

# Peninsula Airport Commission Board of Commissioners Meeting Packet

*Lindsey Carney Smith, Chair*

*John Borden, Interim Executive Director*

Thursday, March 21, 2024

8:00 a m

Commission Room

900 Bland Blvd

Newport News, VA 23602

# AGENDAS

**PENINSULA AIRPORT COMMISSION**

**COMMITTEE MEETING AGENDA**

**FINANCE & AUDIT COMMITTEE**

**DATE: March 19, 2024**

**TIME: 8:00 am**

- 1) Call to Order
- 2) New Business
  - a) February Financials
  - b) FY25 Budget
- 3) Old Business
  - a) Tenant Discussion
- 4) Adjourn

**PENINSULA AIRPORT COMMISSION**

**REGULAR MEETING AGENDA**

**Date: March 21, 2024**

**Time: 8 am**

**Location: Newport News / Williamsburg International Airport**

**Commission Room**

**900 Bland Blvd**

**Newport News, VA 23602**

- 1) Call to Order
- 2) Approval of Minutes from February 15, 2024
- 3) Read Instructions for Public Comment
- 4) Public Comment
- 5) 5K Charitable Partner Drawing
- 6) Committee Reports
  - a) Finance & Audit Committee
  - b) Planning & Development Committee
  - c) Facilities Committee
- 7) Executive Director Report
- 8) Old Business
- 9) New Business
- 10) Adjournment

**PENINSULA AIRPORT COMMISSION**

**COMMITTEE MEETING AGENDA**

**FACILITIES COMMITTEE**

**DATE: March 21, 2024**

**TIME: Directly following the PAC Meeting**

**LOCATION: Newport News / Williamsburg International Airport  
900 Bland Blvd  
Newport News, VA 23602**

- 1) Call to Order
- 2) New Business
  - a) AIP (Airport Improvement Program) / PFC (Passenger Facility Charge) App#7 Discussion
  - b) ACIP Submission
- 3) Old Business
  - a) Condition Index
- 4) Adjourn

# MINUTES

# Peninsula Airport Commission

## Board of Commissioners Meeting Minutes

February 15, 2024

### **Commissioners in Attendance:**

Chair, Lindsey Carney Smith

Vice Chair, Thomas Garner

Treasurer, James “Jay” Joseph

Secretary: Dr. McKinly Price

### **Commissioners Absent:**

Assistant Secretary, John Lawson

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

Interim Executive Director, John Borden

Office Manager, Barbara Rumsey

Director of Finance, Mark Adams

### **Public Officials Present:**

Assistant City Manager of Newport News, Ralph “Bo” Clayton

### **Counsel:**

Counsel, L. Scott Seymour

### **Public Attendees:**

Josh Janney, Virginian Pilot

David Hause, Kiln Creek HOA

Jacqueline Wade, Volunteer Manager, Heroes Lounge

**Chair Smith called the meeting to order at 8:03 a.m.** by welcoming everyone in attendance.

She also welcomed Josh from the Virginian Pilot who is now assigned to the Commission.

**Approval of Minutes from January 18, 2024.** Chair Smith asked if there were any comments or edits to the Minutes. There were none. She asked for a motion to approve the minutes from

January. Dr. Price moved a motion and Mr. Garner seconded the motion. All Commissioners in attendance approved. **Minutes approved. 5-0.**

**Approval of Minutes from Special Meeting January 30, 2024.** Chair Smith asked for a motion to approve. Dr. Price moved the motion. Mr. Garner seconded the motion. All commissioners in attendance approved. **Minutes approved. 5-0.**

**Public Comment.** The Chair asked if there was anyone signed up for Public Comment and Ms. Rumsey replied that there was none.

