



AGENDA

Greenville-Spartanburg Airport Commission Regular Meeting
Greenville-Spartanburg International Airport Board Room
Monday, May 14, 2018
9:00 a.m.

*** NOTE TO ALL PUBLIC ATTENDEES:**

The public may speak on any item on the agenda. There are request cards located outside the public seating area. These cards must be completed and presented to the Recording Secretary prior to the item being heard. Your comments will be addressed prior to the Airport Commission's discussion and you will have 5 minutes to address the Airport Commission. Thank you for your attention.

I. CALL TO ORDER:

II. CONSENT AGENDA:

- A. Approval of the Greenville-Spartanburg Airport Commission March 19, 2018 Regular Meeting Minutes ([document](#))
- B. Approval of the Greenville-Spartanburg Airport Commission Audit Committee April 23, 2018 Meeting Minutes ([document](#))
- C. Approval of the Human Resources Policy and Procedure Manual Confidential Information Policy (Section 232.00) ([document](#))

III. PRESENTATIONS: None

IV. OLD BUSINESS: None

V. NEW BUSINESS:

- A. Approval of Fiscal Year 2018/2019 Airport District Budget ([document](#))

VI. PRESIDENT/CEO REPORT:

- A. Aviation Industry Update
- B. Air Service Development Update
- C. Airport Lounge Update

VII. INFORMATION SECTION:

(Staff presentations will not be made on these items. Staff will be available to address any questions the Commission may have.)

- A. March 2018 – Traffic Report ([document](#))
- B. March 2018 – Financial Report ([document](#))
- C. April 2018 – Development/Project Status Report ([document](#))
- D. April 2018 – Communications and Governmental Affairs Report ([document](#))
- E. April 2018 – Commercial Business and Marketing Report ([document](#))
- F. April 2018 – OSHA Reportable Injury Report ([document](#))
- G. Industry Presentation(s)/Article(s) of Interest ([document](#))
- H. Potential Items for the Next Regular Scheduled Commission Meeting:

- Annual Strategic Business Plan Update
- 2019 Strategic Business Plan Metrics

VIII. COMMISSION MEMBER REPORTS:

IX. EXECUTIVE SESSION:

The Airport Commission may hold an Executive Session for the purpose of receiving legal advice and the discussion of economic development projects and personnel matters.

X. ADJOURNMENT

This agenda of the Greenville-Spartanburg Airport Commission is provided as a matter of convenience to the public. It is not the official agenda. Although every effort is made to provide complete and accurate information to this agenda, The Airport Commission does not warrant or guarantee its accuracy or completeness for any purpose. The agenda is subject to change before or at the Airport Commission meeting.

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

March 19, 2018

The Greenville-Spartanburg Airport Commission met on March 19, 2018 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, Leland Burch, and Valerie Miller

MEMBERS NOT PRESENT: Doug Smith

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Kevin Howell, Senior Vice President/COO; Basil Dosunmu, Senior Vice President-Administration and Finance/CFO; Scott Carr, Vice President Commercial Business and Marketing (Enviros Area Administrator); Rosylin Weston, Vice President Communications and Governmental Affairs; Bobby Welborn, Police Chief; Nathan Garner, Director Cerulean Aviation; Dane Slaughter, Facilities Director; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Steve Forrer, AFCO, Inc.; Frank Murray, Mead & Hunt; Dennis Wiehl, Mead & Hunt; Paul Smith, WK Dickson; Mike Darcangelo, AVCON, Inc.; John Mafera, McFarland Johnson; Scott Faulkner, McFarland Johnson; Alexander Michaels, McFarland Johnson; Zach Nelson, McFarland Johnson; Ken Holt, Holt Consulting; Alex Chambers, Wofford College

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:03 a.m.

CONSENT AGENDA: A motion was made, seconded, and unanimous vote received to approve the Consent Agenda as follows:

- A.** The regular meeting minutes from the January 8, 2018 Commission Meeting.
- B.** The amendment to the Exempt Employee Benefit Program Policy (Section 216.05) in the Human Resources Policies and Procedures Manual.

PRESENTATIONS:

A. Proposed Enterprise Resource Planning (ERP) Implementation

Mr. Basil Dosunmu, Senior Vice President/Administration and Finance/CFO, provided a brief update on the ERP implementation initiative.

ERP is a systems and software package used by organizations to manage day-to-day business activities, such as accounting, procurement, project management, human resources, concessions, etc. ERP systems eliminate data duplication and provide data integrity with a "single source of truth." Instead of several standalone databases with an

endless inventory of disconnected spreadsheets, ERP systems bring order to the chaos for all users. With a secure and centralized data repository, everyone in the organization can be confident that data is correct, up to date, and complete.

To date, GSP has conducted an industry survey and obtained responses from 32 Airports, which included small, medium and large airports. In addition, the District solicited qualified firms to assist with a Phase I - Needs Assessment, a Phase II - ERP Solution Recommendation, and a Phase III - Implementation Oversight. The Airport District selected Cherry Bekaert because of their extensive experience in this space providing the type of assessment, recommendation and oversight that the District was seeking. Cherry Bekaert led onsite assessments and spent an average of 90 minutes with each of the District's senior staff and key personnel.

During Phase I, the rough order of magnitude (ROM) cost of the project is estimated between \$500K-\$1.0M. In Phase II of the project, costs will be fine-tuned based on solutions suitable for GSP. The gap analysis will address the degree of gap found between our business process support requirements and our current software capacity. Phase II will also involve ERP software evaluation. Phase III is the independent verification and validation of the software implementation stage (including "Go Live" Readiness Assessment).

ERP is a FY2019 item to be included in the FY2019 proposed budget in May.

Mr. Dosunmu provided a visual example of ERP and reiterated the benefits of ERP.

The District continues to grow in both personnel as well as assets. Mr. Edwards noted the challenges associated with integrating additional lines of business and the benefits that this holistic, comprehensive system will bring. Mr. Edwards responded to further questions related to security and whether or not FAA has exhibited a level of interest in this topic. He also responded to questions regarding the parking system.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of the Cargo Apron Project

Mr. Kevin Howell, Senior VP/COO, presented the Cargo Apron Project. The Cerulean/Senator operations originally began at the south end. The area is limited and can only service one aircraft at time. In previous meetings, the District has discussed the needs assessment of a new cargo apron. Senator has been with GSP for over a year now and originally started with two flights per week, then increased to three and four flights per week. During Thanksgiving and Christmas, peak season, Cerulean was operating four and five flights per week. The current location impacts not only the ability to grow but airline operations with the mixing of air cargo and passenger operations.

The planned new Cargo Apron Project includes the construction of a new cargo apron to be located south of the existing FedEx facility and north end of the general aviation area. This is a 75-acre parcel of property.

The Phase 1 Apron will provide enough apron space for two (2) 747-800 aircraft simultaneously and includes a taxiway connector to TW L and high-mast LED apron lighting. Plans include extending Gateway Drive and utilities to the site, and providing site prep and storm drainage for future expansion. Mr. Howell showed a sketch of Phase I recapping the location as well as ultimate build-out.

WK Dickson was the design engineer for the project. The engineer's estimate from WK Dickson was a little over \$14.8M. Six (6) bids were received and McCarthy Improvement Company was the lowest responsive bidder at a little over \$14.4M.

The construction phase budget for the Cargo Apron Project includes: 1) Phase 1 Apron Construction Contract of \$14,424,276.80, 2) Construction Phase Engineering/RPR Services of \$700,000, and 3) Project Contingency (10%) of \$1,512,427.68 for a total construction phase budget of \$16,636,704.48.

This project is fully eligible at 90% Airport Improvement Program (AIP) grant funding. If fully funded at the 90% eligible level, the District's 10% share would total \$1,512,427.68. GSP receives, on average, a little over \$4M in entitlement money. We have been allotted additional \$7M in discretionary funding for the project for a total of \$11M. If the funding is less than 90%, the District will either have to cover the balance temporarily and use future AIP entitlement funds for reimbursement. Airports cannot use discretionary money for reimbursement once the project has started.

Mr. Howell and Mr. Edwards responded to questions regarding discretionary funding. If the District does not have a discretionary grant in place by then, there are opportunities/provisions in the contract either to stop work or proceed with the work and look at future entitlement funds for the phase work that would have been during that hiatus period. The Airport District Office (ADO) FAA shared that we have to identify work associated with that money.

Mr. Howell responded to questions about time frame. Phase I expects to be completed before first quarter next year. The final phase includes finishing grading on the south end to be completed in February or March 2019. The goal is to have the cargo apron, taxiway connector, and the building pad completed before January 2019.

Mr. Edwards addressed concerns about risk and self-funding raised by the Commission.

There was a motion to approve the Cargo Apron Project with a construction phase budget of \$16,636,704.48, to authorize Staff to award the construction contract to McCarthy Improvement Company, to authorize the President/CEO and/or CFO to make budget amendments, and authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

B. Approval of the Final Rankings for Development Services on the Air Cargo Facility Phase I Project

Mr. Kevin Howell, Senior VP/COO, presented the Final Rankings for Development Services on the Air Cargo Facility Phase I project.

Mr. Howell provided some background information regarding the need for a new cargo facility. As discussed in the past, challenges include weather, inefficient building depth, low building clear height, etc.

The District issued an RPF for development services. The pros, cons, and advantages of a using a third party developer to deliver a cargo facility had been discussed in a prior meeting. The District received proposals from the following: 1) Aviation Facilities Company, Inc. (AFCO), 2) CenterPoint Properties, 3) GSP Air Cargo, LLC, and 4) Panattoni Development Company, Inc. The Evaluation Committee, consisting of Mr. David Edwards, Mr. Kevin Howell, Mr. Basil Dosunmu, Mr. Scott Carr, and Mr. Nathan Garner, shortlisted AFCO, CenterPoint and GSP Air Cargo, LLC for presentations and interviews, and ranked each team on structure, team experience, technical expertise, financial capability, facility concept, project schedule, and proposed cost and terms. The recommended final ranking was # 1) Aviation Facilities Company, Inc. (AFCO), # 2) CenterPoint Properties, and # 3) GSP Air Cargo, LLC.

Mr. Howell shared some renderings from the AFCO proposal. This facility is a 100,000 SF cargo warehouse with 10,000 SF of office and support space. General business terms include a ground lease agreement between the Airport and the developer, and an installment purchase agreement (lease agreement over a 20-year term) with buyout options. This is a triple net agreement.

Mr. Edwards recommended to the Chair that any specific contractual items, as they relate to this project, be discussed in Executive Session. Mr. Edwards anticipated a recommended action once out of Executive Session.

Mr. Howell responded to the question of belly freight handling.

C. Approval of the Fuel Farm Expansion Project

Mr. Kevin Howell, Senior VP/COO, presented information regarding the Fuel Farm Expansion project.

In Year One, Cerulean Aviation grew 30% over Stevens Aviation in the amount of fuel pumped. Stevens Aviation stayed in the 10M-11M gallon range in their best five years, but Cerulean Aviation pumped nearly 14M gallons in Year One. The District has seen growth on both the airline side as well as GA side. Each wide-body cargo freighter takes on an average 20K-25K gallons per flight. During several days last fall, the team pumped 80K-90K gallons/day.

The District's Fuel Farm has a 120K gallon capacity for Jet A fuel. When fuel is delivered to the tank, it takes one hour/foot to settle before it can be dispensed to an aircraft. The tanks are nine feet deep calling for nine hours of settle time.

Mr. Howell proposed the addition of a fifth 30,000-gallon Jet A tank be added to the current Fuel Farm. Provisions were made when the Fuel Farm was designed and there is room to add this 30,000 gallon tank to the farm without significant additional infrastructure. The project is proposed to start immediately in preparation for the World Equestrian Games on top of increased traffic from Senator. Mr. Howell showed some pictures of the Fuel Farm. This will be the last tank we can add to the farm.

Mr. Edwards discussed costs, commercial fueling operations, return on investment, projections for growth, and challenges with reserve capacity.

Mr. Howell responded to questions about the tank and tanker trucks. Mr. Edwards noted that other temporary measures were explored.

There was a motion to approve a Fuel Farm Expansion project with a project budget of \$250,000.00, to authorize the CEO and/or CFO to make the necessary budget amendment(s), and to authorize the President/CEO to execute all necessary documents for the project. The motion was seconded and unanimously approved.

D. Approval of the Ground Support Equipment (GSE) Purchase for Cerulean Commercial Aviation

Mr. Kevin Howell, Senior VP/COO, presented the ground support equipment purchase for Cerulean Aviation.

In November 2016, Cerulean began operations with two flights per week and the GSE equipment purchases were based on servicing two to three wide body aircraft per week. Due to inadequate building size/capacity, cargo is staged on the ramp.

At this time, Cerulean has enough cargo dollies to service a full inbound and a full outbound flight, but more dollies are needed for staging export cargo. With the expected increase in scheduled activity, the best way to handle staging is with the purchase of static cargo racks. This equipment will be needed and used at the new facility and can be used indoors or outdoors. The static cargo racks are essentially stands with rollers. The cost difference between the static racks and new dollies is about \$1,500. Mr. Edwards noted this is a more cost effective solution in dealing with the issue of capacity.

There was a motion to approve the purchase of fifty (50) static cargo racks and a purchasing budget of \$125,000.00, to authorize the CEO and/or CFO to make the necessary budget amendment(s), and to authorize the President/CEO to execute all necessary documents for the purchase. The motion was seconded and unanimously approved.

PRESIDENT/ CEO REPORT:

Aviation Industry Update:

As discussed during the cargo apron project, there may be an extension of the AIP Reauthorization Bill this week. On the House side, Chairman Shuster, House T&I Committee, has withdrawn his proposal for corporatization of ATC. Senator Thune on the Senate side is backing off on items related to the 1500-hour rule with regards to the pilot shortage. Both of these changes should help move a bill forward more quickly.

Omnibus Bill:

As discussed earlier, the passing of the Omnibus Bill is necessary by March 23, 2018 in order to keep all money moving.

In response to the question of scheduled meetings at the upcoming conference in DC, Mr. Edwards specifically noted the joint breakfast meeting between SC and GA airports on Tuesday morning that includes delegation members from both states.

Mr. Edwards responded to the question regarding the status of the passenger facility charge. The \$4.00 increase remains in the Senate Appropriations Bill. Senator Graham sits on the Appropriations Committee and is fully supportive of keeping that in the bill. If the Omnibus gets passed, there is the opportunity for the PFC to increase to \$8.50, but only on originating passengers.

U.S. Chamber of Commerce Aviation Summit:

There was a lot of discussion on the PFC. Mr. Kevin Burke, President/CEO of ACI-NA defended the passenger facility charge and why it is needed. There was a lot of discussion on drones. In response to the question regarding any discussion on driverless cars, there was no discussion at this particular meeting. This is more of an airline/airspace driven meeting.

2018 Airport Revenue News (ARN) Conference:

Mr. David Edwards and Mr. Scott Carr attended the 2018 ARN Conference. Greenville-Spartanburg International Airport received the Best Concessions Program Design Award in the small airport category. The short-listed competition included: Calgary International, Edmonton International, Louisville International, Portland International, and Greenville-Spartanburg International. In response to the question of GSP's unique factor, GSP's concessions program, for its size, offers a wide range as far as local flavor and national brands. Another unique aspect was the airside garden.

Passenger Growth; Non-passenger Access to Post-Security Concessions:

Mr. Edwards noted that passenger growth continues and preliminary enplanement numbers are up about 9%. Mr. Edwards responded to questions of signage and the Pittsburgh model of allowing non-passengers to access post-security concessions. At this time, the District doesn't see the value proposition based on utilization reports from Pittsburgh.

SC Retirement System Discussion:

Last week, Mr. Edwards and Mrs. Rosylin Weston traveled to Columbia to meet with Representative Bradley, Representative Elliott, PEBA Staff, the CEO of Greenville Water, and

the CEO of REWA to talk about options for the SC Retirement System (the “retirement system”).

There are two bills, one in the House and one in the Senate. The House bill is going to get introduced this week and will deal with some of the issues with the retirement system. The Senate bill, they believe, is coming, and discussion, being led from representatives from the House side, is expected to get conference and further discussion. We outlined concerns which are thought to have been heard well.

There are ongoing efforts to involve other political subdivisions, hospitals, etc. in meetings with the Legislative Delegations, of both Spartanburg and Greenville.

Comments were made on the seriousness of the issue in connection with the issues with the retirement system.

INFORMATION SECTION: None

ITEMS FOR NEXT MEETING:

Items for next Commission meeting include the Budget and Dr. Steve Van Beek’s update on the 2019 Strategic Business Plan metrics. Dr. Van Beek is then expected to return in July for a recap of the year.

The next Commission Meeting is scheduled for May 14, 2018.

COMMISSIONER’S REPORT:

Mr. Hank Ramella and Mr. Leland Burch will be attending the ACI-NA Commissioner’s Conference in May 2018.

Mr. Burch is attending the Washington Legislative Conference this week.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session for the purpose of discussing contractual items related to the development services on the Air Cargo Facility Phase I Project.

ADJOURNMENT:

At approximately 10:58 a.m., public session resumed with no action being taken in Executive Session.

There was a motion to approve the final rankings for Development Services on the Air Cargo Facility Phase I Project; 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.), authorize a Not-to-Exceed (NTE) project cost budget of \$13,000,000.00, and authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

The meeting was adjourned at 11:00 a.m. The next meeting is scheduled for May 14, 2018 at 9:00 a.m.

SIGNATURE OF PREPARER:

Stefanie Hyder

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

AUDIT COMMITTEE MINUTES

APRIL 23, 2018

The Greenville-Spartanburg Airport Commission's Audit Committee met at 11:00 a.m. in the office of Mr. David Edwards, President/CEO of Greenville-Spartanburg Airport District located at 500 Aviation Parkway, Greer, SC 29651.

COMMITTEE MEMBERS PRESENT: Bill Barnet (Chair), Minor Shaw, Valerie Miller

STAFF PRESENT: David Edwards, President/CEO; Basil Dosunmu, Senior Vice President Administration and Finance/CFO; Marsha Madore, Director of Human Resources; and Stefanie Hyder, Executive Assistant/Recording Secretary

EXTERNAL AUDIT REPRESENTATION: Alan Robinson, Audit Partner, Cherry Bekaert LLP

Mr. Barnet opened the meeting and welcomed all in attendance. Mr. Barnet turned the meeting over to Basil Dosunmu.

Mr. Basil Dosunmu said that the special audits this year include ABM, Delta, and United. These companies were last reviewed in 2013. ABM Parking no longer operates at GSP but there is a clause in the agreement to look at the operation. The special audit process begins at once and will be conducted by Cherry Bekaert. Mr. Dosunmu noted that food and beverage concessions will be deferred until next year.

The annual audit is scheduled this summer. There has been discussion around a Comprehensive Annual Financial Report (CAFR) that would include other sections such as statistical information that captures airport and industry metrics. Mr. Robinson of Cherry Bekaert would ensure compliance with those guidelines.

Mr. Robinson offered background information about the Comprehensive Annual Financial Report. This is an audit that Cherry Bekaert is accustomed to seeing, and one of which that has extra information, primarily statistical information. We would seek and apply for, after a year or so, a certificate of excellence in financial reporting awarded by the Government Finance Officers Association. This is an important award and a rigorous program. Investors, stakeholders, and bond holders value this award.

This is a new initiative by Mr. Dosunmu. Mr. Robinson noted that this is a voluntary program. Mr. Edwards equated this certification program to that of the Commission on Accreditation for Law Enforcement Agencies (CALEA) that offers a higher level of standard, recognition in the industry, and one that shows the community that GSP is doing things the right way. He reiterated that this is an elective process and a lot of work, but a very positive step moving forward in the evolution of the organization.

In response to Mrs. Shaw's question about timing, Mr. Dosunmu stated that GSP has to establish a base and obtain certain data.

Mr. Robinson then presented the general services deliverables, auditor responsibility, audit methodology and approach. The engagement with the audit firm by the Audit Committee is a best practice and is a deterrent for fraud or problems.

Mr. Edwards and Mr. Dosunmu responded to Mr. Barnet's question about dialogue with other airports in regards to the performance of other concessionaires.

Mr. Robinson continued with his presentation. Auditor responsibilities include providing an express opinion, providing an assessment of internal controls, and communicating matters back to the Audit Committee. If there is federal funding that hits certain levels and thresholds, Cherry Bekaert tests that as well.

The audit methodology is a top-down risk based integrated audit approach. Issues around cybersecurity are relentless and Cherry Bekaert has spent more time on cyber risks lately. Mr. Robinson inquired of the Committee risks that they think should be included in the audit. Mr. Barnet stressed cyber risks. Mrs. Shaw asked Staff their concerns. Mr. Dosunmu noted internal controls. Mr. Edwards mentioned phishing schemes. Mr. Edwards commented that GSP has to stay vigilant and test employees. Mr. Edwards' focus and concern is on the growth and size of GSP. The growth, revenue and expenses have been managed manually for years, but with over 200 employees, a \$40M annual revenue budget, and a \$26-\$27M expense budget, the focus is on maintaining internal controls in more areas as GSP grows. A new Contracts Manager position, additions to staff, and the new ERP system will help GSP going forward. The new ERP system should reduce manual entry and provide ready access to real-time information.

Mr. Robinson then discussed significant audit areas including construction. Mrs. Shaw concurred. Mr. Barnet inquired about the FBO. Cherry Bekaert expanded the scope of operations last year to include internal controls and the assurance that the monthly reports and details flowed. In indicating that GSP has a \$100M-\$125M capital program over the next three to four years, Mr. Edwards noted the importance of including construction as a significant audit area. Projects mentioned include the Cargo Apron (\$17M-\$18M), Cargo Building (\$13M), Parking Garage C (\$45M), and the ARFF Station (\$10-\$11M).

Mr. Barnet asked if GSP associates sign ethics statements annually. Mr. Edwards responded that this is part of the employee manual and employees sign the employee manual, but they do not sign a separate ethics statement. Mr. Barnet also asked if Trustees sign ethics statements. Mrs. Shaw asked that this matter be looked at and addressed at the next Commission meeting.

Mrs. Miller commented on phishing related emails related to wire transfers for closings in the real estate industry. Basil Dosunmu noted that GSP makes it a practice to pay ACH rather than wire transfer. Mrs. Miller recommended this would be a good topic for discussion for the GSP Leadership Association.

Mr. Robinson concluded his presentation.

The Committee then met with the external auditor.

The Committee met with the staff without Mr. Robinson.

Mr. Dosunmu addressed the Committee regarding the contract with Cherry Bekaert. The current contract, established in 2010, was for five years with a three year extension that was related to Mr. Jack Murrin's departure. The contract will end in October/November 2018 following the final audit. Mr. Dosunmu asked the Committee for their recommendation as far as extending the contract for a certain period of time or submitting a request for proposal (RFP). When asked his opinion, Mr. Dosunmu stated that Cherry Bekaert has provided service to GSP for eight years. He recommended a one or two-year extension and then issuing an RFP. This would be taken to the full Board for approval.

Mr. Edwards introduced the topic of succession planning and turned the meeting over to Mrs. Madore. Mrs. Madore presented the current succession plan chart, that stemmed from the 9-Block Chart, and explained the color-coded categories which include: Ready Now (Green), High potential - Could be ready within 2 years (Yellow), Develop for future consideration - Could be ready within 5 years (Orange), Too new to determine (Blue), Subject matter expert - Valued in position (Purple), Achieved maximum potential (Peach), and Underperforming (Autumn). The chart represents the status of skillset, not necessarily desire. The individuals listed on the chart have not yet been addressed by Leadership. The colors will change as people develop. This chart helps to identify, visually, what GSP needs to do in planning for succession.

Mrs. Madore briefly reviewed the array of development opportunities at GSP with the first being individual development plans and discussions with leadership. Secondly, the GSP Leadership Association meetings have been successful. Mr. Dosunmu spoke on Airport Finance at the last session. He had a good turnout and received great feedback. The next meeting is scheduled for June on Airport Operations and the speaker will be Mr. Kevin Howell.

Furthermore, GSP is in the process of developing career paths so employees can see their specific career path and future opportunities. GSP will start the Effective Personal Productivity class next week for managers and supervisors. The last time this was offered was in the early 2000's with the entire management team. This class is a 10-week course with a max capacity of 11 and covers topics such as time management, prioritization, etc.

Last year, employees participated in personal improvement classes, (Lunch and Learn events) through the Employee Assistance Program (EAP) Organization. Additionally, in the past two or three years, GSP has enrolled those employees that are in lead and supervisory roles into the Upstate Employers Network training sessions (Buddy to Leader and Supervisor training).

Industry certification is also available to GSP employees. Many of the GSP operations officers try to obtain certification through AAAE. Lastly, Mrs. Madore commented on career specific training.

Staff responded to questions of the Committee regarding supervisor training.

The Committee inquired about the process for disgruntled employees. Mrs. Madore shared that Mr. Edwards has an open door policy. In addition, Mrs. Madore invites employees to speak with her and their leadership. GSP also has a hotline for reporting unethical behavior. Mrs. Miller noted discussing this topic in a GSP Leadership Association meeting. Mr. Edwards believes that employees have an avenue to voice concerns with someone in a leadership role who will then bring that feedback to the leadership team. Mr. Barnett mentioned his initial concerns with the cargo start-up and those challenges being the base for that kind of frustration. Mr. Edwards responded with the recent requests and challenges involving cargo movement.

Mrs. Miller asked about a performance bonus system specifically related to the movement of equestrian cargo. Mr. Edwards and Mr. Dosunmu have had discussions related to some type of performance bonus system attached to profitability of the organization and performance of the individual, but not a bonus solely related to those employees handling cargo. Mr. Edwards commented on other forms of recognition. Mrs. Madore noted the strength of the management team at Cerulean.

Mr. Edwards commented on the engagement process while the succession planning chart was under development. Mrs. Madore responded to questions from the Committee related to career pathing as well as the succession planning chart.

The Audit Committee met with Mr. Dosunmu and then Mr. Edwards in separate, private sessions.

The Audit Committee adjourned the meeting at 12:25 pm.

SIGNATURE OF PREPARER:

Stefanie Hyder



MEMORANDUM

TO: Members of the Airport Commission

FROM: Marsha Madore, Human Resources Director

DATE: May 14, 2018

ITEM DESCRIPTION - Consent Agenda Item C

Approval of the Human Resources Policy and Procedure Manual Confidential Information Policy (Section 232.00)

BACKGROUND

The Airport District has an obligation to protect the confidential information of our customers. As employees of the Airport District, we all have an obligation to maintain the privacy required by our customers during their usage of airport services and property.

Employees are exposed to information that is confidential, that may involve company trade secrets and/or sensitive information that is of a personal or business related nature, that is cargo or luggage of a personal nature, or prototypes of new products that contain designs otherwise non-public.

ISSUES

The Airport District does not have an established Confidential Information Policy in the Human Resources Policy and Procedure Manual. With the growth of the cargo service and General Aviation, some of our customers require that information regarding their flights not be communicated or shared on social media.

ALTERNATIVES

None recommended



FISCAL IMPACT

None

RECOMMENDED ACTION

It is respectfully requested that the Airport Commission resolve to approve the attached Confidential Information Policy (Section 232.00) for incorporation into the Human Resources Policy and Procedure Manual.

Attachment

SECTION 232.00 – CONFIDENTIAL INFORMATION

OBJECTIVE

The Airport District has an obligation to protect the Confidential Information of our customers. As employees of the Airport District, we all have an obligation to maintain the privacy required by our customers during their usage of airport services and property.

DEFINITION

"Confidential Information" means the proprietary information and trade secrets of the District and its customers as described below:

(i) Included in "Confidential Information" are the object code and source code to the District's software, the District's marketing plans and strategies, the District's plans for new customer development, and any other information that the District marks confidential or by separate memorandum or e-mail informs you is confidential.

(ii) Also included in "Confidential Information" is any information of the District's customers that you have access to in performing your employment duties for the District. Credit Card, billing and any financial related information must be kept in complete confidentiality to protect our customers.

(iii) Excluded from "Confidential Information" is information that: (x) you can prove was in your possession before you received it from the District; (y) is in the public domain through no fault of your own; or (z) you learned from a third party not related to the District. Information licensed by the District to customers under a confidentiality restriction is not considered to be in the public domain.

GENERAL

From time to time during the performance of your duties with the District, you may be exposed to information that is confidential, that may involve private company trade secrets, and/or sensitive information that is of a personal or business related nature. For example, you may, during the performance of your duties, become aware of the anticipated travel plans of high profile persons or celebrities. You may also be exposed to cargo or luggage of a personal nature, or proto-types of new products that contain experimental designs that are otherwise non-public.

If you are exposed to any such information, or become aware of any such information, you should assume that the information is not public and should not be shared. This means that you should not discuss the information with anyone in the District unless it is necessary for you to do so in the performance of your job; you should not disclose the information with other third parties.

Organizational Policy and Procedure

Section 232.00 – Confidential Information

Human Resources

It is not appropriate to record or take photos of any persons or items that may be of a personal or confidential nature. Furthermore, unless specifically authorized through the District's Social Media policy described in this section above, you should not disclose, share or post on social media any information which contains, alludes to, or otherwise references any such confidential information.

Nothing contained in this policy is intended to supersede or should be interpreted to prevent you from disclosing information as may be required by state or federal law or in connection with appropriate court proceedings.

NONDISCLOSURE By signature on this handbook, you agree that you will not disclose Confidential Information to any third party not employed by GSP Airport District unless the District authorizes you to do so in writing. You further agree that you will not use Confidential Information for any purpose except to perform your employment duties for GSP Airport District. These agreements will continue to apply after you are no longer employed by GSP Airport District. Violations of this policy could result in disciplinary action up to termination for employees or legal action for former employees.

APPROVAL AND UPDATE HISTORY	
Approval	Original: 05-14-2018
Supersedes	



MEMORANDUM

TO: Members of the Airport Commission

FROM: Basil Dosunmu, Senior VP of Administration & Finance/CFO

DATE: May 14, 2018

ITEM DESCRIPTION - New Business Item A

Approval of Fiscal Year 2018/2019 Airport District Budget

BACKGROUND

Staff has prepared a proposed Fiscal Year 2018/2019 Budget for the Airport Commission's consideration (see attachments).

ISSUES

The Airport Commission needs to approve a Fiscal Year 2018/2019 Budget prior to July 1, 2018.

ALTERNATIVES

None recommended

FISCAL IMPACT

Total budgeted revenues are expected to increase to \$40,761,296 in FYE 6-30-2019, an 8.5% increase over FYE 6-30-2018. Total budgeted operating expenses are expected to increase to \$27,398,498 in FYE 6-30-2019, a 17.7% increase over FYE 6-30-2018. Capital projects approved in prior fiscal years and carried forward into FYE 6-30-2019 are projected at \$14.5 million and new FYE 6-30-2019 capital projects of \$3.6 million combine for a total \$18.1 million capital budget.



RECOMMENDED ACTION

It is respectfully requested that the Airport Commission resolve to adopt the attached Fiscal Year 2018/2019 Budget.

Attachments



Greenville-Spartanburg Airport District

FY 2018-19 Operating Budget May 14, 2018



GREENVILLE-SPARTANBURG AIRPORT DISTRICT

Greer, South Carolina 29651

Board Members

Minor Shaw - Chairperson



Hank Ramella – Vice Chairperson



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Greenville-Spartanburg Airport District

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Greenville-Spartanburg Airport District 2019 Operating Budget



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TRANSMITTAL LETTER / BUDGET MESSAGE

May 14, 2018

TO THE COMMISSIONERS OF THE DISTRICT

The Management Staff herein presents the Greenville-Spartanburg Airport District's ("District") operating budget for the fiscal year ended June 30, 2019. This represents the 56th annual operating budget prepared by the District since operations began on October 15th, 1962.

Aviation Industry Overview

The airline industry is particularly susceptible and sensitive to many variables we find in our world today:

- Oil Prices
- Terrorist events, like 9/11
- Domestic and global economic conditions
- Pandemics and other health concerns
- Aircraft accidents
- Fleet & maintenance issues / aircraft orders and delays
- Customer service issues / failures & resultant negative press
- Volatility of fuel prices
- Debt restructuring
- Volcanic activity
- Merger, acquisitions, bankruptcies of airlines
- Changing regional, national, and international trends
- Federal funding mandates, restrictions, and uncertainties
- Pilot shortages
- Emerging issues in the aviation industry, such as unmanned aerial vehicles (UAVs) or the emergence of sharing economy platforms such as Uber and Lyft, and others

Any one of these can impact airline traffic dramatically, as experience has proven time and again. And yet, when you combine these factors in an ever-changing world, you can expect very volatile results. Airlines have attempted to minimize financial losses thru these periods of extreme volatility by lowering operating costs, merging, canceling unprofitable routes, charging

Greenville-Spartanburg Airport District 2019 Operating Budget

for baggage/food/etc., and grounding older, less fuel efficient aircraft. Domestic airlines have reaped record-setting profits throughout 2015, 2016, and 2017 as the price of oil has dropped and as a result of the aforementioned factors. This represents a stunning turnaround after a decade of losses, cutbacks, reorganizations and bankruptcies.

Overall, it appears that many aviation industry prognosticators continue to believe that:

- Air fares are likely to stay high most of this decade.
- Passenger travel will continue to grow at reduced rates, but airline capacity will continue to shrink, albeit slowly. This combination will cause planes to get more crowded, and is likely to remain that way.
- Over the next two decades, U.S. airline travel is expected to nearly double.
- Airlines are recording historically high profitability levels, which are expected to continue for the foreseeable future.

The most recent Federal Aviation Administration (“FAA’s”) Aerospace Forecast currently published (2018-2038) contains the following “Forecast Highlights”:

“Since the end of the recession in 2009, U.S. airlines revamped their business models to minimize losses by lowering operating costs, eliminating unprofitable routes, and grounding older, less fuel-efficient aircraft. To increase operating revenues, carriers initiated new services that customers were willing to purchase and started charging separately for services that were historically bundled in the price of a ticket. The industry experienced an unprecedented period of consolidation with three major mergers in five years. The results of these efforts have been impressive: 2017 marks the eighth consecutive year of profitability for the U.S. airline industry. Looking forward, there is confidence that U.S. airlines have finally transformed from a capital intensive, highly cyclical industry to an industry that generates solid returns on capital and sustained profits.

Fundamentally, over the medium and long term, aviation demand is driven by economic activity, and a growing U.S. and world economy provides the basis for aviation to grow over the long run. The 2018 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 1.9 percent per year, slightly slower than last year’s forecast. The uptick in passenger growth in 2016-17 will continue into 2018 spurred on by favorable economic conditions in the U.S. and the world. Oil prices averaged \$48 per barrel in 2017 rising to \$51 in 2018, and our forecast assumes they will increase thereafter to exceed \$100 by 2030 and approach \$119 by the end of the forecast period. The head-winds that have buffeted the global economy during the past few years – uncertainty surrounding “Brexit”, recession in Russia and Brazil and inconsistent performance in other emerging economies, a “hard landing” in China, and lack of further stimulus in the advanced economies seem to be diminishing. The U.S. economy is showing signs of accelerating, powered by gains in the stock market and should see additional stimulus in 2018 with the passing of the tax cut bill in December 2017.

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System traffic in revenue passenger miles (RPMs) is projected to increase by 2.3 percent a year between 2018 and 2038. Domestic RPMs are forecast to grow 1.9 percent a year while International RPMs are forecast to grow significantly faster at 3.2 percent a year. System capacity as measured by available seat miles (ASMs) is forecast to grow in line with the increases in demand. The number of seats per aircraft is growing, especially in the regional jet market, where we expect the number of 50 seat regional jets to fall to just a handful by 2030, replaced by 70-90 seat aircraft.

Although the U.S. and global economy saw growth accelerate in 2017, a combination of higher energy prices and labor cost increases resulted in profits for U.S. airlines falling from 2016's record levels. The FAA expects U.S. carrier profitability to remain steady or increase as solid demand fed by an improving economy offsets rising energy and labor costs. Over the long term, we see a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than inflation, reflecting over the long term a growing U.S. and global economy.

The long-term outlook for general aviation is stable to optimistic, as growth at the high-end offsets continuing retirements at the traditional low end of the segment. The active general aviation fleet is forecast to remain relatively stable between 2018 and 2038. While steady growth in both GDP and corporate profits results in continued growth of the turbine and rotorcraft fleets, the largest segment of the fleet – fixed wing piston aircraft continues to shrink over the forecast. While the fleet remains level, the number of general aviation hours flown is projected to increase an average of 0.8 percent per year through 2038, as growth in turbine, rotorcraft, and experimental hours more than offset a decline in fixed wing piston hours.

With increasing numbers of regional and business jets in the nation's skies, fleet mix changes, and carriers consolidating operations in their large hubs, we expect increased activity growth that has the potential to increase controller workload. Operations at FAA and contract towers are forecast to grow 0.9 percent a year over the forecast period with commercial activity growing at five times the rate of non-commercial activity. The growth in U.S. airline and business aviation activity is the primary driver. Large and medium hubs will see much faster increases than small and non-hub airports, largely due to the commercial nature of their operations."

Source: FAA Forecast Highlights 2018-2038

Moody's Investor Service Airport Industry Outlook

Moody's has once again assigned a **positive** outlook for the short-term (12-18 months) U.S. Airport industry sector as economic growth brings more travelers. This outlook is summarized in the following press release on November 27, 2017:

2018 Outlook – Moody's: Strong enplanement growth supports US airport industry outlook

Our outlook for the US airport industry is positive. This outlook reflects our expectations for the fundamental business conditions in the industry over the next 12 to 18 months.

Continued growth in the US economy, combined with more seat capacity on US airlines, will push enplanement growth above our threshold for a positive outlook. Growth in enplanements, or the number of passengers using an airport to depart on a flight, generally translates into higher parking and terminal concession revenue. Our outlook has been positive since December 2014.

- **US economic expansion will help push enplanement growth to 3.7% .** The US economy will expand about 2.3% in 2018, according to Moody's Investors Service, supporting increased air travel and lifting enplanement growth to 3.7% in 2018. Enplanement growth has historically demonstrated a high positive correlation with the average of GDP and seat growth.
- **Airlines will add seats faster than in 2017.** We expect that seat capacity will rise between 4.5% and 5.7% overall in 2018, up from between 3.5% and 4.5% in 2017.
- **Stronger-than-expected financial performance will protect against downside risks.** Most airports incorporate an expectation of 2-3% enplanement growth in the annual rates and charges they set for airlines. We think enplanement growth will surpass this level at most airports this year and the next, resulting in higher-than-expected revenues.
- **Airports face parking revenue declines from shifting transportation choices.** Airports are experiencing losses in parking revenue as passengers increasingly turn to services such as Uber and Lyft, but access fees charged to those companies have kept total revenue stable. We expect airports will continue to charge these fees to maintain revenue.
- **Small- and non-hub airports will have the strongest enplanement growth.** Ultralow cost airlines such as Frontier and Allegiant will continue to implement service to new leisure travel markets, causing significant increases in enplanements for individual

Greenville-Spartanburg Airport District 2019 Operating Budget

small hubs, similar to those seen in 2017. However, small-hub airports that cannot attract more carriers will suffer, as large carriers constrain capacity and regional carriers face a pilot shortage.

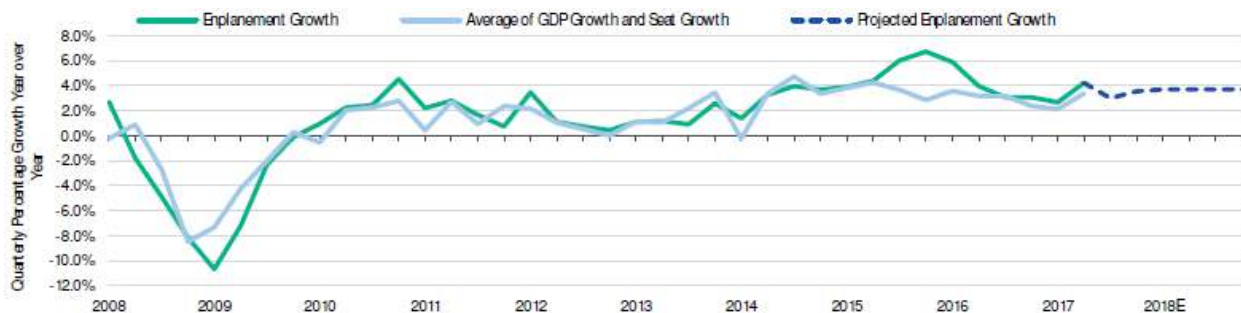
- **What could change our outlook.** We would likely shift to a stable outlook if enplanement growth slips below 3.0%, which could happen if the US economy weakens or if airlines restrict capacity growth to the low end of our expected range.

