

Minutes

Coastal Carolina Regional Airport Authority

June 21, 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: Bender, Harris, Kiser, Liner, McCabe, Pope, and Wood.

Jones attended via WebEx.

Burns, Frazer, Morris, and Murray were not in attendance.

Also present in person: Andy Shorter, Airport Director; Ray Dunn, Dunn, Pittman, Skinner, and Cushman; April Hill, Airport Security Coordinator/Board Recorder and John Massey, Talbert & Bright.

Amy Ritchie, Terminal Manager and Ed Martin, Operations and Facilities Manager also attended via WebEx

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 Liner, seconded by Wood the minutes of May 17, 2022, were approved. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Treasurer's Report

Pope reported financials through May 31, 2022. Concessions, Advertising and Ground Transportation was budgeted at \$26,675 with a positive variance to the goal of \$12,990. Fuel Flow Royalties were budgeted at \$38,892 with a negative variance to the goal of \$7,276. Landing Fees were budgeted at \$28,106 with a negative variance of \$13,561. Other revenue was budgeted at \$3,667 with a positive variance to the goal of \$55,048.

Parking revenue was budgeted at \$326,517 with a positive variance of \$278,495. Rental income was budgeted at \$365,293 with a positive variance of \$14,103. Rental car revenue is budgeted at \$228,571 and has a positive variance of \$143,968. TSA Security reimbursements are budgeted at \$105,875 with a negative variance to the goal of \$31,995. CARES Act reimbursement was budgeted at \$5,837,580. To date, the airport has received \$2,492,446 for a remaining balance of \$3,345,134. Total expenses are budgeted at \$6,961,175. To date total expenses are \$3,284,509.

On motion by McCabe, seconded by Liner the Treasurer's Report was approved. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Marketing Update

Wood advised that George Durant was not able to attend today's meeting but gave a report submitted by Durant. May continues to show a strong performance rate with a slight increase with the click-through rate by .5%. Top areas continue to be New Bern, Havelock, Newport, Morehead, and Jacksonville. Durant suggests that the committee continue to boost the DC flight. Wood commented that the advertisements for the DCA are fantastic. Shorter shared the DCA flight video advertisements for both inbound and outbound customers. He also shared that the head of network planning for American Airlines was vacationing in Eastern North Carolina and saw the advertisements for the DCA flight on television and then took a picture of the advertisement and send it back to his team. Harris commented that we see the vacationers using the DCA flights but asked if there are folks making connections from Ohio to DC then to EWN. Shorter commented that there is evidence that people are using DCA to flow through as a mini hub, so to speak.

Wood added that in Durant's report he mentions that he will continue to gather new strong photography and video images for marketing. He asked the Board if anyone has any ideas on organizations that have stock footage or videos that they can use to please let him know so that he can get that information over to Durant. Wood also reported that the Industry Council will meet at the airport at the end of the month for marketing purposes. He said that last year's presentation on the airport was a catalyst that led to the C1A to getting more involved in airline negotiations. Wood said that the number one issue within the manufacturing industry is recruiting people. He said that EWN is the single largest, single point of entry for the County and this region. The focus is how can they capture people's attention while they're on vacation that may not have known that their job is waiting for them here. He said that it's going to be a pretty good meeting where they already have larger manufacturers attending like Bosch. Wood commented that the C1A has a "People Attraction" campaign that spent dollars into markets outside the area letting people know about skilled labor, management, and engineering jobs. He said that maybe there's some synergy that they could work with and that he is excited to see how they can merge these two activities together, a little more than just sharing information.

Commercial Development

Pope reported that the committee did not meet in June. He asked Shorter to give an update on the current projects:

Commercial Hangar: Shorter asked Martin to give an update on the hangar project. Martin commented that he and Massey met at the hangar just before the Authority meeting. He said that the last part of the project is the epoxy floor. Once completed the floor must be free of traffic for five days. The City of New Bern has also connected power to the building. Martin added that the certificate of occupancy should be issued by June 25th allowing the tenants

to move in by the first of July. Shorter commented that the lawyers and lessee have reviewed the lease. D2-GS will lease both hangars. A ribbon cutting has been scheduled for July 22nd at 11am. Congressman Murphy will attend the ceremony as a speaker. Shorter mentioned that someone may be in contact with Commissioner Jones to inquire about his availability as a guest speaker as well. Shorter also added that D2-GS hopes to hold their Airforce JR. ROTC training graduation in the hangar sometime in August.

