



AGENDA

Greenville-Spartanburg Airport Commission Regular Meeting
Greenville-Spartanburg International Airport Board Room
Monday, November 19, 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 September 10, 2018 Regular Meeting Minutes ([document](#))
- B. Acceptance of the Greenville-Spartanburg Audit Committee October 30, 2018 Audit Committee Meeting Minutes ([document](#))

III. PRESENTATIONS:

- A. Recognition of Cerulean Aviation ([document](#))
- B. Syneva Economics LLC Economic Impact Analysis Results ([document](#))

IV. OLD BUSINESS: None

V. NEW BUSINESS:

- A. Adoption of the GSP Airport Master Plan ([document](#))
- B. Approval of a Concessions Agreement with Vino Volo ([document](#))

VI. PRESIDENT/CEO REPORT:

- A. Aviation Industry Update
- B. Shuttle Bus Operation Update
- C. Air Service Development 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. September 2018 – Traffic Report ([document](#))
- B. September 2018 – Financial Report ([document](#))
- C. October 2018 – Development/Project Status Report ([document](#))
- D. October 2018 – Communications Status Report ([document](#))
- E. October 2018 – Commercial Business and Marketing Report ([document](#))
- F. October 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:

- Conflict of Interest Forms

VIII. COMMISSION MEMBER REPORTS:

IX. EXECUTIVE SESSION:

The Airport Commission may hold an Executive Session for the purpose of receiving legal advice on various 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

September 10, 2018

The Greenville-Spartanburg Airport Commission met on September 10, 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, Doug Smith, Valerie Miller, and Leland Burch

MEMBERS NOT PRESENT: None

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 Communications (Environs Area Administrator); Michael Kossover, Director of Operations; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Paul Smith, WK Dickson; John Mafera, McFarland Johnson; Zach Nelson, McFarland Johnson; Ken Holt, Holt Consulting; Master Sergeant Alexis Effinger-Morris, GSP Operations

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:05 a.m.

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

- A.** The Greenville-Spartanburg Airport Commission July 09, 2018 Regular Meeting Minutes.
- B.** The Greenville-Spartanburg Airport Commission Meeting Dates/Times for Calendar Year 2019.

PRESENTATIONS:

A. Proposed Art and History Alcoves in the Grand Hall

Mr. Scott Carr, VP of Commercial Business and Communications, presented to the Commission options and alternatives for the two alcove locations in the Grand Hall.

The Wingspan design included two 400 SF alcoves intended to be used for art and history alcoves. The purpose of the art alcove was to showcase public art, on a rotating basis, from artists in the Upstate community. The history alcove was to honor the rich history of GSP International Airport and GSP Airport District.

Another option recently discussed among Staff included a children's play area themed around aviation and travel. GSP partnered with the Children's Museum of the Upstate and they provided initial costs ranging between \$100-125k, plus annual operations and maintenance expenses.

The Commission asked about having received feedback from other airports with regards to the three options. Mr. Carr spoke of various exhibits at other airports. The Commission further asked about the original process for the rotating art exhibit. Mr. Edwards noted the display cases and suggested possibly repurposing those cases for rotating art and using the alcoves for a history and a children's play area.

Discussion ensued.

The consensus was to further study and examine all three concepts and return with recommended locations.

Mr. Edwards briefly handed the floor over to Mr. Michael Kossover, Director of Operations, to discuss an opportunity at GSP provided by the United States Airforce through the Education with Industry (EWI) Program.

Mr. Kossover introduced the EWI program as a Secretary of the Air Force sponsored career-development program designed to improve the leadership abilities and professional competencies of participating students by partnering with industry to accomplish career-specific desired learning objectives. This program is administered by the Air Force Institute of Technology (AFIT) and exposes Air Force members to best practices in the industry. This is the first year that the program has been opened to enlisted personnel. In this program, candidates undergo a competitive selection process and are hand-picked. The duration period is ten months.

Mr. Kossover then introduced Master Sergeant Alexis "AJ" Effinger-Morris who will be working at GSP under the EWI Program. He highlighted both her noteworthy accomplishments and significant experience since enlisting in the Air Force in 2006. The Commission and Staff honored and welcomed Master Sergeant Effinger-Morris to GSP.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of TD Bank – GSP Term Loan Agreements

Mr. Basil Dosunmu, Senior VP of Administration and Finance/CFO, presented to the Commission the recommendation to approve the resolution authorizing a Not to Exceed \$16,000,000 Term Loan.

The line of credit was established in 2016 and intended to be used to finance certain revenue producing projects. To date, the Airport District has used \$15.5M of the line of credit and Staff is requesting to move what the District has used to fixed financing, freeing up the \$25M line of credit to be used for other projects. The amount spent has been used to acquire the Runion Properties and to construct the both the Corporate and Bulk Hangars.

TD Bank provided fixed finance rates. The 10-year fixed rate option with no recurring penalties is 4.76%. The debt service equates to \$100,000 per month or \$1.2M a year. Staff is seeking to lock in the rate by the end of the month because of potential rate hikes.

Mr. Edwards met with Legal Counsel, Mrs. Betty Temple, to discuss the resolution that was included in the Commission package. Mr. Edwards requested a little latitude because this resolution was modeled off the previous financing for the line of credit. At that time, the loan agreement and documents were already prepared. In this case they are not fully prepared. The term sheet was included in the Commission package.

The Commission inquired about prepayment versus non-prepayment, and finance strategy/structure to which Mr. Dosunmu and Mr. Edwards responded.

There was a motion to approve the attached "Final Resolution Authorizing and Approving a Not to Exceed \$16,000,000 Term Loan (Taxable or Tax-Exempt) Secured by the Revenues of the District and Authorizing the Execution and Delivery of Certain Documents in Connection Therewith," with authorizing Management to enter into the Loan Agreements in the forms made available at the meeting and to allow Staff the latitude to modify the resolution as discussed. The motion was seconded and unanimously approved.

B. Approval of Air Cargo Building Project Financing

Mr. David Edwards, President/CEO, presented to the Commission the recommendation to approve financing of the air cargo building.

In March 2018, Staff asked approval of the Commission to move forward with a 3rd party developer for a new air cargo building to support the growth of the cargo business at GSP. As a design-build project, Staff engaged with both Aviation Facilities Company, Inc. ("AFCO") to negotiate development terms, and Haskell to begin the initial design phases.

During the negotiation process, AFCO's lender had some challenges with the structure that GSP needed in the agreement as it related to the building vesting with GSP at Day 1 to ensure no potential tax implications. Interim agreements were in place to keep the process moving while discussions ensued among attorneys on both sides. Exit strategies were developed for both parties, and the last reimbursement agreement gave GSP the ability to have a construction contract assigned if agreed upon documents could not be achieved by a certain date. After four to five months, an agreement was not reached.

The two options were to cease negotiations with AFCO and move to the 2nd ranked developer or cease negotiations with AFCO and accept an assignment of the construction agreement, in this case Haskell. Mr. Edwards met with Chair Minor Shaw and both initiated moving forward with the assignment of that agreement from AFCO. No alternatives were recommended.

In March 2018, the Commission approved an original budget of up to \$13M for this project in addition to another \$1M subsequently to pay for Senator International improvements specific to their operation. The new budget, now excluding AFCO from the process, is \$12.5M and that includes the Senator International improvements. Staff has estimated a savings of \$2.2M over the life cycle of this project (20-year period), and an additional \$1M in cash savings with the Senator improvements included in the \$12.5M budget for a total savings of \$3.2M. Mr. Edwards recommended that interim financing be used again and upon completion next year, transfer to a fixed financed rate.

