**GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT AUTHORITY**

**Thursday, March 26, 2020 at 4:00 p.m.**

**Teleconference Meeting Permitted by Governor DeSantis’ Executive Order # 2020-69**

**Monthly Meeting**

**Highlights**

**Call To Order By the Chair** –Chair Grace Horvath called the meeting to order at 4:02 p.m.

**Roll Call**

Authority Members Present: Jean Calderwood, Craig Carter, Bill Conrad, Grace Horvath, David Norton, Bob Page, Kinnon Thomas and Randy Wright were present on the teleconference call at roll call.

Gerry Dedenbach joined the meeting after roll call.

**Determination of a Quorum**: A quorum was present at roll call.

Ex-officio member Eric Godet, Sr., President of the Gainesville Area Chamber of Commerce, was present. City of Gainesville liaison Erik Bredfeldt was present.

Chair Horvath explained that, as a point of order, when the Chief Executive Officer concludes an explanation of an agenda item, she would call upon each Board member for comments and/or questions. She reminded the Board members to state their names when making motions.

**Approval of Meeting Highlights of February 27, 2020**

***Mr. Thomas moved to approve the GACRAA meeting highlights of February 27, 2020. Mr. Carter seconded the motion. Motion passed.***

**Citizens’ Input – Non-agenda Items:** None (Note: There were no members of the public present in the Board room.)

**Airport Authority Input – Non-agenda Items:** None

**Adoption of Agenda**

***Mr. Carter moved to approve adoption of the agenda. Mr. Wright seconded the motion. Motion passed.***

**Airport Business**

**Information Items:**

*Coronavirus COVID-19 Impacts*

Mr. Penksa reported that staff will try to set up a virtual meeting via Zoom for the next meeting. He noted that there are no items on today’s agenda that require a vote.

Mr. Penksa provided a status report on the impacts of the Coronavirus COVID-19. The full report is included as Attachment A. Key items are:

* The Airport is open and fully operational.
* Staff is participating in regular COVID-19 briefings with county and state officials.
* NYC-metro passengers are currently intercepted for screening only on direct flights to Florida.
* Administrative staff members have been authorized to work from home.
* Operations and Maintenance personnel are working and maintaining social distancing.
* Today, 3/26/2020, there are less than 90 cars in the public parking lot.
* Airline and Rental Car revenue is forecasted to be down in March.
* Excess rental cars are parked in fields opposite the control tower; rental car companies are not currently being charged for the space.
* Tailwinds has furloughed some personnel.
* Airline schedules are reduced; based on new schedules, staff estimates a 90% overall reduction in passenger traffic.
* General Aviation revenue is affected; UAC reports fuel sales are down 75% and flight instruction is down 30%.
* The airlines and rental car companies and Tailwinds have asked GACRAA to consider rental and fee abatements. Staff recommends tabling any decisions on relief to airlines and rental cars until the next meeting or once we better understand the federal assistance package and USDOT rules with respect to granting such relief.

*Terminal Expansion Project Phase II – Terminal Expansion and Improvements*

Mr. Penksa reported that most of the site work has been completed. He reported that the foundation stem wall work is to be poured this week. He indicated that some rough-in of some utilities is underway. Mr. Penksa reported that overhead service lines are being run in the existing terminal to service the expansion.

*Terminal Expansion Project Phase III – Acquire & Install Two Passenger Boarding Bridges*

Mr. Penksa reported that a meeting was held on March 25, 2020 with the consultant to review the 90% design plans. He noted that the bid date has been tentatively set for June 18, 2020. He stated that the project is 100% funded and that an application for FAA funds will be prepared following receipt of the bids.

*Terminal Expansion Project Phase IV – Construct Baggage Handling System and Airline Ticket Office Expansion / Renovations*

Mr. Penksa reported that FAA has determined that very little of the project is considered eligible for AIP Supplemental Funds, thereby eliminating the summer 2020 bid requirement. He reported that staff is working with TSA and FDOT on additional funding opportunities to supplement existing grants. He noted that the engineering task order for this project has not been executed and recommended delaying the project until the current economic climate related to COVID-19 improves and additional funding sources are identified.

*GA Hangar Rehabilitation Project*

Mr. Penksa reported that work on the Air Method hangar is almost finished. He reported that work on the Joint Aviation Unit has begun. He stated that the site is being prepared for a new modular office.

*Airport Parking Garage/Multi-modal Facility*

Mr. Penksa reported that, for today’s meeting, staff initially intended to ask the Board to consider approval of the design selected by the Joint Committees (Facilities & Planning and Finance, Audit & Operations) at their meeting on March 3, 2020, however staff recommends delaying this project until the economic climate improves.

*Interim Surface Parking Lot*

Mr. Penksa reported that staff recommends delaying this project until the current business climate resulting from COVID-19 shows substantial signs of improvement.

