

# Peninsula Airport Commission Board of Commissioners Meeting Packet

*Lindsey Carney Smith, Chair*

*Michael Giardino, C.M., Executive Director*

Wednesday, October 19, 2022

8:00 a.m.

Commission Room

900 Bland Blvd

Newport News, VA 23602

# AGENDAS

## **PENINSULA AIRPORT COMMISSION**

### **REGULAR MEETING AGENDA**

**Date: October 19, 2022**

**Time: 8:00 a.m.**

**Location: Commission Room**

- 1) Call to Order
- 2) Approval of Minutes from September 22, 2022
- 3) Read Instructions for Public Comment
- 4) Public Comment
- 5) Committee Reports
  - a) Finance & Audit
  - b) Planning & Development
- 6) Air Service Development Brief by Nicholas Haan from Crawford, Murphy, and Tilly (CMT)(some of which may have to be in Closed Session)
- 7) COIA/FOIA discussion
- 8) Old Business
- 9) New Business
- 10) Read instructions for closed session
- 11) Closed Session
  - a) Discussion concerning prospective businesses
  - b) Consultation with legal counsel, mobile home park

2.2-3711. A.5 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; and subsection A7 Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an

attorney representing the public body is in attendance or is consulted on a matter.

12) Open Session

13) Adjourn

# Newport News Williamsburg Airport

## **PENINSULA AIRPORT COMMISSION**

### **COMMITTEE MEETING AGENDA**

#### **FINANCE & AUDIT COMMITTEE**

**DATE: October 17, 2022**

**TIME: 4:00 p.m.**

- 1) Call to Order
- 2) New Business
  - a) 2022 Audit status report
- 3) Old Business
  - a) September 2022 financial results
- 4) Closed Session: 2.2-3711. A. 5. Discussion concerning a prospective business or industry or the expansion of an existing business industry where no previous announcement has been made of the business' or industry's interest or expanding its facilities in the community; and subsection A7 Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.
- 5) Adjourn

# Newport News Williamsburg Airport

## **PENINSULA AIRPORT COMMISSION**

### **COMMITTEE AGENDA**

#### **PLANNING & DEVELOPMENT COMMITTEE**

**Date: October 18, 2022**

**Time: 4:00 pm**

- 1) Call to Order
- 2) New Business
- 3) Old Business
  - a) Aery Update
  - b) Land Release Update
  - c) Mobile Home Park Update
- 4) Closed session:

In accordance with Virginia Code 2.2-3711. A. 5. For the discussion concerning a prospective business or industry or the expansion of an existing business industry where no previous announcement has been made of the business' or industry's interest or expanding its facilities in the community; and subsection A7 Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

5) Adjourn

# MINUTES



# Peninsula Airport Commission

## Board of Commissioners Meeting Minutes

September 22, 2022, 8:00 a.m.

### **Commissioners in Attendance:**

Chair, Lindsey Carney Smith

Vice Chair, Brian Kelly

Secretary, Sharon Scott (arrived 8:19 a.m.)

Assistant Secretary, Thomas "Tommy" Garner

Treasurer, James "Jay" Joseph

### **Excused Absence:**

Jennifer Smith

### **Staff Members in Attendance:**

Executive Director, Michael Giardino

Deputy Director, John Borden

Business Development Manager, Chris Walton

Finance Director, Mark Adams

Executive Assistant, Jamie O'Brien

Counsel, L. Scott Seymour

Counsel, Patrick O'Donnell

Avelo Station Manager, Bill LaManque

Ground Maintenance Supervisor, Howard "Skeeter" Lavelle

Airport One, Steve Romme

### **Public Officials Present:**

None

### **Public Attendees:**

David Hause, Kiln Creek HOA

Chair Carney Smith called the meeting to order at 8:00 a.m.

**Minutes.** Commissioner Joseph would like to see minutes in a briefer format. Commissioner Kelly moved to accept the August 25, 2022 meeting minutes as presented. Commissioner Garner seconded and the minutes were approved unanimously. Commissioner Joseph moved to accept the minutes from the Special Meeting held September 8, 2022. Commissioner Garner seconded and those minutes were also accepted unanimously.

