

# **GREENVILLE-SPARTANBUG AIRPORT**

## **COMMISSION MINUTES**

**MAY 18, 2015**

The Greenville-Spartanburg Airport Commission met on May 18, 2015 at 9:00 a.m. in the Greenville-Spartanburg District Office Conference Room C located at 2000 GSP Drive, Suite 1, Greer, South Carolina 29651.

**MEMBERS PRESENT:** Minor Shaw, Hank Ramella, Leland Burch, Valerie Miller, Bill Barnet, and Doug Smith.

**STAFF AND LEGAL COUNSEL PRESENT:** David Edwards, President/CEO; Kevin Howell, Vice President/COO; Jack Murrin, Vice President Administration and Finance/CFO; Rosylin Weston, Vice President Communication; Scott Carr, Director of Properties and Development; Chief Bobby Welborn, Police Department; Corporal Chris Richau, Police Department; Betty O. Temple, WCSR; and Marsha Madore, Human Resources Manager/Recording Secretary.

**GUESTS PRESENT:** Mike Darcangelo, Avcon, Inc.; Mark Waller Infrastructure Consulting and Engineering; Jim Fair, Greer Today ; Paul Smith, WK Dickson.

**CALL TO ORDER:** Chair Minor Shaw called the meeting to order at 9:00 a.m.

### **CONSENT AGENDA:**

A motion was made, seconded, and unanimous vote received to approve the regular meeting minutes from the March 18, 2015 Commission Meeting.

### **PRESENTATIONS:**

#### **A. Social Media**

Ms. Rosylin Weston, District Vice President of Communications, presented the District social media initiative. Ms. Weston noted that the GSP social media strategy is very simple. We want to listen to and engage with our customers. GSP is challenged with ensuring our message reaches our customers in the shortest amount of time, and with the help of social media, we have been able to share content much faster and much easier. Social media allows us to stir public interest and awareness about all things GSP and to solicit feedback. We have real time questions and comments and provide real time answers to the individuals posing those questions. Five years ago we had a Facebook page and a GSP website. We didn't have a social media footprint. Today we do. Our social media channels are: Facebook, Youtube, Twitter, The Wingspan Website and blog, and the Wingspan website is a mobile site, the GSP website which is also a mobile site, and the GSP 360 Beyond the Runway. Because the news outlets are very active on social media, we have found that

social media intersects with traditional news releases and alerts. Our Blog discussed the opening of the RJ Rockers and Thomas Creek Grills. Almost immediately three news outlets contacted us from the information provided on the blog. Because the blog provides so much more information than would a news alert, it gave those reporters several angles to cover. There are several examples where social media and traditional media intersected and provided great news stories.

Social media builds brand awareness and creates customer loyalty. The real challenge is to engage customers

By the end of 2013, we had 3,700 fans on Facebook, by the end of 2014 we had 4,800 fans, and our engagements totaled almost 800,000 engagements. That means those 4,800 fans are very active and are sharing our posts with their friends.

Our Twitter page was created in 2010 and we now have about 4,100 followers on Twitter. The Wingspan website had almost 7,000 visits and 8,000 page views in 2014. The Wingspan mobile site had over 1,200 visits over 2,000 page views in 2014. The Wingspan blog received 6,700 visits and almost 12,000 page views in 2014.

In 2014, the GSP website received almost 900,000 visits and 66% of those visitors were new to our website. We have a GSP database that has almost 8,000 subscribers in it. They periodically get a GSP newsletter from us. If there is a big announcement about something significant at the airport, we try to give our subscribers a heads up. We have an impressive open rate of 38% for our newsletter. In the travel and transportation industry, the open rate is about 27%. Depending upon the time of the year, the open rate can be much higher.

Social media is still a new frontier for airports and GSP. So we will continue to find new and better ways to grow our social media presence and engage with our customers.

## **OLD BUSINESS:**

No Old Business

## **NEW BUSINESS:**

### **A. Budget**

Mr. Jack Murrin, CFO, presented the proposed fiscal year 2016 budget.

We have 17 years in a row where we have beaten our budget. This year's budget is no different. Revenues are up; expenses are up; we are still very profitable.

We are projecting enplanements in 2016 at 975,000. That's about a 4% increase over the 2015 budget, but we are expecting actual enplanements of about 964,000 based upon nine month data through March of 2015. So the difference is about 1.15%

FAA is projecting going out twenty years about a 2% difference in enplanements annually.

Mr. Edwards noted the strategic planning process targeted future passenger growth at 1.5%. We may be a little bit under that right now, but not far off of what we all agreed was going to be the metric moving forward.

The trend line for enplanements and deplanements since inception to where we are budgeting for 2016 is a solid growth line with annual growth factor of 4.83%.

