

4 January 2024

Full Board Committee

Re: AGS Contract Modification

The Alpena Ground Services Contract was extended to a seven-year period (1 January 2022 to 1 January 2029) when the company purchased additional ground equipment to provide services Huron Aviation Services declined to provide (lavatory service, ground power, luggage service, aircraft towing and parking, deicing, and freshwater delivery).

When the contract was approved it was not noticed that there was no annual escalator to offset increasing cost of living expenses, primarily for employee wages.

To cover these increasing expenses an annual 1.5% escalator has been requested by Alpena Ground Services. The contract is currently \$382,060.00 annually, a 1.5% increase would add \$5,730.90.00 bringing the annual cost to \$387,790.90. It should be mentioned that 1.5% is well below the current Bureau of Labor Consumer Price Index of 4.0% ending November 2023.

A request is made to increase Line 295-595-801 from \$382,060.00 to \$387,790.90.

This is an unbudgeted expense as the escalator increase request was received 15 December 2023. This is not a request for a General Fund expense, rather a request to allocate the funds from the Airport fund balance 295-000-001 which currently stands at \$1,119,906.49.

Respectfully



**Steven Smigelski**  
Airport Manager  
Alpena County Regional Airport