

**Open Work Session
Capital Improvement Program (CIP) for Fiscal Years 2022-2026
Wicomico County Regional Airport
February 2, 2021**

Mr. Tony Rudy, Airport Manager, came before Council and said this is his first capital budget meeting. He said they submitted their requests, and he is open to any questions Council has. Mr. Dodd asked Mr. Rudy to go through it really quick.

Mr. McCain suggested, Mr. Rudy might want to touch on those big ticket items because they have the runway extension, the Airport technology park, and the airport rescue and firefighting (ARFF) building, and those are pretty big numbers. Mr. Dodd said they are going to talk about the taxiway next.

Mr. Rudy asked if there is any particular item Council wants him to start with, to which Mr. Dodd responded, just start at the beginning.

Mr. Rudy said the first item is the auto parking attendant, and that is a relatively small item funded by CARES. He clarified, they are hoping for that to be funded by CARES very shortly. He said their parking concession contract ends at the end of June, so they are getting ready to put this out to bid.

Mr. Dodd asked if the parking attendant would be a capital item, to which Mr. Rudy responded, yes. He explained, basically, it is a piece of equipment that will replace the existing piece of equipment, and also will automate revenue collection.

Mr. Rudy said the next item is the runway 1432 extension, which obviously is their biggest and most pressing program they have. He said the total for that project right now as it stands is about \$32 million over roughly five years, and they are phasing that, and they feel pretty comfortable with the numbers here. He said the total budget number is pretty close to where they think it is going to be, but the big question right now is where the funds are going to be coming from. He explained, the federal funding could be lagging a little bit, but they should know more in the next month or two and have more certain numbers on that. He said this project is going to take more non-federal funds upfront, whether they are local funds or funds they find elsewhere, as they wait for the federal funds to kick in. He said the total funds not coming from federal sources are going to be roughly \$13 million over the life of the project.

Mr. McCain asked if they forward funded part of that last year expecting money to come in with a year lag, to which Mr. Rudy responded, there are many pieces to this project. He explained, they completed their masterplan, which was required by the FAA for all of the projects they are planning on doing in the next 20 years, but more or less the next 5 years initially. He said, once that was approved, they had to do their environmental work, which was not only part of the runway, but the rest of those projects, so that money funded part of that. He said they had some preliminary design work that it went to, and they are going to have some more ongoing design work. He said they still have a small amount of those funds available, but they have been directed specifically towards that project.

Mrs. Aclé asked if they have any plans for the interior aesthetics of the terminal building, to which Mr. Rudy responded, yes, and that is actually in here, but it is projected out a few years as there is only so

much money for so many things. He said Ms. Veatch did some initial things there, but they have a little way to go. He said the terminal is aging, but it is in their plans. Mrs. Acle said the last time she was in there she saw empty picture frames, and the restaurant was closed indefinitely. She said she just thought there needs to be something a little more welcoming when coming in.

Mr. Rudy said the next project is the fiberoptic line. He said this came up several times, and IT brought this to their attention, and it also came up with their continuity of operations review. He explained, the Airport really only has internet service and County connectivity through Comcast, and apparently a couple of years ago with a traffic accident they took that line down for a couple of days, so they really do not have a redundant system. He said the thought is to get connected with fiber as their primary source, which is going to be more reliable and more protected, but still use Comcast as a backup. He said this will not only be for Airport needs, but for their existing customers right around the terminal area, and also getting that over to the industrial park for their current customers, such as Fed Ex, Maryland State Police, Perdue, and their newest customer SRS, who is running the drone operation. He said currently they only have dialup service over there now, and if they are going to be attracting any new business industry over there, highspeed connection is going to be critical.

Mr. Dodd asked, when Mr. Rudy said Maryland State Police, does he mean the helicopter, to which Mr. Rudy responded, yes, trooper 4.

Mr. Rudy said the next project is called Piedmont obstruction removal, which is a separate item, but is associated with the issue they have with the shortened runway. He explained, there are two power poles that Delmarva Power owns on Airport Road right off the runway, and they will not move those for free, so there is a charge to remove the poles and bury the service underground. He said those poles are identified by Piedmont as critical because, if their aircraft was to depart and lose an engine, they basically have an imaginary surface they have to clear, and those poles are actually within that surface. He said they want to get those cleared before they start the runway construction process because the runway will actually be shortened for a period of time until that pavement is built out far enough. He said it has an impact to their operation, but this is kind of the total package for the runway extension.

Mr. McCain asked, why is the County paying for that? He further asked, if the poles are in the airspace, should it become an easement, to which Mr. Rudy responded, the FAA has airspace that the Airport has to protect. He said this is airspace that each individual airline will determine performance on their aircraft, so in the FAA's eyes, it is not critical airspace. He said they had an FAA review done on it to see if it penetrated that, and it does not, so really it is for Piedmont's aircraft, but if there was another airline in there and their performance was similar, it could affect their performance.

