

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR MEETING
April 3, 2019**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, April 3, 2019, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Girardot called the meeting to order at 5:00 p.m. and Mr. Thompson led the Pledge of Allegiance. Chairman Girardot asked Authority members if they had any conflict of interest pursuant to the Authority's Code of Ethics statement. No conflicts of interest or potential conflicts of interest were identified.

Airport Authority members present were: Donna Girardot, Chairman; Thomas Wolfe, Vice Chairman; Tom Barber, Secretary; Carter T. Lambeth, Harry W. Stovall, F. Spruill Thompson, and Lee Williams. Also present were Julie Wilsey, Airport Director; Gary Broughton, Deputy Director; Robert Campbell, Finance Director; Carol LeTellier, Business Development Director; Granseur Dick, Planning and Development Director; Rose Davis, Executive Assistant; and Kemp Burpeau, Deputy County Attorney.

Guests present included Steve Bright and Eric Stumph, Talbert & Bright, Inc.; James Moose and Chris Birkmeyer, Avcon; Zachary Piech, Chris Lueffel, Tony Wright, and Richard Williams.

APPROVAL OF MINUTES

The Authority has reviewed the minutes of the meeting on March 6, 2019. Mr. Lambeth **MOVED, SECONDED** by Mr. Wolfe, to approve the minutes of the March 6, 2019 Airport Authority meeting as submitted. Upon vote, the **MOTION WAS APPROVED UNANIMOUSLY.**

PUBLIC COMMENTS

None.

FACILITIES & TERMINAL EXPANSION

Mr. Dick recommended the approval of the following items:

- a) **Terminal Expansion – Contract 2 (NC Appropriations & General)** – a work authorization to Talbert and Bright to perform Construction Administration services for Contract 2 work, for \$799,416.00. Following a brief discussion, Mr. Barber **MOVED, SECONDED** by Mr. Lambeth to approve a work authorization to Talbert and Bright as recommended. Upon vote, the **MOTION WAS APPROVED UNANIMOUSLY.**
- b) **NC DOT Grants** – approval to accept all NC DOT grants for the next 60 days. Following a brief discussion, Mr. Lambeth **MOVED, SECONDED** by Mr. Thompson to approve staff to accept all NC DOT grants received in the next 60 days as recommended. Upon vote, the **MOTION WAS APPROVED UNANIMOUSLY.**
- c) **NC DOT DocuSign Process**– authorize staff to execute NC DOT grant agreements previously approved by the Authority using the NC DOT DocuSign electronic process.

Mr. Williams MOVED, SECONDED by Mr. Thompson to approve staff to execute NC DOT grant agreements previously approved by the Authority using the NC DOT DocuSign electronic process. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

Mr. Dick updated the Authority on the North GA pipe ditch project noting that Wells Brothers is mobilizing and ready to begin work. The Terminal Contract 1 has reached substantial completion and all carriers are utilizing the new system.

Mr. Dick shared before and after pictures of the bag room work completed under Terminal Contract 1. Of the \$25,000 allowance previously approved for change orders, there is \$17,918 of that allowance remaining with no additional change orders anticipated for Contract 1.

Regarding Terminal Expansion Contract 2, the notice to proceed was April 1st. The contractor has already started purchasing barricades and installing them. Staff is working with the contractor to coordinate a possible ground breaking ceremony if the project timeline allows.

Regarding Contract 3 of the Terminal Expansion, Mr. Dick noted that staff has received 60% design documents and have been reviewing those internally for feedback from tenants and awaiting a 60% cost opinion.

Mr. Dick reported there is a bid opening for the Hurricane Florence repairs scheduled for April 18th. Mrs. Girardot asked Mrs. Wilsey to report on her conversation with Senator Tillis regarding ILM repairs. Mrs. Wilsey reported showing Senator Tillis the Florence damage in the Gate area and explained the process we are going through with FEMA noting that FEMA is more stringent than the NC bidding laws that ILM has to follow which require formal bids for anything over \$500,000 and informal for anything over \$30,000 but with FEMA, they require formal bids for anything over \$10,000, and that is delaying the repairs. Mrs. Wilsey noted any repairs done before FEMA approves them could be denied in the claim. Senator Tillis indicated the legislators would work on improving this process in the future so if FEMA is working in a state, they will follow along with the state bidding requirements. Mr. Dick added that FEMA, as part of their process, does not allow you to split pieces of work out in order to avoid bidding limits.