Growth in economy, added seat capacity will lift enplanement growth to 3.7%

For 2017, the most likely scenario is that aggregate enplanement growth for the whole US airport sector, comprising all airports with commercial airline service, will reach 2.5%, based on our expectations that seat capacity growth will come in at the midpoint of our range (2.8%) and that GDP growth will come in at 2.2%. Enplanement growth has historically demonstrated a high positive correlation of 0.91 with the average of GDP and seat growth (see Exhibit 1). For 2018, the most likely scenario is that aggregate enplanement growth for the US airport sector, comprising all airports with commercial airline service, will reach 3.7%, based on our expectations that growth in seat capacity will come in at the midpoint of our range, or 5.1%, and that GDP growth will be 2.3%. Enplanement growth has historically demonstrated a high positive correlation, of 0.91, with the average of GDP and seat growth, as shown in Exhibit 1.

Exhibit 1

We expect enplanement growth of 3.7% in 2018



Source: Bureau of Transportation Statistics for historical enplanement and seat growth data; Bureau of Economic Analysis for historical GDP growth, Moody's Investors Service for estimates

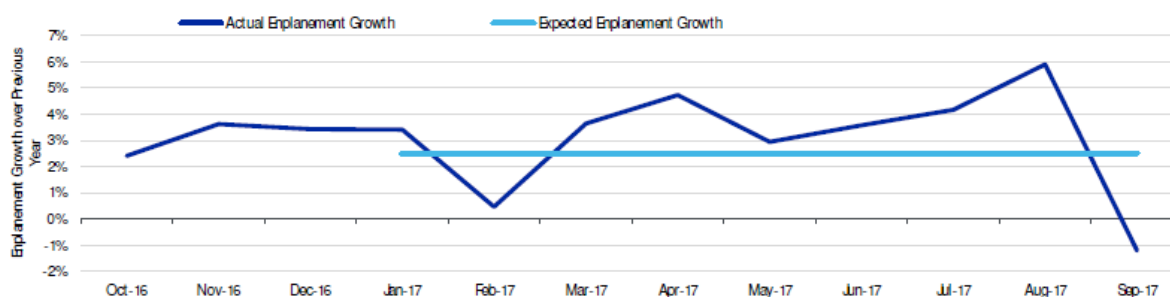
Because outlooks represent our forward-looking view on business conditions that factor into our ratings, a negative (positive) outlook suggests that negative (positive) rating actions are more likely on average. However, the industry outlook does not represent a sum of upgrades, downgrades or ratings under review, or an average of the rating outlooks of issuers in the industry, but rather our assessment of the main direction of business fundamentals within the overall industry.

Greenville-Spartanburg Airport District 2019 Operating Budget

We expect that airlines will add seats in 2018 at a rate greater than in 2017. So far this year, higher-than-expected seat capacity growth on US airlines, combined with continued expansion in the US economy, has resulted in enplanement growth of almost 3.2% through September. Hurricane activity caused large airport closures in late August and September, and we estimate that growth would have been 3.7% through September if not for the closures, easily exceeding our expectation of 2.5% growth for 2017.

Exhibit 2

Enplanements exceeded our expectations before hurricane-related airport closures



Source: Moody's Investors Service compilation of data from 90 airport websites

Enplanement growth is important for the airport industry because in most instances it translates into higher revenues from parking and airport-terminal concessions, which together accounted for 46% of total airport operating revenue in both fiscal 2015 and fiscal 2016, according to the Federal Aviation Administration Certification Activity Tracking Systems. Higher revenue provides stronger debt-service coverage and, in most cases, results in more liquidity.

Exhibit 3 shows the expected increase in seat capacity for 2018 at the eight largest domestic airlines in the US (which account for almost 85% of domestic enplanements), based on third-quarter 2017 investor presentations and calls. The multi-year trend of smaller airlines, such as Alaska Airlines Inc., Spirit Airlines and Frontier Airlines, increasing capacity by at least 6% will continue in 2018. The biggest source of uncertainty in the forecast is the plans of United Continental Holdings, Inc. (Ba2 stable), which added greater capacity than expected this year (around 5.5%) but did not provide guidance for 2018. We expect growth at United to continue between 5% and 6% for our outlook. In the sector as a whole, we expect that seat capacity growth will be between 4.5% and 5.7% in 2018, more than 2 percentage points higher than our expectation for sector-wide seat growth going into 2017.

Exhibit 3

Smaller airlines will continue to lead capacity growth in 2018

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Airline	Capacity Growth - Low	Capacity Growth - High	Market Share
American Airlines	2.0%	3.0%	18.5%
Southwest Airlines	5.0%	6.0%	18.4%
Delta Air Lines	2.0%	3.0%	16.8%
United Airline	5.0%	6.0%	14.9%
JetBlue	4.0%	5.0%	5.5%
Alaska Airlines	7.5%	8.5%	4.7%
Spirit Airlines	22.0%	25.0%	3.2%
Frontier Airlines	7.5%	12.5%	2.5%
2018 Weighted Total Growth	4.5%	5.7%	

Source: Airlines' Q3 2017 earnings calls or investor presentations for capacity growth; US Bureau of Transportation Statistics for market share information

Capital improvement in 2018

As we detailed in our report “Expansion Plans Will Pressure Credit Profiles of Airports, but Less Impact on Airlines,” continued strong growth at US airports is driving capital expansion plans. We now expect \$10.3 billion of additional debt issuance in 2018, up from \$6.9 billion in June 2017. Some of the increase is from delayed issuance, but most is from additions to capital plans. Denver International (Denver (City and County of) CO Airport Enterprise (A1 stable)) has increased its debt issuance to \$3.9 billion from \$1.2 billion as airlines have requested additional gate expansion at the airport. Chicago (City of) IL O'Hare Airport Enterprise (A2 stable) has also announced a larger facility expansion that will increase 2018 issuance to above \$2.5 billion from the previously announced \$1.2 billion.

Stronger-than-expected enplanement growth will provide a cushion against downside risks

Most US airports set annual rates and charges for airlines that incorporate expectations of 2% enplanement growth, based on long-term industry trends. However, most airports are increasing growth rates generally to 3% in the near term to reflect the announced seat capacity additions. We think that enplanements for most airports will far surpass budgeted levels in 2017 and moderately surpass them in 2018, resulting in revenue higher than airports' forecasts and therefore stronger debt-service coverage and liquidity.

As enplanements rise and more people pass through airports, revenue from parking fees and food, beverage and retail spending in terminals should also rise. Additionally, though not technically revenue, airports can use passenger facility charges—a fee paid by passengers and collected by airlines—to pay debt service. All told, the increased net revenue will provide stronger debt coverage and, in most cases, result in greater liquidity. Airports with residual ratemaking – meaning that total revenue is limited to only the cost recovery of operating and maintenance expenses and debt service – will not see increases in debt service coverage or liquidity. However, airlines will have to pay less to the airport because of the higher revenue from other sources and will be able to spread those costs over a larger enplanement base. The lower airline cost per enplanement makes the airport more competitive and is a credit strength.

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Airports face parking revenue decline from passengers' increasing use of Uber, Lyft

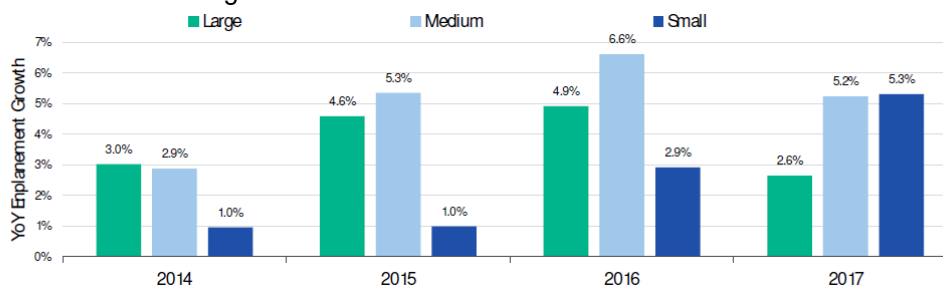
An increase in the number of passengers using transportation networks companies (TNCs) such as Uber and Lyft to get to and from airports is beginning to affect airport parking revenues. Through 2016, Federal Aviation Administration data showed no real impact on revenues from the shift to TNCs from parking or traditional taxis. The data, which lumps parking and ground transportation together, in fact showed an increase in parking and ground transportation revenue per enplanement to \$4.81 in fiscal 2016 from \$4.69 in fiscal 2015. Additionally, total parking and ground transportation revenues have grown with the increase in total passengers. In fiscal 2017, however, despite strong growth in enplanements, we have begun to see year-over-year declines in only parking revenue (though on an unaudited basis). Parking revenue at Phoenix (City of) AZ Airport Enterprise has declined 0.3% in fiscal 2017 despite an increase in origination and destination (O&D) enplanements² of 7.0%. Like others that are anecdotally experiencing losses in 2017, the airport actively manages the access fees it charges TNCs—which are considered ground transportation revenue—to mitigate the loss of parking revenue. We expect 2018 to be a year of transformation in airport revenue sources, though parking and ground transportation revenue will suffer only small losses.

Small airports will enjoy the strongest growth, though legacy carriers will hurt some small hubs

Enplanement growth in 2017 has reversed trend and has been fastest at small and non-hub airports, as shown in Exhibit 4, and we expect this to continue in 2018. Growth has slowed at large hub airports as primary connecting hubs for American Airlines and Delta Air Lines have constrained connecting capacity growth and O&D airports face space constraints. The growth at small- and non-hubs reflects the addition of capacity in these markets by low- and ultra-low cost airlines.

Exhibit 4

Enplanement growth in 2017 has reversed trend, with large hubs seeing the slowest growth and small hubs the highest



Source: Moody's Investors Service compilation of data from 90 airport websites

Greenville-Spartanburg Airport District 2019 Operating Budget

What could change our outlook

The current expectation for enplanement growth is well above the positive outlook threshold. However, if airlines grow seat capacity at the low end of our estimate, which they could do to maintain pricing power and keep unit revenue strong, or if GDP growth fails to meet our expectation, enplanements will grow at a level below our positive threshold of 3%. If this were to occur and was expected to result in stagnation or weakening of revenue, the outlook could be revised to stable. If the deterioration were severe enough (such as a contraction in enplanements), the outlook could move to negative, given the large capital plans in progress for airports.

Source: Moody's Investor Service:

"2018 outlook positive due to expectation of strong enplanement growth" November 27, 2017

Greenville-Spartanburg International Airport (GSP) Outlook

Although profitability levels have been and continue to be very strong, management is focused on and remains committed to providing increased levels of air service for the surrounding population base. We continue to work diligently towards attracting greater levels of air service for the Upstate region and are ever mindful about posturing ourselves from a competitive standpoint in the face of increased competition from Charlotte and Atlanta.

Management agrees with the FAA forecasts and continues to plan for long-term growth in accordance with local initiatives/demands, and various planning forecasts. A major Airport Master Plan update is currently underway to replace our approved 2003 Airport Master Plan. The Master Plan update will address, among other things, the following variables which will impact the Airport's future:

- The financial and operational impact of the newly established air cargo route to Germany via Senator, and associated airfield changes (e.g., Taxiway L extension) to support cargo growth
- Projected availability of continued federal funding
- Our assumption of FBO and fueling responsibilities
- A thorough airport pavement evaluation
- Sustainability issues
- An analysis of GSP360 for land use compatibility, highest and best use, and linkage to GSP International Industrial Logistics Park
- Future development of aeronautical and non-aeronautical land owned by the District in concert with our GSP360 plan
- The proposed PRT system and associated impacts on parking, roadway circulation, curbside and other
- Expansion of rental car parking capacities
- Staged parking lot expansions for customers
- Potential capacity constraints for ground transportation along the terminal curb-front and options to reduce congestion along public roadways
- Long term development planning for future needs of key airport tenants
- Optimal location for new Air Traffic Control tower
- Updated airport layout plan (ALP) to meet FAA SOPs
- Updated GIS database to meet FAA requirements to include infrastructure capacities, environmental information, and areas for future development

Management is committed to providing our customers with the highest level of service possible in these challenging and exciting times and look forward to the future. 2018 witnessed many service-focused improvements and new business opportunities at the Airport including, but not limited to:

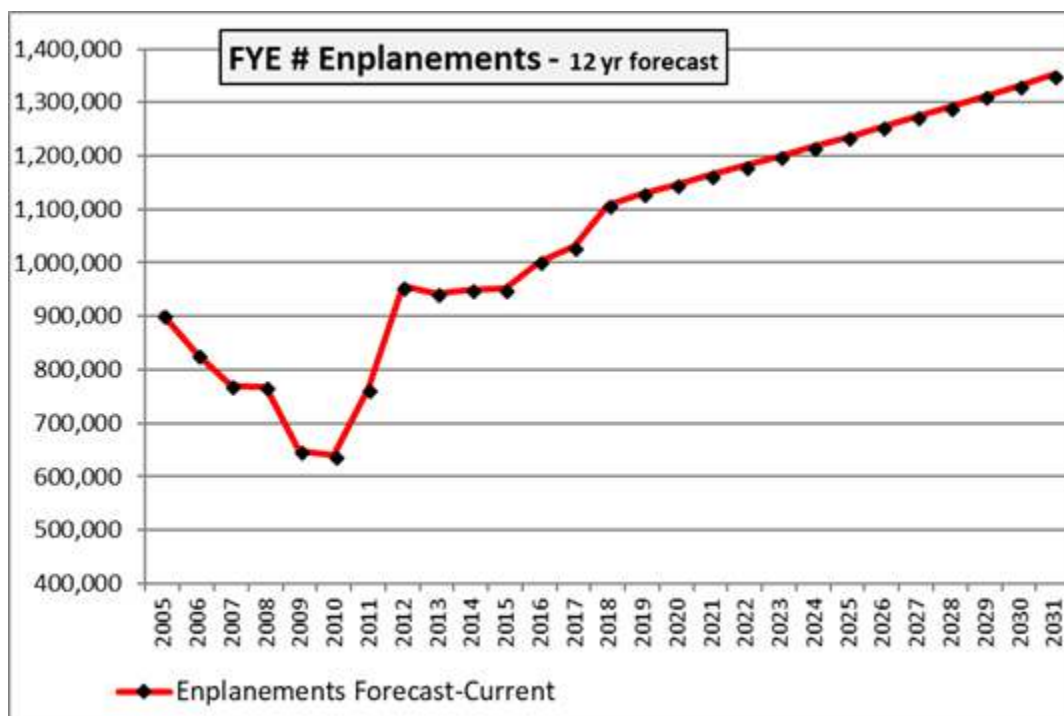
- Completion of our new terminal renovation
- Opening of new food and beverage options including Wolfgang Puck and Palmetto Distillery
- Growth of our new FBO service, Cerulean Aviation

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- New international cargo service from GSP to Queretarao, Mexico and strong service to Frankfurt, Germany

Management's assessment of our long-term forecast continues to be favorable largely due to our lack of significant debt, competitive airline rates & charges, aggressive air service development efforts, regional economic trends, healthy catchment area/size, and many other factors. We attempt to look forward via a long-term 20-year forecast at various intervals with known factors and educated "guesses"

Please find below a 12-year projection of our enplanements. The most recent projection (the red line) shows enplanements leveling out over the next several years before a continuation of the growth trend, albeit a slower rate than our historical norm.



Many of the factors utilized in arriving at management's outlook assessment are discussed in much greater detail in the remaining portions of this document.

Assumptions Used in the Preparation of the 2018-19 Budget

This 2019 budget reflects management's best estimate of anticipated Airport revenues generated by the regional economy together with expenses for all facilities or services offered. But with the everchanging traveling environment, the changing organizational structure of airlines, airline mergers and acquisitions, the impact of new routes with different aircraft, and the ongoing enhancement to security requirements, it can be assured that additional currently unforeseen changes will need to be addressed during 2019.

The big items causing changes for the FYE 6-30-2019 budget include, but are not limited to:

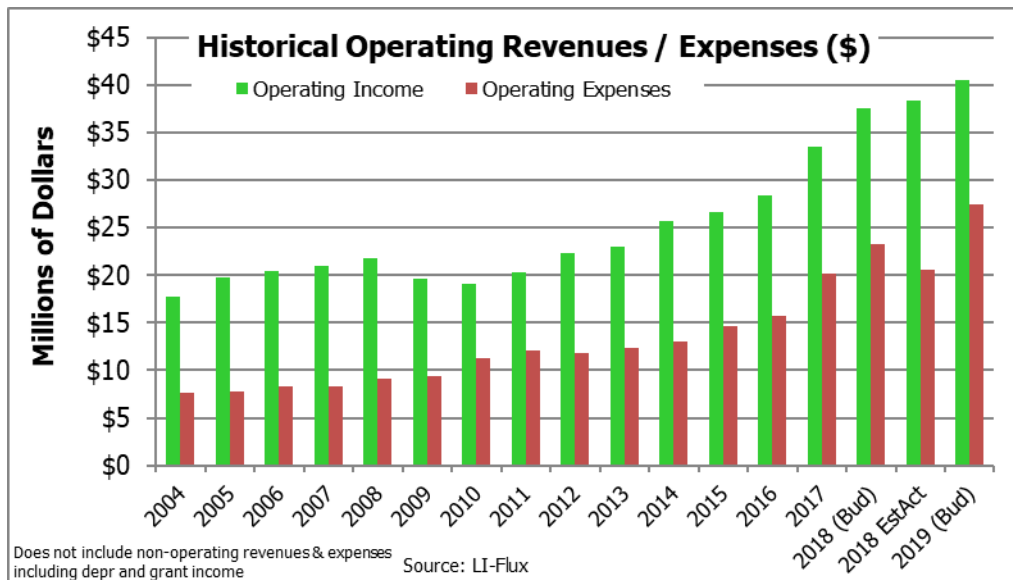
- Increase in terminal maintenance cost such as janitorial, utilities, etc.
- Increase of the FBO operations, associated fuel sales and COGS (cost of goods sold), staffing increase, and other operational changes & projections.
- Expansion of Senator and associated long-haul international cargo service and related services such as catering services and staffing level.
- Recruitment of additional staff across different departments to support growth in overall operations.
- Increase in rental space to support the air cargo operation.

Assumptions utilized in the preparation of the budget include:

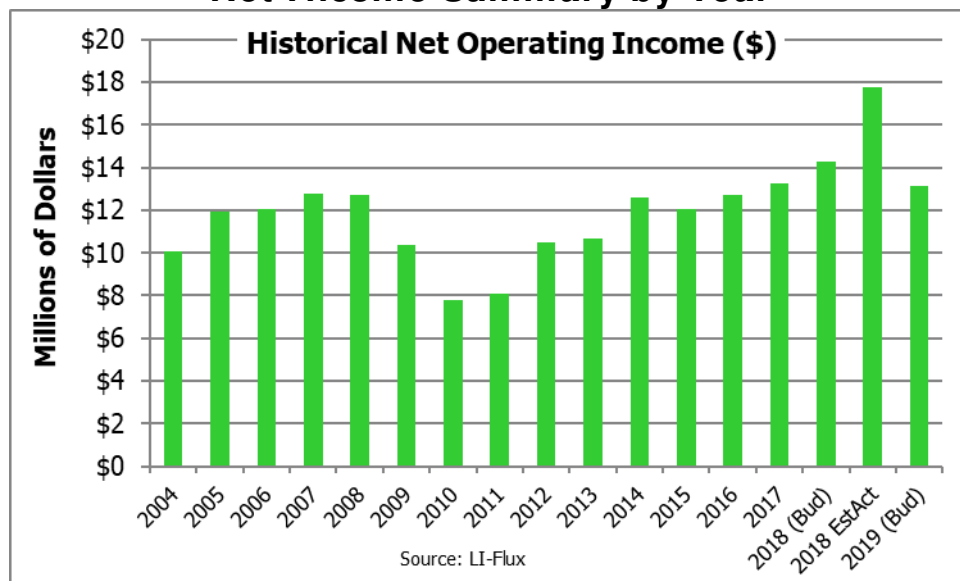
- Increasing passenger enplanements to 1,130,160
- Parking rates to remain the same as at 6/30/2017 as follows:
 - Valet rates at \$16/day
 - Garage rates at \$14/day
 - SkyLot rates at \$7/day
 - Daily Lot at \$9/day
 - Economy rates at \$5/day
 - Overflow rates at \$5/day
- Includes provision for additional Capital Improvements.
- No change in Investment policy – yields average 1.2% (T-Bills, 6-month ladder, Treasury direct)
- Retention of \$25M Line of Credit (LOC) from TD Bank and other borrowing facilities

Greenville-Spartanburg Airport District 2019 Operating Budget

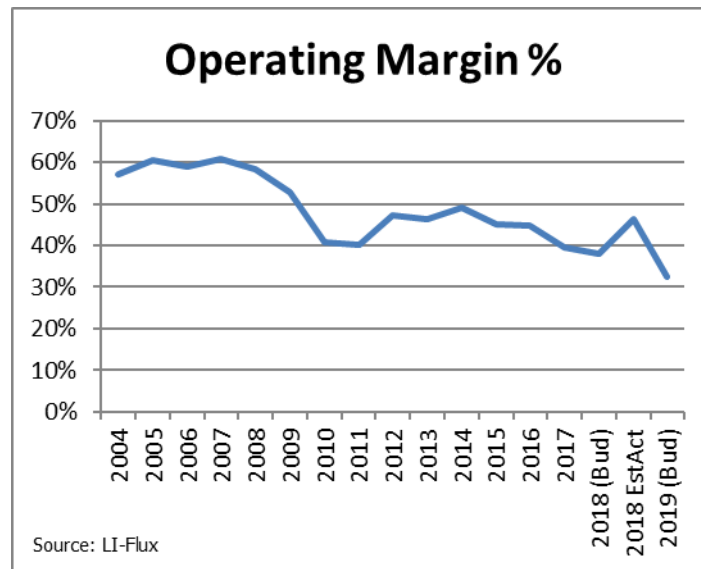
Revenue / Expense Summary by Year



Net Income Summary by Year



Operating Margin % Summary by Year



Rates & Charges Summary

The recommended billing rates and charges are, at this time, a prudent assessment of the financial results that are reasonably achievable in 2019, given the current economic environment and future actions that might be taken by the airlines and potential travelers. As always, there is a continued need to control the number of workforce employees and to maintain tight purchasing and discretionary spending controls to keep rates & charges in line with industry norms. In developing the 2019 budget, the District continues to advance strategies that result in reasonable rates and charges so that business, government, and leisure travelers in the greater Upstate region will continue their support and use of GSP.

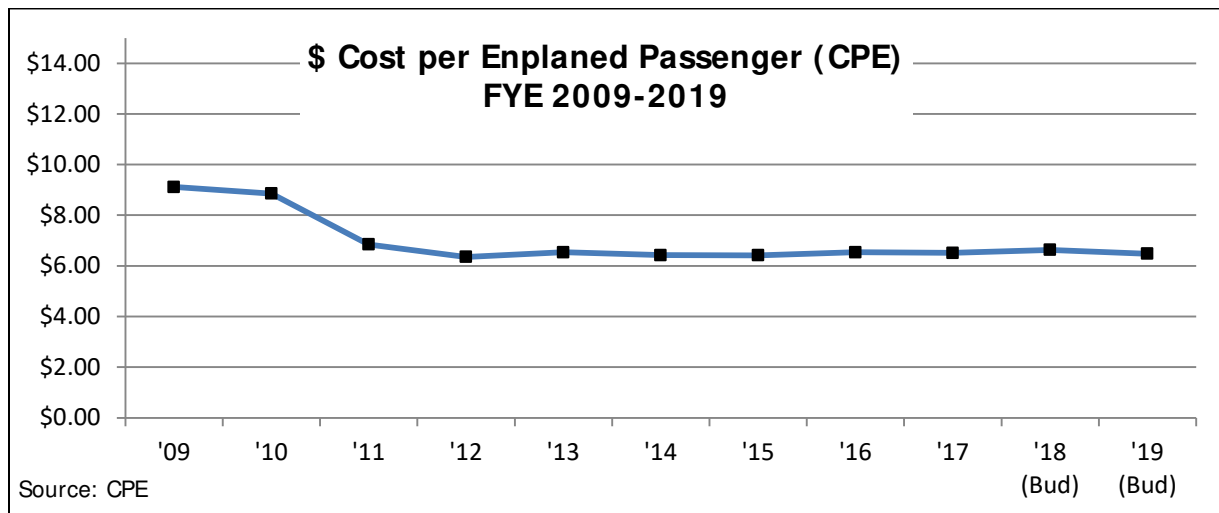
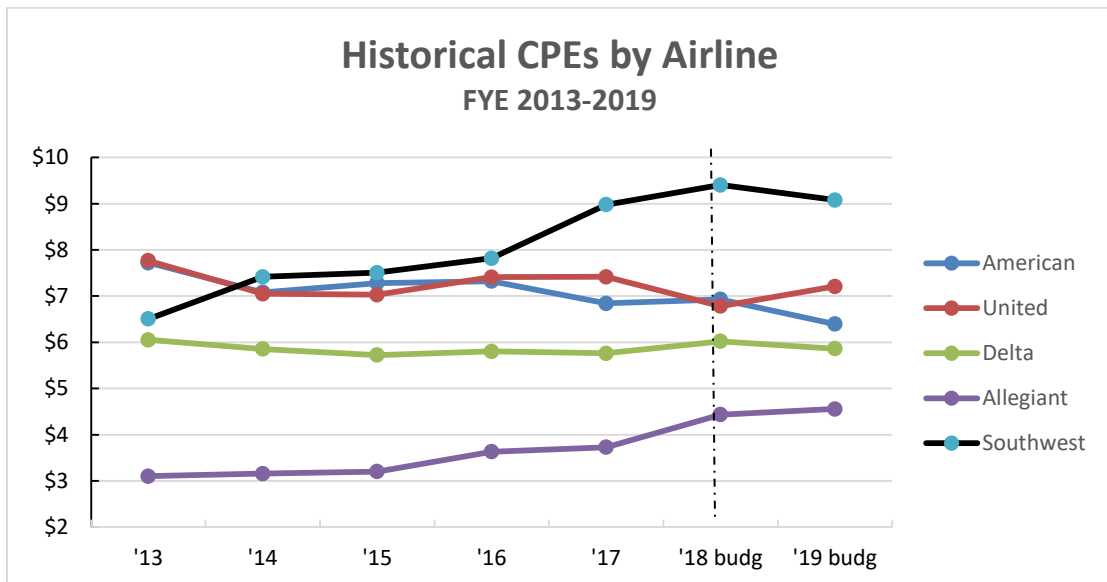
The Airline-Airport Use Permit, which the airlines sign to operate at GSP, is hybrid in nature with a “cost center cost recovery methodology” utilized for calculating the landing fee, and a “compensatory methodology” for calculating the terminal rental rate. The agreement is not subject to a majority-in-interest (MII) approval by the airlines. The District may adjust rentals, fees and charges for Assigned Premises based on changes in actual and projected financial activities during a given fiscal year. This provision is especially important to ensure adherence to financial covenants in bond resolutions.

Greenville-Spartanburg Airport District 2019 Operating Budget

Budget FY 2018-19 Summary of Rates and Charges

	2018	Projected		
	Rates & Chrgs	2019		
Scheduled Airline Rates				
Terminal Building Rental Rate (PSF)	\$ 36.07	\$ 38.98		
Landing Fee Per 1,000 LBS	\$ 1.66	\$ 1.58		
Passenger Loading Bridge Annual Rental Fee	(A)	(A)		
Apron rental fee (parking position) per year	(A)	(A)		
Dumpster fee per year	(A)	(A)		
Triturator fee per year (per enplanement)	(A)	(A)		
Cargo Airline Rates				
Landing Fee Per 1,000 LBS	\$ 1.66	\$ 1.58		
(A) included in Per-Turn Rates				
"Per-Turn" Rates				
	Cat 1 Aircraft	Cat 2 Aircraft	Cat 3 Aircraft	Cat 4 Aircraft
	0 - 30 seats	31 - 79 seats	80 - 129 seats	130 - 179 seats
Full-Turn				
Per-Turn" Fee including AirIT EASE at tkng	\$ 95.58	\$ 207.29	\$ 312.06	\$ 423.20
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 89.37	\$ 191.86	\$ 288.65	\$ 390.39
"Modified" Full Turn excluding TKT Ctr/Que				
Per-Turn" Fee including AirIT EASE at tkng	\$ 92.45	\$ 199.06	\$ 298.62	\$ 404.55
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 86.25	\$ 183.63	\$ 275.21	\$ 371.74
"Gate Only"				
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 42.45	\$ 76.79	\$ 111.56	\$ 146.33
Departure Turn "Ferry In, Live Out" aka "Outbound Turn"				
Per-Turn" Fee including AirIT EASE at tkng	\$ 68.21	\$ 140.95	\$ 206.01	\$ 277.42
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 62.01	\$ 125.52	\$ 182.60	\$ 244.62
Arrival Turn "Live In, Ferry Out" aka "Inbound Turn"				
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 58.02	\$ 114.51	\$ 164.38	\$ 219.19
"Per-Turn" Rates continued ...				
	Cat 5 Aircraft	Cat 6 Aircraft	Cat 7 Aircraft	
	180 - 229 seats	230 - 350 seats	351 - 500 seats	
Full-Turn				
Per-Turn" Fee including AirIT EASE at tkng	\$ 529.19	\$ 767.29	\$ 1,059.35	
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 488.41	\$ 705.80	\$ 971.09	
"Modified" Full Turn excluding TKT Ctr/Que				
Per-Turn" Fee including AirIT EASE at tkng	\$ 505.33	\$ 730.82	\$ 1,007.25	
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 464.55	\$ 669.33	\$ 919.00	
"Gate Only"				
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 181.10	\$ 246.59	\$ 324.63	
Departure Turn "Ferry In, Live Out" aka "Outbound Turn"				
Per-Turn" Fee including AirIT EASE at tkng	\$ 343.70	\$ 489.26	\$ 667.21	
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 302.92	\$ 427.77	\$ 578.96	
Arrival Turn "Live In, Ferry Out" aka "Inbound Turn"				
Per-Turn" Fee NOT including AirIT EASE at tkng	\$ 270.28	\$ 374.11	\$ 498.62	
Source: Exhibit A				

Greenville-Spartanburg Airport District 2019 Operating Budget



Greenville-Spartanburg Airport District 2019 Operating Budget

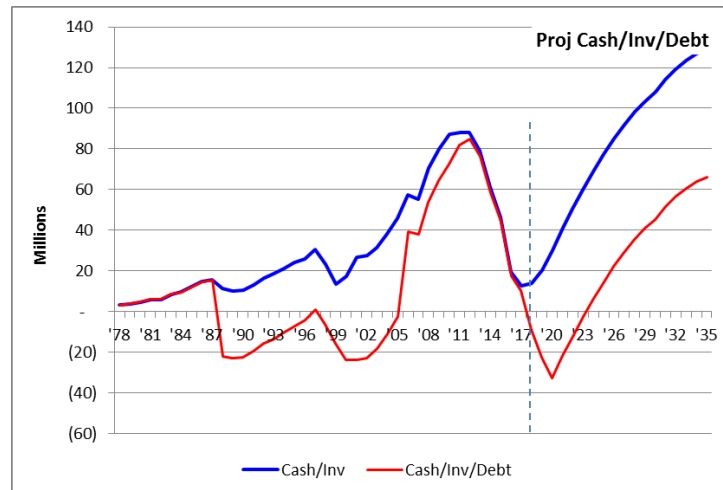
Budget FY 2018-19 Budget / Investment Plan

OPERATING FUND SUMMARY	\$ Amount (Estimated)			
	Budg FY 2017-2018	Budg FY 2018-2019	Difference	% Change
Operating Revenues	37,556,041	40,761,296	3,205,255	8.53%
Operating Expenses	23,276,301	27,398,498	4,122,197	17.71%
Net Operating Income	14,279,740	13,362,798	(916,942)	-6.42%
Add: Interest Income	13,000	76,000	63,000	484.62%
Add: RAC CFCs	501,798	727,473	225,675	44.97%
Less: Interest Expense/Other	335,584	335,584	-	0.00%
Net Income (Excluding Depr only)	14,458,954	13,830,687	(628,267)	-4.35%

Investment Fund Summary

BOY Cash/Investment Balance (Proj)	12,000,000	14,000,000	2,000,000	16.67%
Add: Net Income	14,458,954	13,830,687	(628,267)	-4.35%
Add: Projected Grant Income	10,197,780	10,197,780	-	0.00%
Add: Projected LOC draw downs	21,000,000	1,500,000	(19,500,000)	-92.86%
Less: Prior Yr Items Appr/carried forward	32,134,908	14,527,203	(17,607,705)	-54.79%
Less: Capital Improvements	8,525,000	90,000	(8,435,000)	-98.94%
Less: Equip/Small Capital Outlays	2,482,000	1,945,650	(536,350)	-21.61%
Less: Renewal & Replacement	367,165	493,300	126,135	34.35%
Less: Professional Service Projects	1,412,043	1,100,000	(312,043)	-22.10%
Less: Bond principal payoffs	365,000	390,000	25,000	6.85%
EOY Est Cash/Investments	12,370,618	20,982,314	28,111,696	69.61%
3/31/2018 Cash/Inv Balance	20,000,000			
Updated Estimated YrEnd Balances	14,000,000			

Note: Updated 6/30/17 cash/inv projection reflects changes in major capital project delivery, expected payment schedules, updated operating results, actual CIP costs vs budgeted, and many other factors, etc.
Source: CommPres



Greenville-Spartanburg Airport District 2019 Operating Budget

Acknowledgements

The Board of Commissioners has contributed its full support to the development and maintenance of the financial operations of the Airport. Without this leadership, together with the strong commitment from the District's management team, the presentation of this budget and other financial reports would not be possible.

Respectfully submitted by:

David N. Edwards, Jr., A.A.E.
President/CEO

Basil Dosunmu, CPA, CIA, CM
Sr. Vice President Administration and
Finance/CFO

A I R P O R T D I S T R I C T O V E R V I E W

Organization

In March, 1959, the General Assembly of the State of South Carolina enacted an act to create the Greenville-Spartanburg Airport District (the “District”), a political subdivision of the State of South Carolina. The corporate powers and duties of the Greenville-Spartanburg Airport District are to be exercised and performed by the Greenville-Spartanburg Airport Commission.

Responsibility

The District is responsible for the efficient planning, development, administration, operation and financial condition of the Airport. The District, as landlord, rents space and assesses fees and charges to the airlines and businesses providing goods and services to the traveling public and to the civilian, business, governmental and military users of the Airport. The District is responsible for assuring residents of the Upstate and the surrounding areas of minimal environmental impact from air navigation and transportation.

Strategic Business Plan 2014-2020

GSP formally adopted the Strategic Business Plan for 2014-2020 on November 24, 2014.

The plan outlined the foundations of our strategy, including our Vision, Mission and Core Values as well as our Strategic Goals that together represent our priorities as we prepare for this century’s second decade. We also identified performance measures for each goal, allowing each of us to monitor GSP’s continuing progress.

Mission and Vision

Our mission and vision provide the foundation for our six-year strategic business plan. Since GSP was built over a half-century ago, we have enjoyed consistent leadership and commitment to these foundations. For each strategic business plan, these foundations are operationalized through our strategic goals.

Mission Statement

To advance the economic prosperity of the region by providing a safe, convenient, user-friendly and cost competitive air transportation system connecting the region with the nation and world.

Vision Statement

Serve as the region's global transportation hub and economic catalyst by providing best-in-class infrastructure and service.

Core Values

We are especially proud of our "Core Values", which speak to the "GSP way". Our core values express how we conduct our day-to-day business and provide a consistent set of expectations for all of us who work at the airport.

- **Safety & Security:** We embrace them as our priority
- **Excellence:** We are committed to ensuring excellence in all we do
- **Innovation:** We embrace innovative solutions and are always ready for change
- **Integrity:** We are dedicated to honest and ethical practices
- **Accountability:** We accept responsibility for our actions
- **Teamwork:** We think and act like one team, bonded by mutual trust & respect

Strategic Goals

Our strategic goals include:

- A. SAFETY AND SECURITY - Provide safe and secure infrastructure for users, employees and tenants
- B. ECONOMIC DEVELOPMENT - Act as a leading source of economic development for Greenville and Spartanburg counties and the greater Upstate Region
- C. AIR SERVICE - Attract and maintain competitive air service enabling GSP to be the region's "Airport of Choice"
- D. FINANCIAL MANAGEMENT - Increase and diversify aeronautical and non-aeronautical revenues ensure GSP's financial sustainability
- E. ECONOMIC OPPORTUNITY - Serve as a source of job creation and economic opportunity by encouraging business with local firms
- F. CUSTOMER SERVICE - Provide unparalleled access and superior customer service to our users

BOARD OF COMMISSIONERS

Objective

To administer the provisions of the legislation creating the Greenville-Spartanburg Airport District as codified in the Code of Laws of South Carolina 1962 (Sec 55-11-110) (the "Legislation").

Purpose

To carry out the objectives of the Legislation and to serve the public interest through the coordination of the planning, financing, construction, and operation of the aviation facilities known as the Greenville-Spartanburg International Airport in Greenville & Spartanburg counties, South Carolina.

Composition

The membership of the Commission consists of three (3) members who are residents of Spartanburg county, and who are appointed upon the recommendation of a majority of the members of the Spartanburg County legislative delegation AND three (3) members who are residents of Greenville county, and who are appointed upon the recommendation of a majority of the members of the Greenville County legislative delegation. Thus, a total of six (6) members exist. Upon election by a majority of the Greenville or the Spartanburg delegation, as the case may be, the secretary or acting secretary of the respective county delegation shall certify the approval to the Governor, who shall Commission the nominee for a term of six (6) years.

Functions

The Board of Commissioner's functions generally include:

- Exercising the powers of the District to make rules and regulations concerning its operations and facilities.
- Adopting resolutions, policies and procedures.
- Approving the District's annual operating budget and capital improvement expenditures.
- Hiring the President/CEO
- Serving as a public forum for citizens on aviation matters.

Audit Committee

The Commission has established an Audit Committee to assist in its financial oversight responsibilities by reviewing financial reports and related information provided by management, independent auditors, and other sources as needed; monitoring the integrity and effectiveness of the accounting and financial reporting processes and the systems of internal controls; providing a process of communication on audit control for accounting and financial reporting matters among the independent auditors, commissioners and professional staff of the District.

AIRPORT ENVIRONS AREA LEGISLATION

In 1995 the Governor of South Carolina signed into law an Act that permits the regulation of development and land use around the Airport. The Act created the Greenville-Spartanburg Airport Environs Planning Commission, which is charged with developing and adopting a uniform land use plan and uniform building performance standards for an area extending approximately three miles from the ends of the Airport's existing runway and approximately three miles from the ends of a proposed second runway to be constructed at the Airport. The purpose of the planning commission is to regulate future development so as to encourage compatible land use in the Airport environs area created by the Act.



The map above depicts the area around the airport in which the Airport District exercises zoning control over heights of structures and types of land uses that are incompatible with airport operations. The Airport Environs Commission must approve all development projects within this area.

AIRPORT FACILITIES OVERVIEW

Almost fifty years ago the seeds were planted for what is known today as Greenville-Spartanburg International Airport (GSP) – Roger Milliken Field. Since that first flight which took place in 1962, GSP has earned a reputation of safety and has grown into one of the finest airports in the country.

The newly renovated GSP terminal building has close to 400,000 square feet of space, second level jet bridge boarding and thirteen departure gates.

More than 2.0 million passengers per year are served by 5 major airlines offering over 47 non-stop daily departures to 14 major cities across the US. A connection in one of those 14 cities makes access to the world easy from GSP.

GSP is situated on approximately 3,600 acres of land and has a three-level 397,000 square-foot passenger terminal building which includes airline ticket counters, airline offices, a baggage claim area, second-level departure lobbies, restaurants, gift shops, waiting areas and rental car counters. The passenger terminal has two enclosed concourses, Concourse A and Concourse B, with second-level departure jetway boarding and a total of 13 gates. Nine gates located in Concourse A and four gates located in Concourse B. Commuter passengers are processed on the second level of Concourses A and B and board aircraft through boarding bridges or ground-level gates which are accessed by stairways and elevators.

The Airport has a total of 5,286 parking spaces, broken down as follows:

Space Type	Total Stalls
Garage A*	1457
Garage B**	1505
Daily Lot	367
Economy	1522
Overflow	435
Total	5286
Less: Fly & Shine	13
Less: Ready Car	391
Total Rental	4882
* includes Ready Car Stalls	
** includes Fly & Shine Stalls	

2,962 parking spaces are available in two multi-level parking garages located adjacent to the passenger terminal building. Three hundred ninety-one parking spaces in Parking Garage A have been made available to the rental car companies operating at the Airport to provide conveniently located “ready car” spaces. 367 convenient spaces are located in our Daily Lot and 1,522 additional parking spaces are available in a more remote economy parking lot located approximately 1,200 feet from the passenger terminal building.

