

# TRANSFORM

THE FUTURE OF ORF

## Board of Commissioners Meeting

March 27, 2025



# Agenda

1. Call to Order
2. Approval of Previous Board Meeting Minutes
  - Thursday, November 21, 2024
3. Public Comments
4. CEO & Staff Report
5. NAA BOC Chair Report
6. Committee Reports
  - Finance & Audit Committee
  - Facilities Committee
7. Old Business
  - MS4 Permit Update
8. Closed Meeting
9. New Business
  - None
10. Adjournment

# 2. Approval of Meeting Minutes

Norfolk Airport Authority  
Board of Commissioners Meeting

# 3. Public Comments

Norfolk Airport Authority  
Board of Commissioners Meeting

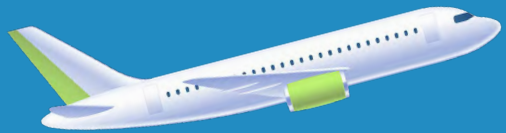
# 4. CEO & Staff Report

Norfolk Airport Authority  
Board of Commissioners Meeting

# Featured Employee

- Lacyrose Dickinson, Customer Experience Manager
  - 4 years with the Authority
  - Began her career with us in Airfield Operations
  - Lacy is now responsible for our new programs focusing on improving customer experience at all points in the passenger's journey, working closely with our staff, airlines, tenants, and community partners.





# Air Service

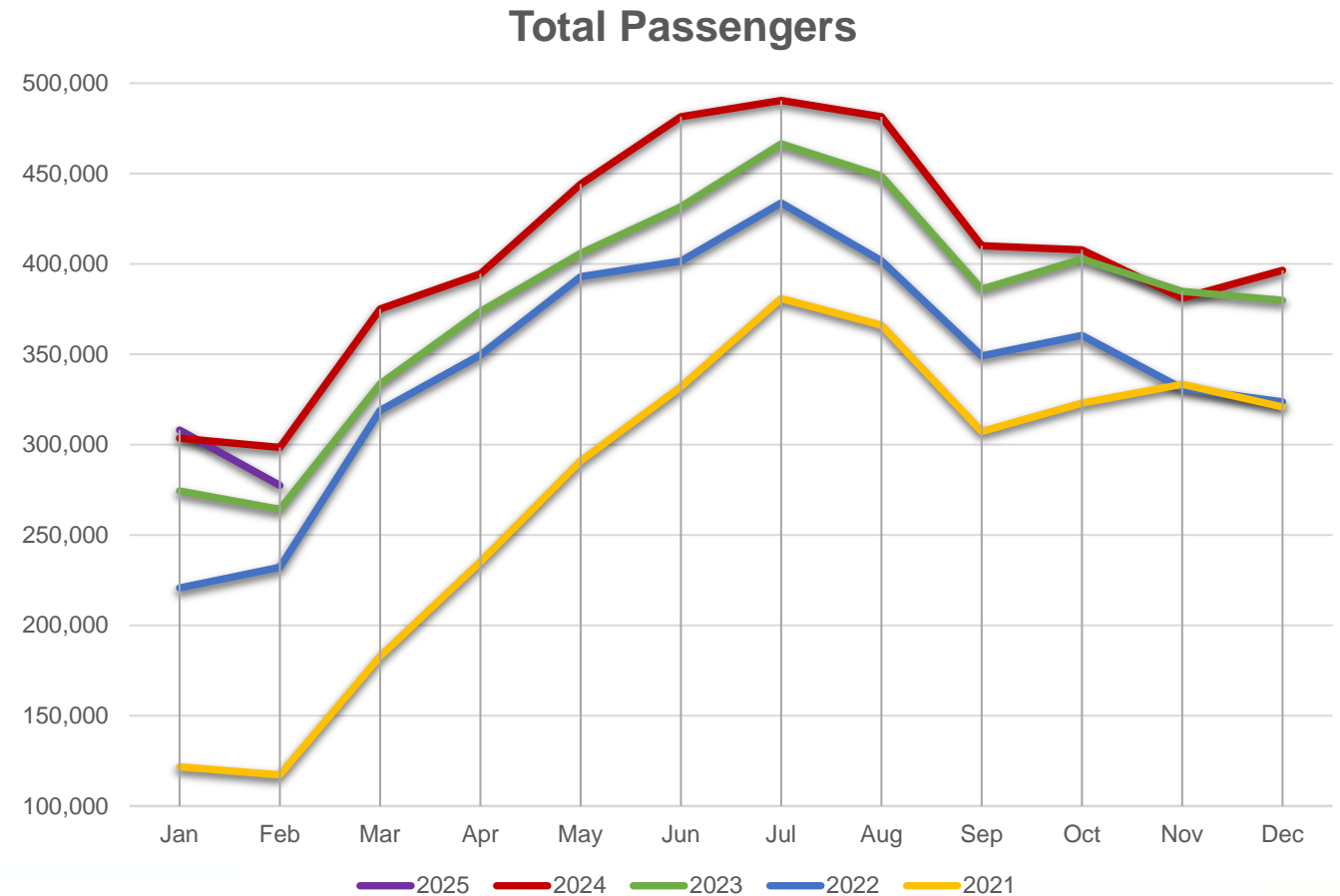
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# Our Market Strength Continues to Grow

- 2024 was another record-breaking year!
- 2024 up 6.9% over 2023
- We had over 4.86M passengers pass through the airport
- 2025 is off to a slow start
- YTD 2025 is down 2.7% over 2024

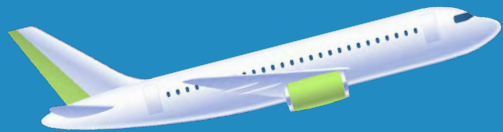




# Arriving soon: ORF's ninth airline



- JetBlue Airways begins flights to its hub at Boston Logan International Airport on April 30
- Summer seasonal schedule through Oct. 25
- New 144-seat Airbus A220 aircraft
- Schedule is timed to support connectivity to JetBlue's growing international network giving ORF travelers one-stop service to:
  - Amsterdam, Netherlands
  - Edinburgh, Scotland
  - London, England
  - Madrid, Spain



# Capital Development Program

March 27, 2025



# Capital Development Summary

			7%					1%		80%				12%
			\$63,700,000					\$13,000,000		\$733,300,000				\$110,000,000
FY START	PROJECT DESCRIPTION	PROPOSED BUDGET	AIP ENTITLEMENTS	AIP DISCRETIONARY	AIG ENTITLEMENTS	ATP DISCRETIONARY	CDS	STATE ENTITLEMENTS	STATE DISCRETIONARY	LOCAL FUNDING (DEBT SERVICE)	LOCAL FUNDING (PAY-GO)	PFC FUNDING FUTURE (ASSUMED PFC GARBS)	CFC	FUNDED BY OTHERS
FY 24	Alpha Concourse Gate Addition	\$30,000,000	-	-	\$8,000,000	-	-	-	-	-	-	\$22,000,000	-	-
FY 24	Gate 1 Federal Inspection Services Facility Modernization	\$30,000,000	-	-	\$7,000,000	\$6,000,000	\$3,000,000	-	-	\$9,000,000	-	\$5,000,000	-	-
FY 24	Departures Terminal Program (Consolidated Checkpoint Included)	\$450,000,000	-	-	-	-	-	-	-	\$230,000,000	\$109,000,000	\$111,000,000	-	-
FY 24	Airport Hotel	\$50,000,000	-	-	-	-	-	-	-	-	-	-	-	\$50,000,000
FY 24	Closure of Runway 14/32	\$12,000,000	\$5,000,000	-	-	-	-	\$4,000,000	\$2,000,000	\$1,000,000	-	-	-	-
FY 25	CONRAC Facility	\$200,000,000	-	-	-	-	-	-	-	-	-	-	\$200,000,000	-
FY 25	Admin. Offices Consolidation	\$18,000,000	-	-	-	-	-	-	-	\$18,000,000	-	-	-	-
FY 26	Intersection Improvements & LTW Exit	\$25,000,000	-	-	-	\$14,700,000	-	-	-	-	-	-	\$10,300,000	-
FY26	Fuel Farm	\$60,000,000	-	-	-	-	-	-	-	-	-	-	-	\$60,000,000
FY 28	Runway 5/23 Reconstruction (Grading, Drainage and 23 End Profile Improvements)	\$45,000,000	\$10,000,000	\$10,000,000	-	-	-	\$4,000,000	\$3,000,000	-	-	\$18,000,000	-	-
	GRAND TOTAL CIP:	\$920,000,000	\$15,000,000	\$10,000,000	\$15,000,000	\$20,700,000	\$3,000,000	\$8,000,000	\$5,000,000	\$258,000,000	\$109,000,000	\$156,000,000	\$210,300,000	\$110,000,000

# Runway 5/23 Rehabilitation

- Completed in two phases:
  - R/W 23 end completed Nov. 2, 2023
  - R/W 5 end completed Oct. 31, 2024
- Environmentally sustainable project:
  - Rubblizing both ends of the runway eliminated 33,333 CY of concrete waste
  - Saved 460 Tons of CO2 emissions
  - Saved 263,200 total miles of truck traffic
  - Saved 52,640 gallons of fuel





# New Park & Wait Lot

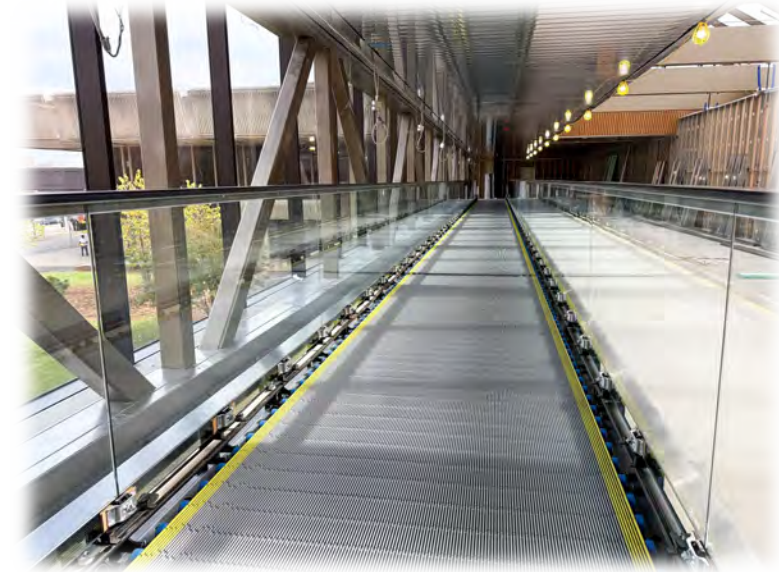
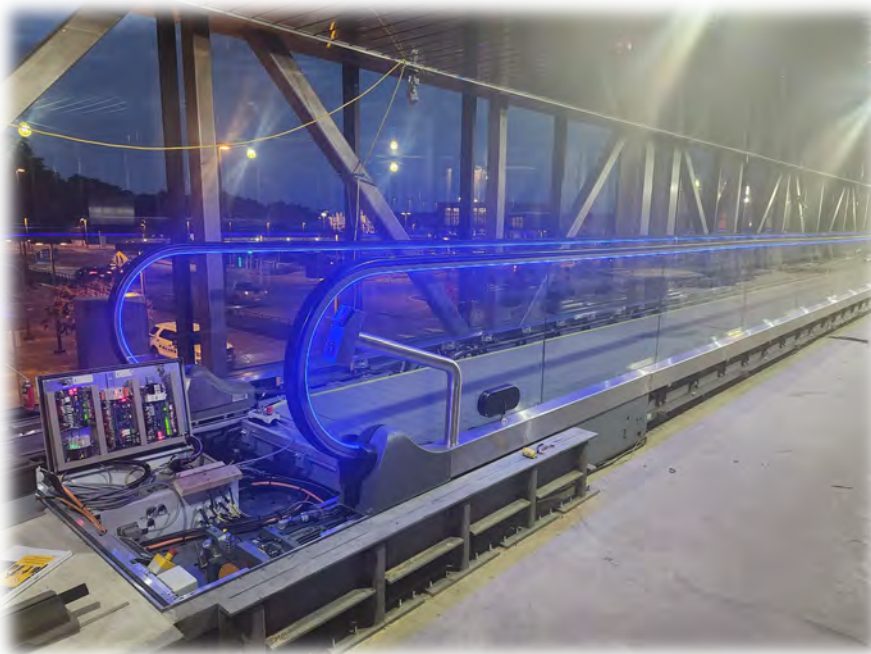
- 80-space Park & Wait Lot
- Cost: \$1.2M
- Completed December 2024





# Moving Walkways

- Anticipated completion in Spring 2025
- Cost: \$2.5M



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# Alpha Expansion

- 3 Gates / Holdrooms
- New Restrooms / Pet Relief Area
- Estimated cost: \$25M
- Completion January 2026



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# CBP International Arrivals Facility

- Estimated cost: \$25M
  - \$3M Congressionally Directed Spending
  - \$6M BIL ATP grant received
- Completion January 2026



# Airport Hotel

- Courtyard by Marriott
  - 165 rooms
  - Top Floor Restaurant & Bar
  - Covered connection to terminal
- Fully financed, designed, and constructed by third-party developer
- Groundbreaking Fall 2025
- Completion Winter 2026





# Main Entrance Intersection Improvements

- Realign and improve the intersection at the main entrance to the airport
- Award \$14.7M in BIL ATP funds
- Construction to start Summer 2025



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# Consolidated Rental Car Facility Update



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# Efforts Over Last Six Months

