

**BOARD OF DIRECTORS MEETING AGENDA**  
**SALINA AREA CHAMBER OF COMMERCE - VISIT SALINA ANNEX**  
**JULY 20, 2023 AT 9:30 AM**

- 1. CALL TO ORDER AND ROLL CALL @ 9:30 AM**
  - (1.1) Confirmation of Meeting Notice/ Visitor Introductions
  - (1.2) Public Comments
  
- 2. APPROVAL OF MINUTES**
  - (2.1) June 15, 2023 Minutes
  
- 3. APPROVAL OF FINANCIAL STATEMENT & ACCOUNTS PAYABLE**
  - (3.1) June Financial Reports
  
- 4. MONTHLY SPOTLIGHT - CLAIRE LUDES, EXECUTIVE DIRECTOR - UNITED WAY**

“Childcare in Salina”
  
- 5. DIRECTOR’S REPORT**
  - (4.1) Beck’s Hybrids Status
  - (4.2) Pure Imagination Labs LLC (Tyrell Corporation)
  - (4.3) Prospect Updates - See Attached Chart
  
- 6. BOARD MEMBER DISCUSSION/QUESTIONS**
  
- 7. ADJOURNMENT**



**CITY OF SALINA, KANSAS  
REGULAR MEETING OF THE SALINA COMMUNITY ECONOMIC DEVELOPMENT  
ORGANIZATION, INC.**

**June 15, 2023 --Via in person and Zoom Link**

**CALL TO ORDER AND ROLL CALL**

The Regular Meeting of the Salina Community Economic Development Organization, Inc. was called to order at 9:30 AM by Brian Richardson, Board President.

**(1.1) Confirmation of Meeting Notice**

Robinson confirmed that the meeting notice was made public via email, news release, and social media.

Those present and comprising a quorum:

In person:

Brian Richardson  
Frank Hampton  
Tom Dill  
Brian Schwarz  
Jim Maes  
Max Wellbrock-Talley  
Rob Exline  
Daran Neuschafer  
Paula Fried, Ex-Officio

Zoom (Z):

Also present:

Mitch Robinson, Salina Community Economic Dev. Organization, Executive Director  
Robin VanAtta, Salina Community Economic Dev. Organization Administrative Assistant  
Bill Longbine, City Commissioner, City of Salina  
Mike Schrage, City Manager, City of Salina  
Phillip Smith-Hanes, County Administrator, Saline County  
Renee Duxler, CEO/President, Salina Area Chamber of Commerce  
Jaclyn Crow, Economic Development & Workforce Director, Salina Area Chamber of Commerce  
Melissa Bixby, Vice President, Exchange Bank  
Robert Vidricksen, Chair, Saline County Commission  
Mark Freel, Customer Solutions Manager, Evergy  
Hillary Richards, CPA, Woods & Durham

Absent:

Brian Weisel

**(1.2) Public Comment**

No Public Comment

**APPROVAL OF MINUTES**

(2.1) Moved by Maes, seconded by Hampton to approve the May 18, 2023 minutes.  
Aye: (8). Nay: (0). Motion carried.

**APPROVAL OF FINANCIAL STATEMENT AND ACCOUNTS PAYABLE**

**(3.1) May Financial Reports**

Moved by Exline, seconded by Schwartz to approve the May 2023 financial reports.

Aye: (8). Nay: (0). Motion carried.

**(3.2) 2022 Annual Review - CPA Hillary Richards**

After Richards' remarks about the review, there was a brief discussion about the accounts going beyond the bank's FDIC secured amount and questions regarding the EDO getting some additional security via a small account at another banking institution. Robinson will check with local banks to see what options and rates are available.

**4. DIRECTOR'S REPORT**

**(4.1) Casino Project Report**

The board would like to see a formal proposal that would include community benefits and possible setbacks and won't consider the project until a proposal can be reviewed.

**(4.2) Beck's Hybrids Status**

Robinson reviewed the timeline for this project:

July 24<sup>th</sup> - City Commission

June 20<sup>th</sup> - Planning & Zoning Committee

**(4.3) Tyrell Corporation Status**

KDOC is working on modifications to the state proposal to reach an agreement with company representatives.

**(4.4) Prospect Updates - See Attached Chart**

Robinson review the June 2023 Prospect Table

**(4.5) Closed Session**

Moved by Schwarz, seconded by Neuschafer to have the Salina Community Economic Development Organization board of directors recess into executive session for 15 minutes to discuss the potential acquisition of specific real estate, the identification of which would be contrary to the public interest, based upon the need for the preliminary discussion of the acquisition of real property pursuant to K.S.A. 75-4319(b)(6). The open meeting will resume in this room at 10:30 a.m. Aye: (8). Nay: (0). Motion carried.