*Other*

Mr. Penksa reported that he met with Alachua County Commission Chair Hutchinson to discuss the potential for economic development on the east side of Gainesville, and in particular, a possible joint land purchase of the adjacent property owned by East Gainesville Development Partners. He stated that a follow-up meeting was held with county representatives. He indicated that with Board approval, he would send a Letter of Interest to explore opportunities with the county. A meeting has been scheduled with City Commissioner Gigi Simmons and Economic Development Director Erik Bredfeldt to further explore this opportunity.

***It was the consensus of the Board to proceed with these discussions and Letter of Interest.***

*Air Traffic Volume Reports*

Mr. Penksa reviewed the Air Traffic Volume Reports, Fuel Flowage and Load Factors for the month of February, 2020. He reported that February was another record month in passenger traffic.

**Finance Report**

CFO Matthew Lyons provided the Finance Report for the month ending February 29, 2020 in the agenda packet. He briefly explained various revenue and expense items that varied from budget.

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| --- | --- | --- | --- |
| **Revenue** | **Feb.2020 Actuals** | **Feb.2020 Budget** | **Variance Over / (Under)** |
| Total Operating Revenue | $635,975.91 | $575,226.44 | $60,749.47 |
|  |  |  |  |
|  |  |  |  |
| **Expenses** | **Feb.2020 Actuals** | **Feb.2020 Budget** | **Over / (Under)** |
| Total Expenses | $412,859.55 | $426,345.93 | ($13,486.38) |
|  |  |  |  |
|  |  |  |  |
| **Income (Loss) Before Depreciation and Interest** | **$223,116.36** | **$148,880.51** | **$74,235.85** |
| Interest (Capitalized and Expensed) | $14,071.45 | $15,071.45 | ($1,000.00) |
| **Income (Loss) Before Depreciation** | **$209,044.91** | **$133,809.06** | **$75,235.85** |
|  |  |  |  |

***Mr. Dedenbach moved to accept the Finance Report. Mr. Wright seconded the motion. Motion passed.***

**Tenant Reports:**

University Air Center Chief Operating Officer Debbie Frederick reported that retail sales have declined significantly. She reported that medical charters have continued. Ms. Frederick provided aerial photos illustrating new markings for lines and parking on the GA ramp.

**Airport Authority:**

In response to a question from Chair Horvath, Mr. Penksa stated that staff will pursue other virtual options for a Board meeting for April.

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**Adjournment**

At 4:51 p.m., there being no further business, Ms. Horvath adjourned the meeting.

**GACRAA Monthly Meeting**

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Chair Date

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Secretary/Treasurer Date

Attachment A

Summary to GACRAA Board Regarding Corona Virus,

3/26/2020

The Airport remains open and fully operational.

We have been participating in regular COVID19 briefings with county and state officials.

The airport and our vendors, suppliers and contractors are not affected by the County’s recent “Shelter in Place Order”.

The Governors recent Executive Order to require screening and quarantine of passengers arriving in Florida from the NYC area and other regions does not yet affect Gainesville. Only direct flights are being met by law enforcement/National Guard and Department of Health Personnel. This may change at any time.

GNV Personnel that can work from home have been set up to do so and asked to spend as little time in the office as possible.

We continue enhanced cleaning of all touch surfaces although terminal use is way down. We have no shortage of cleaning product, gloves, hand sanitizer toilet tissue, or other essentials at this time.

Demand for some of these items has slacked off due to drop in passengers. We do not have masks.

Essential airport inspection personnel have been segregated and cleaning of joint use surfaces has been stepped up. Employees have cleaning supplies and gloves in every office and in every vehicle.

As of his time, we have no absentees due to illness or possible exposure and are not aware of any labor shortages at TSA locally or with the airlines.

Social distancing within the terminal has not been a problem due to the extremely light passenger loads.

Airport Operational hours and construction activities are continuing on as normal.

Airline Flight operations have been reduced dramatically and changes have been occurring hourly as flights are consolidated and cancelled to deal with passenger ticket changes and reduced demand.

Flight loads vary from a handful on some flights up to a max of perhaps 20-25. TSA screenings should average about 870 per day this time of year. Tuesday’s screenings were about 150, including airline crew and tailwinds personnel. A drop of 83%. There are less than 90 cars in our paid parking lot today.

General aviation revenue is also being affected. Earlier in the week UAC reported fuel sales down 75% and flight instruction down 30%. It is too early in the crisis to tell if hangar tenants will be slow paying. I will ask Debbie Frederick to give further details on effects to their business at the end of the meeting.

We are estimating a 90% overall reduction in passenger numbers for the time-being for planning purposes. This does not take into account any potential restrictions on arrivals from NY and other hotspots.

The latest (unofficially) from Delta is that they will go down to 4 round-trips from 9, beginning April 4. We don’t have information on aircraft type. This can change at any time. Delta has not yet furloughed employees. They remain officially on the roster but many part-timers will see few hours. Efforts are being made to support full-time employees first.