**Public Comment.** None

Chair Carney Smith asked to go into closed session. Attorney Scott Seymour read the following, "The Chair will now entertain a motion to move the Commissioners of the Peninsula Airport Commission convene in closed session meaning pursuant to Virginia code section 2.2.3711.A.3 discussion and consideration of the acquisition of real property for a public purpose, or of the disposition of publicly

held real property where discussion in an open meeting would adversely affect the Commission's bargaining position or negotiating strategy; A.5 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 (regarding expansion of [aviation services] where no previous announcement has been made); A.7 consultation with legal counsel and briefing by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Commission regarding the closure of the mobile home park; A.8 consultation with legal counsel employed or retained by the Commission regarding specific legal matters requiring the provision of legal advice by such counsel.

Commissioner Garner made the motion to go into closed session; Commissioner Kelly seconded the motion. Voice vote by roll call: Chair Carney Smith - yes, Mr. Kelly – yes, Mr. Joseph – yes, Mr. Garner – yes. Motion passed unanimously.

Closed session began at 8:05 a.m.

Attorney Seymour read the following: "To conclude the closed session meeting and return to the open meeting and that prior to a roll call vote, the Commissioners of the Peninsula Airport Commission shall certify that to the best of their knowledge (i) only such public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened, were heard, discussed or considered in the meeting by the members of the Commission.

Any member of the Commission who believes that there was a departure from the requirements just stated must so state prior to the roll call vote and indicate the substance of the departure that, in such Commissioner's judgment has taken place.

If there are no such statements of departure, if we could please have a motion and second to end and certify the closed session and return to open meeting." The Commission certified that no departures were raised.

A motion to reconvene was made by Mr. Garner and seconded by Mr. Joseph. Voice vote by roll call: Chair Carney Smith - yes, Mr. Kelly – yes, Mr. Joseph – yes, Ms. Scott – yes, Mr. Garner – yes. Motion passed unanimously.

Open session resumed at 9:20 a.m.

#### **Committee reports:**

##### **Finance and Audit report:**

- No deviation from the financial statement in the Board Packet. Nothing more to add.

##### **Planning and Development committee report:**

- Will meet immediately following the Board of Commissioners meeting September 22, 2022
- Waterworks transaction should close this week. Chair Carney Smith asked Mr. Seymour to send an email when the transaction actually closes so we can celebrate. She noted that legal fees will be reimbursed.

- Habersham update: Chris Walton spoke to John Robinson at the FAA who acknowledged the delay is due to the FAA investigating how the parcel transferred hands in 1946.

**Governance and Customer Experience committees:** did not meet

**Marketing Report:** Mr. Romme presented a marketing update. See exhibit one. Mr. Romme noted that American Airlines eliminated 30,000 seats across the country in December.

Avelo advertising is underway. Radio spots and billboards are beginning, as well as bus wraps. Additional am radio spots will begin in December. We are working to improve military partnerships.

There was additional discussion about marketing for American Airlines and Avelo.

**Executive Director Report:** Mike recently returned from the ACI conference and reported that Jude Bricker (CEO of Sun Country) and Christina Cassotis (CEO of Pittsburgh International Airport) said 95% of airline recruitment is relationships and working together. Newport News Williamsburg Airport and Mike have worked and continue to work very hard to foster strong positive relationships.

Mike asked for the Board of Commissioners to approve a schedule for the rest of the calendar year. He proposed to move the date of the October Board of Commissioners meeting to Wednesday, October 19 at 8:00 am to coincide with the arrival of the inaugural Avelo flight.

Also to occur at the October meeting is the presentation of the check to Hampton Roads Youth Corp from the 5K on the Runway. (5K on the Runway was a huge success.)

There was some discussion about the date for the November Board of Commissioners meeting. It was settled for November 23 at 8:00 am. December's Board of Commissioners meeting will be held on December 22 at 8:00 am.

