ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY

Budget Meeting

held at 4796 U.S. 1 North

St. Augustine, Florida

on Monday, September 16, 2013

from 5:01 p.m. to 5:27 p.m.

BOARD MEMBERS PRESENT:

ROBERT COX, Acting Chairman KELLY BARRERA JOSEPH CIRIELLO MATTHEW MERCER

BOARD MEMBERS ABSENT:

CARL YOUMAN, Chairman

ALSO PRESENT:

DOUGLAS N. BURNETT, Esquire, St. Johns Law Group, 509 Anastasia Boulevard, St. Augustine, FL, 32080, Attorney for Airport Authority.

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

JANET M. BEASON, RPR, RMR, CRR St. Augustine Court Reporters 1510 N. Ponce de Leon Boulevard St. Augustine, FL 32084 (904) 825-0570

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2 CHAIRMAN COX: I'm going to open the first
3 public hearing for the fiscal year 2013-2014
4 budget. Opening remarks?

OPENING REMARKS

MR. WUELLNER: Only remarks I have, and I'll go through these in more detail as they get here, we provided you with some -- some newer copies, just added this meeting. It doesn't substantively change the budget at all. In fact, it really -- the changes we made to the budget were aimed at clarifying the expected estimated actual for the end of -- for the current fiscal year, provide you more realistic snapshot, if you will, of how we expect the year to finish out. And I'll cover that in a little more detail when we -- when we hit the numbers.

Otherwise, just a quickie here. This is the first public hearing, meaning you are required to tentatively adopt a millage. You will do that first. And then you will tentatively adopt a budget at some point during the evening. And you will adopt a resolution regarding each of those actions.

25 That basically sets the placehold, if you

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will, until a final budget hearing two weeks from
 1
 2
          now at which point you'll be required to adopt some
 3
          final version of the expected millage and also a
          final version of your budget for the ensuing fiscal
 5
          year beginning October 1st.
 6
               What else can I tell you? The process itself,
 7
          just for reference, is governed by Florida
 8
          Statutes. We -- we are required to do it in the
 9
          order we are presenting it today, and you are
10
          required to accept public comment during the
11
          process.
12
               So, we -- we will break, I'm sure the Chairman
13
          will -- following the agenda, we'll pause as
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          necessary to assure public comment is received.
15
          Doug, as we get to those points, we'll ask you to
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          if you will please read into the record the actual
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          resolutions regarding tentative millage and
18
          tentative budget.
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               MR. BURNETT: Yes, sir. And just to add on to
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          that, what Mr. Wuellner said is exactly correct,
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          we've got a very formal process because it's laid
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          out very precisely in the Florida Statute Chapter
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MR. WUELLNER: That's not to say you can't -you can't ask questions, we can't change it or do

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1	anything else during this process, it's not adopted
2	in any form or fashion yet. But you will have to
3	come to that conclusion at the end of this public
4	hearing.

CHAIRMAN COX: Got it. All right. Discussion of millage rate? Open to board members.

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DISCUSSION OF MILLAGE RATE BY AUTHORITY

MR. WUELLNER: I will point out regardless of -- related to millage, at this point we are not proposing the assessment of ad valorem tax. It is not contained in either of the two budget iterations. I did not -- that was the other comment I wanted to make.

We -- we did run the numbers as though air traffic control services would not be funded through the federal government just to give you an idea of how budget impacts, what the impacts are to general budget. We can beat that up to whatever extent you would like to as we -- as we go through the meeting.

It is not the proposed budget at this point.

