

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT  
BOARD MEETING  
MARCH 20, 2014

A regular meeting of the Wilkes-Barre/Scranton International Airport Joint Board of Control was held Thursday, March 20, 2014 in the Terminal Building Conference Room at the Airport. The meeting was called to order at 10:30 A.M. with Commissioner Jim Wansacz presiding.

**PRESENT:** Commissioner Jim Wansacz  
Commissioner Corey D. O'Brien  
Commissioner Patrick O'Malley  
Board Member Robert Lawton  
Board Member Rick Williams  
Board Member Stephen A. Urban

**ALSO PRESENT:** Barry J. Centini, Airport Director  
Michael W. Conner, Assistant Airport Director  
Stephen Mykulyn, Director of Engineering  
Attorney Mike Butera, Luzerne County Solicitor  
Michelle Bednar, Controller, Luzerne County  
Tim McCormick, Deputy Controller, Luzerne County

**ITEM 2:**  
**PUBLIC COMMENTS.**  
*(Chairman)*

None.

**ITEM 3:**  
**APPROVAL OF MINUTES.**  
*(Chairman)*

**MOTION:** To approve and dispense with the reading of the February 20, 2014 Bi-County Airport Board Meeting minutes.

**MOVED BY:** Commissioner Corey O'Brien

**SECONDED BY:** Board Member Rick Williams

**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 February 2014 decreased 7.2% to 14,415 from 15,535 in the month of February 2013. Mr. Conner noted that when compared directly with the month of February 2013, the decrease is attributed to: 1) the seasonal loss of a daily United flight to Chicago O'Hare; and 2) the loss of 48 flights due to weather.

Enplanements for February 2014 compared to enplanements for February 2012 decreased by 2,572 or 15.1%. When compared directly with the month of February

**BUSINESS REPORT – Cont'd...**

2012, the decrease is attributed to: 1) the loss of two daily United flights to Newark; and 2) the seasonal loss of a daily United flight to Chicago O'Hare; and 3) the seasonal loss of a daily Delta flight to Detroit; and 4) the loss of 48 flights due to weather..

Enplanements for February 2014 compared to enplanements for January 2014 decreased by 1,307 or 8.3%. This is attributable to weather cancellations as well as February being a shorter month.

In February 2014, 48 departing flights were cancelled all due to air traffic/weather. This accounts for 2,327 seats (12.3%) out of a total 18,962 departure seats. Also, 50 arriving flights were cancelled: 48 for air traffic/weather, 1 for mechanical and 1 for crew unavailability.

General Aviation Operations.

**DISCUSSION:**

For February 2014, General Aviation had 467 operations (one take-off or one landing) which is a decrease of 24% from February 2013's 614 General Aviation Operations. General Aviation revenues increased \$ 5,576.40 or 49% to \$11,366.62.

Financial Report

Revenue/Expenses Report.

**DISCUSSION:**

Mr. Conner reported that for the month of February 2014, Airport Operations had a net loss totaling \$ 66,259, compared to a net income of \$ 8,683 in February 2013, which is a difference of \$74,942. Year-to-Date our net loss for 2014 is \$ 141,970 which is \$ 111,589 more than the comparable 2013 loss of \$ 30,381. Invoices received since the last meeting for supplies and services total \$ 302,424.65. These invoices include major construction project costs of \$ 30,822.75.

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.

Replacement of Meditation Room Panels

ACP 11-03

HNTB	\$	8,433.65
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Invoice # 01-61495-DS-001, dated January 21, 2014, in the amount \$ 8,433.65 for design services.

This project is 78.02% complete.

Obstruction Tree Removal

ACP 12-01

Pennsy Supply	\$	6,620.00
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Invoice # 111096, dated March 14, 2014 in the amount \$ 6,620.00 for construction services.

This project is 100.00% complete.

**BUSINESS REPORT – Cont'd...**

Rehab. Airline Apron  
ACP 12-02

McFarland Johnson \$ 3,122.56

Invoice # 2, dated February 28, 2014 in the amount  
\$ 3,122.56 for inspection services.

This project is 45.96% complete

Install PAPI  
ACP 12-05

McFarland Johnson \$ 2,591.54

Invoice # 2, dated February 28, 2014 in the amount  
\$ 2,591.54 for inspection services.

This project is 46.63% complete.