Greenville-Spartanburg Airport District 2019 Operating Budget

In FY2018, a new economy overflow lot with 435 parking spaces was added, which will be used when the primary surface parking lots and garage are full.

The airfield consists of a single runway in a northeast/southwest orientation, with associated parallel taxiways, an aircraft parking apron and an air cargo apron. The latest runway extension, completed in June of 1999 extended the runway to 11,001 feet making it possible for GSP to accommodate any aircraft currently in operation today. The runway is 11,001 feet long, 150 feet wide, and has paved shoulders that are 35 feet wide. The runway is lighted and is equipped with a Category IIIB Instrumental Landing System which accommodates precision approaches and departures. A traffic control tower and approach and departure control facilities are located at the Airport and manned by FAA personnel. In 1995 the National Weather Service built a new facility at the Airport which includes a Doppler radar system.

Two Federal Inspection Stations (FIS) consisting of Customs, Immigrations and Agriculture are located at GSP. The first FIS facility located under the south concourse is designed to handle 250 international passengers per hour. The second FIS location on the north cargo ramp is designed to handle cargo and corporate aircraft that require international clearance.

A 25-dock cargo facility is located south of the passenger terminal complex and currently serves operations for the various air cargo carriers (except FedEx) serving the Airport. An air cargo apron was constructed at the north end of the runway in 1995. The north end of the airport is home to a 120,000 square foot FedEx facility. This facility, completed in the late summer of 2001 provides FedEx with the capability to sort up to 3,000 packages per hour. Prior to the completion of this new facility, FedEx was only capable of sorting 1,000 packages per hour.

Airport Master Plan

In late 2016 a team consisting of McFarland-Johnson, AVCON, Woolpert, Arora Engineers, and Seamon Whiteside and Associates was selected to update and develop a new Airport Master Plan for GSP.

The scope of work to be included is:

1. Inventory of existing conditions:
 - a. Airport Facilities (airside and landside)
 - b. Aviation Activity
 - c. Environmental Issues
 - d. Land Use, Zoning, and Other Local & Regional Planning Studies
 - e. Roads and Ground Traffic
 - f. FAR Part 77 Obstructions (50:1)
 - g. Utilities
 - h. Sustainability Initiatives
2. Aviation Forecasts – Update forecasts for:
 - a. General Aviation Activity
 - b. Air Carrier Activity
 - c. Cargo Activity
 - d. Military Activity
3. Facility Requirements – Assess the ability of the existing airport, both airside and landside, to support the forecasted demand. Identify the demand levels that will trigger the need for facility additions or improvements and estimate the extent of new facilities that may be required to meet that demand including but not limited to building infrastructure, utilities and land assets.
4. Alternatives Development and Evaluation – Identify options to meet projected facility requirements and alternative configurations for each major component. Assess the expected performance of each alternative against a wide range of evaluation criteria, including its operational, environmental, and financial impacts. Based on this assessment provide recommended development alternatives and triggers for their implementation. Some alternatives will focus on enhancing/maximizing revenue producing opportunities. Alternatives will address short (5 year), medium (10 year) and long range (20 year) facility requirements.
5. Environmental Considerations – Determine the environmental requirements needed to move forward with each project in the recommended development program.
6. Airport Layout Plan – Provide full electronic and hardcopy Airport Layout Plans and a Narrative Report depicting the phased development plan in the near-term, medium-term and long-term development of GSP. This will include an eALP to reflect proposed development identified in the study and reconciling GSP's "Exhibit A" property map. "Exhibit A" reconciliation will likely require survey work.

Greenville-Spartanburg Airport District 2019 Operating Budget

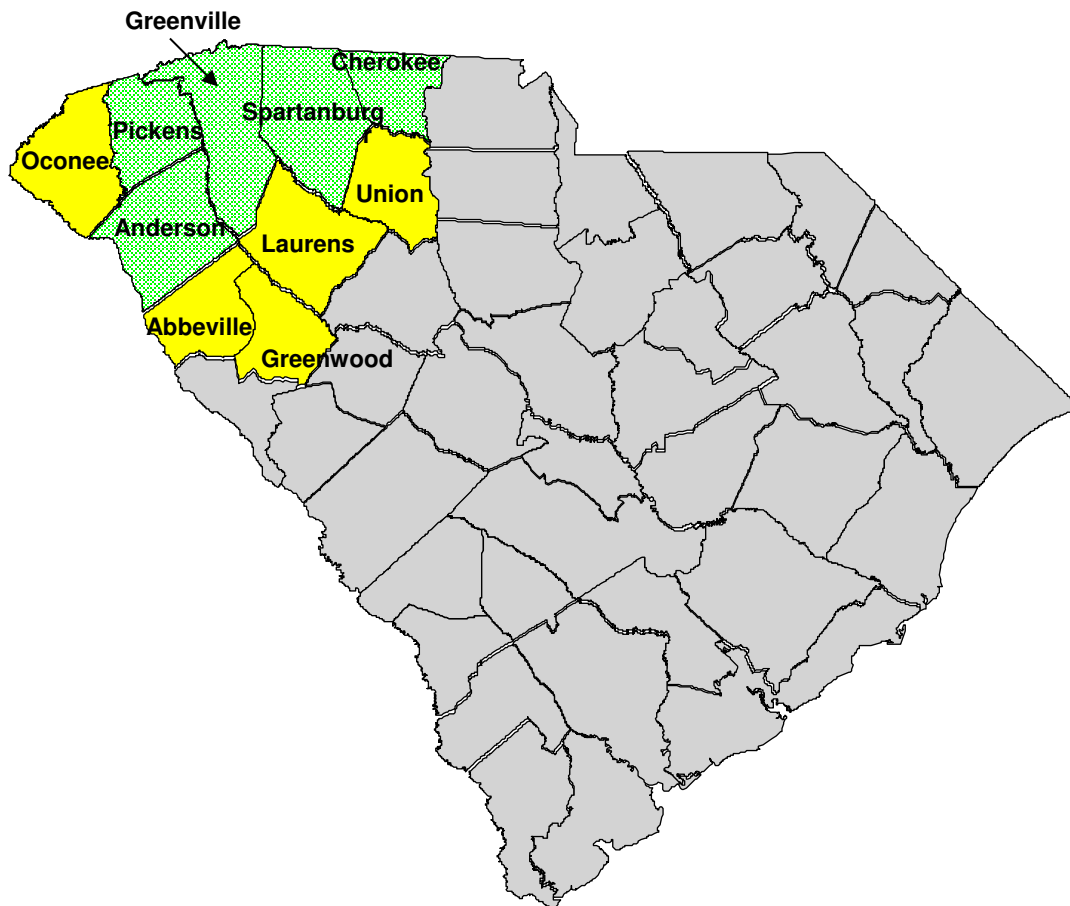
The ALP drawing set will be developed to include the compilation of an “as-built” ALP and a Preferred Alternative Geospatial Data compliant with the Federal Aviation Administration (FAA) Airports Geographic Information System (AGIS), for GSP’s electronic ALP (eALP). All data shall be collected in accordance with AC 150/5300-16A, 17B, and 18B and will be submitted to the FAA Office of Airports, Airport Surveying-GIS Program.

7. Facilities Implementation Plan – Provide a description of the recommended improvements, estimated implementation triggers and costs to be used in the development of a capital improvement plan.
8. Financial Feasibility Analysis – Identify the financial plan for the capital improvement plan and the means by which the District can fund the projects recommended in the master plan. Demonstrate the financial feasibility of each project or program element.
9. Facility Condition Assessment -
 - a. An architectural/engineering assessment of existing facilities to determine remaining useful life, replacement value and anticipated capital improvements required during the study horizon of 20 years will be included.
 - b. Update airports Pavement Management Program (PMP) by conducting an airfield pavement evaluation that includes a system inventory and network definition, traffic analysis, functional evaluation, structural evaluation and rehabilitation recommendations.
10. Sustainability – The sustainability component of the Master Plan should focus on the environmental aspects of capital improvement projects, including their financing, design, construction, and operations, from a holistic policy level. Sustainability recommendations should be useful tools to guide, not constrain, decision-making.
11. Community Outreach/Stakeholder Input Facilitation – Since the long range development of GSP will have an impact on the surrounding community, opportunities for public involvement throughout the process will be part of this Project. A Master Plan Stakeholder / Technical Advisory Committee with broad representation will likely be formed to provide Master Plan input, facilitated by District staff in coordination with the Master Plan consultant. Typical input will be on a quarterly basis or other appropriate intervals/milestones as determined in the process. The District also anticipates conducting public outreach workshops periodically to communicate progress and gather feedback from a broader audience. Finally, the consultant will utilize innovative, digital tools, in addition to the gspairport.com website, during the Master Plan study. The District encourages teams to submit creative ideas and solutions in order to garner effective public participation.

AIR SERVICE AREA & DEMOGRAPHICS

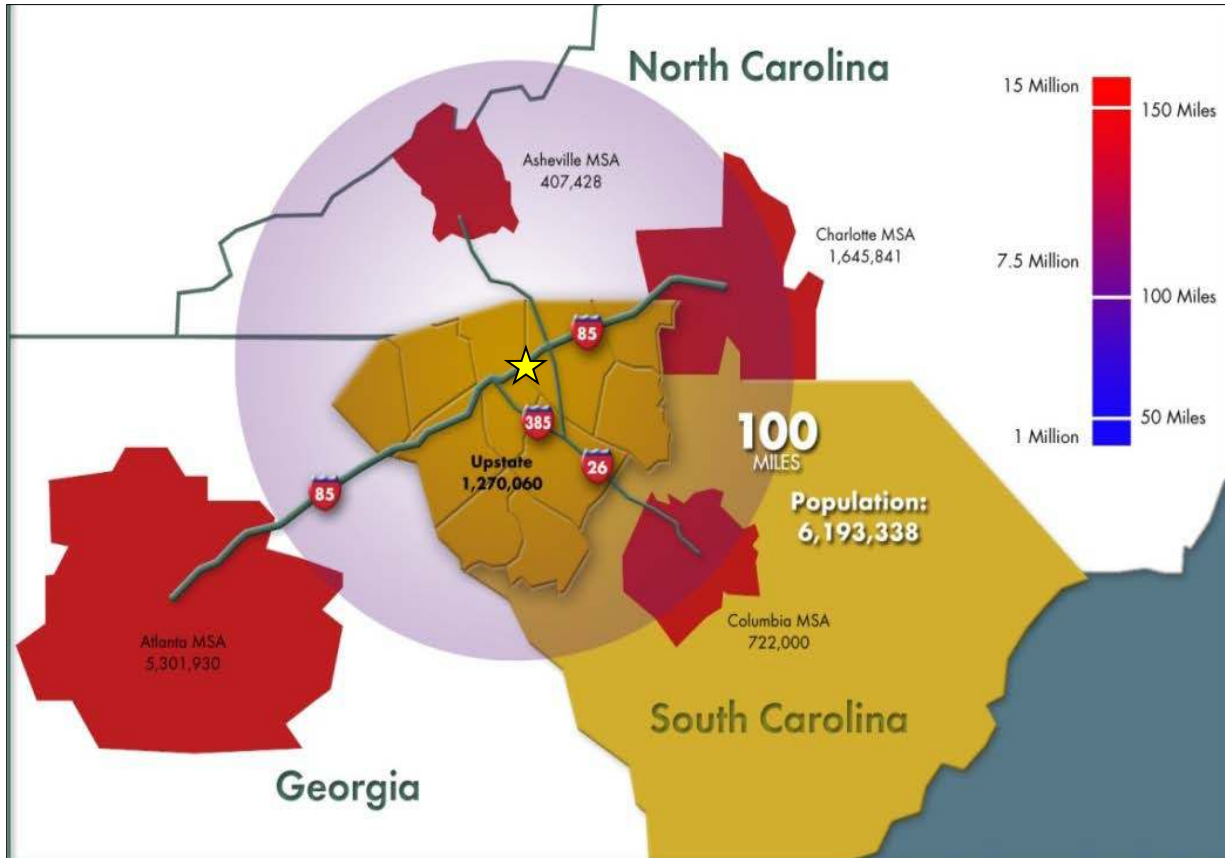
Airport Air Service Area

The Airport primarily serves the South Carolina “Upstate” comprising ten counties: Greenville, Spartanburg, Pickens, Anderson, Cherokee, Oconee, Abbeville, Greenwood, Laurens, and Union Counties. Greenville-Anderson-Mauldin Metropolitan Statistical Area (“MSA”) as defined by the United States Office of Management and Budget contains Greenville, Pickens, Laurens and Anderson Counties. The Spartanburg MSA contains Spartanburg and Union Counties. Seneca Micropolitan Area contains Oconee County, Gaffney Micropolitan Area contains Cherokee County, and Greenwood Micropolitan Area contains Greenwood and Abbeville Counties. The Air Service Area is the most populated MSA in South Carolina and is also recognized as South Carolina’s most industrialized MSA, experiencing strong economic development since 1988.



Demographics

With its strategic location along I-85 – mid-way between Charlotte and Atlanta – Greenville-Spartanburg, South Carolina is one of the most vibrant and fastest-growing regions in the country. Greenville-Spartanburg International Airport (GSP) sits at the geographic center of this region, with more than 1.65 million people living within 50 miles of GSP and more than 6.38



million within 100 miles. Our population base is actually larger than many existing Southwest Airlines locations.

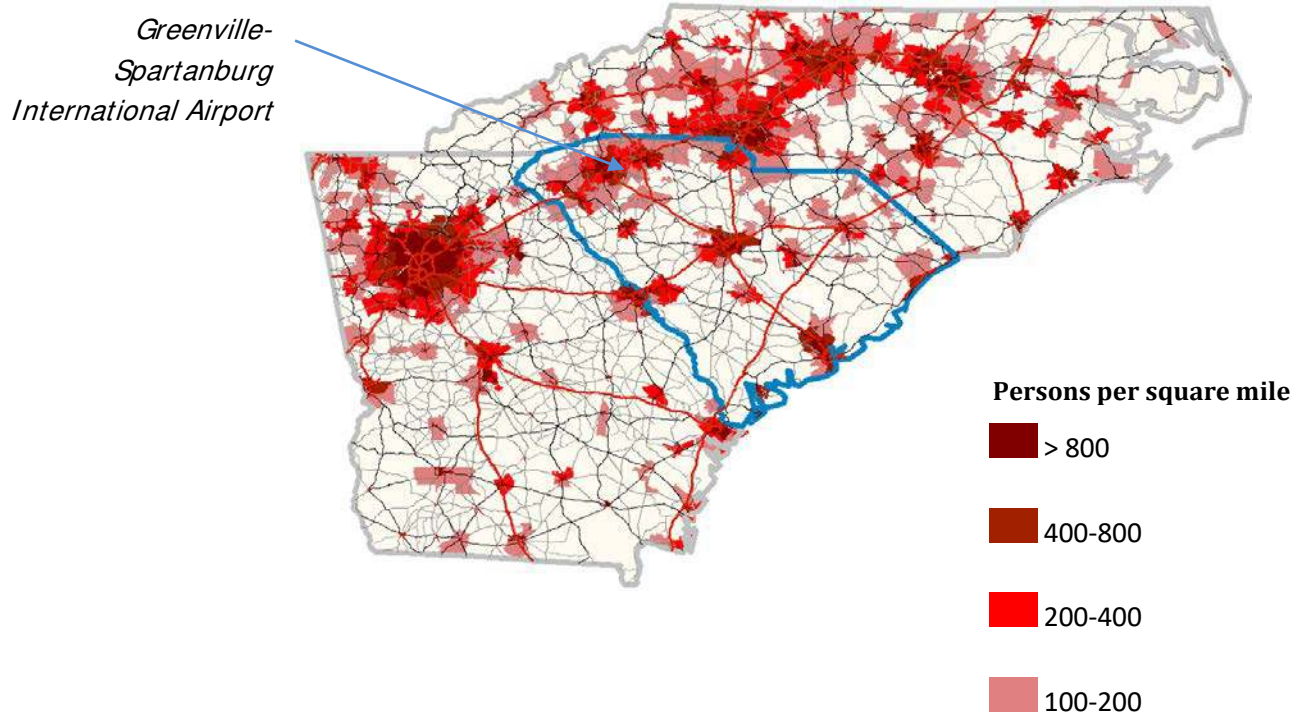
★ *Greenville-Spartanburg International Airport*

Greenville-Spartanburg is home to the highest per capita concentration of international business in the United States, and powerful industry clusters drive a diverse, innovation-driven economy that boasts both superior infrastructure resources and one of the nation's most productive workforces. Businesses and families in this region enjoy an extraordinary quality of life, and the region is known for its unique entrepreneurial culture.

South Carolina is one of the nation's ten fastest-growing states – and GSP is its Commerce Belt. By 2030, the Upstate SC Alliance projects that 873,500 people will live in Greenville and Spartanburg Counties alone.

Population Density

The I-85 “Mega Growth” Corridor and GSP Customer Catchment Area (“CSA”) are conveniently located with many of the Southeast’s largest population centers. GSP to Atlanta is 130 miles, while GSP to Charlotte is 85 miles. 100,000+ vehicles travel past GSP every day.



Rate of Population Growth

The rate of population growth in the CSA has historically been similar to the Southeast United States and South Carolina at 1.4 percent, 1.5 percent, and 1.4 percent respectively. Compared to the total country’s 1.1 percent historical growth rate, the CSA has grown slightly faster.

However, as projected by Woods and Poole Economics, regional population growth is expected to slow to a 0.7 percent annual average rate over the next 30 years versus slightly higher rates for the U.S., Southeast, and the state.

The historical and projected comparison of CSA growth to these other geographic areas is shown in the following table:

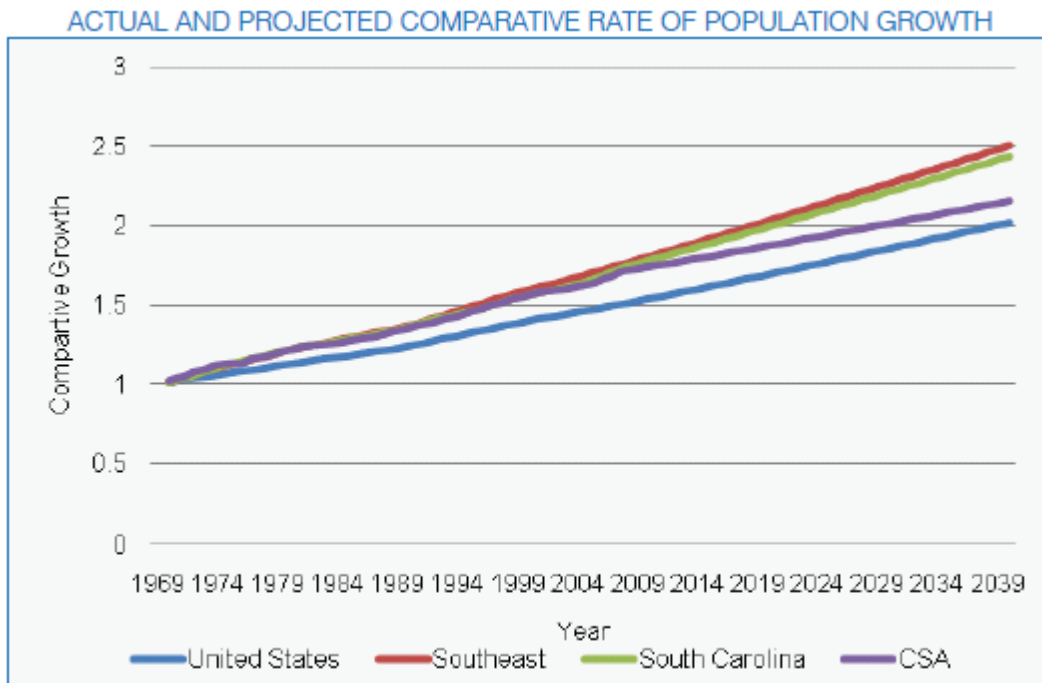
HISTORICAL AND PROJECTED POPULATION GROWTH

Area	1969-2008	2009-2040
United States	1.1%	0.9%
Southeast	1.5%	1.1%
South Carolina	1.4%	1.1%
CSA	1.4%	0.7%

Source: Woods and Poole Economics

Greenville-Spartanburg Airport District 2019 Operating Budget

Assuming that the base year of data (1969) is valued at one, the comparison of local, state, regional, and national population growth rates is shown on the following chart. The chart indicates that historical actual growth rate of the Southeast, state, and CSA were similar to each other and higher than the national growth rate. Projections for the future by Woods and Poole Economics suggest that the rate of CSA population growth is slowing slightly versus the historical average. These historical and projected population statistics are shown in the following table:



Source: Woods and Poole Economics

Greenville-Spartanburg Airport District 2019 Operating Budget

By County, the historical population trends are as follows:

Census Population Trends and Projections, 1960-2030
County / Upstate Region / State / US



COUNTY	POP 1960	POP 1970	POP 1980	POP 1990	POP 2000	POP 2010	POP 2015	POP 2020	POP 2025	POP 2030
Abbeville	21,417	21,112	22,700	23,862	26,167	25,417	25,300	25,100	25,000	24,900
Anderson	98,478	105,474	133,800	145,177	165,740	187,126	193,300	199,500	209,000	218,500
Cherokee	35,205	36,791	41,000	44,506	52,537	55,342	56,100	56,800	57,000	57,300
Greenville	209,776	240,774	288,800	320,127	379,616	451,225	473,300	495,400	518,800	542,300
Greenwood	44,346	49,686	57,600	59,567	66,271	69,661	70,600	71,500	73,100	74,700
Laurens	47,609	49,713	52,500	58,132	69,567	66,537	65,800	65,100	65,000	65,000
Oconee	40,204	40,728	48,800	57,494	66,215	74,273	76,600	78,900	84,000	89,100
Pickens	46,030	58,956	79,600	93,896	110,757	119,224	121,600	123,800	128,300	132,900
Spartanburg	156,830	173,724	202,700	226,793	253,791	284,307	295,100	305,800	318,500	331,200
Union	30,015	29,230	30,800	30,337	29,881	28,961	28,700	28,500	28,300	28,100
Upstate Region ⁽¹⁾	729,910	806,188	958,300	1,059,891	1,220,542	1,362,073	1,406,400	1,450,400	1,507,000	1,564,000
SC	2,382,594	2,590,713	3,131,600	3,486,310	4,012,012	4,625,364	4,823,200	5,020,800	5,235,500	5,451,700
USA ⁽²⁾	179,323,175	203,302,031	226,546,000	249,439,000	275,306,000	310,233,000	325,540,000	341,387,000	357,452,000	373,504,000

Source: U.S. Census Bureau, U.S. Census Bureau, Census 2000 and Census 2010, S.C. Department of Health and Environmental Control - Vital Records Department. Population projections calculated by the South Carolina Revenue and Fiscal Affairs Office, Health and Demographics Section
US Projections by US Bureau of the Census, Annual Projections of the Total Resident Population (NP-T1)

(1) Upstate Region = Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties

(2) Projections for the nation are based on 2000 Census data; projections for all other geographies are based on 2010 Census.

Source: <http://www.upstatescalliance.com/Data-Resources/Information.aspx>

“Population Trends and Projections” (*verified for 2018 update*)

By County, the population stats are as follows:

Census Population Counts, 1990, 2000 and 2010, and 2011-2017 Estimates
County / Upstate Region (1) / State



COUNTY	POP 1990	POP 2000	PCT CHANGE 1990 - 2000	POP 2010	PCT CHANGE 2000 - 2010	POP ESTIMATE 2011	POP ESTIMATE 2012	POP ESTIMATE 2013	POP ESTIMATE 2014	POP ESTIMATE 2015	POP ESTIMATE 2016	POP ESTIMATE 2017
Abbeville	23,862	26,167	9.7	25,417	-2.9	25,082	25,019	24,901	24,800	24,802	24,717	24,722
Anderson	145,177	165,740	14.2	187,126	12.9	188,366	189,044	190,236	191,987	193,921	195,968	198,759
Cherokee	44,506	52,537	18.0	55,342	5.3	55,684	55,809	56,049	56,352	56,516	56,725	57,105
Greenville	320,127	379,616	18.6	451,225	18.9	459,193	466,326	473,315	481,656	490,816	499,034	506,837
Greenwood	59,567	66,271	11.3	69,661	5.1	69,842	69,965	69,829	69,640	69,907	70,172	70,355
Laurens	58,132	69,567	19.7	66,537	-4.4	66,481	66,264	66,199	66,487	66,434	66,571	66,848
Oconee	57,494	66,215	15.2	74,273	12.2	74,249	74,560	74,947	75,195	75,812	76,407	77,270
Pickens	93,896	110,757	18.0	119,224	7.6	119,592	119,678	119,116	120,376	121,336	122,939	123,479
Spartanburg	226,793	253,791	11.9	284,307	12.0	286,201	288,388	290,657	293,283	296,801	301,066	306,854
Union	30,337	29,881	-1.5	28,961	-3.1	28,661	28,201	27,994	27,914	27,731	27,685	27,537
Upstate Region (2)	1,059,891	1,220,542	15.2	1,362,073	11.6	1,373,351	1,383,254	1,393,243	1,407,690	1,424,076	1,441,284	1,459,766
State	3,486,310	4,012,012	15.1	4,625,364	15.3	4,672,744	4,719,009	4,765,862	4,824,758	4,892,423	4,959,822	5,024,369

Source: U.S. Bureau of the Census

(1) Upstate Region = Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties

Compiled by InfoMentum - A Decision Support System for Upstate South Carolina

Source: <http://www.upstatescalliance.com/Data-Resources/Information.aspx>

“Total Population Counts” (*verified for 2018 update*)

Per Capita Personal Income

Per Capita Personal Income (PCPI) in the CSA has historically been less than the United States average and that trend is expected to continue. In 1969, the CSA, state, and the Southeast had similar PCPIs in the \$12,000 to \$13,000 range versus the national average of \$16,465. By 2008, the comparison between the four areas remained similar. For the future, the Southeast, South Carolina, and CSA are expected to remain with lower PCPIs versus the national average. Note that all these amounts are provided in constant year 2004 dollars as presented in the following table:

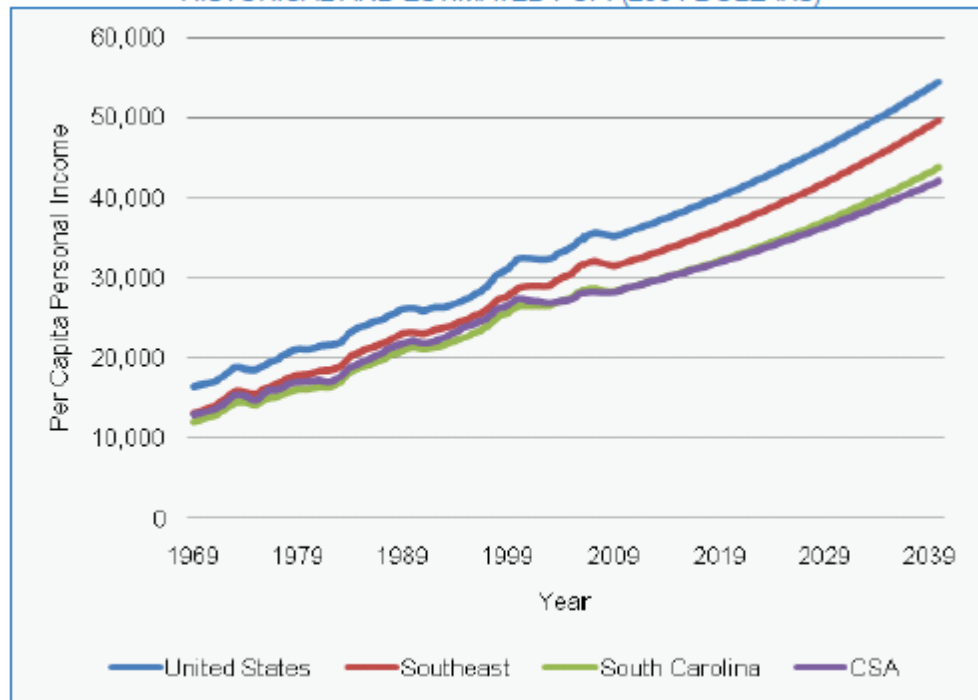
COMPARISON OF PER CAPITA PERSONAL INCOME

Area	1969	2008	2040
United States	16,465	35,438	54,378
Southeast	13,180	31,846	49,699
South Carolina	12,072	28,422	43,725
CSA	12,853	28,137	42,092

Source: Woods and Poole Economics, Inc.

The graphic differences between constant dollar PCPI amounts are shown below:

HISTORICAL AND ESTIMATED PCPI (2004 DOLLARS)



Source: Woods and Poole Economics, Inc.

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Per Capita Personal Income, 2001 - 2016
County / Upstate Region (1) / State / United States



COUNTY	PER CAP 2001	PER CAP 2002	PER CAP 2003	PER CAP 2004	PER CAP 2005	PER CAP 2006	PER CAP 2007	PER CAP 2008	PER CAP 2009	PER CAP 2010	PCT CHANGE '01-'10	PER CAP 2011	PER CAP 2012	PER CAP 2013	PER CAP 2014	PER CAP 2015	PER CAP 2016
Abbeville	\$24,004	\$22,355	\$21,170	\$22,489	\$23,620	\$25,091	\$25,834	\$26,714	\$26,929	\$27,511	14.6	\$27,501	\$27,420	\$27,970	\$29,202	\$30,481	\$31,374
Anderson	\$25,434	\$25,371	\$25,687	\$26,375	\$27,310	\$28,516	\$29,698	\$30,464	\$29,791	\$30,553	20.1	\$31,589	\$32,165	\$32,729	\$34,208	\$35,562	\$36,147
Cherokee	\$21,451	\$21,374	\$22,001	\$23,010	\$23,827	\$24,632	\$25,926	\$27,477	\$26,948	\$26,946	25.6	\$27,513	\$26,988	\$27,245	\$28,102	\$29,465	\$30,026
Greenville	\$30,407	\$30,340	\$30,692	\$31,876	\$33,214	\$35,512	\$37,172	\$37,865	\$35,904	\$36,636	20.5	\$37,061	\$39,322	\$39,269	\$41,637	\$43,671	\$44,298
Greenwood	\$24,478	\$24,241	\$24,663	\$25,513	\$26,367	\$27,351	\$28,912	\$30,520	\$30,071	\$30,453	24.4	\$30,983	\$30,815	\$31,323	\$32,520	\$33,761	\$34,478
Laurens	\$21,882	\$21,759	\$22,300	\$24,348	\$25,597	\$26,832	\$28,702	\$29,299	\$28,672	\$29,291	33.9	\$28,533	\$28,619	\$29,021	\$30,312	\$31,386	\$32,000
Oconee	\$25,424	\$25,609	\$26,012	\$27,158	\$27,861	\$29,495	\$30,881	\$32,778	\$31,358	\$31,532	24.0	\$34,339	\$34,705	\$34,932	\$36,596	\$38,136	\$38,863
Pickens	\$22,707	\$23,001	\$23,448	\$23,721	\$24,765	\$26,139	\$27,411	\$28,225	\$27,426	\$27,632	21.7	\$29,832	\$31,087	\$31,742	\$32,813	\$34,184	\$34,835
Spartanburg	\$25,430	\$26,024	\$26,105	\$27,148	\$28,181	\$29,582	\$30,692	\$32,099	\$30,970	\$31,245	22.9	\$33,612	\$35,815	\$34,611	\$37,346	\$38,804	\$39,386
Union	\$21,549	\$22,063	\$22,626	\$23,270	\$24,210	\$24,884	\$25,816	\$26,432	\$26,134	\$26,446	22.7	\$26,787	\$27,222	\$27,628	\$28,825	\$30,211	\$30,812
Upstate Region (1)	\$26,193	\$26,290	\$26,601	\$27,630	\$28,737	\$30,365	\$31,786	\$32,819	\$31,639	\$32,158	22.8	\$33,317	\$34,748	\$34,722	\$36,704	\$38,331	\$38,977
State	\$25,637	\$26,049	\$26,663	\$27,844	\$29,131	\$30,794	\$31,990	\$32,971	\$31,448	\$32,193	25.6	\$33,804	\$35,248	\$35,292	\$37,014	\$38,783	\$39,517
United States	\$31,524	\$31,798	\$32,676	\$34,300	\$35,888	\$38,127	\$39,804	\$40,674	\$38,637	\$39,791	26.2	\$42,461	\$44,282	\$44,493	\$46,494	\$48,451	\$49,246

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

(1) Upstate Region = Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties

Compiled by InfoMentum - A Decision Support System for Upstate South Carolina

Source: <http://www.upstatescalliance.com/Data-Resources/Information.aspx>

“Per Capita Income”

ECONOMIC IMPACT ANALYSIS

September, 2012

By Tom Tveidt, Research Economist & President, SYNEVA Economics, LLC

The last economic impact analysis for Greenville-Spartanburg International Airport released in late September, 2012 reveals that the airport is continuing to deliver a major punch to the local economy. Currently an updated economic impact study is underway, which should be completed in the current year and updated in the next budget period.

When comparing the most recent analysis with the analysis completed in October 2009, the results are impressive. The number of jobs associated with GSP in 2009 was 3,692. In 2012 that number had risen to 9,528 representing a 158.07% increase. Income related to GSP rose from \$112,014,138 in 2009 to \$170,491,491 in 2012 for an increase of 52.21%. The overall Economic Output more than doubled from \$377,525,328 in 2009 to \$817,119,411 in 2012.

Total Annual Economic Impact

The Total Economic Impact aggregates the economic effects of on-going airport operations and visitor spending. Each of these activities is also presented separately further in this report.

A total of 951 persons are directly employed at the Greenville-Spartanburg International Airport. Economic activities generated by these operations support another 8,577 local jobs; meaning every job at the Greenville-Spartanburg International Airport supports an additional 9 jobs in the local economy (Table 1).

The Greenville-Spartanburg International Airport directly adds \$42 million in local income, with another \$128.3 million added as a result of indirect and induced effects as the direct dollars circulate through the local economy (Table 1). Every dollar of income produced at the airport generates another \$3.05 of income in the community.

It is estimated that each year the economic activities at the airport cause state/local tax revenues to increase by \$46.1 million, and Federal tax revenues to increase by \$66.6 million (Table 2). In total, economic activities generated from the Greenville-Spartanburg International Airport increases tax revenues by \$112.5 million.

Total output increases by \$817.1 million in the local economy as a result of the Greenville-Spartanburg International Airport (Table 1).

Greenville-Spartanburg Airport District 2019 Operating Budget

Table 1
Total Economic Impact

	Direct	Indirect ³	Induced	Total Impact
Local Jobs	951	7,146	1,431	9,528
Local Income	\$42,095,023	\$97,240,247	\$31,156,220	\$170,491,491
Local Output	\$142,393,292	\$540,129,584	\$134,596,535	\$817,119,411

Table 2
Total Economic Impact-Tax Revenues

Federal	State/Local	Total Tax Revenues
\$66,369,186	\$46,180,505	\$112,549,691

AIRPORT LEVEL OF SERVICE AND OPERATIONAL HIGHLIGHTS

Type and Size of Airport

GSP is considered an origin and destination airport, with almost 100% of its passenger traffic either originating or terminating their trip at the Airport.

GSP is defined as a small hub airport under FAA enplanement criteria.

Airlines Providing Service and Gate Assignments

Source: GSP Website

Five airlines provide regularly scheduled service to GSP. These are Allegiant, American, Delta, Southwest Airlines, and United. With the exception of Allegiant, Delta Mainline, and Southwest, all other airline service to the airport is provided by one of the “legacy” airlines, specifically by one or more of their regional commuter affiliates. Air Wisconsin, Piedmont, PSA, and Mesa operate as regional carriers for American. Endeavor, Express Jet, and Shuttle America operate as regional carriers for Delta. ComutAir, Express Jet, and Trans States are regional carriers operating as United Airlines.

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There are 13 designated boarding gates at the Airport. All 13 gates are now designated as “common use” gates, and are no longer assigned to given carriers. Rather, each gate can be used by any carrier, at management’s discretion. This change has increased the Airport’s flexibility in gate assignment and increased the overall gate capacity.

Non-Stop Destinations

Each of the legacy airlines serving GSP flies to one or more of their respective hubs. Allegiant serves a variety of vacation destinations in Florida. In April, 2018 cities served non-stop by carrier are shown below:

NON-STOP DESTINATIONS FROM GSP	
Carrier	Non-Stop Destination
Allegiant Air	Orlando/Sanford, Ft Lauderdale/Hollywood, Tampa/St. Petersburg
American Airlines	Dallas/Ft. Worth, Washington/DCA, Philadelphia, Charlotte
Delta	Atlanta, Detroit, New York/LGA,
Southwest	Atlanta
United	Newark, Chicago, Houston, Washington Dulles

Source: GSP Website

Location and Other Characteristics of Competing Regional Airports

Within relatively easy driving distance of the Greenville-Spartanburg-Anderson CSA are a number of other commercial service airports. In fact, the Airport is located between two of the largest airline hub airports in the United States. Atlanta is the home of the nation's largest airline hub for Delta Air Lines. Charlotte is a hub for American Airlines. Other airports such as Columbia Metropolitan and Asheville Regional are reasonably close in distance, but neither is believed to be a serious competitor in the face of the extensive air service available in Atlanta and Charlotte. Key information on the four closest competing airport cities is provided below:

INFORMATION ON SURROUNDING REGIONAL AIRPORTS					
City	Highway Miles	Driving Time	Highway	FAA Hub Size	2016 Rank
Charlotte	69	1.26	Interstate 85	Large	10
Columbia	92	1.45	Interstate 26	Small	115
Asheville	63	1.05	Interstate 26	Small	132
Atlanta	173	2.45	Interstate 85	Large	1

Source: FAA: http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/

GSP's 2016 enplanement ranking was # 89 (Source:

http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/).

Preliminary CY 2016 rankings are not available until July, 2017 from the FAA. Each of the above cities are linked to the Air Trade Area by interstate highways that make driving relatively easy. However, congestion on highways in and around Atlanta can hinder access at peak times.

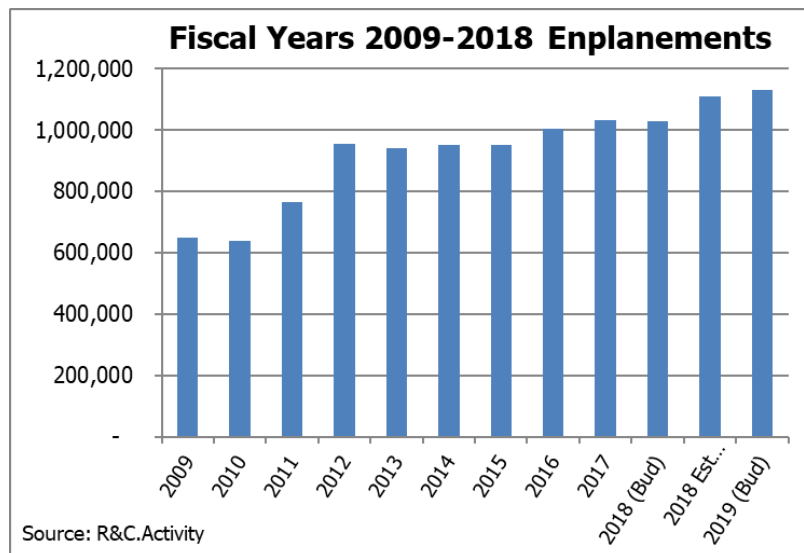
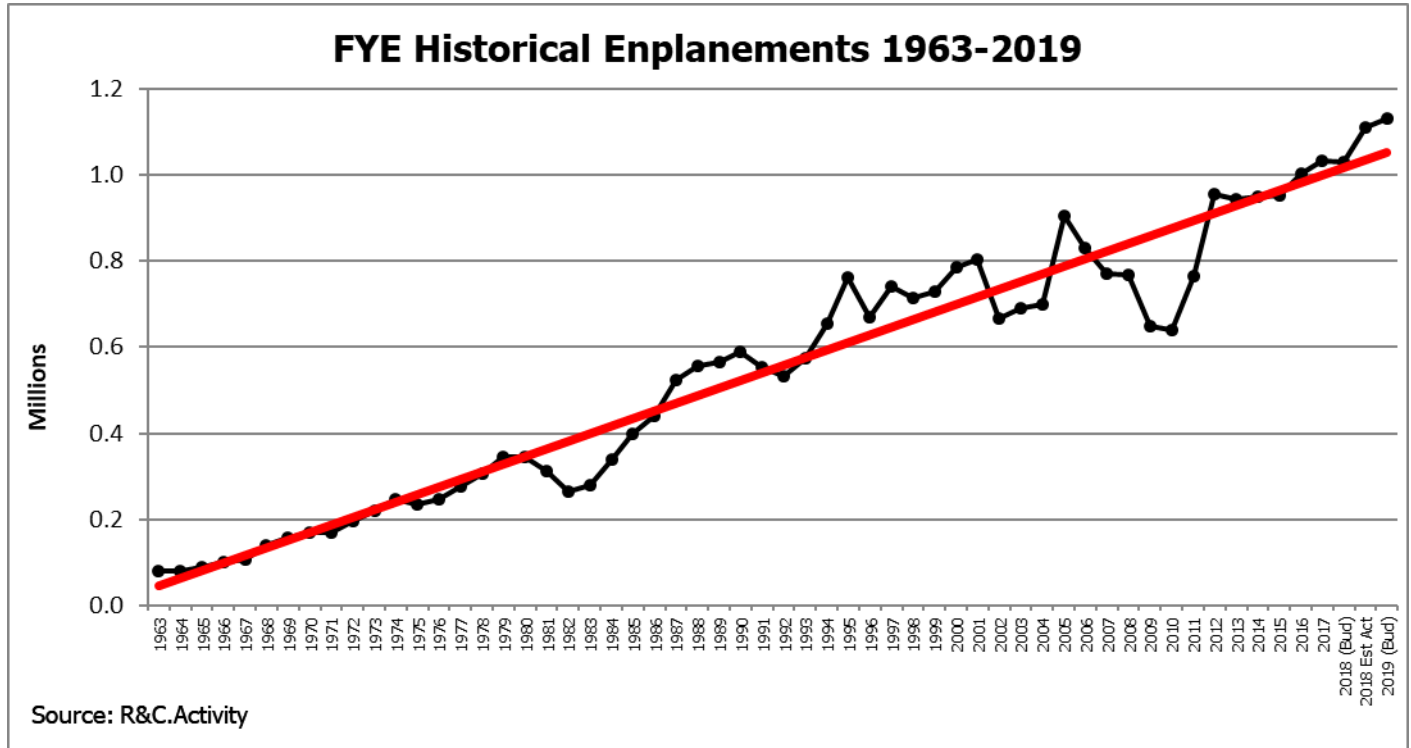
Enplanement Data (Graphical)

Historically, GSP has seen annual enplaned passengers grow from 79,917 in 1963 to 1,030,956 in FYE 6-30-2017. Over this 54-year period, the number of annual passengers grew by 951,039 passengers. The average annual growth rate has been about 4.85 percent or an average of approximately 17,612 additional passengers per year. It took less than 6 years for passengers to double from 1963 to 1969. In the 10 years from 1969 to 1979, passengers doubled again, but it took approximately 15 more years for passenger volumes to again double. Since about 1990, passenger volumes have seen a relatively steep annual change. The all-time peak year was last fiscal year ended 6-30-2017 with 1,030,956 enplanements; fueled by the arrival of Southwest Airlines. (Source: R&C.Activity).

