

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
BOARD MEETING
JANUARY 8, 2013

A regular meeting of the Wilkes-Barre/Scranton International Airport Joint Board of Control was held Tuesday, January 8, 2013 in the Terminal Building Conference Room at the Airport. The meeting was called to order at 2:00 P.M. with Commissioner Corey D. O'Brien presiding. Commissioner O'Brien explained that this meeting is the December 2012 Board Meeting and the January Board Meeting will be held on January 31, 2013.

PRESENT: Commissioner Corey D. O'Brien
Commissioner Patrick O'Malley
Commissioner James Wansacz
Board Member Timothy McGinley
Board Member Robert Lawton
Board Member Rick Williams

ALSO PRESENT: Barry J. Centini, Airport Director
Michael W. Conner, Assistant Airport Director
Stephen Mykulyn, Director of Engineering
Gary Borthwick, Director of Finance
Walter Griffith, Luzerne County Controller
Attorney Don Frederickson, Lackawanna County Solicitor

ITEM 2:
PUBLIC COMMENTS.
(Chairman)

None.

ITEM 3:
APPROVAL OF MINUTES.
(Chairman)

MOTION: To approve and dispense with the reading of the November 15, 2012 Bi-County Airport Board Meeting minutes.
MOVED BY: Board Member Timothy McGinley
SECONDED BY: Commissioner Patrick O'Malley
VOTE: Unanimous

ITEM 4:
BUSINESS REPORT:
(Michael Conner – Assistant Airport Director)

Passenger Activity

DISCUSSION: Mr. Conner reported on the "Airport Quick Look" charts, passenger enplanements for the month of November 2012 remain the same from 18,845 vs. 18,844 for the month of November 2011. Mr. Conner noted that this is attributable to two reasons: 1). The loss of American Eagle's 23 flights from last November, as well as the loss of one daily Delta flight to Detroit for the fall/winter season; and 2). The addition of Allegiant's twice weekly flights to Orlando-Sanford compared to last November.

BUSINESS REPORT – Cont'd...

Enplanements for November 2012 compared to enplanements for November 2010 decreased by 351, or 1.8%. This is mainly attributable to the loss of American Eagle's 60 flights in November 2010. Although AVP has lost one daily Delta flight to Detroit for the fall/winter season, and has added Allegiant's twice weekly flights to Orlando-Sanford and Delta's one daily flight to Atlanta compared to November 2010, the additions were still not enough to account for the losses from American Eagle.

Enplanements for November 2012 compared to enplanements for October 2012 decreased by 1,489 which is 7.3%. This is mainly attributable to the deployment of nearly 1,000 service men and women from Northeast Pennsylvania (October 9-12), as well as the airlines' reduced schedules over the Thanksgiving Holiday (November 22-23.)

In November 2012, 19 departing flights were cancelled: 13 for air traffic/weather; 6 for mechanical. This accounts for 813 seats (3.2%) out of a total 26,081 departure seats. Also, 17 arriving flights were cancelled: 14 for air traffic/weather and 3 for mechanical.

General Aviation Operations.

DISCUSSION:

For November 2012, General Aviation had 1,071 operations (one take-off or one landing) which is a decrease of 0.6% from November 2011's 1,136 General Aviation Operations. General Aviation revenues decreased \$ 4,119 or 37% to \$ 6,878.

Financial Report

Revenue/Expenses Report.

DISCUSSION:

Mr. Conner reported that for the month of November 2012, Airport Operations had a net income totaling \$ 62,791, compared to a net income of \$ 52,662 in November 2011, which is a difference of \$ 10,129. Year-to-date, our net income for 2012 is \$ 335,120, which is \$ 161,070 less than the comparable 2011 net income of \$ 496,190. Invoices received since the last meeting for supplies and services total \$ 1,582,956.15. Mr. Conner noted that this figure includes payments issued on December 20, 2012 to vendors to avoid penalty and late fees. These invoices include major construction project costs of \$ 1,252,752.19.

Project Invoices.

DISCUSSION:

The following Airport Capital Project Invoices and Applications for Payment have been received since the last Board Meeting and are recommended for payment (AIP Echo Drawdown #2012/11).

