

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT
BOARD MEETING
OCTOBER 4, 2011

A regular meeting of the Wilkes-Barre/Scranton International Airport Joint Board of Control was held Tuesday, October 4, 2011 in the Terminal Building Conference Room at the Airport. The meeting was called to order at 10:40 A.M. with Commissioner Stephen A. Urban presiding.

PRESENT: Commissioner Stephen A. Urban
Commissioner Maryanne C. Petrilla
Commissioner Thomas P. Cooney
Commissioner Corey D. O'Brien
Commissioner Michael J. Washo
Commissioner Bruce A. Smallacombe

ALSO PRESENT: Barry J. Centini, Airport Director
Michael W. Conner, Assistant Airport Director
Gary Borthwick, Director of Finance
Stephen Mykulyn, Director of Engineering
Attorney John O'Brien, Lackawanna County Solicitor

ITEM 2:
PUBLIC COMMENTS.

None.

ITEM 3:
APPROVAL OF MINUTES.

MOTION: To approve and dispense with the reading of the August 25, 2011 Bi-County Board of Commissioners Meeting minutes.
MOVED BY: Commissioner Washo
SECONDED BY: Commissioner O'Brien
VOTE: Unanimous

ITEM 4:
BUSINESS REPORT:

Passenger Activity

DISCUSSION: Mr. Conner reported on the "Airport Quick Look" charts, passenger enplanements for the month of August 2011 increased 5.7% to 21,353 from 20,205 in the month of August 2010. Enplanements for the month of August 2011 compared to the month of August 2009, increased by 2,624 which is + 14% . In August 2011, 5 departing flights were cancelled due to mechanical, 6 departing flights were cancelled due to crew availability and 57 departing flights were cancelled due to air traffic/weather. This accounts for 2,948 seats (-10.7%) out of a total 27,792 departure seats.

BUSINESS REPORT – Cont'd...

General Aviation Operations.

DISCUSSION: For August 2011, General Aviation had 1,673 operations (one take-off or one landing) which is a decrease of 35% from August 2010's 2,589 General Aviation Operations. General Aviation revenues increased \$5,358 or 53% to \$15,450.

Financial Report

Revenue/Expenses Report.

DISCUSSION: Mr. Conner reported that for the month of August 2011, Airport Operations had a net income, which includes funds expended for special project advertising and marketing and interest income totaling \$47,371, compared to a net loss of \$ 11,120 in August 2010, which is a difference of \$58,491. Year to date the Airport's income for 2011 is \$350,805 which is \$552,507 better than the comparable 2010 loss of \$201,702. Invoices received since the last meeting for supplies and services total \$ 790,090.78. These invoices include major construction project costs of \$ 535,711.23.

Project Invoices.

MOTION: 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 #2011/8).

MOVED BY: Commissioner Cooney
SECONDED BY: Commissioner Petrilla
VOTE: Unanimous

Rehab and Extend Hangar Road
ACP 07-16

PPL Electric Utilities \$ 39,946.00

Invoice #4556610891, July 19, 2011, in the amount
\$ 39,946.00 for Relocation Charges.

L. R. Kimball \$ 7,542.01

Invoice #510158, September 7, 2011, in the amount
\$ 7,542.01 for design services.

This project is 12.68% complete.

Construct South General Aviation Apron.
ACP 10-01

Popple Construction \$ 488,223.22

Application #5, September 19, 2011, in the amount
\$ 488,223.22 for construction services.

This project is 43.28% complete.

BUSINESS REPORT – Cont'd...

