

Open Work Session
August 1, 2017
Airport Improvements and Rebranding

Mrs. Dawn Veatch, Airport Manager, came before Council. Mr. Cannon said Council is interested in knowing how things have progressed with the airport. He said when the President of Piedmont, Mr. Hogg, talked to the Greater Salisbury Community, and then talked to the Salisbury Independent, it seems as if there were unresolved matters which he thinks are not quite the case. Mrs. Veatch said things are wonderful right now. She would like to share some of the initiatives that are going on out there and to set the record straight on where they are with a few things and where they are not. Mrs. Veatch said she is going to give Council a little bit of the vision, the projects and the rebranding because she knows there was some discussion over that. She said she started in February 2017, and she looked back in time and all the projects and things, and they put a vision together with the Executive's Office. She said the past 12 years have been pretty much status quo. There has not been a lot of outreach for new business, nor has the economy really been in the mode of starting new business. The opportunities are there now, and they want to be ready to capture those opportunities as they move forward, and the city water that is being proposed right now certainly is a key factor. It has definitely stifled some of the growth and the opportunities at the airport, so getting the water is going to be a real key factor to that forward movement. Mr. Cannon clarified they are restricting that water specifically to the airport and the airport industrial park, to which Mrs. Veatch responded, yes, and they will look at whatever can be accommodated. She said for right now her focus is on what the airport is getting and getting the infrastructure in place when it comes. She said she just had a meeting last week with Lyle Hogg, the CEO of Piedmont, which is the spokesperson for the American Airlines operating agreement. The operating agreement is for the use of the terminal, the airport and the facilities to conduct the business of the airline. It is a separate agreement that they have for the hangar use that is with Piedmont. She said the American Airlines lease is being renegotiated early. There is twenty months remaining on the lease agreement that was signed back during the merger acquisition of U.S. Airways and American Airlines, and that is all they wanted to move forward with. She said, with the 20 months, they do not feel it is adequate for them to look at moving forward with a runway extension that they have requested, so they have asked them to take a look at signing a new lease that would also include not only giving them five years forward instead of twenty months, but it also would include landing fees that will now cover the aircraft rescue and fire retention and recovery that the County has. She said right now Piedmont currently provides the staffing for that under an amendment to their lease and operating agreement. The county and the airport provides the utilization of a truck and vehicle that the County maintains, so it is a joint operation, and they want to get out of that business, and the County, quite frankly, wants to get it back into control its operation; it makes the most sense. She said they are looking at landing fees to cover that cost. Mr. Cannon said he is assuming, if a lease were agreed upon, that it would be effective in that next fiscal year, to show the

