

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
April 15, 2013**

APPROVED – 5/20/13

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
Heather Kendrew, Director of Engineering & Maintenance
Kelly Colling, Airport Operations
Ryan Betcher, Airport Operations/Marketing
Patrick Sharrow, Airport Operations Specialist

OTHERS PRESENT: Rich Goodwin, Assistant CAO, City of Burlington
Chuck Rolecek, One Flight Up Restaurant
Mike Banach, One Flight Up Restaurant
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 (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 ACTION NEEDED

Bill Keogh commended staff on getting the information for the meeting to the Airport Commission in an expedient manner, stressing the importance of the Airport Commission getting the same information as the Board of Finance and that City Council relies on the Airport Commission for recommendations so it is important the Commission make sound, informed decisions.

3.01 Passenger Boarding Bridge, Gate 11

MOTION by Bill Keogh, SECOND by Gene Palombo, to approve the resolution as furnished by staff relative to the passenger boarding bridge,

Gate 11. VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

3.02 Land Acquisition, AIP-94

Gene Richards stated maps and associated information on the land acquisition program will show the vision as the program wraps down. Not all of the houses have been demolished and the proposed acquisition is the last of the houses in South Burlington to be purchased by the airport using program funds. Closure of the program is slated for 2019. The number of houses purchased decreased from a high of 20 houses to three or four houses per year because federal funding for the program is drying up. It is costly for the airport to purchase and carry the properties, but what is being done will be good for growth and sound mitigation.

MOTION by Bill Keogh, SECOND by Gene Palombo, to approve the resolution implementing Land Acquisition, AIP-94. VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

3.03 Grant Amendment: Customs/Porter Operation

MOTION by Bill Keogh, SECOND by Gene Palombo, to adopt the proposed resolution relative to the \$150,000 grant from the State of Vermont for Customs/Porter Air operations. VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

3.04 Trash Removal/Recycling Contract

Staff reported two bids were received, but only one bid was complete and one of the bidders did not want to replace trash and recyclable bins in the terminal as stipulated. The increase in the contract is to cover the composting and recycling dumpster on the airfield.

MOTION by Bill Keogh, SECOND by Gene Palombo, to approve the contract for trash removal/recycling with All Cycle Casella as recommended by staff. VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

4.0 DIRECTOR'S REPORT

4.0 Enplanements/Fare Comparison

Staff reported there are no significant changes to the enplanement numbers. The figures for March are on par with predictions. Fares at Burlington Airport are competitive. Passengers are choosing Burlington Airport versus Plattsburg Airport because of convenience and available, less expensive parking. People go to Montreal for international flights.

Jeff Munger mentioned Canadian airlines are meeting with the Ottawa government to request changes to the price structure of fees and taxes charged to them.

4.02 Delta Atlanta Operations/Status

Staff reported Delta's Atlanta flight is booking well (19.5% as of June). Marketing is working, but needs to continue to maintain and enhance the service and increase the number of passengers. Staff is working with Delta on the jet bridge. Delta's manager and assistant manager are new hires as of 4/15/13. The good communications and working relationship with Burlington Airport is expected to continue.

Chuck Rolecek, One Flight Up Restaurant, suggested listing the Delta flight as "nonstop" rather than "direct" to enhance passenger attention.

4.03 One Flight Up Restaurant Status

Gene Richards noted the ongoing effort to find a solution to keep One Flight Up Restaurant in operation because the restaurant is vital to the airport. Chuck Rolecek stated the restaurant tried to see if there was room for Skinny Pancake and One Flight Up in the same airport terminal, but that appears not to be feasible. Additionally, One Flight Up experienced some equipment failures at an unfortunate time (i.e. with the future being uncertain at the airport and the potential impact of the livable wage issue). The decision to close was solidified with revenues being down 50% coupled with the volume of business in March/April being low. Plus a series of license renewals were due (liquor, health inspection, and employee health insurance). One Flight Up gave the airport a 20 day notice before the doors will close on April 30, 2013 following over 20 years of service. Level and quality of service will not diminish in the remaining days of operation. Mr. Rolecek expressed pride in the contribution by the restaurant to the airport's wellbeing over the years and acknowledged the remarkable job of advertising by Skinny Pancake using Facebook and other social media to reach potential customers. In addition, Skinny Pancake is post security and can serve alcohol beverages and food items. One Flight Up will sell and give away items in the restaurant. Mr. Rolecek commented that the bid process for the restaurant was fair and just and offered the airport the greatest opportunity, but One Flight Up was in a difficult position with being pre-security and the only revenue stream plus having two competing restaurants on two concourses.

Jeff Schulman thanked Mr. Rolecek for addressing the Airport Commission and having a positive attitude. Any feedback or advice on effective use of the restaurant space is welcomed. Mr. Rolecek stated operating hours are an issue as well as signage. Social media should be more heavily used.

