

Minutes

Coastal Carolina Regional Airport Authority

February 15, 2022

Chairman Harris called the meeting to order at 2:00 p.m.

All stood and recited the Pledge of Allegiance.

The roll was taken, and the following Board members were present in person: Harris, Bender, Kiser, Liner, McCabe, Morris, Murray, and Wood.

The following Board and staff members attended via WebEx: Frazer and Martin, Operations and Facilities Manager.

Pope and Jones were excused.

Burns was not in attendance.

Also present in person: Andy Shorter, Airport Director; Charles Cushman and Ray Dunn, Dunn, Pittman, Skinner and Cushman; April Hill, Airport Security Coordinator/Board Recorder; Amy Ritchie, Terminal Manager; Ed Martin, Operations and Facilities Manager; and John Massey, Talbert & Bright.

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).

Secretary's Report

On motion by McCabe, seconded by Morris the minutes of January 18, 2022, were approved. In favor 6, opposed 0.

Treasurer's Report

Shorter reported financials through January 31, 2022. Concessions, Advertising and Ground Transportation is trending above budget by \$13,008. Fuel Flow Royalties is ahead of the budget by \$459. Landing Fees are under budget by \$8,551. Revenues received to date are a result of cargo aircraft. The airport will continue to abate passenger landing fees through the second

quarter. Other revenue is above budget at \$38,151. Shorter commented that the line item is well over budget as a result of the airport selling old equipment. Parking revenue is ahead of budget by \$198,084. Rental car revenue is ahead of the budget by \$100,103. Rental income is under budget by \$32,057. Shorter commented that the line item includes a budgeted increase for the new corporate hangars currently under construction. He also reported that the airport has received two quarters of the State Grant in the amount of \$664,804. The airport will be requesting the third quarter allocation this quarter. TSA Security Reimbursements were below budget by \$13,285. Shorter reported that the total operating revenue is ahead of budget by \$960,715. He noted that \$664,804 of total revenue includes revenue received through State grants giving a realistic balance of almost \$300,000. The Cares Act reimbursements are lagging by \$2,230,139. Shorter commented that the line item will continue to lag behind due to two large budget items that the FAA has advised cannot be included with operations and maintenance. He said that he will be applying for addendum grants for those line items soon. Shorter also advised that overall, out of the \$14.7 million of Cares Act funding that the airport was allocated by AIP-45, he projects that the airport will have expended \$7 million of that by the end of the fiscal year. The total of expenses \$2,047,993 includes the recent property purchase of \$385,000. Shorter also gave a report on enplanements. He shared what the trend line looks like for enplanements for FY21 & 22. He noted that the seats were up year over year but have been trending down since October. The load factors are stable with good numbers reported during the holidays but tapered off a little in January and February. Shorter commented that load factors typically taper off after the holidays. He added that historically airports depend on business travel to carry through January and February but unfortunately the business travel has not been as strong due to the pandemic. Shorter also shared a graph depicting the airports load factors between American and Delta by month and by year between 2019-2022. Because of the

continued stress on the industry coupled with an ensuing scheduling glitch, American has only scheduled 3,781 seats for EWN during the month of March. This will mean that American will only have one departure per day for about 14 days in the month. Shorter commented that fortunately he already had a call scheduled with American network planners to discuss summer less than daily service, so he took the opportunity to address the schedule. Unfortunately, the schedule will not change for March but American has promised to adjust the schedule to no less than four flights a day in April. Shorter explained that airlines try to match capacity to demand. He said that they look at pre-bookings for demand. The days that EWN has higher demand American will schedule more seats for those days. Shorter said that this is why it is so important to book early and to book often. Fortunately, for the month of April, the seats are back up to 7,200 seats. Because of the schedule for March Shorter advised that he has agreed to abate rent fees for the restaurant for the month of March.

On motion by McCabe, seconded by Liner the Treasurer's Report was approved. In favor 6, opposed 0.

