

Board of Commissioners Meeting Packet

Thursday, May 26, 2022, 1:00 p.m.
Human Resources Conference Room A

2022

Norfolk Airport Authority



Norfolk International Airport
2200 Norview Avenue
Norfolk, Virginia 23518
757-857-3351

**Malcolm P. Branch, Chair, NAA
Board of Commissioners**

**Mark A. Perryman, Assoc. AIA
Executive Director & CEO,
Secretary of the Board of
Commissioners**



Norfolk Airport Authority

Board of Commissioners Meeting

Thursday, May 26, 2022

AGENDA

CALL TO ORDER

REGULAR AGENDA:

- Approval of Board Meeting Minutes, March 24, 2022
- Legislative Update

R-1 Recommendation to Approve the Final Fiscal Year 2023 Budget
Deborah H. Painter, Chair, Finance Audit Committee

EXECUTIVE DIRECTOR & CEO'S REPORT

CHAIRMAN'S REPORT

OLD BUSINESS

- Strategic Plan Update, *Steven C. Sterling, Deputy Executive Director for Administration and Operations*

CLOSED MEETING (Required)

RECONVENE OPEN MEETING (Required)

NEW BUSINESS:

- Appointment of Nominating Committee for Slate of Officers for FY 2022
Malcolm P. Branch, Chair

ADJOURNMENT

REGULAR AGENDA

Norfolk Airport Authority

Board of Commissioners Meeting Minutes | Thursday, March 24, 2022, 1:00 p.m.

The Norfolk Airport Authority (NAA) Board of Commissioners Meeting was held on Thursday, March 24, 2022, at the Norfolk International Airport (NIA), Human Resources Conference Room A, Main Passenger Terminal. Malcolm P. Branch, Chair Presided.

Commissioners Present: Malcolm P. Branch
Michael D. Burnette
Peter G. Decker III, Esquire
William Nusbaum, Esquire
Deborah H. Painter

Commissioners Absent: Dr. Harold J. Cobb, Jr., Emeritus Commissioner
Paul D. Fraim, Esquire
Mekbib Gemedo
Bruce Smith

Staff Present: Robert S. Bowen, A.A.E., Executive Director
& Secretary of the Board
Charles W. Branden, Director Market Development
Anthony Rondeau, Deputy Executive Director
Engineering and Facilities
Steven C. Sterling, Deputy Executive Director
Administration and Operations & Assistant
Secretary of the Board
Sheri Watts, Executive Administrative Assistant
& Assistant Secretary of the Board

Others Present: Anita O. Poston, Esquire, Senior Partner, Vandeventer
Black LLP & NAA General Counsel

Welcome and Call to Order (Malcolm P. Branch, Chair):

Malcolm P. Branch, Chair, determined that a quorum was present as noted above and called the meeting to order at 1:00 p.m.

REGULAR AGENDA

Approval of Minutes:

Chairman Branch entertained a motion by Vice-Chair Painter to approve the minutes for the meeting on Thursday, February 24, 2022. Commissioner Nusbaum seconded the motion, and the Commissioners unanimously approved.

Government Lobbying Update (Anthony Bedell, Clarence Williams, and Robert Shinn):

The Lobbying Team could not attend the meeting due to a scheduling conflict but submitted written reports before the meeting.

R-1 Recommendation to Approve the Preliminary Fiscal Year 2023 Budget (Deborah H. Painter, Chair, Finance Audit Committee):

Mr. Bowen and Mr. Roenker provided a comprehensive overview of the Preliminary Fiscal Year 2023 Budget, distributed to the Commissioners before the meeting.

Despite the hardship created by COVID-19, the fiscal condition of the Authority is improving. Although the current economic state of the Airport is positive, the budget forecasts are conservative. The proposed FY 2023 Budget projects an increase in Revenue due to the anticipated increase in passenger activity (enplanements) and Operating Revenue.

The proposed FY 2023 Budget projects an increase in expenses compared to FY 2022. These increases are due to projected higher passenger and airline activities, inflation, financing of the Strategic Plan, and essential operational needs. Projected employee cost of living and health insurance increases are also factors. This proposed Budget includes a 5% cost of living increase for employees. The Board requested that Staff prepare and present to the Board for its future consideration a modification to this Budget to include an additional 1% increase in the cost of living raise. In addition, Staff is preparing a proposal for an employee merit pay plan to be presented in the future to the Board's consideration. Mr. Bowen and Mr. Roenker responded to the Commissioners questions.

On behalf of the Finance Audit Committee, Ms. Painter recommended approval of the Preliminary Fiscal Year 2023 Budget as presented. The recommendation was unanimously approved.

Executive Director's Report (Robert S. Bowen, A.A.E., Executive Director):

Mr. Bowen supplemented the Capital Projects Update for March 15, 2022, distributed before the meeting.

He also commented on the notice of the proposed *Passenger Facility Charge Application*. The *Air Carrier Consultation* meeting for PFC application #7 was held on March 16, 2022. The meeting was successful, and the Staff is waiting on approval.

Mr. Bowen commented on the new Chrysler Museum Glass Studio Exhibition Proposal entitled *2022 X Marks the Spot*, distributed before the meeting. The proposal was well received, and there was a brief conversation on expanding the art program.

Chairman Report: None

Old Business:

Mr. Sterling reviewed the Strategic Plan update distributed before the meeting and reported that the internal and external rollout has been successful. In addition, Mr. Sterling addressed the *Monthly Goals Progress* dashboard. The Commissioners requested that the dashboard reflect month-to-month progress tracking.

New Business: None

Closed Meeting: None Required

Adjournment 1:53 p.m.:

There being no further business, Vice-Chair Painter moved that the meeting adjourn. Commissioner Decker III seconded the motion and it was unanimously approved. The next scheduled meeting is on Thursday, April 28, 2022, at 1:00 p.m.

Malcolm P. Branch
Board Chair

Mark A. Perryman, Assoc. AIA
Executive Director & CEO, and
Secretary of the Board of
Commissioners

Becker
Becker & Poliakoff

*Prepared for:
Norfolk Airport Authority*



NORFOLK INTERNATIONAL AIRPORT



Washington DC Update 5/26/22

Key Dates:

- May 17: US Senate GOP Primaries in Pennsylvania (run off expected) and North Carolina (Rep. Tedd Budd)
- May 24: GOP Gubernatorial Primary, Alabama US Senate GOP Primary, and a Runoff between Texas Democrats in the 28th Congressional District, currently held by Henry Cuellar.