Chair Carney Smith asked for a motion to accept the dates as presented. Commissioner Scott moved; Commissioner Garner seconded the motion. The motion passed unanimously.

**Resolution:** Ferguson lease amendment. Some discussion around the terms for terminating and renewal of the lease. Chair Carney Smith wants the terms for renewal changed on item 3 of the resolution to indicate that renewal be by mutual agreement between the tenant and the landlord.

Chair Carney Smith asked for a motion to accept the resolution with changes as indicated above. Commissioner Garner moved; Commissioner Scott seconded the motion. The motion passed unanimously.

The Chair asked if there was any other business to be addressed. There being none, the meeting was adjourned at 10:09 am.

# EXHIBITS

# Newport News Williamsburg Airport

## MARKETING UPDATE

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Sept 2022

# Vision/Mission/Brand

## Vision

*Our community's first choice for air travel*

## Mission

*Fast, easy, enjoyable travel to and from our community*

## Functional Promise

*Get there faster and easier*

## Emotional Promise

*Relax and enjoy your trip*

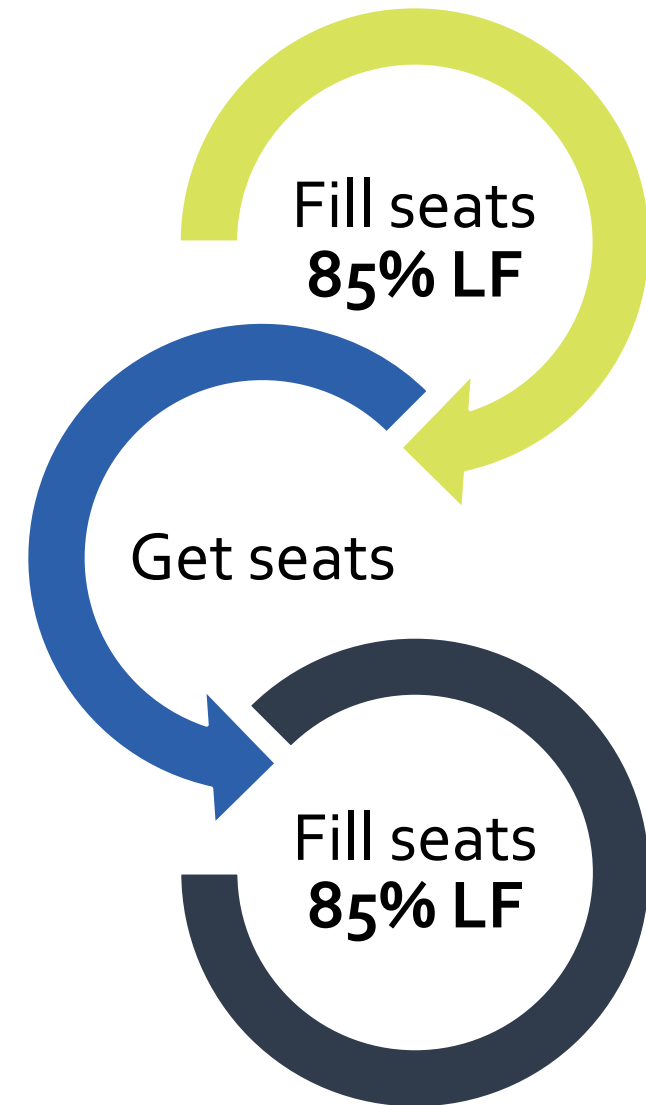
## Brand Personality

*The brand feels authentically local and comfortable, while also being sophisticated enough to understand and service the most experienced global travelers.*

