

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
BOARD MEETING
AUGUST 20, 2015

A regular meeting of the Wilkes-Barre/Scranton International Airport Joint Board of Control was held Thursday, August 20, 2015 in the Terminal Building Conference Room at the Airport. The meeting was called to order at 10:45 A.M. with Board Member Richard G. Williams presiding.

PRESENT:

Commissioner Patrick O'Malley
Commissioner Edward G. Staback
Councilman Richard G. Williams
Councilman Rick Morelli
County Manager Robert Lawton

ALSO PRESENT:

Carl R. Beardsley, Jr., Executive Director
Michael W. Conner, Assistant Airport Director
Gary Borthwick, Director of Finance
Stephen Mykulyn, Director of Engineering
Attorney Donald Frederickson, Lackawanna Co.
Ms. Germaine Helcoski, Lackawanna Co. Deputy Controller
Mr. Reggie Mariani, Lackawanna County Chief Auditor
Ms. Michelle Bednar, Luzerne County Controller

Note: Mr. Williams reported that before the Board Meeting there was an Executive Session where contractual matters were discussed.

ITEM 2:

PUBLIC COMMENTS.

(Chairman)

DISCUSSION:

Mr. Robert Ferdinand of Drums, PA introduced himself as a Retired Chief of Police from Hazleton, and for the last four years, has been serving as General Manager with Intrepid Detective Agency. He stated that the agency has been in business for 40 years and has a great record and is probably the largest security provider in the area. He explained that he was speaking on behalf of Intrepid Detective Agency regarding the article he saw in the paper from July 2015 Board Meeting that mentioned Prestige Security was in final negotiations with the Airport to provide security services. He stated his understanding was that the decision on the award of the security contract was up to the Airport Board to vote on the top two candidates. He said that confused him because he did not know of any vote taking place resulting in awarding Prestige the contract. He said that the owners of Intrepid authorized him, if price was an issue, that they are prepared to match the lowest bid.

Councilman Morelli stated that one of the concerns was with response time and Mr. Ferdinand replied that he lives outside of Mountain Top, and even with construction it only took him 20 minutes to get to the airport and walk inside the building. He stated that he and the owner of Intrepid are always

PUBLIC COMMENTS – Cont’d...

available by phone and physically are not far away. Mr. Ferdinand also stated that a transition from Allied Barton to Intrepid would be very smooth.

Commissioner O’Malley stated that everything Mr. Ferdinand said should have been said in Intrepid’s actual interview.

ITEM 3: **APPROVAL OF MINUTES.**

(Chairman)

MOTION: To approve and dispense with the reading of the July 23, 2015 Bi-County Airport Board Meeting minutes.
MOVED BY: County Manager Robert Lawton
SECONDED BY: Commissioner Patrick O’Malley
VOTE: Unanimous

ITEM 4. **AIRPORT ACTIVITY REPORT:**

(Carl R. Beardsley, Executive Director)

Passenger Activity

DISCUSSION: Mr. Beardsley started by giving the Board a summary of the airport’s performance during the month of July 2015 and also Year-To-Date for January through July 2015 in comparison to the previous year. He stated that normally when transitioning from the month of June to July you see a surge of passengers, and 2015 was no different. The month of June had 18,467 passengers and July increased to 19,363 passengers. When reviewing a comparison of July 2015 and the previous year’s period we see an increase of about 2.5%. United Air Lines continue to be the growth leader who has had an increase of about 8.3%. US Airways showed a decrease of 4.4% which has a lot to do with seats available out of our market. Year to date we are in a dead heat with the previous year of 2014 which he said is not a surprise because the schedules are the same from the previous year. He stated that there is only a 20 passenger difference between this year-to-date through July and year-to-date through last July. He stated that he anticipates seeing a drop going from July to August, a similar drop in September and then in October we will see numbers surge forward. In November, we should see a growth because of the new Tampa/St. Pete flights.

DISCUSSION: From a seat capacity standpoint with the airlines are very equivalent with 2014. United Airlines is the growth leader from a seat capacity and has a 12% increase in seat capacity in July from July. US Airways saw a 2.5% decrease in seat capacity. Year to date seats increased by approximately 2.4%, United leading the way with 24.9% increase in 2015.