The budgeted year current has an operating income of about \$25 million with a projected increase for 2016. The difference between our operating revenue and operating expenses is about \$10.9 million on the current year budget. Moving that line up, we are doing the same thing, another \$10.9 million conservatively in 2016.

The actual net income for 2015 is projected now based upon data through March is going to be about \$12.8 million.

The budget assumptions are: passenger rates as mentioned are 975,000. Parking rates will remain unchanged. We have included a provision for \$53 million in capital improvements. We are not going to change the investment policy. Yields are and have been near 0%.

The current rates and charges for the current fiscal year are: landing fees \$1.81 and we are keeping that at \$1.81 next year. The space rental rate is going up from \$47.54 to \$54.89 because our operating expenses have gone up and we are passing some of those expenses through to the airlines. We try to keep our landing fee, our aircraft parking position charge and our jet ways pretty much constant. The space rental rate is the floater that moves with the market. Our cost per enplanement is going from \$6.32 to about \$6.48, and historically we are right in line with where we have been since Mr. Edwards joined GSP as President/CEO. We lowered our CPE dramatically when Mr. Edwards started because we wanted to increase our competitiveness by attracting new air service.

Ms. Shaw observed that Mr. Edwards has talked to the airlines so they know we are trying to keep our CPE competitive. Mr. Edwards stated that he has made a commitment to the airlines to keep our CPE competitive.

We are looking at a potential net income of \$11.3 million in the budget year before you. If we begin the next fiscal on July 1<sup>st</sup> of this year, with \$37.5 million, then add grant income which is projected at \$10.7 million and look at capital items. We are projecting an end of year 6/30/16 cash balance of \$10.8 million. That is in line with the directive the Commission gave Mr. Edwards.

Ms. Shaw observed that is if all of the expected expenses come through and all of the capital plans come through which probably won't be the case. Mr. Murrin agreed that probably won't be the case. In fact, one assumption is that all of the capital projects will be completed by 6/30/16 and paid for. We already know that won't be the case for the Terminal project. That is going to go into the following year.

Now for our proposed capital Budget – the first components are items that carry over from this fiscal year. The total is \$13.6 million. Capital components are capital improvements in the new budget. The terminal improvement is projecting to spend about \$33.5 million next year. Our total capital items are about \$37.8 million and \$33 million is the terminal improvement.

Leland Burch asked about money in the budget for landscape improvements. Kevin Howell identified the money for airside garden rehab and signage as the source for such funds Mr. Edwards stated by 2017 before such funds would be required.

Mr. Burch asked about professional services and \$200,000 for the equipment in the new board room. He felt that was pretty steep. Mr. Edwards noted that the room is used for many purposes and needs flexibility, but this amount is a placeholder. The equipment hasn't been priced yet. The equipment in the current room will stay here for Operations and the Police Departments. This will be an emergency command center.

Ms. Miller asked about the emergency funds in parking. Mr. Edwards stated that we want to do emergency pull stations in the parking lots.

Mr. Barnet asked if the land development income expense is part of this budget? Mr. Edwards stated it is. We have previously provided a P&L for improvements. We can provide that here also to track by project.

Doug Smith asked what the business development funds are. Mr. Murrin said these are airline incentive costs to attract new airlines such as Southwest. Mr. Ramella noted that it has been used for the waiver of rental space as well as marketing monies.

A motion was made to approve the budget, seconded and unanimous vote received to approve the fiscal year 2016 budget.

## **B. Rules and Regulations update:**

Mr. Howell presented the Rules and Regulations document for Title 55 which is the enabling legislation and also empowers the Commission to have a Police Department. Chief Bobby Welborn and Corporal Chris Richau led the process to rewrite this document. It was a full rewrite, but it was mostly rearranging and reorganizing. He noted that in the past, a Commissioner has asked about unmanned aircraft and drones. There is nothing in the document addressing unmanned aircraft at present but the policy should be generic and mirror the FAA policy. It would say something to the effect of, "In regards to unmanned aircraft at GSP Airport, the airport policies would be the same as the FAA's." Another question that came up was about technology. We deal with this in properties and space use permits in our contract documents with our tenants and users of the airport. He believes the question was regarding dealing with radio frequencies. Mr. Edwards noted that with any tenant we deal with them directly by contract. With respect to other users of airport

property, we could write in that any interference shall be prohibited. Mr. Howell said we will engage legal counsel to determine the best wording if the board would like that included.

The third item was in regards to Uber specifically. The Rules and Regulations regarding ground transportation are generic level and are clear that operation at the airport requires a nontenant use permit. Ms. Shaw noted that we are not penalizing our customers who want to use Uber. Mr. Edwards said the only reason we were not approving Uber driver's permits initially was because the state said it was against the law. Once they passed the temporary fix, the airport approved permits already.