revenue stream and the expenditure. Mrs. Veatch asked if he was refereeing to the expenses, to which, Mr. Cannon responded, yes. Mrs. Veatch said it would be in this fiscal year. Mrs. Veatch said they currently fund the truck and provide the maintenance for that, but the manpower they do not. She said they have a couple of options they are looking at, but the recovery costs would be about 75 to 100 percent through landing fees that they would collect through the American Airlines passenger ticketing. She said making this agreement go five years forward is really important to the County as they look for funding sources and commitment to be able to extend the runway as they have requested and as others have requested. Mr. Joe Holloway asked Mrs. Veatch when you say you were anxious to get that back under the airport's control, is there a reason, to which Mrs. Veatch said it is a liability, as she does not have control over Piedmont's staff. She does have control over the truck. She said it is not a normal arrangement, if you will, under other airports. They are wanting to terminate that opportunity and they asked her when she first got here if they could look forward to terminating that and bringing it back under the County as a total responsibility, and that is what they have been doing. Mr. Dodd clarified she said bring it back under. He then asked was it under the County at one time, to which Mrs. Veatch responded, yes, it was. She said this agreement has been in place about ten years. Mr. Dodd then clarified that the County had employees out there specifically for the fire service, to which Mrs. Veatch, responded, yes, sir. Mr. Joe Holloway asked if the rules were as stringent with the FAA then as they are now, to which Mrs. Veatch responded, no, the same. Mr. Joe Holloway asked if the three-minute response time was the same to which Mrs. Veatch responded, yes. Mr. Joe Holloway clarified that the County made the three-minute response time the full ten years ago with the current employees they had then, to which Mrs. Veatch responded, no, sir. Mr. Joe Holloway then clarified, the County did not, to which Mrs. Veatch responded, she does not know what employees the County had back then. She said right now she does not have employees for that. Mr. Cannon said if the new lease is going to change the degree of funding for the airport, somehow the council has to come into play with that, and it is a very fine line they have to follow when they are talking about any type of services being supplied to the airport. Mrs. Veatch agreed. Mr. Cannon said as far as everybody's role in that, he certainly would not want to get ahead of ourselves and create a new lease with American Airlines that has not been vetted one hundred percent with Council before she takes it there and gets it signed simply because of the new funding recommendation that she is proposing. Mrs. Veatch said what they have given to American and to Piedmont is for them to look to see if it is feasible because the landing fees to cover it is something they need to look at first. She said until they know whether they can do that, then they would take the next step forward with the alternate plans that they have. There are several options that they can do to make this happen, and those are all being looked at. Mr. Cannon said the commitment of those funds to the service has to be something he thinks that the Council needs to vet very carefully before they send it to American Airlines as he certainly would not want to have a misstep because we are not all on the same page. Mr. Cannon then asked Mrs. Veatch if they have a copy of the lease agreement, as he does not think Council has seen a

copy of it. He said it would be nice to get a copy, if she does not mind. Mr. Hall said they do not have an agreement yet. Mr. Cannon said he is speaking of the agreement that is being proposed, as he thinks they should have it to Council beforehand as opposed to after. Mr. Hall said as soon as they have an intention of what the agreement will be, then they will come back before Council and they know that because the funding was cut during the budget. Mr. Hall said if there is additional funding that is needed, they will have the Airport Commission come to Council for the request. Mr. Cannon said if this goes to American Airlines and they agree then that is fine. If it comes back and Council is not satisfied with what is being presented then he would rather make sure that they had all their ducks in a row before it is sent to them. Mr. Cannon then asked if it has already been sent, to which Mr. Hall responded, no, because a decision has not been made on what the process will be at this point. They are going to narrow it down to what the options are as to a decision then they will come back before Council. Mr. Cannon said he hopes it comes to Council even though it has not been signed, as it definitely should come back before it is sent out. Mr. Matt Holloway clarified it is just in negotiations right now. Mrs. Veatch said they are just discussing options. Mr. Hall said there is no document for Council to look at right now. Mrs. Veatch said not per se, it is not final, as it is just a draft. Mr. Hall said there is nothing written at all. Mr. Cannon said if there is a draft, he would not mind seeing it, to which Mrs. Veatch responded, okay. Mrs. Veatch said she had a town hall type meeting with the local residents around the airport that would most likely be impacted by the noise, and that town hall was held last Wednesday. She said they had about 40 people that attended and Mr. Lyle Hogg came out and actually brought one of the jets around for them to look at and he explained the 65-decibel noise footprint. The current aircraft that are operated there are Dash 8s. They are a turboprop with propellers. They actually make more noise than the jets will make. She said it was a very educational opportunity for her to explain to the general public there that they are going to hear a different noise, so they will notice it, but it really and truly is less volume from the lack of anything else to call it. She said because it is different and it sounds different they will notice it and once you get used to it, it will be even less noticeable than the current aircraft. She said it was a great opportunity. She said she also took time to educate them on the community economic engine that the airport actually provides. The asphalt that they have is also a part of every discussion she will try to have anytime she reaches out to the community. Mr. Joe Holloway asked how the meeting was advertised, to which Mrs. Veatch said she did it through the employees. She said one of the employees over at Piedmont lives in Kilbirnie, and he gave notice of it to the homeowners and passed out fliers. She posted it in the airport terminal and it was on their Facebook page, and it was disseminated to everybody that worked at the airport, to businesses. Mr. Joe Holloway clarified that the notice was not put in the paper or anything, to which Mrs. Veatch responded, no, because it was designed for the community around the airport. She does not have a facility large enough for the general public. She said she is happy to hold a meeting like that for the general public and inform them. Mr. Joe Holloway asked if Council received notification of the meeting, to which Mr. Hall responded, no. Mr. Cannon requested if she could please let

