

**MINUTES OF THE MEETING OF THE MEMBERS  
OF THE CAPITAL REGION AIRPORT COMMISSION  
May 30, 2023**

**I. CALL TO ORDER**

Chairman Wayne T. Hazzard called the regular monthly meeting of the Capital Region Airport Commission members to order at 8:00 a.m. on May 30, 2023. The meeting was conducted in the Commission Boardroom in the Terminal Building. A quorum was present.

The following members were present: Commissioners Carroll, Dibble, Fulton, Hazzard, Heston, Hinson, Holland, Macfarlane, Nelson, Trammell, Ukrop, Williams, and Winslow. Present by invitation were Perry J. Miller, President and Chief Executive Officer; John B. Rutledge, Chief Operating Officer; Basil O. Dosunmu, Chief Financial Officer; Troy Bell, Director – Marketing and Air Service Development; Brad Christopher, Director – Maintenance; Regina Crockett, Interim Director – Finance; Uday Nethula, Director – Human Capital and Diversity Officer; Russ Peaden, Director – Properties and Concessions; Susan Joy Linn, Recording Secretary; W. David Harless, legal counsel from Christian & Barton, LLP.

The special invited guests were John F. Berry, Jr. (Jack), President and CEO of Richmond Region Tourism, and Roland M. Kooch, Jr., Senior Vice President of Davenport & Company LLC.

Commissioner Thornton was absent.

Chairman Hazzard provided the invocation and led the Pledge of Allegiance to the flag of the United States.

**II. OPEN MEETING**

**A. COMMISSION CHAIRMAN’S COMMENTS**

**1. 2023-2024 Officer Nominating Committee Assignments**

At Chairman Hazzard’s request, Nominating Committee Chairman Carroll presented the following Slate of Officers for 2023-2024:

- Chairman – Commissioner James M. Holland, Chesterfield County
- Vice Chairman – Commissioner Charles S. Macfarlane, City of Richmond
- Secretary – Commissioner Susan P. Dibble, Hanover County
- Treasurer – Commissioner Tyrone E. Nelson, Henrico County

The vote will occur at the next Commission meeting on June 27, 2023.

There will also be an opportunity to nominate from the floor. Confirmed officers will go into effect on July 1, 2023.

**B. CONSIDERATION OF AGENDA AMENDMENTS**

There was none.

**C. APPROVAL OF APRIL 25, 2023, MINUTES**

At Chairman Hazzard's request, Commissioner Hinson moved to approve April 25, 2023, minutes, and Commissioner Holland seconded the motion.

The motion passed unanimously.

**D. PRESIDENT'S REPORT**

**1. John F. Berry, Jr (Jack), President and CEO of Richmond Region Tourism (RRT)**

Chairman Hazzard welcomed Mr. Berry and reviewed some of Mr. Berry's accomplishments in his introduction.

**Tourism is a Powerful Economic Engine**, demonstrated by the Covid pandemic, when tourism stopped.

- **Richmond Region Tourism Footprint (Central Virginia)** utilizes one destination marketing organization compared to others in the region who use multiple organizations:
  - Chesterfield County
  - Colonial Heights – new!
  - Hanover County
  - Henrico County
  - New Kent County
  - Richmond
  - Town of Ashland
- **4 Equally Divided Market Segments** as to why people travel and move at a record pace.
  - Family & Friends (#1 reason)
  - Sports, Conventions, and Meetings
  - Leisure Travel
  - Business Travel (Still struggling some Mon. – Wed. since the pandemic)
- **Year-Round Destination – No seasonality**
  - Jan-Mar – 24%
  - Apr-June – 23%
  - Jul-Sep – 25%
  - Oct-Dec – 27%
- **Where have we been:**
  - In 2019, Tourism had its best year ever!

- In 2020, Richmond was 39<sup>th</sup> on the list as the best place to visit, and Paris was 31<sup>st</sup> out of 52 before the pandemic.
- Occupancy – Market Trends

## Market Trends

### Richmond/Petersburg

Occupancy Jan	REV Par Jan
2019 55.2%	2019 50.56
2020 55.7%	2020 52.10
2021 45.2%	2021 32.27
2022 54.9%	2022 52.58
2023 53.8%	2023 54.20
Occupancy Feb	REV Par Feb
2019 61.1%	2019 57.43
2020 62.4%	2020 59.13
2021 55.9%	2021 43.33
2022 58.7%	2022 57.03
2023 61%	2023 64.12
Occupancy Mar	REV Par Mar
2019 72%	2019 71.74
2020 46.9%	2020 40.00
2021 61%	2021 51.53
2022 67.6%	2022 72.28
2023 69.5%	2023 79.14
Occupancy Apr	REV Par Apr
2019 68.1%	2019 66.49
2020 30.9%	2020 19.40
2021 62.1%	2021 51.07
2022 68.3%	2022 73.75
2023 66%	2023 73.76