Marketing Update

Wood reported that he and George Durant had the opportunity to brief committee members about the marketing activities and budget for the airport this year. He commented that it was a great opportunity for him to relay the efforts of the airport Board and Marketing committee to focus on markets in demand. He said they discussed the markets that they will be shifting away from in order to focus elsewhere, such as Pittsburgh to Boston, Philadelphia, Newark, and the DC area. He said that the data is showing where we are strong. With the information that the airport was out in those markets, the TDA was able to adjust their marketing dollars to local activities in the area. From the CIA standpoint, they will shift their google ads to those same strong markets to try and appeal to those folks looking for available jobs in the area. Wood said

that they are seeing a nesting underneath the airport marketing efforts that is more robust than with any other organization. He said that he is also excited about coordinating with other partners in utilizing things like pictures to be in sync with one another for a seamless campaign. He said that it will be helpful where the marketing dollars for the airport specifically has to market the airport but having a seamless campaign for branding type efforts will help maximize everyone's dollars together. Wood commented that one of the things that affects work force development the most is a flat line population. With the enormous number of jobs in the market that are available, Wood said that the airport needs to be able to push the campaigns to attract more people to the area. Shorter reported on data sent from Kirk Lovell, Air Service Consultant with Mead & Hunt. The click through rate in December 2021 increased by 3.3% making December the highest month. He said that these are people who visited the airport's website and from there clicked the link to American Airlines and purchased a ticket. Shorter said that with data like this it shows that the airport has the right combination to create customers. Wood added that he was able to speak in front of the New Bern Chamber of Commerce last week and the discussion came up on how hot the real estate market is right now. He said that Andy Schneider, who has been in support of a Newark flight, immediately spoke up and commented that Wood needed to share the information with the Airport Director. He said that any kind of data that shows growth in the community is important to share with Shorter so that he can use it when speaking with the airlines. Kiser commented that it is astounding how much growth New Bern has had. She said that there have been over 400 building permits issued in 2021. Wood commented that branding your market is hard to do but that with the funds and marketing efforts of the airport is a very big deal. He said that the airport has a huge task of promoting the airport and soliciting new air service but that the airport has the funds to do it.

Commercial Development

Shorter reported that the committee met on the 9th in the ARFF building to discuss the following topics:

Property acquisition: Cushman advised that the airport closed on the Generation Baptist Church property on February 3rd. He said that he worked closely with Craven County Finance to make sure the funding was in place and that the church congregation was well pleased with the process. On the same day, the church signed a lease agreement with the airport to lease the property back for one year with the option of an additional one-year renewal agreement while the church builds a new church on Pine Tree Drive. Starting March 1st, the Generation Baptist Church will pay \$2,583 a month per the lease agreement. During the term of the lease the church trustees will be responsible for the maintenance, insurance, and utilities as they have all along. Shorter commented that the airport decided to add the church property to the airport's blanket policy for secured coverage.

Airport Roadway/Toll Booth Plaza: Shorter advised that the bid advertisement was published, and the pre-bid meeting was held on February 1st in the ARFF building. The bid opening is scheduled for February 24th. It is required that the airport receive three bids.

Terminal Expansion: Shorter reported that the project went out for bid on February 6th. A mandatory pre-bid meeting is scheduled for Tuesday.

Williams Road Re-alignment: Shorter commented that planning and discussions are in motion with the DOT. He said that they will continue the series of discussions and hope to have the DOT out for a tour this month.

Bipartisan Infrastructure Law: Shorter advised that the airport has taken the BIL funding and programmed it in for every year for the Airport Capital

Improvement Plan (ACIP). He explained that the airport has had discretionary needs that were higher every year than the \$1.447 million. He said that the airport's district office in Memphis is very happy that the airport has planned to program the funding in this way.

