



## **MAY 23, 2019 COMMISSION MINUTES**

**PRESIDED: Sharon Scott**

The regularly scheduled meeting for Peninsula Airport Commission was held on Thursday, May 23, 2019 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

**Commissioners present were:**

Jay Joseph, Sharon Scott, George Wallace, Tom Herbert, and Lindsey Carney

Commissioner Coleman was absent

**Executive Director**

Mr. Michael Giardino, C.M.

**Assistant Executive Director**

Ms. Melissa Cheaney, A.A.E.

**Director of Finance and Administration**

Ms. Renee Ford

**Director of Business Development and Corporate Analytics**

Mrs. Viveca Munger

**Legal Counsel**

Mr. Eric Ballou, Esq.

Mr. Philip Hatchett, Esq.

**Executive Assistant**

Mrs. Jande Freeman-Brewer

**Others in Attendance**

Mr. Kevin Knapp

Mrs. Jenifer Spratley

Mr. Jeff Tarkington

Mr. Steve T. Peterson

Mr. Andrew Rich

Mr. Bill Leighty



### **COMMENTS FROM THE PUBLIC**

None.

### **APPROVAL OF MINUTES OF COMMISSION MEETING HELD APRIL 25, 2019.**

**RESOLVED**, that the Peninsula Airport Commission approve the minutes of the Commission meeting held April 25, 2019

Commissioner George Wallace made the motion to adopt the April 25<sup>th</sup> minutes, and Commissioner Carney seconded the motion.

Voting in the affirmative to both such motions were:

Jay Joseph, Sharon Scott, George Wallace, Tom Herbert and Lindsey Carney.

### **ASSISTANT EXECUTIVE DIRECTOR REPORT**

Ms. Melissa Cheaney, Assistant Executive Director, gave the following report:

- She thanked the Director of Operations, Jared Alexander, and his team for their work on the FAA annual inspection. There were no findings during the FAA annual inspection, which is a great accomplishment. According to the Inspector, of the 124 total inspections he has conducted, only four have been findings free.
- The 5-K continues to progress well. Currently, over 300 runners have registered. She thanked the Director of Public Relations, Jenifer Spratley, in recruiting Dicks Sporting Goods and Ferguson to sponsor the race. Ms. Spratley welcomes sponsorship and participation in the 5K. Staff will attend the Chick-Fil-A 5-k on Saturday to promote the race and pursue more registrations.
- She highlighted four items in the Executive Summary that was distributed with the Commissioners' packet. Two projects were previously approved in the capital plan from the previous year. The first was the airport beacon, which is older than the old terminal and which had been identified as needing replacement. This project is a technical replacement and is unique. The Commission publicly bid this project, however, it only received one bid. References from two separate airports for the bidder were positive. As a result, Staff recommended that the Executive Director award the beacon demolition and replacement project, at a cost of \$83,250, to RCS Communications Incorporated. This project is state entitlement eligible (80% state entitlement and 20% the



Commission's local match). The engineer's estimate for this project was \$120K, and the bid is well under this amount. The project is significantly under budget.

- The Director of Operations has done a significant amount of research of the voice over IP system. The phone system has been in the building since the 1990s, and the parts and technology are not available anymore to keep it updated. The Commission publicly bid a project consisting of the cabling and network infrastructure, the phone system, and service. Staff recommended that the Executive Director award the cable and networking portion of the project to DSU LLC in the amount of \$24,480, and the phones and phone service portion of the project to Digitalphone.io in the amount of \$54,960.
- Staff have been working with the FAA to start the construction of the road. The first phase is the environmental process and second phase is the design. The environmental phase is complete, and the design phase is near completion. Solicitation for bids will go out next week for the design phase of the project. The Executive Summary is for the approval of work authorization for construction administration to be completed by Talbert and Bright, who also did the design work. This project is fully funded by the FAA, and there are also state entitlements. The FAA grant deadline is June 28, 2019, so Staff is working to get everything to them before the deadline. The work authorization shows a detailed summary of the work being completed by Talbert and Bright. In addition, as a requirement from the FAA, the Commission must complete independent fee estimates, separate entity, engineer, man power estimates, and cost. The estimated fee will be fully reviewed by Talbert and Bright before submitting to the FAA for grant approval. Staff recommends that the Commissioners approve a resolution which approves the work authorization for the Taxiway 2 and 7 project pending FAA and Department of Aviation approval for construction administration costs in the amount of \$334,007.90. Bids will be accepted next month, and Staff anticipates FAA approval by August/September 2019.

**RESOLVED**, that the Peninsula Airport Commissioners approve the work authorization for the Taxiway 2 and 7 project inspection design potential, subject to approval from the FAA and Department of Aviation

Commissioner Wallace made the motion, and Commissioner Carney seconded the motion.

