

**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
March 18, 2013**

APPROVED – 4/15/13

**MEMBERS PRESENT:** Jeff Munger  
Bill Keogh  
Gene Palombo  
Jeff Schulman  
Alan Newman

**BTV STAFF PRESENT:** Gene Richards, Interim Director of Aviation  
Robert McEwing, Director of Planning & Development  
Kelly Colling, Airport Operations  
Ryan Betcher, Airport Operations/Marketing

**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Karen Paul, City Council  
Tina Lindberg, Mansfield Heliflight  
Eric Chase, Mansfield Heliflight  
Marianne Riordan, Recording Secretary

---

**TOUR OF AIRPORT BY AIRPORT COMMISSIONERS**

Postponed.

**1.0 CALL TO ORDER and AGENDA**

Chairman Jeff Munger called the meeting to order at 4:05 PM.

1.01 Agenda

**MOTION by Bill Keogh, SECOND by Gene Palombo, to approve the agenda as presented. VOTING: unanimous (5-0); motion carried.**

**2.0 PUBLIC FORUM**

*Eric Chase, Mansfield Heliflight*

Eric Chase mentioned his consideration of locating Mansfield Heliflight at the Burlington Airport and requested information on the status of Heritage Aviation to help determine if the situation at the airport will work for Mansfield Heliflight. The company has several fixed wing aircraft and is interested in general aviation. Mansfield Heliflight has been in business for 25 years and had an office at the airport 20 years ago. Mr. Chase said he is interested in being an FBO on the airport, but it appears the position is that Burlington Airport is not interested in having another FBO at this time. The individual currently managing Heritage Aviation has not returned telephone calls. Mr. Chase said he expressed interest as a potential buyer, but for whatever reason did not qualify. It is understood that Atlantic Aviation has first right of refusal. Having a monopoly on the airport will not work for Mansfield Heliflight. Mr. Chase said if he misunderstood the situation at Burlington Airport he will submit his resume for FBO. Gene Richards explained the airport wants an FBO that is solid and with lengthy experience. The airport would like the matter with Heritage and Atlantic to come to fruition and resolve issues

before taking on anything new. If this does not happen then interested parties will be notified of opportunities at the airport.

### **3.0 NORTH CONCOURSE RESTROOM RESTORATION PROJECT**

**MOTION by Bill Keogh, SECOND by Gene Palombo, for the purpose of discussion to approve the contract for the north concourse restroom restoration project as proposed by staff.**

**DISCUSSION: Staff explained the following:**

- **Current condition of the bathroom in the north concourse is unacceptable.**
- **An RFP was done for the bathroom renovation.**
- **The renovation will double the capacity of the bathroom with more stalls, better handicap access, new water conservation fixtures, and a fresh, new look.**
- **Port-a-lets will be in place for use during the renovation.**
- **Four bids were received. The bids were opened at a public opening and reviewed by staff. All the bids were within \$4,000 of each other. The high bid was \$300,000 and the low bid was \$296,000.**
- **The low bidder was Engelberth who did the electrical and plumbing work on the north concourse. The airport has a good working relationship and history with the contractor.**
- **Engelberth was four minutes late in delivering their bid, but did deliver the bid before the bid opening.**
- **The contractor who submitted the high bid (Millbrook) has previously done work at the airport and staff found it to be an exercise dealing with them.**
- **The other two bidders have not done work at the airport previously.**
- **Staff is seeking a contractor who is experienced with the airport and who will likely exceed and achieve above the bid specs.**
- **Staff is confident in recommending the contract be awarded to Engelberth.**

**Bill Keogh made the following comments:**

- **There are two resolutions before the Board of Finance and City Council: Hudson News contract and the bathroom renovation.**
- **The Hudson News contract was covered at the February 19, 2013 meeting, but the Airport Commission has not seen the resolution and it has been over a week. The resolution for the bathroom renovation has been out over a week, but the Airport Commission has not seen this either. The Airport Commission should be in the loop, but it appears that is not the case.**
- **Improprieties of the bid process include accepting the Engelberth bid which was late and therefore did not comply with the specifications. Three bids that met qualifications were submitted and rejected, but the reasons were not given. (Bob McEwing noted the bids were not rejected; a condition was waived.)**

