

Peninsula Airport Commission

Meeting Minutes

April 22, 2021

In light of the continuing state of emergency declared by Governor Northam, where it is impracticable or unsafe to assemble a quorum in a single location, and as allowed by the General Assembly during the continuing state of emergency, this meeting to take action to discuss or transact the business statutorily required or necessary to continue operation, the Peninsula Airport Commission held an electronic meeting on April 22, 2021. All board members participated remotely using a Microsoft Teams platform. Members of the public were able to witness the meeting online via live-streaming and were provided with the opportunity to provide public comment at the outset of the meeting and were asked to register the day before the meeting in the online meeting public notice. The online internet public notice for the meeting noted that this meeting would be conducted using an electronic process due to the COVID-19 state of emergency and as a precaution to reduce the risk and spread of the novel coronavirus. The Agenda and Board materials as well as information regarding the availability of online live streaming of the meeting at the noted link. Online viewers were afforded the link to join the meeting in accordance with Item 4-0.01. g. of Chapter 1289 and Section 2.2- 3708.2 of the Code of Virginia.

The Board Packet and minutes are available on the Peninsula Airport Commission's website at www.peninsulaairportcommission.org.

Commissioners in attendance:

Chair: Jay Joseph

Vice Chair: Rob Coleman

Treasurer: Thomas Herbert

Assistant Treasurer: Sharon Scott

Assistant Secretary: Brian Kelly

Secretary: Lindsey Smith

Staff members in attendance:

Executive Director, Michael Giardino

Director Marketing & Public Relations, Jenifer Spratley

Finance Manager, Robin Hunter

Business Manager, Christopher Walton

Director Facilities, John Borden

Recorder, Barbara Rumsey

Other Attendees:

Counsel, Eric Ballou

Assistant City Manager Newport News, Ralph Clayton

Mr. Joseph called the meeting to order at 8:00am.

Mr. Joseph asked Counsel to read the law for Electronic meetings. Mr. Ballou read the law for electronic meetings.

Approve minutes: Mr. Joseph asked for any edits in the minutes. There were none. Mr. Coleman made a motion to approve with edits. Mr. Herbert seconded the motion. Voice vote by Roll Call. 6-0. **Minutes Approved.**

Public Comment. Mr. Joseph asked if there were any Public Comment registrations. Ms. Rumsey replied that there were no registrations.

Committee reports:

- Finance & Audit Committee report from Mr. Herbert
 - Mr. Herbert provided a financial update for March
 - Expenditures continue to be under budget
 - Benefits due to Rental Car vendors
 - Mr. Herbert provided CARES Act Funding Update
 - We have submitted the last reimbursement request for CARES funding
 - 2nd round is CRRSSAA
 - adds relief for concessionaires.
 - 3rd Round will be Airport Relief Program (ARP)

Mr. Herbert and the Finance & Audit Committee recommend Resolution 21-016 Award of bid for IFB 4777 Air Sweeper. Mr. Joseph asked for questions or comments on the motion from Committee. There were none.

Voice vote by Roll Call. 6-0 **Resolution 21-016 approved.**

Be it Resolved, that the Board of Commissioners of the Peninsula Airport Commission that:

- 1) The Executive Director is authorized to award IFB 4777 to the lowest responsive and responsible bidder; identified as Atlantic Machinery Inc. in the amount of \$132,560.00.
- 2) This Resolution shall take effect immediately.

Mr. Herbert asked Mr. Giardino for Budget information and updates. Mr. Giardino shared a presentation regarding the Budget. See Exhibit A. After the presentation Mr. Giardino asked Ms. Spratley to provide a glimpse of the re-branding and marketing strategy.

Ms. Spratley stated that next month there will be a presentation to reveal the overall plan. She did provide a few details that will place us higher on the food chain:

- New logo coming soon
- New tag lines for a unified message
- Branding protocols put in place

Mr. Herbert asked for clarification regarding the budget that the PAC is looking at will be at an operating loss. Mr. Giardino replied yes, we will continue at a loss that is balanced by Federal grants and unrestricted cash.

Mr. Herbert asked for questions. There were none.

Mr. Joseph asked for comments:

Ms. Smith thanked the team for the Budget presentation.

Mr. Coleman stated that he appreciates all the hard work, looking forward to more details as the future is looking bright.

Ms. Scott thanked the team for the presentation and will be looking forward to the details.

Mr. Kelly highlighted the marketing strategy.

Mr. Joseph asked for clarification of enplanements versus pre-pandemic numbers.

Mr. Giardino stated that we did not contrast with FY19 enplanements but if I had to provide a comparison, we would be at about 50% of 2019.

Mr. Joseph asked where we have to be to break even. Mr. Giardino replied that we will get that information out as it was included in the SCASD application.

Mr. Herbert thanked the team for the story behind the numbers and reminded the group that our goal is to adopt the budget in the May meeting.

