



## BACKGROUND

County management contacted Internal Audit with questions about airport operations which resulted in this management practices evaluation and benchmarking assessment. The Airport is one of eight operating divisions under the County's Department of General Services. The County's primary operational responsibilities for the Airport include:

- management of Airport Master Plan;
- property and facility maintenance (fuel farm, T-Hangars, terminal building, ramps, runway, surrounding approaches, snow removal and grounds maintenance);
- vetting, approval, and contract administration of Fixed Based Operators (FBOs);
- monitor facility and T-Hangar leases;
- Federal and State aviation grant management;
- compliance with Federal and State aviation regulations; and
- overall facility safety and security.

FBOs provide a variety of services including:

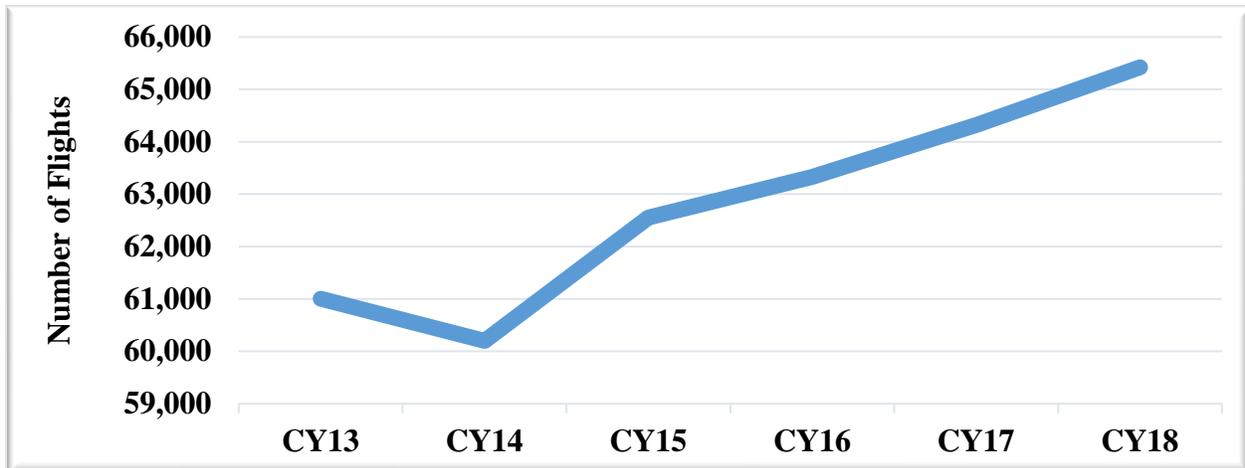
- aviation maintenance;
- aircraft fueling;
- aircraft management;
- aircraft storage, including ramp parking and tie downs;
- flight training; and
- aircraft rentals/charters.

Chesterfield County's Airport (Airport) is classified by the Commonwealth of Virginia Department of Aviation as a general aviation reliever and is located approximately 14 miles south of Richmond, Virginia. Eight of Virginia's 59 public use general aviation airports are classified as relievers. Reliever airports help reduce air traffic for nearby commercial airports. The Airports' masterplan provides a framework for future development to satisfy aviation demand.

The Airport's vision is "for a safe, well maintained general aviation airport where people desire to work, visit and conduct business. We will strive to preserve a balance between corporate and recreational aviation activities. We envision a community that has pride in its airport and recognizes the economic value it brings to the County. Further, we envision airport expansion that continues to enhance operations while maintaining a close relationship with business and residential users, as well as the surrounding communities."

Flights at the Airport increased to 65,000 as of CY18 (**Figure 1.1**). The Airport is non-towered, meaning it has no control tower or air traffic control unit. Instead of receiving air traffic controller instructions, pilots follow standardized operations and communications procedures for operating at an airport without a control tower. In the United States there are close to 20,000 non-towered airports versus 500 airports with control towers.

**Figure 1.1 Estimated Airport Annual Flight Operations**



Source: Virginia Department of Aviation (DOAV) annual report to General Services

The 2018 DOAV *Virginia Airport System Economic Impact Study* forecasts aircraft activity at Virginia’s reliever airports for 2016. Leesburg Executive (117,989), Manassas Regional (87,312), and Hampton Roads Executive (67,826) airports had the highest estimates.