Council know as they are going through the steps, so a representative can be there, to which Mrs. Veatch responded, yes, absolutely. Mr. Cannon said it sounds like a very productive meeting. Mrs. Veatch said in addition to the community outreach, she holds on the first Saturday of the month at 9:00 a.m. in a terminal, a meeting for all of the tenants to hear about the airport, what they are looking at doing, anything that is going on, especially if it impacts the operation at the airport. She said they also hold a meeting every second Monday, which is the day they have the airport commission meeting. Just prior to that she holds it for the business tenants because a lot of them do not like to come out on Saturday morning, so anybody can attend either one of the meetings. If somebody misses one meeting, they can go to the next. It is tailored for the tenants that are in hangars on Saturday, tailored for businesses, but she can cover and answer any questions. She said that is an ongoing outreach that she has in her effort to educate not only the businesses that are there, but to keep everybody informed of what is going on. She said certainly anybody here is welcome to join them for any of those meetings.

Mrs. Veatch said in looking at the airport expansion and improvement, they have a runway extension feasibility study being conducted right now with Delta Engineering. She said that is the engineering firm that has been with the County for some time. It takes approximately 18 months to do that. In addition, it has to go to FAA for approval, and then they have to do an environmental assessment. There has not been a complete environmental assessment or a master plan update since 1993. There are 32 amendments to the existing master plan, and this will consolidate all those amendments into one document and give us a new environmental assessment for any plans they have going forward for the next 10 to 15 years. In addition, she just levied a contract to do a leakage study. She said a leakage study takes into account where the passengers are going, as in their destination, once they get on an airplane at Salisbury. It also takes into consideration and does a data study of who is bypassing Salisbury and going to BWI, Dulles, DCA or over to Wilmington or Philadelphia just driving there and taking flights directly. She said that is very important to understand what the passengers are doing and why they are or are not flying out of the County's airport of which they plan to capture those lost revenues and passengers in a very aggressive manner over the next few years. She said, in addition to passengers, they also ask that these contract bids that were out there to include cargo. She said they had UPS in their office the other day, and they are extremely concerned about their large package facility in Federalsburg in that the bridge traffic is delaying terribly their arrivals and departures of freight from BWI that is being flown in, so they are looking at expanding into the freight side as well. During the Summer of 2017, they have construction projects that are going on, which is another thing that she covers at her monthly meetings with the tenants so they agree aware of any projects. She said Taxiway Bravo South and Taxiway Charlie are due for rehab, and that is being funded by the FAA, MAA and PFC funding, passenger facility charges, that they get. She said that will be done this summer. It will take about two months to complete. The project should be starting in late August with the preparation and groundwork. They have the bid meeting next week. She said as for the renovations of T-hangars, taxiway and the bay land painting