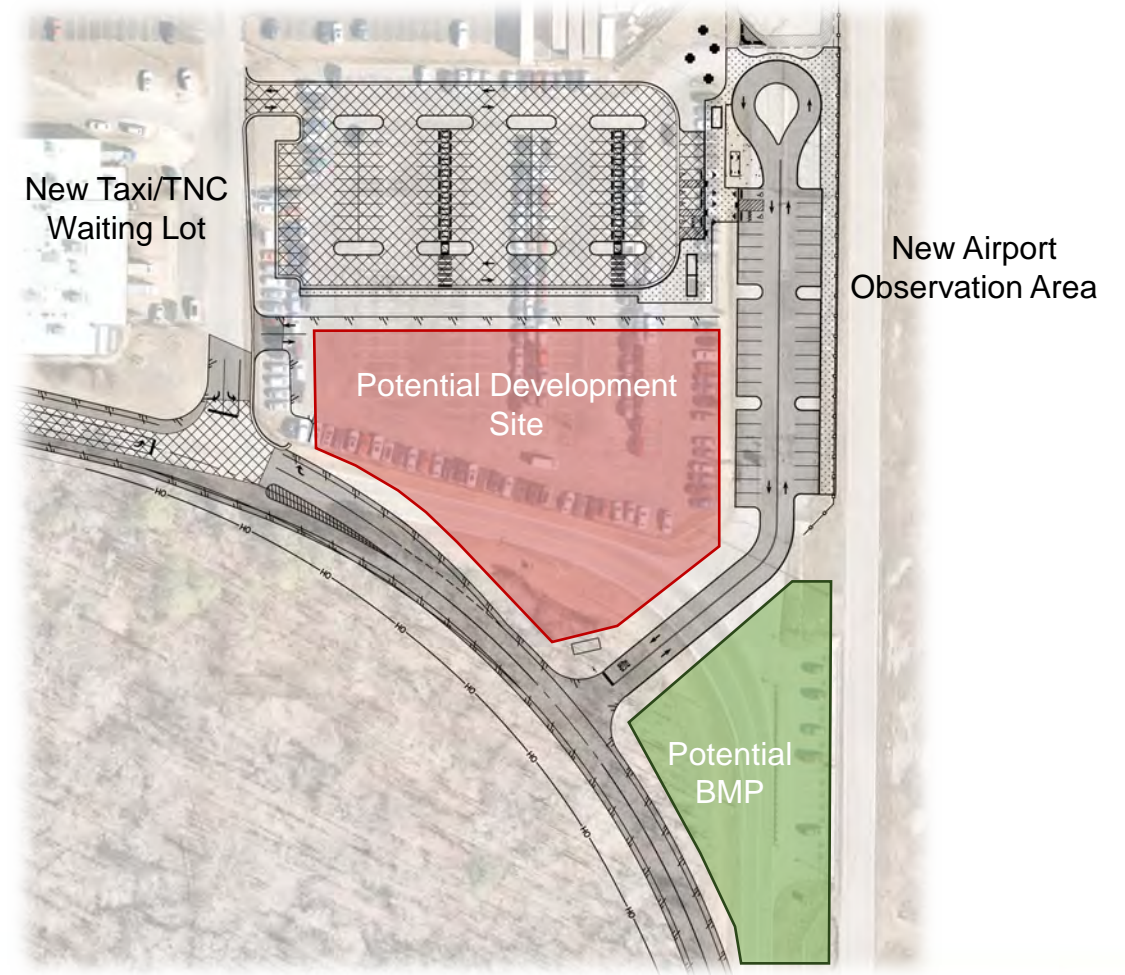
- Rental Car Family Discussions
  - Held six meetings with RAC Family managers and operations specialists
  - Received input on size, layout, circulation and operational impacts
  - Presented additional concepts to RACs in effort to reach consensus on design
- Construction Manager Selection Process
  - Issued Request for Qualifications and Proposals – October 3, 2024
  - Received 5 Statements of Qualifications on November 5, 2024
    - Balfour Beatty, Clancy & Theys, SB Ballard, Whiting-Turner, WM Jordan
  - Interviewed 3 Offerors on January 14, 2025
    - Clancy & Theys, SB Ballard, WM Jordan
  - Evaluation Committee recommended award to WM Jordan



# Program Validation

- Larger overall structure – from 268,128 sf to 310,560 sf
- More lanes for QTA Service Facility
  - 6 wash bays increased to 8
  - 6 fueling / cleaning positions increased to 10
- Increased onsite capacity
  - Was 768 total spaces (+125 over existing)
  - Now 1,008 total spaces (+365 over existing)
- Enabling Project
  - TNC / Taxi Relocation
  - Softening of Robin Hood Road curve due to increased activity in area

# TNC / Taxi / Robin Hood Road



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# Current Program Cost Estimate

- July 2024 Estimate \$203M with \$10.25 CFC
- Added or Subsequent Additions:
  - TNC / Taxi Relocation \$4M
  - Robin Hood Road Realignment \$5M
  - Access road around ConRAC \$5M
  - Additional structural bay for ConRAC \$15M
  - NAA estimate increased to \$232M with additional items above
- However, program anticipated to be \$175M with CFC of \$9/day
  - Updated program costs based on estimates received during CMR process

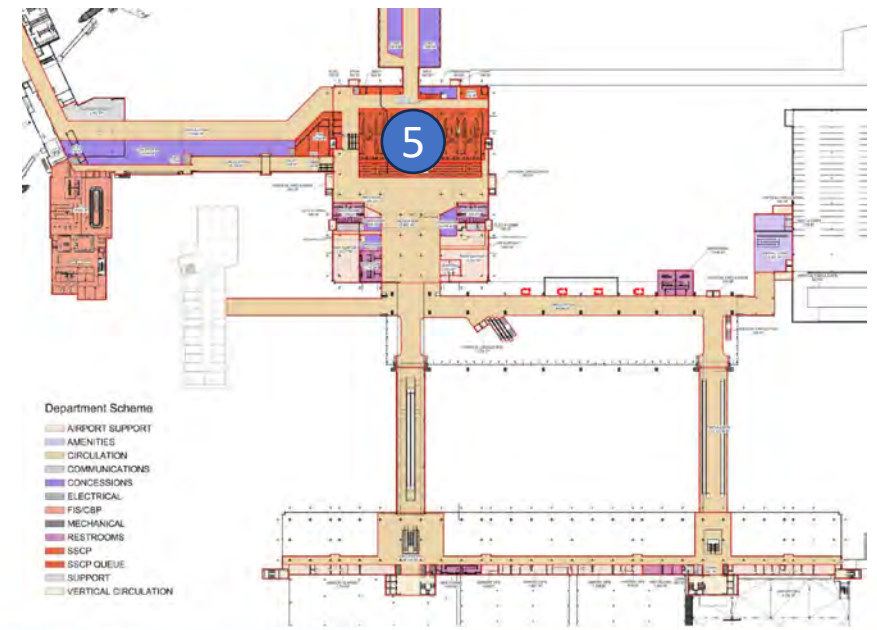
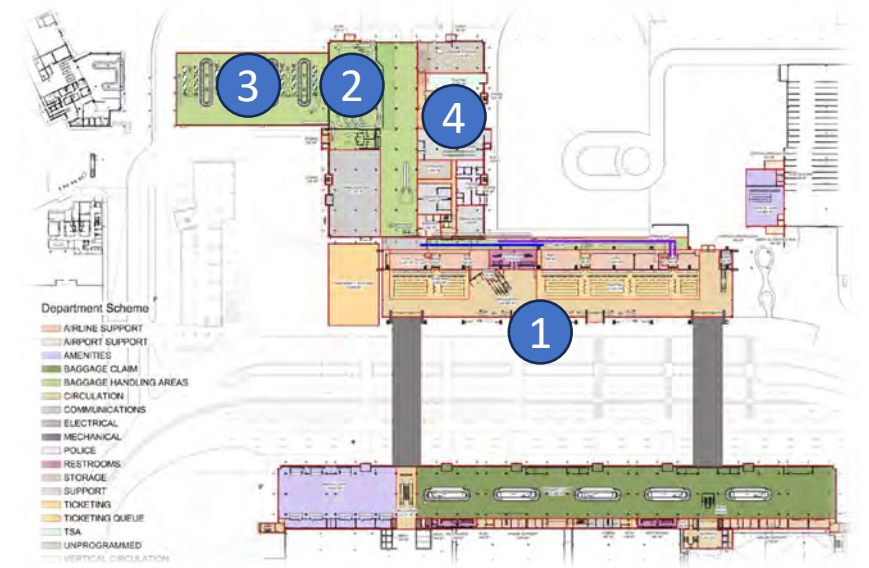
# Anticipated Construction Schedule

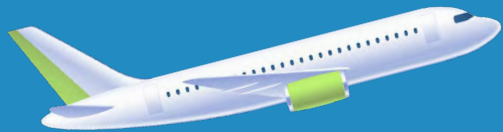
- Previously Stated
  - Start – July 1, 2026
  - Completed – June 30, 2028
- Accelerated Schedule with Precast Structure
  - Start – September 1, 2025
  - Completed – June 30, 2027

# Terminal Development

- Project Scope:

1. Linear Ticket Lobby
2. Consolidated Checked Bag Inspection
3. Expanded Baggage Make-up Area
4. New Shipping and Receiving Area
5. Consolidated TSA Checkpoint





# Land Development Opportunities

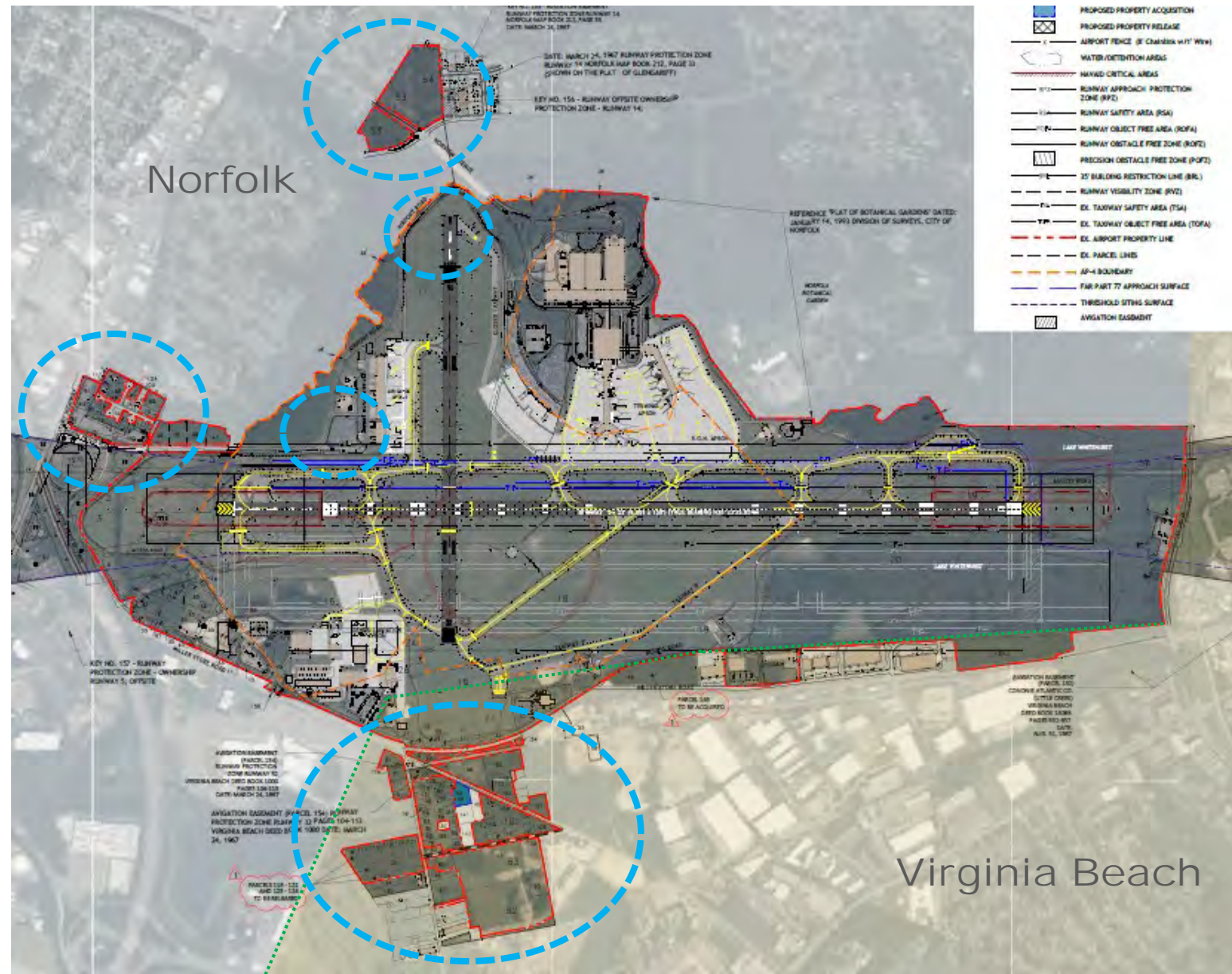
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# Airport Property

- Total Property: 1,106 ac
  - Norfolk: 997 ac
  - Virginia Beach: 109 ac
- Runway 14/32 Closure is imminent
- Coming available for development:
  - Approx. 100 ac



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# Burton Station






- NAA Property:

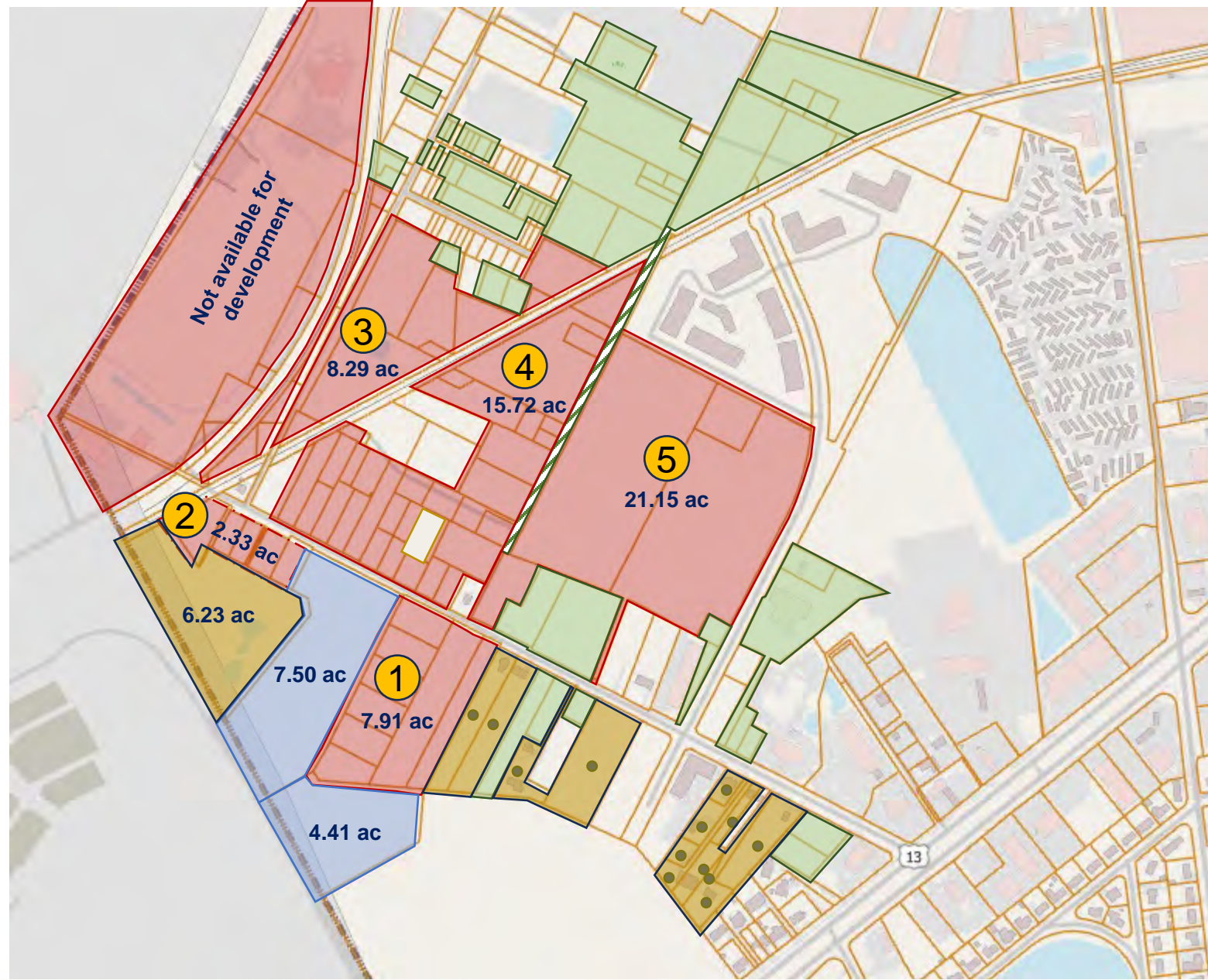
- Group 1: 7.91 ac
- Group 2: 2.33 ac
- Group 3: 15.72 ac
- Group 4: 8.29 ac
- Group 5: 21.15 ac
- Total: 55.40 ac

Ownership Legend

- Zoned:

- I1

-  Airport
-  City of Virginia Beach
-  City of Norfolk
-  Private – available for sale
-  Private - unknown





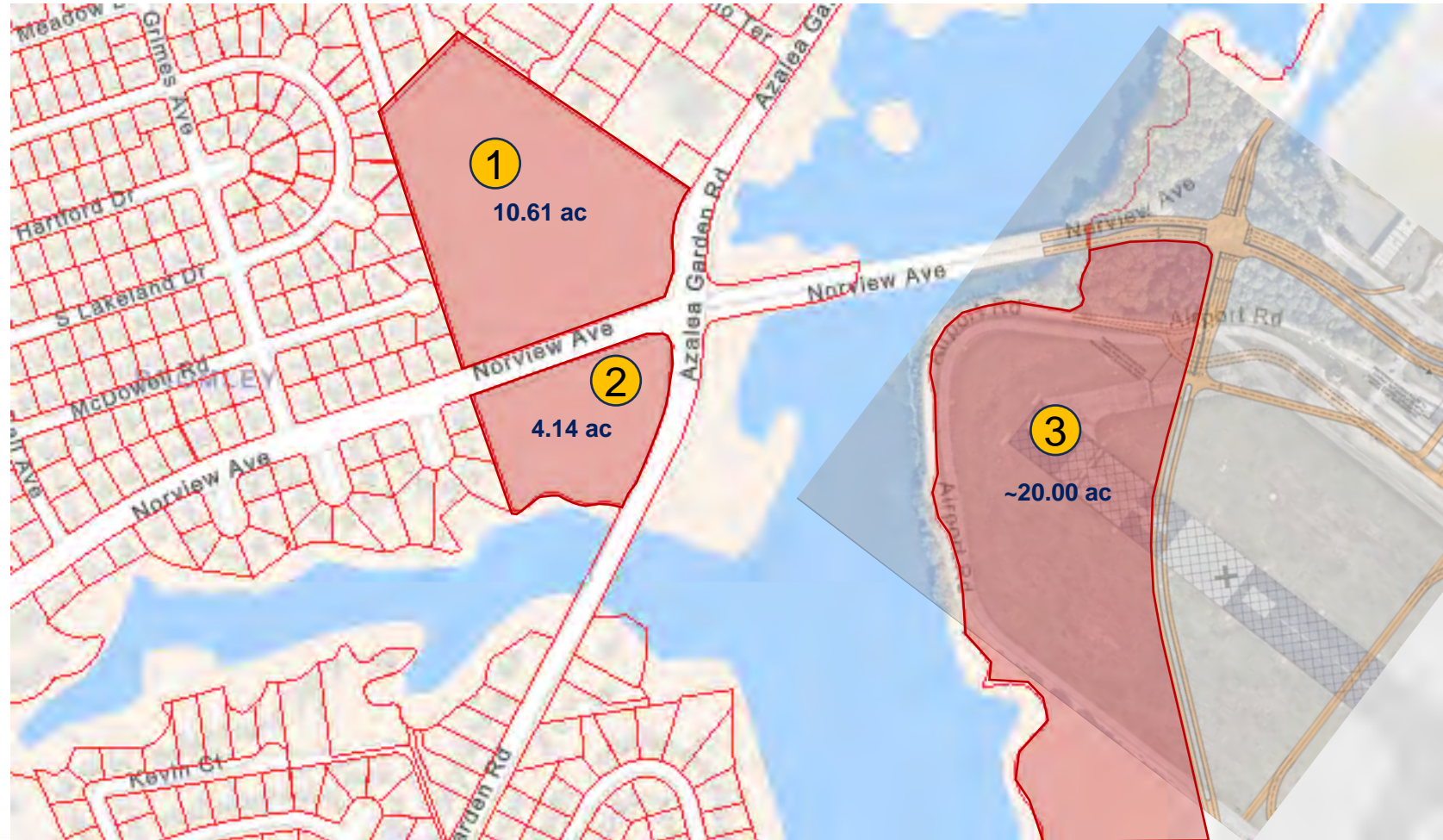
# Norfolk Airport Authority Off-Airport Land

- NAA Property:

- Parcel 1: 10.61 ac
- Parcel 2: 4.14 ac
- Total: 14.75 ac
- Zoned:
  - OSP, SF-4

- Future NAA Property

- Parcel 3: ~20.00 ac
- Zoned:
  - A, OSP



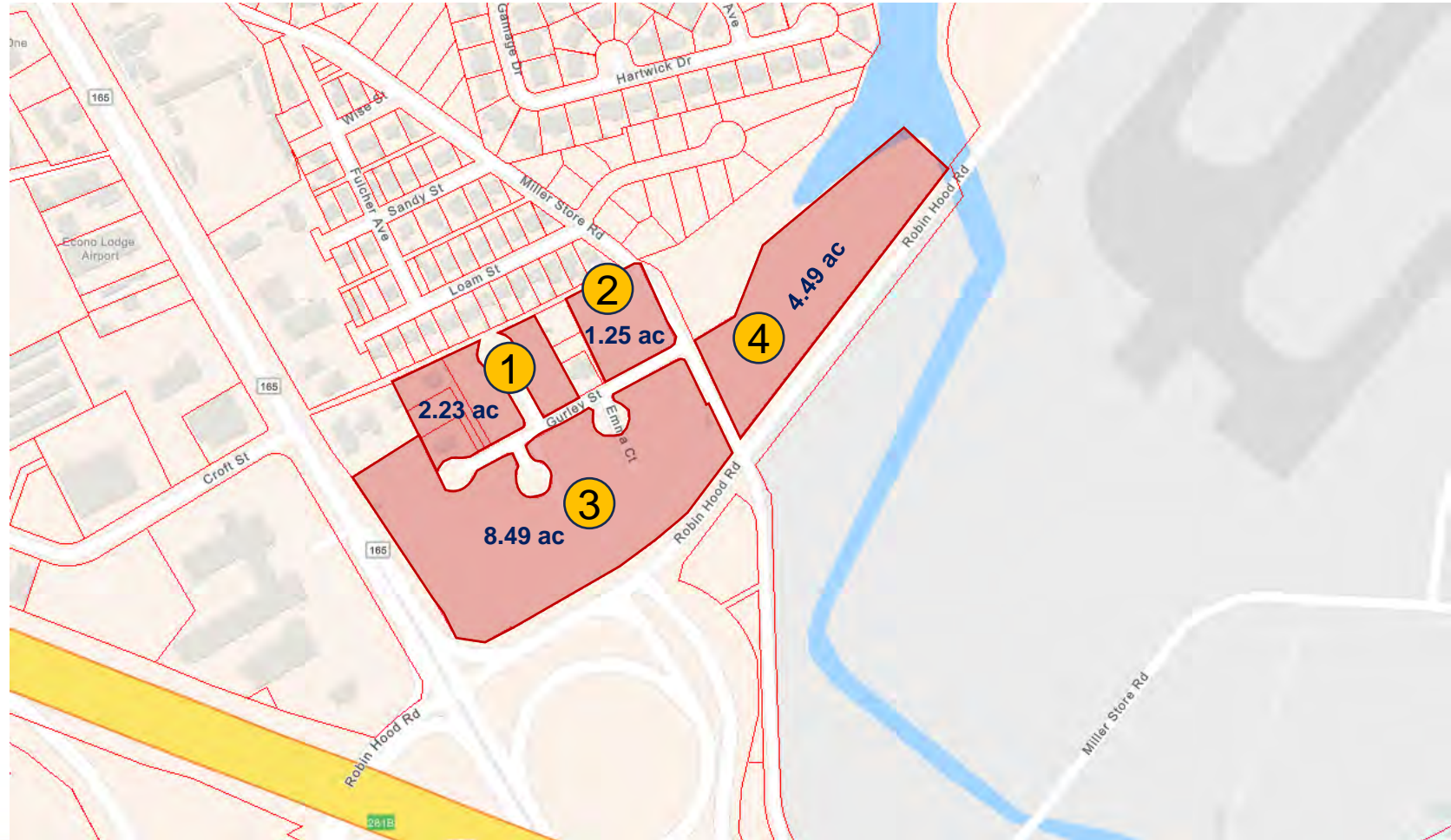


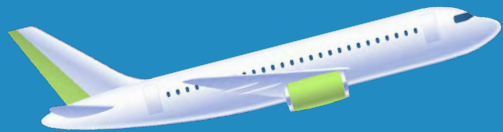
# Norfolk Airport Authority Off-Airport Land

- NAA Property:

- Group 1: 2.23 ac
- Group 2: 1.25 ac
- Group 3: 8.49 ac
- Group 4: 4.49 ac
- Total: 16.46 ac

