (Salina)	3:28 p.m.
	3:58 p.m.	SLN (Salina)	ORD (Chicago)	5:50 p.m.

Flight #	Departure	From	To	Arrival
DEN 5036	1:55 p.m.	DEN (Denver)	SLN (Salina)	4:18 p.m.
	4:48 p.m.	SLN (Salina)	HYS (Hays)	5:31 p.m.
	6:24 p.m.	HYS (Hays)	DEN (Denver)	6:45 p.m.

SALINA Airport *Authority*



JANUARY 2023

FINANCIAL STATEMENTS

Salina Airport Authority

Statement of Net Position Prev Year Comparison

02/13/2023

As of January 31, 2023

	Jan 31, 23	Dec 31, 22	\$ Change	Jan 31, 22	\$ Change	% Change
ASSETS						
Current Assets						
Total Checking/Savings	5,054,041	3,585,000	1,469,041	7,114,796	-2,060,755	-29%
Total Accounts Receivable	82,619	88,938	-6,319	98,856	-16,237	-16%
Total Other Current Assets	1,760,784	307,716	1,453,068	1,514,588	246,196	16%
Total Current Assets	6,897,444	3,981,654	2,915,790	8,728,240	-1,830,796	-21%
Total Fixed Assets	48,744,503	48,909,516	-165,013	42,644,425	6,100,078	14%
Total Other Assets	1,085,654	1,085,654	0	1,085,654	0	0%
TOTAL ASSETS	56,727,601	53,976,824	2,750,777	52,458,319	4,269,282	8%
LIABILITIES & EQUITY						
Liabilities						
Total Current Liabilities	11,893,145	9,398,090	2,495,055	4,869,130	7,024,015	144%
Total Long Term Liabilities	17,390,493	17,411,400	-20,907	24,754,903	-7,364,410	-30%
Total Liabilities	29,283,638	26,809,490	2,474,148	29,624,033	-340,395	-1%
Equity						
Total Equity	27,443,964	27,167,334	276,630	22,834,286	4,609,678	20%
TOTAL LIABILITIES & EQUITY	56,727,602	53,976,824	2,750,778	52,458,319	4,269,283	8%

Salina Airport Authority
Profit & Loss Prev Year Comparison
 January 2023

7:51 AM
 02/13/2023
 Accrual Basis

	Jan 23	Jan 22	\$ Change	% Change
Ordinary Income/Expense				
Income				
Total Airfield revenue	72,864.84	81,721.94	-8,857.10	-10.84%
Total Building and land rent	179,360.50	143,507.61	35,852.89	24.98%
Total Other revenue	1,110.88	6,125.43	-5,014.55	-81.86%
Total Income	253,336.22	231,354.98	21,981.24	9.5%
Gross Profit	253,336.22	231,354.98	21,981.24	9.5%
Expense				
Total Administrative expenses	130,806.39	118,844.07	11,962.32	10.07%
Total Maintenance expenses	70,189.79	104,119.94	-33,930.15	-32.59%
Total Expense	200,996.18	222,964.01	-21,967.83	-9.85%
Net Ordinary Income	52,340.04	8,390.97	43,949.07	523.77%
Mill levy income	230,456.91	204,671.25	25,785.66	12.6%
Total Other Income	518,880.59	280,394.27	238,486.32	85.05%
Total Other Expense	294,590.50	289,131.16	5,459.34	1.89%
Net Other Income	224,290.09	-8,736.89	233,026.98	2,667.16%
Net Income	276,630.13	-345.92	276,976.05	80,069.4%

Salina Airport Authority
Capital Additions Budget vs. Actual
 As of January 31, 2023

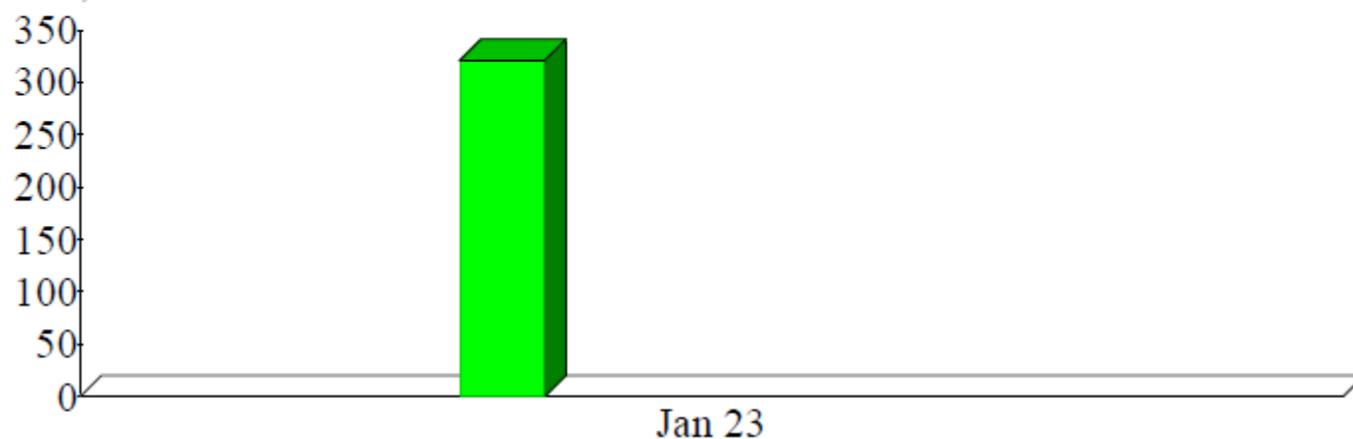
2:47 PM
 02/14/2023
 Accrual Basis

	<u>Jan 23'</u>	<u>Annual Budget</u>	<u>+/- Annual Budget</u>	<u>% of Annual Budget</u>
ASSETS				
Fixed Assets				
Fixed assets at cost				
Total 10-000 · Airfeld	30,804	1,175,000	-1,144,196	3%
Total 20-000 · Buildings & Improvements	45,523	416,000	-370,477	11%
Total 30-000 · Equipment	7,900	147,500	-139,600	5%
Total 40-000 · Land	0	35,000	-35,000	0%
TOTAL ASSETS	<u>84,227</u>	<u>1,773,500</u>	<u>-1,689,273</u>	<u>5%</u>