Voting in the affirmative were:

Jay Joseph, Sharon Scott, George Wallace, Tom Herbert and Lindsey Carney

**DIRECTOR OF FINANCE & ADMINISTRATION**

Mrs. Renee Ford, Director of Finance, gave the following report:



- She reported a net gain of \$54K for the month against a budgeted gain of \$43K and last April's gain of \$142K. Revenues totaled \$752K, which is \$15K or 2% greater than budgeted and \$23K or 3.1% better than April, 2018. Commission expenditures for April totaled \$708K, \$4K or 0.5% above the budget and \$111K or 18.6% above April, 2018. The highlights for this month's results are as follows:

#### **Actual vs. Budgeted Revenues**

Overall revenue is slightly higher than budgeted for this month. Airfield revenue decreased \$6K below the budget due to reduction in landing fees of \$6K. Terminal revenue, however, was \$15K greater than the budget due to restaurant concessions. Landside revenue ended relatively on budget. Parking revenue was down \$14K or 8%, however, CFC's and rental car concession fees offset that decrease by \$6K and \$10K, respectively. Administrative revenue was \$3k due to the sale of an abandoned vehicle through public auction.

#### **Actual vs. Prior Year Revenue**

Airfield revenue is favorable at \$11K or 8.9%. Landing fees increased \$9K as a result of the FY 2019 rate increase in landing fees. Actual landing weights are down 14% compared to the previous year. RON fees increased \$3K as a result of aircrafts remaining overnight. Fuel flowage revenue has decreased slightly by \$2K, compared to last April. Terminal revenues increased \$12K or 10%, \$9K of which is due to the FY 2019 airline rate increases. Restaurant revenue increased \$3K above last year. Administrative revenue ended at \$2K due to the sale of an abandoned vehicle through public auction.

#### **Actual vs. Budgeted Expenditures**

Total expenditures were \$708K, \$4K or 0.5% above the budget. Favorable variances included labor & benefits totaling \$56K, supplies totaling \$11K, and travel & training totaling \$4K. There is one budgeted position in the terminal maintenance department that remains vacant as well as one less operations supervisor this month. Employees have also used personal time off, resulting in a lower benefit expense. The unfavorable variances included \$25K in repairs and maintenance, \$45K in legal fees from November 2018 – March 2019, and \$8K in advertising service fees. Repairs and maintenance are higher due to a one-time expenditure for replacing broken terminal windows for \$11K, repairs to the front terminal canopy for \$5K, the fire station upper roof repair totaling \$8K, and the administrative office remodel totaling \$4K. There was a 2% raise for employees, \$2-dollar hourly increase for DPS officers due to being significantly under paid compared to other companies and airports. There was a 7% increase for retirement benefits, 5% increase for insurance, and a 2% increase in utility rates. A late advertising invoice for July-August 2018 totaling \$6K was processed. Staff has budgeted a net of \$201K for next year. An RFP was sent out for Audit Services, and the selection committee selected Brown



Edwards primarily due to its low cost, which was lower than the audit service cost for the FY 2018 audit. Staff recommends that the Commissioners approve Brown Edwards as the Audit firm for the current FY with the option to renew for up to 4 additional years.

**SELECTION OF AUDIT SERVICES**

**RESOLVED**, that the Executive Director of the Commission is authorized and directed to enter into an engagement agreement with Brown Edwards on the terms and conditions as specified in the RFP including an initial term of one year with up to four additional one year renewal periods at the option of the Commission, and upon such other terms and conditions as the Executive Director deems necessary

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

Voting in the affirmative were:

Jay Joseph, Sharon Scott, George Wallace, Tom Herbert and Lindsey Carney.

**FISCAL YEAR 2020**

As to the fiscal year 2020 budget, the proposed resolution is that the Commission approve a resolution to increase the budget up to 4% compared to last year's budget. The total budget proposed is \$7 million for annual operating and capital budgets.

**RESOLVED**, The Budget, consisting of the fiscal year 2020 annual operating and capital budgets of the Peninsula Airport Commission for the funds and divisions described therein, including the minimum rates and charges such as landing fees, terminal and other rental rates, transportation network company fees, and other increases in rental and contract rates as maybe negotiated during the fiscal year be, and is hereby, approved and adopted as proposed on this date, subject to and contingent upon the availability of funds as indicated therein, such Budget to be in effect beginning July 1, 2019, and Staff of the Commission is hereby directed and authorized to do all things necessary or desirable to implement the Budget and the undertakings, projects and matters therein authorized.

Commissioner Joseph made the motion, and Commissioner Carney seconded the motion.

Voting in the affirmative:

Jay Joseph, Sharon Scott, George Wallace, Tom Herbert and Lindsey Carney.