- **The process smacks of favoritism which has no place in the public bidding process.**
- **Other entities, such as UVM and Burlington Public Works, who regularly deal with bids and public openings said the late bid should not have been accepted.**

**Gene Richards acknowledged Mr. Keogh's comments, but disagreed, stressing he relies heavily on the knowledge of staff to make a recommendation and it is enough merit and common sense and better for the airport to have a contractor with knowledge of the building.**

**Jeff Munger noted the City Attorney advised the Airport Commission has the authority to waive the time limits for an RFP.**

**MOTION by Alan Newman, SECOND by Jeff Schulman, to waive the four minute rule and accept the Engelberth bid. VOTING: 4 ayes, one nay (Keogh); motion carried.**

**VOTING (to approve the staff recommendation to award the contract to Engelberth): 4 ayes, one nay (Keogh); motion carried.**

#### **4.0 DIRECTOR'S REPORT**

##### **4.01 Enplanements/Fare Comparison**

- The enplanement report shows updated numbers with new flight schedules and the anticipated enplanement by airline by month through December.
- With Delta Airlines and the marketing campaign enplanements are expected to be better than projected, but the bottom line is people having money available to travel.
- Before a leakage study is done, staff will research other airports and airlines to know and understand the market better and be able to react in a positive way.
- Load factor is 80% at Burlington Airport (industry standard is 80%). Burlington Airport is working to increase the load factor. Carrier cutbacks mean filling smaller planes which results in a higher load factor.
- US Air has the second largest load factor at the airport. US Air has found success in catering to the business traveler and recently added a flight to Washington, DC.
- Burlington Airport has a strong relationship and allegiance to US Air.
- Fare comparisons show Burlington Airport still has a slight price advantage over similar airports, such as Montreal.
- Staff continues to investigate a better way to determine average fares to eliminate subjectivity.

Jeff Schulman requested information on the average difference versus the average fare. Staff will provide the information.

Alan Newman asked about service from Cape Air. Bob McEwing said staff talked to Cape Air in June, 2012, but the airline would not commit to talking further. Jeff Munger stated Essential Air Service (EAS) may be cut from the FAA budget program. Cape Air could not come to Burlington Airport without a subsidy.

#### 4.02 Briefing of New South Burlington Councilors

Gene Richards reported the meeting with the new members of the South Burlington City Council went well. There is optimism for the future. The members want to see the airport survive and thrive. The airport housing program was presented to the council. Discussion covered berms, landscaping, and the history of the airport.

Bill Keogh suggested the South Burlington City Council and Mayor O'Brien be added to the information mailing list. Staff will handle this.

#### 4.03 TSA South Checkpoint Changes

Gene Richards reported more room has been provided at the TSA south checkpoint to handle up to 150 travelers. Some work has been done on the north checkpoint as well.

Alan Newman questioned the number of TSA workers at the airport. Gene Richards explained TSA has rigid rules to follow and the airport does not have much input. Burlington Airport staff will man the exit checkpoints both north and south by September. Jeff Munger voiced objection to the TSA protocols, stressing TSA should be manning the exits, not Burlington staff. Gene Richards stated if TSA gives the airport notice the airport must be prepared. There is technology available to protect the airport at a cost of \$78,000 per unit. The airport cannot afford to hire more employees. There are 110 TSA employees and 32 airport employees. Travelers are advised to arrive two hours before a flight to get through TSA screening. Delta Airlines shuts off the screening a half hour before the flight leaves.

Jeff Munger reported TSA and flight towers are under sequestration which will result in furloughs, layoffs, or reduced hours. Gene Richard stated formal written notice to that effect has not yet been received at Burlington Airport.

#### 4.04 Status of Skinny Pancake Locations

Gene Richards reported the first week of being open was fantastic for Skinny Pancake (north end). People are enjoying good food and beverages before their flight. The restaurant at the south end will open March 21, 2013. Other improvements at the airport include plans by Hudson News. It is hoped City Council approves the construction plan so the work can proceed.