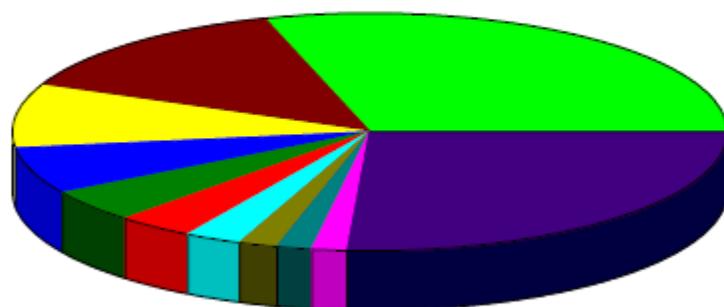
Sales by Month
January 2023

■ Dollar Sales

\$ in 1,000's



Sales Summary
January 2023

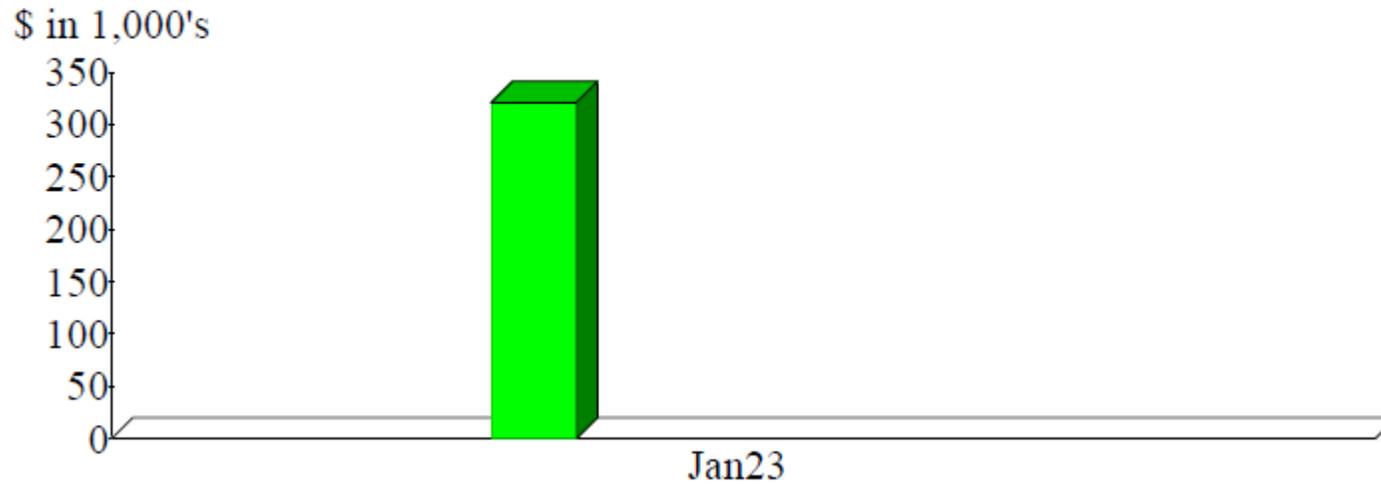


By Customer

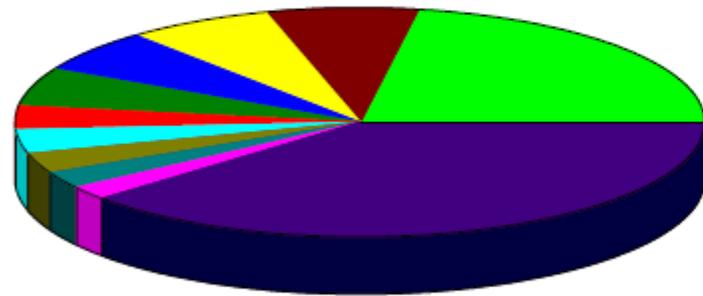
■ 1 Vision Aviation, PLLC	29.82%
■ Kansas Erosion Products, LLC.	13.98
■ Avflight Salina	8.74
■ Stryten Salina, LLC	6.47
■ Universal Forest Products (UFP)	4.58
■ SFC Global Supply Chain	3.65
■ K-State Salina	2.59
■ Hentzen Coatings, Inc.	1.87
■ Durham School Service, L.P.	1.73
■ Gartner Refrigeration, Inc.	1.64
■ Other	24.94
Total	\$320,948.81

Sales by Month
January 2023

Dollar Sales



Sales Summary
January 2023



By Item

Insurance(CP) (Insurance Reimburs	22.35%
H-0606-3 (Hangar 606, 2630 Arnold C	7.22
H-00959-1 (Hangar Facility H959 - 20	6.86
B-01021 (Building #1021 located at 36	6.15
B-00655-3 (Bldg. #655 (96,611 SF) - 2	5.47
FFF-Avflight Salina (Fuel Flowage Fee	3.42
Utility Reimbursement (Utility Reimbu	3.41
B-00620-1 (Building #620 (30,000 SF)	2.97
B-00626-1 (Manufacturing facility #62	2.52
H-00409-1 (FBO Hangar - 2010 Roger	2.01
Other	37.61
Total	\$320,948.81



Consideration and approval of a First Amendment to the Salina Community Economic Development Organization, Inc. Members Agreement

Tim Rogers, A.A.E.

Greg Bengtson



Scheduled Air Service Update and Outlook Report

Tim Rogers, A.A.E.

Gary Foss

Prepared February 2023

Airline Industry Update

Salina Regional Airport

Gary Foss
Managing Partner

**Demand
Environment**

Demand is different, but expected to grow at least to 2019 levels of industry revenue/GDP