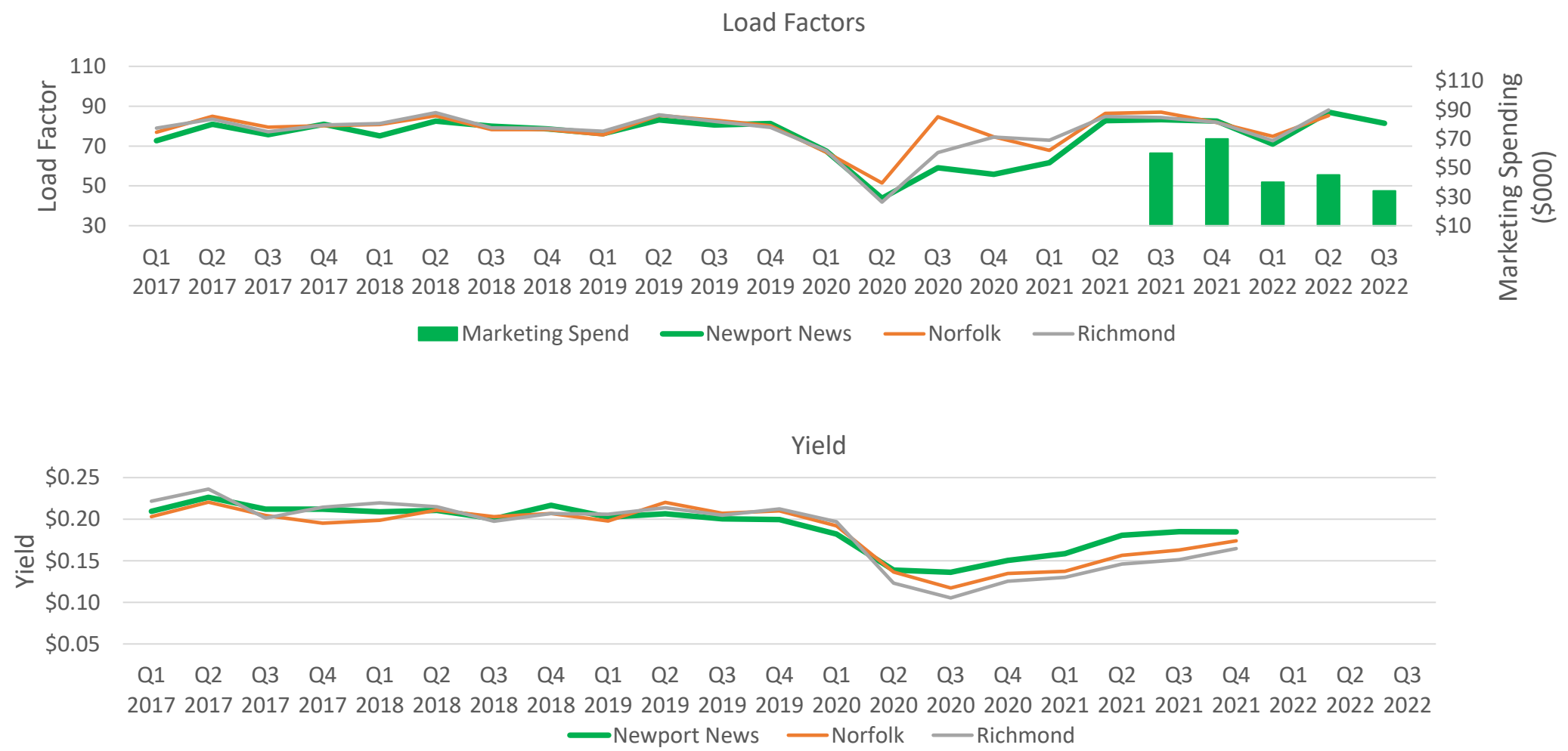
*The brand is knowledgeable and efficient, while also being approachable, friendly, fun, and caring.*

# Growth Approach

- Fill Seats
  - Create branded awareness and bookings
  - Target Load Factor >85% (% of seats sold)
    - **Very difficult right now due to limited connectivity and volatile schedule**
- Get Seats
  - Grow current routes
    - **Significant reduction in seats on AA**
  - New routes
    - **Secured Avelo Air**
- Fill Seats
  - Existing routes
  - New routes
    - **Avelo launch plans**