- Zoned:
  - A, C-C, SF-6, OSP





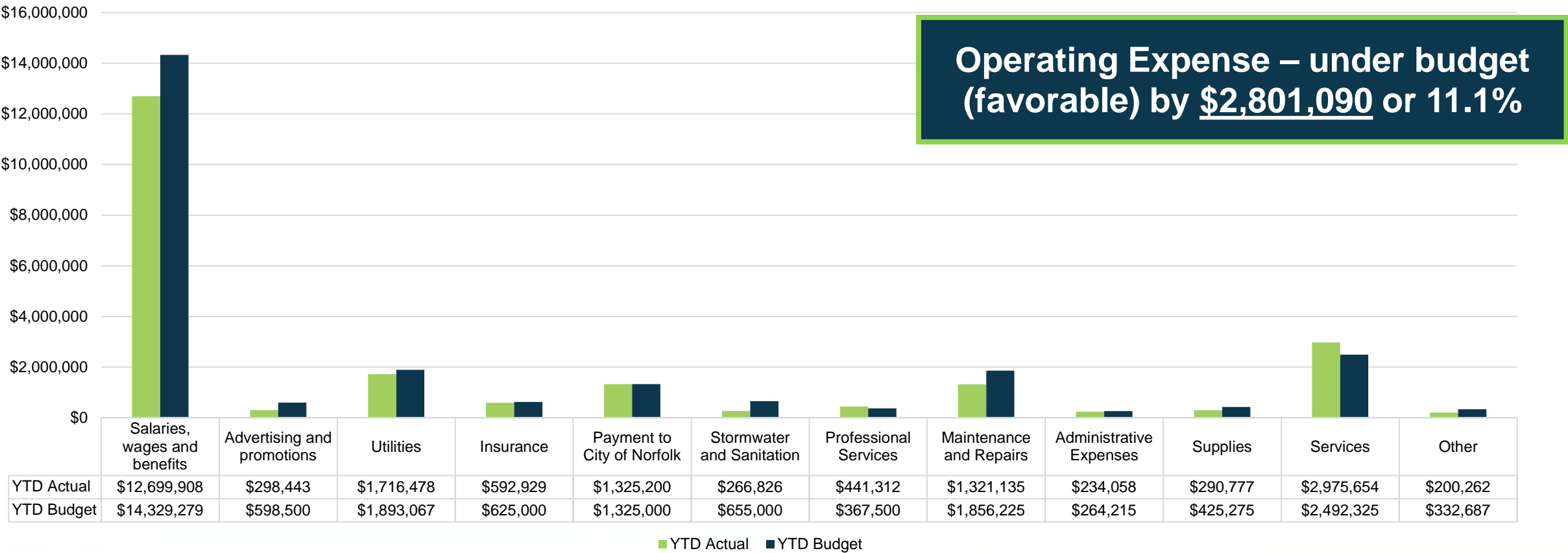
# Finance/Administration

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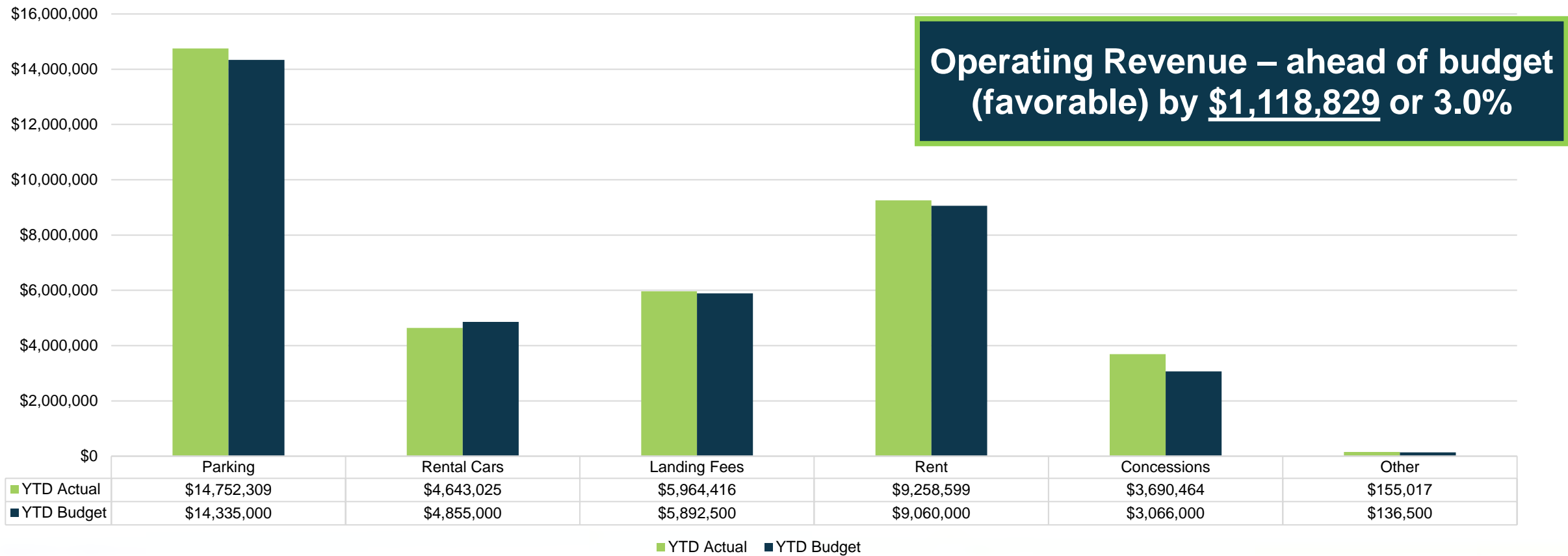
# December 2024 Operating Expenses

Year to Date Budgeted vs Year to Date Actual



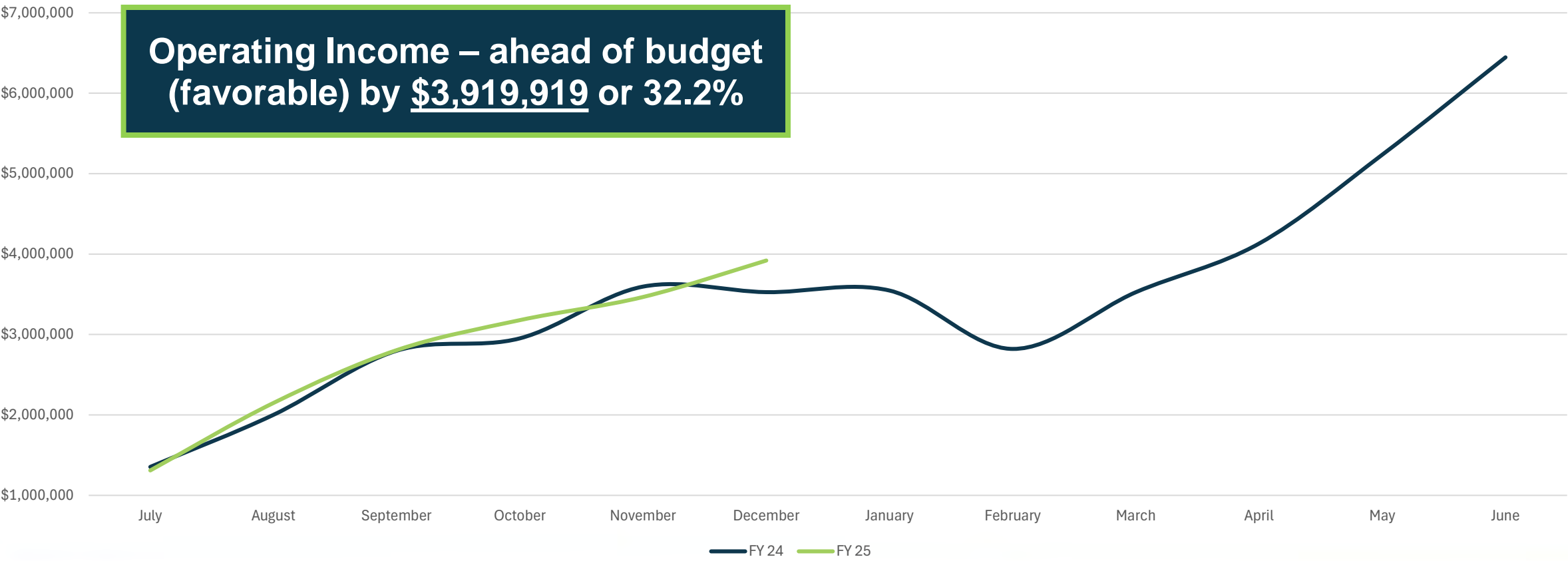
# December 2024 Operating Revenues

Year to Date Budgeted vs Year to Date Actual



# Year to Date Operating Income

Year to Date Operating Income Ahead of Budget - Current Year vs Last Year





# Strategic Plan Update

March 27, 2025





# Strategic Plan Update

## FEBRUARY 2025 GOALS PROGRESS

### GOAL #1 OUR PEOPLE Support and develop our staff, maximize organizational and employee efficiency and performance.



3%  
FROM  
DEC 2024

# 90%

PERCENT COMPLETE

100%



**Objective 1A:** Optimize our organizational structure

93%



**Objective 1B:** Better engage our employees

85%



**Objective 1C:** Foster a culture of transparency, and strong communications, where information is shared and voices are heard

70%



**Objective 1D:** Create a formal employee training and development program

100%



**Objective 1E:** Hire and retain diverse, qualified, and competent employees

### GOAL #2 OUR CUSTOMERS Grow our traffic and provide a world-class customer experience.



8%  
FROM  
DEC 2024

# 79%

PERCENT COMPLETE

78%



**Objective 2A:** Increase customer and passenger satisfaction; improve customer experience

80%



**Objective 2B:** Increase air service offerings and expand direct flight destinations

78%



**Objective 2C:** Identify and capitalize on economic development opportunities

### GOAL #3 OUR COMMITMENT Create and maintain a welcoming and safe environment for our employees, patrons, and stakeholders.



1%  
FROM  
DEC 2024

# 92%

PERCENT COMPLETE

92%



**Objective 3A (Diversity):** Assess the diversity of the Authority

88%



**Objective 3B (Equity):** Ensure applicants and employees are treated fairly and given equal opportunities

100%



**Objective 3C (Inclusion):** Create an inclusive work culture

95%



**Objective 3D:** Enhance small business participation

85%



**Objective 3E:** Improve physical and mental accessibility into and throughout our facilities

### GOAL #4 OUR FACILITY Optimize facilities to create and sustain growth, expand opportunities, and diversify revenue sources.



2%  
FROM  
DEC 2024

# 62%

PERCENT COMPLETE

89%



**Objective 4A:** Enhance the passenger experience

32%



**Objective 4B:** Expand and diversify revenue sources

63%



**Objective 4C:** Increase our infrastructure reliability, sustainability, and resiliency; decrease our environmental footprint



# Our Economic Impact

ORF delivers **\$2.2 billion annually** to the economies of Virginia and Northeast North Carolina.

Transform ORF, now underway, is valued at nearly **\$1 billion**, all funded without local taxes.

March 27, 2025

**Nearly \$270M**  
Capital Improvements  
Completed from  
2019-2023



**\$981.6M**  
In Job  
Earnings



**\$1.377B**  
GDP



**Nearly 17,000**  
Jobs



# In the Community

Nov. 18-22 – Home base for NASA B747 test flights researching sustainable aviation

Nov. 23 – ORF-themed float in Norfolk's Grand Illumination Parade

Nov. 30 – NAA employee hockey night with the Norfolk Admirals

Dec. 4 – “Cocoa with a Cop” with NAA Police

Dec. 6 – Onsite blood drive with Delta Air Lines

Dec. 6 – Volunteer Ambassador appreciation luncheon

Dec. 7, 14 – Snowball Express sendoffs for families of fallen soldiers & first responders

Dec. 11 – Photo contest winner in VDOA competition

Dec. 16-20 – Live, weeklong holiday music plus Santa Claus in Main Lobby

Dec. 30 – Photo contest selectee for AAAE 2025 calendar

Jan. 3 – Pop-up vaccination clinic with Virginia Department of Health

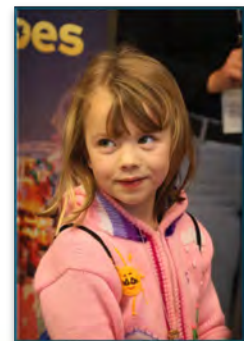
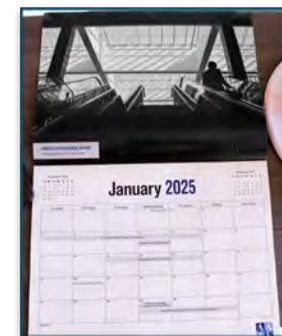
Jan. 14 – Transform ORF presentation to Norfolk City Council

Jan. 21 – Blue Lightning Initiative anti-human trafficking trainings

Jan. 26 – STEM Connect event at Virginia Air & Space Science Center

Jan. 29 – Hampton University aviation student forum

Jan. 29 – Briefing to Downtown Norfolk Council Board of Directors



March 27, 2025

**TRANSFORM**  
THE FUTURE OF ORF

 **NORFOLK AIRPORT AUTHORITY**

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# In the Community

- Feb. 10-12 – Routes Americas conference; discussed ORF service with 14 airlines
- Feb. 14 – “Postcards from the Heart” Valentine’s Day activation in Main Lobby
- Feb. 15 – Featured sponsor at Hampton University men’s basketball game
- Feb. 18 – Onsite blood drive with Delta Air Lines
- Feb. 28 – Airport tour for Norfolk City Councilwoman Courtney Doyle
- March 1 – Mark Perryman named to *CoVa Business Magazine*’s 150 Most Influential People
- March 4-6 – ACI-NA/AAAE Airport Customer Experience Symposium
- March 6 – Kiwanis Club of Norfolk presentation
- March 7 – NAA Employee Appreciation Day
- March 6 – Debut of *Here & There for You* marketing campaign
- March 14 – Airport tour for Norfolk City Councilman Carlos Clanton
- March 17 – Norfolk Airport Authority Spring Internship kickoff
- March 18-21 – Staff Forum gatherings
- March 20 – CIVIC Leadership Institute meeting at ORF
- March 20 – Mayor’s Committee for Persons with Disabilities award from City of Virginia Beach
- March 25 – “SHERO” Awards reception for Women’s History Month




March 27, 2025



# Events on Approach

- April Financial Literacy Month with weekly info sessions for staff
- April 23 Food, Beverage & Retail Concession Opportunities
- May 3 Wings for All
- May 31 Relay for Life of South Hampton Roads
- June USCBP Mobile Global Entry

March 27, 2025



**FOOD, BEVERAGE & RETAIL  
CONCESSIONS OPPORTUNITIES**

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**NON-MANDATORY WORKSHOP**

**Date:** April 23, 2025  
**Time:** 9 A.M. - 4 P.M.  
**Location:** Main Boardroom  
 Norfolk International Airport (ORF)  
 2200 Norview Ave, Norfolk VA 23518

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The Norfolk Airport Authority will be soliciting proposals through a Request for Proposals (RFP) process during the second quarter of 2025 that will include a complete update to all current food, beverage and retail concessions at ORF. The concessions program will be broken into packages that will be individually awarded with the contracts commencing July 1, 2026.

The RFP will include food and beverage offerings from national name brands as well as popular local brands that can be operated effectively in a busy airport environment. For retail, the venues should include products that are regularly used by the traveling public and positively represent the southeastern coastal Virginia and northeastern North Carolina regions.

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**Why Attend?**

- ✦ **Open to all interested national and local operators.** This workshop will outline the basics of the program and seek input from proven operators on elements that will position ORF to develop a leading concessions program with world-class operators.
- ✦ **Find out more about ORF** and how TransformORF is changing the landscape of our concessions offerings.
- ✦ **The one-day workshop will include a networking session** where national operators can interact with local operators to pursue joint venturing opportunities.

**Nearly 5M passengers in 2024**


**Skytrax 4-Star Regional Airport Rating**



**Nine airlines serving more than 40 nonstop markets**

**More than \$1B in capital improvements planned**

**To register for the workshop:** please confirm your attendance through this link by April 16, 2025:



[orfconcessionsworkshop.eventbrite.com](https://orfconcessionsworkshop.eventbrite.com)

**HERE & THERE  
FOR YOU**





# Marketing & Media

March 27, 2025



# Sharing our successes



## JetBlue will soon offer summer flights between Norfolk and Boston

JetBlue will offer daily routes from Boston to Norfolk during the summer season.



## Norfolk International Airport earns boosted credit rating, easing path for expanded flights and footprint

Moody's Ratings, a credit rating agency, updated its credit rating of the airport from an A3 classification to an A2 ranking.



## The Virginian-Pilot

Norfolk airport completes \$65 million runway improvements

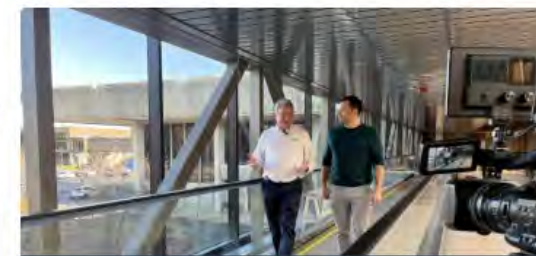


Norfolk' International's ninth carrier comes after having record-breaking traffic numbers for the third consecutive year.