Directors Update

Air Service: Shorter reported that all airlines are pulling back their Spring schedules nationwide. He said that initially the hit for American was for the Charlotte market while the April schedule was a big hit for the Chicago market for American. Shorter also commented that he had meeting on the 24th with American's network planner where they discussed additional flights ahead. The network planner said that even though they are still interested in the DCA flight, at this time they feel that a direct flight would not work. With this information, the airline consultants asked the planners to redirect the focus back on the Philadelphia area. Shorter advised that Kirk Lovell (Mead & Hunt) will be attending a service conference this week in San Antonio and will meet with the American network planner to discuss air service to the northeast. Shorter said that he should have more information after the conference. United Airlines has said that they will not be sending out SCASDP support letters this year due to the uncertainty within the industry. Shorter said that they reached back out to Delta but that they have declined support. He said that the airport will have to look to American for a letter of support for the SCASDP grant this year. He added that the airport will broaden requested service to the northeast instead of focusing on just the Washington-Dulles area. In doing so, Shorter commented that this gives the airlines more flexibility to make something happen. Shorter commented that if EWN receives the award this year and begins service then the airport cannot apply for another grant to the northeast for the next ten years. He said that after speaking with the Chairman, they decided that this see is a low-risk issue at this time. Shorter commented that the two biggest deciding

factors on the SCASDP support are letters of support and the community share funding amount. The higher percentage of community support, the more likely the airport will receive a grant.

C1A Briefing: Shorter reported that he had the opportunity to brief the C1A Executive Committee and asked Wood to share the results of that briefing. Wood commented that the C1A Board of Directors met last week and voted unanimously to include, in this year's C1A budget, an airline development fund in the amount of \$300,000 to assist in a SCASDP grant or for negotiations with an airline. He added that the vote would go back to the executive committee for a final contract agreement which is nothing unusual. Wood commented that if the committee puts in the full \$300,000, it will be the second largest investment that the C1A has ever made. Wood also noted that at the request of the public partners (Craven County, the City of New Bern, and the City of Havelock), it has been requested that every year these partners will contribute money to the Craven 100 Alliance to set up its own fund to be known as the Public Fund. These funds will have its own special authorization levels that will need to be met at the request of the representatives of the three entities. He said that this shows not only the interest of the private sector but also the interests of the public sector as well. He said that within the past few months that with Shorter and other folks around the table, they have been able to show that American Airlines is a business making investments within the community just like other businesses in the industrial park that have made investments. Wood said that they have to figure out how to negotiate with them to increase that level of investment. Wood commented that the airport is a huge asset for the region and Shorter was successful in educating the committee of the efforts of the airport and the struggle of bringing in service to the community. He said that the committee is supportive of the airport and is ready to assist in this kind of investment. Harris asked Wood to extend the Boards appreciation to the

Executive Committee and the full Board of the CIA for their partnership with the airport.

New ARFF Truck: Shorter announced that the new ARFF truck has arrived. The staff is taking the opportunity to train on the truck before it is put into service.

Snow Event: Shorter reported that the airport was able to initiate an agreement with Trader Construction for snow and ice removal. He said the event brought in more sleet and ice than snow. The maintenance staff applied FAA approved chemicals to the runways and taxiways which allowed the staff to have the runway cleared by noon and have the airport back in operation shortly after that. Since the staff had to use all the chemical treatment in stock, the airport had to order additional stock for the following week's event. Shorter commented that overall, it was a good team effort by all staff members. The total cost for the operation was approximately \$8,500. Martin added that there was good coordination with the tower as well and that operations could not have been completed more efficiently. Harris commented that he asked Shorter to share pictures with the Board of the operations of the day of the snow event so that the Board could have a better understanding and appreciation of what the staff at the airport does. He thanked the staff for doing a great job.

Harrier Meeting with MAG-14

Shorter reported that he and several others attended a meeting with MAG-14 at Cherry Point Marine Corps Air Station last week to discuss the operation of the Harriers and to get an update on what their concept of operations are and will continue to be. He said they were very accommodating of the meeting. Shorter said that the Air Group Commander suggested drafting a MOU between the airport and MAG-14 to formalize the operations. They did note that the schedule fluctuates with the deployment of the squadrons. Shorter

also mentioned that the Harriers are programmed for operations through 2028 however, because of security requirements, the F-35's will not fly into EWN.

Congressional Inquiry from Rep. Murphy

Shorter advised that the airport received an inquiry from Congressman Murphy's office asking if EWN has had any late-night aircraft arrivals from DHS transporting people to the area. He advised that the airport does not maintain flight logs during the late night – early morning hours in question but added that if a flight did come in, the airport would be made aware because of fence access and or fueling issues.

