

**MINUTES OF THE
CONNECTICUT AIRPORT AUTHORITY
FINANCE, OPERATIONS & GOVERNANCE COMMITTEE
THURSDAY, MAY 8, 2014, AT 1:00 PM
Bradley International Airport
Administration Conference Room
Windsor Locks, CT**

MEMBERS PRESENT:

Charles Gray, Chairman (via conf. call)
Brett Browchuk (via conf. call)
Scott Guilmartin
Matthew Kelly
Peter McAlpine

STAFF PRESENT:

Robert Bruno
Paul Pernerewski
Alex Peterson
Michael Shea
Jody Slayton

MEMBERS PRESENT BY STATUTE:

Kevin Dillon, CAA

1. Call to Order:

Committee Chairman Gray called the meeting to order at 1:05 p.m.

2. Approval of Minutes: - March 18, 2014.

Mr. Kelly made a motion (Seconded: Mr. McAlpine) to approve the minutes from the March 18, 2014 Committee Meeting. Mr. McAlpine would like it reflected in the minutes that he was present for the March 18, 2014 meeting. **Voice Vote – motion passed unanimously.**

3. Action Item:

(a) Consideration of and Action Upon the FY 2015 Operating and Capital Budgets – Bradley International Airport.

Mr. Dillon reported that the FY'15 budget which was presented to the airlines on April 1, 2014 reflects a \$2.7 million credit. Since then, the airlines have sent a letter approving the FY '15 budget. Mr. Dillon asked the airlines how they would like the \$2.7 million credit applied. At the airlines request, approximately \$600K of the credit was applied to the building rate with the remaining applied to the airfield. This results in the building rate remaining flat at \$53.52 and the landing fee rising to \$4.15. Based upon passenger projections, the CPE would be \$9.94.

Mr. Dillon gave an overview of a situation in Denver where the airlines went on record regarding budgetary increases of 66% that they are currently forced to pay. This adversary reaction demonstrates the sensitivity that airlines are having towards the increased rates and charges.

Mr. Dillon invited Mr. Shea to provide an overview of the FY '15 operating budget. Mr. Shea reported that there is a 5.7% increase in operating expenses from last year's budget to this year's budget. Mr. Shea noted the CAA also decided not to fill several staff vacancies.

After applying a \$2.1 million credit to the landing fee, the CAA was able to arrive at a \$4.15 landing fee.

Mr. Browchuk asked about the status of the security staffing. Mr. Dillon replied that he met with the Public Safety Commissioner and they understand what the issue is and were receptive to a continued conversation regarding costs. Mr. Browchuk asked why the costs increased so dramatically year over year. Mr. Shea replied that after applying the standard wage increase to Murphy Security this resulted in an increase of \$400,000. Additionally, the State Police bargaining unit yielded a 4% salary increase, which resulted in an additional \$400,000 increase. Mr. Shea noted that these rates are artificially increased due to the fringe rate which is not set until after June.

Mr. Shea provided a detailed review of the budget summaries, which included a review of the final operating budget summary for FY 2015. Mr. Shea reported that the operating revenue is comprised of 48.4% airline revenue and 51.6% non-airline revenue. Mr. Shea noted that almost all of the budget increases are driven by salary and fringe rates.

Chair Gray asked what the status was of the DOT and CAA Administrative Services Agreement. Mr. Dillon replied that as of June 30, 2014, the CAA will be completely transferred from the DOT with the exception of some financial services. If the CAA needs additional services going forward, it has the option to utilize a "pay-as-you-go" service.

CFC's have been conservatively excluded for purposes of forecasting compliance with the GARB Debt Service Coverage Requirements as it is anticipated that these revenues will eventually become released revenues to be used in support of a separate special facility bond issuance to fund the development of the Ground Transportation Center at BDL.

Mr. Dillon invited Mr. Bruno to provide a review of the FY 2015 Capital Plan. Mr. Bruno reported a total of approximately \$30 million in capital projects for FY 2015. Bradley's share of the cost is approximately \$4.7 million. Eighty five percent of the Capital Plan will be funded by other sources including \$2.6 million in Federal grants, a PFC component of \$18 million, and a CFC component of \$4.6 million.

Mr. Bruno provided a highlight of the larger projects which included a new roadway system at \$14.9 million and a rehab to a taxiway costing \$4.5 million.

Mr. McAlpine asked Mr. Dillon how the discussions with the car rental companies went. Mr. Dillon replied that he met with the car rental companies and together, over the next year, will be reaching an understanding to determine the business arrangement of the new transportation center.

Mr. Guilmartin asked if Ring Road from both the Route 75 and East Granby access points will be addressed in the capital improvement plan and inquired if there might be funding available through the Federal Government for these improvement projects.

Mr. Dillon stated that the CAA is moving forward with developers to discuss these issues including what level of infrastructure is needed with an eye toward advancing these projects to the next level. **Action Item: Chair Gray asked if this topic can be added as an agenda item for the next meeting.**

Mr. Bruno reported that the capital plan includes approximately \$6.5 million in purchasing replacement vehicles and new equipment. Additionally, there will be several studies conducted including an HVAC study, an air quality study, a sanitary study, and an incinerator study.

Mr. Dillon stated the recommendation is to have the Board vote and approve the budget summary sheets for FY 2015. Chair Gray stated that he is supportive of this and feels confident of what's been laid out so far as presented.

Mr. Kelly made a motion (Seconded: Mr. Guilmartin) to accept and approve, and forward onto the full Board for approval, **Action Item (a) - Voice Vote – motion passed unanimously.**

4. Adjournment:

Mr. Kelly made a motion (Seconded: Mr. McAlpine) to adjourn the Committee meeting at 2:00 p.m. **Voice vote – motion passed unanimously.**

Respectfully submitted,

Charles Gray
Chair