

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
February 19, 2013**

APPROVED – 03/18/13

MEMBERS PRESENT: Bill Keogh
Gene Palombo
Jeff Schulman [via teleconference]
Alan Newman [via teleconference]

MEMBERS ABSENT: Jeff Munger

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

OTHERS PRESENT: Rich Goodwin, Assistant CAO, City of Burlington
Vince Dober, City Council
Bob Feury, Hoyle Tanner Assoc.
Steve Magowan, Heritage
Chuck Rolecek, One Flight Up Restaurant
Mike Banach, One Flight Up Restaurant
Marianne Riordan, Recording Secretary

1.0 CALL TO ORDER and AGENDA

In the absence of Chairman Jeff Munger, Vice Chairman Bill Keogh called the meeting to order at 4:13 PM and announced the previously scheduled work session was postponed to a future date.

1.01 Agenda

The agenda was accepted as presented.

2.0 PUBLIC FORUM

There were no comments from the public at this time.

3.0 EXECUTIVE SESSION

3.01 Contracts

MOTION by Gene Palombo, SECOND by Bill Keogh, to go into Executive Session to discuss contracts where premature public disclosure would put the airport and the city at a substantial disadvantage, and to invite airport and city staff and Steve Magowan with Heritage Aviation to attend. VOTING: unanimous; motion carried.

Executive Session was convened at 4:15 PM.

MOTION by Gene Palombo, SECOND by Bill Keogh, to adjourn Executive Session and reconvene the regular meeting. VOTING: unanimous; motion carried.

Executive Session was adjourned and the regular meeting reconvened at 4:26 PM.

4.0 MONTHLY FINANCIALS

Rich Goodwin reviewed the financial statements and highlighted the following:

- The airport's Profit & Loss statement for the first 7 months of the fiscal year shows an achieved profit level of \$3.6 million. The budget is \$5.7 million. The trend is in the right direction. The amount is slightly off, but not materially. Expenses and revenues are performing as expected.
- The Trend Analysis shows revenues off from the prior year by approximately \$20,000 driven mainly by the drop in enplanements.
- Debt coverage score for the airport is 1.64 for the first 7 months of the fiscal year which is exceptional. Moody's and Fitch want a score of at least 1.40 or higher. The required score is 1.25. The airport is on track to achieve the required debt score or higher for three consecutive years.
- Enplanements for calendar year 2012 were off from the prior year by 3.79%. For the first month of calendar year 2013 enplanements are off 4.68%. If the trend continues the debt coverage score could be jeopardized.
- The Aging Report is as of 2/19/13. A customized database is being built for the airport so accounts receivables can be better managed.
- For AIP projects, outstanding accounts receivables as of June 30, 2012 were \$3.3 million. Total accounts receivables at the end of January 2013 was \$687,000. AIP accounts receivables have been managed more aggressively. AIP projects for FY2013 equal \$1.6 million and \$1.5 million has been collected.
- The amount the airport owes the city changes daily based on capital spending or bond payments. The amount was over \$1 million and now is down to under \$750,000.

There was discussion of account receivables being over 60 days. Rich Goodwin stated it is common for accounts to be out 90 days, but better management of A/R is needed. Gene Richards noted with the previous system the city was 30 days behind on payments so staff did not know what had been paid and therefore could not aggressively pursue collections. Each vendor was contacted and contact information was updated. Calls will be made this month. So far contacts have been successful. Rich Goodwin stated with the recent reorganization, roles and responsibilities of team members were redefined. Gene Richards added staffing levels are low for an airport the size of Burlington Airport and staff is stretched. The reorganization plan will help to get good results. There was mention of JetBlue being behind in payment. Gene Richards assured JetBlue will be contacted.

Rich Goodwin said he will try to forward all pertinent financial information to the Airport Commission prior to the next meeting. The new payroll system posts all payroll expenditures on a weekly basis. Deposits are posted on a daily basis. The system will

ensure the bond finance statements are in good standing. There will be a higher level of reporting in the future. The cost of the service is \$1,200 per year shared by the airport and the city.