### Occupancy May

2019 68.5%
2020 36.6%
2021 63%
2022 67.4%

### Occupancy June

2019 72%
2020 43%
2021 64.1%
2022 67.4%

### Occupancy July

2019 67.7%
2020 48.3%
2021 69.7%
2022 68.3%

### Occupancy Aug

2019 71.4%
2020 50.4%
2021 72.8%
2022 68.7%

### REV Par May

2019 67.86
2020 24.03
2021 56.24
2022 74.19

### REV Par June

2019 70.54
2020 30.30
2021 57.80
2022 71.53

### REV Par July

2019 62.92
2020 35.98
2021 66.79
2022 72.79

### REV Par Aug

2019 67.46
2020 37.92
2021 71.97
2022 72.72

### Richmond/Petersburg

### Occupancy Sept

2019 66%
2020 48.7%
2021 68.7%
2022 66.3%

### Occupancy Oct

2019 72.1%
2020 52.7%
2021 72.8%
2022 67.8%

### Occupancy Nov

2019 64.4%
2020 47.7%
2021 68.4%
2022 61.6%

### Occupancy Dec

2019 51.8%
2020 42.2%
2021 59.6%
2022 52%

### REV Par Sept

2019 63.27
2020 36.53
2021 66.86
2022 70.47

### REV Par Oct

2019 71.22
2020 40.37
2021 73.19
2022 74.40

### REV Par Nov

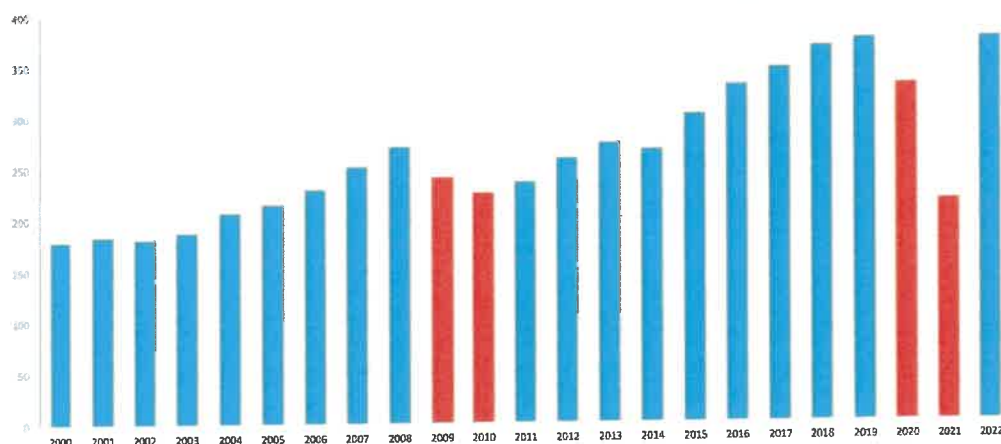
2019 61.41
2020 34.81
2021 68.79
2022 66.97

### REV Par Dec

2019 45.38
2020 29.57
2021 56.17
2022 52.00

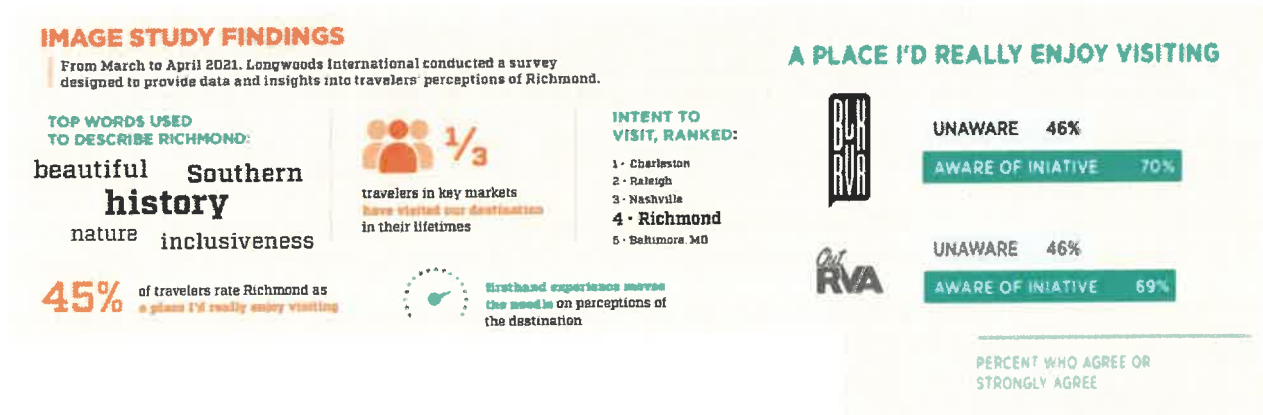
Above Chart Note: Left is occupancy, and REV Par is the average daily rate.

## HOTEL SALES RICHMOND REGION: MILLIONS OF DOLLARS



- Next month is RRT's end of Fiscal Year 2023, and the bar will be off the chart.
- In 2023, Airline Industry Experts say Richmond, VA, is #9 for places to visit out of a list of non-North American locations; in *Southern Living*, Richmond is #10 – South's Best Cities to visit; and MSN lists Richmond in its top 50 US cities worth exploring.

## • Where We Are Headed



## – Advertising Insights:



The **Richmond region** continues to see growth in new markets including **NYC**, which accounted for more than 13% of RRT-influenced hotel stays in FY 21-22.

### JUNE 2021

CITY	REGION	SESSIONS
New York	New York	5,243
Baltimore	Maryland	4,810
Washington	District of Columbia	3,913
Philadelphia	Pennsylvania	1,555
Charlotte	North Carolina	1,554
Boston	Massachusetts	1,338
Raleigh	North Carolina	1,052
Atlanta	Georgia	780
Los Angeles	California	667
Chicago	Illinois	685
Austin	Texas	317
Dallas	Texas	314
Nashville	Tennessee	299
San Francisco	California	251
Durham	North Carolina	233
Seattle	Washington	223
Columbus	Ohio	204
Independence	Kansas	180

### JULY 2022

CITY	REGION	SESSIONS
New York	New York	19,524
Baltimore	Maryland	3,751
Atlanta	Georgia	3,618
Washington	District of Columbia	3,152
Philadelphia	Pennsylvania	2,595
Chicago	Illinois	1,341
Boston	Massachusetts	1,035
Charlotte	North Carolina	839
Raleigh	North Carolina	823
Los Angeles	California	703
Nashville	Tennessee	324
Dallas	Texas	323
Austin	Texas	277
San Francisco	California	259
Phoenix	Arizona	218
Durham	North Carolina	198
Pittsburgh	Pennsylvania	170
London	England	168

\*Charts Represents Visitor Markets Before and After FY 22

## How much hotel revenue has our advertising generated?

### JUNE 2021 - JULY 2022



## Sample of Visitor Demographics



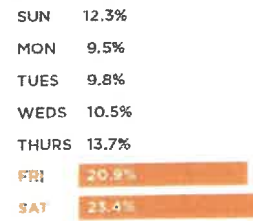
### TOP FIVE ORIGINATION MARKETS<sup>3</sup>

- 1 D.C./Northern Virginia
- 2 Hampton Roads
- 3 Roanoke/Lynchburg
- 4 Raleigh/Durham, NC
- 5 Harrisonburg, VA

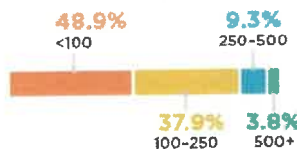
### LENGTH OF STAY<sup>3</sup>



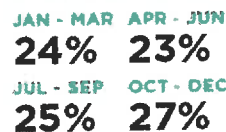
### TRIPS BY DAY OF THE WEEK<sup>3</sup>



