

# AGENDA

June 15, 2021, 2:00 p.m. Remote Access:

Dial-In Voice Only 1.415.655.0001 Meeting # 126 946 8839 Passcode: 52279852 Webex Video and Voice Meeting # 126 946 8839 Passcode: JaArxVkb893

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Introduction of Attendees
- V. Secretary's Report a. Minutes of May, 2021
- VI. Treasurer's Report
- VII. Marketing Committee
- VIII. Commercial Development and Planning Committee
- IX. Director's Update
- X. Old Business
- XI. New Business
  - a. End of year Budget Amendments for Project Ordinance close-outs
  - b. TBI work authorization for engineering and design review work for runway 4/22 marking and maintenance requirements
  - c. FY22 Budget Ordinance
- XII. Open Discussion
- XIII. Executive Session
- XIV. Adjournment

#### Minutes

# Coastal Carolina Regional Airport Authority May 18, 2021

Chairman Leahy called the meeting to order at 2:00 p.m. All stood and recited the Pledge of Allegiance.

This Authority Meeting was conducted in a hybrid fashion to give participants the option on how to attend due to COVID concerns. Several Authority members were present in the Airport conference room, while others attended via WebEx conference call.

The roll was taken, and the following Board members were present in person: Leahy, Bender, Harris, Hunter, Jones, Liner, Morris, and Pope.

The following Board members attended via WebEx: Frazer, Hawkins, and Murray.

Burns was excused.

Also present in person: Andy Shorter, Airport Director; Charles Cushman, Dunn, Pittman, Skinner and Cushman; April Hill, Airport Security Coordinator/Board Recorder and Eric Litchfield, Business Manager.

\*\*\*Also present via Webex: Ed Martin, Operations and Facilities Manager; John Massey, Talbert & Bright; Jesse Vinson, and Andy Weiss.

The public was notified of the meeting in the usual fashion along with details for calling in via the phone conference number. The meeting was held at the normal time and place (for those attending in-person).

#### **Public Hearing**

On a motion by Harris, seconded by Morris, A public hearing was opened to present the proposed FY22 budget. In favor 8; opposed 0.

Shorter presented the proposed budget for FY 22. He commented that all operations stem from the airport's vision of a friendly airport for the residents and visitors to Eastern North Carolina and its mission to provide a safe, secure user-

friendly airport; committed to delivering the community the highest level of service, customer satisfaction and regional economic benefit. Shorter said that FY22 will be a formative year for EWN. Air service and passenger recovery will continue to the top business priority for the airport, but it remains unknown exactly how the airline industry may change in light of the crisis over the last year. Shorter said that he is seeing signals of change all over the industry and understanding just how permanent the changes are, remain to be seen. He explained that the proposed revenue budget has been programmed conservatively and it will again be underpinned by the continued support of the CARES Act grant funding. Shorter commented that the funding is the federal government's way to help ensure EWN's success through the crisis. Shorter said that the airport has programmed a very robust expense budget aimed at making key strategic investments across several areas of the airport in order to buy-down future capital expenses while adding infrastructure investments to foster future aeronautical growth and business. Shorter added that the investments will not only help to keep the airport an affordable operating environment for all users, but they will also create new and diversified airport self-sustaining revenue streams, all of which meet the FAA's consistent and overarching guidance to airports. Shorter reported that the proposed budget was prepared with \$6.4 million in CARES Act funding programmed to cover the difference between the projected revenue and planned expenses to create a balanced budget of \$7.4 million. Shorter said that the budget represents a 55 %increase over last year's budget. He said some of the highlights include the increased marketing and air service development budgets, increased capital outlay for a new vehicle and a new tractor, addition of funding to purchase. aircraft ground service equipment (\$500k) and an increase in capital funding for multiple large scale capital improvements (\$3.5M). Litchfield then shared a presentation of the FY22 budget displaying the consolidated revenue and expenditure line items and discussing where the major plus-ups over the

FY21 budget were located. He explained that there is a 2% salary increase programmed in the budget for all full-time and part-time employees, including the law enforcement officers, should the County Commissioners approve a COLA increase.

On a motion by Bender, seconded by Pope, the Authority closed the public hearing. In favor 8; opposed 0.

There was no public discussion.

#### Secretary's Report

On motion by Morris, seconded by Hunter the minutes of April 20, 2021 were approved. In favor 8, opposed 0.

