

April 19, 2021
BUDGET WORK SESSION
Chair John Shaski

This Budget Work Session was held as an Audio/Video Conference (GoToMeeting)

Board Members Present: John Shaski, Victor Celentino, Yvette Collins, and Matthew Lantzy

Management, Staff and Employees Present: Nicole Noll-Williams, Rob Benstein, Sophie Giviyani-Kermani, Ron O'Neil, and Bonnie Wohlfert

Members of the Public Present: Bob Pena, Ingham County

CALL TO ORDER

1. John Shaski, Chair, called the Budget Work Session of the Capital Region Airport Authority to order at 4:00 p.m. He welcomed Nicole Noll-Williams back to the Authority.

PUBLIC COMMENT

1. None

PRESENTATION AND DISCUSSION OF DRAFT FY2022 BUDGET

Rob Benstein presented a summary of key items:

- The effects of the Coronavirus pandemic continue to have an impact on the airport/airline industry. For the calendar year ending December 2020, Capital Region International Airport passenger traffic was down approximately 62% compared to the prior year. We expect this to improve during fiscal year FY2022 and estimate that passenger traffic for the calendar year will be down approximately 48% compared to CY2019. Based on airline schedules, reports from airport industry associations, financial consultants, news outlets, etc., we are using the following assumptions for development of the FY2022 budget:
- The airline schedule will remain essentially as it is today, with the addition of one daily flight to Minneapolis.
- Domestic load factors are projected to average 55% for the year; international load factors are projected to average 65%.
- Total estimated enplanements for FY2022 are 92,400; this is an increase of 63% compared to FY2021.
- Total estimated landed weight for FY2022 is 407 million pounds; this is an increase of 17% compared to FY2021.

Rob Benstein also provided highlights from the Proposed FY2022 Budget.

John Shaski asked about the OPEB funding percentage and questioned if we should consider not making the fifth payment. Rob indicated OPEB is at about 94% and the plan was to overfund initially and then as funds are drawn it would settle to where it needs to be. Rob recommended overfunding as planned based on the actuarial study.

John Shaski inquired about the CARES funding and other stimulus money and suggested providing a supplemental document showing the uses and balances in each fund.

Sophie Giviyani-Kermani presented the FY2022 budget in detail covering the following areas:

- Source of Funds
- Use of Funds
- Mill Levy Allocation
- Organizational Chart Changes
- Authorized Positions

Robert Pena asked about the vacant building at the end of Aviation Tech Drive. He wondered if it could be rented out. Rob Benstein explained that the building is owned by Lansing Community College; they still pay land rent. LCC has tried unsuccessfully to sell the building and we have been in discussions with them to restore the site to the original condition.

Victor Celentino questioned the mill levy estimate of 5.69 million (2022) from 5.9 million (2021) since the tax base increased 4%. He suggested contacting Bill Fowler with the Equalization office because he estimates the amount to be 6.1 million. Nicole Noll-Williams advised that her start date is May 10th so Rob and Sophie will take the lead on this by contacting the Equalization office.

Yvette Collins asked if the payroll expense includes the open position hires. Sophie reported that all positions from the new organization chart are included.

Referring to the "Expenses by Department" graph, Victor Celentino asked if the Mason 1% is consistent. Rob Benstein explained that Mason expenses are about \$130,000 and is pretty much a break-even operation with fuel sales, land and building rent but Nicole Noll-Williams added that we have seen up to a \$40,000 loss in past years.

Ron O'Neil presented the Capital Budget projects in detail.

Victor Celentino asked if the 1.2 million (SRE) Snow Removal Equipment Maintenance Shop Expansion will be completed in phases. Ron O'Neil stated that if approved, this is a 14-month project for design and construction. John Shaski asked if we have any existing/unused buildings on property (LCC building) that can be used for storage since the price of construction materials is so expensive. Ron explained that we looked at the LCC facility for this purpose but with the existing walls the estimate was around \$800,000 and the equipment would be located on the other side of the airfield.

There was a discussion related to the Moving Target System for Training – Gun Range \$45,000 regarding whether situational shooting training is required and use of the gun range/target system by our mutual aid partners as a way to give back. John Shaski also mentioned that Ingham County is the only tax paying jurisdiction whereas the other two jurisdictions do not participate in the funding of the airport. It was suggested that we share the value of this service with our ex-officio members.

John Shaski asked about asset disposal and Ron explained that used equipment from Lansing is taken to Mason and then sold to other airports although at that point it can be quite old.

Victor Celentino thanked Ron for the thorough Capital budget explanation and recalled the years we had to forego many of these purchases because the money was just not available. He supported the previous comments to encourage the participation of the non-airport funding jurisdictions since the entire region benefits from the tremendous economic impact of the airport. Nicole Noll-Williams added that there have been some sidebar discussions with key leaders in Clinton and Eaton County and with the Federal stimulus money perhaps there may be an opportunity to create some new relationships.

Rob Benstein explained the consolidated rates and charges and answered questions about parking fees (passenger and crew members), CPE calculation, and Type I and II space.

John Shaski suggested developing 5-6 key points about the airport that board members can share when discussions occur in the community. Nicole Noll-Williams agreed, stressed the need for a consistent message and plans to develop a business card with key points for board members.

PUBLIC COMMENT

1. None

BOARD MEMBER COMMENT

1. None

ADJOURNMENT

1. John Shaski thanked the staff and board members and moved the meeting be adjourned at 5:42 pm.

signed
John Shaski, Chair

signed
Bonnie Wohlfert, Secretary