

**ERIE REGIONAL AIRPORT AUTHORITY  
WORK SESSION  
Thursday May 28, 2009**

Minutes of a Work Session of the Erie Regional Airport Authority duly posted and advertised. Held in the Conference Room of the International Trade Center located at 3837 West 20<sup>th</sup> Street in Millcreek Township, Erie County, Pennsylvania.

**The Work Session Opened at 11:30 AM**

**Attendees:**

|                   |                 |                |
|-------------------|-----------------|----------------|
| Lou Porreco       | Chris Rodgers   | Ken Olup       |
| Sumner Nichols    | Sheilah Bruno   | Vic Spinabelli |
| Lou Bizzarro      | Mari Anne Clark | Ed Kissell     |
| Lisa Cappabianca  | Ian Bogle       | Paul Wagner    |
| Frank Stefano     | Kim Scharrer    | Joe Ceresa     |
| Janet Anderson    | Michelle Magee  | Dan Sweeny     |
| Namon McWilliams  | Irene Seyler    | Carol Deraimo  |
| Dale Roth         | Jim Thompson    |                |
| Charley Augustine | George Willis   |                |
| Don Wright        | Bob Spaulding   |                |

**Topics of Discussion:**

**Dick Corp Master Consultant Agreement**

Lou Porreco asked ERAA Advisory Board Member George Willis to share his recommendations pertaining to the master agreement with Dick Corp. Mr. Willis reported that upon reviewing the agreement, he found 3 items of concern. He added that it has been almost 3 years since the agreement was signed (2006).

1. The first item of concern pertains to consultant liability. The damages are limited to the value of the consultant's fee. Mr. Willis further explained that if the consultant fee is a couple hundred thousand dollars and they do something negligent that amounts to \$1 million worth of damages, they are only responsible for the amount of their fee. Something like this is a very significant concern.
2. Another item of concern pertains to adding Dick Corp as a "named additional insured" on our liability insurance policy. This seems a bit unusual. This is not normal practice with contracts. Is there a need for it and why? What is the cost? Mr. Willis recommended that the Board Solicitor talk to Dick Corp about issues #1 and # 2 to get some answers. Dale Roth agreed especially with the issue of consultant liability. This is something that normally does not get included in contracts. Mr. Porreco said that he does not understand how it even got in the contract in the first place. Upon legal review, our solicitor should have pulled this item out of the contract.

3. Another item of concern pertains to liability limits. The agreement states the limit as \$1 million. Mr. Willis said that in his opinion and experience \$1 million seems a little bit low. He added that \$5 million is a more normal/reasonable amount.

Mr. Willis explained that we contracted with the Dick Corporation legal entity in Pennsylvania that has certain assets and responsibilities under the Pennsylvania Corporation Law. Our master contract requires that if there is going to be any assignment of that contract then it has to be agreed to in writing by both parties. Mr. Willis said that he is not sure that this has been done. We received a letter from dck LLC stating that they have taken over all of the Dick Corporation's work and that any contracts we have now will be with the dck LLC. Mr. Willis said that he knows what a limited liability corporation (LLC) is, but he does not understand what the impact will be to us as an authority. Does this company have any assets? If we should run into problems down the line, are we giving up our rights to anything? This is something we really need to find out. Mr. Roth said that we could ask them for a financial statement. Mr. Willis said that if we are going to continue this master agreement, then we need to have an official assignment.

Mr. Roth said that another issue he noticed upon review of the agreement pertains to the use of subcontracts. He commented that the Authority needs to know what subcontracts will be used. We need to know who they are and what they will be doing. Mr. Porreco said that when we modify this agreement the language should provide for notice to the Authority of any subcontractor use; who they are and what work they will be performing. Mr. Roth said that he does not want to see the contractor using a subcontractor to do something like testing (soil testing, concrete testing, runway testing, etc.) at a mark up when we can contract it ourselves for a lower cost.

Solicitor Don Wright arrived at approximately 11:45 AM. Mr. Porreco asked Mr. Wright to please arrive on time in the future. Mr. Porreco explained Mr. Willis just brought to our attention several very important legal issues that we needed you here to discuss. Mr. Porreco advised Mr. Wright to contact Mr. Willis after the meeting to discuss the items of concern.

