

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

June 19, 2013

**55 South Harbor Place, Waukegan, Illinois
Harbor Control Building**

The following Board members were present:

Jorge Torres
Gene Bach
Joe Legat
Grant Farrell
Randy Podolsky

The following Board members were absent:

Dale Johnson
Mike Melius

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Duncan C. Henderson, A.A.E., Executive Director
Chris Peters, Executive Assistant
Brion O'Dell, Harbor Manager
Joe Seidelmann, Marina Maintenance Supervisor
Jim Stanczak, Airport Manager
Jamie O'Meara, Chief Accountant
Terri Hatton, Slip Coordinator

Others in attendance:

Ronald M. Hudson, Hanson Professional Services, Inc.
Carolyn Ashley, Waukegan Regional Air Show (Corp.)

1. Call to Order
2. Pledge of Allegiance

Mr. Torres welcomed new board members, Gene Bach and Grant Farrell. Mr. Torres requested a temporary secretary for the meeting and Mr. Farrell volunteered. On motion of Mr. Legat to appoint Grant Farrell, Temporary Secretary, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

3. Approval of Regular Board Meeting Minutes of May 15, 2013

On motion of Mr. Legat to approve the May 15, 2013 Regular Meeting Minutes, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

4. Approval of Closed Session Meeting Minutes of May 15, 2013

On motion of Mr. Legat to approve the May 15, 2013 Closed Session Meeting Minutes, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

5. Approval of checks.

Mr. Henderson explained Waukegan Port District legislation provided that all funds shall be paid out by check signed by the executive director if not more than \$5,000 or by any two of the treasurer, executive director, and chairman of the board if more than \$5,000. Mr. Podolsky arrived at the meeting and on motion of Mr. Legat to seat Mr. Podolsky, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried. Checks were then reviewed by the board members. On motion of Mr. Farrell to approve the checks, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

6. Financial Reports: May 2013

Mr. Henderson reviewed financial reports. Harbor revenues are flat when comparing 2012-2013 year to date with May up slightly. Industry experts are optimistic the marine business has finally hit bottom. Expenses are down from 2012-2013. Capital expenses are Gillen for the South Marina Dredging; Grainger is paint for the railing project. Mr. Torres inquired about the slip refunds. Ms. Hatton replied that May is typically high for refunds and we have lost three boaters over providing insurance. Board members discussed the insurance policy. The policy is not new, is necessary, and has been reviewed by both legal counsel and our insurance agency. The policy is being strictly enforced.

Airport revenue is flat, expenses are up slightly with wages, vehicle operations/maintenance and airfield maintenance significant contributors. Capital items are Behm Enterprises and Upside which are Customs improvements, Lake County Stormwater is a permit fee for the fence project and Franklin Paint is for runway paint.

Other entries on the monthly financial reports are Bank of America for the marina loan and NorStates Bank to acquire the EJ&E property and the SRE Building. The Customs entry indicates fees collected which provide for one cent a gallon on fuel delivery to enable capital improvements required by U.S. Customs. Bridgeview and NorStates balances reflect capital reserves and operating funds. We try to maintain one year of operating expenses in reserve.

Harbor Aging Report shows Gillen and the Waukegan Yacht Club are due. Discussion was had reference Gillen's rent to us in North Harbor, and the Gillen dredging contract where we

paid them to move dredge material across that dock to the OMC site. The \$66,000 capital payment to Gillen in May was the first payment to Gillen under the dredging Contract. The Airport Aging Report is clear.

On motion of Mr. Podolsky to approve the May 2013 Financial Reports, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

7. Operations Reports: May 2013

Harbor operations indicate fuel sales are down. Launch ramps are also down. Airport operations are off about 8% and it would appear we are seeing some stabilization in Landmark's national pricing system for fuel delivery.

