

Minutes

Coastal Carolina Regional Airport Authority

May 16, 2023

Chairman Harris called the meeting to order at 4:00 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, Liner, McCabe, Morris, Murray, and Pope.

The following Board members attended via WebEx: Kiser.

Jones and Wood were excused.

Burns and Frazer were not in attendance.

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

Also present via conference call: Amy Ritchie, Terminal & Facilities Manager.

Public Hearing - 2024 Budget

On motion By McCabe, seconded by Liner, the Board closed the regular session and entered a public hearing. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Shorter began with a narrative of the proposed FY24 budget. He commented that it was important to remember that the budget is about affecting the goals and objectives of the airport's vision. He said that the vision is to be a friendly airport for residents and visitors to Eastern North Carolina. The mission is to provide a safe, secure, and user-friendly airport committed to delivering to the community the highest level of service, customer satisfaction and regional economic benefit. Shorter commented that he hoped the Board

would find that the proposed budget lines up with the vision and mission of the airport. He continued to say that the FY24 budget strategy is a continuation of the airport's business strategy over the last 3 years where air service and passenger recovery continue to be the top priority for the airport. He said that within the last fiscal year, the airport saw and felt the airline recovery shift, yet again, which created a reduction in available seats over last year's positive recovery. He said that last fall the regional airlines began trimming service nationwide because of the lack of aircraft flight time they had available to fly due to the increasing pilot shortage which produced a 16% reduction in enplanements for EWN from the preceding calendar year. On a positive note, American Airlines has planned as many seats in the airport's market this coming summer as were available in the summer of 2019. However, industry experts are already starting to become cautious about the strength of the fall travel season based on the potential for a nationwide recession and the current increases in travel costs that passengers are feeling. Shorter commented that with that said, he has projected a slightly more aggressive revenue budget over the last year based on three prime factors: collecting all the earned airline rental rates and landing fees, increased parking revenue projections due to the rate increase and additional hangar lease revenues. Shorter commented that FY24 will be the last year EWN will collect CARES Act funding to make up for lost revenue and support the airport's annual expense budget. Therefore, Shorter said that he has programmed a modest capital improvement budget where the airport will be finishing up on required upgrades and small maintenance projects to complement the larger terminal expansion project. The large federal local matches required for the terminal project will be covered by the state NC AIP funding and therefore will not affect the expense budget. Shorter advised that the airport plans to use a portion of the remaining CARES funds to participate in three separate multi-year contracts: marketing, air service development, and terminal landscaping. He said that this will allow the airport to gain efficiency of

scale in all three different areas. The proposed budget has been prepared by utilizing the remaining \$3.1 million through the CARES Act funding program to cover the difference in projected revenue and planned expenses to create a balanced \$5,158,472 budget. Shorter advised that the budget represents a \$2.2 million reduction from last year's budget and that he expects that the airport will fully expend CARES funding before the grant's period-of-performance ends in May of 2024. Shorter highlighted several multi-year support contracts under terminal maintenance repair: exterior paint of the terminal, new passenger seating that is not included with the project, security cameras not included in the project and updated rental car countertops that are not included in the project. Other items include ground support equipment such as air stairs and a tug to help support a low-cost carrier should one decide to come to EWN. Shorter explained many line items with detail between the expense and revenue budget. He projects food and beverage revenue collected will be at \$12,066.00, ground transportation at \$10,000.00, parking revenue at \$750,000. Shorter also advised that rent revenue is also expected to increase for FY24 due to an increase in terminal and non-terminal space rent. The proposed budget has an expense total of \$5,158,472 and an expected revenue of \$2,007,731. Shorter explained that \$3,150,741 of CARES Act funding will be used to balance the budget for FY24.

On motion by Liner, seconded by McCabe the Board came out of the public hearing and entered back into regular session. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Harris advised that the proposed FY24 budget will be tabled until the next Authority meeting for review. Any questions, concerns or required adjustments will be addressed at that time and then presented to the Board for approval.