AIRPORT ACTIVITY REPORT – Cont’d...

DISCUSSION: Load factors continue to be extremely strong. In July 2015, our load factor was nearly 87%, which is 2 percentage points less than what we saw in July 2014, which was 89%. Allegiant Air has a 92% load factor and American Airlines has an 84% load factor. Delta Air Lines is almost at 89% and United is at 87%.

DISCUSSION: General Aviation operations continue to move in a positive direction. In July 2015, there were an additional 367 flights and YTD this year it's a 17% increase. Mr. Beardsley informed the Board that Aviation Technologies is having a "Wings and Wheels" open house at the airport. It's going to be a car show, airplane rides, food vendors, music and raffles and takes place on Saturday, September 26, 2015 from 9AM to 3:30 PM. All the proceeds are going to benefit the Corporate Angel Network. Mr. Beardsley also mentioned that Aviation Technologies has taken over the ground handling responsibilities for Allegiant Air.

DISCUSSION: Flight cancellations came down significantly from the month of June 2015 going from 48 down to 23. That's 13 for air traffic control/weather and 10 for mechanical. As far as Air Service we were pleased to announce that Allegiant Air is expanding service here at AVP which is a result of the load factor being so high. The new service will be twice weekly to the Tampa St. Pete area. Not only does this increase the flights that Allegiant offers but will also bring us a new destination. The new service will begin on November 6, 2015 and the airfares have been offered at \$49 one way tickets when service was first announced.

Air Service Update.

DISCUSSION: Mr. Beardsley brought the Board up to date on customer service upgrades. He said that he has received a number of comments on ways that we can improve customer service or customer experience at AVP. One suggestion was that we should install a television that has news or weather on it that they could watch while waiting for their flight. Accordingly the airport purchased and installed a few televisions in the departure lounge only.

DISCUSSION: Mr. Beardsley stated that the airport is seeing many visitors utilizing the U.S. Military Appreciation Room. We are seeing about one customer per day and the feedback has been very positive. Mr. Beardsley also added that one thing he noticed was that when walking down the hall by the Military Appreciation Room was that it was very dark. He stated that the Airport has done a lighting overhaul. A sign in book has also been placed in the Military Appreciation Room so anyone wanting to sign it or make suggestions can do so.

Marketing Update:

DISCUSSION: Mr. Beardsley addressed the Board about marketing concepts and stated that at the June 2015 Board Meeting we had MLB, the Airports marketing consultants, come in front of the Board and give them different marketing concepts. At the last Board Meeting the Board directed MLB to do some

AIRPORT ACTIVITY REPORT – Cont’d...

“tweaking” to their graphic artwork. Since the last meeting, some adjustments have been made to the artwork. The new artwork was presented to the Board.

MOTION: To approve MLB’s concept and colors as presented to the Board today.
MOVED BY: Commissioner Patrick O’Malley
SECONDED BY: County Manager Robert Lawton
VOTE: Unanimous

ITEM 5:

AIRPORT FINANCIAL REPORT:

(Gary Borthwick, Director of Finance and Administration)

Financial Report

Revenue/Expenses Report.

DISCUSSION: Mr. Borthwick reported that for the month of July 2015, Airport Operations had a net income totaling \$63,185, compared to a net income of \$63,088 in July 2014, which is a difference of \$97.00. Year-to-Date net income through July 2015 is \$17,000 which is a difference of \$102,797 compared to a net loss of \$85,797 in July 2014. Invoices received since the last meeting for supplies and services total \$1,313,554.70. These invoices include major construction project costs of \$1,039,704.87.

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.

Taxiway B Extension.

ACP 11-01

L. R. Kimball \$ 809,815.05

Application #9 dated August 15, 2015, in the amount \$809,815.05 for construction site prep.

L. R. Kimball \$ 72,899.56

Invoice # 530704 dated July 14, 2015 in the amount \$72,899.56 for inspection – site prep services.

