

## Carmage Walls Commentary Prize

## 2018 Entry Form

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## What is the subject/title of the entry?

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Is your newspaper under 50,000 circulation or above 50,000 circulation? Above

Please give a brief explanation of issues discussed and the results achieved. (This space will expand as you type in your comments.)

For slightly more than a year, the Daily Press covered and commented on concerns related to decisions made by the Peninsula commission.

Those concerns included transparency, the efficacy of undisclosed loan agreements and a secret decision to use public funds as a loan guarantee, putting millions of taxpayer dollars at risk

As a result, in part because of a state audit that coverage sparked, a city manager resigned, the director of the airport commission was fired, training and guidelines were instituted for the Peninsula Airport Commission, including specific measures for clarity of mission and transparency.

Publication: Daily Press Print Run Date: 3/5/2017

Headline: Taking responsibility

Airport commission's actions raise questions about what it means to serve on a public body

Text: Our Peninsula was the first place in North America where people elected by their neighbors gathered together to make laws and spend public funds under the watchful eye of those neighbors.

That was up in Jamestown, in 1619. So there's symbolism in the Peninsula Airport Commission notion of inviting representatives from James City County, Williamsburg and York County to help govern Newport News/Williamsburg International Airport.

That - along with Thursday's first formal statement of regret for its decision to use taxpayer funds to make good a \$4.5 million debt the failed People Express Airlines owed TowneBank - marks a first step by the commission to get on track fulfilling its duties as a public body.

Our history, from our very first days to the airport commission's difficulties of recent weeks, gives Peninsula residents a unique perspective on public service, and on the responsibilities of public officials.

That is why it has been distressing to wonder for so many weeks if the six members of the commission board understand the fundamental questions about the body's decision to pay off a \$4.5 million loan to People Express Airlines with taxpayer dollars.

The most fundamental of all shouldn't be a question.

Who was responsible for deciding to guarantee an extremely risky loan to a heavily indebted shell of a company to enter a business in which it had no experience with taxpayer funds?

It was not the state officials who wrote a manual that seemed to allow that use. It was not the airport attorney who was a board member of the bank assured of repayment by those taxpayer dollars. It was not the executive director of the airport, whether he had recommended the action or simply told the commission board that the only way to get People Express off the ground was a financial commitment on that scale.

It was, and is, the commission.

It was the commission board that in 2014 decided, behind closed doors, to take on that risk with taxpayer money. It was commission board members who then came out to vote to commit your tax dollars to People Express, whose directive said nothing, not one word, about a loan, or a guarantee or taxpayer dollars or the millions that might be at risk.

It was, and is, the commission. Then and now.

Then, because the commission took that action.

Now, because the commission needs to make crystal clear it understands that it was wrong to use your money that way, wrong not to tell you at the time that its intention was to do so, wrong not to understand exactly how cavalierly it was treating your money.

Now, because after cutting its ties with longtime attorney Herbert V. Kelly Jr, a TowneBank Peninsula board member, and putting executive director Ken Spirito on paid administrative leave, the commission needs to make clear it is not simply lining up scapegoats.

Public service is a responsibility. Responsibility demands owning up to your actions. Responsibility is not about excuses, not about dodging blame, not about scapegoats.

We've already paid a price for the irresponsibility of the airport commission. The state has cut off funds while it conducts an audit. The scope of that audit has broadened. A long-hoped- for connection to New York is on ice, because of "the challenging perceptions surrounding the Newport News/Williamsburg International Airport."

And, as one Newport News resident told the commission this week, it "has lost the trust of its constituency and our state legislature, and it has besmirched the Peninsula's reputation. There must be consequences."

It has taken a long time to get to an expression of regret. It may not be enough.

So, one consequence has probably got to be that the commissioners, and at a minimum the current three who decided secretly and voted misleadingly to back People Express Airlines, need to go. They need to resign or be removed from the commission. One, Newport News City Manager Jim Bourey has stepped down, all the while saying he still believes all the commission actions he supported were justified, including the People Express loan guarantee. We believe the City Council needs to discuss that belief with him in detail.

