

**MINUTES**  
**WAYNE COUNTY AIRPORT AUTHORITY**  
**FY 2012 BUDGET STUDY SESSION**  
**July 14, 2011**

**I. Roll Call**

The FY 2012 Budget Study Session of the Wayne County Airport Authority Board was called to order at 1:30 p.m. at the Ford Conference and Event Center in Dearborn, Michigan:

Reneè Axt, Chairperson  
Samuel Nouhan, Vice Chairperson  
Suzanne Hall, Secretary  
Mike Jackson (departed meeting at 3:00 p.m.)  
Bernard Parker  
Charlie Williams  
Mary Zuckerman

Also Present: See attached sign-in sheet.

**II. FY 2012 Budget Discussion**

Genelle Allen, Interim Chief Executive Officer, began the discussion of the FY 2012 budget by commenting that the Airport Authority is taking a different approach to the development of the budget this year, including a dialogue between staff and Board members addressing the framework upon which the budget is based, specifically the Airport Authority's organizational goals and what staff has identified as budget challenges and opportunities. Ms. Allen further explained that an internal cross-functional team comprised of staff throughout the organization, from entry level positions to senior management, deliberated and analyzed, and came up with six organizational goals. Genelle Allen reviewed the organizational goals and reported that there will be more discussion about how the goals fit in as budget challenges and opportunities are discussed.

Chairperson Reneè Axt informed the Board that more detailed backup information was provided in their books and suggested that they review it on their own and that they will probably have another follow-up session for the Board's input and direction on the budget.

Bernard Parker commented that the presented goals are ones that the administration has developed and that he has some suggestions and thinks that

the Board, rather than staff, should be setting the goals. Ms. Axt and Ms. Allen responded that is part of today's study session and that Airport Authority staff is looking for the Board's input and guidance on the organizational goals. Genelle Allen clarified, at the request of Suzanne Hall, that the organizational goals all have equal priority, and that all goals are at the highest level of priority.

Bernard Parker commented that he sees the Airport as a catalyst for development in Southeastern Michigan and thinks it should be a major part of what is looked at as the budget is developed; not just informing the community of what the Airport is doing but being involved in helping develop the community. Mr. Parker further commented that he would like to see more emphasis on how the Airport Authority is going to help redefine what Michigan is going to be. Suzanne Hall agreed with Bernard Parker's comments and remarked that she views the goals of enhancing the airport business development and strengthening the community and government partnerships as one goal. Ms. Hall further commented that in her view the Airport infrastructure is in excellent shape, with two wonderful terminals and a very good capital plan. She also stated that she views the Airport as the single most important economic development generator in the State of Michigan, and from her perspective, economic development should be one of the highest goals, and this is something that the Board can help the administration with.

Tom Naughton, Executive Vice President & Chief Financial Officer, introduced Dina Reed, Director of Financial Planning and Analysis, and thanked her and her staff for putting the budget presentation together. Mr. Naughton explained that this is a draft budget and, as required by our airline agreements, a draft budget will be shared with the airlines on August 1. After receiving the airlines' input, the budget will be brought back to the Board for a second study session in September, and Board members again will have an opportunity to comment. Tom Naughton further clarified that this is a preliminary budget and is intended only for discussion today, and that Airport Authority staff values and wants the Board's feedback and comments. Mr. Naughton reviewed the Airport Authority's FY 2012 budget, including a review of the impact of the depletion of the Airport Authority's Passenger Facility Charge (PFC) reserve on airline rates and charges and suggestions for mitigating the impact of the PFC depletion. Mr. Naughton responded to Board Member Nouhan's questions about Mr. Naughton's suggestions for mitigating the PFC shortfall.

Suzanne Hall commented that there was a discussion about increasing the PFCs at a conference she attended, and in some of her one-on-one discussions with airport industry people there were some that were absolutely opposed to any increase in PFCs, and she felt that was so shortsighted. Ms. Hall further commented that she believes that all the airports want to see an increase in PFCs so that we can mitigate the impact on the airlines as well as plan for all the infrastructure improvements needed over the years. Ms. Hall also stated that she does not want to see the North Terminal at such a disadvantage with rates

increasing by 300%. Genelle Allen and Emily Neuberger, Senior Vice President and General Counsel, provided additional information in regard to the PFC issue. Ms. Allen stated that the Airport Authority plans to continue to take an active role at the national level with all the airports coming together on this issue. Suzanne Hall commented that she hopes that the Airport Authority gets to a point where the PFCs percent increase for the North and McNamara Terminal are as close as possible to remain competitive and Tom Naughton responded and provided additional information.

