

**Open Work Session**  
**Capital Improvement Program and Budget – Airport**  
**January 2, 2019**

Mrs. Dawn Veatch, Airport Manager, Mr. Wayne Strausburg, Director of Administration, and Mr. Weston Young, Assistant Director of Administration, came before Council. Mr. Cannon asked them to review the Capital Improvements at the Airport, and what they find as priorities there.

Mrs. Veatch said the first project is the old terminal building and rehab, which is not only for the roof and roof redesign because of the leakage, but also to give it a new facelift, and have it be a little more on the same motif they are doing there now with the coastal design. She said that building needs some major infrastructure repairs beside the roof as well. She said the design they requested funding for is in 2020, and the air traffic radios listed as the equipment are also being funded in 2020. She said that radio equipment is to relocate those on the second floor because Piedmont Airlines would like to expand to the second floor. She explained, they are on the first floor, and when the flight service station moved out many years ago, they left a small cadre of Federal Aviation Administration (FAA) people and their electronic equipment up there, but they do not need that much space, so they would like to relocate them, and she has another line item for that project as well.

Mrs. Veatch said the second item is the parking lot rehab for the rental car and employee lots. She said those all need overlay and resurfacing because they have potholes, and wear and tear. She said, unfortunately, the FAA and the Maryland Aviation Administration (MAA) will not pay for parking lots, so it ends up coming out of the general fund.

Mrs. Veatch said the next item is a storage unit for rental cars as well as for the Airport. She said they currently have a four-bay storage unit behind the baggage area, but they need to provide some storage for their rental cars, so they proposed taking the existing floor plans from the previous one. She said the \$5,000 is just for site prep and survey because they already have construction plans from the other building. She clarified, they just built the exact same building in a different location. She said this will give access for the rental cars so they have a place to put their vacuum cleaners and trash cans so there is not trash blowing all around, and they will have a place to secure that and also other equipment they use to clean their vehicles. She said this also can go into their rent fees, so it will be reimbursed.

Mrs. Veatch said the next item is runway 1432 extension, and this project started back in 2017-2018 with the master plan update. She said the master plan is currently in the process of being approved, and should be approved in less than 30 days with the final comments. She said in 2020 they are looking at the environmental assessment as well as part of the runway design project, which will be done in two phases. She said the first phase will be done in 2020, and the second phase will be in 2021. She said the land acquisition is \$5,000 in 2020, and then in 2021 it is \$3.1 million. She clarified, not all of this is just for the runway extension, but some is catching up from the past years where it was put in the budget, but not funded, and now the FAA is holding their feet to the fire to do those acquisitions that should have been done many years ago to clean up penetrations and runway protection zones. She said the final year, 2022, is the actual funding for the runway extension to build that, and this is all being done under reimbursements from the FAA at 90 percent, 5 percent from MAA, and 5 percent from the County. Mr. Kilmer asked if this means they have \$1 million this year and \$4 million next year out of pay go, and then the FAA and MAA kick in on the third year, to which Mrs. Veatch responded, it is all reimbursable, and they are forward funding. Mr. Kilmer asked if the \$4 million next year and the \$1 million this year will come back, to which Mr. Strausburg responded, yes. Mrs. Veatch explained, the reason for forward funding is because, if they wait until they fund it in 2022, they will never get it built

until 2024, or maybe 2025, and this will speed up their process for Piedmont's issue of being restricted in the summer, and also the growth the Airport needs to be able to build other facilities.

Mrs. Veatch said the next item is to rehab the access control system. She said their current system is comprised of fencing, plus electronic gates that are done with just a card and combination, and do not meet FAA or Transportation Security Administration (TSA) regulatory requirements any longer. She said, if they increase their index with another carrier, the level of security required will have to have a photo ID type recognition system like the County Corrections Center has. She said they have a proposal with MAA to help fund that, but they have put it all in "pay go" in case they do not fund it for the County because it does have to be replaced next year. She said the funding is broken down in construction, and the other is for the actual equipment. She added, it goes down all the time, and they are always struggling with it, so hopefully their maintenance bills will go away out of their operational budget.