Airport Passenger Facility Charge (PFC) Trust Transfers

MOTION: The following PFC trust transfers are recommended for Airport Board approval.
PFC Drawdown # 2011/3 Check #1185.
MOVED BY: Commissioner Washo
SECONDED BY: Commissioner Smallacombe
VOTE: Unanimous

Design and Construct Access Road for GA Area

PPL Electric Utilities ACP 07-16	\$ 39,946.00	CIP 19607-16
L.R. Kimball ACP 07-16	\$ 46,426.80	CIP 19607-16
L.R. Kimball ACP 07-16	\$ 6,500.00	CIP 19607-16
L.R. Kimball ACP 07-16	\$ 72,692.85	CIP 19607-16
L.R. Kimball ACP 07-16	\$ 42,371.76	CIP 19607-16
L.R. Kimball ACP 07-16	\$ 30,478.15	CIP 19607-16
L.R. Kimball ACP 07-16	\$ 7,542.01	CIP 19607-16

Design & Construct New South General Aviation Apron

Popple Construction ACP 10-01	\$ 12,205.58	CIP 19610-01
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DISCUSSION: Mr. Centini then made the Airport Board aware that the project that Popple Construction is doing, the Construction of the New South General Aviation Apron, most likely will not be completed this year because of bad weather. He explained that the pad that they put the first two lifts of soil on top of the rock is saturated. He stated that they have had our engineers look at it, they've talked about maybe ripping it off. He continued that they are talking with the FAA and it looks like what will happen is that we will do as much work as we can, stay off the pad, and see if it dries. They hope to get some of the blacktop work done, but if it is going to cost the Airport more to rip things out because it is not done properly, then we will probably just suspend the construction.

DISCUSSION: Mr. Mykulyn went on to explain that the reason for this is that we have had so much rain, all the rain storms having had better than an inch in each one, some better than 4 inches of rain, and what happens is that even though the contractor is taking the necessary precautions in essence to make sure the necessary compaction is made and it is sealed, we then run into a rain storm and then the stock pile of material is wet, the area they are trying to work on is wet, and then they have to wait days for that to dry out.

BUSINESS REPORT – Cont'd...

DISCUSSION:

Mr. Centini then informed the Board that the Rehab and Extend Hangar Road Project is not off and running and that is not due to anything that the Airport or our Engineers have done but that Scartelli Construction has failed to provide the Airport with the necessary bonds. Scartelli has been given notice to get his construction bonds to us. They have 15 days in which to provide those bonds, and depending on what day we look at, the worst case scenario is if we don't get the bonds by this Friday, Mr. Centini is going to recommend to the Board that the Airport speak to the FAA, and he would like to have Board approval to void Scartelli's contract with the Airport and rebid the job.

MOTION:

Recommend the Airport Board void the contract with Scartelli Contractors and rebid The Rehab and Extend Hangar Road Project, if Scartelli does not provide the necessary construction bonds to the Airport by this Friday, October 7, 2011. If this contract is voided Scartelli will be notified by registered mail.

MOVED BY:

Commissioner Urban

SECONDED BY:

Commissioner Petrilla (provided the Airport keeps the Bid Bond)

VOTE:

Unanimous

ITEM 5.

BID AWARDS:

Airport Rental Car Concessionaire and Lease Agreement.

MOTION:

Bids were opened on Friday, September 9, 2011 at 1:30 P.M. in the Airport's Conference Room by Airport Administration for the Airport Rental Car Concessionaire and Lease Agreement solicitation. The bids were reviewed and tabulated and it is recommended that the Airport Board approve the four highest primary bids and the one secondary bid and their associated Airport Rental Car Concession Land Lease Agreements for the following rental car companies: Avis, Hertz, Pennrac/National, Budget, and Enterprise Car Rental. The minimum first year aggregate commission amounts are as follows:

<u>Company</u>	<u>Base Bid</u>	
Avis Car Rental	\$ 240,000.00	Primary Bid
Enterprise Car Rental	\$ 31,500.00	Secondary Bid to National
The Hertz Corporation	\$ 220,400.00	Primary Bid
Pennrac/National Car Rental	\$ 98,000.00	Primary Bid
Alamo Car Rental	\$ 25,355.00	Primary Bid <i>(Not Recommending Award)</i>
Budget Car Rental	\$ 225,012.00	Primary Bid

As payment for the right to operate at the Airport, each rental car company will pay the Airport a 10% commission or the minimum amounts above, whichever is greater; In addition to space rental at a rate of \$ 28.00/s.f. for Years 1 and 2, \$29.24/s.f. for Years 3 and 4 and \$ 30.41/s.f. for Year 5; and fees for Ready and Return Car Parking Spaces at a rate of \$ 20.00 per space for Years 1 and 2, \$ 20.80 per space for Years 3 and 4, and \$ 21.63 per space for Year 5. The Agreements commence on November 1, 2011 and terminate on December 31, 2016.

