

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR MEETING
June 5, 2019**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, June 5, 2019, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Girardot called the meeting to order at 5:01 p.m. and Mr. Barber 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 Wanda Copley, County Attorney.

Guests present included Steve Bright and Eric Stumph, Talbert & Bright, Inc.; Chris Birkmeyer, AVCON; Kenny Smith, Shift Supervisor; Chief Gary Taylor, Operations Manager; Tamie Keel, Facilities Manager; Zachary Piech, Jason Thompson, and Tom Goodwin,

APPROVAL OF MINUTES

The Authority has reviewed the minutes from the Closed Session during the May 1, 2019 Authority meeting. Mr. Stovall MOVED, SECONDED by Mr. Barber to approve the minutes of the Closed Session from the May 1, 2019 Authority meeting as submitted. Upon vote, the MOTION WAS APPROVED. In order to avoid any appearances of potential conflict of interest, Mr. Thompson and Mr. Williams did not review the minutes nor did they vote to approve these minutes as they were not present during the Closed Session discussion.

The Authority has reviewed the minutes of the meeting on May 1, 2019. Mr. Wolfe MOVED, SECONDED by Mr. Lambeth to approve the minutes of the May 1, 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) **ILM Main Terminal Roof Replacement (General, PFC, FEMA & Insurance)** –a contract to Monteith Construction Co. to install a new roof system, through wall flashing, and replace select windows as identified as the Base Bid, in the contract amount of \$2,340,000.00, plus selected bid alternates in the amount of \$390,000.00, for a total contract amount of \$2,730,000.00, as recommended by the Facilities Committee. Following a brief discussion, Mr. Stovall MOVED, SECONDED by Mr. Thompson, to

approve a contract with Monteith Construction Co. as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

- b) **Terminal Expansion – Work Authorization Amendment #2 (Future AIP)** – a Work Authorization Amendment #2 to Talbert & Bright for \$314,200.00 for additional design scope including the Parks L. Griffin Memorial Plaza, Ticket Level up-fits to existing restrooms, pads and shelters for future electric ground charging stations for GSE equipment, underwing shell space, additional up-fit areas, fiber optic cable and duct bank, and backflow prevention valves and enclosures associated with CFPUA requirements. Mr. Lambeth MOVED, SECONDED by Mr. Wolfe to approve a Work Authorization Amendment #2 to Talbert & Bright as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.
- c) **Air Wilmington Maintenance Facility Remediation (General, FEMA & Insurance)** – a Purchase Order NTE \$40,000 to ASD Environmental Services for remediation efforts in the Air Wilmington Maintenance Facility related to Hurricane Florence damage. Mr. Williams MOVED, SECONDED by Mr. Stovall to approve the purchase order NTE \$40,000 to ASD Environmental Services as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.
- d) **Letter of Agreement for Airport Safety/Maintenance Projects** –a Letter of Agreement for the NC Department of Transportation to fund and perform safety and maintenance projects identified and approved by NC DOT at ILM. Agreement expires Dec. 31, 2023. Mr. Thompson MOVED, SECONDED by Mr. Wolfe to approve a Letter of Agreement for NC DOT as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.
- e) **NC DOT Grants**–to authorize the Chair to accept all NC DOT grants for the next 60 Days. Mr. Wolfe MOVED, SECONDED by Mr. Stovall to authorize the Chair to accept all NC DOT grants for next 60 days as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

Mr. Dick updated the Authority on the status of the North GA Ramp redevelopment project. Mr. Dick shared a photo of the new entrance sign, proposed location and position. Mr. Dick reported that the sign designating the airfield as Bluethenthal Field has already been installed in the median of Airport Blvd. at the turn onto Garner Drive towards the VA Clinic.

Mr. Dick reported there is a Notice to Proceed for June 10, 2019 issued to Gregory Construction to begin work on the Hurricane Florence repairs. Repairs will start in the Hold Room area and proceed to other public areas before the Administrative offices.

Mr. Dick noted the ship date for the new jet bridge to replace the inoperable Gate 8 is July 22nd.

