



JULY 25, 2019 COMMISSION MINUTES

PRESIDED: Hon. Sharon Scott

The regularly scheduled meeting for Peninsula Airport Commission was held on Thursday, July 25, 2019 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Mr. Joseph, Hon. Scott, Mr. Wallace, Mr. Herbert, Mr. Coleman, Ms. Carney, Esq.

Executive Director

Mr. Michael Giardino, C.M.

Assistant Executive Director

Ms. Melissa Cheaney, A.A.E.

Director of Finance and Administration

Ms. Renee Carr

Director of Business Development and Corporate Analytics

Ms. Viveca Munger

Director of Marketing & Public Affairs

Ms. Jenifer Spratley

Director of Strategic Initiatives/Govt Relations

Mr. Kevin Knapp

Administrative Assistant

Patricia Fitzgerald Speno

Legal Counsel

Mr. Philip Hatchett, Esq.

Others in Attendance

Mr. Doug Gregory, Mr. Nicholas Haan, Dr. Russ Mills; Crawford, Murphy & Tilly and Mr. Ron Harris, Mr. Louis Martinez, Mr. Andrew Rich; Newport News Waterworks.

COMMENTS FROM THE PUBLIC

None.

APPROVAL OF THE MINUTES

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meeting held June 27, 2019

Commissioner Coleman made the Motion. Commissioner Carney seconded the motion.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, Herbert and Carney.

EMPLOYEE RECOGNITION

The following employees were recognized for their exemplary service at the Newport News Williamsburg International Airport:

- Alvin Dimaiuat – Restaurant
- Yolanda Davila – Custodial
- Robbie Sampley – Maintenance
- Chris Spaulding- Fire Department
- Julius Washington – Parking Lot
- Andy Olson- Maintenance

Yolanda Davila has been a member of the Custodial Services team since 2018. Yolanda was nominated by fellow employees for her continuous positive attitude and willingness to help anyone at the airport at any time. Additionally, during the annual custodial safety and training day she provided outstanding ideas which were implemented immediately to improve airport safety.

Alvin Dimaiuat has been the Food and Beverage Manager since the restaurant's opening in 2017. Alvin took on the daunting task of launching a brand-new restaurant to include hiring the staff, creating the menu, formulating the budget, and establishing training and standardization procedures. The restaurant has exceeded budget projections and is continuously recognized by the Department of Health for outstanding performance.

Robbie Sampley has been a member of the Terminal Maintenance team since 2013. Robbie was nominated for constantly going above and beyond to help other departments whenever needed and without asking. Robbie sees something and acts on it! Additionally, Robbie

recently found critical keys that were lost in a terrible rain storm. His attention to detail in difficult conditions was outstanding.

Chris Spaulding has been a member of the Airport Fire Department since 2005. Over the last six months Chris went above and beyond in assisting the Fire Chief with the monstrous task of updating and digitizing all of the department's SOPs and forms. Additionally, Chris is one of two CPR/AED certified trainers at the airport and took the lead in certifying 28 airport employees this year. Chris is also a member of the Tidewater Search and Rescue Team, and during his time off from the airport, he worked with the team searching for the two-year-old Hampton boy that went missing recently.

Andy Olson has been the Grounds Maintenance Supervisor since 2013. Andy's expertise is unmatched! He oversaw the \$300,000 parking lot and road rehabilitation project, and the end result was a smooth and polished product. Additionally, Andy is known to be a supervisor that jumps in and helps. During a terrible wind storm Andy assisted in placing over 50 sand bags on the firehouse roof when it was damaged in the storm. He then led the research and implementation of the roof repair for that area. Andy has also established an Excel program that tracks all maintenance expenditures and gives an instant snap shot of where the department sits in actual expenditures compared to the annual budget.

Julius Washington has been a member of the Parking Lot team since 1999 and has been providing outstanding customer service to airport customers for 20 years! During the extended absence of the Parking Lot Manager and another shuttle driver, Julius went above and beyond and volunteered to work an extended shift on a Saturday to ensure customer needs were met. He knew it would be a long day, but he said to the Parking Lot Manager, "We are a team, and we need to be there for each other".