The Commission commented on the decision and asked questions concerning the expediency of the project and the lender's security interest to which Mr. Edwards responded. Concerns regarding working with third party developers and lenders were also noted.

There was a motion to (1) ratify the decision by the Chair and President/CEO to accept the assignment of the Haskell Construction Contract from AFCO; (2) approve the establishment of a budget in the amount of \$12.5 million for this project; (3) approve the use of the Airport District Line of Credit to fund the project; and (4) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

C. Approval of a Budget Amendment for the Cargo Apron Project

Mr. Kevin Howell, Senior VP/COO, presented to the Commission the recommendation to approve a budget amendment for the cargo apron project.

The Cargo Apron Project is underway. The design is by WK Dickson & Co., Inc. and the contractor is McCarthy Development Company. The Project is underway with rock removal, underground work, and site preparation.

Mr. Howell recapped the budget for this project. The original project budget was just over \$16.6M. The construction contract was approximately \$14.4M. Staff budgeted \$700,000 for engineering/RPR services construction and carried a 10% project contingency.

The Project has been impacted by unforeseen rock and Staff has had to make scope adjustments. The cost for this unforeseen rock excavation is \$1,750,000. Mr. Howell reviewed the different unit costs for rock and explained that Geotech was conducted during the pre-design phase and the team used that data to estimate the rock.

The scope adjustments total \$651,358 to include moving utility work from the Haskell contract with AFCO to the contract with McCarthy, revising the electrical scope, and extending the GSP network to the site.

Mr. Howell reviewed the revised project budget noting the unforeseen rock excavation, scope adjustments and a project contingency of 5%. The difference is \$1,610,145.32 over the original budget of \$16,636,704.48.

Mr. Howell opened the floor for discussion. He noted the additional grant funding requests that Staff has submitted under the recent AIP supplemental grant program to help fund these additional costs. Mr. Edwards further commented on the eligible grant funds and the costs savings.

The Commission commented on the unforeseen rock and asked about both the excavation and the residual rock to which Mr. Howell responded. The Commission also asked about the commitment of the contractor, the costs and what the contract says related to crushing of rock to which Mr. Howell and Mr. Paul Smith of WK Dickson & Co., Inc. responded.

There was a motion to (1) approve a project budget increase of \$1,610,145.32 for the Cargo Apron Project; and (2) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

D. Approval of Final Rankings for On-Call Professional Consulting Services

Mr. Kevin Howell, Senior Vice President/COO, presented to the Commission the recommendation to approve the final rankings for on-call professional consulting services. This Request for Qualifications (RFQ) is conducted every five years.

The Greenville-Spartanburg Airport District currently has three teams on contract to include Michael Baker, WK Dickson & Co., Inc., and AVCON. They are all civil

engineering firms that provide full services. This year, to increase efficiency in spending and stronger contract management, Staff prepared a separate Request for Qualifications (RFQs) for on-call professional consulting services for architectural/engineering services, geotechnical and materials testing services, and surveying services.

The Selection Committee received Submittal of Qualifications (SOQs) in July and shortlisted four (4) architectural/engineering services firms, two (2) Geotechnical teams, and one (1) (only one surveying services SOQ was received) surveying services team.

Upon review, and after presentations and interviews with the short-listed firms, the Selection Committee's recommended final rankings for the four architectural/engineering firms/teams is: 1) WK Dickson & Co., Inc., 2) McMillan Pazdan Smith, 3) Kimley-Horn, and 4) Holt Consulting Company. The Selection Committee's recommended final rankings for the geotechnical and materials testing firms/teams is: 1) S&ME, Inc. and 2) Bunnell-Lammons Engineering, Inc. (BLE). The Selection Committee's recommended final ranking for surveying services is 1) Site Design, Inc.

There was a motion to (1) approve the final rankings for On-Call Professional Consulting Services as presented above; (2) authorize Staff to negotiate and finalize agreements with the three highest ranked architectural/engineering firms/teams, the highest ranked geotechnical and materials testing firm/team and the highest ranked survey firm (if an acceptable agreement cannot be reached with the highest ranked firms/teams, negotiations will be formally terminated and will then proceed with the next ranked firm/team); and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Airlines are continuing to profit. It doesn't appear that the FAA reauthorization bill will be complete by September 30, 2018 so we can expect another short-term extension. It does not impact, however, any of the current funding discussed.

Shuttle Bus Operation Service:

The second economy lot is open and temporary shuttle buses are in place and in operation. The rate change will take effect October 1, 2018.

2018 Boyd International Conference Update:

Mr. Edwards attended the 2018 Boyd International Conference and both airlines and manufacturers indicate a positive outlook on the industry over the next year. Manufacturers, however, are having a difficult time keeping up with the demand for equipment. Mr. Edwards attended a briefing on fuel. Predictions indicate that oil prices will be in the \$68 – \$80 a barrel range in the next year.

Victor Hill Road Closure:

The Victor Hill Road closure was heard by the City of Greer and documents are being prepared to move into the next phase which includes a first, second and third hearing.

Upstate Legislative Coalition Meeting:

Mr. Edwards and Mr. Howell attended the Upstate Legislative Coalition meeting last week in Washington D.C. with Upstate Alliance, and spent time collaborating with the offices of Congressman Duncan, Congressman Norman, Senator Graham and Senator Scott discussing the upstate view of economic development as well as airport related issues. Approximately 50 people from the Upstate attended this meeting.

COMMISSIONER'S REPORT:

Chair Minor Shaw commented on the Frontier Airlines inaugural event held on September 8, 2018. Mrs. Shaw noted the upcoming ACI-NA Annual Conference at the end of the month that Mr. Ramella and Mr. Burch will be attending.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session at 10:23 a.m. for the purpose of discussing economic development projects.

ADJOURNMENT:

At approximately 1:42 p.m., public session resumed with no action being taken in Executive Session.

The meeting was adjourned at approximately 1:43 p.m. The next meeting is scheduled for November 19, 2018 at 9:00 a.m.

SIGNATURE OF PREPARER:

Stefanie Hyder

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

AUDIT COMMITTEE MINUTES

OCTOBER 30, 2018

The Greenville-Spartanburg Airport Commission's Audit Committee met at 4:00 p.m. in the Greenville-Spartanburg Airport District Conference Room 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; Stefanie Hyder, Executive Assistant/Recording Secretary.

EXTERNAL AUDIT REPRESENTATION: Alan Robinson, Audit Partner, Cherry Bekaert LLP; Chris Jenkins, Audit Manager, Cherry Bekaert, LLP

Mr. Barnet indicated that the meeting was to review the Comprehensive Annual Financial Report (CAFR) and the annual audit.

Mr. Barnet welcomed all in attendance and turned the meeting over to Mr. Robinson.

Mr. Robinson introduced his colleague, Mr. Chris Jenkins. Mr. Robinson then presented the June 30, 2018 audit. The audit is a clean, unmodified report with no exceptions and no opinion qualifications or findings to discuss. Mr. Robinson noted that language describing the Audit Committee and its process will be inserted into the CAFR as a best practice.

