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**Minutes of the Finance Committee Meeting
 of the Albany County Airport Authority
 March 23, 2009**

ACAA - Finance Committee
APPROVED
 6/2/09

Pursuant to notice duly given and posted, the Finance and Administration Committee meeting of the Albany County Airport Authority was called to order on Monday, March 23, 2009 at 5:21 pm in the Administration Building, 2nd Floor Conference Room, located at the Albany International Airport by Finance Committee Chair Daniel M. Sleasman with the following present:

MEMBERS PRESENT

Daniel M. Sleasman, Chair Finance Committee
 Richard J. Sherwood (Committee Member)
 Elliott A. Shaw (Committee Member)
 David E. Langdon, (Ex Officio)

MEMBERS ABSENT

None

STAFF

John A. O'Donnell
 Bill O'Reilly
 Margaret Herrmann
 Ginger Olthoff
 Peter F. Stuto
 Doug Myers

ATTENDEES

None

1. Approve Minutes: February 23, 2009

Mr. Sleasman moved to approve the minutes of the February 23, 2009 meeting. The motion was adopted unanimously.

2. Approve Minutes: March 2, 2009

Mr. Sleasman moved to approve the minutes of the March 2, 2009 meeting. The motion was adopted unanimously.

3. Discussion: 2009 Proposed Budget Mid-Year Adjustments

Mr. O'Donnell distributed and reviewed the Preliminary February 2009 Financial Results and Bank Interest Rate Options.

Mr. O'Donnell also reviewed the 2009 Proposed Budget Mid-Year Adjustments, dated March 23, 2009.

Mr. Sleasman referred to the preliminary financial results and inquired as to why AvPorts was \$52,150 over budget. Mr. O'Donnell stated that this was primarily due to extensive snow operations in the month of January. Mr. O'Reilly stated that AvPorts' overtime costs alone for January were \$200,000.

Mr. Langdon stated that he would like to see tougher restrictions placed on overtime incurred by AvPorts' employees.

Mr. O'Donnell reviewed the staff recommendations for new cost reduction strategies to implement. He stated that attrition has been used in the past to reduce the number of employees, however, given the economic climate, employees are not opting to leave their current jobs.

Mr. Sherwood referred to the curbside security function and inquired as to whether other airports provide this type of service. Mr. O'Donnell stated that this service is not provided at most airports. He stated that when this program was initiated, individuals from the Wildwood Programs were among those placed in the curbside security positions. He stated that there are a few remaining who do have longevity in their positions. He stated that the curbside function has been reducing in size and as those employees not referred from the Wildwood program leave, they are not being replaced.

Mr. Langdon referred to the increase in overtime and suggested that a presentation be made on a regular basis to provide an update on overtime.

Mr. Langdon referred to overtime incurred by the Sheriff's Department and inquired as to whether the increase in their salaries due to overtime is a cost to the Airport. Mr. O'Donnell stated that their OPEB costs are reimbursable. Mr. O'Reilly stated that we are currently being billed back to 2007 to fund their OPEB costs.

Mr. Langdon suggested management make every effort to control the Sheriff's overtime expense. Mr. O'Reilly stated that Mr. O'Donnell has been working with the Sheriff's office to reduce overtime, as well as staffing.

Mr. Sherwood inquired as to who makes the decision as far as overtime for the Sheriff's. Mr. O'Donnell stated that was the decision of the Sheriff's office. He stated that an agreement could be negotiated with the Sheriff's office in relation to staffing and overtime.

Mr. Sherwood inquired as to whether the Sheriff's staffing levels were adequate.

Mr. Langdon stated that he believed there could be room for reductions in staffing.

Mr. O'Donnell stated that the Sheriff's office had agreed to reduce staffing levels by two this year and next year; however, this was put on hold pending the outcome of the TSA Law Enforcement Officer (LEO) grant application. He stated that it does appear that the Airport will receive the LEO Reimbursement grant.

Mr. Sleasman inquired as to the Sheriff's staff levels prior to 9-11. Mr. O'Donnell stated that their staffing levels were at 13.

Mr. O'Donnell stated that once the grant has been officially approved, he would send a letter to the Sheriff's Office stipulating limited or no overtime.

Mr. Langdon stated that he would like the Sheriff's office to submit a monthly overtime report, along with AvPorts and MillionAir for an Airport-wide review by the Finance Committee.

Mr. O'Donnell reported that the ACAA has been notified that the FAA will not be renewing their contract for provision of Weather Observation services. This service has been provided by Operations staff, along with their other duties. A request has been made to the FAA to extend the contract to the end of 2009, as the contract term expires as of July 2009. If the extension is not granted, this will have a negative effect on revenues projected in the 2009 Budget.

Mr. Sleasman inquired if there will be staff layoffs as a result of revenue loss. Mr. O'Donnell stated that there likely will not be layoffs.

