

# COUNTY OF YORK

## MEMORANDUM

**DATE:** October 25, 2019

**TO:** York County Board of Supervisors

**FROM:** Neil Morgan, County Administrator 

**SUBJECT:** Newport News/Williamsburg Airport Governance

Today I had the opportunity to meet with Airport Commission Vice Chairman Jay Joseph. He delivered to me the attached documents which are the recommendations of a governance study that was completed a few months ago by a consultant.

As you can see, the cities of Newport News and Hampton appear to have the task to first act on these recommendations. It is quite possible that in the coming months the County will be asked to join the Commission on the basis of these recommendations.

I will advise the Board as I learn more.

NAM:mes

Attachments



July 25, 2019

The Honorable McKinley L. Price, DDS  
City of Newport News  
2400 Washington Avenue  
Newport News, VA 23607

The Honorable Donnie R. Tuck  
City of Hampton  
22 Lincoln Street  
Hampton, VA 23669

Dear Mayors Price and Tuck:

Recently, the Peninsula Airport Commission completed a governance review with the assistance of an outside consultant, DecideSmart, LLC. The review included confidential interviews with key stakeholders and past and present commissioners. A copy of the consultant's report is attached. The key recommendation of the review is that the Peninsula Airport Commission expand its membership. The Commission agrees with and respectfully requests that each of you and your Councils consider and approve the report's recommendations and believes that this approach will be valuable to the localities, region and the Airport.

The General Assembly created the Commission, with the powers and authority set forth in 1946 Acts of the Virginia General Assembly, Chapter 22 (as amended over the years, the "Enabling Legislation"). Sections 1A, 1B and 1C of the Enabling Legislation provide that, respectively, the County of York, the City of Williamsburg and the County of James City "... may, by resolution, declare that there is need for its participation in The Peninsula Airport Commission, and may participate therein if the terms of its participation be approved by the Commission, together with the consent of the governing bodies of the participating political subdivisions."

In order to begin consideration of the Commission's expansion, the Commission respectfully requests that the existing member jurisdictions enact appropriate legislation outlining the "terms of its participation" of both the existing member jurisdictions and the potential new member jurisdictions. In keeping with the report's recommendations, we think these principal terms include the following:

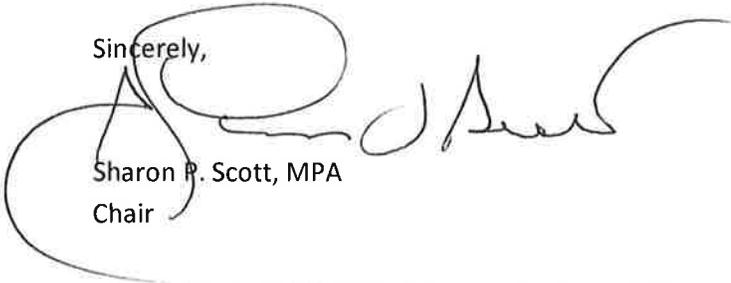
- An effective date of July 1, 2020 after which the new members could join the Commission;
- As provided in the Enabling Legislation, each new member jurisdiction could appoint one member to the Commission's governing body;

- Each member, existing and new, would agree not to appoint employees or elected officials of the member jurisdiction, thereby providing that the Commission would be comprised entirely of citizen members;
- Each member, existing and new, would also agree to adopt or institute term limits for its appointees, such limits to consist of two successive terms. (Under the Enabling Legislation, board members serve four-year terms). Not included in the limits would be fulfillment of an unexpired term.
- Finally, certain core actions by the Commission would require supermajority voting. Such core actions would include certain dispositions of real estate; approval of annual budgets (both capital and operating); approval of air service agreements with a material departure from uniform rates and charges for similarly-situated aeronautical users; and hiring of a new executive director. A supermajority voting requirement would consist of seven affirmative votes if there are nine board members, and if there are less than nine board members, the supermajority requirement would be 70% of the board membership.

If and when the Commission receives written confirmation that your respective City Councils have enacted the appropriate legislation, the Commission will move to modify its bylaws to conform to your legislation and then will formally invite each of York County, James City County, and Williamsburg to declare "there is a need for its participation", to accept the "terms of its participation", and move forward with appointing new Commissioners.