## **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Michael Giardino, gave the following report:

- Last year, the Commission presented a vision of the future. The Commission and Staff are handling some issues but is continuing to move forward so that it can be the airport of choice for not only the Peninsula but for the entire region.
- In the FY 2019 budget year initiative, the Commission discussed its compliance goals and the Commission and Staff's role in complying with its governing documents. The Executive Director welcomes dialogue with the Commissioners on how Staff is doing operationally, if there are any human resource, finance administration, or communication issues. The Commission needs to think about what the Staff can do to assist the Commission and its efforts on a policy prospective and governance prospective while understanding the day to day operations and how they fit together going forward.
- The Executive Director welcomed the new hires noting that each of them is professional and offers a fresh new perspective. The Executive Director thanked Ms. Serber, who runs the parking operations, for her many years of service. He noted that parking operations sustain the airport and should be the top line item.
- In terms of the air service, there has been high demand. The Airport estimates about 2,300 area passengers daily each way utilizing six other airports. Richmond is now the top competing airport in the region. It has surpassed Norfolk and is continuing to show upward progress. Approximately 384 passengers fly on United one way every day from other airports -- United does not serve the Airport. The Executive Director suggested pursuing United Airlines. There is a high demand for pilots and aircrafts around the country. The Commission is in stiff competition, but the Airport and the region have a great product and the Executive Director expressed his optimism. His focus is on the big three – four airlines.
- In terms of staffing, Mr. Alexander and Desiree were promoted. Mr. Alexander worked on the FAA inspection, which resulted in a no findings report. Last year there was a minor discrepancy which was a faded decal. Desiree successfully projected 2017 restaurant revenues of \$3.15 per passenger.
- In terms of revenues, the Commission is saving money by moving some operations in-house. The goal is to maximize revenue and decrease expenses. For example, Jenifer Spratley started at PHF two weeks ago and is working on advertising and marketing,



Kevin Knapp is working on GSA issues, and Viveca is working on real estate matters.

- The Executive Director noted that rebranding the image of PHF is one area of improvement, and Staff is working to do this through events like the 5k race.
- He noted that the inspectors report that the Commission's emergency plan is excellent, showing that practice continues to pay off. For example, in an incident a few weeks ago, the outstanding response from local enforcement and Staff allowed the airfield to reopen in 1.5 hours. He noted that he was thankful to the Airport's partners in the community, the Peninsula and the James River region for their efforts.
- In terms of the transition to 2020, Staff will continue to work with the Commissioners, and he encouraged the Commissioners to propose any policy changes they may have. He noted that Staff and the Commission need to agree on an effective communication strategy to promote the Airport in a positive way to improve the national image and ensure that the Airport is the top choice for both the airlines and the community. He added that the Commissioners should try and get the community involved by encouraging participation on a committee to ensure the future sustainability of the Airport.
- During his annual review, it was noted that the Commissioners want to schedule a retreat to discuss in detail important topics such operations, communication, finance etc. Ms. Freeman-Brewer is looking into proposed venues and will coordinate schedules. The retreat will likely be an eight-hour day and include breakfast, lunch, a guest speaker, and work sessions and additional training. He added that the retreat will be a good place for the Commission to discuss the governance study and the strategic plan.
- Staff will provide the Commission with a calendar that will be published. He stated that he does not know who the officers will be but hopes to have that information by the June meeting so the Commission can adopt its annual calendar. Staff will work around schedules to ensure full participation.

**CLOSED MEETING**

None

**FOIA/COIA UPDATE**



Mr. Eric Ballou provided an overview on the Freedom of Information Act (“FOIA”) and the Conflict of Interests Act (“COIA”).

### **NOMINATING COMMITTEE REPORT**

Commissioner Carney give the following report:

- The Nominating Committee met May 9, 2019. It was a noticed meeting open to the public. Committee members Lindsey Carney, and Thomas Herbert called the meeting to order at 9:34 a.m. Also, in attendance was Mr. Hatchett. The Committee members discussed their change to nominate a slate of officers for the FY beginning July 1, 2019. Commissioners Carney and Herbert reviewed the PAC Bylaws and stated that they wanted to present a slate for all six specific officers identified in those Bylaws. The Commissioners stated that they had read the prior nominating committees’ meeting minutes and relevant PAC meeting minutes.
- Commissioners Carney and Herbert concurred that each Commissioner had a significant role in that each would be willing to take the positions so nominated. To the extent appropriate, the following overriding issues of PAC were discussed: expansion of the PAC membership; reform of governance of the PAC including its structure and the importance of Committees; and the re-creation of the local municipalities’ Regional Air Service Enhancement Committee (“RAISE”).
- By consensus, the Nominating Committee proposed the following slate of officers for the Peninsula Airport Commission for the Fiscal Year beginning July 1, 2019: Chair: Sharon P. Scott, Vice-Chair: James R. Joseph, Secretary: Lindsey Carney, Treasurer: Thomas Herbert, Assistant Secretary: George Wallace and Assistant Treasurer: Rob Coleman.
- There were no nominations from the floor.

**RESOLVED**, that the foregoing slate of officers for the Peninsula Airport Commission for the fiscal year beginning July 1, 2019, to serve until their respective successors have been duly elected and qualified.

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

Voting in the affirmative:

Jay Joseph, Sharon Scott, George Wallace, Tom Herbert and Lindsey Carney.





**GOVERNANCE COMMITTEE REPORT**

Report on file

**NEW BUSINESS**

- The Commission needs to pick a date for Strategic Planning Session after the beginning of the FY July 1, 2019.

**OLD BUSINESS**

**None**

**ADJOURNED**

There was no further business, the meeting was adjourned at 11:30 a.m.

**NEXT MEETING**

The next regular meeting for the Peninsula Airport Commission will be held on Thursday, June 27, 2019 at 8:00 a.m. in the Commission Room.