One more consequence: Every member of a public body, whether it is a commission, city council, county board of supervisors or school board, needs to take a hard, honest look at what they do. They need to ask themselves: Could I have misunderstood my responsibilities to the public that trusts me in the same way the airport commission did?

Once asked, and answered, we expect there'll be some changes in the way our public bodies conduct themselves. We'll be looking for that. And we ask you to join with us in demanding it.

Publication: Daily Press
Print Run Date: 3/8/2017
Headline: Missteps in the dark

Newport News City Manager Jim Bourey, whose philosophy kept transparency at arm's length, resigns

Text: Jim Bourey has many of the qualities that anyone would want to see in a city manager. He is a smart man with boundless energy, tremendously ambitious and with a sharp, clear vision for the future. Since taking that job with the city of Newport News in July 2013, he has done many things that served our citizens well.

But Mr. Bourey's demise seems to have come about as a result of a glaring fault for a public official - a propensity for doing work in the shadows that needs to be handled in the light of day, in plain view of the people he serves. It reflected an overconfidence in his own judgment that was not always fully merited.

Mr. Bourey resigned as city manager Tuesday, his fate sealed by the substantial role he played in the Peninsula Airport Commission's decision to use our tax dollars to repay a \$4.5 million loan it had recklessly guaranteed to a start-up airline that almost literally never got off the ground. This episode may have been the tipping point, but it is instructive to point out that it is consistent with a pattern of behavior that he exhibited as city manager.

The airport commission, of which Mr. Bourey was an influential member, has not been able to provide a reasonable justification for the handling of the loan. Specifically, no one has been able to adequately defend the decision to carry out this business behind closed doors, keeping a series of troubling specifics hidden from local residents. Once the whole mess came to light, Mr. Bourey and his fellow members of the airport commission dug their hole deeper with a continued refusal to acknowledge this was the result of egregiously poor judgment.

When he stepped down from the airport commission last week, Mr. Bourey insisted that "all the commission's actions that I supported were justified, " blaming the negative fallout on "misinformation." He did not offer any examples.

There is every likelihood that this could have been avoided if the Peninsula Airport Commission had adhered to the principles of transparency that should be absolutely fundamental to the operation of any public body. With almost four decades of experience in municipal government, Mr. Bourey should know and embrace these principles.

But he apparently doesn't.

In June 2014, the commission secretly agreed to guarantee a loan of up to \$5 million for the start-up People Express airline. Three months later, all flights were canceled because the airline had no functioning planes.

In January 2015 and 2016, the airport commission received auditor's reports that, in footnotes, laid out the use of \$4.5 million in taxpayer funds to cover that loan. In both cases, the minutes of the meetings reflect no discussion or acknowledgment of those details.

The loan payment did not become public knowledge until five weeks ago, when airport Executive Director Ken Spirito had to answer direct questions from the Daily Press, setting off a series of revelations and repercussions.

In retrospect, the original decision to go behind closed doors for that loan was the first step down a path that led to this unfortunate point.

If the commission had been transparent at the start and along the way, the appropriate questions would have been raised. If no one else asked them, we would have as part of our role as watchdog for residents of the Peninsula. In all likelihood, those questions would have prevented this betrayal of public trust; if the events had still occurred, at least the commission could have defended itself by saying the public was aware of the loan at the time it was guaranteed and at the time it was paid off.

But this preference for closed doors is not a surprise anyone who has followed Mr. Bourey's term as city manager of Newport News. All too often - in dealing with the Ivy Tower apartments, City Farm, the proposed Wegmans grocery store, and more - he has wanted to carry out the public's business in private. Information is kept under wraps, and obstacles are planted in front of anyone trying to get at it

In 2015, the Daily Press used the Freedom of Information Act to request documentation regarding the financing of the Tech Center development; the city tried to raise the bill to get that information from its initial \$355 to more than \$1,800 under the specious claim that the newspaper should have to pay the hourly wages for the time Mr. Bourey and five other staff members spent reviewing the information before releasing it.

Mr. Bourey has done some good work in Newport News. He has an ambitious approach to economic development, and his energy seemed to be infectious. The distinctive and popular One City Marathon, the third of which will be run this Sunday, was his concept from the moment he arrived in our long, narrow city, and it was no easy feat to pull together.