The board recessed into executive session at 10:15 a.m. and reconvened at 10:30 a.m. No action was taken.

Also present in executive session: Mike Schrage, City Manager, City of Salina

**BOARD MEMBER DISCUSSION/QUESTIONS**

N/A

**ADJOURNMENT**

Moved by Exline, seconded by Maes to adjourn the meeting at 10:34 a.m.

Aye: (8). Nay: (0). Motion carried.

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Brian Richardson, Board President

ATTEST:

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Jim Maes, Board Vice President

**SALINA COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION, INC.**  
**Salina, Kansas**

**COMPILED FINANCIAL STATEMENTS**  
**June 30, 2023**

**WOODS & DURHAM, CHARTERED**  
**Certified Public Accountants**  
**Salina, Kansas**

**SALINA COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION, INC.**  
**Salina, Kansas**

**TABLE OF CONTENTS**

	<b><u>Page</u></b> <b><u>Numbers</u></b>
Compilation Report .....	1
Statement of Assets, Liabilities, and Net Assets - Tax Basis .....	2
Statement of Revenues, Expenses, and Changes in Net Assets - Tax Basis .....	3
Supplementary Information	
Statements of Revenues, Expenses, and Changes in Net Assets - Prior Year and Budget Comparison - Tax Basis .....	4



## ACCOUNTANTS' COMPILATION REPORT

To the Members of  
Salina Community Economic Development Organization, Inc.  
Salina, Kansas

Management is responsible for the accompanying financial statements of Salina Community Economic Development Organization (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - tax basis as of June 30, 2023, and the related statement of revenues, expenses, and changes in net assets - tax basis for the one month and six months then ended and determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in the financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, net assets, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was not subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to the Salina Community Economic Development Organization, Inc.

*Woods & Durham, Chtd.*  
Woods & Durham, Chartered  
Certified Public Accountants  
Salina, Kansas

July 13, 2023

**SALINA COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION, INC.**  
**Salina, Kansas**

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - TAX BASIS**  
**June 30, 2023**

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 294,951
Unconditional promises to give:	
Member contributions receivable - current	<u>349,482</u>
<b>Total Current Assets</b>	<u>644,433</u>
<b>Long-term Unconditional Promises to Give</b>	
Member contribution receivable - non-current	<u>173,010</u>
<b>Property and Equipment</b>	
Furniture and equipment	5,568
Less: accumulated depreciation	<u>(4,905)</u>
<b>Net Property and Equipment</b>	<u>663</u>
<b>Total Assets</b>	<u><u>\$ 818,106</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities</b>	
Payroll liabilities	<u>\$ 413</u>
<b>Net Assets</b>	
Without donor restrictions	644,683
With donor restrictions	<u>173,010</u>
<b>Total Net Assets</b>	<u>817,693</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 818,106</u></u>

**SALINA COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION, INC.**  
Salina, Kansas

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - TAX BASIS**  
For the One Month and Six Months Ended June 30, 2023

	<u>Period Ended June 30, 2023</u>	<u>Year to Date June 30, 2023</u>
<b>Net Assets Without Donor Restrictions</b>		
<b>Revenues and Support Without Donor Restrictions</b>		
Charlie Walker pitch challenge income	\$ -	\$ 16,000
Member contributions	-	3,530
Gifts in kind	1,667	10,000
Interest income	411	2,096
	<hr/>	<hr/>
<b>Total Revenues and Support Without Donor Restrictions</b>	2,078	31,626
 <b>Net Assets Released From Restrictions</b>		
Restrictions satisfied by payments	<hr/>	<hr/> 509,532
	<hr/>	<hr/>
<b>Total Revenues and Support Without Donor Restrictions</b>	2,078	541,158
 <b>Expenses</b>		
Business expenses	-	11,109
Contract services	1,925	12,298
Facilities and equipment	1,667	10,022
Operations	799	32,910
Other expenses	88	5,783
Payroll expenses	20,657	116,981
Travel and meetings	23	2,075
	<hr/>	<hr/>
<b>Total Expenses Without Donor Restrictions</b>	25,159	191,178
 <b>Change in Net Assets Without Donor Restrictions</b>	 (23,081)	 349,980
 <b>Net Assets With Donor Restrictions</b>		
Unconditional promises to give - restrictions satisfied by payments	-	(509,532)
 <b>Net Assets - Beginning of Period</b>	 <hr/> 840,774	 <hr/> 977,245
 <b>Net Assets - End of Period</b>	 <hr/> <u>\$ 817,693</u>	 <hr/> <u>\$ 817,693</u>



