



**Peninsula Airport Commission Meeting Minutes
April, 23, 2020**

Presided: Hon. Sharon Scott

The regularly scheduled meeting for the Peninsula Airport Commission (PAC) was held on Thursday April 23, 2020 at 8:00 a.m. electronically on GoToMeeting per *Virginia Code §2.2-3708.2(A)(3) allows, under certain procedural requirements including public notice and access, that a public body may convene solely by electronic means “to address the emergency.* Specifically, for actions, if not which taken, would cause irreparable harm to the PAC and the Newport News / Williamsburg International Airport and is necessitated due to the continuing public health threat caused by the communicable disease known as Novel Coronavirus or “COVID-19.”

Commissioners present were:

Hon. Scott, Mr. Joseph, Mr. Herbert, Mr. Coleman, Ms. Smith

Listening by Telephone:

Mr. Wallace

Executive Director

Michael Giardino

Director of Public Relations and Air Service

Jenifer Spratley

Manager of Finance and Administration

Jessica Minor

Executive Assistant

Barbara Rumsey

Legal Counsel

Mr. Eric Ballou, Esq., Mr. L. Scott Seymour, Esq.

Others in Attendance:

Mr. Peter Dujardin

Ms. Mellissa Cheaney
Mr. Eric Thomas

Call to Order

Chair Scott called the meeting to order at 8:01 a.m.

Chair Scott turned the floor over to counsel for a legal disclaimer.

Electronic Meeting Instructions

Mr. Seymour reported that the General Assembly passed the expanded electronic meetings rules legislation however, the Governor has not signed it to date. Therefore, the agenda will have to represent the emergency only.

Comments from The Public

Chair Scott read instructions for Public Comments as indicated on the public meeting notice. Public comment will be taken via PAC website contact us link or by writing to the Executive Director of the Airport Commission. For more information, please call the airport.

Chair Scott turned the floor over to the Executive Director.

Executive Director Report

Mr. Giardino began by asking all attendees to mute their microphones until it is their turn to speak. Mr. Giardino is going to address the emergency, the spread of, and the impact of COVID on the airport. Mr. Giardino shared a presentation with the group and walked them through it. Impact of COVID-19.

- Days reported, day 1 is March 6th, 2020, day 12 is significant
- We were exceeding 2019 numbers at the beginning of the month
- Rapid decline second surge day 11 correlates to contemplation of shutting down
- Governor issued 1st emergency order
- Rapid decline from there, 10% of normal
- Middle of April day 32 on the graph, 8 passengers

Impact on the budget slide

- Revenues exceeded budget until March
- Revenues flatline and expenses continue to incline
- May is a projection: 3 flights to CLT per day, 5 flights to PHL per week, 1 Delta flight to ATL per day

Recovery Trends

- Requested an analysis based on 911 and the Great Recession numbers
- Includes Index numbers and actual enplanements
- Rapid decline in enplanements for COVID-19 and 911 was similar and the Recession was more of a gradual decline
- Great Recession line -airlines consolidated

- Great recession was a longer recovery.

The analysis was used for a staff War Game budget exercise.

911 model would get us to 50% in December, GR model would get us to 50% next year.

Impact Revisited

- Actual loss for April, May and June close to \$400K per month

Mr. Herbert asked if that is reduced staff and activity level. Mr. Giardino replied a few part time reductions for parking lot and restaurant due to reduced activity.

Great Recession model:

- We are currently bleeding cash
- Confident in revenue to enplanement numbers

Mr. Giardino stated that we are running at an unsustainable rate and that is why the CARES Grant is so important to sustain the airport.

Mr. Giardino asked for questions or comments

Chair Scott asked for a roll call to determine who was on the call.

Roll Call: Jay Joseph- present, Herbert Coleman- present, Lindsey Smith- present, Tom Herbert- present, Mr. Wallace was not on the video call but was listening via telephone.

Chair Scott called on Jay Joseph.

Q1. Do the slides reflect recent actions?

A1. Mr. Giardino replied the slides reflect some actions in reductions in staffing as well as O&M cost. The number is at \$308K for April, \$245K May, June \$125K with staffing reductions and other mitigating actions.

Q2. What will the CARES Grant will cover and whether it solves the problem, will there be other actions?

A2. Mr. Giardino stated that the CARES Grant will be used for normal airport operations. This is not a total solution; we have taken other measures to slow the cash bleed.