- **Planning & Development Committee report from Mr. Joseph:**

- Commercial Aviation land lease is progressing
- Habersham approval will be moved to the May meeting to include a presentation
- Presented to Greater Peninsula Now as part of our goal to engage the community

Mr. Joseph asked for questions or comments. There were none.

- **Governance Committee report from Ms. Smith:**

- Primary focus is on the PAC expansion
- Met with NN City Manager and it was positive
- Next step is to have NN Counsel, and our Counsel get on the same page on the Bylaws
- Will be reaching out regarding the slate of Officers to be presented in May

Mr. Joseph asked for questions or comments. There were none.

- **Marketing & Public Relations Committee report from Mr. Kelly:**

- New documents were fun and will be seen by entire PAC next month
- New tag lines are coming as well as the logo

Ms. Spratley added that the next step is to market the airport with the new branding campaign.

Mr. Joseph asked for questions or comments. There were none.

Staff Reports:

Mr. Giardino sent out an update to the Commissioners requesting that it be included in the minutes:

Activity and significant events since the last Regular PAC Meeting (some (but not all) items were briefed and discussed during Monday's Committee meetings):

1) Taxiway "A" (alpha) physical work has started. Project is a hold-over from 2020 and 100% (usually 90%) funded by the FAA due to the April 2020 CARES Act.

2) Issued RFP for Architectural Services for PFC #6 project "Terminal Building Rehabilitation."

3) The PAC Chair and executive staff briefed GP Now on April 19, 2021.

4) Sweeper bids were opened. I recommend the purchase.

5) Staff briefed or updated two airlines.

6) Bomb threat occurred and was handled very well. Many of our emergency-event procedures were exercised.

7) Virtually attended the ACI-NA CEO Conference: Chaired Small Airports Committee, Member of U.S. Policy Council. Ms. Spratley attended the conference in person.

8) Engaged with Representative Luria's and Representative Scott's staff about airport capital projects.

9) Continued work on strategic marketing plan.

10) Presented FY 2022 Budget to F&A Committee.

11) Extended Parking Access and Revenue Control System (PARCS) RFP deadline.

Mr. Giardino stated that the Bomb threat was handled effectively, and the community response was amazing. He added that the media coverage was not accurate. Our load factor for the month was 71%.

Ms. Spratley provided updates on Marketing and Real Estate:

- Attended CEO Conference in Orlando
 - Attendance was good
 - Social distancing GUIDELINES WERE FOLLOWED
 - Good networking experience
 - Airlines looking to hire 6,000
 - There is a shortage on rental cars across the country due to parts shortages
 - Touchless travel was a big topic
 - The FAA says this is the time to fix terminals
 - Many connections made in the industry

Mr. Joseph asked if there was any consensus on vaccinations required to travel. Ms. Spratley replied there were no conversations on the topic.

Ms. Smith asked if we share the video we made in more places than our website. Mr. Giardino added that we have it playing in the terminal and it is on Social Media. Ms. Smith asked to have the link to send out to her contacts.

Action Item: Send Commissioners the link to video to share with contacts.

Mr. Joseph asked for a motion to move to Closed Session. Mr., Coleman made a motion and Mr. Kelly seconded the motion.

Mr. Ballou read the Closed Session Resolution:

Be it resolved, that the Commission enter into a Closed Meeting pursuant to the Virginia Freedom of Information Act, Section 2.23711.A5. 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, the closed meeting will discuss prospective Air Service specifics.

Roll call by voice vote. 6-0. Open session closed at 9:25am.

Motion to reconvene in Open Session.

The Commission entered into a Closed Meeting at 8:50am and reconvened in an Open Meeting at 9:08am. 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 discussed, or considered in Closed Meeting.

Roll call by voice vote. 6-0 Open Session convened at 9:43am.

Mr. Joseph asked if there were any other business matters that needed to be addressed. There was none

Mr. Joseph adjourned the meeting at 9:44am.

Exhibit A

Fiscal Year 2022 Budget

PENINSULA AIRPORT COMMISSION

APRIL
2021





BUDGET CYCLE

EVENT	DAYS BEFORE/AFTER FY	FY 22	NOTES
Budget to participating political subdivisions (per Acts of Assembly 1946)	-135	February 15, 2021	N/A
Performance Modeling	-120	February 1, 2021	Projected Enplanements/Revenue per Enplanement
Meet with Department	-90	March 1, 2021	Line-item Budgeting
Present to PAC	-60	April 19 & 22, 2021	Finance & Audit Committee and Regular PAC
Adopt Budget	-30	May 27, 2021	Annual Meeting
FY Begins	0	July 1, 2021	
Previous FY Audit Complete	+120	October 21, 2021	



