

**Airport Advisory Board Minutes  
August 28, 2014 5:30pm  
Special Meeting  
Airport Administration Building  
8807 Airport Boulevard  
Leesburg, Florida**

Attendance: Alun Jones  
Jake Kertz  
David Lewis  
Jon VanderLey

**Call to Order**

Chairman David Lewis called the meeting to order at 5:30pm.

Chuck Brainerd gave the invocation and Chairman Lewis led the Pledge of Allegiance.

**Presentation by City Manager Al Minner**

City Manager (CM) Al Minner said he is at this meeting to talk about Airport Manager (AM) Treggi. He has heard that many people are concerned that AM Treggi may leave the airport and also that he is underpaid. CM Minner said he wants to speak to those concerns.

The City of Leesburg is operated as a council/manager form of government. The City Commission hires two people – the City Attorney and the City Manager. The City Attorney advises the Commission on all things legal in nature. The City Manager operates the day to day business of the City and all employees report to, and work at the discretion of, the City Manager within the parameters of the law. The City Manager works at the pleasure of the Commission.

He is concerned with this situation with AM Treggi. He appreciates the issues on the airport with previous managers. He thinks those experiences have caused some concern about the movement of the airport.

There are a couple of things that need to be kept in mind. The City Commission as a whole believes the airport is an asset and can be an economic development engine for the City. They are happy with leases that have been negotiated recently including Wipaire and Brainerd. They feel the platform of Tavares can be an asset to enhance the Leesburg airport. The seaplanes that come into Tavares will soon be coming to Leesburg for their annuals and other things. This is the vision of the City Commission.

He personally has over 20 years of experience as a city manager. He has worked in four communities with all facets of utilities and with airports.

With regards to salaries, overall the City Commission recognizes where we are at right now. The recent salary survey showed many areas where the pay grades need to be adjusted. However, the City Commission also recognizes this is a matter that needs a long-term fix. They are working to correct mission critical positions first. They also have in the budget a 5% across the board adjustment for all employees. The City needs to make a good faith effort to catch up the pay grades.

CM Minner showed a PowerPoint presentation highlighting the airport budget and finances. One slide showed a chart with the past 19 years of airport revenue and expense. Over that time the airport has a \$4.9 million deficit to the City. The airport has had a negative cash flow and other money from the City has paid for airport operations. However, the FAR's say only the last six years can be considered. During that time the airport has had a positive cash flow.

For the first time, the City Commission is considering placing the airport into a separate fund. The General Fund consists of things like streets and roads, fire, police, human resources parks & recreation, etc. Typically these departments are paid with ad valorem monies. To try and keep taxes down and the level of services provided up, the City is trying to isolate weaknesses in this fund. The airport has been a financial strain on the general fund.

The airport is a benefit to the City because as it grows jobs are added and it is an economic engine. He believes in that philosophy. It needs to be isolated so that educated decisions can be made about its finances. Grant funding from FAA and FDOT require matching funds which can be significant amounts. The last six years the airport has shown a positive trend of \$187,631.00. However, the airport has not subsidized the General Fund. AM Treggi has capital projects planned that need matches that will use available funding. The seaplane ramp is teetering on the edge of taking the airport into the red. The positive amount of \$187,000 is good, but it is still a little weak.

For fiscal year 15, the airport will be in its own fund with four sources of revenue. The budget shows \$2,557,272 in revenue. Of that amount, \$1,557,500 is grant funding from FAA and FDOT that can be used for capital projects only. The US Customs fee of \$148,438 is also included in that amount and that is a pass through expense. In the end there is \$851,334 available to spend. That available cash is then offset by the costs to operate the airport. Personnel and operating expenses are budgeted at \$625,032. The cost allocation to the General Fund for services provided to the airport such as accounting, contract reviews by an attorney, human resources, etc. is \$43,613.00. This amount is determined by a formula that is used for all enterprise funds in the City. The amount of matching funds for planned capital projects is \$171,959.00. This leaves a reserve balance of \$10,730.00.

CM Minner said there is a new organizational chart for the City which also shows the commitment to the airport. The new Assistant City Manager-Economic Development will be starting with the City in September. He will oversee Community Development, Housing/Economic Development, Airport and Economic Redevelopment. This demonstrates that the City sees the airport as a key part in

our economic development process. The airport businesses need to be linked to our economic development strategy.