L. R. Kimball \$ 6,799.65

Invoice # 530705 dated July 14, 2015 in the amount \$6,799.65 for inspection – NAVAIDs.

This project is 64.70% complete.

AIRPORT FINANCIAL REPORT – Cont'd...

Demolish Old Terminal Building – Phase I ACP 13-02

Borton-Lawson \$ 7,814.24

Invoice # 2014-0787-001-0000011, dated July 10, 2015
in the amount \$7,814.24 for design services.

Borton-Lawson \$ 23,761.55

Invoice # 2014-0787-002-000002, dated July 16, 2015
in the amount \$23,761.55 for construction monitoring.
Sargent Enterprises, Inc.

\$ 118,614.82

Application #2 dated August 10, 2015 in the amount
\$118,614.82 for construction services.

This project is 57.67% complete.

Airport Passenger Facility Charge (PFC) Trust Transfers

DISCUSSION:

The following PFC transfers are recommended for Airport Board approval.
PFC Drawdown # 2015/7 (Check #1046).

Taxiway B Extension PFC Project #14-11

Leeward Construction \$ 40,490.75 CIP 19611-01
Construction site prep
ACP 11-01

L. R. Kimball \$ 3,644.98 CIP 19611-01
Inspection – site prep
ACP 11-01

L. R. Kimball \$ 339.98 CIP 19611-01
Inspection - NAVAIDs
ACP 11-01

Demolish Old Terminal Building-Design PFC Project #09-015

Borton-Lawson \$ 3,907.12 CIP 19613-02
Design
ACP 13-02

Borton-Lawson \$ 11,880.78 CIP 19613-02
Construction-Monitoring
ACP 13-02

CONTRACTS/AGREEMENTS/PERSONNEL – Cont’d...

or 50% of the gross revenue derived from the game room operation, whichever is greater.

MOVED BY: Commissioner Edward Staback
SECONDED BY: Commissioner Patrick O’Malley
VOTE: Unanimous

Security Services Agreement.

MOTION: Recommend the Airport Board approve the Security Services Agreement between the Airport and Prestige Security Specialists, Inc. 49 South Main Street, Pittston, PA. This Agreement is for Prestige Security to provide security services to the Airport, 24 hours a day, 365 days a year. The initial term of this agreement shall be for three (3) years from August 21, 2015 through August 21, 2018, with two (2) separate 365 day extensions at the mutual agreement of both parties. The estimated total for the first year is \$239,649.28.

MOVED BY: Commissioner Patrick O’Malley
SECONDED BY: Commissioner Edward Staback
VOTE:

Councilman Richard Williams	-	Yes
County Manager Robert Lawton	-	Yes
Commissioner Patrick O’Malley	-	Yes
Commissioner Edward Staback	-	Yes
Councilman Rick Morelli	-	No

Motion Passes (4 Yes – 1 No)

DISCUSSION: Councilman Morelli stated that usually when Board Members from Luzerne County get contracts they have a process that they want information given to them two weeks before the vote so they can discuss and digest it. Mr. Morelli stated that the Board was not given this contract ahead of time for them to discuss and they just discussed it a little bit before this meeting. He stated that the Board makes the final decision, who are the top two or three, what is the criteria, why is one better than the other. He said there were more than one proposer but the Board was only given Prestige to approve. In comparing Prestige to other companies he stated price was one thing, but they were very close, number two was response time but nothing was in the RFP regarding response time. He stated that the Board’s job when dealing with taxpayer money is to get the best deal, and that in the RFP’s you have the ability to go back and negotiate and that this Board did not go back and negotiate or ask any of these questions with the other companies. He said his main concern is the process, and he is going to make a motion to throw this back to administration, go to the top two or three companies, negotiate the best price and make the issues clear, whether it be price, response time, etc. He went on to say that he thinks the policy should be changed on the way the awards are determined.

Councilman Williams stated that at the July 23, 2015 Board Meeting there was a healthy discussion about this and a presentation, so it has been discussed by the Board but that does not necessarily address the issues that Mr. Morelli raised.