**Supply Constraints/
New Airline
Business Models**

Has driven air fares higher. Should provide higher airline margins over time

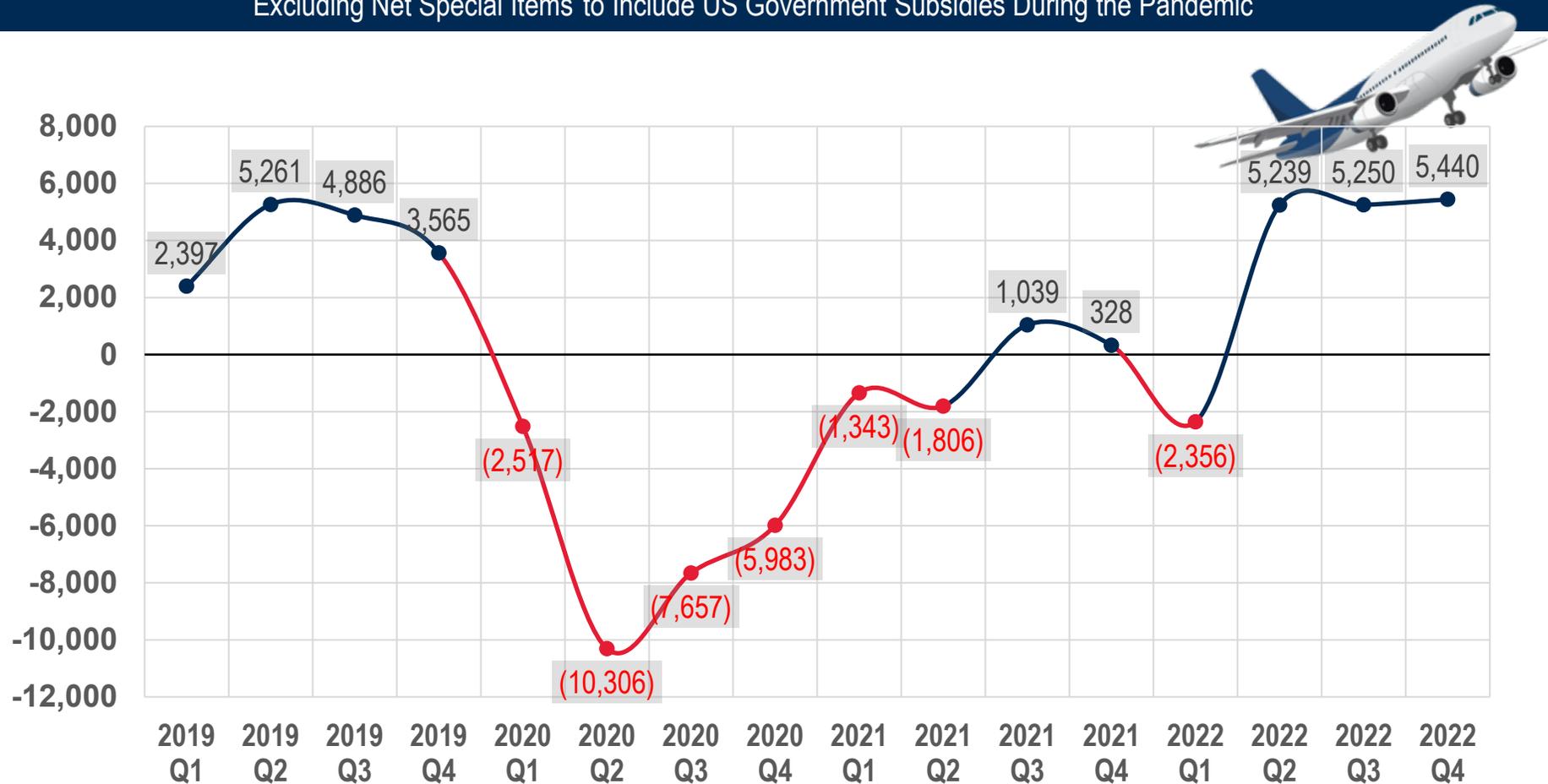
Opportunity

New opportunities for airlines and the communities they serve

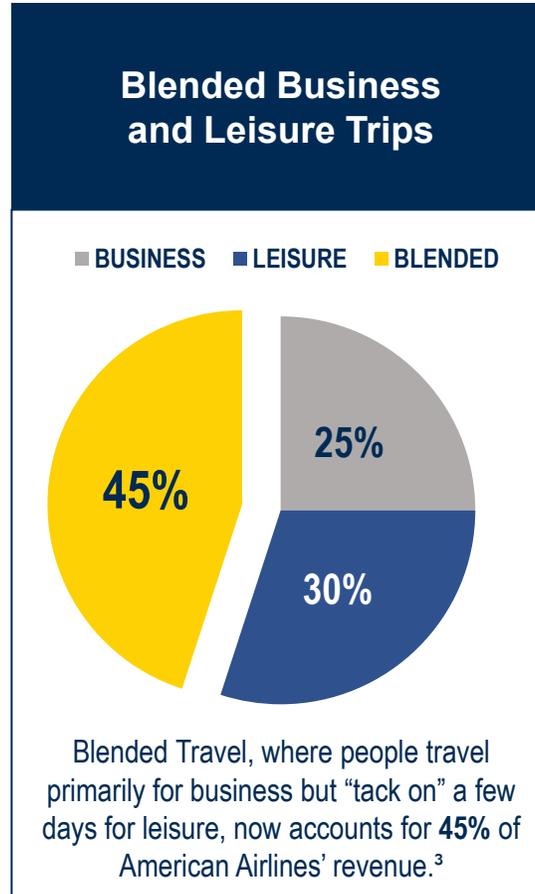
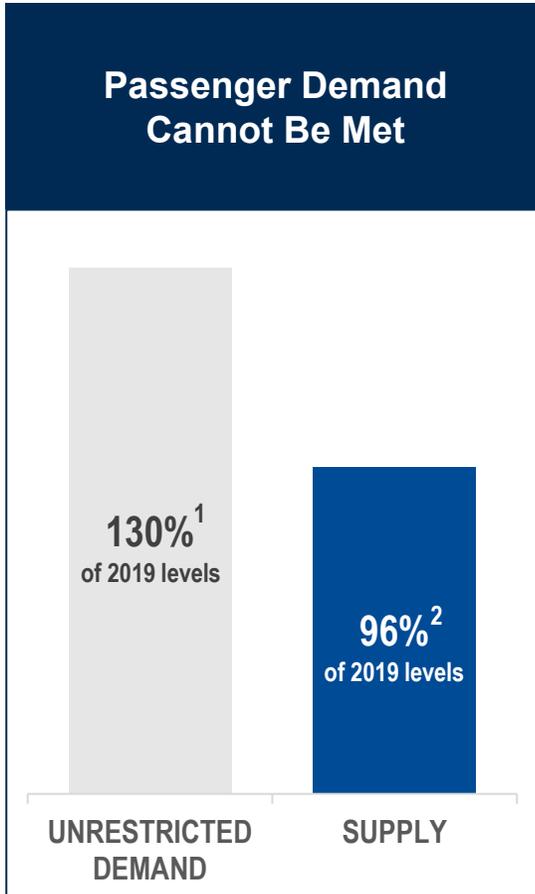
The Industry Post-Pandemic

Airlines have returned to profitability, with the final three quarters of 2022 exceeding pre-pandemic operating income

American Airlines, Delta Air Lines, United Airlines – Combined Pre-Tax Operating Income Excluding Net Special Items to Include US Government Subsidies During the Pandemic



Source: Respective Airlines' Earnings Calls



Remote Working Culture Results in People Working While On a Leisure Trip

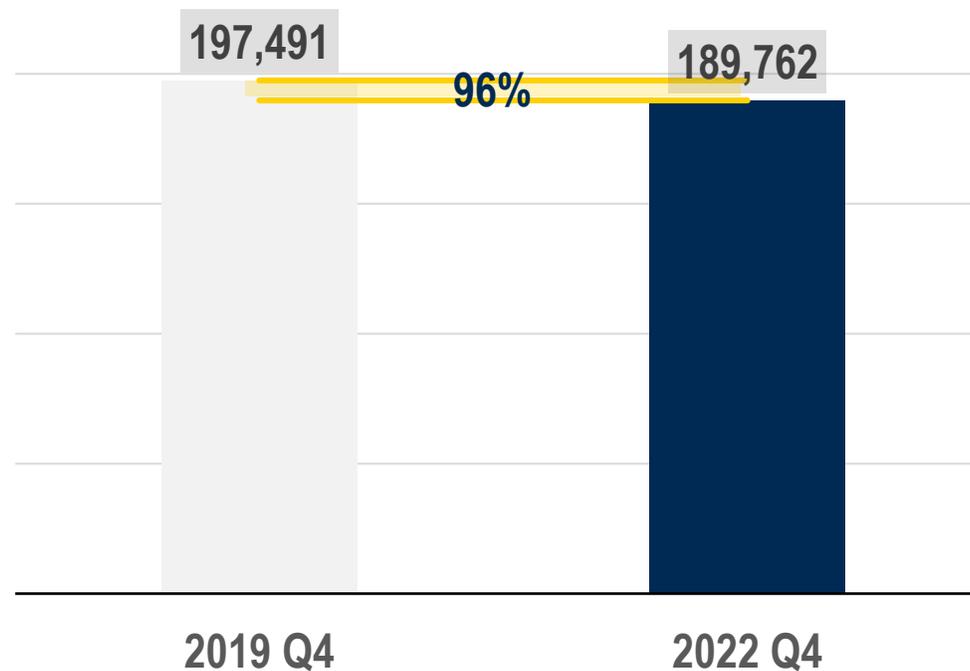
Nearly 70% Of People Work On Vacation

According to Forbes, almost 70% of Americans are now remote working on vacation. This differs from “blended travel” in that the primary purpose of the trip is leisure.

¹ Vasu Raja, Chief Commercial Officer of American Airlines at the Wolfe Research Global Transportation & Industrials Conference, May 26, 2022. ² The number of Available Seat Miles offered by American Airlines, Delta Air Lines and United Airlines in Q4 2022 is 96% of that offered in Q4 2019. ³ Breakdown of American Airlines’ revenue per Vasu Raja – American Airlines Q422/YE22 Earnings Call.