On motion of Mr. Podolsky to approve the operations reports, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

8. 2012 Annual Financial Report

The Preliminary Audit was delivered last month for board and staff review. The Financial Report is required by the State and is generally late as the State calendar does not coincide with ours. Our Auditor has not reported any discrepancies. The bad side is our revenue is less in 2012 than in 2011. Please note the effect of depreciation on our financial position. Page 15 shows our debt load. The debt load will affect our debt service ratio. Principal payments were backloaded on the dock loan due to existing debt at the inception of the loan. Principal repayment will increase over the next few years making it more difficult to achieve the debt service ratio required by the loan terms.

On motion of Mr. Farrell to approve the 2012 Financial Audit, seconded by Mr. Podolsky, all members present voted aye and the Chairman declared the motion carried.

Harbor- Board/Public Commentary

Mr. Farrell read a list of questions:

- When are professional services contracts up?
 - What is the review process?
Answer: They vary
- When is executive directors' contract up?
 - What is the review process?
- What equipment do we need to run both the port and airport?
 - Computers?
 - Phones?
 - Tractors?
- Do we do any educational training for our staff?
 - Do we send them to conferences?
 - What types?
 - How many go? Who?

Answer: Yes, various types and various personnel.

- Is there a way to speed up the review process for the previous financial report?

Answer: No, we start on the process and then tax season hits. It is produced as soon as reasonably possible.

- On board contact list we should also have their terms listed.
 - Who appointed them?
 - Identify preferred method of communication (phone, email?)

Answer: The appointing person needs to supply the seat in order to list terms.

- Airport name change from “regional” to “national”?

Answer: Later in agenda.

- Report on AAAE conference? What was learned?

Answer: Later in agenda.

- He would like to do an informational open house for tenants and people that fly in and out of Waukegan.

Answer: Mr. Torres acknowledged past annual parties for harbor tenants and Mr. Podolsky informed him it had been cancelled this year; that we were doing smaller events periodically. Mr. Torres agreed something similar could be done at the airport.

Mr. Bach presented the following comments and questions:

Do we have a purpose or mission statement? There is nothing on our website for guidance. Mr. Morris explained our purpose is stated in our legislation. Mr. Bach asked that it be put on the website. He suggested the Port District should be a member of Highway H2O. We should also look into AIS which would provide marine traffic reporting in real time. It would provide boat information within two minutes. It's free and can be accessed through the internet. Do we charge dock fees to LaFarge and St. Mary's? He commented that most ports collect a dockage fee for dock repairs. Mr. Henderson responded that St. Mary's pays per ton and LaFarge is lease payments and tonnage. Commercial Dock is price per foot for transients. Port staff will look into Highway H2O and AIS. Both LaFarge and St. Mary's Cement have long term agreements that establish their lease payments and dockage. Mr. Morris concurred adding the terms are for 100 years starting in the 1960s.

Mr. Podolsky thanked the staff and especially Mr. Seidelmann for his hard work around the marina and in completing the railing project. He also stated a list of questions most of which had been emailed to Mr. Henderson yesterday some of which follow:

- What procedures do we have for bidding? He was looking for a comprehensive bid for North Pier Gate. Mr. Podolsky would like a map of South Marina, he is looking for proposed plans for North Pier. He would like to consider removing N2 and N4 and extending S1. Can we get another 90 slips in that area to generate more revenue? He would like to look at costs against revenue? He has questions on dock reconfiguration.

- He would like to see rules enforced as to boat length issues. Has an inventory been completed? There is a Sea Doo under North Pier? That kind of activity saves them money and costs us money. We have seiches routinely. Our utilities are under the dock.
- Big picture: Would like an RFP for marina operations? Larsens? We need to use our land to generate revenue. He would like Staff to do an RFP for a boat storage operator. Reference an RFP, we have the Demolition of houses on the agenda.

Mr. Henderson responded that he had received the email questions also stated above and had prepared a written response which is here today for all board members to review.

Mr. Farrell asked for an explanation on the right number of new slips? Is there a price reduction? Mr. Podolsky responded yes, 25% off the first year and fifty per cent off the second year. Mr. Bach asked the cost of a 45' slip on North Pier. Ms. Hatton provided fee schedule brochures for all. Mr. Bach said South Milwaukee had 45' slips at \$1800.

