



**Peninsula Airport Regular Meeting Minutes
July 23, 2020**

Presided: Chairman James “Jay” Joseph

Commissioners present were:

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

Commissioners present via electronic means (Zoom):

Mr. Herbert

Executive Director

Michael Giardino

Director of Marketing and Public Relations

Jenifer Spratley

Finance Manager

Jessica Minor

Executive Assistant

Barbara Rumsey

Legal Counsel

Mr. L. Scott Seymour, Esq.

Others in Attendance:

None

Call to Order Annual Meeting

Chair Joseph called the meeting to order at 8:11 a.m.

Mr. Joseph welcomed Mr. Brian Kelly to the Commission and read a short biography. Mr. Kelly stated he is glad to be here. He believes it is his civic duty to serve.

Comments from The Public

Chair Joseph read the instructions for Public Comment from the Meeting Notice.

“Letter to the Commissioners/Comment Submitted by John Sheehan
AOPA ASN -KPHF

I am writing on behalf of the General Aviation tenants at Newport News Williamsburg Airport (KPHF). I serve as the Aircraft owners and pilots Association Volunteer for KPHF. As an Airport Support Network volunteer, our usual role is supporting and advocating on behalf of the airport in order to foster good community relations. The airport relations within our own community currently are not good.

The AOPA Regional Manager for governmental affairs, has recently written to the commission and expressed both AOPA's and our opposition to some aspects of the adopted lease. I thank you and the commission for their willingness to both listen and make changes. Your recent comments at the June PAC meeting expressed the idea of transparency however the actions of the Executive Director now seem to be anything but. The simple request to see a draft of the lease or the rate market analysis have met with what seems to be a stalling tactic. A simple ask for information has been met with the requirement to submit a formal FOIA request. The FOIA requested information has been delayed claiming covid [sic] workload etc.

The FAA Airport compliance Manual requires good faith negotiations, which would imply the sharing of information before establishing new rates. This is exactly what was not done prior to the establishment of the rates and lease last December. The lease and rates were established December 5th. A letter was sent to tenants on January 23 indicating a new lease and rate was being proposed and asked for comments by the end of the month, so that it could be finalized. Yet it appears it was as they say, " a done deal" without any negotiation, public discussion or input. Information recently posted as a response to the FOIA request is simply a canned narrative of how the analysis may be done. There is no information of any data collected nor a valid comparison of similar facilities and cost. The Executive Director or staff stated on the website, in the FAQ section, that the hangar rates and the lease were presented and discussed in public meetings. A review of all of 2019 minutes for both PAC and Real Estate committee meetings found no evidence of any discussion or public information of GA hangar rates or lease. The only reference is a statement (Dec. 2, 2019) that the Executive Director requested a resolution be sent from the real state committee to the PAC, granting Executive Director GA lease signing authority and rates. The FAQ section has now been removed. Much of the director's narrative, reports the hangar lease and rates actions are necessary to ensure FAA compliance. The FAA annual inspection in April 2019 showed no such required action and no deficiencies related to GA. The statements about grant assurance requirements are an example of cherry picking words in order to make a case.

This is not a hard problem to solve but does require management to act in accordance with the required procedures and engage in a transparent and open negotiation to arrive at a fair and reasonable rate for aeronautical facilities. Again we appreciate that the lease has been reworked. We would like to make a request that there be a 30 day period for public comment and issue resolution prior to the PAC adopting a new lease or establishing any new policies. It is impossible to come to a meeting and provide pertinent public comments when we have no idea

what has been considered by staff or discussed in a work session. The posted meeting agendas provide no information. This period for public comment is a common practice for the FAA when it considers adopting any new regulations or policies that affect the aviation community. Lastly, our market survey of hangar rates, in and around this area, is real! Data obtained from each airport, this data indicates that the PAC adopted rates are at least 30% higher than they should be. we have no idea how or who developed the PAC approved rates. The independent study performed by a consultant has been accomplished after the fact and has still not been made available when requested. Generally if you pay a consultant to prove an answer is correct they can find a way. The following are examples of rate comparisons we found:

- The rate adopted by the PAC for a T hangar \$495, is the same as that being charged at Hampton Roads Airport (KPVG) which is privately owned. A significant number of the T hangars at KPVG are used for non aeronautical purposes (commercial shops etc) which produces a higher commercial rate structure. The T Hangar at Hampton Roads is 300% larger, brand new, insulated, well lit, with excellent taxiways and aprons.*
- The rate at the most comparable airport, Norfolk International is only \$430 for a T-hangar. and comes with a valet service which pulls your plane out and puts it back if you desire. It also provides a \$.50/gal fuel discount which for some it could be easily a \$100/month savings.*

The Airport Compliance Manual states that the established rate should be somewhere between the actual cost to the airport (which is very low) and the market value. Being outside that range is hard to understand without seeing how the numbers are derived. Just because Newport News is more convenient for the tenants is not a basis for higher rates of aeronautical use facilities. Again we think some open dialog could go a long way to resolve this issue without any formal FAA complaint, bad press or legal actions. We need to work together for the continued viability of our airport. As the tenants [sic] legal counsel clearly stated in the PAC meeting and in writing, it is their desire to remain at Newport News Williamsburg Airport. Some tenants have already chosen to leave. This directly affects the jobs of repairmen, fuel handlers, instructor pilots and others who work in the General Aviation businesses at the airport.

Your paid consultant for Air Service Development provided you a report last July highlighting a number of key factors necessary for success. The factors included:

- Run an airport with a favorable operating environment*
- Engage and maintain a positive and unified community image and reputation*

Your General Aviation community can help you do that. In summary we respectfully request.