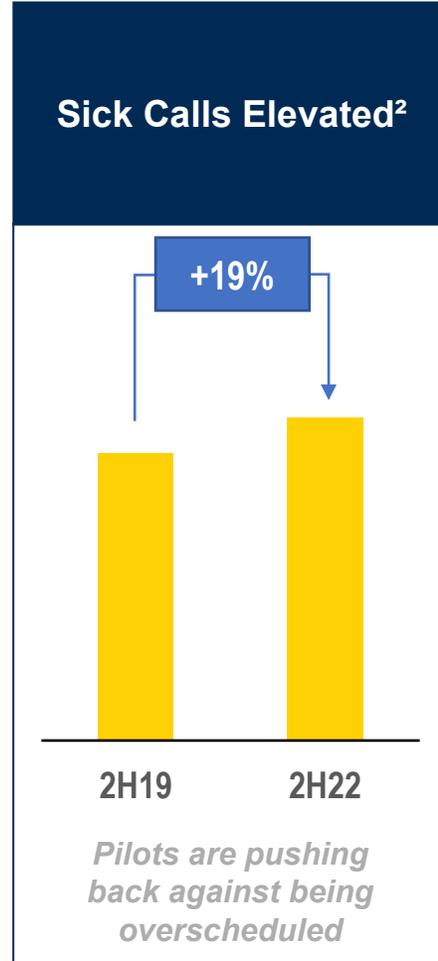
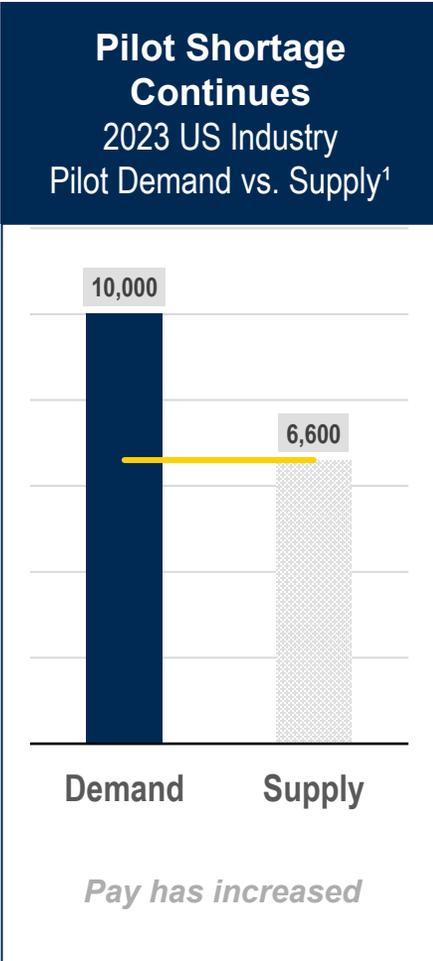
American, Delta, United – Combined Capacity
Available Seat Miles in Millions

- American, Delta and United accounted for almost 60% of US domestic seats offered in 2022
- The recovery figure is above 98% when including the other six major US carriers, as many ultra-low-cost carriers increased capacity during the pandemic



Available Seat Miles (ASMs) are the miles flown by aircraft, multiplied by the seats on aircraft

Source: Airline Data Inc.



Aircraft Manufacturers are Behind

Airbus, Boeing Aircraft Delivery Delays Slow Airline Recovery

Airbus CEO says supply chain still 'very complex'

Airbus and Boeing Aircraft Delivery Delays Likely to Worsen

CFM struggles to pull Leap engine deliveries, used by A320neo and 737 MAX, back on track, as supply chain woes persist

Planes will continue to be delivered late in 2023

Airlines Outgrowing Tech Infrastructure

"We've talked a little bit over the last year about the need to modernize the operation and invest. This is why. We can't be our size and scope and have a lack of tools. So, you'll be hearing even more about how we invest to fix the issues that confront us as an airline"

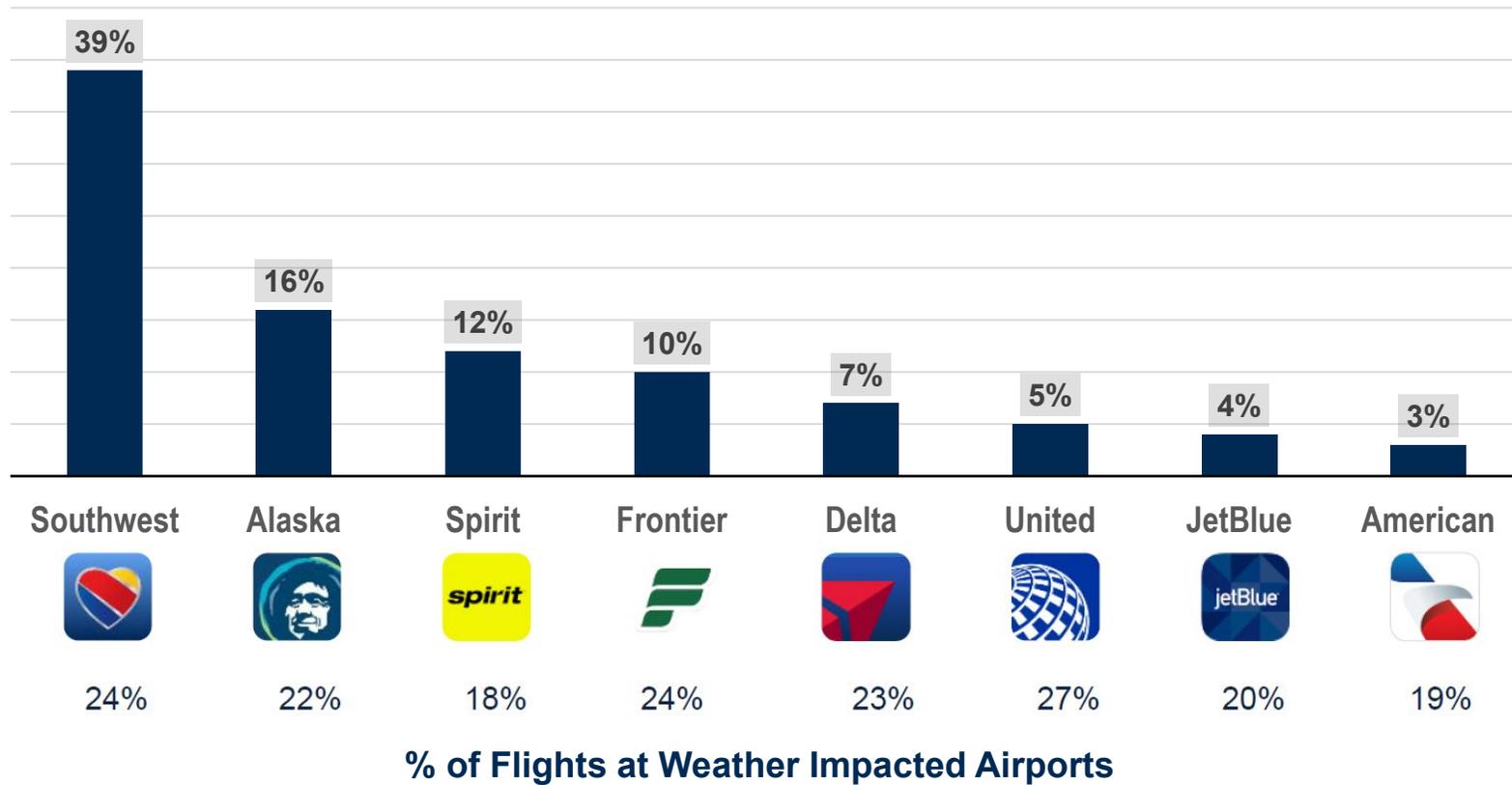
- **Bob Jordan,**
Southwest Airlines CEO
Internal Memo following December 2022 Operational Meltdown

Airlines have underinvested in their systems

¹ Demand figures include U.S. airlines UAL, DAL, AAL, LUV, ALK, JBLU, SAVE and ULCC based on carrier commentary, supply figure estimated based on average Airline. Transport Pilot License issuance 2015-2019; ² Sick rates reflect United frontline employee sick rates

And the air traffic system is stressed and cannot handle pre-pandemic aircraft utilization rates

Holiday Flight Cancellations by Carrier December 21 through 31, 2022



Source: United Airlines Q4/YE 2022 Earnings Call Presentation



Source: CNBC reference to the US Bureau of Labor Statistics

Citing Pilot Shortage, Cape Air Drastically Cuts Back Nantucket Flights

United Airlines is slashing routes from some of its biggest hubs as the nation's fourth-largest carrier continues to aggressively drop small cities amid a nationwide pilot shortage.

