

## **FORT WAYNE-ALLEN COUNTY AIRPORT AUTHORITY**

### **Fort Wayne-Allen County Airport Authority Board Meeting**

A meeting of the Fort Wayne-Allen County Airport Authority Board was held in the Airport Authority Conference Room, Suite 210, 3801 W. Ferguson Road, Fort Wayne, Indiana 46809, pursuant to proper legal notice and was called to order on August 17, 2009 at 3:00 p.m. by Mr. Michael S. Gouloff, President.

#### **ATTENDANCE:**

##### **AIRPORT AUTHORITY BOARD MEMBERS:**

Michael S. Gouloff, President, present  
Richard B. (Barry) Sturges, Jr., VP, present  
Timothy J. Haffner, Secretary, present  
Cornelius B. "Neil" Hayes, present  
Jerome F. (Jerry) Henry, Jr., present  
Benjamin "Ben" T. Johnston, present

##### **AIRPORT AUTHORITY STAFF & LEGAL COUNSEL PRESENT:**

Tory Richardson, Director of Airports  
Craig Williams, Director Admin. & Finance  
Laura Hakes, Purchasing Manager  
Sheryl Kelly, Sr. Manager Eng. Services  
Ray Young, Human Resource Manager  
Rebecca Ross, Property Manager  
Ronnie Portis, Controller/Treasurer  
Patrick Dooley, VP Airport Development  
Dennis Logan, Airport Authority Attorney  
Mike Deam, Airport Authority Attorney

#### **CALL TO ORDER:**

Mr. Michael Gouloff, President, called the meeting to order at 3:00 p.m.

#### **WELCOME TO SPECIAL GUEST:**

The board welcomed Ms. Paula Hughes, Vice President of the Allen County Council acting as the Airport Board/County Council liaison.

#### **CONSIDERATION & APPROVAL OF TODAY'S AGENDA:**

Mr. Haffner made a motion to approve the August 17, 2009 Agenda with the following revisions:

- Move the following two (2) items to *Other Business*:
  1. Third bullet point under the *Contract Consent Agenda*:  
PRSA, R.W. Armstrong, Amendment No. 5-Master Plan Study & ALP Update.
  2. Third bullet point under *Bid Consent Agenda*:  
Bid Results for AIPXX: Runway 5/23-Cable Replacement FWA.

Mr. Hayes seconded the motion; motion carried.

**CONSIDERATION & APPROVAL OF ADMINISTRATIVE CONSENT AGENDA:**

Mr. Haffner made a motion to approve the Administrative Consent Agenda as follows:

- Board Meeting Minutes: 07.20.09
- Claims #09-08 & 09-08A
- Federally Funded Projects Summary
- Locally Funded Projects Summary
- Accounts Receivable Report

Mr. Johnston seconded the motion; motion carried.

**CONSIDERATION & APPROVAL OF REVISED CONTRACT CONSENT AGENDA:**

Mr. Haffner made a motion to approve the following Contract Consent Agenda with Executive Director's authority to execute.

PRSA, R.W. Armstrong, Addendum No. 2 – Amendment No. 1, Runway 5-23 Shoulder Construction and Cable Replacement & PRSA, R.W. Armstrong - Addendum No. 3, Perimeter Security Fence Replacement:

Both of the above amendments include additions for QA testing provided by Resource International. The amendment for Addendum No. 2 also includes additional design, bid, and construction efforts for splitting the project into two separate bid packages.

Mr. Hayes seconded the motion; motion carried.

**CONSIDERATION & APPROVAL OF REVISED BID CONSENT AGENDA (WITH EXECUTIVE DIRECTOR'S AUTHORITY TO EXECUTE):**

Mr. Haffner made a motion to approve the following Bid Consent Agenda recommendations with Executive Director's authority to execute:

Approval of Bid Results for AIPXX: Perimeter Fence Replacement: FWA - Airport staff solicited bids for the Perimeter Fence Replacement project. This project includes replacement of existing security fence south of and parallel with Taxiway B/B2, extension of three (3) existing storm culverts, and realignment of existing security fence along the Southwest Perimeter Road.