Security Cameras and Card Readers  
ACP 14-01

Hillman Security \$ 10,055.00

Invoice #S140207, dated February 3, 2014 in the  
amount \$ 10,055.00 for Magnetic Stripe Readers

This project is 5.03% complete.

Airport Passenger Facility Charge (PFC) Trust Transfers.  
PFC Draw # 2014/2, Check # 1027.

Security Cameras & Card Readers  
Project # 09-011

Hillman Security \$ 10,055.00 CIP 19614-01 ACP 14-01

Install Papi  
Project # 09-024

McFarland Johnson \$ 129.58 CIP 19612-05 ACP 12-05

Rehabilitate Airline Apron  
Project # 09-024

McFarland Johnson \$ 56.13 CIP 19612-02 ACP 12-02

**MOTION:**  
**MOVED BY:**  
**SECONDED BY:**  
**VOTE:**

Request the Airport Board approve the above transactions and payments.  
Board Member Robert Lawton  
Commissioner Patrick O'Malley  
Unanimous

**ITEM 5.**  
**CONTRACTS/LEASES/AGREEMENTS.**

*(Michael Conner – Assistant Airport Director)*

Airport Lease Agreement.

**MOTION:**

Recommend the Airport Board approve the Lease Agreement between the Wilkes-Barre/Scranton International Airport and The Topsy Turtle Airport Pub, Inc. This Agreement is for the lease of 1.75 acres of land and the restaurant building located on the land at 28 Concorde Drive, Dupont, PA, which is owned by the Airport. The leased premises will be used for the operation of a restaurant and bar. The initial term of this Agreement will begin on April 1, 2014, and terminate on March 31, 2019. The second term, beginning on April 1, 2019, and terminating on March 31, 2024, will automatically commence unless the tenant notifies the Airport of its intent to not renew. The rental rates for the first 2 terms are outlined in Exhibit “D” of the Agreement. The Tenant then has the right to extend the term of the Agreement for one (1) additional 5 year term, conditioned upon the Tenant and the Airport mutually agreeing upon renegotiated rent for that term. If the Airport and the Tenant cannot agree to the rent for the third term, then the Agreement terminates on March 31, 2024. Otherwise, the third term will commence on April 1, 2024, and terminate on March 31, 2029.

The Airport advertised the available restaurant for several months and showed the building to several other prospective tenants prior to finalizing the Agreement with the Topsy Turtle. The owners of the Topsy Turtle have 2 other successful restaurant and bar locations. They have agreed to invest a minimum of \$250,000 in the refurbishment and outfitting of the restaurant building, bringing the operation up to their high standards. The Airport believes that the Topsy Turtle has the best chance for running a successful restaurant and bar business at this location due to their positive reputation in the surrounding communities and restaurant experience in the area and the investment they are willing to put into the building and the operation.

**MOVED BY:**

Board Member Stephen Urban

**SECONDED BY:**

Board Member Rick Williams

**VOTE:**

Unanimous

**ITEM 6.**  
**DIRECTOR’S COMMENTS:**

*(Barry J. Centini, Airport Director)*

Airport Access Road and I-81 Interchange.

**DISCUSSION:**

Mr. Paul Smith, PennDOT Construction Manager and Mr. Justin Drake, Pennsey Supply, the prime contractor for this project were at the Board Meeting to bring the Airport Board up to date on the progress of the construction of the Access Road that crosses the Turnpike, and the I-81 Interchange. Mr. Smith informed the Airport Board that the original contract was for approximately \$42M, and to date PennDOT has paid out eight million seven hundred seventy five thousand dollars for about 20% of work completed. The original completion dates are 885 calendar days, used today are about 284, which equates to about 32% of the contract being complete. He stated that they are on budget and on schedule and the completion date remains November 11, 2015. Presently they are working on sewer lines and gas relocations in the area of Navy Way Road and Commerce Boulevard. They are also working on the Plane Street and 315 over passes. He stated the only thing coming up is that they will be closing ramps on I-81 and combining the two ramps; the A & B ramps will be combined into a single ramp, instead of 178 A & B there will just be 178.

**DIRECTOR'S COMMENTS – Cont'd...**

**MOTION:** Recommend the Airport Board approve the Public Utility Right-of-Way Grant which allows UGI Penn National Gas Inc. to relocate a gas line, along Navy Way, necessitated by the Airport Access Road and I-81 Interchange construction.