### **Committee Reports:**

#### **Finance & Audit:**

Mr. Joseph stated that the Committee met on Tuesday and reviewed the January Financial Results, which were positive at this time but we will see some decline in upcoming months. Mr. Joseph added that American is going down to three flights which were at 4 – 5 flights per day. Mr. Joseph stated that there was a Rates & Charges conversation and analysis completed and at this time, the recommendation is that they are in line with the market. He also stated that there will be a conversation regarding a Tenant in closed session. Mr. Joseph added that there was also a capital Fund discussion and we tried to provide unanticipated costs today we have provided an analysis of where we are on ongoing projects. There was a document provided to the PAC and Mr. Joseph provided a conclusion of funding streams; with American paying into the PFC account, there is 11.5 million dollars, there are FAA Entitlements with AIP of 5.8 million and 1.7 mil per year with current enplanement numbers, BIL/AIG funding of 6 million dollars with a 5-year time limit. Mr. Joseph added an explanation of CIP projects; Taxiway D Design started this year, Master Plan 1.2 million remaining and is on pause, GA Ramp Design is 95% completed and the construction will be ready to bid this year. Mr. Joseph also added the ACIP letter and explained the local match required for CIP projects. Dr. Price asked requested clarity on AIG. Mr. Borden replied that is the Airport Improvement Grant. Chair Smith asked questions.

#### **Planning & Development:**

Chair Smith stated that the Committee did not meet but there were some items to discuss in closed session. She asked Counsel if he had anything for Planning & Development. Mr. Seymour had nothing to update. Chair Smith stated we have a permanent sign and a homemade sign and stated that we should do better. Mr. Borden added that a permanent sign is forthcoming. Mr. Borden added that the Virginia Natural Gas work is done and the land will be restored.

#### **Facilities:**

Mr. Garner stated the Committee did not meet.

### **Executive Director Report:**

Mr. Borden stated that it is AIP season, the letter you were provided is a kick-off and there was 1 pre-meeting, and the next meeting will be with the State, TBI and consultants, it



must be completed by March as the letter must be sent by April 1<sup>st</sup>. He asked if any Commissioners would like to attend. Chair Smith and Vice Chair Gardner would like to attend. Mr. Borden stated that the Budget will be presented at the March meeting. He added that bill is working with Hampton on a Tourism Grant. Mr. Borden also added that we are getting great community support and partnerships with our #FlyLocal.BuyLocal campaign.

**Old Business:** There was none.

**New Business.** There was none.

**Closed Session:** Chair Smith asked Mr. Seymour to read closed session law for Personnel 2.2.3711.(A)(1) Discussion of employees of any public body. Prospective Business 2.2.3711.(a)(5) Discussion concerning a prospective business or industry or the expansion of air service. Chair Smith asked for a motion. Mr. Garner moved the motion. Dr. Price seconded the motion. Roll call by voice vote. **5-0 approved.**

**The closed session began at 8:20 a.m.**

Mr. Seymour read the open certification and asked for a motion. Dr. Price moved the motion. Mr. Garner seconded the motion. Roll call by voice vote. **5-0 Approved.**

**The open session began at 9:21 a.m.** Chair Smith asked if there was anything for the good of the order. Mr. Joseph asked if we need a motion to accept the audit. Mr. Seymour agreed that would be the best thing to do. Roll call by voice vote. **5-0 Approved.**

Chair Smith asked if there was anything else for the good of the order. Mr. Borden stated that he had just received word that that we did not receive the BIL award we applied for. Chair Smith asked that Mr. Borden asked Mr. Borden to send a link to the website that shows the awards.

**Chair Smith adjourned the meeting at 9:23 a.m.**

**Next Meeting Date:** March 21st at 8 a.m.

# FINANCIALS

## Peninsula Airport Commission

### Operating Income Statement results analysis

February 2024

Airline Fees Revenue is slightly below budget. February historically experiences lower passenger fill rates plus American reduced available seats. This statistic was running above budget in prior months of the fiscal year. The winter slowdown was expected and a few months below the average estimate will be watched closely. The full year's revenue budget expectation remains a reasonable achievable result.

Rental cars, parking lot and restaurant revenues follow the airline passenger counts. Rental cars revenue followed this expectation for February. There is not a reliable method to predict short-term fluctuations in rental car revenues. Parking revenues per passenger continue to do better than the original budget estimates. The average length of stay has gone up. The increase to \$10 per day for all lots is having an impact as well. These revenue areas will be watched closely during the expected slower season for the next two months.

Property rental revenues remain above budget by keeping the rent rolls managed at very near to 100% occupancy.

The utilities expense usage and price components are starting to indicate this area will be over budget for the year. The lower monthly expense for December was related to moderate fall seasonal temperatures and did bounce back during a colder than usual start to winter.

Repairs and maintenance expenses include outside escalator and parking garage elevator maintenance. These are unbudgeted expense line items. The over budget year to date amount is a concern and continues to be monitored closely. Other emergency repairs could result in unexpected expenses at any time.