Mr. Henderson explained our revenue is derived from slip fees and launch ramp fees. We establish slip rates in September for the succeeding year. The fixed docks are high and we do need floaters to encourage growth.

Harbor - New Business

None

Harbor - Unfinished Business

9. Site Survey: North Pier Gate

Mr. Torres suggested the site visit be conducted at the end of the meeting.

10. Approval of additional \$65,000 for dredging area between N12 and N16

Consensus of the board last month had been to continue dredging between N12 and N16 for a sum not to exceed \$65,000. Due to space restrictions with boats in slips, dredging stopped having spent an additional \$57,000 approximately. The intent is to have the dredger come back when boats are gone to finish the N12 and N16 area. On motion of Mr. Podolsky to approve \$57,000 for additional dredging, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

11. Status Report

USEPA Environmental dredge is due for completion this summer. When dredging is done, their Contractor will install a new service building and extend nine slips (the east side of Dock B) to 60'. U.S. Army Corps of Engineers is scheduled to dredge the Approach Channel and North Maintenance area. The Army Corps will deposit their dredged sand in the lake at sand mountain. The Chicago to Waukegan Race is coming up next week. We are aware of two boats

that draw 14'. Negotiations are pending with the Yacht Club as to their lease. When asked who was in charge of the Chicago to Waukegan Race Event, it was answered that Waukegan Yacht Club would be in charge.

Airport – Board/Public Commentary

None

Airport - New Business

12. 2013 Air Show Permit

Mr. Henderson advised the 2013 Permit is the same Contract as in previous years with addition of a \$1,000 permit fee. The fee is intended to show separation of the District and the Air Show entity. Mr. Farrell as President of the Air Show conveyed his feeling that fee is too high and requested the fee be reduced to \$100. Also present was their Treasurer Carolyn Ashley. After discussion, on motion of Mr. Podolsky to approve the 2013 Air Show Permit for a fee of \$10, seconded by Mr. Legat, Messrs. Podolsky, Torres, Legat, Bach voted aye, Mr. Farrell abstained, and the Chairman declared the motion carried.

Mr. Henderson explained items 13-15 will generate the same questions as you have already expressed relating to Airport Improvement Plan Projects and Consultant Services which were held over from last month. Every five years we are required to go through an RFP process which is reviewed by the Illinois Division of Aeronautics. Waukegan's five year timeframe is 5/7/14. The Consultant Engineer Selection Procedures dated July 1999 provided to board members during the meeting remain in effect and the Procedure is also subject to an FAA Advisory Circular, for which the title page has been provided as it is an 86 page document and available online. Four years ago we selected Hanson Professional Services. Mr. Hudson is our Project Manager and is present today. The Selection Process ties to the Grant Assurances to which compliance is required for the funds we receive from the FAA through the Illinois State Block Program. Fees are not the major component of the process. However, the fee is based on the qualifications of the engineer. The selection process includes an independent fee analysis which is reviewed by the FAA. It would be cumbersome, but we could bid each project individually, but the fee would be based on the qualifications of the bidder. The selection continues to get more complicated and the next process will require that each project anticipated be listed specifically in the Bid Notice. This is an attempt to put each project on a more even basis. The system is required to enable reimbursement on projects. It makes sure the State process meets the FAA standards. We sign over our rights to the State and they administer the project. Item 13 is Phase 2 of the Fence Project. Phase 1 was completed last year and runs roughly from McAree Road easterly to Lewis and north to Wadsworth Road. Phase 2 had a more complicated permitting process as there were wetlands requiring Army Corps and Lake County Stormwater Permitting. That process completed and the State found some money to allow this project to go to bid. Bids were opened Friday, June 14. Funding is all AIP. Each project is different. We get an annual \$150,000 entitlement anything else is discretionary. We have to be sure funding is available before moving a project forward.