**SUPPLEMENTARY INFORMATION**

**SALINA COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION, INC.**  
Salina, Kansas

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PRIOR YEAR AND BUDGET COMPARISON - TAX BASIS**  
For the One Month and Six Months Ended June 30, 2023 and June 30, 2022

	Period Ended June 30, 2023	Period Ended June 30, 2022	Year to Date June 30, 2023	Year to Date June 30, 2022	Budget YTD June 30, 2023	Budget 2023 Approved
<b>Revenues</b>						
Charlie Walker Pitch Challenge Income	\$ -	\$ -	\$ 16,000	\$ 16,000	\$ 2,000	\$ 4,000
Member Contributions		-	3,530	-	180,000	360,000
Investments - Interest	411	57	2,096	259	750	1,500
Gifts in Kind	1,667	-	10,000	-	-	-
<b>Total Revenues</b>	<u>2,078</u>	<u>57</u>	<u>31,626</u>	<u>16,259</u>	<u>182,750</u>	<u>365,500</u>
<b>Expenses</b>						
Business Expenses						
Memberships	-	-	455	300	563	1,125
Marketing Events	-	-	10,134	8,411	3,000	6,000
Miscellaneous Expense	-	-	(20)	15	250	500
Business Registration Fees	-	40	540	40	20	40
Total Business Expenses	<u>-</u>	<u>40</u>	<u>11,109</u>	<u>8,766</u>	<u>3,833</u>	<u>7,665</u>
Contract Services						
Accounting fees	1,925	217	5,515	1,829	6,000	12,000
Outside Contract Services	-	-	6,783	9,000	6,650	13,300
Total Contract Services	<u>1,925</u>	<u>217</u>	<u>12,298</u>	<u>10,829</u>	<u>12,650</u>	<u>25,300</u>
Facilities & Equipment						
Computer Replacement	-	2,012	-	2,012	750	1,500
Donated Facilities	1,667	-	10,000	-	-	-
Office Equipment	-	80	22	80	400	800
Total Facilities & Equipment	<u>1,667</u>	<u>2,092</u>	<u>10,022</u>	<u>2,092</u>	<u>1,150</u>	<u>2,300</u>
Operations						
Charlie Walker Pitch Challenge Expenses	-	4	18,000	16,696	2,000	4,000
Donations (Outgoing Board Recognition)	-	-	100	100	50	100
Dues & Subscriptions	51	-	396	690	500	1,000
Training Fees	-	-	-	-	750	1,500
Advertising/Promotion	500	350	8,515	9,749	15,000	30,000
Repairs & Maintenance	-	-	-	-	250	500
Books, Subscriptions, Reference	-	179	3,591	3,517	2,750	5,500
Postage, Mailing Service	-	-	63	-	68	135
Printing and Copying	-	-	170	273	175	350
Supplies	61	247	841	1,106	1,250	2,500
Telephone, Telecommunications	187	180	1,234	1,381	1,600	3,200
Total Operations	<u>799</u>	<u>960</u>	<u>32,910</u>	<u>33,512</u>	<u>24,393</u>	<u>48,785</u>
Other Expenses						
Depreciation	88	34	530	293	500	1,000
Other Costs	-	-	-	-	125	250
Insurance - Liability, D and O	-	(35)	5,253	5,234	3,000	6,000
Total Other Expenses	<u>88</u>	<u>(1)</u>	<u>5,783</u>	<u>5,527</u>	<u>3,625</u>	<u>7,250</u>
Payroll Expenses						
Retirement Contribution	2,790	2,774	5,580	5,547	5,750	11,500
Employee Health Ins	675	520	3,996	6,487	3,850	7,700
Director Health & List Ins	1,357	2,207	5,360	11,855	5,500	11,000
Car Allowance	500	500	3,000	3,000	3,000	6,000
Payroll Taxes	1,323	1,082	8,033	7,177	7,500	15,000
Wages & Salaries	14,012	13,627	91,012	88,318	92,500	185,000
Total Payroll Expenses	<u>20,657</u>	<u>20,710</u>	<u>116,981</u>	<u>122,384</u>	<u>118,100</u>	<u>236,200</u>
Travel and Meetings						
Meals	23	220	680	1,125	1,000	2,000
Conference, Convention, Meetings	-	-	369	76	500	1,000
Travel	-	194	672	605	2,000	4,000
Travel and Meetings - Other	-	-	354	19	500	1,000
Total Travel and Meetings	<u>23</u>	<u>414</u>	<u>2,075</u>	<u>1,825</u>	<u>4,000</u>	<u>8,000</u>
<b>Total Expenses</b>	<u>25,159</u>	<u>24,432</u>	<u>191,178</u>	<u>184,935</u>	<u>167,751</u>	<u>335,500</u>
<b>Changes in Net Assets without Donor Restriction</b>	<u>(23,081)</u>	<u>(24,375)</u>	<u>(159,552)</u>	<u>(168,676)</u>	<u>14,999</u>	<u>30,000</u>
<b>Board Designation - Reserve Funds</b>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
<b>Changes in Net Assets</b>	<u>\$ (53,081)</u>	<u>\$ (54,375)</u>	<u>\$ (189,552)</u>	<u>\$ (198,676)</u>	<u>\$ (15,001)</u>	<u>\$ -</u>

