



## BOARD OF DIRECTORS | MEETING MINUTES OF OCTOBER 28, 2014

Present: Susan Tomasky, Chair  
William R. Heifner, Vice Chair  
Frank J. Cipriano  
Elizabeth P. Kessler  
William J. Lhota  
Jordan A. Miller, Jr.  
Dwight Smith

Absent: Don M. Casto, III  
Kathleen Ransier

CRAA Executive Staff: Elaine Roberts, President and Chief Executive Officer  
Rod Borden, Chief Operating Officer  
Randy Bush, Chief Financial Officer  
Robin Holderman, Chief Asset & Development Officer  
Tory Richardson, Vice President, Human Resources & Strategy  
David Whitaker, Vice President, Business Development & Communications

CRAA Staff: A. Beaver, S. Bekemeier, S. Bell, H. Brown, D. Finch, C. Goodwin, J. Lizotte,  
D. Monnell, B. Sarkis, P. Streitenberger, A. Tabor, K. Whittington

Others Present: Alan Harding, Columbus Flight Watch  
Don Peters, Columbus Flight Watch  
John Montgomery, Central Ohio Severe Weather Network

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:00 p.m.

### MINUTES

Chair Tomasky asked if there were any additions or corrections to the Minutes of September 23, 2014. Hearing none, Lhota moved for approval; Cipriano seconded. Minutes approved unanimously.

### COMMITTEE REPORTS

#### AIR SERVICE DEVELOPMENT:

Tomasky reported that the Air Service Development committee did not meet. Bill Swelbar was brought to Port Columbus for a repeat presentation on his views on air service. The Mayor's Jobs, Expansion and Transportation (JET) Task Force and members of the community were able to get a better understanding of the air service industry.

#### BUSINESS DEVELOPMENT:

Nothing to report.

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## FACILITIES & SERVICES:

Heifner requested Cipriano to report. Cipriano reported that the committee met on October 22, 2014.

Cipriano reported that a presentation was given by Joanna Felder regarding airport signage and graphics. Her presentation provided contrasts with other airports and recommendations for improvement. Roberts reported that the Authority has a study underway and some of the recommendations will be addressed with the Terminal Modernization Project. The Authority will review its advertising and the balance of revenue versus esthetics.

Cipriano reported the committee reviewed the Major Capital Projects report for 2014. Also reviewed were the project status report, cost variance report, and construction schedules and timelines; and, the 2013 Capital Budget Recap, proposed 2014 Capital Budget Recap. A. Beaver reviewed the 2014 Capital Budget Recap, as well as the 2015-2016 Capital Budget Preview. Also reviewed were the Resolutions being presented to the Board.

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## FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting and that the Authority's finances are in great shape. Miller complimented R. Bush and his team for their excellent work and requested Bush to report on the financial statements.

Bush reported that the Authority has received the full report from Kroll Bond Rating Agency and a rating of AA- was assigned with a stable outlook. Six key rating determinants apply which are: Management, Economics/Demographics of the Service Area, Airport Utilization, Airport Debt/Capital Needs, Airport Finances, and Legal Mechanics and Security Provisions. The full-report was shared with the Board and is a very informative read.

Bush reviewed the financial statements for the year-to-date period ended September 30, 2014. Under the Operating Revenues – Actual vs. Budget, with \$66.1 million in actual revenues and a budget of \$65 million, this leaves a positive variance of \$1.1 million. Airline's negative variance of \$35,000 is due to adjustments to the 2013 Airline Carryforward. General Aviation's positive variance of \$292,000 is the result of higher than anticipated use and fuel flow fees of \$130,000 and \$162,000 related to new lease tenants. Air Freight's positive variance of \$118,000 is due to increased cargo airline activity and related fuel revenue at Rickenbacker. Hotel's positive variance of \$219,000 is a result of the pacing of the budget for the new operations. Concessionaire's & Misc. Lessees' positive variance of \$285,000 is primarily related to increased commissions of \$191,000 for the rental cars and \$206,000 in misc. lessees offset by a \$112,000 reduction in advertisement fees related to the terminal modernization project. And Other Income's positive variance of \$258,000 is due to increased ground handling services at Rickenbacker.