My fellow Commissioners and I stand ready to respond to questions, comments and requests for meetings. We look forward to your support for these important changes to the Commission. If you have questions or require additional information, Vice Chair Jay Joseph and I will be available to respond. I can be reached at 757-926-8618 and Commissioner Joseph may be reached at 757-876-5876.

Sincerely,



Sharon P. Scott, MPA  
Chair

cc: Cynthia D. Rohlf, City Manager, Newport News  
Mary Bunting, City Manager, Hampton

Governance Review of the  
Newport News/Williamsburg  
International Airport



**NEWPORT NEWS • WILLIAMSBURG  
INTERNATIONAL AIRPORT**

Prepared By  
**DecideSmart**, LLC  
May 2019

## Table of Contents

<b>Engagement.....</b>	<b>3</b>
<b>Initial Meeting and Document Review.....</b>	<b>3</b>
<b>Interviews and Emerging Consensus .....</b>	<b>4</b>
<b>A Consensus Proposal.....</b>	<b>4</b>
<b>Next Steps.....</b>	<b>7</b>
<b>Appendix 1: Selected “Peer Group” .....</b>	<b>8</b>
<b>Appendix 2: DecideSmart Team.....</b>	<b>9</b>

## Engagement

The partners of DecideSmart would like to express our appreciation to Newport News/Williamsburg International Airport (PHF) and the Peninsula Airport Commission (PAC) for the confidence shown in engaging our firm to conduct this Governance Review. Everyone involved was most helpful, forthcoming, and engaged throughout the process. Our firm was pleased to work on this engagement and offer our insights.

The following is a summary of our review process. It includes our observations, thoughts, and considerations for moving forward.

### Initial Meeting and Document Review

Members of the DecideSmart team began with an initial meeting with PAC Commissioner Jay Joseph and PAC Executive Director Michael Giardino to refine the scope of the engagement. Based on our initial meeting, the following objectives were agreed upon for the governance study:

- Create a governance model that guides strategic direction and provides operational parameters established by the PAC and its committees.
- Review the rules and procedures for decision making with an emphasis on specifying and distributing rights and responsibilities, including decision-making authority.
- Ensure the governance model influences appropriate tone and risk culture.
- Recommend a governance structure that is acceptable to the PAC and implementable.

We reviewed a series of reports and foundational documents regarding the creation of the PAC, as well as the governance by the PAC. We also jointly agreed upon a “peer group” of airports for the purpose of comparing governance documents (see Appendix 1). In addition to reviewing the governance structure of the “peer group,” DecideSmart also contacted the following external organizations and associations to ascertain if there were any airport governance “best practices”: the National Aeronautics Association; the Airports Council International – North America; the Washington Metropolitan Airports Authority; and the Virginia Department of Aviation.

Our research found that there are no standards or published “best practices” for airport governance. Each airport has unique governance structures reflective of the community that it serves. There is no single “right way” to structure the governance of an airport.

## Interviews and Emerging Consensus

DecideSmart held interviews with a list of participants identified during the initial meeting for the engagement. Both current and former PAC members were interviewed. We interviewed the city managers of Newport News and Hampton, as well as the county managers of York and James City. In addition, we reached out to former managers to gain a historical perspective on the governance of the PAC. We also interviewed the PAC senior staff and financial staff from the City of Newport News.

Category	Participant
Commissioners	Rob Coleman, Treasurer Jay Joseph, Vice Treasurer Sharon Scott, Chair George Wallace, Vice Chair
Former Commissioners	Steve Mallon
City/County Managers	Cynthia Rohlf, Newport News Manager Mary Bunting, Hampton Manager Neil Morgan, York Manager Scott Stevens, James City Manager
Former City/County Managers	Neil Morgan, Newport News Manager Jack Tuttle, Williamsburg Manager George Wallace, Hampton Manager Sandy Wanner, James City Manager
Staff	Michael Giardino, Executive Director Melissa Cheaney, Deputy Executive Director Jim McNider, Former Attorney Sandy Wanner, former Executive Director Florence Kingston, Newport News Finance

Everyone was positive about the future of PHF and eager to work together toward successful governance. Because of the wide range of interviews held, we are confident that everyone had his or her voice heard. Most importantly, we found that a strong consensus for revamping the PAC governance structure emerged through our interviews.