CONDITIONS



- Airline recovery remains uncertain
- Leisure is outperforming business
- **PHF** was one of the hardest hit airports due to pandemic
 - CARES Act (*April 2020*) allowed airline consolidations in some geographic areas
 - Delta Airlines removed service on *May 12, 2020*
 - American suspended **PHL** *January 2021 – May 2021*
- Break-even almost occurred in July 2020 with only 25% of 2019 traffic
 - Airport lost only *\$26,000* vs. planned loss of *\$152,000*



THE JOURNEY

Financial Turnaround



- Year after year challenges arise
- 2019 was a relatively good year
- 2020 started out great
- **PHF** suffered disproportionately due to the pandemic
- The future remains bright



THE JOURNEY

Financial Turnaround

**FISCAL YEAR IS
JULY - JUNE**

FY Operating
Expenses

Mid-year status +/-

Unrestricted Cash

Restricted Cash

Calendar Year
Enplanements

Calendar Year %
Load Factor (PAX/Seats)



THE JOURNEY

Financial Turnaround

FISCAL YEAR IS JULY - JUNE	DEC 2017
FY Operating Expenses	\$8M
Mid-year status +/-	- \$0.16M
Unrestricted Cash	\$0
Restricted Cash	\$2.3M
Calendar Year Enplanements	197,994
Calendar Year % Load Factor (PAX/Seats)	79



THE JOURNEY

Financial Turnaround

FISCAL YEAR IS JULY - JUNE	DEC 2017	DEC 2018
FY Operating Expenses	\$8M	\$8.5M
Mid-year status +/-	- \$0.16M	+ \$0.09M
Unrestricted Cash	\$0	\$0.9M
Restricted Cash	\$2.3M	\$8M
Calendar Year Enplanements	197,994	194,749
Calendar Year % Load Factor (PAX/Seats)	79	81



THE JOURNEY

Financial Turnaround

FISCAL YEAR IS JULY - JUNE	DEC 2017	DEC 2018	DEC 2019
FY Operating Expenses	\$8M	\$8.5M	\$8.5M
Mid-year status +/-	- \$0.16M	+ \$0.09M	+ \$0.75M
Unrestricted Cash	\$0	\$0.9M	\$1.6M
Restricted Cash	\$2.3M	\$8M	\$10.1M
Calendar Year Enplanements	197,994	194,749	210,441
Calendar Year % Load Factor (PAX/Seats)	79	81	82.5



THE JOURNEY

Financial Turnaround

FISCAL YEAR IS JULY - JUNE	DEC 2017	DEC 2018	DEC 2019	DEC 2020
FY Operating Expenses	\$8M	\$8.5M	\$8.5M	\$6.3M
Mid-year status +/-	- \$0.16M	+ \$0.09M	+ \$0.75M	- \$0.5M
Unrestricted Cash	\$0	\$0.9M	\$1.6M	\$2.5M
Restricted Cash	\$2.3M	\$8M	\$10.1M	\$10.6M
Calendar Year Enplanements	197,994	194,749	210,441	70,093
Calendar Year % Load Factor (PAX/Seats)	79	81	82.5	80 47 57



THE JOURNEY

Financial Turnaround

FISCAL YEAR IS JULY - JUNE	DEC 2017	DEC 2018	DEC 2019	DEC 2020	DEC 2021
FY Operating Expenses	\$8M	\$8.5M	\$8.5M	\$6.3M	\$7.4M
Mid-year status +/-	- \$0.16M	+ \$0.09M	+ \$0.75M	- \$0.5M	~ - \$0.765M
Unrestricted Cash	\$0	\$0.9M	\$1.6M	\$2.5M	~ \$11M
Restricted Cash	\$2.3M	\$8M	\$10.1M	\$10.6M	~ \$10.6M
Calendar Year Enplanements	197,994	194,749	210,441	70,093	~ 70,000
Calendar Year % Load Factor (PAX/Seats)	79	81	82.5	80 47 57	56