Labor costs are below budget estimates. Controlling the hours worked is the main reason for this below budget amount. With the annual spring maintenance season approaching it is expected the monthly expense will return to budgeted amounts. The current estimate is this category will be less than the budget for the year. This area will be closely monitored monthly.

Marketing and Advertising expenses remain below budget. This area shows no immediate need to increase spending up to the budgeted amount. Passenger counts remain above the budgeted 75% fill rate of available seats. This area will be revisited as needed based on actual fill rates.

**PENINSULA AIRPORT COMMISSION  
FEBRUARY 2024  
OPERATING INCOME STATEMENT**

DESCRIPTION	FEB 2024 ACTUAL	FEB 2024 BUDGET		YTD ACTUAL	YTD BUDGET		ANNUAL BUDGET	
<b>REVENUE</b>								
Airline Fees	33,230	35,518	93.6%	306,553	295,926	103.6%	450,482	68.0%
Fixed Based Operators	46,111	54,116	85.2%	396,780	440,446	90.1%	664,881	59.7%
Property Rental	97,748	95,360	102.5%	853,897	763,365	111.9%	1,145,311	74.6%
Rental Cars	114,421	122,140	93.7%	1,277,729	1,086,330	117.6%	1,690,718	75.6%
Parking Lot	58,543	46,984	124.6%	489,263	377,699	129.5%	567,572	86.2%
Restaurant Income	16,363	20,444	80.0%	183,323	182,293	100.6%	283,947	64.6%
<b>TOTAL REVENUE</b>	<b>366,416</b>	<b>374,562</b>	<b>97.8%</b>	<b>3,507,545</b>	<b>3,146,059</b>	<b>111.5%</b>	<b>4,802,911</b>	<b>73.0%</b>
<b>EXPENSES</b>								
Labor and Benefits	378,780	408,730	92.7%	2,455,301	2,571,940	95.5%	3,808,255	64.5%
Marketing & Advertising	1,252	28,184	4.4%	53,112	225,472	23.6%	338,199	15.7%
Office & Administration	58,983	25,319	233.0%	569,037	534,014	106.6%	665,363	85.5%
Utilities	62,169	50,087	124.1%	548,403	463,196	118.4%	717,766	76.4%
Repairs & Maintenance	59,896	36,950	162.1%	378,552	308,148	122.8%	459,220	82.4%
Restaurant Expense	20,088	20,355	98.7%	172,923	182,212	94.9%	282,592	61.2%
Bond Debt	55,100	55,100	100.0%	440,801	440,800	100.0%	661,202	66.7%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>636,268</b>	<b>624,725</b>	<b>101.8%</b>	<b>4,618,129</b>	<b>4,725,782</b>	<b>97.7%</b>	<b>6,932,597</b>	<b>66.6%</b>
<b>NET INCOME</b>	<b>(269,852)</b>	<b>(250,163)</b>	<b>107.9%</b>	<b>(1,110,584)</b>	<b>(1,579,723)</b>	<b>70.3%</b>	<b>(2,129,686)</b>	<b>52.1%</b>
<b>OTHER ITEMS</b>								
Trailer Park	-	-		(52,846)	-		-	
Expense Subsidy	-	-		-	-		-	
Sale of Land/Fixed Assets	1,800	-		232,826	-		-	
<b>NET AFTER OTHER</b>	<b>(268,052)</b>	<b>(250,163)</b>		<b>(930,604)</b>	<b>(1,579,723)</b>		<b>(2,129,686)</b>	

**BALANCE SHEET**

	<b>Total</b>
Cash - Unrestricted	3,210,878
Cash - Restricted	13,693,767
Other Current Assets	845,526
Fixed Assets (Net of Depreciation)	71,641,344
<b>TOTAL ASSETS</b>	<b>89,391,515</b>
Current Liabilities	1,265,718
Long Term Notes Payable - Restricted	-
Long Term Notes Payable - Unrestricted	4,850,957
OPEB	5,884,821
<b>TOTAL LIABILITIES</b>	<b>12,001,496</b>
Net Capital Beginning	51,981,870
Capital Contributions	26,338,753
YTD Earnings Current Year	(930,604)
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>89,391,515</b>