### TRIPS BY DISTANCE<sup>3</sup> (IN MILES)

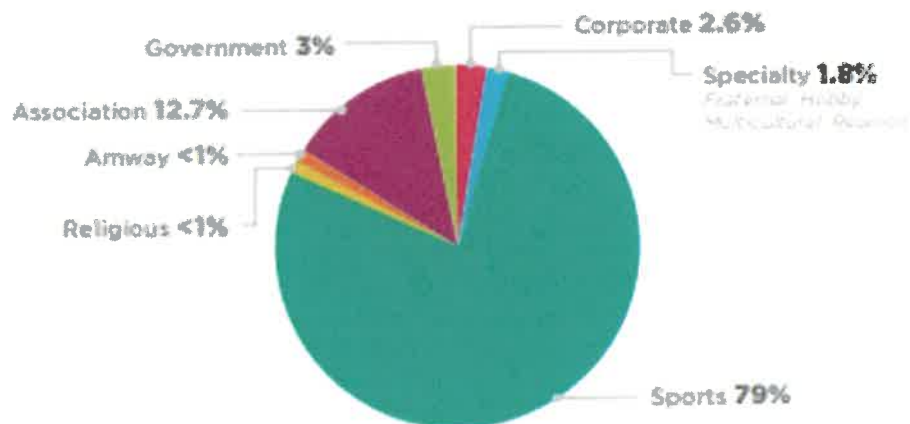


### SEASON OF TRIP



- Charts point out that business travel is still lacking for the Mon-Wed flights.
- And if you need a hotel on the weekend, you must book one well in advance as they are selling out.
- **Tourism Master Plan** is a 10-year plan that will focus on the following:
  - Position a Headquarters Hotel
  - Image/Inspiration Campaign – coming out June 1<sup>st</sup> (Will be forwarded)
  - Workforce Development
- **A new resort fee of 2%** will be put in place to double the budget for RRT for advertising starting June 1, 2023.
- **Sports Tourism is growing strong.**

## HOTEL ROOM NIGHTS BY MARKET SEGMENT *booked in FY20-21*



- With the jurisdictions building sports complexes, tourism in the region will continue to increase.

- RRT communicates the need to utilize all airlines, including the low-cost airlines stating the slogan “Use them or lose them.”  
– Chairman Hazzard thanked Mr. Berry for his presentation.

## 2. Aviation Activity Report

At Mr. Miller’s request, Mr. Bell provided the following:

**Passenger Traffic:** For April 2023, Richmond International Airport (RIC) reports 393,355 passengers, its busiest April ever and a 12.7 percent increase over April 2022. Delta Air Lines was the month’s market leader with a 29.1 percent share of passengers, followed by American (26.9%), and United (13.6%).

For the first 10 months of fiscal year 2023 (FYTD23), passenger traffic has increased 13.7 percent year over year, a gain of more than 425,000 passengers.

**Cargo:** Total cargo shows a 29.4 percent increase for the month and an increase of 15.2 percent for FYTD23.

**Operations:** This year, aircraft operations increased 10.6 percent versus April 2022; for FYTD23, the airport reports a 10.8 percent increase in operations over the same period last year.

## Additional Comments

- April 2023 is the **second highest passenger traffic month ever at RIC**.
- April 2023 is also the **second consecutive record month** since the arrival of the COVID-19 pandemic.
- The passenger total for April 2023 represents a **5.7 percent increase** over the previous April record (372,025 passengers) set in 2019.
- **May’s inaugural route celebrations** included Las Vegas (Spirit), Los Angeles, New York-Islip, and Cincinnati (all Breeze), and Minneapolis/St. Paul (Sun Country).
- In June, Delta will **restart daily Minneapolis/St. Paul (MSP) service**.
- Scheduled seat capacity via Airline Data, Inc., as of May 22, 2023:

Month	Monthly	Change from Previous Year
April 2023	472,678	+10.3%
May 2023	505,786	+13.0%
June 2023	520,104	+13.5%
July 2023	542,525	+19.3%
August 2023	541,596	+19.0%

## 3. Other

Mr. Miller presented Chairman Hazzard with a resolution from the Southeast Chapter of the American Association of Airport Executives (SEC-AAAE) for graciously hosting the 2023 annual conference in Richmond, VA. Mr.

Miller reported that the conference initially anticipated 350 attendees but exceeded 500, resulting in \$120 thousand raised from the conference that will go toward scholarships. Mr. Miller then showed a time-lapse video of the old Dominion Hangar at the airport being decorated for the conference's Welcome Event.

Mr. Miller stated the Capital Region Airport Commission Foundation met with the advisors and Board of Directors this month and received the first two donations unexpectedly to kick off the foundation's bank account. Those two donors sit in our midst this morning. Incidentally, Commissioner Holland donated a check for the foundation this morning.

Mr. Miller commented on the local CBS 6 WTVR-TV news story covering the Henrico Schools event at the airport on Wednesday, May 17<sup>th</sup>. The high school students toured the airport and were exposed to the various career opportunities it could offer them. Similar events will be planned as we partner with the Richmond community to promote this educational experience.

## **E. COMMISSION STANDING COMMITTEE REPORTS**

### **1. Finance and Audit Committee**

#### **a. Monthly Financial Update April 30, 2023**

Mr. Dosunmu reviewed the following:

Year-to-date operating revenues for April were \$50.2 million, \$5.3 million greater than the budget or 11.8%. Compared to the same time last year, this year's revenue is about \$6.6 million or 15.1% greater than last year's, mainly due to increased enplanement and corresponding parking and concession revenue.

Year-to-date operating expenses were about \$25.0 million, \$1.8 million less than budget or 6.6%.

Comparing pure operating revenue, the year-to-date gross margin is 50% or about \$25.3 million for the fiscal year (FY). It is about \$7.1 million above budget or 38.8%.

Lastly, the year-to-date interest income is a little over \$2.0 million.

A new enplanement slide was added, showing 1.7 million in enplanements or 82 thousand above budget. There were 210 thousand more



enplanements this year than at the same time last year, exceeding projections.

**b. Fiscal Year 2024 Proposed Budget Resolution**

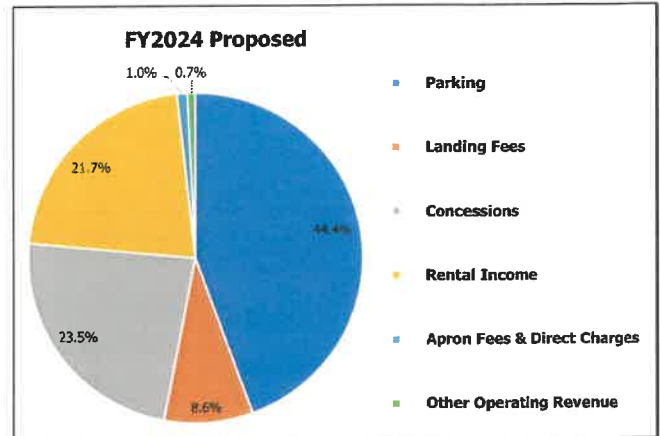
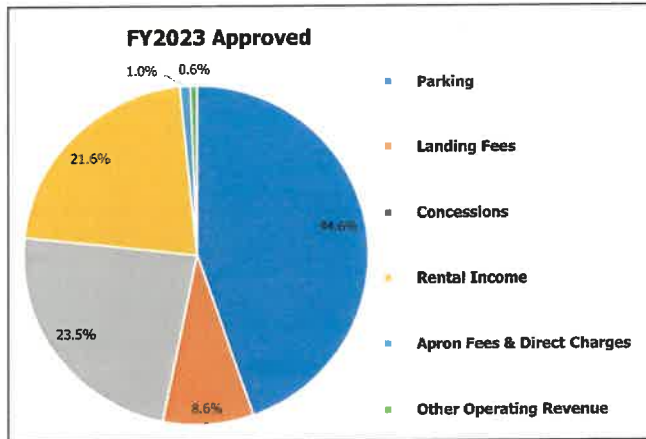
Before Mr. Dosunmu presented the following presentation, Mr. Miller stated that this year's proposed budget is taking the standard conservative approach, utilizing the low projected enplanements; however, it also shows a projected increase in revenues and expenses, placing the airport in a moderate growth mode.

