



E·C·G·R·A
ERIE COUNTY GAMING REVENUE AUTHORITY

**EXECUTIVE
DIRECTOR'S
REPORT
FOR
DECEMBER
2024**



Board of Managers Meeting

Thursday, November 26, 2024

8:00-9:00 a.m.

Microsoft Teams

[Join the meeting now](#)

Meeting ID: 213 740 506 405

Passcode: 9Y7DqF

1. **Call to Order** – *Perry Wood*
2. **Action items** – *Perry Wood*
 - a. Approval of October Minutes
3. **Treasurer's Report** – *Chris Groner*
 - a. Commitments to Date
 - b. Breeze *ERI MRG Accounting Example*
 - c. Breeze *Example Invoice ERI*
4. **FEF Talking Points Review** – *Jake Rouch*
5. **Other Business** – *Perry Wood/Jake Rouch*
 - a. Legacy Carrier Update
 - b. Breeze expanded service opportunities
 - c. ERI/Brad DiFiore @ December Meeting
6. **Adjournment**

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▶ 814-454-7191
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▶ www.EriePa.com



Talking Points

Terms: ERCGP – Erie Regional Chamber and Growth Partnership
ERI – Erie International Airport – Tom Ridge Field
ERAA – Erie Regional Airport Authority
CPE – Cost Per Enplaned Passenger
PFC – Passenger Facility Charge
Legacy Carriers – Delta, American, and United
ULCCs – Ultra Low-Cost Carriers (Spirit, Allegiant, Frontier, Jet Blue, Avelo)

What is the Fly Erie Fund?

- A public/private partnership to provide financial support directly to airlines to increase air service options in Erie. Federal regulations prohibit ERAA from having a contract with airlines involving incentives.
- The ERCGP created a single-member Fly Erie Fund, LLC. ERCGP Board of Directors will appoint the seven-member Board of Managers. ERCGP will provide all staffing/administrative support at no cost. The Fly Erie Fund LLC will be independent of ERAA and ERCGP Board of Directors in its decision-making.

Why is the Fly Erie Fund needed?

- Air service has become incredibly competitive for non-hub markets like Erie. All airlines are focused on deploying their assets (aircraft, pilots, and crews) to the markets and routes that can make them the most money. Air service is not an entitlement – every market (except the big hub markets) must fill the planes and help the airlines to meet their financial goals. To help entice airlines to provide more air service options in Erie, the Fly Erie Fund helps reduce their risk and/or operating costs.

Why have ERI's air service options diminished over the last five years?

- Staffing Shortages. Pilots, mechanics, and air traffic controllers are in short supply due to retirements which is radically impacting flight routes and air service economics.
- Increased Costs. Airlines are facing increased costs across the board (staffing, fuel, parts, new aircraft) thereby necessitating a need to operate in the markets which are most cost competitive.
- More Seats, Fewer Departures. Bigger planes are where the airlines make money and pilots/crews are prioritized to bigger planes and flying fewer routes.
- ERI Cost Structure. ERI has been one of the most expensive airports for airlines to service. The same plane, pilot, and crew can make more money operating at another airport with lower operating costs.

- Total Cost vs. Seat Utilization. In the past, if you were filling your seats, you would get more air service. Today, airports are filling every seat. So, cost is the most important variable.

What will the Fly Erie Fund be used for?

- **Minimum Revenue Guarantees (MRG).** Airlines select new markets to provide service based upon data they have regarding the home destination of the traveler. So, while they can enter a market with a good degree of confidence for success, to insure their new service, they may ask for a minimum revenue guarantee to support the start-up of that new service if it does not perform well or takes time to get on track. An MRG serves as a de-facto insurance policy for their revenues when entering a new market.
- **CPE Subsidies.** Federal regulations require that ERAA charge the same fees (landing fees, fuel flowage fees, rent, security, ect.) for all airlines. Depending on the cost containment needs of a carrier, the Fly Erie Fund may have to provide direct subsidy to a carrier to make the CPE expense in line with their business model.
- **Legal Fees.** For each agreement with an airline, the Fly Erie Fund must have legal counsel review to ensure that no clauses or requirements in the agreement are disadvantageous to the proper use of the Fly Erie Funds.