### Secretary's Report

On motion by McCabe, seconded by Morris the minutes of April 18, 2023, were approved. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

### Treasurer's Report

Pope reported financials through April 30, 2023:

Concessions, Advertising and Ground Transportation has a positive variance to the goal of \$4,181. Fuel Flow Royalties have a negative variance to the goal of \$27,590. Landing Fees have a positive variance to the goal of \$36,781. Other revenue has a positive variance to the goal of \$20,712. Parking revenue has a negative variance to the goal of \$68,997. The rental car revenue has a positive variance to the goal of \$39,426. Rental income has a positive variance to the goal of \$85,822. TSA Security reimbursements have a negative variance to the goal of \$23,725. The CARES Act reimbursement has a negative variance to the goal of \$1,820,848. Total operating expenses have a negative variance to the goal of \$1,633,868. The total operating revenue has a positive variance to the goal of \$66,609.

On motion by Liner, seconded by McCabe, the Treasurer's Report was approved. In favor 6, opposed 0. A roll call vote was taken; in favor 6, opposed 0.

### Marketing Update

Shorter commented that the team continues to see exceptional performance and engagement with outbound digital media. Overall, the click through rate is at .77. The month of April was a great month with a 1.27 click through rate. Shorter added that the numbers are high compared to the national average. He said that the DC outbound campaign is performing at a high level. Shorter said that the numbers are a good affirmation of the marketing efforts that the airport is currently undertaking.

## Commercial Development and Planning Committee

Pope reported that the committee did not meet this month because they did not have anything tangible to bring before the Board. He advised that Shorter would comment on any updates under the Directors report.

## Director's Update

Corporate Aerospace Development: With the assistance of Craven County, Shorter announced that the Airport/Craven County is in receipt of an Industrial Development Fund (IDF) grant from NC Commerce in the amount of \$1 million. The grant funds will be used to construct a roadway for the corporate aerospace development area. Shorter commented that he was very appreciative of the County Manager and staff for their role in the grant process.

Terminal Project Actions: Shorter reported that vertical construction has begun in the expansion project with impressive steelwork being constructed. He said that the restroom project in the front of the terminal is progressing, and both are on time and on budget. Monteith is expecting the wall tiles to be delivered soon so that they can get the wall tiles up in the restrooms. The lighting fixtures will be installed last. The expectation is to have the bathrooms completed by the end of June and opened to the public shortly thereafter. Once the bathrooms are open Monteith will then close off the bathrooms across from the administration offices to start demo and reconstruction.

Air Service: Shorter reported that April enplanements were soft at a 66% load factor. He commented that American has released data showing that they were also flat overall for the month of April as well as the tourism industry as a whole. Shorter commented that low travel seems to be nationwide and that EWN is not isolated in the results. He recognized the pilot shortage still affecting

overall airline operations with airlines being hit with potential pilot strikes since Delta made a sweetheart of a deal with their pilots. Shorter expressed that it is expected that everyone else will follow along with a strike potential. He did report that American has increased their flight schedule to five flights a day from three for the month of May along with increasing the number of available seats to be similar to 2019. The DCA flights will resume in June. Shorter commented that he felt that available seats this summer will be approximately 11% above what was available in July and August of 2019.

Jumpstart Air Service Conference: Shorter announced that in June he will be attending the Jumpstart Conference in Milwaukee and is scheduled to meet with American Airlines and Breeze. He said that this is not a typical conference since it's a conference focused on larger airports but with Breeze being a low-cost carrier, Shorter said that this is an opportunity the airport needs to take to meet with the airline. He will meet with American as well to discuss any type of adjustments or improvements on current schedules.

Airport Legislative Day: Shorter commented that the NC Airport legislative day went well and that he was able to have a one-on-one meeting with Senator Perry. Shorter said that Perry is very supportive of airports in general and is happy with everything that is happening at EWN and appreciates everyone's hard work. Shorter also mentioned that he, along with four other airports, had the opportunity to meet with Representative Tyson. Shorter said that the meeting went well, and that Tyson is also supportive of EWN and its progress and direction.

LPGA Tournament: Shorter reminded the Board that the LPGA will be competing in a tournament hosted by the Taberna Golf and Country Club May 29<sup>th</sup> – June 4<sup>th</sup>. Shorter advised that the airport has purchased a small marketing sponsorship that will be displayed during the tournament. American Airlines will bring in larger airplanes to support the golfers and their golf bags, in and out.