Washington DC Update 5/26/2022

- The House is planning to vote on a bill ([H.R. 7688](#)) that would prohibit “unconscionably excessive” gas prices if the president declares an energy emergency. Under the measure, the Federal Trade Commission would have the power to penalize companies for excessive prices.
- On May 12, House and Senate members will start to hash out their differences Thursday on a multi-billion-dollar manufacturing and innovation bill, the AMERICA Competes Act, likely the last major infrastructure bill before the midterms. The negotiations over the final shape of the package intended to enhance US competitiveness with China are likely to touch on a wide range of subjects including computer chips, trade, immigration, and even Wisconsin mink farming. The opening public session kicks off what’s become an increasingly rare bicameral conference committee process.
- Transportation Secretary Pete Buttigieg appeared before the House Appropriations Committee on the 11th to discuss his department’s fiscal 2023 budget request. Among his highlights was the \$23.6 billion for the Federal Aviation Administration to “further enhance aviation safety, combat the effects of aviation on the climate, and improve airport infrastructure.
- House Democrats are pushing the Internal Revenue Service to increase a tax break that would help truckers, Uber and Lyft drivers and other transportation-related businesses cut their tax bills as they struggle with soaring gasoline prices. Businesses, gig workers and other proprietors are currently able to deduct 58.5 cents per mile as a business cost for federal taxes. Dem Reps. [Ruben Gallego](#) (Ariz.) and [Sharice Davids](#) (Kan.) led a group of Democrats asking IRS Commissioner Chuck Rettig to temporarily boost that amount.

Washington DC Activities from April/ May/June

Becker

Activities:

- Norfolk Airport tour with House Education and Workforce Committee Chairman Bobby Scott (VA-3).
- Norfolk Int'l Airport submitted appropriations and community funded project requests to Sen. Mark Warner (VA).
- Planning for a June visit for Executive Director to travel DC to meet with key lawmakers, USDoT, and the FAA

Virginia General Assembly Update

- Session adjourned on March 12 without a budget and some items unresolved.
- Governor Youngkin at odds with Democratic senate leadership over budget and vetoes.
- Reconvened session last month and special session in coming weeks.



Key Legislation and Budget Items

- Key legislation – Extending sales tax exemption for aircraft parts.
 - Bills have passed the House and Senate and has been signed by the governor. Exemption extended for three years; aircraft must be 2,400 lbs. to qualify.
- Key legislation – Protected current allocation to Hampton Roads Transit (extra \$20 million from recordation taxes).
- Key budget item – Protecting Airline Service Incentive Fund.
 - Created in 2021
 - Moneys from the fund used by the governor’s office for grants to airlines adding new air service in Virginia.
 - Funding included in both House and Senate version of the budget.

**R1 - Recommendation to
Approve the Final Fiscal
Year 2023 Budget**

**Deborah H. Painter
Finance Audit Committee Chair**

Norfolk Airport Authority
Norfolk International Airport
Budgeted Income Statement

	Actual FY 2021	Projected FY22	Updated Budget FY22	Budget FY23	Variance FY23 Budget vs FY22 Budget
Operating Revenues:					
Parking	9,020,468	16,874,870	16,750,000	20,325,000	3,575,000
Landing fees	5,339,578	6,863,994	6,444,394	8,633,500	2,189,107
Rent	6,184,571	6,334,279	6,845,563	8,279,803	1,434,240
Concessions	1,947,413	3,060,111	3,216,000	3,582,000	366,000
Rental Cars	5,228,562	8,088,332	8,500,000	9,000,000	500,000
Other	464,933	787,751	852,000	1,017,000	165,000
Total Operating Revenues	28,185,526	42,009,337	42,607,957	50,837,303	8,229,347
Operating Expenses:					
Salaries, wages and benefits	17,819,445	20,118,128	19,110,700	22,068,585	2,957,885
Advertising and promotion	783,120	1,099,115	925,000	1,127,000	202,000
Utilities	2,668,682	2,717,013	2,799,170	3,038,390	239,220
Insurance	1,009,450	1,039,788	1,150,000	1,250,000	100,000
Payment to City of Norfolk	2,650,000	2,650,000	2,650,000	2,650,000	-
Stormwater and Sanitation	1,038,181	1,042,570	1,066,000	1,100,000	34,000
Professional services	443,881	461,290	597,500	700,500	103,000
Maintenance and repairs	2,785,620	3,189,470	3,000,600	3,214,600	214,000
Administrative expenses	457,115	638,436	790,730	830,780	40,050
Services	2,972,023	3,878,119	3,791,200	4,226,020	434,820
Other	343,458	417,901	614,750	734,900	120,150
Total Operating Expenses	32,970,976	37,251,829	36,495,650	40,940,775	4,445,125
Operating Income	(4,785,450)	4,757,509	6,112,307	9,896,528	3,784,222