13. Concurrence with Bid Award and authorization to sign Participation Agreement for UGN-4190, Construct Perimeter Fence, Phase 2

On motion of Mr. Podolsky for concurrence with the State Bid Award and authorization to sign the Participation Agreement for UGN-4190, Construct Perimeter Fence, Phase 2, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

14. Standard Agreement for Consultant Services at Illinois Airports for UGN-4190, Construct Perimeter Fence, Phase 2

After some discussion of Contract costs and the sponsor's share, on motion of Mr. Podolsky to approve the Standard Agreement for Consultant Services at Illinois Airports for UGN-4190, Construct Perimeter Fence, Phase 2, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

Airport - Unfinished Business

15. Standard Agreement for Consultant Services for Planning and Special Services to demolish four residences including asbestos remediation for a sum not to exceed \$60,400.00.

Mr. Hudson delivered a Memo describing the demolition projects. After board review and discussion, on motion of Mr. Podolsky to approve the Standard Agreement for Consultant Services for Planning and Special Services to demolish four residences including asbestos remediation, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

16. Standard Agreement for Consultant Services for Taxiway C Project, UGN-4189 to accommodate Baxter Change of Ramp Reconstruction Plans

Taxiway C is a primary area on the airport for large corporate hangar development. Baxter had planned a ramp rehabilitation project and requested that we design the Taxiway C project to accommodate their plans. Due to concerns on the runway length and control tower issues, they postponed their ramp improvement plans. They have agreed to pay the cost of the redesign for the ramp tie in to Taxiway C. On motion of Mr. Podolsky to approve Amendment 1 to the Standard Agreement for Consultant Services for Taxiway C, UGN-4189, to accommodate Baxter Change of Ramp Reconstruction, seconded by Mr. Bach, all members present voted aye and the Chairman declared the motion carried.

17. Adoption of FAA new category and name change to Waukegan National Airport

On motion of Mr. Podolsky to approve the name change to Waukegan National Airport, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

18. Contract Award for Crack Sealing to Quality Saw & Seal, Inc. pursuant to DCEO Grant

Two years ago we received a Grant through Representative Eddie Washington of \$75,000. We have a Contract for crack sealing on the main runway to maintain the surface. On motion of Mr. Bach to approve the Contract to Quality Saw & Seal Inc. pursuant to the DCEO Grant, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

19. Status Report

Mr. Stanczak reported the fence guy for Phase 1 is working on his punch list. Taxiway C has been held up due to the Buy American Act. The type of fabric for the project is not made here nor are the raw materials available here. A waiver process is pending. The Crack Sealing schedule will be done on Tuesday – Wednesday – Thursday as agreed with airport tenants. He has an inspection of the landfill tomorrow and is confident the Inspector will be satisfied as has been past experience. A couple new red hangar tenants are in process. AAAE Advisors monitor tower funding. The Air Show will honor Vietnam Veterans including Alan Lynch, a Gurnee resident.

Mr. Henderson reported the Master Plan / Environmental Assessment Project is at the point where we are trying to broker a deal with the IDOT Highway Department (IDOH). IDOH wants to put in 5 lanes at the runway end. That would trigger RSA. Highways went silent. As a result of attending the AAAE Conference in Reno, Mr. Henderson was able to have several conversations with Christa Fornarotto, Associate Director of Airports, FAA Washington. We discussed alternatives. Dr. Shea, Director of the Illinois Division of Aeronautics called yesterday to inquire why FAA Washington was calling – that is why. Mr. Farrell inquired if there was anything we can do to move this forward. Mr. Henderson happily took up Mr. Farrell on his offer to help suggesting he would be most beneficial in negotiations with the Lake County Forest Preserve.

Closed Session: None Required

The meeting then moved out to South Marina. Board members viewed both South Pier and North Pier Gate entrances. Discussion included which gate was most aesthetically pleasing, security, automation and structural integrity and position.

There being no further business, on motion of Mr. Legat to adjourn the meeting, seconded by Mr. Bach, all members present voted aye. The meeting adjourned.

APPROVED:



JORGE M. TORRES, Chairman



Board Member