and roof repairs, the only common color they have out there is rust, so they are working on coming up with a different paint scheme, and repairing the buildings that have not been maintained for the last 12 to 15 years that the County has a lease obligation to do. She said they are trying desperately to find funding from sources to cover that, and they are starting with the most egregious ones first, and then they are looking at taking care of the T-hangars and moving those and getting the asphalt resurfaced in between the T hangars as well with the Taxiway Bravo, Charlie construction project. Since they will be right there moving asphalt, they are just going to continue on and refurbish those taxiways. Mr. Cannon asked if the cost to the people who are using the hangars is staying the same, or is that increasing, to which Mrs. Veatch responded, the cost for the taxiways are being paid for by FAA funding that has already been allocated. The painting is going to be paid for out of money that was given to the airport in its budget this year for refurbishment, and she has some contractors that she has already gotten quotes for on that. Mr. Cannon asked about the leasing fees, to which Mrs. Veatch responded, they will get a maintenance fee, it is like a homeowner's assessment fee, because there was never any depreciation set aside in the past administration for doing those kinds of improvements, therefore, nothing has been done. They are aware that she does not plan to raise the rates on the renter. She does plan set aside an assessment fee to repay the money that they spend for the painting, and once that has been repaid, any new leases will also be paying into that with higher rent, but for their current tenants, they are to make it as painless as possible. Mrs. Veatch continued she said as for food service, ATM and new updated restrooms, they are in the process of updating the old café that was there. They are turning that into a passenger lounge that also is a rentable conference room and center. She said the passenger service at the airport comes in blocks of time, so they come at breakfast from 6:00 a.m. to 8:00 a.m. They come at lunchtime from 11:00 a.m. to 1:00 p.m., and then they come again around 5:00 p.m. to 7:00 p.m. She is working with the local restaurant community to provide a facility for them to bring their food out and no charge at the airport. They will have a place for food prep, refrigeration and everything. They will bring their products out and sell them to the public, and she will have a beverage service that will do the same, but lunch and dinner will be with adult beverages as well. She said this is an effort to get the community to bring their goods and services out. They can expand their business by advertising there. She said there is not enough business to put a full-time restaurant in as that has already been demonstrated twice that it did not work. Once they eventually build a new firehouse, her goal is to put a restaurant on top with a glass floor so you can see the fire truck. It will be in the middle of the airport for quick access, and it will eventually be connected with the airport terminal, if the airport terminal were to be expanded. Mr. Joe Holloway asked how are you going to work the adult beverage situation, to which Mrs. Veatch responded, she has worked with the County Health Department, and basically, they are not a restaurant and they are not catering, so everybody has to have off premises food licenses. Mr. Joe Holloway asked what about the adult beverage, as they need to have a license to serve. Mrs. Veatch said, yes, they have to have a license. Evo has that and a couple other restaurants have that, so she will work with one vendor for beverage service, adult and non-adult,

and then the restaurants will come and go on a schedule that they agree to. Mr. Joe Holloway clarified that is there a lounge these folks can sit in, to which Mrs. Veatch responded, yes, sir. The whole area is being renovated and enlarged. It will be like a crown room for American that will have places where the chairs have electronic plug ins. They already have high-speed Wi-Fi throughout the airport, so that everybody has enough to be able to download anything they want from a video to a presentation or whatever and that area will be open to the public during certain hours and the rest of the time the conference rooms will be available for her to use or rent to other businesses that need meeting space, and it will bring in some revenue. Mr. Joe Holloway asked do you think there is enough business there to bring out those folks, to which Mrs. Veatch responded, yes, and it will give them an opportunity to look at the business model. She said she does not know exactly when it will be, but whenever it happens, it gives them an opportunity to have tested the waters so to speak. It gives them a great opportunity for people who are coming in that are transient that do not know where to go to get something to eat, to advertise their restaurants and then for those that are being picked up by local people, as not everybody always gets out and knows what restaurants are out there. Mr. Joe Holloway said Mrs. Veatch mentioned before about trying the restaurant business twice. He said it was probably a lot more than twice. Mrs. Veatch said she only knows of two times. Mrs. Veatch said it has been very well received by the restaurant community. They love the idea. She said most food, if you are not aware nowadays, is prepackaged and precooked to a certain degree, so they will not be doing any frying of hamburgers out there, it will come in things that are already partially cooked and they will just finish cooking them. She said it will be a limited menu, but she thinks it will serve their customer base tremendously. There are 250 people that work at the airport. She said they all bring in their lunches or they end up ordering out sandwiches or something because there is nothing close by to have lunch. Mr. Hall said that is true and the interesting thing is these will all be self-contained, so there will be no additional expense to the airport itself as they will not be putting in a new restaurant. Mrs. Veatch said it is a minimal expense for the County. It is a refrigerator, microwave, large cooker and ATM. She said the airport does not have an ATM, but she is very close to getting one finally secured. They will be updating all the restrooms when they finish the update on the cafeteria space, so this is a new opportunity and potential customers. Mrs. Veatch said the folks that she has been working with since she arrived are at a flight school that is up in Trenton, New Jersey. They operate 26 aircraft right now, and they have more students than they can actually put through up there because of limited air space, limited aircraft activity, and just the air space congestion up there. They are working with Piedmont Airlines on an aborigine type program to be able to hire veterans right out of the military, even if they have fixed wing time or no fixed wing time, they will get them their private license. If they are rotor wing qualified, they will do a transition program for them. They are looking to move the latter to the County sometime in the very near future with ten aircraft, a maintenance facility and 16 students per month. They have a 38,000 square foot corporate hangar that has been put together. It requires city water because they have to have fire and sprinkler suppression systems in order to put G5 aircraft which would be the target