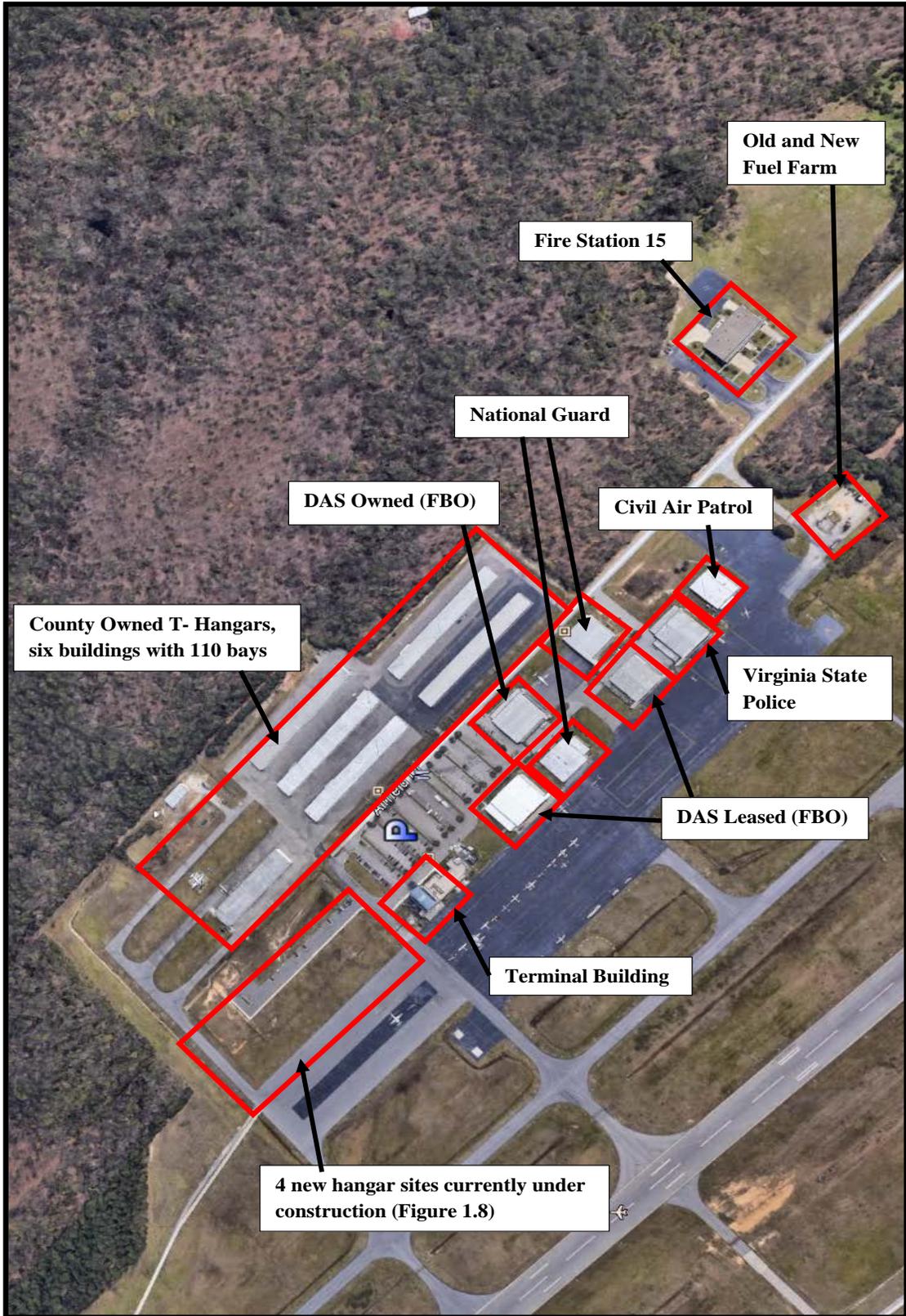
There are three major user groups that operate at the Airport (**Figure 1.2**):

- general/recreational aviation (i.e. certain T-Hangars);
- corporate/business aviation (i.e. FBO’s & certain T-Hangars); and
- Government (i.e. National Guard, Virginia State Police, & Civil Air Patrol).

Other Relevant Airport Facts include:

- approximately 556 acres of land;
- construction began in 1972 with official dedication in October 1973;
- 5500’ runway with a planned expansion to 6300’ (County’s FY2020-FY2024 Capital Improvement Plan);
- roughly 115 aircraft based at the Airport;
- six County owned T-Hangar buildings with 110 individual T-Hangars for rent/lease;
- original fuel farm still in operation with a newly constructed County-owned fuel farm anticipated to be operational March 2020; and
- seven-member Airport Advisory Board (AAB), including five BOS appointed citizen members plus the Airport Manager and Director of General Services.

Figure 1.2 Airport Layout



## OBJECTIVES, SCOPE & METHODOLOGY

### Objectives:

Objectives of this project were to evaluate:

- airport operations, procedures, staffing, and reporting;
- contract management for FBOs and leases; and
- Governance structure and organizational placement.

