

Minutes

Coastal Carolina Regional Airport Authority

October 25, 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, Jones, Liner, Morris, Pope, and Wood.

Frazer and Kiser attended via WebEx.

McCabe was excused.

Burns and Murray were not in attendance.

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

Also in attendance via WebEx was Eddie Carroll, Tidewater Air Service.

Secretary's Report

On motion by Liner, seconded by Wood the minutes of September 20, 2022, were approved with a minor change. In favor 7, opposed 0.

Treasurer's Report

Pope reported financials through September 30, 2022. Concessions, Advertising and Ground Transportation is budgeted at \$9,363. The airport has received \$7,467 for a negative variance to the goal of \$1,896. Fuel Flow Royalties are budgeted at \$11,613. The airport received \$4,879 for a negative variance to the goal of \$6,734. Landing Fees are budgeted at \$3,025. The airport received \$1,706 for a negative variance to the goal of \$1,319. Parking revenue is budgeted at \$165,488. The airport received \$154,641 for a negative variance to the goal of \$10,847. Rental income is budgeted at \$120,549. The

airport received \$145,553 for a positive variance to the goal of \$25,004. Rental car revenue is budgeted at \$84,718. The airport received \$98,654 for a positive variance to the goal of \$13,085. TSA Security reimbursements are budgeted at \$22,500. The airport received \$9,415 for a negative variance to the goal of \$13,085. The CARES Act reimbursement is budgeted at \$1,469,511. The airport has received \$490,129 for a negative variance to the goal of \$979,382. Total operating expenses are budgeted at \$1,658,163. Expenses to date \$1,118,302.

On motion by Liner, seconded by Morris the Treasurer's Report was approved. In favor 7, opposed 0.

Marketing Update

Wood reported that the committee met on October 13th to discuss different marketing options. He said that the committee is shifting to more of an outbound strategy coordinated with Craven 100 Alliance, TDA and the convention center on social media through shared posts and hashtags. Wood also mentioned that they talked through a brief much like the briefing the Board received from the last Board meeting on the utilization of the DC flight and the SCASDP grant. He said that he hopes to have some real estate data for next month's meeting adding that some of the analysis that has come in from their partners were of people moving to the area from New York and California. He said that between the airport and some of the success that the Economic Development Department has had with some northeastern companies moving into the area bringing in families that the committee has some good coordination in the future. Shorter added that there has been good penetration of earned media with the local television stations related to the terminal story. He commented that the Chairman requested that the committee put more emphasis on the fly local market in Carteret County. Shorter reported that the committee was able to purchase time with Spectrum cable company within Carteret County.

Commercial Development and Planning Committee

Pope reported that the committee met on October 12th to discuss the following topics:

Near Term Airport Aeronautical Development Planning Options: Pope proposed that the Board consider developing T-hangars and large box hangars in the general aviation area near the current FBO. The new development would be completed in three phases. The first phase would be taxiway improvements at an estimated cost of \$1.64 million. This phase will include the excavation, hauling and a small portion of demo to the open T-hangars to allow the appropriate wingspan clearance for aircraft movement. The second phase includes the construction of a ten-unit T-hangar. The current open T-hangars will be demolished in the next phase so the current tenants will need to be relocated. The estimated cost for this phase is \$2.23 million. The third phase of the development plan is to demolish two open T-hangars and constructing a twelve-unit T-hangar. The estimated cost of phase three is \$3.11 million. Pope added that the hangars that are proposed to be demolished are old hangars that have met their term life. Shorter commented that in summary, the committee proposes to demolish the 20 old open T-hangars and replace them with 22 newly constructed T-hangars. A fourth phase will include the construction of an eight-unit T-hangar. Pope specified that phases two and three include structures whereas phase one would include the construction of a taxiway in preparation of three large box hangars. Shorter added that the three box hangars could be developed by the airport or offered as ground leases for individuals to develop. He said that it's a very coherent strategy with the FBO being able to service all these hangers and ultimately getting all the hangers up to new hurricane standards reducing the liability as the airport moves forward. Shorter commented that as part of the planning process, the committee was looking at this area for future development which may include using some

converted CARES O&M funding. Shorter advised that Talbert and Bright has begun the site design plan for phase one based on an earlier approved work authorization. Pope advised that the committee will gather additional information on funding and resources to present at a future Authority meeting.