# Results for American Airlines





# Marketing Review and Outlook

- 2021 – Year of start-up, new brand and the pandemic
- 2022 – Year of improved planning, management, and optimization
  - ✓ Implemented planning and collaborative development tools
  - ✓ Assessed, optimized and aligned resources
  - ✓ Launch best-in-class digital analytics and improve marketing efficiency
    - ✓ Learning very quickly
  - ✓ Reduced spending while maintaining load factor
    - Modify digital advertising tactics
    - Broaden media mix
    - Improve organic social media
  - Be ready for new service
    - Launch Avelo Air

# Storm Clouds on the Horizon

## Load Factor Overview

Jul 1, 2022 - Sep 19, 2022

Total Customers

36,416

↑ 6.5% from previous quarter

Total Authorized Seats

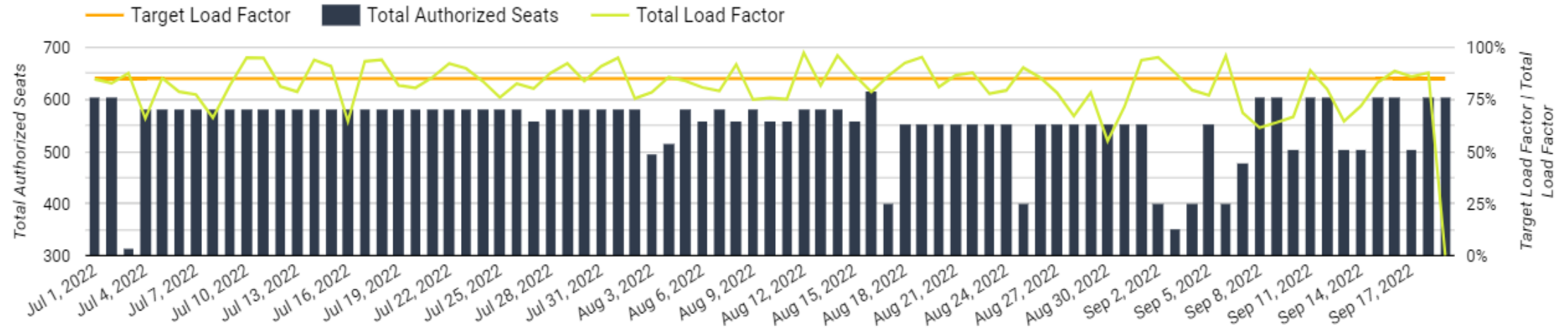
44,840

↑ 10.9% from previous quarter

Total Load Factor

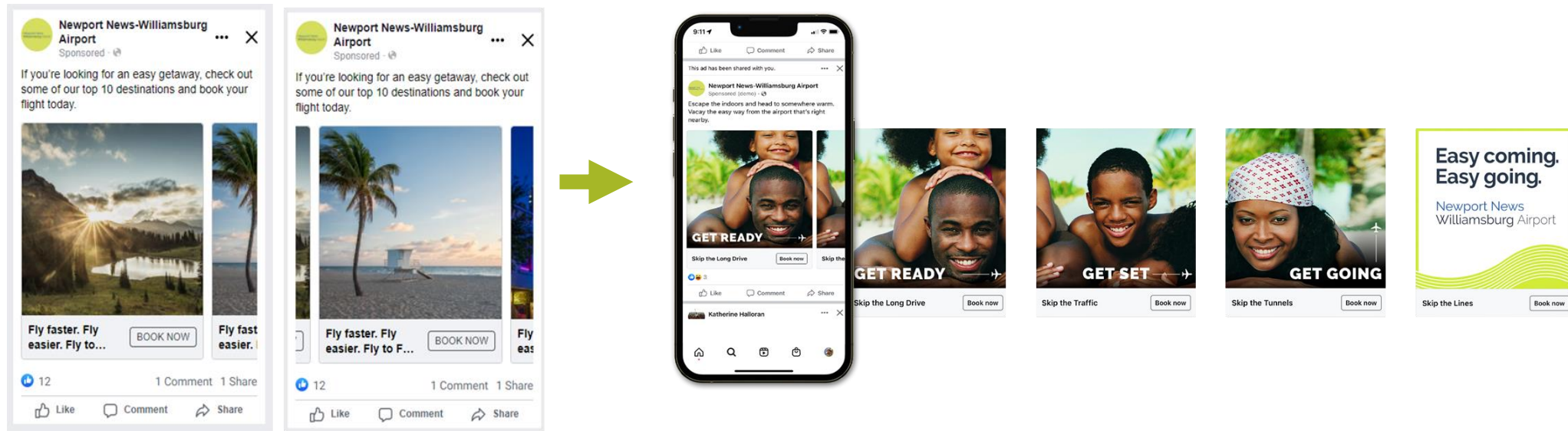
81.39%

↓ -4.2% from previous quarter



# Digital Advertising Progression

- From Destination-focused to brand-focused



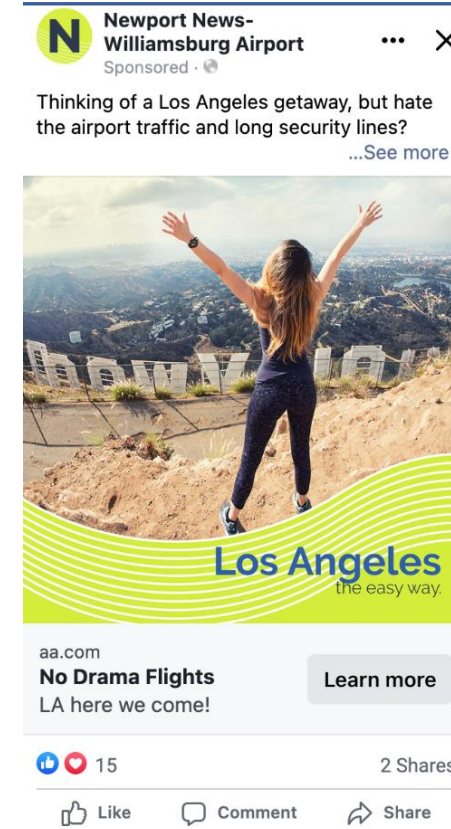
# Digital Advertising Plan

- Implementing an in-market mix of both brand and destination-specific
  - New mass media support plan on brand

Brand – 30%



Destination – 70%



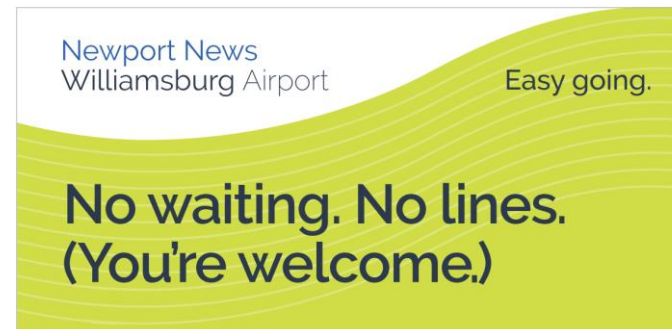
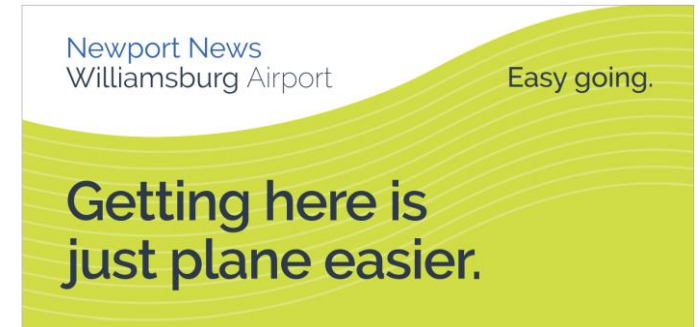
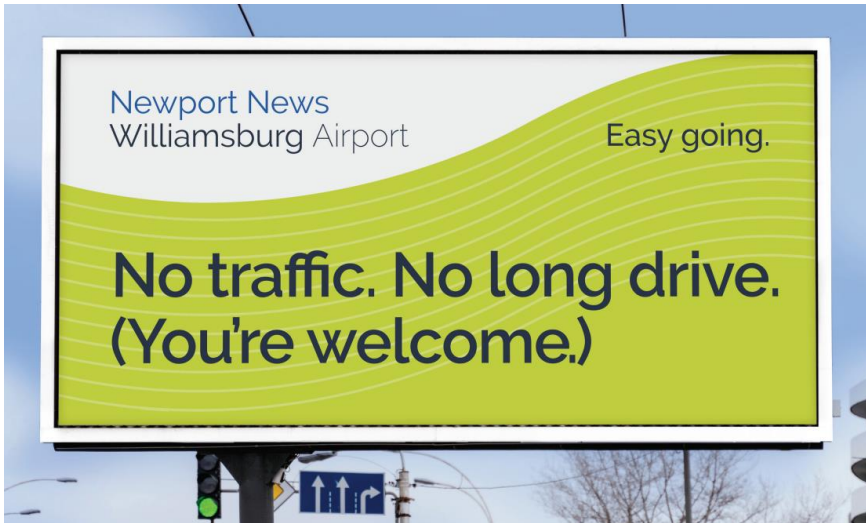
# Broadening Media Mix - Mass Media