Summary of Revenues

Exhibit A

	Actual FY 2021	Projected FY22	Updated Budget FY22	Budget FY23	Variance from PY Budget	%	Variance from Projected	%
Landing Fees	5,339,578	6,863,994	6,444,394	8,633,500	2,189,107	34.0%	1,769,506	25.8%
Airline Space	2,981,513	2,963,696	3,717,532	5,138,594	1,421,061	38.2%	2,174,898	73.4%
Common Use	241,706	399,408	350,000	350,000	-	0.0%	(49,408)	-12.4%
Passenger Loading Bridges	112,396	111,372	111,030	138,209	27,179	24.5%	26,837	24.1%
Airline Rent	3,335,615	3,474,475	4,178,563	5,626,803	1,448,240	34.7%	2,152,327	61.9%
Conference Rooms	2,989	6,295	4,000	5,000	1,000	25.0%	(1,295)	-20.6%
Building Rent	2,166,932	2,087,980	2,003,000	1,955,000	(48,000)	-2.4%	(132,980)	-6.4%
Ground Rent	69,188	101,754	70,000	103,000	33,000	47.1%	1,246	1.2%
Non-Airline Rent	2,239,109	2,196,029	2,077,000	2,063,000	(14,000)	-0.7%	(133,029)	-6.1%
Advertising	202,764	265,575	225,000	250,000	25,000	11.1%	(15,575)	-5.9%
Food/Beverage Concessions	467,098	1,086,438	1,100,000	1,300,000	200,000	18.2%	213,562	19.7%
Retail Concessions	834,152	1,184,327	1,400,000	1,500,000	100,000	7.1%	315,673	26.7%
Vending Machines	12,075	15,167	16,000	22,000	6,000	37.5%	6,833	45.1%
ATMs	12,990	19,300	25,000	20,000	(5,000)	-20.0%	700	3.6%
Concession Fees	1,529,078	2,570,807	2,766,000	3,092,000	326,000	11.8%	521,193	20.3%
Lots	8,820,893	16,574,613	16,500,000	20,000,000	3,500,000	21.2%	3,425,387	20.7%
Employee & Tenants	199,575	300,257	250,000	325,000	75,000	30.0%	24,743	8.2%
Parking	9,020,468	16,874,870	16,750,000	20,325,000	3,575,000	21.3%	3,450,130	20.4%
Rental Cars Commission	5,228,562	8,088,332	8,500,000	9,000,000	500,000	5.9%	911,668	11.3%
Rental Car	5,228,562	8,088,332	8,500,000	9,000,000	500,000	5.9%	911,668	11.3%
TNC's	382,375	672,945	690,000	850,000	160,000	23.2%	177,056	26.3%
Taxicabs	11,990	15,420	15,000	15,000	-	0.0%	(420)	-2.7%
Vehicle Access Priviledge Fee	1,200	1,230	1,000	1,000	-	0.0%	(230)	-18.7%
Ground Transportation Services	395,565	689,594	706,000	866,000	160,000	22.7%	176,406	25.6%
Gourmet Gang - Catering	32,722	67,904	75,000	75,000	-	0.0%	7,096	10.4%
Signature Flight Support (FBO)	385,613	421,400	375,000	415,000	40,000	10.7%	(6,400)	-1.5%
Concessions	418,335	489,304	450,000	490,000	40,000	8.9%	696	0.1%
Cargo Terminal	234,664	270,666	250,000	250,000	-	0.0%	(20,666)	-7.6%
Fuel Farm	375,184	393,109	340,000	340,000	-	0.0%	(53,109)	-13.5%
Miscellaneous	19,824	(29,626)	10,000	10,000	-	0.0%	39,626	-133.8%
SIDA Fees	38,053	66,028	50,000	50,000	-	0.0%	(16,028)	-24.3%
Security Reimbursements	-	49,454	75,000	80,000	5,000	6.7%	30,546	61.8%
Telephone Reimbursements	11,492	12,301	11,000	11,000	-	0.0%	(1,301)	-10.6%
Other	679,217	761,931	736,000	741,000	5,000	0.7%	(20,931)	-2.7%
OPERATING REVENUE	28,185,526	42,009,337	42,607,957	50,837,303	8,229,347	19.3%	8,827,966	21.0%
Rental Cars-CFC	1,987,140	2,551,988	2,500,000	2,880,000	380,000	15.2%	328,012	12.9%
State Grants	35,000	35,000	35,000	35,000	-	0.0%	-	0.0%
TSA - Canine Grants	151,500	151,500	151,500	151,500	-	0.0%	-	0.0%
Interest/Investments	57,521	55,645	100,000	20,000	(80,000)	-80.0%	(35,645)	-64.1%
Off Airport Property Rent	261,876	346,304	300,000	300,000	-	0.0%	(46,304)	-13.4%
CARES/CRRSA Grants	5,009,003	16,699,964	12,706,451	7,694,575	(5,011,875)	-39.4%	(9,005,389)	-53.9%
NON-OPERATING REVENUE	7,502,040	19,840,401	15,792,951	11,081,075	(4,711,875)	-29.8%	(8,759,326)	-44.1%
TOTAL REVENUE	35,687,566	61,849,738	58,400,907	61,918,378	3,517,471	6.0%	68,640	0.1%

