



**Finance Committee Meeting Minutes
Friday, May 19, 2023**

Pursuant to notice duly given and posted, the Finance Committee meeting of the Syracuse Regional Airport Authority was called to order on Friday, May 19, 2023, in the Syracuse Regional Airport Authority Board Room located in the Syracuse Hancock International Airport by committee Chair, Dr. Shiu-Kai Chin.

The meeting was called to order by Dr. Chin at 9:41 a.m.

Members Present

Ms. Jo Anne Gagliano (Phone/10:07am arrival)
Dr. Shiu-Kai Chin
Mr. Michael Lazar
Mr. Michael Frame (Teams)
Mr. Nathaniel Stevens

Members Absent:

Mr. Robert Simpson
Mr. Nick Paro

Also Present:

Mr. Jason Terreri
Ms. Joanne Clancy
Mr. Jason Mehl
Mr. Daniel Zenk
Ms. Robin Watkins
Mr. Thomas Fernandez (phone)

Roll Call

As noted above all members were present other than Mr. Simpson and Mr. Paro. A quorum was not present at the start of the meeting, therefore, Dr. Chin stated that the minutes would be voted on later in the meeting and that the main order of business will be the discussion of the draft budget and the CFO report. Chair Chin stated that this committee meeting will hold a more in-depth discussion than the regular SRAA board meeting will have.

New Business:

CFO Report and 2023/2024 Draft Budget Review - CFO Watkins shared her screen with the group and gave a brief review of the month of April and then an in-depth presentation of the first

draft of the 2023-2024 budget. April was a very good month for passenger traffic and airline activity, which was consistent with the previous month. April was one of the highest months for passenger activity ever, which drove operating revenue up such as concessions and parking. Operating expenses were up slightly, including parking garage repairs. May is expected to have additional costs associated with the parking areas. CPE is trending downward and is currently \$9.90. Cash balance is the equivalent of 316 days on hand. Investment interests go back into their respective funds as they mature. CFO Watkins shared the investment schedule for the next six months.

Dr. Chin stated that April looks good and will move into the budget. First, he wanted to state for the record how spectacular and helpful the SRAA Board offsite was to understand financial objectives and challenges the airport is facing and he appreciates the level of transparency provided. He further appreciates the time and attention spent and made comparisons to engineering models and their use. The end state the airport needs to meet is the huge demand coming in the next 5-6 years with an acceptable level of service. Dr. Chin said the budget represents an accumulation of models along with the intent and needs of the community with the understanding of the trade-offs that these models represent. Mr. Stevens asked questions regarding the Airport Use and Lease Agreement. Negotiations begin in July 2023 for a new agreement in 2025. Director Terreri stated that from an operational perspective, there are a lot of maintenance costs due to many facility items not taken care of for many years, which is financially challenging in addition to the needed upcoming parking and landside expansion projects.

CFO Watkins provided instructional information regarding the power point slides and encouraged questions on this consolidated review and explained that there will be further changes over the next few weeks before coming back to the board. Details were provided on each category with a focus on a \$6M difference next year in unexpected maintenance/repair costs. Enplanement and landing fee metric projections were discussed that were provided by Campbell Hill, who are well known in the industry. Low, medium, and high scenarios were provided, and the budget has been built using the "low" projections. Aircraft deliveries have been pushed out a year or two, therefore further growth is not expected, but SYR should maintain the current level of service and increase airplane size or frequencies, which would increase landing weights. Director Terreri stated that SYR has an 83% load factor, which is significant as many of the planes and routes are at 100% capacity daily. April was a record month, and the load factor was 86%. Projected rates and charges were provided and explained that there is a significant boost, however, further opportunities are being investigated and being worked on to update those numbers. Mr. Stevens inquired further regarding volume performance and rates and charges and Mr. Lazar had questions regarding terminal costs with the example of cost factors for new HVAC units. CFO Watkins answered all questions. The airlines do not expect to add further capacity until 2024. The Commercial Department has been very successful this year with adding many new local offerings, advertising and vending machines in both pre and post security. This has resulted in strong revenue improvements. Middle Ages is being refurbished in the North into Palladino Farms, the new common use lounge will be opening, and the addition of the lower cost surface parking lots being consistently utilized is

resulting in higher revenues. The parking rate in the garage is being increased by \$3 per day, with no increase in the surface lot rates. A study was conducted and SYR was lower than other airports of the same size and type. Chair Gagliano inquired about how reports are received from SP+, the parking provider. CFO Watkins stated that the parking system is very antiquated and that the IT Department has been working with them to plan replacements for switches and servers to minimize downtime. Rideshare fees will also be increasing to provide more revenue. Car rental surveys show a 5-10% increase.

Expenses were discussed next with a focus on organizational roles and FTE levels. Options are being considered to help with efficiencies in the upcoming Airport Communications Center. Surveys were conducted with Human Resources regarding retaining employees and cost of living adjustments to recruit and retain employees in critical positions, such as mechanics. Planning and Development is the area of the budget that is housing all the costs to repair and upgrade utilities, siding, and windows due to the poor condition of the HVAC, the sewer, and other items. The quotes for this work have significantly gone up due to the current cost of supplies. A grant was applied for and approved to cover some of these costs, but these repairs and replacements are critical and must be completed. Electrical capacity needs to be upgraded for terminal expansions and the power needs to be moved from the garage area prior to any new garage construction. These are significant financial challenges when the airport facility has not been maintained previously, which need to be fixed at the same time as further expansion is needed. ARFF service levels were discussed along with the legislation to have them reclassified as a primary to the airport from Syracuse Fire Dept. now that the 174th ATKW provides the firefighting service at the airport. Inflation continues to provide challenges. Staffing plans are watched closely to identify efficiencies in reducing costs. Cash requirements, bond payments and enhancements to existing buildings were discussed. CFC increases from \$5 to \$7.50 as of June 1st.

Chair Gagliano stated that what was reviewed during this meeting will be discussed in a shorter, summary version in the board meeting. Director Terreri explained some specific rules for eligibility requirements for grant funding opportunities and the difficulties surrounding that process.

Review and approval of minutes from the previous meeting:

Finance Chair, Dr. Chin stated that now that there is a quorum, he would invite a motion to accept the minutes from the March 2, 2023, Finance Committee Meeting. Having no comments or adjustments, Mr. Lazar made the motion and Ms. Gagliano seconded that motion. Motion carried unanimously.

Adjournment:

With no further questions, Mr. Stevens made a motion to adjourn, and Ms. Gagliano seconded that motion. The meeting was adjourned at 10:59 a.m.