American Airlines will end service to four cities in September citing pilot shortage

SkyWest to end service to 29 cities due to pilot shortage

Airlines cancel over 700 U.S. flights as labor crunch, bad weather weigh

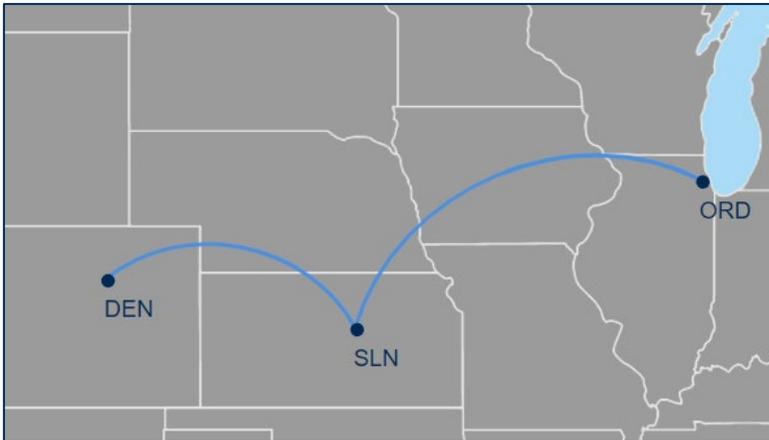
American Airlines drops 3 cities from service, blaming pilot shortage

Faced with staffing shortages, airlines are canceling thousands of flights heading into the busy summer travel season.

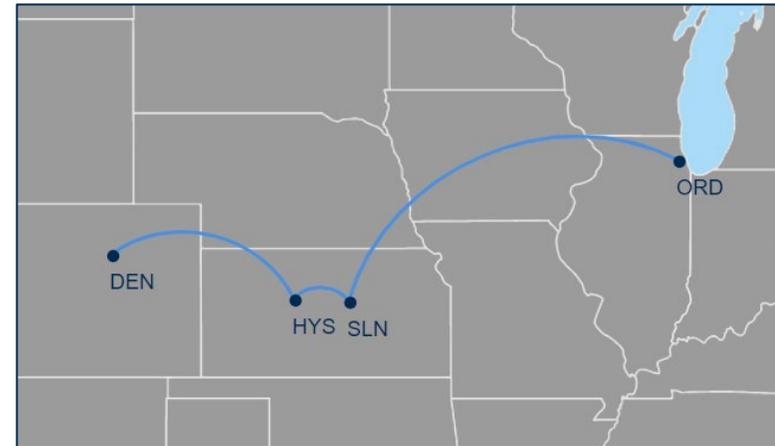
JetBlue Airways Cuts Summer Capacity, Citing Pilot Shortage

A severe pilot shortage in the U.S. leaves airlines scrambling for solutions

How the Pilot Shortage Impacted Salina



Schedule prior to April 3, 2022 Tag



Current Tagged Schedule

- United Airlines flights to Denver (DEN) and Chicago (ORD) were tagged with Hays (HYS), as a result of the pilot shortage
- We are actively working with SkyWest to have them remove the tag and return to direct flying to both DEN and ORD - - in conjunction with establishing SLN as an overnight maintenance base

Industry Opportunities

- The changing nature of demand **will relax fare rules over time**, as the distinction between business and leisure travelers blurs
 - Prior to the pandemic, leisure travel fares required a 21-day advance purchase often with a Saturday stay-over to differentiate from business travel
 - Airlines will move toward **pricing business markets in a way that attracts leisure travelers remote-working (blended travel)**
- **New industry technology** as a result of ongoing air traffic stress and airline operational issues, leading to **greater dependability**

SLN Opportunities

- Linking **SLN to Houston** Intercontinental (IAH), with SLN operating as a maintenance base for part of the United Express fleet
 - We are actively working toward this opportunity
- New 30-seat business model may allow **two brands** to operate to their respective hubs in EAS markets (for example Delta to MSP)
- Dual brand service will:
 - Impact both the breadth (dots on the map) and depth (frequency per market) of service
 - Bring competition to an otherwise single carrier market which will depress the rate of local fare increases

SkyWest Airlines

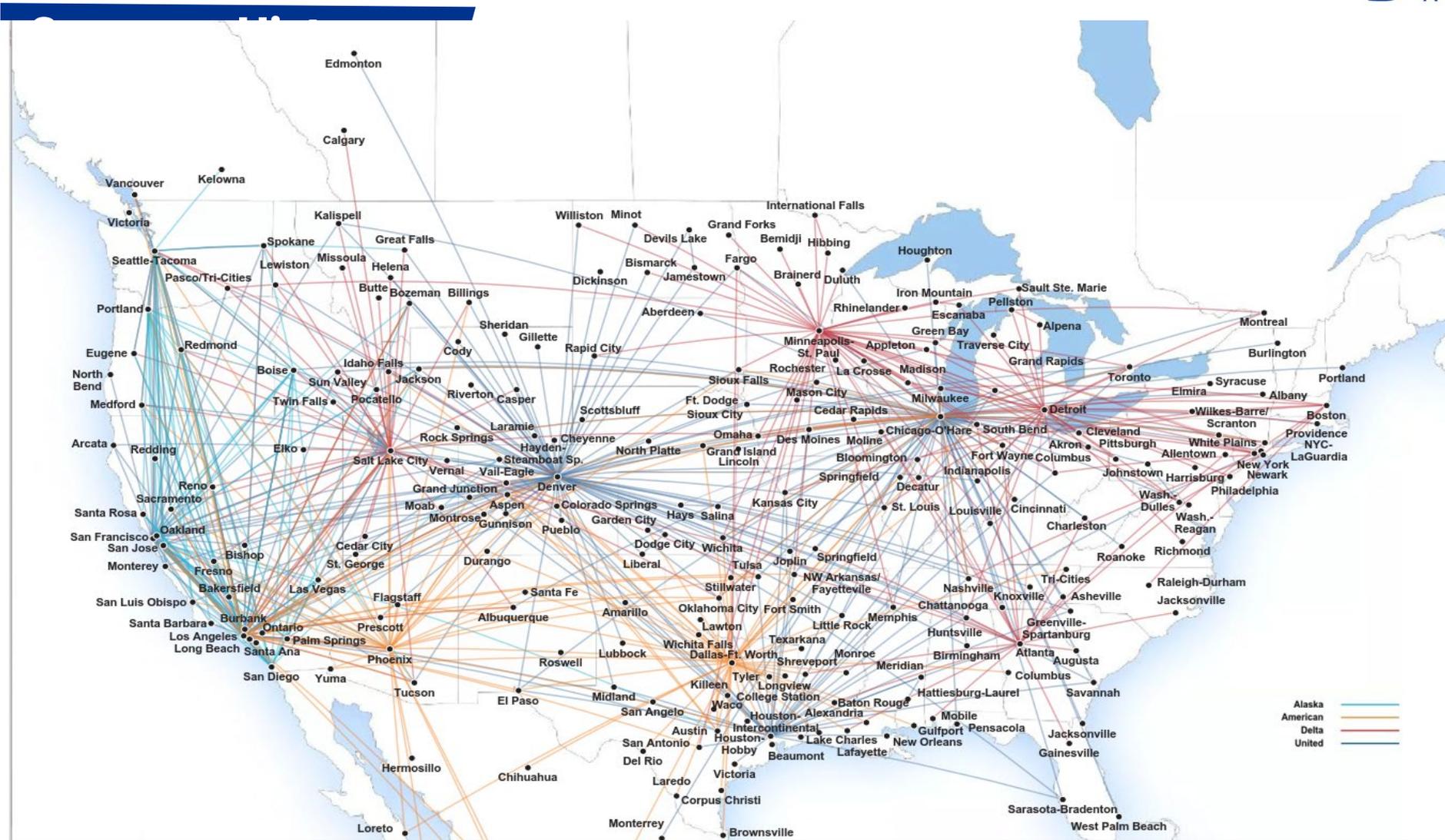
Salina Regional Airport Authority Board of Directors Presentation Feb-2023



