

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

January 9, 2017

The Greenville-Spartanburg Airport Commission met on January 9, 2017 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. The public and media were given proper notice of this meeting, under applicable law. This was a regular, non-emergency meeting.

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

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Kevin Howell, Vice President Operations/COO; Jack Murrin, Vice President Administration and Finance/CFO; Scott Carr, Vice President Commercial Business and Properties (Environs Area Administrator); Nathan Garner, Director, Aviation Services; Kelly Wiggs, Aviation Services Supervisor; Betty O. Temple, WCSR; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Ken Holt, Holt Consulting Company; James Stephens, SC Aeronautics Commission

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 November 21, 2016 Commission Meeting.

A motion was made, seconded, and unanimous vote received to approve the meeting minutes from the October 21, 2016 Audit Committee Meeting.

PRESENTATIONS:

A. Cargo Facility Requirements

At the November 21, 2016 Commission Meeting, Mr. Kevin Howell, Vice President Operations/COO, updated the Commission on the operations and challenges with the Senator Atlantic Bridge flight.

At the January 9, 2017 Commission Meeting, Kevin Howell provided a presentation of the airport's cargo facilities. The presentation included an informational overview of the current

facilities and future requirements related to cargo apron and cargo buildings, as well as planning level cost estimates.

Kevin Howell addressed questions of the Commission concerning freight, capacity, and financial implications.

OLD BUSINESS:

No old business

NEW BUSINESS:

A. Approval of Public Parking and Rental Car Facility Recommendation

At the November 21, 2016 Commission Meeting, Mr. Scott Carr, Vice President Commercial Business and Properties, provided a briefing on parking with the intent to present a parking recommendation at the next regularly scheduled Commission meeting on January 9, 2017.

Scott Carr opened this discussion with a revenue budget overview. Parking and rental cars represent nearly 55% of the District's revenue budget. The total current parking spaces at the Airport are just under 5,000. Public parking accounts for approximately 4500-4600 spaces and rental car ready return accounts for 386 spaces that are located in Parking Garage A on the first and second floor. In the current fiscal year, Kevin Howell is managing an overflow parking and cell phone lot expansion project that is budgeted at \$1.8 million and one of which will create 425 economy lot spaces. This lot will require shuttle bus transportation because of the location in relation to the terminal.

In 2016, the Airport District had approximately 1,015,000 enplanements which required 5,075 parking spaces. Based on that data, the District had a shortfall of approximately 500 spaces. In 2017, even with the additional parking, Staff projects a shortage of 150-160 spots. An enplanement growth rate of 1.5% is used for budgeting purposes. Since 2012, the District has seen an average 2.39% enplanement level. By 2030, at a 2.39% enplanement growth rate, the District would be up 1.4 million enplanements requiring 7,200 parking spaces, forecasting a deficit of 2,200.

Over the last ten years, the District has seen a 38% increase in rental car transactions as well as 48% increase in gross revenue. As for market share, the District has five brands represented by three parent companies, Hertz, Avis Budget, and Alamo/National Enterprise (Vanguard Group). Between 2012 and 2016, total vehicles and total peak vehicles in the Alamo/National Enterprise (Vanguard Group) fleet increased by 39%.

The District continues to see the need for additional public parking spaces as enplanements continue to grow each year. Currently, parking facilities are routinely full 95% or more on Tuesday and Wednesday of each week. In addition, current rental car counters and ready return spaces are becoming more congested and less efficient. As a result, Staff has examined expansion options.

A new Economy Surface Lot, Option 1, includes the construction of a new economy surface parking lot east of the existing economy lot with shuttle bus service and possible PRT in the

future. The new economy surface parking lot option has an estimated project cost of \$8,250,000, and projected annual debt service, O&M, and shuttle bus operation costs of \$1,405,274. Staff has forecasted revenue increases from this facility at \$1,600,000. Pros include a daily price point that is competitive as well as an easily expandable lot. This option, however, is not within walking distance of the terminal and would require the use of shuttle buses to provide passenger service to the terminal building, has higher O&M costs associated with the shuttle bus operation, and does not address the needs of the rental car facilities.