He did not give a specific reason for his resignation, but it was clearly related to the reckless and headstrong approach to the People Express loan by the airport commission - which never would have happened if that business had been handled with appropriate transparency.

It is essential to remember that Mr. Bourey served at the pleasure of the City Council. And now the Council must ask itself if it did its job properly in its management of its employee.

Publication: Daily Press

Print Run Date: 5/16/2017

Headline: Straighten up and fly right

Spirito's ouster closes a sad chapter at the local airport, but also provides an opportunity for a fresh start

Text: The Peninsula Airport Commission fired executive director Ken Spirito on Monday morning, in a move that shocked no one (except perhaps Mr. Spirito himself). It had to happen. It was going to happen. And it did.

Mr. Spirito's ouster represented the latest rocks hitting the ground in an avalanche that began when the commission made the reckless and foolhardy decision to spend \$4.5 million in taxpayer funds to secretly pay off the defaulted loan incurred by the colossal failure of a startup airline that never got off the ground.

Now as the cleanup continues, it is imperative that the commission handles that task with more attention and foresight than exhibited throughout the whole People Express episode.

In hindsight, the airline was destined to be a fiasco. It was being slapped together on the fly by a man with no experience in the industry and a recent bankruptcy on his record, and its business plan involved servicing eight cities with just three airplanes (one of which never materialized).

The airline's failure - after less than three months - was as predictable as a sitcom rerun. Mr. Spirito and the commission made it exponentially worse because they had previously decided behind closed doors to use your tax dollars to buy their way out of any mess if People Express couldn't pay its debt.

When the deal finally became public, the parties involved tried hard to defend it, but nobody was buying it. Jim Bourey, one of the supporters of the \$4.5 million loan payment, resigned from the commission and subsequently from his job as city manager of Newport News because of the way this was handled. The Newport News City Council removed Aubrey Fitzgerald as its representative on the airport commission. Herbert V. Kelly, the commission's longtime attorney (and a member of the advisory board for the bank that benefited from the loan payoff), was informed that his services were no longer required.

Mr. Spirito was placed on paid administrative leave until an audit could be completed, but there seemed little realistic chance that he would be retained. When he was fired on Monday, the commission cited a series of improper expense reports reflecting the use of airport funds to pay for personal expenses. But his leadership role in the People Express debacle certainly didn't help, and his other transgressions only came to light because of the audit prompted by the failed airline.

Mr. Spirito held this position for more than eight years, and he was a hard-working public servant - but he authored his own downfall. His willingness to spend thousands of public dollars on personal expenses and his ability to hide it in his expense vouchers points to a troubling lack of accountability. That is just one more problem the Peninsula Airport Commission must address as it moves forward.

And that process begins now.

There is effectively a new commission in place. It has taken the step it needed to, as it deals with the aftermath of a stern lesson: public boards have a responsibility to keep an attentive eye on the money the public entrusts them to handle.

Now the commission, interim executive director Sandy Wanner and whomever is eventually named as Mr. Spirito's permanent replacement, have the hard task of winning back the public's trust and getting a struggling airport back on track.

It is a difficult task, but it also presents an opportunity.

Now is the time to send a strong signal that the errors of the past will not be repeated and that a fresh start will be marked by a clearer vision and a dedication to ethics and transparency.

It is a time to reach out to Elite Airways, a partnership that looks far more promising than People Express ever did. Elite was scheduled to start flying in and out of Newport News in March but the airline chose to back out at least temporarily due to concerns stemming from the fallout from People Express. (At the time of Elite's announcement, Mr. Spirito was still trying to defend his actions and blamed the local media for the negative perception.)

The Peninsula has a big stake in what comes next. If the airport eventually thrives, it is a tremendous asset to local businesses and our region's economy, as well as a convenience to residents who travel. If it continues to struggle, we are increasingly isolated and forced to rely heavily on airports in Norfolk and Richmond.

The new executive director needs to be above reproach. He or she will have to make it clear from the start, to the commissioners and to the public, that business will be conducted differently. That transparency will be paramount.

It will take more than words to accomplish that. There are countless quick and easy ways to lose the people's trust; there are only slow, deliberate ways to regain it.