**MOVED BY:** Commissioner Patrick O'Malley

**SECONDED BY:** Board Member Rick Williams

**VOTE:** Unanimous

**2014 Operating Budget.**

**DISCUSSION:** Mr. Centini stated that the Airport met with Commissioner Wansacz a few days ago and they made some modifications to the original budget that was given to the Board a week ago. He stated that it basically is the same except for a couple of additional expenses that were modified after looking at the first couple of months of the year.

**DISCUSSION:** Gary Borthwick reported on the budget while the Board was able to scan the revised budget just given to them. After looking the report over, Mr. Williams asked if he was correct in assuming that the contributions to the pension fund are still being paid by the individual counties? Mr. Borthwick replied that he is correct. Mr. Williams continued saying that his sense is that it should be included in the budget and then if a subsidy is needed from the counties then they should call it that, just to disclose the reality of the operation and not try to bury it. Mr. Centini explained that on page 3, under non-revenue cost centers, going down the page you will see the ARC expense. The Airport estimated it because we did not have the exact numbers. We listed an entry as "subsidies from Counties", which wipes it out and when the Airport does its annual audit, it shows up that way, which was requested by the Board in the past. Mr. Williams requested that it be moved from page 3 to page 1 for full disclosure. Mr. Centini explained that the front page is just a summary sheet and that actually it is on page 1. Mr. Williams asked that it be put on the cover page for full transparency.

**DISCUSSION:** Mr. Lawton stated that the ARC is functionally a subsidy from the airport to the counties, because the county is not a pension fund, it is two separate entities, so it is not money we owe ourselves. He said that from a bookkeeping standpoint it should be recorded that way at the airport.

**MOTION:** Recommend the Airport Board approve the 2014 Operating Budget as prepared.

**MOVED BY:** Commissioner Jim Wansacz

**SECONDED BY:** Board Member Rick Williams

**VOTE:** 4 Yes  
2 Nay - Motion fails

Jim Wansacz	-	Yes
Corey O'Brien	-	Yes
Patrick O'Malley	-	Yes
Rick Williams	-	Yes
Robert Lawton	-	No
Stephen Urban	-	No

**ITEM 7.**

**OTHER MATTERS:**

*(Chairman)*

**DISCUSSION:** Commissioner Wansacz stated that he would like the Board to come together and he feels that it is the Board's responsibility to try and get a budget passed. Therefore, he would like the Board members who voted no to talk to him or management staff and see what they can do to get a budget passed. He feels it is not only in the airport's

## OTHER MATTERS – Cont'd...

best interest but also the best interest for both counties to try and get something together that they can put on the record and try and go further.

Mr. Lawton responded that he feels he has been clear on this for the last couple of years; the ARC payment is legitimately part of the operating costs of the airport and that the retirement contributions for airport employees should be fully paid out of airport operations, rather than a subsidy from the counties. In years past, he said they found that when the books were closed on a given year there actually were sufficient funds surplus in the operating budget that could have paid the ARC for that year. Commissioner Wansacz stated that \$1.1M is the capital budget for 2014, and with this amount it would eat up all of the \$1.1M in the account. He said what worries him is that looking at the budget, it shows a slight surplus of four thousand dollars. If they were to turn around and give the money back to the Counties, then this airport would be in the red for a couple hundred thousand dollars.

Mr. Lawton replied that if there were a policy that directed staff, when they began to prepare the budget, when they develop the revenue projections and their operating expenses, then part of it has to be an assumption that the ARC will be paid to the counties. And rather than try to tack it onto the end, we come up with capital versus operating. He knows it does not look great now, but they have known from the beginning that it was the sentiment of at least a couple of board members from Luzerne County that the ARC be paid and he thinks it could have been accommodated in the preparation of the budget and to be part of the long range planning. Even if there were some level of progress, like the airport is going to pay half of the ARC this year and then next year pay  $\frac{3}{4}$ , but they have been “clothes lined” for the last couple of years, and he feels that it is a matter of principle, and the ARC needs to be paid and he believes the airport can be self-sustaining.