A new Parking Garage C, Option 2, includes the construction of a new parking garage on the current daily lot location. While both options net the District 1,100 new public parking spaces, the parking garage option would net the District 364 rental car ready return spaces. The new Parking Garage C, with rental car facility option, is projected to cost \$40,000,000. This cost would be split between the \$15,000,000 associated with public parking and the \$25,000,000 attributed to the rental car facilities. The rental car facility portion is Customer Facility Charge (CFC) eligible and would be covered by those fees. To help defray the costs associated with the rental car facility portion of the project, a CFC increase has been suggested to produce additional revenue.

The total annual debt service and O&M costs of this option are estimated to be \$2,757,995. The incremental revenue generated from the additional 652 public parking spaces, the additional 364 rental car ready return spaces, and the increased rental car counter and office space will produce total increased annual revenue of \$5,071,224. Advantages of this option include closed in parking, close proximity to the terminal, and appropriately sized rental car counters and ready return spaces, as well as lower O&M costs. This option, compared to Option 1, does have a daily price point, currently at \$14/day, as well as higher capital costs.

Mr. Edwards and Mr. Carr responded to questions of the Commission related to rental car customers, shuttle traffic, logistics, interim solutions, as well as the District's financial position.

Mr. Jack Murrin, Vice President Administration and Finance/CFO, discussed the current and projected financial situation (cash, investments, debt) of the District through 2035, addressed the question of affordability based on cost of Parking Garage C (Option 2), explained the customer facility charge (CFC) and its application to this project, and discussed the debt that the District can accommodate based on a verbal representation from TD Bank.

Scott Carr discussed the projected project schedule. This project will follow the RFQ process with a consultant who specializes in parking garages and rental car facilities. Qualifications would be ranked and Staff would present a recommendation to the Commission in May 2017 with the possibility of issuing a Notice to Proceed in June 2017. The construction of Parking Garage C would potentially begin in July 2019 with a completion date of December 2019 for operation in the beginning of 2020.

It is respectfully requested that the Airport Commission (1) approve the recommendation for the construction of Parking Garage C and new rental car facilities, (2) approve design of

Parking Garage C and development of associated probable project cost estimates prior to bid, and (3) authorize the President/CEO to execute all required documents.

There was a motion to approve and accept the recommendation for the design phase of Parking Garage C and new rental car facilities, (2) approve associated probable project cost estimates prior to bid, and (3) authorize the President/CEO to execute all required documents. The motion was seconded and unanimous vote was received.

B. Approval of a Budget Amendment for the Corporate and General Aviation Bulk Storage Hangar Project

Mr. Kevin Howell reminded the Commission that on May 9, 2016, the Commission approved a combined project budget of \$8,903,000 for the construction of a corporate hangar and bulk aircraft storage hangar. The combined hangars project was designed by the AVCON & McMillan Pazdan Smith design team. Construction bids were received on November 21, 2016.

All bids received exceeded the original approved project budget. Staff worked with the project design team and the three (3) lowest bidders to identify possible revisions and value-engineering (VE) items for consideration. The three (3) lowest bidders submitted revised bid proposals on December 19, 2016.

While the revised December 19th bid proposals were lower than the original bids received on November 21st, the construction costs (approximately \$12 million) still exceeded the approved project budget. The approved combined project budget summary dated May 9, 2016, as well as the revised combined project budget line items, were provided to the Commission in the January 2017 Board Package. The total revised budget (three percent for construction admin. and RPR services, and carrying a 5% project contingency) is \$14,773,565.90 with a net difference of \$5,870,565.90.

Mr. Kevin Howell discussed the challenges with grading and site work and well as clarified costs.

Staff is requesting approval of a \$5,870,565.90 increase to the project budget for the combined Corporate and General Aviation Bulk Storage Hangar Project to be funded by the TD Bank line of credit.

Mr. Kevin Howell respectfully requested that the Airport Commission resolve to (1) approve a project budget increase of \$5,870,565.90 for the combined Corporate and General Aviation Bulk Storage Hangar Project; (2) authorize Staff to proceed with the project utilizing the proposed line of credit financing; and (3) authorize the President/CEO to execute all necessary documents.