He sees AM Treggi as wearing a couple of hats. He works with the tenants and manages the grants. The City is doing its best to remunerate and pay our employees fairly. It is easy to see that some positions are behind. As noted earlier, there is a 5% across the board adjustment in the budget, but the airport manager salary is not budgeted for an additional increase. It is important to say publicly that the City appreciates AM Treggi and thinks he has done a great job. He will be compensated as best can be done within the means of the organization.

CM Minner said he does take exception to the fact that one person is critical to the organization. He does not believe in that philosophy. At the end of the day this is a team. He must look out for the entire organization and every action has a ripple effect.

CM Minner said he hopes this presentation has shed some light on the real financial status of the airport. The City Commission has a plan for the airport and the City respects AM Treggi. However, AM Treggi's continued employment is up to himself.

Paul Harris thanked CM Minner for the presentation. He takes issue with the idea that this is about AM Treggi. It is about a competent airport manager. The tenants need to know that the manager is competent. If AM Treggi were to leave tomorrow the City would have to hire someone in for more money. The City will not be able to replace AM Treggi with a certified, capable person for \$55,000.00. The tenants need to know the airport is well managed. It was not in the past. A qualified person cannot be hired for \$55,000.00.

CM Minner said he appreciated Mr. Harris's comments. The issue is about the airport manager. The City is trying to build repetition and back-up in the organization. If the airport manager leaves tomorrow, there are qualified people who can pick up the stick.

Paul Harris said he and his partner want to invest more money in the airport, but are reluctant to do so if they are not certain how it will be managed. He said 70% of the tenants are willing to allow a special assessment on their leases to add money for the airport manager's pay. The financial risk to the City is zero.

Charles Bondar said when a government gets an airport they do not know what to do with it. The City Commission thinks the airport should make a profit. The airport tenants are willing to go with the changes needed to get moving, but the City is dragging its feet and nothing gets done. The City needs to make decisions, invest money and move forward. He suggested the City go to Flagler and see how that airport is run.

CM Minner said he takes exception to what Mr. Bondar said. The City Commission is moving forward. Since he has been here the leases with Brainerd and Wipaire have been executed. He sent a response to the Condo Hangar regarding the through the fence operation two months ago and that is working towards a solution.

Chuck Brainerd said he has been on the airport for 23 years. Through this time there were many periods when there was no airport manager. Some of the managers that were here were not qualified and the airport went down the wrong road. Right now the City Commission, Airport Advisory Board and City have unity. He has been through three city managers and believes this is the best one. New leases reflect requirements for new jobs. He wants the airport to grow and thinks it has a lot of potential. There needs to be a plan to develop infrastructure over all areas of the airport. The airport manager is an important part of this process. AM Treggi has done a great job. He works with the projects and leases. He is easy to deal with. The maintenance worker makes almost as much as the airport manager. The City needs to think about compensating AM Treggi. The airport will go on without AM Treggi but it will be a hit for the airport. When you have to hire a new person, you don't always know what you're getting. Money alone will not keep him here. But he thinks AM Treggi is worth more. There has never been a lot of work put into having a good airport manager. That needs to be done now. The Airport Board has a lot of wisdom and everything about this airport should go before them. There has been a good base started, but there still needs to be improvement and consideration for the future.

Lee Webb said based on CM Minner's presentation he understands that \$2 million is not the amount available in the budget and \$851K is the number. He asked for clarification of the US Customs fee because it seemed to be counted twice. CM Minner said it is counted on both sides – revenue and expenses. Lee Webb said that since he has been on the airport he has heard that the City is taking money from the airport for the General Fund. He understands the \$43,613 pay back to the General Fund that was shown in the PowerPoint. He is not clear how the grant rules and Grant Assurances deal with that. The Grant Assurances say that no funds can be used for other than airport uses without a loan being done in advance that is pre-approved by the FAA. The thing people do not understand is how the money goes back and forth.

Finance Director (FD) Bill Spinelli said he has extensive grant experience and has been a grant auditor in previous positions. The allocation amount is based on a specific formula. Under the grant programs this is allowed. The Finance Department makes sure the City is in compliance with the grants. He noted that the spreadsheet shown by CM Minner in his presentation was created to show FAA and FDOT that all airport funds are tracked.

CM Minner said FAA and FDOT say airport funds cannot be used for anything other than the airport. He noted that in the General Fund, 50% of the money is transferred in from other funds such as the electric utility. The airport has made advances because the General Fund has made money available to the airport. Moving the airport to a separate fund will make the General Fund smaller. It will also allow staff to see better where matching funds will come from. As noted previously, while in the General Fund the airport used services such as human resources and accounting. When separated into its own fund, it will still be using these services so it must pay for them. FAA and FDOT accept this process.