As an overview of the process, Cherry Bekaert conducted audit planning in May prior to the fiscal year end. They update with internal controls information systems. They plan the end of the process as the books are closed out, and then return in late August, early September to conduct the final audit. Added this year in late September was the new style financial statement. The basics of the new financial statement haven't changed. It is still an auditor report; Management Discussion and Analysis (MD&A).

Mrs. Shaw inquired about the differences in the reports. In past years, it was a General Purpose Financial Statement (GPFS) and now it is a Comprehensive Annual Financial Report (CAFR). The Government Finance Officers Association (GFOA) has a recommended practice of additional disclosure on top of the requirements, and they have an award program called the GFOA Certificate of Excellence in Financial Reporting. This is one of GSP's purposes of expanding their disclosure.

The primary difference is found in the statistical sections. Mr. Basil Dosunmu referenced page 41 of the CAFR that begins the *Statistical Section* of the document and includes financial trend data, revenues and expenses, and economic data of which Upstate Alliance and GSA were sources of

information. Mr. Barnet inquired about the chronological order of data to which Mr. Dosunmu responded.

Mrs. Miller inquired about the statistics regarding the outlook on fuel. Mr. Dosunmu responded that the data comes from FAA.

Mr. Edwards recognized the workload and efforts put forth by the Mr. Dosunmu and his team in the compilation of the CAFR. Mrs. Shaw noted that this is good recruitment tool for airlines. Mr. Barnet asked about distribution of the CAFR to which Mr. Edwards and Mr. Dosunmu responded.

Mr. Robinson noted the new accounting pronouncement to contend with this year called Other Post-Employment Benefits (OPEB) liability. The Governmental Accounting Standards Board has increasingly required that we record and disclose liabilities or indirect liabilities that we might have to pay one day. Mr. Robinson referred to Page 36, Footnote 14 in the CAFR. This is also Referred to as GASB 75.

Mr. Robinson had no further comments about financial or other activities. Mr. Barnet asked Mr. Robinson to comment on construction as well as the assessment of the chosen vendors. Cherry Bekaert tested \$8M capital expenditures; one-third of the total. They also tested capital additions from GLF, Skanska, Roebuck, McFarland and others, and included in that was airport AIP grants. Mr. Robinson noted that Cherry Bekaert tailors the audit approach to the risks that they see come and go; therefore, auditors spent more time on the FBO. It was a full year of FBO operations. The audit, with a focus on billings, transactions, etc. was successful. The auditors found nothing unusual.

Cherry Bekaert selected three vendors: ABM Parking, Delta and United. They tested and calculated landed weights and fees as well sample parking tickets without anything to report.

Mr. Barnet discussed the Michael Baker mediation to which Mr. Edwards responded.

Mr. Robinson's concerns are compliance with federal grants, dealings with actuaries, and the FBO. The FBO was only in partial operation during last year's audit. Auditors had to chase down some invoices, billings, and systems mechanics. Mr. Edwards inquired about the opinion of the implementation about the new financial system to which Mr. Robinson responded. In response to Mrs. Shaw, Mr. Robinson is confident in the pension numbers, noting that they are actuarial estimates.

In summary, the audit was a clean and unmodified opinion. Mr. Barnet inquired about the Management Letter to which Mr. Robinson responded.

At the end of the meeting, Mr. Barnet opened the floor for questions and/or comments.

At 4:30pm, Mr. Barnet requested that the Audit Committee meet with Mr. Robinson and Mr. Jenkins alone.

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

The Audit Committee adjourned the meeting at 5:27 p.m.

SIGNATURE OF PREPARER:

Stefanie Hyder



MEMORANDUM

TO: Members of the Airport Commission

FROM: David Edwards, President/CEO

DATE: November 19, 2018

ITEM DESCRIPTION – Presentation Item A

Recognition of Cerulean Aviation

BACKGROUND

Since the startup of Cerulean Aviation in January 2017, the Cerulean Aviation team has continued to exceed expectations in both the Commercial Service and General Aviation areas.

The continued high level of customer service by the Cerulean Aviation team was again displayed during the recently held World Equestrian Games. This was a true team effort by the Cerulean Aviation team with all facets of Cerulean Aviation operating like a well-oiled machine. The Cerulean Aviation team made a complex horse airlift operation look easy, and the handling of the high-end corporate aviation customers was second to none.

It is important that such efforts are highlighted by the Greenville-Spartanburg Airport District to ensure our Staff understands that their efforts are recognized, celebrated and valued.

Cerulean Aviation Staff will join us at the Airport Commission meeting to be recognized.



MEMORANDUM

TO: Members of the Airport Commission

FROM: David Edwards, President/CEO

DATE: November 19, 2018

ITEM DESCRIPTION – Presentation Item B

Syneva Economics LLC Economic Impact Analysis Results

BACKGROUND

Syneva Economics LLC is led by Mr. Tom Tveidt, a research economist with more than 19 years' experience in providing objective and regional analysis for public and private decision makers. He is a practicing consultant with expertise in regional economic assessment, economic impact analyses, industry targeting and industrial site selection.

The Greenville-Spartanburg Airport District retained SYNEVA Economics LLC to conduct a comprehensive analysis of the airport's impact upon the Greenville-Spartanburg regional economy. The purpose of the analysis is to gain a greater understanding and appreciation of the airport's economic effects upon the region. The analysis objectively quantifies local spending that occurs because of the presence of GSP; and tracks that spending as it moves through the local economy. Results of the analysis demonstrates the economic contribution and value of GSP in terms of local supported jobs, increased local income, local value added, raised local economic output and additional tax revenues generated.

Mr. Tom Tveidt will provide a presentation to the Commission recapping the economic impact study results over a nine-year period.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Kevin E. Howell, Vice President/COO

DATE: November 19, 2018

ITEM DESCRIPTION - New Business Item A

Adoption of the GSP Airport Master Plan

BACKGROUND

The Greenville-Spartanburg Airport District's (District) last airport master plan study for the Greenville-Spartanburg International Airport (GSP) was completed in 1991 and titled the "Horizon Plan." That master plan was updated in 1997 and again in 2003 with Bechtel Infrastructure. The FAA recommends that airports update their master plan about every 10 years or whenever significant changes may occur. In March 2017, the District embarked on a new GSP Master Plan Update.

The 2018 Master Plan is titled GSP 2040, Wingspan – A Vision for the Future. This Master Plan will be used by Staff and the Commission to guide the GSP Capital Improvement Program (CIP) and to plan future development projects at GSP.

The Master Plan team was led by McFarland Johnson and they were supported by AVCON, Seamon Whiteside and Woolpert.

ISSUES

A presentation will be provided to the Greenville-Spartanburg Airport Commission (Commission) reviewing the planning work completed to date, information gathered, forecasts, capacity and facility requirements, development alternatives, phasing and order of magnitude estimates, financial projections, and next steps. The Commission will be asked to adopt the Master Plan as the planning tool and guide for the CIP and future projects at GSP. Upon adoption by the Commission, the Master Plan will be finalized and submitted to the FAA for review. The FAA only approves the forecast and Airport Layout Plan (ALP).



ALTERNATIVES

No alternatives are recommended at this time.

FISCAL IMPACT

Approval of the Airport Master Plan itself has no financial impact. Upon adoption, the planning document will be used as a resource for Staff and the Commission to guide the future capital improvement program and development projects at GSP.