ASSISTANT EXECUTIVE DIRECTOR REPORT

Ms. Melissa Cheaney, Assistant Executive Director

- **Perimeter Road Construction Project.** Will be addressed during Committee Reports but the following Executive Summary was provided to the Commissioners in their board packet on Friday July 19, 2019:

Background: This capital improvement project has been previously approved by the Commission and includes realigning, grading, and paving approximately 1 mile of perimeter road around the approach end of Runway 2 and Runway 7.

Discussion: The airport publicly advertised this invitation to bid in the Daily Press and on eVA. A pre-bid meeting was held and approximately 5 different companies attended. The airport received 2 bids. The low bidder was Branscome Inc., in the amount of \$1,662,681.50. This bid was under the engineer's estimate.

Budget: Total cost of the project will be paid for with 90% FAA Entitlement funds and 10% State Entitlement funds.

Recommendation: The Commission award the bid of the construction of the Perimeter Road Project to the low bidder Branscome Inc., in the amount of \$1,662,681.50 pending the receipt of FAA grant funding.

COMMITTEE REPORTS

1. FINANCE

- Commission Herbert reported a net gain of \$128K for the month against a budgeted of \$13K and last June's gain of \$57K. Revenues totaled \$799K, \$54K or 7.3% greater than budget and \$35K or 4.5% better than last June. Our expenditures this month totaled \$671K, \$61K or 8.3% less than the budget and \$22K, or 3.2% better last June.
- There were two Resolutions brought forward by the Committee:

RESOLUTION AWARDING CONSTRUCTION CONTRACT FOR RUNWAY 2/7 PERIMETER ROAD PROJECT

WHEREAS, the Peninsula Airport Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia, created pursuant to Chapter 22 of the Acts of the General Assembly of the Commonwealth of Virginia of 1946, as amended, and owns and operates Newport News – Williamsburg International Airport (the "Airport"), and has previously approved certain work for the Runway 2/7 Perimeter Road Project, consisting of the realignment, grading, and paving of approximately one mile of perimeter road around the approach end of Runway 2 and Runway 7 (the "Project");

WHEREAS, pursuant to applicable law, including the Virginia Public Procurement Act, the Commission has issued its invitation to bid for construction of the Project, including public advertisement in the Daily Press and posting on the Commonwealth of Virginia's eVA procurement portal;

WHEREAS, the Commission received two bids, with the low bidder being Branscome, Inc., in the amount of \$1,662,681.50, which amount is within available funding for the Project; which such funding will be provided with 90% entitlement funds provided by the Federal

Aviation Administration and 10% entitlement funds provided by the Commonwealth's Department of Aviation; and

WHEREAS, the Commission desires to award the construction contract for the Project to Branscome, Inc.;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENINSULA AIRPORT COMMISSION THAT:

1. The Commission award the construction contract for the Perimeter Road Project, in the amount of \$1,662,681.50, to Branscome, Inc., as the lowest responsive and responsible bidder for such Project.
2. This Resolution shall take effect immediately.

Commissioner Herbert made the Motion. Wallace seconded the motion.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, Herbert and Carney.

**RESOLUTION PROVIDING APPROVAL FOR AN AIRPORT GRANT FOR
RUNWAY 2/7 PERIMETER ROAD PROJECT - AIP GRANT NO. 3-51-0035-051-2019**

WHEREAS, the Peninsula Airport Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia, created pursuant to Chapter 22 of the Acts of the General Assembly of the Commonwealth of Virginia of 1946, as amended, and owns and operates Newport News – Williamsburg International Airport (the "Airport"), and has previously approved certain work for Runway 2/7 Perimeter Road Project, consisting of the realignment, grading, and paving of approximately one mile of perimeter road around the approach end of Runway 2 and Runway 7 (the "Project"), contingent upon the receipt of necessary approvals including grant funding from the Federal Aviation Administration ("FAA");

WHEREAS, Commission is authorized to receive certain grants from the FAA from time to time for planning and/or improvements to the Airport and has received such a grant offer from the FAA for the Project in the amount of \$\$1,930,500 (the "Grant"); and

WHEREAS, the Commission desires to approve and accept the Grant and to authorize the Executive Director of the Commission to execute the associated grant agreement with respect to the Grant;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENINSULA AIRPORT COMMISSION THAT:

1. The prior application for the Grant and all actions taken in connection therewith are hereby ratified, authorized and approved; the Commission hereby accepts and approves the Grant, and affirms to the FAA the Commission's intent to comply with all of the assurances set forth in the grant agreement and all laws, regulations, and circulars with respect thereto.
2. The Executive Director of the Commission is hereby designated as the Commission's authorized representative with respect to the Grant and the associated grant agreement, which is hereby approved, and the Executive Director is hereby authorized and directed to execute and deliver the Grant and grant agreement to the FAA, and to take all actions necessary in order to accept and apply the Grant to fulfill its purposes and the purposes of this Resolution.
3. This Resolution shall take effect immediately.

Commissioner Herbert made motion. Coleman seconded.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, Herbert and Carney.

Ms. Scott asked the record reflect items required for action need to be sent to the Commission prior to the meeting.

2. REAL ESTATE. Commissioner Joseph gave the following report:

- The Kentucky Farm lease is complete 5-year 5 month. The lease may be terminated without cause. He then made a motion that the PAC adopt the lease as presented to the Committee:

WHEREAS, the Peninsula Airport Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia, created pursuant to Chapter 22 of the Acts of the General Assembly of the Commonwealth of Virginia of 1946, as amended, and owns and operates Newport News – Williamsburg International Airport (the "Airport");

WHEREAS, the Commission is vested with the authority to make provisions for the needs of aviation, commerce, shipping, and travel in, to and around the Airport to promote and develop the Airport, and in the exercise of such power, to enter into leases of Airport property;

WHEREAS, the Commission desires to enter into a lease with S & J of Newport News,

Inc., a Virginia corporation, as Tenant, for a portion of the Airport for Tenant's use for certain equine activities;

WHEREAS, there has been prepared by Commission Staff the form of a deed and agreement of lease between the Commission and Tenant (the "Lease Agreement"), and such Lease Agreement has been reviewed by counsel and the Real Estate Committee and presented at this meeting; and

WHEREAS, the Commissioners of the Peninsula Airport Commission, after mature deliberation and upon the recommendation of the Real Estate Committee, desire to approve the Lease Agreement and its execution and delivery on behalf of the Commission;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENINSULA AIRPORT COMMISSION THAT:

1. The Lease Agreement is approved, and each of the Chair and the Vice-Chair, either of whom may act, is authorized and directed to the Lease Agreement.
2. This resolution shall take effect immediately.

Commissioner Joseph made the motion. Commissioner Wallace seconded.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, Herbert and Carney.

- Mr. Joseph then briefed the Commissioners on the potential of granting of an easement for traffic control in lieu of an effort by the City of Newport News to "take" (via condemnation) land necessary for road improvements. He then brought forward the following resolution for a land use agreement in the vicinity of Habersham Drive.

WHEREAS, the Peninsula Airport Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia, created pursuant to Chapter 22 of the Acts of the General Assembly of the Commonwealth of Virginia of 1946, as amended, and owns and operates Newport News – Williamsburg International Airport (the "Airport");

WHEREAS, the City of Newport News, Virginia (the "City") is undertaking traffic and roadway improvements in the vicinity of Habersham Drive (the "Traffic Improvements"),

adjacent to the Airport and desires to acquire and use a small portion of Airport property (the "Property") in respect thereof, which such improvements will benefit the City and the Commission by providing for more efficient traffic flows for the Airport;

WHEREAS, pending receipt of necessary approvals, the Commission and the City desire to authorize the City's use of the Property for the Traffic Improvements and the work with respect thereto; and

WHEREAS, the Commissioners of the Peninsula Airport Commission, after mature deliberation and upon the recommendation of the Real Estate Committee, desire to approve a use agreement with the City for such purposes;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PENINSULA AIRPORT COMMISSION THAT:

1. The Executive Director is authorized and directed to execute an appropriate use agreement with the City of Newport News for the undertaking of traffic improvements along Habersham Drive, subject to the foregoing and to review by legal counsel.
2. This Resolution shall take effect immediately.

Commissioner Joseph made the motion. Commissioner Wallace seconded the motion.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, Herbert and Carney.

