

1 ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

2 Workshop

3 held at 4796 U.S. 1 North

4 St. Augustine, Florida

5 on Monday, February 27, 2006

6 from 3:07 p.m. to 4:58 p.m.

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8 BOARD MEMBERS PRESENT:

- 9 BOB COX, Chairman
- WAYNE GEORGE, Secretary-Treasurer
- 10 RANDY BRUNSON
- JOHN "JACK" GORMAN

11 BOARD MEMBERS ABSENT:

- 12 SUZANNE GREEN

13 \* \* \* \* \*

14 ALSO PRESENT:

- 15 DOUG BURNETT, Esquire, Rogers, Towers, Bailey,
- 16 Jones & Gay, P.A., 170 Malaga Street, St. Augustine,
- FL, 32084, Attorney for Airport Authority.

17 EDWARD WUELLNER, A.A.E., Executive Director.

18 VICTOR MARTINELLI

19 \* \* \* \* \*

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21           JANET M. BEASON, RPR, RMR, CRR  
22           St. Augustine Court Reporters  
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1           P R O C E E D I N G S

2           CHAIRMAN COX: I'm going to call to order the  
3           workshop meeting of 2/27 of '06. Would you like  
4           to open with any statement? Okay. Mr. Gorman,  
5           would you like to open?

6           MR. GORMAN: No, I wouldn't. I'd like to  
7           close.

8           MR. GEORGE: Well, we can skip a lot -- we  
9           can skip a lot of rhetoric, if you'll just go to  
10          the close so we'll know where you stand.

11          CHAIRMAN COX: No. What airport did you  
12          have? Go ahead.

13 MR. GORMAN: I had two. I have -- I have a  
14 fellow that -- which was Mr. Warner, who declined  
15 to actually attend from -- for a number of  
16 different reasons, one of which, he didn't feel  
17 that we were actually addressing the issue in as  
18 organized a fashion that would provide us any --  
19 any proper data that would be able to be useful.

20 (Whereupon, Mr. Burnett enters the room.)

21 MR. GORMAN: So, I can open and close?

22 CHAIRMAN COX: Was that an airport?

23 MR. GORMAN: No. This is --

24 MR. GEORGE: He was the other member of our  
25 panel.

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1 CHAIRMAN COX: He was going --

2 MR. GORMAN: He was another member of this --

3 MR. BRUNSON: Do you want to step down here?

4 Maybe you can --

5 MR. GORMAN: -- our situation, right.

6 MR. MARTINELLI: Sure. Okay. That's all  
7 right.

8 MR. GEORGE: You're not getting off that  
9 easy.

10 CHAIRMAN COX: We're not opening and closing  
11 this thing. I suggested that last week. You  
12 insisted we have it.

13 MR. GORMAN: I have a statement. I have a  
14 statement, so...

15 MR. WUELLNER: Is Henry coming, Jack?

16 MR. GORMAN: No.

17 MR. MARTINELLI: Oh, okay. I'll move over.

18 CHAIRMAN COX: Well, let's -- let me try --  
19 let's -- let's do this, but I wanted to --

20 MR. MARTINELLI: I don't want to get too  
21 close to Jack, though.

22 CHAIRMAN COX: I -- I introduced Vic's --  
23 Mr. Martinelli's letter last week, and I'd like to  
24 have -- and that might serve to open the meeting a  
25 little bit better, is to have Vic share his

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1 concerns about, you know, what -- the genesis of  
2 this meeting, to begin with, and then we can go  
3 around the table and share our -- the knowledge we  
4 have or do not have. How is that? Vic, if you  
5 wouldn't mind?

6 MR. MARTINELLI: Sure. As you know, I was  
7 assigned Gainesville airport to -- to compare.  
8 And I just about got into the comparison when some  
9 things became rather obvious to me.

10 One of them, of course, was the way  
11 Gainesville budgets versus the way we budget. And  
12 if you recall, oh, some months ago, I talked about  
13 zero based budgeting and -- and suggested three or  
14 four classifications of necessity to categorize  
15 your expenses by line item.

16 Gainesville does do that, but they do it only  
17 in two classifications, "necessity," and "would  
18 like to have." And so, trying to trace a  
19 particular line item, like maintenance costs or  
20 maintenance labor, you have to go to many places

21 to find it, and then you're not sure what you  
22 found is really what they're operating under,  
23 because at the time that I did it, the budget  
24 wasn't approved.

25 So, do I take the "necessity" part only or

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1 the "necessity plus like to have," that kind of  
2 thing.

3 And then it further got complicated, because  
4 in Gainesville, the FBO operates certain hangars.  
5 There is industry on the field that is in other  
6 hangars, and, of course, the Airport Authority  
7 itself. And, of course, commercial aviation is  
8 there, as far as the terminal's concerned and --  
9 and how that's handled.

10 And so, frankly -- and this sounds a little  
11 bit rough, but at my age, I said to myself, hey,  
12 I'm willing to donate my time to a worthy cause,  
13 but I don't have that much time left and I can't

14 waste my time. And to me, that was a waste of  
15 time, and so I just stopped.

16 And so, anyway, that's where my comparison  
17 stood. But then, thinking about it further, I  
18 realize that you board members have a  
19 responsibility, because the buck stops right here,  
20 and if anything is wrong with the airport,  
21 ultimately, it comes back to you folks and sits in  
22 your lap. So -- so, there's a due diligence that  
23 you all have to do.

24 Now, thinking about that, and thinking also  
25 that the board's role is to set policy, and if

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1 their policy -- if the policy is not being  
2 followed, then of course to follow up and make  
3 sure that it is.

4 Now, it's not the board's job to micromanage,  
5 and you've probably heard that many, many times.

6 When you set policy and you determine that the

7 policy's being followed, then you move on.

8 If in your mind you don't think the policy is  
9 being followed, then as a board, by consensus or  
10 by vote or resolution, you say, I want this study  
11 done or that study done to determine whether or  
12 not the policy's being followed.

13 For example, if you say, as policy, you want  
14 this airport run as efficiently as possible and  
15 you want it to survive, you know, critical mishaps  
16 or whatever, and if something happens and it  
17 doesn't survive, that's a clear example of a  
18 policy not being followed.

19 If, on the other hand, you feel that there's  
20 overspending in a particular area, then you want  
21 to look into that. But you do that as a board,  
22 not as individuals.

23 When I say that, I'm saying the board then,  
24 by resolution or by consensus, says I want to hire  
25 this consultant or I want this study done or that

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1 study done to determine.

2 Now, if the board, as a group, as a whole, by  
3 vote doesn't do that, and if a particular board  
4 member feels that it should be done, then it's up  
5 to that board member either to do it or to pay to  
6 have it done or to see that it gets done.

7 And to me -- and I've got an example of that.  
8 Back in 1993, I was on this board, and I felt that  
9 the lease that we had with Aero Sport at that time  
10 was a sweetheart lease.

11 Janet will remember those days, I'm sure.  
12 She was here. And -- and so, the board didn't  
13 believe what I had to say.

14 Well, I didn't go to, at that time Mike  
15 Campbell, who was executive director, and say,  
16 "Mike, I want you to do this study or that study,"  
17 or, "I want you to hire this consultant or that  
18 consultant," because it was beyond my purview.

19 The board didn't agree to it, and therefore,  
20 I could not give that instruction, and I couldn't

21 incur that expense on behalf of the board. So, I  
22 did it myself. And this is the result of that  
23 study (indicating). And after I did that study, I  
24 brought it to the board and I said, "Look it over.  
25 If you don't agree with it, tell me. Tell me

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1 where you believe it's wrong."

2 And so, I would suggest that in the future,  
3 if any board member has that thought, that that  
4 board member do what I did, or else, you know, pay  
5 somebody to do it, but do not encumber the board  
6 to do it.

7 CHAIRMAN COX: Wait a minute.

8 MR. BRUNSON: Ed can -- okay. Go ahead.

9 MR. MARTINELLI: Okay. So, one more comment  
10 that I want to make, and that is that a study, a  
11 comparative study, such as, you know, we've been  
12 trying to do here, is not policy.

13 What do you do with it after you get it?

14 Then you establish policy. And you say, I want  
15 this or that done as a matter of policy in order  
16 to correct a particular situation if it needs  
17 correcting.

18 Now, again, I'll come back to what I opened  
19 with, and that is the buck stops here, and you  
20 guys have this responsibility. So, how do you  
21 discharge that responsibility when you have  
22 noncomparative subjects that you're trying to  
23 compare? And that's the situation I think you're  
24 in now. You can't compare these airports. You  
25 can't compare line items.

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1 But what you can do is employ the techniques  
2 that I had talked about two, three, four, five  
3 months ago, zero based budgeting, planning,  
4 programming, and budgeting. Those techniques, you  
5 can, as a matter of policy, direct that they be  
6 done, and you can then examine those things and

7 satisfy yourselves that you are operating as  
8 efficiently as possible.

9 Now, I suspect that Gainesville has done  
10 that, and I suspect that when Gainesville looks at  
11 their required budget, they have a pretty good  
12 feel that that is what is basically required.

13 And then if there's money left over or if the  
14 board decides as a matter of policy that they want  
15 to implement additional programs, they then  
16 approve the supplementals which are in there as  
17 well.

18 So, that's what I had to contribute. I'll be  
19 happy to answer any questions.

20 CHAIRMAN COX: Well, let's --

21 MR. MARTINELLI: Go ahead.

22 CHAIRMAN COX: Here's what I'd like to do, is  
23 we'll go around the table and have each person  
24 report whatever they have to report. If you have  
25 a question on something anybody said, we'll go

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1 into open debate after the fact so we can get  
2 everybody's report.

3 MR. BRUNSON: Let me make a note of something  
4 so simple that I wanted to ask you about. I'll  
5 just hold it.

6 CHAIRMAN COX: Okay. If you don't mind.

7 MR. BRUNSON: Yeah. That's fine.

8 CHAIRMAN COX: And then why don't you --  
9 Randy, why don't you go ahead with your comments  
10 and we'll --

11 MR. BRUNSON: Okay. I'll --

12 CHAIRMAN COX: Did you -- did you need to  
13 write down what you're --

14 MR. BRUNSON: Yeah.

15 CHAIRMAN COX: Okay. Don't want you to  
16 forget it.

17 MR. BRUNSON: Okay. As stated, I -- I had  
18 Craig, and so the airport manager was good enough  
19 to come in to the board office. And -- and I  
20 asked somebody I have a lot of respect for as an  
21 MBA in -- in financial matters and stuff, Jack

22 Riley, who I respect.

23 But anyway, he came in, and Ed sat in the  
24 meeting with us, and we asked him questions and he  
25 asked us questions. And -- and Jack took notes

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1 and -- and -- but what -- what it -- in my  
2 opinion, what it came down to, that just like  
3 Victor just said, it's two completely different  
4 businesses.

5 Sure, we land airplanes, but they -- they are  
6 more developers, and where they derive their  
7 income from is they ground lease, and then other  
8 people build the buildings and eventually they own  
9 them.

10 And the financial statements of Craig are  
11 buried into the Jacksonville Airport Authority.

12 And to -- we -- we were unable to pull it out of  
13 them, really, how they ran their business.

14 And we do have some comparisons here, and we

15 do have a letter from Jack, just very generally  
16 giving his thoughts on that. And I'll be glad to  
17 read that now or later or --

18 CHAIRMAN COX: It's up to you. You can read  
19 it into the record if you want. Is it -- is it  
20 long?

21 MR. BRUNSON: And -- no. Not at all. And I  
22 just received this. I haven't had -- I told him  
23 that I needed it by this morning, and I got it at  
24 1 o'clock today.

25 "Randy, reference -- referencing our recent

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1 conversation on the subject, enclosed please find  
2 a spreadsheet containing an initial analysis of  
3 the St. Augustine Airport and Craig, along with  
4 supporting Schedules A and B.

5 "Please note that this is an analysis in no  
6 ways complete, particularly in light of the fact  
7 that Craig says they do not break out their

8 financial statements from the rest of the JAA  
9 units, and that I never received a consolidated  
10 financial report from them.

11 "Also, I'm basing my analysis on a short  
12 period of time by the 12 months ending September  
13 the 30th.

14 "I took a look at the St. Augustine Airport  
15 statement, both on its own and in comparison to  
16 Craig as applicable, and have come up with the  
17 following observations and comments:

18 "St. Augustine seems to have somewhat better  
19 revenue ratios than Craig, comparing revenues to  
20 operations, to based aircraft and to acreage  
21 employed.

22 "It is slightly behind Craig in the ratio of  
23 revenues to number employees. The profit loss  
24 are, of course, not good since St. Augustine  
25 Airport still requires subsidies.

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1 "Current ratios and networking capital  
2 numbers for the St. Augustine Airport are good,  
3 and one would suspect that in a subsidiary --  
4 subsidized activity. Comparative analysis of  
5 operating expenses of St. Augustine Airport showed  
6 about the same percentage of values, Schedule A.  
7 However, these allocations as indicated below are  
8 somewhat arbitrary.

9 "Further, we don't know if Craig's numbers  
10 for operating its expense include any  
11 administration costs.

12 "I analyzed the administrative and  
13 personal -- personnel expense shown in the  
14 St. Augustine statement and tried to separate them  
15 in pure administrative expense and expenses that  
16 would be directly concerned with the operation of  
17 the airport, Schedule B," he gave me.

18 "The expense items are arranged in decreasing  
19 order and also expect -- as percentage of total  
20 and total revenue. These -- there are expenses  
21 which need to be allocated between both categories

22 I've arbitrarily set at 75 percent to operations  
23 and 25 percent to administration.  
24 "After allocating expenses between  
25 administration and operating expenses, based on my

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1 experience in this area, operating expense of  
2 administrating -- administrative expenses comprise  
3 about 60 percent of revenue.

4 "The former is not out of line. The latter  
5 is not so good, at least in context of most  
6 businesses.

7 "It has been my experience that  
8 administration expenses are kept under 20 percent  
9 in most successful businesses. And particularly  
10 legal and insurance costs were budgeted busters,  
11 and I believe them accounted for about 25 percent  
12 of total cost. Total personnel cost of  
13 approximately 650K allocated over 11 employees  
14 would result in a cost of about 59,000 employee.