NEWS / IN YOUR COMMUNITY / NORFOLK

Norfolk International Airport parking staff focusing on accuracy, efficiency as holidays near



TRANSPORTATION

ORF to finish new moving sidewalk, begin hotel construction in 2025: CEO

Anthony Sabella

March 27, 2025

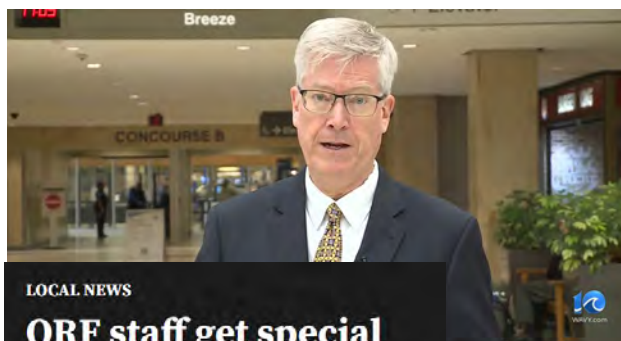


NORFOLK AIRPORT AUTHORITY

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# Sharing our successes



LOCAL NEWS

## ORF staff get special training to spot human traffickers

by: Chris Horne  
Posted: Feb 6, 2025 / 06:24 PM EST  
Updated: Feb 6, 2025 / 06:30 PM EST



ACI-NA'S DAILY ROUNDUP OF AIRPORT-FOCUSED NEWS

## CENTERLINES TODAY

From the Chesapeake Bay to a restaurant near you.

Learn how ORF and its airline partners play a vital role in supporting local businesses by delivering fresh seafood straight from the Chesapeake Bay to customers nationwide.

WATCH HERE



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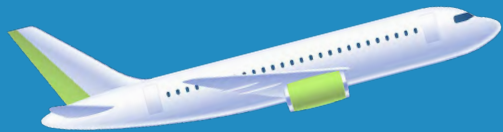




# 2025 Skytrax Audit Results



- ORF retains it's 4-Star Skytrax rating for the 3<sup>rd</sup> year in a row
  - *“Norfolk International Airport is continuing to deliver a 4-Star Airport experience across various frontline product and service categories, demonstrating ongoing progress. Customer satisfaction levels in most touchpoints are generally above the 4-Star Rating level, with the primary limitations to a 5-Star rating being the bifurcated airside concourses, seating standards, and WiFi provision. We note that these areas are being addressed, alongside associated airside facility enhancements, and when completed Norfolk International Airport is well-positioned to achieve the highest 5-Star Airport Rating.”*



# FAA Regulatory Framework

March 27, 2025





# UNDERSTANDING FEDERAL REGULATION OF AIRPORTS

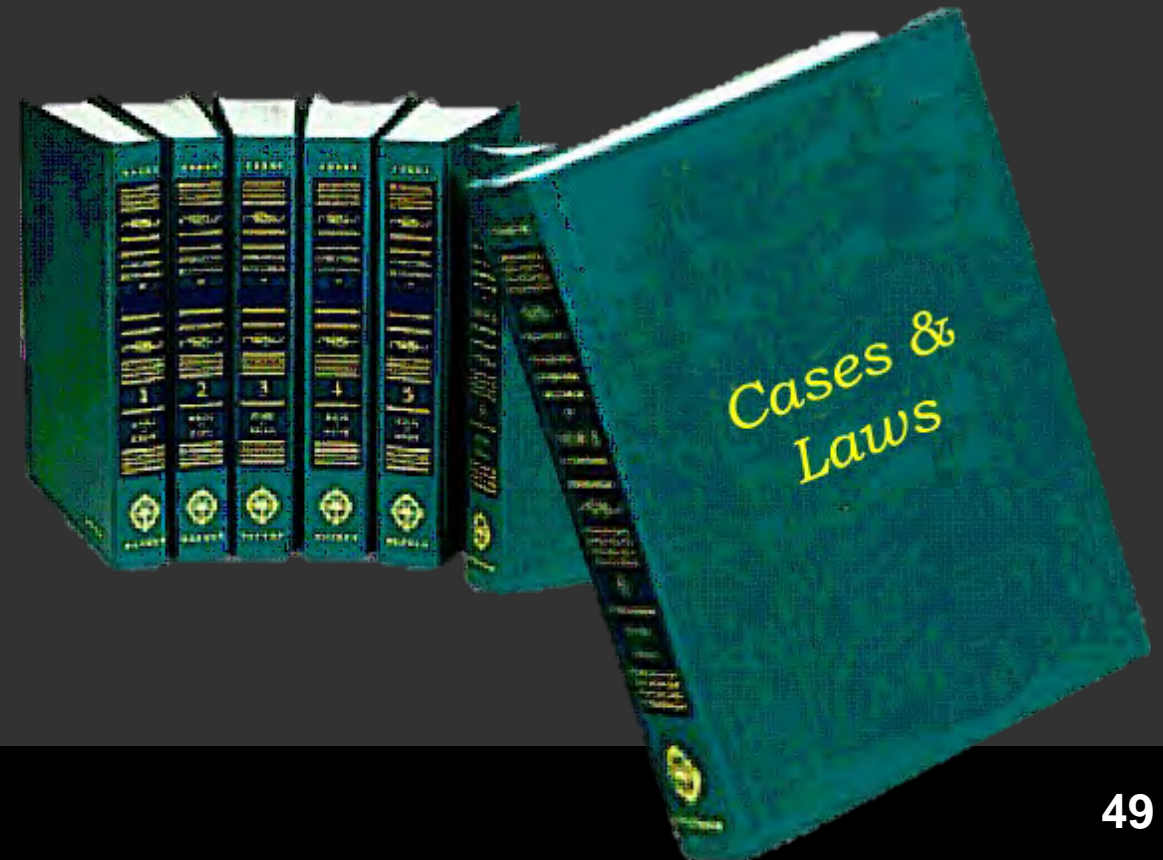
Peter J. Kirsch

Norfolk Airport Authority Board of Commissioners

March 27, 2025

# This afternoon's presentation

- Principles of federal regulation of airports
- The grant assurances
- Airport sponsors' financial responsibilities



# Why the emphasis on federal requirements?

- Federal laws and regulations comprehensively regulate –
  - Airport operations
  - Airport finances
  - Aircraft operations
- The federal government –
  - Provides substantial grant funds every year
  - Approves use of Passenger Facility Charges (PFCs)
  - Licenses airports to receive airline service



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# How is the airport regulated?

- Airports are primarily regulated two ways:
  - Formal regulations promulgated by FAA, TSA, and others
    - Focus on aeronautical operations, safety, and security
    - Less important for today's discussion
  - Grant assurances that attach to receipt of federal funds
    - Recipients know as “sponsor”
    - Financial, land use, and many other topics
  - Agency guidance and policy



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# GRANT ASSURANCES

# What are Grant Assurances?

- Regulation by contract: airport sponsor *agrees* to subject itself to FAA regulation in exchange for FAA grants
- **Contractual** conditions imposed through acceptance of federal grant funds
- Enforced through informal and formal administrative processes
- Consequences for non-compliance can be significant



# Contractual terms with regulatory effect

- 39 contract terms (+1 pending)
- Many – not all – required by statute
- Functionally, but not formally, regulatory
- Most bind for 20 years; 3 are perpetual



# Enforcement

- This is how FAA regulates airports
- FAA aggressively enforces Grant Assurances
- FAA has separate administrative adjudication process
- Penalties for violations can be severe

# Grant Assurances – The full list

## The Airport Improvement Program Sponsor Assurances

<b>1. General Federal Requirements</b>	11. Pavement Preventative Maintenance	21. Compatible Land Use	31. Disposal of Land
2. Responsibility/Authority	12. Terminal Development Prerequisites	<b>22. Economic Nondiscrimination</b>	32. Engineering and Design Services
3. Sponsor Fund Availability	13. Accounting System, Audit, and Record Keeping	<b>23. Exclusive Rights</b>	33. Foreign Market Restrictions
4. Good Title	14. Minimum Wage Rates	<b>24. Fee and Rental Structure</b>	34. Policies, Standards & Specifications
<b>5. Preserving Rights and Powers</b>	15. Veteran's Preference	<b>25. Airport Revenues</b>	35. Relocation & Real Property Acquisition
6. Consistency with Local Plans	16. Conformity to Plans & Specifications	26. Reports and Inspections	36. Access by Intercity Buses
7. Consideration of Local Interest	17. Construction Inspection & Approval	27. Use by Government Aircraft	37. Disadvantaged Business Enterprises
8. Consultation with Users	18. Planning Projects	28. Land for Federal Facilities	38. Hangar Construction
9. Public Hearings	<b>19. Operation and Maintenance</b>	<b>29. Airport Layout Plan (ALP)</b>	39. Competitive Access
10. Metropolitan Planning Organization	20. Hazard Removal and Mitigation	30. Civil Rights	40? Unleaded Fuel



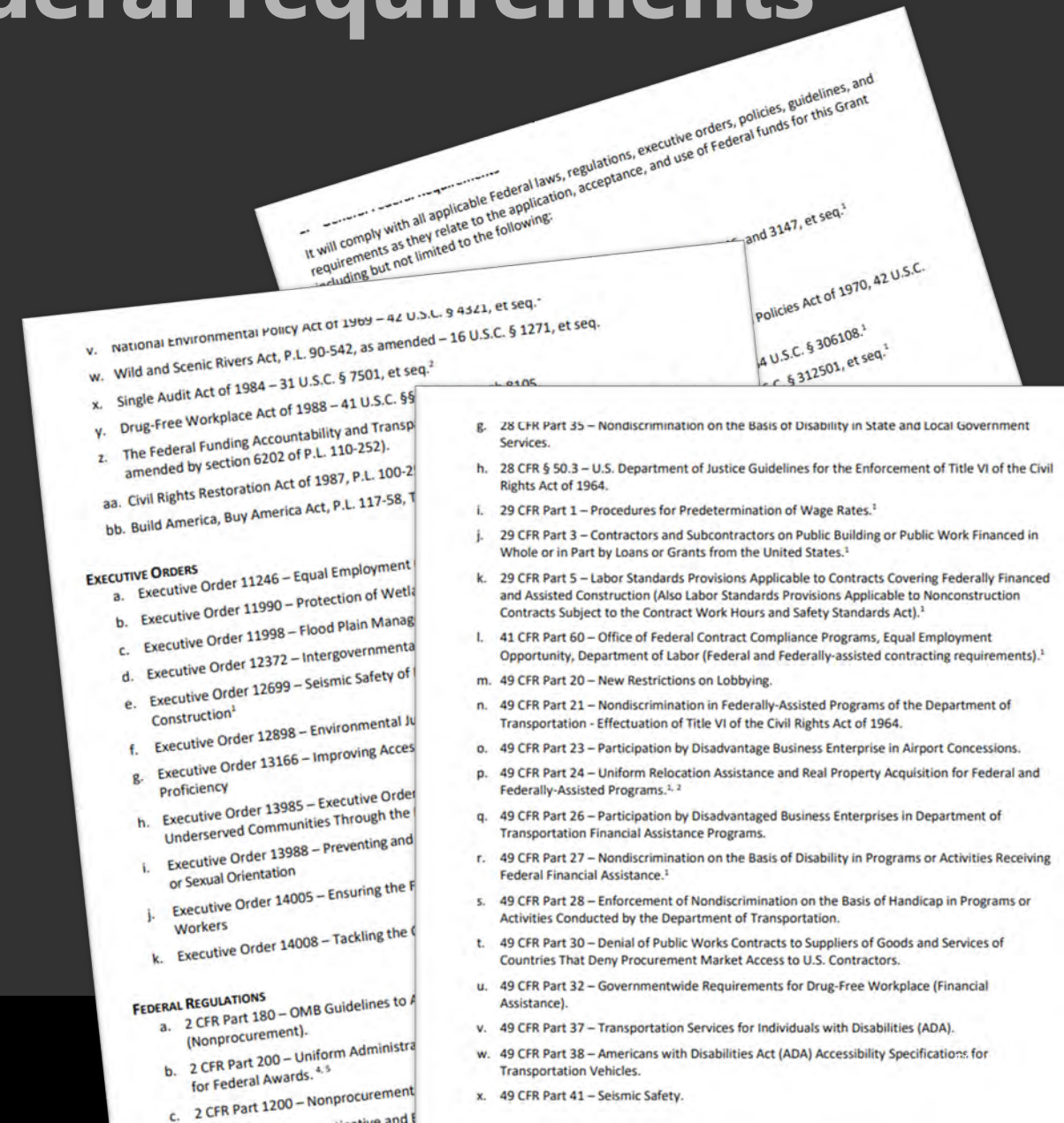
# KEY GRANT ASSURANCES

# Assurance 1 – General federal requirements

- Requires compliance with federal—
  - Statutes
  - Regulations
  - OMB guidance
  - Executive orders
- Mechanism to enforce federal law through Assurances
- Obligates sponsors to include “**required contract provisions**” in every contract



March 27, 2025



# Assurance 5 – Preserving rights and powers

*[The sponsor] will not **take or permit** any action which would . . . **deprive it of any of the rights and powers** necessary to perform . . . this grant agreement . . .*

...

*[The sponsor] will **act promptly** to acquire, extinguish or modify any outstanding rights or claims . . . which would interfere with such performance . . .*



# Assurance 19 – Operations and maintenance

*The airport ... shall be operated at all times in a **safe and serviceable condition** and in accordance with [requirements] .  
.. prescribed by applicable Federal, state, and local agencies  
for maintenance and operation.*

*[The sponsor] will not cause or permit any activity or action  
thereon which would interfere with its use for airport purposes.*

...