However, you may substitute that at any time you wish and work backwards off of that budget draft if you wish. That's entirely up to you. But the -- understand the guts of that -- of both budgets are

1	essentially identical other than accommodating air
2	traffic control services within the budget.
3	CHAIRMAN COX: Based on that, staff is
4	recommending or has given to us their
5	recommendation that they're not recommending any
6	ad valorem tax at this time. So let's open for
7	discussion.
8	MR. WUELLNER: Public discussion?
9	CHAIRMAN COX: Pardon me?
10	MR. WUELLNER: Public discussion.
11	CHAIRMAN COX: I guess we haven't had any
12	discussion from the board members yet. Anybody
13	have anything to add?
14	(None.)
15	CHAIRMAN COX: I see none.
16	PUBLIC DISCUSSION
17	CHAIRMAN COX: Public discussion. Anybody in
18	the public wish to discuss this agenda item?
19	(None.)
20	CHAIRMAN COX: No public discussion. So
21	Resolution 2013-03, Doug?
22	MR. BURNETT: Thank you, Mr. Chairman, this
23	would be St. Augustine-St. Johns County Airport
24	Authority Resolution 2013-03.
25	A Resolution of the St. Augustine-St. Johns

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County Airport Authority of St. Johns County,
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          Florida adopting the tentative levying of ad
 3
          valorem taxes for Fiscal Year 2013-2014; providing
          for an effective date.
 5
               Whereas, the St. Augustine-St. Johns County
 6
          Airport Authority of St. Johns County, Florida on
 7
          September 16th, 2013 adopted for Fiscal Year
          2013-2014 a Tentative Millage Rate following a
 8
 9
          public hearing as required by Florida Statute
          200.065; and
10
               Whereas, the St. Augustine-St. Johns County
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12
          Airport Authority proposed a millage rate of
1.3
          0.0000, and said rate does not exceed the
14
          rolled-back rate.
               Now, therefore, be it resolved by the
15
16
          St. Augustine-St. Johns County Airport Authority of
17
          St. Johns County, Florida that the Fiscal Year
18
          2013-2014 operating tentative millage rate is
19
          0.0000 mills which does not exceed the rolled back
20
          rate.
21
               This resolution shall take effect immediately
22
          upon its adoption. Duly adopted at a public
23
          hearing this 16th day of September, 2013.
24
          St. Augustine, St. Johns County Airport Authority.
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That would be the resolution, Mr. Chairman.

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And additionally the obvious thing is there isn't a
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 2
          percentage increase in millage rate over the
 3
         rolled-back rate.
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               CHAIRMAN COX: There is --
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              MR. WUELLNER: There is not.
 6
              MR. BURNETT: There is no --
 7
               CHAIRMAN COX: Is not. Got you.
 8
               MR. BURNETT: -- no percentage increase as
 9
          there is no millage rate being levied.
               CHAIRMAN COX: All right. We've had the
10
          reading of the draft resolution. Any discussion
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12
          from the board based on that?
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                             (None.)
               CHAIRMAN COX: Public comment?
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15
                              (None.)
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             TENTATIVE ADOPTION RESOLUTION - 2013-03
17
               CHAIRMAN COX: We're looking for tentative
18
          adoption --
19
              MR. WUELLNER: A motion.
20
               CHAIRMAN COX: -- and a motion.
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               MR. MERCER: I move that the Resolution
22
          2013-03 as read by Attorney Burnett into the record
23
          be adopted by this board.
               MR. CIRIELLO: Second.
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CHAIRMAN COX: Any discussion on the motion?

1	(None.)
2	CHAIRMAN COX: All in favor?
3	MR. CIRIELLO: Aye.
4	CHAIRMAN COX: Aye.
5	MR. MERCER: Aye.
6	MS. BARRERA: Aye.
7	CHAIRMAN COX: No nays. The motion passes.
8	Okay. We're going into proposed budget. Staff?
9	PROPOSED BUDGET - STAFF
10	MR. WUELLNER: We'll try to walk walk you
11	through the budget. Largely the the items
12	contained in the proposed budget remain for the
13	most part unchanged from the last presentation of
1 4	the budget.
15	But I do want to call your attention to the
16	modifications we made under estimated actual, just
1 7	so you have a better better feel for where we
18	expect to finish. And I'll start with the budget
19	summary sheet and provide more detail should you
20	wish.
21	Looks like operating revenues, we expect the
22	year to finish out at \$3,162,103 with reserves
23	forward of about \$3,450,000. There will be it
24	looks like at this point about \$586,000 in grant

revenues, making a total nonoperating revenue

1	number of \$4,036,000. So we're looking at about a
2	little over \$7 million, \$7.2 million rounded as the
3	revenue side of the how we expect to finish the
4	year. Personnel expenses at \$808,551. Operating
5	expenses, which would be all other nonsalary items,
6	at \$1,145,539. So it's about a \$2 million
7	operating budget, if you round.