Mrs. Veatch said the next item is mechanical for the HVAC in the main terminal building. She said, prior to her arrival, there was a replace in kind bid put out to replace the HVAC system in the main terminal building. She said the existing system did not work properly, so she is not sure why a replace in kind was done instead of a redesign. She said it is going to cost \$77,000 now to go back and redesign the new system so it will function properly. She said it has been operating during the two years she has been here, but it has not worked correctly yet, and they are spending a lot on maintenance and call out bills to have them reset things, so she thinks it is prudent to modify the system so they do not have horrific maintenance bills every year, and get it corrected so it functions properly. She said in January she will request from the MAA any excess funds they have this year so that they might fund that.

Mrs. Veatch said the next item is air traffic control tower rehab and electronic equipment. She said her proposal for rehab of the old terminal is to relocate the FAA out of the second floor, and that design is going to be \$70,000 this year. She said this will also be to look at moving the equipment as well as a design to put office space around the bottom of the base because that way they can run their electronic equipment and cabling directly up to the roof if that is where they end up putting their antennas, and it will be where it should be. She said they can build that as a secure place with waterproofing. She said they are not in a proper facility anyway on the second floor because it is all glass windows and leaking roof at this time, so they can get them in a better environment as well. She said, unfortunately, this is a non-Federal tower, and they contract out, so it becomes the County's responsibility, not the FAA's. Mr. Strausburg added, for a point of clarification for the public, the projects they are talking about now are so called enterprise projects that are not supported by the general fund, but supported by either the MAA or the FAA. Mr. Holloway asked if they have any enterprise reserves at the Airport, to which Mr. Strausburg responded, they do. Mr. Holloway asked what they are, to which Mr. Strausburg responded, off the top of his head, he cannot tell him, but he can get that for him. He said some of those reserve funds have been committed, but he can get him a breakdown of that. Mr. Holloway asked if those reserve funds are separated in operating and capital, to which Mr. Strausburg responded, the reserve funds are principally for capital projects. Mr. Cannon asked, if the County is putting the amount they are into the Airport, why do they maintain it as an enterprise fund, to which Mr. Strausburg responded, that becomes an accounting question, which would be better answered by either Mr. Mike Kleger or Mrs. Ashely Stern. He said they would reclassify it as a special Governmental fund if, from an accounting standpoint, they determined that, in order to continue to operate it in an appropriate fashion, it would routinely rely upon general fund subsidy much like the Civic Center, and then they would reclassify it as a special Governmental fund where part of the funding is coming from either State, Federal, or other grant sources, and part of the funding comes from the County's general fund.

Mr. Strausburg said the State County Administrators have an annual workshop, and they had it this year in St. Mary's County at their airport. He said he would really like to arrange a trip where Councilmembers could visit that airport because, quite frankly, when he got there, he saw the things they are planning to do here at their Airport already well underway and/or done, and he thinks it would really help if Council could visualize what they are planning to do, and see it. He said, interestingly enough, he asked the question when he was at the St. Mary's County Airport as to how it was funded, and it is totally supported by the general fund in terms of operating and capital. He clarified, they still seek Federal and State grant funding, but they see their airport as a critical economic generator. He said they have the Patuxent River down there, so they very closely align with the Patuxent River, but they see it as an economic generator, and it is very, very substantially funded by the general fund. Mr. Cannon said the question would be whether they are seeing revenue. He said he is assuming they are seeing an excellent revenue stream that makes it a profitable investment to put it in the general fund, to which Mr. Strausburg responded, he had the opportunity to sit with their CFO and go through that discussion, who is, actually, the finance advisor for MACO, and he is fully committed to that generating tremendous income tax funding, basically, for St. Mary's County, so he thinks it would be a really, really good trip. He said, to go back to the Nursing Home, he would really like to arrange some group tours of the Nursing Home as well, and he will try to do that when they get back from MACO. Mr. Cannon said he does not think there is any question that the Council supports a thousand percent of what the Airport is doing, and what Mrs. Veatch brings to Wicomico County and the Airport unquestionably. He clarified, it always seems to be a matter of semantics as to whether the pay go funding is supposed to be outright funding, or whether it should be a loan, and, if it is an enterprise account, why are all of these funds not considered loans, and why are they just considered grants. He then asked how that is being determined because it is all a wash eventually anyway, and it is an investment. Mr. Strausburg said, however they do it, they should all be convinced that there is a return on the investment they are making, and that is the critical issue. Mr. Holloway said the reason it was considered an enterprise fund for a long time was because the County did not put any money in it since it was self-sufficient for a number of years.