RECOMMENDED ACTION

It is respectfully requested that the Airport Commission resolve to adopt the final Greenville-Spartanburg International Airport Master Plan as presented.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Scott C. Carr, A.A.E., Vice President – Commercial Business & Communications

DATE: November 19, 2018

ITEM DESCRIPTION – New Business Item B

Approval of a Concessions Agreement with Vino Volo

BACKGROUND

The Grand Hall presently has a vacant concessions location next to Palmetto Distillery. The site consists of 824 square feet of space and is the last concessions location available for development in the Grand Hall.

Greenville-Spartanburg Airport District Staff (Staff) has been in discussions with Vino Volo to develop their first MarketBar location at the Greenville-Spartanburg International Airport (GSP). This is a new concept that has been developed for small and medium-sized airports. They presently have their original concept in 33 larger airports throughout Canada and the U.S. with a total of 45 stores.

Vino Volo is a food and wine bar with a boutique wine shop. Vino Volo sells wines from around the world by the bottle, glass, or in tasting flights. Additionally, they sell a variety of gourmet food options to either eat at the restaurant or "to go."

ISSUES

Staff has negotiated the following concessions agreement terms with Vino Volo:

1. **Base Term** – Eight years beginning once a certificate of occupancy is issued or no later than May 1, 2019. Whichever date occurs first.
2. **Option Term** – None

3. **Lease Premises** – 824 square feet in the Grand Hall with additional storage space square footage that has yet to be determined.
4. **Lease Rate** – 12% of gross receipts on all food and non-alcoholic items and 14% of gross receipts on all alcoholic beverages. There will be a Minimum Annual Guarantee (MAG) of \$100,000 for the lease premises. Storage space will be charged at the applicable annual terminal building square footage rate based on approved rates and charges.
5. **Contract Security** – 50% of the Minimum Annual Guarantee (MAG) or \$50,000.
6. **District Improvements** – None
7. **Lessee Improvements** – \$400,000 minimum or \$485 per square foot with a mid-term refurbishment of not less than \$50 per square foot.
8. **Maintenance** – Lessee shall be responsible for all maintenance of the Premises.
9. **Utilities** – Lessee is responsible for the cost of all utilities and usage charges on the Premises. These will be charged initially at \$0.40 per square foot for the first year of the term.
10. **Insurance** – Lessee will be required to provide comprehensive commercial general liability insurance, property insurance, workers' compensation insurance, and employer's liability insurance.
11. **Taxes and Assessments** – Lessee is responsible.
12. **Subleasing** – Lessee must obtain written approval of the District to sublet the lease.
13. **Assignment** – Lessee must obtain written approval of the District to assign the lease.

ALTERNATIVES

The Grand Hall location could be left vacant and other food, beverage, and retail concepts considered in the future.

FISCAL IMPACT

The fiscal impact based on the Minimum Annual Guarantee (MAG) is at least \$100,000 annually or \$800,000 over the term of the concessions agreement. However, Vino Volo expects to exceed that amount with first year annual sales projected at \$875,000.



Utilizing a blended percentage rate of 13% for gross receipts, this would generate \$113,750 in revenue for the Airport District in the first year.

RECOMMENDED ACTION

It is respectfully requested that the Airport Commission (1) approve the concessions agreement terms as outlined above and (2) authorize the President/CEO to execute a concessions agreement with Vino Volo.



MEMORANDUM

TO: Members of the Airport Commission

FROM: David Edwards, President/CEO

DATE: November 19, 2018

ITEM DESCRIPTION – Information Section Item A

September 2018 - Traffic Report

SUMMARY

For September 2018, passenger traffic was strong with a **10.8%** increase over the same month in 2017. Cargo numbers for September 2018 were up **13.1%** for the same period. Passenger load factors were down slightly at an average of **74.1%**.

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%	4.40%	3.70%
April	8.30%	5.50%	2.80%
May	3.60%	5.40%	-1.80%
June	7.60%	5.30%	2.30%
July	8.70%	(Data Not Available to Date)	
August	12.50%	(Data Not Available to Date)	
September	10.80%	(Data Not Available to Date)	
October			
November			
December			
Average	8.27%	4.80%	2.27%



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

Providing a look forward into the service levels for December 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 up at 4.5%, and seats are up at 11.1%.

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

<i>All flights, seats, and ASMs given are per week.</i>											
Travel Period				Dec 2018		Dec 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	57	4,002	45	2,894	12	1,108	26.7%	38.3%
AA	GSP	DCA	396	19	1,040	19	1,197	0	(157)	0.0%	(13.1%)
AA	GSP	DFW	862	14	2,240	14	1,960	0	280	0.0%	14.3%
AA	GSP	ORD	577	12	600	19	1,197	(7)	(597)	(36.8%)	(49.9%)
AA	GSP	PHL	514	20	1,300	18	900	2	400	11.1%	44.4%
DL	GSP	ATL	153	52	7,865	52	7,616	0	249	0.0%	3.3%
DL	GSP	DTW	508	20	1,680	25	1,565	(5)	115	(20.0%)	7.3%
DL	GSP	LGA	610	16	1,180	9	642	7	538	77.8%	83.8%
F9	GSP	DEN	1,278	2	360	0	0	2	360		
F9	GSP	LAS	1,851	2	360	0	0	2	360		
F9	GSP	MCO	449	2	360	0	0	2	360		
F9	GSP	TPA	478	2	360	0	0	2	360		
G4	GSP	FLL	620	2	354	3	531	(1)	(177)	(33.3%)	(33.3%)
G4	GSP	PGD	550	0	0	2	332	(2)	(332)	(100.0%)	(100.0%)
G4	GSP	PIE	482	2	354	2	354	0	0	0.0%	0.0%
G4	GSP	SFB	426	2	354	2	332	0	22	0.0%	6.6%
UA	GSP	EWR	594	19	1,090	20	1,000	(1)	90	(5.0%)	9.0%
UA	GSP	IAD	383	20	1,150	19	1,070	1	80	5.3%	7.5%
UA	GSP	IAH	838	13	952	13	890	0	62	0.0%	7.0%
UA	GSP	ORD	577	27	1,350	26	1,400	1	(50)	3.8%	(3.6%)
WN	GSP	ATL	153	19	2,749	20	2,860	(1)	(111)	(5.0%)	(3.9%)
			TOTAL	322	29,700	308	26,740	14	2,960	4.5%	11.1%

Monthly Traffic Report

Greenville-Spartanburg International Airport

September 2018



Category	Sep 2018	Sep 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change	*MOV12-2018	*MOV12-2017	Percentage Change
Passenger Traffic									
Enplaned	98,107	88,535	10.8%	840,098	777,181	8.1%	1,137,425	1,042,852	9.1%
Deplaned	<u>96,191</u>	<u>86,751</u>	10.9%	<u>830,837</u>	<u>765,696</u>	8.5%	<u>1,121,518</u>	<u>1,025,962</u>	9.3%
Total	194,298	175,286	10.8%	1,670,935	1,542,877	8.3%	2,258,943	2,068,814	9.2%
Cargo Traffic (Pounds)									
Express and Mail									
Enplaned	890,467	1,092,011	-18.5%	8,436,621	9,110,679	-7.4%	11,647,793	12,050,448	-3.3%
Deplaned	<u>940,887</u>	<u>893,434</u>	5.3%	<u>8,693,103</u>	<u>7,964,778</u>	9.1%	<u>12,256,999</u>	<u>10,715,932</u>	14.4%
Subtotal	1,831,354	1,985,445	-7.8%	17,129,724	17,075,457	0.3%	23,904,792	22,766,380	5.0%
Freight									
Enplaned	2,679,147	2,622,516	2.2%	26,972,462	22,253,835	21.2%	35,948,606	28,733,759	25.1%
Deplaned	<u>4,790,710</u>	<u>3,619,194</u>	32.4%	<u>43,175,364</u>	<u>30,318,564</u>	42.4%	<u>56,567,390</u>	<u>38,199,431</u>	48.1%
Subtotal	7,469,857	6,241,710	19.7%	70,147,826	52,572,399	33.4%	92,515,996	66,933,190	38.2%
Total	9,301,211	8,227,155	13.1%	87,277,550	69,648,083	25.3%	116,420,788	89,699,797	29.8%