**Operation & Metric Assumptions**

- Passenger Enplanements – 2,260,000 (about 7.6%) above FY2023 Approved Enplanement.
    - The proposed FY2024 Enplanement Budget is three percent (3%) growth over the current numbers.
    - The FY2023 enplanement trend is also 3% below Campbell Hill Aviation Consultant's low enplanement estimate.  
Note: Campbell Hill provides a high, medium, and low projection
  - Increase in Parking Revenues – Increased enplaned passengers.
  - Increase in Concession Revenues – Increase in Rental Car, Retail, and Food & Beverage revenues due to increased enplaned passengers.
  - Increase in Rental Income – Both the terminal building and on-property buildings and land rent.
  - A total of 16 employee positions were requested
    - 13 restored positions
      - 5 Police Officers
      - One dispatch supervisor
      - Two firefighters
      - Four custodian II
      - One operation officer
    - 3 new positions
      - One assistant building services manager,
      - One DBELO
      - One executive assistant
- FY2023** (Approved 171, filled 151).  
**FY2024** (187 if all positions are filled).
- Cost-of-Living Adjustment (COLA), annual employee performance program, and mid-point compensation adjustment.

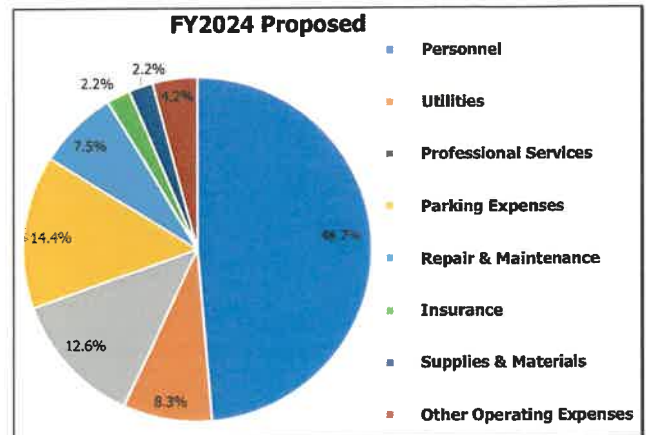
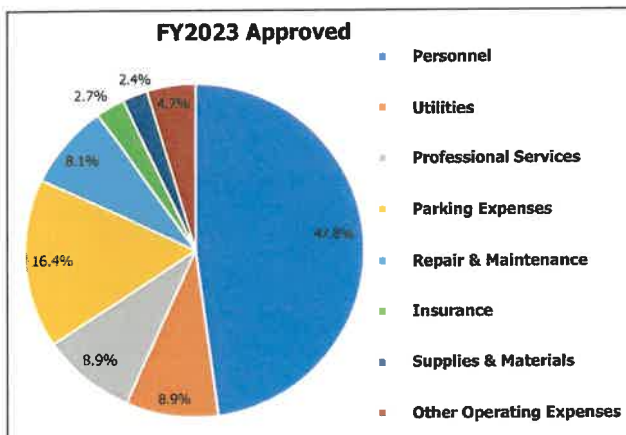


- Increase in Utility costs for electricity, heating fuel, water, and sewer.
- Increase in Professional Services expense for legal fees, air service incentive & marketing program, and airport marketing program.
- Increase in Parking Operations.
- **Operating Revenue:**



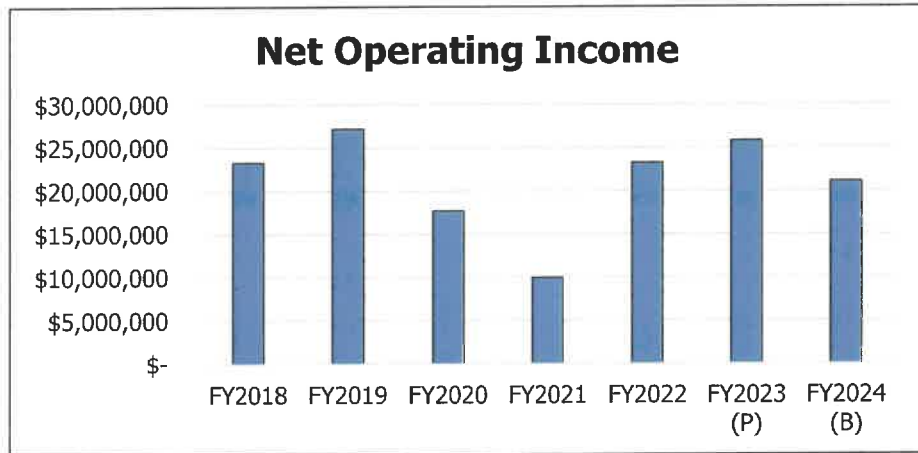
	FY2023 Approved Budget	FY2024 Proposed Budget	Difference	% Change
<b>Operating Revenues</b>				
Parking	\$ 24,511,190	\$ 27,419,240	\$ 2,908,050	11.9%
Landing Fees	4,729,556	5,337,100	607,544	12.8%
Concessions	12,927,300	14,495,200	1,567,900	12.1%
Rental Income	11,881,800	13,412,500	1,530,700	12.9%
Apron Fees & Direct Charges	551,875	633,700	81,825	14.8%
Other Operating Revenue	332,077	458,800	126,723	38.2%
<b>Total Operating Revenues</b>	<b>\$ 54,933,798</b>	<b>\$ 61,756,540</b>	<b>\$ 6,822,742</b>	<b>12.4%</b>