* Projected FY22 represents the 12 months ended March 2022

Expense Summary

Exhibit B

	Actual FY 2021	Projected FY 2022	Budget FY 2022	Budget FY 2023	Variance from PY Budget	%	Variance from Projected	%
Salaries & Wages	13,189,601	14,921,484	14,247,500	16,246,205	1,998,705	14.0%	1,324,720	8.9%
Advertising & Promotion	783,120	1,099,115	925,000	1,127,000	202,000	21.8%	27,885	2.5%
Consultant Fees	287,616	300,901	381,500	483,000	101,500	26.6%	182,099	60.5%
Sick Time Redeemed	72,670	98,093	130,000	130,000	-	0.0%	31,907	32.5%
Education & Tuition	29,743	44,275	88,650	150,600	61,950	69.9%	106,325	240.1%
Electricity	2,117,985	2,074,110	2,070,000	2,271,000	201,000	9.7%	196,890	9.5%
Employee & Comm Relations	14,076	37,837	70,350	85,400	15,050	21.4%	47,563	125.7%
Equip & Office Rental	15,791	13,051	24,000	24,000	-	0.0%	10,949	83.9%
Fuel & Lubricants	74,747	148,274	155,800	190,300	34,500	22.1%	42,026	28.3%
Heating	233,512	257,033	260,000	260,000	-	0.0%	2,967	1.2%
Health Insurance	1,673,558	1,946,301	1,861,100	2,337,780	476,680	25.6%	391,479	20.1%
Insurance	1,009,450	1,039,788	1,150,000	1,250,000	100,000	8.7%	210,212	20.2%
Laundry and Uniform Cleaning	54,070	56,951	58,000	60,000	2,000	3.4%	3,049	5.4%
Legal Fees	144,625	151,403	200,000	200,000	-	0.0%	48,597	32.1%
Miscellaneous	0	-	600	600	-	0.0%	600	100.0%
Postage	9,205	5,892	4,850	4,850	-	0.0%	(1,042)	-17.7%
Publications & Dues	50,455	74,752	69,230	73,230	4,000	5.8%	(1,522)	-2.0%
Safety Apparel & Equipment	49,516	41,272	65,000	68,500	3,500	5.4%	27,228	66.0%
Sanitation & Stormwater	1,038,181	1,042,570	1,066,000	1,100,000	34,000	3.2%	57,430	5.5%
Services	2,972,023	3,878,119	3,791,200	4,226,020	434,820	11.5%	347,901	9.0%
Social Security	871,652	1,062,648	1,004,500	1,160,900	156,400	15.6%	98,252	9.2%
State Insurance	165,403	169,944	180,000	210,900	30,900	17.2%	40,956	24.1%
State Retirement	1,846,561	1,919,659	1,687,600	1,982,800	295,200	17.5%	63,141	3.3%
Telephone	138,268	145,297	135,470	139,190	3,720	2.7%	(6,107)	-4.2%
Tools & Equip	117,234	207,853	232,750	269,750	37,000	15.9%	61,897	29.8%
Travel	6,203	26,784	80,700	93,600	12,900	16.0%	66,816	249.5%
Uniforms	26,019	24,455	45,050	47,850	2,800	6.2%	23,395	95.7%
Unemployment Insurance	44,882	3,259	20,000	20,000	-	0.0%	16,741	513.8%
Water	104,171	92,299	177,900	177,900	-	0.0%	85,601	92.7%
Signs	11,640	8,986	16,000	17,500	1,500	9.4%	8,514	94.8%
Maint & Repair	2,565,443	2,919,886	2,720,600	2,934,600	214,000	7.9%	14,714	0.5%
Maint & Repair - Fuel Farm	220,177	269,584	280,000	280,000	-	0.0%	10,416	3.9%
Supplies	383,379	519,954	646,300	667,300	21,000	3.2%	147,346	28.3%
Total	30,320,976	34,601,829	33,845,650	38,290,775	4,445,125	13.1%	3,688,946	10.7%
Capital Expenditures - Not Amortized	718,000	-	440,000	829,000	389,000	88.4%	829,000	100.0%
Total Operating Expenditures	31,038,976	34,601,829	34,285,650	39,119,775	4,834,125	14.1%	4,517,946	13.1%
Enplaned Passengers	1,100,972	1,574,799	1,513,651	2,250,000				
Operating Expenditures per Enplanement	28.19	21.97	22.65	17.39				
	Budget FY 2022	Budget FY 2023						
Debt Service - Bonds	5,582,701	7,695,169						
VRA Loan Payment	15,382	-						
Payment to City	2,650,000	2,650,000						
Capital Expenditures - Amortized	1,151,516	1,291,295						
Total Other	9,399,599	11,636,464						

Summary of Capital Expenditures

Exhibit C

Item	PROJECT	Department	Total Estimated Cost	Federal Funding Entitlements	Infrastructure Investment Act Funds	State Funding Entitlements	PFC 7 and Future PFC applications (LOC interim financing)	Local Funding Amortized	Local Funding Expensed	Capital Reserve Funds	Parking Reserve	Included on ACIP/EURP?
1	RWY 5/23 Rehabilitation of Concrete Pavement (Construction)	Field	\$30,000,000	\$10,000,000	\$10,000,000		\$10,000,000					Y/Y
2	Convert Outer LTE Parking Lot to Aircraft RON (Construction)	Field	\$13,000,000			\$6,500,000	\$6,500,000					Y/Y
3	Garage B and C Rehabilitation (Construction)	Parking	\$5,250,000					\$1,750,000			\$3,500,000	-
4	Passenger Loading Bridge Replacement - Gates 1, 16, 25 (Construction)	Departures	\$5,000,000				\$5,000,000					Y/-
5	Gate 1 FIS Modernization (Construction)	Departures	\$5,000,000	\$4,500,000		\$500,000						Y/Y
6	Departures Terminal Air-Handler Unit Replacement (Construction)	Departures	\$4,000,000			\$2,640,000		\$1,360,000				-/Y
7	Environmental Assessment	Multiple	\$3,000,000	\$2,700,000		\$300,000						Y/Y
8	Snow Removal Equipment - Main Terminal Apron (Replace AP-75 and AP-76)	Field	\$1,250,000			\$1,000,000				\$250,000		-/Y
9	Antenna Project (Design and Construction)	Dept/Arrivals	\$1,200,000			\$960,000				\$240,000		-/Y
10	Field Maintenance Sleeping Quarters Improvements (Construction)	Field	\$850,000							\$850,000		-
11	Terminal Development Study	Departures	\$800,000			\$536,000				\$264,000		-/Y
12	Alpha Concourse Gate Addition - Concept Development	Departures	\$250,000							\$250,000		-
13	ID Management Project	Police	\$500,000			\$400,000				\$100,000		-/Y
14	Pavement Management Plan Update	Field	\$350,000			\$280,000				\$70,000		-
15	Mill and Overlay Garage Complex Roadways (Construction)	Ground	\$150,000							\$150,000		-
16	Modernization of 47 Stanley Sliding Glass Doors (Construction)	Departures	\$250,000							\$250,000		-
17	Bravo Concourse Elevator Modernization (Construction)	Departures	\$250,000							\$250,000		-
18	Mill and Overlay Road to Fire Station (Construction)	Fire	\$150,000			\$120,000				\$30,000		-/Y
19	Pedestrian Bridge People Movers (Design)	Dept/Arrivals	\$300,000				\$300,000					Y/-
Total Major Capital Expenditures			\$71,550,000	\$17,200,000	\$10,000,000	\$13,236,000	\$21,800,000	\$3,110,000		\$2,704,000	\$3,500,000	
20	Replace Garage Sweepers (2)	Parking	\$100,000						\$100,000			-
21	Replace Pumps - Aircraft Waste Disposal Building	Field	\$100,000						\$100,000			-
22	Replace Fire Station's Data Service Cable	Fire	\$80,000						\$80,000			-
23	Paging System Upgrade	Dept/Arrivals	\$70,000						\$70,000			-
24	Replace Toro Zero Turn Mower	Field	\$60,000						\$60,000			-
25	Police Facility Safety & Security Upgrades	Police	\$60,000						\$60,000			-
26	Departures Terminal Skylight Repairs	Departures	\$60,000						\$60,000			-
27	Replace AP70	Canine	\$60,000						\$60,000			-
28	Replace AP77	Police	\$55,000						\$55,000			-
29	Irrigation System Repairs	Field	\$50,000						\$50,000			-
30	New Operations Vehicle	Ops	\$50,000						\$50,000			-
31	Replace AP23	Parking	\$35,000						\$35,000			-
32	Replace IT Backup Solution	Dept/Arrivals	\$24,000						\$24,000			-
33	Oxygen Tank Compressor System	Fire	\$25,000						\$25,000			-
Total Minor Capital Expenditures			\$829,000						\$829,000			
			\$72,379,000	\$17,200,000	\$10,000,000	\$13,236,000	\$21,800,000	\$3,110,000	\$829,000	\$2,704,000	\$3,500,000	

