

## **GREENVILLE-SPARTANBURG AIRPORT COMMISSION**

### **MINUTES**

**May 8, 2017**

The Greenville-Spartanburg Airport Commission met on May 8, 2017 at 9:00 a.m. in the Greenville-Spartanburg District Office Board Room located at 500 Aviation Parkway 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/CFO; Scott Carr, Vice President Commercial Business and Properties (Environs Area Administrator); Alan Sistare, Fire Chief; Ronnie Bullard, Facilities Manager; Nathan Garner, Aviation Services Director; David Verdier, Police Officer; Betty O. Temple, WCSR; Stefanie Hyder, Executive Assistant/Recording Secretary

**GUESTS PRESENT:** Scott May, LS3P; Paul Smith, WK Dickson; Mike Darcangelo, AVCON; Kevin Short, TD Bank; Alex Chambers, Wofford College student

**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 20, 2017 Commission Meeting and to approve reappointing Mr. Hank Ramella to the Airport Environs Planning Commission.

**PRESENTATIONS:** No presentations

**OLD BUSINESS:** No old business

#### **NEW BUSINESS:**

##### **A. Approval of Fiscal Year 2017/2018 Airport District Budget**

Mr. Jack Murrin, VP Administration & Finance/CFO, prepared and presented the

proposed Fiscal Year 2017/2018 Budget for Airport Commission consideration. The Airport Commission needs to approve a Fiscal Year 2017/2018 Budget prior to July 1, 2017.

Mr. Murrin first presented history and general statistics. Between 1963 and 2016, GSP experienced an average annual growth rate of 4.89%. For FY 2017, Staff budgeted enplanements of approximately 990,000. This year, Staff is on track to exceed that number with assumptions for next fiscal year of 1,030,000 enplanements.

Mr. Murrin further discussed the proposed FY 2017/2018 O&M Budget. The operating income budget for 2018 is expected to increase to \$37,556,041, a \$5.8M or 18.4% increase over 2017. The operating expenses budget for 2018 is expected to increase to \$23,276,301, a \$3.3M or 16.6% increase over 2017. The major expense increases for 2018 are for 70 new FBO employees, benefits increases, and increased aviation services operating expenses, marketing and leased fuel trucks.

Staff has adopted a new "per turn" rates and charges methodology as a result of completing the TIP and moving towards a shared use of gates which will increase overall gate capacity and push out, for as long as possible, the need for Phase II of the terminal renovation. Using the current methodology in place today, the average cost of enplanement would have gone up to \$7.81. As a result of the new methodology, the cost per enplaned passenger only increased to \$6.63 from \$6.49. Commissioners inquired about practices at other airports as well as the effects on Common Use gates. Mr. Ramella noted that Common Use was a big topic at the Airports at Work Conference in March 2017.

Mr. Murrin reviewed operating expenses by department and category and then presented the proposed FY 2017/20178 Capital Budget. The proposed capital budget, including capital improvements, equipment and small capital outlays, renewal and replacement and professional service projects, is \$44,921,116.

Other O&M Reserve Funds provisional budget includes \$750,000 for emergency repair/replacement/operations funds and \$600,000 for business development/agreement obligations and incentives.

Mr. Murrin reviewed the Land Development Profit and Loss (P&L) statement. Mr. Murrin concluded the budget presentation with historical and projected investment balances and the 30-year Pro Forma update.

Staff requested that the Airport Commission resolve to adopt the Fiscal Year 2017/2018 Budget.

The Commissioners inquired about land and equipment.

There was a motion to approve the Fiscal Year 2017/2018 Budget. The motion was seconded and unanimously approved.

### **B. Approval of Lease Terms/Agreement for a Common Use Airport Lounge**

The Airport District continues to see a rise in interest from business travelers for an airport lounge. A focus group was convened in March 2017 and Mr. Scott Carr, Vice President Commercial Business and Properties, received input from local businesses indicating that a common use lounge would be a welcomed amenity.

The Airport District reached out to two common use airport lounge providers; Airport Lounge Development (ALD) and Manchester Airport Group (MAG). They are both UK based. ALD currently has nine lounges in the U.S. and Manchester Airport Group (MAG) operates three lounges in the United States.

Staff examined both proposals from ALD and MAG and MAG provided the most competitive proposal.

A summary of the business terms of an agreement with MAG include a ten-year lease agreement with no options, a minimum investment of \$1.25 million to construct, and a commitment to a mid-term refurbishment of the lounge. Hours of operation, in accordance with the hours of operation requirements of GSP's existing food, beverage, and retail concessionaires, includes 90 minutes prior to first scheduled departure up until the last actual departure.

