

Minutes
Special Council Meeting
March 5, 2018

On this 5th day of March 2018, at 6:00 p.m., the City Council of the City of Devine convened in a Special Meeting; the same being opened to the public at their regular meeting place; thereof, at City Hall, 303 S. Teel Drive, Devine, Texas. Notice of said Meeting having been prescribed in Chapter 551, Government Code, and Vernon's Texas Codes, Annotated, and the following members being present:

Mayor William L. Herring
Alderman Kathy Wilkins
Alderman Steve A. Lopez
Alderman David Valdez
Alderman David Espinosa
Alderman Cory Thompson

Thus, constituting a quorum.

Personnel present: Dora V. Rodriguez, Interim City Administrator/City Secretary; Denise Duffy, City Accountant; Tom Cate, City Attorney; Ismael Carrillo, Director of Public Works; Vickie Pumphrey, Airport Manager; and Ofilia Pedroza, UB Clerk.

Others Present: Marly Davis, Devine News; Claudia Mora, Economic Development Director and Airport Manager, City of Castroville; James Spurgers; David Ehlinger; Eric Ehlinger; Brad Lauderdale; Dallas Collins; Chris Yanta; Hap Squires; and Krista Ehlinger of Devine, Texas.

Mayor Herring, presiding, called the meeting to order.

The first order of business was to discuss and consider accepting resignation from C.E. (Curly) Brehm as Chairman from the Airport Advisory Board.

City Attorney Tom Cate clarified that Mr. Brehm is wanting to resign from the Airport Advisory Board entirely. Mayor Herring stated that a telephone conversation from Mr. Brehm confirmed that.

Motion by Alderman Lopez, seconded by Alderman Thompson to accept the resignation from C.E. (Curly) Brehm as Chairman from the Airport Advisory Board.

Ayes	--	Four
Nays	--	One – Alderman Espinosa

Motion carried.

The second order of business was to discuss and consider appointing a new Airport Advisory Board Chairman.

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Mayor Herring announced that Council cannot take action on this item because the Airport Advisory Board gets to pick their chairman. They need to make their selection on who they want to replace C.E. (Curly) Brehm as a member and then they will select their chairman.

No action taken.

The third order of business was to discuss and consider for Council to take action on the following:

- a. For the City of Devine to enter into an Agreement with David Ehlinger for the Fuel Farm at the Airport.
- b. For the City of Devine to move forward with the City doing the Fuel Farm at the Airport.

Mayor Herring thanked Claudia Mora, Castroville Airport, for being here.

Mr. David Ehlinger addressed Council. Before beginning, he was asked by Mayor Herring to provide the source of information for the fuel estimates referenced in his letter from Aviation Fuels, Inc., addressed to the Council. When David Ehlinger refused to give a direct answer and after remarks made back and forth, Mayor Herring stated that he was wanting to know the source first because this letter was sent to Castroville. He then read a letter that we received in return from the City of Castroville, in its entirety, which partly stated, "Staff reviewed the figures in the aforementioned letter. We do not know the source of the figures used by Mr. Ehlinger." It further states, "As for the "Actual" sales dollars, "Actual" cost, "Reported" gross profit, annual average for sales/gallon and cost/gallon, estimated overhead, and estimated net profit/loss, those figures did not come from the Castroville Municipal Airport or the City of Castroville." The letter was signed by Marie Gelles, City Administrator for the City of Castroville.

Mr. Ehlinger informed the Mayor and Council that his source came from the City of Castroville: 37,000 gallons of low lead 100 plus \$6,000 plus whatever the remainder was of jet fuel from the document that the City of Castroville gave him. He told Mayor Herring that everything adds up to 43,918 actual gallons of fuel. He said this is how he was trying to open up his statement.

Mayor Herring asked Ms. Claudia Mora, Economic Development Director and Airport Manager for the City of Castroville, about the figures on the letter from Aviation Fuels, Inc. provided by David Ehlinger. Ms. Mora said that the 43,918 is not a figure that she provided. She explained that she had understood that this was in relation to Avgas only and not Jet fuel. She told the Mayor and Council that she didn't recognize the other numbers and was not sure what the source of those numbers was. Mayor Herring then asked her if Castroville reported a loss as shown on this letter, to which Ms. Mora

said, no, that they have a figure of about \$40,200 that they made as a profit on Avgas. Mayor Herring said that was different from the \$3,833 loss indicated in the letter.

