

**GREENVILLE-SPARTANBURG AIRPORT COMMISSION  
MINUTES**

**September 18, 2012**

The Greenville-Spartanburg Airport Commission met on September 18, 2012 at 9:00 a.m. in the Greenville-Spartanburg Airport District Office Conference Room located at 2000 GSP Drive, Suite 1, Greer, SC 29651.

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

**STAFF AND LEGAL COUNSEL PRESENT:** Dave Edwards-President/CEO, Kevin Howell-Vice President/COO, Jack Murrin-Vice President Administration and Finance/CFO, Rosylin Weston-Vice President Communications, Larry Estridge-WCSR Firm, Wanda Jones-Secretary, Dan Ingram-IT Manager, Whitney Code-Marketing Coordinator, and Mike Gula-Operations Director.

**GUESTS PRESENT:** Nat King-Jacobs/GSP, Gary Lott, Ken Holt, Frank Curti-LPA/Baker Group, Jim Fair-Greer Today, Damon Hylton-Seabury APG, Tom Tveidt-Syntva, Richard Nelson, Eric Beane, Jim Bracken-TSA, and Jack Ellenberg-SC Ports Authority

**CALL TO ORDER:** Chair Minor Shaw called the meeting to order.

**CONSENT AGENDA:**

**A. Approval of the Greenville-Spartanburg Airport Commission July 16, 2012 Regular Meeting Minutes:**

A motion was made, seconded, and unanimous vote received to approve the minutes from the July 16, 2012 Commission Meeting.

Chair Shaw and the Commissioners congratulated Mr. Edwards on his accomplishment on becoming ACI-NA Chair. Mr. Edwards thanked the Commission for their support.

**PRESENTATIONS:**

**A. Transportation Security Administration – Security Update:**

Eric Beane, Federal Security Director gave a security briefing to the Commission. He stated the Transportation Security Administration's (TSA) mission is to protect the Nation's transportation systems to ensure freedom of movement for people and commerce. Mr. Beane stated that TSA activities not only include airports but trucking, train, bus, freight rail and Amtrak sectors. The transportation systems are

only as strong as the weakest link. Mr. Beane stated that TSA screens approximately two million passengers a day. Mr. Beane also discussed that TSA has twenty layers of security in place to help deter a potential terrorist attack. The twenty layers of security make it more difficult for a terrorist to circumvent security as a whole. Mr. Beane stated TSA uses intelligence to try to stop an attack before it happens. The Canines and Behavior Detection Officers have proven to be an effective way of deterring an activity. After a brief discussion, Mr. Beane concluded by stating aviation remains a high target for terrorist and capabilities and tactics of terrorist groups will continue to evolve. Remaining vigilant and agile and working together can deter and disrupt the next attack. Mr. Beane stated he has great partnerships in South Carolina and thanked the Commission for their support.

## **B. Inland Port Project:**

Mr. Jack Ellenberg discussed the Upstate Inland Port, gave a snapshot of where the port is and what is going on in the industry. Mr. Ellenberg stated the Port's job is to benefit the citizens and businesses of South Carolina and to do so in a financially self-sustaining manner. Mr. Ellenberg stated the Port of South Carolina is the fastest growing Port in the United States and is fixated on growing the cargo business and doing so ahead of market. The Port has expanded direct service from Charleston to Australia and New Zealand. Mr. Ellenberg stated that the Inland Port is still in the design phase, however; the Port is operating on an aggressive time frame. Clients have been promised the facility will be open by September 2013. Mr. Ellenberg stated the unique factor for the Upstate Inland Port is the close proximity to the airport which is critical when companies want the ability to drop ship overnight. Mr. Ellenberg stated the Port will spend approximately 2 billion dollars on infrastructure between now and 2020 and will help clients increase performance while lowering cost and risks. Mr. Ellenberg stated the Port is being aggressive and appreciates the support and leadership. He encouraged a visit to the SC Port.