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

Monthly Traffic Report

Greenville-Spartanburg International Airport

September 2018



Category	Sep 2018	Sep 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change	*MOV12-2018	*MOV12-2017	Percentage Change
Aircraft Operations									
Airlines	2,323	1,891	22.8%	17,150	15,278	12.3%	22,978	19,900	15.5%
Commuter /Air Taxi	<u>1,120</u>	<u>1,228</u>	-8.8%	10,154	10,461	-2.9%	13,757	14,468	-4.9%
Subtotal	<u>3,443</u>	<u>3,119</u>	10.4%	<u>27,304</u>	<u>25,739</u>	6.1%	<u>36,735</u>	<u>34,368</u>	6.9%
General Aviation	907	839	8.1%	7,811	6,385	22.3%	9,824	8,588	14.4%
Military	<u>225</u>	<u>141</u>	59.6%	<u>1,911</u>	<u>1,422</u>	34.4%	<u>2,470</u>	<u>1,946</u>	26.9%
Subtotal	<u>1,132</u>	<u>980</u>	15.5%	<u>9,722</u>	<u>7,807</u>	24.5%	<u>12,294</u>	<u>10,534</u>	16.7%
Total	4,575	4,099	11.6%	37,026	33,546	10.4%	49,029	44,902	9.2%
Fuel Gallons									
100LL	2,388	3,935	-39.3%	28,965	26,209	10.5%	39,721	35,625	11.5%
Jet A (GA)	193,895	83,352	132.6%	1,120,785	759,615	47.5%	1,397,389	962,372	45.2%
Subtotal	<u>196,283</u>	<u>87,287</u>	124.9%	<u>1,149,750</u>	<u>785,824</u>	46.3%	<u>1,437,110</u>	<u>997,997</u>	44.0%
Jet A (A/L)	<u>1,726,445</u>	<u>1,063,260</u>	62.4%	<u>12,699,369</u>	<u>8,858,913</u>	43.4%	<u>16,490,136</u>	<u>11,600,600</u>	42.1%
Total	1,922,728	1,150,547	67.1%	13,849,119	9,644,737	43.6%	17,927,246	12,598,597	42.3%

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

Scheduled Airline Enplanements, Seats, and Load Factors

Greenville-Spartanburg International Airport



September 2018

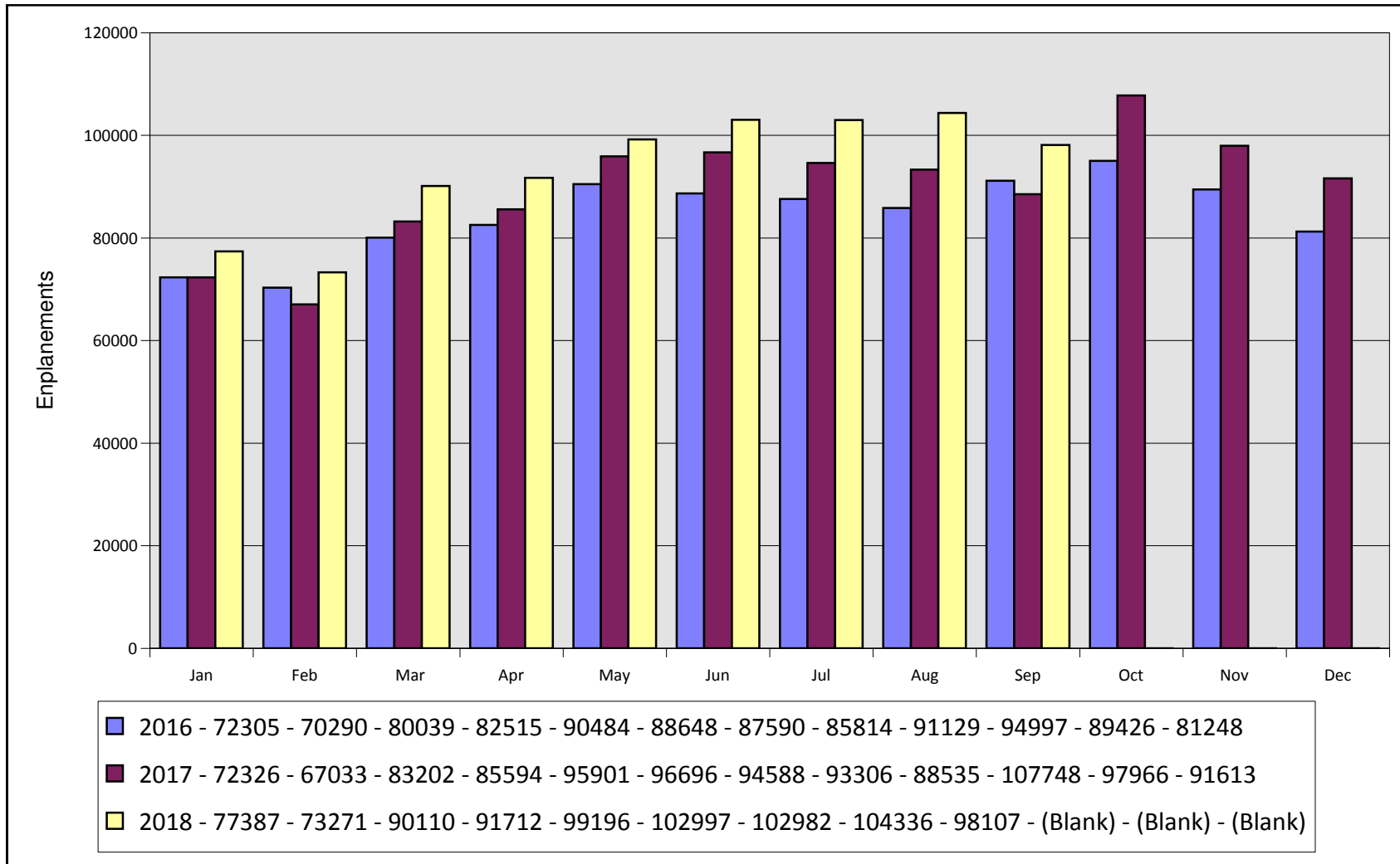
	Sep 2018	Sep 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change
Allegiant Air						
Enplanements	3,490	2,991	16.7%	41,561	49,166	-15.5%
Seats	4,567	3,846	18.7%	51,220	60,055	-14.7%
Load Factor	76.4%	77.8%	-1.7%	81.1%	81.9%	-0.9%
American Airlines						
Enplanements	29,391	29,023	1.3%	274,909	232,683	18.1%
Seats	42,120	38,809	8.5%	346,746	292,071	18.7%
Load Factor	69.8%	74.8%	-6.7%	79.3%	79.7%	-0.5%
Delta Air Lines						
Enplanements	36,076	33,307	8.3%	305,802	293,512	4.2%
Seats	45,367	39,699	14.3%	352,560	334,152	5.5%
Load Factor	79.5%	83.9%	-5.2%	86.7%	87.8%	-1.3%
Frontier Airlines						
Enplanements	2,618	0	#Div/0!	2,618	0	#Div/0!
Seats	3,780	0	#Div/0!	3,780	0	#Div/0!
Load Factor	69.3%	#Num!	#Type!	69.3%	#Num!	#Type!