Bill Keogh asked Mr. Rolecek for guidance on the amount of square footage that should be allocated for a pre-security restaurant. Mr. Keogh acknowledged the good service over the years by the restaurant. Mr. Rolecek noted there is tenure among the employees.

4.04 Skinny Pancake Operation Status

Gene Richards reported Skinny Pancake is doing very well, especially with delayed flights. People are socializing and dining at the restaurant. There was an issue involving the liquor license in the post-TSA environment. South Burlington was notified. South Burlington is working with Skinny Pancake on the matter. Gene Richards suggested the Airport Commission meet with the restaurant management to discuss the issue as well.

5.0 MONTHLY FINANCIALS

Rich Goodwin reviewed financial statements and highlighted the following:

- The Profit & Loss statement now shows depreciation.
- Nine months into the fiscal year the airport shows \$4.7 million profit. The goal for the year is \$5.7 million, but the amount may exceed \$6 million before principal payments.
- Revenues are trending at approximately 75%. Rent and concession revenues are trending better than budgeted.
- Staff did a good job budgeting operational expenditures. Runway deicer is \$15,000 under budget because the winter was mild.
- Real estate tax was budgeted at \$1.369 million. Actual is \$1.366 million.
- The last tax payment to South Burlington was made in March.
- Moody's review of the City of Burlington did not change the rating so if the airport has to borrow money from the city the interest rate will remain stable going into the next fiscal year. Moody's said the airport has done an exceptional job, but Burlington Telecom continues to be a detriment to the city's rating.
- Effort continues to tighten the financials at the airport, especially Accounts Receivables.
- The draft airport budget will be done by the end of April and presented the third week of May to City Council and the Board of Finance. A tremendous amount of effort is needed to pull together the budgets for all the city departments and enterprise funds.
- Year-to-date revenue comparisons show improvement over last year.
- Landing fees are off by \$100,000 from last year. Enplanements are impacted by the weather across the country.
- Debt coverage score is 1.64.
- Accounts Receivables show approximately \$1 million outstanding as of March 31st. A database has been created with notes on different customers. The database will be a handy tool to use in collecting outstanding accounts.
- AIP projects show \$2 million (federal funding).
- City Counselor Karen Paul is no long on the Board of Finance. A major departure of the way the board has been operated in the past is anticipated.

Rich Goodwin will forward rating information from Moody's to the Airport Commission. Bill Keogh requested that changes to the budget be highlighted (i.e. staff added or cuts made) before the Airport Commission is asked to approve the budget. Rich Goodwin will handle the matter.

Jeff Schulman asked how much cash the airport has on hand. Rich Goodwin will produce a report at the next meeting. The cash balance at the airport is \$500,000 as of 4/15/13. There is approximately \$10 million in reserves at the airport which is more than two and half years ago. There was discussion of the airport having input in the cash management at the airport rather than the Clerk/Treasurer's Office. Gene Richards cautioned against adding more workload to the already overburdened staff at the airport at this point in time. Jeff Schulman clarified the question is whether the Airport Commission responsibility should be enhanced and if the airport should decouple from the city and operate independently. Rich Goodwin pointed out the airport is essentially running independently of the city. The airport can borrow money and has a grant anticipation note and a revenue anticipation note so reliance on the city's cash has been dramatically reduced. As the airport grows cash on hand reliance on the city is reduced, and this is favorably viewed by Moody's. The same situation is occurring with Burlington Electric Department. There is always the push for more cash on hand and in reserve. The balance will allow payoff of short term borrowing.

Alan Newman commented airlines seem to be cancelling flights way in advance of storms lately. Kelly Colling confirms airlines are preemptively cancelling in order to have planes available to move people to their destinations.

Gene Richards requested a work session with the Airport Commission be scheduled in early May to discuss how to use airport space, the airport's position on taxi service going forward (perhaps having only three companies serve the airport), and the mission of the airport.

6.0 APPROVAL OF MINUTES

6.01 March 18, 2012

MOTION by Bill Keogh, SECOND by Alan Newman, to approve the minutes of March 18, 2013 as presented.

DISCUSSION: Bill Keogh submitted a copy of a document titled "Memo for Record", dated March 27, 2013, outlining his position and follow up on the bidding process for the restroom restoration project at the airport. Mr. Keogh requested the memo be attached to the minutes as part of the record. There was discussion of accepting the memo as a part of the minutes or as a separate attachment or simply acknowledging the communication. Jeff Schulman said he is hesitant to include the memo as part of the minutes because the impression could be that this was the will of the Commission; Commissioner Keogh's position was already expressed in the 3/18/13 minutes. Mr. Keogh explained the memo further embellishes his position and backs up what the industry does with handling bids. Any time a member disagrees that disagreement can be expressed either as part of a majority report or via a minority report, said Mr. Keogh. There was further discussion of including or attaching the memo to the 3/18/13 minutes. Alan Newman pointed out the memo is extraneous and one person's opinion which was well expressed at the meeting on 3/18/13

and in the minutes. Gene Richards expressed concern the matter discussed in the memo could be misinterpreted in the future by the press for example. Jeff Schulman observed the Commission debates and discusses issues at the meeting, but the memo appears to be saying the Commissioners are not together on the matter. It may be more appropriate to note the comments on the memo in the current minutes (4/15/13 meeting minutes). Bill Keogh withdrew his proposal to include the memo in the 3/18/13 minutes. There were no further comments.

