

Kearney, Nebraska
February 18, 2015
5:30 p.m.

A special meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 5:30 p.m. on February 18, 2015, in the Council Chambers at City Hall. Present were: Stanley A. Clouse, President of the Council; Michaelle Trembly, City Clerk; Council Members Randy Buschkoetter, Bruce Lear, Bob Lammers and Jonathan Nikkila. Absent: None. Michael Morgan, City Manager; Michael Tye, City Attorney; Wendell Wessels, Director of Finance; Suzanne Brodine, Assistant City Manager/Development Services Director; Shawna Erbsen, Administrative Services Director; Jim Lynaugh, Airport Manager; and Julie Steffensmeier, Executive Administrative Assistant were also present. Some of the citizens present in the audience included: Chuck Howell, 3 Great Lakes employees, Michelle Stover, Leonard Skov, Roger Jasnoch, Marian McDermott, Elizabeth Roetman, Michaela Lewis, Steve Altmaier from KGFW Radio, Ashley White from Kearney Hub, Jon Jankowski from NTV, Spencer Schubert from KHAS TV.

Notice of the meeting was given in advance thereof by publication in the Kearney Hub, the designated method for giving notice, a copy of the proof of publication being attached to these minutes. Advance notice of the meeting was also given to the City Council and a copy of their acknowledgment or receipt of such notice is attached to these minutes. Availability of the Agenda was communicated in the advance notice and in the notice to the Mayor and City Council. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

ANNOUNCEMENT

Mayor Clouse announced that in accordance with Section 84-1412 of the Nebraska Revised Statutes, a current copy of the Open Meetings Act is available for review and is posted on the wall of the Council Chambers.

ESSENTIAL AIR SERVICE

Mayor Clouse opened for discussion submitting a Letter of Support for Essential Air Service to the Department of Transportation and consider Resolution No. 2015-26.

City Manager Michael Morgan presented this matter to the Council. In April the Department of Transportation requested proposals as they normally do every two years in the City's cycle requesting from airlines interested in providing the central air service to the City. Throughout that process there has been several actions occurring. Initially, there was an extension of the due date, there was a rejection of the initial proposals in round one. The community went out and solicited a second round of proposals and then following that process the City of Kearney recommended ADI for EAS program and submitted that to the Department of Transportation. However, on January 22, 2015 DOT denied ADI's request for carrier fitness.

That process had been going on for approximately seven months so the City anticipated that there would have been approval. Unfortunately, it was denied and they knew that there were several actions that the DOT set forth that needed to occur before ADI would be successful and those are ongoing. The City has been in communication with ADI about those issues; however, those will not occur quickly. It will take approximately 5-7 months for those to occur if they do get through that process. Accordingly, the City believes at this time it is necessary to go back and reevaluate the 2nd round of bids and in that round the City did receive a proposal from Great Lakes Aviation which has been the carrier for some time. One of the proposals was for two outbound flights inbound/outbound flights daily of Brasilia aircraft which are the 30-passenger aircraft. That was a different proposal than what the City received in bid one. Accordingly, the resolution would recommend to the Department of Transportation the award to Great Lakes Aviation for the Brasilia aircraft bid. However, they would request that it be for 12-month period starting in March. The funds associated with the proposed bid would come from the Federal Department of Transportation, the EAS program, no local funds are involved in that process.

Council Member Lammers asked if the bid process goes through February of 2016; he was under the impression that originally it would end at the current year. City Manager stated the minimum amount of time that the DOT would consider a recommendation from the City was 12 months. The City asked if they could expedite the process to March 1st rather than April 1st. Keep in mind about seven months into the process the City will be back out in the process again soliciting bids that DOT will be doing that if this is the schedule that is agreed to.

Council Member Nikkila asked about the concern the City had for the amount of reimbursement per passenger. City Manager stated the Brasilia bid as proposed with the schedules, the per cap fee being referenced, would be significantly under that if the flights occur and the passenger load was as presented in the bid. If that occurs they will be fine.

Council Member Buschkoetter stated the City has been working at this for approximately 14 months and the City is looking at another 12 months; as far as the timing goes does that still time out in terms of being able to legitimately go out and do exactly what they did this next bid cycle what the City did compared to the previous one.