CM Minner noted that normally the departments that are in separate funds must have their assets depreciated. The airport cannot afford to do that now so a decision was made to not do the depreciation. Also, the General Fund will continue to pay the debt for the airport that is weaved into bond issues. The City Commission is making decisions to benefit the airport. It is wrong to say they are not.

Paul Harris said he does not agree. The airport is making money on an operating basis. The 19 year trend is irrelevant. Those were choices the City made to fund the airport. You can only look back six years. He asked where the money from years 12 and 13 is. The City cannot take that back. There were not documented loans made for these amounts. That may seem fair, but it is not allowed by FAA and FDOT. He asked how much funding the airport enterprise fund will start with on October 1<sup>st</sup>. CM Minner said between \$180,000 and \$200,000.

Paul Harris said that amount with the budget shown today give the airport about \$1 million. He doesn't understand why the airport manager position cannot be paid \$90,000. CM Minner said if the salary is increased by \$40,000 the capital project funding must drop by \$40,000. Brian Sapp said the sale of the Triangle Aviation hangar will fund the salary increase for six years. Lee Webb asked if that amount will go to the airport fund. CM Minner said it will probably be used for the seaplane ramp. Paul Harris said if 70% of the tenants are willing to step up and guarantee the airport manager salary, the City has zero liability. He is confident the airport will continue to make money and the assessment will not be needed. It is a bona fide offer.

Chuck Brainerd said he is not sure the assessment would be legal. It might be considered similar to a bribe. At the end of the day it is not just what dollar amount is left over. The airport needs to do a better job of economic development. The airport does add dollars to the community but it is hard to quantify. He believes a good airport manager can improve those numbers. The current manager is good at making money and saving money and has turned things around. He is concerned that the airport might have to start over.

Jon VanderLey said this particular salary is not in line with other City department heads. CM Minner said the airport manager position should be paid more. Jon VanderLey asked if that means the City will be looking to adjust it over time. CM Minner said yes. It will start with a 5% increase this year. The difference cannot be easily overcome at this time. Some positions are always targeted by outside sources. Competitive wages are dictated by the market. The goal is to make the 5% adjustment this year and then try to make additional adjustments through attrition, market conditions, etc. as we move forward.

Paul Harris asked what the airport manager in Sebastian is paid. CM Minner said when that airport manager was initially hired in 2006/07 he was paid about \$60,000.00. However, when the recession hit Sebastian this job description changed and the person became the manager of Community Development. His salary increased to the high \$70's to low \$80's with the new position but the airport portion of the workload was reduced to about 50%. He does not think the position in Sebastian should be compared to the airport manager in Leesburg because the

Sebastian person has many duties besides the airport. Paul Harris said if you paid someone \$60,000.00 15 years ago at an airport with half the number of operations and less responsibility, the salary paid to our airport manager now does not make sense. There is a \$40,000.00 problem here that the airport can handle and if for some reason it can't the tenants are willing to cover the amount. They are coming to the City as happy tenants who want to keep the status quo. He does not understand why the airport should be jeopardized over a \$40,000.00 gap in salary.

Brian Sapp said that at a recent City Commission meeting CM Minner made a great case to have the salary for the IT Manager increased in order to keep him. He asked him to do the same for the airport manager.

Chairman Lewis asked what the cost for a consultant would be if the airport manager left today. CM Minner said the work would be done in-house. There would not be a consultant hired. Lee Webb asked if the airport manager leaves and the position has to be filled, would the salary offered be different than the current salary.

CM Minner said there are several things that need to be managed in this situation. With regard to salary – the manager in Bartow has been in that position over 20 years overseeing an airport which has about 50,000 operations and 23 employees and she makes about \$85,000.00 per year. Comparing that to Leesburg he believes \$90,000 for a salary is too high. With regard to replacing the airport manager – that process will all depend on if and when the current manager leaves. It could be the position is filled with someone who has the same experience that AM Treggi had when he came here. The organizational structure has the airport manager reporting to two senior managers.

Lee Webb asked if discussions have been held with the current airport manager for a salary different than the 5% increase that is being offered. CM Minner said there have been discussions.

Lee Webb said he applauds the plan to make the airport its own fund. He likes that it will be more transparent. He noted that if the funds from the sale of the Tropical Hangar are added to the budget presented today it seems the airport can support a salary increase. Wipaire wants to continue to invest at the airport and they want to keep the team together. He would encourage the City to take a hard look at a salary level for the airport manager that is reasonable and competitive. He is willing to pay an assessment if needed. At their facility in St. Paul the tenants agreed to a one-year assessment to pay for a full time manager. After that first year, the airport budget was able to pay for it.