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Mayor Herring stated that after the last meeting, that Interim City Administrator/City Secretary Dora V. Rodriguez and City Accountant Denise Duffy had gone over to Castroville, and he asked Ms. Mora if she had listened to the tape. She said that she did. Mayor Herring asked her if she could confirm or tell us the validity of what Mr. Mario McGee had stated as far as Castroville having problems. Ms. Mora stated that she could not confirm that. She stated that to her knowledge they are not having problems nor are they attempting to sell the fuel farm or looking for a vendor or private business to operate it for them.

After more bickering, Mr. Ehlinger continued with figures which he insisted he got from the City Office of Castroville. He said that whether they didn't communicate it correctly between the airport and the city office is not his problem. He said everything they told him is documented on a statement that they gave him.

Interim City Administrator/City Secretary Dora V. Rodriguez told Mayor Herring that it's a moot point and Council just needs to move forward because he needs an answer.

After more sarcastic remarks, Mr. Ehlinger went on to explain the chart on his letter. He stated that \$181,847 was the actual sales IF the annual average was \$4.14 on that and the average annual between \$3.75 averaged. He said that would've been the actual sales. He told Mayor Herring that you've got to know how to read the chart, first of all. He explained that the cost of the fuel on the average would actually be \$164,482. He said that's how you come up with these estimates that I proposed to you. He explained that the figures on the right hand of the chart are Aviation Fuel Inc.'s (AFI) estimates that can be produced for the City of Devine. He said that these are a reasonable approach, and said that he would explain.

Mayor Herring told Mr. Ehlinger to explain to him the difference of a lady who's saying that they made \$40,200 and you show a \$3,833 loss. Mr. Ehlinger then asked Mayor Herring, "Do you have the real cut sheets of all the gallons sold or supplemental monies from other general funds that brought in to make this. He told Mayor Herring, "That's where you should've compared it – apples to apples, oranges to oranges; not just throwing it into a general fund and then separated it out later." "They use other funds to help out the fuel station."

Mayor Herring asked Ms. Mora if what Mr. Ehlinger was saying is correct, and she responded, "It's all airport funds, sir." Mr. Ehlinger responded, "See? That's exactly right!" "Hangar funds come in here, fuel funds come in here, put it in this one general fund, and then say we made a profit." He told Mayor Herring that if you do proper accounting in the right manner, you're going to itemize what your hangar rentals are bringing in as profit and fuel pumps over here likewise, and you're not doing that! He said there's someone out there who recognizes exactly what's going on with the fuel and hangars because that's been going on for quite some time.

Interim City Administrator/City Secretary Dora V. Rodriguez inquired if David Ehlinger was talking about our budget or their budget. Mr. Ehlinger said he was speaking about their budget. Mayor Herring asked Ms. Mora if that was true. Ms. Mora said she didn't understand the comment or the

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statement. Mayor Herring told her that he thought the \$40,200 is basing the profits she had on fuel sales alone. Ms. Mora confirmed that was correct and said she got the figures from their Finance Director. Mr. Ehlinger retorted that it wasn't true, it wasn't accurate and said they have to prove it. He told Mayor Herring, "If they can't even communicate from the City to the Airport Manager with continuity, how do you expect them to communicate the gallons with continuity, Bill?" Mr. Ehlinger said that you've got to realize that you've got rental properties and you have all of the income from the structures, from the hangars, and from the lots that goes into one bundle. Mayor Herring said, "She just stated that the profit came from fuel sales alone!" Mr. Ehlinger stated, "She said it before that it was not, so what is it? Yes or No?" Interim City Administrator/City Secretary Dora V. Rodriguez asked Ms. Mora if rental and fuel are separate, and she said "yes." Mr. Ehlinger commented, "It is now! Can you accurately say that that was true or not? You can't! The documents you have are not true!"