**PENINSULA AIRPORT COMMISSION  
FEBRUARY 2024  
CAPITAL FUNDS PROJECTION**

DESCRIPTION	RESTRICTED BANK ACCTS	FAA ENTITLEMENTS	ENTITLEMENTS AVAILABLE	LOCAL FUNDING ANTICIPATED
<b>ENTITLEMENTS IDENTIFIED</b>				
Virginia Dept of Aviation	10,498,244		10,498,244	
Airline Passenger Facility Collections	3,169,330		3,169,330	
Dept of Homeland Security Forfeitures	26,193		26,193	
FAA AIP Entitlements (2021 → 2024)		730,336	730,336	
FAA AIP Entitlements (2022 → 2025)		1,700,000	1,700,000	
FAA AIP Entitlements (2023 → 2026)		1,700,000	1,700,000	
FAA AIP Entitlements (2024 → 2027)		1,700,000	1,700,000	
FAA AIG Entitlements (2022 → 2025)		2,016,868	2,016,868	
FAA AIG Entitlements (2023 → 2026)		2,015,226	2,015,226	
FAA AIG Entitlements (2024 → 2027)		1,934,436	1,934,436	
FAA BIL Competitive (2 of 5 years)		-	-	
<b>ENTITLEMENT BALANCES</b>	<b>13,693,767</b>	<b>11,796,866</b>	<b>25,490,633</b>	
<b>FUTURE AWARDS EST (TO 6/30/30)</b>				
Virginia Dept of Aviation	10,000,000		10,000,000	
Airline Passenger Facility Collections	1,500,000		1,500,000	
FAA AIP Entitlements (2025 → 2028)		1,700,000	1,700,000	
FAA AIP Entitlements (2026 → 2029)		1,700,000	1,700,000	
FAA AIP Entitlements (2027 → 2030)		1,700,000	1,700,000	
FAA AIP Entitlements (2028 → 2031)		1,700,000	1,700,000	
FAA AIP Entitlements (2029 → 2032)		1,700,000	1,700,000	
FAA AIG Entitlements (2025 → 2028)		2,000,000	2,000,000	
FAA AIG Entitlements (2026 → 2029)		2,000,000	2,000,000	
<b>ESTIMATED FUTURE AWARDS</b>	<b>11,500,000</b>	<b>12,500,000</b>	<b>24,000,000</b>	-
<b>PROJECTED FUNDS AVAILABLE</b>	<b>25,193,767</b>	<b>24,296,866</b>	<b>49,490,633</b>	-
<b>PROJECT PLANNING</b>				
Txy A Closeout (AIP 100%)		218,552	218,552	-
Txy D Design (AIP 90%/VDOA 10%)	62,533	562,800	625,333	-
Master Plan (AIP 90%/VDOA 10%)	121,917	1,097,249	1,219,166	-
GA Ramp (AIG 40%/PFC 40%/VDOA 20%)	5,400,000	3,600,000	9,000,000	-
FAA future projects (AIP 90%/VDOA 10%)	2,178,000	19,602,000	21,780,000	-
VDOA (Repairs and Maint 80%/20%)	8,081,000		8,081,000	2,941,000
Terminal (AIG/PFC/Local - Sq Ft)	3,540,000	600,000	4,140,000	5,460,000
<b>CAPITAL PLANNING ESTIMATE</b>	<b>19,383,450</b>	<b>25,680,601</b>	<b>45,064,051</b>	<b>8,401,000</b>
<b>ANTICIPATED BALANCES 2030</b>	<b>5,810,317</b>	<b>(1,383,735)</b>	<b>4,426,582</b>	<b>8,401,000</b>

# AIR SERVICE REPORT

## Monthly Air Service Report Summary February 2024

- Load factors:
  - 73% for American
  - 60% Charters
  - 73% Overall
- 3772 Flight Ops (landings & take-offs)

<u>FY 24 Actual PAX</u> <u>(7/1/23 – 6/30/24)</u>	<u>FY23 Actual PAX</u> <u>(7/1/22 – 6/30/23)</u>	<u>FY22 Actual PAX</u> <u>(7/1/21 – 6/30/22)</u>
Jul: 13,283	Jul: 15,044	Jul: 21,586
Aug: 13,558	Aug: 14,280	Aug: 18,582
Sep: 14,153	Sep: 12,372	Sep: 16,210
Oct: 11,343	Oct: 13,649	Oct: 19,044
Nov: 11,864	Nov: 14,626	Nov: 16,375
Dec: 10,608	Dec: 14,860	Dec: 15,846
Jan: 11,668	Jan: 9,029	Jan: 10,538
Feb: 8,459	Feb: 10,879	Feb: 11,864
Mar:	Mar: 13,322	Mar: 16,810
Apr:	Apr: 11,596	Apr: 15,896
May:	May: 8,480	May: 12,719
Jun:	Jun: 12,623	Jun: 13,702
<b>Total: 94,936 PAX</b>	<b>Total: 150,760 PAX</b>	<b>Total: 189,172 PAX</b>