- **Operating Expenses:**



	<b>FY2023 Approved Budget</b>	<b>FY2024 Proposed Budget</b>	<b>Difference</b>	<b>% Change</b>
<b>Operating Expenses</b>				
Personnel	\$ 15,324,289	\$ 19,796,900	\$ 4,472,611	29.2%
Utilities	2,852,200	3,370,500	518,300	18.2%
Professional Services	2,857,950	5,127,800	2,269,850	79.4%
Parking Expenses	5,255,200	5,853,600	598,400	11.4%
Repair & Maintenance	2,600,086	3,046,300	446,214	17.2%
Insurance	872,000	876,000	4,000	0.5%
Supplies & Materials	775,930	910,600	134,670	17.4%
Other Operating Expenses	1,495,250	1,699,200	203,950	13.6%
<b>Total Operating Revenues</b>	<b>\$ 32,032,905</b>	<b>\$ 40,680,900</b>	<b>\$ 8,647,995</b>	<b>27.0%</b>

- Net Operating Income**



- FY2024 (B) (\$21,146,740)/(34.13%), which compares well with other airports.**
- Capital Projects Total - \$65,745,000. The Commission's portion is \$7,746,000.**

Project Name	Proposed	AIP Share	CDF Share	DDAV Share	PPC	CRAC Only
Terminal Drive Trench Drain Repairs	\$500,000					\$500,000
LED Lighting Upgrade - Interior Phase 2	\$600,000				\$600,000	\$0
Hawthorne Hangar Roof Replacement (Increase PC 1798-51)	\$200,000					\$200,000
Baggage Handling System Conveyor Belt Replacement	\$600,000				\$600,000	\$0
Fiber Optic Cable Capacity Enhancement	\$125,000					\$125,000
Central Plant Upgrade Engineering	\$250,000				\$250,000	\$0
Compressed Natural Gas Shuttle Buses (Increase PC 1799-05)	\$200,000					\$200,000
SDS Active Shooter Detection System	\$225,000					\$225,000
Daktronics Digital Signage Replacement Phase II	\$250,000					\$250,000
Vaisala (payment sensor system upgrade)	\$150,000.00			\$120,000		\$30,000
Enterprise Resource Planning Core Solution	\$500,000.00					\$500,000
Taxiway E Intersection Reconstruction (Construction - Increase PC 1799-21)	\$3,650,000	\$3,285,000		\$365,000		\$0
Runway Pavement Sensor System Upgrade (DBT Runway Scan System Upgrade FY24)	\$0			\$0		\$0
Passenger Boarding Bridge Replacement (14 PBB's Not Previously Budgeted)	\$14,000,000				\$14,000,000	\$0
Concourse "B" Window Replacement (Increase PC 1798-24)	\$225,000				\$225,000	\$0
Baggage Handling System Security/Fire Door Replacement (Increase PC 1798-23)	\$100,000				\$100,000	\$0
Baggage Make-Up Roll Up Door Replacement	\$200,000				\$200,000	\$0
Parking Garage Roof Top Units (RTU) Replacement (Design)	\$100,000					\$100,000
Snow Removal Equipment - Multi Purpose Snow Tractor with Plow & Broom	\$1,300,000	\$1,170,000		\$104,000		\$26,000
Master Plan Update	\$1,500,000	\$1,350,000		\$150,000		\$0
Landside Pavement Marking & Painting	\$150,000					\$150,000
LED Lighting Upgrade - Parking Garages	\$500,000					\$500,000
Building 3661 (East Side) Roof Replacement	\$200,000					\$200,000
FLIR Security Upgrade	\$75,000					\$75,000
Terminal HVAC Improvements - Air Balance	\$300,000				\$300,000	\$0
6X6 Aircraft Rescue & Fire Fighting (ARFF) Vehicle	\$1,500,000	\$1,350,000		\$150,000		\$0
Concourses A & B Old Concrete Reconstruction (Design & Construction)	\$5,500,000	\$4,950,000		\$550,000		\$0
Airfield Pavement Crack Seal & Repair	\$300,000					\$300,000
LED Runway Edge Light Upgrade	\$900,000	\$810,000		\$90,000		\$0
Concourse "B" Restrooms Renovations	\$700,000				\$700,000	\$0
Emergency Call Box Replacement Increase (PC's 1798-90 and 1799-39)	\$200,000					\$200,000

Project Name	Proposed	AIP Share	CDF Share	DOAV Share	PFC	CRAC Only
Compressed Natural Gas (CNG) Shuttle Buses (4 New Buses)	\$675,000					\$675,000
East Side Apron 5 Phase I	\$12,000,000	\$5,800,000	\$5,000,000	\$1,200,000		\$0
Gate W-7 Refurbishment	\$300,000					\$300,000
LED Lighting Upgrade - Atrium, Concourse A Ramp, Concourse B Ramp	\$400,000				\$400,000	\$0
Facility Refurbishment (FY 2024)	\$150,000					\$150,000
Runway Sweeper	\$350,000			\$280,000		\$70,000
Taxiway C Intersection Relocation (Construction)	\$11,000,000	\$9,900,000		\$1,100,000		\$0
Airport Drive Improvements - Curb and Gutter Phase 1	\$0					\$0
Electric Vehicle Chargers	\$500,000					\$500,000
Snow Removal Equipment - 22 Foot Runway Plow Truck	\$350,000	\$315,000		\$28,000		\$7,000
Consolidated Security Checkpoint (Design)	\$1,500,000				\$1,500,000	\$0
Runway Friction Tester	\$0			\$0		\$0
LED Lighting Upgrade - Massey Parking Lot	\$0					\$0
Snow Removal Equipment - Dedicated Snow Blower	\$900,000	\$810,000		\$72,000		\$18,000
Police Evidence Room Renovations	\$200,000					\$200,000
LED Lighting Upgrade - Upper Level Terminal Drive	\$175,000				\$175,000	\$0
Mobil Passenger Stairway (Air Stairs)	\$370,000					\$370,000
Video Camera Infrastructure (Increase 1799-44)	\$200,000					\$200,000
LED Lighting Upgrade - Employee Lot, Valet Lot, and Cell Phone Lot	\$175,000					\$175,000
Vehicle Car Wash at Airport Maintenance Facility (Increase)	\$500,000					\$500,000
Center Core Landscaping - Increase (Phase I)	\$400,000					\$400,000
Furniture - Concourses A & B Furnishings (Increase to PC 1798-65)	\$400,000					\$400,000
Williamsburg Road/Airport Drive Entrance Feature Improvements	\$200,000					\$200,000
	<b>\$65,745,000</b>	<b>\$29,740,000</b>	<b>\$5,000,000</b>	<b>\$4,209,000</b>	<b>\$19,050,000</b>	<b>\$7,746,000</b>

