

MBS INTERNATIONAL AIRPORT COMMISSION

March 17, 2016

MINUTES

The meeting was held in the Eugene F. Gwizdala Conference Room, 8500 Garfield Road, Freeland, Michigan 48623. Tom Adams, Chairman, called the meeting to order at 1:32 p.m. Roll was called by Nicole Moses.

COMMISSIONERS

Present

Tom Adams
Greg Branch
Brad Gray
Ernie Krygier
Tim Morales

Absent & Excused

Dennis Browning
Tom Herek
Kim Coonan
Jon Lynch

Staff

Jeff Nagel
Andre Borrello
Nicole Moses

Guest

Angela Lund-AHP
Randy Morse-AHP
Dave Gilbert
Chris Sieklucki
Angela Osmond-TSA

PLEDGE OF ALLEGIANCE

MINUTES: Mr. Krygier made a motion to approve the minutes of the Regular Commission Meeting held on January 21, 2016. Mr. Branch seconded the motion. The motion was unanimously approved by the Board.

JANUARY 2016 AND FEBRUARY 2016 WARRANTS AND CASH & INVESTMENT

SUMMARIES: Mr. Krygier made a motion to approve the Warrant Registers for the January Payroll Advice Numbers 003912-003962 and February Payroll Advice Numbers 003963-004013; the January Operations & Maintenance Check Numbers 044970-045018 and February Operations & Maintenance Check Numbers 045019-045072. Mr. Branch seconded the motion and the Board unanimously approved it. Mr. Krygier made a motion to approve the January and February Cash and Investment Summaries. Mr. Branch seconded the motion and the Board unanimously approved them.

PUBLIC COMMENT: None

2015 FINANCIAL AUDIT

Presented was the 2015 Financial Audit as reported by Andrews Hooper and Pavlik (AHP). The Finance Committee met on Monday, March 7, 2016 to discuss the audit. Randy Morse and Angela Lund were on-hand for that meeting and were present at the commission meeting to discuss the audit.

2015 did have operational income of over \$230,000 which shows much progress from 2012 when the airport had an operational financial loss of over \$1 million. The commission and the three owning municipalities should take great pride in the fact that MBS continues to operate

without the support of local tax dollars. The elimination of the financial loss for 2015 was due to a consistent effort to increase revenues where appropriate while also reducing expenses.

Some brief highlights of 2015 include an increase in operating revenues by over 10% and a decrease in operating expenses by over 5%. There was not a Single Audit requirement this year as MBS did not meet the threshold of receiving over \$750,000 in federal (FAA) grants. The GASB 68 pension liability is recorded this year. The PFC program was also audited and AHP found no issues with that.

After the presentation of the audit to the Finance Committee, the committee voted to place the audit on the agenda for the March 17, 2016 airport commission meeting.

Mr. Krygier made a motion for the Commission to receive the 2015 Financial Audit and the 2015 PFC Audit. Mr. Branch seconded the motion and the motion passed unanimously.

2016 AUDIT SERVICES

The current audit proposal from Andrews Hooper and Pavlik expires after the 2015 audit. The Finance Committee has discussed receiving a one-year proposal from AHP to cover audit services for 2016. This would assist MBS accounting staff by enabling Nicole to become more familiar with the audit process and what is required from all phases of the audit, prior to going out for competitive proposals and possibly getting a new audit firm into the airport. The committee agreed that because of the recent turnover in the accounting manager position, a one-year extension would be a good idea, pending the proposed costs.

Staff requested Andrews Hooper to provide a one-year cost proposal to cover the 2016 Financial Audit, Single Audit and PFC Audit. In response to our request, Andrews Hooper submitted a letter outlining their proposed costs for 2016. In summary, those costs compare with 2015 costs as follows:

	<u>2015</u>	<u>2016</u>
Audit	\$11,100	\$11,400
Single Audit (if required)	\$5,100	\$5,100
PFC Audit	\$3,600	\$3,700
Total	\$19,800	\$20,200

This represents a 2% increase in the total audit services.