Road and Parking Lot Paving: Shorter reported that the outer lot for phase one of the project is clear. The contractors will begin work on the outer lot and then develop the new addition to create the new spaces. Shorter commented that they had a good kickoff meeting with ST Wooten. He said that they have always done good work for the airport and that he is expecting the project to move forward without any difficulty.

Terminal Expansion: Shorter advised that the FAA is expected to release the BIL terminal grant awards by the end of the month. He said that as long as the airport receives the award by the end of the month it will put the airport on the right timeline to be able to get under contract within the 120-day contract period from the bid.

Directors Update

Air Service: Shorter reported that the airport received fewer seats this year in March, April, and May than those months in 2021. He added that the load factors are higher noting that enplanements were at 90% average in March. Enplanements in April were a little lower at 84% but increased to 90% in May. Shorter said that June enplanements were shaping up to be about the same. American has already deleted several flights in July. He also reported that the first DCA flight that commenced on the first Saturday of June had 16 passengers inbound and 17 passengers outbound. He commented that after looking up

school schedules in the DC area it was discovered that schools were still in session. The following weekend, there were 51 passengers inbound and 60 passengers outbound. On the third weekend there were 55 passengers inbound and 60 passengers outbound. At a recent air service conference, Shorter commented that he and Kirk Lovell had the opportunity to speak with three key players with American; a network planner, a regional hub planner who works all the northeast, and the network boss who was the one that saw the DCA flights on TV while vacationing in the area. He said that they didn't say the DCA flight was good but that it was doing ok and not a worry for them. Shorter also reported that he and Lovell also talked with an ultra-low-cost carrier. Lovell had some very good inbound data for the BWI Baltimore area as well as data that showed what EWN could generate from EWN to Orlando. Shorter said that they will continue to pitch the ultra-low-cost carriers to bring service to EWN. He also commented that most of the airlines spoke doom and gloom in their presentations about the pilot shortage and what it means to the industry.

SCASDP Grant: Shorter reported that there have not been any recent updates from the USDOT. He said that it's likely that their decision has moved to an August date.

Williams Road Actions: Shorter reported that he is meeting with the engineers this Thursday. Parrish and Partner have been contracted by the NCDOT to start the NEPA process for the project. Shorter said that the meeting will be a general scoping meeting. He said that with the combined funds from the State and the airport that there should be enough money to start the preliminary design work as well. Shorter commented that this is a good step in getting the preliminary design and some of the airport's ideas on paper. Liner commented that he along with the County Manager and others went to Raleigh last Tuesday to meet with all the County's state representatives and with Majority Leader Bell to discuss the funds for the road issue which is still in the

budget and that they feel positive about it. He said that Senator Berger announced that North Carolina will have a \$6.2 billion surplus this year. Liner commented that the NC Legislature should be out of session by next Friday so the airport should know something by then. He also mentioned that Senator Sanderson is having a meeting tomorrow with Bobby Watson to better understand why the airport did not get the \$1.4 million last year. Overall, Liner said that he thought it was a good meeting. Harris thanked Commissioner's Liner, McCabe and Chairman Jones for their work and leadership on this issue.

Golden Leaf Proposal: Shorter asked Wood for a brief explanation of the Golden Leaf Grant process. Wood explained that the program is very preliminary. It's a program that Golden Leaf asks for ideas and then it moves down the pipe. The foundation is in the process of looking at grant opportunities in all the counties that they serve. Several entities within Craven County have put forward applications. Wood said that the County Manager has said that the County really needs a strong economic development grant. He said that if you know anything about the economic development, we are a mature part for the County. Wood advised that they are finishing up the last phase of the infrastructure. He said that if you look at low hanging fruit where we can inject some infrastructure-based capital bricks and mortar and or water and sewer, it would be the Electricities 20+ acres located on Old Airport Road and the 80 acres at the end of RWY 4 parallel to Creekside Park. Wood said that they threw some ideas and cost estimates of what it would take for water and sewer in these locations and how much it would cost to build a small 20,000 sq/ft building which is what's been popular within the County Business Park. He said that there is still an opportunity for the airport to join with private parties where the airport owns the horizontal and the private entities could do the vertical construction on a long-term lease, similar to the Fed-Ex facility. The first round of conversations with Golden Leaf was very positive. Wood said that this is economic development money, so it would be based off job creation, tax base,

and those kinds of things. However, in the application, Wood said that they also explain that these kinds of things help to diversify revenue sources coming into the airport and the County. Shorter commented that if the airport could get an aviation company to come to the airport and start doing business then those military families that want to stay in the area after they get out of service could stay here and get an aviation job. Wood added that the awards for the Golden Leaf will be awarded next year. Shorter thanked Massey for providing diagrams of the property on such short notice. He said that the foundation was impressed that the airport could provide such a comprehensive plan quickly. Liner commented that for the Board's information, the County Board is committed to Wood. He said that they have taken all the profit, about \$900,000, for acreage sold recently within the county and have placed it in Wood's department account for them to continue looking for other land. He said that economic development is a key part for this county.