# Assurance 19 – Safe and functioning airport

- Keeping airport **safe** and **open** for aircraft
- FAA approval for nonaeronautical closure
- Contingency planning

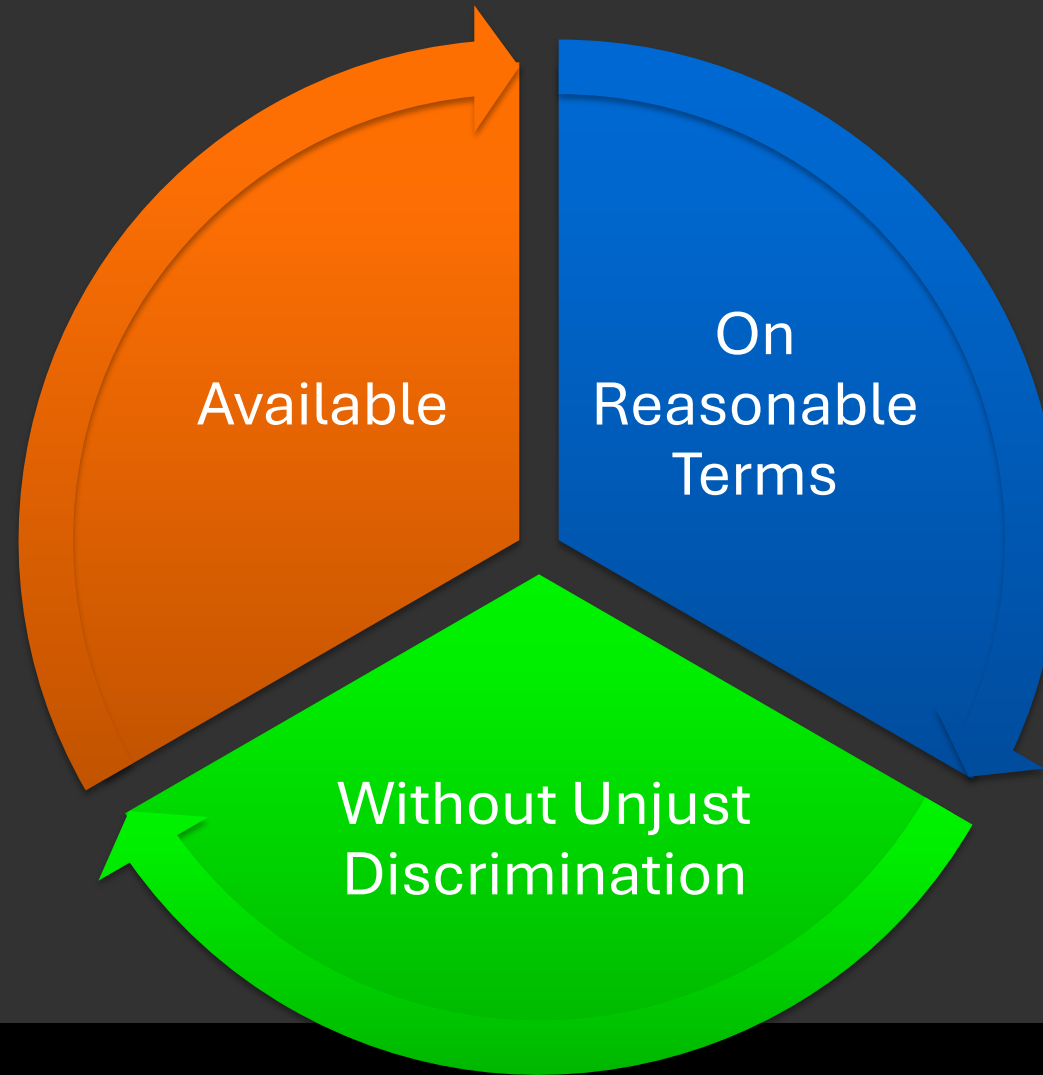
- 
- ✓ Maintain, inspect, and repair facilities regularly
  - ✓ Keep airport open for public use
  - ✓ Mark hazards and warn pilots of airport conditions

# Assurance 22 – Economic nondiscrimination

*[The sponsor] will make the airport **available** for public use on reasonable terms and **without unjust discrimination** to all types, kinds and classes of aeronautical activities . . .*



# Assurance 22 – key components



# Assurance 22 – reasonable and not unjustly discriminatory terms

- Terms must be:
  - Attainable
  - Rational
  - Uniformly applied
- Treat **similarly situated** aeronautical operators similarly
  - Facilities
  - Investment/risk
  - Signatory status
  - Time

# Assurance 23 – Exclusive rights

*[The sponsor] will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. ...*



# Assurance 23 – Meaning of “exclusive”

- Prohibits *excluding* a prospective aeronautical user
- Prohibits *granting* rights to one-and-only aeronautical user
- Can be express or implied



# REGULATION OF AIRPORT FINANCES

March 27, 2025





# Sources of federal regulation

- Federal law
- FAA policies (that have effect of law)
- Grant Assurances
- Federal audit requirements



# Permissible uses of revenue

Complicated to use for  
incentives, off-airport  
mitigation highly regulated



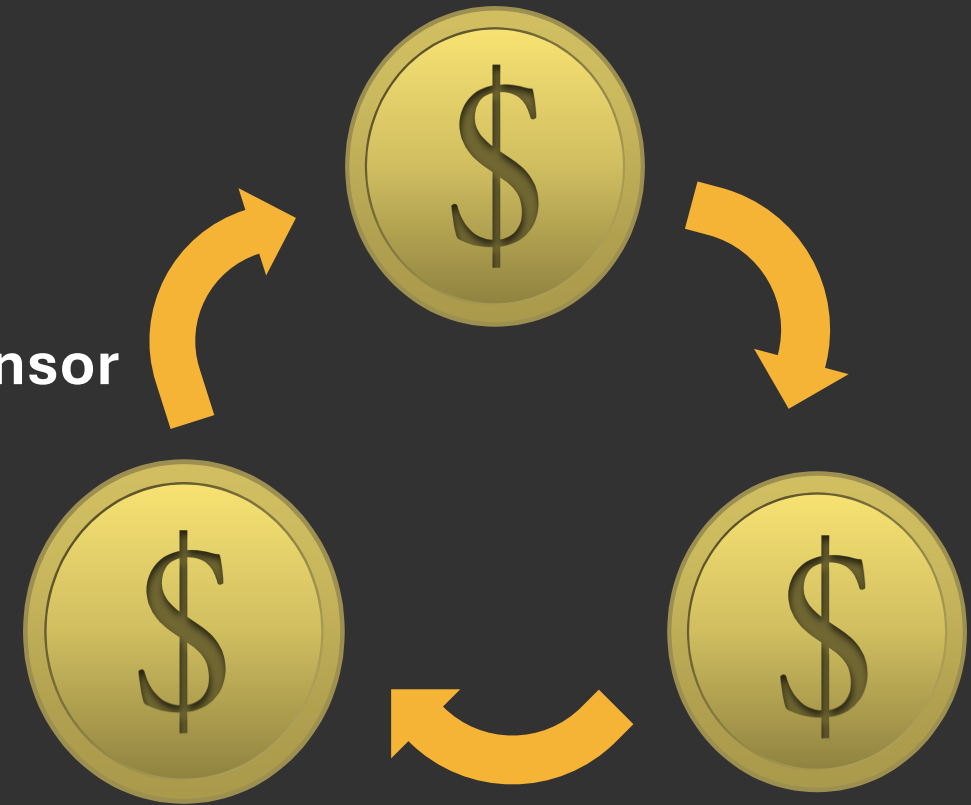
Can never use for general  
economic development

OK to use for capital and  
operating costs of airport



# Closed fiscal system

- Airport revenue can only be used for airport expenses
- No off-airport diversion
- **Airport revenue may be used for --**
  - Airport
  - Airport system
  - Facilities owned and operated by airport sponsor and directly and substantially related to air transportation



# Revenue diversion

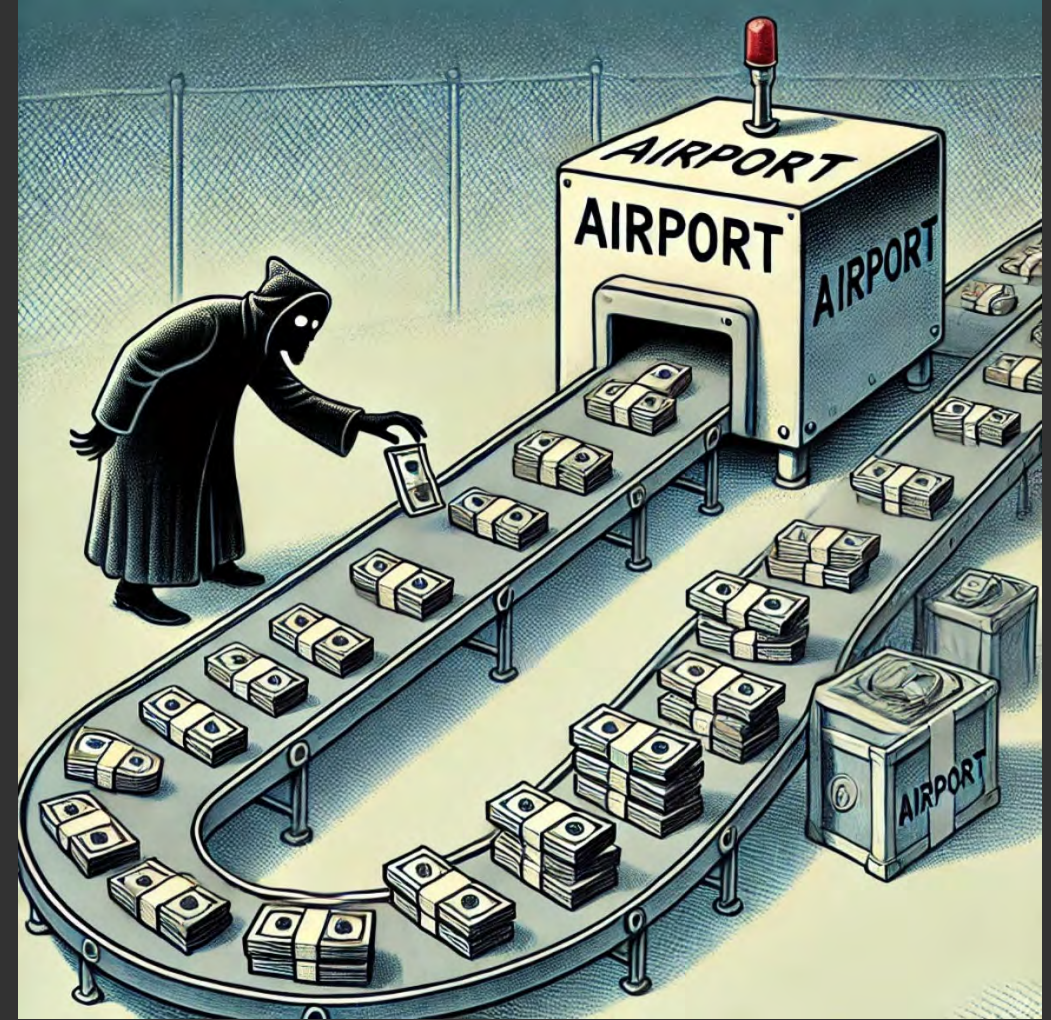


Theft by another name is still theft.....



# Unlawful revenue diversion

- Unlawful revenue diversion is the use of airport revenue for purposes *other* than the capital or operating costs of an airport
- Violation of federal law; subject to severe penalties



# Examples –revenue diversion

- Free or discounted rent to the local public works department to store trucks; any free rent for local government facilities
- Payment to local fire department in excess of the value of fire protection services provided to the airport
- More-than-modest charitable contributions or sponsorships
- Payments to airlines to encourage more airline service





# Payments to local governments

- Risky and must be carefully designed
- Narrow exception to prohibition on revenue diversion
- Must be entirely voluntary – airports like ORF are usually tax exempt
- OK to make reasonable payments for services based upon the value of those services, *OR*



# Payments in lieu of taxes

- OK make “payment in lieu of taxes” (PILOT) but only if
  - “based on a reasonable, transparent cost allocation formula calculated consistently for other comparable units or cost centers of government” and
  - Payments do not exceed stated tax rates
- Cannot both pay for services and make a PILOT

# Discussion

March 27, 2025



  
KAPLAN KIRSCH



# 5. Chair Report

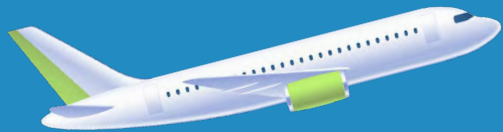
Norfolk Airport Authority  
Board of Commissioners Meeting

# 6. Committee Reports

Norfolk Airport Authority  
Board of Commissioners Meeting

# Committee Reports

- Finance & Audit Committee
- Facilities Committee



# Finance & Audit Committee: Preliminary FY26 Budget Review

March 27, 2025





# Preliminary FY26 Budget Summary

	FY24	12 Months Ended Dec '24	Budget FY25	Budget FY26	Variance FY26 Budget vs FY25 Budget
<b>Operating Revenues:</b>					
Parking	25,400,835	27,451,742	28,670,000	29,100,000	430,000
Landing fees	10,032,771	10,669,462	11,785,000	11,442,000	(343,000)
Rent	15,888,765	17,391,554	18,120,000	18,813,000	693,000
Concessions	4,668,475	5,030,954	4,841,000	5,419,000	578,000
Rental Cars	9,736,423	9,594,901	9,710,000	10,090,000	380,000
Other	1,682,498	1,786,103	1,564,000	2,049,000	485,000
<b>Total Operating Revenues</b>	<b>67,409,767</b>	<b>71,924,716</b>	<b>74,690,000</b>	<b>76,913,000</b>	<b>2,223,000</b>
<b>Operating Expenses:</b>					
Salaries, wages and benefits	23,243,104	24,599,364	28,670,558	31,456,110	2,785,552
Advertising and promotion	999,149	933,256	1,197,000	1,249,000	52,000
Utilities	3,642,070	3,494,901	3,786,134	3,681,530	(104,604)
Insurance	1,158,667	1,171,096	1,250,000	1,200,000	(50,000)
Payment to City of Norfolk	2,650,000	2,650,000	2,650,000	2,650,000	-
Stormwater and Sanitation	1,196,629	839,038	1,310,000	850,000	(460,000)
Professional services	469,824	671,171	700,000	1,025,000	325,000
Maintenance and repairs	2,645,638	2,528,958	3,337,200	3,206,100	(131,100)
Administrative expenses	996,944	964,103	1,218,350	1,189,750	(28,600)
Services	4,581,498	5,254,478	4,984,649	5,172,300	187,651
Other	963,701	967,189	1,236,253	1,190,905	(45,348)
<b>Total Operating Expenses</b>	<b>42,547,223</b>	<b>44,073,554</b>	<b>50,340,144</b>	<b>52,870,694</b>	<b>2,530,550</b>
<b>Operating Income</b>	<b>24,862,544</b>	<b>27,851,161</b>	<b>24,349,856</b>	<b>24,042,306</b>	<b>(307,550)</b>