Construct New Passenger Terminal
ACP 03-01

Fieseler Neon Signs	\$	6,065.05
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Invoice #7336, Task 7B-1, February 17, 2012 in the amount of \$ 6,065.05 for construction in Customs.

Rehab. and Extend Hangar Road
ACP 07-16

BUSINESS REPORT – Cont'd...

L. R. Kimball \$ 31,386.76

Invoice # 517360, November 27, 2012 in the amount of \$ 31,386.00 for inspection services.

Scartelli Construction \$ 350,770.64

Application # 13, January 3, 2013 in the amount of \$ 350,770.64 for construction services.

Friedman Electric \$ 1,702.75

Invoice #S014087074.003, November 16, 2012 in the amount of \$ 1,702.75 for construction services.

Friedman Electric \$ 315.79

Invoice # S014087074.002, November 13, 2012 in the amount of \$ 315.79 for construction services.

Friedman Electric \$ 1,230.47

Invoice # S014087074.001, November 9, 2012 in the amount of \$ 1,230.47 for construction services.

This project is 85.47% complete.

Construct South General Aviation Apron
ACP 10-01

Popple Construction \$ 585,400.68

Application # 12, December 17, 2012 in the amount of \$ 585,400.68 for construction services.

URS \$ 74,292.08

Invoice # 5300805, November 15, 2012 in the amount \$ 74,292.08 for inspection services.

URS \$ 72,280.19

Invoice # 5341400, December 10, 2012 in the amount \$ 72,280.19 for inspection services.

URS \$ 25,000.00

Invoice # 4696339, May 23, 2011 in the amount \$ 25,000.00 for inspection services.

This project is 85.19% complete.

BUSINESS REPORT – Cont'd...

Parking Study and Construct Additional Surface Parking Project
ACP 10-07

KBA \$ 4,070.08

Invoice # 6914, December 12, 2012 in the amount
\$ 4,070.08 for inspection services.

This project is 76.92% complete.

Taxiway B
ACP 11-01

L. R. Kimball \$ 197,517.89

Invoice # 517545, December 3, 2012 in the amount
\$ 197,517.89 for design services.

This project is 56.93% complete.

Airport Passenger Facility Charge (PFC) Trust Transfers

DISCUSSION:

The following PFC transfers are recommended for Airport Board approval.
PFC Drawdown # 2012/11 Check #1007.

Construct New Passenger Terminal
ACP 10-01

Fieseler Neon Signs \$ 6,065.05 CIP 19203-01
Construction
ACP 03-01

Design & Construct New South General Aviation Apron
ACP 10-01

Popple Construction \$ 14,635.02 CIP 19610-01
Construction
ACP 10-01

URS \$ 1,857.31 CIP 19610-01
Inspection
ACP 10-01

URS \$ 625.00 CIP 19610-01
Inspection
ACP 10-01

URS \$ 1,807.01 CIP 19610-01
Inspection
ACP 10-01

MOTION:

Request the Airport Board accept and approve the above transactions and payments
and approve the PFC Trust Transfers.

MOVED BY:

Commissioner Patrick O'Malley

SECONDED BY:

Commissioner James Wansacz

VOTE:

Unanimous

ITEM 5.

BID OPENING/AWARD:

(Michael Conner, Assistant Airport Director)

Airport Window Cleaning Services.

MOTION:

Bids were opened Friday, December 14, 2012 at 3:30 P.M. in the Airport's Conference Room by Airport Administration and Lackawanna County Chief Auditor, Reggie Mariani for Airport Window Cleaning Services. Recommend the Board approve the award to the low bidder, P. J. Window Cleaning Services, 16 Sand Street, Plains, PA., 18705, subject to solicitors concurrence.

Bids listed below:

<u>Bidder Name</u>	<u>Base Bid</u>
P. J. Window Cleaning	\$ 52,500.00
GI Cleaning & Building	\$ 77,727.13

Obstruction Tree Removal.