We -- it's not hard to see that we have surplus revenues over expenses at the end of the day, meaning after an \$854,000 capital program this year, we expect our reserves to grow from \$3.4 million to \$4.34 million by the time we conclude the fiscal year here in two weeks.

That 4.3 where I'm pointing out here feeds the reserves forward line into your proposed budget next year. So if you'll come into the column that's yellow, come down about six lines, you'll see that number reappearing under reserves forward.

We expect about \$1.9 million in grants this year. We expect revenues to increase from \$3.16 to \$3.22 million. Those are operating revenues.

Those are from leases, fees, charges, and the like all over the airport, that's an aggregate, for a total revenue expectation next year of \$9,543,975.

Working our way to the expense budget, we look

- at personnel expenses at \$895,795 expected, 1 2 operating expenditures of \$1,179,905. I should 3 mention that's exclusive of personnel. When you 4 put personnel back in, it becomes slightly above \$2 5 million to \$2,075,700. We expect our capital 6 program to end up at \$2,360,000 for the year in 7 aggregate, and we expect our reserves to grow from \$4.389 million to \$5.1 million by the conclusion of 8 9 next fiscal year. 10 I'll be happy to run through any of the detail items that you wish on the budget, but that's the 11 12 nutshell if you will summary of the major headings 13 of the budget. I'll let you kind of decide what 14 you -- what additional detail you'd like to discuss 15 without me just hitting every line. 16 DISCUSSION 17 MR. MERCER: Mr. Chairman? 18 CHAIRMAN COX: Yes, sir. 19 MR. MERCER: Mr. Wuellner, can you explain why

- 20 we have a 40 percent increase in personnel
- 21 expenses? Is that increase in new positions or --
- 22 MR. WUELLNER: 40 percent?
- 23 MS. BARRERA: If I may. I think he's looking
- 24 at the air traffic control budget.
- 25 MR. WUELLNER: Oh, oh. You're on the

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different budget. It's -- everything's the same
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- but personnel. You had me going there, too.
- 3 CHAIRMAN COX: It's just under 10 percent
- 4 actually.
- 5 MR. MERCER: Okay.
- 6 MR. WUELLNER: I'm -- you're just looking at
- 7 the wrong set of sheets.
- 8 MR. MERCER: Okay. So in --
- 9 MR. WUELLNER: That's that "what if" budget or
- iteration that I was asked to do last time.
- MR. MERCER: Got you. All right. So we're
- 12 looking at about a 10 percent increase, then.
- MR. WUELLNER: Yes.
- MR. MERCER: Okay. That's better. Thanks.
- 15 MR. WUELLNER: Yeah, you had me freaking out
- there, too.
- MR. MERCER: I'm looking at 40 percent and I'm
- 18 like, did you do some hiring?
- 19 MS. BARRERA: And if I may, that also -- the
- 20 10 percent increase, some of that is derived from
- the -- from the janitorial?
- 22 MR. WUELLNER: Correct. As well as the
- increases for health care charges. It covers a
- 24 myriad of items. It's not -- not all salary by any
- 25 means. In fact, salaries is the smallest