EXHIBIT(S)



Peninsula Airport Commission

Preliminary annual budget review for fiscal year ending June 30, 2025

Prepared March 2024

Revenue categories:

Average number of flights per day scheduled by American Airlines remains at 4.5, same as used for the prior year budget. No increase in available seats is anticipated for this budget.

Airline seat fill rates have been increased from 75% to 78% percent. This budget fill rate increase is based on actual results during the 12 months ending February 29, 2024.

Airline Fees Revenue budget is based on the current variable rates per passenger of \$5.90. This rate is expected to remain the same as it is in the range experienced by other similarly sized airports. The other components of revenue per passenger are based on the most recent 12 months of history including: Rental Car of \$27.50 and; Parking of \$10.60. These overall per passenger rates match those experienced by other similar sized airports. The total Airline cost per enplanement (as published by the FAA website: [cats.airports.faa.gov/Reports/reports.cfm](https://cats.airports.faa.gov/Reports/reports.cfm), which includes a combination of fixed and variable charges) for selected other airports is included in an attached schedule.

Budgeted revenues related to Fixed Based Operators have a small increases expected from CPI and appraisal increases as stated in the respective contracts. No other changes in the slate of third parties based here or their respective operating levels are expected during the FY06/25 year.

Property rental revenue includes all anticipated CPI increases contractually stated in the leases. Rent rolls are very near to 100% occupancy. No significant turnover in tenants is expected.

Expense Categories:

Labor costs include merit and cost of living increases. Increases range mostly from 5% to 7%. A few larger percentage increases (up to 15.4%) are in reaction to proposed Virginia legislative changes to mandated minimum wage. This will prepare the current headcount list to be in line with the expected changes in the law. Staff headcounts for the budget year remain at their current levels.

Marketing and Advertising is not being expanded beyond the current actual levels.

Office / Administration and Repairs / Maintenance budgets are increased to provide for known deferred maintenance items. A total of \$110K increase over the expected FY06/24 amount has been added to the FY06/25 budget. All budgeted amounts are net of Virginia Department of Aviation reimbursement funding expected.

The utility budget amount includes some anticipated rate increases. The usage patterns are expected to remain constant with prior years.

Restaurant expenses are expected to fluctuate based on passenger counts. This area is budgeted at as close to break-even as practical.

Peninsula Airport Commission

Preliminary annual budget review for fiscal year ending June 30, 2025

Prepared March 2024

Various Budget views presented:

Budget 06/25 – Based on the revenue and expense changes anticipated. These are explained in the narratives in the preceding page. The bottom line for this presentation column estimates the net cash flow budget for the year.

Current overhead break-even – This view estimates the number of passengers necessary for the proposed budget to achieve a break even in cash flow. Known overhead expenses are kept at the presented budgeted levels. Variable revenue items calculated on a per passenger basis include: Airline non-exclusive terminal use charges; Rental car commissions and Customer Facility Charges and; Parking revenue.

Projected 06/24 – Using the actual results for the eight months ended February 29, 2024 and applying the budget estimates for the remaining four months. This is a forecast of expected results for the year ending June 30, 2024.