Mr. O'Donnell stated that the ACAA received an offer by an Eclipse owner's group, who are working on a plan to provide maintenance support for the Eclipse jet fleet, to pay ½ the lease rate for a two-month period. This would have a positive impact on revenues projected in the 2009 Budget.

Mr. O'Donnell reported that installation of a biometric time card system for employees was being considered in an effort to reduce fraud and reduce manual administration of payroll and time management.

Mr. O'Donnell stated that purchase of certain equipment with capital funds for the FBO was being considered in order to reduce costs for operations & maintenance on old equipment.

Mr. Langdon referred to reduction in utilities and inquired as to the status of the pilot program with RPI for LED lighting in the parking garage. Mr. O'Donnell stated that there was a change in the program, whereby, there was going to be a \$130,000 cost to the ACAA for one floor. It was determined that all the lights in the parking garage could be converted to fluorescent lights for the same cost.

Mr. Langdon referred to Pay Phones and inquired as to how many phones would be eliminated. Mr. O'Reilly stated that there were 109 phones of which half will be eliminated.

Mr. O'Donnell referred to the parking consultant line and stated that a consultant will be retained to review the fees for off-airport parking operations which could increase revenues by an estimated \$65,000 for the remainder of this year. He also stated that the consultant will be asked to review the entire parking operation including rates and fees and make recommendations regarding the potential for increased revenues and efficiencies.

Mr. Langdon inquired as to what parking consultants were being considered. Mr. O'Reilly stated that Jacobs Consultancy may be the consultant handling the study. Mr. Stuto stated that the consultant was being asked to study the option of raising off-Airport parking fees.

Mr. Stuto stated that a rational justification based on case law would be helpful in the event that there was a legal challenge. He stated that an RFQ had been issued which resulted in four responses. He stated that three of the four firms had been interviewed with the final interview scheduled for next week.

Mr. Sleasman referred to the Preliminary February 2009 Results and inquired as to the item related to the loss on stock. Mr. O'Reilly stated that funds were not budgeted for the loss on the airline stocks, i.e., US Airways and Delta. He stated that the value of the stocks have fallen and he was in the process of selling the stocks as soon as possible.

Mr. Shaw referred to the sale of the ARFF Vehicle and inquired as to whether there were rules governing the sale. Mr. O'Reilly stated the ACAA adopted Property Disposition Guidelines that must be followed, i.e., competitive bid and Board approval. Mr. Shaw inquired as to whether a sole sale could take place. Mr. O'Donnell stated that it could not, as the process has to be open, competitive. Mr. O'Reilly stated that a negotiated sale could take place wherein a notice would have to be published. Mr. Stuto stated that this would require justification and Board approval. Mr. Shaw stated that he would prefer to see an open, competitive process. Mr. O'Reilly stated that if there were no offers as a result of the open process, a negotiated sale would be the next option.

Mr. Langdon inquired as to the status of the Southwest dual loading bridges. Mr. O'Donnell stated that Southwest Airlines has requested they be removed.

Mr. Langdon inquired as to whether there was a way to promote the fact that there are lower, comparable airfares to fly from Albany to other airports. He stated that there is a misconception that Albany fares are too costly; however, there are many cases where this isn't the true. Mr. O'Donnell stated that it would be a challenge to market this without getting specific to an individual airline. Mr. Myers stated that there may be a way to get this type of information on the website.

Mr. Langdon inquired as to whether there was a way to find out if there are any airports that have won awards for their websites. Mr. Myers stated that he would look into this.

Mr. Langdon stated that if this information could be brought to the attention of the public, they may travel someplace further, i.e., Europe, Caribbean, than they would normally if the fare was reasonable. Mr. Sleasman agreed that there would be a story to be told if the public could fly out of Albany as affordably as they do in New York City.

Mr. O'Donnell stated that staff would research this and report back to the Board.

4. Discussion: Future Outlook and Strategic Direction

Mr. O'Donnell stated that major budget goals have been set for the next three years which will include:

- Contain or reduce Airport Rates & charges from 2009 levels;
- Extend the Signatory Airlines Use and Lease for an additional five years;
- Obtain a new or extended letter of credit for the Series 2008A variable rate bond; and
- Maintain current levels of activities and operations in support of the State and local communities and economies.

Mr. O'Donnell stated he recommended the following actions be taken to achieve these goals:

- Increase Passenger Facility Charge level from \$3.00 to \$4.50; and
- Utilize a portion of current construction funds to pay down debt.

Mr. Langdon inquired as to any negative impacts in taking these actions. Mr. O'Reilly stated that the Capital fund is currently at \$9.2 million of which \$2.4 million would be used to pay down debt. The downside of this would be these funds would not be available for capital expenditures should they be needed. However, since the airlines have requested that major capital expenditures be placed on hold, it appears to be a good use of these funds.