# Preliminary FY26 Operating Revenues

- Operating Revenues increasing by \$2.2M or 3.0%
- Enplanement projections held steady at 2.5M
- Fee increases include:
  - Non-domiciled airline parking rate to \$60/month
  - Rideshare Fee to \$3.25 per trip
- Other revenues budgets increased to align closer with experience:
  - Food & Beverage
  - Retail
  - Rental Cars
  - Parking
  - FBO

# Preliminary FY26 Operating Expenses

- Operating Expenses increasing by \$2.9M or 5.0%
- Cost of Living increase of 3.0%
- 18 new positions
- Employee costs up by \$2.8M or 9.7%
- All other costs down by \$0.3M or 1.2%
- Payment to the City is currently held steady at \$2.65M

# Preliminary FY26 Capital Expenditures

Item	PROJECT	Department	Total Estimated Cost
1	ConRAC/QTA - Construction	Transportation	161,000,000
2	Authority Administration Office Consolidation - Construction	Terminal	30,000,000
3	Departures Terminal Program - Design to 30% to CDs (70% Eligible)	Terminal	20,000,000
4	Runway 14/32 Closure - Construction (AIP 2025 & BIL 2025 FUNDS)	Airfield	10,000,000
5	Robin Hood Road Realignment - Design & Construction (BIL 2026 Reimbursement)	Transportation	10,000,000
6	North Parking Lot Improvements and Bridge Construction	Transportation	5,000,000
7	Parking Administration and Customer Service Center - Design & Construction	Transportation	5,000,000
8	Pavement Management Plan Update	Airfield / Transportation	300,000
9	PSA Hangar Parking Lot Expansion - Design and Construction	FBO	300,000
10	FBO Tank Removal - Construction	FBO	500,000
11	Garage Cell Phone Coverage Expansion - Design and Construction	Transportation	1,000,000
12	Self Contained Deicer Truck to replace 53&56 (Tow Behind)	Field	650,000
13	Sweeper Truck AP34	Field	405,000
14	SELF-CONTAINED BREATHING APPARATUS (SCBA) REPLACEMENT	Fire	195,000
15	Life Cycle Analysis - Asset Management Study	Departures	350,000
Total Major Capital Expenditures			244,700,000

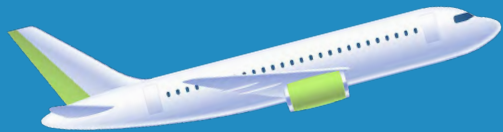


# Preliminary FY26 Airline Rates and Charges

	Budget FY 2025	Budget FY 2026	Variance	
Landing Fees	10,859,960	10,717,500	(142,460)	-1%
Common Use Gates	1,650,000	1,950,000	300,000	18%
Airline Space Rental	12,790,804	13,019,671	228,867	2%
Total Airline Cost	<u>25,300,764</u>	<u>25,687,171</u>	<u>386,407</u>	1.5%
Enplanements	2,500,000	2,500,000		
Cost Per Enplanement	\$ 10.12	\$ 10.27		

# Recommended Motion Language

- The Finance and Audit Committee makes the following motion:
  - The Finance and Audit Committee hereby moves that the Board approve Staff's recommended Preliminary FY26 Budget and directs staff to consult with the airlines as necessary; and prepare a Final FY26 Budget to present to the Board at its regularly scheduled meeting on May 22, 2025.



# Facilities Committee: Terminal Program Update

March 27, 2025



# Assumed Terminal Costs & Funding Sources

- Previous Total Estimated Cost: \$450,000,000
  - State/Federal Funding: \$90,000,000
  - PFC Bonds: \$160,000,000
  - GARB Bonds: \$200,000,000
  - Resulted in CPE of \$18+
- Staff worked to validate program scope and size
  - Decided to break project into two distinct phases
  - Project was previously to be constructed in one large contract but will now be procured under two separate contracts
- Current Total Estimated Cost – Phase 1: \$320,000,000
  - State/Federal Funding: \$15,000,000
  - PFC Bonds: \$130,000,000 (No Capitalized Interest)
  - GARB Bonds: \$175,000,000 (3-years of Capitalized Interest)



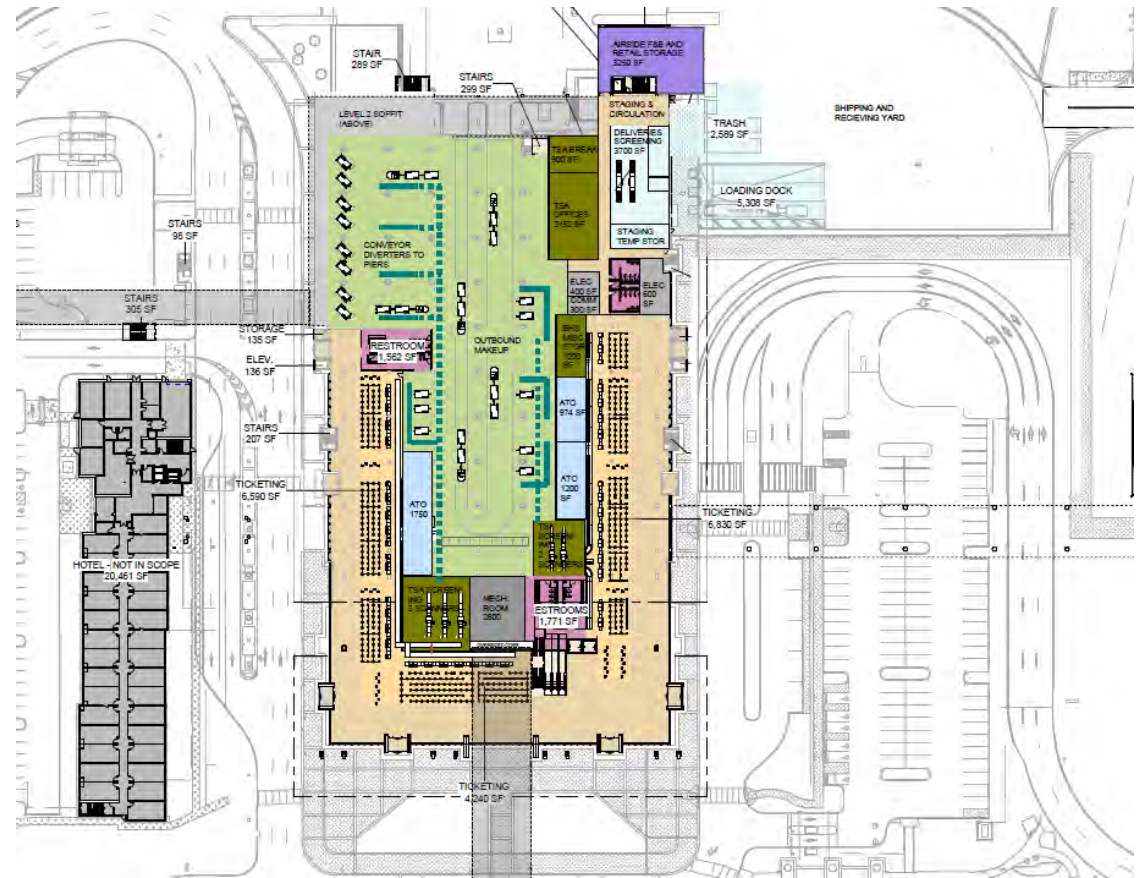
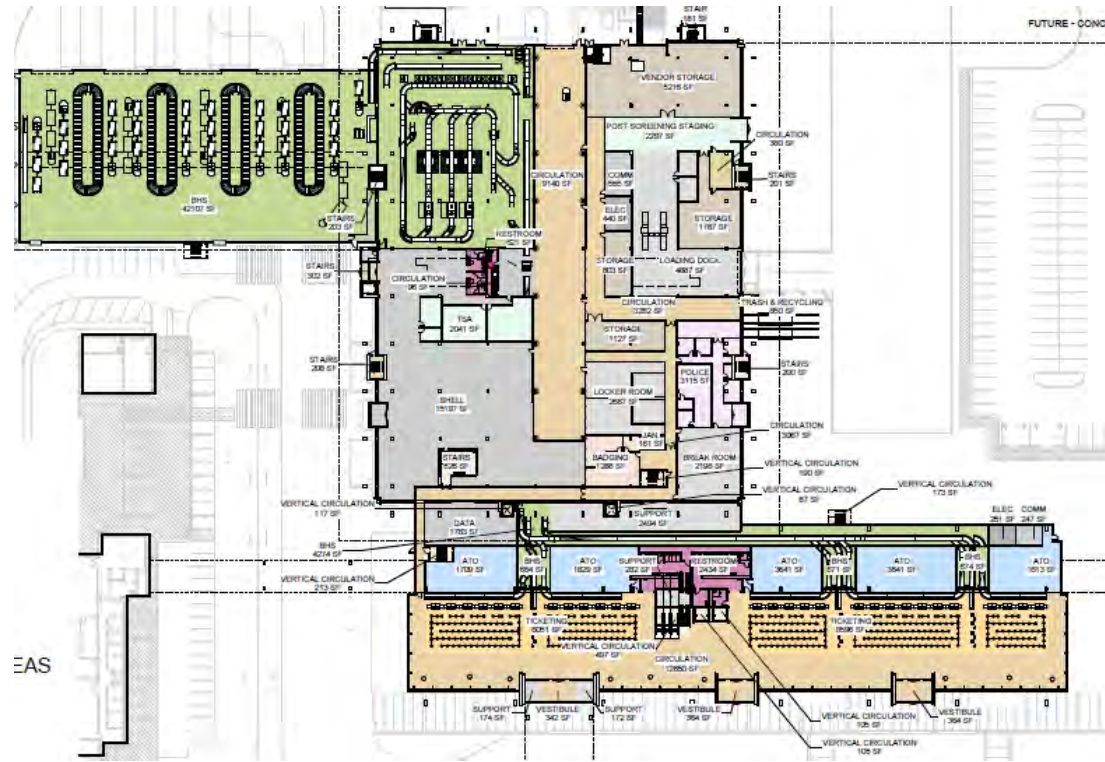
# Phasing of Project

- Previous Scope of Work:
  - Linear Ticket Lobby
  - Consolidated Checked Baggage Inspection System
  - Expanded Baggage Make-Up Area
  - New Shipping and Receiving Area
  - Consolidated TSA Checkpoint
- Phase 1 Scope of Work:
  - ~~Linear Ticket Lobby~~
  - ~~Consolidated Checked Baggage Inspection System~~
  - Expanded Baggage Make-Up Area
  - New Shipping and Receiving Area
  - Consolidated TSA Checkpoint
  - Expanded Ticket Lobby
  - Holdroom Improvements
  - Enables Administrative Office Consolidation project as shown in the Preliminary FY26 Budget
    - Expenses for this project not included in Phase 1 estimate
- Phase 2 Scope of Work:
  - Linear Ticket Lobby
  - Consolidated Checked Baggage Inspection System

# Forecasted Metrics – Phase 1

Key Metrics	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Revenues	\$77,431,987	\$79,378,998	\$80,902,169	\$83,331,089	\$95,879,723	\$98,738,194	\$100,974,569	\$102,906,848	\$105,254,776
O&M Expenses	\$51,658,870	\$53,100,503	\$54,585,670	\$56,115,714	\$57,692,021	\$59,316,021	\$60,989,188	\$62,713,044	\$64,489,155
Total Debt Service	\$7,527,825	\$11,416,187	\$15,797,273	\$15,795,023	\$28,136,641	\$30,013,093	\$30,002,468	\$27,089,218	\$27,086,343
Cost per enplanement	\$10.29	\$10.41	\$10.36	\$10.66	\$14.22	\$14.56	\$14.65	\$14.63	\$14.74
Debt Service Coverage	3.97	3.05	2.49	2.55	1.83	1.76	1.78	1.98	2.01
Days Cash on Hand	618	634	649	669	678	683	690	714	740
Signatory Rental Rate	\$83.37	\$86.06	\$86.64	\$92.11	\$107.69	\$112.67	\$114.57	\$115.03	\$117.18
Non-Signatory Rental Rate	\$104.21	\$107.57	\$108.30	\$115.14	\$134.62	\$140.84	\$143.21	\$143.78	\$146.48