FINANCE & HUMAN RESOURCES

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

Mr. Campbell recommended the approval of the following items:

- a) **FY20 Budget** - the approval of FY20 Budget of \$45,114,166 (\$8,513,750 Operating; \$36,600,416 Capital). Mr. Lambeth MOVED, SECONDED by Mr. Stovall to approve the FY2020 Budget as proposed. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. (A copy of the FY2020 Budget is hereby incorporated as part of the minutes and are contained in Exhibit Book III, Page 208).
- b) **FY19 Budget Amendments** – the approval of FY19 Budget Amendments. Mr. Williams MOVED, SECONDED by Mr. Wolfe to approve the FY19 Budget Amendments as proposed. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. (A copy of the FY19 Budget Amendments is hereby incorporated as part of the minutes and are contained in Exhibit Book III, Page 209).
- c) **FY20 Schedule of Charges, Fees and Rents** – approval of FY20 Schedule of Charges, Fees and Rents. Mr. Wolfe MOVED, SECONDED by Mr. Lambeth to approve the FY20 Schedule of Charges, Fees and Rents as proposed. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. (A copy of the FY20 Schedule of Charges, Fees and Rents is hereby incorporated as part of the minutes and are contained in Exhibit Book III, Page 210).
- d) **Additional Employment Position** – approval of one additional employment position on a temporary basis for an amount not to exceed \$20,000. Mr. Thompson MOVED, SECONDED by Mr. Stovall to approve one additional employment position as proposed. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

BUSINESS DEVELOPMENT

Ms. LeTellier recommended the approval of the following item:

Fourth Day Advertising - to renew a one year contract with Fourth Day Advertising for the ILM television buys in the amount of \$50,000.00. Mr. Lambeth MOVED, SECONDED by Mr. Thompson to approve the renewal of a one year contract with Fourth Day Advertising as proposed. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

Ms. LeTellier reported on a new terminal advertiser, Skytown Brewery, noting that Ms. Lawler is working with 3 other additional advertisers, hoping to have all signs back to 100% by the end of the summer.

Ms. LeTellier updated the Authority on the Economic Development conference she attended in Indiana. Ms. LeTellier noted that ILM seems to be on trend in relation to other airports in terms of land development, expansion and employee retention.

Ms. LeTellier shared information about the FAA Section 163 – Non-Aeronautical Development, which was recently renamed, noting the FAA is getting pressure from many airports to do more land development and to increase their non-aeronautical revenues and be able to compete with other land developers.

Ms. LeTellier reviewed a slide and shared information from Charlotte-Douglas International

Airport regarding their Project Quattro that was talked about at the Economic Development conference.

Ms. LeTellier, using slides to illustrate, reported on the Earned Media Exposure received from all news stories about ILM from July 1, 2018 – May 20, 2019. Ms. LeTellier pointed out that ILM has received \$3.9M worth of earned media advertising and the reach for the newspapers and TV stations was 423M during this time period. Ms. LeTellier reviewed some of ILM's headline stories and their individual reach. Ms. Wilsey noted that the media buy information is research provided by Ms. McNally for the Annual Report to the County Commissioners.

GOVERNMENT

Mrs. Girardot reported on the federal side, the House Appropriations Committee has approved its FY20 Transportation HUD Appropriations Bill which provides full funding for the AIP program at \$3.35B and appropriates an additional \$500M in general fund revenues specifically for additional AIP discretionary grants which will be available for all of the airports. The bill will now move to the House for consideration.

On the state side, the House and Senate passed a bill with the NC airports' funding request of \$75M in recurring funding. The bill is now in Conference Committee. It is believed it will be the House version on appropriations that will be approved which means that ILM will receive about \$5.2M each year in this upcoming 2 year budget cycle.

Mrs. Girardot reminded the Authority of the breakfast and Annual Report with the County Commissioners on June 6th.

Mrs. Wilsey reported on a breaking issue at the federal level that is trickling down to the state level, regarding GenX and PFAS in the airfield firefighting foam. Across the Country, some states are starting to regulate AFFF and PFAS. The challenge is the EPA does not have a health rating for it. A legislator from the Piedmont Triad area submitted legislation to require airports in the state of NC to stop using AFFF by October of 2021 because in theory, that is when the FAA regulation is supposed to phase out AFFF. The problem is the FAA doesn't have a replacement for AFFF yet so these deadlines may be pushed back.

Mrs. Girardot reported that the Turo legislation went nowhere this year but legislature can still be introduced next year during the short session.

OPERATIONS & GENERAL AVIATION

Mr. Broughton reviewed the total revenue passengers, fuel costs and fuel flowage for April 2019. Mr. Broughton noted our revenue passengers for April were up 15.6% bringing our year to date up to 17.8% and May is tracking up about 16%.