A graph of 54 years of enplaned passengers (1963-2017) shows a long-term record of increase as presented below. Placing a linear trend line on the graph presents an interesting pattern of activity. From 1963 to 1979, the trend line follows a steady increase in enplaned passengers. From 1979 to about 1995, the same rate of increase continues, but with more variation among

Greenville-Spartanburg Airport District 2019 Operating Budget

the years. After 1995, the number of annual passengers has shown much higher variation. The last spike in traffic starting in 2010 was caused by Southwest Airline's arrival on March 13th. Over the entire period, the trend line indicates a 4.85% average annual growth rate, but the very stable growth of the first few decades has been eclipsed by much more volatile growth hence.



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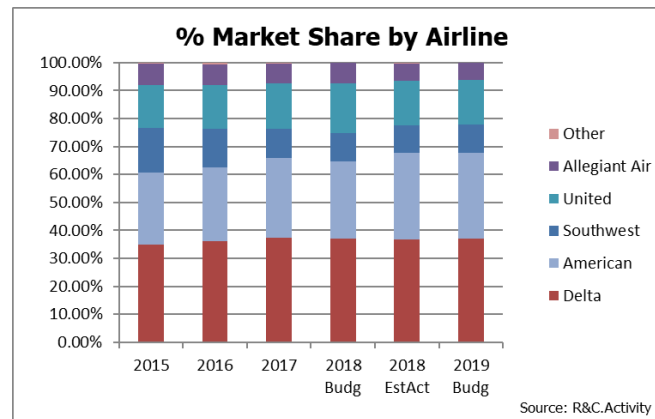
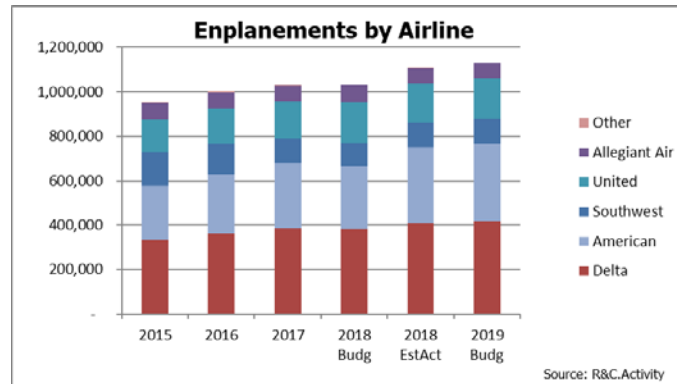
Historical Enplanement Data by Year

FYE	Enplane	Deplane	Total
1963	79,917	79,917	159,834
1964	80,000	80,000	160,000
1965	90,000	90,000	180,000
1966	100,000	100,000	200,000
1967	108,459	104,460	212,919
1968	140,506	135,742	276,248
1969	156,907	151,790	308,697
1970	170,799	165,272	336,071
1971	170,557	165,454	336,011
1972	195,036	186,197	381,233
1973	218,848	211,826	430,674
1974	246,141	242,700	488,841
1975	236,450	234,382	470,832
1976	246,845	250,045	496,890
1977	276,590	276,633	553,223
1978	305,595	305,709	611,304
1979	344,485	339,576	684,061
1980	344,410	348,305	692,715
1981	312,704	319,207	631,911
1982	265,020	259,428	524,448
1983	279,053	281,932	560,985
1984	339,961	341,879	681,840
1985	398,134	397,799	795,933
1986	440,433	435,089	875,522
1987	524,376	519,500	1,043,876
1988	557,673	550,370	1,108,043
1989	566,233	561,153	1,127,386
1990	590,279	580,866	1,171,145
1991	554,026	546,751	1,100,777
1992	531,593	526,009	1,057,602
1993	573,878	570,490	1,144,368
1994	655,135	660,597	1,315,732
1995	760,918	777,602	1,538,520
1996	669,825	649,015	1,318,840
1997	739,584	729,392	1,468,976
1998	712,733	702,984	1,415,717
1999	728,735	723,793	1,452,528
2000	786,087	776,074	1,562,161
2001	802,132	789,070	1,591,202
2002	665,458	656,589	1,322,047
2003	690,038	680,112	1,370,150
2004	697,698	693,335	1,391,033
2005	903,503	892,288	1,795,791
2006	828,639	813,521	1,642,160
2007	770,406	757,206	1,527,612
2008	768,162	758,917	1,527,079
2009	648,657	643,872	1,292,529
2010	639,646	630,072	1,269,718
2011	764,626	748,288	1,512,914
2012	955,821	941,945	1,897,766
2013	942,465	934,612	1,877,077
2014	950,205	938,887	1,889,092
2015	951,148	939,341	1,890,489
2016	1,002,355	991,986	1,994,341
2017	1,030,956	1,013,073	2,044,029
2018 (Bud)	1,030,000	1,030,000	2,060,000
2018 Est Act	1,108,000	1,108,000	2,216,000
2019 (Bud)	1,130,160	1,130,160	2,260,320

Note: 2018 estimated actual of 1,108,000 is based upon 724,414 enplanements for 8 months FYTD thru 2/28/2018 annualized.

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Enplanements by Airline & Market Share Considerations

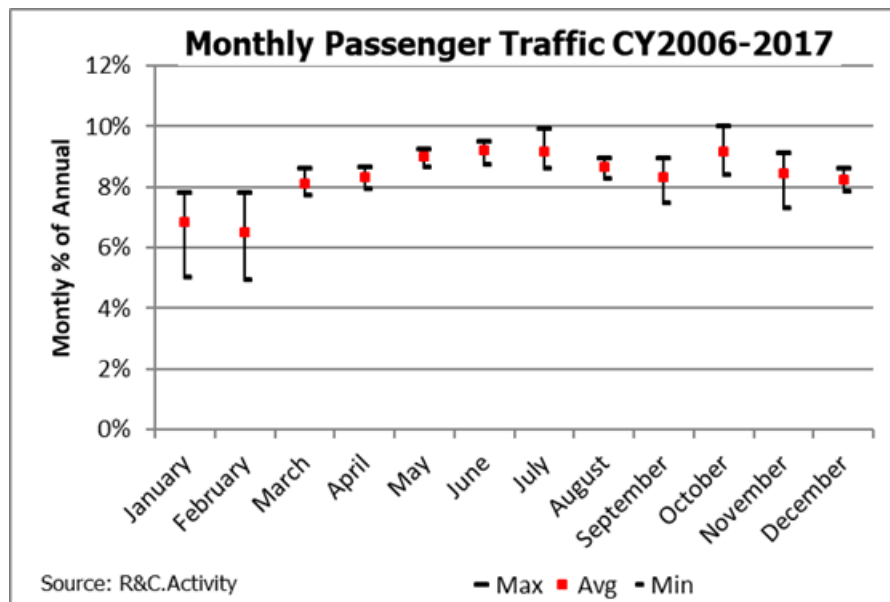


Annualized								Annualized							
Based on Data Thru 02/28/2018								Based on Data Thru 02/28/2018							
	FYE Enplanements						% Change	% Market Share							
	2015	2016	2017	2018 Budg	2018 EstAct	2019 Budg		2015	2016	2017	2018 Budg	2018 EstAct	2019 Budg		
Delta/NW	331,791	361,718	386,071	380,836	405,986	418,449	3.07%	34.88%	36.09%	37.45%	36.97%	36.64%	37.03%		
American	245,608	263,843	294,956	284,826	343,919	351,881	2.31%	25.82%	26.32%	28.61%	27.65%	31.04%	31.14%		
Southw est	150,989	139,778	106,989	104,228	110,625	110,561	-0.06%	15.87%	13.94%	10.38%	10.12%	9.98%	9.78%		
United/Cont	147,218	157,507	168,155	184,509	176,845	181,853	2.83%	15.48%	15.71%	16.31%	17.91%	15.96%	16.09%		
Allegiant Air	72,244	71,618	71,370	75,601	66,351	67,416	1.60%	7.60%	7.14%	6.92%	7.34%	5.99%	5.97%		
Other	3,298	7,891	3,415	-	4,274	-		0.35%	0.79%	0.33%	0.00%	0.39%			
Total	951,148	1,002,355	1,030,956	1,030,000	1,108,000	1,130,160	2.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		

Monthly and Other Seasonal Trends

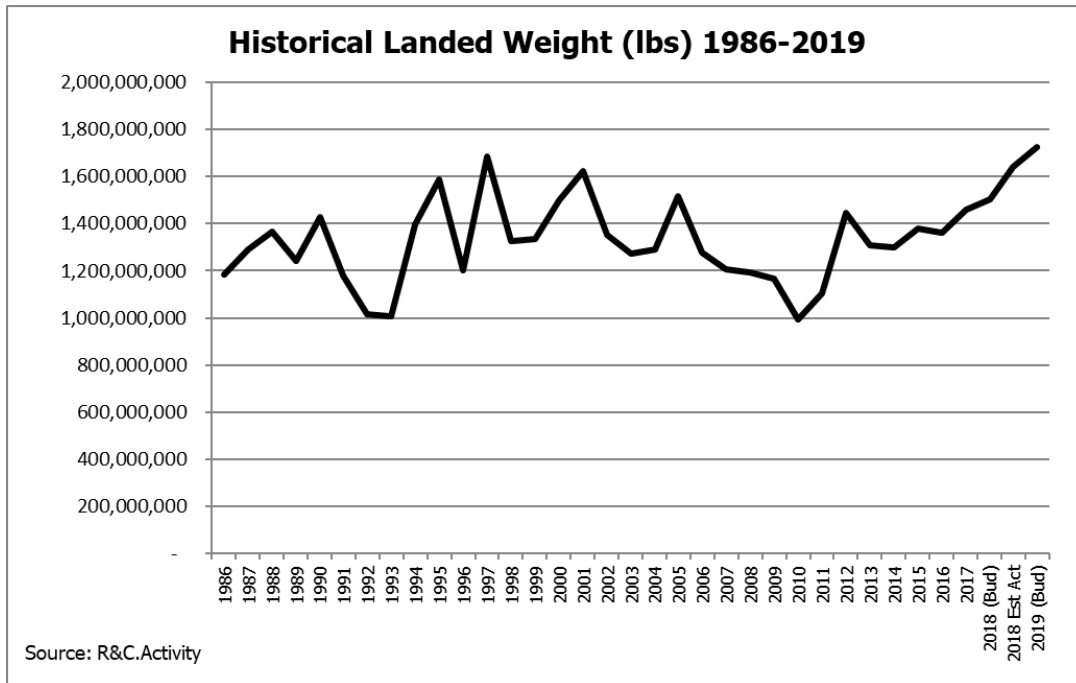
Traffic seasonality at GSP is analyzed in the graph depicted below. Enplanements were mapped out by month for each calendar year from 2006 to 2017. The individual monthly data points were then converted to a % of the annual totals. Minimum %s, Maximum %s, and Average %s for each month between the twelve (12) year period of 2006 and 2017 were calculated and graphed. As can be seen below, the passenger traffic at the Airport is relatively stable for each month ranging from a low of 5% (Jan & Feb) to a high of 10% (July). This similar monthly activity is typically the sign of a business-type market, rather than a leisure destination.

Traffic in January and February appears to have the greatest variability, from 5% (of annual traffic) to a high of nearly 8%. These two months also appear to be the slowest months for the Airport. Likewise, for most other airports, January and February are typically the slowest months. All of the other months appear to have less volatility for GSP. The months of March thru June and August appear to have the smallest range, thereby being the most predictable. The highest travel months for the Airport are generally the early summer (June, and July) and October (Thanksgiving).



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Landed Weight Data (Graphical)



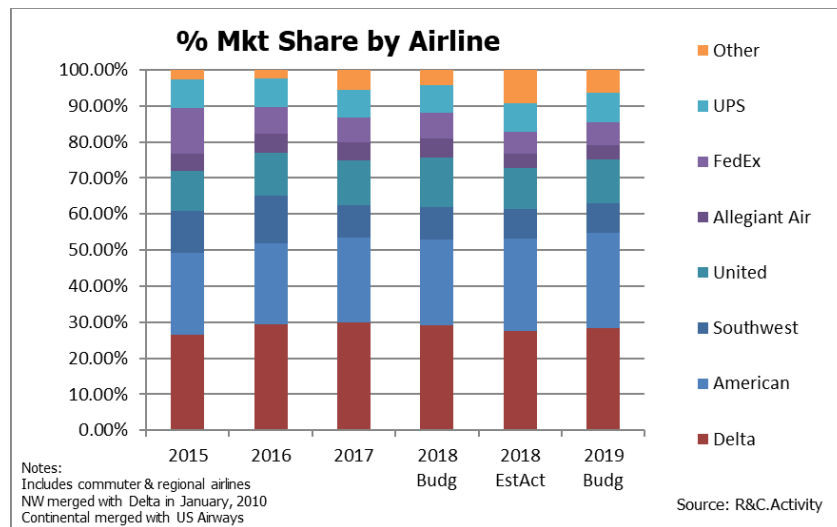
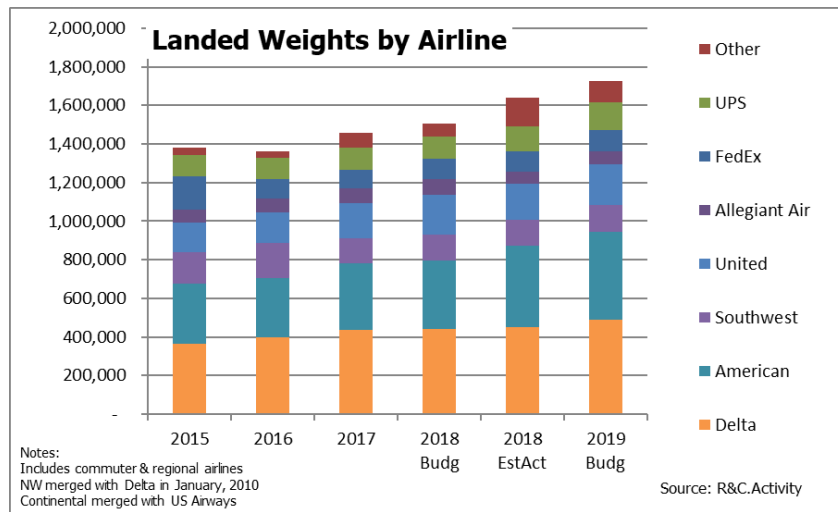
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Landed Weight Data by Year

	Weight
1986	1,182,961,382
1987	1,292,634,800
1988	1,367,914,740
1989	1,241,637,636
1990	1,428,016,050
1991	1,179,112,568
1992	1,016,935,000
1993	1,008,719,000
1994	1,394,681,000
1995	1,587,442,000
1996	1,203,702,000
1997	1,683,104,000
1998	1,325,934,000
1999	1,336,036,000
2000	1,498,861,263
2001	1,621,806,693
2002	1,353,776,313
2003	1,273,519,843
2004	1,291,662,988
2005	1,518,116,610
2006	1,276,853,350
2007	1,207,076,532
2008	1,194,123,669
2009	1,165,584,331
2010	993,235,097
2011	1,103,979,730
2012	1,446,449,155
2013	1,309,815,460
2014	1,299,669,345
2015	1,378,674,345
2016	1,361,355,148
2017	1,459,505,814
2018 (Bud)	1,503,360,188
2018 Est Act	1,641,875,077
2019 (Bud)	1,723,968,831

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Landed Weights by Airline & Market Share Considerations



	Annualized Based on Data Through 02/28/2018						Annualized Based on Data Through 02/28/2018					
	FYE Landed Weight (1,000 lb units)						% Market Share					
	2015	2016	2017	2018 Budg	2018 EstAct	2019 Budg	2015	2016	2017	2018 Budg	2018 EstAct	2019 Budg
Delta	364,268	399,768	435,002	438,877	453,114	487,881	26.42%	29.37%	29.80%	29.19%	27.60%	28.30%
American	314,052	305,671	344,234	355,171	421,902	455,260	22.78%	22.45%	23.59%	23.63%	25.70%	26.41%
Southwest	162,195	179,952	131,566	136,416	131,388	141,470	11.76%	13.22%	9.01%	9.07%	8.00%	8.21%
United	150,243	161,159	182,478	205,475	187,296	208,163	10.90%	11.84%	12.50%	13.67%	11.41%	12.07%
Allegiant Air	68,284	72,871	74,407	82,453	64,777	70,335	4.95%	5.35%	5.10%	5.48%	3.95%	4.08%
FedEx	173,844	100,386	99,000	106,916	100,900	108,642	12.61%	7.37%	6.78%	7.11%	6.15%	6.30%
UPS	109,207	110,140	111,995	113,104	131,597	141,694	7.92%	8.09%	7.67%	7.52%	8.02%	8.22%
Other	36,582	31,409	80,824	64,948	150,901	110,524	2.65%	2.31%	5.54%	4.32%	9.19%	6.41%
Total	1,378,674	1,361,355	1,459,506	1,503,360	1,641,875	1,723,969	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

FINANCIAL POLICIES OVERVIEW

Fiscal Year

The District has adopted June 30th as its fiscal year end. All financial reports and budgets are based upon this fiscal year end.

Basis of Accounting

The budget and financial statements are prepared on an modified accrual basis in accordance with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and includes all current operations under the responsibility of the District. Modified Accrual Accounting is an accounting method commonly used by government agencies that combines accrual-basis accounting with cash-basis accounting. Modified accrual accounting recognizes revenues when they become available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred. The Government Accounting Standards Board, which is recognized as the official source of generally accepted accounting principles (GAAP) for state and local governments, establishes modified accrual accounting standards.

Basis of Financial Statement Presentation

Due to its organizational structure, the Airport is subject to the application of accounting pronouncements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, provides guidance on how GASB pronouncements affect governmental entities that use business-type accounting and financial reporting. As is allowable under this statement, the Airport has elected to follow the GASB hierarchy exclusively regarding authoritative literature issued after November 30, 1989.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Policies

Guidelines

The budget provides adequate funding for operating and maintenance of the Airport buildings and property, replacement of capital equipment, construction, reconstruction and development at the Airport.

Balanced Budget

The budget should be balanced with current revenues equal to or greater than current expenditures. Strategies to accomplish this balance include cost efficiencies, personnel efficiencies, increasing or implementing fees to match program expenses, and fund balance usage (if available).

Budget Amendments

The adopted budget represents a business plan covering all Airport operations for the upcoming year. If the plan needs to be significantly modified during the year, the proposed revisions to the plan, together with their financial impact on either revenues or expenses, are presented to the District Board of Commissioners for review and approval.

Budget Monitoring

The independent monitoring of the budget continues throughout the Fiscal Year for management control purposes.

Operating statements comparing actual financial results to budgets are reported at least quarterly by the Chief Financial Officer and distributed to senior management and key employees. Annual audited financial reports are posted on the District's web-site – www.gspairport.com.

Budgeted Capital Improvements

Capital projects that will be made during the current budget year are detailed by project, type of work, estimated cost, and funding.

The District will maintain all its assets at a level adequate to protect the Airport's capital interest and minimize future maintenance and replacement costs.

Debt Policy

The District manages its current and future debt service requirement to be in compliance with all bond covenants. The District will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues or fund balances.

The District maintains communications with bond rating agencies regarding its financial condition and will follow a policy of full disclosure.

The District, when applicable, will determine if the financial market place will afford the opportunity to refund an issue and lessen its debt service costs.

Revenue Policy

The District will estimate and project its annual revenues by an objective, analytical process, as practical on a yearly basis.

The District maintains sufficient revenues to pay all expenditures incurred for the operations and maintenance at the Airport.

Cash and Other Financial Instruments

All the cash deposits of the Airport are in a single financial institution and are carried at cost plus interest, which approximates market. The carrying amount of cash deposits is separately reported as cash in the accompanying statements of net assets. These deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Airport. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Airport cash accounts are part of a nightly multi-account sweep with a major financial institution's automated investment system repurchase agreement. The overnight repurchase agreements are collateralized by the underlying U.S. government securities. Public fund accounts, according to state law, are required to be collateralized using the dedicated method. Under the dedicated method, the bank custodian is required to pledge specific securities for collateralized balances in excess of the amounts covered by the Federal Depository Insurance Corporation.

Investment Policy (Summary)

The GSP Investment policy is designed to ensure the prudent management of District funds, including the availability of operating funds when needed and a level of investment return within acceptable risk parameters as determined by the Board of Commissioners.

Investment Objective

The investment portfolio of the Commission shall be managed to accomplish the following objectives:

1. Preservation of Principal – The single most important objective of the Commission's investment program is the preservation of the principal of those funds within the portfolio.
2. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and or future operating requirements of the Commission.
3. Return on Investment – The portfolio shall be managed in such a fashion as to maximize the return on investments but within the context and parameters set forth by objectives 1 and 2 above.

Greenville-Spartanburg Airport District 2019 Operating Budget

Standard of Prudence

Except where specifically directed by law, statute or regulation, the general investment policy of the District will be guided by the “prudent person” rule. Those with investment responsibility for District funds are considered fiduciaries and, as such will exercise the judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for specification, but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

Maturity

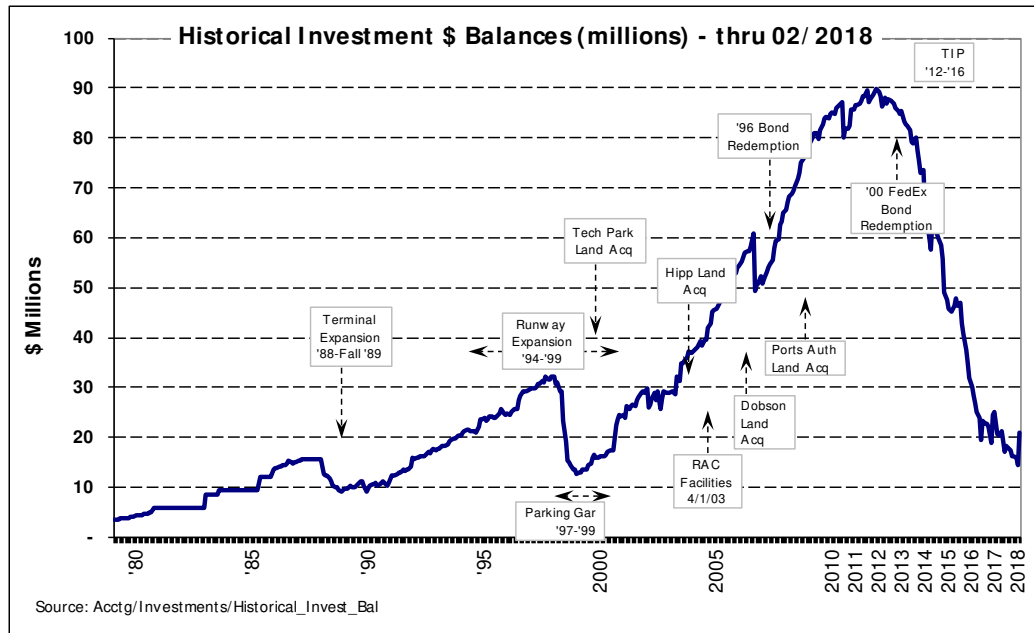
The maturities on investments shall be as determined by the Investment Plan as approved by the Board of Commissioners. In all instances, the final maturity shall be limited to thirty-six (36) months or less.

Reporting

The President/CEO shall prepare or have prepared a detailed investment schedule with yield and maturities to be included in the monthly financial package distributed to the Board of Commissioners.

Greenville-Spartanburg Airport District 2019 Operating Budget

Investment History



Investment Portfolio as of February 28, 2018

	Issue Date	Maturity Date	Interest Rate	Cost Basis or BOY FMV	Par	EOM FMV	FMV Adj
US Treasury							
UST T-Bill 4-wk	2/1/2018	3/1/2018	1.462%	4,994,400.00	5,000,000.00	4,994,400.00	-
UST T-Bill 4-wk	2/8/2018	3/8/2018	1.502%	4,994,244.45	5,000,000.00	4,994,244.45	-
Subtotal-UST				9,988,644.45	10,000,000.00	\$ 9,988,644.45	-

US Treasury Investment Types		T-Bill	T-Note	T-Bond	Fed Ag
Negotiable Debt Obligation		Yes	Yes	Yes	Yes
Backed by Gov Full Faith/Credit		Yes	Yes	Yes	No
Maturity		< 1 yr	1-7 yrs	7+ yrs	1-5 yrs
Coupon-Bearing		No	Yes	Yes	Yes
Interest is paid		at Maturity	Semi-Ann	Semi-Ann	Semi-Ann
State & Local Tax Exemption		Yes	Yes	Yes	Only FHLB (*)
(*) Note: Since GSP is a political subdivision of SC, we are tax-exempt from all taxes, including state and local.					

Weighted blended yield = 1.4820%

REVENUES

Description of Revenues

There are two types of revenues budgeted, operating and non-operating.

Operating revenues are revenues generated through the daily operations of the Airport.

Operating revenues are set forth in eight categories:

1. Landing Area Fees
2. Space & Ground Rental
3. Auto Parking
4. Commercial Ground Transportation
5. Concessions
6. Expense Reimbursements
7. Other Income
8. Fuel Sales

The “non-operating” section of the Airport’s P&L (“profit and loss”) statement includes items which are typically passive in nature, not part of the daily “operations” of the airport, and is broken into four categories after “Operating” Net Income is calculated:

1. Investment Income
2. RAC Facility Rental Income (CFCs-Contract Facility Charges)
3. Interest Expense
4. Other Non-Operating

Revenue Recognition

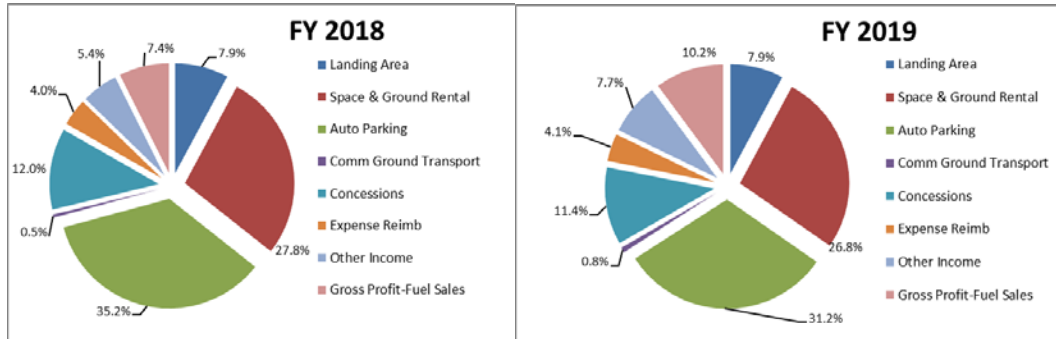
Airside and space and ground rental revenues consist of amounts received under Airline Operating Agreements with the major airlines serving the Airport, certain fixed fees for nonscheduled airlines and private users of the Airport, and certain fixed fees for other ancillary services provided. The Airline Operating Agreements stipulate that landing fees and space rental revenues will be based on maintenance and operations costs, as defined in the agreements. Additionally, the 2001 Bonds contain a restrictive covenant, which provides that the aggregate of airline fees and charges together with other revenues, including nonairline revenues, for each fiscal year should be sufficient to pay the operating expenses and to make all deposits and payments under bond ordinances. Airside and space and ground rental fees are recognized as revenue when the related services are provided and facilities utilized.

Concessions and other revenue consist primarily of rental car, parking, and other ancillary services revenue. Such revenue is generally based on a fixed percentage of tenant revenues

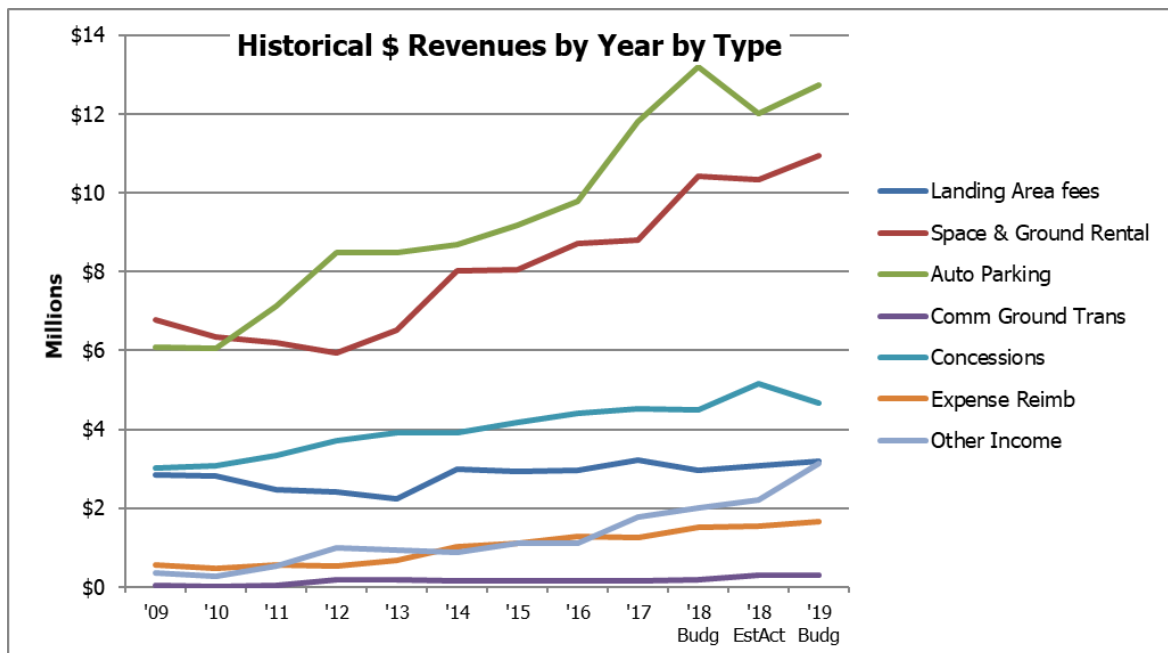
Greenville-Spartanburg Airport District 2019 Operating Budget

subject to certain minimum monthly fees or a fixed fee schedule. Concessions and other revenue are recognized when earned.

Operating Revenues by Type

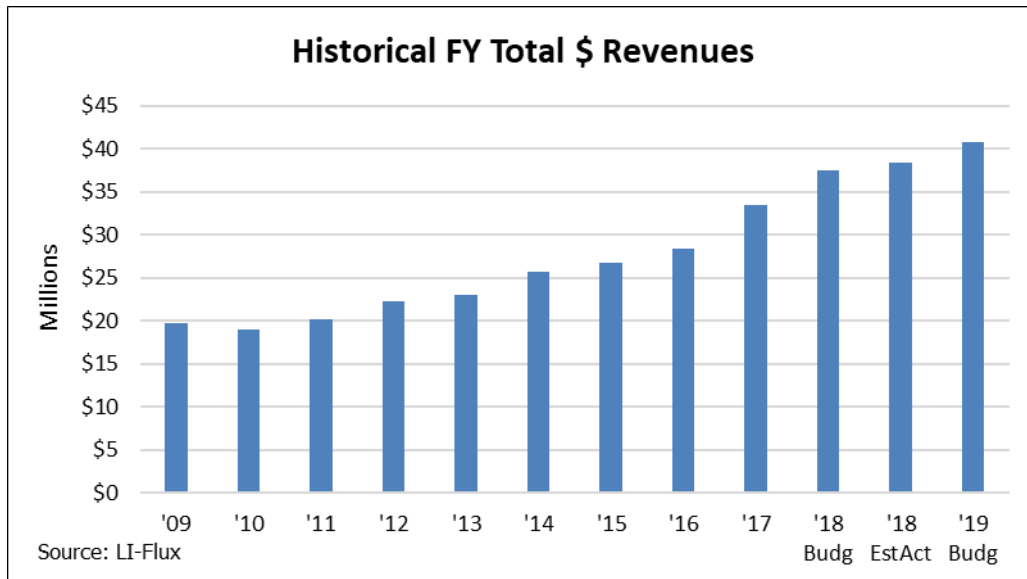


Revenue Summary by Year by Type

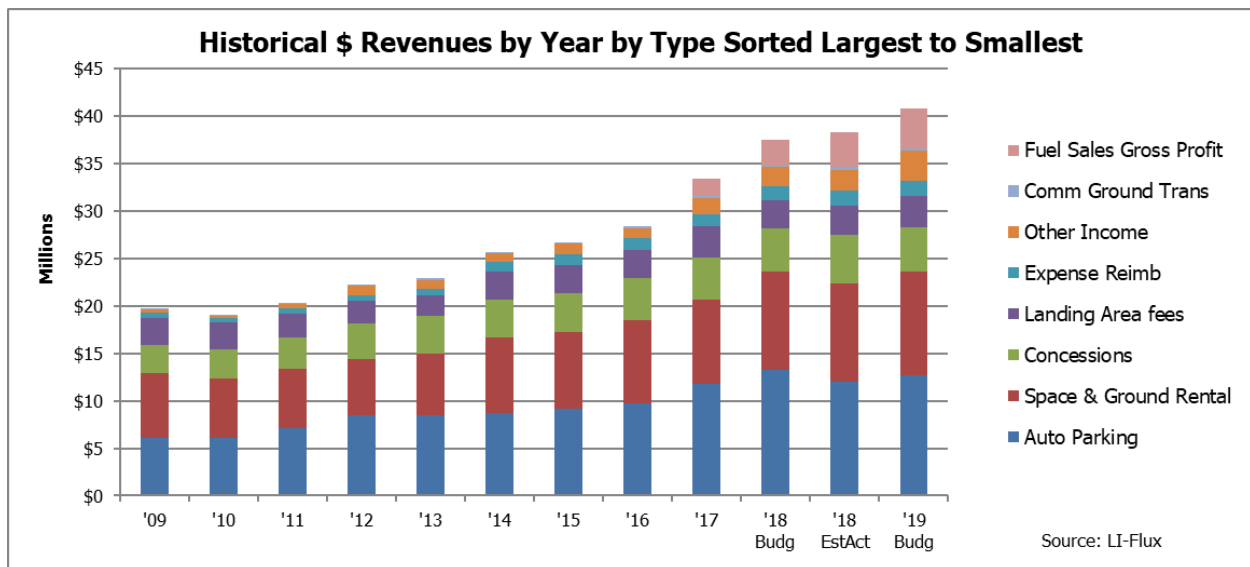


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Revenue History

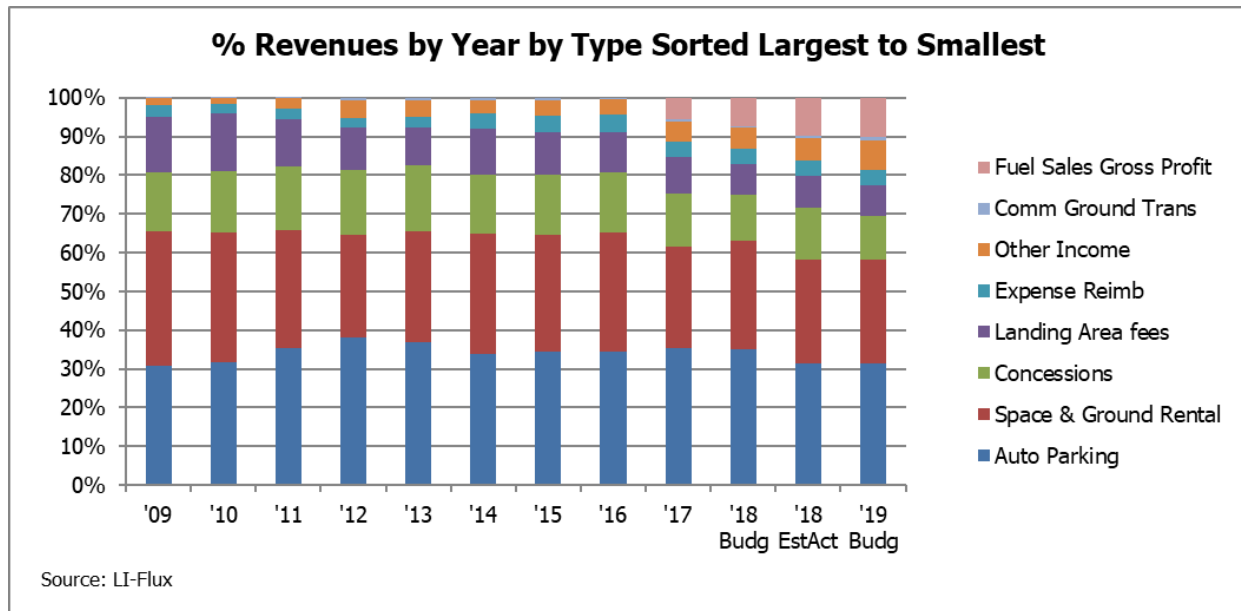


Revenue History by Year by Type Sorted Largest to Smallest



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% Revenue History by Year by Type Sorted Largest to Smallest

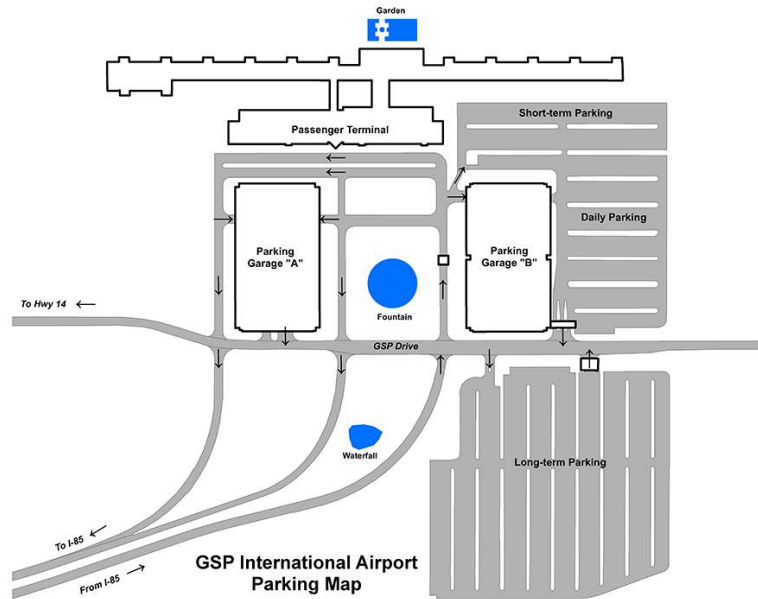


It's obvious from the above graph that Parking revenues account for over 30% of our revenue stream followed by Space & Ground rental (an additional 28%), concession income (an additional 12%), then Landing fees, fuel sales gross profit, expense reimbursements, other income and finally commercial ground transportation.

