

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

**November 18, 2009**

**Waukegan Regional Airport  
DB Aviation FBO, Inc. – 2<sup>nd</sup> Level Conference Room  
3550 N. McAree Road – Waukegan, Illinois**

**The following Board members were present:**

Jim Bierman  
Donald Vanderverter  
Jorge Torres  
Dale Johnson  
Hank Bogdala

**The following Board member was absent:**

Rodger Welker  
Mike Melius

**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:**

Ron Hudson, Hanson Professional Services  
David G. Brittsan, DB Aviation, Inc.  
Grant Farrell, Waukegan Airshow Board Member  
Ed Shultis, West's Insurance Agency  
Jason Kopierny, West's Insurance Agency  
Brent Jones, West's Insurance Agency

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

On motion of Mr. Johnson to appoint Jim Bierman Acting Chairman in the absence of Dr. Welker, seconded by Mr. Torres, all members present voted aye and the Chairman declared the Motion carried.

1. Approval of the Board Meeting Minutes of October 21, 2009

After discussion, on motion of Mr. Torres to approve regular meeting Minutes of October 21, 2009, seconded by Mr. Johnson, all members present voted aye and the chairman declared the motion carried.

2. Approval of Checks

Mr. Vanderventer reported he had reviewed checks with Ms. O'Meara. On motion of Mr. Vanderventer to approve checks, seconded by Mr. Johnson, all members present voted aye, and the Chairman declared the motion carried.

3. Financial Reports: October 2009

Mr. Henderson conducted a review of the financial reports. He advised it was his custom to review performance compared to budget at year end. The board discussed fuel flowage and anomalies in the reports. The aging reports are in good standing.

On motion of Mr. Johnson to accept the Financial Reports, seconded by Mr. Bogdala, all members present voted aye and the Chairman declared the motion carried.

4. Operations Report

Airport operations are off about 17%. The harbor is closed for the season so there are no operations to report.

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

5. Workers Compensation Renewal Proposal

Brent Jones of West's Insurance Agency, Inc. presented the renewal quotation for workers compensation coverage. The 2009-2010 premium is one percent less than the expiring premium and will be \$35,697. West's Agency had procured a second quote from a newly formed retention group, but did not recommend their coverage due to a lack of history for claims. Mr. Johnson asked if there was recreational marina workers insurance that would be more cost effective than commercial longshoreman's workers coverage. Mr. Jones replied he was not currently aware of an alternative. Brion O'Dell was asked to look into the possibility of recreational marina workers coverage. The renewal through Illinois Public Risk Fund had an

added service making available a grant of \$1,700 for the purchase of safety and educational materials or equipment. The grant will be used to purchase new fire extinguishers at the harbor in 2010. The airport had received the grant for the prior two years.

On motion of Mr. Johnson to accept the Illinois Public Risk Fund renewal quoted, seconded by Mr. Torres, all members present voted aye and the chairman declared the motion carried.

#### 6. Health Insurance Renewal Proposal

Mr. Henderson summarized the health insurance quote which is down slightly from last year. Dental is included with health coverage and does have a slight increase over last year. Mr. Henderson recommended approval of the renewal quote.

Mr. Bogdala had calculated and stated the annual cost of the premiums based on the quote presented. He felt the figures were very high and wanted to know if part time employees were covered. Mr. Shultis of West's Insurance Agency explained that only full time employees (30 hours a week) are covered. Ms. O'Meara explained that each employee contributed a small portion to their own coverage and partially pays for the cost of dependents. She also explained that the Port District had submitted extensive medical histories for every employee last year and shopped 4-5 carriers for coverage. Mr. Bogdala suggested the district contact Senators Durbin and Kirk to discuss government proposals for health insurance and that the Port District should talk to the City, County, School District, etc. in an attempt to obtain better and lower cost coverage. Mr. Johnson was appreciative of Mr. Bogdala's comments adding that in the short term we need to bind coverage for the January 1 renewal date. He also explained that the board had directed staff to inquire about sharing plans with other agencies in the past but that coverage could not be bound between the agencies. Mr. Johnson stated that the current administration has been whittling down the health insurance coverage for many years and that with the current payroll felt the health insurance coverage was acceptable; he also stated it was unbelievable to get a flat renewal amount for 2010.

On motion of Mr. Johnson to proceed with the health insurance renewal presented, seconded by Mr. Vanderverter, Messrs. Vanderverter, Torres, Johnson, and Bierman voted aye, Mr. Bogdala passed, and the Chairman declared the motion carried.