Under the Operating Expenses – Actual vs. Budget, with \$47.7 million in actual expenses, and a budget of \$49.1 million, we have a positive variance of \$1.3 million. Salaries & Wages' positive variance of \$778,000 is related to \$1,259,000 in 36 vacant positions, offset by less than anticipated project management hours of \$481,000. Benefits & Personnel's negative variance of \$155,000 is due to increased health insurance costs of \$151,000, less than anticipated project management hours of \$161,000, and increased worker's compensation of \$96,000, offset by a \$253,000 decrease related to Public Employees Retirement System (PERS), Medicare, and unemployment claims. Supplies & Materials' positive variance of \$77,000 is due to the delay of paving and painting related projects of \$350,000, and a reduction in FBO ground fuel expenses of \$149,000, which is offset by increased winter weather costs related to fuel of \$34,000, snow removal supplies of \$275,000 and \$104,000 increase in building and airfield parts and supplies. Services' positive variance of \$808,000 is the result of a \$1.2 million decrease related to the timing of spend for maintenance, miscellaneous services and travel and registration, \$315,000 decrease in ARFF services related to TSA exit lane staffing and \$108,000 decrease in pollution related insurance expense.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$82.6 million and total cash expenditures to date of \$36.9 million, this represents a year-to-date execution of 45% of the approved Capital Budget spend. The total accrued expenditures to date of \$37.1 million represent 45% of the approved Capital Budget.

Bush reported that the debt per enplaned passenger is \$17.86, compared to the Moody's Average of \$66.92 from 2013, which is very strong and reflects low debt levels at the airport. The days of unrestricted cash on hand is 598 days, with the Moody's 2013 average being 526 days. Days of unrestricted cash excluding any rental car facility charges is 407 days, which is well ahead of the 365 days the Authority wants to maintain. We have \$104.9 million of outstanding debt which includes \$30 million outstanding under our Revolving Credit Facility.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Income before Depreciation is \$18.4 million. This gives the Authority a positive Operating Income before Depreciation variance of \$2.5 million as compared to budget, or 16.1%.

Under the Combined Statement of Net Position vs. Prior Year End, total assets and deferred outflows were \$894.5 million with current assets of restricted and unrestricted funds being \$120 million. Net land, property and equipment in the amount of \$741.2 million is the largest asset on the Combined Statement of Net Position.

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## HUMAN RESOURCES:

Lhota reported that the Human Resources Committee did not meet this past month, but has been closely monitoring the ongoing negotiations process with AFSCME.

The Authority has been in collective bargaining negotiations with AFSCME, which represents more than 140 of CRAA's front-line employees, including: Building Maintenance, Custodial Services and Airfield. These team members, like all employees, are critical to the safe and efficient operation of our airports, and we have been negotiating to provide a fair and equitable contract to these valued employees.

Negotiations began in January of this year. The parties had many productive negotiation sessions which resulted in a tentative agreement on all contract articles. However, on April 2, 2014, the AFSCME membership rejected the tentative agreement. Subsequently, the parties returned to the bargaining table and engaged a respected mediator to assist us in reaching an agreement. When the mediator was unable to bring about a resolution, CRAA and AFSCME engaged in the fact-finding process. Fact-finding is a statutorily-regulated process by which the parties present their arguments to a neutral third party and allow that third party to render a recommendation.

On October 22, 2014, we received the fact-finder's report. The fact-finder's report included, among others, the following recommendations:

- 3% wage increase each year of the collective bargaining agreement
- 1% reduction from employer paying the employee's share of pension each year of the collective bargaining agreement
- 12% contribution from the employee towards the cost of insurance for this year, 13% next year, and 14% during the last year of the contract

On October 24, 2014 the AFSCME bargaining unit members voted and approved the fact-finder's recommendations.