3. GOVERNANCE-

- A letter to Newport News and Hampton is in front of the PAC Chair for signature
- A Bylaw's Review is underway.
- Staff is tasked with publishing a yearly calendar
- Mr. Giardino is reviewing the indoctrination process for incoming Commissioners
- The Committee revised the PAC "Retreat" agenda

4. AIR SERVICE – Did not meet.

EXECUTIVE DIRECTOR'S REPORT

Mr. Michael Giardino, Executive Director

Mr. Giardino stated that, except for the "Whereas" statements (recitals) of the voted-on

resolutions, the details of the all actions taking today were presented to the governing standing committees and forwarded via executive summary in board packets on Friday July 19 or by email on Sunday July 21, 2019. He reported the regular meeting of the Peninsula Airport Commission for the month of August will be held simultaneously with the "Retreat" at the Mariners Museum. The draft retreat agenda was revised by the Governance Committee and forwarded to Commissioners on July 22, 2019. It is also on the Commissioners' Corner website. He reported that he met with the Newport News Schools Superintendent and senior staff about the Aviation Academy, that he has been named Chair of the Airports Council International-North America (ACI-NA) Small Airports Committee, and that since the last PAC meeting presented to two community groups. He wanted to cede time for the Air Service Consults' presentation.

Mr. Giardino introduced the Air Service Consultants for a presentation: "Our Air Service Development (ASD) consultants are from Crawford, Murphy & Tilly (CM&T). Their visit is primarily focused on getting the newest member of the team, Nicholas Haan, indoctrinated in all things Peninsula/Hampton Roads and PHF, as well as answer the Commissioners' questions on ASD. Recall that Nicholas joins us directly from Alaska Airlines and before that Southwest Airlines and JetBlue Airways. Also is Dr. Russ Mill who has been with us since April 2018. Dr. Mills was present for my presentation at the Hampton Roads Chamber event in June 2018 and the lead consultant on the recent SCASD grant application and Doug Gregory CM&T's Aviation Planning Manager."

Dr. Russ Mills, Mr. Nicholas Haan then presented (see attached).

At 8:50 am Mr. Giardino asked the board permission for the staff to remain in closed session for the report from the Air Service Consultants, Crawford, Murphy & Tilly.

CLOSED SESSION

BE IT RESOLVED, that the Commission enter into a Closed Meeting pursuant to the Virginia Freedom of Information Act; Section 2.2-3711. A. pertaining to:

Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community. Specifically, to discuss perspective business in the expansion of existing air service where no previous announcement has been made.

Commissioner Coleman made the motion to enter closed session and to allow staff to remain. Commissioner Wallace seconded the motion.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, Herbert and Carney.

MOTION TO RECONVENE IN OPEN SESSION

The Commission entered into a Closed Meeting at 8:52 a.m. and reconvened in Open meeting at 9:45a.m. Upon reconvening, it was:

RESOLVED, that to the best of the Commission's knowledge, only public business matters lawfully exempt from open meeting requirements, and only such public business matters as were identified in the motion by which the Closed Meeting was convened, were heard, discussed or considered in Closed Meeting.

Commissioner Coleman made the motion and Commissioner Wallace seconded the motion.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, Herbert and Carney.

Chair Scott thanked the consultants for their presentation.

At 9:45 Commissioners Scott, and Carney left the room with Attorney Hatchett.

Commissioner Scott and Mr. Hatchett returned at 9:50 a.m. Commissioner Carney did not return.

CLOSED SESSION

BE IT RESOLVED, that the Commission entered into a Closed Meeting pursuant to the Virginia Freedom of Information Act; Section 2.2-3711. A. pertaining to:

Section (4) The protection of the privacy of individuals in personal matters not related to the public business.

Commissioner Coleman made the motion, seconded by Commissioner Wallace.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, and Herbert.

CERTIFYING CLOSED SESSION

THE PAC ENTERED INTO CLOSED SESSION AT 9:50AM AND RECONVEYNED IN OPEN SESSION AT 10:20AM.

RESOLVED, that to the best of the Commission's knowledge, only public business matters lawfully exempt from open meeting requirements, and only such public business matters as were identified in the motion by which the Closed Meeting was convened, were heard,

discussed or considered in Closed Meeting.

Commissioner Coleman made the motion, seconded by Commissioner Wallace.