✓ \$37M in capital improvements completed or scheduled to be completed 2017-2022

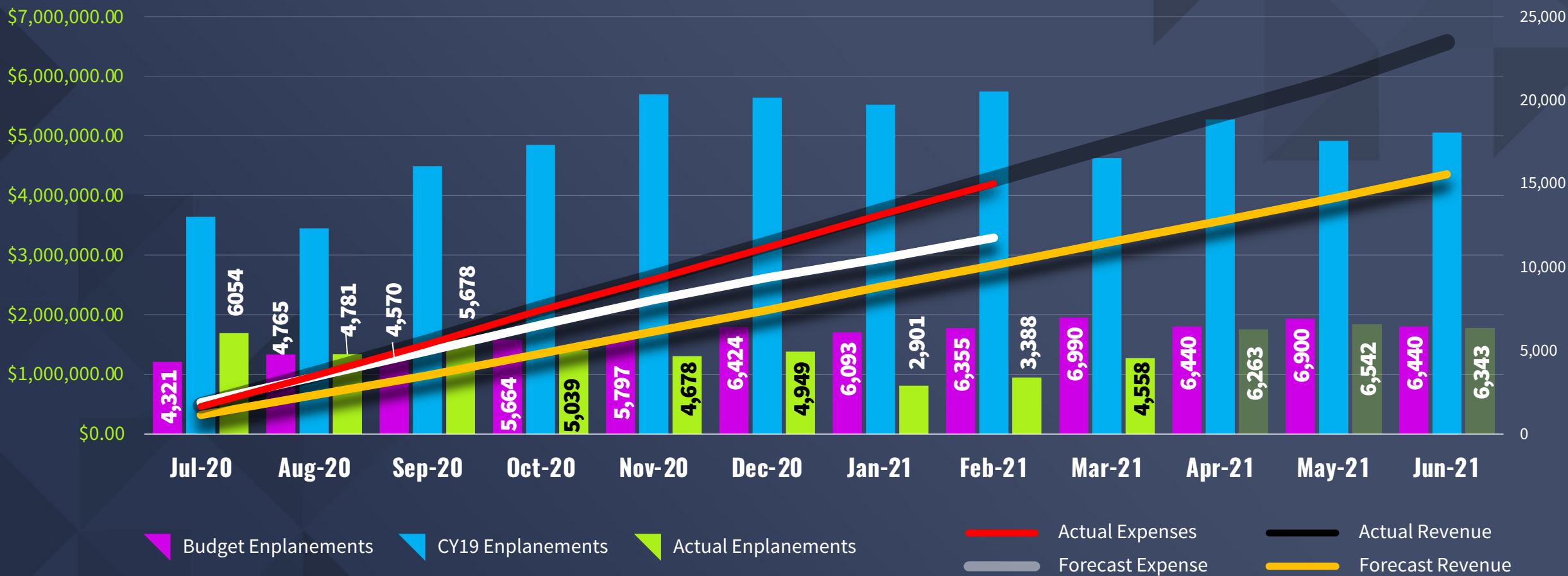
✓ 11-year sustainment at record low passenger levels
✓ COVID losses = \$1,633,160.79 to date



FISCAL YEAR 2021 BUDGET

Performance

CARES Act I – *Awarded: \$4.135M* | CRRSAA (CARES II) – *Projected Award: \$1.9M*
ARP (Cares III) – *Projected Award: \$3.1M*