Environmental Assessments: Shorter reported that the airport has received the environmental assessments from the FAA. There were no findings of significant impact for the Clermont Rd. properties or the church property. He said that this will now make the property eligible for the airport to receive reimbursement through the FAA grant process.

Part 139 Annual Inspection: Shorter reported that the annual inspection that was to take place this month has been rescheduled for next month. He said that the airport is prepared and that the team will maintain the necessary documents for the inspection. Shorter also reported that Martin and his team finished supervising the painting of the runways and taxiways in time for the original inspection date. He said that it was a big project and that Martin, and his team did a great job controlling the project internally.

In a final note, Shorter commented that under New Business, Final FY22 Budget Amendments, there will be discussion on part time salary changes. He said that

the Board's guidance was to also look at full-time positions moving forward. He said that he is getting ready to enter into a process with the airport's HR consultant to develop a salary and compensation plan that will benchmark both against the industry as well as with the County plan to see how those fit together. He said that it's a very deliberate process and that with all the things moving nowadays with pay and compensation, it's the right time. Shorter also commented that the airport has paid to have access to a 658-page report of participating airports to be able to review positions by geographical locations. Harris commented that that as a reminder, during the evaluation period in last month's meeting, it was a request by the Board, to the Chairman, to evaluate the salary of other staff members as well to determine how they may fit into the normal county process.

Final FY22 Budget Amendments-As Required by Finance

Shorter submitted the following Budget Ordinance's and Budget Amendments for the Board's approval:

AIP 44 - Purchase of Aircraft Rescue & Fire Fighting Vehicle

Expenditures

Administration	\$28,177
Preliminary	\$52,751
Basic Architecture and Engineering	\$152,843
Equipment	\$747,048
Total	\$980,819

Revenues

FAA Grant	\$980,819
Total	\$980,819

On motion by Liner, seconded by McCabe the Board approved the budget ordinance for AIP 44. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Revenues	Amount	Expenditures	Amount
8307063-3311	\$87,013	8307063-47000	\$5,200
FAA Federal Grant		Administration	
		8307063-47006	\$81,813
Total	\$87,013	Total	\$87,013

Justification: The FAA issued an amendment to AIP 44 increasing funds available for the terminal expansion by \$87,013.

On motion by McCabe, seconded by Wood the Board approved the Budget Amendment for AIP 44. In favor 7, opposed 0. A roll call was taken; 7 yes, 0 no.

AIP 46 – Construct Aircraft Rescue & Fire Fighting Building

Expenditures

Basic Architecture and Engineering Inspection	\$260,769
Inspection	\$129,638
Construction of Aircraft Rescue & Fire Fighting Facility	\$5,520,461

Total \$5,910,868

Revenues

FAA Grant \$5,248,016

Transfer from Customer Facility Charge Fund \$165,136

Transfer from Operations Fund \$497,716

Total \$5,910,868

On motion by McCabe, seconded by Liner the Board approved the budget ordinance for AIP 44. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Revenues	Amount	Expenditures	Amount
8307064-39808	\$83,239	8307064-47600	\$83,239
Transfer from OP Fund		Construction	
8100000-39901	\$83,239	8107050-49730	\$83,239
FB Current Year		Transfer to Projects	
Total	\$166,478	Total	\$166,478

Justification: The budget amendment is required to cover the increase in construction charges for AIP Project 46.

On motion by Pope, seconded by McCabe the Board approved the Budget Amendment for AIP 46. In favor 7, opposed 0. A roll call was taken; 7 yes, 0 no.

AIP 49 – Construct Two Corporate Hangars

Expenditures

Administration	\$3,690
Preliminary	\$11,350
Design & Build Engineering & Architectural Effort	\$173,942
Construction of Two Aircraft Hangars	\$2,067,215
Inspection	\$68,500
Total	\$2,324,697

Revenues

NCDOT State Fund Grant	\$1,432,773
FAA Addendum Grant	\$891,924
Total	\$2,324,697

The project will be complete before December 31, 2022. The ordinance was previously approved on May 17, 2022.

