



**WISCONSIN LEGISLATIVE COUNCIL
STAFF MEMORANDUM**

Memo No. 2

TO: MEMBERS OF THE SPECIAL COMMITTEE ON AIRPORT AUTHORITIES

FROM: Ronald Sklansky, Senior Staff Attorney, and Scott Grosz, Staff Attorney

RE: Airport Governance Options

DATE: November 7, 2006

INTRODUCTION

At the October 25, 2006 meeting of the Special Committee, Chair Stone noted that the Special Committee could consider the following options for airport governance:

1. Retain current law.
2. Amend current law to create more flexibility for airport management.
3. Investigate whether current law needs to be amended to allow privatization of the airport.
4. Propose enabling legislation for the creation of airport authorities.

This Memo has been prepared in response to the Chair's suggestions and is based on testimony thus far received by the Special Committee, on comments made in the Milwaukee Airport Authority Feasibility Study prepared for the Wisconsin Department of Transportation, dated September 1, 1992 (Feasibility Study), and on staff proposals.

AIRPORT GOVERNANCE OPTIONS

1. Overall Structure

Options for the overall structure of airport governance include the following:

a. Retain current law.

Current law authorizes a municipality to own and operate airports both within and without the jurisdictional limits of the municipality. A municipality also may vest jurisdiction over the operation of an airport in any office, board, or body of the municipality. Finally, the operation of an airport may be vested in an airport commission, with the municipal governing body determining the number of commissioners, the terms of the commissioners, and the compensation of the commissioners. The airport commission specifically may contract with private parties for a term not to exceed 10 years for the operation of the airport. [See ss. 66.0301, 114.11, and 114.14, Stats.]

Current law also authorizes a county to lease or sell any county property not donated and required to be held for a special purpose. [See s. 59.52 (6) (c), Stats.]

Testimony received by the committee and comments made in the Feasibility Study argue that better airport management may be achieved by separating airport management from countywide procedures that are better suited to other activities of a county board. It has also been argued that, because of the regional significance of General Mitchell International Airport, greater representation of the region in airport governance would moderate the influence of geographical areas closest to the airport. Current law allows a municipality to, in some ways, separate the day-to-day operation of an airport from the management generally provided by the executive branch of the municipality and allows a municipality to create and operate an entity that represents an expanded jurisdiction. No change to current law appears to be necessary in order to authorize a county to privatize airport operations through a lease or a sale.

b. Amend the statutes to require a municipality to create a commission-like body to operate an airport.

Legislation of this nature could specifically delegate business-related decisions to a statutorily required body. As noted in the Feasibility Study, these areas of decision-making could include human resources, finance, rates and fees, service contracts such as law enforcement, land acquisition matters, and procurement. Major policy decisions such as the issuance of revenue bonds and the use of eminent domain could be reserved for the municipality. [Although current law specifically authorizes a county to issue revenue bonds to finance airport projects, the Feasibility Study raises some question as to the constitutionality of current law in this regard.]

c. Amend current law to require a municipality to create an executive branch division solely devoted to the operation of an airport.

This option is similar to the option described in item b., except that the formal creation of a representative body is not required. In this situation, the executive branch of a municipality merely would organize itself in such a fashion that a division would have as its only function the operation of an airport. Presumably, the division administrator then would have the responsibility of the day-to-day management of the airport and the authority over various aspects of airport operation could be divided in a manner similar to that described in item b.

d. Create an airport authority to act as a cosponsor of an airport with a municipality.

For various reasons, the Feasibility Study recommended authority cosponsorship of an airport. According to the Feasibility Study, an airport authority cosponsor would place the unique business

decisions related to an airport in the hands of a business manager, while leaving more basic policy decisions, such as approval of land acquisition, in the hands of the county board. Area representation on the board operating the airport authority could be expanded and the airport authority could be authorized to issue revenue bonds without any constitutional implications.

e. Create an airport authority as the sole sponsor of an airport.

The creation of an airport authority as a sole sponsor of an airport could further insulate airport operation from political considerations and from general government policies regarding human resources, financing, rates and fees, contracting for services, land acquisition, and procurement that may not be suited to the business operation of an airport.

2. Options Specifically Related to an Airport Authority

If the Special Committee were to consider the creation of an airport authority, options relating to its formation include:

a. Whether the creation of an airport authority should be authorized or mandated and whether, before an authority ultimately is created, a local referendum should be held.

b. The makeup of an airport authority's board.

Following the advice of the Feasibility Study, the airport authority board could consist of individuals representing not only the areas immediately surrounding an airport, but also all areas regionally supporting an airport. The board membership could specifically consist of public officials, a mix of public officials and public members, or, as provided in 2005 Assembly Bill 1089, prohibit public officials from sitting on the board.

c. Describing the powers of an airport authority.

If legislation were proposed to create an airport authority similar to those found in other jurisdictions, the airport authority would be able to issue revenue bonds and exercise the power of eminent domain along with undertaking the day-to-day business management of an airport. The airport authority also could be authorized to impose a limited tax on the property of jurisdictions represented by the board membership.

d. Consideration of whether ownership of airport property should remain with a municipality or transfer to an airport authority.

The jurisdiction of an airport authority could extend to ownership and operation of an airport or simply to the operation of the airport with title to airport property remaining with the municipality. For example, the San Diego Regional Airport Authority maintains its jurisdiction through a long-term lease.