

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

February 19, 2014

**55 S. Harbor Place, Waukegan, Illinois
Harbor Control Building**

Board Members Present:

Jorge Torres, Mike Melius, Gene Bach, Joe Legat, Grant Farrell

Board Members Absent:

Dale Johnson, Randy Podolsky

District Counsel Present:

Thomas A. Morris, Jr.

Staff Present:

Chris Peters, Jamie O'Meara, Jim Stanczak, Brion O'Dell, Terri Hatton, Joe Seidelmann

Other Attendees:

Robert Rufli, Ben Murray and Frank Bucaro of Landmark Aviation;
Jim Goebel; Roy Czajkowski; Ron Hudson of Hanson Professional Services, Inc.

1. Call to Order

2. Pledge

Mr. Torres greeted Landmark Aviation and acknowledging their request to address the board, asked for a motion to hear airport public commentary out of order. On motion of Mr. Melius to hear Landmark, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

Airport – Board/Public Commentary

Ben Murray of Landmark's Aircraft Charter Division advised Landmark was restructuring their organization due to a change in FAA regulations affecting charter certificates. They were requesting the board approve an assignment from Landmark to Piedmont Hawthorne. Piedmont Hawthorne is one of thirty FBO's in the nation. Most of Landmark's charter assets are in Piedmont. Landmark has concluded they can comply with the regulation change by consolidating their charters into Piedmont Hawthorne. They would like to obtain the assignment as early as possible, but had missed the board meeting agenda deadline. Upon inquiry by board members, Piedmont Hawthorne is owned by the Carlisle Group which also owns Landmark Aviation. After discussion, a Special Meeting to act on the request was scheduled for February 26, 2014 to accommodate the consent to assignment.

3. Approval of Board Meeting Minutes of January 15, 2014

On motion of Mr. Farrell to approve the Minutes of January 15, 2014, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

4. Approval of Closed Session Meeting Minutes of January 15, 2014

On motion of Mr. Bach to approve the Closed Session Meeting Minutes of January 15, 2014, seconded by Mr. Legat, all members present voted aye and the Chairman declared the motion carried.

5. Approval of checks.

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

6. Financial Reports: January 2014

Ms. O'Meara explained January financials. Expenses are up in January due to three pay periods in the month. Mr. Torres noted airport wages reflected that explanation. Cash on hand in January of 2013 was \$2 million. This year it is down to \$1.6 million. The reason staff continues to caution regarding expenses. Last year dredging costs were \$365,000 and those costs are unknown for this year. Mr. Farrell stated we need a roll out plan to solve the littoral drift problem over the long term. Mrs. Peters explained various agencies were examining solutions to the problem which is perpetual and naturally occurring. The issue is funding for the long term solution. The Army Corps in the past dredged annually, but the federal government has ceased funding maintenance and infrastructure improvements. Mr. Bach added the current running along the east shore drops silt in its path.

On motion of Mr. Melius to approve January financials, seconded by Mr. Farrell, all members present voted aye and the Chairman declared the motion carried.

7. Server, Software and Computer Upgrades for a sum not to exceed \$20,000

Mr. Torres requested approval of server and computer upgrades not to exceed \$20,000. Mrs. Peters explained the various outdated software and user stations which require server upgrades to run properly. The server resides at the harbor and the airport and harbor network into the server. Anticipated updates include: a new server, two computers at the airport, two at the harbor, new marina software and ancillary needs. Three proposals had been obtained by CMIT Solutions, the District's contract technology support group. Upon Mr. Bach's inquiry about CMIT's location, which is Arlington Heights, and whether the District had looked into a local supplier, Mrs. Peters answered that the District has used various entities in the past, some local. CMIT has done a great job and we are happy with their service.

On motion of Mr. Farrell to approve a new server, software and computer upgrades for a sum not to exceed \$20,000, seconded by Mr. Legat, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

Harbor – Board/Public Commentary

None

Harbor - Unfinished Business

8. Operations and Status Report

Mr. O'Dell reported that slip renewals are down about 20, and boaters are not in a hurry to renew this year. Upgrades to service buildings are in progress as is maintenance on equipment. We received a landscaping proposal for the west side of the parking lot at about \$22,000 which was passed to board members. The wish list has been updated and was passed to board members. Mr. O'Dell and Mr. Torres had met with Main Street's Executive Director about local event planning. Mr. O'Dell and Mr. Seidelmann are working with CAG on dock improvements at the Yacht Club. Mr. Torres explained he would like Main Street and the Port District to work together on local event planning at no expense to either entity. Mr. Torres also reported the City has a Zipcar on the west side of the train station and beach access and shuttle service were in progress. Mr. Farrell inquired if we work with the Park District on sailing lessons. Mr. O'Dell responded that the Yacht Club provides that service. Final touches are in progress on the Port District's event schedule. We have hired a Security Chief through Express Employment Agency on a six month trial basis. If we hire him in less than six months there would be a fee of \$8,000 due to Express. Mr. O'Dell also reported he had received an inquiry about the Port District's policy related to Concealed Carry. Mr. Morris was asked to look into such a policy.

9. Approval of Annual Budget for Dredging in the sum of \$150,000

On motion of Mr. Legat to approve an annual budget for dredging in the sum of \$150,000 seconded by Mr. Melius, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

10. Approval of Expenditure not to exceed \$50,000 for Dredging

On motion of Mr. Melius to authorize the expenditure of a sum not to exceed \$50,000 for dredging in Spring 2014, seconded by Mr. Farrell, on a roll call vote, all members present voted aye and the Chairman declared the motion carried.