In response to its solicitation, staff received six (6) bids as indicated on the bid tabulation. Airport staff and R.W. Armstrong, our engineer of record, have reviewed the bids and are recommending a conditional award to R & C Fence as the lowest responsive and responsible bid received in the amount of \$406,168.50. The bid award is conditioned upon the receipt of a

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federal grant for 95% of the project amount. Approval is requested for the Executive Director of Airports to sign the contract documents.

Approval of Bid Results for AIPXX: Runway 5/23-Shoulder Construction: FWA - Airport staff solicited bids for the Runway 5-23 Shoulder Construction project. This project includes construction of bituminous shoulders between Runway 9-27 and the northeast side of Taxiways C4/B2.

In response to the solicitation, five (5) bids were received as indicated on the bid tabulation. Airport staff and R.W. Armstrong, our engineer of record, have reviewed the bids and are recommending a conditional award to Brooks Construction as the lowest responsive and responsible bid received in the amount of \$874,228. The bid award is conditioned upon the receipt of a federal grant for 95% of the project amount. Approval is requested for the Executive Director of Airports to sign the contract documents

Mr. Sturges seconded the motion; motion carried.

### **JULY ACTIVITY REPORT:**

Mr. Richardson reviewed the July Activity Report.

For the month of July, enplaned passengers increased on a year-over-year basis by 3.11%. Freight traffic is flat on a month-to-month basis; year-to-date it is down about 16%. The national average is 18 to 20 percent. Fort Wayne International Airport's total year-to-date operations are down about 11%.

Market share:

Delta -23.5%

American - 23.1%

Northwest - 21% (reporting separate figures from Delta at least until the merger is completed)

Allegiant Air - 16%

United Express - 10%

Continental - 4¼%

Miscellaneous charters are just under 1%

We are doing quite well all things considered. On a year-over-year basis, our seats are down about 13%; more seats have been cut out of the market than what we are seeing in terms of passengers. This should be a sign of improved performance from the airlines' perspective.

Mr. Gouloff said there are a lot of airports out there doing a lot worse than (FWA). Mr. Richardson commented that FWA has seen a steady reduction rather than a drastic drop. Our reduction has been spread over a longer period of time; hopefully we have hit bottom. Although

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there is still a lot of concern about what is going to happen to the airlines, we are cautiously optimistic.

### **PUBLIC HEARING FOR ORDINANCE NO. 09-05: 2010 BUDGET ORDINANCE:**

Public Hearing – Mr. Logan opened the Public Hearing for Ordinance No. 09-05: 2010 Budget Ordinance.

Staff will make introductory comments. The board and staff will have time for comments and questions and then the public will have the opportunity to come to the podium and speak to the matter.

Staff Introductory Comments – Mr. Richardson stated that Mr. Haffner introduced Ordinance No. 09-05: 2010 Budget Ordinance, at the July 20, 2009 Board Meeting.

The Budget will hopefully be adopted at the September 28<sup>th</sup> board meeting.

2010 Budget Presentation - Mr. Richardson presented highlights of the 2010 Budget.

Airport General Operations - \$22,594,257

Debt Service - \$2,025,300

Cumulative Building Fund is 0.

The total budget number for Year 2010 is \$24,619,557.

### **Mission Statement**

The mission of the Fort Wayne-Allen County Airport Authority is to provide the highest level of service to all customers and provide safe, financially sound air transportation facilities that actively contribute to the overall economic vitality of the surrounding communities.

### **Mission Statement - What is the Fort Wayne-Allen County Airport Authority Doing?**

- Service:
  - Customer Service Agent (CSA) Program, which includes Shuttles, Skycaps, and Wheelchair Assist
  - Welcome Center – Central location for Hosts
  - Umbrellas, Cookies, Free Wi-Fi Service throughout the Terminal Building
- Annual Economic Impact (Source: AAI):
  - FWA                 \$367,580,260
  - SMD                 \$ 6,685,731

### **2010 Budget Overview**

- Conservative projections for passengers and passenger-based revenue.