Mr. Willis asked if the Board has to act on the Dick Corp Work Order resolution at today's meeting. Chris Rodgers said that the resolution does not require action today because their services will not begin until construction at the wetland relocation site is set to begin. Based in information obtained from the FAA on a conference call earlier today, Mr. Rodgers said that we expected to accept a grant offer from the FAA at the August Board Meeting. Funds from this grant will be used for the wetland work. Mr. Willis recommended to the Board that the resolution be withdrawn until all concerns can be reviewed by the Board Solicitor and addressed by dck LLC. The Board agreed and the resolution was withdrawn from consideration. Mr. Rodgers added for the Board's information that when JF Brown became Jacob's Consultancy, we modified the agreement and approved an assignment of our agreement.

Mr. Rodgers briefly explained Work Order #21. Following the resolution in the Board packet, is the existing agreement naming dck as a sub-consultant to C&S Engineers for preconstruction services for all of the different bids that we would eventually enter into with this project. The master agreement is with dck for the work orders associated with construction management. It has been proposed that the Authority enter into an agreement directly with dck for preconstruction and construction services. Mr. Rodgers explained that there are no financial implications. What really ends up happening is that dck has a reporting requirement to us directly. C&S would not be in the middle. Mr. Porreco asked if this type of arrangement would be in line with one of the issues that Mr. Roth raised...contracting directly with dck rather than dck working as a sub for C&S. Can we save some money this way? Mr. Roth said that we should be able to save money. Mr. Rodgers explained that the change that would be made would end the existing contract with C&S. There is no additional cost for C&S to have dck as a sub. They would just terminate the contract for preconstruction services for everything after the wetland bid. Mr. Rodgers explained that we need them in place for this first bid.

Mr. Rodgers invited Vic Spinabelli and Ken Olup from dck North America into the Work Session for discussion with the Board. Mr. Porreco explained the Board's concerns with the existing agreement to Mr. Spinabelli and Mr. Olup:

- ✓ Regarding insurance, dck needs to have its own insurance; not be named as an additional insured on the Airport's policy. Adding dck as an additional insured adds weight to us: cost and liability.
- ✓ Damages limited to cost of agreement will not work for this contract.
- ✓ A \$1 million policy limit does not seem sufficient. The standard amount for a project this size is more like \$5 million.
- ✓ The agreement was approved between Dick Corp. and the Airport Authority. Now that Dick Corp is dck LLC, the ERAA Board needs to approve the assignment of the contract from Dick Corp to dck LLC. Mr. Spinabelli explained that Dick Corp is still in existence. New contracts are being pursued as dck LLC. He said that if the Board is more comfortable with an assignment of the contract then it should not be a problem to do so.

Mr. Spinabelli said that the insurance requirements proposed by the Board should not be a problem either.

Mr. Spinabelli explained that Work Order #21 being presented today for Board approval is for construction services for the wetland mitigation. He further explained that dck was asked to put together an agreement for construction services that includes a scope of services and a price proposal (this is the same format that dck uses for an agreement they have at Pittsburgh Airport). Mr. Spinabelli explained the scope of services and price list: who would be on the job, what those individuals would be doing, and what the cost is for each of those jobs. Mr. Olup added that not everyone who may be used on this task is listed in the scope. They have talked about using MGC Erie as a sub at a later date if the need for public relations arises during the course of the project. "As needed" items are not included in this proposal.