MOTION by Bill Keogh, SECOND by Gene Palombo, to accept the financial report and place the information on file. VOTING: unanimous (4-0); motion carried.

5.0 APPROVAL OF MINUTES

- 5.01 January 22, 2013
- May 21 & May 2, 2012
- April 16, 2012
- March 19, 2012

MOTION by Gene Palombo, SECOND by Bill Keogh, to approve the following minutes as presented:

- January 22, 2012**
- May 21 & May 2, 2012**
- April 16, 2012**
- March 19, 2012.**

VOTING: 3 ayes, one abstention (Alan Newman); motion carried.

6.0 COMMUNICATIONS

- 6.01 Heritage Flight Services/Tech Center Update
Discussed in Executive Session.

- 6.02 Status of Porter Operations

Bob McEwing reported the Porter Air is experiencing 45%-50% load factor on incoming flights on Friday and outgoing flights on Monday.

- 6.03 Livable Wage Update

Gene Richards reported an information session was held with the livable wage ordinance committee. The city attorney was asked to provide an opinion on how the city is utilizing the livable wage ordinance today with contracts and leases. Mr. Richards said the ordinance is not enforced now by the city. The airport is doing a better job than the city with livable wage since 90% of airport staff earn above livable wage.

- 6.04 Airline Update

Bob McEwing reported airline service for the month of March was up 1,200-1,500 seats per week above February, but down 1,300 seats per week compared to March of last year. The trend is expected to continue upward until July and then decline.

- 6.05 Marketing Update

Ryan Betcher reported meetings have been held with Delta to discuss the \$95,000 Delta marketing plan for nonstop service to Atlanta. Implementation is anticipated next month. Alan Newman suggested the Airport Commission discuss the broad

marketing plan by Kazza before implementation. Gene Richards suggested a work session open to all be scheduled. Mr. Newman mentioned exploring the idea of transporting people from smaller airports to Burlington Airport for outgoing flights. Ryan Betcher said staff has investigated shuttle service to areas in Quebec, for example.

7.0 LEASES & CONTRACTS

7.01 RFP - Restaurant

Heather Kendrew reported the RFP for restaurant service was sent out. Outreach was done to local restaurants as part of the RFP process. Only one proposal was received. One Flight Up was the responder. Continuing operation of the restaurant in the interim under a month-to-month contract has been discussed with One Flight Up. The specific agreement is still being drafted. Staff is being deliberate because the agreement must be in the best interest of the airport in the long term.

Chuck Rolecek, One Flight Up, confirmed there is a verbal agreement for month-to-month service until further notice. The bid submitted on January 8, 2013 was the best offer by One Flight Up at the time, but the proposal was rejected.

There was discussion of the lack of responses to the RFP by area restaurants and the impact of the livable wage requirement on the very thin margins in the food and beverage industry. Typically the industry pays a lower wage which is augmented by tips. Gene Richards pointed out when the airport restaurant is empty the airport does not receive any revenue. Without a restaurant, jobs will be lost. Chuck Rolecek noted One Flight Up provides 27 jobs at the airport and some employees have worked 20 years with no problem regarding the wages paid.

7.02 Retail Concessionaire Contract

Ryan Betcher reviewed the ranking matrix for evaluating responses to the RFP and how Hudson Group had the highest score. Plans for infrastructure improvements by Hudson Group were shown. Mr. Betcher stated the plans by Hudson were superior to plans provided by other bidders. Vermont products will be sold in the store. Hudson has had success with sale of Vermont products. Gene Richards pointed out Hudson made a huge investment in their proposal. Hudson Group has a long history with the airport and is committed to the construction which will take about three weeks to complete. Kiosks will be operating in the interim.

Alan Newman asked the financial difference in the airport net across proposals. Ryan Betcher stated the minimal annual guarantee is \$201,000 plus 13% of gross above that amount by Hudson and \$269,197 flat amount by Airport Concessions International. The delta is \$340,000 for five years.