The lounge will be located on Concourse B at the former temporary Security Screening Checkpoint. Scott Carr referenced a conceptual floor plan of the lounge proposed by MAG that was included in the Board package.

Commissioners inquired about charges, financial background, exit strategies, and the impact on concessions programs.

An agreement is expected to be finalized in the next 30-45 days.

Staff respectfully requested that the Airport Commission (1) approve the recommendation for the construction of a common use airport lounge with MAG, (2) authorize staff to negotiate a final concessions agreement with MAG, and (3) authorize the President/CEO to execute all required documents.

There was a motion to approve Staff's recommendation. The motion was seconded and unanimously approved.

### **C. Approval of Final Rankings for Professional Planning, Design and Consulting Services on the Combined Public Parking Garage and CONRAC Project**

At the January 2017 Board Meeting, the Commission approved moving forward with the design of a third parking garage project. In the month of March, Mr. Kevin Howell, VP of Operations/COO, and Staff prepared a Request for Qualifications (RFQ) to select a planning, design and consulting firm/team for the project.

SOQs were received from the following five firms/teams: Coover-Clark & Associates, Inc., Gresham, Smith and Partners, LS3P, Michael Baker International, and Walker Parking Consultants. The Selection Committee included David Edwards, Kevin Howell and Scott Carr who shortlisted Gresham, Smith and Partners and LS3P for presentations and interviews. Each proposal was ranked on experience of the team/firm, people at the firm, DBE and Small Local Business inclusion as well as their project management approach. The Committee ranked LS3P as first and Gresham, Smith and Partners as second. Kevin Howell shared a couple of slides from the LS3P proposal as well as a couple of design concepts.

Staff will attempt to negotiate an agreement with the highest ranked team, LS3P. In the event that an agreement cannot be reached with the highest ranked team, Staff will proceed to negotiate with Gresham, Smith and Partners.

Staff respectfully requested that the Airport Commission resolve to (1) approve the final rankings for the Professional Planning, Design and Consulting Services on the Combined Public Parking Garage and CONRAC Project; (2) authorize Staff to negotiate and finalize agreements with the highest ranked firm/team (if an acceptable agreement cannot be reached with the highest ranked firm/team, negotiations will be formally terminated and will then proceed with the next ranked firm/team); and (3) authorize the President/CEO to execute all necessary documents.

There was a motion to approve Staff's recommendation. The motion was seconded and unanimously approved.

### **D. Approval of Pest Control Services Contract**

Historically GSP has carried multiple pest control contracts for various facilities. This year, the Facilities Team decided to group pest control services for multiple buildings

(terminal, fire station, parking garage, maintenance buildings, and outlying buildings) into a single contract.

Staff recently conducted a Request for Proposal (RFP) for a new three (3) year contract for pest control services. Kevin Howell referenced the bid tabulation form that was included in the Board package. Due to an initial tie for the lowest bid, Staff requested "Best and Final" offers from the two lowest bidders that tied. Revised proposals were received and Palmetto Exterminators Inc. was the low bidder.

The three (3) year total for the pest control contract is \$8,640 or \$2,880 per year. Staff cannot execute a multi-year agreement without Board approval.

It is respectfully requested that the Airport Commission resolve to (1) approve a three year service agreement with Palmetto Exterminators Inc. in the amount of \$8,640; and (2) authorize the President/CEO to execute all necessary documents.

There was a motion to approve Staff's recommendation. The motion was seconded and unanimously approved.

#### **E. Approval of a Canopy Option for the South Cargo Building/Scheduled Freighter Operation**

Staff has previously discussed the need for additional operational space and weather protection at the South Cargo Building to properly handle inbound and outbound freight for the Senator operation as well as other charter cargo operations.

Staff has been reviewing temporary options (DOT salt shed storage concept, fabric building, pole barn concept) with local contractors and vendors as well as architectural professionals and building safety and code officials from Spartanburg County.

Mr. Kevin Howell, VP of Operations/COO, stated that the most economical version is the pole barn concept. Staff received a proposal from a local contractor to construct a metal barn for approximately \$188,000 which will offer 11,700SF of roof (about \$17/SF). Staff did collect five to six quotes, in excess of \$200,000, from fabric building manufacturers. Staff will need to get permits, cut asphalt and install foundations. The pole barn is a pre-engineered metal structure that is lit but without side attachments. The structure can be repurposed; disassembled and re-erected.

It is respectfully requested that that Airport Commission resolve to (1) approve a project budget of \$200,000, (2) approve sole negotiation with Roebuck Buildings

Co., Inc. under a single source contract (3) authorize staff to move forward with the project.

There was a motion to approve Staff's recommendation. The motion was seconded and unanimously approved.