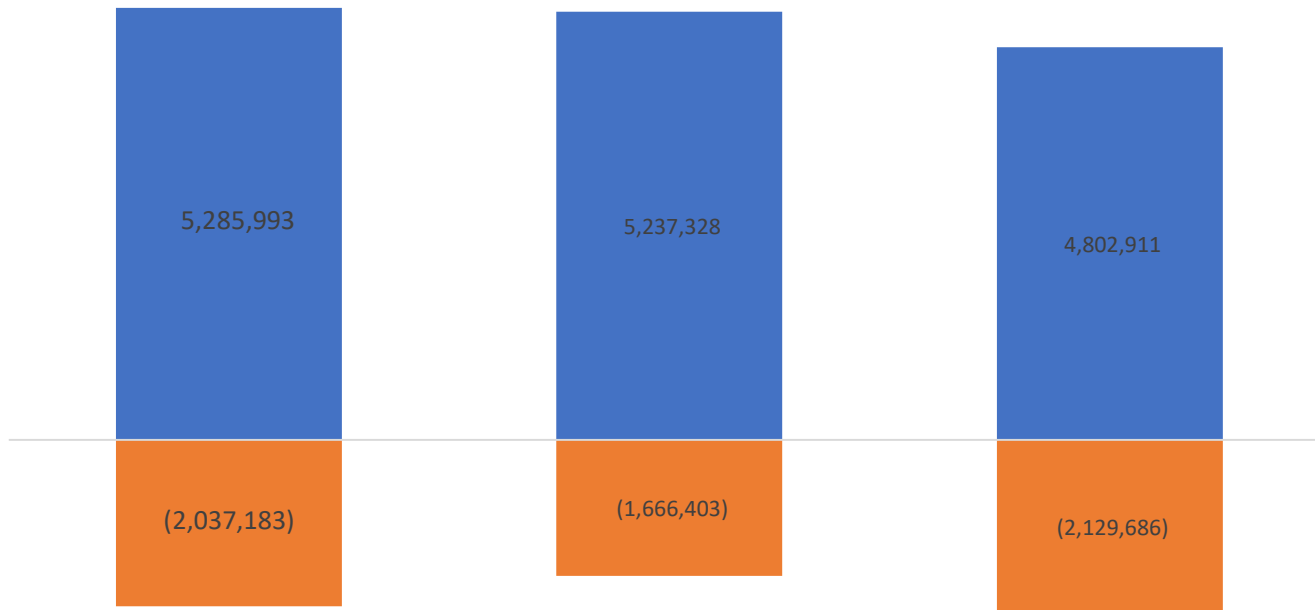
Budget 06/24 – The budget previously approved for the current fiscal year.

PENINSULA AIRPORT COMMISSION  
 BUDGET FOR THE YEAR ENDED JUNE 2025

	Budget 06/25	Current overhead Break Even	Projected 06/24	Budget 06/24
<u>Enplanement budget</u>				
Flights per day	4.5	8	4.5	4.5
Seats per flight	50	50	50	50
Seats per day	225	400	225	225
Days per year	365	365	365	365
Seats per year	82,125	146,000	82,125	82,125
Est fill rate	78%	76%	77%	75%
Number of Enplanements	64,058	110,960	63,318	61,594
Revenue	5,285,993	7,589,280	5,237,328	4,802,911
Expense	7,323,176	7,540,335	6,903,731	6,932,597
Net	(2,037,183)	48,945	(1,666,403)	(2,129,686)
<b>REVENUE</b>				
Airline Fees	457,922	697,967	459,829	450,482
Fixed Based Operators	601,151	601,151	595,172	664,881
Property Rental	1,258,043	1,258,043	1,256,849	1,145,311
Rental Cars	1,921,536	3,217,921	1,916,597	1,690,718
Parking Lot	752,676	1,303,781	733,895	567,572
Restaurant Income	294,665	510,417	274,987	283,947
<b>TOTAL REVENUE</b>	<b>5,285,993</b>	<b>7,589,280</b>	<b>5,237,328</b>	<b>4,802,911</b>
<b>EXPENSES</b>				
Labor and Benefits	3,832,302	3,832,302	3,595,531	3,808,255
Marketing & Advertising	95,530	95,530	79,668	338,199
Office & Administration	883,776	883,776	830,508	665,363
Utilities	831,788	831,788	816,607	717,766
Repairs & Maintenance	713,700	713,700	660,832	459,220
Restaurant Expense	304,880	522,039	259,383	282,592
Bond Debt	661,200	661,200	661,201	661,202
<b>TOTAL EXPENSES</b>	<b>7,323,176</b>	<b>7,540,335</b>	<b>6,903,731</b>	<b>6,932,597</b>