Mr. Rudy said the next project is the industrial park wetland mitigation, but the title is a little misleading. He explained, it involves a lot of wetland mitigation, but there are also other components to this. He said the industrial park, as he mentioned, has a few entities over there now, and their newest one is SRS, who is operating the drone facility. He said they had some recent interest from an industrial developer to develop a small, roughly 10,000 square foot light industrial manufacturing facility, and they are hoping to get that land cleared for him shortly, and hopefully he will still have interest. He said one thing they noticed is that the sewer does not run throughout the entire industrial park, it only runs up one side and then crosses over to where Fed Ex is, so they want to get the sewer extended, do some

tree clearing, and basically have site-ready areas for developers to come in, which hopefully creates jobs and revenue for the Airport, and increases their tax base.

Mr. Rudy said the next item is the ARFF building, and that one they are hoping will be fully funded by CARES. He said they had a recent review with Fisher Architects and Delta Airport consultants to go over a page by page review of the plans they have in place just to make sure they meet all the FAA requirements because, with the CARES money, it looks like they are going to have to meet all of the normal design requirements. He said they had a good meeting just the other week, and Fischer is going to go back and make a few changes, and then they will officially submit that to the FAA for their grant addendum for CARES, and that should be fully funded by that they hope.

Mr. Rudy said the next item is the snow removal equipment building, which is another project they identified being funded with CARES funds. He explained, any Airport that has snow removal equipment is really required by the FAA to keep this equipment under cover in a heated area so it is ready to go. He said, unfortunately, they are not in that position right now, and their equipment is kind of scattered. He said they have it plugged in with block heaters in areas to keep it ready when needed, but it is not the ideal situation. He said this facility would house that and enable them to work on that equipment out of the weather, and so forth.

Mr. Dodd asked why this building cost is so much more than the ARFF building, to which Mr. Rudy responded, it is a much larger building. He said the ARFF building is basically two firetrucks and some equipment, but for this they are talking about multiple pieces, plows, sweepers, and blowers.

Mr. Rudy said the next item is rehabilitate taxiway A phase 2B. He said Council may recall that the taxiway A project has been going on for about a year now. He said the first portion of it was funded with an FAA grant along with their terminal apron rehabilitation, and that was a full depth reconstruction, so it was quite expensive. He said the second phase was a mill and overlay, and they used their FAA Airport Improvement Program money to complete that this year. He said there is a small piece left that is reconstruction, so it is a little bit more expensive. He said that project was designed using all the FAA standards, and they just recently submitted a grant addendum through the CARES Act to get this funded, so they are hoping to hear something very soon from the FAA on that. He said then they can take that to the contractor, and hopefully he will still hold his price. He clarified, the contractor's bid price is two years old now, but he has been really good to work with, and they are hoping they can complete that starting this spring.

Mr. Rudy said the next item on his list is the car rental carwash. He said they are in the process now of soliciting car rentals because their existing contract is about ten years expired. He said they were talking to them at just about this time last year about going forward with new rates and new charges, but then COVID hit, so they kind of put that on the backburner, but there has been some interest. He said Council may be aware that Hertz has left. He said they filed bankruptcy, and they left several Airports. He said they still have Enterprise and Avis, and they have been engaged with them and working with Purchasing, and they are going to put out a proposal and hopefully continue. He said they will have to see who responds to the proposal, but the one thing they asked for was they wanted some storage area because right now they can basically only clean their cars in a parking lot. He said they have a shop vac plugged into a single outlet that is in the back of an Airport storage building, and it is not an ideal situation. He

said they went from wanting a storage facility a couple of years ago to now an actual carwash facility, and this would be paid for through their customers with what is called a customer facility charge similar to a passenger facility charge for people flying on an aircraft. He said the thought is to put this over in the industrial park with the new waterline going in, so it would keep a larger volume of water moving through that system.

Mr. Cannon said, in the funding categories it talks about federal grants, and a lot of the projects they are talking about, especially the runway, was forward funding. He then asked if the reimbursement on the forward funding is reflected in these federal grants of \$11 million, to which Mr. Rudy responded, no.

Mr. Cannon said he is finding the CIP to be a little bit difficult this year because it looks like they are spending a lot of money. He said he thinks it might help, especially with the CARES funding, to find some type of revenue line in here that says they may be spending \$20 million, but in 2022 or 2023 they are going to see \$8 million coming back from the federal government. He said, between federal, State, new money, old money, pay-go, and enterprise funding, he cannot tell how that plays into the individual projects that are in the CIP. He said there is \$11 million in federal, and he is wondering if that is \$11 million they have already committed, or will the amounts in 2023 and 2024 be what they have paid the County back.

Mr. Rudy asked if Mr. Cannon is talking specifically for the runway, to which Mr. Cannon responded, yes, they could say the runway because those are big numbers. Mr. Rudy said the federal funding that is in here is not reimbursable. He said, if they look at the total project cost of \$32 million and they add up all the federal, local, and State funding, and anything else, that will total up to the \$32 million. Mr. Cannon said he just wonders how they actually get their heads around how much spending they are actually doing, and that it is not really getting out of control.