FY2024-2028 FAA Airport Capital Improvement Program

Recommendation: Shorter presented the FY2024-2028 FAA Airport Capital Improvement Program recommendations with the Board. Projects include but are not limited to runway improvement, air traffic control tower siting, part II of the terminal expansion, taxiway rehabilitation, runway expansion, lighting system for the runway and relocation of Taxiway Kilo. Shorter advised that the plan as presented is a draft plan that will be submitted to the FAA. He advised that there may be some changes to the timeline of projects once the FAA reviews the proposed programming.

Pope also commented that as discussed in previous meeting, he and Shorter have discussed some possible mid-year adjustments with revenue. He said that they are discussing increasing the short-term and long-term parking rates and will be prepared to discuss recommendations at the next scheduled Authority meeting.

Directors Update

Air Service: Shorter shared enplanement data with the Board. He commented that, comparatively speaking, the month of September was a good month. He said that the number of seats were down from last year but the enplanements were just about even. He said that the high percentage in the load factors was what helped with the revenue in the parking lot. Unfortunately, going into October and November, the number of seats will decrease from 9,200 seats per month last year to about 4,500 seats per month.

Takeoff Conference: Shorter reported that he was able to talk with American Airlines early in the conference. He said that the first thing they said was that they were very happy with the service to DC this past summer and that it will be likely that they will schedule the service again. American also commented that they were happy with the yields on the flights as well as the yields for service to Charlotte. Shorter added that the yields are a double-edged sword adding that people are paying good prices for the tickets in order to increase the yield. He said that the airport's initial base airfare rate is still tagged to Raleigh, the same as OAJ and PGV but will climb more rapidly due to the fewer seats. He explained that as seats start to fill up it's a simple market demand principle and the price goes up. So, the quicker our seats fill up, the quicker our prices go up. He commented that that's why the prices out of EWN are sometimes higher because the seats fill up faster. Shorter also reported that American has said that they hope to get back to a normal schedule of at least four flights a day, with larger aircraft, and up to four and a half flights a day by the summer. He was also able to meet with four other airlines and that each meeting was positive. EWN was not able to schedule a meeting with Delta Airlines. Shorter also reported that he was able to meet with the USDOT who stated that they were very interested in helping the airport use the grant money for new airline service. He said that they have relaxed the demands of the grants because airports are not using them. He said that the fact that the airport asked for funding for service to the Northeast and the DOT lowering the criteria, it gave the airport a lot of advantage when talking to low-cost airlines.

Wood added that the airlines they met with have stated that EWN is doing everything right. He said that they give the airport input and then we go back and let them know that we're doing something about it. He said that we are doing it in a way that if they invest into airport, it will not cost them anything. They like that we have an incentive package, but they also seem very responsive. Wood commented that he is optimistic and that it's just a matter of

time before another carrier comes in. He added that if it weren't for the pilot shortage that the airport would have already seen investments because the right choices are being made, we are investing in our product, and they know that.

Williams Road Re-alignment: Shorter reporting that they he is still working the scoping document with the NCDOT, but that things are moving forward. He said that the DOT has finalized a draft with the engineers which will be sent to the FAA.

PFC Work Contract: Shorter advised that PFC is a Passenger Facility Charge collected on every passenger that boards a commercial flight at EWN. The fee collected is \$4.50 per passenger. Shorter said that the airport has had the authority to collect since the current terminal was constructed. The amount authorized to collect was about \$11 million for a 23-year period. Shorter advised that as enplanements have slowed down, the airport is approaching the full term of that authority to collect so the airport needs to close out the application. Shorter commented that the airport will enter into a contract with McFarland Johnson, a firm recommended by the Airport Director at PGV, to help with the required closeout documentation covering 20+ years.

Terminal Construction: Shorter reported that the project is on schedule and that the temporary hold room is under construction. He informed the Board that the walkway leading to and from the terminal was the first change in design because the original design would not have been available in time due to supply issues. The walkway will be enclosed for passengers moving through without exposing them to the weather. The security screening process, the passenger hold room and TSA office space will be included within the eight contract trailers. The temporary hold room will be operational by January 7, 2023. Shorter commented that Monteith is doing a great job and that he is very happy with them at this point.

BIL Terminal and Tower Applications: Shorter reported that the applications were submitted last week.

FY23 State Funding: Shorter advised that the correct language has been changed in the agreement and that the Chairman will need to sign it. This year's State AIP funding will be for \$1.76 million. Shorter commented that initially there was some language that left all of the airports uncomfortable with the document, so all 10 commercial airports responded back to the DOT with their concerns and the DOT changed the language. Shorter advised that Cushman has reviewed the document and is happy with the new language.