• **Proposed FY2024 Budget Summary**

Description	FY2023 Approved Budget	FY2024 Proposed Budget	Difference	% Change
Operating Revenues	\$ 54,933,797	\$ 61,756,540	\$ 6,822,743	12.4%
Operating Expenses	32,032,906	40,680,900	8,647,994	27.0%
Net Operating Income	<b>22,900,891</b>	<b>21,075,640</b>	<b>(1,825,251)</b>	<b>-8.0%</b>
Add: Interest Income	99,078	279,000	179,922	181.6%
Less: Interest Expense	1,175,965	1,605,800	429,835	36.6%
Less: Other, Net (Amort. Of Bond Issue Costs)	116,766	22,000	(94,766)	-81.2%
Net Income (Excluding Depr. Only)	<b>21,707,238</b>	<b>19,726,840</b>	<b>(1,980,398)</b>	<b>-9.1%</b>
<b>Fund Summary</b>				
BOY Cash/Investment Balance (Estimated)	\$ 100,000,000	\$ 120,000,000	\$ 20,000,000	20.0%
Add: Net Income	21,707,238	19,726,840	(1,980,398)	-9.1%
Add: Projected Grant Fund (AIP & BIL) Carry forward	4,100,000	16,740,000	12,640,000	308.3%
Add: Projected Grant Fund (AIP & BIL)	13,000,000	13,000,000	0	0.0%
Add: Projected Grant Fund (CDF)	-	5,000,000	5,000,000	
Add: Projected Grant Fund (DOAV)	1,880,000	4,209,000	2,329,000	123.9%
Add: Other	600,000	-	(600,000)	-100.0%
Add: Projected Grant Fund (PFC)	-	19,050,000	19,050,000	
Less: Department Capital	2,056,500	1,610,500	(446,000)	-21.7%
Less: Capital Project	26,656,038	65,745,000	39,088,962	146.6%
Less: Bond & Debt Principal Payment	4,739,196	5,704,910	965,714	20.4%
EOY Cash/Investment Balance (Estimated)	<b>\$107,835,504</b>	<b>\$124,665,430</b>	<b>\$ 17,429,926</b>	<b>16.2%</b>
03.31.2023 Cash/Investment Balance	\$ 129,003,693			
Estimated Year End Balance	\$ 120,000,000			

• **Fund Balance Financial Forecast – 5 Years**

	FORECAST				
	FY2024 Proposed Budget	FY2025	FY2026	FY2027	FY2028
<b>FUND BALANCE FINANCIAL FORECAST - 5 YEARS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Enplanement</b>	2,260,000	2,305,200	2,351,300	2,398,300	2,446,300
<b>Operating Revenues</b>					
Parking	\$ 27,419,240	\$ 27,967,600	\$ 28,527,000	\$ 29,097,500	\$ 29,679,500
Landing Fees	5,337,100	5,443,800	5,552,700	5,663,800	5,777,100
Concessions	14,495,200	14,785,100	15,080,800	15,382,400	15,690,000
Rental Income	13,412,500	13,680,800	13,954,400	14,233,500	14,518,200
Apron Fees & Direct Charges	633,700	646,400	659,300	672,500	686,000
Other Operating Revenue	458,800	468,000	477,400	486,900	496,600
<b>Total Operating Revenues</b>	<b>\$ 61,756,540</b>	<b>\$ 62,991,700</b>	<b>\$ 64,251,600</b>	<b>\$ 65,536,600</b>	<b>\$ 66,847,400</b>
<b>Operating Expenses</b>					
Personnel	\$ 19,796,900	\$ 20,192,800	\$ 20,596,700	\$ 21,008,600	\$ 21,428,800
Utilities	3,370,500	3,437,900	3,506,700	3,576,800	3,648,300
Professional Services	5,127,800	5,230,400	5,335,000	5,441,700	5,550,500
Parking Expenses	5,853,600	5,970,700	6,090,100	6,211,900	6,336,100
Repair & Maintenance	3,046,300	3,107,200	3,169,300	3,232,700	3,297,400
Insurance	876,000	893,500	911,400	929,600	948,200
Supplies & Materials	910,600	928,800	947,400	966,300	985,600
Other Operating Expenses	1,699,200	1,733,200	1,767,900	1,803,300	1,839,400
<b>Total Operating Expenses</b>	<b>\$ 40,680,900</b>	<b>\$ 41,494,500</b>	<b>\$ 42,324,500</b>	<b>\$ 43,170,900</b>	<b>\$ 44,034,300</b>
<b>Net Operating Income</b>	<b>\$ 21,075,640</b>	<b>\$ 21,497,200</b>	<b>\$ 21,927,100</b>	<b>\$ 22,365,700</b>	<b>\$ 22,813,100</b>
<b>Non-Operating Income/(Expenses)</b>					
Interest Income	279,000	284,600	290,300	296,100	302,000
Rental Car CFC	-	-	18,000,000	-	-
Interest Expense	1,605,800	1,637,900	1,670,700	1,704,100	1,738,200
Other, Net (Amort. Of Bond Issue Costs)	22,000	22,400	22,800	23,300	23,800
Projected Grant Fund (AIP & BIL) Carry forward	16,740,000	1,400,000	17,600,000	3,200,000	7,250,000
Projected Grant Fund (AIP & BIL)	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Projected Grant Fund (CDF)	5,000,000	-	-	-	-
Projected Grant Fund (DOAV)	4,209,000	1,280,000	2,720,000	1,440,000	1,800,000
Projected Grant Fund (PFC)	19,050,000	43,000,000	7,200,000	-	-
<b>Total Non-Operating Income/(Expenses)</b>	<b>\$ 56,650,200</b>	<b>\$ 57,304,300</b>	<b>\$ 57,116,800</b>	<b>\$ 16,208,700</b>	<b>\$ 20,590,000</b>
<b>Net Income (excluding Depreciation)</b>	<b>\$ 77,725,840</b>	<b>\$ 78,801,500</b>	<b>\$ 79,043,900</b>	<b>\$ 38,574,400</b>	<b>\$ 43,403,100</b>
<b>FUND BALANCE (Cash &amp; Investments) Beginning</b>	<b>\$ 120,000,000</b>	<b>\$ 124,665,430</b>	<b>\$ 109,903,640</b>	<b>\$ 115,510,327</b>	<b>\$ 129,614,727</b>
Long-Term Debt	-	-	40,000,000	-	-
Department Capital	(1,610,500)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Capital Project	(65,745,000)	(85,807,592)	(107,500,000)	(19,000,000)	(22,500,000)
Bond & Debt Principal Payment	(5,704,910)	(5,755,698)	(3,937,213)	(3,470,000)	(3,321,667)
<b>FUND BALANCE (Cash &amp; Investments) Ending</b>	<b>\$ 124,665,430</b>	<b>\$ 109,903,640</b>	<b>\$ 115,510,327</b>	<b>\$ 129,614,727</b>	<b>\$ 145,196,160</b>

- A 2% projected enplanement growth for FY2025-FY2028.
- Operating Revenue are forecasted at 2% growth rate as well as Expenses.
- Department capital is consistent with a historical trend of \$2 million.
- Capital projects are based on the Airport Capital Improvement Program (ACIP) submitted annually to the Federal Aviation Administration (FAA).