15 "Take a closer look at some of these expense  
16 items might be a good idea. This analysis did not  
17 take into account any effect of the nonoperating  
18 items, which were significant in terms of their  
19 contributing to the P&L.

20 "Hope this helps. Please give me a call."

21 And as I said, I just got this and I haven't  
22 even had -- made you copies of it yet, but he's  
23 given me a breakdown on expenses and kind of tried  
24 to compare them to Craig, and instead of trying to  
25 get into that now, I would suggest that we keep

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1 going around in general.

2 CHAIRMAN COX: Right. We'll do that. I  
3 think you brought up some very good points, and  
4 we'll -- we'll get to them right after we get  
5 around to everybody.

6 MR. GEORGE: I --

7 CHAIRMAN COX: Mr. George?

8 MR. GEORGE: I had Page Field in Ft. Myers.  
9 Found some very interesting geographical type  
10 of similarities. We've got 750 acres; they've got  
11 450. They've got 300 based aircraft; we've got  
12 230. They do 90,000 ops; we do 130,000 ops, which  
13 kind of surprised me. But when you consider that  
14 Northwest Regional, which is further down the road  
15 is there, it's getting all the air carrier and  
16 probably all of the commercial -- or the -- the  
17 corporate stuff coming in there.

18 T-hangars, we have 120; they have 128.  
19 Commercial hangars, they don't have any. All land  
20 lease. They've got seven land lease, and they  
21 basically lease the -- the property for 20 -- I  
22 mean, 30, 40 years. And the company comes in and  
23 builds it, and at the end of that time period,  
24 it's theirs, which is much like what you found  
25 out.

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1 MR. MARTINELLI: Yeah.

2 MR. GEORGE: Runway, they had two runways,  
3 one 6,400 feet and the other one 5,000 feet. They  
4 do have a fire service on the field run by the  
5 county.

6 They are part of the Lee County Port  
7 Authority. To pull information out of them that  
8 is consolidated, I found the same thing that Randy  
9 did, you know, in -- in his area.

10 I did a quick analysis of the -- of the short  
11 pieces of information. They had -- St. Augustine  
12 has an operating revenue budget of 1.375. They  
13 have one of 1.968. If you look in it, they have a  
14 few little minor things, like building rent,  
15 \$860,000.

16 Now, somewhere in there, the FBO is buried,  
17 you know, in that, but I don't know where, you  
18 know, it is.

19 We have an operating expense of 1.682. They  
20 have an operating expense of \$520-. It's a hell  
21 of a deal, except when you start looking at it,  
22 there's no people so -- the people at the county

23 level.

24 One of our biggest items that we have is

25 insurance. They have no insurance category in

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1 their budget at all. And they have a little

2 something I don't really understand, why their

3 electrical is \$288,000 a year out of a total

4 budget of \$520-.

5 They have no accounting. Their capital

6 expenditures are \$59,000, whereas ours are --

7 well, I guess if you're -- if you're where they

8 are, they're -- they're as tight in spacewise as

9 we are. And they've gone with a lease operation

10 that at some point in time is going to turn around

11 and be theirs.

12 I asked them to send us a copy of their land

13 lease, you know, document, because as we get into

14 the building costs of our three hangars here being

15 so much over what we budgeted for, that might be

16 an option that we use private funds to, you know,  
17 to generate some revenue.

18 Anyway, I have come to the same conclusion.

19 By the way, they had 10 people in maintenance; we  
20 have 12. But they have 17 in the FBO. And I  
21 don't see any of those anywhere, you know, in the  
22 numbers.

23 So, they are -- they are similar. Oh, I'm  
24 sorry. We have seven on staff, and they have 17.  
25 I don't know where the numbers came from.

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1 So, anyway, I found the same frustration that  
2 everybody else did, that there's no  
3 apples-to-apples comparison. The only way you're  
4 going to get something like that is to go to the  
5 Florida, you know, chapter of the AAAE and say,  
6 Guys, we'd like to do some comparison and here's  
7 the budget we want you to do and, you know, the  
8 stuff that the -- that the county gives you from

9 the Port Authority, you know, here's how we want  
10 you to identify it and everything. And I don't --  
11 I don't think you'll ever going to sell them to do  
12 that.

13 MR. MARTINELLI: I suspect that they can't do  
14 it, so it's --

15 MR. GEORGE: End of report.

16 CHAIRMAN COX: Thank you, sir. I appreciate  
17 it.

18 Well, I had Sanford. And up until Friday  
19 evening, I was actually having problems even  
20 getting ahold -- or anybody to respond. I didn't  
21 have any problem getting ahold of somebody, but  
22 they wouldn't respond with any of the info.

23 So, they were supposed to e-mail me something  
24 this morning, and as of four phone calls later  
25 today, I still have got none of the info that I

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1 really wanted to get on Sanford.



2 Moving back to my comments last week on the  
3 problems I was having with doing it -- and I could  
4 pull some stuff up probably off the internet that  
5 will be very generic to Sanford, but I don't think  
6 it's going to -- from what I looked at on the  
7 internet, it's not very in-depth.

8 I really have nothing to report on Sanford,  
9 but I will make an effort to get some, just  
10 because it kind of ticks me off that I was not  
11 able to get any response out of them.

12 But beyond that, Jack, what I'd like to do is  
13 have you finish up, and then I've got notes that I  
14 wrote down on everybody's points, and I've got  
15 questions about. I'm sure everybody else does,  
16 too. Would you carry on?

17 MR. GORMAN: You want me to carry on, hmm?  
18 All righty. It's a good thing I didn't have to  
19 graduate high school on my penmanship.

20 CHAIRMAN COX: What airport did you have?  
21 You have?

22 MR. GORMAN: What report? I had -- we had

23 two, actually, between the two of us, assigned,

24 because --

25 CHAIRMAN COX: Because you had Henry?

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1 MR. GORMAN: Yes. Because Ed -- I had taken

2 Peter O. Knight, which is not a towered airport,

3 but it has a similar number of operations, is

4 similarly placed, and is -- you know, with a

5 municipality is -- is in a growing area.

6 And then we also had Tamiami, which is again

7 a growing area, I mean almost grown to the point

8 of exhaustion. It's a very, very busy airport and

9 tends to do a lot of jet traffic. And both of

10 those are similar in many different ways. I had

11 the same angst as everybody else about it's --

12 it's certainly quite a task.

13 And this is my statement. It's: Analysis of

14 any business that has multiple departments runs on

15 the fact that many -- analysis of any business

16 that has multiple departments is very -- it's very  
17 difficult to actually get any sums to compare  
18 directly, because different budget items are  
19 buried in different budgets. I mean, it's very  
20 hard to break the budgets out. And this is  
21 Mr. Martinelli's point, and it's very true.

22 But all businesses run on the fact that they  
23 survive because they are more efficient.

24 And I carefully read Mr. Martinelli's letter,  
25 and as he was invited to help in our analysis,

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1 but -- and, of course, he's here now, and that's  
2 good, because on -- on addressing the issue, let's  
3 go to Mr. Martinelli's letter.

4 I couldn't agree more with him; the task of  
5 comparative analysis is highly consumptive of time  
6 due to simply too much data and the fact that  
7 data's not in all of the same columns.

8 It is my opinion it cannot be done by an

9 individual in spare time. I have tried to do it  
10 in spare time. We've all tried to do it in our  
11 spare time, and I think we've all come to the same  
12 conclusion that Mr. Martinelli has, that it is  
13 tough work.

14 And -- but my opinion is that this should be  
15 done professionally. The audit firm that we have  
16 now has not been directed to do any type of  
17 comparative analysis.

18 And I must protest his letter on one concern.  
19 And you must trust me that this inquiry on my part  
20 is not a personal, against our present director,  
21 and I'm sorry if this is a perception by  
22 Mr. Martinelli. Nothing would be further from the  
23 truth.

24 It is simply a matter common sense, and I  
25 believe it's part of our responsibility to the

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1 public, and as board members, to actually take a

2 good look at airports, similar airports, and what  
3 their expenses are. Even if -- and we are finding  
4 out rapidly that this is tough work. But no  
5 matter what it takes, because what it costs and  
6 what it costs the taxpayers to run them. If the  
7 director's budget is running under -- in one  
8 instance, I -- I understand from Mr. Brunson's  
9 report, we might be running under in one spot.  
10 That sounds good.

11 But if the director's budget runs under, then  
12 his -- and he is more efficient, then we can  
13 applaud him. And if certain areas run far over,  
14 if certain areas, our expenditures exceed the  
15 average for a comparable airport, then he should  
16 be directed by this board to cut, to trim, to  
17 bring excesses into line. And this is the -- the  
18 reality of running the airport like a business.

19 And further, it's my information that the  
20 Auditor General of Florida will issue guidelines,  
21 and these guidelines will be greater in scope than  
22 the previous audit directives. In a very short  
23 time, these directives will be audited. And that

24 is per Florida Statute 218.391.

25 And this needs to be complied with. And it's

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1 simply my suggestion that -- that a committee  
2 be -- be formed as per statute to select an  
3 auditor, and as a move responsible to the  
4 taxpayers, that audit procedures, after full  
5 compliance with the newly published guidelines are  
6 met, also include comparative studies of similar  
7 airports' expenditures, and these will be similar  
8 airports' expenditures that are, let's see,  
9 specific to specific issues that board members  
10 have, rather than the whole broad base so we're  
11 not just wasting time. If we feel that  
12 Mr. Wuellner's doing a great job in a certain  
13 area, well, let's not bother beating that drum.

14 So, before this is over -- let's see if we  
15 can go on. I am going to make a motion to form a  
16 committee as per Florida Statute 218.391 to select

17 an audit firm, and also to provide for a  
18 comparative analysis of airport expenditures for  
19 specific issues that board members may have.

20 I have a little more to go. Do you want me  
21 to --

22 MR. MARTINELLI: Yeah.

23 MR. GORMAN: -- finish it up right now?

24 CHAIRMAN COX: Continue forward.

25 MR. GORMAN: Okay. My -- my own concerns are

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1 not like Mr. Martinelli's alluded to, the postage  
2 and items that are trifling incidentals. My own  
3 concerns are, one, our maintenance costs.

4 Lately, some of these large ones have been  
5 justified as hurricane hardening of the airport.  
6 And this may be necessary later to make sure we  
7 can bring our insurance expenses down. But  
8 expenses are high overall. It's just my feeling  
9 of that. I've been going to other airports,

10 looking at other situations that go on, seeing the  
11 other equipment in use. I just feel our  
12 maintenance costs are high.

13 I feel our legal costs are off the charts.

14 And I cannot justify those specifically with a  
15 specific figure, but I would like those to be  
16 addressed by an audit firm.

17 I feel the cost of personnel to this airport  
18 are -- are over, our average compared to other  
19 airports. Part of this may simply be in part by  
20 the -- by the 40 rental home previous situation.

21 But more importantly than -- than right now, my  
22 concern is the projected large increases over a  
23 period of time shown in budgets that were  
24 projected into the future.

25 A fourth -- this is a minor thing, but it's a

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1 point of philosophy of spending. The -- the  
2 vehicle and vehicular expenses, just the number,



3 and -- and that's a point of philosophy of  
4 spending, rather than actually the amount, because  
5 the amount is not, compared to our entire budget,  
6 huge at all.

7 And I'd like to have an audit firm address  
8 our total administration costs as a percentage of  
9 the grosses. Does this compare favorably with  
10 other -- with other airports? If so, good.

11 Our insurance costs seem awfully high. They  
12 may be comparable to other airports. They seem  
13 awfully high.

14 And -- and my last comment is zero based  
15 budgets are based on -- on perceived needs.  
16 Perceived needs may many times -- without anything  
17 to compare an expense to, these perceived needs  
18 may be the status quo of an organization, and they  
19 may tend to prevail. You would not know with zero  
20 based budgeting if you are spending too much  
21 compared to the rest of the airports that you  
22 compete with, unless you have some data.

23 So, I agree with Mr. Martinelli and the rest

24 of this board in the fact that comparing the whole  
25 budgets is a massive data that's impossible to.

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1 But addressing specific issues, I would still like  
2 to prevail on.

3 CHAIRMAN COX: Is that it?

4 MR. GORMAN: That's it.

5 CHAIRMAN COX: Thank you, sir. All right.

6 Mr. Burnett, did you have anything to comment on  
7 or anything to add to the particular conversation  
8 concerning these -- this issue?

9 MR. BURNETT: No. Other than I think --

10 CHAIRMAN COX: I mean, other than -- not  
11 questions. I mean, just anything general, because  
12 I want to -- I want to go around and do the  
13 questions or open debate here in just -- just  
14 shortly, you know?

15 MR. BURNETT: No, other than the -- the one  
16 observation, I guess, the audit that -- that

17 Mr. Gorman is referring to. Since I -- I don't  
18 know that it's required under the statute, I don't  
19 know that you have to necessarily follow statutory  
20 procedures. You could come up with whatever  
21 procedures you wanted to. Although it makes  
22 logical sense that you would follow the -- the  
23 selection procedures in the statute.

24 CHAIRMAN COX: I don't want to debate it yet,  
25 Jack, because I've got it marked down here as a --

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1 as an issue that I want to address.

2 Okay. That's great. If we don't mind, since  
3 I'm the chairman, I'll start off.

4 MR. MARTINELLI: Our HIP.

5 CHAIRMAN COX: Great comments. And I -- I  
6 had -- you had some very valid points there. And  
7 moving over to Randy's comments, I just -- I'm  
8 curious, because the letter you received  
9 insinuated that -- that we were being subsidized

10 and -- and the insinuation that Craig isn't.

11 Is -- is Craig not subsidized, Ed? Like a hundred  
12 percent?

13 MR. WUELLNER: Well, I think you'd have to  
14 say that my understanding of the organization  
15 is -- is that much like probably what goes on at  
16 Ft. Myers, Orlando, Hillsborough County,  
17 Miami-Dade, any of the, quote, unquote, airport  
18 authorities that operate more of a system of  
19 airports, that you're going to find -- and you'll  
20 even find this at airports where they're run by a  
21 city or a county government structure, you're  
22 going to find that a lot of administrative-type  
23 expenses are not carried directly in the budget.