What will the Fly Erie Fund NOT be used for?

- Airport operations
- Administrative costs

What is the fundraising goal?

- A total of \$1.5 million paid over three years.

Why should I contribute?

- More flight options are important for leisure travelers.
- More flight options are good for business travelers.
- More flight options enhance the quality of life for all citizens in the region.
- More flight options are good for employee and student recruitment.
- More flight options help connect more of the world to Erie and Erie to the world.

How will the Fly Erie Funds be deployed?

A seven-member Board of Managers will review all proposals from the airlines and decide whether or not to sign an MRG or CPE agreement based upon cost, route, and service frequency.

Have you had any success?

The Fly Erie Fund was formally established in July 2024. In August 2024, Breeze Airlines announced non-stop service to Orlando, Florida twice a week starting in November, 2024. In October 2024, Breeze added season service (January-May 2025) to Tampa, Florida. Both new flight options would not have happened without an MRG in place.

What are your destination targets?

While the airlines ultimately drive the decision-making, one of our top priorities is to bring back service to a western destination (Chicago, Detroit, Minneapolis, Dallas, etc.) via a legacy carrier (American, Delta, or United). Other destinations for consideration are NYC, Newark, Washington DC, Philadelphia, Atlanta.

How common is a structure such as the Fly Erie Fund in the U.S.?

Increasingly common as air service has become more competitive. Other states match local funds, but that is not the case in Pennsylvania (presently). Ohio matches local money at a 4:1 ratio. Jackson (WY) Hole Air is one of the oldest and most well established privately funded air service incentive funds. Jackson Hole Air has two hundred businesses investing on average \$2,000 a year to ensure they maintain and grow air service.

What is the Importance of a Legacy Carrier?

“Legacy” carriers (Delta, United and American) provide daily flight frequencies as the primary connection to the nation’s largest markets and hub airports, as well an international destination. The Fly Erie fund will aggressively pursue all legacy carriers for expanded service to Erie. Daily flight frequency is critical for business travelers and these carriers have the best systems to connect Erie to the globe.

What is the Role of Ultra Low-Cost Carriers?

Any air service enhancement strategy must include the ULCC’s. These carriers are enhancing sustainability among non-hub airports, like Erie, nationwide and provide a benefit to the non-business traveler. Not only will a ULCC entering the market increase flight options, enplanement volume, and demonstrate a more robust market to legacy carriers, but ULCCs will also generate more operational revenue for ERI in the long term. This, in turn, will work to lower the CPE and make ERI more competitive and able retain current air carriers and lure additional air carriers.

Who operates ERI?

ERAA manages all operational aspects of ERI.

Is ERI efficiently run?

Yes. The total budget to run the airport is \$3.1M. ERAA has reduced their budget by \$1M over the last five years.

What operational support does the City of Erie, Erie County, Commonwealth of Pennsylvania, and Federal Government provide ERAA?

ERAA receives no operational support from the City of Erie, Erie County, Commonwealth of Pennsylvania, or Federal governments. Operationally, ERAA is self-sufficient.

What capital expenditure support does the City of Erie, Erie County, Commonwealth of Pennsylvania, and Federal Government provide ERAA?

The City of Erie and Erie County provide no capital expenditure support to ERAA. The Federal Department of Transportation (DOT) does provide capital expenditure support for approved projects and covers 90% of the cost. ERAA pays 5% and the Commonwealth of Pennsylvania pays 5% as match. ERAA match for capital projects comes from a restricted, capital expenditure account. Revenues for the restricted, capital expenditure account come from PFCs - \$4.50 per passenger that fly out of ERI. Passengers pay the PFC every time they buy a ticket – it is in the final ticket price and shows up in fees. Over the last 30 years, the only capital expenditures supported locally were through Erie County for the runway extension project (approximately \$8M in support).