## **C. Economic Impact Study Update:**

Mr. Edwards introduced Mr. Tom Tveidt, Mr. Tveidt completed an Economic Impact Study in 2009 for the Airport District. The Commission decided to complete another Economic Impact Update this year since Southwest Airlines has been operational for over a year. Mr. Tveidt highlighted the following: the total economic impact of GSP supports a total of 9,528 jobs; which supports an additional nine jobs in the community. GSP adds \$170.9 million in local income – meaning every dollar of income produced at the airport generates another \$3.05 in the community. GSP increases tax revenues by \$112.5 million. Total output increased by \$817.1 million in local economy as a result of GSP Airport.

The planned capital improvements at GSP through 2025 will support a total of 3,085 local jobs, will increase local income by \$130.9 million, and boost tax revenues by \$35.3 million. The terminal renovation modernization at GSP will support a total of 1,397 local jobs, increase local income by \$59.6 million, and boost tax revenues by \$16 million.

Visiting passengers supports a total of 7,828 local jobs, adds \$195.9 million worth of income, and tax revenues equaling \$88.2 million.

**Total Annual Impact 2009 compared to 2012**

	<b>2009</b>	<b>2012</b>
Local Jobs Supported	3,692	9,528
Total Output	\$377 million	\$817 million

Some of the factors that changed from 2009 to 2012 are more people are traveling from GSP and they are staying longer in the Upstate.

**D. GSP Leakage Analysis Update:**

Mr. Damon Hylton stated that since Southwest launched service in 2011 the impact has been massive with a large number of seats coming from Southwest. However, what is equally impressive is that the legacy carriers have brought bigger planes and additional flights to GSP which have increased the legacy carrier's enplanements. Fares at GSP are down about 13%. GSP is one of the few airports experiencing declining airfares. Fares in general across the country are up.

When the previous leakage study was completed prior to Southwest, the leakage was 63%, prior to the launch of Southwest the leakage increased to 69%. Fast forward a year later, enplanements have increased, and leakage is at 59%. The main reason passengers are leaking is for the service; mileage and planned preferences play a part in the leakage. International flights are the second reason for leakage. GSP leakage is being driven by much higher service levels out of Charlotte and Atlanta and the fares exacerbate the situation further.

While the share of GSP traffic originating from each catchment area has remained the same, the number of bookings has increased 40%. GSP has also seen an increase in traffic originating from Asheville and Columbia. Leakage of outbound GSP traffic from the primary catchment totals 884 lost passengers per day each way.

Mr. Hylton briefly suggested some recommendations: maintain Southwest Airlines service, continue airport marketing and community outreach efforts, and maintain/enhance community air service input to help target efforts. Chair Shaw stated the presentation shows the airport has a lot of opportunity and it is extremely helpful to know where the strengths and weakness are.

After a 5 minute break the Commission reconvened at 10:45 am.

**OLD BUSINESS:** None.

**NEW BUSINESS:**

**A. Terminal Improvement Program – Enabling Projects Budget Amendment:**

Mr. Edwards stated at the July Commission Meeting when the overall budget amendment was approved, it was discussed at that meeting, that from a cost effective standpoint certain items should be procured in their entirety for the project. This would also prevent purchasing from different vendors. Staff is recommending that the Bag Claim Devices 2 and 3, and the Specialty Curtainwall for Baggage Claim and Ticketing Area be procured in their entirety for the enabling phase. The cost has been identified at \$3,808,701. The overall Terminal Improvement Program Budget of \$115,000,000.00 will not be affected.

Mr. Edwards respectfully requested that the Commission resolve to approve the \$3,808,701 amendment to the enabling projects budget for the Bag Claim Devices 2 and 3, and the Specialty Curtainwall for Baggage Claim and Ticketing Area, in order to have them procured in their entirety during the enabling phase. A motion was made, seconded, and unanimous vote received to approve the amendment to the enabling projects budget in the amount of \$3,808,701 for the Bag Claim Devices 2 and 3, and the Specialty Curtainwall for Baggage Claim and Ticketing Area.