24 CHAIRMAN COX: Okay.

25 MR. WUELLNER: Directly in the individual

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1 airport budget.

2 CHAIRMAN COX: Well, my -- my point is --

3 MR. WUELLNER: Just not required to account  
4 for it that way.

5 CHAIRMAN COX: -- that Craig Field, under  
6 JAA, is subsidized by JAA.

7 MR. WUELLNER: Yes. I -- I think that's a  
8 fair statement.

9 CHAIRMAN COX: It -- it insinuated that our  
10 subsidy percentage factor was higher than Craig's  
11 was, and I -- I find that a little bit odd.

12 MR. WUELLNER: Well, in the absence of direct  
13 information, which, you know --

14 CHAIRMAN COX: Exactly.

15 MR. WUELLNER: -- you didn't get out of Duval  
16 County, you didn't get out of Ft. Myers --

17 CHAIRMAN COX: Well, it's -- that's the point  
18 I'm trying to make, is, you know, we've got --  
19 once again, we're in the apples and oranges  
20 thing -- but not to go on with that.

21 And -- and, you know, the one big issue out  
22 of all of these whole -- every -- every one of  
23 these comparisons we got, none of the fields, none  
24 of the fields that run a comparison, have a

25 Northrop Grumman on the field, which is a whole

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1 other issue that brings, you know, business to  
2 this field.

3 We've got -- Northrop Grumman is the  
4 number-one employer in the county, and it's here  
5 on the airport. And -- and it's not -- don't get  
6 me wrong; it's not the straw that breaks the  
7 camel's back for any comparison or anything, but  
8 it's just it's one of those issues that sets  
9 St. Augustine apart from everybody else.

10 What was it I wrote about? Also, like at  
11 Page Field, the -- there is a mall that's on the  
12 airport, okay? There's -- there's a -- this big  
13 mall, and I know it, because I used to do a lot of  
14 work with the Lee County Port Authority police  
15 down there.

16 The major airport, the Lee County Port  
17 Authority police, have to go over to that mall,

18 and they provide security for the airport. And  
19 it's like a sole symbiotic relationship between  
20 the two, and it's so intermixed.

21 MR. GEORGE: The mall also has the land lease  
22 from the airport for the land it's on, right?

23 CHAIRMAN COX: It's -- you know, so you get  
24 like, whew, how do you ever get into that?

25 And then we keep coming back to this running

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1 the airport like a business. It's -- and I had to  
2 write this comment down, because I -- I keep  
3 coming back to this in my mind.

4 It's fine to run this or to continue to say  
5 we want to run it like a business, but there's a  
6 big difference between running something like a  
7 business than as a business. There's a huge  
8 difference. I mean, it's fine to say -- to take  
9 those guidelines and say we want to run it like a  
10 business. That's great. But you can't run a

11 government -- governmental facility as a business.

12 It just -- it doesn't work that way.

13 And so, I -- but I agree with you. It's nice  
14 to have the guidelines and say we want to try to  
15 do that and reach for that goal.

16 An audit for comparative analysis. Here's --  
17 here's the issue I have with one of the comments  
18 you said. And -- and if we, who just happen to be  
19 like all the gentlemen sitting at the table here,  
20 except for -- you're not a pilot, are you?

21 MR. BURNETT: No.

22 CHAIRMAN COX: Okay.

23 MR. BURNETT: And -- and I don't have my  
24 license. I've got --

25 CHAIRMAN COX: It's neither here nor there,

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1 but the point is every male here is a pilot. If  
2 we, who understand aviation, can't come up with a  
3 comparative analysis due to the differences of



4 these airports, how are we going to expect an  
5 auditor to come in and do the same thing?

6 But I'm not asking for an answer. I'm just  
7 pointing -- it's just a point I want to drop on  
8 the table as a rhetorical point, okay?

9 And now we get into what I think Mr. Burnett  
10 was talking about, the committee to be formed per  
11 statute. What statutory requirements are there to  
12 form a committee for an audit? Is that what  
13 you're --

14 MR. GORMAN: Yeah. And it's my understanding  
15 that the Auditor General's going to produce  
16 guidelines shortly as to the scope, which is  
17 changing as to the audit.

18 CHAIRMAN COX: Which -- what audit are we  
19 talking about?

20 MR. GORMAN: In other words, the audit  
21 that --

22 CHAIRMAN COX: Our yearly audit?

23 MR. GORMAN: Yes, our yearly audit. And the  
24 yearly audit that we have now is not an audit

25 that -- that contains any type of comparative

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1 analysis. It's strictly an audit that's -- has to  
2 do with expenditures and whether they were proper.

3 And I'm sure that the expenditures on this airport  
4 are proper.

5 CHAIRMAN COX: So, your -- your understanding  
6 is that the audit -- the audit parameters will --

7 MR. GORMAN: Scope are going to change, and  
8 those are going to be -- those are going to be  
9 produced shortly, is my information from the  
10 Auditor General's. And -- but it is now part of  
11 Florida Statute, as my (sic) understand it, and  
12 that we have a letter from Mr. Burnett, of  
13 218.391, to select an audit firm by committee.

14 And my -- part of my motion will be is also  
15 to provide for specific comparative analysis of  
16 airport expenses that board members -- issues  
17 board members may have.

18 CHAIRMAN COX: Okay. The -- the guidelines

19 that you suspect are going to change --

20 MR. GORMAN: Yeah, they're supposed to

21 change, as I understand it.

22 CHAIRMAN COX: -- are they going to require a

23 comparative analysis? Is that correct?

24 MR. GORMAN: I -- I don't have them right

25 now. I --

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1 CHAIRMAN COX: Okay.

2 MR. GORMAN: So, let's not let me do that

3 right now.

4 CHAIRMAN COX: I'm not.

5 MR. GORMAN: But I suspect -- I suspect

6 that -- that part of the guidelines do provide

7 for --

8 CHAIRMAN COX: Let's cross that bridge when

9 we get to it.

10 MR. GORMAN: -- overages in admin -- admin

11 costs and things like that, and as a percentage of  
12 gross. Those kind of things are going to be  
13 addressed.

14 CHAIRMAN COX: Is this -- the firm that  
15 you're -- this virtual firm that you're talking  
16 about, is that, yeah, something out in space here  
17 that we don't have, according to those parameters  
18 yet, the audit team, is that something different  
19 than the -- the people that do our audits now?

20 MR. GORMAN: I -- the people that do our  
21 audits now, I don't know if they do any  
22 comparative analysis.

23 CHAIRMAN COX: No, I know that, but I mean,  
24 you say -- you say you want -- earlier, you -- you  
25 insinuated you were going to make a motion that

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1 the board get an audit, get an auditor to come in  
2 and do a comparative analysis.

3 MR. GORMAN: It's -- it's my understanding

4 that -- that an audit firm has to be selected by  
5 committee.

6 CHAIRMAN COX: Do we not have an audit firm  
7 now?

8 MR. GORMAN: It has not been selected by  
9 committee.

10 MR. WUELLNER: Yes, it was. Yes, it was.

11 MR. GEORGE: It was selected by this group.

12 MR. GORMAN: It was not selected by a  
13 committee purported to do that under the Florida  
14 Statute.

15 MR. WUELLNER: Sure, it was.

16 MR. GORMAN: I disagree with that.

17 MR. WUELLNER: You assigned yourselves to the  
18 task of doing that selection.

19 CHAIRMAN COX: We -- that was my -- that's  
20 my -- that's my question.

21 MR. GORMAN: Let's -- let's argue -- let's  
22 agree to disagree on that.

23 CHAIRMAN COX: No, no, no. But that --  
24 that's like -- it's just like we chose the design,  
25 you know, the design/build firm. I mean, we went

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1 through a process in choosing, did we not, the  
2 audit firm?

3 MR. WUELLNER: It essentially is the  
4 identical process --

5 CHAIRMAN COX: Right.

6 MR. WUELLNER: -- that you did for that. You  
7 did that when you selected an attorney. You did  
8 that when you select consultants in general.

9 MR. GORMAN: I would --

10 MR. WUELLNER: You generally employ the same  
11 process.

12 MR. GEORGE: How often do we select them? Is  
13 it good for two years, three years, or one year?

14 MR. WUELLNER: The audit firm?

15 MR. GEORGE: Yeah.

16 MR. WUELLNER: You have three-year  
17 selections, and there's a renewal option in the  
18 contracts.

19 CHAIRMAN COX: Well, as a matter of fact, the  
20 renewal option has -- we just talked about at the  
21 last meeting, did we not?

22 MR. WUELLNER: Correct. Which I need some  
23 clarification, but that's -- we can't do that  
24 today.

25 CHAIRMAN COX: No, I'm not trying to say

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1 that. But I'm just saying that process was taken  
2 care of.

3 What -- what I was trying to get to is, your  
4 point is, is that -- that's why I was unclear on  
5 it, because it makes it sound like your  
6 understanding is we need to select a completely  
7 different firm like --

8 MR. GORMAN: We don't necessarily have to  
9 select a different firm. But the firm has to be  
10 done by committee. The selection of the firm has  
11 to be done from a committee.

12 CHAIRMAN COX: And -- and I think it was in  
13 fact done by committee.

14 MR. GORMAN: And my -- as -- the way I look  
15 at it and the way it was done, certainly no  
16 committee was in fact --

17 CHAIRMAN COX: By "committee," you mean the  
18 board?

19 MR. GORMAN: By committee, was selected by  
20 the board to administer that. That -- that  
21 wasn't --

22 CHAIRMAN COX: Now, wait a minute. Are you  
23 talking about the committee being the board  
24 itself --

25 MR. GORMAN: No.

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1 CHAIRMAN COX: -- or a committee selected by  
2 the board?

3 MR. GORMAN: Talking about, according to the  
4 statute, a committee has to be convened to select



5 this audit. And here I have a -- I have a -- I  
6 have your old memorandum here.

7 CHAIRMAN COX: But let's let Mr. Burnett have  
8 a --

9 MR. BURNETT: The -- the Authority -- there's  
10 nothing in the statute that says that the  
11 Authority members themselves can't --

12 CHAIRMAN COX: Be the committee.

13 MR. BURNETT: Can't be the committee.

14 MR. GORMAN: But did the Authority members  
15 themselves convene themselves as their own  
16 committee to select this audit board -- this audit  
17 firm? Not to my understanding.

18 MR. WUELLNER: Did you? Is that what the  
19 question is?

20 MR. GORMAN: No, we did not.

21 MR. WUELLNER: Yes, you did.

22 MR. GORMAN: Not as a motion.

23 MR. WUELLNER: Yes, you did, too. You  
24 conducted interviews from the firms, you made your  
25 ranking, and you selected a firm.

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1 MR. GORMAN: Certainly not as a motion and  
2 certainly not in compliance with the statute.  
3 That's my point.

4 MR. WUELLNER: Well --

5 MR. GORMAN: And --

6 MR. WUELLNER: -- that's kind of my point;  
7 you did in total compliance with the statute. But  
8 the fact of the matter is the statute didn't come  
9 into being until after you last selected.

10 MR. GORMAN: Well, the statute's into being  
11 now. There's new guidelines coming up. We  
12 probably need to look at them --

13 MR. WUELLNER: Well --

14 MR. GORMAN: -- to make sure that this is  
15 done. And I still would have to -- like to  
16 address the -- the few issues that I had  
17 comparatively, rather than a total base.

18 MR. WUELLNER: Right.

19 MR. MARTINELLI: Can I -- can I just make one  
20 comment?

21 MR. GORMAN: Sure.

22 MR. MARTINELLI: I think if you have the  
23 minutes somewhere, you will see in the minutes --  
24 because I believe I was at the meeting when you  
25 folks discussed auditors and -- and voted on

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1 Davis, Monk, right?

2 MR. WUELLNER: Uh-huh.

3 MR. MARTINELLI: So -- and -- and I believe,  
4 as Doug has said, the board -- the authority for a  
5 committee comes from the board. If the board  
6 chooses to take that authority upon themselves and  
7 do the committee's work, they don't need to have a  
8 committee. Having a committee is not required.

9 MR. BURNETT: Well, the -- the board, it  
10 would be --

11 MR. WUELLNER: Separately.

12 MR. MARTINELLI: -- it's own committee.

13 MR. BURNETT: Yeah, the board would be its  
14 committee.

15 MR. MARTINELLI: That's what I'm saying; you  
16 don't need a separate committee. If the board  
17 chooses to do it, the board is the committee.

18 MR. GORMAN: So, on that -- on that pretense,  
19 we don't -- we don't do any --

20 MR. MARTINELLI: Not a pretense.

21 MR. GORMAN: -- any comparative analysis  
22 because we've already done --

23 MR. MARTINELLI: Well, wait. You're two  
24 different things. Wait a minute. You're two  
25 different things there. One is appointment of an

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1 auditor, and the other is comparative analysis --

2 MR. GORMAN: Right.

3 MR. MARTINELLI: -- which is an entirely  
4 different thing.

5 MR. GORMAN: Well, I'm just wasn't -- I  
6 wasn't and I'm not yet convinced that we are in  
7 compliance with that statute.

8 MR. WUELLNER: Well, you are.

9 MR. GEORGE: I think -- I think the --

10 MR. GORMAN: But that's an opinion.

11 MR. WUELLNER: Well --

12 MR. GORMAN: Well, like I said, we agree to  
13 disagree.

14 CHAIRMAN COX: Well, we can't let it go and  
15 say it's an opinion, because if -- if our  
16 attorney, our legal representative says that we  
17 have complied with the statute, that's not an  
18 opinion. I mean, we're -- we're paying them to  
19 give us the reading of the law.

20 MR. BURNETT: Well, and -- and let me just  
21 weigh in on a couple of things.

22 One is the statute specifically provides that  
23 you can renew contracts. And what it says is  
24 that -- that there are minimum requirements that  
25 those contracts have to have in them to be

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1 renewed, but I've seen the contract you -- you  
2 have -- have had in the past with Davis, Monk, and  
3 it fits those requirements. It's in writing, and  
4 it has the provisions and conditions for the  
5 services and the other statutory requirements.

6 So, I think you're covered on that ground.  
7 That's not to say that you can't tomorrow, or you  
8 couldn't in the future, turn around and say, okay,  
9 let's select a new auditor and go through the  
10 process.