Genelle Allen responded that because of the critical issues that the Airport Authority is facing, and the ongoing discussions with the airlines as well as internally with the modeling, that staff will come back to the Board in early September with some more definitive options, alternatives and consequences, and an opportunity for the Board's feedback and direction.

Bernard Parker commented that he agrees with trying to make the increase for the North and McNamara Terminal as close as possible but also wants to ensure that when the staff looks at the models, that they also look at how some of the additional resources can be used for economic development.

Mary Zuckerman and Samuel Nouhan requested some additional financial detail with respect to debt service costs for the next Budget Study Session and Tom Naughton responded providing additional information. Mr. Nouhan requested more detail on how the increased cost per enplanement will affect the North Terminal airlines, the sense of proportion and what kind of hardship and difficulty. Tom Naughton agreed to provide this information. Mr. Naughton responded that staff is working with Amy Weaver, from Southwest Airlines, and suggested that, if the Board is interested, they could hear first hand from a North Terminal airline. Mr. Nouhan replied that is fine with him and Reneè Axt concurred and Tom Naughton agreed to arrange it.

Tom Naughton reviewed the impact of the national local economic recession on airline passenger activity. Mr. Naughton reported that the Airport Authority is working with the Aerotropolis Corporation, and opened the floor to the Board for discussion. Samuel Nouhan, Reneè Axt and Bernard Parker responded with their views of the Authority's involvement in economic development.

Suzanne Hall asked for a document that shows how the Airport Authority's overall costs to the airlines is compared to other major airports and Tom Naughton pointed to the information later in the budget book, and also responded providing additional information, in particular with respect to comparisons of the various Delta hub airports.

Tom Naughton discussed the Detroit Metropolitan and Willow Run Airports Capital Programs and the significant requirements over the next five to ten years. Mr. Nouhan commented that when making a determination as to whether to allocate additional resources such as excess bond funds to a Willow Run project, that it would be helpful to understand the relative impact that the projects would have on revenue versus any proposed alternative uses of the funds.

Mary Zuckerman asked Tom Naughton to clarify some information in regard to the debt service schedule. Ms. Zuckerman expressed grave concerns about the increasing debt service issues caused by the PFC shortfall coupled with the additional future capital needs of the Airports and additional debt service resulting from those capital needs.

Suzanne Hall asked several questions related to Willow Run projects, and Jon Hypnar, Senior Vice President – Facilities, Maintenance & Planning, reported that a design group will be selected and designing this fall, so that Phase 1 of the Willow Run rebuild of Runway 5/23 would start next construction season.

Peter Gargiulo, Interim Vice President – Procurement, Authority Affairs & Strategy Management, reported that one of the organizational goals that was developed by staff was to develop and maintain the best passenger experience and the importance of maintaining a relative competitive position with regard to customer satisfaction. Mr. Gargiulo reviewed the results from the surveys and reported that the plan is to hold expenditure levels for customer service and that specific new monetary initiatives were not included in the FY 2012 budget. Peter Gargiulo and Genelle Allen responded to the Board's questions. Suzanne Hall commented that the number one complaint she hears is regarding the dirtiness of the restrooms at the McNamara Terminal and hopes that we can encourage Delta Air Lines, who is responsible for the janitorial service at the McNamara Terminal, to really focus on that area. Bernard Parker remarked that other airports provide free Wi-Fi service and recommended that staff look into providing amenities such as that. Mary Zuckerman commented that it is critical to maintain a certain level of satisfaction with current budget resources. Samuel Nouhan agreed with Mary Zuckerman's comment that we are really constrained by budget. Mr. Nouhan further commented that there are a lot of things that affect customer satisfaction that have nothing to do with the physical plant of the terminal, and in his opinion this is not a huge priority. Mr. Nouhan also relayed his concerns with respect to the McNamara Terminal when his baggage carousel gets reassigned, and the overhead monitor is not updated and passengers were not informed. Ms. Axt recommended encouraging the satisfaction culture kind of thought process with the airport's employee base, and if someone looks like they are lost or need direction, staff should take a moment and help direct them. Suzanne Hall agreed with Bernard Parker's comment in regard to providing the little amenities, such as free Wi-Fi, which helps make a great customer experience.