ECGRA Communications Services Report

November 2024 Comms.

BiWeekly Meeting with ECGRA Executive Director

Ongoing Social Media Management

Ongoing Consulting

IMPLEMENTED

November social media posts
12 new graphics posted in Nov.
BiWeekly planning meeting with Executive Director

Anchor Buildings – grant awards
Media advisory and pitching
Press Event
Press release and distribution
Photography
Live Stream

IN PROGRESS | 2024 Grant Releases and Graphics

2023–2024 Annual Report/Newsletter graphics
Holiday Graphics
Brand guide updates - #ECGRAworks content from grant recipients
Lead Assets Event
Little Explorers Op-Ed

IN PLANNING

Event planning /scheduling (First Assent, Lead Assets, Grant Workshops)





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November 15, 2024

Ms. Tammi Michali
Erie County Gaming Revenue Authority
5340 Fryling Rd # 201
Erie, PA 16510

Dear Ms. Michali,

Pennsylvania Business Week at Fort LeBoeuf High School was a great success!

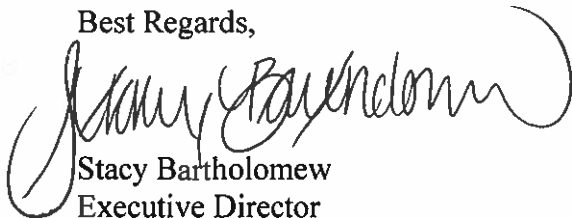
On behalf of the staff at Americans for the Competitive Enterprise System, the students at Fort LeBoeuf High School, and all those who are committed to the education of our youth, we would like to extend our gratitude. As you can see by the enclosed student letters, your support of this innovative program is greatly appreciated.

Please take a moment and look over the student evaluations. They found PA Business Week to be an ideal learning experience where teamwork, business knowledge, productivity, and financial management are all incorporated into a fun, high-spirited environment.

Your contribution not only benefited the students at Fort LeBoeuf High School, but also the business community as a whole. Your support enables students to see and understand how a business operates and how they can grow and succeed from this experience. Students who are better prepared for the work world will provide employers with better employment candidates.

We have also enclosed a Business Week program which recognizes the sponsors and volunteers. Thank you again for your support. We look forward to your continued involvement in this program!

Best Regards,



Stacy Bartholomew
Executive Director





HOLY TRINITY ROMAN CATHOLIC CHURCH

2220 Reed Street • Erie, PA 16503-2196 • (814) 456-0671

November 21, 2024

Dear Friends,

Let me start with a sincere **THANK YOU** for your generous contribution to this summer's 31st Annual Zabawa Program! We were very pleased to have such an outstanding group of Sponsors, advertisers, patrons and memorials! In all, the most ever!

While we normally would include a copy of this year's program book, we know many of you were with us at this year's Zabawa and already have a copy of it. But if you didn't get one and would like to receive a copy in the mail, *please email us at htzabawa@gmail.com*

Over the three days of Zabawa, we were blessed with great weather. Ever so many people flocked to our church campus to reunite with their friends, their heritage AND great food and drink! By our estimates, near 40,000 people attended and your support was a key factor in their enjoyment and our success!

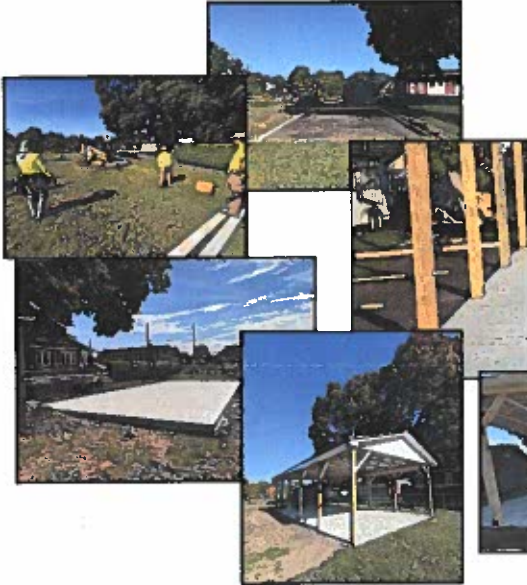
We hope you are pleased with our program and as always, if there is anything we can do for you, please do not hesitate to call us! Again we value your support and we hope you plan on staying with us as we move into next year and our 32nd Annual Festival!