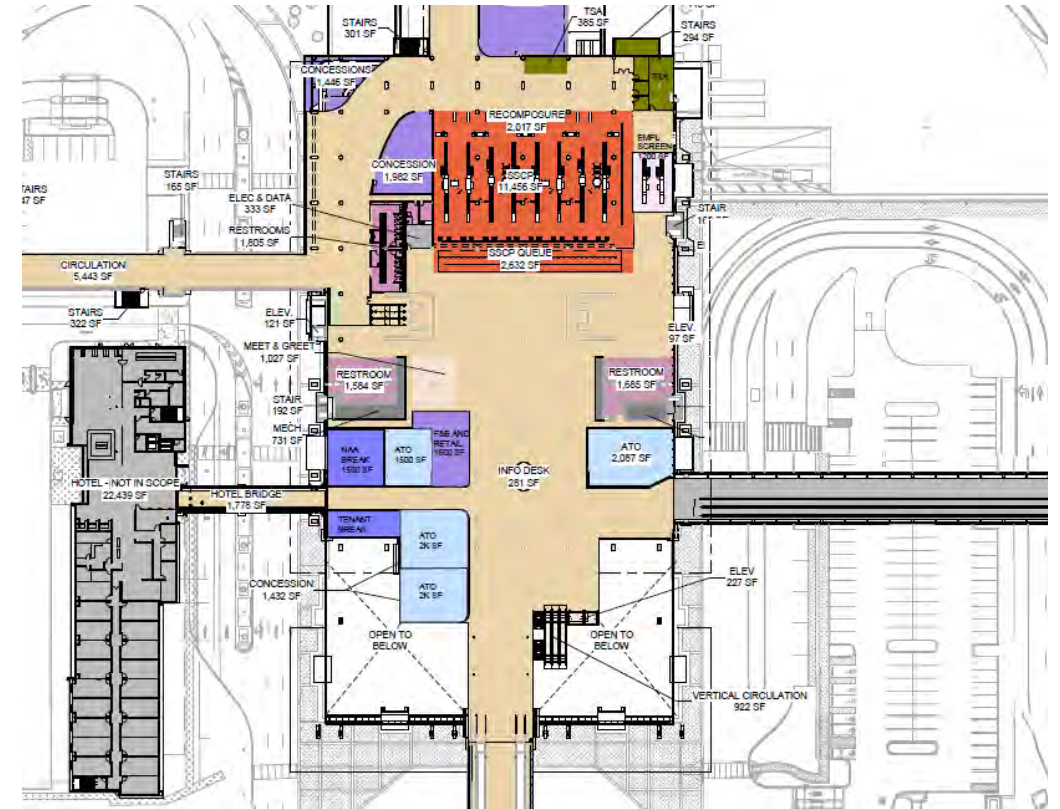
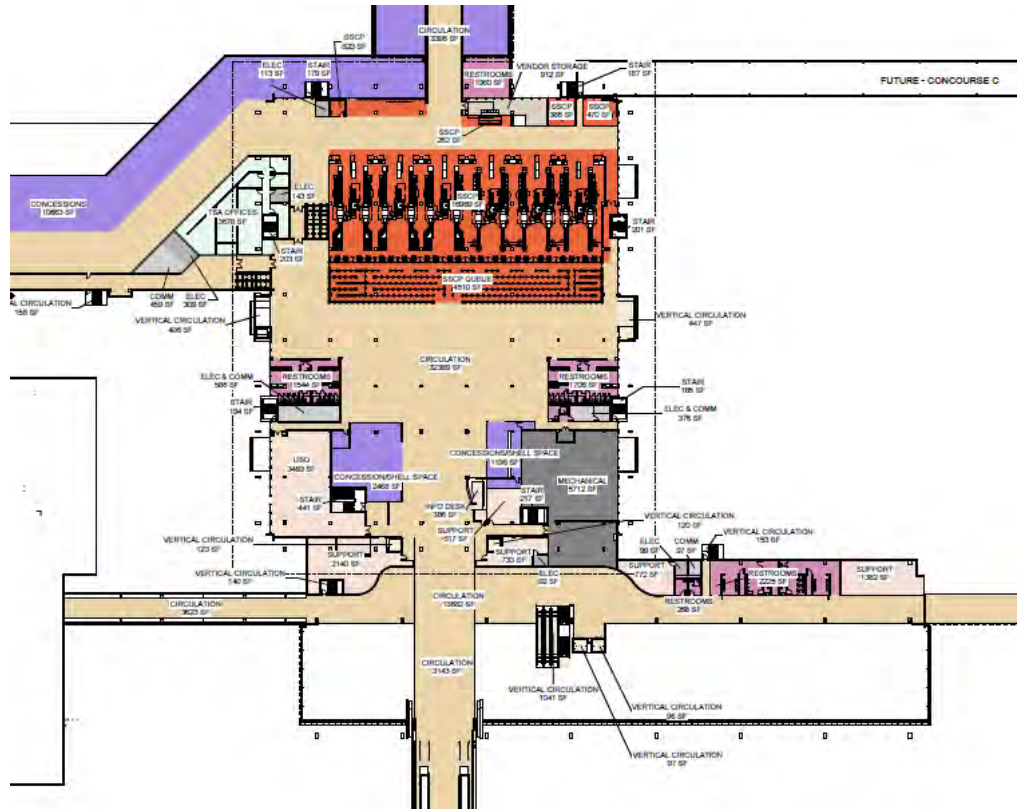
# Scope Modifications – Level 1



- CBIS and Linear Lobby Removed



# Scope Modifications – Level 2



- CBIS and Linear Lobby Removed

March 27, 2025



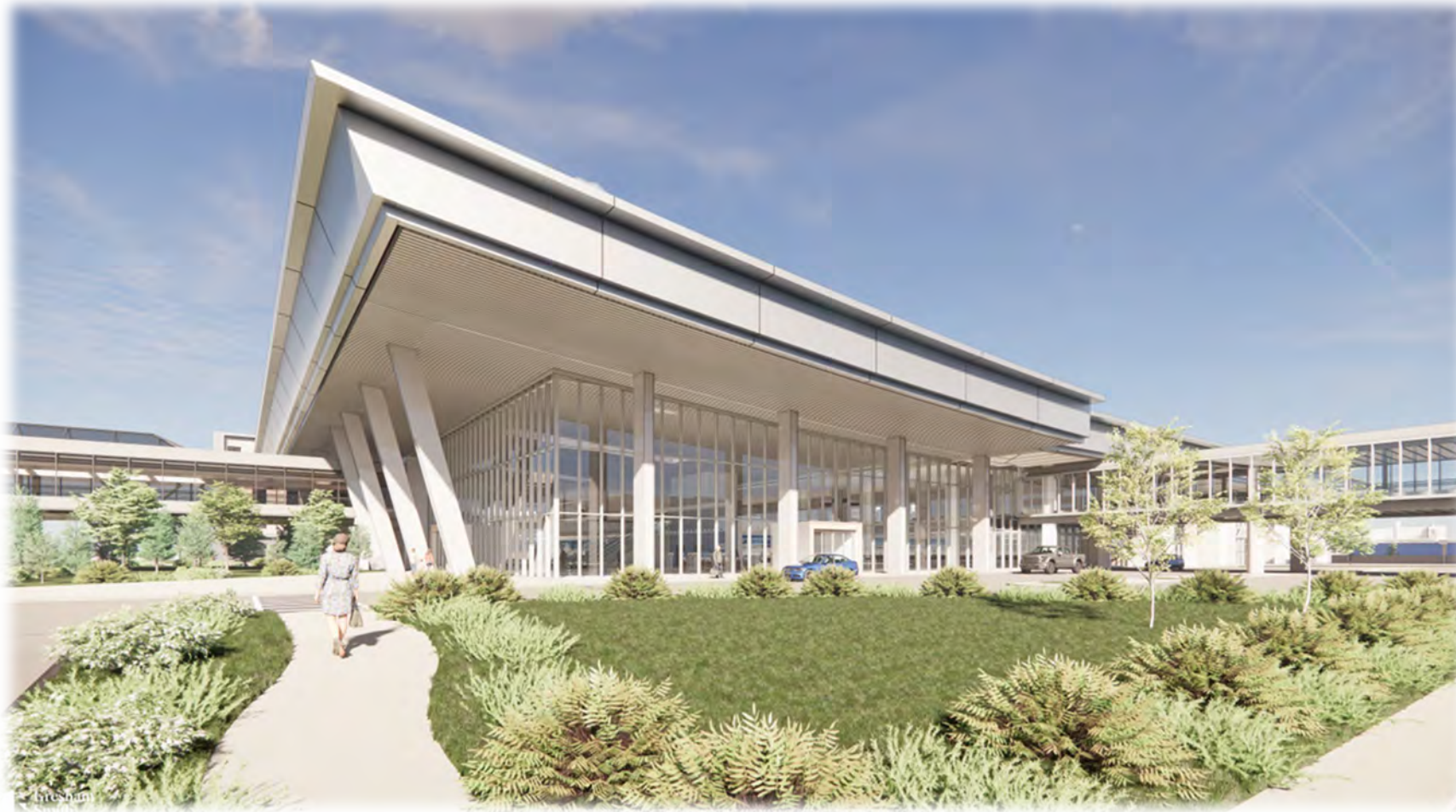
# Previous Linear Concept



(Existing Terminal Not Visible)

March 27, 2025

# Phase 1 Concept



March 27, 2025





# Phase 1 Concept



March 27, 2025

# Phase 1 Concept



March 27, 2025



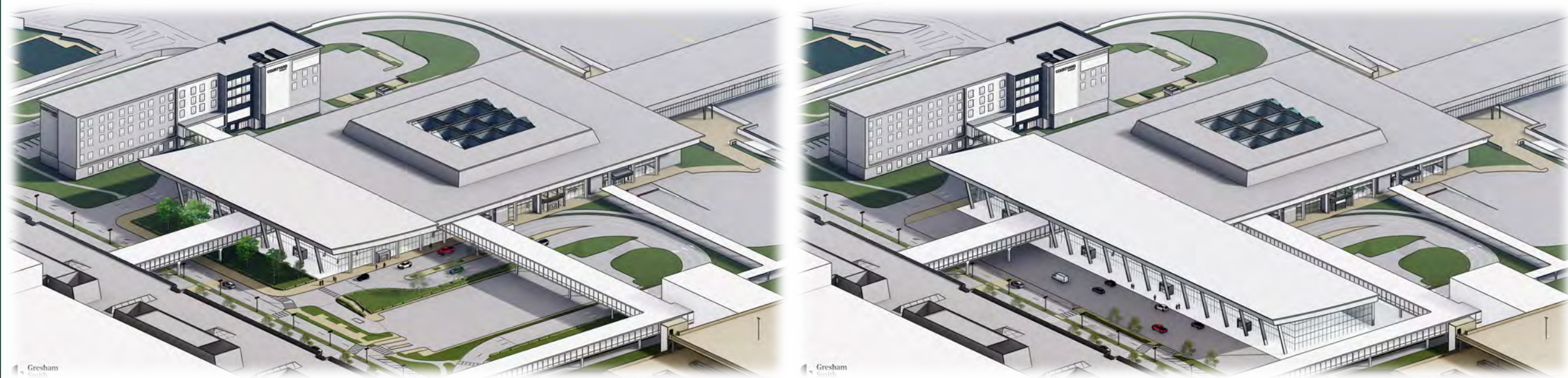


# Phase 1 Concept



March 27, 2025

# Future Phase 2 Expansion



Phase 1 Terminal Project and ConRAC design will allow for a linear terminal expansion and CBIS to occur in Future Phase 2 Terminal Project





# CMR Procurement Schedule

- Remains as previously discussed for Phase 1
  - Construction Manager under contract Summer 2025
  - Construction for Phase 1 Starts Summer 2026
  - Construction Substantially Completed Summer/ Late 2028
    - Main Lobby
  - Full Construction Completed Early 2029
    - Baggage Make-Up Improvements
- Phase 2 schedule to be determined based on the following:
  - Actual costs of Phase 1
  - Post Phase 1 Revenue and Expenses vs current projections of each
  - Enplanements, PFC Level, Interest Rates



# Complexity Statement

- Gresham Smith provided a detailed Project Complexity Analysis to the Authority in a letter dated March 25, 2025
  - Gresham considered many elements of the project in their analysis which include but are not limited to: Difficult site location, unique equipment and specialized building systems, multifaceted nature of the project and the required intricate phasing to accommodate the airport's 24/7 operational environment
- Staff concurs with Gresham's conclusion that the Terminal Development Project is a complex project and that, based on the complex nature of this project, the use of competitive sealed bidding is an operational and financial disadvantage to the Authority
- Therefore, Staff recommends use of Construction Manager-at-Risk procurement to deliver the Terminal Development Project and all required enabling efforts
- Note – Staff will request funds for construction as part of the FY27 Budget process
  - FY26 Funds will cover CMR Preconstruction Phase Services and completion of Construction Documents

# Recommended Resolution

- The Facilities Development Committee recommends the following:
  - Due to the complex nature of the Terminal Development Program – Phase 1 construction environment and immediate need for improvements in the concessions, ticket lobby, checkpoint and baggage make-up operations at Norfolk International Airport, the Facilities Development Committee hereby recommends that the Board accept Staff's recommendation to utilize the Construction Manager-at-Risk project delivery method for the Terminal Development Project – Phase 1.

# 7. Old Business

Norfolk Airport Authority  
Board of Commissioners Meeting



# Old Business

- MS4 Permit Update

# MS4 Permit Update

- NAA submitted an updated stormwater credit application
- The City has determined we are eligible for a 43.28% reduction in stormwater fees
- The 43.28% credit will be applied starting on our May 2025 bill
- Should save the Authority nearly \$350,000 annually

## CURRENT AUTHORITY PAYMENTS TO CITY - 12% Reduction

FY25

		Impervious Areas Billed (Excluding Leased Properties)				
Tax Parcel #	Address	Impervious Area Billed	# of Billed ERUs	Daily Rate	Annual Fee	Less 12% BMP reduction
84605000	2200 Norview Avenue	12,431,985	6,216	\$ 2,915.30	\$ 1,064,085.96	\$ 936,395.64
12512950	Old Employee Lot	204,560	102	\$ 47.84	\$ 17,460.87	\$ 15,365.57
Totals		12,636,545	6,318	\$ 2,963.14	\$ 1,081,546.83	\$ 951,761.21

## PROJECTED AUTHORITY PAYMENTS TO CITY - 4% Increase of City SWM Fee, Less Current 12% Reduction

FY26

		Impervious Areas Billed (Excluding Leased Properties)				
Tax Parcel #	Address	Impervious Area Billed	# of Billed ERUs	Daily Rate	Annual Fee	Less 12% BMP reduction
84605000	2200 Norview Avenue	12,431,985	6,216	\$ 3,031.92	\$ 1,106,649.40	\$ 973,851.47
12512950	Old Employee Lot	204,560	102	\$ 49.75	\$ 18,159.30	\$ 15,980.19
Totals		12,636,545	6,318	\$ 3,081.67	\$ 1,124,808.70	\$ 989,831.66

## PROJECTED AUTHORITY PAYMENTS TO CITY - 4% Increase of City SWM Fee, Less Calculated Reduction of 43%

FY26

		Impervious Areas Billed (Excluding Leased Properties)				
Tax Parcel #	Address	Impervious Area Billed	# of Billed ERUs	Daily Rate	Annual Fee	Less 43% BMP reduction
84605000	2200 Norview Avenue	12,431,985	6,216	\$ 3,031.92	\$ 1,106,649.40	\$ 630,790.16
12512950	Old Employee Lot	204,560	102	\$ 49.75	\$ 18,159.30	\$ 10,350.80
Totals		12,636,545	6,318	\$ 3,081.67	\$ 1,124,808.70	\$ 641,140.96

**FY26 Savings \$ 348,690.70**

March 27, 2025

# 8. Closed Meeting

Norfolk Airport Authority  
Board of Commissioners Meeting

# 9. New Business

Norfolk Airport Authority  
Board of Commissioners Meeting



# New Business

- None

# 10. Adjournment

Next Meeting:  
Thursday, May 22, 2025  
Lunch: 12:30pm  
Meeting: 1:00pm