### Scope:

Chesterfield County Airport operations for FY19 and the current operating environment. We considered the following standards and policies:

<i>Chesterfield County Airport Rules and Regulations, Approved by Board of Supervisors (June 2011)</i>	<i>Chesterfield County Airport Master Plan (Approved by Federal Aviation Administration, March 2012)</i>
<i>Comprehensive Plan for Chesterfield County (Adopted 2019) Chapter 15 Public Facilities Plan, Aviation Services</i>	<i>Chesterfield County Airport Minimum Standards for FBOs to Provide Aeronautical Activities to the Public, Approved by Board of Supervisors (June 2002)</i>
<i>Fixed-Base Operators Agreements</i>	<i>Virginia Department of Aviation, Virginia Air Transportation System Plan (2016 update)</i>
<i>Virginia Department of Aviation, Virginia Airport System Economic Impact Study (2018)</i>	<i>Comprehensive Annual Financial Report Chesterfield County, Virginia (FY16-FY19)</i>

### Methodology:

Our methodology included:

- inquiry with General Services and Airport staff;
- evaluating policies and procedures, contract compliance, financial activities, and reporting to County management;
- testing T-Hangar lease monitoring and payments;
- reviewing AAB guidelines; and
- benchmarking Virginia reliever airports organizational structure.

We conducted this project as a performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Terry Parker, Senior Auditor performed the audit work. Chesterfield County Internal Audit is a department within the organization of Chesterfield County/Schools.

## FINDINGS

### **Airport Operations, Procedures, Staffing, and Reporting:**

The County reports the Airport as an Enterprise Fund. Enterprise funds are designed to highlight if revenues are sufficient to cover service cost, similar to business accounting. Any subsidy from other governmental funds (i.e. County's General Fund) are disclosed (i.e. transfers in). The Airport's financial statements are separately included (i.e. Non-major Enterprise funds, Combining Statements) in the County's Comprehensive Annual Financial Report (CAFR). While Airport financial statement detail is available, it represents a small portion of the County's overall financial activity. The CAFR's Management's Discussion and Analysis (MD&A) section provides a Countywide financial view with limited, if any, Airport specific content. General Services provides the BOS an annual Airport update that includes an overview of operations, projects, and financial activity. The financial overview illustrates five years of revenues and expenses. However, there is no formal analysis of the Airport's financial position including future capital replacement (**Recommendation 2**). Also, there is an opportunity for Airport management to enhance performance reporting provided to General Services Management during recurring check-in meetings. (**Recommendation 3**).

#### Financial Activity:

**Figures 1.3 and 1.4** present Airport financial activity (FY16 – FY19) excerpted from the CAFR. Unrestricted net position represents resources available within the Airport Fund. The Airport has a deficit of \$39,730 unrestricted net position at June 30, 2019. This deficit was caused by the temporary use of Airport resources to fund construction of the new fuel farm that was financed through the Virginia Airports Revolving Fund subsequent to year-end. Government Finance Officers Association (GFOA) best practices include appropriately planning for capital maintenance and replacement needs. For Enterprise funds, this includes accumulating reserves for capital replacement. There is no formal Airport Fund financial policy that establishes a target working capital balance which minimizes General Fund subsidies (**Recommendation 1**).

The Airport's assets are primarily capital, with a significant portion acquired with Federal and State grant support. The largest operating expense is depreciation. Debt associated with capital assets is approximately \$1,000,000 at June 30, 2019. Debt has only been issued for revenue generating capital assets (e.g. T-Hangars and fuel farm) not eligible for Federal and/or State grant funding. Additional detail for "charges for services" revenue is provided at **Figure 1.7**.

**Figure 1.3 Statement of Revenues, Expenses and Changes in Net Position**

	FY	2016	2017	2018	2019
<b>OPERATING REVENUES</b>					
Charges for services	\$	742,299	\$ 748,822	\$ 784,657	\$ 826,243
From the Commonwealth		4,060	13,102	25,009	30,009
Other		13,659	4,136	10,910	2,213
Total operating revenues		760,018	766,060	820,576	858,465
<b>OPERATING EXPENSES</b>					
Salaries and wages		261,819	249,116	251,631	260,883
Contractual services		145,647	170,528	288,195	170,381
Materials and supplies		18,071	12,272	10,061	17,121
Heat, light and power		75,110	76,025	78,702	82,968
Depreciation		1,269,950	1,251,182	1,231,388	1,214,040
Repairs and maintenance		31,181	49,485	58,757	94,034
Other		9,113	9,167	7,290	10,739
Total operating expenses		1,810,891	1,817,775	1,926,024	1,850,166
Operating loss		(1,050,873)	(1,051,715)	(1,105,448)	(991,701)
<b>NON -OPERATING REVENUES (EXPENSES)</b>					
Interest expense		(25,762)	(23,164)	(21,590)	(26,673)
Other		(83,355)	47,300	(46,000)	0
Loss on disposal of capital assets		0	0	(21,572)	(189,451)
Total non-operating expenses, net		(109,117)	24,136	(89,162)	(216,124)
Loss before capital contributions and transfers		(1,159,990)	(1,027,579)	(1,194,610)	(1,207,825)
Capital contributions		65,241	58,583	197,741	541,301
Transfers in		29,989	644,787	119,736	314,375
Change in net position		(1,064,760)	(324,209)	(877,133)	(352,149)
Total net position - beginning of FY		17,443,158	16,378,398	15,913,976	15,036,843
<b>Total net position - end of FY</b>	<b>\$</b>	<b>16,378,398</b>	<b>\$ 16,054,189</b>	<b>\$ 15,036,843</b>	<b>\$ 14,684,694</b>

Note: July 1, 2017 total net position was restated from \$16,054,189 to \$15,913,976.