#### 7. Preliminary Budget

Mr. Henderson introduced the Preliminary Budget for review explaining his use of the graphs page to monitor the distance between revenue and expenses. The practice shows a narrowing of the gaps between revenue and expenses. Mr. Johnson expressed his approval of that practice but pointed out that we are maintaining revenue over expenses.

Slip occupancy and rates were discussed at length. It was agreed that more new floating docks are needed. Giving a discount for cash payments or charging a convenience fee

for credit card transactions was entertained. Ms. O'Meara was asked to furnish the fee amounts from credit card transactions on both slip fees and fuel purchases. Ms. O'Meara remarked that the contract with credit card companies specifically states you cannot charge a fee for use of the cards to the customers.

The capital items were reviewed. The major purchase of a new dump truck/snow plow was a necessary upgrade of equipment to avoid a crucial failure. SRE building costs continue to escalate. Mr. Henderson reported a meeting is scheduled with IDOA next week. The IDOA has divided the SRE project into two parts. 1) would be the structure and 2) would be paving and flat work. We want to apply our \$300,000 entitlement to the building and get discretionary money for paving. The T-hangars are the pay back for the \$1,000,000 originally anticipated and can only sustain that amount. Mr. Hudson cautioned that the numbers were based on figures available last summer.

Mr. Johnson asked why the health insurance budget amount was increased even though it is a flat renewal. He congratulated staff on holding numbers down noting that wages were an exception. The Board suggested keeping numbers closer to the most recent actual figures rather than inflating estimates.

#### **Airport – Board/Public Commentary**

Grant Farrell thanked the Waukegan Port District for allowing the presentation of the 2009 Air Show. It was a good show and a lot of fun! He reported approximately 12,000 spectators. The Air Show had presented the Returning Warriors with a check for about \$18,000 with additional funds donated to the Civil Air Patrol, Sea Cadets, Waukegan HS ROTC and Zion-Benton HS Navy ROTC. The Air Show members have elected new officers and directors for next year as follows: Grant Farrell, President, Skip Goss, Secretary, Dennis Banner, Treasurer, Jeff Clark, Jim Stanczak and Paul Wood are Directors. New promotional ideas have been discussed and committees have begun working on the 2010 show. Mr. Farrell reviewed the budget for the balance of 2010 and requested the permit for the 2010 show. The Board congratulated Mr. Farrell.

Dave Brittsan thanked WCAF for allowing DB Aviation to assist them during the construction of their ramp project. It was a successful project.

Mr. Brittsan generally reported on the aviation industry. DB's fuel sales a year ago had started to decrease. Since June there have been nominal increases. The charter business is growing and DB will host the NBAA Conference which will be September 9, 2010. The event coincides with the September 11, 2010 Air Show and is an opportunity to showcase DB Aviation, Waukegan Regional Airport and the City of Waukegan. This will be a great opportunity to get out and network. Mr. Henderson congratulated Mr. Brittsan explaining to the Board that this conference is exactly our area of business. Grant Farrell added that he considered the event to be a major coup for the airport expressing his congratulations.

Mr. Johnson suggested an ad in the paper to let people know it will be here – possibly the budget item for advertising should be amended to reflect the additional expenditure.

### **Airport – Unfinished Business**

#### **8. Status Reports**

Mr. Stanczak reported the WCAF project had been successfully completed. Baxter also had some improvements done and they look great. There are some drainage issues in the Bear Den, P-N hangar area. The maintenance area has been paved. Customs trailer still has a water problem. The parking lot storm sewer failed requiring line replacement repairs in the \$10,000 range. Bear Den crushed pavements are being repaired. A new hangar will be built on Lot A-19.

Mr. Hudson reported on the ALP. This will be a three phase project, the total process taking about two years to get the Environmental Assessment. He is hopeful to be accepting federal money for the runway improvements in about 2 ½ years.

The rotating beacon will start in March. The 14/32 project will start next spring and is being done with \$1.2 million in stimulus money.

#### **9. Action on Request for extension of Waukegan Airways, LLC**

The Waukegan Airways request last month had resulted in a review of their existing lease and a report to the Board of Directors. Mr. Henderson inquired if the board wanted to entertain the extension and if so on what terms. After discussion, the Board would consider the extension for changes to the Waukegan Airways Land Lease, as follows:

