



A G E N D A

Ad Hoc Committee on Airport Future
Wednesday, May 30, 2018 at 12 noon
Southern Wisconsin Regional Airport – Voyager Room
1716 W. Airport Rd.
Janesville, WI 53546

1. Call to Order – Brent Fox, Chair
2. Approval of Agenda
3. Review & Approve April 25, 2018 Minutes
4. Citizen Participation, Communications, and Announcements
5. Review and/or Discussion:
 - A. Part 139 Certification
 1. Inspection Update
 2. Part 139 Expenses
 - B. T- Hanger Development: public vs. private ownership
 1. Options/examples of private ownership/development (other WI. Airports, condo development, etc.)
 2. Consolidation of current county-owned hangars/tenants
 - C. Governance – Management Alternatives
 - D. Joint Use Fire Station
6. What's Missing - Next Steps
7. Next Meeting Date - Noon, Wednesday, June 27
8. Adjournment



PART 139 EXPENSES

All,

I was tasked at the April meeting to identify and quantify expenses associated with being a Part 139 certified airport. The DeKalb Taylor Municipal Airport Manager has been trying to obtain a Part 139 status at their airport. As such, he provided some detailed items that he provided to his governing board. Keep in mind, this is an example of what Rock County may be requesting should we go a long period of time without following Part 139 guidelines and/or eliminate current staffing.

1) Personnel:

First 12 months, 1 full-time person dedicated to developing the following items: application for Part 139 operation, Airport Certification Manual update, Airport Emergency Plan, Snow and Ice Removal Plan, ARFF Plan, Safety Area Plan, fuel handling and storage plan, self-inspection program, pedestrians and vehicle plan for moving about the airport, security/surveillance lighting plan, airport condition reporting plan, construction procedures plan, NAVAID Protection Plan. (**All things SWRA currently maintains**).

Increase Labor Cost: Year 1: employee 1: \$70,000

Year 2: employee 1: \$70,000

Employee 2: \$40,000

2-year total: \$180,000 (assumed labor only, insurance separate)

It may be possible that an outside consulting firm would be needed to complete these tasks.

2) Facilities:

This is very subjective. Things to consider are:

| Description | Low end | High end |
|--|-------------|-------------|
| Airport Layout Plan Update | \$150,000 | \$250,000 |
| Environmental Assessment for Development Program | \$150,000 | \$250,000 |
| Security Upgrades Required by Part 1542 | \$25,000 | \$100,000 |
| Runway and Taxiway Re-marking | \$20,000 | \$30,000 |
| Fencing and Gates Upgrade | \$500,000 | \$750,000 |
| Isolated Repair/Upgrade To Lights And Signs | \$75,000 | \$150,000 |
| Pavement Condition Upgrades | \$1,000,000 | \$5,000,000 |
| Removal Of Obstructions And Trees As Necessary | \$20,000 | \$40,000 |

1716 W. Airport Rd., Suite 100, Janesville, WI 53546

Phone: 608-757-5768 Fax: 608-758-3060

E-Mail: info@jvtairport.com Web: www.jvtairport.com

| | | |
|---|-------------|-------------|
|  SOUTHERN WISCONSIN REGIONAL AIRPORT | | |
| Totals | \$1,920,020 | \$6,570,000 |

3). Equipment and Material:

Dedicated ARFF Vehicle and all equipment – depending on truck size, \$450-\$700,000

Foam and fire product material - \$10,000 - \$18,000 annually

Associated training to maintain/use ARFF - \$3,000 - \$5,000 annually

CURRENT JVL PART 139 EXPENSES

Assuming our staff remains the same, but not operating under Part 139 certificate, thus removing a need for certain programs and training. These are annual expenses.

| | | |
|--|----------|-----------------------------|
| Wildlife Training | \$670 | |
| Night Airport Inspection | \$520 | Labor premium only |
| Fire/ARFF Training 40-hour class in KY | \$3,200 | 2 people |
| Fire/ARFF Training 4-hour refresher at O'Hare | \$100 | 4 people |
| ARFF Miscellaneous | \$400 | Equipment use |
| Computer training program | \$1,254 | |
| Emergency Response Vehicle | \$575 | Maintenance |
| **Painting & Markings | \$6,000 | |
| **Airport Operations Training | \$3,000 | Crew to learn FAA standards |
| **Calibration of Bowmonk surface condition equipment | \$580 | |
| Total | \$16,299 | |

** = these expenses are needed regardless of 139 certificate but could possibly be reduced by half

Rock County paid approximately \$502,000 in wages & benefits during 2017 to all airport employees.