- A 30 review, comment and resolution period for new lease, rates and policies.*
- A direction to management to share information and arrive at a fair and reasonable rate structure. To reconsider the poorly substantiated, already adopted rates.*
- Consideration of advisory members of the PAC from stakeholders such as GA, businesses etc. who can provide substantial input when recognized by the chair, other than just public comments for 3 minutes.*

*Thank You,
John Sheehan”*

Approval of Minutes June 25, 2020

Chair Joseph asked for a motion to Approve Meeting Minutes from June 25, 2020. Mr. Coleman made the motion; Ms. Scott seconded the motion.

By voice vote, motion carried.

Resolved Minutes from June 25, 2020 approved.

Jared Alexander Employee Recognition Awards Ceremony:

Jenifer Spratley presented awards to 5 employees who were nominated. Awardees are as follows: LacyRose Dickinson, Johnny Pitt, Ken Stokes, Jennifer Owen, and Sandy Armstrong.

Committee Reports:

Governance Committee Report by Ms. Smith

Committee met July 20, 2020.

- Update Bylaws
- PAC Calendar
- Expansion of PAC
- Land Release with relation to commission expansion

The Committee will be updating bylaws in the coming year. Chair Joseph asked for questions. There were none.

Committees of the PAC were ratified and/or changed:

Updated Committees and Assignments are as follows:

- Finance & Audit – Mr. Herbert and Mr. Coleman
- Governance – Ms. Smith and Mr. Joseph
- Real Estate – (Renaming “Planning and Development”) Ms. Smith (new) and Mr. Joseph
- Marketing and Public Relations (new) – Hon. Scott and Mr. Kelly

All committee meetings will be held on the Monday before the PAC meeting unless there is a holiday on the Monday before the PAC Meeting; starting with Finance/Audit at 3pm.

Finance & Audit Committee Report by PAC Treasurer Mr. Herbert via Zoom

June Financials

- Year to date, received \$1million net revenue with CARES Act money received
- The agenda packet is a complete picture
- Unfavorable revenue compared to Pre-COVID adjustments in budget
- Projections have improved over March 2020 projection

Jessica Minor added that June Operating Expenses are 35% less than the budget.

Chair Joseph asked for a report on passenger volume during staff reports.

Real Estate Committee Report by Mr. Joseph

Committee met on Monday.

- Kentucky Drive is proceeding and anticipated to close in November
- Isolated Parcel at Huntington Point is still in the draft MOU stage
- Newport News Waterworks land release is progressing, had a good call with 13 people from various organizations to get everyone on the same page
 - Key step for the FAA to accept land use language in the MOU

Lease Documentation on GA Hangars

- All information requested has been placed on the website
 - Staff and *Explorer Solutions*' Market Study
 - Draft Policy GA Leasing Policy of December 5, 2019
 - FAQ's
 - Draft revise lease

Mr. Joseph asked how many new (December 5, 2019) leases have been executed.

Mr. Giardino stated that 15 leases have been signed as of today and the new draft lease has fewer pages than the approved December lease. Chair Joseph stated that we should be looking at accepting the new lease at the next PAC Meeting. Mr. Giardino stated that we continue to release as much information on the website as possible. Mr. Giardino added that we have received a number of requests and we will answer them.

Mr. Kelly asked how many such GA leases we have. 53 was the answer.

Staff Reports:

Executive Director

Mr. Giardino brought a lease extension with TSA for action.

On PAC property since 911, TSA through the GSA, had been working with staff on a new lease for nearly a year. COVID-19 prevented further action and the lease expires August 11, 2020. TSA is seeking to their footprint but need smore time to determine how much. Ms. Jenifer Spratley will continue negotiations for a new lease. Until then, Ms. Spratley read resolution 20-27 to the group.

APPROVE EXTENSION OF LEASE AGREEMENT WITH GSA/TSA

The Transportation Security Administration (TSA), through the General Services Administration (GSA), currently leases space in the Airport terminal building under a lease agreement with the Commission that expires August 11, 2020. While the Commission and TSA had previously been discussing a new lease agreement, these discussions went dormant with the onset of the COVID-19 pandemic, and TSA and Staff have discussed a one-year extension of the current lease. TSA/GSA have presented an extension amendment that extends the term of the current lease by twelve months, at an annual rent of \$98,997.96, subject to termination by TSA/GSA on thirty days written notice to the Commission.

RESOLVED, that the Peninsula Airport Commission approves a one year extension of the current lease agreement with TSA/GSA as previously described, and further authorizes each of the Chairman, the Vice-Chairman, and the Executive Director, any of whom may act, to execute and deliver such lease extension substantially in the form presented to this meeting, which is hereby approved.

Mr. Coleman made a motion; Ms. Smith seconded the motion.

Roll Call: 6-0 motion carried. **Lease extension with TSA approved.**

Mr. Giardino asked Ms. Spratley for Air Service Report.

Ms. Spratley stated our numbers were up from May.

- 7,776 passengers in June
- Load factors are at 70%
- 88,206 passenger's year to date

Chair Joseph asked about the July numbers.

Mr. Giardino

- numbers are improving
- the market is leisure driven
- both neighboring airports have lost air service
- we out pace our neighbors in load factors

Ms. Smith asked if we are in regular communication with American Airlines to make sure they are happy. Mr. Giardino replied. Yes, and added that he just spoke to the station manager this week and also spoke with the Delta station manager.

Mr. Giardino commented that the 30% reduction in expenses is due to the performance of the staff and stated they should be commended. Also:

- Pre audited numbers reflect losses were less than anticipated
- Capital projects have not stopped
- Efforts are in Capital Projects to gain more air service

Jenifer Spratley is instrumental in making this happen.

New Business: none

Old Business: none

Chair Joseph adjourned the meeting at 8:47 a.m.

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