Sincerely,

Edie Luniewski, Sponsorship Chair



ANNUAL UPDATE



PAVILION INSTALLED!

We saw significant growth at the BEST Community Garden with nearly 80 raised beds and a dozen tilled plots for planting along with several new gardeners. Check out the photos at the left for the progression of the pavilion project!

Through an ECGRA grant, assistance from the Master Gardeners of Penn State, and several generous donors, we were finally able to install the pavilion. Our efforts now are on securing funds to install permanent tables and seating under the pavilion for gatherings and additional Community Garden programming.

The timing of the pavilion construction did not allow for a Harvest Party this year, but we plan on a Spring unveiling and seed swap. Keep an eye out for upcoming announcements.

The pavilion will allow for expanded garden programming, including garden-to-table classes.

A SAFE AND AFFORDABLE NEIGHBORHOOD

- 100% occupancy rate of 26 safe, quality, affordable rental units
- Second Renaissance Block Grant from ECGRA to ensure that those able and interested in the targeted area are able to complete exterior repairs
- AARP Community Challenge Mini-grant to assist with home modifications for neighborhood residents aged 50+
- Landscaping projects throughout the neighborhood, including the curbside gardens at 2nd and Parade and at E. 6th and Parade Street.

- RING cameras installed throughout the neighborhood and registered with the Erie PD
- Two blighted and unsafe structures on Wallace Street set to be demolished
- Removal of a number of diseased and dying trees that threaten safety in the neighborhood
- Beautification and soft infrastructure to increase neighborhood vibrancy
- Coastal Zone Management Grantee for our Same Day Work and Pay Litter Cleanup Program

B.E.S.T. always welcomes volunteers to help with our beautification and renovation projects. For more information, please contact us at 814-456-7062 or at volunteer@besterie.org. Be sure to leave your name and contact information in the message.



Before and after photos of our beautification efforts at one of our recently-acquired properties on Ash Street.



B.E.S.T. MAKES ERIE BETTER!

I'M *lovin* GIVING LOCAL



Thank you to WJET, Super Store Joe, and the Loving Giving Local Team for selecting us as a Loving Giving Local nonprofit this summer!



THE BEST PLACE TO LIVE, WORK, AND PLAY

- National Night Out in Wallace Street Park in August
- UPMC Health Plan hosted an 814 in Nate Levy Park and a Sounds of Summer concert at the Soldiers' and Sailors' Home
- Community Garden filled to capacity with nearly 80 raised beds and a dozen tilled areas
- Beauty and the Bluffs cleanup celebrated its 30th year
- Thanks to Groundwork Erie's Green Team, the United Methodist Conference, the Mercyhurst University Physicians Assistants program, Love Your Block, Erie Insurance, and Gannon university students for their fantastic volunteerism this year



Volunteers helped with housing renovations, beautification, cleanups, and land care projects.

Creative Partnerships

In September, Infinite Erie and ECAT announced the new Construction Trades Training Program, sponsored by ECGRA, the Erie Community Foundation, and Build CDC. The program will give adult students the opportunity to learn the construction trades through both classroom work and on-the-job training, the program seeks to increase skilled labor, and BEST's building at 211 Parade will be one of their work sites.

We are partnering with the grantees of the Lots of Compassion Grant to host their 4th Street Garden and Pay as You Can Urban Farmers Market in the summer of 2025 headed by the Food Policy Advisory Council.