**Figure 1.4 Statement of Net Position**

<b>FY</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 338,592	\$ 458,766	\$ 555,867	\$ 503,261
Receivables	40,656	43,357	44,708	46,043
Due from other governments	6,410	30,175	18,023	59,449
Due from other funds	0	0	32,050	0
Total current assets	385,658	532,298	650,648	608,753
Non-current assets:				
Capital Assets:				
Land and land improvements	1,663,935	1,894,240	1,894,240	1,894,240
Buildings	7,158,781	7,576,782	7,576,782	7,576,782
Improvements other than buildings	27,201,405	27,172,010	27,236,002	24,975,050
Machinery and equipment	1,707,713	2,167,070	2,216,342	1,877,763
Construction in progress	650,516	52,510	278,625	1,841,552
Total capital assets	38,382,350	38,862,612	39,201,991	38,165,387
Less accumulated depreciation	(21,446,810)	(22,473,083)	(23,665,206)	(22,404,166)
Net capital assets	16,935,540	16,389,529	15,536,785	15,761,221
Total Assets	17,321,198	16,921,827	16,187,433	16,369,974
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	32,583	24,909	18,207	12,564
Deferred outflows related to pensions	19,562	29,228	18,752	19,513
Deferred outflows related to OPEB	0	0	1,375	2,600
Total deferred outflows of resources	52,145	54,137	38,334	34,677
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	7,166	34,777	35,565	347,844
Accrued liabilities	21,684	18,515	19,072	27,257
Compensated absences	13,808	4,037	4,060	2,727
Judgments and claims	83	0	0	0
Certificates of participation, net	87,824	103,470	101,670	100,040
Airport revolving loan fund	0	0	0	92,300
Revenue bonds payable, net	2,729	2,436	6,283	6,088
Total current liabilities	133,294	163,235	166,650	576,256
Non - current liabilities:				
Retainages payable	0	0	0	36,558
Compensated absences	14,338	17,886	15,710	18,503
Judgments and claims	170	0	99,649	0
Net pension liabilities	116,698	130,583	115,635	95,185
Net other postemployment benefit liabilities	0	0	0	100,565
Certificates of participation, net	654,195	550,724	708,769	349,015
Airport revolving loan fund	0	0	0	465,887
Revenue bond payable, net	50,838	48,402	42,119	36,031
Total non-current liabilities	836,239	747,595	981,882	1,101,744
Total liabilities	969,533	910,830	1,148,532	1,678,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	25,412	10,945	20,093	13,150
Deferred inflows related to OPEB	0	0	20,299	28,807
Total deferred inflows of resources	25,412	10,945	40,392	41,957
<b>NET POSITION</b>				
Net investment in capital assets	16,172,537	15,709,406	14,696,151	14,724,424
Unrestricted	205,861	344,783	340,692	(39,730)
Total net position	\$ 16,378,398	\$ 16,054,189	\$ 15,036,843	\$ 14,684,694

### General Fund Support:

Transfers into the Airport fund at **Figure 1.3** reflect General Fund support for operations and capital projects. Property taxes are the County General Fund’s primary revenue source and include tax on aircraft stored in Chesterfield. General Fund support does not correlate to aircraft property tax collected. **Figure 1.5** below represents General Fund support and aircraft Property tax for the past 10 years.

**Figure 1.5 Comparison of General Fund Transfers with Aircraft Property Tax**

	<b>Transfers in<sup>1</sup></b>	<b>Aircraft Property Tax<sup>2</sup></b>
2010	\$ 258,155	\$349,243
2011	225,715	268,397
2012	4,977	231,338
2013	86,983	207,181
2014	230,361	191,003
2015	15,099	184,110
2016	29,989	211,578
2017	644,787	193,382
2018	119,736	184,454
2019	314,375	205,543
<b>Total</b>	<b>\$1,930,177</b>	<b>\$2,226,229</b>

<sup>1</sup>Source: Fiscal Year 2010 – 2019 CAFR

<sup>2</sup>Source: Calendar year aircraft property tax assessments provided to General Services by Commissioner of the Revenue

### Policies and Procedures:

We evaluated policies and procedures noting:

- There is no periodic review requirement to consider potential updates (**Recommendation 4**) for:
  - *Chesterfield County Airport Rules and Regulations*, last updated and provided for BOS approval in June 2011.
  - *Chesterfield County Airport Minimum Standards for FBOs to Provide Aeronautical Activities to the Public*, last updated and provided for BOS approval in June 2002.
- There are no written procedures for Airport staff operational responsibilities (**Recommendation 5**) including:
  - Property and facility maintenance (fuel farm, T-Hangars, terminal building, ramps, runway, surrounding approaches, and grounds maintenance).
  - Facility and T-Hangar leases oversight.