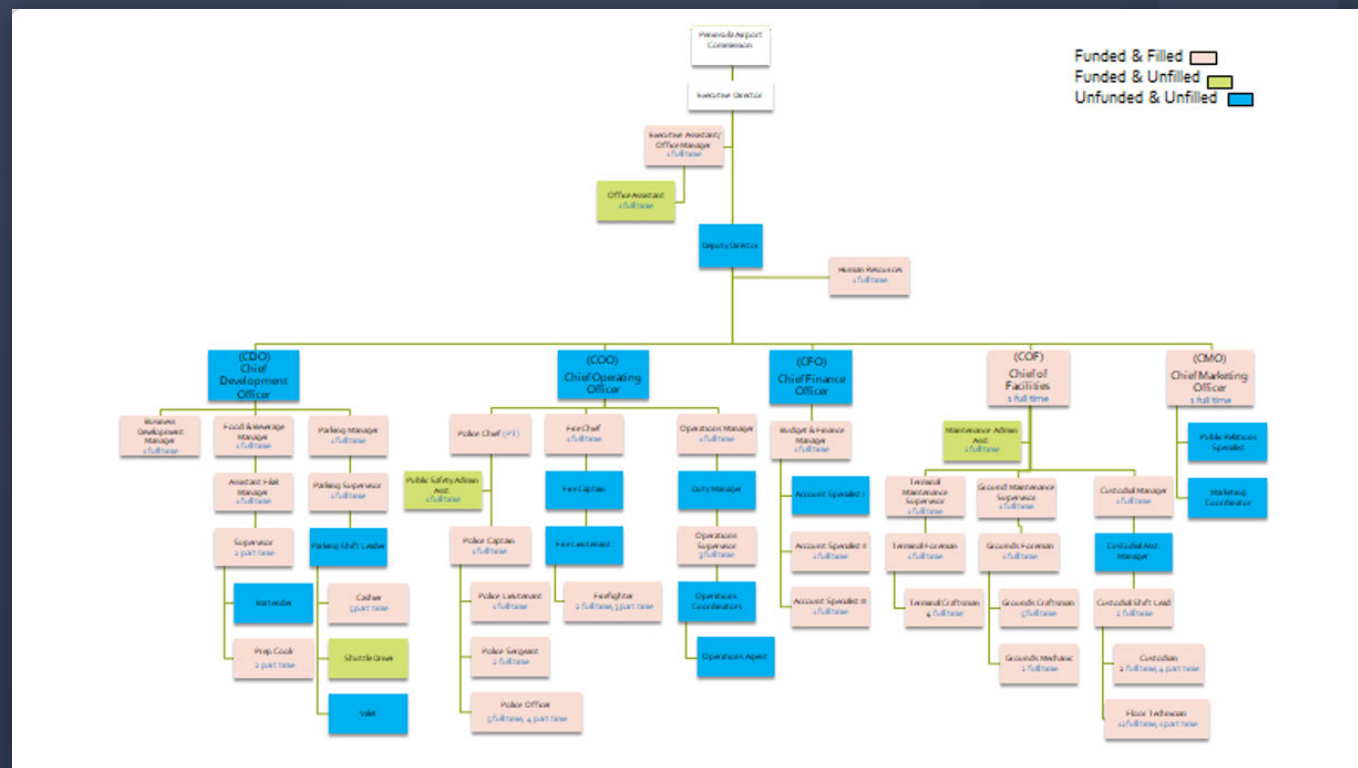


REQUIREMENT



"There are a number of core functions for airport operations that must be continued regardless of the volume of enplanements. These core functions include Airfield and Terminal Maintenance, Aircraft Rescue and Fire Fighting (*ARFF*), Public Safety, Accounts Payable (*including payroll and benefits*) and Receivable, Airport Management and Governance (*PAC support*)."