11 CHAIRMAN COX: Right.

12 MR. BURNETT: That's not to say you can't do  
13 that.

14 CHAIRMAN COX: Right.

15 MR. BURNETT: I understand what Mr. Gorman is  
16 saying related to auditor -- the -- the audits.  
17 The annual financial audits are done in accordance  
18 with rules that the Auditor General sets out. And  
19 maybe those rules may be changing. I -- I would

20 guess since they're rules, they change from time  
21 to time, just from the nature of how things are.  
22 But I don't know about the question of an  
23 operational audit, and I guess that goes back  
24 to -- or a comparative audit. That goes back to  
25 something that -- that you've championed for a

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1 long time, of wanting something along those lines  
2 to incur, which I guess is bringing us here today.

3 MR. GEORGE: Just a quickie. The -- the  
4 audit as we know it and as we have, as a board,  
5 have selected the auditing firm, is for a  
6 financial audit --

7 MR. GORMAN: Yes, sir, correct.

8 MR. GEORGE: -- to have a statement from them  
9 that says these financial statements represent the  
10 detailed transactions that transpired during the  
11 year.

12 MR. GORMAN: Right.

13 MR. GEORGE: So, they're saying that it's  
14 an -- an accurate financial and accounting  
15 representation of what's happened. It says  
16 nothing about doing a --

17 MR. GORMAN: Oh, no.

18 MR. GEORGE: -- comparative audit.

19 MR. GORMAN: No, and that's very true.

20 MR. GEORGE: So -- so, I think what you want  
21 is, is you want to go past that to say I want a  
22 comparative audit --

23 MR. GORMAN: I'm saying that there is some  
24 nuances of comparative audit that are going to be  
25 in the new guidelines.

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1 MR. GEORGE: Fine. Then those new guidelines  
2 are that, but let's --

3 MR. GORMAN: Yeah. We need those new  
4 guidelines before we go any further.

5 MR. GEORGE: Yeah.



6 MR. GORMAN: Yeah, I would agree with you

7 totally that there was no comparative --

8 MR. GEORGE: Well, if you have a few items --

9 MR. GORMAN: -- audit or -- or expected.

10 MR. GEORGE: But if you have a few items that

11 you would like to have audited, you know, then

12 maybe that's -- as your recommendations were

13 fairly clear, you'd like to have an audit of --

14 you know, and you listed some items, then -- then

15 that's what the -- the board should vote on.

16 MR. GORMAN: Correct. That would be fine.

17 MR. GEORGE: Unfortunately, we -- this is a

18 workshop, and a workshop cannot make any

19 decisions, is my understanding; is that correct,

20 Doug?

21 MR. WUELLNER: That's correct. They would

22 have to be deferred.

23 MR. GEORGE: Workshops --

24 MR. GORMAN: That's fine.

25 MR. GEORGE: -- can exchange information and

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1 everything, but they cannot make any decisions.

2 MR. BURNETT: That -- that's true.

3 MR. GORMAN: Well, that's fine. Point --  
4 that makes -- that's fine.

5 MR. GEORGE: Yeah.

6 MR. GORMAN: Yeah, all taken, point taken.

7 MR. BURNETT: You certainly could make it an  
8 agenda item.

9 MR. GEORGE: Huh?

10 MR. BURNETT: You certainly could make it an  
11 agenda item for a future meeting, whatever went on  
12 here today.

13 MR. GEORGE: Okay. So, based on that, then  
14 we need to take your points and maybe look at  
15 them, you know, individually, discuss those. And  
16 maybe it comes out that, hey, we need to do an  
17 audit on these two.

18 MR. GORMAN: That's fine.

19 MR. GEORGE: Those could be the legal

20 expenses, okay? But I think that that would be  
21 appropriate.

22 MR. GORMAN: Yeah. That -- that's fine.

23 MR. WUELLNER: The other thing you need to  
24 know is the -- this scope of work for the auditor  
25 is more than just reviewing your financials.

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1 It's -- it's to assure compliance with the state  
2 statute governing what -- how the audits are  
3 required to be done for purposes of public  
4 entities.

5 The second piece of that is, it's also the  
6 scope of services includes compliance with the  
7 federal single audit standards as they apply,  
8 because we accept federal grant money. And  
9 there's an audit requirement that goes with --

10 MR. GEORGE: Okay.

11 MR. WUELLNER: -- having accepted that.

12 CHAIRMAN COX: Mr. Brunson?

13 MR. BRUNSON: Okay. But as of today, we're  
14 complying with our audit. And as of today, a  
15 comparison audit is not required.

16 CHAIRMAN COX: True.

17 MR. BRUNSON: Okay. Now, what I want to just  
18 say is that while we're here, we're doing just  
19 what we said we were doing; we've made comments.  
20 But I -- what I thought we were going to do is  
21 our -- our goal is to see if we're running the  
22 airport as efficiently as possible. And also, our  
23 goal is to, over the next blank years, reduce or  
24 get off the tax roll, and that's the reason we're  
25 doing this.

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1 And what I was hoping we'd do is agree to  
2 continue this on an ongoing basis and look at  
3 our -- our expenses and -- and line by line or  
4 zero budget or anything you want to do and say,  
5 hey, Jack Riley says we've got salaries and wages

6 of \$484,288 and that he also says that our -- our  
7 operating revenue per employee is \$127,000.

8 He also says our operating profit per  
9 employee is minus \$32,000, and -- as compared to  
10 the orange and where the apple of operating  
11 revenue per person for Craig is \$150,000 and the  
12 operating profit is \$50,000.

13 But, there's no administrative expenses into  
14 that, so I don't see how that's a good figure.

15 But I -- I -- I would hope that we would  
16 take -- what jumps out at me is the salaries  
17 and -- you know, the insurance is what it is. And  
18 it's hard -- you can shop it, but you're not going  
19 to...

20 Legal, we've had an unusual two years --

21 CHAIRMAN COX: Uh-huh.

22 MR. BRUNSON: -- of courts and so forth.

23 Now, when I come down here to how many employees  
24 we've got and per this and that, cleaning services  
25 of \$26,000 jumps out at me. And, you know, we

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1 just need to look at each line item and -- and

2 say, Hey, this --

3 MR. MARTINELLI: Is it necessary?

4 MR. BRUNSON: Well, it is -- if I'm going to

5 be on the board, I've got to take the time to do

6 this, I think.

7 MR. MARTINELLI: Yeah, I'm saying, each

8 expense. I'm sorry. I didn't meant to interrupt

9 you.

10 MR. BRUNSON: Yeah. I know what you're

11 saying. No, but -- but that's the only way I know

12 how to run a business or expenses. And -- and

13 granted, this is my first year and I'm still

14 learning the airport business, but I have to apply

15 just the way I would do this if I came in here and

16 Ed took a job at Sanford and Bryan went over here

17 and they left us here, I'd -- I'd have to sit down

18 and just go line by line.

19 MR. GEORGE: Point of clarification. You are

20 into your second year. You've already finished

21 one year.

22 MR. BRUNSON: So, I have no excuses.

23 MR. GEORGE: Right.

24 CHAIRMAN COX: Okay. You're not a rookie

25 anymore.

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1 MR. GEORGE: That's right.

2 MR. MARTINELLI: How time flies.

3 MR. BRUNSON: So -- and then I just look at  
4 the -- when you -- when you look at overall, these  
5 things are just so minor. You know, you've got  
6 your ground maintenance at \$9,000, and cleaning of  
7 \$26-, and salaries of \$484-, but these other  
8 things, I don't think you can do anything about  
9 them.

10 MR. GORMAN: No, certainly, there's many,  
11 many, many things you can't do anything about.

12 And the specific issues that I personally had and  
13 just addressed, and that's -- and if they were

14 then compared, then those issues would be -- could  
15 be finalized and discussed further.

16 MR. BRUNSON: And that's all we're trying to  
17 do, is --

18 MR. GORMAN: Exactly.

19 MR. BRUNSON: -- is use a little bit of  
20 comparative -- and the other thing I thought would  
21 happen here is there might be something that comes  
22 out of here that somebody says, like we might have  
23 to look at ground lease and let the private  
24 industry build the hangars and -- and spend the \$2  
25 million instead of us.

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1 But I'm hoping that we'll come up with other  
2 things that might be good. And -- and that's --  
3 that's my comments on things --

4 CHAIRMAN COX: Thank you, sir.

5 MR. BRUNSON: -- we've been talking about.

6 CHAIRMAN COX: Mr. George, your comment?



7 MR. GEORGE: Well, I just threw mine out  
8 there just a second ago, but...

9 CHAIRMAN COX: Well, I tell you what, then;  
10 let's just -- I'll open up the floor to like  
11 basically just collegial debate.

12 MR. MARTINELLI: Excuse me. Can I make --

13 CHAIRMAN COX: Yes, sir. Absolutely.  
14 It's -- it's kind of an open forum here right now.

15 MR. MARTINELLI: Okay. Because -- because I  
16 made some notes as to various -- you guys were  
17 talking about.

18 In the accounting world, if you want to bury  
19 something, you do allocations. That's how you --  
20 you do it. And the county -- and you know Bud  
21 Markel, I'm sure, being in this county for as long  
22 as you were -- and I was on the budget review  
23 committee for the county for like 20 years, and  
24 every time old Bud would come before the Board of  
25 County Commissioners with a -- with a budget, he'd

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1 play the shell game, because he'd move expenses,  
2 allocation-wise, from one to the other, so it was  
3 virtually impossible to -- to track him.

4 So, when -- when you mentioned that -- when  
5 you were talking to the guy at Craig and  
6 allocations, that to me is a big disqualifier of  
7 anything you can look at.

8 Also, there's -- there is the matter of doing  
9 things in-house and contracting to have them done  
10 outside. And I was just wondering in that  
11 comparison whether you looked at what their  
12 contract costs were, and by comparison, and -- and  
13 what those contracts were for. Because you can --  
14 you can contract externally to do just about  
15 anything, including running your whole business.

16 So, depending upon how much you take in-house  
17 to do and how much you contract out to do, you can  
18 really affect what your -- your P&L looks like.

19 MR. BRUNSON: And if you don't mind me --

20 MR. MARTINELLI: Sure.

21 MR. BRUNSON: -- saying --

22 MR. MARTINELLI: Yeah.

23 MR. BRUNSON: And also, they have four staff.

24 But the buildings, the FBO, they take care of

25 their maintenance, they take care of the grounds

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1 around the maintenance. These other buildings,

2 other people besides staff take care of that. So,

3 you're exactly right. And it's just hard to

4 compare.

5 MR. MARTINELLI: Yeah. And -- and here,

6 we're -- we -- I say "we," but the Airport

7 Authority is obligated to do certain maintenance

8 work for the FBOs because of the way those leases

9 are written.

10 CHAIRMAN COX: True.

11 MR. MARTINELLI: So -- so there, you know, it

12 gets back to the point it's very difficult to

13 compare.

14 One other point that I'd -- I'd like to just  
15 kind of keep in the back of our minds, and that is  
16 that when, as Bob so aptly put it, you want to run  
17 an airport like a business -- you can't run it as  
18 a business, but like a business -- one of the  
19 things that you do in business to -- to assure the  
20 longevity of your business and its future success  
21 is determine how much R&D -- now, I'm using the  
22 term R&D generically, because certainly in the  
23 drug business, you have a lot of R&D, but -- in  
24 chemistry and what have you, but that's your  
25 investment into the future, because as you keep

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1 feeding new products into your product line, you  
2 assure future expansion and success of the  
3 business.

4 In the case of a government entity, and  
5 particularly an airport, there are certain things  
6 that have to be done in order to ensure that you

7 will be here in the future, and those have to be  
8 addressed. And the extent to which you address  
9 them -- and I'm going to use an example here,  
10 because back in 1993, '94, when I was on this  
11 board, we had no maintenance costs hardly at all.

12 But, look what happened to the facility. The  
13 buildings just deteriorated to the point where a  
14 lot of them just fell down, they were just so bad.  
15 Okay? We had really no maintenance beyond  
16 patching of taxiways and things of that sort.  
17 And -- and you guys really are paying the price  
18 for that today.

19 So, when you look at the comparison of  
20 maintenance costs today, you're doing a lot of  
21 catchup here that you would not have had to do if  
22 you had steadily stayed on top of that. Also, by  
23 doing it --

24 MR. GEORGE: But it should go away.

25 MR. MARTINELLI: That's right. I was -- I

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1 was just going to say, as you go forward to the  
2 future, it should level out and you should be in  
3 pretty good shape.

4 So -- okay. One other thing also on this  
5 comparison, and I'm sure Jack -- and by the way, I  
6 have a lot of respect for Jack; he's a good  
7 friend. I'm sure he came across this, the chart  
8 of accounts.

9 In -- in accounting parlance, what you  
10 classify as a certain type of expense has to be  
11 consistent. And so, if I'm doing it, I may  
12 classify a particular expense in one line item;  
13 somebody else might classify it in another line  
14 item, because there's really no uniform chart of  
15 accounts that has to be followed. So -- okay.

16 MR. GORMAN: But, Mr. Martinelli, I may make  
17 a point.

18 MR. MARTINELLI: Sure.

19 MR. GORMAN: It doesn't matter what  
20 classification it is. It matters, really bottom  
21 line, what you are spending, you know. And --

22 MR. MARTINELLI: In total.

23 MR. GORMAN: -- playing catchup, is a good

24 point, and certainly this airport has had to play

25 catchup, but there is certainly a point where one

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1 needs to look if it's a large item at what, you

2 know, these things cost versus what --

3 MR. MARTINELLI: I don't disagree with you.

4 MR. GORMAN: -- other people spend.

5 MR. MARTINELLI: I don't disagree with you.

6 Let me just finish --

7 MR. GORMAN: Sure.

8 MR. MARTINELLI: What did I write there?

9 CHAIRMAN COX: I don't know.

10 MR. GEORGE: I have a hard enough time

11 reading it.

12 CHAIRMAN COX: We can't read it from here.

13 MR. MARTINELLI: Yeah. Somebody made the

14 comment that zero based budgeting was based upon

15 perceived needs. That's not true. That's not the  
16 way you do zero based budgeting. You don't  
17 perceive the need. The need is either real and is  
18 there, or it's not there.