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Parking Revenues

Airport Parking Map

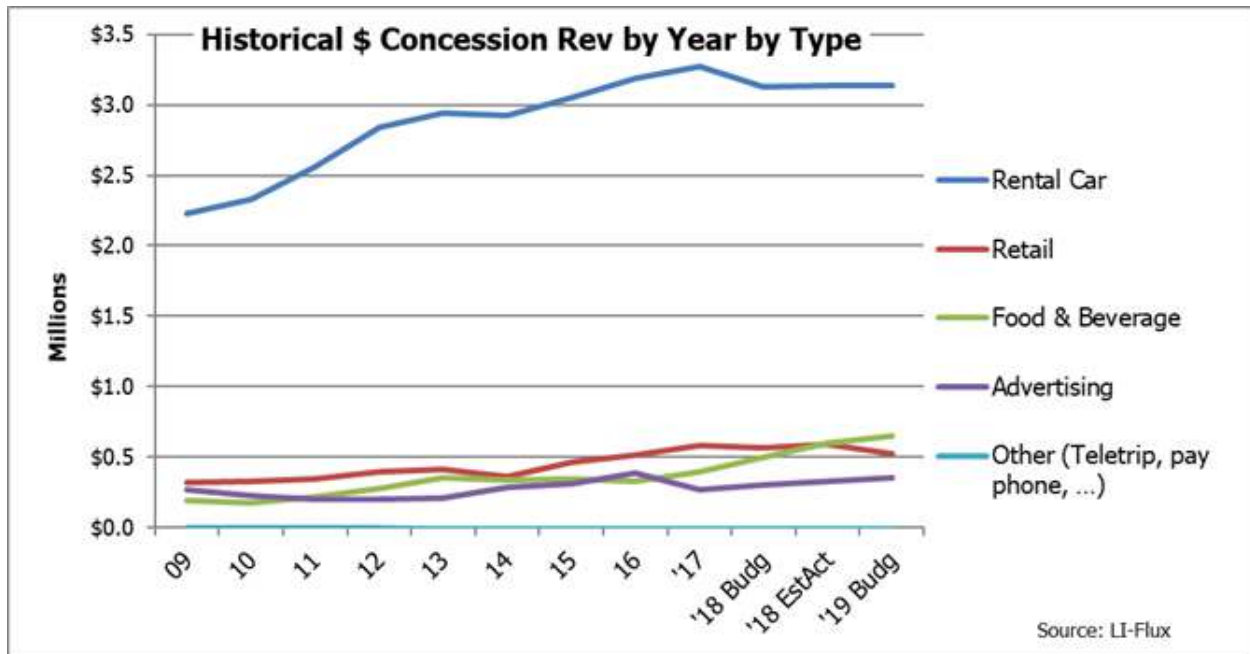


Historical Public Parking \$ Revenue



Greenville-Spartanburg Airport District 2019 Operating Budget

Concession Income



EXPENSES

Cost Centers

The expenditures in the budget are divided into six (6) major direct cost centers and one (1) major indirect cost center:

“Direct” Cost Centers

1. Terminal
2. Airfield
3. Landside
4. Aviation Services
5. Cargo
6. Other Building/Land Lease

“Indirect” Cost Center

1. Airport Commission

Within each “major” direct cost center there are “sub” cost centers as follows:

“Direct” Cost Centers

1. Terminal
2. Airfield
 - Passenger
 - Cargo
3. Landside
 - Parking
 - RAC (Rental Car)
 - Land Use
 - Roads
4. Aviation Services
 - GA (General Aviation)
 - Commercial
5. Cargo
 - South Cargo
 - North Cargo
6. Other Building/Land Lease
 - Environs
 - International Logistics Park

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“Indirect” Cost Center

1. Airport Commission
 - Executive
 - Communications
 - Finance/Administration
 - IT
 - Human Resources
 - Procurement
 - ARFF
 - Police
 - Operations
 - Facilities
 - Commercial Business & Properties

Note: Aviation Services represents a separate and distinct “cost center” with it’s own P&L (profit & loss) and is “directly” charged ... thus, it’s not included in the “Indirect” Cost Center which is allocated.

The indirect cost centers are allocated to the six (6) direct cost centers in the calculation of rates and charges charged to Airport tenants.

Description of Operating Expenses

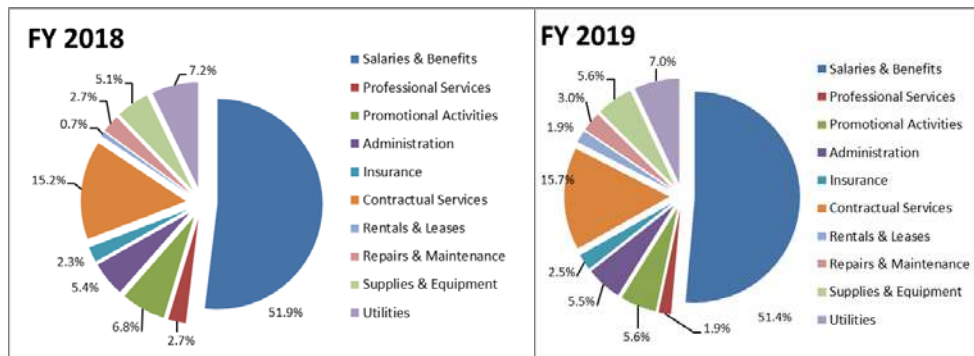
Operating expenses are broken down into ten (10) categories:

1. Salaries & Benefits
2. Professional Services
3. Promotional Activities
4. Administration
5. Insurance
6. Contractual Services
7. Rentals & Leases
8. Repairs & Maintenance
9. Supplies & Equipment
10. Utilities

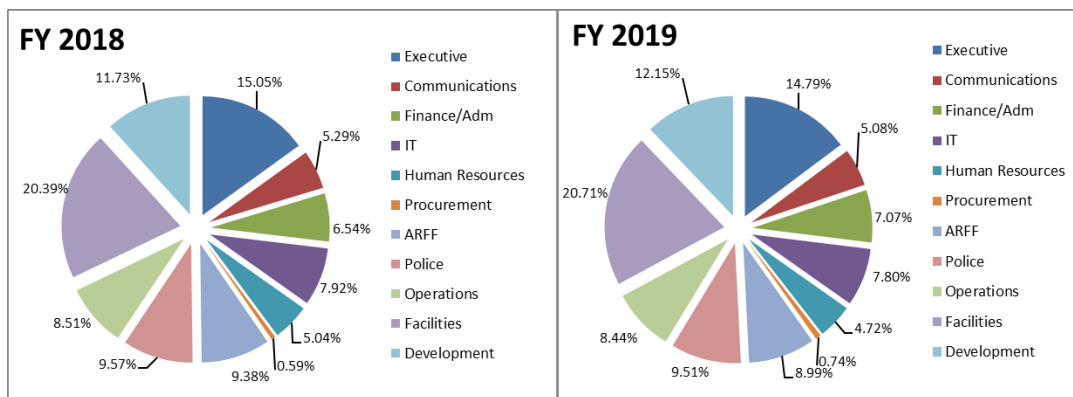
All expenses are categorized to a cost center – sub cost center – expense category – specific account.

Greenville-Spartanburg Airport District 2019 Operating Budget

Operating Expenses by Category



Operating Expenses by Department



Salaries and Benefits

Salaries and benefits account for half of our total operating expenses. Staff is undoubtedly the most important asset the Airport has and touches every facet of the organization's performance, reputation, safety results and level of service rendered. Staffing levels, staff training, quality of staff hired, staff certifications, turnover, organizational structure, reporting hierarchies, personnel policies, and a host of other human resource concerns are taken very seriously by management.

The staffing pay levels of 1 (Interns) thru 10 (Vice Presidents) and associated sub-levels and exempt/non-exempt categorizations were originally established in late 2009. In late 2017, the staffing pay levels were update to levels 1 (AOC Officer/Customer Service Representatives) thru 22 (Sr. Vice Presidents) but have remained very constant in function and scope.

FIXED ASSETS & CAPITAL PROJECTS

Accounting Treatment

Capital assets are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 40 years. The Airport's threshold for capitalization is \$10,000. Repair and maintenance costs are expensed when incurred.

FY 2018-19 Capital Improvement Plan (CIP)

Items Approved in Prior Fiscal Years and Carried Forward

Description	Total Cost	AIP Entitlements	AIP Discretionary	State Funds	Other Local Funds				Remaining Balance
					Airport Capital	Other	CFC		
<u>Items Approved in Prior Fys & carried forward (informational only)</u>									
<u>Capital Improvements</u>									
ARFF Station (Design)	\$ 900,000			-	\$ 900,000	-	-	\$ 585,818	
Oversize Baggage Slide Project	\$ 100,000			-	\$ 100,000	-	-	\$ 100,000	
2102 GSP Dr Improvements (Hangar #1)	\$ 1,400,000			-	\$ 1,400,000	-	-	\$ 1,400,000	
ParkAssist in Garages A&B	\$ 850,000			-	\$ 850,000	-	-	\$ 850,000	
Potable Water at all Gates	\$ 120,000			-	\$ 120,000	-	-	\$ 120,000	
Curbside Dropoff-Phase 1 (Knee Wall & Bookends)	\$ 500,000			-	\$ 500,000	-	-	\$ 500,000	
Employee Parking Lot Expansion & Admin Dr imprv	\$ 700,000			-	\$ 700,000	-	-	\$ 700,000	
Aviation Pkwy paving maint & entrance road pavement stuc	\$ 175,000			-	\$ 175,000	-	-	\$ 175,000	
3rd Parking Garage and RAC facilities (Design)	\$ 5,000,000			-	\$ 5,000,000	-	-	\$ 4,848,723	
SIDA fenceline improvements (move virtual gates)	\$ 50,000			-	\$ 50,000	-	-	\$ 50,000	
Terminal Art-Phase 2	\$ 250,000			-	\$ 250,000	-	-	\$ 250,000	
Hangar Roof Replacement-2102 roof replacement	\$ 800,000			-	\$ 800,000	-	-	\$ 799,624	
Hangar Roof Replacement-2100 roof replacement	\$ 800,000			-	\$ 800,000	-	-	\$ 800,000	
<u>Equipment & Small Capital Outlay</u>									
Prop & Dev; Advertising Prg Enhancement - Escalators	\$ 50,000			-	\$ 50,000	-	-	\$ 50,000	
Prop & Dev; Advertising Prg Enhancement - Concourses A	\$ 50,000			-	\$ 50,000	-	-	\$ 50,000	
Prop & Dev; Advertising Prg Enhancement - Video Wall	\$ 25,000			-	\$ 25,000	-	-	\$ 25,000	
Baggage Claim - Local Information Monitors	\$ 15,000			-	\$ 15,000	-	-	\$ 15,000	
AirIT Reporting System	\$ 25,000			-	\$ 25,000	-	-	\$ 25,000	
Handheld Credit Card Machines for Parking Lots	\$ 25,000			-	\$ 25,000	-	-	\$ 25,000	
Air Conditioning Cart	\$ 100,000			-	\$ 100,000	-	-	\$ 100,000	
(2) Cargo Tractors	\$ 100,000			-	\$ 100,000	-	-	\$ 100,000	
MDL/LDL 60K lb capacity Loader	\$ 600,000			-	\$ 600,000	-	-	\$ 600,000	
Systems Atlanta Information Display System	\$ 50,000			-	\$ 50,000	-	-	\$ 50,000	
Furniture, Fixtures & Equip-Ops	\$ 15,000			-	\$ 15,000	-	-	\$ 9,294	
Oshkosh Multi-Purpose Snow truck w/blower	\$ 850,000			-	\$ 850,000	-	-	\$ 850,000	
AirIT Resource Mgmt System	\$ 98,000			-	\$ 98,000	-	-	\$ 98,000	
FBO (AvServ-FA) Refueler Wireless Tablets	\$ 15,000			-	\$ 15,000	-	-	\$ 15,000	
Ops IT Equipment	\$ 10,000			-	\$ 10,000	-	-	\$ 10,000	
<u>Renewal and Replacement</u>									
Existing Admin Office Renovation for Police, Ops, ...	\$ 250,000			-	\$ 250,000	-	-	\$ 250,000	
Facilities-Runion Prop Sewer Connection	\$ 100,000			-	\$ 100,000	-	-	\$ 100,000	
Point Repairs on 9K Linear Ft Sanitary Sewer Lines	\$ 100,000			-	\$ 100,000	-	-	\$ 100,000	
Clean & Video 8K Ft Sanitary Sewer Lines	\$ 24,000			-	\$ 24,000	-	-	\$ 24,000	
Floor Expansion Joint repairs in Parking Deck A								\$ 69,140	
<u>Professional Service Projects</u>									
District/Tenant Development Standards Manual	\$ 50,000			-	\$ 50,000	-	-	\$ 49,900	
Update Master Plan	\$ 1,140,966			-	\$ 1,140,966	-	-	\$ 521,627	
Update Airfield Pavement Plan	\$ 211,077			-	\$ 211,077	-	-	\$ 211,077	
TOTAL	\$ 15,549,043	\$ -	\$ -	\$ -	\$ 15,549,043	\$ -	\$ -	\$ 14,527,203	

The above items were all budgeted, discussed, and carried forward from prior budget years with Commission approval.

Greenville-Spartanburg Airport District 2019 Operating Budget

New Items Budgeted for the FYE 6-30-2019

New Items Budgeted in FY2019	Total Cost	AIP Entitlements	AIP Discretionary	State Funds	Other Local Funds			Total Funding
					Airport Capital	Other	CFC	
<u>Capital Improvements</u>								
2nd Phase of Terminal Art Implementation	\$ 90,000	-	-	-	\$ 90,000	-	-	\$ 90,000
	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000	\$ -	\$ -	\$ 90,000
<u>Equipment & Small Capital Outlay</u>								
GSE Equipment to accommodate Hangar Tenant Growth	\$ 11,000	-	-	-	\$ 11,000	-	-	\$ 11,000
(1) Club car	\$ 20,000	-	-	-	\$ 20,000	-	-	\$ 20,000
Air Start Unit	\$ 230,000	-	-	-	\$ 230,000	-	-	\$ 230,000
(1) Transporter	\$ 160,000	-	-	-	\$ 160,000	-	-	\$ 160,000
Dis-assemble, transport, redesign, re-assemble of transfer deck	\$ 500,000	-	-	-	\$ 500,000	-	-	\$ 500,000
Access Control Assessment	\$ 25,000	-	-	-	\$ 25,000	-	-	\$ 25,000
CISCO SUPERVISOR								
SUP2 MODULE INCLUDES EXTERNAL 8GB USB	\$ 55,000	-	-	-	\$ 55,000	-	-	\$ 55,000
FLASH FOR NEXUS 7000 SERIES								
CISCO ROUTERS								
ISR 4451 (4GE,3NIM,25M,8G FLASH,4G DRAM)	\$ 22,000	-	-	-	\$ 22,000	-	-	\$ 22,000
SWITCH REPLACEMENT								
2 Cisco 3850-12s (IDF7)	\$ 15,000	-	-	-	\$ 15,000	-	-	\$ 15,000
SWITCH REPLACEMENT								
6 Cisco 3850-24s (IDF2, IDF3, IDF4, IDF6)	\$ 28,000	-	-	-	\$ 28,000	-	-	\$ 28,000
SWITCH REPLACEMENT								
7 Cisco 2960x 48FPD (IDF12, IDF14, IDF16)	\$ 38,000	-	-	-	\$ 38,000	-	-	\$ 38,000
Cisco Wireless LAN Controllers	\$ 34,000	-	-	-	\$ 34,000	-	-	\$ 34,000
Replace M57 & M58 Batts Lighted X's for Runway closure's for emergency purposes	\$ 60,950	-	-	-	\$ 60,950	-	-	\$ 60,950
Replace M38 Chevy Runway Van with a 2018 Ford Econoline E350 Van with Supreme Body (with work space and cabinets set up for runway Tech)	\$ 76,600	-	-	-	\$ 76,600	-	-	\$ 76,600
Add one F-250 Service Truck for new Mechanic	\$ 40,000	-	-	-	\$ 40,000	-	-	\$ 40,000
Two 16,000 lb. 2-post Mowhawk Lifts	\$ 37,000	-	-	-	\$ 37,000	-	-	\$ 37,000
Mowhawk DC Power Mobile Column Lifts for fuel trucks, fire trucks, dump trucks, and snow equipment	\$ 95,200	-	-	-	\$ 95,200	-	-	\$ 95,200
Add additional Toolbox & Tools (for Shop & New Service Truck)	\$ 12,000	-	-	-	\$ 12,000	-	-	\$ 12,000
Add Power Trac Slope Mower for Airfield Slopes and Detention Pond Mowing	\$ 49,900	-	-	-	\$ 49,900	-	-	\$ 49,900
Add F-150 Crew Cab 4x4 for Chris	\$ 30,000	-	-	-	\$ 30,000	-	-	\$ 30,000
Replace M89 Ford Escape with a 2018/2019 model Ford Escape for Dane	\$ 30,000	-	-	-	\$ 30,000	-	-	\$ 30,000
26' Electric Scissor Lift	\$ 25,000	-	-	-	\$ 25,000	-	-	\$ 25,000
Garden Terrace Furnishings	\$ 35,000	-	-	-	\$ 35,000	-	-	\$ 35,000
New 2018 Power Boss Sweeper	\$ 71,000	-	-	-	\$ 71,000	-	-	\$ 71,000
Replace GM1 Dodge Pickup with a 2018/2019 F-150 Regular Cab Truck 4x4 (8ft. bed)	\$ 28,000	-	-	-	\$ 28,000	-	-	\$ 28,000
Filtration System for Cooling Towers	\$ 94,000	-	-	-	\$ 94,000	-	-	\$ 94,000
Add 86 HP Tractor and 15' Mower to the Fleet for Airfield. Mowing Tractor = \$70K and Mower = \$20K	\$ 70,000	-	-	-	\$ 70,000	-	-	\$ 70,000
Replace GM3 Dodge Durango with a new 2018/2019 F-150 Regular Cab Truck 4x4 (8ft. bed) for the New Capital Project Manager (CPM)	\$ 28,000	-	-	-	\$ 28,000	-	-	\$ 28,000
Replace AS4 Chrysler Sebring with a 2018/2019 (TBD)	\$ 25,000	-	-	-	\$ 25,000	-	-	\$ 25,000
	\$ 1,945,650	\$ -	\$ -	\$ -	\$ 1,945,650	\$ -	\$ -	\$ 1,945,650
<u>Renewal & Replacement</u>								
Replace 2005 Chev Fire Department Utility Pick up to include lettering and light package	\$ 30,000	-	-	-	\$ 30,000	-	-	\$ 30,000
Incinerator Rebuild/Repair, Sandblast and Repaint	\$ 25,000	-	-	-	\$ 25,000	-	-	\$ 25,000
Replace fire alarm system for Hangar 2106 (aka Hangar 3) - Upgrade to the Edwards System	\$ 36,800	-	-	-	\$ 36,800	-	-	\$ 36,800
Replace Airfield Lighting Control Monitoring System Radio Modification	\$ 28,000	-	-	-	\$ 28,000	-	-	\$ 28,000
Replace 10-inch Double Check Backflow Valve on Main Water Line at North Cargo Area	\$ 13,500	-	-	-	\$ 13,500	-	-	\$ 13,500
Pavement Maintenance / Repairs on R/W & T/W's	\$ 65,000	-	-	-	\$ 65,000	-	-	\$ 65,000
Replace AC units for Hangar 2108 (aka Hangar 4)	\$ 35,000	-	-	-	\$ 35,000	-	-	\$ 35,000
Install Storm Drain Pipes along West Side of Runway to Eliminate Standing Water at Midfield	\$ 20,000	-	-	-	\$ 20,000	-	-	\$ 20,000
Replace Burners on 2 Large Boilers	\$ 140,000	-	-	-	\$ 140,000	-	-	\$ 140,000
North and South Wind Cones	\$ 15,000	-	-	-	\$ 15,000	-	-	\$ 15,000
Power Boarding Bridge A6	\$ 35,000	-	-	-	\$ 35,000	-	-	\$ 35,000
Paint exterior Hangars 2106 & 2108 (aka Hangars 3 and 4)	\$ 20,000	-	-	-	\$ 20,000	-	-	\$ 20,000
Point Repairs of Approx. 5,000 Linear Feet of Sanitary Sewer Lines	\$ -	-	-	-	\$ -	-	-	\$ -
Repair Broken Concrete Ditch on East Side of Runway	\$ 30,000	-	-	-	\$ 30,000	-	-	\$ 30,000
	\$ 493,300	\$ -	\$ -	\$ -	\$ 493,300	\$ -	\$ -	\$ 493,300
<u>Professional Service Projects</u>								
Enterprise Resource Planning (ERP) Phases	\$ 1,000,000	-	-	-	\$ 1,000,000	-	-	\$ 1,000,000
FBO Building Expansion Study	\$ 50,000	-	-	-	\$ 50,000	-	-	\$ 50,000
Facilities Large Equipment Maintenance Bldg. Study	\$ 50,000	-	-	-	\$ 50,000	-	-	\$ 50,000
	\$ 1,100,000	\$ -	\$ -	\$ -	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000
	\$ 3,628,950	\$ -	\$ -	\$ -	\$ 3,628,950	\$ -	\$ -	\$ 3,628,950
Subtotal FY2019	\$ 18,156,153	\$ -	\$ -	\$ -	\$ 18,156,153	\$ -	\$ -	\$ 18,156,153

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FYE 6-30-2019 Capital Improvements

\$90,000 2nd Phase Terminal Art Implementation

Estimated additional cost to complete the 2nd phase of the terminal art project.

Equipment and Small Capital Outlays

\$11,000 GSE Equipment to Accommodate Hangar Tenant Growth

Required to assist with the increasing number of aircraft.

\$20,000 Club (1) Car

Required to move refuelers and reduce use of Commercial Fuel vehicle to transit of Refuelers between geographically remote ramps.

\$230,000 Air Start Unit

Necessary due to the scarcity of widebody units available on the airport. Usable by Commercial and General Aviation groups. GSE used to assist in the startup of aircraft.

\$160,000 Transporter (1)

This will become the primary means of ULD transit due to increases in efficiency and load capacity. GSE used for transporting loaded ULDs to/from the aircraft.

\$500,000 Dis-assemble, Transport, Redesign, or Re-assemble of Transfer Deck

Transfer deck currently located in Suite 4 of SCB will need to be disassembled, transported and re-assembled in new cargo facility. Additional deck will need to be added for increased capacity.

\$25,000 Access Control Assessment

Current access control system Continuum is 9 years old and the parent company Andover has advised they are no longer updating the system. Due to the age and pending discontinuation of Continuum, a study to examine our current access control system in its entirety and then provide upgrade recommendations based off current industry systems will greatly enhance the airports ability to develop a future RFP to upgrade.

\$55,000 Cisco Supervisor SUP2 Module (External 8GB, USB Flash For Nexus 7000 Series)

The core network switches are both currently operating with only one supervisor module. This will add a secondary supervisor module to the Core switches. Making them less susceptible to service interruption due to hardware failure, allow for hitless software upgrades, and the critical nature of software bug fixes would be greatly reduced.

\$22,000 Cisco Routers ISR 4451 (4GE, 3NIM, 2SM, 8G Flash, AG Dram)

The existing core network routers reached the end of sale milestone last year. These routers will fail to meet the increasing bandwidth and traffic forwarding requirements resulting from

Greenville-Spartanburg Airport District 2019 Operating Budget

growing operations and tenant base. To better serve the existing infrastructure and prepare for future growth, the Cisco ISR 4451 is the recommended platform. The ISR 4451 will allow for 1 Gigabit of traffic throughput and has redundant power supplies and robust security features to provide a reliable and secure gateway to the internet.

\$15,000 Switch Replacement (2) Cisco 3850-12s (IDF7)

IDF7, in Hangar 1, provides access to the network for the FBO, Hangar 1,2,3 and 4, and is poised to support network access for 5, and 6. Currently these locations are serviced via a single Cisco 3750G switch. Any failure on this switch would prove detrimental to the general aviation operations at the FBO and to the operations of three existing and additional future tenants. A pair of Cisco 3750X series switches would greatly decrease operations interruption. The 3750X series switches will have dual power supplies and will be stacked together to provide support during a hardware failure scenario.

\$28,000 Switch Replacement 6 Cisco 3850-24s (IDF12, IDF14, IDF16)

Switch Replacement Schedule - The switching infrastructure in the IDF locations are both at the end of support and end of warrantee.

\$38,000 Switch Replacement (7 Cisco 2960x 48FPD) (IDF12, IDF14, IDF16)

Switch Replacement Schedule - The switching infrastructure in the IDF locations are both at the end of support and end of warrantee.

\$34,000 Cisco Wireless LAN Controllers

The wireless controller(s) is reaching its limitations. With need to have higher performance, improved CPU and memory requirements, The need for an improved WLC model is triggered by the influx of numerous mobile devices especially tablets and smart-phones.

\$60,950 Replace M57 & M58 Batts Lighted X's for Runway closure for emergency purposes

Both M57 & M58 Lighted X's are both 20 years old and parts are no longer supported and stocked. The new units are LED and are powered by a generator.

\$76,600 2018 Ford Econoline E350 Van

M38 is a 2000 Chevrolet Van for the runway. It is 18 years old and showing its age and it is using oil and has electrical issues. Replacement Runway Van has been specified to perform runway operations by the FAC Technical Operations Team.

\$40,000 F-250 Service Truck Add one F-250 Service Truck for new Mechanic.

Additional F-250 4x4 truck with utility service truck body, equipped with tools and air compressor for an additional mechanic.

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\$37,000 16,000 lb. 2-post Mowhawk Lifts (2)

Needed to maintain the 3/4-ton trucks and bigger trucks and vans we have now. The current lift we have will not pick up anything bigger than a 1/2-ton truck and it is not safe and outdated. Current lift is roughly 35 years old.

\$95,200 Mowhack DC Power Mobile Column Lifts

This would be safer to use and more helpful and efficient for us while maintaining fuel trucks, fire trucks, dump trucks, and snow equipment. We currently do not have adequate clearance under some of the equipment to safely and efficiently repair and maintain the vehicles (especially the Fuel Trucks).

\$12,000 Toolbox

Needed to support Cerulean equipment and fuel trucks mechanic.

\$49,900 Power Trac Slope Mower

Single point of failure when current machine is inoperable. Current machine is aging (2011 model) and maintenance issues have increased. Current unit is about 1/2 used based on hours. Slopes and detention pond maintenance cannot be performed when unit is out of service. Need additional unit for recent increase in staffing numbers as well. Also, more detention ponds to maintain due to new areas (New Ramp, etc.).

\$30,000 F-150 4X4 Crew Cab

4 door truck is needed to escort/carry contractors when visiting site. M90 (Chris's current truck) would be given to new Tech Crew Leader position (Ross Liberator). This would allow Ross to get to and from job site quicker than using a club car (current transportation). This would also allow him to carry more tools and supplies to job sites. Ross's clubcar to be handed down to a current Technician (who is currently driving a 1981 Club Car that was handed down from Grounds - this 1981 would be scrapped). Currently, we are short one truck/clubcar.

\$30,000 Replace M89

M89 is a 2011 model Ford Escape Hybrid, it's battery life expectancy is 5-7 years. The unit is 7 years old now and the cost of the battery, without labor, is \$10,319.29

\$25,000 26' Electric Scissor Lift

Lift would speed up the time it takes for PM's and repairs and ensure employee safety.

\$35,000 Garden Terrace Furnishings

16 tables, 48 chairs, and 1 trash receptacle (Landscape Forms) for Garden Terrace.

\$71,000 New 2018 Power Boss Sweeper

The current M65 Tennant Sweeper is 14 years old and has 4,529 hours. This additional sweeper will be a needed for the grounds crew to keep up with the demand for airport

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growth. New machine has a 5-year warranty (or 3,000 hours). We will keep M65 in service as we will need 2 sweepers to keep up and eliminate a single point of failure.

\$28,000 F-150 Regular Cab Truck 4x4

GM1 is a 1998 Dodge Pickup Truck. Engine has a lifter knock and is on borrowed time.

\$94,000 Filtration System for Cooling Towers

Cooling towers were purchased with sweeper/vacuum system installed. Towers were designed to have a filter system. Filter system was not purchased with the towers. The filter system would attach to sweeper/vacuum system and would continually clean the water and keep the tower basins clean. Currently, we are unable to achieve clean water due bad condenser water piping (piping was not properly installed during TIP). Tower basins always have debris in them. This is not good for the condenser side of the Chillers. By installing the filter, we will have better efficiency from the chillers and towers (saving some energy costs), the age of the equipment will also be extended (increases life cycle of some very expensive equipment). Filtration equipment (\$50,000), Electrical (\$5,000), and Installation (\$39,000).

\$70,000 HP Tractor and 15' Mower

Additional Tractor will allow for faster mowing time on the airfield edge light area and fine cut mowing. Eliminating the need to rent a mower during landscape aerating season, saving time and money. Additional \$20,000 will be requested in next budget year to add another mower attachment to the fleet.

\$28,000 HF-150 Regular Cab Truck 4x4

Add truck for new CPM which is currently using GM3 which is a 2008 Dodge Durango and it is burning engine oil and showing transmission issues. If replaced now, we would sell GM3, also GM3 was originally purchased for OPS, then passed down to Cerulean, and now to the Facilities Department.

\$25,000 Replace AS4 Chrysler Sebring

AS4 is a 2007 Chrysler Sebring and it is starting to show its age with and A/C issues and its service life of 10 years.

Renewal and Replacement

\$30,000 Replace 2005 Chev Fire Department Utility Pick up

Replace Fire Department Utility Pickup truck. To include lettering and emergency lighting equipment. This vehicle is over 13 years old and has over 110,000 miles. The vehicle is used 7 day a week by the Fire Department for inspections and other FD operations.

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\$25,000 Incinerator Rebuild/Repair, Sandblast and Repaint

Incinerator purchased in 1994. Fire brick inside is cracked and falling out. Refractory on hopper door is deteriorated, steel on doors is going away due to metal/heat fatigue. Burners need replacing, some flue sections are cracked.

\$36,800 Replace fire alarm system for Hangar 2106 (aka Hangar 3) - Upgrade to the Edwards System

Current system does not meet code, is very old, and in very bad shape. This would bring the system up to code and interface with campus Edwards System. System would match what is being installed in Hangar 2108 (aka Hangar 4).

\$28,000 Replace Airfield Lighting Control Monitoring System Radio Modification

Radio links for the control system are obsolete with no parts available. The radio link is used if one of the fiber links fails. These links are between the Tower and the Vault, the Facilities Building & the Vault, and the Runway Van and the Vault (the most important link of the three). This link is used when technicians are working on the Airfield. It is important that they are able to control the lighting system remotely, while troubleshooting or replacing field circuits/lights.

\$13,500 Replace 10-inch Double Check Backflow Valve on Main Water Line at North Cargo Area

The device has weakened, as the test cocks continue to blow out due to thread corrosion and metal fatigue causing a water leak inside the vault. The steel device has cracked once and FAC staff welded up the crack. Complete failure of the backflow device may be looming.

\$65,000 Pavement Maintenance / Repairs on R/W & T/W's

Route and seal tens of thousands of feet of pavement cracks annually in the asphalt sections of the pavement, mostly on the taxiways and shoulders. We will have machine for future years, control quality, and be able to schedule on our terms, instead of sub-contracting to a third party.

\$35,000 Replace AC units for Hangar 2108

Units are in bad shape and are at the end of life cycle. The old units are R22 units.

\$20,000 Install Storm Drain

Storm drain outlets were covered up during to a fill project that occurred approx. 10 years ago. Exploratory excavations have located the end of the pipes. Pipes will need to be extended so water can drain off the Airfield and eliminate ponding water. Safety/Wildlife issue.

\$140,000 Replace Burners on 2 Large Boilers

Parts are no longer available for burners. Boilers are now operational 12 months out of the year. Burners are original 1989. \$70,000 each.

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\$15,000 North and South Wind Cones

Replace south wind cone to LED and replace north wind cone. Needed to be done, per FAA Inspection in 2017. \$6,500 each = \$13,000. Add \$2,000 for spare LED. Grand total = \$15,000.

\$35,000 Power Boarding Bridge

3 projects - Cab Floor, Canopy, and Painting - this bridge is a 2001 and needs work to extend its life and improve operations. Cab floor = \$7,000; Canopy = \$8,000; Painting = \$20,000.

\$20,000 Paint exterior Hangars 2106 & 2108

Hangar 2108 painting was part of original scope for the Milliken remodel, but was removed and only pressure washed by the General Contractor in the winter of 2018. Hangar is in serious need of a fresh coat of paint.

\$30,000 Repair Broken Concrete Ditch on East Side of Runway

Concrete waterway is broken and deteriorated. Cost will cover removal and replacing of broken concrete, installation of flowable fill under existing slabs to prevent future sagging, and earthwork.

Professional Service Projects

\$1,000,000 Enterprise Resource Planning (ERP) Phases

Replacement the core financial component and other auxiliary systems

\$50,000 FBO Building Expansion Study

Design charrette and planning exercise for future FBO Terminal expansion/improvement project

\$50,000 Facilities Large Equipment Maintenance Bldg. Study

Design funding to program and develop a cost estimate for a new FAC 60' x 100' x 24' Large Vehicle Maintenance Building to service Fuel Trucks, Large GSE Equipment (K-Loaders, etc.), and Firetrucks, with an oil water separator for washing fuel trucks. This proposed building is not the "second storage building" that was built previously for FAC - rather, this is for the Large Vehicle maintenance and repairs, so we are not performing maintenance in the middle of a parking lot, outside in the weather.

BUDGET FLUCTUATION ANALYSIS

2018-2019 BUDGET

		(based on 8 months actual) Estimated FYE 2018	FYE 6/30/19 BUDGET	Budget to Budget \$ CHANGE	Budget to Budget % CHANGE	FLUX EXPLANATIONS
	FYE 2018 BUDGET	FYE 2018 ACTUAL	FYE 6/30/19 BUDGET	Budget to Budget \$ CHANGE	Budget to Budget % CHANGE	
OPERATING INCOME:						
Landing Fees	2,511,578	2,737,718	2,805,277	293,699	11.69%	Increase in Charter and Cargo operations
Aircraft Parking Fees	376,716	332,788	293,774	(82,942)	-22.02%	AvSrc Facility Fees (in lieu of gas purchase) budeted here in PY, but in "Space & Ground Rentals" in CY
Into-Plane & Fuel Flowage Fees	65,845	-	103,589	37,744	57.32%	Projected 434K increase in gallons that we will sell
Space & Ground Rentals	10,433,772	10,320,964	10,927,865	494,093	4.74%	\$232K projected incr in Per Turn due to budgeting 110 more turns + a slight incr in rates, \$180K more budgeted for UPS at the finalization of their lease, \$120K budgeted for AvSrc facility fees budgeted here in CY (in A/C Parking fees in PY), \$125K in AFCCO space rent, \$92K Incr in Airline terminal rental rates from \$36.07 to \$38.89 additional FBO tenant leases, CPI adjustments and blended other ... Partially offset by a decr in RAC revenue recouped from CFC (PY included reimbursement of RCSC pavement expansion budgeted)
Auto Parking	13,200,964	12,017,779	12,735,916	(465,048)	-3.52%	FY2018 budget was inflated; currently trending 12M
Commercial Ground Transportation	175,000	292,717	310,000	135,000	77.14%	UBER & LYFT
Concessions-Food & Beverage	499,840	599,990	648,722	148,882	29.79%	PY budget did not include a full year of most of our Terminal Level II food options, entire concept was not completed in PY
Concessions-Rental Car	3,132,253	3,629,209	3,140,653	8,400	0.27%	Immaterial fluctuation
Concessions-Retail	564,300	593,627	526,148	(38,152)	-6.76%	Budget is based upon the average of Jan & Feb 2018 activity annualized
Concessions-Other	300,000	324,432	350,000	50,000	16.67%	CY is trending higher than budgeted and expect a further increase
Expense Reimbursements	1,508,319	1,543,761	1,656,479	148,159	9.82%	\$116K increase in unreimbursed security costs & \$36K increase in STS (nonairline)
Other Income	2,014,532	2,215,603	3,125,323	1,110,791	55.14%	CY includes \$1.1M increase in AvSrc
Fuel Sales Profit	2,772,922	3,716,735	4,137,550	1,364,628	49.21%	Projection based on current actuals with a minimal increase
TOTAL OPERATING INCOME	\$ 37,556,041	\$ 38,325,322	\$ 40,761,296	\$ 3,205,255	8.53%	
EXPENSES:						
Salary & Benefits	12,084,415	11,586,006	14,080,805	1,996,390	16.52%	Additional 17 employees, benefit cost increases, raises, OT budgeted & associated benefits
Professional Services	634,991	305,205	526,105	(108,886)	-17.15%	Consulting down by \$110K (reduction of Strategic Bus Plan update, ASD Marketing Outreach & misc consulting & engineering assistance)
Promotional Activities	1,593,250	463,181	1,526,645	(66,605)	-4.18%	118K decr in TIEC sponsorship, partially offset by marketing related to Parking 50K
Administrative	1,245,826	1,038,450	1,499,228	253,402	20.34%	\$130K in training & travel caused by increased staff and incr in travel budget, \$62K incr in credit card processing due to increased activity & \$34K incr in corporate functions
Insurance	544,820	544,820	679,051	134,231	24.64%	\$38K incr in Workers Comp for new staffing and incr in all other insurance due to an incr in rates, incr in prop & other insurance \$109K
Contractual Services	3,530,073	3,166,556	4,300,536	770,463	21.83%	\$200K incr in Parking Mgmt, \$74K AvSrc CA misc exp, \$186k AvSrc CA catering, \$230K incr in janitorial costs
Rentals & Leases	156,210	136,248	519,490	363,280	232.56%	\$250K AFCCO lease
Repairs & Maintenance	634,309	747,152	824,878	190,569	30.04%	Projected incr in building \$43K, equipment \$43K, heating & air \$52K, vehicles \$25K & blended other...
Supplies & Equipment	1,184,465	878,692	1,533,212	348,747	29.44%	Projected incr in auto supplies related to AvSrc-CA \$80K, equipment \$64K, lamps \$17K, first aid & safety \$18K, Fuel for vehicles \$31K, paper \$25K, office supplies \$15K, painting supplies \$14K, tires \$54K & tools/hardware \$23K. Most are the result of more traffic, more employees & more activity in the airport
Utilities	1,667,943	1,687,922	1,908,549	240,606	14.43%	Budgeted a 10% rate incr & 5% usage incr for Terminal Electricity, Budgeted a 2% rate incr & 3% usage incr for Water
TOTAL OPERATING EXPENSES	23,276,301	20,554,233	27,398,498	4,122,197	17.71%	
NET OPERATING INC BEF DEPR	14,279,740	17,771,089	13,362,798	(916,942)	-6.42%	
Depreciation Expense	13,149,375	13,149,375	12,998,950	(150,425)	-1.14%	
NET OPERATING INCOME	1,130,365	4,621,714	363,848	(766,516)	-67.81%	
Non-Operating Income/(Loss):						
Interest Income	13,000	100,158	76,000	63,000	484.62%	Increase in interest rates on T-Bills
Facility Rental (RAC CFC)	501,798	896,011	727,473	225,675	44.97%	\$400K RCSS Pavement Expansion (Nat'l) pd via CFC in FY18
Interest Expense	(285,484)	(155,068)	(285,484)	-	0.00%	Immaterial BTB fluctuation
Other Non-Operating	(50,100)	-	(50,100)	-	0.00%	Immaterial BTB fluctuation
Total Non-Operating	179,214	841,101	467,889	288,675	161.08%	
NET INCOME	1,309,579	5,462,815	831,738	(477,842)	-36.49%	

Source: Media Condensed

INDEBTEDNESS

Overview

The Airport enjoys a very favorable cash & investment position, especially as compared to other airports of a similar size. Historically, it's been our practice to minimize leasing of equipment and vehicles. Outright purchase has been favored instead. Management has elected to pay off debt as rapidly as possible, especially when interest expense rates exceed investment yields, as currently is the case and probably will be in the foreseeable future.

The aforementioned policies related to debt have resulted in an unencumbered ability to borrow should the Airport need to.