City Manager stated he believes the City is very prepared at the staff level at this point to go through the process more prepared than they ever been before and have learned quite a bit about central air service and the demands. There are a lot of variables that could occur. Certainly there are some things that could still occur at the Federal level that could change everything and that would be with the pilot issues and those things that are outside of Great Lakes control and certainly the City of Kearney's control. They do not expect there will be any changes in those rules and so they are trying to plan accordingly at this point but 9-10 months from now the City will be in the process again and looking to see what is available and then come back to Council.

Council Member Lammers asked does the City know what Great Lakes plans are for marketing and other plans to regain public trust. City Manager stated the City does know what their filed scheduled service is effective March 9th-10th and that would be the Brasilia aircraft.

Chuck Howell from Great Lakes stated with the pilot situation they have been re-growing pilots over the last 16-17 months and they have a theory that its larger airplanes with less frequency requires less pilots hence why you will be a recipient of the Brasilia aircraft which is the 30-passenger aircraft with a flight attendant. They have been gearing up that behind the scenes for many months now and so on the March 9th schedule the City will be getting three flights a day which is going above what is required in the EAS contract but Great Lakes wants to re-establish confidence level and getting seats back in the market. Obviously putting 90 seats a day back in the market gives you the opportunity to regrow. They want to work very close with the community and the City by no means do they stand here and profess that they know the best way to market here locally, they would rely on City Manager and City Staff and others.

Council Member Buschkoetter asked the biggest issue that Great Lakes has ran into is the shortage of pilots, what kinds of steps are you trying to make to alleviate what is probably the biggest problem that they are facing. Mr. Howell stated he would like to say it is not just a Great Lakes problem but it is continuing to grow. Unfortunately, what they had to do was to take ten seats out of the Beech 1900 which historically what the City of Kearney has had serving the community throughout the years and make a 9-seater out of it which allows them to go back to hiring pilots at the same standard the industry was doing prior to the 1,500 hour ATP rule.

Obviously, taking ten seats of revenue out of the aircraft does not work long time for Great Lakes or the community because you lose ten seats every flight and every day throughout the year and there is no way to regrow the market. What it has allowed them to do, they started this in February 2014 and so the crop of pilots they hired in 2014 have now accumulated their flight hours to be able to upgrade.

He would like to stress that there is no silver bullet to fix any of this, the pilot situation is real and affecting the larger carriers. He gave a statistic when he met with the City there are over 18,000 pilots that will retire at main line carriers over the next seven years and there are only 16,500 pilots in the regional airline industry that supplies the main line carriers. It speaks to the national crisis but unfortunately the old saying until it happens to you, until the community loses air service has gone quiet on a nationwide basis. They encourage you, if you ask what can we do as a community, they say this to all of the communities is stay close to congressional folks they need to hear from the community because it affects your economic development and growth.

Council Member Nikkila asked do you see an opportunity for federal regulators to back track on what the Congress has done. Mr. Howell stated unfortunately as an industry the Regional Airline Association has been told that it is going to be a very heavy lift to get Congress to back up on it but what they did allow is the Federal Aviation Administration the latitude to make certain exemptions and those are the kind of steps

that the FAA at some point needs to cover with Congress to tell them to do that. Their way of thinking until it becomes a bigger crisis they do not see anybody making any moves in it. It is unfortunate but like a lot of things in federal government until it becomes a real crisis nobody wants to make a move.

Council Member Lear asked has there not been two major regulation changes that affected the current pilot status requiring more flight hours particularly for co-pilots and then hours for service rule the combination of the two has been pretty significant. Mr. Howell stated the flight and duty time rule which got a lot less press requires about twenty percent more pilots to do the same amount of flying because of the duty time much like trucks on the highway. A lot of what you have seen in the press over the last 12 months about the weather and the delayed flights historically those flights would have gone because snow storms last for a day maximum, the weather clears and off you go but with the new pilot duty times, pilots get out of sequence and they run out of duty time therefore you need twice as many pilots to do the same amount of flying.

Council Member Nikkila asked are you in a struggle to keep the pilots that you are training. What is your plan to keep the pilots at Great Lakes. Mr. Howell stated they historically have had approximately 2.3 year turnover, they are known as the farm league for the major airlines. Discussion was had about pilot hours.

Council Member Lammers asked do you have any public relations campaign or advertising campaign that you would be planning to do with the Kearney market. Mr. Howell stated yes not in a formal sense. He and the City Manager have been talking about some actions they can do to get some promotional things going.