## July 2023 REPORT

### **MARKETING / LEGISLATIVE**

The Kansas Economic Development Alliance's Legislative Committee held a zoom meeting to discuss the upcoming session and our plans for 2024. We will continue our cooperation with the Kansas Dept of Commerce as well as other partners supporting economic development. The Salina Team has started discussion and are planning a meeting to review the 2024 legislative session and priorities for Salina/Saline County.

Final approval for the \$3.25 million for the ALOFT Grant was made to the Salina Airport Authority. The grant will assist the development of a training program for workers who are interested in careers in the aviation field. The program will be based in Hanger 606 which is currently undergoing renovation for lease by 1 Vision Aviation.

As part of our membership with Team Kansas, a tour of the Wichita area was held to promote the State of Kansas as a location for new industries. 10 communities across the state took part in meeting 15 consultants from across the United States who work with expanding industries. Each community had 10 minutes to talk about their community and what industries were our targets along with recent developments.

### **WORKFORCE TALENT / HOUSING / CHILDCARE**

Our monthly eco devo meeting took place on July 13<sup>th</sup> which city, county, chamber, airport and SCEDO represented. We discussed current project status and presented upcoming projects for late in 2023 and 2024.

We are awaiting final approval of a contract with the selected development firm and the City of Salina which will kick off the development of apartments and duplexes to meet the needs of area individuals and companies.

United Way is raising funds for the new director for childcare in Salina. Existing grants will pay for over 50% of the salary but additional funds will have to be raised to fund the remaining budget. The United Way was awarded \$1.87 million in assistance for area childcare providers.

### **ENTREPRENEURSHIP / SMALL BUSINESS DEVELOPMENT**

Start Up Salina took off for July due to the holiday and the high number of people on vacation. Vickie Spicer of Prairie Land Partners concerning their business and how they assist their farmers in getting products sold to area residents. The Chamber is having training sessions in August at Kansas State Salina as part of their Project Open program.

### **PROSPECT MANAGEMENT**

Beck's Hybrids is still working on the annexation and rezoning of their future property. On Tuesday July 18<sup>th</sup> the company will be asking the Saline County to allow an "island" annexation of the property providing for future annexation by the City of Salina. On August 7th the first reading of the Industrial Revenue Bonds will be before the City Commission.

We continue to work with representatives of the Texas-based company interested in establishing a battery storage facility near an Evergy substation in far south Saline County. They met with fire and

emergency management representatives, county planning and county road development staff to talk about their plans. On Tuesday, May 16<sup>th</sup> the company will make a presentation to the Saline County Commission outlining their project. The company will submit plans to the Saline County Planning Commission in early August after a June date was missed due to weather impacting flights of their team which had planned on presenting to the June meeting for the County Planning Commission.

The Salina Team has continued to work with a California based company interested in moving part of their operation to the campus of Kansas State Salina. A decision will soon be made by company officials. This project has taken a lot of work with Department of Commerce staff working on the company's incentive proposal. Great project for the team members here in Salina.

The staff submitted a very large project proposal to the Department of Commerce in June. We learned early this month that Salina and the entire State of Kansas had been eliminated for Project Voice Mail.

**SITES / BUILDINGS / TOOLS:**

On July 13<sup>th</sup> the Executive Director took board members Maes and Dill on a tour of the current and future industrial sites within the community to provide them an update on what is available.