## A Consensus Proposal

Based upon our interviews and follow-up conversations, we believe there is a clear consensus to move forward in the following ways:

### Expand the PAC:

- We recommend that the PAC be expanded to nine members to accommodate use of a stronger committee structure for governance.

- We recommend that the additional members should include one member from the City of Williamsburg (since its name is also on the airport), one member from James City County, and one member from York County.
- Discussion of logic:
  - a) The PAC was formulated that way for years.
  - b) PHF needs more, not fewer, partners to compete in the future.
  - c) This “change” does not require altering the legislation (1946) governing PHF. We believe it is best not to have to resort to altering the legislation to address the governance structure.

### Jurisdictional “Balance”:

- We recommend that as the PAC expands, recognition of the City of Newport News’ role as the steadfast “anchor” needs to be maintained. The City of Newport News has been a strong supporter of PHF from its creation and has the most to lose should the airport fail. There are several ways to handle the “balance” of the PAC:
  - Full Control: Alter the PAC membership, with Newport News having five appointees and the remaining four jurisdictions having one member each. We do not believe this is either feasible or desirable. It is unlikely that the other jurisdictions will want to participate under this scenario, and it places a much stronger liability on the City of Newport News by being in full control.
  - Chairman Control: Specify in the governing documents that the Chair of the PAC will always be an appointee of the City of Newport News and expand the powers of the Chair to include appointment of all PAC committee members.
  - Key Decision Control: Alter the bylaws and governing documents to provide for a “super majority” vote (seven out of nine) on key decisions. Such decisions should include approval of the budget, real estate land transfers, future air service agreements, and hiring of an Executive Director.
- **DecideSmart’s recommendation: Key Decision Control.** We recommend instituting a mechanism that requires a vote of seven of nine members for approval of the key decisions. By doing so, Newport News could control the vote on these matters if their PAC members vote in a block. But more importantly, with a mandatory seven-member majority, these key decisions require a minimum of three member jurisdictions to achieve consensus for approval, making the PAC a true regional effort. We, by no means, are suggesting that the PAC members refer these votes to their respective jurisdictions.

### Recommended Committee Structure:

- **Executive Committee:** Responsibilities include review and recommendation to the full PAC on: personnel (Executive Director's evaluation and standards); administration (including procurement and real estate); and budget matters. Composition should include the Chair of the PAC and the chairs of the other two recommended committees.
- **Air Service and Community Relations Committee:** Responsibilities include review and recommendation to the full PAC on any air service development proposals and monitoring of existing air service levels and air service agreements. Additionally, this committee's responsibilities include working with the Executive Director to develop an outreach agenda to routinely meet with and educate major businesses and travel service providers about the services and advantages of PHF.
- **Audit and Compliance Committee:** Responsibilities include *directly* overseeing the annual audit, reviewing previous audits and studies, and ensuring recommendations are implemented. This committee should oversee the annual report and review the financial statements prepared by the Executive Director for each PAC meeting. Additionally, this committee, in conjunction with the PAC and other committees, should develop "charters" outlining roles and responsibilities for the PAC, each of the officers of the PAC, and committees. These "charters" should be reviewed biennially.

### PAC Membership:

- We recommend member jurisdictions appoint Commissioners who represent major user groups in lieu of appointing elected officials or municipal employees. We noted in our review of "peer group" airport bylaws that there is a growing trend in airport governance to include major user representatives as appointees. In PHF's case, a stronger emphasis on Shipyard, Ferguson, William and Mary, Colonial Williamsburg or Busch Gardens might be appropriate. Appointing "non-elected" Commissioners also avoids the situation where a Commissioner is forced to consider divided loyalties.
- We recommend that the PAC adopt terms limits of no more than two consecutive four-year terms, with the exception that a Commissioner filling an unexpired term be allowed to also serve two full terms upon competition of the unexpired term.

## Next Steps

DecideSmart recommends that these changes be implemented on July 1<sup>st</sup>, 2020, upon completion of the current Chair's term. That will allow ample time for the circulation of the report and achievement of consensus with the participating and prospective jurisdictions. We believe, however, that there are key steps that need to be taken in the meantime. These steps, listed as follows, should include prospective member jurisdictions in the discussions:

- Undertake a formal strategic planning process for PHF.
- Start drafting the "charters" for each of the proposed committees immediately, with ratification to take place upon implementation of the newly constituted PAC.
- Use "advisory" committees to expand the PAC's reach into the community and garner additional understanding and support for PHF. Two specific examples would be creation of an advisory committee of major airport users in the community and an advisory committee composed of the managers of each of participating jurisdiction.