It is noted that the total estimated minimum guarantees for 2012 equal \$ 814,912, which is \$ 297,147 (26.7%) less than the estimated total commission payments for 2011 of \$ 1,112,059. The reason for this apparent decrease is because for the last two calendar years (including 2011), the contractual minimum guarantees were significantly higher than the actual computed commissions. The airport benefited

BID AWARDS – Cont’d...

from this in both 2010 and 2011. In 2010, total commission payments were \$ 1,028,921 while actual revenue commissions were only \$ 673,279; a difference of \$ 355,641 in additional revenue to the Airport over the actual 10% commission rate. In 2011, total estimated commission payments were \$ 1,112,059 while estimated actual revenue commissions are \$ 785,395; a difference of \$ 326,664 in additional revenue to the Airport. The minimum annual guarantees bid by the car rentals in this solicitation reflect their desire to correct the imbalance between their contractual minimums and their actual realized revenues.

MOVED BY: Commissioner Washo
SECONDED BY: Commissioner O'Brien
VOTE: Unanimous

ITEM 6.
BID OPENINGS:

Parking Expansion Project.

MOTION: Bids for the Parking Expansion Project were opened September 19, 2011 at 10:00 A.M. in the Airport Conference Room by Airport Administration with Reggie Mariani, Lackawanna County Deputy Controller present. Recommend the Airport Board reject bids received. Only one bid on the project was received, that being from Popple Construction. The bid received was more than 75% over the Engineers estimate for the project. The Engineer's recommendation is to reject the bid, repackage the bid documents to provide additional alternates and rebid the the project.

MOVED BY: Commissioner Petrilla
SECONDED BY: Commissioner Cooney
VOTE: Unanimous

ITEM 7.
CONTRACTS/LEASES/AGREEMENTS:

Airport Restaurant Land Lease & Easement – Supplemental Agreement #1.

MOTION: Recommend the Airport Board approve the Airport Restaurant Land Lease and Easement – Supplemental Agreement #1 between the Wilkes-Barre/Scranton International Airport and Dublin 1634, LLC. The term of the original Lease shall be extended for an additional ten years, beginning on November 1, 2011 and shall terminate on October 31, 2021, unless extended for a second extension term. The land rent during the period November 1, 2011 through October 31, 2016, shall be a fixed monthly amount of \$ 2,000.00, plus an additional amount of 5% of the annual gross revenue which is in excess of \$ 500,000.00 taken in by the operation of the restaurant. The additional amount shall be computed and reported to the Airport by Dublin 1634 on a monthly basis and calculated when the year to date gross revenue of the restaurant exceeds \$ 500,000.00. The land rent during the period November 1, 2016 through October 31, 2021 shall be negotiated by the Airport and Dublin 1634 and shall be agreed upon by the parties no later than July 31, 2016.

MOVED BY: Commissioner Petrilla
SECONDED BY: Commissioner Cooney
VOTE: Unanimous

ITEM 8.

DIRECTOR'S COMMENTS:

Personnel.

MOTION:

Recommend the Airport Board ratify the appointment of Mr. William McCawley, RD #2, Box 144, Glendale Road, Pittston, to a custodian position effective September 6, 2011.

MOVED BY:

Commissioner Washo

SECONDED BY:

Commissioner O'Brien

VOTE:

Unanimous

Airline Service.