Mayor Herring told Mr. Ehlinger, "I don't agree with what you said and I don't like you calling people in Castroville basically not telling the truth!" "But, move on!" David: "Like you telling me I'm not telling the truth." Mayor: "I didn't say you were. I'm going by what is stated in the documents right here and the testimony of this lady." David: "And that testimony seems to have some holes in it as well!"

Mayor Herring then asked David Ehlinger for the costs to which he responded, "I gave it to you!" "Gross profit – if it was reported, it was not! Sales, annual – these are my averages if you look at it. The estimated figures on the right side – AFI (Aviation Fuel Inc.)"

David Ehlinger then read a statement to the Mayor and Council stating that before they ever purchased AFI in 2016, and before getting involved with this project, they were told by Airport Manager Vickie Pumphrey that Devine Airport did not have any space on the ramp or anywhere else at the airport to install a fuel system. Realizing that we have the experience, resources and the location within our leased area to provide fuel in Devine, we found the following. He explained that this is when he went into these calculations. He told Council that these are realistic calculations. He said you're not going to make a lot of money out there but you're providing a service to everybody! He said he estimated \$7,000 on fuel sales and \$10,000 in overhead estimated costs just to operate. He said he didn't know what it's going to be the first year; nobody does! Annually, what does he give to the City at \$.06/gallon on 26,000 gallons sold? He'll give us \$1,560. He said that's a typical rental rate for one big hangar like the one that he has. Mr. Ehlinger told Council that will help some of that \$30,000 budget deficit at the Devine Airport; it helps supplement trying to get to a balanced point with Devine Airport being on its own.

Mr. Ehlinger explained that every 15 years, you need to do relining of the tanks, purchase and installation of tank, pump and payment system; he said he didn't include that in his estimates until he gets to the point of opportunity which he really hopes to see, which is the annual training, inspection and certification requirements. He said, "That's me. Who else in Devine can do this?"

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If the City of Devine taxpayers' money is over \$250,000, Mr. Ehlinger told the Mayor, "This is what it's probably going to take you, Devine, to put it in place, Bill." He said that was his estimate.

Mayor Herring then inquired what TxDOT Aviation is saying on the cost for the size of the fuel farm that we need here. Interim City Administrator/City Secretary Dora V. Rodriguez responded that in the meeting that she had with them on Friday, they said that probably for our size, it would be about \$140,000. Mr. Ehlinger said that was just for one tank. Ms. Rodriguez said it was just for the regular. He said, yes, low lead 100. He said he wanted low lead 100 and jet fuel, so, you're looking at \$250,000.

Interim City Administrator/City Secretary Dora V. Rodriguez stated that in talking to TxDOT, we can't do the jet fuel. Mr. Ehlinger said that you can do jet fuel, and that does not restrict you from selling jet fuel. Airport Manager Vickie Pumphrey clarified that TxDOT had said that at this point in time, Avfuel is what we need and Jet-A fuel, they said, could come in later.

Mayor Herring inquired if our runway was long enough to handle jets. Not legally, according to Airport Manager Vickie Pumphrey. According to Mr. Ehlinger, you've got to think other than just jets. He stated, "So, you're talking about jet fuel and saying it's not worth putting value into jet fuel. It is worth putting value in jet fuel, and bringing it on to the airport, and you can do that because you've got crop dusters out there that use jet fuel, and helicopters! Thank you!"

Mayor Herring referenced a letter from the City of Cleburne regarding what the pros & cons would be for the City to have ownership of the fuel facilities versus a private sector. He explained that the letter compares airports within a 50 mile radius of Devine; not from Cleburne. Mayor Herring told David he didn't know why he was comparing Devine to Cleburne in his letter. Mayor Herring stated that the airports being compared in the letter from the City of Cleburne were from neighboring airports like Castroville, Hondo, Pearsall, Kelly Field, San Antonio; Pleasanton; Stinson; North Terminal and South Terminal, San Antonio; Million Air, San Antonio; Boerne; Garner Field, Uvalde; Cotulla-LaSalle County; Bulverde; and Kestrel Airpark, San Antonio. The letter states that based on airports within 50 miles of Devine, if the City operates the fuel farm, we could make \$.83 to \$2.00 a gallon depending on the markup versus \$.06 if we allow a private investor. So, this is a survey not of Cleburne but from the airports named in this letter.