Voting in the affirmative to the motion were: Commissioners Joseph, Scott, Wallace, Coleman, and Herbert.

NEW BUSINESS. None.

OLD BUSINESS. None.

ADJOURNED

There being no further business, the meeting was adjourned at 10:25 a.m.

NEXT MEETING

The next regular meeting for the Peninsula Airport Commission will be held on Thursday, August 22, 2019 at 9:00 a.m. at the Mariner's Museum, The Huntington & Anna Room, 100 Museum Drive, Newport News, Virginia.

Air Service Discussion

Prepared for

Newport News Williamsburg International Airport



July 25, 2019

The CMT Team



Nicholas Haan
Principal
Air Service Development

- 16 years of experience at major airlines in Network Planning and Revenue Management

Alaska Southwest

jetBlue ATA



Dr. Russell Mills
Sr. Manager, Aviation
Research & Economics

- 10 years of experience in air service incentives, economic development, and aviation policy.



Today's Agenda

- **Formula for Success in Air Service Development**
- **Air Service Incentive Programs Overview and Update**

Success in Air Service Development

CMT believes there are a few key factors that will ensure success in Air Service Development:

- Developing a unified Air Service Development Team
- Run an airport that has a favorable operating environment with low operating costs
- Utilize data and analytics to their full advantage
- Identify and pursue only the market opportunities that have the highest likelihood of success
- Play the long game
- Engage and maintain a positive and unified community image and reputation.

At the heart of a successful Air Service Development effort is a Team that is aligned with a common goal



Airlines want an airport that operates reliably and with low costs

- First question we get from Network Planners:
“What is your cost per enplanement (CPE)?”
- Second question we get from Network Planners:
“Do you have quality facilities available?”
- If we don’t have a high quality, low cost airport to offer the airlines, ASD becomes nearly impossible
- This is the single most important element of the Commission’s role in the ASD team



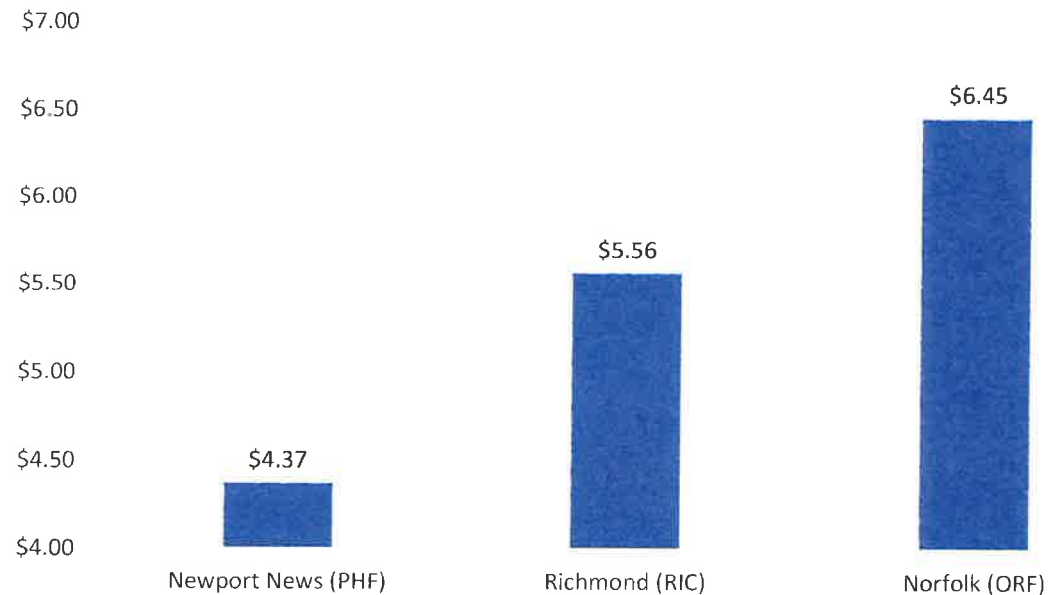
PHF's Cost Per Enplaned Passenger is Lower than its Competitors

PHF has a significantly lower CPE than Richmond or Norfolk.

It is costing an airline \$1 more per passenger to operate at RIC and \$2 more per passenger to operate at ORF when compared to PHF.