Mr. Holloway asked what is going on with the drone program because a year or so ago Mrs. Veatch was talking about drones, to which Mrs. Veatch responded, it is full speed ahead, and, actually, they have the RFP out to build the facility. She said they have several companies coming in right behind that with three or four more hangars, and then possible another large company that is going to follow as well, and they are meeting with them on January 15<sup>th</sup>. Mr. Holloway asked if there is anything in the capital budget pertaining to the drone program, to which Mrs. Veatch responded, last year it was funded, and she thanks Council for that, so they are getting that kicked off and started. She said it is going to probably be bigger than she even thought it could. Mr. Holloway asked if there have been any conversations with the airline, or the general aviation people regarding the concerns about drones being integrated into the Airport, to which Mrs. Veatch responded, yes. She said she has a monthly hangar tenant and tenant meeting for both business and general aviation, and they have discussed it. She said the University of Maryland Eastern Shore (UMES) is working with them on that because they have the flight training school there as well, and it is all controlled. She said the electronic equipment that was in the budget last year is detection for not only the equipment that is being operated in the program, but it also detects when people are just out flying and should not be. She said they have that detection equipment they are putting in to make it a safer environment because it is tied in with their air traffic. She said they have published ingress-egress operation routes for the drones, and they are at an altitude below 400 feet, and an aircraft should not be lower than 400 feet in those areas where the designated flight areas are. She said they are separated not only by policy, procedures, and guidance that is published, but they also have detection equipment to ensure that their guidance is being followed, and, if it is not, they will deal with it, and pull their ability to fly. Mr. Holloway said he has had a conversation

with a commercial aircraft pilot who really has concerns about drones at airports, and he wonders if that is probably a wrong mix, to which Mrs. Veatch responded, he probably has not been to one of their meetings to discuss it. She said, when they get this construction built and it opens, she will have a public meeting to talk about it, and invite everybody because she wants them to understand the operational and safety features they have built into this to make it a safer operation than it is right now. She said they have drones that fly into their airspace right now that come in every day with air traffic, and there are no policies, and there are no procedures other than that they have to be in contact with air traffic. She explained, once they get their detection equipment in, they will be able to see them whether they are part of their program or part of what air traffic has said they can do, such as go look at power lines, or fly over a certain area to film something. She clarified, they will still go through like they do now, but they will still have an IP address off of them because that is how the drone talks to the operator on the ground. She said, once that IP address hits their detection, if they are in an area they are not supposed to be, they can, actually, shut them down, and they will do that. Mr. Holloway asked what she means by shut them down, and if that means dropping them out of the sky, to which Mrs. Veatch responded, they will not drop them out of the sky, but it will make them return to base just like if they had a malfunction. She said they would turn back to their land-based operator/pilot, and they would not be able to operate until they come and get it. Mr. Holloway asked what would happen if they happen to be in that space, and they are in the wrong place at the wrong time, and there are other aircraft there while they are still in the air, to which Mrs. Veatch responded, the detection will detect it before they get into an area they should not be, and they are never supposed to be above 400 feet. She said, if they go above 400 feet, that is an immediate violation. She said, if they get within too close of the approach areas of the runway surfaces, which were never approved for them to do anyway by either air traffic or herself at this time, but getting outside the boundary where they were approved, they will know as soon as they get out because they will be able to program each of those flight plans. Mr. Holloway said it is his understanding the Patuxent River has a program, but it is at a separate airport, and not at the same airport, to which Mr. Strausburg responded, no, the drone operating airspace in St. Mary's County is at the St. Mary's County Airport. He said there would never be a private drone operating without authorization in a military base, but the drone operating airspace the County has in their master plan has been approved by the FAA, and it is part of the FAA master plan approval process. Mr. Holloway asked how the military would view this as far as using the Airport for touch and goes, to which Mrs. Veatch responded, they do not operate in that area. She said they have a designated area where their ingress and egress routes are, and that will be published as well. She said the drones that will be used at the Airport will operate and use the runways no differently than how they operate an airplane, and they have communications with air traffic, and so forth. Mr. Strausburg said, in terms of airspace, they stay out of what is called the RPZ. He said it is a designated operating space.