Chair Scott called on Mr. Coleman.

Q1. What positive effects will the Cares Grant have on the overall budget? Are these the projections of enplanements or estimations of where we will be in the next couple of months.

A1. Mr. Giardino answered by showing another slide which confirmed our projections aligned with the service that was already loaded. Staff modeled the future with 50% load factor for the summer.

The grant is sufficient depending upon the actual numbers and how we run the airport.

We decided we need to run a very lean airport. We do not want to continue with any bleed rate.

Q2. What are the actual purposes of the CARES Grant, explain operations and maintenance?

A2. Mr. Giardino said anything and everything that is an airport expense. This is a unique grant and specifically says. “any lawful purpose,” tangible item that is a normal airport expense.

Chair Scott asked if there are other direct payments that we need to be aware of.

Mr. Giardino we are in compliance with all of our grants.

Eric stated that Mr. Giardino is correct in his explanation of use of the Cares Grant.

Chair Scott asked if this could also be used for employee pay packages.

Eric replied yes, if it were in the normal expenses of the airport

Chair Scott called on Ms. Smith

Thank you to Mr. Giardino for the presentation.

Q1. In projections for loss, what type of assumptions are you running regarding undoing the actions that have taken place.

A1. Mr. Giardino replied the parking and restaurant positions are easily put back into place. Depending upon social distancing, we will not have a shuttle running.

These are minor changes.

Chair Scott asked the Commission to recommend expenses to also be cut.

Action item: Commissioners to cut expenses where appropriate.

Chair Scott asked Mr. Giardino to send the presentation to the Commissioners so they can have a better look and bring up any questions or comments in the future. Mr. Giardino replied he would.

Action Item: Mr. Giardino to send Commissioners his presentation.

Chair Scott called on Mr. Herbert.

Grateful for the staff’s actions and satisfied with the presentation.

Chair Scott opened the floor to legal counsel.

Legal Counsel Update on future of electronic meetings.

Mr. Ballou The legislation Mr. Seymour eluded to added more flexibility for entities to meet in electronic formats during certain circumstances to include declarations of emergency. The purpose is broader to include transacting business and housekeeping including bylaws. This would be in effect during the declaration only.

Chair Scot conducted a roll call for questions or comments regarding the future of electronic meetings. All commissioners had none.

Chair Scott called for questions on Impact of COVID-19.

Herbert- none; the descriptions are satisfactory.

Smith- no

Coleman- no

Joseph- none for COVID but does have a few regarding budget for Mr. Giardino

Scott- Q1. Has the airport had any cases reported.

A1. Mr. Giardino said there are no reports of people at the airport with COVID-19.

Q2. Scott asked if anyone was quarantined.

A2. Mr. Giardino stated there was one self-quarantine due to travel.

Q3. Scott asked if we have had to take passenger temperatures.

A3. Mr. Giardino would look to the local health commission for that type of action and there has been no airport that has implemented that. If that arose, we would be ready.

Chair Scott opened the floor to Mr. Herbert.

Resolution CARES Grant

Mr. Herbert read the resolution summary. Mr. Herbert asked legal counsel if this can be voted on during this session. Mr. Ballou agreed that it could as it is to sustain the airport during the COVID-19 declared emergency.

RESOLUTION REGARDING U.S. DEPARTMENT OF TRANSPORTATION GRANT PROVIDED UNDER THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT

April 23, 2020

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 has been authorized to receive a grant under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) from the U.S. Department of Transportation (the “USDOT”) in the amount of \$4,135,878 (the “CARES Grant”), which grant the Commission may use for any purpose for which airport revenues may lawfully be used ; and

WHEREAS, the Commission desires to authorize (i) the Executive Director of the Commission to apply for the CARES Grant and to execute any related grant application and grant agreement, and (ii) the use of the CARES Grant for any lawful purpose, including for the operation and maintenance of the Airport;

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

1. The Executive Director is authorized to execute and deliver an application for the CARES Grant.

2. The Commission hereby accepts and approves the CARE Grant and affirms to the USDOT the Commission's intent to comply with the assurances, conditions and requirements set forth in the CARES Grant agreement and related laws and regulations with respect thereto. The Executive Director is authorized and directed to execute and deliver the CARES Grant and associated grant agreement to the USDOT, and to take all actions necessary in order to accept and apply the CARES Grant to fulfill its purposes and the purposes of this Resolution. Proceeds of the CARES Grant may be used for any lawful purpose, including for the operation and maintenance of the Airport.
3. This Resolution shall take effect immediately.