Today, two resolutions: #51-14 and #52-14 are being presented to the full Board for review and approval to implement the changes contemplated in the new AFSCME agreement. Staff has shared these resolutions with members of the Human Resources committee and recommends approval.

Lhota reported the next committee meeting is scheduled for December 4, 2014.

## PRESIDENT & CEO REPORT

**Roberts reported** on the following business items:

### **Passenger Air Service**

#### **Overview of Monthly Activity Report**

Port Columbus saw yet another month of passenger growth in September, with traffic up 1.4% compared to the prior year. Year-to-date passenger traffic is trending up 2.3%. This growth was in spite of the nearly 60 cancelled flights to and from Chicago for several days following the September 26 fire at the Chicago Air Traffic Control Center, which caused a ripple effect of cancellations and delays to both Chicago O'Hare and Chicago Midway Airports. Those cancellations represented 26% of the scheduled Chicago departures over that time period.

#### **Meaningful Examination of Statistics**

At the Rickenbacker Charter Terminal, there was a 434% increase in passengers during the month of September compared to the prior year and we are up nearly 218% for the year with over 66,000 passengers. The Bob Evans Express opened at the charter terminal on October 9 and passenger response has been overwhelmingly positive. We are excited about the Allegiant's twice-weekly Punta Gorda service that starts on Thursday and will run year round.

#### **Rickenbacker Charter Terminal Activity and New Service**

Over 9,000 passengers traveled through Rickenbacker Charter Terminal in August on Allegiant Air. The airline again saw a growth of over 240% compared to the year prior and total passengers year to date are over 60,000.

### **Cargo Air Service & Business Development Activity**

Cathay Pacific began international air freight export services from Rickenbacker on September 10, loading freight bound for Asia via their Hong Kong hub. The service has been embraced with strong support from the freight forwarder community, regularly filling all the space vacated by imports coming off the aircraft in Columbus.

Over 100 metric tons of export freight was loaded aboard Cathay planes in September. Cargolux has indicated that in the coming months they will begin their own export program going through their European hub in Luxembourg.

Exporting is a significant milestone for Rickenbacker that we expect will open the door to increased flights and more service by international carriers.

The vacancy rate for on-airport air cargo warehouse facilities has gone down to 7% and we are in the planning stages for the next phase of development of facilities serving the international freighter market segment.

In regards to the monthly cargo stats, total cargo handled at Rickenbacker in September was up nearly 4% from last year, thanks to a 39% increase in international tonnage. The weight of aircraft landing at Rickenbacker, upon which the Authority collects revenues, is up 2.6% for the year based on the strength of our international service. Year-to-date total cargo tonnage handled by the airport is off 5% due to the shift in domestic package traffic to trucks.

#### **Airline Rates and Charges Meeting**

We will be hosting our annual rates and charges meeting next week with corporate representatives of the CMH airlines. At that time, we review the proposed 2015 Operating and Capital Budget and discuss the impact on airline rates and charges. We are awaiting final feedback on the draft Airline Use Agreement which was previously distributed to the carriers and we anticipate bringing a proposed new 5 year Airline Use Agreement to the Board for consideration next month.

## **Certificate of Achievement for CAFR**

We received notification that the Airport Authority has been awarded the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment. This is the 22<sup>nd</sup> consecutive year that CRAA has received the award. Roberts recognized the Finance & Accounting team led by Randy Bush and Paul Streitenberger for this accomplishment.

## **Miscellaneous**

On Columbus Day, Roberts was honored to join Mayor Coleman, Doug Kridler of the Columbus Foundation, and Susan Reid, Jerrie Mock's sister, at the Columbus City Council chambers for a ceremony to induct Jerrie Mock into the Columbus Hall of Fame. There was an excellent turnout and the City has an impressive digital display in the lobby of City Hall with information on all members of the Hall of Fame.

This Friday, October 31, we will host the next full meeting of the Mayor's JET Task Force in our EOC. These meetings are open to the public. Last Friday, several staff members attended a meeting to provide Mayor Coleman an update on progress and work to date of the Task Force. The final report from the Task Force is anticipated in early 2015.