- 1) A lease extension fee of \$5,000 shall be paid by Waukegan Airways LLC to the Port District, plus any legal fees charged by Hinshaw for the lease changes.
- 2) At the end of the one year extension the full rent shall commence with all other lease terms or the Lease shall terminate.
- 3) Waukegan Airways LLC shall reimburse the Port District for the cost of creating a Lease Exhibit "A" with legal description and survey of the premises.
- 4) Paragraph 4. Rent shall be changed to the new Port District lease wording giving the Port District the option of raising the land rent every five years by CPI or to appraised value.
- 5) The creation of a 90 day exit clause whereby the Port District may terminate the Land Lease with 90 day written notice if the Port District is approached by a prospective tenant not previously negotiating with Waukegan Airways LLC. The Port District would agree to not lease the premises for less than the \$.40 per square foot contained in the Waukegan Airways LLC lease.
- 6) Paragraph 7, corrections to scrivener's errors.
- 7) Paragraph 10 tying fuel fees to Ordinance

The board inquired if Waukegan Airways was amenable to the modifications. Mr. Jorgensen advised that he would discuss the terms with his partners. The item was deferred to the December meeting.

### **Airport – New Business**

None

### **Harbor-Board /Public Commentary**

None

### **Harbor Unfinished Business**

#### **10. Status Reports**

Mr. O'Dell reported the harbor was now empty. The last boat came out yesterday. The launch gate is in process of winter shut down. Fuel pier repairs are proceeding on recommendations of the manufacturer and engineer.

Mr. Henderson had received a request from Linda Richtman to leave the public restrooms open all winter long. He reported he had suggested that neither the City nor Park District keep their public restrooms open during the winter. Additionally, our customer base is not present. Mr. Henderson asked and was declined to make this subject an action item at the next board meeting.

Mr. Henderson next briefed the board on the USEPA and their commitment to dredge the harbor. This starts with the demolition of the current North Marina. We hope to come up with a new configuration that would demonstrate a fair cost savings to the USEPA. The wave pattern is problematic for the boaters in North Marina when weather comes from an easterly direction. The other part of the planning is a proposal for an in-lake containment cell off the south marina. The cell or CDF concept would enable future development for the Port District which would include boater amenities and new additional docks in the long run, and envisioning a nice restaurant looking out at the Chicago skyline, green space, and wildlife viewing areas. If the USEPA puts their PCB sediment into the cell and we cap it with North Pier sediment, we could eliminate trucking of dredged material and would save about \$4 million over disposal at a landfill. The USEPA likes the CDF concept. The Army Corps is supportive and would like to add entrance channel dredge sediment to the cell. The Army Corps has funding to dredge, but no place to deposit the material. If the USEPA does the project, the Army Corps will not require permits. We have met with IEPA. They have three divisions, land – water – air. Land and water have concerns, but nothing insurmountable at this point. Our next step is the IDNR.

Mr. Bogdala inquired about the water intake and containment cell location. Mr. Henderson responds that it is separate from the cell and will be considered in engineering.

Mr. Bogdala thought the cell was brilliant. Mr. Torres asked if there was an agency that had a problem with the idea. Mr. Henderson responded that at present it was proceeding but possibly the IEPA Land Division and the IDNR would need some direction. Mr. Henderson reported that Mayor Sabonjian was supportive of the project and had spent four hours at a recent meeting with the various agencies at Port District offices. Mr. Torres also thought the cell was a monumental idea.

The Superfund project is about \$30-40 million. The USEPA has the ability to get the project done. Mr. Johnson asked what depth would North Harbor be after dredging? Mr. Henderson reported the USEPA would conduct the environmental dredge. The industries at the harbor have indicated a willingness to pay the difference to go to their navigational depth. The City's water line was thought to be at 35 feet, well below whatever navigational depth would be required. Mr. Bogdala inquired what action Mr. Henderson desired from the board on the containment cell concept. Mr. Henderson reported that this was an informational briefing, possibly political support would be requested. Mr. Henderson has met with Rep. Washington and has a meeting scheduled with Sen. Link. The containment cell concept comes from our environmental consultant, Thomas J. Thomas. He is working with Tom Ganfield from Baxter Woodman on our behalf to facilitate the concept. Additionally Mr. Thomas is working with a lobbyist to try to get meetings with Sen. Durbin and Rep. Kirk.

### **Harbor New Business**

#### **11. Conference Room Partition**

Proposals had been received to construct a glass partition in the HCB separating the conference room from the open lobby for a cost not to exceed \$7,000. This would provide a sound barrier and benefit heating and cooling.

On motion of Mr. Johnson to approve the conference room partition, seconded by Mr. Bogdala, all members present voted aye and the Chairman declared the motion carried.

Ms. O'Meara expressed an invitation from Main Street to attend the Holiday Festival on December 5 from Noon to 5:00 PM meeting at Jack Benny Park.

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

s/Jorge Torres  
JORGE TORRES, Secretary

APPROVED:  
s/Rodger Welker  
RODGER WELKER, Chairman

