

**MINUTES OF THE BUDGET WORK SESSION MEETING OF THE  
SANFORD AIRPORT AUTHORITY  
JUNE 24, 2019  
8:30 A.M.**

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**PRESENT:**                    **Tim M. Slattery, Chairman**  
                                  **Tom Green, Vice Chairman**  
                                  **Jennifer T. Dane, Secretary Treasurer (arrived 8:35 a.m.)**  
                                  **Chick Gregg, Sr.**  
                                  **William R. Miller**  
                                  **Clyde H. Robertson, Jr.**  
                                  **Clayton D. Simmons**  
                                  **Stephen P. Smith**

**ABSENT:**                    **Frank S. Ioppolo, Jr.**

**STAFF PRESENT:**        **Diane Crews, President & CEO**  
                                  **George Speake, Executive Vice President & COO**  
                                  **Don Poore, Chief Financial Officer**  
                                  **Tom Fuehrer, SAAPD Chief**  
                                  **Tommy Gentry, IT**  
                                  **Lori Hunt, Executive Assistant**  
                                  **Misty Lizarralde, HR Manager**  
                                  **Al Nygren, Property Manager**  
                                  **Rick Shea, Director of Operations**  
                                  **Jason Shippell, ARFF Chief**  
                                  **Rachel Walker, Finance Manager**

**OTHERS PRESENT:**      **Jeremy Owens, CPH**  
                                  **Keith Robinson, AWW**  
                                  **Tim Shea, Avcon Inc.**

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND INTRODUCTION OF GUESTS

The meeting was called to order at 8:30 a.m. followed by the Pledge of Allegiance.

2. ADVERTISEMENT OF MONTHLY MEETING

Copies attached.

3. WORK SESSION – Review of Draft SAA Budget FY 2019-2020

Chairman Slattery stated Don Poore would be presenting the proposed budget.

Don Poore referenced the overhead showing the proposed budget fiscal year 2019-2020, revenues expecting 1.32% increase and expenses increased 1.30%. Don Poore noted Management Reserve line item has been removed and pay raises were decreased from 3% to 2%.

Board Director Miller referenced summary of comments the Board received in previous years from the different departments and inquired if one had been prepared for today. Don Poore responded no.

Discussion regarding Terminal Revenues. President Crews stated George Speake has been tracking terminal revenues and she distributed a summary to the Board for the period ending May 31<sup>st</sup>. George Speake reviewed terminal revenue summary. President Crews inquired if the Board wanted to receive these updates monthly.

Discussion ensued AWW's projected 5% increase for the current year, and that we are not hitting those numbers, although Elizabeth Brown believes it will eventually right itself.

Discussion ensued regarding the increase in ground handling revenue, that is where the growth is being seen. SAA receives 1% per our contract with AWW. Increase is attributed to more flights, although there is not a corresponding increase in passengers.

Board Director Green requested the summary items be aligned with the line items of the budget.

Board Director Miller requested further explanation regarding decreased concession revenue and increased flights. President Crews replied we are not seeing the growth that we projected in terminal revenues. We aren't getting 5% growth in passengers now; the current year budget was based on that anticipated 5% growth.

Discussion ensued regarding frequency of flights, increased flights daily and weekly to the same destination, increased passenger count although not 5% increase. Discussion ensued regarding Allegiant's MD80 flight transition to A320. It was noted that the A320s use less fuel, and that the international flights, which take more fuel, have decreased. It was further noted that last year staff was very aggressive with budget projections, in part due to the Board's request as the SAA has consistently performed well over projected budget; this year, budget will be more conservative.

Discussion ensued regarding the disadvantage of trying to coordinate budgets and projections with AWW because they function on a calendar

year, and SAA is on fiscal year October 1 – September 30. It was noted that AWW has been unable to provide projections beyond December 2019.