JOINT-USE FIRE STATION

All,

At the April meeting, we discussed the possibility of having a City of Janesville Fire Department station on our airport property. There are other airports that have a similar model. I spoke with the Airport Director, Bloomington, IL. They have a joint-use fire station located on the airport. It has been used in that method very successfully for many years. The model they used to develop and maintain is as follows:

- Design funding was 90% Federal, 5% State, and 5% local.
- Structural funding was 90 % Federal and 10% local.
- They have two dedicated ARFF trucks that can't be used off the airport without Director approval.
- All firefighters are city employees.
- The airport budget pays for ARFF training and ARFF equipment repair.
- The airport gave the land to the city for benefit of having station on airport property.
- The station responds to structural fires and EMT calls but always leaves staff to cover airport.

This is offered as an example. This exact funding structure may not be what SWRA can obtain one day.

//s//

Greg Cullen, CM
Interim, Airport Manager

ROCK COUNTY, WISCONSIN



County Administrator's Office
51 South Main Street
Janesville, Wisconsin 53545
Phone: 608/757-5510
Web Site: www.co.rock.wi.us

DATE: May 23, 2018
TO: Ad Hoc Committee on Airport Future
FROM: Randy Terronez,
Assistant to the County Administrator
RE: Alternatives – Airport Governance and Management

This memo contains summary information on alternatives to governance and management of the SWRA.

Governance

From a governance standpoint, the alternatives include:

1. Municipal or County (or combination)
2. Authority or Commission
3. Privatization

At the March 29 meeting, this item was discussed and I am enclosing a slightly updated version of the March 29 agenda enclosure of Wisconsin airports. The airports in this list fall under the 1st category – municipal or County governed.

Examples of Authorities can be found generally outside the State of Wisconsin such as the Waukegan National Airport that is governed by the Waukegan Port District. From the research conducted, most airport authorities cover larger passenger service operations.

Privatization can mean that the airport property has been sold (or long-term lease) to a private entity. I am attaching selected pages from an FAA report for your information. This method for governance (e.g. ownership) is rarely used but appears more frequent in Europe.

Management

From a management standpoint, the alternatives include:

1. Local government (City or County)
2. Authority or Commission
3. Contracted (i.e. out-sourced)

The March 29 enclosure also contained information on comparable Wisconsin airports. All the listed airports fell under the 1st category.

Examples of the Authority management can be found generally outside the State of Wisconsin such as the Waukegan National Airport that is governed by the Waukegan Port District. As noted under the Governance section, most airport authorities cover larger passenger service operations.

Contract management operations can be found in airports outside the State of Wisconsin. Contract management can be found in small GA airports to the large passenger service airports. A sample of firms that provide airport management services include:

1. AvPORTS – includes as a client Republic Airport (FRG) located in Farmingdale, New York which is classified as the same FAA-ARFF class as SWRA (FAA Part 139 Certified- Class IV; ARFF Index A).
2. American Airports Corporation (AAC)
3. Global Aviation & Infrastructure, LLC

Additional discussion will be given the committee meeting.

REV'D 3-27-18

How are similar WI airports governed?

We asked Airport Directors/Managers:

1. How is your airport governed? I.e. County Board of Supervisors, City Council, Mayor, committee, etc.
2. Who is your boss or whom do you report too?
3. How many people work to operate your airport, including yourself (staff and full or part-time)?