Summary of Capital Expenditures

Exhibit C

Item	PROJECT	DESCRIPTION
1	RWY 5/23 Rehabilitation of Concrete Pavement (Construction)	This project will rubblize the existing concrete extensions of Runway 5/23. The rubblized concrete will then be used as the base for a 5-8" asphalt overlay. The 23 extension was constructed in 1972 and has a PCI of 46. The 5 extension was constructed in 1981 and has a PCI of 45. Each extension is 1,500 feet in length by 150 feet in width.
2	Convert Outer LTE Parking Lot to Aircraft RON (Construction)	The full capacity of the Long Term East parking lot is no longer required with the construction of Garage D. The outer limits on the parking lot will be returned to airfield use and converted to remain overnight parking for air carriers. This area will also be used to expand the airfield capacity for aircraft diversions. Additional locations for de-icing operations will be evaluated.
3	Garage B and C Rehabilitation (Construction)	Garages B and C will have the interior structure of each stairwell replaced, the elevators will be modernized and the joint material will be replaced. Additional miscellaneous concrete spall and surface repairs will be performed as needed. Lights will be converted to LED while the structures are closed for rehabilitation.
4	Passenger Loading Bridge Replacement - Gates 1, 16, 25 (Construction)	Gates 1, 16 and 25 are last of the loading bridges that need to be replaced. Bridges are currently 22, 18 and 25 years old respectively and will have at least an additional year of age at time of replacement. Replacement is required for increased reliability. Parts for older bridges are becoming more difficult to procure in a timely manner.
5	Gate 1 FIS Modernization (Construction)	US Customs and Boarder Patrol has notified the Authority that the existing commercial air carrier international clearance facilities at Gate 1 require modifications in order to stay current with CBP's layout and processing standards. This project will construct the required upgrades.
6	Departures Terminal Air-Handler Unit Replacement (Construction)	The HVAC air-handler units control the air flow for heating and cooling throughout the Departures Terminal. There are over a dozen units that are original from 1974 and need to be replaced due to their inefficiencies and increased maintenance cost.
7	Environmental Assessment	This effort is intended to cover multiple airfield and landside improvements that have been identified as needed through the Master Plan Update. Projects included in this effort will be eligible for Federal and State funding.
8	Snow Removal Equipment - Main Terminal Apron (Replace AP-75 and AP-76)	The addition of the Operations Department to the organization provides the opportunity to increase our snow removal efforts on the main terminal apron. This project will replace two 1997 frontend loaders with ramp plow attachments.
9	Antenna Project (Design and Construction)	This project will replace the distributed antenna system throughout the facility. System is used by the Police Department and other Authority staff to communicate via radio.
10	Field Maintenance Sleeping Quarters Improvements (Construction)	There are currently no dedicated locations for the Field Maintenance staff to rest during extended, multi-shift responses to inclement weather events. This project will construct those facilities.
11	Terminal Development Study	This study will provide a detailed layout for the terminal and concourse projects identified in the Master Plan Update. Additionally, this effort will address the phasing required to construct such facilities. Updated cost estimates will be provided. Renderings of terminal elevations and interiors will also be provided for consideration.
12	Alpha Concourse Gate Addition - Concept Development	Projected enplanements in FY23 exceed the Planning Activity Level 2 enplanements within the Master Plan Update. Per the Master Plan Update we require 4 additional gates to accommodate this amount of passengers. This project will develop concepts and cost for the addition of 4 to 6 gates on the Alpha Concourse.
13	ID Management Project	Upgrade the SIDA Badging System to be more efficient by utilizing online appointment and application processes.
14	Pavement Management Plan Update	The FAA requires the Authority's Pavement Management Plan to be updated every three years. Last update was approved by the FAA in August of 2020.
15	Mill and Overlay Garage Complex Roadways (Construction)	Area of pavement behind Garages B and C is showing signs of distress and requires rehabilitation
16	Modernization of 47 Stanley Sliding Glass Doors (Construction)	This project is to rebuild all the electronic and mechanical parts on the Stanley doors that exist at the Departures and Arrivals Terminal Curbside entrances as well all levels of Garage A. These existing parts are difficult to support and will be obsolete in the near future.
17	Bravo Concourse Elevator Modernization (Construction)	The existing units were installed in 1990. Support is limited and replacement parts are very hard to obtain. These units will receive a complete modernization to ensure service and parts are able to be provided as required to maintain reliable operation of the elevators.
18	Mill and Overlay Road to Fire Station (Construction)	The landside access route from the Fire Department to the departures and arrivals terminals is showing signs of distress and requires rehabilitation
19	Pedestrian Bridge People Movers (Design)	Design effort for the installation of People Movers on the pedestrian bridge connecting the Arrivals Terminal/Parking Garage complex with the Departures Terminal Building. This effort addresses many customer
20	Replace Garage Sweepers (2)	Replace the existing sweepers which are 2014 model year units. Additionally, move to a unit that is a pure sweeper without the ability to also scrub the surface. The pure sweeper units will be more efficient at picking up leaves, trash and debris.
21	Replace Pumps - Aircraft Waste Disposal Building	The pumps and pump lifting system within the Aircraft Waste Disposal Building have exceeded their useful age and require replacement
22	Replace Fire Station's Data Service Cable	Replace communications/data cables that run from the Departures Terminal basement to the Fire Station
23	Paging System Upgrade	The existing paging software will no longer be supported next year and therefore requires updating
24	Replace Toro Zero Turn Mower	Mower is used daily around the terminal and parking complex during the summer and is begging to experience increased downtime due to maintenance needs
25	Police Facility Safety & Security Upgrades	This project will install security doors/cameras/buzzers in the basement providing additional safety & security for police department personnel and equipment. This project will also include the installation of an emergency exit in Control in the event of a Fire or Active Shooter event.
26	Departures Terminal Skylight Repairs	This project will reseal all joints of the main lobby and concourse skylights
27	Replace AP70	Canine Vehicle - Current vehicle is 2013 model year that requires replacement.
28	Replace AP77	Police Vehicle - Current vehicle is 2012 model year that requires replacement.
29	Irrigation System Repairs	Replaces the terminal complex irrigation satellite controllers as required to continue communication with the system's primary controller. Additionally repairs the system at the Field Maintenance Facility that was damaged by a recent project along Miller Store Road.
30	New Operations Vehicle	Purchase new Pickup Truck for the Operations Department which plans to expand personnel by two Officers in FY23. The vehicle is used to daily to perform FAA required Airfield Inspections, wildlife mitigation, construction management and emergency response. The truck would be co-shared by the department.
31	Replace AP23	Parking Vehicle - Current vehicle is 2017 model year that requires replacement.
32	Replace IT Backup Solution	Replace the existing appliance which provides backup of the Authority's data and email servers.
33	Oxygen Tank Compressor System	Purchase oxygen tank compressor system to refill oxygen tanks for the Fire Department