Mr. Dick advised the Authority that the Parking Study selection committee met with the 4 firms short listed for interviews and presentations and has selected Avcon. Mr. Dick introduced James Moose and Chris Birkmeyer who were in attendance at the meeting. Staff met with Avcon to discuss and define the scope of the project and will move forward with a draft scope and fee and negotiations will begin. Once a final negotiated scope and fee are reached, it will be brought to the Authority for approval. In answering a question by Mr. Williams, Mr. Dick responded that we have had some limited studies done in the past that touched on parking options and plans but this is a dedicated parking study which will give trigger points for needed investments in parking, will help alleviate some of the immediate short term pains, and will also develop a plan for the immediate, near future and the long term.

There was a brief discussion regarding insurance requirements during the construction process and it was confirmed that the Contractor has to carry the required minimum insurance for the

particular project as recommended by New Hanover County Risk Management.

FINANCE & HUMAN RESOURCES

Mr. Campbell reviewed ILM's February financial summary, financials and cash summary.

Mr. Campbell reported that ILM has received 2 checks from FEMA to date, for a total of \$18,000, for debris removal. Staff is meeting with the FEMA representative April 4 for a final walk through of the buildings. Once all repairs are completed staff should be able to wind down the process and submit for reimbursement.

Mr. Campbell updated the Authority on the proposed FY20 budget provided in their agenda packets, noting a one page change sheet provided at the meeting. Mr. Campbell pointed out the highlights, particularly noting the \$11,124,000 of budgeted revenue. This would be the highest recorded operating revenue at ILM and it would be the direct result of increased enplanements. Regarding the Business Park, all of the units are currently rented, and the proposed budget assumes that this will continue throughout the entire year resulting in a 13% increase in Business Park revenue. On the downside, Mr. Campbell noted that this year's interest income of almost \$400,000 will not be repeated due to large cash expenditures related to the Terminal Expansion project.

Mr. Campbell noted that proposed expenses are up too and also a record at \$8.2M. Mr. Campbell explained a few of the reasons for the increased expenses include continuing the process of correctly expensing operating expenses rather than capitalizing such items. Other reasons for increases in expenses are salaries and benefits, which included a 5% increase in cost of medical and dental benefits; the replacement of landside signage, under building grounds and maintenance; and, the partial replacement of the radio system, under equipment maintenance and repair. Advertising and marketing are also expected to increase with a full year of billboard advertising in addition to a new commercial.

Mr. Campbell provided clarification of a small "click thru" commission that was discontinued due to cancellation of an outside vendor website link on the ILM website.

Mrs. Wilsey clarified that the TSA reimbursement program that was noted as ending under Operating detail is for the LEO reimbursement. ILM is required to have an LEO on duty in the vicinity of the TSA checkpoint as long as the TSA checkpoint is open. Since 9/11, that was a reimbursable expense so ILM added an LEO position for the operating hours of the checkpoint and TSA has been gradually reducing reimbursement over the years. This year, they have said they are going to cut that out of the budget so ILM may not get reimbursed for the LEO that staffs the checkpoint area on behalf of TSA.

In response to Chairman Girardot's question regarding the coyote strike last year costing \$5700, Chief Taylor responded that this expense is to rid the airport of the coyote problem. The USDA Animal and Plant Health Inspection Services (APHIS), Wildlife Services (WS) is on call to trap the coyotes and remove them from the property. They will also do any other wildlife mitigation at ILM. Chief Taylor noted that the coyote problem has increased dramatically around New Hanover County and the 8 foot fencing with millings around the bottom isn't keeping all of them out.

Regarding the Capital budget, Mr. Campbell pointed out that most of the \$36M capital budget is allocated towards the terminal expansion. Additional funds were included for Business Park infrastructure in anticipation of additional tenants in the Business Park. Money was also included in anticipation of adding another surface parking lot, and for the replacement of old, outdated equipment. ILM has also been required by the FAA to purchase a Retro-reflectometer, which measures the reflectivity of the runway markings.

Mr. Campbell explained that the Authority has 30 days to review the budget, ask questions and make any suggested changes before the proposed budget is made available for public comment in May.

BUSINESS DEVELOPMENT

Ms. LeTellier advised the Authority that The Bandits Flying Team that will be flying over the Azalea Festival Parade are being sponsored by ILM again this year.