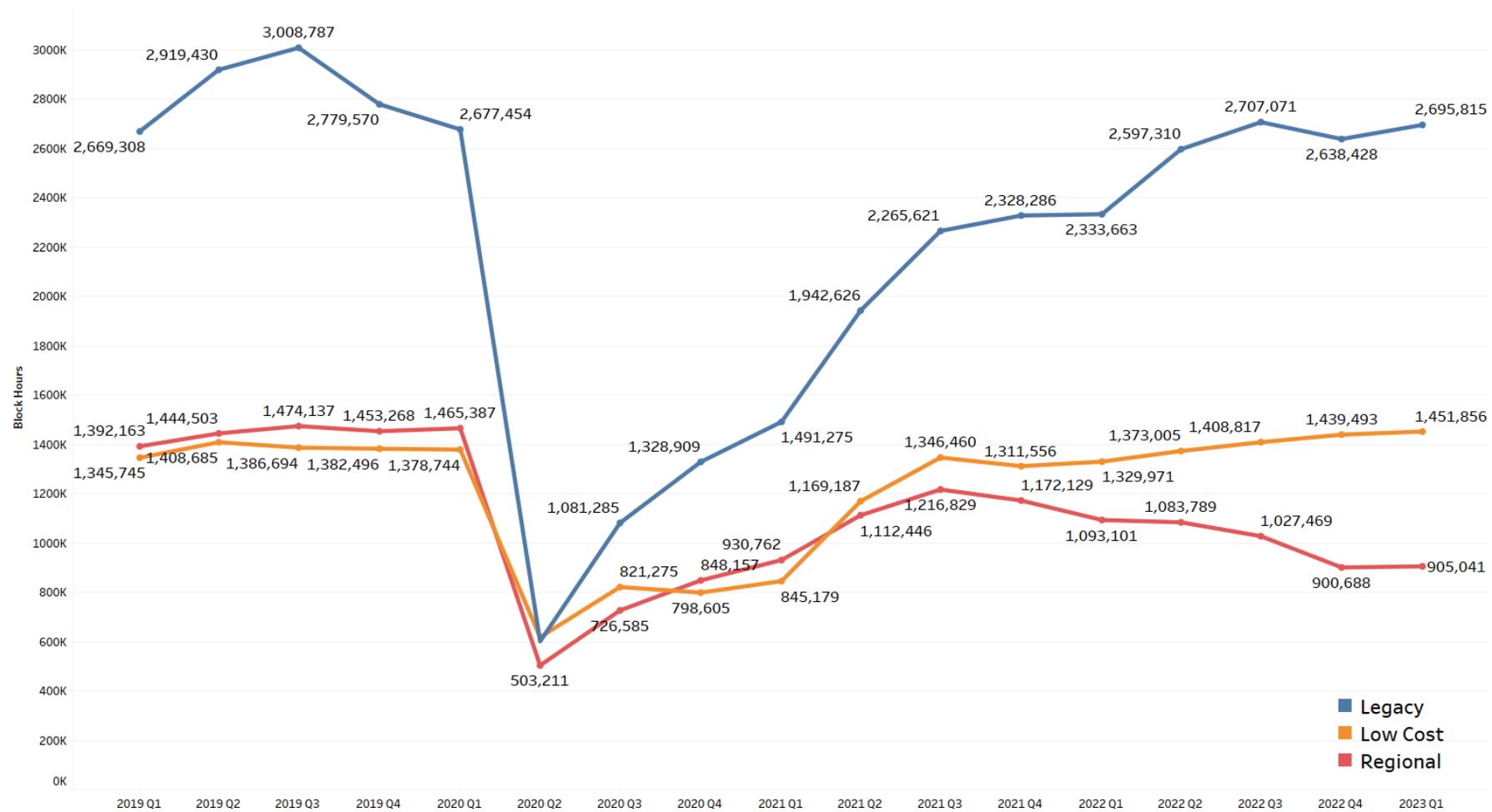
Company History

- ✈ Founded in 1972 and headquartered in St. George, Utah for 50 years
- ✈ Connects small and medium sized communities to the global air service network
- ✈ Partnership with four major airlines:
 - ✈ Alaska Airlines, American Airlines, Delta Air Lines, United Airlines
- ✈ Fleet of nearly 500 aircraft
- ✈ Nearly 2,000 daily departures to over 200 cities