MOTION:

Bids were opened Thursday, December 27, 2012 at 2:00 P.M. in the Airports Conference Room by Airport Administration and Reggie Mariani, Lackawanna County Chief Auditor, for Airport Obstruction Tree Removal Services. 14 sets of specifications were picked up and the Airport Received four (4) bids, as listed below. Recommend the Board approve the award to the low bidder, A. R. Popple Construction, Inc. of Wilkes-Barre, PA. at the low base bid of \$ 52,800.00, subject to solicitors concurrence.

<u>Bidder Name</u>	<u>Base Bid</u>
A. R. Popple Construction, Inc.	\$ 52,800.00
American Asphalt	\$ 56,856.00
Pikes Creek	\$ 57,945.24
Leeward Construction	\$ 119,400.00

MOTION:

To approve the Window Cleaning Services bid award and the Obstruction Tree Removal Services bid award.

MOVED BY:

Board Member Timothy McGinley

SECONDED BY:

Commissioner Patrick O'Malley

VOTE:

Unanimous

ITEM 6.

CONTRACTS/LEASES/AGREEMENTS:

(Michael Conner, Assistant Airport Director)

Airport Cargo Facility Lease Agreement.

MOTION:

Recommend the Airport Board approve the Airport Cargo Facility Lease Agreement between the Wilkes-Barre/Scranton International Airport and Becker Airport Services, for the lease of 1,000 s. f. of space in the Airport Cargo Facility, for the purpose of maintaining airline ground support equipment, at a rate of \$ 4.50 per s.f. which totals \$ 4,500.00 annually, to be paid on a monthly basis in the amount of \$ 375.00 per month, subject to solicitors concurrence. This Agreement supersedes their Lease Agreement of January 7, 2007. This lease commences on January 1, 2013 and continues for a term of one (1) year, until December 31, 2013. Three separate one (1) year renewal terms are optional upon successful renegotiation of the rental rate within 60 days of the end of any term.

CONTRACTS/LEASES/AGREEMENTS – Cont'd...

Airport Cargo Facility Lease Agreement.

MOTION:

Recommend the Airport Board approve the Airport Cargo Facility Lease Agreement between the Wilkes-Barre/Scranton International Airport and Hawk Transport and Courier Service, LLC, for the lease of 1,000 s. f. of space in the Airport Cargo Facility, for the purpose of operating a transportation cargo/freight related business, at a rate of \$ 5.46 per s. f. which totals \$ 5,460.00 annually, to be paid on a monthly basis in the amount of \$ 455.00 per month, subject to solicitors concurrence. This agreement supersedes their Lease Agreement of December 21, 2006. This lease commences on January 1, 2013 and continues for a term of one (1) year, until December 31, 2013. Two separate one (1) year renewal terms are optional upon successful renegotiation of the rental rate within 60 days of the end of any term.

Airport Commercial Office Lease Agreement.

MOTION:

Recommend the Airport Board approve the Airport Commercial Office Lease Agreement between the Wilkes-Barre/Scranton International Airport and CSI International, Inc. for the lease of 2,111 s. f. of space situated on the second floor of the Airport Aviation Center, for the purpose of operating a full service custom house broker operation. This lease took effect May 24, 2012 at the following monthly rates: \$ 2,400.00 from May 24, 2012 to May 23, 2013; \$ 2,450.00 from May 24, 2013 to May 23, 2014 and \$ 2,500.00 from May 24, 2014 to May 23, 2015. This Agreement supersedes their Lease Agreement of July 15, 2010. All other terms and conditions remain the same.

Agreement for News Rack Space.

MOTION:

Recommend the Airport Board approve the Agreement for News Rack Space between the Scranton Times, LP and the Wilkes-Barre/Scranton International Airport effective January 8, 2013 for a period ending December 31, 2015. Scranton Times was given the choice of two options, as follows: Option 1 – Purchase all required news rack inserts from Airport at a cost of \$ 444.60 each, and pay an annual maintenance fee of \$24 per insert (payable annually in advance) for the cleaning and upkeep of the news rack insert and enclosure; and Option 2 – Lease all required news rack inserts from the Airport at a cost of \$15 per month (payable via invoice once per month), and pay an annual maintenance fee of \$24 per insert (payable annually in advance) for the cleaning and upkeep of the news rack insert and enclosure. Scranton Times chose Option 1.

