

PENINSULA AIRPORT COMMISSION

MINUTES

June 22, 2017

PRESIDED: George Wallace

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, June 22, 2017 at 8:00 a.m. in the Airport Banquet Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace.

Commissioners not present were:

Steve Mallon

Interim Executive Director

Mr. Sanford Wanner

Assistant Executive Director

Ms. Melissa Cheaney

Director of Air Service, Marketing and P.R.

Ms. Jessica Wharton

Director, Finance and Administration

Ms. Renee Ford

Legal Counsel

Mr. James S. McNider, III

Mr. Walter D. Kelley, Jr.

Executive Assistant

Ms. Rhonda Wissinger

Public in Attendance

Alan Archer- Assistant City Manager, City of Newport News

Reema Amin-The Daily Press

Viveca Munger-Legal Assistant

Joel Rubin-Rubin Communications

Mic Borcharding-Intenergys

David Wasson-Commissioner waiting on appointment

COMMENTS FROM THE PUBLIC

There were no comments from the public at this time.

ELECTION OF OFFICERS

Chairman Wallace suggested that we should defer the election of our officers to the next meeting when we have the full body of Commissioners in attendance.

RESOLVED, that the Peninsula Airport Commission defer the election of officers to the next meeting when we have the full body of Commissioners in attendance.

Commissioner Rob Coleman made the motion to defer the election of officers to the next meeting when we have the full body of Commissioners in attendance and Commissioner Walter Jubien, Jr. seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace

APPROVAL OF MINUTES OF COMMISSION MEETINGS HELD MAY 25, JUNE 5 and JUNE 12, 2017

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meetings held May 25, June 5 and June 12, 2017.

Commissioner Rob Coleman made the motion to adopt the May 25, June 5 and June 12, 2017 minutes and Commissioner Sharon Scott seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace

ASSISTANT EXECUTIVE DIRECTOR

Ms. Cheaney, Assistant Executive Director, gave the following report:

- The Take PHFlight restaurant opened successfully this past Tuesday, June 20th and the operation is running smoothly. We have had good feedback from passengers.
- We have had one change order regarding the construction “punch list” but the whole project should be completed by the end of July.
- Atlantic Aviation is proposing to build a new corporate hangar and the kick-off meeting for the new hangar is today.

DIRECTOR OF AIR SERVICE, MARKETING AND PUBLIC RELATIONS

Ms. Jessica Wharton, Director of Air Service, Marketing and Public Relations, gave the following report:

- Passenger numbers for the month of May were increased by .1%. Richmond passenger numbers were down .1% for the month and Norfolk passenger numbers were increased by .34%. We have seen our daily capacity numbers increase due to summer vacation travelers and we should show an increase in overall passenger numbers for the month of June.
- Newport News Public Schools STEM challenge invited the Peninsula Airport Commission to partner with them in a STEM program, about Aviation, for second and third graders at Newsome Park Elementary School on June 9, 2017 at 10:30 a.m. The event went very well with a lot of student participation. We have posted items on social media and Newport News Public Schools will be sending us a link to more photographs from the event.
- Indian Motorcycles are in the front of the airport as an advertising promotion for Clear Channel. This is one of their contracts for advertising and the motorcycles will be stationed at the front door for a while.

DIRECTOR OF FINANCE & ADMINISTRATION

Ms. Renee Ford, Director of Finance & Administration gave the following report:

Ms. Ford reported the Airport's revenues were 15.7% below last May 2016. Our expenditures for May 2017 totaled 7.2% above budget and 1.1% above May 2016.

BUDGET ADOPTION

Ms. Ford reported that the budgeted revenue for FY 2018 of \$8.1M includes revenue for the new restaurant Take PHFlight. The revenue is reflected in the terminal cost center under food concessions along with vending machine commissions. This line item used to reflect only a commission earned from our previous food and beverage provider. No changes in air service were included in the budget; however, an increase in the non-exclusive airline office rent has been incorporated into the budget. The charge has increased from \$0.15 per enplaned passenger to \$0.18 per enplaned passenger.

A new Rental Car Agreement extension will be needed at the beginning of FY 2018 as the current agreement ends June 30th. We will start the new agreement on July 1, 2017 and at that time the Avis/Budget Service Facility reverts to PAC's ownership. Both the rental car companies and the PAC have agreed upon a three-year extension to the agreement. We have been negotiating the terms of the new agreement and have been in discussions. It was proposed and included in this budget an increase to the following

fees:

1. Terminal, Counter/Office rent-from \$30 per square foot to \$40 per square foot.
2. Overflow lot monthly rent-from \$375 to \$465
3. Service Facility rent changed to a land rental rate of \$0.30 per square foot and a building rental rate of \$12 per square foot. This used to be a flat monthly rate of \$1,200 per month for the rental cars.