Publication: Daily Press Print Run Date: 6/4/2017

Headline: A betrayal of public trust

Audit reveals the depths of the mess created by the airport commission. Now it's time to clean up.

Text: The financial dealings of the Peninsula Airport Commission were inevitably going to come down in a big, messy heap. The recklessness of that public body's accounting had become obvious in the aftermath of the People Express debacle, and sure enough, the bottom fell out on Friday when the Virginia Department of Transportation issued the findings of its audit.

Misuse of public funds. A glaring lack of transparency. Conflicts of interest and deliberate obfuscation to hide the use of public funds to cover a loan. (The audit actually provided a definition of "due diligence" to make its point crystal clear.)

The findings were ugly, but not surprising after the previous revelations that (a.) the commission had very quietly used \$4.5 million in taxpayers' dollars to pay off a bad bet on a failed start-up airline, and (b.) former Executive Director Ken Spirito was spending thousands more of those dollars on personal expenses.

The first revelation, uncovered by Daily Press reporting, was highly damning for the commission. It cost Jim Bourey and Aubrey Fitzgerald their spots on that board, and by extension it cost Mr. Bourey even more. He is no longer in his position as city manager of Newport News. The second revelation, which came to light in the subsequent audit, cost Mr. Spirito his job after eight years as executive director.

Now, the full audit is out, and the next logical step is to remove the rest of the commission and start from scratch.

Because nobody comes out of this looking good.

The audit showed the Peninsula Airport Commission, as a whole, operated with no accountability and with apparently egregious contempt for even the most basic concepts of transparency. Anyone who was part of the commission when these deals went down, even if he or she wasn't directly involved, is nonetheless guilty of neglect. Of doing nothing to stop this train wreck, or of not being aware of it in the first place.

Either way, nobody's hands are clean.

Laundry list of missteps

The audit called the commission out for effectively using public money as collateral for People Express, a start-up airline that was to fly out of Newport News. In retrospect, that enterprise came with so many cautionary red flags that the commission never should have shaken hands on the deal, let alone backed up the loan. When People Express went kaput, the commission made good on that promise with your tax dollars.

The commission did this surreptitiously. It made the promise behind closed doors and then buried the payoff so deep in the paper trail that few would even notice it. They almost got away with it, but when it did come to light, the parties involved did themselves no favors by adamantly defending the decision. Admitting their miserable judgment and apologizing might not have saved jobs, but it would have made this compost heap smell a little less toxic.

Money was being misused. Transgressions were not being disclosed. Nobody was asking questions or paying attention. Mr. Spirito apparently signed off on a highly questionable deal without bothering to fully read what it entailed. If there is a silver lining, it is that this audit can serve as a blueprint for

every commission or foundation in the state, for an understanding of how not to conduct the people's business.

Because we have known for a long time that Virginia tends to be lax on ethics oversight, and this is what can happen when people have access to money and they think no one is watching.

The late British Parliamentarian John Dalberg-Acton famously said that power corrupts, and absolute power corrupts absolutely. The Peninsula Airline Commission drew absolute power from the utter lack of adult supervision, and the result was an absolute corruption of the public trust inherent in its mission.

High stakes and a weak hand

Clearly, with People Express, a decision was made that this deal would get done, no matter what it took. The commission was apparently so determined to land a new tenant for the airport that it was willing to wager way too heavily on a long shot. Perhaps they were willing to place that bet because they were playing with "house money" - unwittingly staked to them by the taxpayers they represent.

This is why a public body needs to do its work in full view of the public. If our money is being risked, we need to know about it and have a say in it. Instead, there was a deliberate effort to deceive the public before, during and after the deal.

This goes beyond losing jobs. The next question, in light of this audit, becomes whether Mr. Spirito or anyone else needs to be brought up on charges. Whether anyone needs to go to prison.

Yes, it's that serious.

These consequences may go beyond the members of the commission. They should be aimed, too, at any members of the airport staff who were complicit in, or who benefited from, the misappropriation of public funds.

It's also worth asking what responsibility may have been ignored by the city leaders of Newport News, and other local officials. Shouldn't somebody outside of the commission have been asking questions along the way? Were these people looking the other way, or simply not looking?