### Staffing:

The County’s Department of General Services manages the Airport plus seven other operating divisions (Capital Projects Management, Administration/Printing Operations, RadioShop/Emergency Communications System Maintenance, Facilities Maintenance, Waste and Resource Recovery, Fleet, and Security Management). There are three full-time Airport positions: Airport Manager, Administrative Assistant, and an Operations Manager. The Airport Manager provides day to day operations oversight; however, we noted many Airport operating duties are being performed by the Director of General Services, Assistant Director, or General Services administrative staff. Specific duties include, State and Federal grant planning and coordination, capital planning and project oversight as well as overall financial management. Airport financial management position loss during the last recession, combined with employee turnover impacts,

has required increased General Services administration financial management support compared to other General Services divisions. Airport Manager position requirements do not include aviation management specific credentials that align with essential operating duties (**Recommendation 6**). Airport Manager job duties are listed below (**Figure 1.6**), with notes for areas requiring significant support from General Services management:

**Figure 1.6 Significant General Services Support Areas for Airport**

<b>Airport Manager Job Description Duties</b>	<b>Significant General Services Support Areas</b>
Prepares and administers the budget for the Airport to include monitoring and approving budget expenditures while also obtaining State and Federal grant funding sources.	Developing operating budget and grant applications and performing financial activity oversight.
Capital project management.	Developing project scope, securing funding support for Capital Improvement Plan, procurement, and overall project management.
Negotiate, draft, and monitor all leases and contracts for the Airport.	Assist with vetting new and renewed FBO contracts and corporate leases.
Ensure compliance with Federal, State, and local regulations and standards.	Joint effort.
Maintain effective public relations through contacts with the public, county staff, and contractors.	Joint effort.
Business development (marketing efforts).	Joint effort.
Investigates and addresses customer complaints, inquiries, and service needs.	Joint effort.
Supervises, trains, and evaluates the work of subordinate staff in performing maintenance, repair, and construction activities at the Airport.	Minimal.
Manage staff to include proper training and safety policies are enforced.	Minimal.
Participate in aviation related workshops.	Minimal.

Three General Services buildings and grounds employees are assigned to provide Airport property and facility maintenance (fuel farm, T-Hangars, terminal building, ramp, runway, surrounding approaches, snow removal, and grounds maintenance). The related maintenance employee cost paid by the General Fund exceeds \$163,000(salary and benefits) annually. The Airport reimburses approximately \$35,000 for maintenance services which understates both Airport expenses and General Fund subsidy. We understand that General Services plans to fully fund the position cost reimbursement in the FY21 Airport Fund (**Recommendation 7**).

**Contract Management for FBOs and Leases:**  
 FY19 Airport “charges for services” revenue consist of:

**Figure 1.7 Charges for Services Revenue Detail**

Description (Source)	Amount
FBO (DAS) fixed rent	\$ 139,804
Rental of general property (i.e. land leases)	15,264
Rental of T-Hangars (collected by FBO)	349,099
Rental of tie downs (collected by FBO)	6,193
Corporate T-Hangar lease (National Guard)	145,721
Rental of office space (Virginia State Police)	95,028
Airport fuel flowage fee (from FBO per gallons sold)	42,902
Utility reimbursements (DAS only – others included in leases)	32,232
<b>Total charges for services revenue</b>	<b>\$ 826,243</b>

Fixed Based Operator Rent and Land Leases:

From 1991 to 2018 the Airport had one FBO. The original 1991 contract with Dominion Aviation Services (DAS) has been amended multiple times and includes responsibility for:

- aviation maintenance and refueling;
- chartered flights;
- aircraft storage, including ramp parking and tie downs;
- flight training;
- providing restaurant services;
- aircraft rentals; and
- collecting T-Hangar rent for County owned T-Hangars.