Ms. LeTellier reported on the second digital billboard that is up at Oleander and Bradley Creek area with 89,000 projected impressions per week. The other billboard has 101,000 impressions per week.

Ms. LeTellier announced two new advertisers in the terminal – Smithfield Chicken ‘N Bar-B-Q and Pain Solutions.

Ms. LeTellier updated the Authority on the new art show entitled Transplanted Artists which features artists who have been transplanted from out of the area to the area. This will probably be the last art show we have on display before the terminal expansion project starts.

Ms. LeTellier reported that there are approximately 40 realtors that have RSVP’d to attend the Broker Breakfast on April 23rd at 9 am.

GOVERNMENT

Chairman Girardot announced that the House and Senate finally agreed on the 2019-2020 budget of \$24B, which is a 3.45% increase over the previous 2 year budget. They are anticipating revenues of \$24.8B. A large portion of that money is going towards public education but the real work now is deciding on divvying up the money to see where it goes and we are watching very closely since we have been asking for funds this year.

Chairman Girardot reported that she spoke to Senator Rabon and noted that the commercial airports and DOA have finally agreed on a formula for the monies requested in this 2 year budget cycle. There is a new bill draft out with that new formula in it and we are hoping it moves forward. The dedication of the rental car monies, which Senator Rabon suggested so strongly happen as our funding source, for now and in the future, is going to be in a separate budget bill.

Chairman Girardot commented on articles shared in the agenda packet on a new company called Turo. Turo is like the Airbnb for cars. About 4 years ago, legislation was drafted allowing the airports to reach contracts with Uber and Lyft to service the airport. A number of west coast airports have been trying to reach contracts with Turo and have been unable to or have run into difficulties doing this. Senator Rabon told Chairman Girardot this morning that he introduced

legislation for NC airports, Senate Bill 557, so that ILM can then include Turo in contracts to service the airport. Chairman Girardot voiced her concern that we need some sort of contract with Turo.

Mr. Burpeau mentioned that it would be helpful to have some legislation. In some of the cases, there is some discussion as to whether they are more analogous to a rental car or a drop off/pick up taxi service and it sounds like they are more typical of a rental car company. If there is a legislative model that can include them, that is the way to go and hopefully there will be a compromise worked out with the company and the regulators.

Mr. Thompson commented that regardless of what business model they follow, they are conducting business on our territory and therefore, should be subject to our guidelines. Chairman Girardot noted we are monitoring it to see what other states are doing in this regard.

Chairman Girardot reported on the recent NCAA Conference attended by herself and Mr. Thompson, Mr. Wolfe, and Mr. Stovall. Senator Bill Rabon and Representative John Torbett were given the NCAA's Friends of Aviation Leadership Award at the conference.

Mrs. Wilsey reminded the Authority to mark their calendars for April 2020 because the conference will be in Wilmington.

Chairman Girardot reminded the Authority that our annual report to the County Commissioners is coming up and we are working to have a breakfast meeting at ILM again since everyone seems to enjoy that.

OPERATIONS & GENERAL AVIATION

Mr. Broughton reviewed the total revenue passengers, fuel costs and fuel flowage for February 2019.

Mr. Broughton noted that the total revenue passengers were up 13.5% bringing our year to date revenue passengers up 19.4%, and indicated this is related to a new airline, United, and additional service by American to Chicago, Washington and Dallas.

Mr. Broughton reported that fuel flowage was up 13.4% which is related primarily to the military traffic in and out of ILM.

Mr. Broughton advised the Authority that on April 2nd there was an Alert 1 that was upgraded to an Alert 2. This was an American Airlines Airbus diverted for electrical fumes in the cockpit. The plane landed safely and taxied to the gate and deplaned the 184 passengers and crew. Another aircraft was flown in to pick up the stranded passengers and carry them to their final destination of Orlando, FL and American ferried the broken aircraft out later that night. Kudos to our ARFF responders, the rest of ILM's first responders, as well as our mutual aid assistance that we receive.

Mr. Broughton reported that today, April 3rd, we had an excursion from the runway by a student pilot that landed and ran off the runway into the grass. No one was hurt but the aircraft was taken over to SeaHawk Aviation by Air Wilmington. Good work again by our first responders.