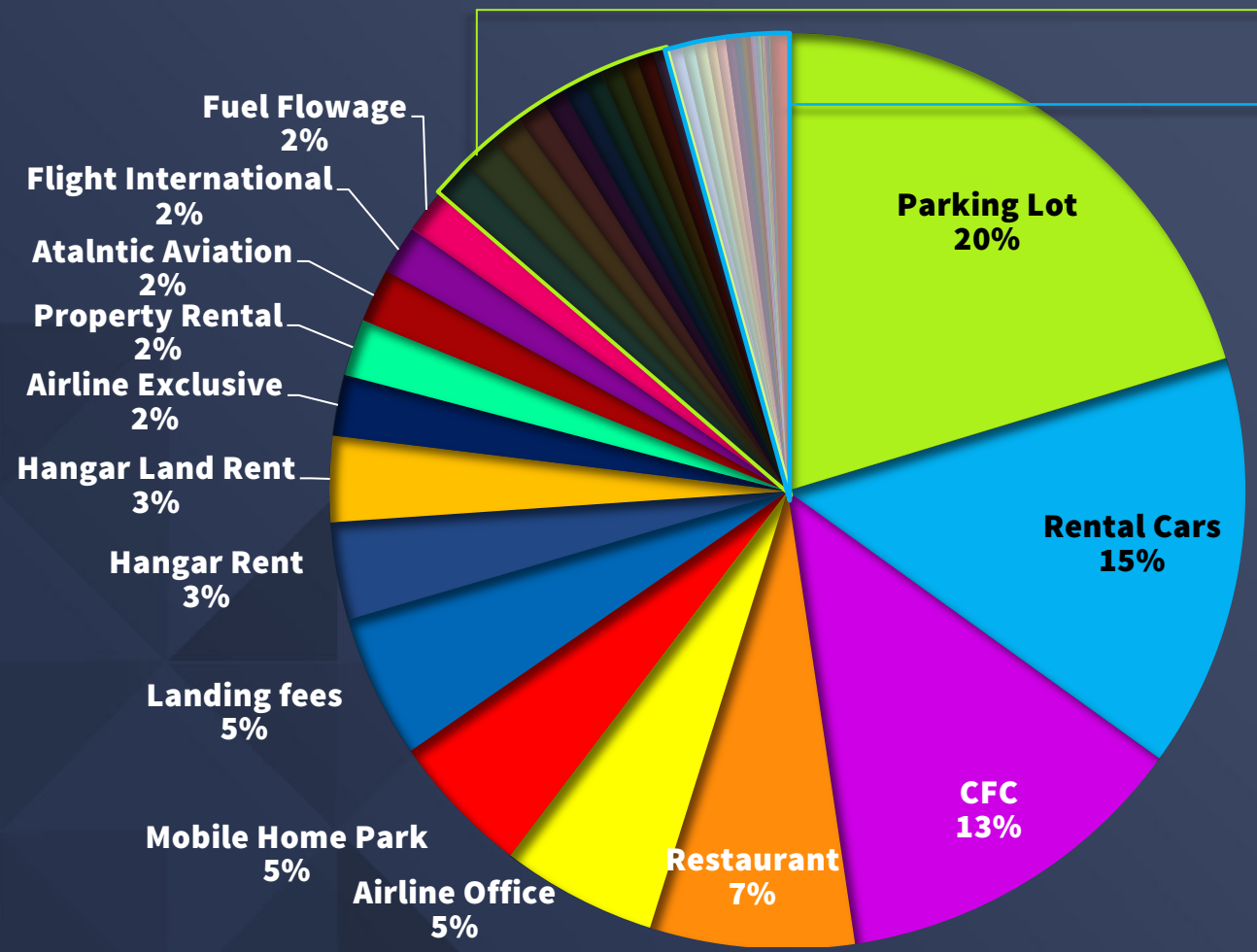
PAC Executive Director
April 8, 2020





REVENUE

Self-Funded by Cost Center



1% Items

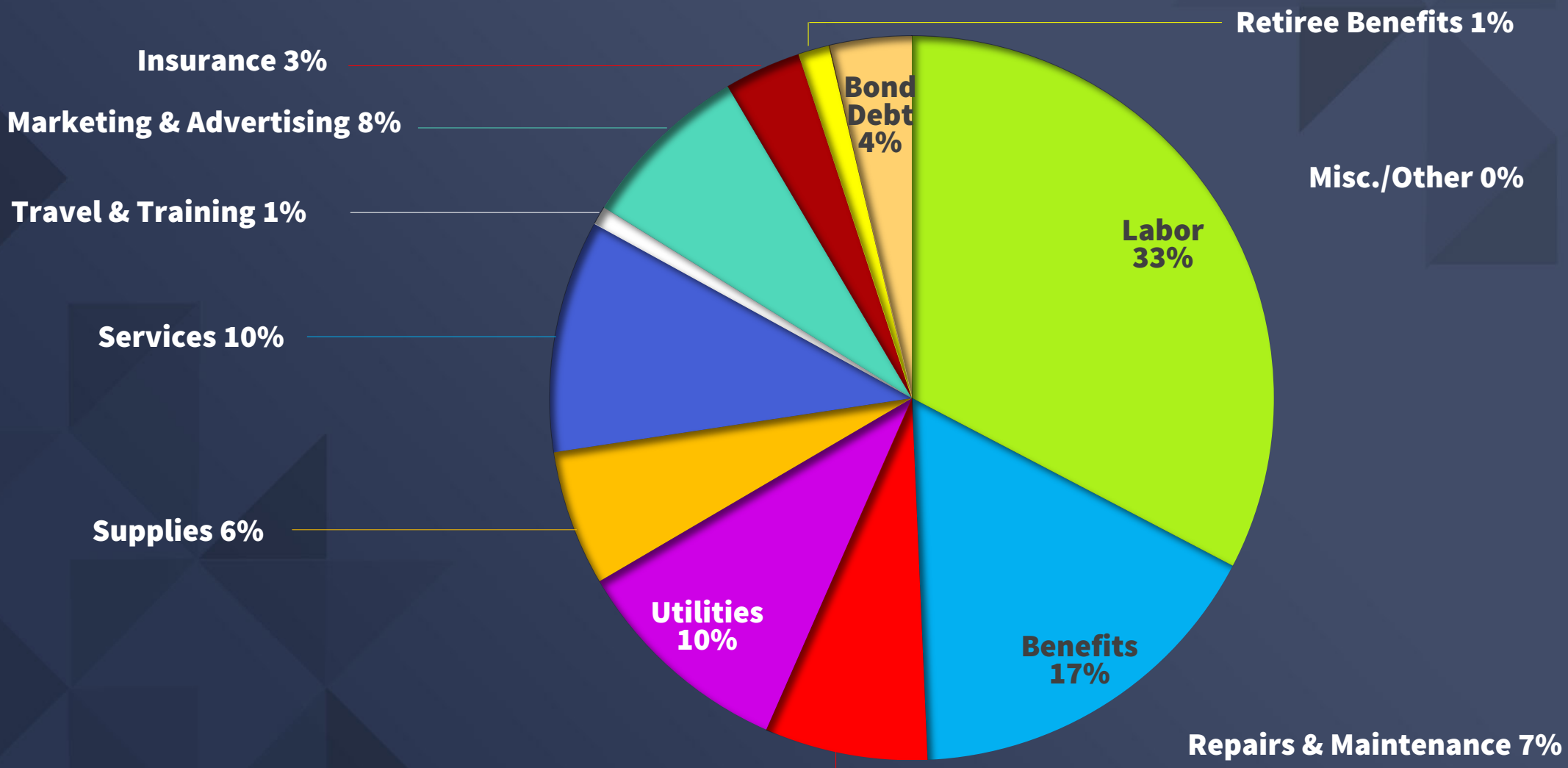
- Mobile Home Utility
- Ground Transportation
- TSA Rent
- Rental Car Facility
- Marketing Grants
- RON Fees
- ORION
- ATAC
- NNPS Utility Reim.
- Other
- Advertising
- JetBridge Rent

0% Items

- Fuel Reim.
- TSA Reim.
- Rent Old Terminal
- Property Utility Reim.
- Rental Car Offices
- Rent-A-Car Parking
- Fire House Rent
- Late Charges
- Vending
- Hudson News
- Housing Rentals
- Itinerant Landing Fees
- Communications
- Commissions Misc.
- Employee Parking
- Utility Reimbursement
- Concessions Sundries
- Gate Key Access
- Utility Admin Charges