Mr. Howell noted that electronic cigarettes are included in the revised Rules and Regulations.

A motion was made to approve the revised Rules and Regulations with the two additional changes regarding the drones and technology concerns. Betty Temple, Legal Counsel, recommended just general prohibition of public interference. The Commission agreed.

There was a motion to approve; seconded and unanimous vote was received to approve the revised Rules and Regulations.

### **C. Human Resources Policies**

Mr. Murrin presented the changes to the Human Resources Policies and Procedures Manual. The last approved personnel policy changes on May 14, 2012. He also presented a matrix of changes to summarize the changes that were made. Mr. Murrin reviewed the matrix adding that about 50% of the changes were for clarity, grammatical, contextual, accuracy, or no change. Approximately 30% of the changes were legal in nature in keeping with changes in laws. We also moved several of our Executive Directives into the Handbook to give further guidance to policies. Our legal counsel also added some clarifications to policies. Financial impacts of any of the changes are added to the matrix as well.

There was a motion to approve the updates to the Human Resources Policies and Procedures Manual. The motion was seconded and unanimous vote was received.

### **D. Administrative Policies**

Mr. Murrin presented changes to the Administrative Policies. The last Commission review of the Administrative Policies was July 12, 2010. The majority of changes involved consistency, clarity, grammatical or contextual accuracy, and code references.

Mr. Murrin reviewed the changes. Air Service development marketing dollars were increased for specific targets for a total increase of \$600,000. Ms. Shaw asked for the numbers to be expounded upon. Mr. Edwards said after talking to other airports we felt it was time to increase the budget. Part of it is the cost of media. For the top 30 markets we need to attract, we believe we need to spend more on marketing. Mr. Ramella asked what happens if they cut service then create service to a new destination. Mr. Edwards replied

that is something we discuss with the carriers. If it is a truly top destination, then we would likely say yes to that marketing request. We have to discuss and agree on the service. We don't want to just put money up to go after service that we don't believe will be successful.

Mr. Murrin noted the decision making ability for Mr. Edwards to change rates and charges.

Mr. Smith stated that with regard to the rental issue, he recognized that early on as a quasi-governmental organization that we were not supposed to be competitive with rental properties. Has that changed? Mr. Edwards stated that we have done some fair market rental reviews on rates in the upstate. We are seeing valuations down in the 6 – 7% range on industrial rental rates. That is why we took out the 10% cap. We have an obligation by FAA Rules and Regulations to get fair market rental value. This took out that attachment of a 10% cap rate to the actual sales value. We will have an appraisal of the property and move forward with that.

There was a motion to approve the revised Administrative Policies, seconded and unanimous vote was received.

#### **E. Reappointment of Hank Ramella to the Environs Commission**

Scott Carr said the Airport Environs Planning Commission currently had 9 members. Two are from Spartanburg County, two from Greenville County, 2 from the City of Greer, 1 from the town of Duncan, and two from this Commission. Historically, the Airport Commission has appointed a member from this board from Spartanburg and one from Greenville. Hank Ramella has served as the Spartanburg member and James Whitten has served from Greenville. The staff recommendation was to continue that and reappoint Hank Ramella for a two year term.

Mr. Ramella noted that the Environs Commission is updating its overall policy and becoming more up to date.

There was a motion to approve the reappointment of Hank Ramella to the Environs Commission, seconded and unanimous vote was received.

#### **F. Approval of a Project Budget and Funding for the Taxiway G Pavement Rehabilitation Project**

Kevin Howell displayed the location of the high speed taxiway on the aerial map. Mr. Burch asked, why does this need to be repaired after five years? This is a hard, 135 degree turn coming off the runway back to taxiway alpha. The top surface of the pavement is cracking as the planes try to turn on it. Five years ago this was being addressed. The warranty had expired at that time so the maintenance staff has patched and sealed the cracks. Last fall, we had a pavement analysis conducted. Several inches below the top surface is a cold joint which is contributing to the cracking. We put it on the five year capital program with the plan to fix it next year. We discussed funding with the FAA for next year. They agreed to

give us money but it needs to be done now. They are funding 90% of construction cost. We have to pay design cost and 10% of construction. The design cost is just under \$60,300. The construction cost is just over \$1 million.

Mr. Burch asked if this will be done differently so it will last longer. Mr. Howell stated that we will have 6 inches of pavement rather than 3 inches and have under drains. WK Dickerson has stated that there were 2 things that contributed to the problem. Underdrains and the pavement material was on the fine end of the scale. For a hard turn like that, it should not have been.

There was a motion to approve the project budget, seconded and unanimous vote was received.