19 Now, if -- if you see a perceived need,  
20 that's going into the future, and that, you put  
21 into a different category. But if the government  
22 says -- the FAA says you must do this in order to  
23 get this grant, in order to keep the grant, then  
24 that's not a perceived need; that's a real need.

25 If the fire department comes in here and

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1 says, hey, you're a fire hazard and you need to do  
2 this and this, that's a real need; that's not  
3 perceived --

4 MR. GEORGE: I think the perception was --

5 MR. MARTINELLI: -- okay?

6 MR. GEORGE: -- yes, that is a requirement,  
7 but it's going to take us six people. No, it's



8 going to take five. There's your perception.

9 MR. GORMAN: Exactly. That's my point of  
10 perception.

11 MR. MARTINELLI: That's -- that's your zero  
12 based budgeting, okay?

13 MR. GEORGE: That's what he's saying, is that  
14 zero based budgeting --

15 MR. GORMAN: Exactly.

16 MR. GEORGE: -- has a lot of perceived things  
17 that go into it. A board, you know, five people,  
18 three people think it takes five people to do this  
19 maintenance job, and three other ones think it  
20 takes six people to do it, so --

21 MR. MARTINELLI: Fine.

22 MR. GEORGE: -- 5.5 is a compromise of a  
23 perception.

24 MR. MARTINELLI: Okay. But there, you see,  
25 you're getting into what I call micromanaging.

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1 MR. GEORGE: You're right.

2 MR. MARTINELLI: You're outside of  
3 policy-making completely.

4 MR. GEORGE: Oh, yeah, right.

5 MR. MARTINELLI: And so -- so what do you  
6 do -- I started, opened up by saying the buck  
7 stops here with you guys and it's your  
8 responsibility to -- to have the due diligence.  
9 But you've got to be careful in doing the due  
10 diligence. You can't -- you cannot micromanage,  
11 because if you do, you cause chaos. It just -- it  
12 can't work. Okay?

13 I've got one more point. Okay. That's a new  
14 audit statute. And, you know, I may have egg on  
15 my face when these new -- when these new statutes  
16 come out, but I can tell you this: That if the  
17 state or anybody else legislates that you must  
18 have an operational audit, it -- it can't be done,  
19 and therefore, they'll never -- they will never  
20 put that into a statute. You cannot legislate an  
21 operational audit.

22           Why not? Simply because operational audits  
23           are tailored to such specifics that you can't say  
24           for all airports, from now on, I want operational  
25           audits.

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1           MR. GORMAN: I wouldn't say that they were  
2           probably going to specify an operational audit.  
3           They've got -- the parameters are going to  
4           increase in scope as --

5           MR. MARTINELLI: Yeah, but they will be  
6           financial. The scope that they will include will  
7           be financial or FAA-related requirements.

8           MR. GORMAN: I -- I've got a little debate  
9           for you as far as the outside of the --

10          MR. MARTINELLI: Okay.

11          MR. GORMAN: -- policy-making. In other  
12          words, I don't think it's outside of -- of just  
13          policymaking for this board if the board does feel  
14          that there are expense issues that need to be

15 addressed to be able to bring them up, especially  
16 in the budget workshop.

17 MR. MARTINELLI: Right.

18 MR. GORMAN: In other words, that is -- that  
19 isn't beyond the scope of what a board should do.

20 MR. MARTINELLI: In the budget, I agree with  
21 you.

22 MR. GORMAN: And that's what we're doing  
23 here. Right.

24 CHAIRMAN COX: This is not a budget workshop.

25 MR. GORMAN: This is -- this is going to end

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1 up being -- this data will end up being used for  
2 the budget, certainly in the budget workshop.

3 That's all.

4 MR. MARTINELLI: Okay.

5 CHAIRMAN COX: Go ahead. It's open.

6 MR. GEORGE: Okay. I think that everybody's  
7 making great comments around, but if we could get

8 back to maybe going down, Jack had the following  
9 points that he mentioned: Maintenance costs,  
10 insurance, legal, personnel, the proposed  
11 increase, vehicles and vehicular maintenance, and  
12 administrative costs.

13 I would suggest we take each one of these and  
14 let's kick that question around, you know --

15 MR. GORMAN: Sure.

16 MR. GEORGE: -- of how it comes out and then  
17 go on to the next one. And maybe we get down to  
18 one that says, you know, we ought to have somebody  
19 other than us take a deep look at it.

20 MR. GORMAN: And the problem with doing these  
21 is, is that you don't want to -- and I feel  
22 it's -- I -- I made that comment about  
23 Mr. Martinelli about not taking this personally,  
24 because I don't want neither Mr. Wuellner nor  
25 Mr. Martinelli to take this personally. And I

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1 feel Mr. Martinelli's sometimes a bit defensive,  
2 and I don't want him to be. Because we just want  
3 to see.

4 Now, if we find out our admin costs are a  
5 percentage much lower gross than -- than other  
6 airports have to pay, hoorays, but we don't know.  
7 We have no idea.

8 MR. GEORGE: And the discussion we would have  
9 here today would not be comparing it to anybody  
10 else. It would be counted like your zero based,  
11 you know, what are the needs for administration  
12 and what have we got in the budget to handle that?  
13 And then we jot that down. We go, you know --

14 CHAIRMAN COX: Well, let me -- time out on  
15 something here. The -- the meeting -- the  
16 workshop here today was to be discussing  
17 comparative analysis for the airport. This is  
18 getting into budget analysis on a line -- line  
19 item budget analysis issue. And I don't think  
20 we're prepared.

21 I mean, is everybody prepared to go down the  
22 line, a line item budget analysis issue here?

23 That's not what this meeting was for.

24 MR. GEORGE: I -- I was just thinking, like  
25 in maintenance costs, I have some feelings about

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1 maintenance costs that, you know, skew the  
2 numbers. Since I was going to present that, if  
3 everybody agrees, you know, or understands it,  
4 then go on to the next --

5 MR. GORMAN: Well, certainly --

6 MR. GEORGE: -- anybody else has comments.

7 MR. GORMAN: Well, certainly those  
8 maintenance costs and your comments then could be  
9 addressed as far as an inquiry as to what other  
10 airports spend. And then that puts it to bed.

11 CHAIRMAN COX: The meeting -- the meeting is  
12 morphing into a different type of a meeting than  
13 what you called it for.

14 MR. GORMAN: That's comparative.

15 MR. GEORGE: Well, I think --

16 CHAIRMAN COX: What are we comparing it to?

17 MR. GEORGE: I think that --

18 MR. GORMAN: We need to compare it to the  
19 other airports we selected specifically.

20 CHAIRMAN COX: We don't have the info.

21 MR. GORMAN: Well, we could -- we could get  
22 that info without doing the entire budget. That's  
23 the point.

24 CHAIRMAN COX: The point --

25 MR. GEORGE: I think that --

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1 CHAIRMAN COX: Go ahead.

2 MR. GEORGE: I think that the -- the whole  
3 idea of why we're here, as a second phrase, was to  
4 discuss the most effective way to run the airport,  
5 and the first thing that came out is, let's  
6 compare ourselves to others. That's how we got to  
7 the comparative thing.

8 So, if you get back to the original question



9 of being the most effective way -- you know, are  
10 we running this the most effective and efficient  
11 way that we can, that's why we're just going to  
12 attack those -- not attack them, but, you know,  
13 discuss each one of them.

14 As an example, to be quick, you talk about  
15 the maintenance costs. And if you look at our  
16 numbers from pure maintenance costs, X number of  
17 people and personnel costs and blah, blah, blah,  
18 one of the things you've got to keep in mind is  
19 our personnel do more than that.

20 For instance, the VOR, how much money did we  
21 save by us doing the VOR? We saved half the  
22 personnel costs for the year.

23 MR. GORMAN: Couldn't agree more. Couldn't  
24 agree more, but you need to do some --

25 MR. GEORGE: So, therefore, I'd say I'm not

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1 going to attack that.

2 MR. GORMAN: You need to do some breakout on  
3 that. And then when you project personnel costs  
4 into the future, you need to allow for the fact  
5 that when we have lots of new building here, that  
6 those maintenance costs and those personnel costs  
7 should go down. Not projected to go up.

8 MR. GEORGE: Even though more buildings means  
9 more maintenance, they should go down, right?

10 MR. GORMAN: Certainly new buildings don't  
11 take much maintenance.

12 MR. MARTINELLI: Can I --

13 CHAIRMAN COX: Interject your thoughts.

14 MR. MARTINELLI: Interject a thought.

15 You're -- you're on target. You're on target.

16 And I believe, Jack, that you and I had this same  
17 discussion with Ed, the three of us, some time  
18 ago.

19 And I said, I asked Ed if it was possible for  
20 him to break out in the budget how much  
21 maintenance labor or other labor was going toward  
22 what would otherwise be contract -- outside

23 contract work. And he said he could.

24 MR. GEORGE: For capital projects.

25 MR. MARTINELLI: Uh-huh, capital projects.

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1 And you said you could, right?

2 MR. WUELLNER: Uh-huh.

3 MR. GORMAN: He has time sheets. He probably  
4 can.

5 MR. MARTINELLI: Yeah.

6 MR. GORMAN: Which is fine.

7 MR. MARTINELLI: So, aren't we kicking a dead  
8 horse here?

9 MR. GORMAN: Well, we don't have any figures  
10 to it, so that we don't know how horse -- whether  
11 the horse is dead or not.

12 MR. MARTINELLI: Well, then, if you want  
13 that, that's a matter of policy. I think you, as  
14 a board, can say our future budgets would like to  
15 have this breakdown, and that's it. And you get

16 it.

17 MR. GORMAN: But as long as we don't -- I

18 just -- I just think that resisting inquiry is

19 bad. I think that as long as we have the inquiry

20 and we --

21 MR. MARTINELLI: I don't think we're

22 resisting.

23 MR. GORMAN: -- we get the inquiry done, and

24 then we -- we decide that we are not beyond

25 anything that is competitive, beyond anything that

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1 is competitive, beyond anything that other

2 airports would do or should do -- like I said,

3 unless we -- we direct specific issues, find out

4 specifically what other airports cost, we don't

5 know whether we're in the ballpark or not. How

6 would we know? We don't.

7 MR. MARTINELLI: Yeah, but if you can't find

8 a comparable airport, how do you know?

9 MR. GORMAN: You can -- you can certainly  
10 find a comparable airport in acreage, in numbers  
11 of hangars, and in basic operations.

12 MR. MARTINELLI: We just tried that. We --  
13 we've run up against a stone wall here.

14 MR. GORMAN: If we -- no, we haven't. We can  
15 find many airports that -- that the board members  
16 agreed were very similar. We didn't address --

17 MR. MARTINELLI: Well, did you find your two?

18 MR. GORMAN: -- specific issues.

19 MR. MARTINELLI: Did you find your two?

20 MR. GORMAN: Yes, Tamiami is similar to this  
21 in many ways, and so is Peter Knight, even without  
22 a tower.

23 MR. MARTINELLI: Can you enumerate the  
24 comparisons where you feel this is --  
25 St. Augustine is either better or worse?

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1 MR. GORMAN: Even using specifics, yes. And

2 I'm saying that -- and those were my points right  
3 here. There are six of them. And that I would  
4 like to be able to look into or make significant  
5 inquiry into whether or not we are comparative in  
6 our -- in our efficiencies on those six issues.

7 MR. MARTINELLI: Okay. What are those six  
8 issues again?

9 MR. GORMAN: Well, they're part of the  
10 minutes already. We can -- they're already --  
11 they're -- they're maintenance, cost of personnel,  
12 and especially projected cost of personnel. They  
13 are, just as a point of philosophy again,  
14 vehicular cost, numbers of vehicles. That's a  
15 very small amount. The total admin cost of  
16 percentage of gross, and insurance costs.

17 MR. MARTINELLI: Okay. Can we take --

18 MR. GORMAN: Those six.

19 MR. MARTINELLI: Mr. Chair, can we take each  
20 one of those and address them? Since this is the  
21 purpose of this meeting?

22 MR. GEORGE: That's what I was saying,  
23 uh-huh.

24 CHAIRMAN COX: I'm -- I'm sitting here

25 thinking, you know, we -- we talked about

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1 perception a while ago, and perception on, what

2 was the issue, was on --

3 MR. GEORGE: Perceived --

4 CHAIRMAN COX: Zero.

5 MR. GEORGE: -- need for something, yeah.

6 CHAIRMAN COX: Zero based.

7 MR. GORMAN: Zero based budget is based on

8 perceived needs.

9 CHAIRMAN COX: I'm just going on a perception

10 about four or five of the items there, we -- we --

11 we give our executive director a lot of latitude

12 to make decisions on things, okay? For instance,

13 maintenance, personnel, number of personnel.

14 Those things, if we start to -- and I'm not

15 saying that we shouldn't look at and question some

16 of the costs of these issues, but if we start

17 micromanaging, like Mr. Martinelli said, no, we  
18 don't want 11 staff members; we think there needs  
19 to be ten, because that extra \$16,000 a year is  
20 too much, then -- then, you know, we start taking  
21 away the director's --

22 MR. GORMAN: I agree. And if it was a  
23 trifling amount, we certainly should just allow  
24 his discretion to prevail, make sure that the  
25 amounts are not -- are not excessive. If they're

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1 trifling amounts --

2 CHAIRMAN COX: And then we get into  
3 perception again. And what's a trifling amount?  
4 A hundred thousand dollars, \$20-, \$5-? You know,  
5 that's --

6 MR. GORMAN: A trifling amount versus a large  
7 amount's pretty apparent.

8 MR. MARTINELLI: Well, in your -- in your  
9 comparison, did you find a large discrepancy?



10 What did you find in your comparison?

11 MR. GORMAN: I found that the data that --

12 like you did, I found that the data was buried in

13 different budget line items.

14 MR. MARTINELLI: So, you weren't able to do

15 that.

16 MR. GORMAN: It was difficult to break out

17 those specifics. And I also found out that the

18 best way to do it would probably allow

19 professionals to do it that were in the audit

20 business. That's what I found out,

21 Mr. Martinelli.

22 MR. MARTINELLI: Well, being a professional,

23 I can tell you that anybody who tells you they can

24 do it is either going to charge you an exorbitant

25 sum, because that's -- they have to go all the way

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1 back. In the case of authorities, the

2 consolidated, they're going to have to review all

3 allocations. They're going to have to -- it's a  
4 monstrous task, okay? That's a lot of money.