Mr. Porreco asked Mr. Roth if he had any other concerns. Mr. Roth said that he really needs to study the material presented in the Board packet. He stated that he would do so and email his thoughts to Mr. Porreco and Mr. Rodgers. Mr. Porreco asked that Mr. Willis do the same. Mr. Spinabelli said that this proposal is based on the schedule provided by C&S. It is for 8 or 9 months. It should take us through the winter at least. Mr. Roth commented that he does not know how wetland mitigation can be done in the winter months. This kind of work can not be done in the winter months. Mr. Olup said that if it pushes until March and goes until November and there is nothing in place to account for winter then the duration is 4 months not 8 months. We would have to come back to you. Mr. Roth said that this is one of the concerns. He said that he really needs to review the proposal more thoroughly before discussing further. Mr. Spinabelli said that this schedule is based on the latest schedule provided by C&S. Mr. Rodgers offered an update to the group based on the call he had early with the FAA. He explained that the FAA confirmed that our bids have to be tabulated and our grant needs to be submitted by mid-July. We can expect the FAA to process those and turn around with a grant offer to us in August. We can expect our Board to accept the grant offer at the August meeting. Mr. Rodgers explained that after the grant is accept we will be allowed to go ahead with notices to proceed. Mr. Roth said that this is just not going to happen. He said that he can say right now that this just will not happen. Mr. Rodgers asked Mr. Roth to be more specific. Mr. Roth said that getting bids by July just won't happen. Mr. Rodgers said that the design team told the FAA this morning that we can meet the schedule for submittal. Mr. Roth said that just by looking at the drawings and seeing what has to be approved; it just is not going to happen. Mr. Porreco asked Mr. Rodgers who he received this information from about on time submittal. Mr. Rodgers said that he got the information from Mark Petranchuk. Mr. Porreco asked Mr. Roth to contact Mr. Petranchuk to verify what C&S is basing this on. Mr. Roth said that he has talked to Soil Conversation and he knows what their approval process is, then there is the DEP. They still have not resolved their initial issues from the earlier meeting. Mr. Roth said that he has raised this concern with C&S in February and still has not received any type of answer. Mr. Porreco asked Mr. Roth to put together an evaluation to distribute to the Board after his conversation with Mark Petranchuk.

### **Runway Extension Status**

- Acquisition and Demolition- Mr. Rodgers reported that there is one residential property in Zone II left to be relocated. A declaration of taking (amicable) will be filed on the last commercial property (Tri-Penn Tool). We will acquire the property 30 days from the date filed. Mr. Rodgers said that offers and closing are continuing at a steady pace with the mobile home park residents. There are 4 or 5 offers remaining to be delivered. The team has been trying to schedule 5 closing per week. Mr. Rodgers said that all of the mobile home units are expected to be vacated by August 1<sup>st</sup>. The demolition contract has been bid and awarded. We are just waiting for the grant funds (Part A or Part B). Mr. Rodgers said that demolition is expected to begin September 1<sup>st</sup> once funds are received.

- Plan of Finance- Mr. Rodgers stated that a copy of the model prepared by Jacob's Consultancy was emailed to the full Board on Tuesday. He added that our grant application will be submitted by July 15<sup>th</sup>. Mr. Roth asked what will happen if we do not meet the July 15<sup>th</sup> deadline. Mr. Rodgers stated that we will submit a grant application by the deadline. Mr. Roth asked what happens if we don't have the bids (wetland construction) in before July 15<sup>th</sup>. Mr. Rodgers said that he supposes that other elements for acquisition will be put in the grant instead. We will not leave any money on the table this year.
- Mr. Rodgers reported on his recent trip to Washington DC. Mr. Rodgers explained that he, Mark Petranchuk, and Tyrone Clark met in Kathy Dahlkemper's office with Wayne Heibeck of the FAA. Through our discussions, Mr. Heibeck confirmed that the overlay of the runway is an eligible component of our project for stimulus funds. Mr. Rodgers further explained that the stimulus funds are in two phases/parts. The available funds in Part A have already been assigned. Mr. Rodgers said that many of the bids for projects that were awarded Part A funds have been coming in at 40% less than originally estimated. This means that there could be money left in Part A for distribution to other projects. Mr. Rodgers said that June 17<sup>th</sup> is the deadline for Part A (where the FAA has to obligate all of their funds). Between June 17<sup>th</sup> and September 30<sup>th</sup> (the end of the federal fiscal year) is when the FAA will start receiving the results for bids that were awarded in Part A. If dollars become available again in the "pot", then those dollars will have to be reassigned. Mr. Rodgers said that as a result of yesterday's meeting, we now know that the FAA considers us an eligible component for the Part B portion. Mr. Rodgers said that a yet to be scheduled working meeting will be the follow up to yesterday's meeting. Mr. Heibeck specifically asked that Sheri Ernico be at this upcoming meeting. We left the meeting yesterday with a commitment from the FAA to work on an accelerated schedule. Lisa Cappabianca asked for an explanation as to what makes a project Part A or Part B eligible. Mr. Porreco explained that projects considered for Part A funding were shovel ready projects that is why we applied for funding in Part B. If there is money left after Part A distribution of funds, a project in Part B could be moved up to receive money in Part A. Ms. Cappabianca asked how much money this will save. Mr. Rodgers said the funding would save us about \$7 million. Mr. Porreco added that we also save the interest on \$7 million over the time that would have originally been our construction schedule. Mr. Rodgers further explained that with this \$7 million of "new dollars" being available for the rehab, the dollars that were originally going to go to the rehab can go to accelerate the capacity components of the project forward saving 18 months.
- SMART request- Mr. Porreco asked if this initiative is "dead". Mr. Rodgers confirmed that it was. We will not be receiving anything from this effort. It has not been made public yet, but Erie should not expect to receive funds through this initiative.