Revenues	Amount	Expenditures	Amount
8307065-33110	\$83,449	8307065-47600	\$83,449
FAA Federal Grant		Construction	
Total	\$83,449	Total	\$83,449

Justification: The budget amendment is required to cover the construction cost of change order #1.

On motion by Liner, seconded by Pope the Board approved the Budget Amendment for AIP 49. In favor 7, opposed 0. A roll call was taken; 7 yes, 0 no.

State Award-Closing Project Ordinance (Design/Construction of Taxiways, Taxi Lanes & Apron Areas)

Expenditures

Design/Construction of Taxiways, Taxi Lanes & Apron Areas	\$300,000
Total	\$129,638

Revenues

State Funds	\$300,000
Total	\$300,000

On motion by Liner, seconded by McCabe the Board approved the budget ordinance for closeout of State award. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

FY23 Budget Ordinance

Shorter advised that there has been an update to the budget since the last Authority meeting. The budget presented last month was finalized at \$7,341,930. With the changes, the budget has been adjusted to \$7,552,863. He said that there were two intermediate changes; one intermediate change was for \$10,532 that County Finance made after the last meeting to update some full-time salary benefit figures. The other change was \$200,401 to incorporate an

increase in the minimum pay rates for all part-time employees to at least \$13.00 per hour. Shorter said that there are three employees that are the lowest starting pay at \$10.28 an hour which gives them a 26.5% increase. He added that the highest paid employee is just under \$18.00 per hour now so that created what he deemed a severe part-time wage compression issue. Shorter advised that he and Harris discussed this issue and propose that the pay rate for all the other part time members be increased by 25%. He said that it moves the scale equally for all and gets the rates in a range that will allow for another minimum rate adjustment next year. The proposed rate increase will take the firefighters pay to just over \$17.00 an hour which Shorter said that he believes is where they needed to be reclassified to anyway. Shorter also added that the LEO's will not receive the 25% increase since they will be receiving the 2% COLA like the full-time staff bringing their hourly rate from \$27.11 an hour to \$27.85 an hour. Shorter also advised that additional revenue from American rent that was not calculated correctly last month has since been adjusted as increased revenue in today's budget ordinance as presented. The following proposed Budget Ordinance for FY23 was submitted for the Board's approval.

Revenues

Airport Operating Revenue 8100000	\$7,462,863
Security (LEO) Revenue 8107051	\$90,000
Total Operating Revenue	\$7,552,863

Expenditures

Airport Operating Expenditures 8107050	\$7,372,847
Security (LEO) Expenditures 8107051	\$180,016
Total Operating Expenditures	\$7,552,863

The Airport Director is authorized to make transfers between line items not to exceed \$10,000.00. Copies of the budget ordinance have been furnished to the Craven County Finance Officer for direction in carrying out the duties of that office.

On motion by McCabe, seconded by Pope the Board approved the budget ordinance for FY23. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Open Discussion

Wood commented that the County budget for FY23 includes a new County Engineer for the Planning Office. He said that the position will be a great asset for economic development.

Harris appointed Morris (Chair), Kiser and Jones as the nominating committee to appoint new officers for FY23 starting in July. The nominations are to be brought before the Board at the next Authority meeting.

On motion by Liner, seconded by McCabe the Board approved Morris, Kiser, and Jones as the nominating committee to appoint new officers of the

Authority Board in FY23. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

McCabe advised that the Craven County Commissioners monthly Monday night meetings have been moved from 7pm to 6pm.

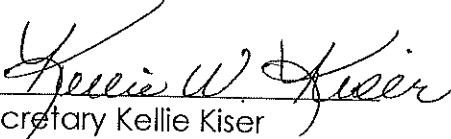
Executive Session

On motion by Liner seconded by Pope, the Board went into executive session at 3:23 PM in accordance with 143-318.11 (a) (5) to instruct the public body's staff or negotiating agents concerning the position to be taken by the or on behalf of the public body in negotiating the price and other material of a proposed contract for the acquisition of real property. In favor 7, opposed 0.

On motion by Liner, seconded by McCabe the Board came out of executive session at 4:05 PM. In favor 7, opposed 0.

No action was taken.

On motion by Pope, seconded by Liner the Board, the Board adjourned at 4:08 PM. In favor 7, oppose, 0.


Secretary Kellie Kiser