Landing Fee Rate Worksheet

EXHIBIT D

	Actual FY 2021	Final Budget FY 2022	Budget FY 2023
Airfield O&M Expenses	5,443,957	6,213,321	9,496,640
Airfield Debt Service	-	-	-
Airfield Payment to City	400,945	400,945	400,945
Airfield Capital Expenditures - Amortized	117,854	102,334	114,354
Total Requirement	5,962,756	6,716,600	10,011,939
Signatory Landed Weight	1,730,749	2,066,951	2,723,075
Weighted Nonsignatory Landed Weight	119,159	128,970	600,299
Total Weighted Landed Weight	1,849,908	2,195,921	3,323,374
Signatory Landing Fee Rate	\$ 3.22	\$ 3.06	\$ 3.01
Non-Signatory Landing Fee Rate	\$ 4.03	\$ 3.82	\$ 3.77
Signatory Landing Fees	5,578,675	6,322,123	8,203,489
Nonsignatory Landing Fees	384,081	394,477	1,808,450
Total Landing Fees	5,962,756	6,716,600	10,011,939
Landing Weights (in 000s)			
Signatory Carriers	1,730,749	2,066,951	2,723,075
Non-Signatory Carriers	95,327	103,176	480,239
Total Landing Weights	1,826,076	2,170,127	3,203,314

Terminal Rental Rate Worksheet**EXHIBIT E**

	Actual FY 2021	Final Budget FY 2022	Budget FY 2023
Terminal O&M Expenses	12,181,688	13,087,905	18,157,892
Terminal Debt Service (Net of PFC's)	-	-	-
Terminal Payment to City	544,045	544,045	544,045
Terminal Capital Expenditures - Amortized	717,650	844,267	974,000
Total Requirement	13,443,383	14,476,217	19,675,936
Less Reimbursements:			
Telephones	11,492	11,000	11,000
Security	-	75,000	80,000
Net Requirement	13,431,891	14,390,217	19,584,936
Useable Terminal Space (square feet)	485,890	485,890	485,890
Terminal Rental Rate (per square foot)	\$ 27.64	\$ 29.62	\$ 40.31
Airline Leased Terminal Space (square feet)	125,524	125,524	127,485
Airline Terminal Rents	3,469,972	3,717,532	5,138,594

Passenger Loading Bridge Rate Worksheet

	Actual FY 2021	Final Budget FY 2022	Budget FY 2023
Passenger Loading Bridge O&M Expenses	159,060	174,476	202,707
PLB Debt Service (Net of PFC's)	-	-	-
PLB Capital Expenditures - Amortized	-	-	-
Total Requirement	159,060	174,476	202,707
Number of NAA Passenger Loading Bridges	22	22	22
Rent per Passenger Loading Bridge	7,230.00	7,930.73	9,213.94
Airline Leased Passenger Loading Bridges	14	14	15
Airline Passenger Loading Bridges Rent	101,220	111,030	138,209

Norfolk Airport Authority
Surplus Settlement

	Budget FY 2022	Budget FY 2023
Operating Revenue	36,401,857	50,837,303
Operating Expenses	33,845,650	38,290,775
Operating Income	2,556,207	12,546,528
Non-operating revenue		
CFC O&M offset	1,210,639	1,210,639
Interest/Investment Income	400,000	320,000
K9 Grant Income	151,500	-
CARES Act Grants O&M Offset	7,123,750	-
VA Advertising Grant	35,000	35,000
Non-operating revenues	8,920,889	1,565,639
Net Revenues	11,477,096	14,112,167
Other requirements		
Capital Expenditures	(440,000)	(829,000)
Amortization	(1,151,516)	(1,291,295)
City Payment	(2,650,000)	(2,650,000)
Net Debt Service	-	(7,695,169)
FBO	(475,000)	(475,000)
Capital Reserve Expenditure Fund - Reimbursement	-	-
	(4,716,516)	(12,940,464)
Surplus - before Parking Incremental Revenue	6,760,579	1,171,703
Parking Increment Escrow	(2,036,496)	-
Surplus	4,724,083	1,171,703
50% of Surplus due TO Airlines	2,362,042	585,852
100% of Deficit due FROM Airlines	-	-
50% Landing Fee	1,181,021	292,926
50% Terminal Rent	1,181,021	292,926
Total	2,362,042	585,852