Golden Leaf Grant: Shorter advised that the grant has been submitted. Wood commented that he appreciates the Board authorizing them to move forward with the application. He said that they have received positive letters of support including a letter of interest from Mr. Rodriguez, the owner of ASI. Wood added that Rodriguez recently made a \$5.6 million investment in the Industrial Park. He said that Rodriguez and his partners have personally been looking at industrial space investment. He said that the letter basically said if the infrastructure of roadway was in place, and they could find favorable terms with a lease agreement with the airport that they would like to lease space at the airport.

Parking Lot: Shorter reported that the parking lot construction has been completed. He said that Martin did a great job working with John Massey and Dallas Blackiston overseeing the project. Shorter commented that there are now LED lights on the apron, in the rental car return lot, employee lot and the entire parking lot. He said that the lights now are energy efficient and vastly improve the lighting situation which was often a complaint that the airport received.

Annual Tabletop Exercise: Martin reported that the airport held its annual Tabletop Exercise on October 20th. He said that there were 32 people in attendance from the airport and surrounding County agencies to include the local hospital, local fire departments, EMS, and law enforcement. The exercise is an annual requirement by the FAA and TSA. He said that this gives the airport an opportunity to review the airport's emergency plan. Martin commented that the exercise was a successful and productive adding that Ira Whitford, the Craven County Deputy Manager of Emergency Services did a super job in the planning process and the execution of the exercise.

TBI Work Authorization Adjustment

Shorter advised that Authority previously approved a work authorization for an aerospace development property. He submitted an amendment to that work authorization for an additional \$2,000 to include an assessment of an additional area for removal of trees. Removing the trees will help maintain control of wildlife.

On motion by Pope, seconded by Liner the Board approved to amend a previously approved work authorization for Talbert and Bright in the amount of \$2,000. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

720 Clermont Road Acquisition

Cushman informed the Board that the airport is under contract with the Mr. Moulton owner of the property located at 720 Clermont Road. A closing date has been scheduled for November 8th. He advised that the airport received the approval needed from Craven County, but he comes before the Board today for the final sum total that will be requested from the County Finance to fund the closing. The total purchase amount is \$36,815.82 which also includes a purchase price of \$33,000, reimbursement for the review appraisal and environmental work, the title search that has been conducted, title

insurance for the property, recording fee and revenue stamps. Cushman advised that what that total does not include, because he doesn't have a figure for this yet, is the relocation of the mobile home that's on the property. Mr. Moulton owns a manufactured home that sits on the property and has been included in the sale contract of another lot to which he wants to move. Mr. Moulton is going to hire his own contractor to move the manufactured home at his expense. It is an FAA requirement that the airport reimburse Mr. Moulton for the cost of relocating the mobile home. Cushman advised that he does not have that total yet but that it can be paid and reimbursed outside of closing. Cushman specified that today's request is that the airport bring \$36,815.82 to close on this property on November 8th. Shorter commented that the airport has \$150,000 in this year's budget for property acquisitions and the Board has already approved to purchase the property.

New Business

Shorter advised that there was no discussion needed for new business. He said that it was added to the agenda for a potential budget amendment or line-item transfer that didn't materialize this month.

Open Discussion

Cushman Advised that Commissioner Jones has asked for an update on the property located at 817 Airport Rd which is the business is on the corner of Airport Road and Old Airport Rd. He said that the County through Arey Grady working with a realtor named Josh Taylor has pursued, gotten under contract, and closed on that property as of last Thursday November 1st. The purchase price was \$295,000, which was the listed ask price by the seller. Cushman commented that his understanding is that as of Thursday, Mr. Grady's office got keys to the property and is going to distribute those to county maintenance and here. He said that the airport has not yet pursued any kind of FAA

reimbursement of our own because it is not yet on the Airport's ALP to be acquired.

Executive Session

On motion by Liner, seconded by Morris, the Board went into executive session at 3:09 PM in accordance with 143-318.11 (a) to discuss the price or other material terms of a contract for the lease of real estate. In favor 7, opposed 0.

On motion by Morris, seconded by Jones the Board came out of executive session at 3:34 PM. In favor 7, opposed 0.

No action was taken.

On motion by Morris, seconded by Jones the Board adjourned at 3:35 PM. In favor 7, oppose, 0.


Secretary Kellie Kiser