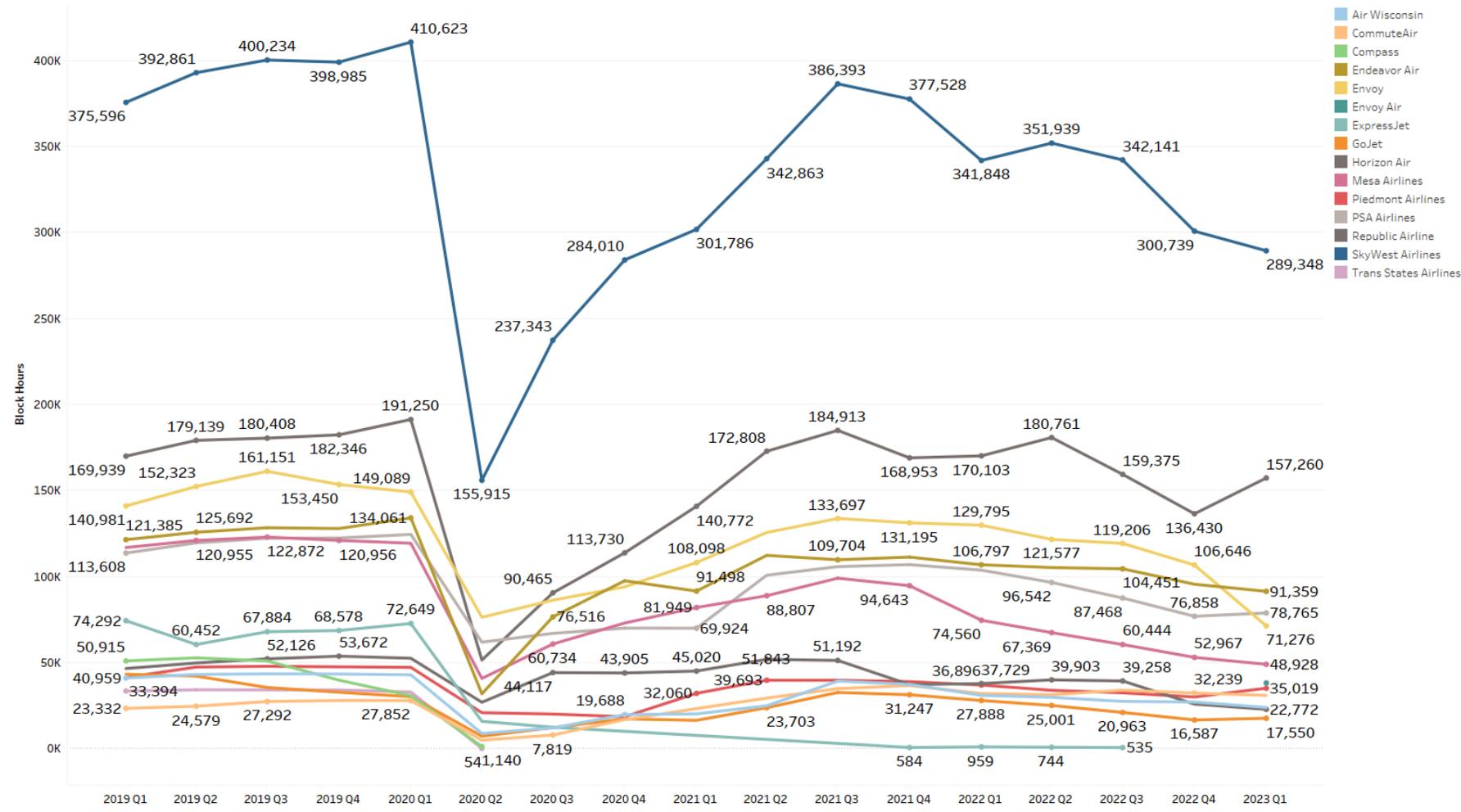




Block Hours by Airline Type (US Flights Only)



Block Hours by Regional Airlines



Regional Airline Challenges

- ✈ Pilot staffing imbalance
 - ✈ SkyWest Captains are being hired by major carriers at a faster rate than they can be replaced
- ✈ Air service options for small communities are becoming more limited with fewer opportunities for jet service
- ✈ Regional airlines are looking at a multi-year recovery



SkyWest Charter, LLC

- ✈ SkyWest, Inc. has created a new FAR Part 135 carrier called SkyWest Charter, LLC (SWC)
- ✈ SWC is designed to provide reliable jet air service to small communities
- ✈ Service will be operated utilizing 30-seat CRJ200 jet aircraft
- ✈ Flights are planned to operate under codeshares with our major airline partners (same as our 50-seat service today)



SWC Industry Benefits

- ✈️ Preserve/restore reliable jet air service to small communities
- ✈️ SWC will strengthen the pipeline of Part 121 pilots
 - ✈️ Increase the number of pilots flying for regional airlines which increases service to small/medium sized airports
- ✈️ Better training experience for new pilots



SkyWest Charter, LLC



SkyWest Charter, LLC



Questions



2023 SLN EAS Subsidy Contract Timeline

Current Dates of Concern

- **June 30, 2023** - Current three (3) year contract expires
- **March 1, 2023** - Air carrier proposals are due

Proposed Rescheduled Dates

- **October 31, 2023** – Current three (3) year contract expires
- **July 7, 2023** – Air carrier proposals are due

Benefits

- Allows additional time for USDOT approval of the SkyWest Charter Part 135 Commuter Authority
- SkyWest able to submit a SLN proposal with full Part 135 Commuter Authority
- Makes possible a multiyear SkyWest Charter proposal for SLN service
- A multiyear EAS contract meets community expectations for a multiyear commitment for overnight jet maintenance at SLN
- Reduces the risk of a less capable air carrier being selected by the USDOT
- Maintains the United Airlines code share

Disadvantages

- Delays breaking the HYS tag
- Delays a return to DEN and ORD nonstops
- Delays an aircraft RON schedule and resulting schedule changes
- Delays the start of overnight maintenance fights to/from SLN



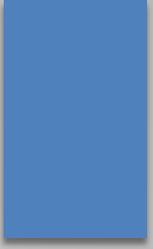
Consideration and approval of an Aircraft Fleet Maintenance Agreement with SkyWest Airlines

Tim Rogers, A.A.E.
Gary Foss



Staff Reports

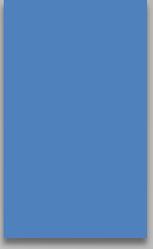
Tim Rogers, A.A.E.



Review of the status of FEMA disaster recover and mitigation funding

SHELLI SWANSON, C.M.

MAYNARD CUNNINGHAM



Hangar H626 rehabilitation design and future use update

TIM ROGERS ,A.A.E.