American has not officially reduced schedule either and there are no official changes for April yet. They, like Delta, continue to consolidate and cancel flights, rebooking passengers as needed. Hours of employees are being curtailed to match cancellations. Usually with a day or two notice.

As you can imagine airport, airline, and rental car revenues are at a crisis level. The airlines, rental car companies and tailwinds have asked us to consider rental and fee abatements. I do not recommend any action at this time as we have our own cash flow considerations and we do not know how long this will last or what government assistance will ultimately be available to us and to them. Also - we are awaiting USDOT/FAA final clarification on “forgiveness” of rents and fees. USDOT’s unofficial statement is that rents and charges may be deferred for up to one year at which time interest must be charged. No “forgiveness” of rents and charges is allowed”. This may change. There is a somewhat complicated airport assistance piece in yesterday’s $2 trillion bailout bill, which I will get into in a moment. The rental cars are familiar with the legislation and are pointing to that for justification of reducing fees.

We are assisting the rental car companies in limiting their hours and costs where possible. They are expected to serve all existing reservations or assist their customers with booking through another company. In the event that the inbound flight load is in single digits, they are being allowed to self-select which company will remain open until closing to serve any potential walk-up passengers. We are trying to coordinate reporting passenger loads to them from the airlines.

The rental cars have asked us for free storage of their excess fleet until the crisis is “over” and business begins to return. Hundreds of cars that normally would be in use by customers must now be parked. Also, Enterprise has closed several local car outlets and is consolidating operations at the airport. We have agreed to let the rental car operators store their cars in some of our empty fields free of charge. UAC also is making room available to Enterprise.

Tailwinds has reduced staff and is operating only in the gate area with one person and very limited hot food items. Other employees have been furloughed.

A large determinator of when business will begin to normalize depends upon the University of Florida and its decision to return to normal operations. This would appear to be several months away, at best. Regardless, it will take some time for advance bookings to return to normal as many future business meetings, conferences and sporting events have already been cancelled and public confidence in not catching the virus on aircraft or airports may be slow to return.

For the time-being GNV has not reduced any regular full-time staff. Purchases are being limited to essential items only. New construction and major maintenance projects have been put on hold and will be discussed a bit later. We are considering terminating or reassigning two temporary/part-time employees that were assisting customers in the parking lot. We have notified a temporary service that one part-time worker that was assisting passenger navigating the screening line and providing baggage assistance will no longer be needed. We are looking at other options should this slow-down be protracted. We still retain some temp workers for building and grounds maintenance, hoping to get a number of preventive and deferred maintenance items completed before the mowing season begins. Some of this work is needed to maintain regulatory compliance. Labor demand goes up as we get into the summer mowing season.

Our accounts receivables are in good shape with most major accounts current. We have provided possible financial impacts in a budget income statement that was forwarded earlier today. Our assumption is that passenger enplanements will remain at 10% of normally expected numbers. Other related revenue reductions are shown in the document as well as possible GA effects. We are preparing for a significant net loss, which can become very large if our tenants begin defaulting on their agreements and defer payment.

There is possible significant relief included in the recent $2 trillion bailout legislation. There is a somewhat complicated formula on how thee funds will be disbursed through the existing Airport Improvement Grant Program. The application requirements and eligible amounts may not be known for a while. $10 billion in new money has been added to the program.

In short:

* $500 million will be apportioned to airports to increase the FAA share of existing 2020 projects up to a maximum of 100%. We do not have information to say if the existing apportionment process will be used. Our Terminal Phase II project is currently funded by AIP at 76.22%. The remainder was primarily PFC’s. We are assuming the FAA percentage will be increased and our PFC’s can be used for Phase IV.
* $7.4 billion of the assistance fund would be allocated among airports for any legal purpose. This would include paying bills, payroll, debt payments, material and supply costs, utilities, etc. This would be allocated in two ways.
* Half of the above $7.4B would be distributed based on nor AIP allocations at double the airports enplanement level. Normal maximums for the largest airports would be eliminated and so large airports will get the lions share. Non-hub airports will get a minimum of $1 million.
* The other half of the $7.4B would be distributed “based on an equal combination of each sponsor’s fiscal year 2018 debt service as a percentage of the combined debt service for all commercial service airports and each sponsor’s ratio of unrestricted reserves to their respective debt service”. We need to clarify the formula and definition of “unrestricted cash with FAA”. We have a number of FDOT grants and programmed grants where we are expected to come up with a local share.
* $100 million has been set aside for GA airports and .1 percent of the total will go to FAA for program administration.

I suggest the Board table any decisions on relief to airlines and rental cars until the next meeting or once we better understand what the new ramifications of the federal assistance package will be and the DOT rules with respect to granting such relief.

I will send a complete copy of this to each Board Member.

End