Rhineland Airport (Part 139 w/Commercial Service)

- 1). Owned by City of Rhineland and County of Oneida. Run by 3 member airport commission. Commissioners have 6yr term and selections alternated between city & county.
- 2). Reports to commission
- 3). 1-Director 1-Asst. Director 5-full-time maintenance

Eau Claire Airport (Part 139 w/Commercial Service)

- 1). Owned by Counties of Eau Claire and Chippewa. Operated by 7- member Airport Commission between both counties; 1 County Board Supervisor each, 3 citizens of Eau Claire County, 2 citizens of Chippewa County.
- 2). Airport Director reports to commission Chair.
- 3). 1- Director 1-office assistant 1-Maintenance Supervisor 2-full-time/2-part-time maintenance

Oshkosh Airport (Part 139 only during EAA AirVenture)

- 1). Owned by Winnebago County. 5-member Aviation Committee oversees airport and makes recommendations to 36 County Board of Supervisors.
- 2). Airport Director reports to Winnebago County Executive.
- 3). 1- Director, 5 full-time maintenance staff

Waukesha County Airport

- 1). Owned by Waukesha County. Operated by 5-person Airport Commission: the Chair is County Board Supervisor, others may be other Supervisors or selected from general public.
- 2). Airport Manager reports to Public Works Director
- 3). 1- Manager, 1- Operations Manager, 1- Administrative Assistant

Sheboygan County Airport

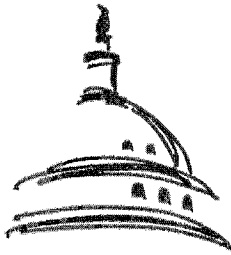
- 1). Owned by Sheboygan County. County Transportation Committee has oversight. The committee consists of 5 County Board Supervisors and the Transportation Commissioner (Highway Commissioner) acts as Chair.
- 2). Airport Superintendent reports to the Transportation Commissioner (Highway Commissioner).
- 3). 3 full-time staff members: Superintendent and 2 – maintenance. 1 – Part-time maintenance for snow removal operations.

Kenosha Airport

- 1). City owned. Airport committee consists of 5 members, mix of elected and appointed positions. Committee makes recommendations administratively but anything financial goes to City Finance Committee.
- 2). Airport Director reports to City Administrator.
- 3). 1- Airport Director who also performs duties of Maintenance Supervisor, 1 full-time maintenance, 4- Part-time maintenance, 1- Part-time admin secretary. PT=1500 hours/year

Wisconsin Rapids Airport

- 1). Owned by Wood County. Operated by Airport Commission of Wisconsin Rapids Mayor, Port Edwards non-elected public member, Nekoosa Alderman, and Grand Rapids Township Chair. They may serve up to 7 years on commission. Wisconsin Rapids Mayor is Chair.
- 2). Airport Manager reports to Chair.
- 3). Manager & 2 – Part-time maintenance



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Airport Privatization: Issues and Options for Congress

Rachel Y. Tang

Analyst in Transportation and Industry

August 16, 2017

Congressional Research Service

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CRS REPORT
Prepared for Members and
Committees of Congress

Summary

In 1996, Congress established the Airport Privatization Pilot Program (APPP; 49 U.S.C. §47134; Section 149 of the Federal Aviation Reauthorization Act of 1996, P.L. 104-264) to increase access to sources of private capital for airport development and to make airports more efficient, competitive, and financially viable. Participation in the program has been very limited, in good part because major stakeholders have different, if not contradictory, objectives and interests.

Only two U.S. commercial service airports have completed the privatization process established under the APPP. One of those, Stewart International Airport in New York State, subsequently reverted to public ownership. Luis Muñoz Marín International Airport in San Juan, Puerto Rico, is now the only airport with a private operator under the provisions of the APPP.

As of August 2017, there are three active applicants in the APPP: Hendry County Airglades Airport in Clewiston, FL; Westchester County Airport in White Plains, NY; and St. Louis Lambert International Airport in St. Louis, MO.

Increasing interest in airport privatization is likely to require a number of significant policy changes, including the following:

- Making privatization more attractive to public-sector owners by facilitating the use of privatization revenue for non-airport purposes.
- Providing similar tax treatment to bonds issued by public-sector and private-sector airport operators, as public-sector operators now have access to less costly long-term finance than private operators.
- Easing requirements for private owners to comply with assurances previously made by public-sector owners to obtain federal Airport Improvement Program (AIP) grants.
- Accelerating the application and approval procedures for the APPP.