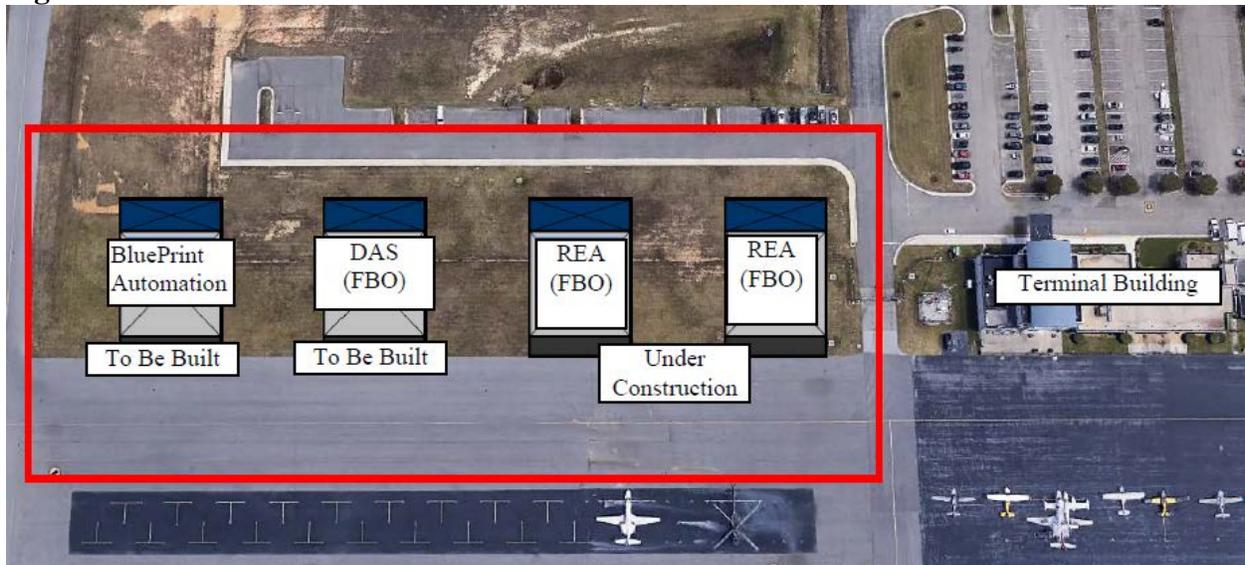
DAS rents office space and two T-Hangars from the County plus holds a land lease for their T-Hangar. Land leases are typically used for tenants constructing their own facilities. At the end of the lease term buildings and improvements convey to the County.

In October 2019, the BOS approved a new contract with DAS, which was executed on February 1, 2020. Duty modifications include requirements for restaurant operations (after 2028) and flight training. DAS also obtains an additional 40-year land lease to construct a new 10,000 square foot T-Hangar.

The BOS approved a second FBO, Richmond Executive Aviation (REA) in January 2019. The 30-year FBO agreement and 40-year land lease results in two new 10,000 square foot T-Hangars to be completed in early 2020. In addition, BluePrint Automation obtained approval from the BOS to become a Specialized Aviation Services Operator and for a 40-year land lease to construct a corporate 10,000 square foot T-Hangar. However, shortly before the completion of this audit, BluePrint Automation requested the County assign their lease to 5G Air LLC (the entity that holds the land lease for the REA T-Hangars) as changes in their business have necessitated less need for aviation services. As of the date of this report, Airport and General Services’ staff is evaluating the lease assignment request with Administration and the County Attorney. See **Figure 1.8** on the next page for new construction locations.

We tested all FY19 rent/land lease payments for accuracy and completeness, including consumer price index (CPI) adjustments where applicable. No exceptions were noted.

**Figure 1.8 New Construction**



Rental of T-Hangars:

The County owns six buildings with 110 T-Hangars for aircraft storage. County Airport staff manage individual T-Hangar leases. FY19 T-Hangar rental revenue totaling \$349,099 included monthly payments ranging from \$288 to \$420 based on T-Hangar size. As part of the 1991 FBO agreement, the County contracted with DAS (FBO) to collect monthly tenant payments. DAS remits collections to the County net of a 5% processing fee (~\$17,500 a year). We recalculated three months of rent collection in FY19. We analyzed various collection documents provided by Airport staff and noted collections are reviewed on a monthly basis. However, tenant revenue verification is not clearly documented (**Recommendations 8**).

In October 2018, DAS asked the County for help collecting T-Hangar rent from five tenants (\$28,604). Delinquencies ranged from three months to over two years. DAS had remitted all rent due to the County monthly, including unpaid tenant accounts. The DAS FBO agreement does not define collection responsibilities for delinquent accounts. Since notification, Airport staff collection efforts (i.e. eviction notices, payment plans) through January 2020, have reduced the balance to \$21,968.

T-Hangar Inspections:

Each January, Airport staff and the County Fire Marshall perform annual T-Hangar inspections to:

- verify aircraft tail numbers for tax reporting to Chesterfield County Commissioner of the Revenue and Virginia Department of Aviation;
- fire code compliance;
- Airport Rules and Regulations compliance; and
- identify potential facility maintenance issues.

The Airport has an inspection checklist however, staff did not use this form for documenting results. We understand Airport staff take notes and use email to follow-up with tenants regarding any violations identified. Without formal documentation of inspection results by T-Hangar, we could not evaluate exceptions or resolutions (**Recommendation 9**).

Yearly Fire Marshall inspection results are documented. We compared the Fire Marshall’s results for 2018 and 2019 noting repeat violations for two T-Hangars. Airport staff followed up with tenants; however, we were unable to verify that violations had been resolved (**Recommendation 10**).