Alderwoman Wilkins commented that we have all these estimates from Mr. Ehlinger and yet as far as the gallons sold from Ms. Mora, they are actual figures. She wanted to know how Mr. Ehlinger got his estimates. Mr. Ehlinger responded that the estimate is the overhead cost of what it takes to run the operations of a fuel farm.

Mr. Eric Ehlinger then addressed Council and stated that the only information that they could get from Castroville were the things that are listed as actual. He said that the report of the gallons total came from the City of Castroville, but the other numbers came from Mr. Bernie Ainsley, whom he believed was on the Board of Directors with the City of Castroville. To this, Ms. Mora reported that he was not. Eric Ehlinger said that then he was misled on that information. He told Council that was the source of the other numbers that he reported to them. Eric Ehlinger said they're not trying to

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purposely mislead the City of Devine. He explained that the other data that they received in determining whether the City of Castroville is making a profit or a loss is an estimate of a portion of the cost associated with operating the fuel farm in Castroville which they received again from Bernie Ainsley, whom he thought was on the Board of Directors over there but said he was mistaken. Eric told Council that Bernie Ainsley had shown them an email that he used as a presentation in front of that board in which he said, "Guys, we're losing money. This is not a good deal for Castroville; we need to do something else." He told Council that's what was represented to him and is what he is now representing to Council. He said that based on Bernie Ainsley's estimates on what the City of Castroville is actually receiving as a profit, they're showing a loss. He said that they would hate to see this happen to the City of Devine just because they've started the ball rolling on trying to get fuel in Devine.

Alderwoman Wilkins stated, "But your informant was not correct." To this, Mr. Eric Ehlinger replied, "apparently not."

Interim City Administrator/City Secretary Dora V. Rodriguez told Council that she's done all the homework for them. She said that she and City Accountant Denise Duffy have compiled a lot of facts and it's taken a long time to do this. In talking to TxDOT Aviation, she told Council that David Ehlinger is correct; that it is possible for them to do this. She said that she is asking Council to look into the City moving forward with the fuel farm. She said TxDOT sent her an email saying that we can use the RAMP Grant which can be increased to \$100,000 and be used for the installation of a fuel farm at the airport. She explained that the RAMP Grant will reimburse us 50 percent, so \$50,000 of the grant can be used for the fuel farm, effective September 1, 2018. Mayor Herring inquired about next near. Ms. Rodriguez replied that we can apply for another RAMP Grant at that time. She explained that we've always used RAMP Grants at the \$40,000 level but the maximum we can apply for is \$100,000. She told Council that this is her recommendation but, of course, it is their decision in which way they want to move.

Discussion was held on possible locations for a fuel farm at the airport by Vickie Pumphrey. Mr. David Ehlinger disagreed with the locations and told Council we were going to have problems. Mayor Herring said that TxDOT is the one that recommended this location. According to Mr. Ehlinger they are not taking everything into consideration.

Council heard from Mr. Dallas Collins who told Council that he feels the City is going to make a big mistake if we take over the fuel farm.

Mayor Herring inquired what TxDOT's recommendation was on the ownership of the fuel farm. According to Interim City Administrator Dora V. Rodriguez, TxDOT recommended that it should be the City's. She told Council that in their eyes, we do not have control of the airport and we need to do this. TxDOT also said that the City needs to be self-sufficient, and the only way to be self-sufficient, according to TxDOT, is for the City to own the fuel farm and to purchase hangars.

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Mr. Ehlinger commented that the recommendation is from one government agency to another, and told Council that we are making a big mistake. Mr. Ehlinger told Council, "Do you think you're going to make \$2.00 a gallon on fuel? You're not." He then added that if we really want to develop the airport and if we really want to make that \$30,000 cost cut in half or even three-quarters of that, we need to buy some hangars and put the infrastructure into the structure and lease out some hangars. He said that the fuel farm is not going to be our answer because we don't have the certifications or any of the background to put a fuel farm in place.