MOTION: Recommend the Airport Board table the motion to award Prestige Security the contract until the Board has an opportunity to discuss it and get more information.

MOVED BY: Councilman Rick Morelli

SECONDED BY: No one

VOTE: Motion Failed

DISCUSSION: Commissioner O'Malley stated that the Airport has a great staff and he depends on them to bring what is best to the Board, because this is their job. Mr. Bieber is in his place because of what he is good at, Mr. Beardsley is here because he is great at directing airports, and the staff is here because they have been here for years and they understand what to do here every day. If he cannot rely on them and their thoughts, then he is not sure where we would be. Commissioner Staback stated that if we are going to consider policy changes in the future then he is all for that, and he doesn't know if a motion would be in order to authorize the Director to start moving in that direction and report back to the board at the next meeting his recommendations on RFPs of the future. Mr. Williams stated that he thinks it would be wise to look for staff to provide the leadership for policy changes to the Board, based on what was said today and in the past. It makes good public policy sense and he thinks the Board would appreciate that kind of leadership.

ITEM 9.

CAPITAL PROJECTS REPORT.

(Stephen Mykulyn, P.E., Director of Engineering)

DISCUSSION: Mr. Mykulyn gave a brief report on the status of the following projects.

ACP 11-01

Extend Taxiway B (Runway 22 Approach End

Design and Construction Monitoring Services – L. R. Kimball

Construction of this project is to be completed over a series of four construction projects. The first two, Site Preparation and NAVAIDs, have been designed and let for construction. Site Preparation Contractor – Leeward Construction, NAVAIDs Contractor – Joyce Electric.

Mr. Mykulyn informed the Board that work on the Site Preparation Contract continues. The East (glideslope) Side fill placement is complete and topsoil placement and seeding has been completed in the Glideslope Critical area. Additional mine voids were uncovered during the removal of unsuitable materials on the Westerly (taxiway) side. Work to collapse these voids has been completed and rock fill placement has resumed. The Engineer is reviewing the work under the force account for the mine void work and we anticipate seeking approval for a change order at the next board meeting. At this time rock fill placement is approximately 40% complete on the Taxiway side.

CAPITAL PROJECTS REPORT – Cont'd...

Work on the NAVAIDs contract also continues. Alternate temporary power for the Glide Slope should be in place by the end of this week and we anticipate FAA calibration and testing of the new glide slope antenna will get underway next week.

Current project costs are approximately \$11.75M. Project payments to date represent approximately 64% of total.

DISCUSSION:

ACP 13-02

Demolition of Old Terminal Building.

Design Services – Borton-Lawson Engineering. Environmental Remediation – Sargent Enterprises, Inc.

This project is broken out into three separate construction projects; Environmental Remediation, Building Demolition and Apron Construction. To date only the Environmental Remediation Project has been let.

On the project, hazardous material abatement continues. Work on the removal of asbestos containing materials is substantially complete and we anticipate final air quality monitoring to be completed this weekend. Power to the building will be disconnected early next week and the remaining electrical items including transformers, lamps and ballasts that require special disposal will be removed thereafter.

Work with the design consultant continues in anticipation of the letting of the final two phases, later this year. The E&S and Stormwater Management Plans are in for review and we are working on completing plans for bidding on the demolition and new parking and apron construction.

Current project costs are approximately \$709,000. Project payments to date represent approximately 55% of total.

DISCUSSION:

ACP 14-02

Parking Garage Maintenance.

Desman Services – Desman Associates.

Met with the design consultant to review schedule for bidding the project and the construction. We anticipate bidding all work and providing a schedule for work to be completed this year and next spring.

Current project costs are approximately \$72,088. Project payments to date represent approximately 28.3% of total.

ITEM 10. **OTHER MATTERS.** *(Chairman)*

None.

ITEM 11.

ADJOURNMENT:

(Chairman)

MOTION:

It is recommended to adjourn the meeting.

MOVED BY:

County Manager Robert Lawton

SECONDED BY:

Commissioner Ed Staback

VOTE:

Unanimous

The meeting was adjourned at 11:40 A.M.