We've said this before, and it shouldn't need saying at all, but the state needs to get serious about demanding that all tax dollars given to any public or private organization come with strings attached that force those spending the money to share just what was spent and how. That's the very least that we deserve.

And the state needs to get serious about transparency. The fact that these folks thought they could hide behind closed doors and bury agenda items points to a greater issue - that public officials think (or know) that the state's laws are so lax that they can work around them with no accountability and minimal fear of exposure.

This is what happens when public officials are above the law, above the need to justify their decisions and their expenditures to the public. This is what happens when they forget that part of their job is to be financial stewards of public funds. Of your money.

This is the mess we've been handed.

The clean-up demands heavy consequences. It will not be easy. It will not be painless. It will not be quick.

Publication: Daily Press

Print Run Date: 7/16/2017 Headline: Changing the flight plan

After the disgrace of People Express, airport commission is given a clear direction moving forward

Text: Some things are so blatantly obvious that they shouldn't need to be explained at all. More often than not, there comes a point where we have to explain them anyway.

State transportation secretary Aubrey Layne said the obvious this week. He said it because, apparently, it needed to be said.

As we continue to wade through the mess left behind by the Peninsula Airport Commission's bailout of People Express, Mr. Layne laid out the fundamental expectations of the newly reconfigured commission moving forward. He spoke very clearly, so as to be understood.

He told the members of the commission that they need to be accountable, both individually and collectively. That when you are given the responsibility of spending the public's money, you cannot cavalierly blur (or fully erase) the line that separates business and personal expenditures.

It is discomforting, especially after all the dust that this episode kicked up, to realize that some of the commission members were still unclear on this. One of them said he thought the commission was acting appropriately when it very quietly agreed to effectively put up taxpayer money as collateral on a \$4.5 million loan to a highly questionable start-up airline. Mr. Layne was diplomatic in describing how dumbfounded he was by that statement.

The airline, People Express, flew less than three months before its obviously inadequate financial base and fantasy-filled business plan caught up with it. Sure enough, the commission bailed out that ersatz airline and its lender, TowneBank. They did so with your tax dollars - once again, acting quietly in the hopes that no one would notice.

But we did notice.

Mr. Layne posed a very pointed question to the commission: Who among you would have backed up that loan if it was your own money, instead of the public's money, that was on the line? He asked it rhetorically, because everyone in the room already knew the answer.

After the Daily Press uncovered that unethical bailout, further investigation by the state revealed even more brazen financial malfeasance. In particular, Executive Director Ken Spirito was found to be spending thousands of dollars - tax dollars, your money - for expenses that were clearly personal in nature. He was able to do this because the airport commission chose (and was allowed) to do its business largely behind closed doors, with no transparency.

Mr. Spirito lost his job over that revelation. Jim Bourey resigned not only from the commission, but also from his position as city manager of Newport News. Aubrey Fitzgerald was also removed from the commission. Herbert V. Kelly Jr. - the attorney who represented the commission and also sat on the board of the bank that received the bailout money - was identified as having a potential conflict of interest and no longer works with the airport commission.

It is a different commission now - new members, and old members given new directives.

But it takes more than new faces and stricter guidelines to truly bring about a fresh start. Nothing has changed until the Peninsula Airport Commission shows that it is operating appropriately, as a public body that is truly serving the public. Secretary Layne set a condition that echoes a point we've long made: The commission needs to do business in the open, and not behind closed doors as had been its practice, and the practice of far too many public agencies in this state.

This could have been worse. The state had frozen all funding to the airport, and it could have decided to follow the recommendations of an auditor and keep that sanction in place. That would have been devastating to the airport. But Mr. Layne wisely decided that the situation would not be improved by crippling the airport's operation.

Instead he held out the metaphorical carrot on a stick, making it clear that a portion of the state funding that totals between \$1.5 million and \$1.8 million per year would be contingent upon the commission meeting specific standards of ethics and accountability. If the commissioners underwent training on conflict of interest, freedom of information and other key topics, they could earn back half of that annual funding. The other half will go into an escrow fund, which the commission can access only after showing that it can provide its own funding through business profits, grants and contributions from local governments.

