



**Finance Committee Meeting Minutes
Friday, May 20, 2022**

Pursuant to the notice duly given and posted, the Finance Committee meeting of the Syracuse Regional Airport Authority was called to order on Friday, May 20, 2022, in the Syracuse Regional Airport Authority Board Room located in the Syracuse Hancock International Airport by Mr. Michael Lazar.

The meeting was called to order by Mr. Lazar at 9:30 a.m.

Members Present

Mr. Michael Lazar
Mr. William Fisher
Mr. Michael Frame (arrived at 9:37 am)
Mr. Nick Paro

Members Absent:

Dr. Shiu-Kai Chin
Ms. Jo Anne Gagliano
Mr. Rob Simpson

Also Present:

Mr. Jason Terreri
Ms. Robin Watkins
Mr. Jason Mehl
Ms. Cheryl Herzog

Roll Call

As noted above all members were present, except Dr. Shiu-Kai Chin, Ms. Jo Anne Gagliano and Mr. Rob Simpson.

Committee Business

CFO Report

CFO Watkins updated April's financial status. Landing weights stayed on budget. Enplanements continue an upward trend which is expected to continue through the month of May. SYR is slightly over 2019 record-levels. CFO Watkins reviewed the financial statements. Revenues are above budget for landing and parking fees. Year to date totals are above budget for airline terminal fees due to the increases in passenger traffic. Mr. Mehl, Chief Commercial Officer, and his team have been diligently managing the concessionaires which has resulted in a higher level of activity. Expenses have been managed quite effectively this year. The airport is slightly below the current budget, which is a very good position to be in. At the end of April, there will be some significant expenses due to deferred maintenance items which had to be addressed and will come to a closure. The airport continues to

complete repairs within the garage. The planned Common Use layout is complete with five SRAA Common Use gates. CFO Watkins stated overall that the airport is in a good position.

Mr. Fisher inquired about how the decision is made that determines what gets capitalized and what comes into operating expenses. CFO Watkins explained that the airport capitalizes any asset or any item that is over \$5K, that will have a useful life greater than one year or has to exceed 20% of the value of the item.

CFO Watkins discussed the financial statements and operating incomes which are currently much better than projected due to the increase in passenger traffic and landing weights. On the non-operating revenue side, there are some large items in terms of lease expenditures to the City of Syracuse related to the recent bond refinancing. The airport continues to make positive progress with the Cost Per Enplaned Passenger (CPE) in reaching the lower rate goals for the airlines.

Mr. Fisher inquired about the payments to the city for the Aviation Department. CFO Watkins stated that the Authority only pays the City of Syracuse based on actual expenses incurred. A conversation ensued regarding expenses to the City and Director Terreri indicated this topic should be deferred to a later time when we can include the Authority's General Counsel.

New Business

FY 2022/2023 Draft Budget Review

CFO Watkins explained the budget is based on metrics, as are the financial statements. The Authority forecasts what landing weights are predicted along with the passenger traffic and that is calculated through a series of activities. Additionally, Elana Essig, Research Analyst gathers information for projections based on current data. A larger landing weight is projected than in 2019 due to both Southwest and Breeze Airlines having been here for a full year by that point. The passenger projections were reviewed based on the 2022 and 2019 numbers. 2020 and 2021 are not being used due to the COVID pandemic impact. Passenger traffic is exceeding planned 2019 levels when factoring in Southwest and Breeze Airlines along with new air service and activity related to the other airlines here at SYR.

Mr. Lazar asked about recent news stating that there are a lot of canceled flights and is there talk with the airlines since this could have a dramatic effect at the airport. Director Terreri said there had been conversations with the airlines and the only impact is that SYR lost JetBlue's non-stop flight to Orlando through September. CFO Watkins stated when we do the final budget review all the projected numbers will be updated. Airline revenue is budgeted at the target rates and charges, and this is a commitment that we have provided to the airlines. There is a five-year projection with this year being year one, to where we want to be on our rates and charges.

CFO Watkins reviewed the budget in reference to staff for the Authority and the utility rates. Mr. Fisher indicated that there is a way to forward energy especially when rates are low. He does not recommend it currently since prices are so high, but it is something the board should at least think about if our energy costs are a significant budget item. CFO Watkins spoke about positions that need to be filled within the Authority, such as Network Engineer, Airport Risk Manager, and Project Manager.