DISCUSSION:

Mr. Centini reported to the Airport Board that on Wednesday, September 7, 2011 Delta Airlines began daily jet service to Atlanta. He explained that Delta Connection Carrier, Atlantic Southeast Airlines, is operating the non-stop, round trip flight using a 50 seat Canadair Regional Jet.

He went on to state that Northeastern Pennsylvania passengers traveling to Delta's International hub at Atlanta/Hartsfield Int'l Airport have a convenient choice of over 1,000 daily flights to 219 domestic and international destinations, including cities in Europe, Asia, Africa, the Middle East and Latin America.

He reported that through the first two weeks of service the Atlanta flight is averaging over 90% loads. There have been no less than 45 passengers on every one of the 50 seat aircraft. In addition to the new Atlanta service, our Northeast Pennsylvania travelers can continue to utilize the three daily regional jet flights from the Wilkes-Barre/Scranton International Airport to Detroit. Delta's hub at Detroit has over 560 daily flights to 139 domestic and international cities.

Mr. Centini reported that the new Atlanta flight departs AVP daily at 5:22 P.M. and arrives in ATL at 7:42 P.M. Flights to AVP leave Detroit daily at 2:45 P.M. and arrive at AVP at 4:50 P.M.

Mr. Centini stated that restoring Atlanta service has been one of our top priorities since the service was discontinued August 2009. He stated that we are happy to have it back and we are urging all of our business and leisure travelers to utilize Delta's new non-stop jet service to Atlanta and beyond.

Wilkes-Barre/Scranton International Airport Authority.

DISCUSSION:

Attorney John O'Brien provided an update on the formation of an Airport Authority. Attorney O'Brien stated that he had done some research on this matter and he looked at the legality of the setup of the Authority. He stated he has some proposals the Counties would have to agree upon, he has some legalities that he would like to discuss further, and he thinks that an airport decision could be made by the next Bi-County Board Meeting which is scheduled for October 20, 2011; and should that decision be to go further with the Authority, then it would be a 30 day notice and each County would need its own hearing after that, which would pave the way, if it were definitely decided to approve the Authority, then the Airport can could look at a November 2011 conversion date.

DIRECTOR'S COMMENTS – Cont'd...

2011 Retirement Contribution.

DISCUSSION: The 2011 Retirement Contribution agenda item was directed, by the Chairman of the Airport Board, to be placed on the September Meeting Agenda. A majority vote by each County would approve a payment of \$ 130,595.49 to Luzerne County's retirement fund and a \$ 93,506.50 payment to Lackawanna County's retirement fund.

MOVED BY: Commissioner Petrilla
SECONDED BY: Commissioner Cooney
VOTE: 3 Yes Votes - Luzerne County
1 Yes Vote - Lackawanna County
2 No Votes - Lackawanna County

Footnote: The motion did not pass. A majority vote is needed from each County for the passage of this motion.

MOTION: Request Airport Board go off Agenda.
MOVED BY: Commissioner Cooney
SECONDED BY: Commissioner Petrilla
VOTE: Unanimous

Airport Terminal Plaque.

MOTION: Recommend the Airport Board consider the Airport Terminal Plaque which is hung on the first floor of the terminal revisited and approve the draft of a new Airport Terminal Plaque, omitting the names of any individuals/companies that were found to be guilty of any wrong doing during the recent Federal investigations conducted in Luzerne and Lackawanna Counties.

MOVED BY: Commissioner Cooney
SECONDED BY: Commissioner Petrilla
VOTE: 3 Yes Votes - Luzerne County
1 Yes Vote - Lackawanna County
2 No Votes - Lackawanna County

Footnote: The motion did not pass. A majority vote is needed from each County for the passage of this motion.

ITEM 9.
OTHER MATTERS:

None.

ITEM 10.
ADJOURNMENT:

MOTION: To adjourn the meeting.
MOVED BY: Commissioner Petrilla
SECONDED BY: Commissioner O'Brien
VOTE: Unanimous

The meeting was adjourned at 11:23 A.M.