Thursday, October 18, 2018

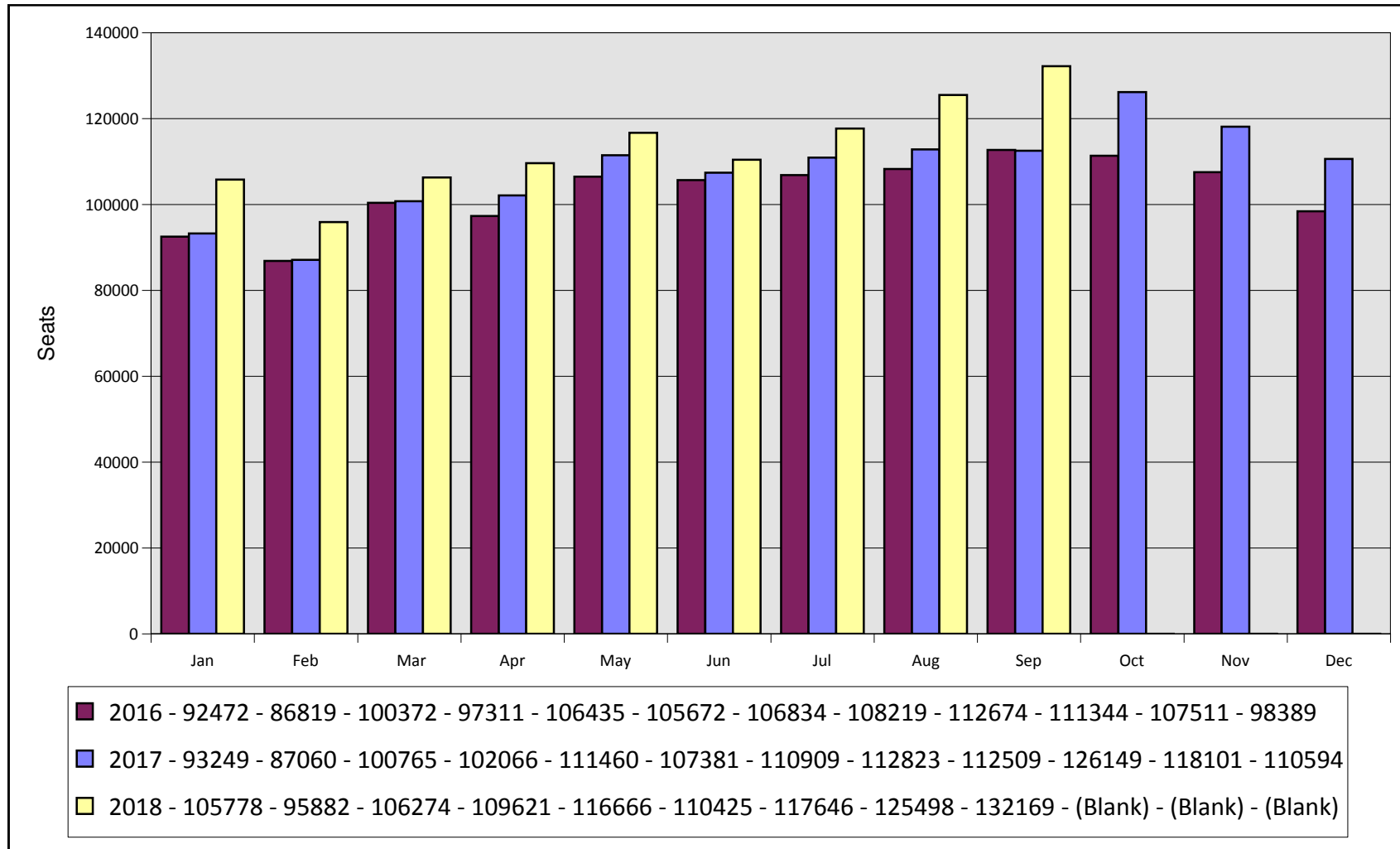
*CTYD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

	Sep 2018	Sep 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change
Southwest Airlines						
Enplanements	8,969	7,963	12.6%	83,862	81,414	3.0%
Seats	13,085	11,475	14.0%	112,201	110,738	1.3%
Load Factor	68.5%	69.4%	-1.2%	74.7%	73.5%	1.7%
United Airlines						
Enplanements	17,451	14,931	16.9%	128,563	117,808	9.1%
Seats	23,250	18,680	24.5%	153,452	141,206	8.7%
Load Factor	75.1%	79.9%	-6.1%	83.8%	83.4%	0.4%
Totals						
Enplanements	97,995	88,215	11.1%	837,315	774,583	8.1%
Seats	132,169	112,509	17.5%	1,019,959	938,222	8.7%
Load Factor	74.1%	78.4%	-5.4%	82.1%	82.6%	-0.6%

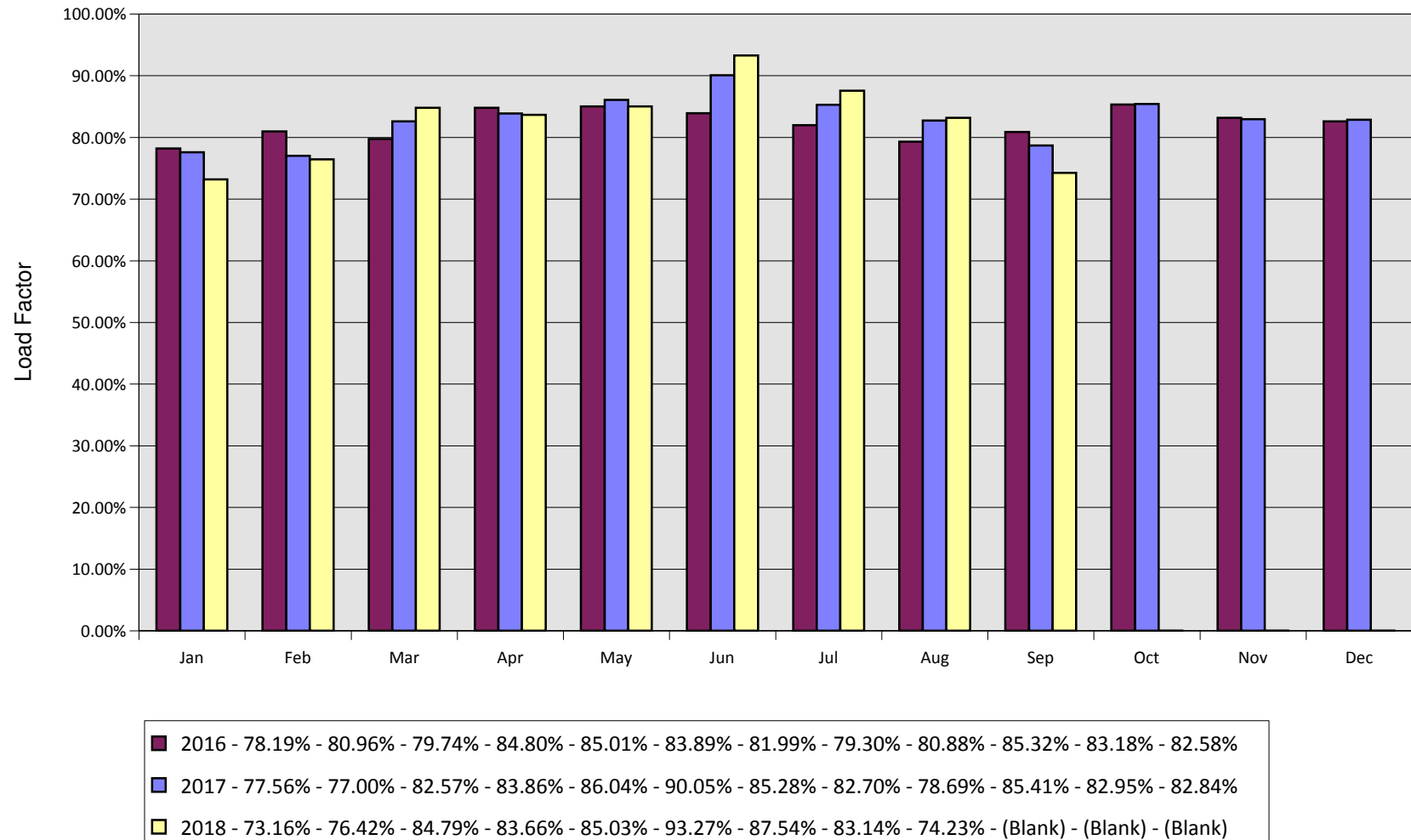
Monthly Enplanements By Year Greenville-Spartanburg International Airport