### **Financial Report**

Sheilah Bruno reported a net surplus after debt service of \$12,814 for the month. Our year to date net surplus after debt service is \$5,619. Ms. Bruno said that year to date in 2008 we had a net deficit of \$85,234. We are \$19,720 unfavorable when compared to budget year to date. Ms. Bruno explained that this is due primarily to reduced activity for parking concessions.

Mr. Porreco asked if a resolution was being presented today to accept the audit. Ms. Bruno said that she thought the audit did not need to be approved by the Board. Mr. Porreco said that it does not need to be approved, but the Board does need to accept the audit of the 2008 financials. Mr. Porreco asked Mr. Wright to prepare a resolution to be presented today for Board consideration.

### **Exercising Call Option on Bonds**

Sumner Nichols distributed a spreadsheet he prepared illustrating our options. He reported that he is working on getting a commitment letter from Erie Bank. He will have more information at next month's meeting.

### **Bills Payable**

Mr. Porreco asked about the Eltech bill for \$7,000 for camera repairs. Chief Bogle explained that we had three cameras that went down. We tried to get them back on line to no avail. Eltech had to be called. They had to send the three cameras out for repair which was more cost effective than getting three new cameras. Chief Bogle said that all three cameras are currently up and running efficiently.

Ms. Cappabianca commented that she was under the impression that the Airport 101 training was going to cost \$3,000 not \$4,800. Mr. Rodgers explained that originally the cost for this training was \$7,000. Then the price was negotiated down to \$4,800. Ms. Cappabianca also asked about the cost for an "animal relief area sign". Mr. Rodgers explained that ADA law requires an animal relief area for service dogs.

Frank Stefano asked about the Penelec bill for Premier Conduit. We have a \$7,000 credit and then bills for March, April, and May. Ms. Bruno explained that we are billed based on an estimate, then we are billed based on the actual numbers. Just as in previous months, we are issued a credit when the estimate is higher than the actual.

At last month's meeting, Mr. Stefano asked about locking in a rate with National Fuel because rates are going up in 2010. Ms. Bruno reported that we locked in to a rate of 8.015 from November 1<sup>st</sup> to October 31<sup>st</sup>. This is the lowest rate we have had in 61/2 years. Ms. Bruno said that she spoke to a representative from National Fuel. We can do a blended rate; we can lock in from June through October 2010 at 6.51 or we can lock in at 7.15 until October 2011. Ms. Bruno has some information to review. Mr. Porreco instructed Ms. Bruno to put all of the information gathered together to present to the Board at the June 25<sup>th</sup> Board Meeting. Mr. Stefano suggested that the Airport Authority work with the County or some of the other Authorities to try to buy in bulk. Rising costs are going to be a real "budget buster". Mr. Porreco asked Mr. Stefano to take the lead on this initiative since he has some experience in this field. Bob Spaulding said that the County is already exploring options. They are holding an energy aggregation meeting on June 17<sup>th</sup>. Mr. Porreco suggested that Mr. Rodgers and Mr. Stefano attend this meeting.