These increases result in a 6.3% increase in budgeted revenues as compared to last year, and a 4% increase as compared to the forecast. The budgeted expenditures totaling \$7.8M reflect a 4.8% increase compared to the FY 2017 budget and a 2.4% increase compared to the forecast. The following items impacted expenditures compared to the forecast:

- 46.6% decrease in advertising & marketing
- 6% increase in repairs & maintenance (State Maintenance due to Capital Equipment, 12% decrease compared to FY17 budget.)
- 3% increase in utilities
- 40% decrease in services (primarily legal costs)
- 10% increase in healthcare costs for the second half of the fiscal year for active employees and retirees
- 3% raise for employees for the fiscal year
- 1 additional headcount in terminal maintenance (regulatory)
- New departments: PHFlight and Airline Services

Overall, net revenue in budget increased by \$128k year over year. We have a capital budget totaling \$1.5M. The funding for these projects will come from the FAA (\$.5M), State (\$.6M) and PAC (\$349K)

Ms. Ford is recommending the FY2018 changes in rates and charges from \$0.15 to \$0.18 per enplaned passenger be approved as presented.

RESOLVED, that the Peninsula Airport Commission approve the rates and charges from \$0.15 to \$0.18 per enplaned passenger as presented.

Commissioner Rob Coleman made the motion to approve the rates and charges from \$0.15 to \$0.18 per enplaned passenger as presented and Commissioner Walter Jubien, Jr. seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace

Ms. Ford also recommends that the FY2018 budget be approved as presented.

RESOLVED, that the Peninsula Airport Commission approve the FY2018 budget as presented.

Commissioner Sharon Scott made the motion to approve the FY2018 budget as presented and Commissioner Rob Coleman seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace

Mr. Sanford Wanner, Interim Executive Director, reported that there was a lot of staff collaboration between Ms. Ford, Ms. Cheaney and Ms. Wharton to establish the FY2018 budget. This collaboration was led by Ms. Ford.

CLOSED MEETING

BE IT RESOLVED, that the Commission enter into a Closed Meeting pursuant to the Virginia Freedom of Information Act; Section 2.2-3711.A. pertaining to:

Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business or industry's interest in locating or expanding its facilities in the community.

Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.

Specifically, the closed meeting shall be held to discuss legal issues relating to the VDOT audit, the People Express Airlines, Inc. loan, and the New Dominion Clubs litigation and negotiations of the Executive Director Search contract.

Commissioner Rob Coleman made the motion, seconded by Commissioner Sharon Scott to hold a closed meeting.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace.

The Commission entered into a Closed Meeting at 8:25 a.m. and reconvened in Open meeting at 11:27 a.m. Upon reconvening, it was

RESOLVED, that to the best of the Commission's knowledge, only public business matters lawfully exempt from open meeting requirements, and only such public business matters as were identified in the motion by which the Closed Meeting was convened, were heard, discussed or considered in Closed Meeting.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace.

INTERIM EXECUTIVE DIRECTOR 'S REPORT

Mr. Sanford Wanner, Interim Executive Director, gave the following report:

PERSONNEL POLICY ADOPTION

Mr. Wanner reported that after discussion at the last meeting, and based on Councilwoman Scott's comments, he went back and revised the Personnel Policy changes. He has revised:

- The Computer Policy to show that computers are not to be used for personal use and to be used for business purposes only
- Full-time employees that have other jobs was corrected to say that our employment takes precedence over another employer and if you are working with a company doing business here that is a conflict of interest.
- Part-time employment was changed from 32 hours a week to 29 hours a week in accordance with federal law.

Mr. Wanner reported that he is still looking at the matter of a housing allowance regarding interns. Councilwoman Scott stated that this should not be a policy and should not be something we provide.

Mr. Wanner recommends the Personnel Policy be adopted as presented.

RESOLVED, that the Peninsula Airport Commission approve the Personnel Policy Adoption as presented.

Commissioner Rob Coleman made the motion to adopt the Personnel Policy as presented and Commissioner Sharon Scott seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Sharon Scott and George Wallace

Mr. Wanner also reported that he is reviewing the Procurement Policy and continuing to work on the Banking Services RFP. He is about to issue the Legal Services RFP. We will be placing the Legal Services RFP on the eVa website (The Commonwealth's procurement site.), as well as, our own website (www.flyphf.com) We have had a lot of firms show interest. Commissioner Scott stated that she hopes we get competitive pricing and reasonable legal fees. Mr. Wanner said that the responses would be brought back to the Commission for review. Commissioner Coleman stated that he agrees with the RFP but also feels with our current situation that it would be good to keep consistency, especially with our multitude of ongoing legal issues and that Mr. McNider has done a good job for us. Chairman Wallace asked should we solicit bids and Mr. Wanner informed the board that Mr. McNider was hired through an emergency

procurement process and that we need to solicit the bids for the RFP for Legal Services. Commissioner Scott stated that is our Procurement process and she appreciated Commissioner Coleman's comments and does agree that Mr. McNider does a fantastic job but that we still have to follow the Procurement process.

Commissioner Scott asked about a vote from the last meeting for a Food Service Vendor. The minutes indicated that a Food Service Provider was voted for and she asked that the wording be changed to reflect that it is a Food Service Vendor.

ADJOURNED

There being no further business, the meeting was adjourned at 11:39 a.m.

NEXT MEETING

The next meeting of the Peninsula Airport Commission will be held on Thursday, July 27, 2017 at 8:00 a.m. in the Banquet Room.