Let this be a blueprint for all public bodies. Somehow we doubt that the airport commission was the only one that needed a refresher course. Somehow we are guessing that as these events unfolded there were public officials all across the region wiping sweat from their brows and saying, "Better them than us." The airport commissioners aren't the only ones who need to learn these lessons.

Mr. Layne made it clear that the commission needs to be open and accountable to the public it serves.

It's something the commissioners should have already known. It's something all public officials should already know.

Now that it has been spelled out in detail, there should be no more questions or excuses.

Publication: Daily Press

Print Run Date: 8/13/2017

Headline: Your money, your business

As the airport saga sinks deeper, it should remind officials and citizens about the need for transparency

Text: The revelations just keep coming about the mismanagement of the Peninsula Airport Commission, emerging like an endless string of colorful handkerchiefs from the sleeve of a hack magician. But this was never intended as entertainment, and the only thing made to disappear was millions of dollars in taxpayer funding.

The latest tidbit, culled from emails the Daily Press obtained through a Freedom of Information Act request: When state auditors asked to see documentation of the research the commission undertook before its ill-fated deal with the People Express airline, airport attorney Herbert V. Kelly Jr. arranged to throw together a "due diligence" report on the spot. Because Executive Director Ken Spirito and the airport commission apparently didn't actually have any records of their research.

That's right. The commission's report analyzing the prospects of People Express was written on Feb. 7 of this year - almost 2 1/2 years after the startup airline went out of business. And in this instance, hindsight had considerably less than 20/20 vision, since the scant two-page analysis curiously made no reference to the airline's tenuous financial situation or the list of creditors who were suing to collect unpaid bills.

We know how it ended. The commission agreed (secretly, in closed session) to cover the loan with your tax dollars, and then very quietly paid it off to the tune of \$4.5 million, hoping no one would notice. The commissioners involved in that closed-door meeting went down. Aubrey Fitzgerald was removed from the commission. Jim Bourey resigned his spot, and subsequently resigned as city manager of Newport News. Mr. Kelly - who also sat on the board of the bank that received the loan payment - was fired as the airport's attorney.

And Mr. Spirito, who had spent eight years as executive director, was fired after the ensuing state audit revealed that he had been using his airport expense account to pay for thousands of dollars' worth of personal expenses. Surely he knew this was inappropriate, but the commission had cultivated such a clandestine way of conducting its business that he apparently thought no one would find out.

This, in microcosm, is why we insist on transparency from public officials.

This is why we write so frequently about the absolute need for public agencies at all levels to be open, clear and specific about how they are spending your money.

This is why they need to be accountable to the public both before and after that money is spent.

Last month, after reviewing the results of that audit, Secretary of Transportation Aubrey Layne was very forceful in telling the current version of the Peninsula Airport Commission that business would no longer be conducted as it was under Mr. Spirito.

Secretary Layne announced that state funding for the airport would now be strictly contingent on specific standards of ethics and accountability. If the commission meets those standards, and if each member completes a training course on a variety of topics related to ethics and transparency, the state will provide half of its annual funding. The other half will be held in escrow, for use only when the commission can show documentation of business profits, grants and contributions from local governments.

It is good that these steps have been taken, but disappointing that they were necessary. This should be Public Service 101 - fundamental information that should have to be reinforced in officials, not taught to them anew.

It is commonplace to speak dismissively of the so-called "bean counters" at all levels of government, but they are there for a reason. Those metaphorical beans need to be counted, and carefully. They are our beans, and we deserve to know how they are being allocated. If someone is cooking them, we need to be aware.

It was the airport commissioners who got caught in this spider web of their own making, but their lack of transparency is reflective of a culture that is common to our commonwealth. One guesses, or at least hopes, this episode will underscore to public officials and agencies around the state the need to operate openly and maintain thorough, clear records.

That could be the silver lining within this dark cloud.

The fallout from the Peninsula Airport Commission's secret deal - the lost jobs, the state funding, the litany of headlines - should call out like a siren to any public official around the state who thinks he or she can sweep fiscal malpractice and other unethical behavior under the rug. It should call out to citizens as a reminder of the critical importance of transparency.

That siren shouldn't be necessary, but sometimes it is. And it's up to all of us to pay attention.