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Introduction

Almost all commercial service airports in the United States are owned by local and state governments, or by public entities such as airport authorities or multipurpose port authorities.¹ In 1996, Congress established the Airport Privatization Pilot Program (APPP)² to explore the prospect of privatizing publicly owned airports and using private capital to improve and develop them. In addition to reducing demand for government funds, privatization has been promoted as a way to make airports more efficient and financially viable.

Participation in the APPP has been very limited. Only two airports have completed the privatization process, and one of them later reverted to public ownership. Owners of other airports considered privatization, but eventually chose not to proceed. The lack of interest in privatization among U.S. airports could be the result of (1) readily available financing sources for publicly owned airports; (2) barriers or lack of incentives to privatize; (3) the potential implications for major stakeholders; and (4) satisfaction with the status quo.

Overview of Airport Privatization

Privatization refers to the shifting of governmental functions, responsibilities, and sometimes ownership, in whole or in part, to the private sector. With respect to airports, “privatization” can take many forms up to and including the transfer of an entire airport to private operation and/or ownership. In the United States, most cases of airport privatization fall into the category of “partial privatization”; full privatization, either under or outside the APPP, has been very rare.

Types of Airport Privatization

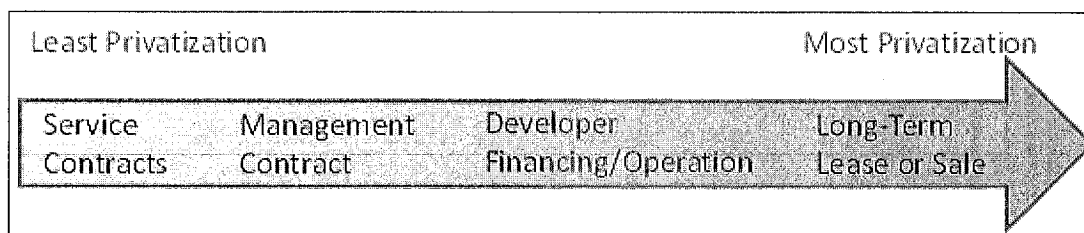
Figure 1 illustrates four generic airport privatization models, from the least privatized, the award of service contracts to private firms, to the long-term transfer of an airport out of the public sector.

- **Service Contracts.** Many U.S. airports outsource some non-core operations to private firms that specialize in those functions. Examples of operations that are frequently outsourced are cleaning and janitorial services, airport landscaping, shuttle bus operations, and concessions in airport terminals. This is probably the most common type of privatization among U.S. airports.

¹ Commercial service airports, as defined in the Federal Aviation Administration’s (FAA’s) *National Plan of Integrated Airport System* (NPIAS), are publicly owned airports that receive scheduled passenger service and board at least 2,500 passengers a year. Branson airport in Branson, MO, is the only privately funded, privately developed, and privately operated commercial passenger airport in the United States. However, Branson airport is not included in the NPIAS because it is not open to all aeronautical users.

² 49 U.S.C. §47134; Section 149 of the Federal Aviation Reauthorization Act of 1996; P.L. 104-264.

Figure 1. Levels of Airport Privatization



Source: Airport Cooperative Research Program (ACRP) Report 66, "Considering and Evaluating Airport Privatization," p. 3. Modified by CRS.

- **Management Contracts.** Some airports engage the management expertise of the private sector by contracting out specific facilities or responsibilities, such as parking, terminal concessions, terminal operations, airfield signage, fuel farms, and aircraft refueling. In a few cases, a private management company has been awarded a contract to manage an entire airport for a specified term. This is a form of partial privatization. For example, Virginia-based AvPorts, a specialized aviation facilities company, has management services contracts with a number of airports, including Albany International Airport, NY (ALB) and Westchester County Airport, NY (HPN).³
- **Developer Financing/Operation.** A wide range of contracts has been used to involve the private sector in providing financing, development, operation, and maintenance services. This is also known as the Design-Build-Finance-Operate-Maintain (DBFOM) model. Airport DBFOM examples include passenger terminals (notably Terminal 5 at Chicago O'Hare International Airport and Terminal 4 at New York John F. Kennedy International Airport), parking garages, and rental car facilities.⁴
- **Long-Term Lease or Sale.** Full privatization involves the sale or long-term lease of an airport to a private owner or operator. Under a long-term lease or concession agreement, the airport owner grants full management and development control to the private operator in exchange for capital improvements and other obligations such as an upfront payment and/or profit-sharing arrangements. Only two airports have successfully entered into long-term leases. Under a full sale, ownership and full responsibility for operation, capital improvements, and maintenance would be transferred to a private buyer. Several airports in Europe have been privatized in this way, but there have been no sales of commercial service airports in the United States.