aircraft for that. Currently Salisbury does not have a facility to put a G5 aircraft or any high-end corporate aircraft in a hangar overnight. What they do now is they fly to Easton after they drop their passengers here, they buy their fuel there, they spend the night there, and then they come back the next day or whenever and pick up their passengers here. She said they are losing out on that because they do not have an opportunity to house those aircraft. She said they have a couple of developers that are very interested in building this on spec for them as well as some additional 10,000 square foot buildings over in the industrial park that has not been built in other than the Humane Society. She said the 10,000 square foot building, she has a customer that is extremely interested. Mrs. Veatch said before the FAA right now is an approval request and an environmental assessment to put in a 10,000 square foot building as well as a landing facility for drones and UAS. She said this will be a 160 by 160 landing pad to where you can bring drones in to manufacture them. This is a manufacturing company, but also people can bring their drones in to have them calibrated. She said anytime a drone or a UAS goes amiss it has to go back to an authorized calibration facility, they would like one here for the County to use and grow the drone business. She said, in the industrial park, if you are not aware, taxiway gulf goes to the center, so they could actually bring in aircraft type drones that require runways for takeoff. She has already gained approval from the FAA and air traffic to operate drones in class D air space, which is the air space at our airport. There are only four other airports in the country that have that. She said those are their improvements.

Mrs. Veatch continued she said as for marketing and signage. They took a look at putting together some sort of new web design. It was red, white and blue, but every airline in America almost is red, white and blue, and it is very important for an airport to distinguish themselves as not the airline. They are an entity that supports aviation and an economic engine, but they not the air carrier. When she came onboard, she asked the airport commission if they could change the colors to go with blue, gray and teal. She said the design of the logo was already done, but it was in red, white and blue and the teal wave represents the water, either side of the shore, the ocean or the Chesapeake. The aircraft is a jet aircraft coming off the wave. She said that was the thought process. Since they have done the rebranding, they have put up logos in the airport. She said their new door, if you have been out to the airport, used to be a small little door with a glass window with wire in it, no real sign that you could see. It was buried up in the ceiling and it looked like one of those doors, if you open it, all the alarms would go off and somebody would come arrest you. She said they now have a glass door there with the logo, office hours and the phone number. She said it is a lot more welcoming and inviting so they can do business, and "We are Open for Business" is the message they are sending. She said with that logo change, she just wants to be clear, there was no name change of the airport. It is strictly a marketing logo. If you look at the sign they just did, it has the Salisbury/Ocean City/Wicomico Regional Airport on it. On their hats and shirts, they have SBY airport and Salisbury/Ocean City and Wicomico is underneath it, so nothing has changed; it is strictly a branding. She said other airlines,