Mrs. Pam Oland, Director of Finance, then came before Council and said, again, the attempt is to try to show Council how much is actually coming out of their coffers. She said that is why there is bond money and then there is grant money. She explained, the grant money is their estimate as to what they think the federal government is going to give them in any given year. She said, as Council knows, this is a planning document, and those numbers move because, when they submitted these numbers, they were their best estimates at that point in time, but those estimates can change. She said, ultimately, what ends up happening is, when they submit their budget, they put in the next best estimate as they have for the current year. She said they created these numbers back in October and November, and she could update this everyday if they had to, but she cannot because she would be spending so much time just updating this document. She said it is a point in time document, and, again, their budget is a point in time document as to what they think they are getting at that point in time. She said, when they submitted this, it was where they thought the numbers were coming as Mr. Rudy stated. She said they believe that they will have a better idea by the time they send Council the actual budget, which has the capital project section in it that shows where they think all those numbers will be for fiscal 2022. She clarified, they do not believe the number in total is wrong, but they may have to shift around the funding at that point in time.

Mr. Cannon said he recognizes that things are going to change, but for Council to make a calculated decision as to whether they think they are safe in moving forward as they are, he does not know if that

will be easy to do when they really do not know how much of it may be coming back. He said his concern also on the bigger picture is, if he is reading this right, they are bonding \$49.2 million dollars as a whole, not just the Airport, and then they are doing \$5.4 million from pay-go, which is about a total of \$54 million. Mrs. Oland responded, that is the conversation they had with Council in the fall. She clarified, 2022 is a huge year, and things are looking better with their revenue projections, but, in total, they knew that there were some major projects in 2022, and the question becomes whether or not they want to fund those major projects. She said, if they continue down the path of this Airport runway, that is a major project, and a long-term commitment they are making as a County. She said they have started down the path of a Public Safety Building, and they have made commitments to the Board of Education for some of their projects, so, again, this was the conversation they had in the fall that, when Council saw this, 2022 was going to be very big, and this is very big.

Mr. McCain said he commends Mrs. Oland for having the forward thinking because it is a good time to be borrowing. He said they are at record low rates, and these projects are not going to go away, and they do not get cheaper as time goes on, but Mrs. Oland went through all of that in the fall.

Mr. McCain said he has a question that is not germane to this year, but, when he looks at the pay-go, it is typically a relatively small number each year, but he is just curious why in 2025 it is about \$1.2 million, which seems an unusual outlier for pay-go funding. He then asked what it was that they projected there, to which Mrs. Oland responded, she would have to go back and look at the actual spreadsheet, and she can make a note and get back to him. Mr. McCain said that is fine because he was just curious.

Mr. Rudy said the next item is the ARFF vehicle support equipment. He said, when they bid the firetruck, they also bid support equipment. He said the FAA requires them to bid the two separately so the same contractor does not get the full bid. He said they did not get any responses on that, and the money they had tied up with the MAA grant and the CARES money pretty much covered the firetruck, so they are looking to go back out to bid next year to get some basic tools that they do not currently have, such as rescue tools, airbags, and some other miscellaneous equipment.

Mr. Dodd said he knows they discussed this previously, but he does not see it on his sheet, to which Mrs. Oland responded, Mr. Rudy has gone through the list for everything associated with 2022. She said, from 2023 out, there are additional projects, and she would say at this point in time that those are projection years, and they are their best estimate as to what year they will fall in. She suggested, if Council has any specific questions about the list they were presented, she would say instead of running through each one, they ask those questions.

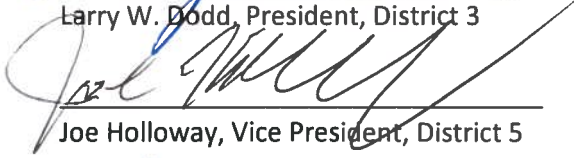
Mr. Hastings asked what the deadline is for the federal spending for the CARES Act, to which Mr. Rudy responded, they have to have that money spent by July 2024.

Mr. Dodd asked if it was supposed to be the end of last year, to which Mrs. Oland responded, that is a different part of CARES. She explained, the Airport CARES has a much longer deadline for spending those funds. She said the December 30, 2020 number was a different section more in tune with buying PPE and that kind of stuff. Mr. Dodd said that was extended as well, to which Mrs. Oland responded, yes. She clarified, they did not get any additional funding, they just got additional time to spend it. She said

she believes the County did a fantastic job of spending, so there is not a whole lot they are spending in the extension. There was no further discussion.



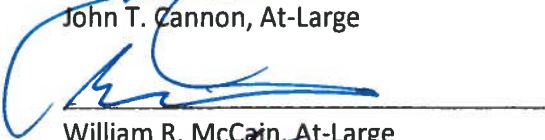
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Nicole Acle, District 2



Josh Hastings, District 4



Laura Hurley, Council Administrator