MOTION:

To approve the three (3) aforementioned agreements and one (1) Agreement for News Rack Space.

MOVED BY:

Board Member Rick Williams

SECONDED BY:

Commissioner Patrick O'Malley

VOTE:

Unanimous

ITEM 7.

AUTHORIZATION – RFP:

(Michael Conner, Assistant Airport Director)

MOTION:

Request the Airport Board authorize the Airport to solicit a Request for Proposal (RFP) for Insurance Brokerage Services, which will include the development of insurance specifications and subsequent solicitation of bids for various insurance coverage's (including: Airport Liability, workman's compensation, commercial loss, inland marine, commercial auto, crime, fidelity, electronic data processing, property, employment practices, director's liability and terrorism) covering the Airport's

AUTHORIZATION - RFP – Cont'd...

insurance periods beginning April 1, 2013 and ending March 31, 2016. The resulting brokerage will also serve as the Airport's agent of record during the solicitation process until the end of the coverage period.

MOVED BY: Board Member Timothy McGinley
SECONDED BY: Board Member Rick Williams
VOTE: Unanimous

DISCUSSION: Mr. Conner was asked who is the Airport's current insurance broker, and Mr. Conner explained that currently the airport does not operate their insurance program in this manner, with a specific brokerage called out. He explained that the Airport currently has four (4) different companies or local agents (2 from each county) and that unfortunately that situation has gotten rather heated in the last few years and so the Airport decided to change the way they are doing things and decided to go with one particular person.

DISCUSSION: After further discussion, the Airport Board and the Board's solicitor came to realize that, for what the Airport would actually be advertising for, that instead of soliciting for "Request for Proposals" the Airport should solicit for "Request for Qualifications.

MOTION: Amend Authorization – Request for Proposals (RFP) to say "Request for Qualifications" (RFQ).

MOVED BY: Board Member Timothy McGinley
SECONDED BY: Commissioner Corey O'Brien
VOTE: Unanimous

ITEM 8.

DIRECTOR'S COMMENTS:

(Barry J. Centini, Airport Director)

2013 Airport Operating Budget.

MOTION: Recommend the Airport Board approve the 2013 Operating Budget.

DISCUSSION: Mr. Centini stated that the Airport has gone over it extensively with Mr. Lawton and the people from Luzerne County. He stated that the numbers highlighted on the handout are the income and loss from operations. The Airport is showing that the revenues turn out to be \$5,142,000.00 and expenses are \$5,136,000.00. He continued that the Airport is looking on the plus side of about \$5,800.00 for the whole year. He also pointed out that the ARC expense estimate and subsidies from the County are included, which was estimated from the prior two years for Lackawanna County.

MOVED BY: Commissioner James Wansacz
SECONDED BY: Commissioner Patrick O'Malley
VOTE:

Commissioner O'Brien	-	Yea
Commissioner O'Malley	-	Yea
Commissioner Wansacz	-	Not Present for vote
Board Member McGinley	-	Nay
Board Member Lawton	-	Nay
Board Member Williams	-	Nay

Motion failed

DISCUSSION: Mr. Lawton stated that last year the operating budget projected a \$150,000.00 deficit, and asked what does the Airport project for the end of year to be for fiscal year '12, and also, has that deficit been managed out? Mr. Borthwick replied that the Airport is looking at a income loss before depreciation in the neighborhood of \$225,000. Mr. Lawton reiterated that the Airport started out fiscal year '12 with a

DIRECTOR'S COMMENTS – Cont'd...

budget that predicted a net loss of about \$150,000., and now we are looking at an outcome where it would project a net gain of about \$250,000., which is about a \$400,000. swing ended by a \$6M budget. Mr. Lawton then congratulated the job the Airport managers have done and stated, that amount would have been a sufficient amount to pay the ARC payment last year. Mr. Borthwick stated, that being said, this operating income has been utilized for other projects that are capitalized in the assets. He said that the income we are speaking of has been eaten up through the Airport having to pay for other items.