5 MR. GORMAN: On six issues?

6 MR. BRUNSON: We might have more, Jack.

7 MR. GORMAN: That's true.

8 MR. MARTINELLI: You might have more than  
9 six, but even so, with the six issues times how  
10 many airports that you want to do that? Okay?

11 MR. GORMAN: Just use three.

12 MR. MARTINELLI: So -- so, you know, you're  
13 talking about a lot of money. That's number one.

14 Number two -- and I doubt that you're going  
15 to save that amount to make it cost-effective,  
16 okay? But that's a separate issue. And by the  
17 way, I'm not defensive about this; I'm just trying  
18 to get a point across.

19 MR. GORMAN: Why resist the inquiry?

20 MR. MARTINELLI: I -- I resist wasting money,  
21 is what I resist. And -- and to me, to have  
22 somebody come in to do this for a fee is wasting  
23 money. And as long as -- as you suggested we do

24 it in-house and everybody does it for free,

25 contributing their time, that's fine.

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1 But as we have discovered, you can't do it,

2 okay? You yourself haven't been able to do it.

3 And -- and Henry hasn't been able to do it --

4 MR. GORMAN: Well --

5 MR. MARTINELLI: -- okay? And nobody here

6 has really been able to do it.

7 MR. GORMAN: In -- in small four-hour

8 segments, you're not going to be able to do it.

9 We had a budget to do it before, and I -- and

10 if -- certainly you could probably analyze six

11 items in -- way inside that budget.

12 CHAIRMAN COX: As a professional in that

13 profession for many, many years, Mr. Martinelli,

14 in your estimation, to do an analysis of the scope

15 that Jack's talking about, what would it run the

16 Authority to --

17 MR. MARTINELLI: Well, you're -- you're  
18 looking at probably a hundred bucks an hour for  
19 the professional.

20 CHAIRMAN COX: Okay.

21 MR. MARTINELLI: And that's cheap. What's  
22 your rate (to Mr. Burnett)?

23 MR. WUELLNER: More than that.

24 MR. MARTINELLI: What's your rate?

25 MR. BURNETT: It's more than that.

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1 MR. MARTINELLI: Of course, it is.

2 MR. GORMAN: Take the Fifth.

3 MR. MARTINELLI: Of course, it is. What I'm  
4 saying, at a hundred bucks an hour --

5 MR. GEORGE: Well, we have a price quote.  
6 Jack brought a guy in here and gave -- and didn't  
7 he didn't us a price for it?

8 MR. GORMAN: I have a card here -- and I'm  
9 not touting them, and I don't care who -- if they

10 do it.

11 MR. GEORGE: Didn't he give us a price quote?

12 MR. GORMAN: Yes, he did give us a price

13 quote.

14 MR. GEORGE: Thirty grand?

15 MR. MARTINELLI: How much was it?

16 MR. GORMAN: It was \$20-.

17 MR. MARTINELLI: Okay. I'll tell you what.

18 And I'll -- I'll say this to all the board

19 members. If you get him in here for \$20,000 and

20 he does the job, I'll challenge the work that he's

21 done --

22 MR. GORMAN: I'm sure you will.

23 MR. MARTINELLI: -- and I'll refute the facts

24 that he presents, and I'll refute them with

25 facts --

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1 CHAIRMAN COX: So, here's --

2 MR. MARTINELLI: -- okay?

3 CHAIRMAN COX: Here's a question for you: If

4 we spend 20 grand on this and we save 10 --

5 MR. GORMAN: Well then, don't make --

6 CHAIRMAN COX: So, we spent 10 --

7 MR. GORMAN: Bob, then -- then we drop the  
8 inquiry.

9 CHAIRMAN COX: Let me interject something  
10 here. There's probably no -- there's no really --  
11 in this workshop setting, there's no appropriate  
12 time to do it, but I'd like to ask if there's any  
13 comments from the public. Any public comment?

14 MR. CAMERON: I don't have one specifically  
15 on this. I've got something toward the end of the  
16 meeting that I'd like to share with you.

17 CHAIRMAN COX: That's not a problem. Just  
18 raise your hand when you're ready to do it.

19 Because there's really no formal setting for this.

20 So, just raise your hand, and I'll recognize you.

21 If you wouldn't mind, when you get a chance, step  
22 up to the microphone.

23 MR. CAMERON: I just don't want to interrupt  
24 the flow of things.

25 CHAIRMAN COX: Not a problem. Okay. Where

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1 to continue on. Do you want to address -- start

2 at the top of your list and let's --

3 MR. GEORGE: Okay. We've got maintenance

4 costs. From what I found in looking at other

5 airports, you know, the one I looked at, Page

6 Field had ten people. How many people do we have?

7 MR. WUELLNER: In maintenance?

8 MR. GEORGE: No. Well, we've got --

9 MR. WUELLNER: In total? We have 12.

10 MR. GEORGE: We've got 12. And we had seven

11 down here in maintenance. And they were telling

12 me that they had ten in maintenance. So, I'd say

13 that the number of people, you know, rather than

14 it being we've got ten and they've got seven, you

15 know, it looks like we're on the short side, and

16 when I look at the amount of money that we have

17 saved from the VOR relocation --

18 CHAIRMAN COX: Stuff like that.

19 MR. GEORGE: And how much was it, \$10,000 --

20 MR. GORMAN: No, it was half. We saved half.

21 MR. GEORGE: I know. But \$10,000 per parking

22 space? And our guys wound up doing that. I think

23 they saved probably the equivalent of four

24 people's worth of work.

25 MR. GORMAN: There's no -- there's no doubt.

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1 And as -- and in my own mind, it would certainly

2 not be a timely manner -- time to reduce any

3 maintenance staff right now, because we're in such

4 an expansive mode.

5 MR. GEORGE: Well, then --

6 MR. GORMAN: And certainly that is true.

7 MR. GEORGE: -- I would suggest we leave

8 maintenance alone and go to the next subject.

9 MR. GORMAN: Well, certainly, you'd like to

10 know what you should project for maintenance, sir,



11 in the future.

12 MR. WUELLNER: Well, let's --

13 MR. GORMAN: -- versus when you get all  
14 that -- when -- because you can't watch just paint  
15 dry. But right now, I mean, I -- I think  
16 everything is whatever.

17 MR. GEORGE: I think that our budget for this  
18 year was the same, you know, with the exception  
19 of --

20 MR. WUELLNER: Effectively, I -- I have an  
21 understanding of where -- where Mr. Gorman gets  
22 bogged down with -- with the issue, and I -- and I  
23 don't disagree with what he says about it.

24 But I've tried a couple of times to put it  
25 in -- in the context of how the information was

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1 developed and -- and why it was developed the way  
2 it was.

3 Where -- where he -- he refers to our -- our

4 future is -- is typically, he's pulling the  
5 information out of our forecast, the forecast we  
6 did for the -- the ten- or eleven-year period.

7 And indeed, that -- that model creates a  
8 mechanism within it that, at certain intervals --  
9 and I don't even recall what they are without  
10 pulling out and looking at it. But over the  
11 course of that ten- or eleven-year period, the --  
12 the personnel, not only expense, but the number of  
13 personnel, expands by two or three positions over  
14 eleven years.

15 MR. GORMAN: The dollar amount expands.

16 MR. WUELLNER: It -- but it -- the dollar  
17 value certainly does. And the number of positions  
18 by several.

19 Now, the -- the development, the thought  
20 behind the development was that we have -- we --  
21 we were developing a model that was designed to be  
22 conservative in nature. And conservative in -- in  
23 the way I'm approaching it, or the definition is,  
24 that we don't paint glossy over what the potential

25 needs are of the airport from an expense side, nor

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1 do we paint glossy over the revenue expectations  
2 for the same period.

3 So, in a sense, we've created two areas for  
4 some wiggle room or some fudge room, if you will.  
5 We're not -- we've not got ourselves into a corner  
6 in estimating revenue too optimistically and  
7 expenses too pessimistically, and all of a sudden  
8 nothing's working out as we move forward.

9 And -- and it was that with that thought  
10 process that -- that the model was developed. It  
11 was designed to be overpessimistic -- or overly  
12 optimistic -- and I got myself backwards.

13 MR. GEORGE: I see --

14 MR. MARTINELLI: Expenses.

15 MR. GEORGE: I see what you mean.

16 MR. WUELLNER: But -- but I'm  
17 overexaggerating perhaps the expense issue moving

18 forward, and attempting to be realistic, but  
19 perhaps even underestimating the revenue potential  
20 moving forward. Because there are -- there are  
21 variables in both of those equations that are  
22 totally out of our control.

23 MR. GORMAN: You've got a limited amount to  
24 expand this airport. This is probably the last  
25 real expansion you'll have. And that's my point

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1 to personnel costs, is once that expansion is done  
2 and once these -- we play the catchup  
3 Mr. Martinelli cost, then certainly the  
4 maintenance and costs and the costs of personnel  
5 should level off or drop somewhat --

6 MR. WUELLNER: Agreed.

7 MR. GORMAN: -- rather than a projected rise.  
8 That's all.

9 MR. WUELLNER: I agree.

10 MR. GEORGE: Might I suggest that the

11 projected revenue in outer years, or projected  
12 costs, be tabled until we get closer to that year,  
13 because we were trying to do a comparison of this  
14 year. And I'm saying that based on my one little  
15 Page Field of having ten people --

16 MR. GORMAN: Okay.

17 MR. GEORGE: -- and we have seven here, plus  
18 we do all of this capital work, I'd say that I  
19 wouldn't want to spend any time auditing our  
20 maintenance costs at all. There's bigger fish.

21 MR. WUELLNER: Agree.

22 MR. GORMAN: Well, insurance is a big fish.

23 MR. WUELLNER: Absolutely.

24 MR. GEORGE: That is the second one.

25 CHAIRMAN COX: Move forward, insurance.

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1 MR. GEORGE: Okay. Second item is insurance.  
2 Somebody made the comment about insurance is what  
3 it is. And -- and one of the things that -- that

4 Ed and I are doing is, we're talking to Mark

5 Bailey about the medical insurance.

6 Ed has mentioned for three years that there

7 ought to be a way for us to get on with the

8 county, because we've got significant savings in

9 dollars that are there, somewhere in the

10 neighborhood of six to ten grand a year just in,

11 you know, apples-to-apples comparison of what

12 we're doing. You know, plus, I think it gives our

13 employees a better picture there. So, he's doing

14 that.

15 I don't know how to do it in liability. Now,

16 that might be something that we could get in touch

17 with our respective airports and say, I need to

18 know what -- how many buildings, you know, that

19 you're, you know, insuring liability-wise, and

20 what it's costing you. And then maybe there's

21 a -- at the state level, there's some way of

22 getting all these organizations together and we do

23 our own insurance company.

24 MR. GORMAN: Good. You are just justifying

25 the reason for this entire meeting. The reason

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1 for this entire meeting, the reason to have  
2 comparative analysis, is to make an impetuous  
3 (sic) to save money, to run as lean as you  
4 possibly can, and to be as competitive as you  
5 possibly can, which you are addressing now, which  
6 then the rest of the board is reminded of, which  
7 then can be put on agenda items and addressed  
8 further.

9 MR. GEORGE: Okay.

10 MR. WUELLNER: But I think -- I think you've  
11 got -- no, I really have a problem with this  
12 concept of -- I mean, just the -- the generic  
13 statements of running as lean as possible, because  
14 I -- I think you really sell yourselves short, and  
15 you were selling this airport short when you --  
16 when I got here ten years ago, by taking just that  
17 kind of an overall attitude about the development  
18 of the airport.

19       If you want to look like every other airport,  
20       if you want to act like every other airport in  
21       this state, and you want to have levels of  
22       maintenance that are -- that are consistent with  
23       every other airport in this -- in this state, then  
24       absolutely, let's find the lowest possible way to  
25       operate this airport, and I guarantee you'll get

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1       your wishes.

2       But if you want the airport that I believe  
3       this airport has become in ten years, and its  
4       future is based on for the next foreseeable  
5       future, then you need to make reasonable pragmatic  
6       investments in how you do the business of the  
7       airport. And that includes how we develop this  
8       airport.

9       We don't not cut the grass. We do not not  
10      maintain lights. We do not not paint things. We  
11      do not not maintain gates and -- and doors and



12 windows and hangars.

13 I don't have those complaint issues because  
14 we spend the time trying to do the project first  
15 out of the box properly, meaning, I don't find the  
16 cheapest way to build a capital development  
17 project here. And by that, I mean, cheapest,  
18 meaning we look at what are our recurring  
19 maintenance obligations of these buildings going  
20 to be? What can we offset at the point we develop  
21 the project? Not at the time we get the project  
22 and go, gee, if we'd only done this different,  
23 let's go do it now.

24 That's what was going on when I got here ten  
25 years ago.

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1 MR. MARTINELLI: Can I just add to that?  
2 Take a look at the hangars down there, the big  
3 bulk hangars. When those hangars were designed,  
4 and Reynolds, Smith and Hills was our engineering

5 firm that did it, they scrimped on the cost by  
6 putting doors on those hangars that, one, didn't  
7 seal. They were not thief-proof. Number two, you  
8 go it a hernia every time you tried to open them.

9 And so, the cost now to put in the hydraulic  
10 door openers, which was absolutely essential,  
11 that's a specific example of cutting a corner ten  
12 years ago, or whenever those things were built,  
13 and seeing what's happened.

14 CHAIRMAN COX: Yeah, the board in '93 did  
15 that?

16 MR. MARTINELLI: Yes. I -- you're absolutely  
17 right. I didn't prevail. I -- and if you go back  
18 over those minutes, I was a very big dissenter of  
19 that.

20 MR. GORMAN: I'm going to just stop talking  
21 in a minute. I think this board needs to  
22 continually make substantial inquiry into its  
23 expenses.

24 MR. WUELLNER: I agree.

25 MR. GORMAN: But I do agree with Mr. Wuellner

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1 that the cheapest is not necessarily always the  
2 best.