## Treasurer's Report

Pope advised that all car rental agencies reported for the nineth month with the exception of Hertz who reported a full ten months. The year-to-date budget goal for rental car revenue was budgeted at \$102,917. The airport received \$220,408 for a positive variance to the goal of \$117,492. Pope noted that the revenue received was about \$50,000 less than received from the same period last year. Landing fees were budgeted at \$37,684 and the Airport has invoiced \$0.00 as per the approved abatement period. Parking revenue is budgeted at \$333,333. The Airport has collected \$283,734 for a negative variance to goal of \$49,599. Pope commented that he is optimistic that revenue will ramp up with the increased passenger traffic. The Cares Act Funding is budgeted year to date at \$2,008,951. The Airport has invoiced \$1,890,726. Pope added that the negative variance is due to a timing issue adding that the airport will continue to be reimbursed. Litchfield commented

that what Pope is referring to is that the airport has been unable to claim wages when the County shifted from one system to another system. He said that they are trying to work out how to pull the monetary value of all the wages so that the airport can file for the difference with the FAA. Pope commented that it is a fully reimbursable line item.

Shorter also commented that by looking at the parking lot revenue from the same period as last year you will see that this is where the airport revenue really started dropping off month-to-month. He stated that the variance to goal is now shrinking for the parking lot but we will obviously never get close to where we were last year. Pope commented that he is optimistic that over the next few months the parking lot revenue and the enplanements will continue to improve.

On motion by Morris, seconded by Jones the Treasurer's report was approved. In favor 8, opposed 0.

# Marketing Committee

Morris advised that the committee did not meet this month but asked that Litchfield give an update on what he has been working on. Litchfield reported that he is working heavily on the inbound campaign and that they are seeing great engagement. The outbound campaign is producing very noticeable results as well. Litchfield commented that the focus will be on, maintaining the course, while developing loyalty from the local passengers and the local catchment area. George Durant will be in next week to work on updating the photography of the terminal as well as the general aviation side.

# Commercial Development Committee

Pope advised that the committee met last Thursday and had a very productive meeting. Pope gave an update on the following:

Corporate Hangars: Pope advised that the project is underway. The bid opening is scheduled for June 24th with an approval date to accept the bid and go to contract scheduled for the July 20th Board meeting. Shorter commented that the key point to note is that the \$1.43 million that the airport received from the General Assembly expires on August 31st if not obligated, so the project needs to be on contract prior to that date. Shorter added that the engineers and architectural estimate has been updated from \$1.62 million to \$1.95 million. Shorter explained that there will be two phases; one will be a procurement phase which will be for six months. A notice to proceed will be issued just for the acquisition piece since the lead time for material is so unpredictable right now. The construction phase will commence once the material is secured. Shorter said that the attorneys are working on a commitment letter for an interested tenant. Pope added that with the commitment of the perspective tenant the committee feels that the timing is right to grab the opportunity and not let the state funding slip through our hands.

ARFF Facility: Pope reported that construction is 60%-65% complete. He said that TA Loving is doing very well on the progress of the construction. The roof sheathing and the window glazing has been installed. Pope added that the masonry installed is up to the top and is coming along really well.

## Directors Update

Airline Impact: Shorter commented that it is comforting to be where we are today compared to last April, adding that American is now just 5% below where they were in April of 2019. Shorter added that the new ultra-low-cost carriers, Breeze and Avalon, have received their FAA certificates so that makes six ultra-low-cost carriers nationwide. He said that Avalon's first set of routes was West Coast focused. Shorter commented that just two weeks ago Avalon

announced that they will have a base in Connecticut. He said that the airport's air service consultant sent them a note that EWN would be a great place for them to come and is setting up an initial discussion with them.

Round-a-bout: Shorter reported that the round-a-bout is complete and working as designed. All traffic not conducting airport business is now directed away from the front of the terminal. Shorter commented that the NCDOT has done a terrific job and that the streetlights will be installed in about three weeks. Pope suggested that the airport should send a letter of appreciation to the NCDOT. Bender added that the local Board of Transportation members should also receive a letter of appreciation.

FAA Virtual Conference: Shorter advised that the conference went well and provided a lot of valuable information. He said that one of the topics discussed was annual inspections. Shorter advised that the airport's annual FAA inspection will be conducted on June 7th. The FAA Inspector will be onsite for a portion of the inspection while record logs will be sent electronically beforehand.

Airport 101 Virtual Training: Shorter advised that the AAAE will be hosting an online training tailored for senior leaders and policy makers. The training will be held May 25 & 26th. He asked that any Board member interested in attending the virtual training let him know so that he can get them registered.