**MONTHLY WEB/SOCIAL MEDIA STATISTICS**

**Website – (reported June 2023)**

143 users      140 New Users      157 Sessions      3.11 Pgs/Session      0:45 Avg Session  
538 Pageviews

**Website –6/17/2023 – 7/16/2023**

**118 users      117 New Users      135 Sessions      3.11 Pgs/Session      0:40 Avg Session**  
**214 Pageviews      804 Event Count\*\***

\*\*Event Count = the number of times an event is triggered on your website or app. An event is a user's specific action on your site, such as clicking a button, playing a video, or submitting a form.

**Facebook – (reported June 2023)**

1,452 Page Reach      95 Post Reach      1,700 Page Visits      138 Page Visits      832 Followers

**Facebook – 6/10/2023 – 7/14/2023**

**1,452 Page Reach      95 Engagement      1,700 Post Reach      138 Page Visits      832 Followers**

**Start Up Salina Facebook Group**

- 1/16/2023 – 352 members (--)
- 2/10/2023 – 356 members (+4)
- 3/9/2023 – 361 members (+5)
- 4/16/2023 – 371 members (+10)
- 6/9/2023 – 373 members (+2)
- 7/14/2023 -



# Prospect Table

***This information is strictly CONFIDENTIAL. Discussion of this information outside of this meeting could jeopardize the progress of these pending projects.***

**Color Key: ACTIVE INACTIVE NEW OUT SUCCESS DELAYED DEFUNCT**

Code #	Project Name	Client Source	Project Status	Contact Date	Milestone / Decision Date	Project Objective	Business Description	Jobs (New)	Average Salary	Investment	Niche	Acreage Required	Square Footage
21-10	Project Storage	Direct Contact	Active	7/29/2021	P&Z June 27th	Presented to Co. Com. May 16th	Energy Storage 3-4 years Construction 2025	3	Above Average	\$330M	Energy	20-40 acres under option	NA
21-18	Project JR/ Beck's Hybrids	KC Realtor	Active	Agreed on deal on 4/4/2023	Working on zoning & annexation then IRB's	Seed distribution and sales center	Warehouse seeking rural location on Interstate	5 Warehouse Positions + 15 Sales	?	\$22.7 Million	Warehouse & Regional Office 96,000 SF	141 acres on Interstate interchange for warehouse and test plots	96,000 SF
22-11	Project Imagination	KSU Salina	Active	7/5/2022	Very Close to Announcement	CA based co. move operation to Salina	High Tech Imaging	101 estimated by Year 5	\$75k-\$100k	\$50 M	High Tech Image	KSU Salina/SAA Property	KS Salina Hanger
22-14	Project DORI	Direct / SAA	Active	12/1/2022	Numerous Meetings	Warehouse Project	Warehouse Space for Local Companies	?	?	\$19M	Local Co.	13 acres	250,000 SF
22-15	Project Celebrate	KDOC - JF	Active	12/8/2022	Submitted 12/12/2022	Metal Fabrication	Nashville, TN Based	100	?	?	Need rail	50 acres	200,000 SF Build
23-01	Project Houston	SAA- Tim Rogers	Active	1/26/2022	Reviewed 1/26/2022	Maintenance Hub	New Hub	6	\$25+/hr	?	MRO	Use Local Company	Use Existing Building
23-02	Project Nita	KDOC - BJ	Inactive	2/10/2023	Target April	Ag-related project conducting a search in Wichita and KC metro areas for a rail-served greenfield	Rail is <b>required</b> , anticipate 80-85 inbound & 25-30 outbound cars/month; Outside storage of raw materials must be allowed	150	\$20/hour, but will change based on local wages		Ag-related	Greenfield site 35-60 acres rail required	200,000-300,000 SF Build
23-04	Casino	Wichita Businessman	OUT	5/9/2023	Seeking Future Site	Tribal Casino	Casino, Hotel, Water Park	500-700	\$20/hour + tips	?	I-70/-135	200 acres	undetermined
23-05	Project Voice Ma	KDOC-BJ	OUT	4/25/2023	200-250 acres	High tech film	Solar panel related	800	Avg \$55.61/hour	\$1.1 B	Square shape	200-250 acres	2.6 million sf





# CITY OF SALINA

REQUEST FOR CITY COMMISSION ACTION

DATE  
7/17/2023

TIME  
4:00 P.M.

AGENDA SECTION NO: 6	ORIGINATING DEPARTMENT:  City Manager's Office	FISCAL APPROVAL: BY: 
ITEM NO: 4 Page 1	BY: Mike Schrage, City Manager	FINAL APPROVAL: BY: 

**ITEM: USDOT Essential Air Service Request for Proposals Response Community Comment Letter Authorization**

**BACKGROUND:**

The following background information has been provided by Tim Rogers, Salina Airport Authority Executive Director. Mr. Rogers will be in attendance at the City Commission meeting to make a presentation and respond to questions from the City Commission and the public.