Mr. Lazar asked about the transportation ratio with Uber. It was explained that it is about the same amount of individuals using Uber as well as parking at the airport. CFO Watkins explained the parking garage expenses. There will be garage repairs that will go on next year's budget, because SYR needs to start developing new parking areas in preparation for future garage construction. Other upgrades are required for the telephone system along with the Flight Information Display system (FID). The Authority will also be adding an Airport Operations Database system (AODB) which will include allowing the airport to better manage traffic between the gates and baggage handling. Current ARFF staffing will transition to the 174th ATKW as of July 1st as is on plan. AIP funding and projects were reviewed. There will also be a replacement of five podiums in the terminal. Discussed were the landslide drawings which must be 25% funded by Authority funds and the RFP for large project plans. These items are being discussed with a municipal advisor. There is a need for a utility upgrade. The HVAC systems need replacement as they are old and the systems no longer work for the facility. As an example, it was mentioned that there is no way to cool off certain areas when temperatures spike, that some windows are leaking, some outside siding has holes from normal wear and tear, and some required roof replacement needed. An engineering study was conducted last year, and it explained these issues. The Authority has applied for FAA assistance for these projects; however, the Authority has a match percentage requirement that needs to be accounted for next year in terms of cash outlay impacts.

There is money in the budget for a SRAA Police Department. The hope is to have that legislation passed this year to create our own police force. The SRAA will have an initial investment which relates to outfitting the police with vests, ammunition, lockers, etc. The Authority also needs to develop a centralized communication center. An application has been submitted to Senator Gillibrand, Senator Schumer, and Congressman Katko to request earmark funding to assist with this endeavor.

Mr. Frame commented on the possibility that the funding will come through in an election year. Director Terreri stated it is Senator Gillibrand and Senator Schumer's top ask so we are hopeful this will come through. He explained these projects must be done so if we are able to get funding that will benefit us.

CFO Watkins explained the vehicle fleet process at the airport. The SRAA is continuing to replace snow equipment and an application with FMCSA has been submitted. Authority vehicles are in need of repair and replacement. These items are all part of next year's budget which is currently in draft form at this point, due to pending items that will make a significant impact on the bottom line. The Authority is working through an overtime reduction plan, changing some of the staffing structure, and reorganizing when there are vacancies. The airport is waiting on PFC application number ten approval from the FAA. This request was submitted to the state under the Airport Improvement Program last September and is still pending. In the month of June, more information will be available regarding the budget. A conversation ensued regarding the costs of materials going up and labor cost increasing.

Mr. Frame asked if another pandemic or something else hit how quickly could the airport recover? What were lessons learned with the 2020 pandemic? CFO Watkins stated we have a lot more visibility and would know where we have critical operations vs. non-critical. Director Terreri said we have some things in place now that we did not have previously which make the airport more flexible. If we had Common Use in 2020, we may have shut half the terminal down and ran everything off of six gates for

example. The SRRA needs to ensure additional revenue streams are in place by building out the Barracks and diversifying the landside revenue. We do not want to solely rely on passenger traffic to sustain a budget.

Mr. Fisher requested to see a future multi-year Capital Improvement Plan be part of what happens as part of the budgeting process. He would like two major components - one would be a list of all the capital assets and information about what category, purchase price, the expected useful life, anticipated useful life and the second other multi-year plan projects. What projects are we dreaming of, closer in projects, projects for next year, financial forecasts, current debt service based on the bonds that are in place, acquisitions of the capital assets, borrowing/schedule, and future industry trends. The planning process ideally involves the finance committee and the board to look at things over a 10-year planning horizon. Mr. Lazar requested seeing the debt reduction, just the format because that is something easy that can be put in the presentation. CFO Watkins spoke about a new work order and asset management system the airport is looking into that will assist with all assets in the airport for replacement planning. Mr. Fisher stated there is an organization called Government Finance Officers Association the airport may want to join as they recommend best practices in areas like capital asset management. Mr. Fisher also requested that management examine the specific language of Article 7 of the lease and services agreement with the City of Syracuse. Director Terreri agrees but would like the General Counsel to be part of the conversation.

Review and Approval of the Minutes

Mr. Lazar asked if there were comments on the minutes. There were none. A motion was made by Mr. Fisher to approve the minutes from the previous meeting on February 10, 2022, Mr. Paro seconded the motion. Motion carried by the committee.

Executive Session:

Mr. Fisher invited a motion to go into executive session to discuss matters pertaining to potential litigation and collective negotiations pursuant to Article 14 of the civil service law.

Mr. Lazar made the motion and Mr. Frame seconded the motion. Executive session began at 10:42 a.m. Executive session ended at 10:56 a.m. No action was taken.

Adjournment:

Having no other topics brought to the committee, a motion was made by Mr. Lazar to adjourn the meeting. Motion was approved by Mr. Fisher and seconded by Mr. Frame. The meeting adjourned at 10:56 a.m.