Mr. Lawton stated that he wanted to be clear about what happened, he went on to say, 'we started out with a deficit in year '12, can't pay the ARC because we're in deficit and there's a policy matter. Over the course of the year, with good management and good revenues on the operating side, swung it \$400,000. net to the good from \$150,000. in the hole, but still the ARC as an operating expense, was not recognized, and that surplus is going into other things at the Airport', he then asked if his understanding of year '12 is correct. Mr. Borthwick stated that it is correct. Mr. Lawton went on to say that he sees that the Airport has a slight surplus projected in fiscal year '13 of \$5,800.00 and that there was no application of operating fund balance of fiscal year '12 into '13, and at the same time the ARC expense is also not included.

Mr. Lawton then stated that he is against this budget because it does not pay the ARC expense and based upon the Airports record in prior years, that he has every confidence that when we get to end of fiscal year '13, there will have been similarly a surplus in the year end closure that would have been sufficient to pay the ARC for both counties, had it been so applied.

Commissioner O'Brien stated that Mr. Lawton stated that the reason the ARC payment was not included was because of the deficit and policy. Commissioner O'Brien stated that he does not think it was not a deficit from Lackawanna's side of the table at all, or anything with the operations of the airport. He stated it was policy on Lackawanna's side and the policy being that, let's say at the end of the day you have paid everything and you have \$300,000. left, he said that their policy discussion and their thoughts in regard to the ARC payment is that it is better for Lackawanna County from an Airport standpoint to take that \$300,000 and utilize those funds to attract more carriers, more airlines, more flights to the airport and utilize those funds in a strategic way, then to repay the counties. In addition, is that the surplus operates to cover when there are operating problems, then those funds are available as well.

DISCUSSION:

Mr. Lawton stated that he understands the premise of Commissioner O'Brien's argument and replied that extending it just one more step is that the we should also be subsidizing the health insurance. He said once you start saying that 'well we are not going to have the airport pay this particular cost of operations' at what point do you stop. He went on to say that if we start paying health insurance, and that is also a county contribution, there would be even more money for the airport to put into capital projects.

Commissioner O'Brien then stated that the history has been the other direction. The Counties did everything here, they paid all bills, they handled the maintenance, everything from day 1, and over time they have reduced what they have done. He stated that as they have reduced and have given the airport less and less, the last thing the county does for the airport is the ARC payment.

Mr. Lawton then stated that the history Commissioner O'Brien has outlined that leads to the conclusion, either a pot at the end of the rainbow or full assumption by

DIRECTOR'S COMMENTS – Cont'd...

the airport, particularly at a point in time that the airport is demonstrating a health and an ability to handle their affairs, he is confident that a \$6M budget with a \$5,000 surplus to start with, that they could manage to, over the course of the year, manage the ARC amount.

Commissioner O'Brien stated that he does not think the Airport is there yet, he thinks the airport is moving in that direction, but he thinks they are years away. Mr. Lawton stated that the Airport has paid all those bills and still have managed to come through this with a swing of \$400,000. to the good and a \$250,000. surplus, and he would say the airports has reached maturity and it is time to stop the subsidy.

DISCUSSION:

Mr. McGinley asked if raises were included in this budget? Mr. Centini answered that there is no request for raises for the Administrative staff. Mr. Centini stated that the Union has a contract and union members will receive a increase of \$1,000.00. Mr. McGinley questioned that the county subsidy listed in the budget, if that is part of the budget or not. Mr. Borthwick replied that it is an estimate for the Boards edification until he gets the other number, but since it is a wash it will be recorded in the audit of financials. Mr. McGinley then asked if the Airport is asking the counties for a subsidy.

Commissioner O'Brien explained that 'no' the airport is not asking for a subsidy, but this is the way the counties requested it be shown on the books. He explained that the agreement between the two counties was it will be shown on the books so that all people of N.E. Pennsylvania see the value and benefit of what they are doing, that they are contributors to this facility. That he explained was the negotiated compromise.