Scheduled air service for Salina and Saline County is partially funded by the USDOT Essential Air Service (EAS) Program. EAS Program funding meets an airline's gap between revenue and expenses at a community. The EAS Program does not require a local match. Salina has been eligible for EAS Program subsidy since the early 1980s. An EAS Program subsidy contract is between the USDOT and the selected air carrier. An air carrier selection is the result of airline responses to an RFP issued by the USDOT. Air carrier proposals received by the USDOT are shared with the community and each community has an opportunity to comment on the proposals. USDOT takes community comments into consideration before making an air carrier selection. Funding for an EAS contract comes directly from the USDOT to the selected air carrier per a contract between the USDOT and the airline.

SkyWest Airlines has been providing scheduled, United Express air service at the Salina Regional Airport since April 2018. The airline's current contract with the USDOT is for daily flights to/from Denver and Chicago at an annual subsidy rate of \$3,310,166. The current, multi-year contract is scheduled to expire on September 30, 2023.

It is worth noting that the USDOT and EAS Program air carriers have had difficulty with the airline proposal process due to the ongoing, national pilot shortage. For several EAS communities, the USDOT has not received proposals for either continued service or replacement service due to lack of pilots.

In advance of the expiration of the SkyWest contract the USDOT requested proposals from interested air carriers for a new Salina EAS program contract. Air carrier proposals were due on July 6, 2023. The USDOT received proposals from SkyWest Charter (a new SkyWest airlines subsidiary) and Denver Air Connection. The proposals are attached.

The USDOT indicated that both the SkyWest Charter and the Denver Air Connection proposals are not acceptable as presented. The SkyWest Charter proposal is not acceptable since the SkyWest subsidiary has yet to receive a final air carrier fitness determination by the USDOT. The SkyWest Charter application for operating authority is expected to be approved by the end of this calendar year. Other than the lack of final USDOT operating authority, the SkyWest Charter proposal meets community needs and requirements for scheduled air service.

# CITY OF SALINA

REQUEST FOR CITY COMMISSION ACTION

DATE  
7/17/2023

TIME  
4:00 P.M.

AGENDA SECTION NO:	ORIGINATING DEPARTMENT:  City Manager's Office	FISCAL APPROVAL: BY:
ITEM NO: Page 2	BY: Mike Schrage, City Manager	FINAL APPROVAL: BY:

The Denver Air Connection proposal is not acceptable since it is contingent on a July 1, 2024, start date. A replacement air carrier is expected to start service with 3 months after selection. Also, the Denver Air Connection per passenger subsidy would be \$380 which would be greater than the statutory, eligibility limit of \$200 per passenger.

Since the proposals received are not viable, the USDOT will schedule a new date for Salina proposals. The new proposal due date will probably be in January 2024. In the meantime, SkyWest will continue to operate daily United Express flights per a contract extension.

As you may recall, The City, County and Airport Authority have approved funding to establish a SkyWest Charter overnight maintenance hub at the Salina Airport. The local incentive is contingent on SkyWest Charter being selected for the next multi-year USDOT EAS contract to serve Salina.

The enclosed draft of a community comment letter is an appropriate response to the recently completed proposal process. Community comments from the city commission is a key component in the USDOT's air carrier selection process. The community response has been coordinated with the USDOT EAS Program staff and is consistent with their assessment of the proposals.

### **FISCAL NOTE:**

There is not direct fiscal impact to the City of Salina related to this action item.

### **COMMISSION ACTION OR RECOMMENDED ACTION:**

Staff has identified the following options for the City Commission's consideration:

- 1.) Authorize the Mayor to execute the attached community comment letter as presented.
- 2.) Authorize the Mayor to execute the attached community comment letter with amendments as the City Commission deems appropriate.
- 3.) Postpone consideration of the attached community comment letter to a specified date and time and provide staff direction regarding additional information, amendments or public comment processes the City Commission would like to request for their further consideration.
- 4.) Take no action resulting in a community comment letter not being submitted by the City of Salina on behalf of the community.

Staff recommends Option #1.

