

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
July 23, 2012**

DRAFT

MEMBERS PRESENT: Jeff Munger (Chairman)
Bill Keogh
Jeff Schulman
Gene Palombo

BTV STAFF PRESENT: Gene Richards, Interim Director of Aviation
Robert McEwing, Director of Planning & Development
Tamara Gagne, Director of Finance & Administration
Heather Kendrew, Director of Airport Operations
Ryan Betcher, Airport Operations Intern

OTHERS PRESENT: Joe McNeil, Attorney, City of Burlington
Bill Ellis, Attorney, City of Burlington
Rich Goodwin, Finance, City of Burlington
Chris Hill, Burlington resident
Rheal Gagnon, Heritage Aviation
Chuck Rolecek, One Flight Up
Mike Banach, One Flight Up
Bill Weigle, One Flight Up
David Conger, Dubois & King
Nicholas Schieldrop, Shelburne Car Service
Marianne Riordan, Recording Secretary

1.0 CALL TO ORDER and AGENDA

Chairman Jeff Munger called the meeting to order at 3:06 PM.

1.01 Agenda

MOTION by Bill Keogh, SECOND by Jeff Schulman, to reorder the published agenda to review communication on the CAH hearing, South Burlington tax appeal, and the airport appraisal with legal counsel immediately following action on the minutes. VOTING: unanimous (4-0); motion carried.

2.0 APPOINTMENTS

2.01 Burlington Airport Commission Co-Chair

MOTION by Jeff Schulman, SECOND by Gene Palombo, to nominate Bill Keogh as Co-Chairman of the Airport Commission. There were no other nominations. **VOTING: unanimous; motion carried.** Bill Keogh is Airport Commission Co-Chairman.

3.0 MINUTES

3.01 June 27, 2012

MOTION by Bill Keogh, SECOND by Jeff Schulman, to approve the June 27, 2012 minutes with the global correction of the spelling of “Kathy DeCarreau”. VOTING: unanimous (4-0); motion carried.

4.0 COMMUNICATIONS

4.01 CAH Hearing – July 3

Bill Ellis noted the memo from Joe Farnham provides an update on the CAH case.

4.02 South Burlington Tax Appeal

Bill Ellis reported South Burlington sent out change of assessment notices affecting 30 properties at the airport, the most significant of which is the “700 acre property” (Air Guard, et al) with a change in assessment from \$24 million to \$47 million. The assessment was appealed to the South Burlington assessor which resulted in some grouping of properties, but no change in amount so the appeal is now before the South Burlington Board of Civil Authority. South Burlington has to conclude within 64 days of the appeal deadline which is July 16, 2012. Wrap up of the matter is expected by mid to late September.

4.03 Airport Appraisal

Bill Ellis reported a professional appraiser and an appraiser with experience in airport appraisals on a national level have been retained. A scope of work is being drafted for the airport appraisal (difficult because there are not many comparables). Completion of the appraisal is anticipated by mid-September.

5.0 AIRPORT FINANCIALS

5.01 June Operating Statements

Rich Goodwin reported:

- Profit and Loss Statement
 - At end of the fiscal year, total revenue generated by the airport was in excess of \$17 million.
 - The profit generated including interest and expense on bonds is \$5.2 million which is the highest level of profitability the airport has had in the past 10 years.
 - The \$5.2 million does not include capital improvements not reimbursed by the FAA or principal payments on bonds.
 - After payments on bonds there is \$500,000 excess cash which goes into the airport enterprise fund.
 - The airport’s reliance on the city’s cash has slightly decreased due to the higher level of profitability and better management of expenditures.
 - Cash reserves have been increased as required by the bond documents.
- Year-to-Date Major Revenue Streams
 - Revenues are up 8% over FY11.
 - Revenues are greater than \$700,000 over the prior fiscal year.
- Summary of Capital Projects Incurred in FY12

- Approximately \$2.4 million in capital expenditures on expenses are not reimbursed by the FAA.
- AIP expenditures are reimbursed by the FAA.
- Debt Coverage Score
 - The debt coverage score for the airport must be 1.25 or greater.
 - Moody's wanted a score of 1.40 or better.
 - The airport's debt coverage score is 1.59.
 - The airport has hit the required debt coverage score or better for two consecutive years.
- Enplanement Data
 - Enplanement data is trending upward for the last three months.
 - June, 2012 numbers are off from the June, 2011 numbers by 2.4%.

Rich Goodwin briefly explained the parameters of municipal budgets which are built very conservatively and do not allow for a contingency line item. There is more flexibility with enterprise funds. Jeff Schulman noted the ending revenues of \$16.2 million for FY12 while the proposed revenue in FY13 is \$18.3 million. Rich Goodwin stated the budget is approved and the challenge is revenues. Tamara Gagne noted the airport takes a conservative approach with expenses so adjustments can be made as necessary. Jeff Schulman asked about the bonds. Rich Goodwin reviewed the bond history (1997 to the present) and the plan to combine outstanding bonds and notes and refinance at a lower interest rate which will result in less principal and interest expense in the first three years.