Mrs. Veatch said the next project is the snow removal building. She said that project has been in the CIP since 2013 to get an equipment storage building to put their equipment in so it can be preheated, warmed and protected, and also so it does not sit out in the UV and get deteriorated. She said in October 2018 the FAA had supplemental discretionary money that came in at \$10 billion dollars, so they put this project in, and should hear back from the FAA probably in February. She said that project will be funded under normal AIP, which is broken down as 90, 5, and 5 percent. She said the \$50,000 under pay go is to relocate, which they put in last year's budget relocating the two hangars that are on the east ramp where the new large FBO is going. She said those two hangars will be relocated, but they also need some ramp infrastructure and foundation, so those are all being put in together, and that is why that \$50,000 is there for that portion because it would be carried under the FAA reimbursement.

Mrs. Veatch said next is the passenger vehicle parking lot. She said this parking lot was built in FY92, and has really not been resurfaced since then, and, to her knowledge, it needs to have a mill and replace

overlay. She said they want to expand the parking lot while they do that, so the engineering and design is \$200,000. She said, in addition, they are going to put an automated parking attendant in so that it will not be manned any longer. She said they had quite a bit of personnel issues last year that brought the focus more onto going to the automatic system. She said it will be cheaper to operate, they will own it, and can do a maintenance lease to where the County will get most of the profit. She said all they do is pay a lease for them to unlock the gate if it malfunctions, or if somebody loses their ticket. She said it is an electronic phone system, and those systems have been proven for many years now at airports, and work very well. She said it will also increase revenue because they will not be paying the salaries of the people to man that gate, which is what their contract is right now with Republic. She said they would probably be the contractor to put the system in. She clarified, they will do an RFP, but they are already there, and they want to go electronic as well. Mr. Cannon said that has always been a bit of a stickler as to why they were paying a separate company to deal with the parking, and why they did not have their own employees doing it. He said, in a sense, this just relegates them to a maintenance role, to which Mrs. Veatch responded, a maintenance contract role. She said the infrastructure is \$95,000 to install, and the time to do that is when they do the overlay so they can lay the cabling, and it is all done. She said, during that time, they will reroute the gates and how they want the traffic flow to go, and then they can put in that system. She said, after this overlay and expansion are done, they have a public-private partnership to put in the solar parking that will be covered parking. She said they have had it designed, and it looks beautiful. She said it will have three sections in it, and the first section will pay 400 percent of the electric bill, and the other two will be revenue. She said that will not need any funding, but will be a land lease for them to be able to put that in, and will be a public-private partnership after the expansion of the parking lot. She said they want to get that all made uniform so it has a nice appeal, and they do not have to expand it again while they are doing the overlay and restructuring. She said it is just a small expansion. Mr. McCain asked, during that process of redoing that parking lot, what will they do about parking when they start that project, to which Mrs. Veatch responded, they will do it in phases. She said they will relocate Piedmont's parking because part of that parking lot is Piedmont employee parking, so they will relocate them at that time into another place where they can park. Mr. Holloway asked if Mrs. Veatch has explored who will be doing these public-private partnerships. He said he knows she has talked about it for the hangars and other things, to which Mrs. Veatch responded, typically, the private partnership is the land lease. She said they lease land from the County and pay them rent, and then they get investors to build it, and the third person is the operator. Mr. Holloway asked if she has been in contact with people to do that, to which Mrs. Veatch responded, she has interviewed three solar companies, and there is a huge tax advantage, which is why the County does not want to pay for that infrastructure because the County cannot take that tax advantage, whereas they pay almost 50 percent of that project back in tax credits to the investors. She said they are in and out, and then it becomes the County's in less than five years, and all of the revenue becomes the County's. Mr. Cannon said he noticed that the rental parking is not under the same envelope, and he wonders if she can do the same solar parking with where the rental cars are as well, to which Mrs. Veatch responded, they could, but she just had not looked to go over to that side because of the capacity they will be generating. She said they want to sell at a high premium, and they can always do that over there, but she just had not included it. She said they could do it in an employee parking lot as well. She said the benefit is that they would have covered parking, so snow removal in the winter, damage to vehicles from snow plows, and cars getting stuck from the ice that forms behind their bumper when they plow the snow up under it would all go away. She said they can also put advertising underneath, and she does not want to get off track here, but there is tremendous revenue that can come in. She said they will also put the electric car charging stations in at this time, and things like that.