TSA Pre-Check Enrollment: Shorter announced that the airport will be hosting a TSA Pre-check Enrollment event June 26<sup>th</sup>-30<sup>th</sup> in the Aircraft Fire Fighting and Rescue Building. He said that Hill has been working with IDEMIA, a TSA approved enrollment services provider, to schedule the event. IDEMIA will be onsite through the week for anyone within the community who would like to enroll in the pre-check program without having to drive to Morehead City. The enrollment fee is \$78.00 for a five-year enrollment membership. Shorter said that the event will be at no cost to the airport. A press release will be issued to market the event.

PFAS Chemical: Shorter advised that the FAA has settled on a replacement foam for aircraft fire fighting. He said that PFAS is a chemical used in all current firefighting foams. The FAA has settled on a replacement and plans to announce the roll out this summer. The airport will have to empty out the truck tanks estimated at 200 gallons per truck and safely dispose of the current foam chemical.

### New Business

Newly Reverted Hangar FY24 Rate Determination: Shorter advised that a seven-unit hangar reverted to the airport in January. He said that the airport decided to continue the base rate of \$350 a month that was already being charged for a sub-lease by tenants for those hangars. Shorter commented that EWN's other hangars that are much newer but comparable in size and amenities have a rate of \$390 a month. He suggested that the airport adjust the monthly rate to \$365.00 which is an approximate 4% increase. He said that he thought that would be a fair adjustment without having a special market analysis completed for just these hangars.

On motion by Liner, seconded by McCabe, the Board approved an increase in the monthly rate for the seven-unit hangar to \$356 per month. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Transportation Network Company (TNC) Contract Renewal and Rate Adjustment: Shorter advised that the leases for Uber and Lyft have expired. He said that he would like to renew their leases under the airport's current rates and charges published rate of \$2.00 per pick-up or drop-off. The expired lease had a rate of \$1.50 per pick-up or drop-off.

On motion by Morris, seconded by Pope, the Board approved the rate increase of \$2.00 per pickup or drop off. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Defense Community Infrastructure Pilot (DCIP) Grant Application: Harris commented that over the last 4 or 5 years the Federal government has created an application process for local governments and other political subdivisions of government who have a relationship with a military installation to apply for grant funding for projects. Murray explained that the grant application must be submitted by the community and endorsed with a letter of support by the Commanding Officer of the Air Base. This year, Congress has appropriated \$100 million in funding which is a significant increase from \$50 million in last year's appropriation. Murray commented that even though funding has increased this year, there are a lot more applications this year than there were when the program started. Harris commented that he along with Shorter, Wood, and Murray have been in discussion regarding the grant process. Shorter explained that one of the requirements for the application is that the project you are seeking funding for must be shovel ready in twelve months from the date of the application. Another requirement is that the project must benefit a local military installation. After reviewing the grant requirements, Shorter said that it was determined that a terminal project would probably not meet the requirements. The team's focus then shifted to the corporate aerospace development area project that has potential to support FRC East and may better meet the grant requirements. Shorter said that he and Wood will be working on a grant



application for the aerospace development area. Harris asked Murray if there were other projects within Craven County that the airport would be competing against. Murray advised that she didn't know the specifics but that they did meet with the leadership of the school system on Friday. The school system has three projects identified for funding and has been in communication with the office of the Secretary of Defense to discuss what project might be eligible for funding. She said that the school system believes that the projects will be shovel ready in 12 months. Murray explained that the Commanding Officer would have to prioritize the projects. Overall, any grant applications submitted to the Commanding Officer for endorsement must support the military in three ways: enhanced military values, military installation resilience and military family quality of life. The deadline to apply is June 23<sup>rd</sup>. Shorter advised that he and Wood will continue to work on the application. The Board concurred that the staff should move forward with the application process.

#### Open Discussion

Dunn commented that at the last Board meeting he was charged with the duty of amending the by-laws to reflect a four-year term for the Chairman or any other variation. He presented a draft amendment of the by-laws for the Board's review. The amendment would apply to Officers under Article IV, on page one, which would give the Authority the option to elect an officer for the Chairman position for up to four years consecutively.

On motion by Liner, seconded by Morris, the Board approved to amend the by-laws as presented stipulating; "A term limit of four (4) consecutive years shall apply to any member acting in the office of Chairman." In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Executive Session

There was no need for an executive session.

On a motion by Liner, seconded by McCabe, the Board adjourned at 5:33 pm. In favor 6, opposed 0.

A handwritten signature in cursive script, reading "Tyler Harris", is written over a horizontal line.

Chairman Tyler Harris