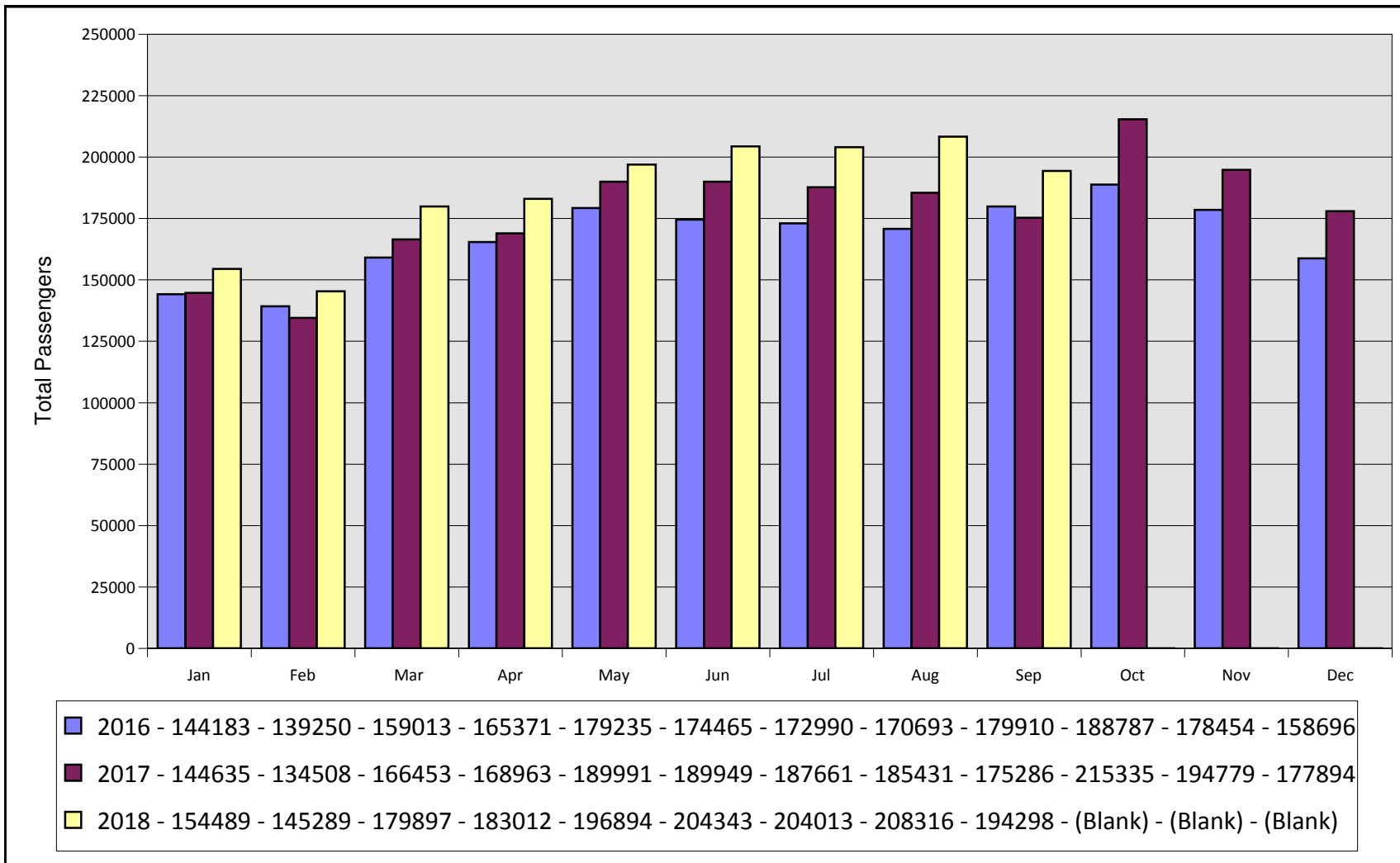
Monthly Seats By Year Greenville-Spartanburg International Airport