**WHEREAS**, Staff has submitted to the Capital Region Airport Commission (the “Commission”) proposed annual operating and capital budgets (together, the “Budget”) for the Commission for the fiscal year beginning July 1, 2023, and ending June 30, 2024, which Budget has been reviewed by the Commission;

**WHEREAS**, it is necessary to adopt the Budget and approve the various expenditures, capital projects and appropriation of funds to cover the various elements included therein;

**WHEREAS**, the Commission, in exercising its independent judgment, has considered the Budget and the availability of funds and contemplated expenditures as set forth therein, and now desires to approve and adopt the Budget for fiscal year 2024.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

1. The Budget, consisting of the fiscal year 2024 annual operating and capital budgets of the Commission for the capital projects, funds and divisions described therein is hereby, approved and adopted as proposed on this date, May 30, 2023, subject to and contingent upon the availability of funds as indicated therein, such Budget to be in effect beginning July 1, 2023.
2. Staff of the Commission is hereby directed and authorized to do all things necessary or desirable to implement the Budget and the undertakings, projects and matters therein authorized.
3. This resolution shall be in effect on and after its adoption.

At Chairman Hazzard's request, Commissioner Williams seconded the motion presented by the Finance and Audit Committee, and the motion passed unanimously.

**c. Plan of Finance Updated**

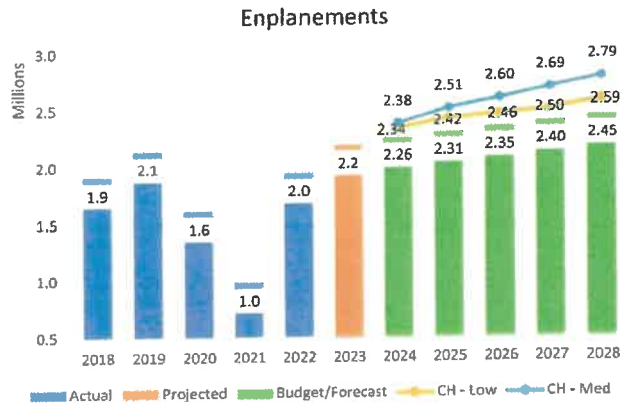
Mr. Kooch presented the following:

**Background:**

- Davenport & Company LLC, as Financial Advisor to the Capital Region Airport Commission (the "Commission") has prepared the revised Plan of Finance Scenarios herein as a follow up to our Plan of Finance analysis dated September 13, 2022.
- The revised Plan of Finance Scenarios are based on the following:
  - Conservative enplanement forecasts based on the updated Campbell-Hill analysis as of March 14, 2023.
  - FY 2023 Year End Projections.
  - FY 2024 Proposed Budget.
  - Updated CIP for FY 2024 through FY 2028.

## Enplanements Forecast

- FY 2023 Enplanements are projected to approximate 2,191,399.
- The FY 2024 Proposed Budget for enplanements assumes 2,260,000 or growth of 3% over FY 2023 projections.
  - The FY 2024 figure is below the most recent Campbell Hill projections for the same year as shown below:
    - Low range of 2,341,399
    - Medium range of 2,380,567
- In order to factor in the potential for an economic recession:
  - The Proposed FY 2024 Budget for enplanements is more conservative. However, the Budget growth is slightly above the FAA Terminal Area Forecast of 2%.
  - In addition, projected enplanements for FY 2025 and thereafter are below Campbell Hill's Low range estimates.

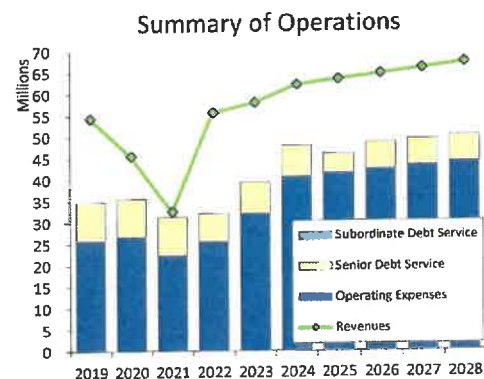


DAVENPORT & COMPANY

May 18, 2023

## Key Revenue/Expense Assumptions

- Revenue Assumptions:
  - FY 2024 Proposed Budget of \$61.8 Million has been incorporated based on conservative enplanement estimate of 2,260,000 (lower than Campbell-Hill's March projection for FY 2023).
  - The FY 2024 Proposed Budget is approximately 6.9% above the FY 2023 Projected Year End figure.
  - Future Enplanement growth
    - FY 2025 and thereafter assumed at 2.0% to factor in a conservative approach to address a potential recession.
  - Revenue growth in FY 2025 and thereafter assumes revenues per enplanement held constant for all major revenue categories.
    - Revenue growth mirrors the 2% enplanement growth assumption.
- Expense Assumptions:
  - FY 2024 Proposed Budget of \$40.7 Million has been incorporated.
    - The FY 2024 Proposed Budget is approximately 27.0% above the FY 2023 Budget figure and incorporates staffing/operational increases to position the airport for future growth.
  - Expense growth in FY 2025 and thereafter assumes 2% inflation factor:



DAVENPORT & COMPANY

May 18, 2023

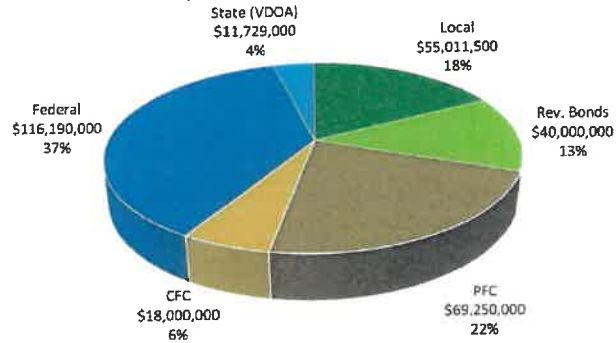


## CIP Assumptions

- Updated CIP: Current and planned projects FY 2024 through FY 2028 totaling \$310 Million have been incorporated.

- New GARB Debt: Approximate \$40 Million Revenue Bond Funding in FY 2026 for Parking Garage Expansion.
- PFC Debt: Approximate \$25 Million Line of Credit Funding for cash flow purposes related spending on two large projects in FY 2024 and FY 2025
  - \$14 Million Passenger Boarding Bridge replacement; and
  - \$36 Million Consolidated Security Checkpoint.