Series 2001 Bonds

In August 2001, the Airport issued \$5,140,000 of tax-exempt revenue bonds ("Series 2001A Bonds") and \$4,990,000 of taxable revenue bonds ("Series 2001B Bonds") (collectively, the "Series 2001 Bonds"). Proceeds of the issuances were used to construct a new rental car facility and related improvements. Interest is payable semiannually on July 1 and January 1. Annual principal installments are due on July 1 and commenced on July 1, 2003. The Series 2001A Bonds and Series 2001B Bonds are composed of serial bonds which bear interest at rates between 3.1% and 5.0% annually and 4.4% and 6.2% annually, respectively. In addition, the Series 2001A Bonds include \$775,000 of 5% term bonds due July 1, 2021, and the Series 2001B Bonds include \$3,355,000 of 6.82% term bonds due July 1, 2021

Under the terms of the 2001 Bonds, the Airport is subject to certain covenants including, but not limited to, limitations on the transfer or sale of assets, limitations on the incurrence of additional indebtedness, maintenance of adequate insurance coverage on property, and maintenance of a minimum level of net revenues, as defined, to aggregate annual debt service. As of June 30, 2011 and 2010, the Airport was in compliance with these restrictive covenants.

The Series 2001A Tax-Exempt Revenue Bonds were called early and paid off on 8/ 18/ 2011.

The Series 2001B Taxable Revenue Bonds are the only long-term debts currently on the Airport's books. These too would be called early if they were callable. Unfortunately, they are not. As such, the future debt service requirements of the Series 2001B Bonds are as follows as of June 30, 2018:

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FYE	Principal	Interest	Princ&Int
2019	\$ 390,000	\$ 85,591	\$ 475,591
2020	\$ 420,000	\$ 58,993	\$ 478,993
2021	\$ 445,000	\$ 30,349	\$ 475,349
	\$ 1,255,000	\$ 205,282	\$ 1,905,282

Short-Term Debt

In May, 2016 the Board approved establishment of a \$25 million Line of Credit (LOC) with TD Bank. The year to-date draw on the LOC was for \$7.2 million of April 30, 2018. There have been no further draws on the Line since. The LOC variable interest rate is the 1-month LIBOR (London Interbank Offered Rate) plus 75 basis points. The most recent 1-month LIBOR rate quote was 1.89% as of April 30, 2018. Adding the 1.89% + 0.75% yields a current rate of 2.64%. The LOC is interest only with a 1-year term, where it's automatically renewed.

AIRLINE RATES & CHARGES

The Greenville-Spartanburg Airport District requires all commercial airlines to execute an Airport Operating Permit to establish the rules, regulations, and conditions by which an airline operating at the Airport must operate, including airline rates and charges.

Annual Airport Budget

The Commission adopts an annual budget for the Airport District, which is used to calculate rates and charges each year. The objective of the existing airline rates and charges methodology is to estimate the Airport rates, fees and charges necessary for the District to recover its capital, operating and maintenance costs in providing airline facilities at the Airport, regardless of the successes or failures of non-airline revenue generation at the Airport.

The Airport has used the same methodology for determining airline rates & charges for at least the last 20 years. As noted last year, management decided to go to a new rates and charges methodology which was effective the beginning of July 1, 2017.

Maintenance and Operating Expenses

Maintenance and Operating (“M&O”) expenses include all of the costs associated with operating and maintaining the Airport. Airport M&O expenses incurred in a direct cost center are accounted for in that cost center. Direct cost centers include the airfield and terminal cost centers. M&O costs for the Operations, ARFF (Aircraft Rescue and Firefighting), and Police Departments not generated in a specific cost center are allocated to the direct cost centers on the basis of a time study, which is performed by the District from time to time. M&O costs for the Facilities Department are allocated to the direct cost centers based upon an allocation via their maintenance work order program tracking hours worked by cost center. Indirect M&O costs in the administrative departments (Executive, Communication, Finance, IT, Human Resources, Property & Business Development) are allocated to the direct cost centers on the basis of each cost center's direct M&O expense as a percent of all direct M&O expenses.

Capital Expenses

Capital expense represents the cost incurred by the District in acquiring capital assets with the use of the District's funds. The Airport's capital expense is the amortization of these costs over their useful lives or annual debt service on assets acquired with the proceeds of debt issued by the District. The annual amortization expense is included in each cost center to the extent that such expense is required for the benefit of the specific cost center. Amortization of capital expense attributable to the Airport's indirect cost centers is allocated to the Terminal cost center and the Airfield cost center on the pro-rata basis that each cost center's annual M&O expense as

Greenville-Spartanburg Airport District 2019 Operating Budget

a percentage of total M&O expense. Annual debt service resulting from the issuance of Airport Revenue Bonds is included in each cost center for which the asset purchased with bond proceeds is located.

Landing Fee Methodology

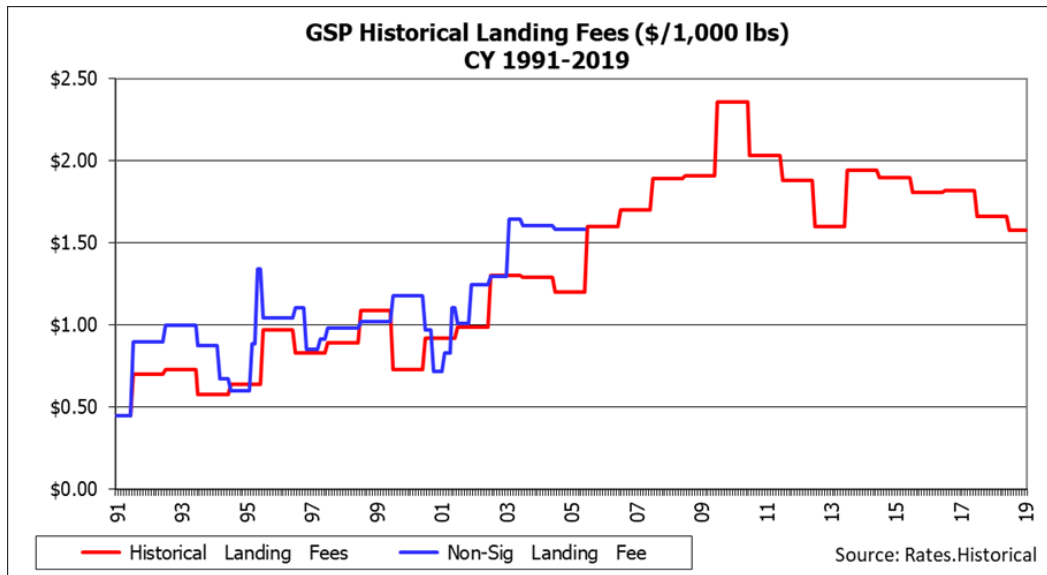
The airline Landing Fee Rate is calculated based on a cost center cost recovery methodology. The objective of this methodology is to recover 100% of the District's cost of the Airport's Airfield cost center (the "Airfield Requirement"). The annual Airfield Requirement includes all of the capital and M&O costs of the Airfield cost center. The annual Airfield Requirement is based on an allocation of direct and indirect M&O, amortization, and debt service (if any) attributable to the Airfield Cost Center. Apron fees and related capital components are now excluded from the Landing Fee calculation AND included in the per-turn fee calculations. In theory, the Airfield Requirement should be recovered from all users of the airfield, including general aviation. Historically, aircraft landed weight has been the method of allocation for recovering airfield costs. While this works well for the commercial air carriers, it is much more problematic with general aviation activity and can result in an airport recovering less than its actual airfield cost. As such, a common practice at airports across the country is to determine the airfield requirement and calculate the Landing Fee Rate using a **cost recovery method**. This method is often preferred for recovering the cost of the airfield cost center, as the revenue sources available to support this area are relatively limited. In this case, the Airline Landing Fee requirement is calculated based on an allocation of direct and indirect M&O, amortization of capital outlays, and debt service attributable to the Airfield cost center. The total of these amounts is reduced by general aviation fuel flowage fees, which is intended to represent the cost to general aviation for the use of the Airfield before calculating the Airline Requirement and the landing fee rate.

It is important to note that when airfield expenses go down, so does the landing fee, and so do the District's reimbursement of said expenses. Fluctuations in landing fees mimic expense spending patterns, project development costs, legal and professional fees, traffic volume changes (i.e., "landed weights"), and spreading of other administrative costs to the various cost centers. Landing fee rates are recalculated semi-annually. GSP's landing fees tend to be extremely competitive, as compared to other airports of similar size around the nation. Our very competitive landing fee rates are one measure, or indicator, of airport operational efficiency.

GSP's historical landing fee rates are graphed below from 1991. The period of greatest rate increase occurred in the years following the 2001 World Trade Center tragedy and increased security concerns/costs. These costs were passed onto the airlines thru increased landing fees and represent just one of the causal factors behind the increased costs of air transportation for the traveling public.

Greenville-Spartanburg Airport District 2019 Operating Budget

GSP Historical Landing Fees Graph

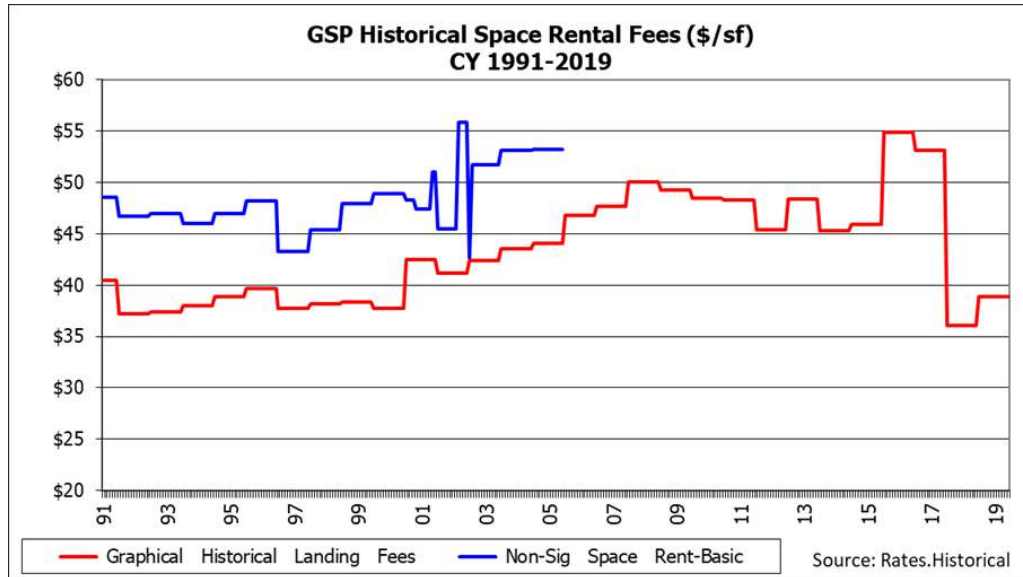


Terminal Complex Rental Methodology

The Terminal Rental Rate is calculated based on a **compensatory cost rate recovery methodology** under which tenants pay only for the space that they occupy. The cost for vacant productive terminal space not leased to the airlines is not charged to the airlines and is paid from non-airline revenue sources. The Terminal Requirement comprises capital expense and M&O expense. The capital component includes an amortization charge of undepreciated assets included in the Terminal cost center and an allocation of capital expense from the indirect cost centers. The M&O Component of the Terminal Requirement includes the direct and indirect cost of maintaining and operating the Terminal cost center. The total capital and M&O expenses of the Terminal Cost Center are divided by the total productive square feet of the Terminal Building. Total productive square feet includes both leased and vacant airline and concession space as well as public areas and TSA space.

Greenville-Spartanburg Airport District 2019 Operating Budget

GSP Historical Space Rental Fees Graph



The reason for the decrease in the space rental rate from FYE'17 of \$53.08 to \$36.07 in FYE'18 is the dramatic change in our rates & charges methodology, as previously discussed. This change has not resulted in a similar decrease in airline & other tenant revenue.

”Per-Turn” Charges

”Per-Turn”, also known as (aka) a ”Apron-Turn” generally means an arrival and the related departure at the Terminal Building by an aircraft using the Terminal Apron. Per-Turns can be segregated into the following types:

- “Full-Turn” – an arrival and a departure, both with passengers, fully costed out
- “Modified Full-Turn” – same as a “Full-Turn”, but excluding use of ticket counters and ticket ques, which are directly charged to the Airline
- “Gate Only” Per-Turn – a per-turn rate costed out gate & apron use elements only
- “Departure Turn” aka “Ferry In, Live Out” aka “Outbound Turn” – a per-turn rate costed out for deplaning charters
- “Arrival Turn” aka “Live In, Ferry Out” aka “Inbound Turn” – a per-turn rate costed out for arriving charters

The derivation of “Per-Turn” fees include consideration of the following components:

- Facility charges
- Common Use Area (CUA) charges
- Apron (A/C Parking) fees
- Passenger Loading Bridge (PLB) charges
- PC Air / Fixed Ground Power (FGP) charges
- Shared Tenant Services
- Inbound Baggage Systems
- Outbound Baggage Systems
- Flight Information Displays (FIDs)
- Baggage Information Displays (BIDs)
- Gate Information Displays (GIDs)
- Paging
- Shared Use Equipment costs
- Other costs (e.g., dumpster, triturator, etc.)

Passenger Facility Charges

Pursuant to 14 CFR 158 (“Part 158”), airport sponsors may apply to the FAA for authorization to impose a fee on every enplaning revenue passenger (“Passenger Facility Charge” or “PFC”) at the sponsored airport and to use the revenues derived from any such PFC to pay the allowable costs of PFC eligible airport investments/improvement projects. The level of PFC which may be charged can vary from \$1.00, \$2.00, \$3.00, or \$4.50 depending upon the authorization requested by the sponsor and approved by the FAA. PFCs are collected by each airline which issues a revenue travel itinerary to a passenger and are remitted monthly to the airport sponsor, less a handling charge which the collecting airline is entitled to retain as compensation for its collecting, handling and remitting the PFC revenue. The airline handling charge currently authorized by Part 158 is \$0.11 per PFC actually remitted to the airport sponsor.

Greenville-Spartanburg Airport District 2019 Operating Budget

PFC Eligibility

Allowable PFC costs include only those costs incurred on projects implemented on or after November 5, 1990. Therefore, the amortization on the Terminal Renovation and Expansion Project are not eligible to be paid with PFCs. Under Part 158, PFCs may be used to fund and finance the allowable costs (project costs and bond-associated debt service and financing costs) of airport-related projects which would be eligible to receive federal grant funding under the Airport Improvement Program ("AIP") and/or which preserve or enhance safety, capacity or security in the national air transportation system, or which reduce aircraft noise, furnish opportunities for enhanced competition between and among airlines and which have been approved for any such use by the FAA. Construction of gates and areas in which passengers are enplaned and deplaned as well as areas directly related to the movement of passengers and baggage are PFC eligible. However, restaurants, car rental facilities, automobile parking facilities, and other concession spaces are not PFC eligible. There are certain instances in which an AIP-ineligible project may be considered PFC eligible. Under AIP eligibility for hub airports, gates and airline ticketing areas including passenger check-in facilities and other revenue producing areas are not eligible for AIP funding. However, the PFC statute incorporates AIP eligibility and expands PFC eligibility to include non-concession areas directly related to the movement of passengers and baggage in air commerce regardless of their revenue producing status. Thus, gates, airline ticketing areas and passenger check-in facilities are PFC eligible even though they are not AIP eligible. All of the costs associated with the preparation, development and continuing administration of a PFC program are eligible for reimbursement with PFC revenue.

Utilization of a PFC

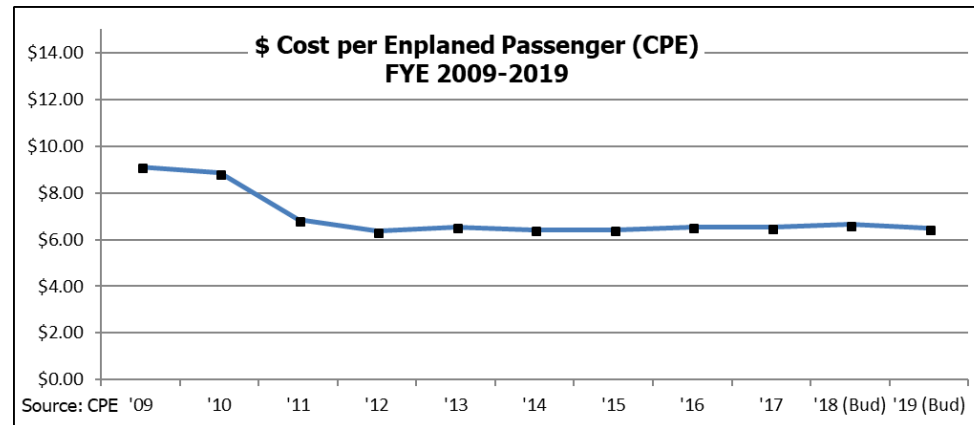
The Airport historically has never utilized PFCs. However, the District is currently exploring the possibility and requirements for collecting PFCs as alternative/additional funding source.

Implementation of a PFC program would provide an additional funding source to decrease the local funding requirement for projects that would otherwise require the use of unrestricted Airport cash or additional borrowing.

CPE (Cost per Enplanement) Data Components

										Approved Budget	Budgeted
Historical CPE Data	FYE 6/30/2009	FYE 6/30/2010	FYE 6/30/2011	FYE 6/30/2012	FYE 6/30/2013	FYE 6/30/2014	FYE 6/30/2015	FYE 6/30/2016	FYE 6/30/2017	FYE 6/30/2018	FYE 6/30/2019
# Enplanements	648,657	639,646	764,626	955,821	942,465	950,205	951,148	1,002,355	1,030,956	1,030,000	1,130,160
Landing Fees	1,868,669	1,971,661	1,815,442	2,235,066	1,842,163	2,069,955	1,956,299	2,030,871	2,127,232	2,022,531	2,153,712
Term Rent (net of jetw ays)	3,654,001	3,333,383	3,034,007	3,418,543	3,653,130	3,345,560	3,432,029	3,747,123	3,692,201	633,858	684,996
Terminal Rent- CUA special rate-direct charged										547,903	592,106
Apron Fees/Aircraft Parking	128,678	127,405	112,332	156,577	147,180	180,213	207,046	196,680	236,060	-	-
PLB/Jetw ay Rental	252,523	126,334	84,600	113,250	332,015	332,020	279,997	316,494	316,710	-	-
PC Air/FGP										-	-
Shared Tenant Services (STS)-Airline					1,500	35,850	45,940	45,940	63,110	-	-
Inbound Baggage										-	-
Outbound Baggage										-	-
FIDS/BIDS/GIDS & Paging										-	-
Security Fees	-	-	-	-	-	-	-	-	-	243,775	269,327
Refuse	4,248	3,481	3,540	4,248	3,540	3,540	3,540	3,540	3,068	-	-
Triturator	2,700	2,450	3,000	4,235	9,806	5,809	6,417	6,151	6,229	-	-
CUSS Ticketing Stock										51,318	56,213
Shared Use Equipment (AirIT)										-	-
Per Turn Fees		97,992	183,127	141,138	173,952	129,712	169,178	205,270	271,376	3,333,989	3,569,753
Utility Reimbursement (crash phone-Piedmont)	-	-	180	300	300	180	-	180	-	-	-
Janitorial	-	-	-	-	-	-	-	-	-	-	-
	5,910,819	5,662,707	5,236,228	6,073,358	6,163,586	6,102,838	6,100,446	6,552,249	6,715,986	6,833,374	7,326,106
Cost per Enplaned Pass	\$9.11	\$8.85	\$6.85	\$6.35	\$6.54	\$6.42	\$6.41	\$6.54	\$6.51	\$6.63	\$6.48

Historical CPE (Cost per Enplanement) Graph



FEES, RATES & CHARGES

Effective: 07/ 01/ 18 - 06/ 30/ 19

Badging Fees

Initial Issue (Processed under GSP fingerprint code)	\$60.00
Initial Issue (Processed under non-GSP fingerprint code)	\$60.00
Initial Issue (STA ONLY = FAA, USDA, Public badge issue)	\$30.00
Badge Renewal (Processed under GSP fingerprint code)	\$25.00
Badge Renewal (Processed under non-GSP fingerprint code)	\$40.00
Damaged Badge Renewal	\$15.00
Lost Badge Renewal (1 st time)	\$50.00
Lost Badge Renewal (2 nd time)	\$150.00
Lost Badge Renewal (3 rd time)	\$250.00
Badge Not Returned Upon Termination (Billed to Company)	
per Week	\$50.00
Not to Exceed per Badge	\$500.00

Parking Rates

Valet (per Day)	\$16.00
Garage (A & B) (per Day)	\$14.00
Sky Lot (per Day)	\$7.00
Daily Lot (per Day)	\$9.00
Long Term Lot (per Day)	\$5.00
Economy Lot (per Day)	\$5.00

Employee (per Month)	\$20.00
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Parking Reservation (per Reservation)	\$5.00
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Non-Tenant Summary

Non-Tenant Type Agreements

Hotel/Motel Courtesy Vehicles

Admin Fee (per Year)	\$25.00
Vehicle Fee (per Year)	\$250.00
Room Fee (per Transaction)	\$3.50

Limousines (6 or fewer passengers)

Admin Fee (per Year)	\$25.00
Vehicle Fee (per Year)	\$250.00
Pick-up Fee (per Transaction)	\$3.50

Buses (more than 6 passengers)

Admin Fee (per Year)	\$25.00
Vehicle Fee (per Year)	\$250.00
Pick-up Fee (per Transaction)	\$8.39

Baggage Transporter

N/A	\$0.00
Vehicle Fee (per Year)	\$250.00
Pick-up Fee (per Transaction)	\$1.72

RAC Courtesy Vehicles

Admin Fee (per Year)	\$25.00
Vehicle Fee (per Year)	\$250.00
RAC Fee (per Transaction)	\$14.59

Parking Lot Courtesy Vehicles

Admin Fee (per Year)	\$25.00
Vehicle Fee (per Year)	\$250.00
Off-airport Parking	10%

FedEx Fueling (Quick Fleet Fuel)		
	Admin Fee (per Year)	\$25.00
	Vehicle Fee (per Year)	\$250.00
	Fuel Fee (per Gallon)	\$0.0813
Off-airport catering service		
	Admin Fee (per Year)	\$25.00
	Vehicle Fee (per Year)	\$250.00
	% of Billings	8%
One time service		
	Admin Fee (per Year)	\$50.00
	Vehicle Fee (per Year)	\$50.00
	N/A	\$0.00

Non-Tenant Airport Use Agreements for No-Lease Operators

Ground Handlers:

DGS for Delta	% of Billings	3%
DGS for United Express	% of Billings	3%
Trego/Dugan	% of Billings	3%
American Eagle for United Express	% of Billings	3%
GAT Enterprises	% of Billings	3%
Jet Star Aviation	% of Billings	3%
Majestic Terminal Services (also pays \$2,161 per month starting 3/11/11)	% of Billings	3%
G2 Secure Staff, LLC (also pays \$247 per month starting 3/1/11)	% of Billings	3%

Prime flight	% of Billings	3%
Harold Hendricks Cleaning Co	% of Billings	3%

Non-Tenant Airport Use Agreements for Small Business Non-Lease Operators

Reddy Ice	< \$5,000 (Flat Fee)	\$150.00
	> \$5,000 (% of Billings)	3%
Fly and Shine - Gorilla Detailing DBA Precision Detailing	% of Billings	6%
Best Buy Zooms Systems	% of Billings	7%
Benefit Cosmetics Kiosk Zoom Systems	% of Billings	7%
Massage Chairs (IVS)	% of Billings	50%
Foot Massages (Mark Ebert)	% of Billings	17%
Tricopian LLC/Fuel-Rod & Saveme Batteries	% of Billings	10%

Labor Rate

Maintenance Department Rate (per Hour)	\$61.84
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Shared Tenant Services Rates

IT Labor Rate (per Hour)	Labor Rate(per Month)	\$125.00
Premise Distribution System (PDS)		

	Fiber up to 3,000 ft. (per Strand) (per Month)	\$25.00
	Spare Category 6 Copper Cable 0 - 100 meters (per Month)	\$6.00
Phone		
	Phone PDS Fee, if GSP System is not installed (per Month)	\$40.00
	Voice Extension with DID (includes voicemail) (per Month)	\$50.00
	Analog FAX/Modem Extension with DID	\$50.00
	Extra phone Extension	\$15.00
	Long Distance (US & Canada) Included	
Phone Equipment		
	Telephone ShoreTel IP230G (Standard 3 line Telephone) (per Month)	\$10.00
	Telephone ShoreTel IP655 (High end 6 line Telephone) (per Month)	\$20.00
Data		
	Data PDS, if GSP data is not used (per Month)	\$40.00
	Dedicated Internet Bandwidth (1 Mb) (per Month)	\$50.00
	Dedicated Internet Bandwidth (1.5 Mb) (per Month)	\$75.00
	Dedicated Internet Bandwidth (3Mb) (per Month)	\$125.00
	Dedicated Internet Bandwidth (6Mb) (per Month)	\$200.00
	Dedicated Internet Bandwidth (10Mb) (per Month)	\$300.00
	Dedicated Internet Bandwidth (20Mb) (per Month)	\$400.00
	Dedicated Internet Bandwidth (30Mb) (per Month)	\$450.00
	Dedicated Internet Bandwidth (40Mb) (per Month)	\$500.00
	Dedicated Internet Bandwidth (50Mb) (per Month)	\$600.00

Conference Center Rental Rates

1 Section (Rental)		
	(per Hour)	\$50.00
	Maximum (per Day)	\$300.00
	Clean-up	\$50.00
2 Sections (Rental)		

	(per Hour)	\$75.00
	Maximum (per Day)	\$450.00
	Clean-up	\$75.00
3 Sections (Full Center) (Rental)		
	(per Hour)	\$100.00
	Maximum (per Day)	\$600.00
	Clean-up	\$100.00

Aviation Services Fees

Commercial Aviation Fuel Farm Thru-put Fee

per Gallon \$0.0300

Based Operator Into-plane Fees (ITP)

(Fees will be managed to maintain fuel pricing competitive with similar size airports in our region and/or fuel providers in our region with similar levels of service)

per Gallon \$0.05 - \$0.250

Non-Tenant Operator Into-plane Fees (ITP)

(Fees will be managed to maintain fuel pricing competitive with similar size airports in our region and/or fuel providers in our region with similar levels of service)

per Gallon \$0.15 - \$1.25

Landing Fee

per 1,000 lbs. \$1.66

Ramp Parking Fees

(Fees are charged for aircraft parking on the ramp for active ground service [less than 4 hrs.]

per Turn \$10.00 - \$500.00

Remain Over Night (RON) Parking Fees

(Fees are charged for aircraft parking on the ramp overnight)

per Night \$50.00 - \$1,000.00

Passenger Aircraft Handling Fees

(Fees are charged for passenger and cargo services related to private and public passenger charters)

per Turn \$500.00 - \$5,000.00

Cargo Aircraft Handling Fees

(Fees are charged for services related to all cargo charters)

per Turn \$250.00 - \$5,000.00

General Aviation Fuel

Fuel Flowage Fee (per Gallon)	\$0.0813
Fuel Farm Thru-put Fee (per Gallon)	\$0.0300

Transient Retail Jet A Discount Rate

per Gallon \$0.10 - \$1.20

Transient Retail 100LL Discount Rate

per Gallon \$0.10 - \$0.50

Transient Contract Fuel Into-Plane Fee

per Gallon \$1.30 - \$3.00

GSP Based Customers Jet A Fuel Fee

per Gallon \$0.75 - \$2.00

Corporate Aviation Association (CAA) Jet Fuel Discount Rate

per Gallon \$0.25 - \$1.30

General Aviation Facility Fees (Fees are charged for aircraft that do not uplift the required minimum gallons of fuel)	\$10.00 - \$1,000.00
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Remain Over Night (RON) Parking Fees (Fees are charged for aircraft parking on the ramp overnight)	\$5.00 - \$250.00
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Overnight Hangar Fees (Fees are charged for aircraft parking inside a hangar overnight)	\$50.00 - \$800.00
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Bulk Storage Rates (before renovation)

Small Piston (per square foot)	\$4.25 - \$6.00
Turboprop or Light Jet (per square foot)	\$5.25 - \$7.00
Medium Jet (per square foot)	\$6.00 - \$8.00
Heavy Jet (per square foot)	\$6.50 - \$9.00
Office Space (per square foot)	\$6.50 - \$7.00
Shop Space (per square foot)	\$3.50 - \$4.00

Post Renovation Bulk Hangar Storage Rates (per square foot)

Non-Exclusive Hangar Deck Space (per square foot)	\$6.50 - \$8.00
Exclusive (Dedicated) Bulk Hangar Deck Space (per square foot)	\$7.50 - \$9.00
Office Space (per square foot)	\$10.00 - \$11.00
Shop Space (per square foot)	\$4.75 - \$6.00

GLOSSARY OF TERMS AND ABBREVIATIONS

Accrual Basis - Basis of accounting which attempts to record financial transactions in the period they actually occur rather than the period paid or received.

AIP - The Airport Improvement Program (AIP) provides grants to public agencies — and, in some cases, to private owners and entities -- for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS).

Aircraft Operation - Considered either a landing or take-off of an aircraft.

Airfield Operations Area (AOA) - Generally considered the restricted area within the security fence surrounding an airport which is reserved for aircraft and related operations. This includes the landing area and ramp area, and other facilities supporting the activity of military, general aviation and commercial aircraft.

"Airfield Area Credits" are those reimbursements and credits as are allocated and applied against the Airfield Area Operating Requirement for any Fiscal Year in calculating the Net Airfield Area Operating Requirement in the calculation of the Landing Fee Rate under this Policy, as illustrated on Table 8LF of Attachment B of this Policy.

"Airlines" are each Airline providing regularly scheduled passenger service to and from the Airport and using the Airport Terminal Building to enplane and deplane passengers.

Airfield Revenues - Also known as "Landing Area" revenues which include landing fees, aircraft parking/ramp fees, FBO 3% fees, and flowage fees.

"Airlines' Revenue Landed Weight" is for the applicable Fiscal Year the sum of the products determined by multiplying each Revenue Aircraft Arrival by each of the Airlines by the applicable Certified Maximum Gross Landed Weight of the aircraft making said Revenue Aircraft Arrival.

Airline Use Permit (Agreement) - An agreement with one or more airlines setting forth the rights of the airlines for their use of the airport and the rates and charges they will pay.

Airline Revenues - Landing fee revenues, loading bridge revenues, apron fees, and terminal rental revenues.

Greenville-Spartanburg Airport District 2019 Operating Budget

"Airport Operating Requirement" under this Policy, for any Fiscal Year, is comprised of all the following: (1) Operation and Maintenance Expenses; (2) Depreciation; (3) Amortization; (4) Debt Service; (5) coverage required on any Bonds; (6) fund deposits required under any Bond Ordinance; (7) the net amount of any judgment or settlement arising out of or as a result of the ownership, operation or maintenance of the Airport payable by the District during any Fiscal Year. This amount would include, but not be limited to, the amount of any such judgment or settlement arising out of or as a result of any claim, action, proceeding or suit alleging a taking of property or an interest in property without just or adequate compensation, trespass, nuisance, property damage, personal injury or any other claim, action, proceeding or suit based upon or relative to the environmental impact resulting from the use of the Airport for the landing and taking off of aircraft; (8) any and all other sums, amounts, charges or requirements of the Airport to be recovered, charged, set aside, expensed or accounted for during any Fiscal Year under this Policy, or the District's accounting system.

Airport Revenue Bonds - Bonds payable from Airport revenues which do not pledge the full faith and credit of the issuer.

Airport Security Plan (ASP) – A federal requirement for security at the Airport.

"Amortization" is the amount determined by dividing the net cost of each Airport non-depreciating asset by an imputed estimated life for the asset as determined by the District.

"Apron Charge" is that charge calculated to recoup Materials, Labor, Utilities, and any and all other costs used to maintain the Aprons. The total is divided by the 13 gates to arrive at an apron cost per gate which is then included in the "Per-Turn" calculation.

Apron - A section of the ramp area closest to the terminal building used for parking of aircraft and support vehicles used for loading and unloading of aircraft.

ARFF - Airport Rescue and Fire Fighting, the on-airport unit responsible for airfield emergencies and firefighting.

Automated External Defibrillation (AED) - A portable automatic device used to restore normal heart rhythm to people who are in cardiac arrest.

"Bond Ordinance" under this Policy is any ordinance, resolution or indenture authorizing the issuance of Bonds for or on behalf of the Airport or District, including all amendments and supplements to such ordinances, resolutions and indentures.

"Bonds" are all debt obligations issued for or on behalf of the Airport or the District subsequent to July 1, 2000.

Greenville-Spartanburg Airport District 2019 Operating Budget

Cargo - Anything other than passengers, carried for hire, including both mail and freight.

Capital Improvement Program (CIP) - A five year program for regularly undertaking improvements to maintain or revitalize the infrastructure and facilities of the airport. The program serves as a basis for determining funding requirements and other operational planning decisions.

COLA - Cost of living adjustment

Concessionaire - A person or company having a lease, contract or operating permit arrangement with the District entitling them to do business on the airport.

Concession Revenue - One of seven operating revenue categories which include advertising, food & beverage, pay phone, rental car, retail, and tele-trip insurance.

Cost Centers - Functional areas or activities of the Airport grouped together for the purpose of accounting for expenses.

Cost Per Enplanement (CPE) - A unit of measurement used to present the airlines' cost of each enplaned passenger. The total airline revenues paid to the airport are divided by the number of passenger enplanements to calculate the cost per enplanement.

Debt Service - The amount required for the accrual and payment of principal, interest, and premiums, if any, and other fees and amounts associated with all series of Bonds and Indebtedness, as set forth in any Resolution(s) or other financing documents(s) of the District.

Debt Service Coverage - An amount equal to Airport Net Revenues divided by Net Debt Service, which are typically expressed as a ratio. The Airport's master bond covenants require a debt service coverage ratio of 1.25.

Debt Service Reserve Fund - Any fund(s) established by the District for monies necessary to satisfy any Debt Service Reserve Requirement established in any Resolution(s) or other financing document(s) of the District generally equal to the highest annual amount due in any of the remaining years of the debt issue.

Debt Service Reserve Requirement - Requirement, if any, for the Debt Service.

Deplanement - A passenger departing an aircraft at the Airport.

"Depreciation" is the amount which is the net cost of any Airport asset, except a non-depreciating asset, divided by its estimated useful life as determined by the District.

Greenville-Spartanburg Airport District 2019 Operating Budget

Disadvantaged Business Enterprise Program (DBE) – Program required by Congress as a condition of receiving federal funds.

Enplanement - A paid passenger boarding an aircraft at the Airport.

Federal Aviation Administration (FAA) - The government agency responsible for air safety and operation of the air traffic control system.

FAA Regulation 139 - This regulation establishes the requirement for airports servicing scheduled air carrier operations in aircraft with 10–30 seats and provides airport certification status, class and ARFF Index to assist air carriers.

FAA Regulation Part 150 - This regulation establishes a uniform nationwide system of describing aircraft noise and noise exposure on different communities, describes land- use compatibility for the guidance of local communities, and provides technical assistance to airport operators and other governmental agencies to prepare and execute noise compatibility planning.

Federal Inspection Station Facility (FIS) - The facility used as the Federal Inspection Station for United States Customs and Immigration.

"Fiscal Year" is July 1st of any calendar year through June 30th of the next succeeding calendar year, or such other fiscal year as District may subsequently adopt for the Airport.

Fixed Base Operator (FBO) - A fixed based operator provides aircraft fueling, deicing and maintenance for the general aviation customers.

FBO Revenue - One of four landing area revenue categories which include the Airport's share of sale of fuel for aircrafts, landing fees for the general aviation population, deicing of aircrafts, and other miscellaneous fees for the general aviation population.

Fuel Farm - Operated by the FBO and used to store fuel for the airlines and retail general aviation sales.

GAAP - General Accepted Accounting Principles are uniform minimum standards and guidelines for accounting and financial statement reporting.

GASB - Governmental Accounting Standards Board, the body responsible for establishing GAAP for governmental entities, of which the District is one.

"Grants-in-Aid" are the grant funds from the Federal Airport Improvement Program (AIP), any successor Federal program to AIP, the funds from the State of South Carolina Department of

Greenville-Spartanburg Airport District 2019 Operating Budget

Transportation made available to District to be used for Airport capital projects, and funds from any other essentially similar capital funding programs made available to the District to be used for Airport capital projects.

Ground Transportation Revenues - One of seven operating revenue categories which includes access fees from limousines, hotels/motels, taxis, and off airport parking facilities.

Incident Command System (ICS) - A federally recognized program to deal with emergencies.

Into-plane Fees – Revenue generated based on fuel pumped for the commercial airlines.

Landing Fee Revenues - Revenues collected from commercial aircraft landings.

LIBOR – A benchmark interest rate upon which many transactions are based. Obligations of parties to such transactions are typically expressed as a spread to LIBOR. The term is an acronym for “London Inter-Bank Offered Rate.”

Loading Bridge - Equipment used to board and deplane passengers between the terminal building and the aircraft, which are also known as “jetways”.

Maximum Gross Landed Weight (MGLW) - Actual gross weight of a particular plane. The weights for all aircraft are published by the FAA.

NATA Safety Management System (SMS) - SMS is a systematic, comprehensive program for the management of safety risks. The program integrates operations and technical systems with financial and human resource management for all activities related to aircraft ground operations.

National Air Transportation Association (NATA) - Organization that promotes safety and the success of aviation service businesses through its advocacy efforts before government, the media and the public as well as providing valuable programs and forums to further its members prosperity.

National Plan of Integrated Airport Systems (NPIAS) - The National Plan of Integrated Airport Systems (NPIAS) identifies nearly 3,400 existing and proposed airports that are significant to national air transportation and thus eligible to receive Federal grants under the Airport Improvement Program (AIP). It also includes estimates of the amount of AIP money needed to fund infrastructure development projects that will bring these airports up to current design standards and add capacity to congested airports. The FAA is required to provide Congress with a 5-year estimate of AIP eligible development every 2 years.

Greenville-Spartanburg Airport District 2019 Operating Budget

Non-Capital Equipment - Equipment, under \$10,000, not covered under the Capital Improvement Program, included within the operating budget.

Operating Expenses – Controllable expenses broken down into the following ten (10) categories:

1. Salaries & Benefits
2. Professional Services
3. Promotional Activities
4. Administrative
5. Insurance
6. Contractual Services
7. Rentals & leases
8. Repairs & Maintenance
9. Supplies & Equipment
10. Utilities

Operating Revenue - Revenues which are generated from the daily operations of the airport which includes the revenues from the following seven (7) categories:

1. Landing Area,
2. Space & Ground Rentals,
3. Auto Parking,
4. Commercial Ground Transportation,
5. Concessions,
6. Expense Reimbursements, and
7. Other Income categories.

PAF– Public Airfield

Passenger Facility Charges (PFC) - Pursuant to 14 CFR 158 ("Part 158"), airport sponsors may apply to the FAA for authorization to impose a fee on every enplaning revenue passenger ("Passenger Facility Charge" or "PFC") at the sponsored airport and to use the revenues derived from any such PFC to pay the allowable costs of PFC eligible airport investments/improvement projects. The level of PFC which may be charged can vary from \$1.00, \$2.00, \$3.00, or \$4.50 depending upon the authorization requested by the sponsor and approved by the FAA.

"Passenger Loading Bridges (PLBs)" means the mechanical covered walkways leading from the Hold rooms at the Airport Terminal Building to aircraft parking positions on the Terminal Apron.

"Passenger-Related Security Fee" are those LEO (Law Enforcement Officer) related fees allocated to the Airlines, net of TSA reimbursements, which are included as a component of the "Per-Turn" calculation.

Greenville-Spartanburg Airport District 2019 Operating Budget

"Per-Turn", also known as (aka) a "Apron-Turn" generally means an arrival and the related departure at the Terminal Building by an aircraft using the Terminal Apron. Per-Turns can be segregated into the following types:

- "Full-Turn" – an arrival and a departure, both with passengers, fully costed out
- "Modified Full-Turn" – same as a "Full-Turn", but excluding use of ticket counters and ticket ques, which are directly charged to the Airline
- "Gate Only" Per-Turn – a per-turn rate costed out gate & apron use elements only
- "Departure Turn" aka "Ferry In, Live Out" aka "Outbound Turn" – a per-turn rate costed out for deplaning charters
- "Arrival Turn" aka "Live In, Ferry Out" aka "Inbound Turn" – a per-turn rate costed out for arriving charters

RAC – Rental Car

Revenue Per Enplanement (RPE) - A unit of measurement calculated by taking certain airport revenues divided by the number of enplanements.

Salaries & Benefits - One of the main expense categories which includes all wages, salaries and benefits.

Supplies and Equipment Expense - One of the main expense categories which include materials and supplies purchased for airfield, ARFF, FBO, buildings, grounds, and vehicles and equipment.

TIP - Terminal Improvement Program, the long range plan for improving, renovating, and modernizing the Airport passenger terminal.

Transportation Security Agency (TSA) – The Department of Homeland Security responsible for protecting the Nation's transportation systems (including airports) to ensure freedom of movement for people and commerce.