It is fairly certain that MBS will require a Single Audit for 2016 as we will more than likely exceed the federal assistance threshold of \$750,000 in grants. Having Andrews Hooper on-board for the Single Audit would benefit Nicole as we didn't go through the Single Audit for 2015.

The Finance Committee met again on Monday, March 7, 2016 and discussed this topic. After review of the AHP proposal and discussion of the pros and cons, the committee recommends a

one-year extension with Andrews Hooper Pavlik for 2016 audit services and then recommends staff go out for proposals for 2017-2021.

Mr. Krygier made a motion to approve the 2016 audit proposal from Andrews Hooper and Pavlik at the costs outlined in their letter dated January 28, 2016. Mr. Branch seconded the motion and the motion passed unanimously.

AVIS LEASE AMENDMENT

The local manager for Avis has expressed an interest in leasing the back office of the extra rental car location. They would use the space to store car seats and other supplies. This would generate some additional revenue for MBS, but we would want to maintain the option for this space if there was interest from another car rental company to come on to the airport. Therefore the proposal given to Avis was for a 30-day reversion so MBS could request the space back by providing a 30 day written notice. Avis was in agreement with this proposal.

Because of the reversion clause, the rent was proposed at \$15 per square foot. The monthly rent would be approximately \$225 per month.

The Finance Committee met on Monday, March 7, 2016 and discussed this item. The committee agreed that the additional revenue would be beneficial and MBS wants to protect the space if needed. The committee agreed with the recommendation and asked that this item be placed on the full commission agenda for March 17th.

Mr. Krygier made a motion to approve the lease amendment for Avis Rent-a-Car to lease the back office of the currently vacant rental car office at a rate of \$15 per square foot. The lease amendment should include a 30-day notice reversion clause for MBS if the space is needed for any other reason. The motion shall also authorize the Chairman, or in his absence the Vice Chairman, to sign the related document once drafted by the airport attorney. Mr. Morales seconded the motion and the motion passed unanimously.

VEHICLE PURCHASE

Maintaining the fleet of MBS vehicles is important and staff has done very good providing recommendations on the replacement of certain vehicles. In 2014, MBS purchased a new maintenance pickup truck and in 2015 we purchased a new ARFF/Operations pickup truck.

Two current staff vehicles (Chevy Trailblazers) have performed very well with one being a 2006 with over 118,000 miles and the other a 2002 with over 110,000 miles.

Thanks to our mechanics, both vehicles are in fairly good shape for their age. We are looking to replace one of these vehicles this year. It should be noted that the vehicle replacement policy used to be to purchase a new vehicle every two-to-three years. However, we have not replaced one since late 2005.

Since Chevy does not produce the Trailblazer any longer a new model must be considered. Based on our mechanic experience and service history, it was determined to continue with a

Chevy vehicle but move to the smaller Equinox. The Equinox LS (lower end model) with all-wheel drive was considered and bid.

MBS is a member of MiDeal and the MiDeal price for this vehicle is \$20,515 plus delivery from the Grand Rapids dealership. The Airport Maintenance Supervisor also received quotes from four local dealers as outlined below:

Burt Watson	\$22,972.00
Graff	\$22,587.20
Garber	\$21,930.00
Martin	\$24,170.00

The MSRP price for this vehicle is \$27,000.

As noted above, the MiDeal price for the vehicle does not include delivery from the Grand Rapids dealership. The delivery cost was provided at \$228 bringing the total MiDeal price to \$20,743. The bid from Garber was only \$1,187 higher than the MiDeal price and purchasing from Garber allows us to keep this purchase “local”. There is money available in the “capital” account of the 2016 budget.

The Trailblazer we are replacing will most likely go to the Maintenance Department to be used to shuttle maintenance employees to/from various work assignments on the airport. Next year, the plan is to purchase another maintenance pickup truck.

This item was discussed at the March 7, 2016 Finance Committee meeting and the committee agreed with the recommendation to approve the bid from Garber Chevy.

Mr. Branch made a motion to approve the bid from Garber Chevrolet for a 2016 Equinox LS all-wheel-drive. The motion shall also authorize the airport manager to make the necessary payment. After discussion took place on the option to lease which will be explored for any future short-term vehicle needs but currently the vehicles have been kept for long terms than are typical for leasing. Mr. Krygier seconded the motion and the motion passed unanimously.