**Capital Improvement Plan**



- Mitigating factors (i.e. relief valves) that may reduce the overall size/need for the PFC Line of Credit/Variable Rate Bond.

- Commission Local Funding (from revenue enhancements – i.e. Parking Rates) may be used to offset PFC funding.
- Timing of construction.
- Need/demand for project(s) implementation (due to slower passenger traffic growth)

DAVENPORT & COMPANY

May 16, 2023

4

## Projected Results – Scenario A: Baseline General Airport Revenue Credit

- The Preliminary Results with respect to the General Airport Revenue Bonds is shown below:

General Airport Revenue Bonds	Actual 2021	Actual 2022	Yr End Proj 2023	Budget 2024	Projection 2025	Projection 2026	Projection 2027	Projection 2028
Operating Revenues	32,502,782	55,595,888	57,924,534	62,106,640	63,348,800	64,615,800	65,908,000	67,226,200
Operating Expenses	22,464,651	25,634,160	32,032,905	40,680,900	41,494,500	42,324,500	43,170,900	44,034,300
Revenues Available	10,038,131	29,961,728	25,891,629	21,425,740	21,854,300	22,291,300	22,737,100	23,191,900
Total Debt Service	8,772,229	6,456,940	7,358,256	7,193,025	4,436,394	6,276,641	6,122,688	6,117,876
Coverage	1.14	4.64	3.52	2.98	4.93	3.55	3.71	3.79

- Debt Service Coverage for FY 2024 is budgeted at approximately 2.98x.
  - The minimum coverage target is 1.25x.

- Debt Service Coverage is projected to be in excess of 3.50x in future years.
  - This level takes into account an approximate \$40 Million Revenue Bond funding for the North Parking Garage expansion on/about FY 2026.

Note: Debt Service Coverage factors in new Revenue Bonds for Parking Garage beginning in FY 2026.

DAVENPORT & COMPANY

May 16, 2023

5



## Projected Results – Scenario A: Baseline PFC Revenue Credit



- The Preliminary Results with respect to the PFC Revenue Credit is shown below:

PFC Revenue Bonds	2021	2022	2023	2024	2025	2026	2027	2028
Enplanements (Net of Discount)	939,807	1,861,713	1,997,347	2,059,873	2,101,070	2,143,088	2,185,926	2,229,676
PFC Charge (Effective)	\$5.03	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38	\$4.38
Interest Income	59	5,393	2,267	4,653	10,997	8,044	0	0
Revenues Available	4,727,784	8,159,696	8,750,644	9,026,896	9,213,685	9,394,769	9,574,356	9,765,979
Total Debt Service	0	0	0	0	450,000	1,103,695	1,199,975	1,221,256
Coverage	NA	NA	NA	NA	20.47	8.51	7.98	8.00

- Debt Service (Interest Expense) on Line of Credit/Variable Rate Bond begins in FY 2025.

- This interim financing vehicle is anticipated to be undertaken by the end of FY 2024/beginning of FY 2025. to cover cash flow spending beginning in FY 2025.

Note: Debt Service Coverage factors in approximate \$25 Million Line of Credit/Variable Rate Bond in FY 2025

- Total Debt Service/Coverage is based on interest only.

- Repayment of principal from excess PFC revenues begin in earnest on/about FY 2029.
- Based on projected PFC Revenue, principal is projected to be repaid in 4-5 years.

- Mitigating factors (i.e. relief valves) that may reduce the overall size/need for the PFC Line of Credit/Variable Rate Bond.

- Commission Local Funding may be used to offset PFC funding; Timing of construction; Need/demand for project(s) implementation (due to slower passenger traffic growth)

DAVENPORT & COMPANY

May 18, 2022

41

## Sensitivity Scenarios Analyzed – Preliminary Results



- Sensitivity Scenario B: Severe Economic Downturn – Enplanements assumed to decline over two years (-8% FY 2025) and (-3% FY 2026) similar to the Commission's experience in the Great Recession.

- Preliminary GARB Coverage Results are shown below:

General Airport Revenue Bonds	Actual 2021	Actual 2022	Yr End Proj 2023	Budget 2024	Projection 2025	Projection 2026	Projection 2027	Projection 2028
Operating Revenues	32,502,782	55,595,888	57,924,534	62,106,640	57,166,035	55,465,400	56,575,218	57,705,955
Operating Expenses	22,464,651	25,634,160	32,032,905	40,680,900	41,494,500	42,324,500	43,170,900	44,034,300
Revenues Available	10,038,131	29,961,728	25,891,629	21,425,740	15,671,535	13,140,900	13,404,318	13,671,655
Total Debt Service	8,772,229	6,456,940	7,358,256	7,193,025	4,436,394	6,276,641	6,122,688	6,117,876
Coverage	1.14	4.64	3.52	2.98	3.53	2.09	2.19	2.23

- The above projections do not incorporate any future budget adjustments or revenue increases (i.e.. Parking Rates) that may improve results.

- Based on the above Enplanement declines approximately \$5 to \$7 Million of PFC spending would need to be deferred past FY 2028 or funded from other revenue sources.

- Sensitivity Scenario C: Minimum Enplanement for 1.25x GARB Debt Service Coverage – Based on the FY 2024 Budget for expenses (approximately \$40.7 Million):

- Enplanements could potentially decrease 20% to an approximate estimate of 1,805,000 (versus the budgeted level of 2,260,000) and the Commission is projected still to meet its 1.25x debt service coverage target.

DAVENPORT & COMPANY

May 18, 2022

42

# Municipal Advisor Disclosure



The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport. 01.01.23 RK

DAVENPORT & COMPANY

Chairman Hazzard thanked Mr. Kooch for his presentation.

## 2. Planning & Construction Committee

Committee Chairman Hinson stated that the Planning & Construction Committee did not meet this month.

## III. CLOSED MEETING

There was none.

## IV. NEXT MEETINGS

The next meeting of the Capital Region Airport Commission will be held on Tuesday, June 27, 2023, at 8:00 a.m.

The Executive Committee meeting will be held on Tuesday, June 13, 2023, at 8:00 a.m.

The Finance & Audit Committee meeting will be held on Tuesday, July 11, 2023, at 8:00 a.m.

The Planning & Construction Committee meeting will be held on Thursday, July 13, 2023, at 8:00 a.m., all in the Commission Boardroom in the Terminal Building.

V. ADJOURNMENT

Chairman Hazzard adjourned the meeting at 9:21 a.m.

Approved by the Commission:

  
Recording Secretary

  
Wayne T. Hazzard, Chairman

Date 6-27-23