### **Master Tracking List/Activities Report/Buildings and Grounds**

Mr. Rodgers reported that the building inspector for Millcreek Township signed off on the emergency generator.

Mr. Rodgers explained that last year the Board approved a security evaluation as part of the terminal improvement grant. The evaluation was done by DMJM Harris and did not cost as much as expected. Mr. Rodgers explained that the airport has a need for a new server. We would like to use the money left over from the security evaluation to purchase a new server. Mr. Stefano asked if a new server would replace the old one; what is the capacity; can our UPS handle the new server; etc.? Mr. Porreco suggested that Chief Bogle facilitate a conference call with Mr. Stefano and Velocity Net. Mr. Porreco asked Don Wright to draft a resolution approving the purchase of a new server. Please include language that states something like: purchase of the server is subject to Board Member Frank Stefano's approval/recommendation based on his evaluation after his phone call with Velocity Net.

### **Air Service Update**

Mr. Rodgers reported that air travel in the month of April was negatively impacted by delays in Philadelphia and Swine Flu fears. Year to date through April our total traffic decline is 12.1%.

### **Asbury West**

Mr. Rodgers said that Urban Engineers continues work on our Noise Reuse Plan. We have a submittal date of October 31<sup>st</sup>. Development of this area is contingent on the plan/report findings.

Carol's Gift Shop owner, Carol Deraimo entered the Work Session and asked permission to address the Board. She stated that she is very upset and concerned because she just saw two vending machines being installed in the terminal; one in the lobby and the other in the Boarding Area beyond the screening checkpoint. Ms. Deraimo said that the machine in the lobby is just going to kill her business. A majority of her daily sales are for snacks and candy. Mr. Rodgers explained that the machines are being installed at the suggestion of former City Council Liaison, Rubye Jenkins-Husband in an effort to better serve the traveling public. Ms. Anderson commented that she was not aware that a vending machine was being installed in the main lobby. The other Board members agreed with her statement. Mr. Rodgers explained that the vending machine in the Boarding Area is to serve passengers who have already cleared through screening and want a snack or beverage. The vending machine in the lobby is to serve customers who are waiting for a late flight and want a snack. Mr. Rodgers added that the gift shop and restaurant both close before the last flight arrives at 10:28 PM. Ms. Deraimo reiterated that the vending machine in the lobby is going to kill her business. The snacks in the vending machine are priced cheaper than the snacks she sells in her shop. Mr. Porreco instructed Mr. Rodgers to have a Temporarily Out of Service sign put on the vending machine in the lobby. The sign can come off after the gift shop closes for the evening. Moving forward, Mr. Porreco asked Chief Bogle to see about putting the vending

machine on a timer so it is only usable when the gift shop is closed. Mr. Porreco suggested that this issue be discussed further at the June Board Meeting.

### **Parking Lease Agreement-Republic Parking**

Mr. Nichols reported that he intends to have a formal letter drafted to Republic Parking listing our concerns by the next Board Meeting.

### **Wall of Fame**

Mr. Rodgers told the Board of the very nice unveiling ceremony held at the airport on Friday May 22<sup>nd</sup> to honor Major Earl Abbott and Colonel Richard Hellwege. Mr. Rodgers thanked the Board for their support and encouragement and thanked Janet Anderson for attending the ceremony.

Regarding the presentation made at the April Board Meeting by the family of Major Magee Fuller, the Board advised Mr. Rodgers to proceed with a July 2<sup>nd</sup> unveiling ceremony.

### **Airport 101**

Mr. Rodgers commented that in his opinion, Airport 101 was a success! He said that he has received favorable feedback from the staff and Board members who attended.

### **Resolutions**

Resolution 2009-19- Approval to Accept Disadvantage Business Enterprise Progress

Resolution 2009-20- Authorize Executive Director to Execute Necessary Legal Documents to Commence Condemnation Proceedings

Resolution 2009-21- Acceptance of Audit of 2008 Financials

Resolution 2009-22- Acceptance of Velocity Net Proposal

### **Work Session Adjourned: 1:05 PM**

*The ERAA Board met in an Executive Session immediately following the close of the Work Session.*

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Lou Bizzarro, Secretary