Tom Naughton reviewed Willow Run Airport's financial statement. Terry Teifer, Interim Senior Vice President – Treasury and Business Development, reviewed the concept of the Strategic Land Use Study, and a sustainable business plan for Willow Run Airport. Reneè Axt recommended that staff look at Schipol Airport which is often referred to as the mega Aerotropolis and how they created significant partners to support their efforts. Suzanne Hall commented that she really likes the approach taken with respect to Willow Run Airport and that it is a critical piece of economic development. Terry Teifer responded to the Board's questions.

At the request of Mary Zuckerman, Tom Naughton reviewed the operating expense piece of the budget. Mr. Naughton reported the estimated cost per enplaned passenger is \$11.73, and clarified that staff is still working on this and hopes to lower the number.

Tom Naughton thanked the Board for their feedback and offered to meet with them individually if they have any specific concerns or ideas.

Mary Zuckerman expressed her views on the operating budget and that she would like the budget framed in such a way that allows for operating expense increases only if there are revenue increases to support the operating expense increase, without impacting the residual calculation for the airlines.

Bernard Parker requested that staff provide him with the rationale for the new staff positions in the budget, their roles and how they are going to enhance the organizational goals. Mr. Parker also would like to know if there is any increase in non-union staff and their titles. Bernard Parker asked who in the operational plan will be responsible for economic development and how is that going to be viewed within this budget. Genelle Allen agreed to provide that information.

### **III. Chairperson's Comments**

Reneè Axt thanked Genelle Allen, Tom Naughton and Dina Reed and their team's efforts in putting this budget presentation together. Ms. Axt further remarked that there are quite a few challenges that the Airport Authority is facing, and staff has asked for the Board's input and guidance and that she will try to arrange a follow-up meeting with the Board to further the discussion.

### **IV. Public Comment**

Reneè Axt opened the floor for Public Comment at 3:45 p.m.:

1. Dana Debel, Delta Air Lines – Director Government Affairs & Marcus Kemper, Delta Air Lines – Regional Director – Properties

Dana Debel thanked the Board and Airport Authority staff for the opportunity to work with them on the budget process. Ms. Debel requested time on the next WCAA Board meeting agenda to report on what Delta Air Lines is doing internally regarding the budget and to present options for reducing the overall impact of the debt service increase and the PFC shortfall.

In response to a question that Suzanne Hall asked earlier in the study session, Dana Debel commented that the 6% sales tax on jet fuel is something that Delta experiences in Detroit that they do not experience for the most part in their other hubs.

Marcus Kemper commented that Delta has been having joint discussions with other airlines about the impact of the PFC reserve depletion, and that they will continue to discuss and explore any solutions or alternatives to see if they are potential benefits to Detroit Metropolitan Airport.

Public comment was closed at 3:50 p.m.

**V. Next regular meeting of the Wayne County Airport Authority Board will be Tuesday, July 26, 2011 at 1:30 p.m. at the Westin Hotel, McNamara Terminal, Detroit Metropolitan Airport.**

**VI. Adjourn**

Meeting adjourned at 3:51 p.m.

## ATTENDANCE RECORD

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Date/Time: Thursday, July 14, 2011 - 1:30 p.m.

Place of Meeting: Ford Conference & Event Center, 1151 Village Road, Dearborn

NAME	MAILING ADDRESS	REPRESENTING (Company, Community, etc.)	TITLE/POSITION	PHONE NUMBER
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Janet Baxter	Smith Bldg	WCAASecurity	Dir	734 247 2374
Dawa Dabel	Delta	Delta	Dir.	734 247 2271
Michelle Cooper		WCAA	F.A.	734 955-8777
Bob NELESEN	SOUTHFIELD	URS	Proj MGR	248-417-3837
Bob Koller	LIVONIA	C+S Engineers	Managing Engineer	734-953-2571
COREY Noble			1862	248 251-3498
KAREN GRIFFIN	CHICAGO	PS+H	Reg. Adv. Ser. Lead	(312) 526-5024
Ali DIB	<del>WCAA</del> W.C.A.A	WCAA	Dir.	942 3676
WAYNE SIELOFF	WCAA	WCAA	Director PLANNING	734-247-7371