Motioned by Joseph and a seconded by Coleman to vote on the resolution.

Roll Call was made by Ms. Rumsey.:

Commissioners voting affirmative were: Mr. Joseph, Ms. Smith, Mr. Coleman, Mr. Herbert, Ms. Scott.

Motion carried 5- 0 with 1 absent. Resolved.

Chair Scott opened the floor to Ms. Minor.

FY21 Budget Presentation

Budget Summary

- PAC Operating revenue for March decreased from current year by 34%
- Feb before the epidemic we were at \$8mil and since, we have decreased to \$4mil in operating revenue.
- Proposed Operating budget for FY21 is 7million.
- Current fiscal year budget based on 200K enplanements
- FY21 is based on 103K enplanements
- Terminal revenue reflects loss of enplanements

Operating revenue

- Current projection based upon 50% enplanements

Expenses

- Labor and benefits make up half of our total expenditures
- This will be decreased by 1 million
- Repairs and maintenance are reduced and all non-essential maintenance is on hold
- Utilities are being looked at for reduction
- Supplies will be reduced

Summary by expenditure line item

- Labor and Benefits reduced by \$1.1 million
- Repairs and maintenance reduced by 18% \$78K
- Utilities remain conservative
- Advertising decreased by 55%
- Overall decreased by \$1.6mil 21.5 %

- FY21 overall budget represents \$125K net loss

Chair Scott opened for Budget questions or comments by roll call.

Joseph Q1. Can we present this month and vote next month.

A1. Mr. Giardino believed the budget is in the scope of the emergency because irrevocable damage could occur. This is only a presentation.

Chair Scott asked when the Commissioners will receive the full budget.

Mr. Giardino deferred to counsel but stated he could share it. Ballou stated it is not work product at this level. Ballou will confer with Mr. Giardino to see what is privileged. Mr. Giardino stated he has no reservations and just wanted to comply with FOIA.

Q2. Cash position-Will Kentucky Drive lot purchases proceed or be postponed.

A2. Mr. Giardino stated that those funds are Passenger Facility Charge (PFC) funds that need to be used and does not hit O&M account.

Q3. Proceeding with new lease and GA rate structures.

A3. Mr. Giardino stated we are currently not meeting our Virginia Resource Authority (VRA) Bond Debt Covenant with regard to airline rates charges. We need to bring them up to market value and it is our recommendation, in the future budget, to implement those rate increases.

Q4. Headcounts -what was the level pre COVID-19 and what is the contemplated FY21 Budget staffing levels.

A4. Mr. Giardino- the headcount is reduced. 42 on the books right now. We reduced staffing by 4 non- exempt FT and 4 Exempt FT for a total of 8 FTE to date. Prior to that we reduced 28 PT equivalents. Current staffing is at 42 as I recall, the exact number is in my office.

Mr. Joseph asked if staff could get with Mr. Wallace to make sure he is ready if we need to meet electronically again.

Action item: Staff to get with Mr. Wallace on technology.

Q5. Question from Mr. Wallace. What is the arrangement with those affected employees? What type of discussion were had as far as future prospects, specifically regarding benefits to include health insurance?

A5. Mr. Giardino- benefits are budgeted through the end of the fiscal year. My authority goes to the end of FY20. We did budget extended benefits and those costs are in the budget presented today. The language of furlough versus lay off is meaningless with respect to Virginia Employment Law. We were bleeding cash and we took action to stop the bleed. The team recommends the extension of benefits through part of FY21. Hertz laid off 95% of their employees at the beginning of March. The airport will be run much different.

Coleman- nothing

Smith- nothing

Herbert- nothing

Mr. Giardino stated that we have nothing New or Old outside of the scope of the emergency.

Chair Scott thanked Mr. Giardino and staff for everything they do as well as the sacrifices being made and those who are no longer at the airport. Commissioners would like details to make sure we are in compliance of labor laws.

Chair Scot adjourned the meeting by encouraging the group to follow government procedures.
Adjourned at 9:21 a.m.

The next regularly scheduled meeting of the Peninsula Airport Commission is May 28, 2020.