Keith Robinson stated through May traffic is up 3.9% over last year, they had anticipated 5%, and referenced Via Air's performance negatively affecting projected traffic count. Mr. Robinson stated we are almost to 4% growth by May and anticipates being very close to 5% growth. Mr. Robinson updated the Board regarding fuel flowage, and Allegiant's fleet change, and that the MD80's were gas hogs.

Board Director Green requested because the Airport is growing so fast it is important from a budget standpoint; if we are static every year and you're looking at the same numbers it's easier to budget. Now with the growth, looking at the numbers but having recent information, we're tracking going forward and asked that it be put in more of a projected summary with line items.

President Crews responded that staff annualizes each line item and looks in detail.

Board Director Green replied it's important to see recent information. It's like a business; if your growth is rampant, you want the most recent information to try to deal with it. He agreed that last year we did forecast a higher revenue but thinks we're right in line if you just annualize growth, that historically we've been \$1M to \$2M over budget.

President Crews replied that the Airport is growing, we're managing our assets well, managing revenue and expenses. She added we are not meeting those projections because we were overly aggressive, that's part of what we wanted to talk about today explaining why. President Crews sought consensus from the Board.

Chairman Slattery updated the Board regarding the missing projections in the proposed budget and his preference for the format to remain high level.

Board Director Green inquired about revenue this year to date. Don Poore responded we are \$1M over budget.

President Crews discussed staff monitoring the budget, delaying various capital expenses until latter part of the year.

President Crews noted we will not project any revenue from NAI Realvest, although we must budget it as an expense for the possibility of paying them.

Chairman Slattery requested the Board provide direction to staff regarding broader categories, what do they want to see in the budget.

Board Director Gregg requested clarification regarding Commerce Park and why are we earning less revenue? President Crews related it to extenuating circumstances: L3 lease, buildings damaged during the hurricanes requiring repair, change from commercial use to aviation use tenants.

Discussion ensued regarding L3 lease not signed, L3 spending money to improve facilities, charging double rent and retroactive payment to September 1, 2018. The Board requested an update at all Board meetings regarding L3 lease execution. The Board requested President Crews inform L3 of their concerns.

Discussion ensued regarding rent rolls, classifications and categories, 3% automatic rent increases, and NAI Realvest performance analysis. It was noted that Don Poore will prepare a YTD report to present to the Board at July meeting.

Discussion ensued whether to remove the management reserve line item from the proposed budget or use budget amendment. Consensus from the Board that staff leave the management reserve in the proposed budget and find a way on the revenue side to offset it, unless they can cut other expenses.

Discussion regarding the number of hurricane damaged buildings requiring repair, obtaining quotes, signed contracts, contractor's workload, and the City of Sanford Life Safety Plan requirement.

Discussion ensued regarding landing fees based on maximum landing weight being stagnant, that with new air carriers or if an air carrier adds destinations, there is no landing fee for six months. Allegiant is a participating air carrier; their landing fee is greatly discounted.

Discussion regarding ground transportation revenue, future parking garage construction, line item is flat. George Speake distributed a spreadsheet regarding parking revenue and TNC's. Discussion regarding trend in ground transportation. Discussion regarding managing the curb, traffic flow, holiday impact, changing approach to terminal, new traffic light at Red Cleveland, changes to Allegiant flight schedule creating greater influx mornings and late evenings.

Board Director Dane requested budgeting for additional curb monitors from a safety perspective. Board Director Dane expressed frustration over only one parking exit working in the long-term parking lot. Board Director Dane addressed smoking in front of the terminal: need for a

designated smoking section. She noted that she has brought this up for the last four years, that badged employees or employees wearing Airport logo shirts smoking in front of the terminal is unacceptable. Discussion ensued regarding employee smoking section behind the terminal upon competition of terminal expansion.

Discussion regarding revenue parking equipment Amano McGann contract being replaced with Park Jockey. Discussion regarding retainage of curb monitors, hourly pay, safety, customer service, shift coverage. The Board expressed concern in this area and staff was tasked with fixing the problem. The need for Police Department coverage on the curb was discussed. Discussion regarding integrating e-pass system.