Mr. Lawton then said that in Luzerne County they have the county government, they have the retirement system, and it is separate from county government. A check will be written from county government to the retirement plan to cover this portion of the ARC, he stated he strongly believes it should be otherwise. He said if they are going to do this, the county should write a check to the airport, that there be a subsidy explicit and stated in the county budget, as well as the airport budget, that the Airport then use this to make a payment to the appropriate retirement systems in that amount. That it be an arms length financial transaction to do the, 'well I'll take care of you and you take care of me', and he noted, he is not saying there is anything wrong with that, but he does feel that it is more responsible to have it structured that the airport receive that amount, that the airport then make the payment, and that the county write the check for the airport.

Commissioner O'Brien replied that if the counties don't want to give it, then that is the way to do it, because there is no way that the Luzerne County Council is going to approve cutting the check to the airport. He said that would be the way around doing that, he agrees with that premise, however, he fundamentally disagrees that we are at a point in the airports life cycle when we can abandon it to fend for itself. He does not believe that a \$100,000. swing, that we are positive a 100 or we are down a 100 thousand, for 400 thousand, that we have demonstrated a long enough historical basis to stop support. Commissioner O'Brien then said 'why are here, we are here to encourage, to support this airport and to encourage and support the airports growth moving forward. And while we have fiduciary responsibilities to our own counties, we also have, while we sit that this table, an overriding fiduciary responsibility to the airport, as trustees and fiduciaries to the airport.' He stated that he believes it is important to continue to fund this facility, that we continue to try and find ways to attract airlines and carriers to be here long term. He stated that the airport has to get to a point where they are moving in a positive trajectory, and he stated, the airport is not there yet. He feels that if they starve this airport, the

DIRECTOR'S COMMENTS – Cont'd...

one asset that both counties collectively share, and are very proud of, if we starve it, it will die, and this will be start of the end for this place. He stated it is not there, if it were there they would not need us and they would not need us as a board. He stated they are here because they helped start the airport, and they started it with the funds of taxpayers, and if airports were self sustaining, then they would be private, but they are not, they are public, and they are public because they require tax dollars, they require investment and this airport has an investment with respect to the ARC and other things, and to starve it and deprive it of those funds, he feels would be going in a catastrophic direction at this point in the airports history.

Mr. Lawton stated that he is willing to concede for the sake of argument the need to continue the subsidy, then he submits that the subsidy should not be implicit, it should be explicit. That the county should recognize it and take ownership of it. He believes the counties should write checks to the airport for the amount necessary and let the airport turn around, because those retirement systems are agencies separate and distinct from our county governments, and have different governing boards, then the airport writes the check from revenues that they receive from the county. He stated he does not think that stifles or kills or smothers the airport, he does think that financially that it is an important recognition and quantification of the role.

MOTION: To review the concept of providing Administrative raises, to suggest to the Board what a reasonable administrative raise would be or to get together a proposal.
MOVED BY: Board Member Timothy McGinley
SECONDED BY: Commissioner Corey O'Brien
VOTE: Unanimous

Extend Taxiway B Project (Environmental Assessment.

MOTION: Recommend the Airport Board ratify the approval and acceptance of PennDOT, Bureau of Aviation Grant #ADP-2012-00025 dated December 12, 2012. Grant is for an Environmental Assessment to Extend Taxiway B. Grant amount is \$23,790.00 which is 5% of project costs.
MOVED BY: Board Member Timothy McGinley
SECONDED BY: Commissioner Patrick O'Malley
VOTE: Unanimous

Miscellaneous.

DISCUSSION: Mr. Centini reminded the Board that the next Airport Board Meeting, January 31, 2013 at 10:30 A.M. will be an Airport Board Reorganization meeting.

ITEM 9.
OTHER MATTERS:
(Chairman)

None.

ITEM 10.
ADJOURNMENT:
(Chairman/Vice Chairman)

MOTION: To adjourn the meeting.
MOVED BY: Board Member Timothy McGinley
SECONDED BY: Board Member Robert Lawton
VOTE: Unanimous

The meeting was adjourned at 3:20 P.M.