

**MINUTES OF REGULAR BOARD MEETING
OF WAUKEGAN PORT DISTRICT**

May 11, 2011

**Waukegan Regional Airport
Landmark Aviation FBO, Inc. – 2nd Level Conference Room
3550 N. McAree Road – Waukegan, Illinois**

The following Board members were present:

Hank Bogdala
Todd Binning
Jorge Torres
Joe Legat
Homer Benavides

The following Board members were absent:

Mike Melius
Dale Johnson

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Duncan C. Henderson, A.A.E., Executive Director
Jim Stanczak, Airport Manager
Chris Peters, Administrative Assistant
Brion O'Dell, Marina Manager
Jamie O'Meara, Chief Accountant
Barney Baker, Airport Maintenance Supervisor

Others in attendance:

Larry Walker, Waukegan Yacht Services, Inc.
Beverly Bogdala, Citizen
Josh Lewis, Landmark Aviation Services, LLC
Tom McIntosh, Boater

Mr. Bogdala called the meeting to order at 9:00 A.M.

1. Call to Order
2. Roll Call

Mr. Bogdala requested the board members signify present by stating their names: Todd Binning, Joe Legat, Jorge Torres, Hank Bogdala.

On motion of Mr. Torres to appoint Chris Peters Temporary Secretary in the absence of Mr. Johnson, seconded by Mr. Binning, all members present voted aye and the Chairman declared the Motion carried.

3. Approval of the Board Meeting Minutes of April 20, 2011

On motion of Mr. Binning to approve regular meeting Minutes of April 20, 2011, seconded by Mr. Torres, all members present voted aye and the chairman declared the motion carried.

4. Approval of Checks

Mr. Torres reported he had reviewed checks and asked if there were any questions. Hearing none, on motion of Mr. Torres to approve checks, seconded by Mr. Legat, all members present voted aye, and the Chairman declared the motion passed.

Mr. Benavides arrived at the meeting.

5. Financial Reports: April 2011

Mr. Henderson reviewed airport revenues and expenses. Comparing the percentage of budget expended to date, numbers are flat from 2010 to 2011. The airport aging report is clean. Harbor revenues from year to date are down compared to 2010. Slip income is the cause of the downturn, but the condition is not specific to us. The marina industry is suffering nationally. Also, harbor numbers do not track to the calendar year but rather to the cyclical nature of the business. Expenses are up slightly but the percentage of budget is at 23%. Significant capital budget expenditures this month were paid to TJ Thomas for permitting and environmental work and to Gillen Co. for construction services for the launch ramps. The Aging Report reflects administrative delays from St. Mary's cement; Waukegan Yacht Club which paid after the report was printed; Larry Walker of Waukegan Yacht Services is in attendance. Mr. Walker briefed the board about the status of his past due payments, citing fire damage to his building and lousy weather causing a slow start of the season. He is also suffering with accounts receivable problems. He promised to make it right and pay the penalties. General discussion ensued over the condition of the marina industry in our region and incentives to entice new boaters.

On motion of Mr. Torres to approve the Financial Reports, seconded by Mr. Benavides, all members present voted aye and the Chairman declared the motion carried.

6. Operations Report

Airport operations in total are up to 21%, an encouraging trend. April 2010 to 2011 fell off a lot, weather has a big effect on light aviation. Based aircraft are flat. Fuel flowage is the major revenue stream for the airport and is operated by Landmark Aviation. Also, some tenants are able to self fuel. Landmark's and the total lines under fuel flowage are the important items to monitor. Josh Lewis of Landmark was introduced to the board. Mr. Lewis has been at the airport for 13 years and is the new manager for Landmark Aviation. Mr. Lewis reported the company is down nationwide and fuel prices are hurting everyone. The average flyer is staying home. AvGas retails for \$6.41/gallon. (Comparison wise, marina fuel is \$4.67/gallon). The flight school is slow and we've had rain and fog problems. A new plane is coming in soon, a Gulfstream 450 which will bring our total to seven based G-450s on the airport. Customs are down.

Harbor operations are underway for the season. We are the retail fuel supplier at the harbor. Launch ramp permits are down due to the construction project. That project was completed on time with positive reviews.

On motion of Mr. Legat to approve the Operations Report, seconded by Mr. Binning, all members present voted aye and the Chairman declared the motion carried.

7. Harbor Construction Permit Ordinance

Mr. Henderson introduced the subject of Port District permitting of harbor projects. The Enabling Legislation empowers the Waukegan Port District to issue construction permits and charge fees. Traditionally we have not done so. Recent events suggest we should take a more active role in the projects within our jurisdiction.

Board members discussed the motivation behind the Ordinance and asked Mr. Morris for his analysis. Mr. Morris told us the Ordinance would become policy. He also said the district has separate jurisdiction from the city and this ordinance contemplates a stand alone authority. He discussed the implication of weekly inspection fees imposing unwanted liability, whether we want to permit maintenance, or possibly impose a dollar threshold on applications. He also confirmed a goal was to increase revenues. Mr. Legat advised that any work stoppage could impose huge liability on the district. It was discussed that some projects would require an engineer or other professional expert to protect district interests. Hiring a consultant was also discussed and Mr. Torres disclosed that he is employed by a consulting firm.