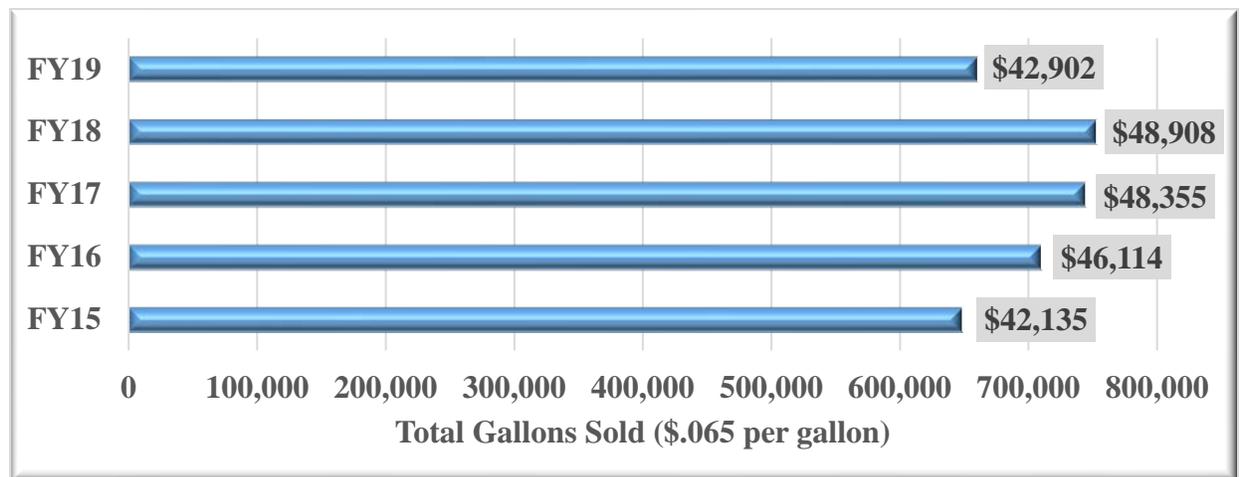
Tie Down Rentals:

The Airport does not have documented processes to review tie down rental remittances for reasonableness. DAS is responsible for collecting tie down (i.e., ramp parking) rental payments and remitting to the County. The remittance only reports total dollars collected, there is no detail for number of transactions. The new FBO contracts simplify future monitoring with set tie down rental fee amounts.

Airport Fuel Flowage Fee:

Chesterfield County owns and maintains a fuel farm for aviation fuel storage by FBOs. The FBOs use trucks to withdraw fuel from the farm and deliver it to aircraft. FBOs pay the County a fuel flowage fee of \$.065 per gallon. This fee increases to \$.105 per gallon under the new contracts. This fee increase will also apply to REA under the terms of their contract. We sampled three months fuel flowage fees collected from DAS during FY19 to ensure accurate billing and payments. No exceptions were noted.

**Figure 1.9 Fuel Sales in Gallons with Fuel Flowage Fee Paid to County**



County Hangar Leases:

The County manages tenant leases for Virginia State Police, National Guard, and Civil Air Patrol. We evaluated lease terms, summarized below, and tested all FY19 tenant payments for accuracy. No exceptions were noted.

- Virginia State Police
  - T-Hangar lease originated January 1988 and does not have an end date, however both parties can exit the contract with 60-days’ notice.
  - Initially, \$95,000 a year, increasing yearly based on Bureau of Labor Statistics CPI.
- National Guard
  - Lease originated May 2013 and was extended October 2018 through September 2023.
  - Initially leased two T-Hangars for \$145,000 increasing yearly based on Bureau of Labor Statistics CPI.

- Civil Air Patrol
  - U.S. Air Force auxiliary, is America’s premier public service organization for carrying out emergency services, search and disaster relief missions. Its 60,000 citizen volunteer members nationwide devote their time, energy and expertise to serve their communities, and develop future leaders through a cadet program.
  - Lease originated March 1981 terminating in 2130 (150 years).
  - Currently lease one T-Hangar for \$0 a year.

**Governance Structure and Organizational Placement:**

The Airport has a seven-member Airport Advisory Committee (AAB) with five members appointed by the County’s BOS (one per magisterial district) plus the Director of General Services and Airport Manager. The BOS approved revised guidelines on July 26, 2017 to clarify the AAB’s advisory role. Primary changes to AAB include:

- adds Airport Manager as an AAB member, with meeting facilitator role;
- increases focus on day to day operations;
- presents relevant issues at BOS meeting, if invited; and
- establishes unique themes for each quarterly AAB meeting, including:
  - facility/grounds maintenance and major maintenance program;
  - proposed Airport operating budget & tenant and vendor survey results (as applicable);
  - proposed Airport Capital Improvement Program; and
  - Airport Rules and Regulations review.

**Figure 1.10** summarizes the organizational reporting structure for the eight Virginia “reliever” airports. As noted earlier, reliever airports provide additional capacity for nearby primary commercial airports. The Airport is one of two relievers where the Airport Manager reports to a Department Director. Five airports report to either local government administrative management (i.e. County Administrator, Town Manager, or Deputy City Manager) or a separate Authority Board. One airport is privately owned.