3 MR. GEORGE: Right.

4 MR. GORMAN: And that can be argued. But we  
5 need to continually make substantial inquiry, and  
6 we need to continually make that on a comparative  
7 basis, because that's how most business is done.

8 If we -- if we then decide to spend more  
9 money, like we just decided, for instance, on this  
10 Araquay Park, because the -- overall, the public  
11 good is served, then so be it.

12 MR. WUELLNER: Absolutely.

13 CHAIRMAN COX: Well, I -- I want to say  
14 something. I just -- I just drove down here from  
15 another airport that's just north of  
16 St. Augustine, one that was in this comparative  
17 analysis study, okay? And I'll use it as an icon.

18 We don't want our airport looking like that

19 airport, because it goes to exactly what  
20 Mr. Wuellner's talking about; i.e., the grass  
21 being mowed, the lights being -- and paint, the  
22 hangars, maintenance, fence, the whole schmear.  
23 It's just -- it's just not what I -- I think the  
24 air -- this airport has the potential to be or  
25 where we need to be.

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1 MR. GORMAN: Do you know comparatively in my  
2 six items, though, sir, where -- whether we are 10  
3 percent over or 10 percent under or double over or  
4 double under?

5 CHAIRMAN COX: The bigger question is, do you  
6 know? You're the one --

7 MR. GORMAN: No, sir, I don't.

8 CHAIRMAN COX: -- that actually pushed this  
9 forward.

10 MR. GORMAN: That's why I've been pushing  
11 this forward.

12 CHAIRMAN COX: But we can't find out because  
13 it's buried.

14 MR. GORMAN: I don't believe we can't find  
15 out.

16 CHAIRMAN COX: You don't believe.

17 MR. GORMAN: No, sir.

18 CHAIRMAN COX: But we tried to point that out  
19 to you last week.

20 MR. MARTINELLI: I haven't been able to.

21 Well, none of us have been able to. None of us  
22 have been able to.

23 MR. GORMAN: How many hours did you spend on  
24 this, sir?

25 MR. MARTINELLI: I spent enough hours to know

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1 that if I got into it, it would have been a  
2 full-time job and it probably would have taken me  
3 three months to do, okay? That, I know. And I'm  
4 not about to donate three months of my time. I'm

5 not talking about -- well, you know, I'm talking  
6 about working time.

7 CHAIRMAN COX: And let's -- let's not --  
8 let's not debate that issue. Let's -- let's move  
9 forward and see where -- where the rest of the  
10 members want to move this particular meeting to.  
11 Mr. Brunson, what -- what are your thoughts on  
12 that?

13 MR. BRUNSON: You know, we don't have the  
14 information we need to -- to compare all of these  
15 items. I was just hoping there might be a miracle  
16 happen, that something good would come that we  
17 could say, hey, this is something we might can  
18 try.

19 I think the things that we're getting into  
20 now is another meeting, like you said, of --  
21 that's a -- that's a budgeting meeting, and not  
22 this. Not the time to go line by line.

23 CHAIRMAN COX: And that's -- and that's my  
24 feeling, is if we want to have a line by -- a line  
25 item issue in the budget, then we need to have a

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1 specific budget meeting where we go down this  
2 thing and pick it apart. I mean, I didn't come  
3 here prepared today to go down -- to do that.

4 MR. GEORGE: No, me, either.

5 CHAIRMAN COX: I didn't study, take any  
6 study, and I don't think the treasurer did. And  
7 Ed's certainly not prepared to present all the  
8 numbers we would request of him in that particular  
9 type of a meeting, so...

10 MR. WUELLNER: Can I make a suggestion?

11 CHAIRMAN COX: Yes, sir.

12 MR. WUELLNER: You know, in -- in previous  
13 years, we -- we hold a budget workshop, and more  
14 often than not, it's -- it's strictly a  
15 presentation of what -- what I -- we fondly call  
16 just Staff's budget, that is, our -- our first  
17 blush at what -- what we believe next year's  
18 budget ought to look like in -- in some generic  
19 fashion.

20       Why don't we -- we'll try to move that event  
21       maybe a month earlier. Let's put that in May as a  
22       time line.

23       CHAIRMAN COX: Okay.

24       MR. WUELLNER: And then let's -- let's move  
25       into a June meeting, before we're under the

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1       pressure, which we're historically under related  
2       to the TRIM notifications, which comes in July, is  
3       spend June, or at least a good, long workshop  
4       there, and focus on these six areas of concern  
5       relative to how, not only how they're developed in  
6       the budget, but what the expectations are under  
7       those particular line items.

8       Because I -- I think that's -- that's where  
9       it's all falling apart, is that, you know,  
10       we're -- as an example, we're talking about, you  
11       know -- and I don't disagree with you on the -- on  
12       the surface.



13           We have an outrageous expenditure under legal  
14   expenses, but we have two extraordinary events  
15   requiring extraordinary legal attention right now.

16           Now, if we look at just our -- if we back it  
17   up and look at just what the retainage-related  
18   expenditures are, I don't think you're going to  
19   find yourself terribly out of line with what any  
20   airport spends. Put it in the context of all  
21   those things lumped under one item of legal  
22   expenditure, and absolutely, that looks like an  
23   absolutely insane amount of money.

24           But it doesn't -- it doesn't consider the  
25   extraordinary events.

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1           MR. GEORGE: Those two issues.

2           MR. GORMAN: Again, it's a separate issue.

3   You didn't have to use eminent domain, and you  
4   didn't have to spend a million dollars of the  
5   public's money in the -- in litigation fees.

6 And that's one of the reasons to do these  
7 comparative analysis. This is really getting to  
8 be a gloves-off situation --

9 MR. WUELLNER: That's a policy, not a  
10 comparative issue, in my opinion.

11 CHAIRMAN COX: Sir.

12 MR. GEORGE: Mr. Brunson was stating that he  
13 was hoping that -- that from these meetings, that  
14 something could be learned. And I think that we  
15 have taken giant steps forward for taking our  
16 junior members, you know, into the budget, and our  
17 older members, and having us get a better  
18 exposure. And I think that --

19 CHAIRMAN COX: He was pointing to you.

20 MR. GEORGE: -- the next time, when we do a  
21 budget, you know, that Ed sits up here with his  
22 charts and gets no, zero, absolutely zero  
23 questions from this group, it's because we don't  
24 understand what he's doing.

25 MR. BRUNSON: Well, I'd like --

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1 MR. GEORGE: I think I understand what he's  
2 doing.

3 MR. BRUNSON: I like your comments of moving  
4 things forward. And I remember that we voted on  
5 these budgets, and we did it pretty fast. And I  
6 would like to, when you say we're going to spend  
7 in promotion -- how much money?

8 MR. WUELLNER: Do you want to --

9 MR. GEORGE: 6.3 percent.

10 MR. BRUNSON: Forty-two -- \$42,000. So, I'd  
11 like to know line item what that is. And I'd like  
12 to know who we're writing \$26,000 to in cleaning  
13 services.

14 MR. WUELLNER: Right.

15 MR. BRUNSON: And maybe there's some way  
16 that, when we get through with all these  
17 fiberoptics and -- and all of this things that  
18 we're saving money on, that we might can switch  
19 that. These are the questions.

20 And I know we're not talking about much  
21 money, but at least we can address each line item.

22 MR. GEORGE: And each one of the board  
23 members understand it better.

24 MR. WUELLNER: I agree.

25 CHAIRMAN COX: And let me make a suggestion,

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1 because his office is always open to a board  
2 member. And -- and you can go in at any time,  
3 because I have quite often, Buzz has quite often.  
4 I'm sure Jack has.

5 MR. GEORGE: Jack has.

6 CHAIRMAN COX: At any time, and have Ed go  
7 with you down those and explain to you. And I'm  
8 not saying do that, but prep -- prepping for this  
9 meeting that he's suggesting.

10 If you want to do that, it will -- it will  
11 increase your understanding substantially to look  
12 at that. I -- because -- just -- just to give you

13 a -- you know, a heads-up, like as the treasurer  
14 coming in to sign the checks for these things, you  
15 go through every single check that this airport  
16 writes, and they hand you a list, and it says what  
17 the deal was for the month or whatever we're  
18 paying out for electricity and for fiberoptics and  
19 for cleaning services.

20 MR. BRUNSON: Yeah. But therefore, like we  
21 keep saying, I don't want to go in there and start  
22 micromanaging.

23 MR. WUELLNER: That's not --

24 MR. MARTINELLI: That's not micromanaging.

25 CHAIRMAN COX: You're not managing. You're

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1 just getting some information.

2 MR. GEORGE: I'm just getting a piece of  
3 information about --

4 MR. BRUNSON: Okay. You know --

5 MR. GEORGE: -- you know, why is that

6 cleaning bill so high? Well --

7 CHAIRMAN COX: Because see, I -- see, the

8 \$26,000 for cleaning doesn't come up to -- on my

9 radar, because I know why.

10 MR. BRUNSON: Yeah.

11 CHAIRMAN COX: Because I -- as did Mr. -- who

12 signed the checks for them on a monthly basis.

13 MR. BRUNSON: Is this engineering service of

14 \$30,000, is that high or low? Is that, you know,

15 because we're doing some things?

16 And so, I like your idea of -- of getting

17 these line items in advance that we can start

18 looking at them and asking questions.

19 MR. MARTINELLI: Did you folks all get a copy

20 of the descriptive chart of accounts that Donna

21 did for me? If you have a copy of that, it tells

22 you in each line item what goes in there, what's

23 charged to that particular account.

24 And I think if you start with that and you go

25 back to the budget, you'll have questions about a

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1 particular line item, as Randy just did, but  
2 you'll be able to see what went into that.

3 So, if you've got it -- if you don't have it,  
4 then I'm -- I'm sure Donna has it, and look at it.

5 I think that's --

6 MR. WUELLNER: Got to remind you that it's  
7 got the account layout, which includes effectively  
8 the chart of accounts, and the -- and the  
9 descriptive part of it, is -- is what the State of  
10 Florida uses.

11 I mean, we -- we have not -- we got away  
12 about, what, three years ago -- I'm trying to  
13 remember exactly, but about three or four years  
14 ago, got away with the -- from the existing -- the  
15 chart of accounts that we were using. And we  
16 found that the auditor was spending a great deal  
17 of time putting our chart of accounts in the  
18 context of the state's chart of accounts, or what  
19 they were traditionally looking at in many, if not  
20 most, other governmental units.

21           And it greatly aided us, because it also  
22           provided a nice -- a nice, easy -- not easy, but a  
23           nice format that's readily compared to other  
24           agencies in terms of what goes into what line item  
25           in the budget.

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1           MR. BRUNSON: If you don't mind, I'd like to  
2           hear your comments on, a couple of times, I and  
3           Buzz have said that the possibilities that we  
4           might look into doing some ground leases,  
5           completely different than we -- and the pros and  
6           cons of that. And I know how you feel about that.  
7           But I think that's something we -- that we might  
8           better think about.

9           MR. WUELLNER: Yeah. Well, my -- my comments  
10           initially are that arrangement works very, very  
11           well on airports who have abundant property  
12           inventory.

13           When you -- when you have significant



14 inventories of property that's gone undeveloped,  
15 you're in a position to write leases of varying  
16 length, especially long-term leases, that -- that  
17 tend to bring in businesses who desire to build  
18 their own businesses -- or build their own  
19 buildings, and capitalize that as they see fit.

20 My experience is that with small airports --  
21 well, I shouldn't say -- by "small," I mean  
22 physically constrained airports, where property's  
23 at a premium, your -- you have limited revenue  
24 potentials for -- for extra property.

25 And the reason that this Authority chose

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1 that, on my suggestion, because we've generally  
2 gone that direction in the last ten years, is that  
3 we develop the property, we derive all of the  
4 revenues from the development of that property for  
5 life.

6 You know, property scenario, I did this once

7 for Joe Ciriello about, gosh, ten years ago. It  
8 was almost -- almost as soon as I walked in the  
9 door. But we -- we just threw up on the thing and  
10 said, all right, if we just lease the piece of  
11 property, and let's -- this should run it out a  
12 20-year history or 20-year projected life on this  
13 building, and we said, if you just lease the  
14 property, it generated something like a \$2- or  
15 \$300,000 expectation of revenue over the course of  
16 20 years, based on a -- on a one-acre parcel.

17 MR. MARTINELLI: Can -- can I --

18 MR. WUELLNER: You build the building, it --  
19 the expectation is -- is three or four or five  
20 times that.

21 MR. GORMAN: These are wonderful comments by  
22 Mr. -- and he's, I'm sure, really researched this.  
23 I'm -- have we decided or not decided to continue  
24 to or drop the issue completely of comparative  
25 analysis? In other words, what are we doing?

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1       No offense, Ed. And -- and I'm sure that  
2       you've really studied that problem, and I'm sure  
3       he knows what he's talking about.

4       CHAIRMAN COX: Well, the question was brought  
5       up by Mr. Brunson on the issue.

6       MR. MARTINELLI: Okay. One comment, Randy.  
7       I think we have --

8       MR. GORMAN: This, again, is a workshop  
9       for --

10      MR. MARTINELLI: I think we have an example  
11      in the Grumman North 40. At the time that the  
12      Grumman North 40 lease of that property was made,  
13      they leased the property, and we got nothing,  
14      except I believe the -- the amount for the bond --  
15      bond interest, I think they reimbursed us for  
16      that, is my memory.

17      But anyway, shortly, we're going to now get  
18      that whole facility, and we're going to be able to  
19      charge them, and we will charge them rent for that  
20      facility. Okay? No investment on our part to

21 build it. And this is I think along the lines  
22 that you're thinking.  
23 But the big ingredient, and it's the -- the  
24 big distinguishing thing between the two  
25 philosophies, is the thing that in financial

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1 parlance they call present value or discounting.  
2 I've forgotten now how many years that lease was  
3 for up there before we got it back. But it's like  
4 20 years, maybe?

5 MR. GEORGE: Twenty-five?

6 MR. MARTINELLI: Twenty-five years? And so  
7 for 25 years, we got really nothing, where if we  
8 lease -- if we had built the building and charged  
9 them rent, the return on that investment, because  
10 of the time value of the money we'd be getting  
11 right now, versus 20 years from now or 25 years  
12 from now --

13 MR. BRUNSON: Sure.

14 MR. MARTINELLI: -- makes it pay. And -- and  
15 so where you -- you really can, and we -- the  
16 airport has the ability and the facility to -- to  
17 finance construction and build, versus having  
18 somebody else build and not getting a return on  
19 that for 25 years, you're much better off doing  
20 it, you know, building it yourself and getting the  
21 return.