## **Winter Operations Preparation**

Although it's probably not something we want to think about personally, winter is not too far away and our preparation are well underway for the 2014-15 winter season. The majority of seasonal workers have been hired. Training is in progress. Chemicals have been ordered and are being stockpiled, and equipment is being readied. A regional shortage of road salt is anticipated again this year, and we have been told that the quantity available to us will be less than half the amount we use in a typical winter. In addition, prices are reflecting the short supplies, rising to 2½ to 3 times their historical averages. The cause of the shortage appears to be depleted supplier inventories as a result of last winter's extreme conditions.

## **Staff Refining Infectious Disease Protocols**

There has been an enormous amount of media coverage recently regarding the Ebola virus, and as a result, our Staff has been refining our infectious disease protocols and working with community partners to ensure we are prepared to manage suspected cases of Ebola. Roberts requested Rod Borden, COO, and Donna Monell, Senior Manager of Emergency Preparedness and Safety, to provide an update on our plans.

Borden and Monell reported we are working closely with stakeholders on this situation. The two primary concerns to be addressed are: 1) aircraft with a suspect passenger, and 2) a sick person within the terminal. These concerns have been addressed and front line employees have been trained on handling these concerns.

## READING OF RESOLUTIONS

**RESOLUTION #48-14** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH SPHERE, LLC, FOR THE PURCHASE OF UNINTERRUPTED POWER SUPPLY (UPS) SYSTEM EQUIPMENT AND INSTALLATION SERVICES FOR PROJECT #12027, UPS UNIT REPLACEMENTS.

MOVED: W. Heifner;  
YEA: 7 NAY: 0

SECONDED: E. Kessler  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #49-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT WITH DOUBLEMAP, INC., FOR THE PURCHASE OF AN AUDIO, VISUAL ANNOUNCEMENT (AVA) SYSTEM, TO BE USED IN THE SHUTTLE BUS OPERATION AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Smith;  
YEA: 7 NAY: 0

SECONDED: W. Heifner  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #50-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE GROUND LEASE AGREEMENT WITH NETJETS SERVICES, INC. FOR HANGAR 2 LOCATED AT 625 HAMILTON ROAD AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: J. Miller;  
YEA: 7 NAY: 0

SECONDED: E. Kessler  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #51-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT & CEO TO ENTER INTO A THREE-YEAR NEGOTIATED COLLECTIVE BARGAINING AGREEMENT WITH THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO, OHIO COUNCIL 8, LOCAL 3770, EFFECTIVE UPON RATIFICATION BY BOTH PARTIES, THROUGH MARCH 31, 2017.

MOVED: W. Lhota;  
YEA: 7 NAY: 0

SECONDED: J. Miller  
ABSTAIN: \_\_\_\_\_

**RESOLUTION #52-14** A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY RESCINDING RESOLUTIONS 13-11, 28-11, AND 15-12, EXCEPT AS THEY MAY PERTAIN TO THE EMPLOYER PICK-UP PLAN FOR THOSE FULL-TIME POLICE OFFICERS HOLDING THE RANK OF CORPORAL AND SERGEANT REPRESENTED BY A COLLECTIVE BARGAINING AGREEMENT WITH THE OHIO PATROLMEN'S BENEVOLENT ASSOCIATION, AND AUTHORIZING THE CONTINUATION OF THE EMPLOYER PICK-UP PLAN FOR EMPLOYEES' SHARE OF PUBLIC EMPLOYEES RETIREMENT SYSTEM CONTRIBUTIONS FOR CERTAIN EMPLOYEES.

MOVED: W. Lhota;  
YEA: 7 NAY: 0

SECONDED: J. Miller  
ABSTAIN: \_\_\_\_\_

## OTHER BUSINESS

With no further business being brought before the Board, Smith moved to adjourn; Lhota seconded. Chair Tomasky adjourned the meeting at 4:50 p.m. on October 28, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.  
Secretary

ER | ksw