

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

Opening:

The Semi-Virtual Board Workshop of the Panama City-Bay County Airport and Industrial District was called to order at 9:00 a.m., September 2, 2020 by Chairman Glen McDonald. Board members were offered the option of calling in via Zoom, or attending the meeting in person observing the CDC's recommendations and Governor DeSantis' Executive Order.

The Invocation was given by Vice Chairman Holly Melzer.

The Pledge of Allegiance was led by Chairman McDonald.

The Executive Secretary called the roll and indicated all the Board members were present. Those Board members present in person were Chairman McDonald, Vice Chairman Melzer, Mr. Del Lee, Mr. Jay Tusa, Mayor Mark Sheldon, and Mr. Will Cramer. Mr. James Johnson was present virtually.

FY 21 Operating and Capital Budget

The draft FY 21 Operating and Capital 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 current FY 20 Budget and for the proposed FY 21 Budget.

Operating revenues include funds that will be received from the users of the Airport and include airline fees and charges, concessions, public parking, car rentals, general aviation, space rentals and building rentals. Operating expenses include salaries and benefits, professional services, supplies and materials, utilities, insurance, and other expenses necessary to maintain the Airport's operations.

The total operating revenues in FY 20 are projected to be \$13,279,577, which equates to \$3,074,365, or 18.8%, under budget. The majority of the decrease in total revenue is due to lower passenger traffic than forecasted, which results in lower concession fees and parking revenues. Overall, the FY 20 projected operating expenses are \$717,794, or 8.1%, less than budgeted due to lower expenses in projected salaries and benefits, utilities, airfield and grounds costs, parking lot management fees, and professional services.

Passenger volumes for FY 20 are anticipated to be down approximately 28.0% from FY 19. Although, FY 20 did show strong positive growth in the first five months of the year (passenger levels were up 24.1% over FY 19), the Coronavirus (COVID-19) pandemic has had a significant effect on travelers since March 2020. April saw a decrease in passengers of 94.7% over April 2019, with May down 73.9%, but in recent months ECP has seen a rebound in traffic that is higher than the industry average. As of the end of July, year to date total passenger count is down 43.7% compared to FY 19, and the month of July down 29.3%. August passenger traffic is expected to be under FY 19 by 19-20%.

The FY 21 budgeted operating revenues total \$12,298,396, and are decreased by \$981,181, or 7.4%, from the FY 20 projected revenues. When comparing the FY 21 Budget to the FY 20 Budget, there is a decrease of \$4,055,546, or 24.8%, which is primarily due to a decrease in the landing fee and rental rate, lower concession fees including rental cars, retail, food and beverage, and reduced parking revenues.

The operating expenses in the FY 21 Budget represent an increase of \$844,786, or 10.4%, over the projected FY 20 operating expenses, with the increase in personnel costs, airfield and ground costs, marketing, dues, and utilities being the largest factors in the increase. The total operating expenses budgeted for FY 21 are \$9,003,262. When comparing the FY 21 Budget to the FY 20 Budget, there is an increase of \$126,992 or 1.4%. The FY 21 Budget reflects an amount which will provide for the efficient operation of the Airport, and will provide the necessary resources to meet the established goals for the upcoming year.

On May 18, 2020, the Airport received and accepted on June 3, 2020 a Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) Grant in the amount of \$6,327,925 which must be used within four years of acceptance. The FY 21 Budget is applying CARES Act Funds in the amount of \$1,482,996 to the debt service payment. The use of these funds results in lower costs to the cost centers; thus, lower rates and charges to the airlines and other tenants.

The main focus of the Capital Program centers on economic development projects, continued development of the environmental mitigation program, transient aircraft parking apron expansion, the outbound baggage system redesign, and the north terminal expansion planning. The capital requirement for projects and equipment from Airport funds for the FY 21 Budget is \$9,925,471, while FAA funds are budgeted at \$1,310,075, FDOT funds equal \$7,362,042, and Triumph funds are budgeted at \$8,400,000. The total capital program is budgeted at \$26,997,588 for FY 21, but the commencement of some projects is dependent upon receiving funding from specific grants.

Additionally, the District is working with the Florida Army National Guard to relocate the Panama City Armory to the Airport, and “Project Gator” is moving forward in the Triumph Fund planning process.

This Budget Workshop provided for a review and discussion of the proposed FY 21 Operating and Capital Budget and required no formal action by the Board.

A Board discussion ensued regarding the Airport Authority Employees’ pay range increase phase in timeline, and there was a consensus to adhere to the two-year phase in period, rather than change to a three-year phase in period, even if it means using CARES Act monies.

A Board discussion ensued regarding the Master Plan Update.

Formal approval of the final Budget will be considered at the September 23, 2020 Board Meeting.

Adjournment:

The Budget Workshop was adjourned at approximately 10:35 a.m.

Kathy Gilmore, Executive Secretary

Glen McDonald, Chairman