There was discussion of the need for the airport to bring in more airlines (and passenger seats) to increase revenues. The ripple effect of losing a productive air route such as the JetBlue Orlando route is less car rentals, less parking, less residual sales. A meeting has been scheduled in August with JetBlue, airport staff, and Brian Searles (Vermont Secretary of Transportation) to advocate for the Orlando service to remain at Burlington Airport. Airport administration continues to contact airlines.

Staff was commended for good management of the budget and working with the Airport Commission and City Council with very positive results.

MOTION by Bill Keogh, SECOND by Jeff Shulman, to accept the financial report including the June operating statements as presented and place the documents on file. VOTING: unanimous (4-0); motion carried.

6.0 PUBLIC FORUM

Nick Schieldrop, Shelburne Car Service, addressed the Airport Commission and stated the following:

- The City of Winooski and the Town of Shelburne are interested in having a position on the commission because “from the outside we see the airport going bankrupt”. The airport could be converted to a regional (county) airport and the region could “bail out the airport” in exchange for a position on the commission.

- A meeting has been requested with Gene Palombo and Sandy Miller (South Burlington City Manager) regarding obligations by South Burlington to the City of Winooski per the taxi ordinance.
- The public hearing on taxi meters (scheduled for 6 PM on July 23, 2012) does not meet state law per VSA 1 [sic]. A copy of correspondence from the state regarding public hearings was provided to the Airport Commission.
- The shuttle service (Green Cab) working during the recent beer festival in Burlington is not registered with the state and was taking other car services' fares.

7.0 OLD BUSINESS

7.01 Discussion: Porter Airlines and Customs

Robert McEwing gave an update on Porter Air service to Burlington and the glitches encountered by passengers through customs. Solutions to improve the situation have been proposed, including increasing the number of flights per week to four beginning the end of November/early December and potentially continuing through the summer. A meeting with Porter Airlines and Toronto Department of Tourism is scheduled on July 30th to try to promote more two-way traffic.

7.02 Restaurant Operations

Bill Weigle and Chuck Rolecek, One Flight Up, gave a presentation on their updated bid to operate the restaurant at the airport that covered the following:

- ❖ Attributes of One Flight Up
 - 21 years as the sole food vendor at Burlington Airport
 - Over 25 years of experience serving airports
 - Ability to handle the nuances that occur at airports, such as delays and storms, and having the know how to meet the needs of airport customers
 - Established customer base (written feedback from customers and staff was provided to the Airport Commission)
 - Airline caterer for 25 years
 - Tenured management team (14 year average)
 - Employ 35 people at the airport and provide good wages and benefits
 - Good rapport with new vendor in kiosk
- ❖ Changes Planned for Restaurant
 - Update overall look and feel of the space (new carpet, chairs, television, and such)
 - Menu update and jacket design change
 - New uniforms for staff
 - New kitchen equipment
 - Convert game area to a “grab-and-go” service site
 - Table service beginning 8 AM through 8 PM (open as necessary for early/delayed flights)
 - Breakfast served 8 AM through 11:30 AM. Lunch-dinner served 11:30 AM through 8 PM.

- Street level prices will be maintained.
- Increased signage and advertising will be requested in the terminal to draw people to the restaurant
- ❖ Proposal
 - Term – Two years
 - Capital investment - \$50,000 with a minimum expenditure of \$25,000 in the first three months for updated menu jackets, uniforms, kitchen equipment, and restaurant upgrade.
 - Rent - 5% (similar to the 5% occupancy cost for the restaurant) with minimum annual guarantee of \$30,000 or \$2,500 per month for a restaurant of that size and projected sales for the year. Gross revenues are projected at \$700,000 (\$1.8 million was realized from all three sites with the restaurant portion being \$700,000 to \$800,000).

Chuck Rolecek commented the airport restaurant is the highest labor cost for the least profit margin. When One Flight Up had all the food service sites the restaurant was balanced with the snack bar. To provide the level of service, hours of operation and menu items both sites are needed. One Flight Up operated both locations for the past 20 years and never missed a rent payment or had a violation that required shut down or payment of a fine.

Jeff Schulman mentioned the restaurant being able to bring in customers from the community, not just people who are at the airport for one reason or another. Bill Weigle recalled One Flight Up worked hard in the first 10 years at the airport to attract community traffic, but current security changes now make this difficult.

7.03 Food Service Committee

7.03.1 Restaurant RFP Recommendation

The food service committee will discuss the presentation by One Flight Up and make a recommendation to the Airport Commission.