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- Meet multiple regulatory agency requirements - Federal, State and Local.
- Continue focus on air service.
- Maintain safe, clean, and reliable facilities.
- Fund ongoing capital needs:
  - Continue Rehabilitation of Airfield at Fort Wayne International Airport (FWA)
  - Continue Capital Improvements at Smith Field Airport (SMD)
  - Maintain modern fleet and equipment

**Funding Sources**

- Primary – Airport Improvement Program
- Property Taxes
- Rates and Charges

**2010 Budget Highlights**

- Capital Outlay (FWA):
  - NW Perimeter Road Upgrade & Extension (ARRA Funding) \$3,800,000
  - Design & Environmental RW 32 Rehabilitation (AIP) 375,000
  - Miscellaneous Terminal Improvements 195,000
  - Runway ILS Construction/Installation (ARRA Funding) 2,500,000
  - Continuous Friction Measuring Equipment (AIP) 175,000
  - One Snow Blower (AIP) 400,000
  - Two Utility Vehicles 64,000
  - Crafc0 Tar Kettle 45,000
  - One 15-Foot Mower Deck 15,000
- Capital Outlay Reimbursement Figures-FWA:
  - Federal Government 7.2 million (higher than what we are used to seeing due to ARRA Funds which are 100% funded by the Federal Government)
  - Local Grant Match – \$218,750
  - Local Only – Things not eligible under the federal program are funded locally – \$319,000
  - State 2.5% of what the Federal Government puts in
- Capital Outlay (SMD):
  - Design/Environmental Rehab R/W 5-23 (AIP) \$ 175,000
  - Environmental Impact Statement (AIP) 300,000
  - Hangar 2 Facility Assessment 58,710
- Capital Outlay Reimbursement Figures-SMD:
  - Federal - \$451,250
  - State – \$ 11,875
  - Local- \$70,585

**Property Tax Levies**

	<u>2008</u>	<u>2009</u>	<u>2010P</u>
Operating	\$3,170,091	\$3,284,511	\$3,421,421
Cumulative Building	523,065	438,821	455,496
Debt Service	0	2,779,202	2,025,300

Mr. Richardson explained that 2009 figures are a bit higher. Going forward for 2010, the budget shows reduced taxes.

Out of 100 dollars assessed value it is just under five cents.

The economic effect of the airports on the local economy is more than \$370 million dollars on an annual basis.

**Historical Tax Rates**

- The following graphs were reviewed:
  - Tax Rates – Historical: Years’ 1997 – 2009
  - Tax Rate by Taxing Authority (rate per \$100 assessed value)
- Comparison of Total Property Tax Levies:

	<u>2010 (P)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Airport Authority	\$5,902,217	\$ 6,502,534	\$ 3,626,963	\$ 3,558,112	\$ 3,417,060
Countywide	N/A	\$330,403,193	\$468,378,102	\$450,324,056	\$423,667,496
Authority Percentage	N/A	1.9681%	.7744%	.7901%	.8065%

**Airline Rates and Charges**

The Authority met with the Airlines in July 2009 and these numbers were shared with the airlines. The airlines go through the budget and see what we are doing; they review the capital projects and in some cases are voting on the projects. What the Authority is proposing to pass along to the airlines as reasonable increases to the rates and charges follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
• Landing Fees per 1000 lbs	2.24	2.31	2.38
• Apron Fees per 1000 lbs	.27	.29	.31
• Terminal Rent (Per Sq. Ft.)	43.57	42.08	42.70

The change in the unit cost is due to the airlines’ reduction in landed weight.

**Budget Details**

- Budget Details:
  - A graph showing enplanements Years 2001-2010 (2009-2010 estimated) was reviewed

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-A graph showing landed weight Years 2001-2010 (2009-2010 estimated) was reviewed

Kitty Hawk began its reduction in 2007 and 2008 Kitty Hawk ceased to exist at FWA. Kitty Hawk payment will end January 15, 2020.