- Adding Radio and Outdoor

- TCI Radio/WNIS

- Classic Rock FM106.7, Rock FM99, Am Talk 790

- Outdoor





# Launching Avelo Air

- Core launch items co-created, but approved by Avelo

- Radio
- Outdoor signage
  - Billboards
  - Buses
  - Retail
- Strong Digital



- Additional Items launched by PHF
  - Social ads
  - Event Promotions
  - Organizational promotions
  - Military promotions



# Next Steps / Questions?

- Aggressively develop organic marketing efforts
- Improve Military partnerships
- Improve University partnerships

# FINANCIALS



**PENINSULA AIRPORT COMMISSION  
SEPTEMBER 2022  
OPERATING INCOME STATEMENT**

DESCRIPTION	SEP 2022 ACTUAL	SEP 2022 BUDGET		YTD ACTUAL	YTD BUDGET		ANNUAL BUDGET		PRIOR YR ACTUAL	
<b>REVENUE</b>										
Airline Fees	45,514	55,017	82.7%	137,245	170,665	80.4%	672,032	20.4%	619,644	22.1%
Fixed Based Operators	46,220	48,996	94.3%	141,323	149,534	94.5%	593,311	23.8%	533,896	26.5%
Property Rental	106,643	94,061	113.4%	307,011	303,054	101.3%	1,149,785	26.7%	1,563,252	19.6%
Rental Cars	181,131	155,113	116.8%	529,223	501,738	105.5%	1,937,986	27.3%	1,948,834	27.2%
Parking Lot	62,445	70,965	88.0%	212,675	213,809	99.5%	853,512	24.9%	815,823	26.1%
Restaurant Income	31,367	32,885	95.4%	89,384	106,464	84.0%	411,056	21.7%	341,169	26.2%
<b>TOTAL REVENUE</b>	<b>473,320</b>	<b>457,037</b>	<b>103.6%</b>	<b>1,416,861</b>	<b>1,445,264</b>	<b>98.0%</b>	<b>5,617,682</b>	<b>25.2%</b>	<b>5,822,618</b>	<b>24.3%</b>
<b>EXPENSES</b>										
Labor and Benefits	371,668	358,671	103.6%	1,048,310	1,076,013	97.4%	4,304,073	24.4%	4,300,036	24.4%
Marketing & Advertising	40,518	63,177	64.1%	132,859	189,531	70.1%	758,911	17.5%	647,857	20.5%
Office & Administration	63,504	70,523	90.0%	320,769	284,135	112.9%	821,674	39.0%	758,936	42.3%
Utilities	60,224	47,187	127.6%	184,996	141,561	130.7%	677,486	27.3%	646,068	28.6%
Repairs & Maintenance	49,797	48,977	101.7%	203,126	146,931	138.2%	588,618	34.5%	751,540	27.0%
Restaurant Expense	33,171	29,402	112.8%	110,882	94,962	116.8%	367,136	30.2%	361,674	30.7%
Bond Debt	19,360	15,838	122.2%	58,797	47,514	123.7%	190,052	30.9%	246,068	23.9%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>638,242</b>	<b>633,775</b>	<b>100.7%</b>	<b>2,059,739</b>	<b>1,980,647</b>	<b>104.0%</b>	<b>7,707,950</b>	<b>26.7%</b>	<b>7,712,179</b>	<b>22.1%</b>
<b>NET INCOME</b>	<b>(164,922)</b>	<b>(176,738)</b>	<b>93.3%</b>	<b>(642,878)</b>	<b>(535,383)</b>	<b>120.1%</b>	<b>(2,090,268)</b>	<b>30.8%</b>	<b>(1,889,561)</b>	<b>22.1%</b>
<b>OTHER ITEMS</b>										
Trailer Park	(70,686)	(80,000)	88.4%	(180,276)	(190,000)	94.9%	(500,000)	36.1%	(361,014)	
Expense Subsidy	268,489	268,489	100.0%	643,165	643,166	100.0%	689,688	93.3%	4,184,276	
Sale of Land	4,219,249	-		4,219,249	-		-		302,520	
<b>NET AFTER OTHER</b>	<b>4,252,130</b>	<b>11,751</b>		<b>4,039,260</b>	<b>(82,217)</b>		<b>(1,900,580)</b>		<b>2,236,221</b>	