8.0 NEW BUSINESS

8.01 Communication: Airport Commission Role

Attorney Joe McNeil explained governance and the open meeting law as they relate to the Airport Commission, noting the following:

Governance

- Since 2001 the Airport Commission's authority has been advisory. Prior to 2001 the authority was direct hands-on operation of the airport.
- Per Section 276.B of the City of Burlington charter, City Council has the authority for general management and control of the airport and the Airport Commission is advisory to City Council unless given direct jurisdiction from City Council.
- The airport has been delegated authority relative to regulatory aspects of the airport such as looking at food service, licensing as it applies to airports, lease arrangements, and personnel jurisdiction. In sum, the airport

has regulatory responsibility, personnel responsibility, and responsibility for items delegated to the Airport Commission by City Council.

- City Council for multiple reasons cannot operate the airport so the Airport Commission was appointed for the purpose of operating the airport. The airport would benefit from a more formalized means of communication with City Council to inform the council of what the airport is doing. Good, active dialogue with City Council is advised at the very least on a quarterly basis or more frequently to explained what is happening at the airport and why, consequences, risks, and benefits. City Council wants to support the airport.
- The airport has a public trust obligation that is to be consistent with grant assurances given to the FAA and the Federal Government.
- The airport can charge fair and reasonable rates and charges, but must re-channel returns into betterment of the airport.
- The airport is a highly regulated enterprise.
- To avoid problems in operation with City Council, “do the right thing and do the thing right”. Combine what is best for the airport with awareness of structure and communication with City Council. Get advance guidelines from City Council if the airport is reaching out to surrounding communities on issues. If there is any misunderstanding, get needed authority cleared by City Council first.

Open Meeting Law - 1VSA310

- Any time there is a “gathering” of at least a quorum of the body (Airport Commission) to discuss business of the body that is a meeting per the Vermont Open Meeting Law.
- Meetings must be noticed in advance to give the public the opportunity to comment.
- Minutes must be kept per statutory requirements (noting attendees, items discussed, positions advanced, and votes taken).
- If there is an agenda drafted the agenda must be available to the public. Two-thirds vote of the body is needed to amend the published agenda.
- Fines of \$500 and up can be levied for violations (misdemeanor) of the Open Meeting law.
- A committee of a public body is subject to the Open Meeting law.
- If a committee is formed and the committee is two members and a majority is present then the committee meeting must be properly warned.
- Emails, texting, “Reply to All”, and other social media communications if being used by a quorum of members to communicate the business of the body constitute a gathering and therefore a meeting which needs to be properly noticed.
- Sending information packets to members prior to a meeting is not a problem, but “real time communication” between members could be a problem if a quorum is discussing business of the body. Discussion should be held until the next meeting.

- Regarding public records, per the access to public documents law any document sent or received in the normal course of business is public. There are exceptions (e.g. if relative to executive session).
- Executive session is permitted for:
 - ✓ Discussion of real estate (action on a real estate purchase contract can be taken in executive session)
 - ✓ Discussion of collective bargaining and contract negotiations where premature disclosure places the body at a significant disadvantage
 - ✓ Discussion of personnel related proceedings
- If there is any doubt about convening executive session, seek advice from legal counsel.

Rich Goodwin asked if staff notes, journals, presentations (both hardcopy and/or electronic) are public record. Joe McNeil said work products are not public record necessarily. The exception is information not primarily factual that is preliminary in formation of policy.

Jeff Schulman asked for clarification of the role of the Airport Commission. Joe McNeil advised the commissioners should consider themselves policy makers for the airport in the context of communicating with City Council to get direction on whether the airport is on the right path or not. The Airport Commission decides the best path for the airport and makes this recommendation to City Council for confirmation.

8.02 Community Relations Committee

Bob McEwing reported the airport in conjunction with the Air Guard and the public promised to establish a community relations committee to act as a sounding board for improvements to the benefit of all.

MOTION by Bill Keogh, SECOND by Jeff Munger, to table action on the community relations committee until the next meeting to allow input from the Airport Commission to the interim Airport Director within the next two weeks. VOTING: unanimous (4-0); motion carried.

Gene Richards noted the information on the community relations committee has been forwarded to Joan Shannon (Burlington City Council) and Mayor Weinberger for feedback. Gene Palombo will forward the information to the South Burlington City Council.

9.0 AIRPORT DIRECTOR'S REPORT

Gene Richards reported:

- A meeting was held with Roseanne Greco (South Burlington) to discuss noise.
- Staff is focused on attracting and retaining airlines and routes.
- A more complete report will be provided at next month's meeting.

10.0 OTHER BUSINESS

10.01 Next Meeting: August 20, 2012 at 3 PM

10.02 Airport Commission Comments

Thanks were extended to Gene Richards for accepting the interim Director of Aviation position and to staff for their good effort with the budget and the airport's debt ratio.

11.0 ADJOURNMENT

MOTION by Bill Keogh, SECOND by Gene Palombo, to adjourn the meeting. VOTING: unanimous (4-0); motion carried.

The meeting was adjourned at 5:36 PM.

RScty: MERiordan

DRAFT