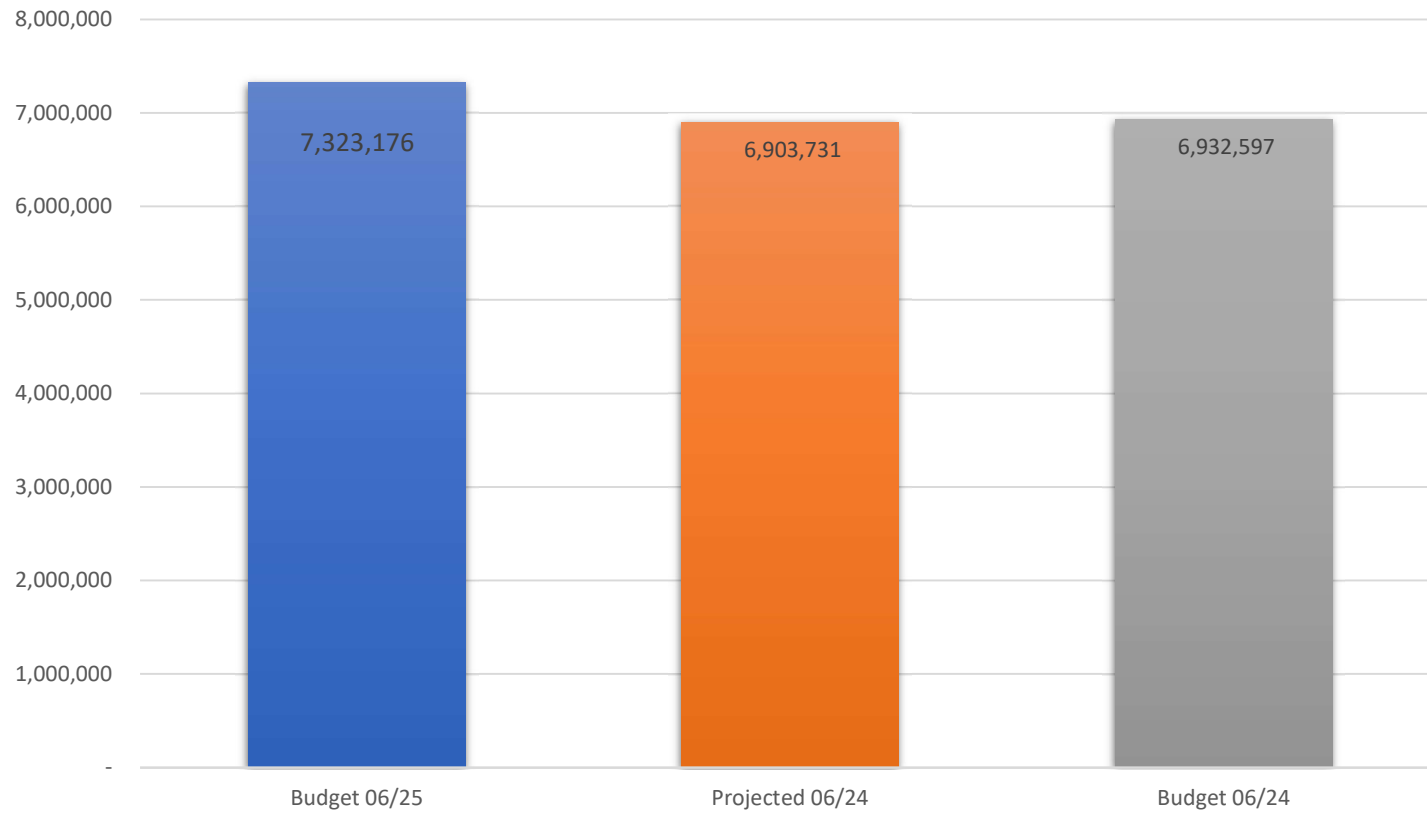
## Peninsula Airport Commission Cash Flow Budget Fiscal Year June 2025