such as Bangor, Maine, Columbia down in South Carolina, St. Louis, and she think everybody knows the real name of BWI is Baltimore-Washington International Thurgood Marshall Airport, and everybody calls it BWI. She said SBY is the three letter international identifier for the airport. No other airport in the world has SBY for their airport identification, and it is a unique tool that airports always use. It is on your baggage tag and your boarding pass. It is the way you identify the airport. Mrs. Veatch said they took the SBY and they turned it into the website as [flysbyairport](http://flysbyairport.com), as well as Twitter and Facebook. Mr. Cannon said he thinks the original reason it was put in there is because they felt that in branding it was important to include Ocean City. Mrs. Veatch said, certainly, and it is by the wave as the wave represents Ocean City. She said she thinks the marketing that they will be doing is being fully embraced with all of it, the whole Eastern Shore and Delmarva as that is the community this airport serves and it is important that they educate everybody on that economic engine as well as the ability of flights and services that they can provide. Mrs. Veatch said she did budget this year for advertising, and they are planning to do a good marketing campaign. She said last winter was horrific with the nav lights being out. They had a lot of delayed flights. She said Piedmont and her are looking together to do a nice launch of the jets and put the past behind them and the future is forward with the jet service, reliable service and some of the known improvements. She said she thinks the branding and the refurbishment at the airport will convince the public that there is a new opportunity here and they intend to keep their reliability up. She said the FAA will not get away anymore with the service that they have been providing. Mr. Cannon clarified including the radar system, to which Mrs. Veatch responded she has asked for a system called STARS. STARS takes all the local radar – currently they do not have 100 percent radar coverage from one radar. Patuxent is just a little short on the east side. Wallops Island is short on the west side. Baltimore is short on the south and Richmond is short on the north. She said through technology, and it is called STARS, they can take all those radar services, combine them into one, and the FAA will pay for that. The reason they had never done that is because the traffic counts have not been accurately reported to the FAA. She said when she came to the County and the first report came out in March, she noticed that it was not correct, but she got it corrected, and now they are eligible because they needed a minimum of 30,000 itinerant flights, and they are showing they had, she thinks, 7,000. When she got it corrected, they were showing 41,000 itinerant flights, so they far exceed the record numbers that are required for FAA to pay for that. She is pushing very hard on them because the poor service that they provided this winter when the ILS was down. She said she is really trying hard to push them into an expedited connection through STARS and get that equipment put in. If they have to, they will ask for discretionary funding from the FAA this fiscal year coming up. She said as for the disaster preparedness in this geographic area, we are an island, basically, we have the bridges and the tunnels to get across. The only airport on Delmarva that is capable of a full force disaster is Dover Air Force Base, other than Salisbury. They are fully capable, and they need to expand that capability and get it into the disaster plans that are being revised. They have their three-year exercise coming up, and she plans to be sure that they tap into that funding as well as through

FEMA and some other forces that should be paying into the expansion of the airport, the maintenance for disaster preparedness. She said if we lose the bridges, we are the only airport that can bring the equipment in to bring water, diapers and all the food supplies that have to be brought in immediately after a disaster, and to be able to set up the medical relief. She has done many of those, and she said there is not an airport out here other than ours that is capable of handling the volume of traffic that would be needed. Mr. Cannon said this is very positive. Mrs. Veatch said anytime councilmembers want a tour of the airport, just stop in and say hello, and they will go for a ride Mr. Hall said it would probably be a good idea to go ahead and schedule a tour of the airport because they are certainly proud of the progress that they have made in the last year and a half, two years. Mrs. Veatch said Council can take a tower tour, if councilmembers did not come out to the fly-in when they were doing tower tours there, if you come out we will make sure everyone gets one. Mr. Hall said one of the things that Mr. Dodd mentioned is communication between Council and the airport with events that are going on. He said it would probably be a good idea to add County Council to the distribution list.

Signatures on the next page.

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August 1, 2017
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John T. Cannon, President



Larry W. Dodd, Vice President, District 3



Ernest F. Davis, District 1



Marc Kilmer, District 2

John B. Hall, District 4



Joe Holloway, District 5



Matt Holloway, At-Large



Laura Hurley, Council Administrator