### **PRESIDENT/CEO REPORT:**

- A. For the industry update, we continue to move forward with an AIP appropriations bill for October. With full funding for at least the AIP portion of \$3.35 billion. We believe that appropriation will move through without too much of a problem. The issue continues to be reauthorization of FAA and whether that will happen. There have been a few committee meetings. We continue to stay on that. Airlines continue to be the most profitable they have ever been. The ancillary fees and bag fees are propping them up significantly to the point that they generate more in ancillary fees than we received historically nationwide for grant funding.

Mr. Ramella asked where the PFC stands in the reauthorization bill. Mr. Edwards said both Airports Council International and the American Association of Airport Executives are both pushing for \$8.50 in PFC from \$4.50. That has gotten a bit more traction in the past couple of months. A4A has been pushing against increasing the PFC. Congress considers it a tax not a user fee, but this is clearly a user fee. It is still an uphill battle but we are as well positioned as we have ever been. Congress has move the Transportation bill forward, the Aviation bill may be delayed for one more year. Mr. Edwards noted that he has been pushing really hard for regulatory reform. He and a small group of small to medium sized airports executives are meeting with Assistant Secretary for Aviation and International Affairs of the Department of Transportation, Susan Kurland, to talk about regulatory reform.

- B. An Executive Assistant has been hired. Tina Honeycutt starts on May 26<sup>th</sup>. She is a 25 year veteran of Sealed Air. She has lived in the community all her life.
- C. A Wingspan Construction Walk will take place after this meeting.
- D. The Commission previously approved our Apron Rehab Project. As a part of that project in this second phase, we have to put some additional pavement in to maintain wingtip clearances and taxi-lane clearances. With that the project order of

magnitude has gone up \$1 million. Kevin has managed to get another \$1 million from the FAA in order to fund this overage. This is a 90/10 grant which means we will need to fund an additional \$100,000. We consider this money well spent especially with the additional FAA funding.

- E. Did want to mention some good news, Southwest Airlines is adding a flight back to BWI in November.
- F. First week of June Mr. Edwards will be in Seattle for the Jumpstart Air Service Conference. He has nine airline meetings scheduled ranging from the incumbent carriers to four new carriers. He will provide a general update upon return from that.
- G. In regards to the calls people have received about charging for disabled parking. The project was rolled out in 2012 with the first phase of charging out of state parkers in 2013. We did receive a formal complaint relative to the parking that was filed with the FAA to the Department of Justice. We responded with legal assisting with the formal response. As a result we have moved forward to equalize rates for all parkers whether able bodied or disabled parker whether the parker lives in the state or out of the state. We cannot discriminate between various levels of disability.

Since implementing in February, there have been a few complaints mostly from people who haven't traveled recently. Since October, banners have been in the garage, disabled parkers received cards notifying disabled parkers upon exiting the lot. The media received cards, and we did have a media inquiry at one point. Rosylin had a discussion with the reporter who decided it wasn't a story. When we do receive people who say they didn't know about it, they have received a refund of their fees. We have tried to deal with it in a sensitive manner.

Mr. Burch received a complaint through a state senator. The person who was handicapped is a lobbyist. Kevin refunded his parking. He was still furious. Through an FOIA request, he got minutes of the meetings and copies of the budget to see how much the airport was making on parking. He cited that a big factor for him was that we didn't get anything out of the media to notify the public we were doing this for people who don't go to the website or see signs in the airport. The senator indicated that he may draft a bill to stop this charge.

Mr. Edwards noted that no other airports that were surveyed provide free parking. There is a statute on the books to provide free parking for the disabled by municipalities. We are a Political Subdivision not a municipality and the law does not apply to the airport. We cannot discriminate and ask the able bodied parkers to

fund the disabled. We are sensitive to disabled parkers and think we do a good job at providing access. We satisfied everything related to the past complaint when we charged fees to everyone. The main issue was charging out of state parkers and not charging in state. The complaint has been dismissed since this was addressed. Mr. Edwards stated that we will monitor the legislation.

### **INFORMATION SECTION:**

#### **A. Air Traffic**

We had a soft month in March. We are not sure why except there was a traffic reduction in seats. It seems that March was a blip. Seats are increasing in the summer. We are continuing to see larger aircraft, so will see increased capacity.

#### **B. Next Meeting**

We will be bringing back Stephen Van Beek on the update for the strategic business plan, and Kevin will be making a recommendation on the FBO Services.

### **COMMISSION MEMBER REPORTS:**

Mr. Ramella noted that the Commissioners Conference in New Orleans was heavily attended and excellent. Ms. Miller was also at the conference and agreed that it was excellent.

### **ADJOURNMENT:**

A motion was made to go into Executive Session for the purpose of receiving legal advice on the pending lawsuit filed by Tina and William Chapman, Jr., seconded, and approved at 11:40 a.m. The public session resumed at 12:05 p.m. The meeting was adjourned at 12:05 p.m.