Mr. Broughton reported that fuel prices have been lowered 10 cents per gallon from what was reported on the agenda with Jet A being \$5.39 and Avgas being \$5.49. It was noted that puts Air Wilmington's prices below the fuel price at Southport.

Mr. Lambeth shared information regarding low lead gasoline noting there is still no alternative fuel.

Mr. Broughton advised that ILM received its closeout letter from the FAA regarding the Part 139 inspection from March, noting that the discrepancies were corrected by April 17, 2019 and the discrepancies were closed.

Mr. Broughton followed up on a vendor inquiry regarding TSA security checkpoint wait times being published which was referring to the FAA Reauthorization Act of 2018, signed in October. Mr. Broughton reported, part of that act was the TSA Modernization Act and Section 19.22 of the TSA Modernization Act directs the TSA administrator, within 18 months of enactment, to publish wait time information for each security checkpoint where TSA conducts or overseas screening operations. The wait time information must be published in real time, online and at a physical location in airport terminals. Wait time is defined as the period beginning when a passenger enters the que and ends when they exit the checkpoint. Mr. Broughton reported our TSA manager had no knowledge of this requirement.

Mrs. Wilsey reported a conversation from Jumpstart regarding aging security equipment and lack of replacement equipment. It is a problem. Mrs. Wilsey pointed out some airports have a staff shortage for morning launch and noted that at least ILM has enough people here to run the lanes and equipment on hand. Mr. Broughton noted that TSA has made staffing adjustments locally due to the morning fleet launch. Mr. Broughton reported, starting in June, ILM has 765 passengers going through our 2 checkpoint lanes in 1 ½ hours. It is imperative to have 2 lanes of working equipment at all times. We are working with TSA.

DIRECTOR'S REPORT

Mr. Barber shared information about the process the committee used to review the air service consultant proposals received and how the committee chose Ailevon Pacific Aviation Consulting to provide consultant services for ILM for FY20.

Mrs. Wilsey, on behalf of the committee, recommended the approval of the following item:

Air Service Consultant Contract – a contract with Ailevon Pacific Aviation Consulting for FY20 NTE \$70,000 for consultant services and travel expenses. Mr. Thompson **MOVED, SECONDED** by Mr. Wolfe to approve the contract with Ailevon Pacific Aviation Consulting as proposed. Upon vote, the **MOTION WAS APPROVED UNANIMOUSLY.**

Mrs. Wilsey reported on the Jumpstart conference in Nashville where she met with 4 airlines. Global trends are showing passenger growth at 5% which is higher than normal and it is predicted to stay at 5% for 2019. Average load factors across the world are 82%.

From the Boeing update, they predict that RJ up-gauging will continue to the ceiling of all the regional flyers scope clauses since they are the least efficient to fly. In other words, they are trying to move as many of those routes out of the 50 seaters but there will come a time when the pilot contract clauses will hold them with RJs. They all noted workforce shortages and our industry, in general, will require 400,000 new employees and that includes, pilots, crews, mechanics, manufacturing, air traffic control and airport employees. They think the pilot shortage is getting better though.

From the airline updates, the one that is the most interesting to ILM was Delta airlines who

announced that Boston will now become one of their east coast hubs. They are focusing on making that connection westward to other focus cities and also over to Europe. Other focus cities they listed were Nashville, Raleigh, San Jose, and Cincinnati. They are also working on their westward network because they trail as #4 in the west network, whereas they are #1 in the east. There won't be a lot of growth in the east network. They also are moving all of the MD88s to 321s because of 30% reduced fuel burn, increase in 50 seats per flight and it allows them 20% more of the premium product, 5-10 points in their margin and customer satisfaction.

Mrs. Wilsey reported on her meeting with Delta noting that ILM is doing well to Atlanta. Delta is looking to up-gauge where they can within the constraints of their equipment available.

Mrs. Wilsey updated the Authority on the recent visit by regional representatives of United, noting United understands our growth and how we are operating today and what is coming on in the next several years with the terminal expansion.

Mrs. Wilsey recognized Tamie Keel, who was featured in the Wilma magazine for her promotion to Facilities Manager.

Mrs. Wilsey reviewed the calendars for June - August 2019.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, Chairman Girardot adjourned the meeting at 5:55 p.m.

Prepared by:
Rose M. Davis

Respectfully Submitted:

Thomas C. Barber, II, Secretary
Date of Approval: July 10, 2019