Mayor Herring asked Mr. Ehlinger that if we're going to lose money or not make much money at all, why he wanted to do the fuel farm. Mr. Ehlinger responded, "It's another service!" He told Council that the pilots are not going to come here if we don't give them the option to buy fuel locally. He told Council that we're just telling pilots right now to go away, that we don't want their business. Mayor Herring commented that we agree with him on that, and that's why the City wants to put it in, so that pilots will come here. Mr. Ehlinger told Council that we can't do it and run it, and maintain it, and operate it without another cost.

Interim City Administrator/City Administrator Dora V. Rodriguez asked Ms. Claudia Mora how many people work at the Castroville Airport. According to Ms. Mora, they have two right now but their goal is to be able to hire more individuals to provide services, from administrative to actual maintenance performance.

Alderman Espinosa addressed council members and briefed them on when he first met Mr. Curley Brehm, Airport Advisory Board Chairman, back in 1999 when they first spoke about the fuel farm. Alderman Espinosa told council members that the problem he has with this is that it was not our idea initially and he doesn't think that it's fair. He said that he just has a bad taste in his mouth about doing this. He told Council that if we do this, we are not taking care of our citizens in that aspect. He added that if it does go our way, he will still support Council as a team; however, he is in support of going to the private sector.

Alderman Thompson inquired how many people who own leases as the airport are actually citizens of Devine. According to Mayor Herring, Mr. Bill Bain and Mr. Glen Dale Estep are the ones who live in Devine and pay taxes.

Alderwoman Wilkins inquired about the \$.06 profit and asked why it was so much less, as compared to the \$.83. Mr. Eric Ehlinger explained that the \$.06 is what they believe they are in negotiations with the City of Devine; to provide us \$.06 a gallon on every gallon sold. Mr. Ehlinger told Council that this is not set in stone, and said they are begging for permission to continue the negotiations on that. He said that the average in this area is between \$.04 and \$.10 a gallon but it depends on what other amenities we have at the airport that will drive what it's going to cost, and he discussed in more detail.

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Motion by Alderman Espinosa for the City of Devine to enter into an Agreement with David Ehlinger for the Fuel Farm at the Airport.

Motion died due to a lack of there being a second.

Motion by Alderman Lopez, seconded by Alderman Valdez for the City of Devine to move forward with the City doing the Fuel Farm at the Airport.

Ayes	--	Four
Nays	--	One – Alderman Espinosa

Motion carried.

The fourth order of business was to discuss and consider authorizing the Interim City Administrator to enter into a contract with Eckmann Groll, Inc. for an appraisal to be done at the Devine Municipal Airport for Hanger #6.

Interim City Administrator/City Secretary Dora V. Rodriguez told Council that she had provided them with a copy of a letter from Eckmann Groll, Inc. showing an appraisal cost of \$2,750 to get the appraisal done for Hangar #6. She explained she just needs approval on this so that we can move forward.

Motion by Alderman Espinosa, seconded by Alderman Thompson to authorize the Interim City Administrator to enter into a contract with Eckmann Groll, Inc. for an appraisal to be done at the Devine Municipal Airport for Hanger #6, for a fee of \$2,750 and to amend the budget.

Contract with Eckmann Groll, Inc. attached as Exhibit A.

Ayes	--	All
Nays	--	None

Motion carried.

The fifth order of business was Informational Items.

Mayor Herring discussed the following regarding the agenda for the Regular Council Meeting on March 20, 2018:

- We need an agenda item to allow City Attorney Tom Cate to appoint a temporary executor for George Valle's property so that we can do something with the street – Colonial Parkway.
- We need to appoint a member to the Airport Advisory Board to replace C.E. (Curly) Brehm.
- Alderman Thompson thanked Interim City Administrator/Secretary Dora V. Rodriguez and her team for working on the water project. He said that it's not over yet but we are a whole lot better off than we were two weeks ago.

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There being no further business to come before the governing body, motion made by Alderman Espinosa, seconded by Alderwoman Wilkins to adjourn the meeting.

Ayes	--	All
Nays	--	None

Motion carried.

Mayor

City Secretary