Commissioner Hurley said as a commissioner his job is not to run individual departments. That is why they hire knowledgeable people. He does believe in the value of human capital. Everyone has been affected by the economy over the last several years. The City reduced its employees from 700 to 500. At the end of the day the City could pay the airport manager a higher salary. The City should not say we can't. The Commission has a responsibility to every tax payer and every employee. There is a huge value having the airport in the City and there is a value provided to the community by each tenant. If someone brought their business to this

airport based on just one person, that is not good business sense. The airport is moving forward. There have been good changes made. There is a great Advisory Board in place. He understands investing in employees and treating them well. However, he has an issue with meeting on just one person's salary. It is beneficial to everyone to have a successful airport. The City values AM Treggi but there are other dynamics involved. Everyone understands the City is facing serious issues with the budget, capital projects and employee salaries. Many of our employees are at 60%-70% of what the average pay is in the same field in other locations. He has heard what the tenants are saying and appreciates the concerns. He assured them that things will go smooth and the airport will always be important to the City. He encouraged anyone who has a concern to call him.

Paul Harris said AM Treggi is not the protagonist in this. He is a very reluctant participant. It is not about him personally it is about the position of airport manager. He does not believe a qualified manager can be hired for \$55,000.00. He has heard from an external source that AM Treggi is being recruited. It is hard to hire competent people. He understands that people are underpaid. However, the airport is a profit center and the money is there. This is not a money issue.

Commissioner Hurley said when the budget is presented to the City Commission by the City Manager this issue can be discussed. He understands the importance of good leadership. However, this does not affect just the airport. He concluded by saying he hopes the team can be kept together and the airport will continue moving forward.

Chuck Brainerd said AM Treggi was originally hired as part time and wondered how many hours that entailed. He does not think the City can hire a full time manager for \$55,000.00. CM Minner said he is not sure how many hours AM Treggi worked while part time. He was hired in April and three months later was moved to full time. Chairman Lewis noted AM Treggi was hired as the part time Operations Manager and then moved to full time Airport Manager with benefits. He asked how long it took to fill the position at that time. CM Minner said he did not know. Brian Sapp noted the opening will have to be advertised.

Alun Jones said everyone has seen the numbers presented, but not everyone believes them. The City may be getting about \$178,000.00 from the sale of the old Tropical Hangar. AM Treggi has done an excellent. There is no comparison to the prior managers. He needs to be told that he will only be getting a 3%-5% increase and make his decisions based on that. If he can get a job making more he should leave.

Chuck Brainerd asked if this issue has been to the City Commission. CM Minner said it has not; however, Paul Harris made a request to be on the City Commission agenda and that has been done. He has no intention of proposing an increase in the Airport Manager salary to \$80,000 - \$120,000. That will not come from him. In order for it to be voted on the public can petition the Commission by making a presentation as Paul Harris is scheduled to do. Obviously he and the tenants disagree on this issue. He believes it is an insult to say the status quo at the airport will not be maintained if AM Treggi leaves. It is an insult to say the City staff cannot handle it.

He has never had a discussion like this. He has never seen business owners tell the government they are not paying employees enough. He does not believe you would ever see a scenario where the government would tell the private sector what it should pay its employees, other than the minimum wage law.

Lee Webb said the difference is private business versus government which is for the people by the people. People should be encouraged to participate in the process. Paul Harris said it is not personal. The tenants are trying to preserve a good thing.

CM Minner apologized for his emotions. He has provided solid information. He has provided a plan for the airport to move forward. He does not think the airport manager should receive an increase of \$40,000.00. If the Commission votes in favor of it, it will happen.

Chairman Lewis asked Commissioner Dennison and Commissioner-elect Robuck for their comments on this matter. Commissioner Dennison said CM Minner explained the issue well. If the enterprise fund goes well, this can be looked at next year. Commissioner-Elect Robuck noted he will take office in January. He thinks the airport is doing well. He does agree that the \$55,000.00 salary is low. He is a numbers person and looked at some other airports. Some of the comparables have more operations, others are making a lot more revenue, and some are similar. While he agrees that \$55,000.00 is not the number, he does not think the \$90,000.00 is the number. He thinks the position should be paid at market rate. He concluded by thanking everyone for attending the meeting.

There was no further discussion.

### **Adjournment**

John VanderLey made a motion to adjourn the meeting. Alun Jones seconded the motion. The meeting adjourned at 7:45pm.

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Chairman

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Secretary