Mr. Broughton reported that on March 15th ILM had its Airport Certification Inspection by the FAA. The inspector found 2 discrepancies. One was the lead in/lead off lines on RWY 17/35 that were not in accordance with the Advisory Circular. They failed to include a 200' section beyond the point of tangency. They have been painted for probably 7-8 years. We didn't know it, and the engineers and the inspectors never caught it. Mrs. Wilsey noted the new lines were being painted as the meeting was going on. Mr. Broughton noted the other discrepancy, which was corrected immediately, was that the Line Safety Supervisor at Air Wilmington did not have the required extinguisher training within 60 days of completing his supervisory training. He had the training, we just didn't get it within the 60 day limit. Those were the two written discrepancies noted by the inspector.

Chairman Girardot asked for update from the Mead & Hunt conference and Mr. Broughton reported that he met with American, Delta and United, as well as Allegiant and Southwest. And everyone was positive.

Chairman Girardot shared an article in Wall Street Journal today noting Delta has a demand for premium seats which is far outweighing the competition for leisure travel. Their business travel is far outweighing their demand for leisure travel and that is obviously right in our wheel house.

DIRECTOR'S REPORT

Mrs. Wilsey shared an air service planning calendar for the year to show the highlights of the tasks that ILM staff does for air service development. In March we have the Mead & Hunt Conference, with airline meetings. Mrs. Wilsey met with the new PPD Global Travel Manager recently. The RFP for Air Service Consultant will go out on Friday, April 5th and will be out until mid-May and it will be awarded in June to take effect July 1, 2019.

Mrs. Wilsey noted she has reached out to Corning. As of March, Corning has a non-stop flight from Elmira, NY to Dulles so we finally have a 1 stop connection for the Corning plant in Wilmington to their headquarters in Elmira. We are hoping that this daily connection will allow some flow between the two and alleviate the need for that corporate aircraft that comes in every other week. Corning is going to help us with feedback to see if the slot and connections are working for them through Dulles.

Mrs. Wilsey reported on the seasonal flights, we will have for United (April and May) 2 flights to both Chicago and Dulles. We will have one RON for each. In June, they will pull down one of those Chicago flights and it will be an afternoon arrival/departure. At the same time, American will start their summer seasonal daily flight to Chicago, so we will still have 2 flights to ORD – one on each carrier. The DFW flight on American is doing well and is part of our morning launch now. The DCA flight still continues its midmorning flight and loads are lighter than we like. Depending on the day of the week, time of the year, we are over 50 flights a day total. 25 in, 25 out. That is a very good place to be.

Mrs. Wilsey advised the Authority that United now has a 45 minute bag cutoff for checked bags, so just be aware of that. If you are going to file United, you must have your bag checked not later than 45 minutes prior to departure time. The other carriers are still operating with a 30 minute bag cutoff but that can change at any time.

Mrs. Wilsey reported that the March Global Entry event had over 500 interviews in a week. The next event is scheduled tentatively for November of 2019.

Mrs. Wilsey reported on the recent passing of former Airport Director, Will Plentl, on March 23, 2019. His funeral service will be April 12th in Raleigh, NC. Also, former Executive Assistant, Janie James, passed away on March 28, 2019. Her funeral service will be April 5th in Wilmington.

Mrs. Wilsey reported on ILM employee, Bob Dieterle, who passed his AAAE ACE operations exam. He is our longest tenured employee. We have 3 ACE's on staff: Gary Taylor, Tamie Keel and Bob Dieterle. We also have a Master Firefighter, Lt. Dustin Stream, and CM's: Gary Broughton, Whitney Prease, Gary Taylor and Bob Campbell.

Mrs. Wilsey provided an update on the beautification of 23rd Street and the fence line, noting she talked to Karen Collette from DOT and Secretary Trogdon will allocate \$50,000 for the beautification but asked us to talk to both the House member and the Senate member for \$50,000 to see if we can get \$150,000 to do that project with DOT. DOT is going to do the work. Ms. Collette said the Secretary felt it was an important gateway project.

Mrs. Wilsey reviewed the calendars for April – June 2019.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

ADJOURNMENT

Mr. Williams MOVED, SECONDED by Mr. Thompson to adjourn. There being no further business to come before the Board, Chairman Girardot adjourned the meeting at 6:02 p.m.

Prepared by:
Rose M. Davis

Respectfully Submitted:

Thomas C. Barber, II, Secretary

Date of Approval: May 1, 2019