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

MOTION by Bill Keogh, SECOND by Gene Palombo, that the Memo of Record from Bill Keogh, dated March 27, 2013, be made part of the 4/15/13 meeting minutes. VOTING: 4 ayes, one abstention (Alan Newman); motion carried.

7.0 COMMUNICATIONS

7.01 Heritage Flight Services/Tech Center Update

Heather Kendrew reported the trial date is set so the legal case is still not settled. The airport paid the tax bill and Heritage must pay the airport. Gene Richards has spoken to Heritage. The tech center plan is still in the works.

Rich Goodwin said a lien can be put on the property. The city administration is more aggressive with people paying tax bills to avoid tax sale of the property. Bill Ellis will provide legal support if needed.

7.02 Livable Wage Update

Gene Richards reported on the work with the ordinance committee on the livable wage issue and asked the Airport Commission to support current operation at the airport which seems to be working. Mr. Richards noted the following:

- There is great concern about forcing airlines to abide by the livable wage ordinance because there could be negative consequences such as airlines terminating service to Burlington.
- People have a difficult time understanding that livable wage is not minimum wage.
- The livable wage issue hurt Skinny Pancake.
- Businesses will choose not to locate at the airport.
- The ordinance is not equitably applied in the city and the airport should not have to carry the burden of the ordinance.
- In May leases will be sent to airlines, but prior to sending the documents approval from the Airport Commission will be sought. The issue is whether the leases include the livable wage requirement or not.

Rich Goodwin stated the city is doing an RFP for banking services and is seeking guidance from the city attorney because the banks cannot meet the ordinance standard (tellers are not paid the minimum wage set by the city ordinance). The

city attorney reviewed all contracts for compliance to the ordinance and found the situation is not unique to the airport. Mr. Goodwin will forward relevant information on the livable wage issue to the Airport Commission.

Bill Keogh commented the ordinance is faultily written and suggested the matter be on hold until guidance from the ordinance committee and city administration is received. The livable wage is based on living in Burlington, but many people work in the city yet live elsewhere. The livable wage is targeted to people who work and live in the city.

Alan Newman stated if airlines are not required to pay a livable wage then other businesses should not be held to the ordinance. The airport either requires livable wage be paid by all or none. The Mayor should be informed the livable wage mandate cannot be put on airlines without consequences to the airport so if the city wants livable wages paid by all at the airport then the city will have to subsidize the program. Alan Newman stressed the need for a plan so the issue can be resolved once and for all.

Jeff Munger stated the city administration needs to challenge the ordinance

Gene Richards urged the Airport Commission to talk to the city administration and the ordinance committee about the livable wage issue in a unified voice. The livable wage issue increases costs significantly for the airport which cannot support additional burdens. People will use other airports in the area if Burlington Airport does not keep a competitive edge.

Rich Goodwin suggested waiting to hear the city attorney's advice before approaching city hall because there may be language that could be drafted to differentiate between positions. As a point of interest, parking attendants in Burlington are the highest paid parking attendants in the entire country.

Heather Kendrew stated a livable wage is paid with the janitorial contract, car rentals, and Hudson News, but the revenues to the airport are reduced as a result. Ms. Kendrew suggested the ordinance apply only to contractors, not tenants, as was done in the past.

7.03 Airline Update

Staff reported Delta reservations for June are strong. Marketing and advertising is working. Flights are full and overbooked. Airlines are using smaller planes. The relationship with the airlines is positive though gains have not been made with JetBlue, but ground has not been lost either. Jeff Munger suggested informing Ted Brady with Sen. Leahy's Office of the situation with JetBlue. Gene Richards stated service to Boston, even a fly through, with JetBlue is needed. There was mention of Cape Air service. Jeff Munger noted Cape Air's Essential Air Service subsidy would be in jeopardy by using a different airport.

7.04 Marketing Position Update

Ryan Betcher was hired into the marketing position. Another marketing position will be filled next year. Gene Richards stated an RFP for advertising in the terminal has been done and if the bids are not attractive the advertising will be facilitated in-house. There are many opportunities to advertise and do more with less. The Montreal campaign is complete. Discussion now is about billboards and building relationships with travel agencies in Canada. Two student summer interns have begun work at the airport and two more interns will come on board for the summer. The positions are unpaid, but earn course credits.