EXPENSES





ASSUMPTIONS

○ 111,832 Enplanements

- American Airlines only
- 5x **CLT**; 2x **PHL** daily;
3 Remain Overnight (*RON*)

○ Freeze Airline Rates and Charges

- Landing Fee \$1.98 / 1,000 lbs.
- Terminal \$34 sq. ft (*Exclusive Use*)
- \$2.40 Per Enplaned Passengers (*Common Use*)
- Fuel Flowage GA / Charter - \$0.05/gal;
Commercial - \$0.015

○ Transportation Network Company increase to \$3.00 per pick up / drop off



RESULTS

Personnel



- Executive /Admin/Finance 12/0 (+2)*
- Operations 4/0 (+1)
- Public Safety 10/5 (0)
- Fire 3/3 (0)
- Facility 15/0 (0)
- Custodial 7/4 (0)
- Parking 2/5 (0)
- Restaurant 2/4 (0)

FT/PT (gain/loss)
* Admin Assistants

TIME PERIOD	FULL TIME	PART TIME	MONTHLY ENPLANEMENTS
Pre-Pandemic	55	37	12,300 – 20,300
April – June 2020	39	7	895 – 3,537
July 1, 2020 FY21 v1	43	18	2,901 – 5,724
September 1, 2020 FY21 v2	54	17	2,901 – 5,039
July 1, 2021 FY22 v1	55	22	8,190 - 10,764 <i>(Estimated)</i>



RESULTS

Making a statement – Our time is now!

Taking care of: _____



○ People

- 5% Merit Increase
- Focus on training
- A **PHF** family feel but make no mistake, professionals work here!

○ Customers

- Create a better experience
- Recruit better service
- Become the better option

○ Tenants

- Value
- Safety
- Environment

*New Branding and
Aggressive Marketing*



RESULTS

Operating Loss of \$1,564,048 (\$130,337 per month)