Mr. Henderson reported that our ordinance is modeled after others in existence in the city and county. Our jurisdiction covers anything over, under, in or within 40 feet of any navigable waters within the Port District. The permit will generate revenue while allowing us to monitor projects within our jurisdiction. Two current projects underway are at Midwest Generation and National Gypsum. North Shore Sanitary District may be commencing work on a

sewer main crossing the Waukegan River. Residual effects of dump from the Waukegan River into the marina is a critical concern to the well being of the Port District and its client base.

On motion of Mr. Torres to authorize Mr. Morris and Mr. Henderson to undertake revisions of the proposed Ordinance, seconded by Mr. Binning, all members present voted aye and the Chairman declared the motion carried.

Airport – Board/Public Commentary

None

Airport – Unfinished Business

8. Status Reports

Mr. Stanczak reported the USDA was on site at the airport doing their Wildlife Hazard Report. Resolution of the fence issue over storm water areas was under consideration as well as the permit process for the ACOE. Eastwood vacation was proceeding, but the Village requested a public hearing for property completely surrounded by us and the Forest Preserve. The SRE Bldg should be complete by the end of June. Control wiring is the final component. Concrete is done and black top is in process. Landmark is moving some departments around as is WCAF. Application to FEMA for snow money has submitted. The Ray property demolition is out for bid.

Mr. Henderson added the Ray property was acquired over two years ago and would be demolished by mechanical means due to its location. The Sassone property closing had been delayed due to some environmental issues. Our next acquisition will be substantial. The Taxiway S rehabilitation had been estimated at one million but the bid came in at \$600,000. The BBB should be complete soon. The airport perimeter fence project is broken down into phases in order to make it manageable in the AIP system. Phase 1 encompasses the fuel farm at McAree Road around to Lewis and Wadsworth. Phase 2 starts at the corner of Lewis and Wadsworth moving out to Green Bay Rd. This will cover approximately half of the airport and is subject to federal and state fund availability. The Master Plan/Environmental Assessment (MP/EA) is in progress and being completed by chapters. Existing conditions and forecasts are complete. A recent increase in FOIA requests is noteworthy. The most onerous comes from the Lake County Chief Assessment Office who made inquiry about leasehold revenues. The Assessment Office advises they are auditing all leaseholds and re-evaluating their valuation for taxing purposes. The unique nature of Illinois real estate taxes contributes to the challenge of attracting and retaining business relationships. Jim Stanczak is working with the IPAA to try and eliminate aviation real estate taxes. Another disadvantage from Illinois is the motor fuel taxes which do not come back to us but do increase our cost of retail sales. Similarly, marine fuel has an Illinois road tax which other states do not assess.

9. Naming Rights

The unsolicited offer of money for naming rights to the airport was conditional. The conditions imposed are unacceptable and a counter proposal was tendered. No response has been received. The proposals are miles apart. No action was taken.

Airport – New Business

None

Harbor-Board /Public Commentary

Jamie O'Meara confirmed four board members had requested tickets to the Mayor's Luncheon.

Tom McIntosh spoke of his concerns over the shoaling at the marina entrance. Mr. Henderson and Mr. O'Dell responded that they were aware of the shoaling and were taking action to obtain permits from the Army Corps of Engineers, the U.S. Environmental Protection Agency, the Illinois Environmental Protection Agency, the Illinois Department of Natural Resources and Lake County Stormwater Management to undertake maintenance dredging. The bureaucracy of the permitting process is holding us up. We need environmental sampling which must be done by a licensed environmental sampler. Every effort is being made to facilitate the permitting process. Disposal of the entrance material is a key factor as is the disposal of the launch ramp excavated soils. Both subjects are works in progress. The Waukegan River has long been thought to be a contributing factor to the entrance shoaling. Recently riffle pools were being explored as a solution, but the Army Corps determined them not feasible due to space restrictions. Mr. O'Dell also reported receipt of numerous emails about the entrance shoaling. He is personally responding to each email.

Mr. Torres inquired if we had considered changing the hour of our board meetings. Mr. Bogdala reported at the last meeting we had decided to wait for a full board attendance. On a poll of the board members present, the following was suggested:

Binning: PM good
Benavides: Early PM (2 PM)
Legat: Early PM OK
Torres: 2 – 3 PM

Mr. Bogdala asked Ms. Peters to send out a memo to the board members asking for input on changing the meeting schedule, and to inquire about 2-3 PM on Wednesdays.

Harbor Unfinished Business

10. **Status Reports**

Launch ramp progress and other harbor matters had already been covered under board/public commentary.

Harbor New Business

There being no further business, on motion of Mr. Legat to adjourn the meeting, seconded by Mr. Benavides, all members present voted aye. Chairman Bogdala declared the motion carried and the meeting adjourned.



CHRIS PETERS, Temporary Secretary

APPROVED:



DALE JOHNSON, Acting Chairman