## Appendix 1: Selected "Peer Group"

### Peer Airports for Newport News/Williamsburg International Airport (PHF)

Airport	2017 Enplanements	2017 MSA Population	2017 GDP Per Capita	Competing Airports	Airport Governance
Newport News/Williamsburg International Airport (PHF)	197,994	1,725,246	\$47,115	ORF, RIC	Multi-jurisdictional airport commission
Evansville Regional Airport (EVV)	213,205	315,669	\$46,744	SDF	Airport authority district (Evansville Vanderburgh Airport Authority District)
Rochester International Airport (RST)	143,675	218,280	\$50,538	MSP	Airport commission (including rep from Mayo Clinic)
Tri-Cities Airport (TRI)	193,068	306,659	\$33,205	AVL, TYS	Multi-jurisdictional airport authority
Capital Region International Airport (LAN)	196,617	477,656	\$40,781	DTW, FNT	Multi-jurisdictional airport authority
Central Illinois Regional Airport (BMI)	163,475	188,232	\$53,298	PIA, CMI	Multi-jurisdictional airport authority
Augusta Regional Airport (AGS)	288,834	600,151	\$34,297	CAE, SAV	Airport commission
Green Airport (PVD)	1,940,806	1,621,122	\$43,672	BOS, BDL	State corporation
Gerald R. Ford Airport (GRR)	1,412,132	1,059,113	\$49,269	LAN, AZO	Airport authority

## Appendix 2: DecideSmart Team

DecideSmart, LLC was formed in 2009 by a group of experienced public service colleagues from different fields. They recognized that both public and private organizations had specific needs that could be met through the management of smart information, and they understood how they could be a factor in achieving positive results. They continue to honor the memory of one of the founding partners, Dr. Bill Bosher, for his leadership and many contributions to education throughout the Commonwealth of Virginia.

The strength of DecideSmart is the result of the overall management experience of the partners and their collective expertise in their respective fields. Each partner is knowledgeable about all projects undertaken. All partners have in-depth experience in the Commonwealth and understand both local and state processes. The partners in DecideSmart have over 100 years of combined executive experience with major organizations in state government, local governments, economic development, public safety, public schools, and higher education.

### Meet the Team

**Mr. Bill Leighty, Managing Partner.** Mr. Leighty is the team lead for state government-based projects. Prior to joining the firm, he served as Chief of Staff to Virginia Governors Mark Warner and Tim Kaine. As Chief of Staff, Mr. Leighty essentially served as Chief Operating Officer of the Commonwealth of Virginia, where he instituted a statewide performance management system for all agencies.

**Dr. John Thomas, Managing Partner.** Dr. Thomas is the team lead on civic renewal, non-profit, and facilitation projects. Prior to joining DecideSmart, he served for over two decades as the Director of the Weldon Cooper Center for Public Service at the University of Virginia. Previous professional assignments include service as Executive Director of the National Association of Counties, the American Society of Public Administration, and the Florida Association of Counties. Earlier in his career he directed the Toledo Metropolitan Area Council of Governments in Ohio. Dr. Thomas began his public service as a teacher and administrator in the Toledo public school system.

**Mr. Lane Ramsey, Managing Partner.** Mr. Ramsey is the team lead for local government-based projects. Before joining the firm, he served more than 20 years as the County Administrator of Chesterfield County, a jurisdiction with over 300,000 residents and an annual budget of more than \$2 billion. Prior to this position, Mr. Ramsey managed finance operations for Chesterfield County for 15 years. During his tenure, Chesterfield acquired a AAA bond rating from all three national bond rating agencies. The County also received numerous awards at the state and national levels.

**Dr. Bob Holsworth, Managing Partner.** Dr. Holsworth is the team lead for higher education and civic engagement projects. Prior to joining the firm, he was the Founding Director of the Center for Public Policy and the L. Douglas Wilder School of Government and Public Affairs at Virginia Commonwealth University. He also served as Dean of the College of Humanities and Sciences – the largest unit of the 31,000-student university.