**BALANCE SHEET**

	Total
Cash - Unrestricted	6,362,014
Cash - Restricted	13,396,854
Other Current Assets	179,846
Fixed Assets (Net of Depreciation)	77,443,280
<b>TOTAL ASSETS</b>	<b>97,381,994</b>
Current Liabilities	683,900
Long Term Notes Payable - Restricted	675,445
Long Term Notes Payable - Unrestricted	5,060,518
OPEB	7,032,141
<b>TOTAL LIABILITIES</b>	<b>13,452,004</b>
Net Capital Beginning	57,324,187
Capital Contributions	22,566,543
YTD Earnings Current Year	4,039,260
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>97,381,994</b>

# AIR SERVICE REPORT

## Monthly Air Service Report Summary September 2022

- Load factors:
  - 81.4% for American
- Flight Ops (landings & take offs)
  - 4433

<u>FY23 Actual PAX</u> <u>(7/1/22 – 6/30/23)</u>	<u>FY23 Budgeted PAX</u> <u>7/1/22 – 6/30/23</u>	<u>FY22 Actual PAX</u> <u>(7/1/21 – 6/30/22)</u>	<u>FY21 Actual PAX</u> <u>(7/1/20 – 6/30/21)</u>
Jul: 17,738	Jul: 15,830	Jul: 21,586	Jul: 12,409
Aug: 16,853	Aug: 15,208	Aug: 18,582	Aug: 9,589
Sep: 15,198	Sep: 16,055	Sep: 16,210	Sep: 8,384
Oct:	Oct: 18,812	Oct: 19,044	Oct: 11,463
Nov:	Nov: 18,921	Nov: 16,375	Nov: 10,113
Dec:	Dec: 19,552	Dec: 15,846	Dec: 10,201
Jan:	Jan: 19,552	Jan: 10,538	Jan: 6,929
Feb:	Feb: 17,660	Feb: 11,864	Feb: 6,775
Mar:	Mar: 18,812	Mar: 16,810	Mar: 9,116
Apr:	Apr: 22,902	Apr: 15,896	Apr: 12,840
May:	May: 22,817	May: 12,719	May: 11,744
Jun:	Jun: 22,902	Jun: 13,702	Jun: 20,408
<b>Total: 49,789 PAX</b>	<b>Total: 229,024 PAX</b>	<b>Total: 166,770 PAX</b>	<b>Total: 129,971 PAX</b>