Mr. Wansacz asked Mr. Lawton to look the budget over in the next 30 days and see if he can find \$200,000 worth of cuts, he stated he tried, being aware of Luzerne County’s concerns and he could not find more than \$200,000 worth of cuts that would not affect this airport in a drastic way. He stated that he believes it is both counties responsibility to the residents of the counties to provide an airport. He is aware it costs money but it is an economic development, it’s a quality of life, and without the subsidy from both counties this airport does not succeed. He doesn’t know if there is any airport that succeeds without a subsidy.

Mr. Lawton replied that you should put into the capital account whatever you happen to have as a surplus at the end of the year, and that you can just as easily make that commitment to put the surplus as going towards the ARC.

Mr. Urban stated that you will not get seven votes from the overall Luzerne County council to allow the funding of any subsidies to the airport. So, whatever is said, the county manager cannot just pull the money out and give it to the airport. He stated that in his opinion, the manager does not have the authority, the council has the authority and you will not get 7 votes. He also stated that in fairness, Mr. Centini should put some type of pay raise in the budget for the non-represented employees.

Commissioner O’Brien stated that it is important to understand that airport employees are employees of the counties, so they are in the county systems. What would be required from the counties would be, hey airport, you give us “x” dollars to cover these employees, who are the counties employees, who work up in “that building”. He stated as far as Lackawanna goes, Lackawanna is not making a budgetary decision whether to provide funding for the airport for this purpose, that is not the deal. The deal is, Lackawanna would have to say, hey airport you owe the county “x” dollars for your share of the pension contributions for the employees who

## OTHER MATTERS – Cont'd...

work up there. He said that he can assure everyone that from this vote taken today, the airport is not going to approve a payment, so Lackawanna and Luzerne Counties can request all day long for the payment from the airport, but this airport board is not approving a payment. So it is not an impact on the county budget whether or not the county is going to realize revenue from the airport, and in Lackawanna county they know they are not going to realize revenue from the airport. That is his first point, his second point is that, if the counties had taken out this money, and the whole issue behind this is whether or not they reduce the funds that are available to attract airlines, to attract carriers who we want to be doing business at this airport, so if we want to provide our residents with the opportunity to travel out of this airport, and not have to go to Allentown, Newark, or Philadelphia, we need to find ways to attract these carriers. So how do we do that, we do it through our marketing budget. He said that as we sit here today there is \$1.5M in this fund, and if they had taken out, just over the course of the past 4 years for the ARC payment, that would have reduced what we have in that fund by \$800,000, so the airport would have \$700,000 left. Now if the airport has a fund of only \$700,000, then they can do less than if they have a fund of \$1.5M. He stated that the airport is working hard to try and get new carriers in here, to try and bring in additional flights from our existing carriers, and we don't know what incentives or what calls are going to come in today that they are going to have to jump on to land a big flight to Pittsburgh or somewhere else. If we have \$700,000 sitting there, then that's all we've got, if we have \$1.5M there, then we have more money to attract flights to our area. He continued that if the Board's goal is to attract flights for our residents to as many destinations as possible, then the airport needs funding available to attract those airlines. He feels that the more money available to attract these airlines the better. \$800,000 less in a \$1.5M fund just dramatically reduces our opportunities when those opportunities present themselves to be competitive with other airports.

Mr. Centini remarked that the airport needs \$ 700,000 just pay the bills, and looking at the capital budget needs, some things can be pushed back, some may go into next year's budget, but the airport is on a string for the fuel farm, the airport has a \$300,000 State grant and \$100,000 is the airports share. The parking garage maintenance has been put off for a little while, but we have some serious problems in the parking garage that need to be attended to. The Airport Engineer did a quick estimate and it looks like it will cost \$150 to \$200,000; that work has to be done before next winter. The Rehabilitation of Navy Way is currently being held back, but there is some work that has to be done, especially if the airport attracts the tenant that they are trying to attract for the Navy Way entrance. The seal coating of the FBO and terminal ramps could be piece mealed out but it should be done. To demolish the Verizon Building, with the tenant they are looking to put there, the Verizon Building will have to come down. The Air Service Development grant, the Airport received close to \$600,000 from the Federal government, and in the application Luzerne and Lackawanna Counties has to come up with \$100,000 each. And the Airport has to come up with \$100,000. The airport is going pay Lackawanna and Luzerne Counties' share. He stated that the airport is using that grant to try and bring in some of the service that Commissioner O'Brien is talking about, service to other destinations in Florida, service to some of the business destinations, service to destinations for which we are meeting with people: the Pittsburgh Airport, Marcellus Shale coalition people, who want to get back and forth to Pittsburgh, and the airport is very close to announcing some kind of service coming to this airport. Mr. Centini stressed that this service is critical to this area because of the Marcellus Shale, which, Mr. Centini noted, is probably what kept this airport from taking double digit losses in passengers, like the Allentown airport, like the Binghamton airport, like a lot of other airports that got hit very hard with the cut back in seats and the cut back in service when the airlines retracted.