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Joni Mehall	LC Smith - Mezz DTW	WCAA	Authority Affairs Manager	(734) 247-7370
Kristy Exner	LC Smith - Mezz	WCAA	Authority Affairs Manager	(734) 247-2223
ERIKA JONES	MAC	DNC Local 24	Cashier	7/301-9188
Paul Redfern	LC Smith - Mezz	WCAA	Analyst	734 247-7682
Theresa Lowe	13860 Fairmount Dr #17 48225	Local 24	Union Rep	213 980-0892
Chattel William	46080 LAKE VISTA DR Apt 305	Local 24	Food & Beverage	313-477-0062
Ken Marple	LC Smith	WCAA	FLA	
Jackie Hartshorn	Local 24	unitehere	Staff	(748) 974-1407
Debra Forte	Local 24	united here	STAFF	313 425 6076
Tracey Sheath	6030 Poplar	unitehere	Retail Cashier	313-221-0098



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DIA PEARCE	300 RIVER PL	UNITE HERE	POL. DIR	313-980-0896
Lorraine Steel	<del>13691 Sibley St.</del>	DNC / Local 24	CASHIER	313-748-8078
Peter Gargiulo	WCAA	WCAA	Interim VP	734-955-5705
MICHAEL LACOSTE	916 W MICHIGAN AVE YASILANTI, MI	UNITE HERE LOCAL 24	FOOD SERVER	630-625-2135
Shanna ReSelle	13691 Sibley St. Detroit, MI 48235	Local 24 UNITE HERE	FFA / Starbucks	313 515-4530
JoAnn Harris	15092 Sibley Rd Riverview MI 48193	Local 24 Unite Here	Retail Cashier	734-280-2879
JANICE NOZEWSKI	9318 W. TIMBERVIEW NEWPORT, MICH 48166	LOCAL 24 - UNITE HERE	RETAIL CASHIER	734 623 8693
Barbara Alford	1811 Lexington PKWY Ink, MI 48141	Local 24 (DNC) UNITE HERE	Retail Cashier	734 726 8115
Keith Holmg	2884 YORK INK ST MI 48124	Local 24	Starbucks	734-658-1581
Dianne Walker	WCAA	WCAA	Director - Airport	734 9423571

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Rena Baraities	More	DUC Local 24	Retail Cashier	734-365-2780
Kathy Stencil	29521 Leroy RD	Local 24	Retail Cashier	734-552-2115
MARVIN ROSE	7466 redbird dr	<del>LS</del> LOCAL 24	Sales Assn	(734) 604-6609
Donna Colley Andrews	WCAA	WCAA	Proc Director	734-247-7900
Gale LaRoche	WCAA	WCAA - HR	VP of HR	734-942-3728
Joe Cambren	WCAA	WCAA	Dir. ASD	734-837-817
R. GIACOPETTI	WCAA	WCAA	BUD ANALYS	734-247-3685
MICHAEL CONWAY	WCAA	WCAA	COMMUNICATIONS	734-942-3558
Nancy Suttin	WCAA	WCAA	Real Estate	734-247-7233
Sean Brown	WCAA	WCAA	EMD	58870

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Andrea Valentini	LC Smith-mezz	WCAA	Paralegal	(734) 247-7105
Emily Newberger	LC Smith-mezz	WCAA	Senior VP + General Counsel	
GREG HATCHER	LC SMITH	WCAA	Dep Dir	(734) 942-3663
Low WEEKS	55 W. Van Buren Ave Chicago, IL 60605	Unite here, local 24	organizing director	312-498-2513
Marge Basrai	LC Smith	WCAA	Comptroller	734-247-6775
Craig Sauer	"	"	Fin	231-942-3602
MARC KEMPER	DELTA	DELTA AIR LINES	REG-DIRECTOR	612-266-5103
MAT MCGOWAN	LC Smith	WCAA	Director Landside	
Steve Albrylot	LC Smith	WCAA	Dir. Tech. Sucs	
M. DEBARI	"	WCAA	J.P. PUB SAF	734-942-3609

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SCOTT WINTNER	DTW/Smith Mezz	WCAA	Mgr. Communications	734-955-3745
Ed Glomb	Airport Police	wcaaa	Director/Chief	734 9425376
David DiMarno	Willow Run	WCAA	Director	734-485-4470
Gary Rotter	Local 2926			734-247-3688
Heidi G. Hughes	UTERE LOCAL 24	UNITE HERE members	DIRECTOR	313-259-8497
PAT FRAME	Willow Run	RS&H	Sr. Aviation Engr	734 484 0962
Tammy Carter	DTW/Northern	Unite Here		

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Heather Esquivel	2190 Lakeview Dr Apt 487 Ypsilanti, MI 48198	L. Straub		724 8124186