8.0 LEASES & CONTRACTS

8.01 Hangar Condo Association

Gene Richards reported the relationship with the hangar condo association has been challenging, requiring an excessive amount of staff time. The contract is the same as all other contracts, but the condo association wanted Highgate Airport hangar rates at Burlington Airport. The lease is fair and sound and comparable to other leases. There are 12 hangars owned by the members of the condo association. Members take care of snow removal, maintenance, and pay the utilities. Burlington Airport owns the building so the lease is essentially a ground lease.

MOTION by Bill Keogh, SECOND by Gene Palombo, to approve the Hangar Condo Association resolution as presented. VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

8.02 TSA Storage

MOTION by Bill Keogh, SECOND by Gene Palombo, to adopt the resolution for GSA/TSA storage space as presented. VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

8.03 JetBlue Office

MOTION by Bill Keogh, SECOND by Gene Palombo, to adopt the resolution for JetBlue office space (255 s.f.) as presented. VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

8.04 Skinny Pancake Storage

MOTION by Bill Keogh, SECOND by Gene Palombo, to adopt the resolution for Skinny Pancake storage space as presented.

DISCUSSION: Gene Richards reported the airport is renting all available space. There were no further comments.

VOTING: unanimous (3-0)[Jeff Schulman and Alan Newman not present for vote]; motion carried.

9.0 COMMISSIONER'S ITEMS

9.01 Strategic Airport Planning Committee

Jeff Munger requested Rich Goodwin attend the next strategic planning committee meeting because there are many inaccuracies being mentioned about the budget. Heather Kendrew will send Mr. Goodwin the next meeting notice. The next meeting will be on governance. Bill Keogh said he supports the status quo. Jeff Schulman suggested there could be streamlining of administration at the airport that improves functioning. Gene Richards said it is good timing to request that City Council provide more authority to the Airport Commission (to sign off on contracts for example) because there is good synergy with the commission, staff, City Council and the city administration. Rich Goodwin suggested creating a structure to allow continued synergy that will not be impacted by future administrations. Jeff Schulman said the momentum is in the direction of an enhanced airport commission. Gene Richards urged bringing the recommendation to the next strategic planning committee meeting. Rich Goodwin suggested recirculating the document from Joe McNeil that outlined what the Airport Commission can and cannot do.

There was mention of the push for more representation from South Burlington and Winooski. Gene Richards explained anything more than a nonvoting seat requires a charter change.

9.02 Taxi Committee Report

Jeff Munger reported issues facing the Taxi Board continue to be complaints against drivers and taxi ordinance changes. A representative from City Council is needed on the Taxi Board.

Gene Richards noted there are changes being made in the Taxi Administration Office. Bill Keogh observed there may be need to amend the ordinance to accommodate the changes.

Alan Newman stressed the need for all taxi drivers to know Burlington and speak English.

9.0 Airport Taxi Queue Line Driver Attire

Jeff Munger stated some taxi drivers have been observed wearing ripped t-shirts while working which does not make a favorable impression.

10.0 OTHER BUSINESS

10.01 Next Meeting
May 20, 2013 at 4 PM.

11.0 ADJOURNMENT and/or EXECUTIVE SESSION

**MOTION by Bill Keogh, SECOND by Jeff Munger, to adjourn the meeting.
VOTING: unanimous (5-0); motion carried.**

The meeting was adjourned at 6:24 PM.

“To Do” List from 4/15/13 Airport Commission Meeting:

1. Rich Goodwin will forward rating information from Moody’s to the Airport Commission.
2. Bill Keogh requested that changes to the budget be highlighted (i.e. staff added or cuts made) before the Airport Commission is asked to approve the budget. Rich Goodwin will handle the matter.
3. Jeff Schulman asked how much cash the airport has on hand. Rich Goodwin will produce a report at the next meeting.
4. Gene Richards requested a work session with the Airport Commission be scheduled in early May to discuss how to use airport space, the airport’s position on taxi service going forward (perhaps having only three companies serve the airport), and the mission of the airport.
5. The Commission approved including the Memo of Record from Bill Keogh, dated March 27, 2013, as part of the 4/15/13 minutes.
6. Mr. Goodwin will forward relevant information on the livable wage issue to the Airport Commission.
7. Jeff Munger requested Rich Goodwin attend the next strategic planning committee meeting because there are many inaccuracies being mentioned about the budget. Heather Kendrew will send Mr. Goodwin the next meeting notice.
8. Gene Richards urged bringing the recommendation of an enhanced Airport Commission (i.e. with authority to sign off on contracts for example) to the next strategic planning committee meeting. Rich Goodwin suggested recirculating the document from Joe McNeil that outlined what the Airport Commission can and cannot do.