Discussion regarding parking complaints, tracking complaints, website logged complaints, central clearing house for complaints. President Crews requested any type of complaint from the Board be brought directly to her attention.

Board Director Miller requested a monthly or quarterly report detailing parking lots: pictures names and locations of the lots, changes that have taken place, cost to park, revenue, ultimate usage and changes that have taken place over the last six months. Chairman Slattery suggested staff task the Police with presence on the curb, vehicles and officers. George Speake stated he would provide a report of police presence at the curb.

Discussion regarding new maintenance facility that was brought up last year. President Crews stated that it is not in the budget for this year, although the idea has not been abandoned.

Chairman Slattery discussed the proposed 2% staff raise, that normally we try to match what the City of Sanford does which is 3% and he prefers to match that if possible. Discussion ensued regarding what the extra 1% would do to the budget. Discussion regarding salary survey conducted last year, increase in salary brackets, salary range minimum and maximum. The Board challenged staff to meet a 3% staff raise. Discussion regarding merit raises. Discussion regarding salaries and setting policy to increase salaries to a certain level over a term of years. Discussion regarding employee retainage and salaries. Discussion regarding FRS. Discussion regarding incentivizing employees.

Discussion regarding capital budget grants and non-grants. Discussion regarding line item improvements for communications/network. Discussion regarding the Supervisor of Elections building and SAA responsibilities. Discussion regarding unfunded mandate in Customs. President Crews stated she felt this is an expense that should be borne by Airports World Wide and that is being discussed. Tommy Gentry, IT Director, updated the Board regarding communications/network line item.

President Crews clarified the changes would be made to the proposed budget and sent to the Board, there won't be another budget workshop. The Proposed Budget will be approved at the July 9<sup>th</sup> Board Meeting. Board Director Green requested a terminal expansion project summary at the July 9<sup>th</sup> Board Meeting to include schedule and cost update.

Discussion regarding domestic landing fees. Discussion ensued regarding executive salaries differential qualified as two individuals moving from administration department to executive department, corresponding decrease reflected in the administration department. Discussion medical health insurance, the insurance broker anticipates 12% increase. Discussion regarding Board Director and executive travel. It was noted that the re-negotiated contract with AWW increases SAA's participation in air service development which could require travel.

Chairman Slattery challenged staff to find the revenue and expenses that it takes to implement what the Board asked them to put back in there.

Board Director Green made an inquiry regarding terminal revenue and requested Don Poore add an explanatory footnote.

Chairman Slattery inquired of the Board if they want staff to put in the line item called forecast when the Board approves the proposed budget July 9<sup>th</sup>. Discussion ensued with consensus that staff make the requested change.

#### 4. COMMENTS FROM THE PUBLIC

None.

#### 5. OTHER BUSINESS

President Crews updated the Board regarding the parcel at the front entrance, at the northeast corner of Red Cleveland Boulevard and East Lake Mary Boulevard previously discussed in 2016. President Crews discussed possible land exchange, and that previously, the Board required that the front entrance parcel be brought up to grade by the owner who was unwilling to do so. She noted the value of the property to the Airport, and that the owner, Safari Investments, is now willing to bring their property up to grade. Discussion ensued regarding the proposed land exchange.

President Crews noted a vote can't be taken today, this meeting was advertised as a work session and not a special meeting. President Crews inquired of the Board what direction they would like her to take.

Following discussion, the Board consensus was for Staff to pursue the land exchange to bring back to the Board for consideration at the July 9 meeting. President Crews also discussed the county-owned property on the opposite corner, and the idea of SAA purchasing the lot with a 50/50 grant.

6. REMINDER OF NEXT BOARD MEETING (JULY 9, 2019)

7. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:47 a.m.

Respectfully submitted,

*Diane H. Crews*

Diane H. Crews, President & CEO

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