Alan Newman commented airports are becoming shopping malls. Travelers shop and dine while waiting for their flights.

#### *Jet Bridge*

Gene Richards updated the Board on the status of the jet bridge. The price is higher than expected. Staff searched for a used unit, but was not successful. The structure would have to be modified for the airport. Ryan Betcher added staff is

waiting for cost information from Tyson and Jetway. The FAA said sole sourcing will be allowed in this case because there are such specific requirements at Burlington Airport. The Passenger Facilities Charge will be used to help pay for the jet bridge. Delta and JetBlue will both be able to use the bridge. The delay in getting the unit will cause frustration because passengers will have to board from the ground and use stairs to access the plane until the jet bridge arrives. The longer jet bridge is needed to serve the MD80 planes to be used by Delta for their direct flights to Atlanta. There was discussion of recouping the cost of the jet bridge and planning now for more mainline aircraft serving the airport. The industry is building larger planes that are more efficient. Burlington Airport needs to attract carriers and carriers in the future will have larger planes in order to go longer distances.

## **5.0 MONTHLY FINANCIALS**

Rich Goodwin reviewed the financial statements and highlighted the following:

- The financial reports for April will be forwarded to the Board before the April meeting.
- Eight months into the fiscal year the airport is at 62.8% revenues and should be at 2/3 of the revenues so the revenue numbers for the fiscal year will likely not be met. Expenses were under planned for the first eight months. Year to date profitability is \$4.7 million. The budget is \$5.7 million. Profit & Loss statement looks good. The Trend Analysis is flat from the prior year due to the downward enplanement trend.
- Debt coverage score worksheet shows a score of 1.77 for the airport (1.60 for the first 8 months and if the AIP projects are included then the score is 2.0 which is phenomenal). The requirement is 1.25. Moody's wants a score of 1.40. The airport has met the debt coverage score for two consecutive years and it appears will also meet the requirement for a third year. Moody's and Fitch like the trend.
- Enplanements continue to trend downward.
- Airlines are wiring money to pay aged bills, but some are not documenting where the payment should be applied so a credit is shown on the Aging Report. United has a credit of \$300,000 at this point in time.
- Accounts Receivables (A/R) are being aggressively managed so the airport's cash position is positive at the end of the year.
- A/R for approved AIP projects is the lowest amount in over three years (outstanding balance is approximately \$766,000).

Jeff Munger asked about the amount owed by Champlain Valley Auto. Kelly Colling explained the company leases rental car space off Airport Parkway. It was noted the State of Vermont owes the airport \$110,000 and Heritage owes \$187,000 of which \$95,000 is over 90 days old. The National Weather Service owes \$42,900. Alan Newman recalled Gene Richards indicated he would be vigorously pursuing outstanding accounts. Rich Goodwin noted he built a database mechanism to aggressively make calls on outstanding A/R accounts. A report of when calls were placed and the results can be compiled. A new financial system was implemented for the City of Burlington as a whole. Deposits are now recorded on a daily basis. Year-to-date and month-to-date reports can be run. Staff

training courses are very helpful and yielding results with contracts, marketing, and collections.

## **6.0 APPROVAL OF MINUTES**

6.01 February 19, 2013

March 5, 2012

**MOTION by Bill Keogh, SECOND by Gene Palombo, to approve the minutes of February 19, 2013 and March 5, 2013 as written. VOTING: 4 ayes, one abstention (Munger); motion carried.**

## **7.0 COMMUNICATIONS**

7.01 Heritage Flight Services/Tech Center Update

Bob McEwing reported the tech center as part of Vermont Technical College continues working with Heritage on use of the aviation support hangar. Staff is still working on the arrangement between Heritage and Atlantic. Steve McGowan and Bob Stiller are involved. The airport is willing to help, but will not take on any more debt. A report on the impact to the airport and the city as a whole is forthcoming from the City Attorney.

7.02 Livable Wage Update

No report.

7.03 Airline Update-Delta Escrow Account

The Delta escrow account agreement is being finalized by the attorneys. A draft was sent to Delta. A response has not yet been received.