# Property Acquisition and Non-Aeronautical Commercial Development

Shorter advised that the Board of Commissioners met yesterday and gave the airport approval to continue with the acquisition process of the improved portion of the church property. He said that somewhere between the appraisal and review of the appraisal there was a minor adjustment of acreage size,

increasing the purchase price from \$380,000 to \$385,000. Shorter also advised that 720 Clermont Road has become available. This property is back-to-back of the other Clermont parcels just purchased by the airport. Shorter advised that the airport has started the due diligence of inquiring about the purchase of the property.

# Budget Amendment to closeout completed 10 Unit T-Hangar Project

Shorter advised that the project for the 10-unit T-hangars is complete and that the County Finance department needs to move funds. The following budget amendment was submitted for the Board's approval:

Revenues 8100000-39901 FB Current Year	<b>Amount</b> \$472,450.00	Expenditures 8107050-47302 C/O Other Improvemer	Amount \$856,721.00
8100000-33119 CARES Act	\$384,271.00		

Total: \$856,721.00 Total: \$856,721.00

Justification: To establish the 10-Unit T-Hangar project in the operating fund.

On motion by Bender, seconded by Pope the budget amendment was approved. In favor 8, opposed 0. A roll call vote was taken; 8 yes, 0 no.

# Canteen Markets Proposal

Shorter previously provided pictures of the different variations of what the machines would look like in the monthly Board packet. The machines will be

installed in the history area of the terminal and in the Sterile area. Shorter advised that the offer remains the same. The airport will receive 10% commission of sales that will be graduated up to 20% at predetermined revenue levels. Canteen will install and stock the service stations at no cost to the airport as well as carry all risks associated with a concession stand. Shorter commented that the stations will provide unique products with new a level of service that has never been provided for our passengers before. He added that this is an opportunity to meet the vision and mission statement of the airport and that he feels that this is a good direction for the airport to move in for the future.

## Hangar Lease Rate Annual Adjustments

Litchfield advised that the airport owned hangars have not had a rate increase in many years. He recommended that the hangar rental rates be increased as follows; a \$10.00 increase for hangars with utilities and a \$5.00 increase for hangars without utilities. This increase would start in July and increase every July according to the consumer price index release in December. He said that the increase would bring the airport to a current steady state covering the airport's overhead costs while providing a reasonable rent for the tenants. Litchfield said that this was the best path moving forward until the airport completes another hangar rent study, which should be conducted periodically. Shorter commented that the NCDOT Aviation is putting together a working group to discuss hangar rental rates. He said that hangars always have been a strange market and they do not follow normal market principles. Liner commented that the rates seem very low and asked why the airport needs to wait until the State recommends after completing a study. Shorter commented that the recommended rate increase is based on a study that was completed a few years ago. He said that the DOT's study would not set any standards but that they could help all the airports share information and maybe be a market maker. Liner suggested that, if applicable, the airport use

the CARES Act funding to begin a hangar rental study now, as opposed to waiting for the NCDOT Aviation study. Shorter commented that there are funds available in contractual services to cover costs associated with a hangar rate study in the FY22 budget. The Board agreed to move forward with the current recommended hangar rate increase starting in July since most leases expire in June and will conduct a new FY22 study using funds in contractual services and reimbursed by CARES Act funding.

#### FY22 Budget Approval

Shorter recommended that the Board approve the proposed budget as presented during the public hearing. He said that once the County budget is approved, the Board will approve the budget ordinance according to any adjustments that need to be made. Pope commented that the 20-year Airport Master Plan and current Layout Plan (ALP) is a structured well thought out program and this budget helps to further that planning in a responsible way.

On motion by Bender, seconded by Morris the FY22 Budget was approved. In favor 8, opposed 0. A roll call vote was taken; 8 yes, 0 no.

#### Open Discussion

There was no discussion.

#### **Executive Session**

On motion by Hunter, seconded by Harris the Board went into executive session at 3:04 PM in accordance with 143-318.11(a) (6) to consider the qualifications, competence, performance, character, fitness for conditions of appointment of an individual public officer of the public body. In favor 8, opposed 0.

On motion by Morris, seconded by Bender the Board came out of executive session at 3:31PM. In favor 8, opposed 0.

On motion by Morris, seconded by Pope the Board adjourned at 3:32 PM. In favor 8, opposed 0.

Secretary Kenneth Morris