There was a motion to (1) approve a project budget increase of \$5,870,565.90 for the combined Corporate and General Aviation Bulk Storage Hangar Project; (2) authorize Staff to proceed with the project utilizing the proposed line of credit financing; and (3) authorize

the President/CEO to execute all necessary documents. The motion was seconded and unanimous vote received.

PRESIDENT/CEO REPORT:

Aviation Industry Update: The industry is waiting to see what President Elect Trump and his Administration will deliver from an AIP standpoint as well as FAA reauthorization. The industry is optimistic about a fairly robust infrastructure program to be put into place.

Airlines continue to be highly profitable. Most recently, United Airlines reevaluated their flight portfolio, and where there was once a strong focus on international traffic, they will now have a stronger concentration on the domestic front.

Customs Border Patrol (CBP) Reimbursable Agreement: When the Senator International flights began on Wednesdays and Saturdays, GSP had to work with CBP to clear those flights. GSP put a CBP reimbursable agreement in place in case to fund activity outside of CBP's normal operating hours. Within three weeks to a month's operation, GSP received notice from CBP to invoke the reimbursable agreement. This cost is passed onto Senator International. Mr. Edwards most recently met with the Deputy Director of CBP and is now currently working with field operations out of Tampa to change the operating hours of the local CBP office.

FBO Transition Update: Holistically, there were no issues during the FBO transition. It was a smooth cutover on December 31, 2016 at 5 pm with the help of the remaining Stevens Aviation staff. Kevin Howell commented that GSP hired approximately 90% of the former Stevens Aviation staff. On another note, the GSP FBO plans to adopt and incorporate the Ritz Carlton Customer Service training program and will send both the Customer Service Manager as well as the Customer Service Lead to offsite training. World Fuel provided this program at a discounted rate.

The new Fuel Farm is fully operational and the old Fuel Farm, AirBP, will soon be decommissioned. At this time, AirBP is trying to sell the remaining 30,000 gallons to World Fuel.

Milliken: Staff met with Milliken a few weeks ago to discuss a lease for Hangar #4. GSP made a proposal to Milliken and committed to reductions in a couple of areas. A future meeting with Milliken is scheduled later this week.

Real ID: South Carolina has not yet adopted the new Real ID standard. This means that in 2018, if changes aren't made, the public will not be able to come to GSP with a driver's license and use that as an ID to get through the security checkpoint. Mr. Edwards noted that it is on the legislative agenda. Other legislative items include a re-proposed \$.50 fee on every public parking transaction to be used for roads and bridges in the state, as well as matters related to handicap parking.

Ft. Lauderdale-Hollywood International Airport: Mr. Edwards briefly remarked on the tragic event that occurred at Fort Lauderdale-Hollywood International Airport on January 6, 2017. Mr. Howell commented on the staging, placement and presence of the Airport Police inside the GSP Terminal. The Commission discussed the consideration of additional staffing. Kevin Howell invited Chief of Police, Bobby Welborn, to the next regularly scheduled Commission meeting to provide a security briefing during Executive Session.

Mrs. Shaw asked that Staff share the information about the Art RFP with the Arts Council for Greenville and Center for Creative Arts.

COMMISSIONER'S REPORT:

Mr. Burch noted the upcoming ACI-NA AAAE Airport Board and Commissioners Conference April 2-4, 2017 hosted by GSP.

Mr. Ramella noted that he is scheduled to attend the 2017 Airports at Work (BIT) Conference in Las Vegas March 27-30, 2017. This group has been involved in heavy planning as well as meeting every two weeks via conference call to discuss cybersecurity, product surveillance, and the future of common use terminals. Mr. Ramella will brief the Commission at the next meeting.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session. The specific purpose of the executive session was to discuss the Skanska Moss settlement agreement and an update on an economic development project.

ADJOURNMENT:

At approximately 1:10 p.m., public session resumed with no action being taken. The meeting was adjourned at 1:11 p.m. The next meeting is scheduled for March 20th at 9:00 a.m.

SIGNATURE OF PREPARER:



Stefanie Hyder