

SPECIAL MEETING / BOARD WORKSHOP MINUTES**PANAMA CITY – BAY COUNTY AIRPORT AND INDUSTRIAL DISTRICT**

Opening:

The Special Board Meeting of the Panama City-Bay County Airport and Industrial District was called to order at 9:00 a.m., September 5, 2018 by Chairman Lee.

The Invocation was given by Ms. Rhonda Marchman.

The Pledge of Allegiance was led by Chairman Lee.

The Executive Secretary called the roll and indicated that all Board Members were present except Mr. Johnson and Mr. Nelson.

Business Item:**a. Accept FAA AIP Grant Offer for Terminal Apron Repair Project**

This item provides for Board acceptance of an FAA Grant Offer for use of Entitlement Funds that provides funding for repair of the Airport Terminal Apron.

The Grant will be used to fund a repair project involving a section of pavement along the concrete/asphalt transition edge of the Terminal Apron. The Project will repair a portion of the Terminal Apron where the pavement transitions from concrete to asphalt. The Project will remove a 20-foot wide, 1,580-foot long, section of the asphalt pavement that has failed due to heavy use and will replace the section with a more resilient, polymer, asphalt that will better accommodate the load transfer between the two pavement types.

b. Accept FAA AIP Grant Offer for Terminal Apron Expansion Project

This item provides for Board acceptance of an FAA Grant Offer for use of Entitlement Funds that provides funding for expansion of the Airport Terminal Apron.

The Grant will be used to fund a terminal apron expansion at the Airport. The project will expand the air terminal aircraft apron by approximately 154,800 square feet in order to accommodate increased air carrier aircraft size and frequency.

c. Accept FAA AIP Grant Offer to Conduct an Airport Master Plan Update

This item provides for acceptance of a FAA Grant Offer for use of Entitlement Funds for an update to the Airport Master Plan for the Northwest Florida Beaches International Airport.

In 2015, the Airport completed the first FAA-Sponsored Airport Master Plan Study. Since completion of that Study the Airport has experienced significant growth and operational changes thus driving the need to update the original Airport Master Plan. With concurrence from the FAA, this Grant will support a project to update the Airport Master Plan. The Project is anticipated to take 18 to 24 months to complete. An Airport Master Plan is considered to be the primary planning document utilized by local, state and federal agencies as a guide for future programming and development of an airport.

Following Board discussion, Mr. Mathis made a motion to accept all three business items. Mr. Tusa seconded the motion. The vote was taken and the motion passed unanimously.

d. Accept Bid Proposal for Raised Terminal Crosswalks and Ponding Project

This item provides for the acceptance of a bid from GAC Contractors, Inc. to perform work to remedy stormwater ponding at Terminal Entrance Crosswalks.

Existing conditions including original pavement installation and settling, sidewalks, downspouts, and recurrent rain levels are creating a nuisance at two primary access point crosswalks to the Terminal Building. This nuisance includes major ponding, up to 4" deep and 20' circumference at the North Taxi Queue, and two smaller areas, up to 1" deep and 3' circumference at the covered walkway. Although the areas are under roof, significant water accumulates from adjacent paved areas.

Following Board discussion, Mr. Tusa made a motion to accept the bid for the raised Terminal crosswalks and ponding project. Mr. Mathis seconded the motion. The vote was taken and the motion passed unanimously.

The Special Board Meeting ended at approximately 9:13 a.m., and the Board moved into the Budget Workshop at that time.

FY 2019 Operating and Capital Improvement Budget

The draft FY2019 Operating and Capital Improvement Budget was previously provided to the Board for their review in preparation for this discussion.

Mr. McClellan and Ms. Nelson reviewed the projected operating revenues and operating expenses for the upcoming fiscal year. The operating revenues include funds that will be primarily received from the airline fees and charges, concessions, public parking, car rentals, general aviation, space rentals and building rentals.

The projected operating expenses include personnel costs, professional services, supplies and materials, utilities, insurance, and other expenses necessary to maintain the Airport's operations.

Overall, total operating revenues are projected at \$13,907,872, which equates to \$918,513, or 7.1% more than budget. The majority of the increases in revenue are due to the addition of American Airlines and to the increased number of Saturday flights by Southwest Airlines. The FY 2019 budgeted operating revenues are projected to increase by \$1,057,125, or 8.1% from the FY 2018 Budget, which is primarily due to the increase in passengers and airline traffic projected by the airlines. Operating revenues are approximately 1.0% greater in FY 2019 than the projected revenues for FY 2018. This increase is lower than expected due to a lower landing fee, which equates to less revenues collected from the airlines for landing fees.

Overall, the FY 2018 projected operating expenses are \$358,181, or 4.6%, less than budget. The operating expenses in the FY 2019 Budget are 4.6% more than the FY 2018 Budget, representing an increase of \$363,032. The FY 2019 Operating Expense Budget is 9.5%, or \$721,213, over the projected FY 2018 operating expenses. The FY 2019 Budget reflects an amount which will provide for the efficient operation of the Airport and will provide the necessary resources to meet our established goals for the upcoming year. Increase in both passengers and activity at the Airport result in both additional revenues as well as increased operating expenses.

The main focus of the Capital Improvement Program, which is funded through the use of Federal Airport Improvement Program grants, Florida Department of Transportation grants, Federal Emergency Management Agency funds, State Emergency Response Team funds, Triumph Gulf Coast grants, and Airport funds, centers on economic development projects, terminal and apron expansion, continued development of the environmental mitigation program, rehabilitation of the terminal ramp, and a master plan update. Additionally, the District is applying to Triumph for grants to fund a new 7,500 foot crosswind runway.

Vice Chairman McDonald questioned the 4% increase in the Parking Revenue totals for FY 18 Projected and FY 19 Proposed Budget, considering the anticipated 22.5% increase in passenger volumes. Chairman Lee concurred that we are under budgeting revenues and over budgeting expenses, and asked that we budget more closely by approaching revenues more aggressively, and by including more future planning on the expense side.

Ms. Sims asked Staff to do a Salary Study comparing other airports and local cities/companies, to see if more than the recommended 5% merit/cost of living pool is warranted to recruit prospects with the best talent, and to bring ECP up to a more competitive level with other companies.

Ms. Sims asked Staff to investigate a Wellness Program.

Ms. Sims also asked what it would cost, and the timeline, to move or spread out the dirt pile as soon as possible to improve the appearance of the Airport, and bring it to the Board for a vote.

Ms. Sims asked how, with the passenger counts and revenue numbers being up, expenses are projected to be down. Vice Chairman McDonald agreed that the passenger volumes vs. the total number of passengers, as shown in the Budget, were confusing. Mr. McClellan explained that in the aviation industry, we use “landing weights” not “passenger counts” when budgeting, because with larger aircraft, frequency decreases, and that we would provide better performance metrics and repackage them to help better describe the numbers.

This Budget Workshop provided for a review and discussion of the proposed FY 2019 Operating and Capital Improvement Budget and required no formal action by the Board. Formal approval of the final budget will be considered at the September 26, 2018 Board Meeting.

Adjournment:

The Budget Workshop was adjourned at approximately 11:50 a.m. (CST).

Kathy Gilmore, Executive Secretary

Del Lee, Chairman