Authority By-Laws Adoption

Cushman commented that in last month's meeting the Board reviewed and discussed changes to a draft of the Authority By-laws. He said most of the changes were word choice with the biggest change of assigning the Treasurer as the financial reporter and the Craven County Finance Director as the Financial Officer. Liner thanked Cushman for his guidance during review of the by-laws and the committee members for their time and input of the review.

On motion by Morris, seconded by Liner the Board approved and adopted the By-laws as presented. In favor 6, opposed 0.

2022 SCASDP Grant Proposal

Shorter advised that the airport will be applying for this year's SCASDP Grant for service to the northeast. The grant application is due by March 15th. Shorter commented that the Chairman will review and sign the grant application. Shorter added that at a minimum, the grant will include \$300,000 in community investment as well as the airport's in-kind marketing and the airport's incentive package.

NC Airports Association Conference Attendance Decision (20-22 April)

Shorter advised that the airport has blocked enough hotel rooms for the Board and staff attending but will need to know by Friday who will not be able to attend so that he can release some of the rooms. Shorter also advised that the staff needs to submit registration forms for the conference as well. He asked the Board to let him know as soon as possible who will be attending and how many spouses will be attending as well.

Budget Line-Item Transfers

Shorter submitted the following budget amendment for the Board's approval:

Revenues	Amount	Expenditures	
Amount			
8107050-47302 FAA	\$25,000.00	8107050-42601 Maint/Repair Bldg/Grounds	\$10,000.00
		8107050-43240 Other Supplies	\$5,000.00
		8107050-43300 Miscellaneous	\$1,000.00
		8107050-44600 General Insurance	\$7,000.00
		8107050-42200 Telephone Expenses	\$2,000.00

Justification:

To cover the cost of deicer product for the runways, expenses associated with outfitting the new ARFF facility, expenses associated with holiday purchases for the terminal, additional Wind Deductible policy for the new ARFF facility,

telephone expenses associated with the terminal/ARFF building/Security phone services.

On motion by McCabe, seconded by Liner, the line-item transfer was approved. In favor 6, opposed 0. A roll call vote was taken 6 yes, 0 no.

FY 2023 Budget Decision Timeline Proposal

Shorter advised that in preparation for the FY23 budget, all line items must be keyed in by February 23rd. He said that the staff will create a proposed budget for the Board to review and approve. Shorter suggested that the airport hold its public hearing in May to have the budget ready for approval following the Board of Commissioners' budget approval at their June 20th meeting. The Board concurred with Shorter's suggestion.

Open Discussion

Liner commented that he doesn't think that the community is aware of the situation that the airport is in. He said that he doesn't believe the airport is in bad shape but that there are a lot of things going on that the airport is pushing forward with, and that the airport needs the support of the community so that they are aware of what the airport is trying to do. Liner said that from his perspective, the airport cannot fail, adding that if the airport fails then the eastern end of North Carolina will fail. He said that for the airport to grow, and with efforts of the work that Wood is doing, then there has to be an airport. No matter how small the airport is, and if the airport must continue with just one airline with additional seats, Liner commented that it is vital to have an airport.

Morris asked if the Board should consider not raising airline rental fees. He said that as a business owner, a 2.5% increase is a lot if the business is already hurting. Shorter commented that the airport is still below the rates of the two closest airport competitors. He said that when the airport reinstated the fees last month the airport left American's rate at 75% of total for the shared spaces

as if they were still sharing terminal space with Delta. He said even at that, the rate is only at \$15.00 a square foot which is three or four times lower than the other airports in the area. Plus, the landing fees are still abated at this time. Shorter said that the real estate representative at American has expressed how thankful they are and regularly use EWN as an example of a low-cost airport. Shorter added that the staff has done a good job at checking and balancing the rate data against the whole market and feel comfortable that the airport should continue on the path of reinstating the rental fees.

Wood commented that the airport should be transparent with the public without being panicked. He said that the airport has a lot of strengths and with a little bit of realism along with some optimism, the airport can and will recover.

Executive Session

There was no need for executive session.

On motion by McCabe, seconded by Morris the Board adjourned at 3:35 pm. In favor 6, opposed 0.

Kellie W Kiser

Secretary Kellie Kiser