Council Member Lear asked Mr. Howell if they believe there are promotional activities that would benefit traffic moving and filling those Brasilias up as they move forward. Mr. Howell stated yes the most simplistic just having the ability to book more seats out of the market. When they only had nine seats and 2-3 flights a day, seats were limited. Ninety seats in the market starting March 9th that is a lot of inventory out there that they believe people will start to notice and all of the reservations systems.

Council Member Nikkila stated he believes that the community can handle a good airline and people want to fly out of Kearney it can handle the passenger enplanements that would make an airline like Great Lakes profitable.

Mayor Clouse stated in the past the City may have been a little lax in the communication between Great Lakes and they are committed to opening that up and have a lot of report and maybe every other Council meeting they can come for an update and stay on top of any issues. Mr. Howell stated absolutely, he appreciates the continued patience and support.

Roger Jasnoch, Director of Kearney Visitors Bureau stated having daily air service is a game changer for communities not only helping maintain the business that we have here but also bringing new industry back in. When the City has businesses expanding in the community like the Buckle, Xpansion and Baldwin Filters they did not have

scheduled air service. What will happen when the State Department of Economic Development has someone come in and wants to bring industry into the community and they solicit bids from communities that have scheduled daily air service and what unfortunately would happen if Kearney loses their daily air service they would be off the table for one of the searches and so there is a lot at risk here.

What is at risk for the hospitality industry, the City does not necessarily bring a lot of convention goers to the community via the airlines but the City does bring significant numbers of speakers that come into the community and again if that was compromised the City might be in a position where they would not have the ability to host as many conferences.

Council Member Lear stated he did notice that the prices of flights are more competitive than he has seen in the past.

Mayor Clouse stated he would like to reiterate the importance of reliable service. He hopes they can continue to move forward and work strongly at it and Kearney can get their reliability up and will see the passenger count increase.

Moved by Clouse seconded by Lammers to adopt **Resolution No. 2015-26** submitting a Letter of Support for Essential Air Service to the Department of Transportation recommending award of a one year contract to be provided by Great Lakes Aviation utilizing Brasilia aircraft. Roll call resulted as follows: Aye: Clouse, Lear, Nikkila, Lammers, Buschkoetter. Nay: None. Motion carried.

RESOLUTION NO. 2015-26

WHEREAS, the Kearney Regional Airport has been working diligently to improve the air service options available to central Nebraskans and to increase the number of enplanements from the local airport; and

WHEREAS, the Department of Transportation is presently accepting recommendations to award a contract for Essential Air Service; and

WHEREAS, such contract could provide up to \$1 million in improvement funds contingent on the number of enplanements; and

WHEREAS, on February 18, 2015, the Kearney City Council approved a resolution submitting a recommendation to the Department of Transportation to provide westbound air service from Kearney, Nebraska to Denver, Colorado; and

WHEREAS, the City Council recommends award of a one year contract to be provided by Great Lakes Aviation utilizing Brasilia aircraft; and

WHEREAS, this proposal would serve more passengers in central Nebraska and would be the best use of federal Essential Air Service subsidies; and

WHEREAS, increased traffic to serve central Nebraska would be a valuable asset to the community and surrounding area.

NOW, THEREFORE, BE IT RESOLVED by the President and Council of the City of Kearney, Nebraska, that the President and City Council of Kearney, Nebraska do hereby submit a recommendation to the Department of Transportation seeking

Essential Air Service improvement funding to provide westbound air service from Kearney, Nebraska to Denver, Colorado.

BE IT FURTHER RESOLVED that a Letter of Support executed by the President of the Kearney City Council be submitted to the Department of Transportation expressing support for such project.

PASSED AND APPROVED THIS 18TH DAY OF FEBRUARY, 2015.

ATTEST:
MICHAELLE E. TREMBLY
CITY CLERK

STANLEY A. CLOUSE
PRESIDENT OF THE COUNCIL
AND EX-OFFICIO MAYOR

ADJOURN

Moved by Lammers seconded by Nikkila that Council adjourn at 5:51 p.m. Roll call resulted as follows: Aye: Clouse, Nikkila, Lammers, Buschkoetter, Lear. Nay: None. Motion carried.

ATTEST:

STANLEY A. CLOUSE
PRESIDENT OF THE COUNCIL
AND EX-OFFICIO MAYOR

MICHAELLE E. TREMBLY
CITY CLERK