Mr. Cannon said the funding for the parking for the rental cars is going to be planned and budgeted for this coming year, so he is just wondering if they might reconsider tying it into the solar and public-private partnership before they put the \$145,000 into it, to which Mrs. Veatch responded, they do not pay for the paving. She said they have to put their infrastructure in first, and then they lease the parking lot that has already been improved. She said they have to improve the parking asphalt, the design, and layout, and then they lease that land from the County to put it in. Mr. Young clarified, before the budget, they will, hopefully, have that figured out so they know who they are going with, or revise accordingly. Mr. Cannon said he is a little confused because, when repaving, he assumes that is the time they would make the decision as to whether they are going to put solar panels above that paving or not, to which Mrs. Veatch responded, no. Mr. Young said, to touch on Mr. Holloway's comment, they will have it narrowed down as to who they are going with during the budget process. Mr. Strausburg added, they go through an RFP process on that. Mrs. Veatch said Delta is doing the design, who is their in-house resident engineers, so the infrastructure they put in is being worked right now based on the three companies she has interviewed who are interested in leasing the land. She said she can have them add the other two parking lots in there. Mr. Cannon said, in both instances they are talking about resurfacing the parking areas, and he thought that the public-private partnership revolved around the solar system, and not the actual parking fees, to which Mr. Strausburg responded, the public-private is actually solar, and the projected meter credit from the solar would pay for all of the airport's electricity usage. He said the parking lot resurfacing itself is separate from the installation of solar, and is separate from the installation of the self-parking, so they are really three different projects, but it has to be coordinated so that they all come together at, essentially, the same time. Mrs. Veatch said the FAA and MAA will not pay for parking lots. Mr. Strausburg said he thinks Mr. Cannon's question originally was if they should consider solar over the rental car parking lot, and he cannot answer that because he does not know how much additional solar revenue they will derive from doing that. He said they have found that the rental car companies have locations inside Salisbury as well, so they are shuttling around a lot of cars, which is a separate issue in terms of where the car is actually rented, and then where the car is paid for. He clarified, if the car is rented at the Airport, but picked up on South Salisbury Boulevard, who is getting that revenue, and that is a whole other process they have to go through and look at. Mr. Cannon said the only differentiating thing he can see is, on the rental car construction design and study, it is under "pay go" for \$145,000, and yet for the regular parking lot it is all under public-private partnership, so he was just asking what keeps them from combining both, to which Mrs. Veatch responded, actually, it is not. She clarified, this is one they were going to note that they are looking for funding for, but it is likely going to be under pay go, to which Mr. Cannon responded, it is, and he understands. He clarified, what he was saying was why not do the same thing on the side parking lot as they are doing for the main parking lot, to which Mrs. Veatch responded, the main parking lot is "pay go". She said the investor does not pay for the infrastructure, the County does, and it was left to be determined, and that is really likely going to be "pay go". She said she is looking for funding sources, but is not finding any. Mr. Strausburg clarified, Mr. Cannon's question is the funding source, and they will look for funding sources other than "pay go", but they will have to zero in on that by the time they submit the annual operating budget. He said, if it is "pay go", they will imbed that in the Airport's budget for 2020 as pay go. Mr. Cannon said Council is approving the CIP, and it says "to be determined," but, from their description it sounds like the "to be determined" is public-private partnership, so he is confused as to why they do not just put it into "pay go", and then maybe tell them later that it is going to be in public-private partnership, to which Mrs. Veatch responded, it was an omission. Mr. Strausburg said they can make that change if Council would like. He clarified, they have to remember this is a planning document, and the hard numbers in terms of what the County general fund is going to support really comes in the next two steps being the annual budget, and then the proposed bond sale in the fall, but he understands Mr. Cannon's question.