- 2010 Budget Revenues:

-AIP	34%	-Commissions	4%
-PFC's	4%	-Leases	4%
-Terminal Rent	10%	-Interest	1%
-Taxes	26%	-Airfield	6%
-Parking	11%		

- Operating Fund Revenues (in thousands):

<u>Description (Budget)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Percent Change</u>
-Landing Fees	\$ 1,920	\$1,735	\$1,572	- 9.39
-Terminal Rent	2,149	2,460	2,563	+ 4.18
-Parking	1,975	2,568	2,656	+ 3.43
-Bldg & Land Revenue	1,219	1,117	1,078	- 3.49
-Commissions	961	1,025	904	- 11.71
-Property & Other Taxes	3,927	4,023	4,093	+ 1.71
-Passenger Facility Charges	1,093	1,120	1,004	- 10.36
-Federal & State Grants	7,540	3,789	8,620	+127.50
-Interest Income	322	226	144	- 36.28
<b>TOTALS</b>	<b>\$21,106</b>	<b>\$18,063</b>	<b>\$22,634</b>	<b>+ 25.31</b>

- Cumulative Building Fund Revenues (in thousands)

<u>Description (Budget)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Percent Change</u>
-Property & Other Taxes	571	466	486	+ 4.12 (max that we advertise)
-Interest Income	184	72	92	+27.78
<b>TOTALS</b>	<b>\$755</b>	<b>\$538</b>	<b>\$578</b>	<b>+ 7.43</b>

- Debt Service Fund Revenues (in thousands)

<u>Description (Budget)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
-Property & Other Taxes	0	2,950	2,025

- Operating Fund Expenditures (in thousands):

<u>Description (Budget)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Percent Change</u>
-Personal Services	\$5,714	\$6,006	\$5,978	- 0.47
-Materials & Supplies	1,033	1,193	976	- 18.19
-Other Services & Charges	3,038	3,619	3,700	+ 2.24
-Debt Service	4,030	2,166	2,145	- 0.97
-Capital Outlay	8,018	5,074	9,795	+ 93.04
<b>TOTALS</b>	<b>\$21,833</b>	<b>\$18,058</b>	<b>\$22,594</b>	<b>+ 25.12</b>

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Debt service is flat. The big change is in capital outlay at 93%. The \$4.5 million dollar change in our budget total is due to capital outlay.

The increase in capital outlay is the trigger that takes the Authority to the County Council for a budget presentation. We have exceeded the 3.8% increase. Staff will explain to the County Council that the reason for the increase is due to the receipt of federal money.

- Debt Service Fund Expenditures (in thousands)

<u>Description (Budget)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
-Debt Service	0	\$2,025,300	\$2,025,300

- 2010 Budget Expenditures (in thousands)

-Capital Outlay	40%
-Personal Services	24%
-Debt Service	17%
-Materials & Supplies	4%
-Other Services & Charges	15%

### **2010 Budget Summary**

- Meets the ongoing operational and financial needs of the Fort Wayne-Allen County Airport Authority.
- Maintains clean, safe and reliable facilities.
- Provides the Authority with the ability to meet its Mission Statement obligations.

Board Comments – Mr. Johnston said staff is doing a good job managing the funds.

Mr. Haffner asked staff to make sure that the Authority is capturing all of the federal funds that we can. Mr. Richardson said staff is working to make sure that the Authority maximizes the money that it receives and to also work with the FAA in order to do so. It is not easy to prepare a budget 18 months in advance and to work with the federal government (on a different fiscal calendar basis) in regard to the appropriate time frames, in the appropriate amounts, and to make sure everything is eligible. It is a challenge; we are doing the best we can. We always have lots of requests out there through other non-traditional channels, not just the Department of Transportation (DOT).

Mr. Haffner commented that the 2009 Budget includes some stimulus funds for SMD.

Staff Comments - None.

Public Comments – Mr. Logan asked if any member of the public cared to speak to the matter. No member of the public came forward to comment about Ordinance No. 09-05: 2010 Budget.

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Closure of Public Hearing - Hearing no requests for further comment, Mr. Logan closed the Public Hearing for Ordinance No. 09-05: 2010 Budget.

Mr. Richardson stated that the budget is available for review.

The Authority will meet with the County Council on September 10, 2009. Board members are welcome to attend if they wish. A time for the meeting has not yet been finalized.

Adoption of Ordinance No. 09-05: 2010 Budget, is anticipated to take place at the September 28, 2009 Board meeting. The meeting will take place at the Greater Fort Wayne Chamber of Commerce in the Gallery Room at 1:00 p.m.