NON-UNION STAFF WAGE ADJUSTMENT

In accordance with the approved Collective Bargaining Agreement, all MBS union employees are scheduled to receive a 1% wage increase on March 31, 2016. Typically, the commission approves non-union wage increases in-line with the union increases. This motion does not impact the Airport Manager wage as that is completed in conjunction with the annual review process in the fall. This increase was budgeted for 2016.

Mr. Krygier made a motion to approve the non-union wage increases of 1% effective March 31, 2016. Mr. Morales seconded the motion and the motion passed unanimously.

OLD BUSINESS:

2016 AIRPORT IMPROVEMENT PROJECT

The design is ongoing with RS&H. A 50% and 90% plan review meeting has been completed with the airport staff. We will be placing advertisements for bids in 3 local newspapers. Bids will be due May 6th. On May 19th the bids will be presented to the commission. The project includes crack seal of runway 5/23 seal and some patching of touch down zones. We are coordinating with an FAA project to limit impact to airport traffic.

FAA REAUTHORIZATION

The current FAA funding bill is set to expire on March 31, 2016. There are currently two bills floating around in Washington, one in the House and one in the Senate. This week a short-term extension through the fiscal year was passed by a committee or we may see a new bill that will increase the PFC cap which is currently set at \$4.50. To show our support, I have personally met with Senator Gary Peters and Craig Williams, Flint Bishop's Airport Director, Bob Selig, Lansing's Capital Airport Director and I have sent a joint letter to our State Representatives Peters and Stabenow. Although unlikely, if an extension or new bill is not passed by the time our summer projects are set to begin we will either have to self-fund the project and get reimbursed once funding is approved or place on-hold. The Airport Manager's recommendation would be to self-fund the estimated \$525,000 project in order to be able to coordinate with the FAA project and close the runway only one time.

ASSISTANT AIRPORT MANAGER

There were three finalists for the Assistant Airport Manager's position. Two finalists came to MBS for a panel interview with Jeff Nagel, MBS' Airport Director, Craig Williams, Flint Bishop's Airport Director and Dan Sal, Traverse City's Assistant Airport Manager. Chris Sielucki was selected as the new MBS Assistant Airport Manager and will be effective March 21, 2016.

NEW BUSINESS:

2016 WINTER STORMS

The area received two large late winter storms. One was on February 24-25 and the second March 1-2. Accumulation was about 10 and 12 inches respectively which is roughly half of our annual snow fall. 28 flights cancelled and none were due to our runway conditions. The Maintenance crew did an excellent job keeping the runways open with minimal overtime. They even kept the runway open late for a private jet to land after the all commercial flights had been cancelled. The evening of Feb 24th we experienced a 6.5 hour power outage in the terminal. The generator kicked on and then blew a transfer switch for parking lot lights. The Maintenance crew got the generator back up and running but by then Delta had cancelled their last flight. The following day there was a power outage on the south side of the airfield which is fed by a separate feed from the north side which affects the FAA tower, which does have a back-up generator, the maintenance facility and fuel farm. The fuel farm is needed to fuel the trucks to clear the runways

and also supplies the jet fuel. We were in contact with our Consumers Rep and when the power was restored no business had been impacted. Unfortunately passenger traffic will reflect the 28 cancellations for February and March.

BORRELLO FOR CIRCUIT COURT JUDGE

MBS Attorney Andre Borrello is officially a 2016 candidate for Saginaw County Circuit Court Judge. The primaries will be held in August and the final election in November so until then he will remain as the Airport's primary attorney. Amy Lusk and other staff attorneys are available for assistance if needed and have experience in municipal law.

The next regular meeting is scheduled for April 21, 2016 at 1:30 p.m.

ADJOURNMENT: There being no further business, Mr. Branch made a motion to adjourn. Mr. Krygier seconded and the Board unanimously passed the motion. The meeting adjourned at 2:22 p.m.

Ernie Krygier, Secretary