Cash Flow Analysis**Exhibit F**

	Budget FY22	Budget FY23
Landing Fees	6,444,394	8,633,500
Rent	6,742,063	8,279,803
Parking	13,435,200	20,325,000
Rental Cars	6,000,000	9,000,000
Other	3,780,200	4,599,000
Total Operating Revenues	<u>36,401,857</u>	<u>50,837,303</u>
Wages and Fringe Benefits	(18,980,700)	(21,938,585)
Services	(3,791,200)	(4,226,020)
Utilities	(3,865,170)	(4,138,390)
Maintenance and Repairs	(3,000,600)	(3,214,600)
Other	(4,207,980)	(4,773,180)
Total Operating Expenses	<u>(33,845,650)</u>	<u>(38,290,775)</u>
Operating Income	2,556,207	12,546,528
Federal Grants	8,706,500	27,351,500
State Grants	2,035,000	2,035,000
CFCs	2,400,000	2,880,000
Other	400,000	320,000
CARES/CRRSA/ARPA Grants	12,706,451	7,694,575
Nonoperating Revenues	<u>26,247,951</u>	<u>40,281,075</u>
Debt Service	(5,582,701)	(7,695,169)
Capital Expenditures	(11,740,000)	(50,579,000)
City Payment	(2,650,000)	(2,650,000)
Surplus Payment	(2,362,042)	(585,852)
Nonoperating Outflows	<u>(22,334,742)</u>	<u>(61,510,021)</u>
Total Change in Cash	<u>6,469,415</u>	<u>(8,682,417)</u>
Debt Service Coverage	274.7%	291.0%

Note: PFC funding/capital expenditures are not included above

Flow of Funds

Exhibit G

	Operating	State Funding	CFC	FBO	Capital Reserve	Parking	Total
Deposits	10,707,816	2,000,000	1,669,361				14,377,177
Inter-fund Transfers	(1,474,996)			474,996	1,000,000	-	-
Cap Expenditures	(31,139,000)	(13,236,000)	-	-	(2,704,000)	(3,500,000)	(50,579,000)
AIP Funds	27,200,000						
Debt Service	(7,695,169)						(7,695,169)
ARPA Grants	7,694,575						7,694,575
Investment Income	320,000						320,000
Net Change	5,613,226	(11,236,000)	1,669,361	474,996	(1,704,000)	(3,500,000)	(8,682,417)

Note: PFC funding/Capital Expenditures are not included above

Reconciliation to Operating Deposits	
Operating income	12,546,528
Surplus	(585,852)
CFC O&M offset	1,210,639
K9 Grant Income	151,500
VA Advertising Grant	35,000
City Payment	(2,650,000)
Operating Deposits	10,707,816

Norfolk Airport Authority
Rates and Charges Analysis

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Budget FY 2022</u>	<u>Budget FY 2023</u>	<u>Variance</u>
Signatory Landing Fee Rate	\$ 4.06	\$ 3.01	\$ 3.14	\$ 3.22	\$ 3.06	\$ 3.01	\$ (0.05)
Average Terminal Rental Rate	\$ 46.43	\$ 36.25	\$ 37.93	\$ 27.64	\$ 29.62	\$ 40.31	\$ 10.69
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Budget FY 2022</u>	<u>Budget FY 2023</u>	<u>Variance</u>
Landing Fees	6,575,117	5,234,970	4,939,662	5,339,578	5,556,036	7,710,794	2,154,758
Airline Space Rental	4,741,853	3,851,880	4,327,923	2,981,513	3,828,536	5,276,803	1,448,267
Reimbursements	33,738	38,145	11,011	11,011	86,000	91,000	5,000
Total Airline Cost	<u>11,350,708</u>	<u>9,124,995</u>	<u>9,278,596</u>	<u>8,332,102</u>	<u>9,470,572</u>	<u>13,078,596</u>	<u>3,608,024</u>
Enplanements	1,741,125	1,928,129	1,471,918	1,100,972	1,513,651	2,250,000	
Cost Per Enplanement	\$ 6.52	\$ 4.73	\$ 6.30	\$ 7.57	\$ 6.26	\$ 5.81 *	

* Surplus returned to airlines is subtracted from the Total Airline Cost for years prior to FY22, but is not included in FY22 or FY23

Executive Director's Report

**Mark A. Perryman, Assoc. AIA
Executive Director & CEO,
Secretary of the Board of
Commissioners**

Capital Projects Update – May 16, 2022

Runway 5/23 Rehabilitation of Concrete Extensions

- Currently in design by Kimley-Horn and Associates
- 60% Design Submittal reviewed by Staff with comments provided to design team
- The project will rubblize the concrete extension of Runway 5/23 and overlay with asphalt
- Estimated cost of construction is \$30 million to be funded with sources below:
 - \$10 million in AIP Entitlements
 - \$10 million in Bipartisan Infrastructure Law Funds
 - \$10 million in Passenger Facility Charges
- Construction Phase 1 is scheduled for April 2023 through November 2023
- Construction Phase 2 is scheduled for April 2024 through November 2024
- Nightly runway closures anticipated from 0015 to 0515 seven days a week
- Runway length available during construction will be reduced from 9,000' to 7,400'

General Aviation Fuel Farm Replacement

- General Contractor – Oil Equipment Sales and Service Co., Inc. (OESSCO)
- Project will replace the Underground Aviation Fuel Tank at the General Aviation Facility with an above ground tank at the fuel farm
 - Tank is currently in design by the manufacturer. Contractor will set the construction schedule once all materials are on site.
- Construction of the new electrical panel which supplies power to the facility has been completed

Dollar Tree Corporate Hangar

- Hangar and site improvements to be privately constructed and funded by Dollar Tree
- General Contractor is WM Jordan
- The Authority will provide oversight of the construction with particular interest in the airside scope of work
- Contractor has started work on the building pad
- Storm pipe has been delivered and structures will arrive next week
- Anticipated completion has been moved by the contractor to January 2023



Commercial Apron Concrete Repairs

- Design performed by Delta Airport Consultants
- Project will provide approximately \$2M of full depth panel replacement in the gate areas of the commercial apron

- Project was readvertised on 4/29/22 and bids will open 5/27/22
- Construction last 160 days once started

HVAC Renovation

- General Contractor is Virtexco
- Project started September 1st with completion scheduled for June 2, 2022
- This project will replace a cooling tower, an air handler, two tug bay heaters and provide limited duct cleaning in the Departures building
- Replacement of this equipment will increase the reliability of our HVAC system and provide additional energy efficiencies

FUNDING SUMMARY

- 30 total projects in various stages of planning, design and construction

Open Certificates		Certificate Balances	Fund Balances
\$18,025,000	Totals	\$9,289,077	\$53,856,501
\$0	PFC	\$0	\$3,908,025
\$4,583,333	Parking	\$1,756,885	\$3,308,993
\$3,280,000	AIP	\$2,696,370	\$2,696,370
\$4,200,000	State Ent.	\$1,493,265	\$9,326,822
\$1,100,000	FBO	\$709,101	\$1,476,183
\$1,350,000	Capital Reserve	\$672,678	\$2,484,099
\$150,000	CFC	\$7,989	\$2,925,403
\$3,361,667	Renewal	\$1,952,789	\$27,730,606