Mrs. Veatch said the next item is the taxiway alpha and air carrier apron, and this was funded by the FAA in September 2018 just a few months ago. She said they did not know they were going to get it, but it was in their ACIP. She said, until the FAA approved their budget at the end of the year, they did not know it got funded, so they put their 5 percent into this budget cycle to pay for that. She said they are doing the design right now, and that will be a rehab on the air carrier apron to take care of some drainage issues, some cracking that is going on, and filling. She said taxiway alpha will be refurbished and rehabilitated as well, and that is an FAA/MAA three-way split of 90, 5, and 5 percent.

Mrs. Veatch said the next item is the Airport where they tore down the three T-hangars to put in their new corporate facility and jet maintenance center, which is being done under public-private partnership. She said, when the water construction starts, that project will start. She said the ramp area and building side area have never been cleaned up to get ready for their builders, so what she will likely do is put that in her operating budget as maintenance on the ramp and site prep. She said that whole project is funded under public-private partnerships.

Mrs. Veatch said their carrier terminal renovation is proposed in the ACIP with the FAA and MAA to be done in 2021 with design, and then the extension and rehab project would be done in 2022. She said she has just put that in as it is coming down the pipe for those years.

Mrs. Veatch said the next project is the FEMA air carrier cargo ramp. She said most of this is already being funded under the master plan because they have a design. She said the design part of that is being done, and the \$100,000 is to design the actual building, not the ramp, and staging all of the area that goes with the taxi lanes. She said this is with joint use for FEMA because FEMA has already designated the Airport as a staging area, and now they would like to get them to designate them as a distribution center. She said that distribution center is a perfect building to co-utilize freight forwarders to sort and do things. She said FedEx is outgrowing their existing building right now, so they are a good candidate. She said she has meetings set up with them to talk about them moving into the new facility instead of expanding that one because there are a lot of problems with expanding their ramp. She said, hopefully, they will have them as a tenant when they build, but that is all in the future, so they just need to do the planning part now.

Mrs. Veatch said the next item is the rehab taxiway foxtrot and alpha apron. She said, over by Perdue, the old taxiway that used to go to the end of runway 523 had never been reconnected when they took out the old runway that was the third crosswind runway, so that is going back in. She said, in October 2018 she reestablished that as a priority project with the FAA under supplementary discretionary, and, again, just like the snow removal, they will probably know in February whether they are funding that. She said that will give them another general aviation ramp because they are going to need more space, and it will give them a place to put corporate hangars over there as well.

Mrs. Veatch said the last item is the roof design for Piedmont between their hangars. She said several years ago the County funded redesign of that, but it was not sufficient, and still leaks like a sieve over there. She said it was just a poor design, so they have put in design at \$13,000, and then probably \$140,000 for construction, which is what they are guessing from a local architect who is working out at the Airport and just kind of giving them a rough look. She said somehow they have to fix those leaks because they have offices in there. Mr. Strausburg said the issue is that there are two peaked roofs that join and create a valley, and the freeze-thaw cycle just keeps breaking up that valley, so, in some fashion, they have to engineer a solution where they do not have this collector drainage area. He said they do not have any quick response, but they know it has to be reengineered because it will continue to leak if they do not. Mr. Cannon asked, on the design study and planning, will they do an RFP on that, to which Mrs. Veatch responded, yes. Mr. Cannon asked if they will do the RFP whereas that particular

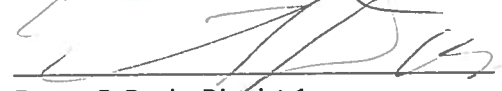
company would do all of these different plans, maybe a company that specifically addresses Airport infrastructures, to which Mrs. Veatch responded, each of these projects are different, so they go out on a separate RFP. She said the design on the hangar repair and modification redesign would be one company, and the redoing the old terminal building would be a separate RFP, and likely more of an architectural company. She said it just depends on the project. There was no further discussion.



John T. Cannon, President



Larry W. Dodd, Vice President, District 3



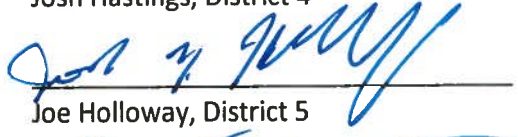
Ernest F. Davis, District 1



Marc Kilmer, District 2

absent

Josh Hastings, District 4



Joe Holloway, District 5



William R. McCain, At-Large



Laura Hurley, Council Administrator