■ Revenue      ■ Net Loss

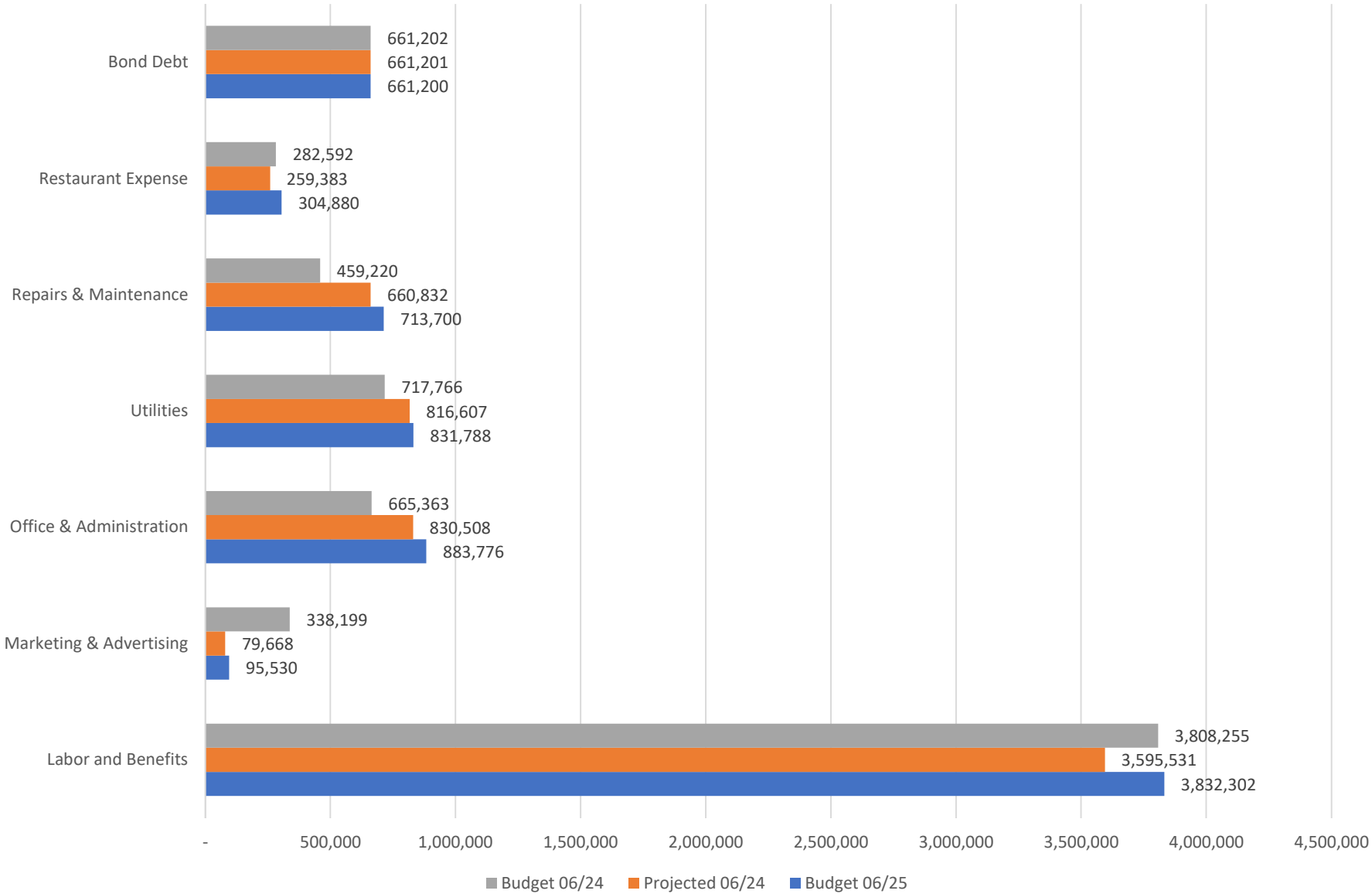


	Budget 06/25	Projected 06/24	Budget 06/24
■ Net Loss	(2,037,183)	(1,666,403)	(2,129,686)
■ Revenue	5,285,993	5,237,328	4,802,911

## Peninsula Airport Commission Expense Budget Fiscal Year June 2025



## Peninsula Airport Commission Expense Budget Fiscal Year June 2025



Peninsula Airport Commission

Preliminary annual budget review for fiscal year ending June 30, 2025

Prepared March 2024

Airline cost per enplanement as published by the FAA

Airport Name	LOC_ID	Passenger airline cost per enplanement
DESTIN-FORT WALTON BEACH AIRPORT	VPS	2.53
HILTON HEAD	HXD	12.92
HUNTSVILLE INTL-CARL T JONE	HSV	17.42
LOVELL FIELD	CHA	7.18
TOLEDO EXPRESS	TOL	4.06
DAYTON INTL	DAY	13.50
NEWPORT NEWS/ WILLIAMSBURG	PHF	6.52

Note: these charges include both fixed dollar amount exclusive use ticket counter rent charges plus variable non-exclusive common area use fees based on per passenger counts.