### **OTHER BUSINESS:**

#### PRSA, R.W. Armstrong, Amendment No. 5, Master Plan Study & ALP Update for FWA:

Mr. Richardson said we are doing everything we can to maximize the federal revenues that come in for various projects. We pulled this item (Professional Services Agreement with R.W. Armstrong, Amendment No. 5, Master Plan Study & ALP Updated) off the Consent Agenda because it is non standard.

We hoped to have everything completely negotiated and ready to go forward with simple approval, but unfortunately that is not working out the way we had hoped. Staff is still working with the FAA on a number of different things, trying to make sure the project we have scoped out is eligible and that we agree on a reasonable price for the Statement of Work (SOW) we are scoping out and some other things.

Mr. Haffner made a motion to approve the Professional Services Agreement with R.W. Armstrong, Amendment No. 5, Master Plan Study & ALP Update for FWA as follows:

Approval of signature authority for the Executive Director of Airports to sign the Addendum No. 5 with RW Armstrong for a Master Plan Study & Update with the following conditions:

1. Successful negotiation of a Statement of Work (SOW) and associated fees.
2. SOW/fees will be reviewed and acceptable to the FAA.
3. Project will be funded at 95% Federal, 2.5% State and 2.5% local. *While the fees are undetermined, they are anticipated to be between \$800,000 - \$1.3 million (closer to \$1.3 million, per word from FAA this week).*
4. Execution will be dependent upon the receipt of a Federal grant.

Mr. Johnston seconded the motion; motion carried.

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Approval of Bid Results for AIPXX: Runway 5/23-Cable Replacement: FWA - Airport staff solicited bids for the Runway 5/23 Cable Replacement project at the Fort Wayne International Airport. This project is for the replacement of existing runway edge light cable and transformers on the southwest portion of Runway 5-23 between Runway 9-27 and the Runway 5 threshold.

Bids were received from six (6) firms as shown on the bid tabulation. The lowest bid, received from Henry Electric, contained several bid deficiencies which are also shown on the bid tabulation. Based on their inability to demonstrate a good faith effort to meet the Disadvantaged Business Enterprise (DBE) goal contained in the specification documents, staff is asking that the Board declare Henry Electric's bid non-responsive. Good faith efforts toward meeting a DBE goal are a requirement contained in our federal grant assurances.

The second lowest bid from Michiana Contracting meets all of the bid requirements. Airport staff and R.W. Armstrong, our engineer of record, recommend that the Board make the following motion:

- Make a finding that the bid submitted by Henry Electric is non-responsive due to their inability to demonstrate good faith efforts toward meeting the DBE goal contained in the bid documents.
- Award the bid to Michiana Contracting as the lowest responsive and responsible bid.
- Condition the award upon the receipt of a federal grant.
- Authorize the Executive Director of Airports to sign the contract documents.

Mr. Gouloff asked Mr. Richardson to explain what was non-responsive in Henry Electric's bid. Mr. Richardson said there were some inconsistencies in the numbers as well as DBE participation. Henry Electric is unable to comply with the requirements of the bid documents.

Mr. Haffner made a motion to deem the bid submitted by Henry Electric for AIPXX: Runway 5/23-Cable Replacement: FWA, as non-responsive due to Henry Electric's inability to demonstrate good faith efforts toward meeting the DBE goal contained in the bid documents. Mr. Johnston seconded the motion; motion carried. Mr. Henry abstained.

Mr. Haffner made a motion to award the bid for AIPXX: Runway 5/23-Cable Replacement: FWA, in the amount of \$75,288.00 to Michiana Contracting as the lowest responsive and responsible bidder. The bid award is contingent upon the receipt of a federal grant. The Executive Director of Airports is authorized to sign the contract documents. Mr. Johnston seconded the motion; motion carried.

### **EXECUTIVE SESSION:**

An Executive Session was not held.

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**ADJOURNMENT:**

Mr. Haffner moved to adjourn the meeting at 3:50 p.m.

SIGNATURES' ARE ON FILE

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Michael S. Gouloff  
Board President

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Timothy J. Haffner  
Board Secretary