Bill Keogh stated he has not had enough time to review the material that was received just prior to the meeting before casting a vote. Also, the rules approved by the Airport Commission require a 2/3 vote in order for an item to be on the

agenda. Gene Richards pointed out opportunity was given to the Airport Commission to review the materials in advance of the meeting and some members chose not to attend. The airport needs to move forward on the matter. Gene Palombo suggested electronic delivery of materials and discussion among commissioners by telephone prior to the meeting so action can be taken at the meeting. Bill Keogh will check with Jeff Munger regarding scheduling a special meeting on Monday, February 25, 2013 at 11 AM to act on the matter.

7.03 Leases
No new updates.

8.0 DIRECTOR'S REPORT

8.01 Enplanements

Enplanements were down 4.5% in January from the prior year in January.

8.02 South Burlington Housing Demolition Status

Bob McEwing reported George Maille submitted an appeal of the opinion by Act 250 on the taking of houses. Gene Richards briefed the Airport Commission on progress to date in building a stronger relationship with South Burlington and plans for better communication.

8.03 South TSA Checkpoint Changes

Heather Kendrew reported staff continues working with TSA on modifications to the south checkpoint area to provide additional queuing room and potentially an additional lane if needed in the future.

8.04 Skinny Pancake/Chubby Muffin Status

Gene Richards reported construction continues for the Skinny Pancake facility. The opening has been pushed into March.

8.05 Correspondence: FAA Use of Airport Revenue

Attorney Bill Ellis sent a letter to the FAA and a response has not yet been received. Staff is replying to questions from South Burlington.

8.06 North Terminal Restroom Upgrade Project

Upgrade of the restrooms in the north terminal will begin in March. The facilities will be made handicap accessible, clean and pleasant to use. Existing facilities are in bad condition, dated, and odiferous.

8.07 Housing Acquisition Program

Staff reiterated an appeal of the Act 250 opinion regarding acquisition and demolition of houses has been filed. A decision has not been rendered.

9.0 COMMISSIONER'S ITEMS

9.01 Strategic Airport Planning Committee

Vince Dober stated the Strategic Airport Planning Committee will meet 2/21/13 to define ideas to match the charges previously specified by the Mayor. Gene Richards stressed the need to recognize that the Airport Commission must be stronger moving into the future because that is what works. Vince Dober said the idea of recessing the committee until a new airport director is hired was discussed, but nixed. The committee will work on a strategy for going forward and that strategy will be the strategy for the new Aviation Director.

9.02 Taxi Committee Report

Vince Dober reported amendments to the taxi ordinance are proposed related to establishing residency and driving experience in Vermont before being granted a taxi license. There was discussion of eliminating the taxi advisory committee, but the ordinance committee prefers to keep the language relative to the committee in the ordinance even if the membership on the committee is not filled. There was also discussion of membership on the Taxi Appeals Panel/Board and the requirement that a member of the licensing committee serve on the Taxi Appeals Panel/Board. It is difficult for members to attend a day meeting which is when the Taxi Appeal Panel/Board meets.

10.0 OTHER BUSINESS

10.01 Next Meeting

March 18, 2013 at 4 PM.

10.02 American/US Air Merger

Gene Richards reported no change at Burlington Airport is anticipated for at least a year with the merger of American Airlines and US Air. Bob McEwing added full implementation will be by 2015. Airports with both US Air and American Airlines are concerned because there could be some curtailment of service. American Airlines presently does not serve Burlington.

11.0 ADJOURNMENT and/or EXECUTIVE SESSION

MOTION by Gene Palombo, SECOND by Jeff Schulman, to adjourn the meeting.

VOTING: unanimous; motion carried.

The meeting was adjourned at 5:52 PM.

RScty: MERiordan

“To Do” List from 2/19/13 Airport Commission Meeting:

No Items.