22 MR. GORMAN: You have a philosophy involved,  
23 too. One is the philosophy of you're using ad  
24 valorem taxes as an investment fund.

25 MR. MARTINELLI: Sure.

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1 MR. GORMAN: Right. And the other philosophy  
2 is you're -- you're not using ad valorem taxes;  
3 you're just leasing the property. And so it  
4 depends on, again, the philosophy of the -- of the  
5 investment, and whether or not --

6 MR. BRUNSON: You can --

7 MR. GORMAN: -- a municipality should be  
8 involved.

9 MR. MARTINELLI: Sure.

10 MR. GORMAN: Just to point out.

11 MR. WUELLNER: But the point here, in a few  
12 years --

13 MR. GORMAN: Right.

14 MR. WUELLNER: -- that problem disappears,  
15 and you're -- you're effectively using your own  
16 capital, that being the Airport Authority's  
17 money --

18 MR. MARTINELLI: Right.

19 MR. WUELLNER: -- to make those investment  
20 decisions, not the public.

21 MR. GORMAN: Right. Since I -- I myself  
22 voted for -- for an expansion, I'm certainly  
23 hoping that works.

24 MR. WUELLNER: Sure. Well, we all --

25 MR. MARTINELLI: Yeah.

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1           CHAIRMAN COX: Where do we want to move --  
2           where do we want to move with this particular  
3           meeting now?

4           MR. GORMAN: Right. In other words, we had a  
5           meeting here to make substantial inquiry as to  
6           whether or not we were competitive. And I've  
7           brought up six issues, what I'd like examined as  
8           to whether or not we are competitive in any --

9           CHAIRMAN COX: Okay. And you're bringing in  
10          a new term to the whole thing. Competitive with  
11          who?

12          MR. GORMAN: With -- with --

13          CHAIRMAN COX: Who are we competing with?

14          MR. GORMAN: With something -- with an  
15          airport that, from a common sense nature, is  
16          similar to this one.

17          CHAIRMAN COX: There is none, Jack. We're --  
18          we're beating this to -- we're beating this to  
19          death.

20          MR. GORMAN: I'm sorry.

21          CHAIRMAN COX: This airport --

22 MR. GORMAN: It's not --

23 CHAIRMAN COX: -- is not similar --

24 MR. BRUNSON: And that was one of my notes.

25 If -- if the board does not decide to -- when we

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1 can make a motion, does not decide to budget for a  
2 comparative analysis, then what we -- what's going  
3 to have to happen is just like Victor did in 1998.

4 CHAIRMAN COX: '3.

5 MR. MARTINELLI: '93, yeah.

6 MR. BRUNSON: Jack --

7 MR. GORMAN: Excuse me, can I hold this up?

8 MR. BRUNSON: That you don't --

9 MR. GORMAN: I'm not an accountant, and I  
10 don't intend to reproduce this (indicating).

11 MR. BRUNSON: Okay. But you're saying  
12 that --

13 MR. GORMAN: I serve here -- you know, and  
14 I'd like to be able to -- and we had \$20,000



15 budgeted before -- I mean, \$15,000 budgeted  
16 before, to make sure that this airport was running  
17 on financially, you know, sound guidelines.

18 MR. BRUNSON: Well, we -- we've --

19 MR. GORMAN: I can't reproduce this  
20 (indicating).

21 MR. BRUNSON: We've said we're going to have  
22 a comparative analysis workshop. We've tried.

23 And I think the next step is that, at a board  
24 meeting, you're going to have to make your wishes  
25 known, and we're going to have to vote on having a

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1 comparative analysis with a qualified person that  
2 we all agree to do it, or -- or it won't happen if  
3 you're not going to do it and I'm not going to do  
4 it --

5 MR. WUELLNER: If --

6 MR. BRUNSON: -- or any board members are not  
7 going to do it.

8 MR. WUELLNER: If I could just kind of  
9 bring -- bring it all back together again. I -- I  
10 think your -- that step one in this is to be -- is  
11 probably to be less concerned with how we directly  
12 stack up under any expenditure line or definition  
13 with another airport. It would be better served  
14 that our step one be to gain a better or complete  
15 understanding exactly what that line item  
16 encompasses.

17 MR. GORMAN: That's zero based budgeting.

18 You are basing --

19 MR. WUELLNER: And that's fine. You can call  
20 it whatever you want.

21 MR. GORMAN: -- that philosophy on zero based  
22 budgeting.

23 MR. WUELLNER: But I think until all five  
24 board members completely understand what that line  
25 item encompasses and what decisions are in that

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1 line item when -- when it's approved, that  
2 comparing it to something else really doesn't much  
3 matter.

4 I think with an understanding of what's in  
5 those line items, you may not feel there's a need  
6 to compare; you're comfortable with what's in it  
7 and -- and how it gets there and how it's  
8 expended. And if -- and if you can get to that  
9 point within your own budget, then I don't  
10 understand what outside, you know, needs to be  
11 compared.

12 CHAIRMAN COX: Would the board members --

13 MR. WUELLNER: You make those decisions.

14 CHAIRMAN COX: The board members need to  
15 understand exactly what it is per line item that  
16 makes this -- that's good for this airport,  
17 period.

18 It's -- and not -- and not necessary to  
19 compare it with another airport, because even if  
20 the other airport's exactly the same, it's on the  
21 other side of the state, it just -- it just

22 doesn't make any sense unless you're satisfied  
23 with the fact that the maintenance issues are way  
24 out of line for this particular airport.  
25 And -- which goes right to the point of I

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1 invite, and I'm sure Ed would agree, if you want  
2 to go in and -- and individually discuss the line  
3 item issues and the -- and the costs, then -- then  
4 he would be happy to and have the staff sit down  
5 and explain any of those -- and you know that,  
6 too. So, go through that.

7 I'm going to reach out now to public for  
8 comments on any of the issues.

9 MR. BRUNSON: Is that mic on, Mr. Cameron?

10 MR. CAMERON: Probably not yet.

11 MR. GEORGE: I never have had -- known  
12 Mr. Cameron to have a problem with volume.

13 MR. CAMERON: I think it's on now. Jerry  
14 Cameron, 518 Gentian Road. A couple of things.

15 Number one, just after watching your very  
16 interesting meeting here, a couple of  
17 observations. I agree with Mr. Martinelli;  
18 whether it's public or private sector, when you  
19 start trying to compare one chart of accounts to  
20 another -- I'm involved in that in the private  
21 sector right now -- it gets to be very difficult.

22 But for the sake of comparison, almost every  
23 public budget on the expense side of things is  
24 divided into three areas. And one is personnel;  
25 the other is operating; and the other is capital,

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1 whether it's capital investment or capital  
2 reserves.

3 Those are fairly easy to identify in a budget  
4 and fairly easy to compare. And only if you've  
5 got a great difference in those, would there be a  
6 need to drill down and find out what exactly is  
7 going on in a particular line item. You could

8 save a lot of money, because there might not be  
9 anything to investigate, if everybody else comes  
10 up essentially the same as you. But that would be  
11 a fairly easy thing to do that wouldn't require a  
12 lot of expensive expertise.

13 The other thing is, in listening to Mr. Cox,  
14 I -- I agree that from a personality point of  
15 view, if an airport has a personality, that it's  
16 very difficult to draw direct comparisons or  
17 competitive comparisons, but what you can do, if  
18 you're looking for like airports, is forget the  
19 personality factors of it and go strictly on  
20 revenues and operations. You know, how many  
21 operations a year does it have? Does it compare  
22 to you? Does the revenue likewise compare to you?

23 And if those two things come into align  
24 within their certain variation, you've probably  
25 got something that's the most reasonable

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1 comparison that you can do.

2 And again, that's a fairly cheap way to -- to  
3 screen things out. And just thought I'd throw  
4 that out there for your edification.

5 CHAIRMAN COX: Thank you very much for your  
6 comments, sir.

7 MR. CAMERON: The other thing is, on a  
8 separate matter, I am affiliated with  
9 FreedomWorks. And FreedomWorks is a combination  
10 of two organizations that merged here a little  
11 over a year ago, which was Citizens For A Sound  
12 Economy, very active in Florida, but active  
13 nationwide, and Jack Kemp's Empower America, those  
14 two organizations combined. And they are both  
15 organizations that seek limited government and  
16 heavy emphasis on individual and property rights.

17 I had been in correspondence with them over  
18 the last couple of years with developments here  
19 with eminent domain at this airport, and at the  
20 end of your meeting last week, I e-mailed away --  
21 sought a copy of Mr. George's notes that he used,  
22 and e-mailed that away to the Florida executive

23 director or the state director for FreedomWorks.

24 And he is sending you a letter, but he

25 e-mailed it to me. I told him you had a meeting

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1 today and it was as private as you can get and

2 still be legal. And so, I'm going to read you

3 the -- the letter that he sent, which is pretty

4 short.

5 He says that "FreedomWorks is dedicated to

6 limited government and private property rights.

7 We work constantly to reduce the size of

8 government, lower taxes, and protect private

9 property rights.

10 "There has been an alarming trend by local

11 governments to use the concept of eminent domain

12 in ways that threaten one of our most sacred

13 institutions, private property. Originally,

14 eminent domain was used as a last resort to obtain

15 the most essential facilities for public safety



16 and general welfare. That concept has recently  
17 been expanded to include almost anything that  
18 government wants to do, including projects for the  
19 sole purpose of raising revenues and the tax base.  
20 This usage is a slippery slope that may well have  
21 the effect of rendering the term 'private  
22 property' meaningless.

23 "FreedomWorks of Florida has for some time  
24 been aware of the eminent domain proceedings at  
25 the St. Augustine-St. Johns County Airport, and

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1 has worked closely with Jerry Cameron, our  
2 Northeast Florida coordinator, to work on  
3 improving the situation there. I was delighted  
4 when I received word from Jerry that the Airport  
5 Authority board took a strong stand against the  
6 abuses of eminent domain.

7 "Your board should be recognized throughout  
8 Florida for taking initiative in this area.

9 Private property rights in Florida will be more  
10 secure as a result of your actions. A copy of  
11 your actions in this area is being forwarded to  
12 our headquarters in Washington, D.C. John  
13 Hallman, Florida State Director, FreedomWorks."

14 CHAIRMAN COX: Thank you, Mr. Cameron.  
15 Appreciate that. Thanks for reading it. Well,  
16 gentlemen? Mr. George?

17 MR. GEORGE: I would like to make a motion  
18 that -- that we adjourn this meeting, with the  
19 understanding that the meeting has been  
20 successful. It has been an educational process.  
21 This is what workshops are for.

22 And every member of this board I think better  
23 understands there's no quick comparison and that  
24 we need to do it at budget time. And I bet you  
25 we'll have a bigger input at the budget review

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1 next time. So, I'd like to -- on those auspices,

2 I'd like to make a motion we adjourn.

3 CHAIRMAN COX: Second for the motion? I'll  
4 second it.

5 MR. BRUNSON: I -- okay.

6 CHAIRMAN COX: All in favor to adjourn?

7 MR. GEORGE: Aye.

8 CHAIRMAN COX: Aye.

9 MR. BRUNSON: No.

10 MR. MARTINELLI: I don't have a vote.

11 CHAIRMAN COX: I know you don't.

12 MR. GEORGE: Yeah, you do. You're in a  
13 workshop.

14 MR. MARTINELLI: Well, no, I still can't  
15 vote.

16 MR. BRUNSON: That was a joke. Of course,  
17 I --

18 CHAIRMAN COX: All those against?

19 MR. GORMAN: Adjourning?

20 CHAIRMAN COX: Yes.

21 MR. GORMAN: Without any -- adjourning? We  
22 are going to adjourn without effectively directing

23 any specific inquiry on my six issues that I

24 have -- that I have presented?

25 CHAIRMAN COX: I think that we were going to

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1 address those six issues in the -- in an upcoming

2 budget meeting -- a budget workshop. I'll take

3 that back.

4 MR. GORMAN: And that will be -- that will

5 be --

6 CHAIRMAN COX: May?

7 MR. GORMAN: -- not until next May?

8 CHAIRMAN COX: Right. Next May, that's only

9 like two months away.

10 MR. GORMAN: March, April, May.

11 CHAIRMAN COX: That's correct.

12 MR. BRUNSON: And, Jack, I also believe that

13 you can put on the agenda requesting

14 comparative -- comparative analysis audit.

15 MR. GORMAN: At the budget?

16 MR. MARTINELLI: Can -- can I also make a  
17 suggestion?

18 CHAIRMAN COX: You can make a comment.

19 MR. MARTINELLI: That you review the  
20 descriptive chart of accounts. And you look at  
21 it, and whatever time you can take, to come in and  
22 sit down and look at the various inputs to that  
23 line item. And -- and the girls can make that  
24 available to you, I think, Cindy and Donna can.  
25 And -- and just take a look at it.

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1 CHAIRMAN COX: Right.

2 MR. MARTINELLI: You'll be much better  
3 prepared for the budget meeting when you do that.

4 CHAIRMAN COX: We need to move forward. We  
5 had a motion on the floor with a second and a  
6 vote. Three ayes and --

7 MR. GORMAN: A nay.

8 CHAIRMAN COX: A nay.

9 MR. GORMAN: Correct.

10 CHAIRMAN COX: The ayes have it. Meeting

11 will adjourn.

12 (Whereupon, the workshop concluded.)

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1 REPORTER'S CERTIFICATE

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STATE OF FLORIDA )  
COUNTY OF ST. JOHNS )

I, JANET M. BEASON, RPR-CP, RMR, CRR, certify  
that I was authorized to and did stenographically  
report the foregoing proceedings and that the  
transcript is a true record of my stenographic  
notes.

Dated this 13th day of March, 2006.

\_\_\_\_\_  
JANET M. BEASON, RPR-CP, RMR, CRR  
Notary Public - State of Florida  
My Commission No.: DD102224  
Expires: April 30, 2006

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