**PRESIDENT/CEO REPORT:**

**A. Aviation Industry Report:**

Mr. Edwards stated that the US Airways and American merger is likely to happen. GSP is fortunate to be in a situation where there are no overlapping routes. No negative impacts should be felt if the merger does happen.

Sequestration is a big topic of discussion. A report from the Federal Government indicated that based on the parameters the AIP Program will not be affected by the Sequestration. There will be portions of the FAA that will be affected but it is not clear what that will be. Ms. Miller asked if the AIP Funding was at the level everyone wanted. Mr. Edwards stated no, but it was realistic. GSP is in good shape for right now. There is still a big push for changes to the Passenger Facility Charges. Mr. Burch asked if the airport could get some of the Fall-Out money that is being turned back in from other airports. Mr. Edwards stated Fall-Out money is usually picked in smaller bites with a project that is ready to go. GSP will not make it this year but will be ready next year with possibly the apron work.

**B. The LPA Group Incorporated fully transitioning to the Michael Baker Corporation:**

Mr. Ken Holt briefly discussed the merger between The LPA Group Incorporated and the Michael Baker Corporation. The merger began in May 2010 and internal transitions have been taking place for the full integration of the two firms. The name will change before the end of year to Michael Baker Corporation. Mr. Holt stated on behalf of The LPA Group Incorporated and Michael Baker Corporation he appreciates all the opportunities to perform planning, design, and construction engineering services to the airport and thanked the Commission and Staff.

**B. Transportation Security Administration (TSA) Grant for Checked Baggage Screening Project:**

Mr. Edwards stated a grant was received and executed from Transportation Security Administration (TSA) for \$2,279,972 to help support the construction related services to provide for the TSA in-line Checked Baggage Inspection System (CBIS).

**INFORMATION SECTION:**

Chair Shaw asked if anyone had any questions concerning the information section. No questions from the Commission.

Potential Items for the next meeting: Approval of the Component Guarantee Maximum Price for the Bag Claim/South Bridge Phase of the Terminal Improvement Program, Award of the Rental Car Concessions, and a briefing on GSP Police Department Firing Range.

Mr. Edwards stated Mr. Howell will give a close-out report on the Boarding Bridges at the November Commission Meeting but he is happy to report the project came in under budget. Mr. Burch asked when the old Boarding Bridges would be removed because it has become an eye sore. Mr. Edwards stated that the old bridges will be sold and Staff is working on it.

Ms. Miller asked if the dirt is coming from the new parking expansion. Mr. Edwards stated it is being taken from there and put in the new parking lot expansion. Once complete the area will be graded and reseeded.

Mr. Edwards stated that the economy lot expansion is still on track for completion in the October time frame. The rain has impacted the work but it will be open before the Thanksgiving Holiday. An additional 400 spaces were added and baggage carts which were approved in the budget will be added to the lot as well as added to baggage claim.

Mr. Barnet asked if Dashboards will be available to view. Mr. Edwards stated it is on the website now and Staff will re-send user names and passwords.

Mr. Edwards stated that preliminary reports indicate August passenger traffic is up and Southwest load factors continue to grow.

Ms. Miller asked Mr. Edwards to make a comment on Jet Blue starting service in Charleston, SC. Mr. Edwards stated Charleston has a very strong destination market out of New York. The Boston O&D numbers don't seem as strong but New York service should be successful. Mr. Edwards stated GSP does not have the numbers to support Jet Blue service.

**COMMISSION MEMBER REPORTS:** None.

**ADJOURNMENT:**

There being no further business, a motion was made, and adopted to go into Executive Session to discuss legal matters and personnel matters. It was announced that no actions would be taken during the Executive Session. At the end of the Executive Session, at approximately 12:00 p.m., the meeting was adjourned.