MAYNARD CUNNINGHAM

1/20/2013 10:45:17 AM

A REMODEL OF SAA Hangar 626

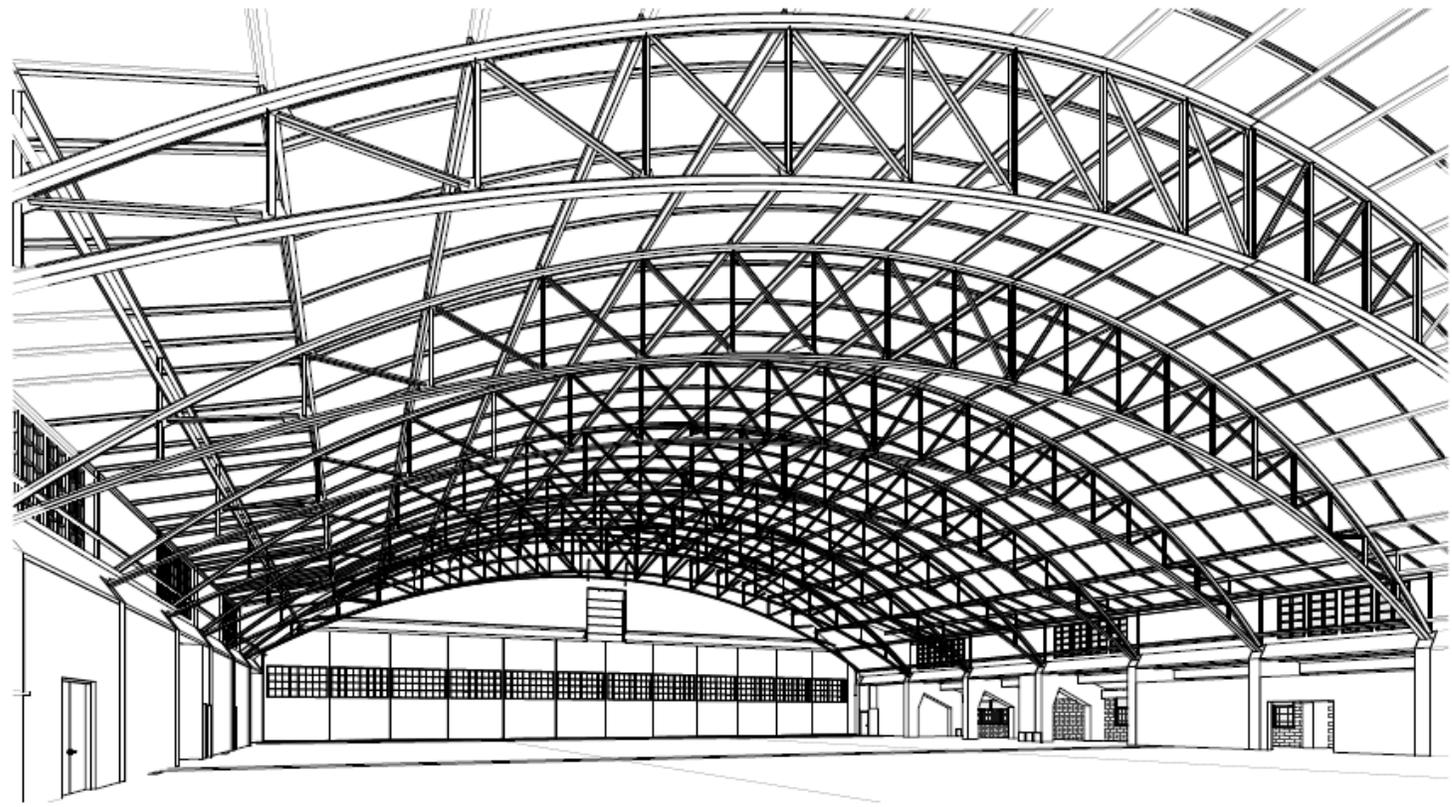
2625 Arnold Court

Salina, Kansas



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APPROVED FOR CONSTRUCTION



Salina, Kansas

A REMODEL OF SAA Hangar 626

2625 Arnold Court

PROJECT NUMBER	24-125
PROJECT ARCHITECT	AO
PROJECT MANAGER	ADP
DRAWN BY	ALP
CHECKED BY	CHS
ISSUE DATE	01/10/13
ISSUE RECORD	SC

REVISIONS

SHEET TITLE

Cover Sheet

CODE SHEET

SHEET NUMBER

0001

Architect
Architect One, Inc.
906 S Kansas Ave #200
Topeka, KS 66602
Phone: 785.271.7010
Fax: 785.271.7020

Architect
Hutton
811 S. Lawrence
Salina, KS 67403
Phone: 785.942.8853

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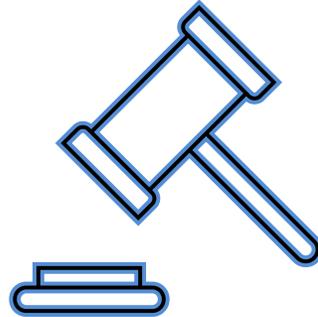


Consideration of SAA Resolution No. 23-03

Recognizing Al Eichelberger for six years of service as a member of the Salina Airport Authority board of directors

Tod Roberg

Resolution No. 23-03



SALINA AIRPORT AUTHORITY RESOLUTION 23-03

A RESOLUTION EXPRESSING GRATITUDE AND APPRECIATION TO ALAN EICHELBERGER FOR HIS SERVICE RENDERED TO THE CITY OF SALINA AND ITS CITIZENS

WHEREAS, Alan Eichelberger, in his capacity as a member of the Board of Directors of the Salina Airport Authority, has unselfishly and with great ability served the City of Salina for a period of six (6) years (February 14, 2017 to February 28, 2023); and,

WHEREAS, because of his efforts and dedication many lasting improvements have been made to the Salina Regional Airport and the Salina Airport Industrial Center; and,

WHEREAS, the City of Salina has been made a better place to live because of his work and efforts on behalf of his community.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Salina Airport Authority:

Section 1. That the Board of Directors of the Salina Airport Authority, by the adoption of this resolution, expresses its gratitude and appreciation to Alan Eichelberger for his faithful and dedicated service to the citizens of Salina, Kansas, as a member of the Board of Directors for the Salina Airport Authority.

Section 2. That the Vice-chair of the Board of Directors is hereby instructed to file the contents of this resolution with the official records of the Salina Airport Authority and to forward a copy of the resolution to Alan Eichelberger.

Adopted by the Board of Directors of the Salina Airport Authority on this 15th day of February 2023.

Kristin Gunn, Past Chair

CERTIFICATION OF VICE-CHAIR

I, Tod Roberg, the duly appointed, qualified, Salina Airport Authority Vice-chair, Salina, Kansas, do hereby certify that the foregoing Resolution was duly adopted, and that said Resolution has been compared by me with the original thereof on file and of record in the office of the Airport Authority, and is a true copy of the whole of said original.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Salina Airport Authority, Salina, Kansas, this 15th day of February 2023.

Tod Roberg, Vice-chair

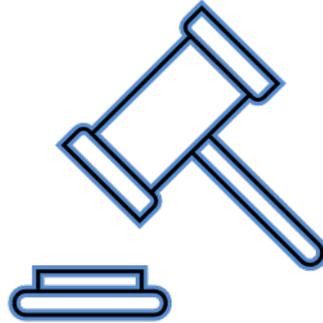


Consideration of SAA Resolution No. 23-02

*Recognizing Kent Buer for six years of service
as a member of the Salina Airport Authority
board of directors*

Tod Roberg

Resolution No. 23-02



SALINA AIRPORT AUTHORITY RESOLUTION 23-02

A RESOLUTION EXPRESSING GRATITUDE AND APPRECIATION TO KENT BUER FOR HIS SERVICE RENDERED TO THE CITY OF SALINA AND ITS CITIZENS

WHEREAS, Kent Buer, in his capacity as a member of the Board of Directors of the Salina Airport Authority, has unselfishly and with great ability served the City of Salina for a period of six (6) years (February 14, 2017 to February 28, 2023); and,

WHEREAS, because of his efforts and dedication many lasting improvements have been made to the Salina Regional Airport and the Salina Airport Industrial Center; and,

WHEREAS, the City of Salina has been made a better place to live because of his work and efforts on behalf of his community.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Salina Airport Authority:

Section 1. That the Board of Directors of the Salina Airport Authority, by the adoption of this resolution, expresses its gratitude and appreciation to Kent Buer for his faithful and dedicated service to the citizens of Salina, Kansas, as a member of the Board of Directors for the Salina Airport Authority.

Section 2. That the Vice-chair of the Board of Directors is hereby instructed to file the contents of this resolution with the official records of the Salina Airport Authority and to forward a copy of the resolution to Kent Buer.

Adopted by the Board of Directors of the Salina Airport Authority on this 15th day of February 2023.

Kristin Gunn, Past Chair

CERTIFICATION OF VICE-CHAIR

I, Tod Roberg, the duly appointed, qualified, Salina Airport Authority Vice-chair, Salina, Kansas, do hereby certify that the foregoing Resolution was duly adopted, and that said Resolution has been compared by me with the original thereof on file and of record in the office of the Airport Authority, and is a true copy of the whole of said original.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Salina Airport Authority, Salina, Kansas, this 15th day of February 2023.

Tod Roberg, Vice-chair





Directors' Forum

Kent Buer, Chair



Presentation of the 2023 Chairman's Award for Excellence

Kent Buer, Chair



Visitor's Questions & Comments

Kent Buer, Chair



Announcements

Kasey Windhorst

Announcements



Annual Board Meeting March 15, 2023, 8:00 a.m.

Regular Board Meeting April 19, 2023, 8:00 a.m.

Regular Board Meeting May 17, 2023, 8:00 a.m.

Regular Board Meeting June 21, 2023, 8:00 a.m.



Adjournment

Kent Buer, Chair