The Interests at Stake

Airport privatization, especially in the case of long-term lease or sale, involves four major stakeholders: airport owners, which in the United States are mostly local or regional governments or public entities; air carriers; private investors; and the federal government. These stakeholders ultimately decide whether a privatization deal goes forward and they tend to have different objectives and, in many cases, divergent interests. Airline passengers may experience the effect of

³ <http://www.avports.com/cfiles/airports.cfm>.

⁴ Airport Cooperative Research Program (ACRP) Report 66, "Considering and Evaluating Airport Privatization," p. 4.

privatization via, for example, airport concession offerings, operational efficiency, and changes in prices and fees, but passenger interests are usually not represented formally in discussions of privatization.

Airport owners, who are usually local governments, might opt for privatization if they could extract money for general use. However, federal regulations generally require that lease or sale revenue from airport privatization be used only for airport purposes (unless the majority of airlines agree otherwise, under the APPP). On the other hand, privatization involves surrendering control of an economically important facility. By reducing or eliminating responsibilities of the public agency or authority that owns the airport, it may lead to the loss of public-sector jobs. Hence, a public-sector owner may see few benefits from selling or leasing an airport to a private operator unless the facility is losing money—and in that case, private investors might not find the airport an attractive investment. The federal Airport Privatization Pilot Program, discussed below, is meant to encourage privatization by granting certain exemptions to public-sector owners with regard to revenue diversion and other obligations.

Air carriers, including both scheduled passenger airlines and cargo airlines, would like to keep their costs low. They also want to have some control over how airport revenues are used, especially to ensure that the fees paid by themselves and their customers are used for airport-related purposes. Their interest in low landing fees and low rents for ticket counters and other facilities may be contrary to the interest of potential private operators in increasing revenue. At the same time, however, air carriers have an interest in ensuring that the airports they use are well maintained and carefully managed. They might have reason to support a proposed privatization if they thought it would result in lower charges, better airport services, or increased efforts to promote the airport.

Private investors and operators expect a financial return on their investments. They will be looking above all at growth potential, such as opportunities to bring additional flights to the airport, to earn additional lease revenue by improving amenity offerings such as shopping and dining for passengers, or to draw more freight traffic by offering lower fees or improved facilities. If they attempt to increase profitability by raising landing fees or rents, that may bring them into conflict with air carriers using the airport.

The federal government, represented by the Department of Transportation (DOT) and DOT's Federal Aviation Administration (FAA), has been directed by Congress to engage private capital in aviation infrastructure development and reduce reliance on federal grants and subsidies. However, FAA also has statutory mandates to maintain the safety and integrity of the national air transportation system and to enforce compliance with commitments, known as "grant assurances," that airports have made to obtain grants under the federal Airport Improvement Program (AIP).⁵ Thus, while FAA administers the APPP, it is likely to carefully examine privatization proposals that might risk closures of runways or airports or otherwise reduce aviation system capacity or that appear to favor certain airport users over others.

The divergent interests of stakeholders are a significant issue in privatization. Striking a balance among these interests while facilitating privatization is one of the purposes of the Airport Privatization Program.

⁵ Examples of AIP grant assurances include making the airport available for public use on reasonable conditions and without unjust economic discrimination (against all types, kinds, and classes of aeronautical activities); charging air carriers making similar use of the airport substantially comparable amounts; and maintaining a current airport layout plan. See http://www.faa.gov/airports/aip/grant_assurances/ for a complete list.