11. North Pier Gate

Mr. O'Dell reported the second estimate had been obtained from Wilson Railing and Metal Fabricating. Mr. Torres cautioned about the status of cash reserves. After discussion, the matter was held over and no action was taken.

12. Agreement for NFR Letter between 3 East Clayton Street, LLC and Waukegan Port District

Mr. Torres asked for clean direction for Mr. Morris in his review of the NFR Agreement. Mr. Morris summarized the idea was brought to us for clean-up and wanted to include us as it was possible contamination might spill into DuPhar. Duncan Henderson was skeptical and concerned about costs. Previous direction to Mr. Morris was to prepare an Access Agreement. Clayton came back with further modifications.

Board members expressed concern over the cost and liability to the Port District. How is development defined? The Larsen Lease is effective through 2016 and we should consider a notice provision to them and their agreement should be obtained.

Mr. Morris indicated the terms of the NFR were largely in place, acknowledging Mr. Torres and the City are pro-development. The board members were advised by Mr. Morris that in order to obtain an NFR any contamination would have to be remediated. Costs of that potential clean up are unknown. Clayton manages the process under the terms of the agreement. This would essentially be an interest free loan. A point to consider is whether a potential developer would defray costs to the District.

Roy Czajkowski advised he had reviewed the DuPhar lot situation through the IEPA. Their regulations have changed over time. Lead contamination in the fill is the problem. He believes the State will presently look at it as capable material. Future regulations are unknown. He believed it would take twelve months to put this through.

The cost of cleanup and definition of development were considered. The advantage of the NFR was discussed in the context of added value or a trade with the City, also is trading "development"?

Mr. Czajkowski assured the board there is no cost obligation from the District without a clean NFR and development of the property. He also did not see the Larsen Lease as an issue as sampling would not interfere with boat storage. He was asked whether Clayton Street's property was contaminated and answered not that he knew of, he said adjoining land was the issue.

On motion of Mr. Legat to direct counsel to prepare finalized revisions in consultation with Mr. Melius and present them at the March meeting, seconded by Mr. Bach, on a roll call vote, all members voted aye and the Chairman declared the motion carried.

Mr. Bach inquired about the status of Hayes which is in progress with a meeting scheduled for Friday.

Harbor - New Business

13. Approval of Replacement of HCB Lobby Floor for a sum not to exceed \$9,000

Mr. O'Dell advised the lobby floor was over 20 years old and showing wear. He requested approval to replace the floor with a heavy duty vinyl similar to the entry at Bass Pro. The floor is uneven and the replacement includes leveling the floor which should last 10-15 years. Mr. Farrell inquired about potential dock repairs following the winter. A jacked pile was discussed along with a broken finger pier and a twisted dock locked in ice. Repairs are unknown until ice melts and we can assess the situation. The board concluded this item could be revisited later in the summer when those costs were known.

Airport – Board/Public Commentary (cont.)

Mr. Torres advised he had been invited to attend a Lake County Forest Preserve Summit scheduled for tomorrow at Greenbelt Forest Preserve from 8-12. He invited board members to join him. Mr. Farrell indicated he might attend.

Airport - Unfinished Business

14. Operations and Status Report

Mr. Stanczak reported Kline is retiring as Manager of the Contract Tower at Waukegan.

The 20:1 slope obstruction removal work is in progress. We conducted a survey and a lot of the obstructions listed do not exist. We have responded to the FAA and are awaiting their review of our submittal. The FAA issued a NOTAM on 14/32 and restricted night landings on 5 which is a big deal.

The SWPPP has been finalized and submitted to IEPA. We are awaiting IEPA response. The SWPPP has been submitted to airport tenants.

Mr. Stanczak had an inquiry from a neighboring home owner to use our land for weddings. Board consensus was the potential liability as well as title restrictions imposed by Grant Assurances make it an unfavorable request.

The red hangars are full. Mr. Stanczak is still struggling with address / meter problems with ComEd.

We met with the Director of the Lake County Forest Preserve District and he felt it was a positive meeting. We are trying to set an FAA/IDOA meeting. Mr. Torres needs to hear from Mr. Keefer of the FAA. Marny Morse wants to meet. A Wadsworth and Lewis intersection improvement meeting is coming up.

The EAA has requested airport access for a fly in on Father's Day. They would like to have a meeting at Paul Woods Warbird Museum.

January expenses include 400 hours of overtime for snow removal. 98 hours the first weekend of February. On the flip side, fuel sales are up because we were open.

Questions were presented on the 20:1 slope issue. Mr. Hudson explained the critical components. The FAA reported illegal obstructions. They reported on January 9. We need to respond within 30 days or they unilaterally cancel approaches. Most of the obstructions do not exist. 14 has a displaced threshold because of the existing obstructions (trees and the road). Mr. Stanczak is working with neighbors to replace some big pines with small shrubs. We do not have any avigation easements at runway 14.

Talking points for airport master plan were provided to board members. They may be posted on the website if desired.

15. Approval of Construction Services Amendment No. 1 to Standard Agreement for Consultant Services for Perimeter Fence Installation, Phase 1, UGN-4076

Mr. Hudson explained projects are for a specified number of days. The Contractor worked over the allowed days, an extra 23 days. The State penalized him for liquidated damages in the sum of \$17,000. Hanson was required to be present when the Contractor was working. This Amendment is for the extra time to have an engineer on site. Due to damages etc., we should get some money back.

On motion of Mr. Melius to approve Amendment No. 1 to Standard Agreement for Consultant Services for Perimeter Fence Installation Phase 1, seconded by Mr. Farrell, on

a roll call vote, all members present voted aye and the Chairman declared the motion carried.

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

APPROVED:



JORGE M. TORRES, Chairman



GRANT B. FARRELL, Secretary