## OTHER MATTERS – Cont'd...

He continued to say that when you look at AVP's dip, 4 or 5%, some of the other airports were in the 30, 35% that would have been crippling to us. Marcellus Shale has really kept this airport afloat. So to say where the money is being spent, it is being spent on repairing the parking garage, seal coating of the ramps to keep them in good shape, the demolition of Verizon building, it's a good possibility that will happen, the fuel farm expansion is a must, and the Airport has to match the dollars on the air service grant. It is a good chance all these projects will be met.

Mr. Centini stated that when you look at what the County pays for all the other departments, there are a few departments that pay back, but they get the money from the County. Mr. Lawton replied that if the airport were part of a county government, this would be in an enterprise fund, it would not be part of a general county government and its expenses would need to balance with its revenues. So to say that the county pays out of the general fund for the pension costs for people who work in the prison, you are technically correct, but from a governmental accounting point of view, it's a whole different ball of wax. He feels the budget needs to be done from a different point of view in the future, rather than taking what was done before and going up 5% here and 5% there. If they are truly are unmet needs, lets establish priorities, and lets have the Board more directly involved in the budget review and preparation.

Commissioner Wansacz stated that this is exactly what the Airport staff and himself did in preparing this budget. He said they went through line item by line item, comparing it out as far back as 2 years ago, and moving it around. Mr. Centini added that when you are looking at revenues the airport walks a very fine line; if you try to raise fees from the airlines then it is a possibility the airlines could start to cut flights and putting those (airplane) assets into another facility that could make a lot more money for them. Mr. Centini stated that he, in the past, has asked the Board to formulate committees - one would be a budget and finance committee, 2 members on that committee, 2 members on a construction committee, 2 members on a marketing and development committee where you could come to the airport and sit down and meet with airport personnel, and then would not be necessary to go over these issues in a public setting. Mr. Lawton replied that he does not want to see the airport staff be micro managed and he will not participate in micro managing by committee. He did say that he believes there is a broad objective of having the airport be self-sustained, and he knows you cannot get there in one year or any given year, but since he has gotten here, the airport started out with a budget that was projected to be a deficit and managed it through the year in order to come in at a pretty substantial surplus considering the deficit that had to be overcome. Mr. Lawton's urging is it can and should be, institutionalized and there should be a clear budget policy that the staff can follow. Mr. Centini responded that he does not think that it would be micromanaging, that most airports have the committees. They sit down with staff, ask those questions, and when it's taken back to the board, the other board members who are not on a particular committee, have an understanding that these people went through this and have asked these questions.

Mr. Centini closed in saying that the ARC payment of \$100,000 per county to operate this airport is not a lot of money. He stated that this is a positive, not a negative, and that the board should be going out and saying "it costs us \$100,000 to operate the airport, we got a great deal". He pointed out that the counties used to pay the airport's payroll, the counties used to pay everything; the airport just tried to hang on. Now the county doesn't pay for anything anymore. They don't even have to pay for projects anymore. The airport is able to take care of all that. So, he feels the counties should be boasting that the counties have to pay a slight payment of \$100,000 to operate a multimillion dollar facility, which is the life blood of both Luzerne and Lackawanna county. Shut the airport down, start to lose service, let our

**OTHER MATTERS – Cont’d...**

people migrate to other airports, you will lose business, you will lose the community support, and you will lose people who move out of town for a job, because without this airport, not many people will locate businesses in Luzerne or Lackawanna County.

**ITEM 8.**

**ADJOURNMENT:**

*(Chairman)*

**MOTION:**

It is recommended to adjourn the meeting.

**MOVED BY:**

Commissioner Jim Wansacz

**SECONDED BY:**

Board Member Rick Williams

**VOTE:**

Unanimous

The meeting was adjourned at 11:45 A.M.