Additionally, we are working closely with the Erie Land Bank, Our West Bayfront, Sisters of St. Joseph Neighborhood Network, St. Martin's Center, Erie's Black Wall Street, and other area groups and agencies on the Cornerstone Land Trust to offer affordable home ownership pathways for individuals.



RENAISSANCE BLOCK IMPROVEMENTS

- ECGRA's Renaissance Block Grant program are "pass through" grants where nonprofits issue matching grants to homeowners within a designated area up to \$5,000 towards exterior home improvements, such as new windows or doors, concrete work, painting, roof repair, etc. that can be seen from the street.
- B.E.S.T. received a Renaissance Block grant from ECGRA in 2023 for the western-most section of the East Bayfront--from Front to E. 6th Street, and from Holland to Parade that helped nearly a dozen homeowners.
- Response was so overwhelming that we secured a *second* grant to help even more homeowners.
- There's room to provide more funding to property owners within the original targeted area.
- If you know of someone who lives in the current eligible area, please encourage them to contact us for an application.
- We hope to continue moving east with Renaissance Block opportunities for neighbors.

Looking ahead...

On our list for 2025:

- Identify resources for sidewalk repair to reduce trip hazards and make the Historic East Bayfront a safer and more walkable neighborhood.
- Secure match for our Same Day Work and Pay program to combat litter, increase economic stability.
- Find matching funds to begin restoration and renovation of 426 E. 6th Street for mixed use.
- Renovate four additional housing units that will eventually become safe, quality, affordable rentals for low- and middle-income tenants.



B.E.S.T. MAKES ERIE BETTER!



Advertisement

Erie County Council adopts 2025 budget

A.J. Rao

Erie Times-News USA TODAY NETWORK

Erie County Council approved the 2025 budget Thursday, raising property taxes to protect the county's reserves and overcome a bevy of clerical errors made by Erie County Executive Brenton Davis' administration.

In a 4-3 vote, council approved a 0.51 mills tax hike. The increase, which bumps the county millage rate from 6.61 to 7.12, means the owner of a property assessed at \$100,000 will pay \$51 more in taxes annually.

Davis, who delivered his budget proposal to council Oct. 1, didn't include a tax hike in his plan and relied instead on the county's reserves, or fund balance, to plug a \$3.8 million deficit.

However, additional spending requests, many of which came from the administration to correct their mistakes, helped balloon that deficit to \$6.7 million, according to council's financial advisor Kenny Bonus, of Bonus Accounting.

Bonus said the 0.51 mills increase would generate just over \$7 million, which would not only cover the \$6.7 million deficit but provide a sufficient "buffer" in the event of unforeseen expenses in 2025.

"We did a historic tax increase last year," Councilman Andre Horton told his colleagues prior to the vote. "If you don't do a tax increase this year, you'll be setting yourself up for another historically high tax increase next year."

Horton, along with council members Terry Scutella, Chris Drexel and Rock Copeland voted in favor of the tax increase. Council members Ellen Schauerman, Charlie Bayle and Jim Winarski voted against it.

The approved general fund budget came to \$139.6 million, roughly \$440,000 more than Davis' proposal.

Here are some key takeaways.

Council members, upset over errors, call for accountability

Thursday's vote capped a contentious two-month budget process, in which council members accused Davis of handing them an unbalanced budget, replete with errors, from wrong salaries and missing overtime costs to double counted revenues and misreported expenditures.

Administration officials blamed old software and insisted they didn't get an opportunity to provide corrections because council excluded them from several budget meetings.

Copeland, who held a press conference before Thursday's meeting, floated the idea that the administration's mistakes were deliberate.

"I would suggest to you that when a substantial majority of those mistakes result in a budget that looks more favorable to the executive ... I have to question whether these are mistakes," he

said. "It's politically advantageous to have a budget where revenues and expenditures are kept low."