7.04 Marketing Position Update

Eleven applications were winnowed down to three for the marketing position. Interviews are being done. A decision will be made March 25, 2013. Becca Burns will help with marketing versus advertising and the new position.

## **8.0 LEASES & CONTRACTS**

8.01 Restaurant Short Term Operating Agreement

Gene Richards reported One Flight Up Restaurant gave notice and will be leaving the airport at the end of the month. It is not advantageous to the airport for the restaurant to leave until Skinny Pancake is in full operation so a 90 day stay was negotiated at a rate of \$500/month. Staff will do another RFP for a restaurant. Alan Newman stressed the need to draft a plan for the best use of the space long term (10 years and beyond) and volunteered to serve on a subcommittee.

The space subcommittee includes:

- Jeff Munger
- Alan Newman
- Bob McEwing
- Tina Lindberg (Mansfield Heliflight)

Ryan Betcher will forward a diagram of the existing restaurant space.

#### 8.02 Aerodyme Agreement

The agreement for the small aircraft maintenance facility runs April 1, 2013 to March 31, 2014 for two pods, north and south, at an annual cost of \$16,013.41 plus 3% of revenues over \$500,000.

#### 8.03 FedEx Agreement

The triple net lease for the building is \$18,000 for five years (first term) and \$20,340 for the second term plus ramp rental rate and landing fees. The new 757 aircraft for FedEx will arrive March 27<sup>th</sup>.

#### 8.04 Verizon Agreement

The term for the new tower on the parking garage is 10 years plus two five year terms mutually agreeable to both parties. The towers can be moved if necessary. There is a 3% escalator in the agreement.

#### 8.05 Transfer of Dollar Car Rental Brand to Advantage

Hertz bought out Dollar Thrifty and must divest with Advantage. Dollar brand will be swapped with Advantage at the airport. The same conditions of the lease will hold.

**MOTION by Jeff Schulman, SECOND by Alan Newman, to accept the staff recommendations on the leases and contracts as described. VOTING: unanimous (5-0); motion carried.**

### 9.0 COMMISSIONER'S ITEMS

#### 9.01 Strategic Airport Planning Committee

Jeff Schulman reported at the last meeting Adam Frasca confirmed the airport is on course. The committee has four meetings remaining then a report will be drafted. Governance was the bulk of the discussions by the committee. No major changes to the Airport Commission's role are anticipated. Creating a regional authority with the state and the city was also discussed. The state proposed taking over the airport.

#### 9.02 Taxi Committee Report

Jeff Munger reported there are too many taxicabs for the number of fares available, especially at the airport, which is creating problems between drivers and causing many complaints to be filed. A moratorium on the number of queue permits at the airport was implemented. The actual number has not yet been decided. Attrition and not issuing new permits will help meet and maintain the number. City Council controls the number of taxi licenses in the city. The police say there are not enough cabs available when the bars close at 2 AM so some rules are not being enforced (such as where taxicabs are allowed to pick up fares) in order to expediently move people out of the city at that time. Burlington Public Works has not yet posted signs at the loading zones to allow taxis to use the space after hours. A work session is scheduled with Gene Richards to discuss

recommendations to City Council and the ordinance committee on the number of taxi permits. Burlington is too small a city to enact a medallion system.

**10.0 OTHER BUSINESS**

10.01 Next Meeting

April 15, 2013 at 4 PM.

10.02 Restaurant Space Subcommittee Work Session Conference Call/Meeting

March 22, 2013 at 3 PM

**11.0 ADJOURNMENT and/or EXECUTIVE SESSION**

**MOTION by Bill Keogh, SECOND by Alan Newman, to adjourn the meeting.**

**VOTING: unanimous (5-0); motion carried.**

The meeting was adjourned at 6:06 PM.

*RScty: MERiordan*



“To Do” List from 3/18/13 Airport Commission Meeting:

1. Staff will provide information on the average difference versus the average airfare.
2. Staff will add the South Burlington City Council and Mayor O’Brien to the information mailing list.
3. Ryan Betcher will forward a diagram of the existing restaurant space to the space subcommittee.