CC: Tim Rogers, Salina Airport Authority Executive Director

July 17, 2023

Mr. Michael Martin  
United States Department of Transportation  
Essential Air Service (EAS) Program  
1200 New Jersey Avenue, SE  
Washington, DC 20590  
Via: Email to [Michael.F.Martin@dot.gov](mailto:Michael.F.Martin@dot.gov)

**Re: DOT-OST-2002-11376, Salina Community Comments Concerning Air Carrier Proposals**

Dear Mr. Martin:

The Salina City Commission has reviewed the July 6, 2023, EAS Program proposals submitted by SkyWest Charter (SWC) and Denver Air Connection (DAC) to the USDOT for subsidized air service at the Salina Regional Airport (SLN). The community appreciates the interest that both air carriers expressed in serving Salina, but both proposals are determined to be not viable.

The Denver Air Connection proposal states that the airline would not be able to start service until July 1, 2024. Delaying the start of DAC flights until July 1, 2024, is an unreasonable contingency and indicates that the air carrier lacks the resources currently to start new EAS contract flights.

An additional community concern is the fact that a DAC EAS contract at \$9.475M would result in a per passenger subsidy rate of \$380. The current statutory per passenger subsidy cap for SLN is \$200 per passenger. The community is not willing to recommend the selection of an air carrier that would place Salina at risk of losing EAS Program eligibility.

The SkyWest Charter proposal is not viable since the airline has yet to receive USDOT, Part 135 commuter authority. The SWC proposal does meet Salina, Saline County and North Central Kansas air service needs. If SWC had the required USDOT fitness operating authority the community preference would be for the SWC proposal.

Since both the DAC and SWC proposals are not viable for further consideration, the Salina community requests that the USDOT schedule a new date for air carrier proposals. The community further recommends that the current contract with SkyWest Airlines operating as United Express be extended through the next request for SLN proposals.

Respectively submitted,





July 6, 2023

Michael Martin  
United States Department of Transportation  
Office of Aviation Analysis  
1200 New Jersey Ave SE  
Washington, DC 20590

SkyWest Charter's Essential Air Service Proposal for Salina, KS  
Docket DOT-OST-2002-11376

Dear Mr. Martin:

SkyWest Charter, LLC (SWC) welcomes the opportunity to provide subsidized essential air service to the Salina (SLN) community for a two-year term contingent upon the approval of SWC's Commuter Authority application which is currently pending before USDOT.

Service will be provided on 30-seat CRJ200 jet aircraft and conducted as 14 CFR Part 380 public charters with 6 weekly round trips serving Denver International Airport (DEN) and 6 weekly round trips serving Chicago O'Hare (ORD). Flights will be operated under an agreement with United Airlines. All flights will be timed to depart and arrive DEN and ORD to facilitate seamless connections to United's network.

SWC will work closely with USDOT and the community on the necessary EAS waivers for the implementation of SWC service as described above.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'Brad Link', is positioned above the typed name.

Brad Link  
Director of Operations  
SkyWest Charter, LLC



**SkyWest Charter**  
**Essential Air Service Bid**  
**7/6/2023**

	ORD SLN	DEN SLN	SLN
Number of round trips per week	6	6	12
Aircraft type	CRJ-30 Seat	CRJ-30 Seat	CRJ-30 Seat
<b>Passenger Revenue</b>			
Passengers	15,912	15,912	31,824
Average fare	\$ 110.00	\$ 106.00	\$ 108.00
Revenue	\$ 1,750,320	\$ 1,686,672	\$ 3,436,992
<b>Block Time</b>			
Trip block time (minutes)	114	90	102
Total scheduled block time	1,186	936	2,122
Total completed block time	1,150	908	2,058
<b>RPMS</b>			
Passengers	15,912	15,912	31,824
Stage length	559	383	471
Total RPMs	8,894,808	6,094,296	14,989,104
<b>ASMs</b>			
Scheduled departures	624	624	1,248
Completed departures	605	605	1,211
Stage length	559	383	471
Available Seats	30	30	30
Total ASMs	10,464,480	7,169,760	17,634,240
Revenue	\$ 1,750,320	\$ 1,686,672	\$ 3,436,992
Marketing Costs	\$ 10,000	\$ 10,000	\$ 20,000
Direct operating expenses	\$ 3,297,737	\$ 2,648,552	\$ 5,946,290
Departure related	\$ 1,497,771	\$ 1,497,771	\$ 2,995,543
ASM related	\$ 97,529	\$ 66,822	\$ 164,351
Total expenses	\$ 4,903,038	\$ 4,223,146	\$ 9,126,184
Operating income (loss)	\$ (3,152,718)	\$ (2,536,474)	\$ (5,689,192)
5% profit margin	\$ 245,152	\$ 211,157	\$ 456,309
<b>Annual subsidy requirement</b>	<b>\$ 3,397,870</b>	<b>\$ 2,747,631</b>	<b>\$ 6,145,501</b>
<b>Effective Subsidy rate per unit</b>			
Subsidy per trip	\$ 5,614	\$ 4,539	\$ 5,077
Subsidy per passenger	\$ 214	\$ 173	\$ 193
<b>Load factor</b>	85%	85%	85%