Passenger Facility Charge Application #7

- FAA provided comments on Draft Final Application on April 26th
- Revisions to documents have been made by the consultant
- Working to submit revised Draft Final Application no later than May 20th
- The application includes 8 projects totaling \$20 million in PFC revenue
 - Staff decided to remove the Southside Ticket Lobby Improvements
 - Additionally, the project has been removed from the proposed FY23 Final Budget
- Major projects include:
 - Runway 5/23 Rehabilitation - \$10 million in PFCs
 - Passenger Loading Bridge Replacement - \$6 million in PFCs
- Estimated charge effective date is February 2, 2023
- Estimated charge expiration date is November 30, 2025

Request for Qualifications

- Municipal Separate Storm Sewer System – Professional Services
 - FY22 Budget
 - A total of five responses were received April 26th
 - Interviews to be held on June 1st
 - Johnson, Mirmiran & Thompson
 - Kimley-Horn
 - Tetra Tech
 - Wetland Studies and Solutions
 - Wood Environment & Infrastructure Solutions
 - Anticipated award date of July 1st
 - Anticipated annual savings of \$750,000 starting in FY24

- Architectural Planning and Design Services
 - Advertised on May 13, 2022
 - Responses due June 13th
 - Interviews week of July 25th
 - Anticipated award date of September 1st

- Fuel Storage and Distribution Facility Design and Financial Planning Services
 - FY22 Budget
 - Anticipated advertisement date of June 1, 2022
 - Responses due June 30th
 - Interviews week of August 15th
 - Anticipated award date of October 1st

- Environmental On-Call Services
 - Anticipated advertisement date of June 17, 2022
 - Responses due July 19th
 - Interviews week of August 19th
 - Anticipated award date of October 1st

Old Business

Steven C. Sterling
Deputy Executive Director
Administration and
Operations

STRONGER TOGETHER. LET'S FLY 

MAY GOALS PROGRESS

GOAL #1 OUR PEOPLE Support and develop our staff, maximize organizational and employee efficiency and performance.



21%
PERCENT COMPLETE

- 23% **Objective 1A:** Optimize our organizational structure
- 35% **Objective 1B:** Better engage our employees
- 30% **Objective 1C:** Foster a culture of transparency, and strong communications, where information is shared and voices are heard
- 0% **Objective 1D:** Create a formal employee training and development program
- 17% **Objective 1E:** Hire and retain diverse, qualified, and competent employees

GOAL #2 OUR CUSTOMERS Grow our traffic and provide a world-class customer experience.



 **2%**
FROM APRIL
16%
PERCENT COMPLETE

- 29% **Objective 2A:** Increase customer and passenger satisfaction; improve customer experience.
- 18% **Objective 2B:** Increase air service offerings and expand direct flight destinations
- 0% **Objective 2C:** Identify and capitalize on economic development opportunities

GOAL #3 OUR COMMITMENT Create and maintain a welcoming and safe environment for our employees, patrons, and stakeholders.



 **2%**
FROM APRIL
16%
PERCENT COMPLETE

- 42% **Objective 3A (Diversity):** Assess the Diversity of the Authority
- 12% **Objective 3B (Equity):** Ensure applicants and employees are treated fairly and given equal opportunities
- 0% **Objective 3C (Inclusion):** Create an Inclusive Work Culture
- 0% **Objective 3D:** Enhance Small Business Participation
- 24% **Objective 3E:** Improve physical and mental accessibility into and throughout our facilities

GOAL #4 OUR FACILITY Optimize facilities to create and sustain growth, expand opportunities, and diversify revenue sources.



15%
PERCENT COMPLETE

- 20% **Objective 4A:** Enhance the Passenger Experience
- 2% **Objective 4B:** Expand and Diversify Revenue Sources
- 22% **Objective 4C:** Increase our infrastructure reliability, sustainability, and resiliency; decrease our environmental footprint

**CLOSED MEETING, RECONVENE MEETING
AND ADJOURNMENT DOCUMENTS**



**Norfolk Airport Authority
Board of Commissioners Meeting
Closed Meeting Script (Required)
Thursday, May 26, 2022
1:00 p.m.**

Code of Virginia

I move that the Board of the Norfolk Airport Authority convene in a closed meeting pursuant to Virginia Code:

- (i) Section 2.2-3711. A. 7. for the purpose of consultation with legal counsel and briefings by staff members pertaining to probable litigation of a claim against an Authority concessionaire and vendor, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority regarding such claim or claims;
- (ii) Section 2.2-3711. A. 8. for the purpose of consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel about cybersecurity vulnerabilities and protections, and discussion of reports and plans related to the security of Authority information technology systems; and
- (iii) Section 2.2-3711. A. 19. for the purpose of discussion with staff and legal counsel regarding the status, security and upgrades to the Authority's cybersecurity infrastructure and protocols, plans for protection relating to specific cybersecurity vulnerabilities, and actions to respond to such matters where discussion in an open meeting would jeopardize the security and safety of Authority information technology systems and financial software programs.



Norfolk Airport Authority
Board of Commissioners Meeting
Reconvene Public Meeting Certificate
(Required)
Thursday, May 26, 2021
1:00 p.m..

SCRIPT:

Now, therefore, be it resolved that the Board of the Norfolk Airport Authority hereby certifies that to the best of each member's knowledge (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Code, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting.



Norfolk Airport Authority
Board of Commissioners Meeting
Thursday, May 26, 2022
1:00 p.m.

**I, MOVE THAT THE BOARD ADJOURN AND THAT THE
NEXT REGULAR PUBLIC SESSION OF THE BOARD
BE HELD AT
1:00 P.M.,
ON THURSDAY, JUNE 23, 2022
IN THE
HUMAN RESOURCES CONFERENCE ROOM A,
MAIN PASSENGER TERMINAL,
NORFOLK INTERNATIONAL AIRPORT
OR AS OTHERWISE DETERMINED AND NOTICED.**