Copeland, who was joined by Scutella and Horton, recommended a third-party audit of the new and previous budgets, and greater accountability of Davis' financial team. Last year, the council ignored the finite reality of the proposed tax increase, slashed our recommended budget, and refused to make the tough cuts required. Now, four members are repeating the same reckless behavior.

Administration signals cuts, vetoes to prevent 'back-to-back tax hikes

Erie County Public Information Officer Chris Carroll, who's criticized Copeland as a 'first-year council member with no prior budget experience,' and who's slammed council's tendency to create 'panic,' said the fund balance contains more than \$50 million.

In a statement to the Erie Times-News on Friday, he said 'these reserve funds exist 'because taxpayers have overpaid for years and we should use these funds judiciously before reaching into their pockets for more of their hard-earned money.'

He added, 'We remain committed to cutting unnecessary costs, protecting critical services such as the failing ambulance system and preventing back-to-back tax hikes. Erie County residents deserve better than this pattern of financial mismanagement.'

As per the Home Rule Charter, the budget will be delivered to Davis within three days after Thursday. Within 10 days thereafter, Davis can issue vetoes. Council can only override a veto with a supermajority of at least five votes.

Diverse Erie, Human Relations Commission restored

Council approved \$2.5 million in American Rescue Plan funds to go toward the Diverse Erie commission. Council had previously approved \$1.5 million for the commission in January on a 5-2 vote, but Davis had refused to certify the availability of those funds.

The commission, which seeks to empower and invest in historically disadvantaged — in particular, Black and brown — communities affected by the COVID-19 pandemic, has since been unsure of its fate.

Bayle, who voted against the funding, said the commission's investments are almost entirely in the city and not the rest of the county. Schauerman, who also voted against the funding, said the goals of the commission could be accomplished by other means, without paying the overhead for a commission.

The funding was approved in a 4-3 vote. Winarski was the other nay vote. The \$2.5 million was taken from the ARP municipal infrastructure GAP program.

Council also restored funding to the county Human Relations Commission, which investigates complaints of discrimination in employment, housing and public accommodations.

Davis defunded the commission in his proposal, insisting it was a duplication of services that could be handled at the state level.

Erie County Clerk Karen Chillcott, who oversees the commission, has argued the local commission recognizes a larger span of protective classes than the state office. She also said the local office is more accessible to those who don't have the means to travel to Pittsburgh.

The funding was restored in a 6-1 vote. Bayle was the sole nay vote.

EMS program, Economic Development Department nixed

Council voted 4-3 to stop \$2.5 million in gaming revenue from going toward a proposed Emergency Medical Services authority. For several months, Davis has floated the idea of getting all of Erie County's 38 municipalities to work together under an authority model that would, among other things, provide a uniform system of funding for each EMS agency at a time when agencies are dealing with higher costs and staff shortages.

Copeland said he was uncomfortable using gaming revenue to fund an idea that wasn't fleshed out. Drexel added that the idea still didn't have the endorsement of enough fire and EMS officials around the county.

Copeland, Scutella, Horton and Drexel voted to eliminate the funding. Schauerman, Bayle and Winarski voted for it.

Council also voted 4-3 to eliminate the county Economic Development Department. The majority — Scutella, Horton, Drexel and Copeland — agreed the department, which Davis created, was a duplication of other economic development entities.

Council approved an action sheet to move two positions under the department — the GIS administrator and the municipal projects coordinator — to the Planning Department.

Other notable votes

- Council approved \$2.5 million in ARP funds to bolster child care in the county. The funds would be administered by the Erie County Gaming Revenue Authority. "This is not enough money to solve the problem, but it's a very big step in that direction," Drexel said.
- Council increased the budget of the Cooperative Extension from \$150,000 to \$185,400.
- Council approved \$750,000 in ARP funds to Grow Erie, the aquaponics development and greenhouse project at Savocchio Park.
- Council voted to eliminate the county public information officer position, currently filled by Chris Carroll, insisting the position had become too political.

A.J. Rao can be reached at arao@gannett.com. Follow him on X @ETNRao.

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