MEMORANDUM

TO: Members of the Airport Commission

FROM: David Edwards, President/CEO

DATE: May 14, 2018

ITEM DESCRIPTION – Information Section Item A

March 2018 - Traffic Report

SUMMARY

For March 2018, passenger traffic was strong with an **8.1%** increase over the same month in 2017. Cargo numbers for March 2018 were up **41.9%** for the same period. Passenger load factors were strong at an average of **84.4%**.

A comparison of the North America National Passenger Traffic Growth Averages for 2018 to GSP's Passenger Traffic Growth is depicted below:

Month	2018		
	GSP	National Average	Difference
Jan	6.80%	3.10%	3.70%
Feb	8.00%	5.10%	2.90%
Mar	8.10%	Data Not Available to Date	
April			
May			
June			
July			
August			
September			
October			
November			
December			
Average	7.63%	4.10%	3.30%



Attached are copies of the detailed traffic report for March 2018.

Providing a look forward into the service levels for June 2018 is a schedule comparison for the month vs the same month last year, including flights and seats by airline and non-stop markets served. GSP flights are down slightly at minus 0.6%, and seats are up at 3.9%.

Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from GSP to for travel June 2018 vs. June 2017

<i>All flights, seats, and ASMs given are per week.</i>											
Travel Period				Jun 2018		Jun 2017		Diff		Percent Diff	
Mkt AI	Orig	Dest	Miles	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	GSP	CLT	76	53	3,521	55	3,231	(2)	290	(3.6%)	9.0%
AA	GSP	DCA	396	18	978	13	871	5	107	38.5%	12.3%
AA	GSP	DFW	862	14	2,240	21	1,596	(7)	644	(33.3%)	40.4%
AA	GSP	ORD	577	20	1,120	0	0	20	1,120		
AA	GSP	PHL	514	20	1,260	26	1,300	(6)	(40)	(23.1%)	(3.1%)
DL	GSP	ATL	153	54	6,519	53	6,563	1	(44)	1.9%	(0.7%)
DL	GSP	DTW	508	20	1,756	25	1,473	(5)	283	(20.0%)	19.2%
DL	GSP	LGA	610	7	532	11	746	(4)	(214)	(36.4%)	(28.7%)
G4	GSP	FLL	620	3	531	5	885	(2)	(354)	(40.0%)	(40.0%)
G4	GSP	PGD	550	0	0	2	354	(2)	(354)	(100.0%)	(100.0%)
G4	GSP	PIE	482	3	510	3	531	0	(21)	0.0%	(4.0%)
G4	GSP	SFB	426	3	531	4	675	(1)	(144)	(25.0%)	(21.3%)
UA	GSP	EWR	594	20	1,000	20	1,000	0	0	0.0%	0.0%
UA	GSP	IAD	383	22	1,120	20	1,060	2	60	10.0%	5.7%
UA	GSP	IAH	838	14	840	10	500	4	340	40.0%	68.0%
UA	GSP	ORD	577	21	1,050	26	1,730	(5)	(680)	(19.2%)	(39.3%)
WN	GSP	ATL	153	20	2,860	20	2,860	0	0	0.0%	0.0%
			TOTAL	312	26,368	314	25,375	(2)	993	(0.6%)	3.9%

Monthly Traffic Report

Greenville-Spartanburg International Airport

March 2018



Category	Mar 2018	Mar 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change	*MOV12-2018	*MOV12-2017	Percentage Change
Passenger Traffic									
Enplaned	90,110	83,202	8.3%	240,768	222,561	8.2%	1,092,715	1,014,412	7.7%
Deplaned	<u>89,787</u>	<u>83,251</u>	7.9%	<u>238,907</u>	<u>223,035</u>	7.1%	<u>1,072,249</u>	<u>999,785</u>	7.2%
Total	179,897	166,453	8.1%	479,675	445,596	7.6%	2,164,964	2,014,197	7.5%
Cargo Traffic (Pounds)									
Express and Mail									
Enplaned	930,372	1,070,984	-13.1%	2,660,807	2,742,272	-3.0%	12,240,386	12,068,449	1.4%
Deplaned	<u>927,611</u>	<u>900,428</u>	3.0%	<u>2,793,198</u>	<u>2,270,132</u>	23.0%	<u>12,051,740</u>	<u>9,947,392</u>	21.2%
Subtotal	1,857,983	1,971,412	-5.8%	5,454,005	5,012,404	8.8%	24,292,126	22,015,841	10.3%
Freight									
Enplaned	3,288,838	2,368,522	38.9%	7,744,041	6,549,357	18.2%	32,424,663	23,412,922	38.5%
Deplaned	<u>6,168,591</u>	<u>3,636,101</u>	69.6%	<u>14,853,888</u>	<u>9,468,777</u>	56.9%	<u>49,095,701</u>	<u>28,787,876</u>	70.5%
Subtotal	9,457,429	6,004,623	57.5%	22,597,929	16,018,134	41.1%	81,520,364	52,200,798	56.2%
Total	11,315,412	7,976,035	41.9%	28,051,934	21,030,538	33.4%	105,812,717	74,217,389	42.6%

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Monthly Traffic Report

Greenville-Spartanburg International Airport

March 2018



Category	Mar 2018	Mar 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change	*MOV12-2018	*MOV12-2017	Percentage Change
Aircraft Operations									
Airlines	1,659	1,759	-5.7%	5,069	4,766	6.4%	21,409	18,586	15.2%
Commuter /Air Taxi	<u>1,299</u>	<u>1,050</u>	23.7%	3,263	2,901	12.5%	14,426	15,503	-6.9%
Subtotal	<u>2,958</u>	<u>2,809</u>	5.3%	<u>8,332</u>	<u>7,667</u>	8.7%	<u>35,835</u>	<u>34,089</u>	5.1%
General Aviation	703	763	-7.9%	2,028	1,998	1.5%	8,428	8,495	-0.8%
Military	<u>194</u>	<u>192</u>	1.0%	<u>525</u>	<u>586</u>	-10.4%	<u>1,920</u>	<u>2,130</u>	-9.9%
Subtotal	<u>897</u>	<u>955</u>	-6.1%	<u>2,553</u>	<u>2,584</u>	-1.2%	<u>10,348</u>	<u>10,625</u>	-2.6%
Total	3,855	3,764	2.4%	10,885	10,251	6.2%	46,183	44,714	3.3%
Fuel Gallons									
100LL	3,515	3,188	10.3%	6,898	7,519	-8.3%	36,344	31,169	16.6%
Jet A (GA)	91,818	101,081	-9.2%	254,052	238,833	6.4%	1,051,438	771,361	36.3%
Subtotal	<u>95,333</u>	<u>104,269</u>	-8.6%	<u>260,950</u>	<u>246,352</u>	5.9%	<u>1,087,782</u>	<u>802,530</u>	35.5%
Jet A (A/L)	<u>1,359,494</u>	<u>910,262</u>	49.4%	<u>3,699,803</u>	<u>2,470,045</u>	49.8%	<u>13,879,438</u>	<u>9,892,757</u>	40.3%
Total	1,454,827	1,014,531	43.4%	3,960,753	2,716,397	45.8%	14,967,220	10,695,287	39.9%

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Scheduled Airline Enplanements, Seats, and Load Factors

Greenville-Spartanburg International Airport



March 2018

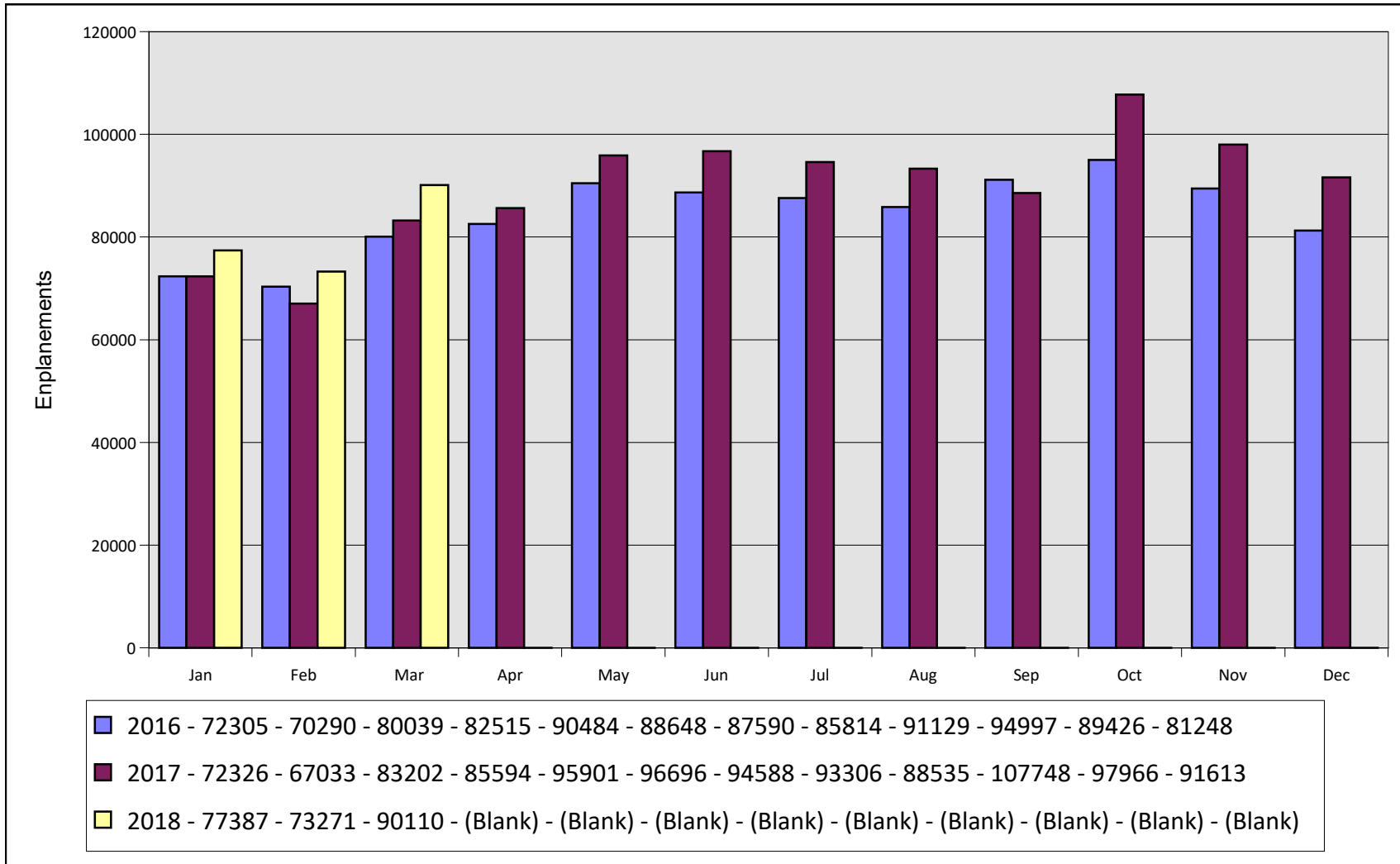
	Mar 2018	Mar 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change
Allegiant Air						
Enplanements	4,630	4,711	-1.7%	12,269	14,103	-13.0%
Seats	5,598	6,018	-7.0%	15,738	18,390	-14.4%
Load Factor	82.7%	78.3%	5.7%	78.0%	76.7%	1.7%
American Airlines						
Enplanements	29,348	25,959	13.1%	79,743	68,580	16.3%
Seats	35,854	31,421	14.1%	106,547	87,196	22.2%
Load Factor	81.9%	82.6%	-0.9%	74.8%	78.7%	-4.8%
Delta Air Lines						
Enplanements	33,752	32,286	4.5%	89,787	87,899	2.1%
Seats	38,354	37,105	3.4%	108,025	104,403	3.5%
Load Factor	88.0%	87.0%	1.1%	83.1%	84.2%	-1.3%
Southwest Airlines						
Enplanements	9,688	9,054	7.0%	24,248	23,161	4.7%
Seats	12,584	12,601	-0.1%	36,322	36,795	-1.3%
Load Factor	77.0%	71.9%	7.1%	66.8%	62.9%	6.1%

Tuesday, April 17, 2018

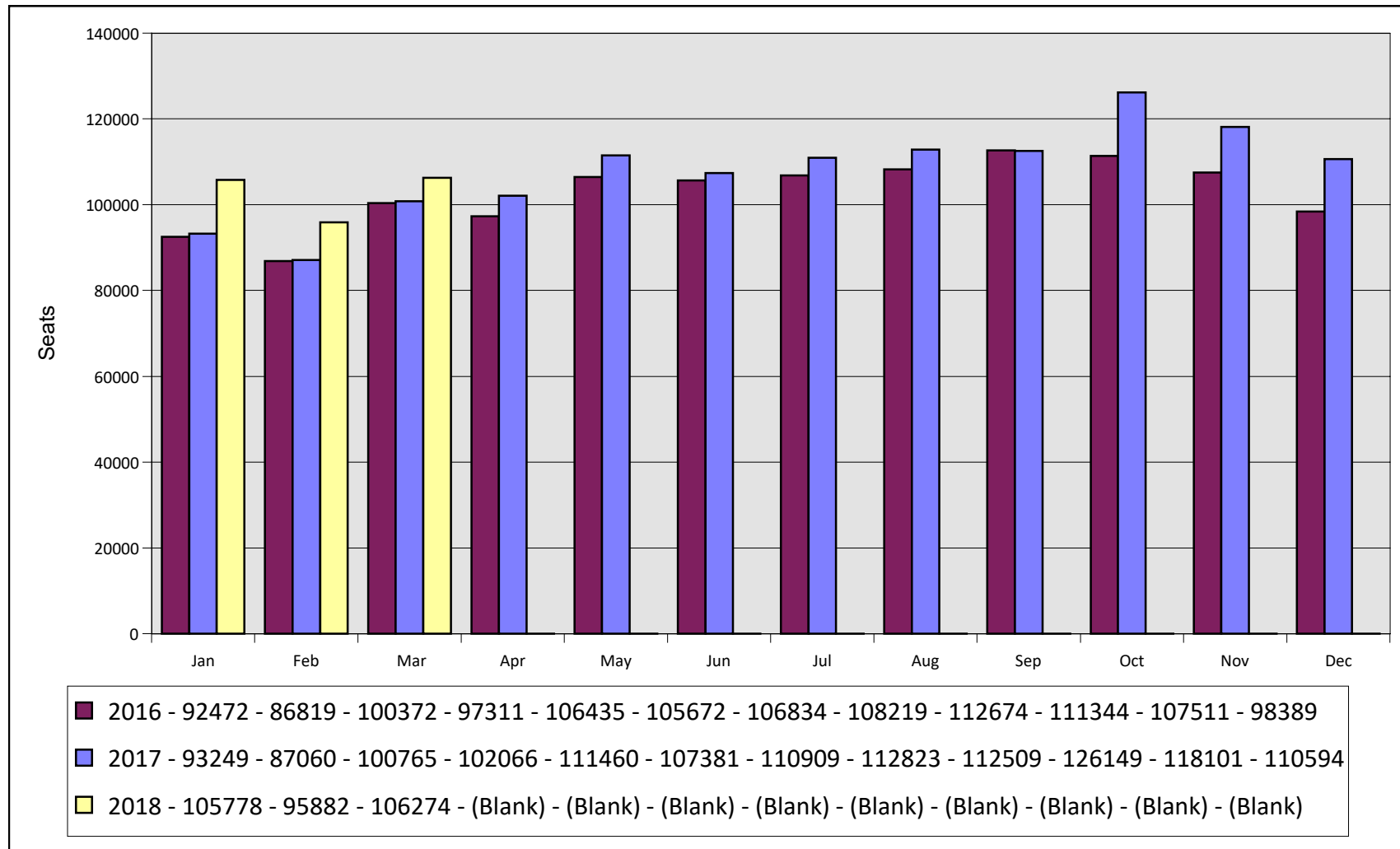
*CTYD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

	Mar 2018	Mar 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change
United Airlines						
Enplanements	12,268	10,745	14.2%	33,594	28,061	19.7%
Seats	13,884	13,620	1.9%	41,302	34,290	20.4%
Load Factor	88.4%	78.9%	12.0%	81.3%	81.8%	-0.6%
Totals						
Enplanements	89,686	82,755	8.4%	239,641	221,804	8.0%
Seats	106,274	100,765	5.5%	307,934	281,074	9.6%
Load Factor	84.4%	82.1%	2.8%	77.8%	78.9%	-1.4%

Monthly Enplanements By Year Greenville-Spartanburg International Airport

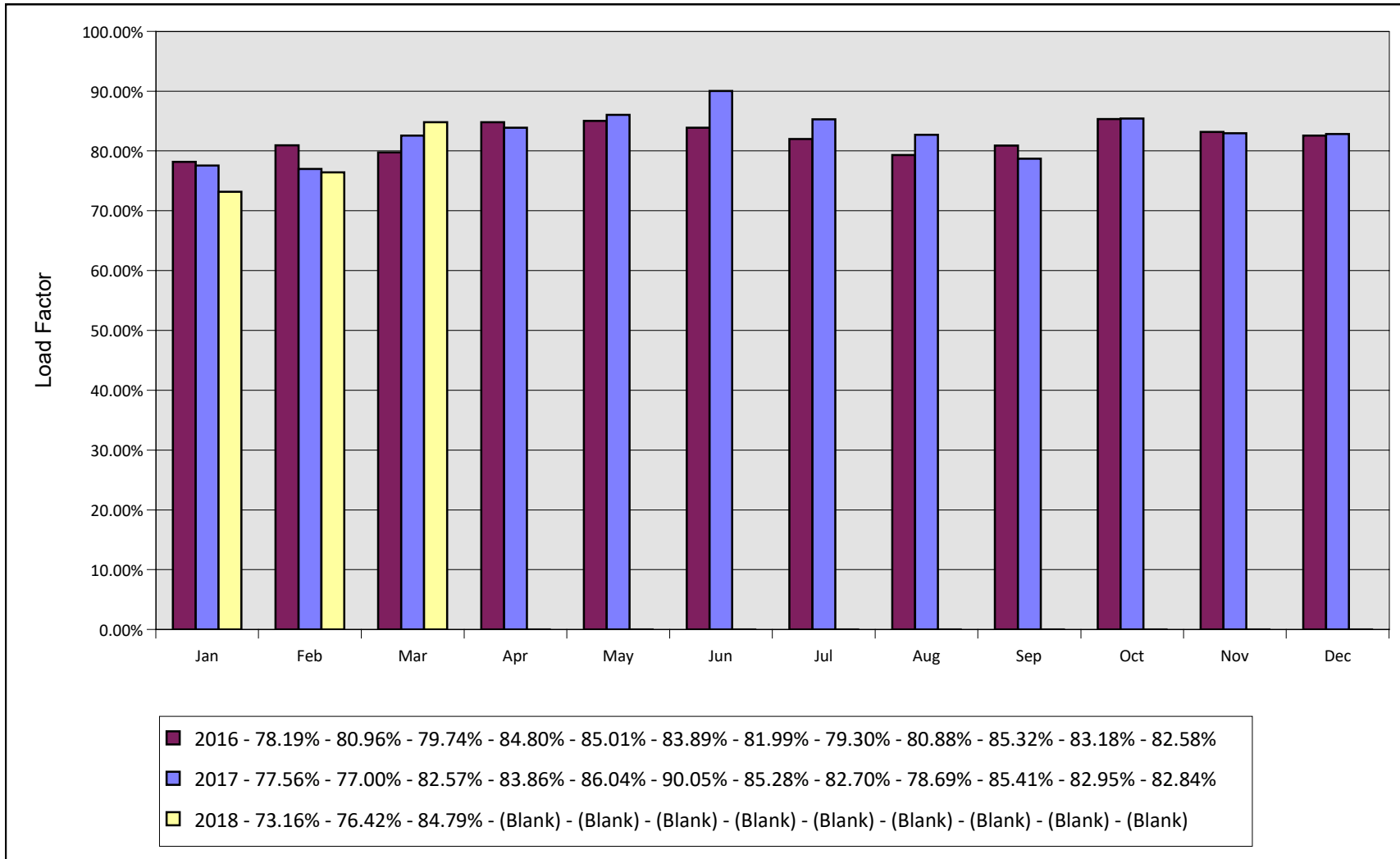


Monthly Seats By Year Greenville-Spartanburg International Airport

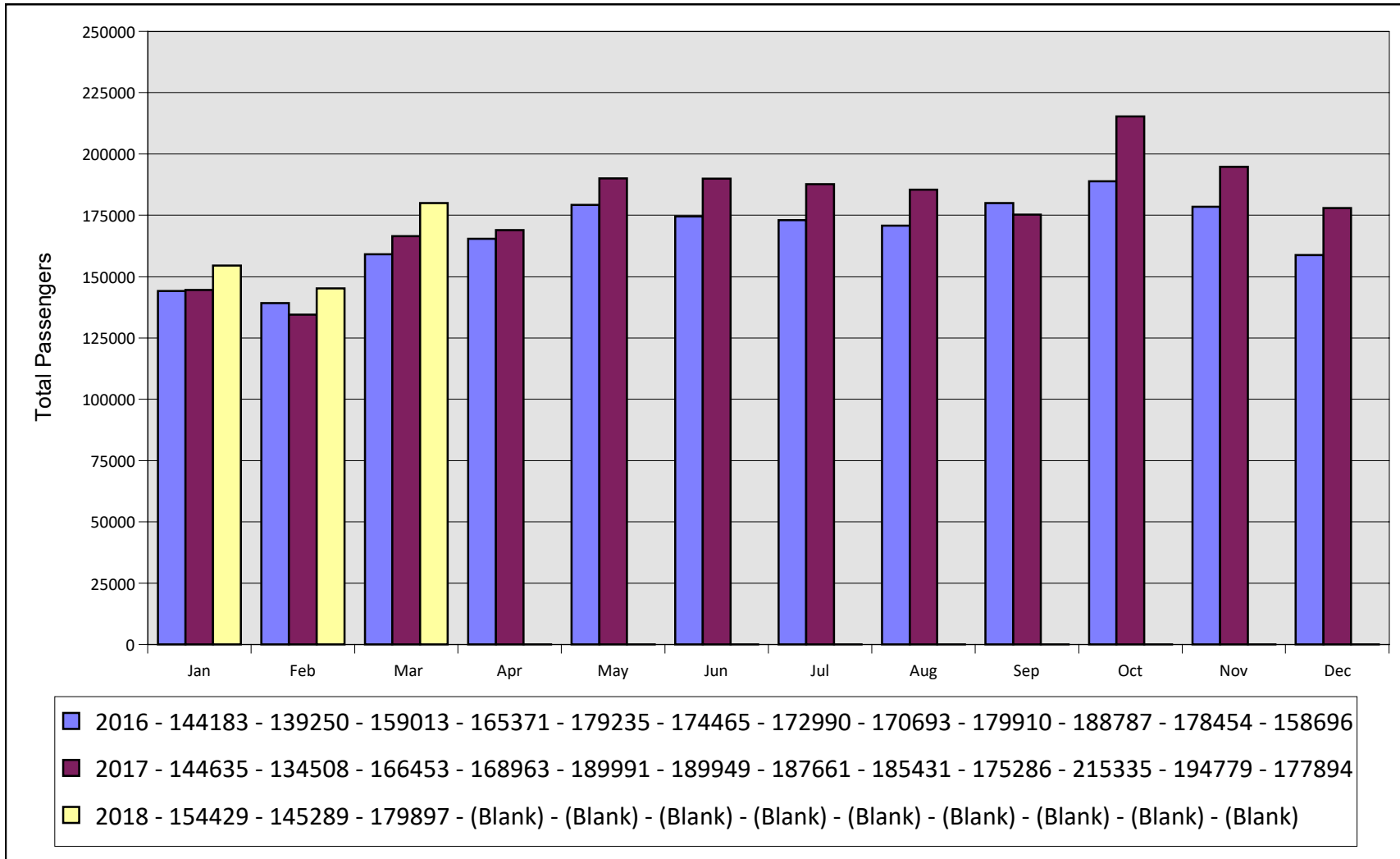


Monthly Load Factors By Year

Greenville-Spartanburg International Airport

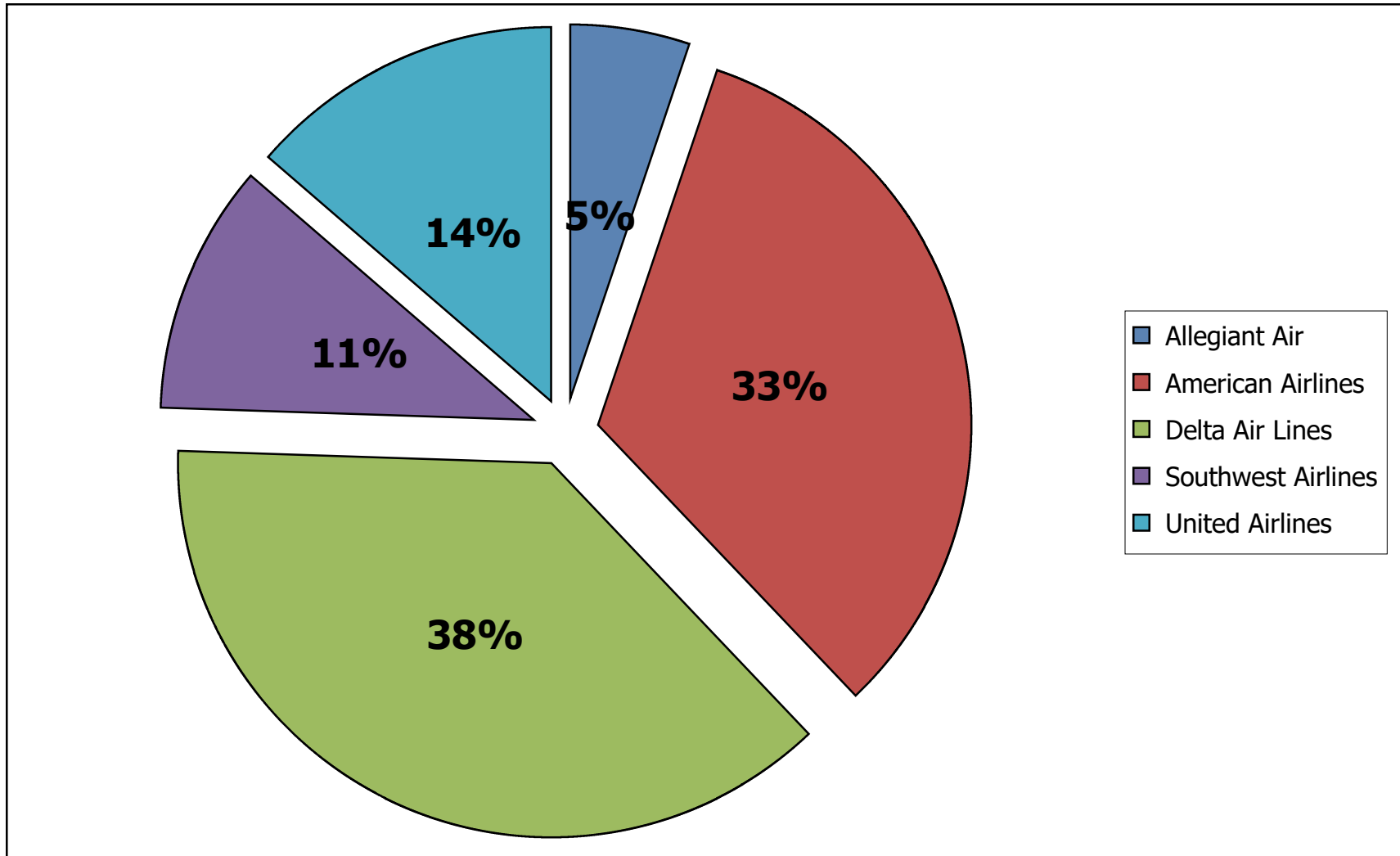


Total Monthly Passengers By Year Greenville-Spartanburg International Airport



Scheduled Airline Market Shares (Enplanements) Greenville-Spartanburg International Airport

Report Period From March 2018 Through March 2018



Airline Flight Completions Greenville-Spartanburg International Airport

March 2018



Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Aeronaves TSM	5	0	0	0	0	0	100.0%
Air 1st Aviation Companies	1	0	0	0	0	0	100.0%
Air Atlanta Icelandic	16	0	0	0	0	0	100.0%
AirNet II	1	0	0	0	0	0	100.0%
Allegiant Air	31	0	0	0	0	0	103.2%
Alliance Air Charter	3	0	0	0	0	0	100.0%
American Airlines	543	0	10	11	0	21	96.1%

Tuesday, April 17, 2018

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Amerijet Int'l	6	0	0	0	0	0	100.0%
Ameristar Jet Charter	13	0	0	0	0	0	100.0%
ASL Aviation Holdings	5	0	0	0	0	0	100.0%
B+F Aviation	5	0	0	0	0	0	100.0%
Berry Aviation	10	0	0	0	0	0	100.0%
Black Kristine	2	0	0	0	0	0	100.0%
Castle Aviation	1	0	0	0	0	0	100.0%
Delta Air Lines	348	0	0	4	0	4	98.9%
Everts Air Fuel	5	0	0	0	0	0	100.0%

Tuesday, April 17, 2018

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Federal Express	42	0	0	0	0	0	100.0%
Fenix Aviation	2	0	0	0	0	0	100.0%
Freight Runners Express	4	0	0	0	0	0	100.0%
Go Fast LLC	2	0	0	0	0	0	100.0%
GTA Air	2	0	0	0	0	0	100.0%
IFL Group	6	0	0	0	0	0	100.0%
Island Sea Carrier	2	0	0	0	0	0	100.0%
John E Slegers	2	0	0	0	0	0	100.0%
Kalitta Charters II	10	0	0	0	0	0	100.0%

Tuesday, April 17, 2018

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Kolo Canyons Air Service	2	0	0	0	0	0	100.0%
McNeely Charter Service	2	0	0	0	0	0	100.0%
MESKO	1	0	0	0	0	0	100.0%
NOR-Cal Air	1	0	0	0	0	0	100.0%
Northern Air Cargo	5	0	0	0	0	0	100.0%
PAK West Airlines/Sierra We	4	0	0	0	0	0	100.0%
Priority Air Cargo	5	0	0	0	0	0	100.0%
Royal Air Freight	26	0	0	0	0	0	100.0%
Sonrise Aviation	4	0	0	0	0	0	100.0%

Tuesday, April 17, 2018

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Southwest Airlines	88	0	0	0	0	0	100.0%
Sun Country Airlines	3	0	0	0	0	0	100.0%
Swift Air, LLC	2	0	0	0	0	0	100.0%
United Airlines	272	0	0	10	0	10	96.3%
UPS	36	0	0	0	0	0	100.0%
USA Jet	12	0	0	0	0	0	100.0%
Xtra Airways	2	0	0	0	0	0	100.0%
Total	1,532	0	10	25	0	35	97.7%

Tuesday, April 17, 2018



MEMORANDUM

TO: Members of the Airport Commission

FROM: Basil Dosunmu, Senior VP of Administration & Finance/CFO

DATE: May 14, 2018

ITEM DESCRIPTION – Information Section Item B

March 2018 - Financial Report

SUMMARY

Attached is a copy of the detailed financial report for March 2018.

Operating Income was up by **2.96%** when compared to the budget for Year-to-Date March 2018. Operating Expenses were down by **10.68%** when compared to the budgeted amount for the period. Net operating income was up by **25.19%** when compared to the budget through March 2018. For the period ending March 2018, which represents nine (9) months of the fiscal year, a total of about **\$13.41 million** has been returned to the bottom line in operating income.

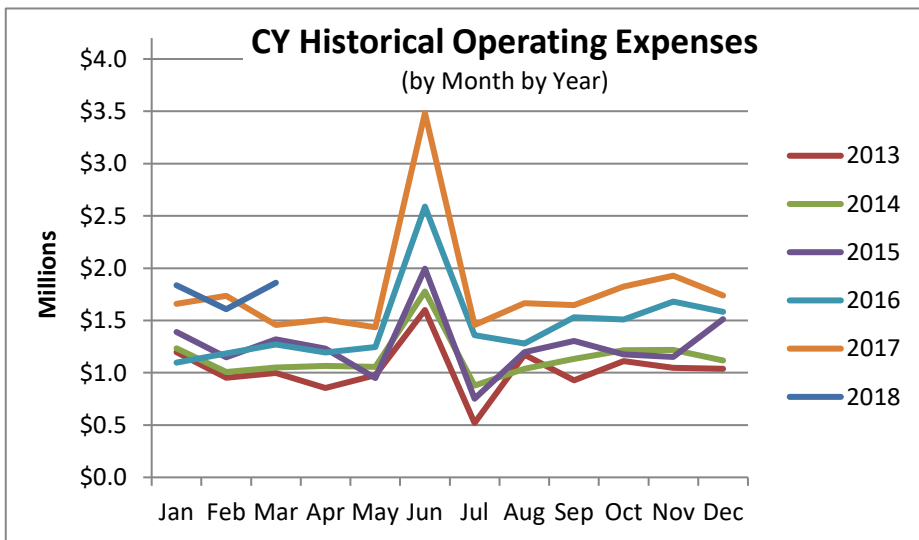
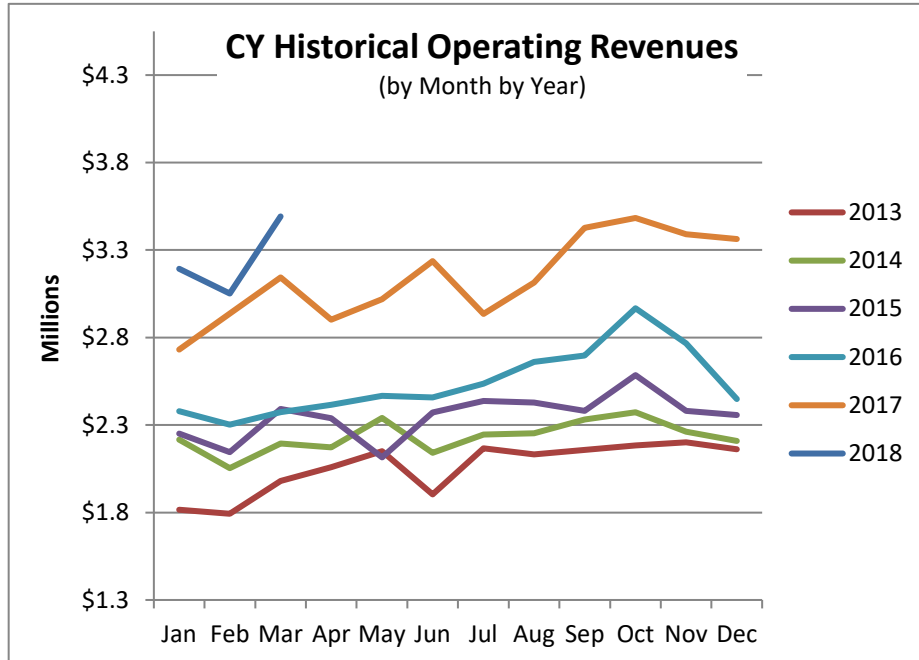
Please recognize that this is a preliminary report, unaudited, and only represents *nine months* of activity resulting in variances from budget which can be quite volatile.