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1 component.
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- 2 CHAIRMAN COX: Mr. Ciriello, any questions?
- 3 MR. CIRIELLO: No, sir.
- 4 MR. WUELLNER: Page 3, if you -- if you wish,
- of the budget, or the third page back, details that
- 6 personnel a little more, if you -- if you want to
- 7 look at that.
- I do have to point out that it's a little
- 9 deceiving. It looks like it goes down 2.8 percent
- over all personnel expenditures. That's only
- 11 because if you -- if you'll look, that column is
- 12 summarized on the left. Under estimated actual,
- it's not broken out. So it's -- the more relevant
- number is under the subtotal. It's a 2.9 percent
- increase as it relates to the salaries.
- You can see what's driving -- the major costs
- are related to insurance and I think I mentioned at
- 18 the previous budget workshop the impacts of Florida
- retirement systems' mess-up relative to certain
- salary classifications that they're fixing in one
- 21 year.
- 22 CHAIRMAN COX: Okay.
- MR. WUELLNER: That's --
- 24 CHAIRMAN COX: Right.
- MR. WUELLNER: Otherwise, tax-related things

are typically a percentage of salaries and just they directly correspond.

3 CHAIRMAN COX: Any individual questions on 4 this particular page?

5 (None.)

MR. WUELLNER: And if you'd like, I'll walk you through the two pages. The second page, which is the operating revenues and expenses, you get a feel for where our revenues are derived.

Lease revenues related to -- or fuel-related services modestly grow at 1.1 percent. The expenses related to that at 1 -- excuse me, revenues at \$124,000. Our leases come up about 1 percent in aggregate, and that's to \$3,220,386. Other agreements, operating agreements, user fees and the like, another \$49,000. Bringing a total revenue, if we were to assess or be able to collect that 100 percent, at \$3,393,995. Where we -- we budget at 95 percent of our revenues, so there's automatically a 5 percent conservative element, if you will. Brings that revenue down to \$3,224,000.

You've -- we just reviewed the personnel and benefits line item. The balance of operating expenses come after that. Most of those increase at a -- at a modest 2.9 percent per line item for

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1 the year, leaving $2,075,700.
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When you plug that in at the bottom, you see revenues over expenses. We -- we generate about 1,148,595 more dollars from operations than we expend in operations. And that carries forward to sheet number 4 titled nonoperating. Wherein we would plug in any debt service related items.

Since we have no debt service, there's no -- no dollars associated with that.

When we get to other nonoperating revenues,

we -- we get -- we're not expecting any direct

investment or re -- I should say quantifiable

investment income at this point. If you look at

interest rates, they're still well -- you know,

we're looking at less than a quarter of a percent,

and it will be a function of how much is in there

at any one time. It doesn't end up with a

meaningful amount. So we're not -- we're not

dealing with it.

Ad valorem, we do not assess ad valorem this year, so there's no revenue and as a result, no expense related to ad valorem. Leaving the net adjusted operating income still at \$1,149,595.

At that point, we enter the capital program, and you'll notice that we expect about \$1.3 million

1	in FAA money. We expect \$545,000 in Florida DOT
2	money. We expect \$125,000 at this point from
3	Florida Inland Navigation District. The
4	Airport Authority match would amount to \$370,000
5	for all of those grants. Leaving about \$2,300,000
6	in capital that's total for capital
7	expenditures. Offset by construction and planning
8	of \$2.3 million. \$60,000 related to equipment
9	expenditures for the year that are actually
10	capital. No FAA PFC kinds of projects. Leaving a
11	2 point \$2,360,000 total capital program.
12	When that's pulled out of the surplus
13	operations, we have a net at the end of \$719,595
1.4	(sic). That \$718,595 joins the \$4,389,680
15	currently in reserves to create a new reserve of
16	\$5,108,275 for the year. That in effect balances
17	the budget or revenues and expenses at a total
18	budget of \$9,543,975 projected for next year.
19	CHAIRMAN COX: Very good.
20	MR. WUELLNER: Is there anyone who wants me to
21	try and detail the differences between this and the
22	ATC budget or any other questions?
23	CHAIRMAN COX: No board discussion?
2 4	(None.)