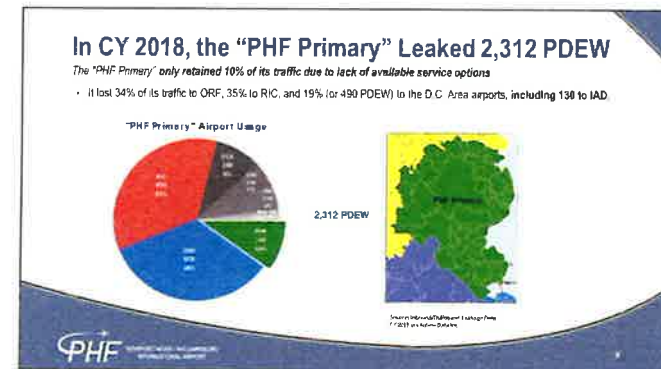
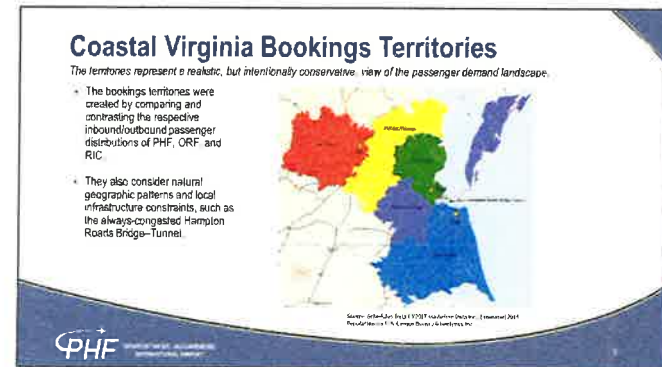
This is a key comparative advantage for PHF and one that must be maintained.

Cost Per Enplaned Passenger in Southeast Virginia



We have a lot of the same (and sometimes more) data than the airlines have...we need to use it to our advantage

- 19 Airline planners can tend to have a myopic view based on the available government data
- 24 The ASD consultant and airport have access to the same data and should understand what the planners see
- 100 Local information and/or other sources of data not available to the airline should be leveraged to make our case
- 26 As an ASD team, we should challenge each other to ensure we understand our data and our message

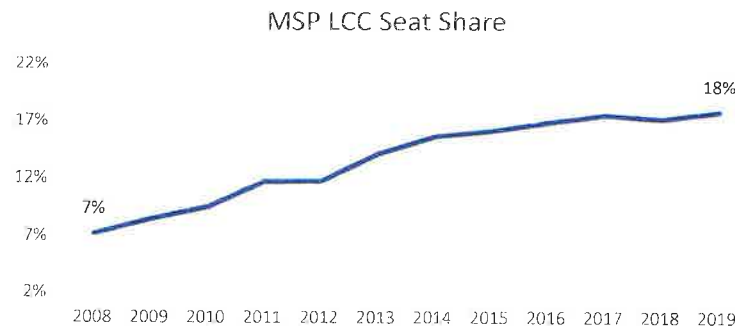


We want to engage reputable carriers on markets where they can demonstrate success in our market; then others will follow

- For years, Low Cost Carriers avoided MSP due to the aggressive nature of Northwest Airlines
- Southwest entered the market with a modest amount of capacity and demonstrated success
- Allegiant and Spirit entered the market in 2012, and LCC market share has grown from 7% to 18% in MSP



"It's cold, it's dark, and it's all ours"
-Anonymous Northwest Airlines Executive



We must have patience; the Air Service Development process can take years to achieve our goals

- Southwest launched service to Minneapolis/St. Paul in March 2009
- Analysis and business case for this new service started more than two years prior
- Metropolitan Airports Commission (MAC) began the relationship with Southwest more than 10 years prior
- That long relationship has paid off... Southwest has grown from 8 departures a day in 2009 to 24 departures per day in MSP today



Positive community engagement is critical to our success

- As leaders on the ASD Team, we should always be delivering a unified, positive message to the community.

- Be on the lookout for ways to engage and bring them to the attention of the Executive Director

- Share information – the more data we have the better our story can be

- Stay positive – ASD is a never-ending journey that can be fraught with frustration, but it only takes one win to start a domino effect



Proprietary Content

Thank You for Your Time

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