March 31, 2018 FINANCIAL STATEMENT PACKAGE

GREENVILLE SPARTANBURG AIRPORT DISTRICT
STATEMENT OF NET POSITION

	Current Month Current FY <u>3/31/2018</u>	Current Month Prior FY <u>3/31/2017</u>
Assets		
Cash Accounts	10,484,575.20	8,525,026.07
Investments-Airport	9,987,341.65	11,860,363.11
Bond Trustee Assets	356,541.21	288,418.35
Accounts Receivable	128,330.17	659,051.56
Less: Reserve for Doubtful Accts	-	
Net Accounts Receivable	<u>128,330.17</u>	<u>659,051.56</u>
Inventory	421,237.33	31,278.45
Prepaid Insurance	361,246.76	383,486.22
Notes Receivable-RAC District Funds	1,405,665.80	1,644,668.75
Property, Plant & Equipment (PP&E)	392,062,526.98	364,080,951.04
Less: Accumulated Depreciation	(145,670,644.46)	(133,283,654.50)
Net PP&E	<u>246,391,882.52</u>	<u>230,797,296.54</u>
TOTAL ASSETS	<u>269,536,820.64</u>	<u>254,189,589.05</u>
PLUS: Deferred Outflows of Resources		
Deferred Pension	2,329,681.54	972,466.85
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,329,681.54</u>	<u>972,466.85</u>
LESS: Liabilities		
Accounts Payable	1,625,495.45	1,064,728.38
TD Bank LOC	7,194,369.00	2,164,358.00
Revenue Bonds Payable	1,702,860.08	1,993,415.09
SCRS Pension Liability	12,214,294.00	10,446,431.00
Benefit Liability	881,124.04	1,007,238.61
TOTAL LIABILITIES	<u>23,618,142.57</u>	<u>16,676,171.08</u>
LESS: Deferred Inflows of Resources		
Deferred Revenues	1,428,958.80	1,676,935.75
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,428,958.80</u>	<u>1,676,935.75</u>
NET POSITION		
Invested in Capital Assets, net of Related Debt	236,171,847.72	225,028,269.79
Restricted:		
A/P - Capital Projects - Restricted	273,681.13	255,003.26
Contract Facility Charge	2,133,752.96	2,112,080.96
Total Restricted:	<u>2,407,434.09</u>	<u>2,367,084.22</u>
Unrestricted	8,240,119.00	9,413,595.06
TOTAL NET POSITION	<u>246,819,400.81</u>	<u>236,808,949.07</u>

**GREENVILLE SPARTANBURG AIRPORT DISTRICT
REVENUES AND EXPENSES TREND GRAPHS**



GREENVILLE SPARTANBURG AIRPORT DISTRICT
PROFIT and LOSS STATEMENT

----- FISCAL YEAR TO DATE -----				
	<u>March 31, 2018</u> <u>Actual</u>	<u>March 31, 2018</u> <u>Budget</u>	<u>Actual - Budget</u>	<u>% Change</u>
INCOME				
Landing Area:				
Landing Fees	2,035,099.30	1,883,683.53	151,415.77	8.04% (a)
Aircraft Parking Fees	251,609.48	282,537.18	(30,927.70)	-10.95%
Subtotal Landing Area	<u>2,286,708.78</u>	<u>2,166,220.71</u>	<u>120,488.07</u>	<u>5.56%</u>
Space & Ground Rentals	7,741,890.87	7,825,329.00	(83,438.13)	-1.07% (b)
Auto Parking	9,090,705.87	9,900,723.24	(810,017.37)	-8.18% (c)
Commercial Ground Transportation	93,324.58	108,749.97	(15,425.39)	-14.18%
Concessions:				
Advertising	242,968.31	225,000.00	17,968.31	7.99%
Food & Beverage	457,794.74	374,879.97	82,914.77	22.12% (d)
Rental Car	2,735,316.82	2,349,189.54	386,127.28	16.44% (e)
Retail	439,781.63	423,225.00	16,556.63	3.91%
Subtotal Concessions	<u>3,875,861.50</u>	<u>3,372,294.51</u>	<u>503,566.99</u>	<u>14.93%</u>
Expense Reimbursements	1,147,592.69	1,131,239.52	16,353.17	1.45%
Other Income	1,871,843.14	1,533,398.67	338,444.47	22.07% (f)
Gross Profit on Fuel Sales	2,892,061.32	2,129,075.19	762,986.13	35.84% (g)
Total Operating Income	<u>28,999,988.75</u>	<u>28,167,030.81</u>	<u>832,957.94</u>	<u>2.96%</u>
EXPENSES				
Salary & Benefits	8,643,219.12	9,063,311.58	(420,092.46)	-4.64% (h)
Professional Services	220,601.94	476,243.19	(255,641.25)	-53.68% (i)
Promotional Activities	551,034.90	1,194,937.38	(643,902.48)	-53.89% (j)
Administrative	776,044.53	934,369.38	(158,324.85)	-16.94% (k)
Insurance	408,615.03	408,615.03	-	0.00%
Contractual Services	2,304,339.61	2,647,554.57	(343,214.96)	-12.96% (l)
Rentals & Leases	118,671.86	117,157.50	1,514.36	1.29%
Repairs & Maintenance	537,617.39	475,731.72	61,885.67	13.01% (m)
Supplies & Equipment	767,607.60	888,348.15	(120,740.55)	-13.59% (n)
Utilities	1,264,845.01	1,250,957.43	13,887.58	1.11%
Total Operating Expenses	<u>15,592,596.99</u>	<u>17,457,225.93</u>	<u>(1,864,628.94)</u>	<u>-10.68%</u>
NET OPERATING INCOME	<u>13,407,391.76</u>	<u>10,709,804.88</u>	<u>2,697,586.88</u>	<u>25.19%</u>

March 31, 2018

YTD ACTUAL VS YTD BUDGET FOOTNOTES - SUMMARY

(a)	Landing Fees	OVER BUDGET	\$151,415.77	- Actual passenger weights 924M (914M budgeted); Actual Cargo weights 246M (214M budgeted)
(b)	Space & Ground Rentals	UNDER BUDGET	\$83,438.13	Blended effects of the following: - Transition from space to per-turn and addition of special rate common use 40K - OHM/Hudson are using more of the unconditioned space and less of the conditioned space (higher rate) than budgeted 55K - TSA Holding Over on contract 40K over budget - Did not anticipate that Senator would need to rent space and therefore did not budget - 59K fytd - American S. Cargo under budget 69K due to using wrong (higher) sq footage in budget - UPS did not occupy new space until Sept - 90K fytd - PSA office and hangar rent not included in the budget in error 287K fytd - FBO hangar rent is below budget due to Milliken not taking occupancy until March 71K - Bradford Logistic : Budgeted 65K per month but only billing 24K per month total to Hudson and OHM (41K per month under budget). Billing was effective August 1st rather than July as budgeted. - Project Ziggy (BMW) and ProTrans 18K under budget - FBO Facility fees not budgeted 103K fytd (when planes fly in and don't buy gas) - Telephone - Verizon budgeted but they're no longer here 25K
(c)	Auto Parking	UNDER BUDGET	\$810,017.37	- Budgeted an 18% increase over calendar year 2016 at \$13.2M; currently trending at \$12.2M
(d)	Food & Beverage	OVER BUDGET	\$82,914.77	- Due to conservative budgeting due to the uncertainty of new restaurants in the concourses
(e)	Rental Car	OVER BUDGET	\$386,127.28	- Enterprise and National (combined) are trending on average 41K more a month than budget.
(f)	Other Income	OVER BUDGET	\$338,444.47	- Warehousing Fees Senator and Magma fees under budget 376K - A/C Ground handling-Cargo (Comm) 42K over budget - Ground handling (Charter) 241K over budget - Ground handling (non-tenant) 26K over budget - A/C Deicing 12K over budget - Non-Tenant Uber over budget 116K - Parking Tickets/Seized Funds 16K under budget - GSE Lease/Usage 72K over budget - Insurance claims on unrepaired equipment 23K over budget - Airline CUSS Ticketing Stock not budgeted 35K - Cargo Ops not budgeted 141K

March 31, 2018

YTD ACTUAL VS YTD BUDGET FOOTNOTES - SUMMARY

(g)	Gross Profit on Fuel Sales	OVER BUDGET	\$762,986.13	<ul style="list-style-type: none"> - DOD Into-Plane Fees under budget 54K - Throughput Fees under budget 243K - Jet A Into-Plane Fees over budget 758K - Jet A Retail over budget 494K - JA COGS over budget (165K)
(h)	Salary & Benefits	UNDER BUDGET	\$420,092.46	<ul style="list-style-type: none"> - Currently, there are 2 vacant positions but there have been many more throughout the year.
(i)	Professional Services	UNDER BUDGET	\$255,641.25	<ul style="list-style-type: none"> - Consulting 139K under budget - Legal 89K under budget
(j)	Promotional Activities	UNDER BUDGET	\$643,902.48	<ul style="list-style-type: none"> - Advertising expense 406K under budget - General marketing expenses 235K under budget
(k)	Administrative	UNDER BUDGET	\$158,324.85	<ul style="list-style-type: none"> - Travel/Training 161K under budget - Cell Phones 14K under budget - Dues & Subscriptions 23K under budget - Corporate Function 50K over budget
(l)	Contractual Services	UNDER BUDGET	\$343,214.96	<ul style="list-style-type: none"> - Parking Management agreement expenses 101K under budget - Janitorial Services 144K under budget (some budgeted services have not occurred yet) - Computer-annual contracts 68K under budget - Elevator & Escalator 14K over budget, large annual contract paid in September - Nursery & Landscaping 15K under budget - Snow Removal 15K under budget - Telephone Equipment 7K over budget - Plants 23K under budget - Catering Services 23K over budget - Miscellaneous 45K under budget - ArieHub project has been put on hold (36K fy)
(m)	Repairs & Maintenance	OVER BUDGET	\$61,885.67	<ul style="list-style-type: none"> - ARFF E3 vehicle repairs 80K, funded by Emergency Repair Reserve
(n)	Supplies & Equipment	UNDER BUDGET	\$120,740.55	<ul style="list-style-type: none"> - Computer-Equip/Supplies 31K under budget - Computer Software 31K under budget - Nursery & Landscaping 25K under budget - Snow Removal 36K under budget - Heat & Air 23K under budget - Painting 22K over budget

GREENVILLE SPARTANBURG AIRPORT DISTRICT
Other Operating and Maintenance Reserve Funds

	FY \$ Amount Authorized	Estimated Cost	Date	\$ Amount Used YTD	
Emergency Repair/Replacement/Operations Fund	\$ 750,000				
Trench Drain in front of 2106/2108 Hangars		\$ 177,508	12/7/2017	\$ 177,508	GLF Construction-GSP Apron Rehab PH. 3
Watherfall Feature Repair		\$ 200,000		\$ -	in RFP process
Storm Drain Repair		\$ 10,575	8/5/2017	\$ 10,575	Barton Utilities-Repair storm drains between runways due to hail storm damag
Airfield Generator Transfer Switch		\$ 30,000	9/26/2017	\$ 14,297	Blanchard Machinery Co-ASCO Bypass isolation transfer switch
			11/16/2017	\$ 10,709	Walker & Whiteside, Inc.-Install metering ATS lighting vault
				\$ 25,006	
ARFF E3		\$ 80,000	10/3/2017	\$ 38,673	General Truck Parts
			10/24/2017	\$ 8,149	Oshkosh
			11/9/2017	\$ 3,759	Oshkosh
			12/5/2017	\$ 8,963	Oshkosh
			12/5/2017	\$ 279	Oshkosh
			12/7/2017	\$ 20,549	W.W. Williams
				\$ 80,373	
LPI Equipment		\$ 25,000		\$ -	
Chiller Rotor & Housing		\$ 25,000		\$ -	(to be completed mid-Feb 2018)
2108 Hangar Deferred Maintenance		\$ 56,528		\$ -	
Tug - 10 Engine Replacement		\$ 20,000		\$ -	
2018 Ford Police Interceptor (P16)		\$ 28,685		\$ -	
ARFF Overhead Door		\$ 20,000		\$ -	
		\$ 673,296		\$ 293,461	
Uncommitted Balance	\$ 76,704				
Business Development Obligations/Incentives	\$ 600,000				
CO2 Testing Unit		\$ 6,970	7/13/2017	\$ 6,970	US Testing Equipment (6,970 also paid in FY17)
ParkAssist Out-of-Scope Electrical work		\$ 50,000			
2108 Hangar Tenant Improvements		\$ 175,445			
		\$ 232,415			
Uncommitted Balance	\$ 367,585				

Greenville-Spartanburg Airport District
March 31, 2018

	Issue Date	Maturity Date	Interest Rate	Cost Basis or BOY FMV	Par	EOM FMV	FMV Adj
US Treasury							
UST T-Bill 4-wk	3/8/2018	4/5/2018	1.573%	4,993,972.20	5,000,000.00	4,993,972.20	-
UST T-Bill 4-wk	3/29/2018	4/26/2018	1.731%	4,993,369.45	5,000,000.00	4,993,369.45	-
							-
Subtotal-UST				9,987,341.65	10,000,000.00	\$ 9,987,341.65	-

US Treasury Investment Types	T-Bill	T-Note	T-Bond	Fed Ag
Negotiable Debt Obligation	Yes	Yes	Yes	Yes
Backed by Gov Full Faith/Credit	Yes	Yes	Yes	No
Maturity	< 1 yr	1-7 yrs	7+ yrs	1-5 yrs
Coupon-Bearing	No	Yes	Yes	Yes
Interest is paid	at Maturity	Semi-Ann	Semi-Ann	Semi-Ann
State & Local Tax Exemption	Yes	Yes	Yes	Only FHLB (*)
(*) Note: Since GSP is a political subdivision of SC, we are tax-exempt from all taxes, including state and local.				

Weighted blended
yield = 1.6520%

3/31/2018

Procurement / Capital Acquisitions

Project/Item Description	Date	Monthly \$ Amount
Capital Improvements:		
WK Dickson / Cargo Apron (design)	3/26/2018	62,201
H&W Electrical / ParkAssist	3/17/2018	29,871
Avcon / FBO Hangar Project	3/17/2018	20,396
Roebuck Buildings Co / FBO Hangar Project	3/22/2018	229,509
Avcon / Additional A/C Hangar	3/17/2018	16,025
Roebuck Buildings Co / Additional A/C Hangar	3/22/2018	203,767
Roebuck Buildings Co / Hangar Water Supply	3/22/2018	216,530
Cely Construction / PSA MRO Hangar	3/22/2018	219,857
Avcon / Cell Phone Lot Overflow Improvements	3/17/2018	21,279
GLF / Cell Phone Lot Overflow Improvements	3/22/2018	371,770
Equipment and Small Capital Outlays:		
Yankee Supply / Static Cargo Racks	3/30/2018	30,600
Aeromotive Ground Support/Deicer for Cerulean	3/30/2018	63,878
Renewals and Replacements:		
Hasco / Pavement Repairs RW & TW	3/17/2018	35,000
Harris Integrated Solutions / HVAC System Upgrade	3/27/2018	13,067
Trane US Inc / Chiller Refurb	3/26/2018	93,922
Cullum Services Inc / Chiller Refurb	3/27/2018	14,198
Professional Service Projects:		
McFarland Johnson / Master Plan	3/17/2018	156,612
Total Procurements/Capital Additions for the month		<u>\$ 1,798,482</u>



MEMORANDUM

TO: Members of the Airport Commission

FROM: Kevin Howell, Senior Vice President/COO

DATE: May 14, 2018

ITEM DESCRIPTION – Information Section Item C

April 2018 – Development/Project Status Report

SUMMARY

Consolidated Hangars Project:

Status – Construction Phase

Project Budget – \$14,773,565

Estimated Completion Date – June 2018

The Consolidated Hangars Project was approved in May 2016 and includes construction of a new Corporate Hangar and a new Bulk Storage Hangar. The design is led by AVCON along with McMillan Pazdan Smith. Roebuck Buildings Co. is the general contractor for the project. The contractor is late on completion of this project due to issues on the fire suppression system. Staff and the CA team are working with the contractor to schedule final testing, inspections and turn over.

Airport Master Plan:

Status – Planning Phase Underway

Project Budget – \$1,347,543

Estimated Completion Date – October 2018

McFarland Johnson is leading the GSP Airport Master Plan. Alternatives analysis workshops were held in January 2018. A Task Force meeting was held in March 2018. The planning team is currently working on refining the alternatives for further review.



Parking Lots Project:

Status – Construction Phase

Project Budget – \$2,850,000

Estimated Completion Date – June 2018

This project includes the new Overflow Parking Lot and an expansion to the National/Alamo Rental Car Service Center Lot. The originally planned Employee Lot expansion was removed from the project scope due to budget constraints. Michael Baker International was the designer for this project. AVCON is handling construction phase services. GLF is the contractor for the Overflow Lot and the Rental Car Service Center Lot.

Due to additional rock encountered, and dependent upon weather conditions, anticipated completion for the Overflow Lot and the National/Alamo Service Center Lot is June.

Staff is executing an alternative with GLF for a temporary gravel lot expansion for the Employee Lot that should be complete by June 2018.

ARFF Station Project:

Status – Design Phase

Project Budget – \$969,370 (design phase)

Estimated Completion Date – The design phase will be complete in July 2018. The construction phase will be pending AIP discretionary funding.

This project includes the design and construction of a new ARFF station. Design is being led by WK Dickson and is supported by Leo Daly, DP3, and several other local design firms. The design team is transitioning from Schematic Design (SD) to Design Development (DD) phase. Construction documents are to be completed by July 2018 for bidding. Contractor pre-qualification will be coordinated with funding for the construction phase.

Parking Garage C:

Status – Planning and Design Phase

Project Budget – \$40,000,000

Estimated Completion Date – Design phase to be completed January 2019



This project includes the design and construction of a new combined public parking and rental car ready/return garage. The planning phase is nearing completion and the team will be finalizing a design scope and fee for the next phase of design.

New Cargo Apron:

Status – Construction Phase

Project Budget – \$16,636,704.48

Estimated Completion Date – Construction NTP April 2018

This project includes the design and construction of a new dedicated cargo apron with taxiway connector just south of the existing FedEx facility. Apron construction has been awarded to McCarthy Improvement Company and a NTP is planned for April 30, 2018.

Air Cargo Facility Phase 1:

Status – Negotiation Process

Project Budget – \$13,000,000

Estimated Completion Date – March 31, 2019

A Request for Proposals (RFP) was issued for development services of the Air Cargo Facility Phase 1 Project. Phase 1 will be approximately 100,000 SF of cargo warehouse and 10,000 SF of office space adjacent to the new cargo apron. Staff is currently working with AFCO on the lease agreement and staff recently finalized the programming phase and general building layout with Haskell.

2100 and 2102 GSP Drive Roof Replacement Project:

Status – 2100 GSP Drive: Design Phase; 2102 GSP Drive: Bidding Phase

Project Budget – \$1,600,000

Estimated Completion Date – Summer 2018

This project includes replacing the roofs on two existing hangars located at 2100 and 2102 GSP Drive. 2102 GSP Drive has been bid and a contract awarded to Lloyd Roofing. Bidding for 2100 GSP Drive is underway.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Rosylin Weston, Vice President – Communications and Governmental Affairs

DATE: May 14, 2018

ITEM DESCRIPTION – Information Section Item D

April 2018 – Communications and Governmental Affairs Report

SUMMARY

News Stories: Broadcast, Print and Online 04/ 01/ 18-04/ 30/ 18:

Print and Online

- Upstate Business Journal – [Delta announces two new flights from GSP to NYC's LaGuardia Airport](#)
- Spartanburg Herald Journal – [GSP: Delta adding two new daily non-stop flights to NYC this summer](#)
- FOX Carolina – [Delta to offer new direct flights to New York City from GSP starting this summer](#)
- Greer Today – [Delta adding more flights from GSP to New York](#)
- GSA Business – [Delta adding nonstop GSP to NYC flights](#)
- Greenville News – [Delta plans more non-stop flights to NYC](#)
- WORD Radio – [Delta announces more flights to NYC from GSP](#)
- Go Upstate – [GSP asks passengers to arrive early](#)
- GSA Business – [GSP recommends preparing for peak summer travel](#)
- Greenville News – [Claiming a pet is a service animal could bring hefty fine under proposed SC bill](#)
- WYFF TV – [SC lawmakers consider fines for those who lie about emotional support animals](#)
- The State – [Your chicken will have to be legit to get into an airport, if this SC bill becomes law](#)

Social Media 04/01/18-04/30/18:

GSPAirport.com

- 64,661 sessions
- 42,815 were new users
- 2.00 pages per session
- Posted two new blogs
 - Delta adds non-stop daily flights to NYC from GSP this summer (8,765 reads)
 - Summer Tips for Travel from GSP (792 reads)

Facebook

Since March 19th, GSP's Facebook account has gone from having 9,849 likes to 9,902. A March 23rd Facebook post about new art on Concourse B by Judy Verhoeven, a Greenville artist, was the most popular post in March and April. It reached 10,542 people and received 307 likes and reactions, 61 shares, and 73 comments.

The second most popular Facebook post was on April 23rd about the new Delta flights to LaGuardia Airport. It reached 8,120 people, received 245 likes and reactions, and 43 shares.



Twitter

Since March 19th, GSP's Twitter followers have grown from 5,841 to 5,877. GSP's top tweet in March earned 1,349 impressions. It was about the new art on Concourse B by Judy Verhoeven. The month included seven new followers. GSP was mentioned in others' tweets 39 times.

April's top tweet was about #NationalBeerDay and how local beers by R.J. Rockers and Thomas Creek Brewery are available at GSP. It received 1,686 impressions. The month included 32 new followers. GSP was mentioned in others' tweets 46 times.



Instagram

Since March 19th, GSP's Instagram account followers have grown from 667 to 742. The most popular post on April 19th was of the GSP flags at half-staff in honor of former First Lady Barbara Bush.



Customer Service Comments Summary:

- Parking is becoming more of a challenge.
- Disappointed that there is no public access to the airside garden
- Parking for handicapped travelers should be free.

Community Relations/ Special Events:

- Spartanburg Soaring Title Sponsor – April 21, 2018 – More than 1,000 people visited the GSP table and received a free kite.
- Honor Flight Host – April 28, 2018 – A variety of social and traditional media coverage is planned.
- Artisphere Sponsor – After-hours concert series – May 11th and 12th
- GSP Conference Center – Six (6) events held during the month of April.

- The Community Garden is growing. Garden partners include Delta Air Lines, TSA, LAZ Parking, and Cerulean Aviation.



Art Phase II Updates:

Upcountry Motion and **Take Flight** by Nancy Hilliard Joyce are scheduled to be installed between the exit lanes and the escalators on Level 2 of the terminal on April 26, 2018.

The next installation will be **Sunset Sail on Lake Keowee**, an oil painting being created by Nancy Oppenheimer. It is scheduled to be installed no later than June 30, 2018.

Governmental Affairs Update:

Legislative Affairs Session Summary Report

- Senate Bill 792 and House Bill 4700 were two bills being considered by the General Assembly this year that if passed would have resulted in change in where aircraft property taxes were credited, moving those funds from the General Fund to the Division of Aeronautics State Aviation Fund. Both S.792 and H.4700 died in Committee. As a stop gap measure, Senator Paul Campbell introduced a proviso (118.17) to the State Budget Bill that seeks to add \$2.5 million to the Division of Aeronautics Aviation Fund. This proviso was approved and remained in the amended version of the budget bill that was sent back to the House. We will continue to monitor this provision to ensure it remains in the state budget.
- House Bill 5000 – This bill would have created an optional shared-risks defined benefits plan for state employees and those currently in the SC State Retirement System. This bill died in Committee but we will continue to work with Rep. Jeff Bradley to strengthen this bill in anticipation of it being refiled in the fall.
- Senate Bill 1028 – This bill would have closed the State Retirement System and instead establish the SC Shared Risk Defined Benefits Plan. This bill died in Committee. We will continue to work with Senator Sean Bennett and others in anticipation of this bill being refiled in the fall.
- House Bill 5041 and Senate Bill 1137 both sought to make it a misdemeanor and establish penalties for those intentionally representing pets (Emotional Support Animals) for the purpose of gaining the same privileges as a Service Animal. Both bills died in Committee, but both Representative Simpson and Senator Talley have committed to continuing to work on the bills and refile them in the fall for early discussion with hopeful passage during the next legislative session.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Scott C. Carr, A.A.E., Vice President – Commercial Business and Marketing

DATE: May 14, 2018

ITEM DESCRIPTION – Information Section Item E

April 2018 – Commercial Business and Marketing Report

SUMMARY

FedEx – AT&T Network Based IP/VPN Remote Access (ANIRA) Installation Project:

Status – Awaiting plans and specifications for review

Project Budget – All costs are being covered by FedEx

Estimated Completion Date – To be determined

FedEx is requesting to install a backup cellular system for their local data network to provide redundancy in the event that their wired data connection is interrupted. This project will be engineered and installed on behalf of FedEx by AT&T.

MAG Escape Lounge:

Status – Project is currently at 60% design

Project Budget – Airport District portion to prepare the leasehold space for construction is \$175,000. All other costs are being covered by MAG and are estimated to exceed \$1,000,000.

Estimated Completion Date – October 1, 2018

As the airport continues to strive to reduce passenger leakage to other airports, one of the things that have been noted as needed by the local business community is the need for a lounge. Since the airport is not large enough to have a dedicated airline lounge, a common use lounge will serve all passengers regardless of which airline loyalty program they're affiliated with for their travel. The lounge will be 2,500 square feet in



size and will offer food and beverage, magazines, high speed WiFi, etc., all for a single daily price.

Park Assist – Parking Garages A & B:

Status – The system is currently functional in both parking garages and adjustments are being made to optimize each IP based camera that detects when a vehicle is parked in a stall and reads the license plate. The parking kiosks for each garage that will allow travelers to locate their vehicle by entering their license plate number are onsite and currently being installed.

Project Budget – \$791,000

Estimated Completion Date – June 30, 2018

Due to the increased number of passengers utilizing the airport, parking in both garages has routinely become full during weekdays. To help assist passengers in locating available parking spaces, the Park Assist system has red and green lights to identify open parking spaces.

This system will help increase customer satisfaction by reducing the stress associated with locating an available parking spot when arriving at the airport. In addition, there will be some incremental revenue generation by ensuring that passengers continue to utilize the parking garages verses more affordable parking options like the daily and economy lots.

Bon Secours Wellness Arena Rebranding:

Status – New creative is currently in development

Project Budget – \$5,000

Estimated Completion Date – Summer 2018

The Airport District has an advertising/marketing agreement with the Bon Secours Wellness Arena. As a part of that agreement, we have the branding rights to the ticket office. The current branding is now over three years old and in need of a refresh.

Delta New York LaGuardia (LGA) Advertising Campaign:

Status – Marketing plan is currently in development

Project Budget – TBD

Completion Date – TBD



Delta recently announced an increase in service on the GSP-LGA route from the current one flight a day up to three each weekday. The Airport District is putting together a marketing plan to support this increase in service to help ensure that it's successful and by doing so, helping to reduce leakage on the route to nearby Charlotte.

Google Street & Terminal Mapping Project:

Status – Google has already been onsite to map the interior public spaces of the terminal building as well as the local streets surrounding the airport. Staff is awaiting Google to upload all of the images to their server and make them available for public use.

Project Budget – All costs are being covered by Google

Estimated Completion Date – To be determined

Google has an interior mapping program for public facilities as well as a street view mapping program. To assist users of the airport by providing a 360 degree view of public areas of the airport, Google has selected GSP for inclusion into both programs. Once completed, you will be able to see views of the inside of the terminal building and the streets leading up to it when one utilizes Google Maps.

Terminal Advertising Program Media Kit:

Status – Media kit is currently in development

Project Budget – \$2,500

Estimated Completion Date – June 30, 2018

The Airport District has a terminal advertising program that is managed by Airport District staff. To help maximize revenue, a media kit is being developed that outlines advertising opportunities to potential advertisers.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Marsha Madore, Human Resources Director

DATE: May 14, 2018

ITEM DESCRIPTION – Information Section Item F

April 2018 – OSHA Reportable Injury Report

SUMMARY

Monthly Activity as of April 30, 2018

- 0 OSHA Reportable Injuries

2018 Calendar Year-to-Date

- 1 OSHA Reportable Injury

2 Year Historical Annual OSHA Report Submissions:

Calendar Year	Annual Average # Employees	Total Hours Worked by all Employees	# OSHA Reportable Work Related Injuries	# OSHA Reportable Work Related Illnesses	# Days away from Work
2017	188	241,716	4	0	12
2016	133	243,191	6	0	2



AIRPORTS



Airports Call for Additional Infrastructure Investment as FAA Reauthorization Debate Moves to Senate

SOURCE: AIRPORTS COUNCIL INTERNATIONAL-NORTH AMERICA (ACI-NA) APR 27, 2018

Airports Council International - North America (ACI-NA) President and CEO Kevin M. Burke and American Association of Airport Executives (AAAE) President and CEO Todd Hauptli issued the following statement April 27, regarding legislation approved by the House of Representatives to reauthorize the programs of the Federal Aviation Administration:

"With airports having nearly \$100 billion in infrastructure needs through 2021, the Federal Aviation Administration Reauthorization Act of 2018 (H.R. 4) passed by the House today misses a significant opportunity to provide airports with the resources they require to repair aging infrastructure, make needed investments in their facilities to accommodate rising passenger and cargo volume, and enhance air service competition for the benefit of passengers.

"H.R. 4 falls short in addressing the long-term infrastructure needs of our aviation system by failing to adjust the outdated federal cap on the locally set Passenger Facility Charge (PFC) user fee and by holding guaranteed federal support for the Airport Improvement Program flat for the duration of the bill even though the annual AIP funding shortfall exceeds \$3 billion according to the FAA.

"While the Administration and Congress continue to talk about infrastructure investment, much more needs to be done to address the systemic funding problems that put airports of all sizes at a significant disadvantage for modernizing their facilities to meet the needs of air passengers and local communities. Unfortunately this bill is not the impactful infrastructure plan the aviation industry desperately needs at this critical juncture.

"The airport industry will continue our work with Congress and the White House to achieve policy solutions that will empower airports to better serve their passengers and communities."

Developing Revenue Through Air Cargo Initiatives

BY DAVID WHITAKER

Airports continually are seeking to expand and diversify revenue sources in an effort to keep costs as affordable as possible for their airlines. The days of presuming the airlines can pay all relevant expenses through rates and charges are long gone, as airlines become more targeted in adding capacity to airports that are diligent in controlling costs.

Areas to consider to generate additional revenue include concessions, advertising programs with state-of-the-art digital media, and off-airport land developments such as warehousing and hotels, among others. Developing revenue in the air cargo business is another means of generating net-new revenues.

Airlines long have been focused on supplementing their passenger revenue with air cargo revenue, given the opportunity and return on investment. While there is an all-

freighter component to the industry (discussed later), more than half of air cargo moves in the bellies of passenger aircraft. No passenger airline in the U.S. has dedicated freighter aircraft, meaning 100 percent of their cargo moves in bellies.

Naturally, the bulk of this activity happens at airline hub locations where larger aircraft transit daily. A significant percentage of this cargo transfers at the hub from non-hub flights, or spokes, feeding the hub. Therefore, most airports already have cargo flowing in and out of their facilities in the bellies of passenger aircraft.

I encourage airports to start here. What specific airlines are focused on air cargo based on belly activity? What commodities are they moving in and out?

Are they drawing cargo from a wide area, and what is that area? Who are the freight forwarders involved in the movement of those goods, and who are the key individuals? Who are the shippers or manufacturers, and who are the key logistics personnel?

These are important questions to which the answers should be available with some research. Given that some of this information can be sensitive, relationships need to be developed over time in order to create trust and secure a full understanding of how goods are moving through your airport.

Again, begin by looking at your cargo data, and have staff members establish relationships with companies that are moving cargo. Learn how cargo is being picked up and delivered to your facilities for air transit, as well as the opposite flow from the aircraft to the warehouse to the truck to the destination. As you can see, there are lots of steps and lots of players involved in moving belly air freight and the purpose of your engagement is:





- To determine if there are pinch points or challenges in moving cargo to and through your facility. Fixing these issues may generate increased activity, including landings and space rent.
- To generate opportunities to meet the freight forwarders using your airport to understand the value proposition for them. What can you do to make the airport more convenient for them to use? What customers would you like to do business with that you don't have already? Is cargo that is moving out of another airport today a better fit for your airport? Economies of scale are important to all players in the industry.
- To understand the shippers involved in moving air cargo through your airport. Meet with them independently and know they may not be aware of how their goods are moving. Don't hesitate to tell the shipper that using your local airport is important to you and gives back to the community in important ways. Inform them that you would appreciate their freight forwarders knowing that you value your local airport.
- To make connections that will provide opportunity for both shippers and forwarders.

After you have learned a bit independently about what motivates forwarders and shippers, connect some dots for each of them in an effort to broaden the view for both.

To be certain, there are many reasons industry players will state to resist your efforts to understand and assist. Forwarders might say:

- We consolidate all air shipments at a larger airport.
- There is not enough belly capacity at your airport for our shipments.
- I'll handle the conversations with the shipper.
- We've always done it this way.
- I will have to charge the shipper more if I use your airport.

My advice is to stay the course, particularly if you have underutilized belly capacity. You have a right to talk to all players, and airports should elevate the conversation within a forwarding or shipper operation to initiate a dialogue, if necessary.

In addition to moving freight in the belly of passenger aircraft, many airports have FedEx, UPS and DHL present in their market, and the principles of a belly freight discussion applies to them as well. These companies are their own freight forwarder, which is where the term "integrated" cargo carrier comes. Nonetheless, what are they moving, for whom are they moving it, what are the airport obstacles, and how can you help?

Very few airports have dedicated freighter service beyond the integrated carriers, and securing same is a very tall order. As mentioned earlier, no U.S. passenger carrier operates all freighter aircraft,

while many international airlines still do. There are a few companies that exclusively operate freighters — both large and small — with no passenger business. Larger freighters typically land at hub locations where there may be a corresponding passenger operation or where freight forwarders are consolidating shipments from a wide region for the airline.

Questions to ask yourself regarding full freighter activity include:

- Can your airport accommodate freighter aircraft? Likely "yes" to some equipment, but potentially "no" to the larger equipment. Know your capabilities and converse accordingly. Don't forget about your warehouse capacity as well. How much can it hold? Are you willing to invest or facilitate investment to make room for more?
- Do you have a local shipper that uses air cargo? You need an anchor commodity or two in the local market to draw the attention of the all-freighter flights.
- Does or will this local shipper support your efforts to load and unload its cargo at the local airport? Play the loyalty card if necessary, i.e. support your local airport.
- Is there a key forwarder or two that might support the idea and help you? Securing freight accounts they don't have now and/or enhancing service levels to existing customers are motivating factors for freight forwarders.
- Are you in a cargo-rich region, and is there an existing trucking network that does or could pick up and deliver cargo to the region?

A supportive local shipper in a cargo-rich region with freight forwarder support and solid trucking infrastructure could be the makings of an all-freighter operation. Keep in mind there are many smaller, niche freighter aircraft companies, and you do not always need to consider super large aircraft. Recognize that some air freight moves via charter versus scheduled service. Frequencies can vary from daily to just a few times a year. Charters are good business and, if handled well, may lead to scheduled service.

Last, speed and service are trending in the air cargo market right now, and many goods are flying by air that previously would ship by less expensive modes. Speed to market is increasingly imperative to make the sale, particularly, but not exclusively, in the retail market. While you might think of service as between the airline, forwarder and shipper, don't forget your important role in service. Many companies think air cargo is a third, forgotten wheel to airports that are not concerned about the success of the air cargo

industry. Many industry players indicate airports go out of their way to make things difficult.

Go the extra mile to express your support; invest wisely in the business to facilitate the type of growth you seek; and correspond regularly with industry players to express support and encouragement.

Best of luck! 

David Whitaker, C.M., is chief commercial officer for the Columbus Regional Airport Authority. He may be reached at dwhitaker@ColumbusAirports.com.

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AIRCRAFT



Envoy to Operate 15 New Embraer Large Regional Jets

SOURCE: ENVOY AIR INC. MAY 3, 2018

Envoy Air Inc. announced May 3, that American Airlines plans to add 15 more 76-seat, two-class Embraer 175 (E175) aircraft to the Envoy fleet during 2019. American's announcement also included options for 15 additional Embraer 175 aircraft.

This new aircraft order is in addition to the 10 E175s currently scheduled to begin arriving this fall – and will bring Envoy's E175 fleet to 69 by the end of 2019.

Across the American Eagle network, these new deliveries will be offset by the retirement of smaller single-class regional jets. However, at Envoy, we expect modest fleet growth in 2019 as a greater percentage of American's regional flying will be operated by its wholly-owned carriers.

"Every new aircraft that is added to our fleet represents more jobs and greater opportunity for our people," said President and CEO Pedro Fábregas in a letter to Envoy employees. "American's continued support of Envoy's growth is a direct result of our team's performance, and I want to thank each of you for contributing to our success."

"The introduction of the Embraer 175 to Envoy's fleet has been outstanding and it continues to be a reliable aircraft that our customers and crews love to fly," added Fábregas. "I'm excited to see our E175 fleet expanding – and look forward to continued success in the days ahead."

TRAVEL

The New York Times

Is That Dog (or Pig) on Your Flight Really a Service Animal?

By Christopher Mele

May 1, 2018

Sharon L. Giovinazzo, president and chief executive of World Services for the Blind, was recently walking through an airport with her trained service dog Watson when a “pocket pooch” growled and then bit him, she said.

The owner apologized and said the dog was her service animal. Ms. Giovinazzo, an Army veteran who lost her sight to multiple sclerosis in 2001, was not having it.

“‘Yeah, yeah. Sure, sure, lady,’” she recalled telling the owner. “‘Then your animal should be secured and trained not to do that.’”

Ms. Giovinazzo said the dog was an untrained pet masquerading as a service animal in what advocates for people with disabilities said had become a growing problem in the last few years.

“It’s gotten to the point where it’s almost funny unless you are the one with the legitimate guide dog,” Ms. Giovinazzo said.

Confusion over service dogs, which are specially trained to help people with disabilities, and emotional support animals, which can be pets that provide comfort and companionship but require no training, cloud the issue.

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Recent headlines about passengers trying unsuccessfully to board flights with what they said were support animals — a peacock in one case and a hamster in another — as well as federal regulations that are subject to misinterpretation or abuse have made matters worse, experts said.

Regulators and airlines have taken notice.

Cracking Down on Fraud

Delta and Alaska Airlines have tightened their rules for transporting service and support animals, and the federal Department of Transportation is exploring new rules to reduce the likelihood that airplane passengers falsely claim their pets as service animals. The department plans to solicit public comment about the “appropriate definition” of service animals, a spokeswoman said.

Twenty-two states already have some kinds of laws addressing the issue and lawmakers in Arizona, Iowa and Minnesota are considering cracking down on service dog fraud.

The Americans With Disabilities Act defines service animals as either dogs or miniature horses that are specifically trained to do work or perform tasks for people with disabilities, such as guiding people who are blind. The Air Carrier Access Act separately governs airlines in the area of service and support animals — and that’s one of the places prone to abuse.

Passengers pass off their pets as support or service animals so they can remain in the cabin instead of the cargo hold, officials said. (While unusual pets, such as pigs, have been taken aboard as support animals, airlines are not required to accommodate others, like snakes, reptiles, ferrets, rodents and spiders.)

Senator Richard Burr, Republican of North Carolina, last week introduced legislation to have the definition of a service animal under the Air Carrier Access Act match the one in the Americans with Disabilities Act. The proposal would bar from flights animals whose

sole function was to provide comfort or emotional support and require federal agencies to establish a standard of behavior training for animals that would be working on planes, according to a news release.

Abuse Takes a Toll on Legitimate Cases

Gerry DeRoche, chief executive of the National Education for Assistance Dog Services, said fraudulent service or support animals could displace legitimate ones because most airlines limit the number allowed in a cabin.

Jeffrey N. Younggren, a clinical professor at the department of psychiatry and behavioral sciences at the University of New Mexico, said studies about the benefits of emotional support animals were “spotty and inconsistent.”

“Before we start loading up airplanes with emotional support animals, we need the research,” he said.

Official-looking paperwork is available online to make pets look legitimate: Owners answer questions about their need for a support animal, and a doctor issues an assessment without ever evaluating the client, Mr. Younggren said.

“The whole thing is a mess,” he said, adding that such websites have become a “growth industry” over the last five years.

David Favre, a law professor at Michigan State University and editor in chief of its Animal Legal and Historical Center, said fraudulent cases eroded trust about service animals.

“There are many thoughtless, ignorant or arrogant people out there who only think of themselves,” he said. “Abuse is everywhere.”

Even for trained animals, maneuvering through crowds or traveling in confined places like planes can be stressful, but they are conditioned not to act out. Untrained animals in those circumstances are prone to misbehave by growling, biting or having accidents.

Chris Diefenthaler, operations administrator at Assistance Dogs International, said one of the worst outcomes could be when a pet posing as a service dog attacks a legitimate one, leaving it so traumatized or injured it has to be retired or put down.

“There are no standards for evaluating the need for an emotional support animal, whereas there are concrete rules to determine if someone is eligible for a service animal,” Cassie Boness, a graduate student in clinical psychology in the department of psychological sciences at the University of Missouri, said in a post on the university’s website.

“But emotional support animals can be certified through an online process, and they can be someone’s pet,” she continued. “The growing use of emotional support animals tends to discredit the use of service animals, which is where much of the tension comes from since people do not understand the difference.”

Also, people can shop online for vests, patches or harnesses that identify their pets as service animals, leading to peculiar situations.

For instance, Ms. Giovinazzo, who flies frequently, said airline workers sometimes ask for identification for Watson. A detailed one issued by his guide school will draw scrutiny, while one that reads “TSA approved” that she bought from Amazon “looks more official,” she said.

Cathy Zemaitis, director of development for National Education for Assistance Dog Services, shared a photo taken at Los Angeles International Airport of a dog wearing a vest labeled “service animal,” a muzzle and a diaper.

“A true service dog would never be muzzled nor would they be in a diaper,” she said.

Minnesota Senate passes bill penalizing fake service animals



Posted: Thu 1:26 PM, Apr 19, 2018

ST. PAUL, Minn. (AP) - People who pass their pets off as service animals in Minnesota may soon face a \$100 fine under a proposed law.

The measure would make misrepresenting pets as trained service animals a petty misdemeanor, roughly the equivalent of a speeding ticket.

The bill easily cleared the Senate Thursday after passing in the House last month. The House needs to pass the bill again before it heads to the governor.

Supporters of the fines say untrained animals are causing problems in places they're not allowed and are distracting trained animals used by people with disabilities. The measure would not apply in airports because they have different policies about service animals.

More than a dozen other states are considering or have passed similar policies.

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PANAMA CITY
NEWS HERALD
Where life unfolds daily

'Emotional support' dog quarantined after biting toddler at airport

By **JOHN HENDERSON**

News Herald Reporter

Posted Apr 24, 2018 at 8:49 PM

Bay County officials said they had no choice under state law but to put the terrier under a 10-day quarantine to monitor it for signs of rabies.

PANAMA CITY — Bay County officials have released a dog from the county's animal shelter after it reportedly bit a toddler this weekend at Northwest Florida Beaches International Airport.

The incident began Saturday when a terrier bit a toddler, causing what a responding firefighter described as "punctures to the top of the hand and a laceration on the bottom that might require stitches."

The dog's owner, Amy Foirello of Amherst, N.Y., had been waiting to board a Southwest Airlines flight to New York for cancer treatments when the Yorkshire terrier, which she said is an "emotional support" dog, bit the child. Foirello and her family said the child had provoked the dog, though an independent witness said the dog had not been touched.

"Numerous accounts by other passengers witnessed the child's uncontrolled behavior prior to this and wanted to give written statements that the dog was not aggressive," Leslie Templin Richards, Foirello's sister, wrote in an email to Animal Control. "He only responded to the surprise of his tail being pulled. Bay County Animal Control refused to take the statements."

By the time Bay County Animal Control officer S. Lewis arrived, the toddler's family had taken its flight, but Foirello and the dog, Jax, still were in line awaiting their Southwest Airlines flight.

"She became hysterical and picked up her dog and said, 'You're not taking my dog,'" Lewis wrote in a report. Lewis also stated Foirello couldn't produce proof that the dog had had its rabies shots.

Bay County officials said without that proof, they had no choice under state law but to put the terrier under a 10-day quarantine.

"From what I understand, the dog may have been an emotional support dog, which does not stop us from having to comply with the rabies quarantine since they could not provide proof of rabies shots," Don Murray, Bay County's General Services director, wrote in an email. "This was an emotional scene that took place in front of the airline staff and onlookers."

The scene also involved Foirello's father, Joe Templin, who Lewis wrote "became loud to the point that he was obstructing my work," and a call from Templin's lawyer.

Michael Templin, an environmental health specialist for the Bay County Health Department who is not related to the family, said state law requires that dogs or cats be held for 10 days after biting someone so that health officials can watch the animal to see if it shows any neurological signs of rabies.

After a vaccination report was presented to Animal Control on Sunday, the dog was released to Joe Templin, who lives in Panama City Beach. However, the dog still cannot leave the state until the quarantine period is over, according to state law.

Letha Gorman, Joe Templin's attorney, said Tuesday the family is considering taking legal action against Bay County for taking a service animal away from its owner. She said Foirello is dealing with cancer and has been worried about whether the dog has been receiving its proper medication.

According to a physician's letter included the incident reports, the woman needs the dog for "emotional support." Gorman said Southwest Airlines classifies the dog as a "service animal," and Animal Control should have as well.

"What the ADA (Americans with Disabilities Act) is saying is that a service dog is defined now to include those used for emotional therapy and comfort for people with physical illnesses," Gorman said Tuesday.

However, state law says a “service animal” is one that is trained to perform tasks for an individual with a disability. In his report, Lewis disagrees with the “service animal” designation for this dog.

“The crime-deterrent effect of an animal’s presence and the provision of emotional support, well-being, comfort, or companionship do not constitute work or tasks for purposes of this definition,” Lewis noted in the report.

Gorman said now that it has proof of the rabies vaccination, the county should release the dog back to its owner in New York, instead of making it stay in Florida another week until the quarantine ends.

Murray said his agency would ensure the dog serves out its quarantine.