1	PUBLIC COMMENT
2	CHAIRMAN COX: Seeing no board discussion.
3	Any public discussion on this resolution?
4	(None.)
5	CHAIRMAN COX: In that case oh, I thought
6	you nothing?
7	MS. BARRERA: I I do have a question for
8	Ed.
9	CHAIRMAN COX: Yes, go ahead.
10	MR. WUELLNER: Sure.
11	MS. BARRERA: With the with the two
12	different budgets, and I notice that it showed
13	extra income on operating revenues and expenses to
14	the FBO.
15	MR. WUELLNER: Uh-huh.
16	MS. BARRERA: And wanted just a question
17	with the ATC. Where where would that extra
18	income come from?
19	MR. WUELLNER: Actually, what we were
20	proposing was taking the fuel flowage fee
21	MS. BARRERA: Uh-huh.
22	MR. WUELLNER: and effectively doubling
23	that should we need to cover ATC expenses. So we
24	would go from \$.08 a gallon to \$.16 a gallon.
25	Should we end up having to fund ATC services, that

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1 would be our recommendation.
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- That would be a separate action later. The

 Authority would be required to approve an increase

 in the flowage fee. I think that's really going to

 be more driven by what the federal government does

 over the next two to four weeks at the -- relative
- 8 MS. BARRERA: And then my question would be, 9 and that would only pertain to jet fuel?

to funding air traffic control services.

- 10 MR. WUELLNER: No, it's all fuel.
- 11 MS. BARRERA: On all fuel. The numbers aren't 12 changed on the others, on the self-service?
- MR. WUELLNER: It's already -- we don't al -we don't differentiate our --
- 15 CHAIRMAN COX: Flowage.
- MR. WUELLNER: -- flowage fee out of the net profit. So it's just an allocation of the existing profit.
- 19 MR. MERCER: My -- I have a comment if I may,
 20 Mr. Chairman.
- 21 CHAIRMAN COX: Yes, sir.
- MR. MERCER: I guess I have just two comments,
 and they're not -- they're not questions, but just
 two observations. Let me just spill it down to

just one in the interest of time.

I guess my only concern -- or my main concern, not my only concern, is just the amount of spending that we do at this airport building up. And I hear this feedback from people that have questioned why we're spending all this money building the fire station and the fire station's not being used, and why we're building terminal buildings and we don't have airlines. And there -- there's some concern that has been expressed to me by some that we're taking a lot of federal and state dollars tax dollars.

You know, we say that we're weaned from the teat of taxation here as an airport because we don't have an ad valorem on the county, but at the same time we're taking tax dollars that are coming over here from the feds, from the FAA in the form of these grants — we call them grants. Grant is a very positive term. And I want to be careful how I say this.

I think you do a masterful job at -- at garnering the grants, okay? And you do an exceptional job at that. My comment is not directed at you as much as it's directed at the concern of the amount of spending that we're doing here, the growth plans we have here, and the amount

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of tax dollars, be they DOT state tax dollars, be
they federal tax dollars, FAA money, money coming
from taxes on fuel sent up to Washington comes back
to us and we get happy about it. So I want to be
careful to differentiate. I think you do a very
good job in getting the grant money.
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My concern in terms of the re -- reviewing the budget and my concern about the growth of the airport is the amount that we're spending, number one. And in all candor, number two, the fact that we are using a lot of tax dollars in order to fund that -- in order to fund that growth without there being an apparent light at the end of the tunnel.

I -- I don't know that we're getting a lot of use out of some of these facilities that we have here. The terminal building, how much did we spend on that, 2 million?

MR. WUELLNER: Around \$2 million.

MR. MERCER: 2 million plus or minus?

MR. WUELLNER: Seven years ago.

MR. MERCER: So for the record, there are -there's a group of us in the county that are -there are a group of folks in the county that are
very pro growth and I understand that view.

There's another group that's concerned about the

growth and the spending and the use of all these
state and tax dollars. When it appears to many
folks that an airline like Southwest or some of the
others may not really be interested in coming into
the county.

And I'll conclude by saying there's a concern that as we build up all of this infrastructure in the hopes — the hopes that some people have that an airline will come in here, who's going to foot the maintenance bill to keep those in — you know, they're brand new, there's not a maintenance issue.