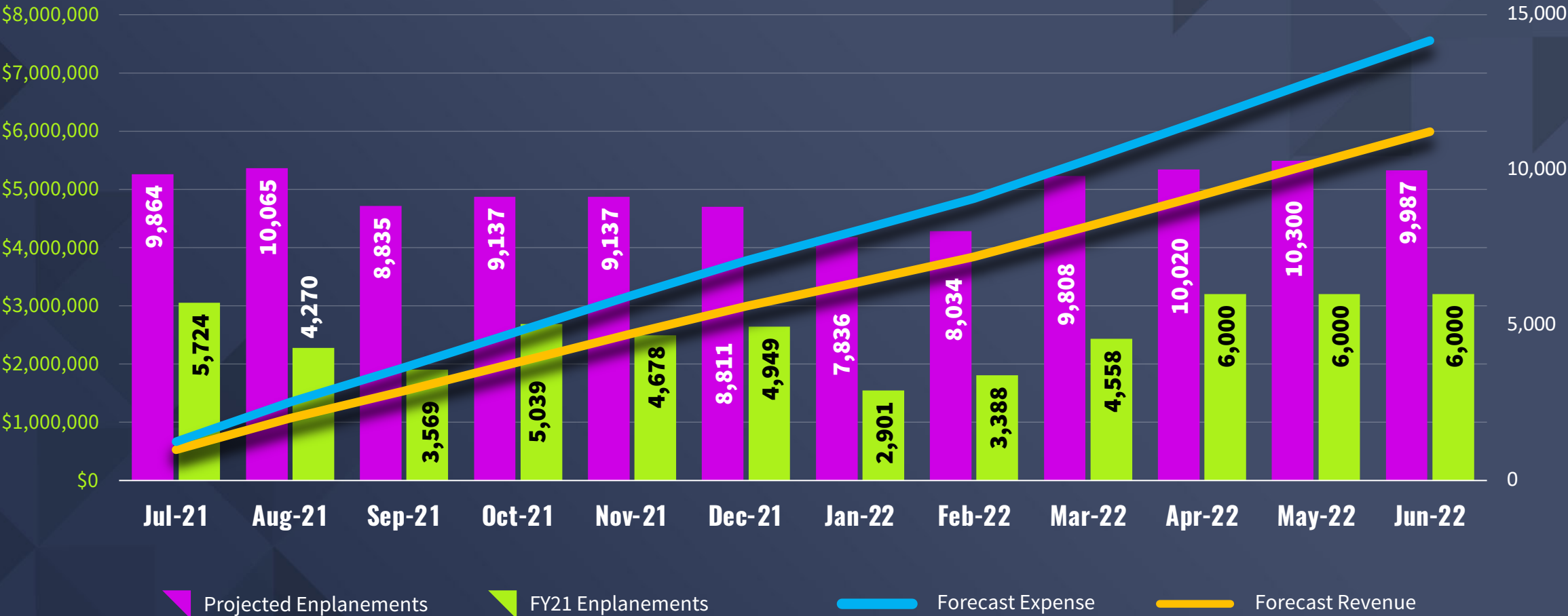


- FY 2021 Budget Loss (*Planned*) \$2,099,879
- FY 2021 Budget Loss (*Projected*) \$759,634
 - (*66% better than planned with 75% fewer planned-passengers*)
- If same performance in FY 2022: Projected Loss could be \$1,047,913 (*or \$87,326 per month*)
- CRRSAA (*\$1.9M*) and ARG (*\$3.1M (estimated)*) yet to be used
- Approximately \$2.5M unrestricted cash to start the Fiscal Year



FISCAL YEAR 2022 BUDGET

Performance



CAPITAL

Peninsula Airport Commission





CAPITAL

In Work / In The Plan (FY 2021)

- ✓ FAA ACIP
- ✓ PFC
- ✓ EURP

	TOTAL COST	FAA FUNDS	STATE ENTITLEMENT	PFC	AIRPORT
FY 2021		\$7,020,777	\$9,578,176	\$2,673,130	
Taxiway A & D Shoulders & Lights Rehab Construction	\$5,320,777	\$5,320,777			
GA Ramp Rehab Design and Environmental (PFC #6)	\$200,000		\$160,000	\$40,000	
South Corporate Ramp Design and Environmental (PFC #6)	\$685,000		\$548,000	\$137,000	
Bag Belt System Replacement Design (PFC #6)	\$100,000		\$80,000	\$20,000	
RPZ Land Acquisition (PFC #6)	\$225,000			\$225,000	
PFC Application Development & Administration (PFC #6)	\$139,000			\$139,000	
Bond Debt	\$155,000		\$155,000		
Other EURP projects	\$500,000		\$500,000		
TOTAL		\$5,320,777	\$1,443,000	\$561,000	
carryover		\$1,700,000	\$8,135,176	\$2,112,130	
-		\$1,700,000	\$2,000,000	\$400,000	



CAPITAL

In Work / In The Plan (FY 2022)

- ✓ FAA ACIP
- ✓ PFC
- ✓ EURP



	TOTAL COST	FAA FUNDS	STATE ENTITLEMENT	PFC	AIRPORT
FY 2022		\$3,400,000	\$10,135,176	\$2,603,110	
Jetbridge Replacement (PFC #6)	\$900,000			\$900,000	
Bag Belt Replacement Construction (PFC #6)	\$2,000,000		\$1,600,000	\$400,000	
GA Ramp Rehab (PFC #7)	\$1,500,000		\$1,200,000	\$300,000	
South Corporate Apron Phase 1 (PFC #7)	\$4,000,000		\$1,200,000	\$800,000	\$2,000,000
Bond Debt	\$155,000		\$155,000		
Other EURP projects	\$500,000		\$500,000		
TOTAL		\$0	\$4,655,000	\$2,400,000	\$2,000,000
carryover		\$3,400,000	\$5,480,176	\$112,130	



CAPITAL

New in FY 2022



- Parking Access Revenue Control System (*PARCS*) \$1,000,000
- Fuel Farm Upgrade \$200,000 (*30/70*)*
- Dump Truck \$125,000 (*80/20*)*
- Terminal Access Control System \$100,000 (*40/60*)*
- Mower Reach \$66,000 (*80/20*)*
- Flight Information Display (*FID*) Upgrade (*40/60*)*

* (% State Entitlement Funds/Airport Funds)



CAPITAL

Tired Infrastructure





CAPITAL

Other Opportunities



○ THE AMERICAN JOBS PLAN:

“Fix highways, rebuild bridges, upgrade ports, airports and transit systems. The President’s plan will modernize 20,000 miles of highways, roads, and main-streets. It will fix the ten most economically significant bridges in the country in need of reconstruction. It also will repair the worst 10,000 smaller bridges, providing critical linkages to communities. And, it will replace thousands of buses and rail cars, repair hundreds of stations, **renew airports**, and expand transit and rail into new communities.”

○ REBUILDING AMERICAN INFRASTRUCTURE WITH SUSTAINABILITY AND EQUITY (*RAISE*) GRANT PROGRAM:

“Consolidated Appropriations Act, 2021 (Pub. L. 116-260, December 27, 2020) (“FY 2021 Appropriations Act”) appropriated \$1 billion to be awarded by the Department of Transportation (“DOT”) for National Infrastructure Investments (now known as Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants.) RAISE Grants are for capital investments in surface transportation that will have a significant local or regional impact.” (intermodal improvements for airports included)

- Applications due July 12, 2021

Fiscal Year 2022 Budget

PENINSULA AIRPORT COMMISSION

APRIL
2021