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

**Aviation Industry Update:** The press on the Airlines side for the past four to six weeks has not been positive from a customer service perspective. Both United and Delta have had some challenges. Several hearings have been held with Congress in Washington D.C. on this subject. Southwest has led the charge in saying that they would no longer overbook flights. It is expected that other carriers will follow suit.

The Omnibus Bill passed and will fund with FAA through September 30<sup>th</sup>. There is still a focus on completing the FAA reauthorization bill and those components haven't changed on the House side. There is a big push for ATC reform. There is a focus on trying to increase the PFC or lift the cap entirely as part of this next reauthorization.

**Cargo Apron Funding Update:** Mr. David Edwards and Mr. Howell met with FAA in Atlanta in April to discuss discretionary funding. Paul Smith, along with one of his team members, attended as well. GSP made the first cut for discretionary funding (\$16M-18M range) for the Apron. Staff should know by June whether or not GSP is in the pipeline for 2018 discretionary funds.

**2017 Allegiant Conference Update:** Dave Edwards attended the annual Allegiant conference in Las Vegas. The meeting was positive. GSP is the fifth lowest cost airport in the Allegiant system even with the increase based on the new rate structure. With regards to GSP, Allegiant remains focused on four cities in Florida with no particular growth plans at this time.

Commissioners asked about other potential cities.

**Regulatory Reform Meetings:** Dave Edwards' push has been on federal regulatory reform. Staff has been able to push an agenda forward from a national standpoint. The team, ACI, and AAAE had their second meeting with the Administration trying to push through regulatory reform and to get the FAA to detach themselves from the business aspects of what happens at airports. The goal, from a regulatory standpoint, is to get FAA's focus back on safety and out of the commercial business side of running airports.

**Traffic:** Mr. Edwards commented on the traffic report for February and March 2017. February was flat in comparison to last year due to 2016 being a leap year. March

2017 traffic was up at 4.5%.

**Parking:** Staff noticed that in the month of April and going into the month of May that the Economy Parking lot has been running full. About a week ago, parking showed fewer than 300 available spaces in all of the parking facilities.

Scott Carr commented on the increased beverage revenue related to the new spaces created in the concourses for dining.

### **COMMISSIONER'S REPORT:**

The Commissioners commented on the invitation for the Wingspan Grand Opening event on May 23, 2017. In Rosylin Weston's absence, Mr. Edwards shared event details. Invitations were sent out to over 800 guests and invitees have been asked to RSVP. GSP has made arrangements to use remote parking and then bus guests to the Terminal. Guests will get their "boarding pass" at the ticket counters next to Delta and then proceed through Security Checkpoint. The event is scheduled from 6pm-8pm in the Grand Hall. Table 301 and Liquid Catering are the caterers for the event. Wolfgang Puck will not be open.

Staff invited Senator Graham, Congressman Gowdy, and Secretary Hitt. Minor Shaw and Staff have received speaking commitments from all three Chamber Presidents, Allen Smith, Mark Owens and Carlos Phillips. John Lummus from Upstate Alliance will also speak. This event also includes a quick ribbon cutting with Hudson Group. Hudson Group President/CEO Joe DiDomo will be in attendance.

Commissioners commented on the Waterfall of Light. Mr. Edwards noted that artwork plaques will be in place by May 23<sup>rd</sup>.

Mrs. Shaw congratulated Mr. Leland Burch on the 2017 ACI-NA/AAAE Airport Board and Commissioners Conference. Dave Edwards commented on Joe Waller's (President/CEO of Pacific Gateway Concessions) retail experience presentation at the conference.

Mr. Ramella attended the 2017 Airports at Work Conference in March. He briefly reported on what the Business Information Technology (BIT) group is working on. Emphasis is on Common Use of Airport facilities. The Airlines would like to combine and take advantage of Common Use, however, they are far behind in the technology required to do so.

Dave Edwards noted that Staff will discuss the SC Pension System at the next Commission meeting on July 10<sup>th</sup>. Findings indicate that the cost associated with the

retirement program (10% of salary) is becoming an impediment to bringing on new hires. Staff may discuss organizing a Commission Task Force to help work through this issue at this next meeting.

**EXECUTIVE SESSION:**

There being no further business, a motion was made, seconded, and carried to go into Executive Session. The Airport Commission held an Executive Session for the purpose of discussing personnel matters.

**ADJOURNMENT:**

At approximately 11:46 a.m., public session resumed with no action being taken in Executive Session.

The meeting was adjourned at 11:47 a.m. The next meeting is scheduled for July 10<sup>th</sup> at 9:00 a.m.

**SIGNATURE OF PREPARER:**

  
\_\_\_\_\_  
Stefanie Hyder