MR. WUELLNER: Right.

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MR. MERCER: Okay. But those are the concerns. It's not really so much a question. And I want to compliment you, you do a lot of great things here. It's -- it's a philosophy question or point that I'm making on the -- on the spending and my concern about the -- the tax dollars in the form of grant money that we use in the budget.

MS. BARRERA: I would defer to you.

CHAIRMAN COX: In the interest of time, why don't we go ahead and read the resolution? I don't think there's any more discussion from the board.

MR. BURNETT: Yes, sir, Mr. Chairman. This would be a resolution of the St. Augustine-St.

Johns County Airport Authority, Resolution 2013-04.

2	A Resolution of the St. Augustine-St. Johns
3	County Airport Authority of St. Johns County,
4	Florida, adopting the tentative budget for Fiscal
5	Year 2013-2014 providing for an effective date.
6	Whereas, the St. Augustine-St. Johns County
7	Airport Authority of St. Johns County, Florida on
8	September 16th, 2013, adopted for Fiscal Year
9	2013-2014 a Tentative Budget following a public
10	hearing as required by Florida Statute 200.065; and
11	Whereas, the St. Augustine-St. Johns County

Whereas, the St. Augustine-St. Johns County
Airport Authority adopted a tentative millage rate
prior to adopting this Resolution.

Fiscal Year 2013-2014; and

Airport Authority has prepared a budget for the

Now, therefore, be it resolved by the

St. Augustine-St. Johns County Airport Authority of

St. Johns County, Florida, that:

1. The annual budget estimates of revenues and expenditures of the St. Augustine-St. Johns County Airport Authority for the Fiscal Year 2013-2014, as considered and acted upon, under and by the authority of the Laws of Florida, are hereby ratified, approved, and tentatively adopted, and

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the amounts of money set forth therein are hereby
appropriated.
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- 2. The annual budget of revenues and
 expenditures tentatively adopted for the ensuing
 Fiscal Year 2013-2014 shall be attached to the
 minutes of this meeting.
- This Resolution shall take effect immediately
 upon its adoption. Duly adopted at a public
 hearing this 16th day of September, 2013.
- 10 St. Augustine-St. Johns County Airport Authority.
- 11 That would be the resolution.

12 TENTATIVE ADOPTION RESOLUTION 2013-04

- 13 CHAIRMAN COX: The floor is open for a motion.
- MR. CIRIELLO: I'll move that we accept the
- 15 2013-04.
- 16 CHAIRMAN COX: As read?
- MR. CIRIELLO: As read, yeah.
- 18 CHAIRMAN COX: May I have a second? I'll
- second it. There's a motion. Any discussion?
- 20 (None.)
- 21 CHAIRMAN COX: All in favor?
- MR. CIRIELLO: Aye.
- 23 CHAIRMAN COX: Aye.
- MS. BARRERA: Aye.
- 25 CHAIRMAN COX: Nays?

1	MR. MERCER: Nay.
2	CHAIRMAN COX: Motion passes. Any comments?
3	COMMENTS
4	MS. BARRERA: The only comment I would make
5	is, number one, we have a minimum return on
6	investment for any of our capital improvement
7	commercial items that we have that we that we
8	contractually do. And number two, the fact that
9	we're not using emergency services more often with
10	our fire station is a good thing.
11	CHAIRMAN COX: Very well said. No further
12	discussion? Meeting adjourned.
13	(Meeting adjourned at 5:27 p.m.)
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1	REPORTER'S CERTIFICATE
2	
3	STATE OF FLORIDA)
4	COUNTY OF ST. JOHNS)
5	
6	I, JANET M. BEASON, RPR-CP, RMR, CRR, certify that
7	I was authorized to and did stenographically report the
8	foregoing proceedings and that the transcript is a true
9	record of my stenographic notes.
10	Dated this 23rd day of September, 2013.
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12	JANET M. BEASON, RPR-CP, RMR, CRR
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