July 6, 2023

Todd M. Homan, Director  
United States Department of Transportation  
Office of Aviation Analysis  
1200 New Jersey Ave SE  
Washington, D.C. 20590

**Re:** Response to Order 2022-3-8/Proposal to Provide Essential Air Service at Salina, Kansas

**Via e-mail to:** [EAS@dot.gov](mailto:EAS@dot.gov) and [Kevin.Schlemmer@dot.gov](mailto:Kevin.Schlemmer@dot.gov)

Dear Mr. Homan,

Attached is Denver Air Connection's proposal to provide air service at Salina, Kansas to Denver International Airport (DEN) and Chicago O'Hare International Airport (ORD) or Dallas Fort Worth International Airport (DFW).

If we are selected, we will provide vital support to the regional economy with scheduled passenger service on our safe and reliable 30-seat Dornier Jet and 50-seat Embraer EMB-145 aircraft with service and schedules tailored to the community's needs.

Our reliable service will provide the Salina region with options to access the world's most comprehensive route network of United Airlines, American Airlines, and other major carriers through Denver International and Chicago O'Hare International or Dallas Fort Worth International. Our service is dedicated to the community to ensure seat availability and direct flights to and from Denver with an option to include Chicago or Dallas. The communities we service praise our excellent completion rates and on-time performance rate.

As directed by the RFP, we will offer the Salina community 12 non-stop round-trip flights per week for a new 2 term with a 4 year option. **Service scheduled to begin on July 1, 2024.** We will work closely with local leadership to set a schedule that balances operationa and regulatory needs with community desires and connectivity to the national transportation system. Denver Air Connection believes this proposal meets the needs of the community and provides the best overall option for air service to the Salina community with reliable connectivity at Denver, Colorado and Chicago, Illinois or Dallas, Texas.

Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "Marcus Hesting".

Marcus Hesting,  
Director of Finance  
Denver Air Connection

13252 E. Control Tower Rd. / Englewood Colorado 80112 / O: 303.768.9626 / M: 720.635.5903  
[mhesting@keylimeair.com](mailto:mhesting@keylimeair.com) / [denverairconnection.com](http://denverairconnection.com)

## Bid Proposal

The proposal is for a two-year term with a four-year option.

Denver Air Connection	Option 1	Option 2
<b>Essential Air Service Bid</b>	DEN	DEN-6, ORD or DFW-6
ERJ145 / 328Jet round trips / week	12	12 (6 RT Each)
<b>Aircraft Data</b>	ERJ145/328Jet	ERJ145/328Jet
Block Hours	1,753	2,003
Available Seats	62,400	62,400
Load Factor	37%	40%
<b>Passenger Revenue</b>		
Passengers	23,088	24,960
Average Fare	<u>99.00</u>	<u>99.00</u>
Revenue	2,285,712	2,471,040
<b>Expenses</b>		
Aircraft Lease	858,000	858,000
Crew Cost	1,900,734	1,900,734
Maintenance	997,521	1,136,173
Insurance	667,200	667,200
Overhead Facilities/Supplies/Staff	1,152,000	1,152,000
DEN Operating Expense	444,818	296,505
ORD/DFW Operating Expense	-	636,316
SLN Operating Expense	444,044	444,044
Deice, Catering and Misc.	163,440	172,800
Marketing	20,000	20,000
Set-Up	20,000	20,000
Fuel Cost	<u>3,564,288</u>	<u>4,073,472</u>
Total Expense	10,232,045	11,377,244
<b>Annual Subsidy Requirement</b>		
Operating Income	(7,946,333)	(8,906,204)
Profit (5%)	<u>511,602</u>	<u>568,862</u>
Total Subsidy	8,457,935	9,475,066
<b>Effective Subsidy Rates</b>		
Subsidy per Trip (97% completion)	6,987	7,827
Subsidy per Passenger	366	380
6% Annual subsidy increase		



July 17, 2023

Mr. Michael Martin  
United States Department of Transportation  
Essential Air Service (EAS) Program  
1200 New Jersey Avenue, SE  
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Via: Email to [Michael.F.Martin@dot.gov](mailto:Michael.F.Martin@dot.gov)

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