**Figure 1.10 Virginia Reliever Airports Organizational Comparison**

<b>Airport Name</b>	<b>Airport Ownership</b>	<b>Airport Reporting Structure</b>
Chesterfield County Airport	Chesterfield County	Director of General Services
Leesburg Executive	Town of Leesburg	Town Manager
Manassas Regional	City of Manassas	Deputy City Manager
Warrenton Fauquier	Fauquier County	County Administrator
Chesapeake Regional	Chesapeake Regional (Authority)	Authority Board
Hampton Roads Executive	Privately owned	Privately Owned
Hanover	Hanover County	Public Works Director
Stafford Regional	Independent authority	Authority Board

### **RECOMMENDATION(S):**

We recommend Finance and Administration:

1. Consider implementing an Airport Fund financial policy that establishes a target working capital balance that minimizes General Fund subsidies.

We recommend General Services:

2. Prepare a formal annual analysis of the Airport Fund financial position for reporting to County management.
3. Implement routine performance reporting from Airport Manager throughout the year that supports annual update General Services provides to the BOS.
4. Document Management periodic review to consider potential updates to Airport rules and regulations (i.e. *Chesterfield County Airport Rules and Regulations, and Chesterfield County Airport Minimum Standards for FBOs to Provide Aeronautical Activities to the Public*).
5. Develop and document County staff procedures for Airport operational responsibilities including: property and facility maintenance, and facility and T-Hangar leases oversight.
6. Strengthen Airport Manager position requirements by including aviation management specific credentials that align with essential operating duties.
7. Proceed with plan to fully budget related maintenance expense for three General Services positions in the Airport Fund starting FY21.
8. Strengthen monthly DAS T-Hangar rental remittance documentation for verification of known tenants.
9. Develop process to document and maintain Airport T-Hangars' inspection results, including status and follow-up performed for any violations identified.
10. Strengthen Airport staff documentation confirming safety violations identified by Fire Marshall during T-Hangar inspections are corrected.

### **MANAGEMENT'S RESPONSE(S):**

1. *Concur. Finance and Administration Deputy County Administrator, Matt Harris, is responsible for implementing 12/31/2020. Management will consider an Airport financial policy that establishes a plan for the Airport to sustain its operations, including general maintenance and repairs expenses, through user generated service charges and that minimizes reliance on General Fund subsidies. The financial policy may also establish capital asset acquisition and major maintenance guidelines that align funding resources with the Airport's master plan.*
2. *Concur. Assistant Director of General Services, Al Pace and the Airport Manager are responsible for implementing 12/31/2020 to coincide with anticipated date of the next annual Airport update to Board of Supervisors.*
3. *Concur. Assistant Director of General Services, Al Pace and the Airport Manager are responsible for implementing 4/1/2020. There are several performance reporting and day-to-day management enhancements planned by General Services Administration that have remained pending due to the high level of staff time dedicated to vetting and negotiating 2 FBO contacts over the past 24 months.*
4. *Concur. Assistant Director of General Services, Al Pace and the Airport Manager are responsible for implementing 9/1/2020. Staff discussed and planned to update the Minimum Standards and Rules and Regulations but was unable to take action due to pending negotiations with 2 FBOs. It was not possible to change these standards and guidelines during active contract negotiations.*
5. *Concur. Assistant Director of General Services, Al Pace and the Airport Manager are responsible for implementing 1/1/2021.*

6. *Concur. Director of General Services, Clay Bowles, and Assistant Director of General Services, Al Pace, implemented 2/3/20. The current advertisement for Airport Manager that was posted on 2/3/2020 included language to strengthen position requirements by including aviation management specific credentials that align with essential operating duties.*
7. *Concur. Director of General Services, Clay Bowles, and Assistant Director of General Services, Al Pace, is responsible for implementing 4/30/20. The three General Services maintenance positions have been fully budgeted in the Airport's FY21 budget submission.*
8. *Concur. Assistant Director of General Services, Al Pace and the Airport Manager are responsible for implementing 5/31/20. A new template will be developed that will provide greater clarity to existing documentation processes. Daily tracking of T-Hangars was initiated on 1/1/2020. Effective 2/1/2020, the Airport ended the practice of prorated leases for hangar rentals with a duration of less than 1 month. Customers will be charged for a full month regardless of the number of days they occupy a hangar. The Airport is also considering ending the practice of prorating longer-term leases upon notice of cancellation.*
9. *Concur. Assistant Director of General Services, Al Pace and the Airport Manager are responsible for implementing 4/1/20. A new inspections process has already been developed for inspections related notes, results, dates of notification to tenant, and re-inspection. All backup correspondence is filed in one location with the tracking spreadsheet.*
10. *Concur. Assistant Director of General Services, Al Pace and the Airport Manager are responsible for implementing 4/1/20.*

#### CLOSING

We appreciate the cooperation and assistance received from General Services management and Airport staff throughout this audit.

Copy: Scott Zaremba, Deputy County Administrator for Community Operations  
Matt Harris, Deputy County Administrator for Finance and Administration  
Clay Bowles, Director of General Services  
Donna Arrington, Director of Accounting