Monthly Load Factors By Year Greenville-Spartanburg International Airport



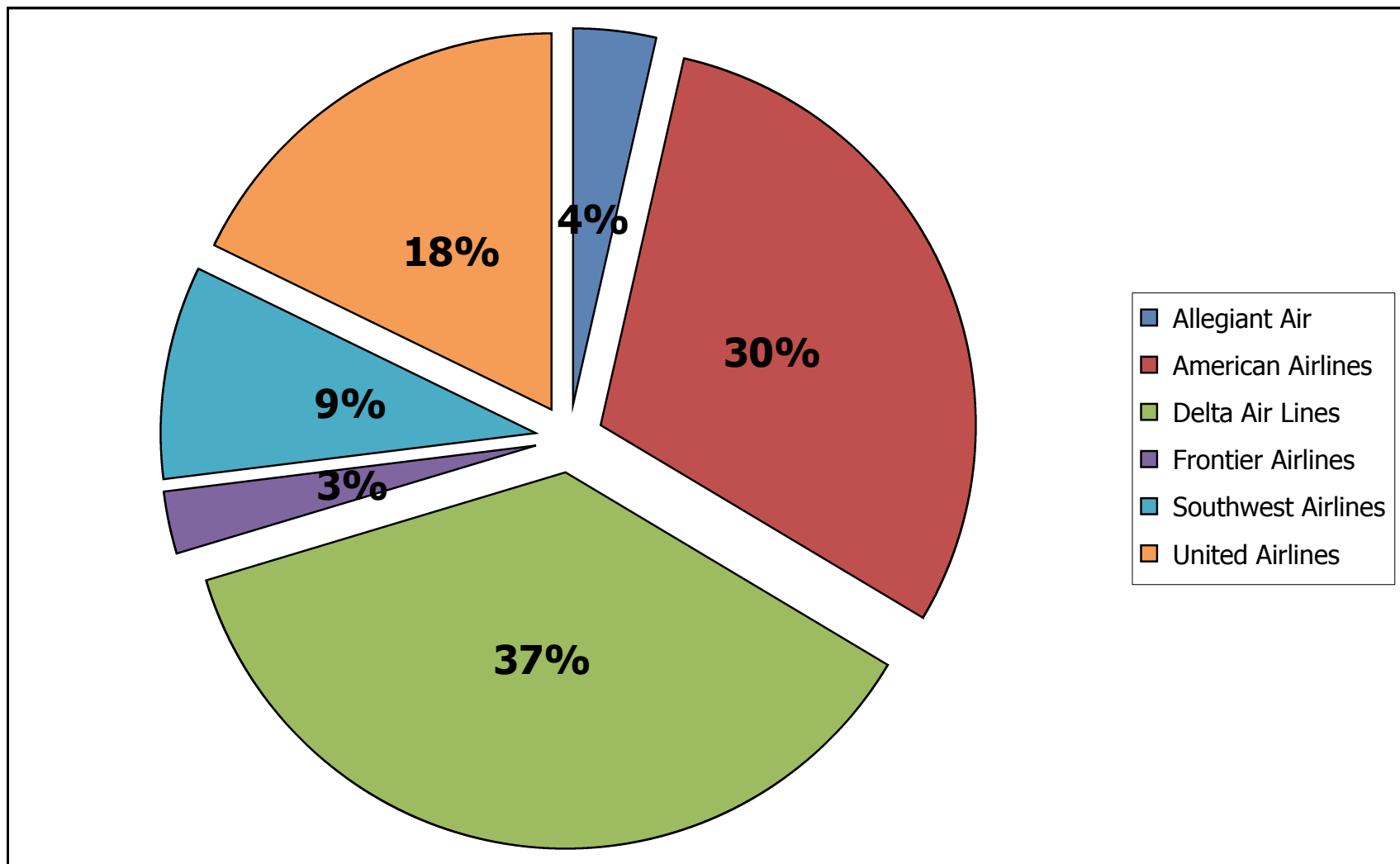
Total Monthly Passengers By Year Greenville-Spartanburg International Airport



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



Report Period From September 2018 Through September 2018



Airline Flight Completions

Greenville-Spartanburg International Airport

September 2018



Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Aeronaves TSM	29	0	0	0	0	0	100.0%
Air Atlanta Icelandic	23	0	0	0	0	0	100.0%
Air Teng Long	10	0	0	0	0	0	100.0%
Allegiant Air	28	0	0	0	0	0	100.0%
Alliance Air Charter	3	0	0	0	0	0	100.0%
American Airlines	578	0	1	11	3	15	97.4%
Ameristar Jet Charter	5	0	0	0	0	0	100.0%

Thursday, October 18, 2018

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
B+F Aviation	1	0	0	0	0	0	100.0%
Barker Neal Wayne	1	0	0	0	0	0	100.0%
Berry Aviation	6	0	0	0	0	0	100.0%
Cargojet Airways	1	0	0	0	0	0	100.0%
Castle Aviation	2	0	0	0	0	0	100.0%
Central Air Southwest	1	0	0	0	0	0	100.0%
Delta Air Lines	376	0	0	0	0	0	101.1%
Federal Express	39	0	0	0	0	0	100.0%
Freight Runners Express	5	0	0	0	0	0	100.0%

Thursday, October 18, 2018

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Frontier Airlines	21	0	0	0	0	0	95.2%
GTA Air	1	0	0	0	0	0	100.0%
Icebox	1	0	0	0	0	0	100.0%
IFL Group	2	0	0	0	0	0	100.0%
Kalitta Charters II	5	0	0	0	0	0	100.0%
McNeely Charter Service	5	0	0	0	0	0	100.0%
PAK West Airlines/Sierra W	2	0	0	0	0	0	100.0%
Priority Air Cargo	8	0	0	0	0	0	100.0%
Royal Air Freight	13	0	0	0	0	0	100.0%

Thursday, October 18, 2018

Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Skyway Enterprises	2	0	0	0	0	0	100.0%
Southwest Airlines	83	0	0	0	0	0	100.0%
Sun Country Airlines	3	0	0	0	0	0	100.0%
United Airlines	379	0	0	0	0	0	100.5%
UPS	31	0	0	0	0	0	100.0%
USA Jet	1	0	0	0	0	0	100.0%
Total	1,665	0	1	11	3	15	99.1%

Thursday, October 18, 2018



MEMORANDUM

TO: Members of the Airport Commission

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

DATE: November 19, 2018

ITEM DESCRIPTION – Information Section Item B

September 2018 - Financial Report

SUMMARY

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

Operating Income was up by **15.31%** when compared to the budget for Year-to-Date September 2018. Operating Expenses were down by **11.27%** when compared to the budgeted amount for the period. Net operating income was up by **71.36%** when compared to the budget through September 2018. For the period ending September 2018, which represents three (3) months of the fiscal year, a total of about **\$5.62 million** has been returned to the bottom line in operating income.

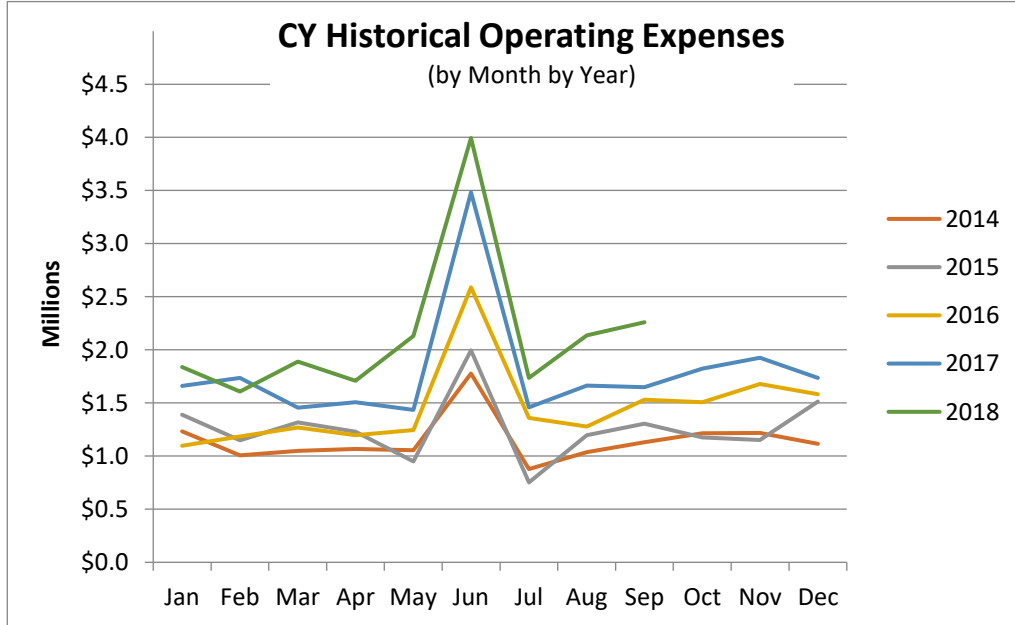
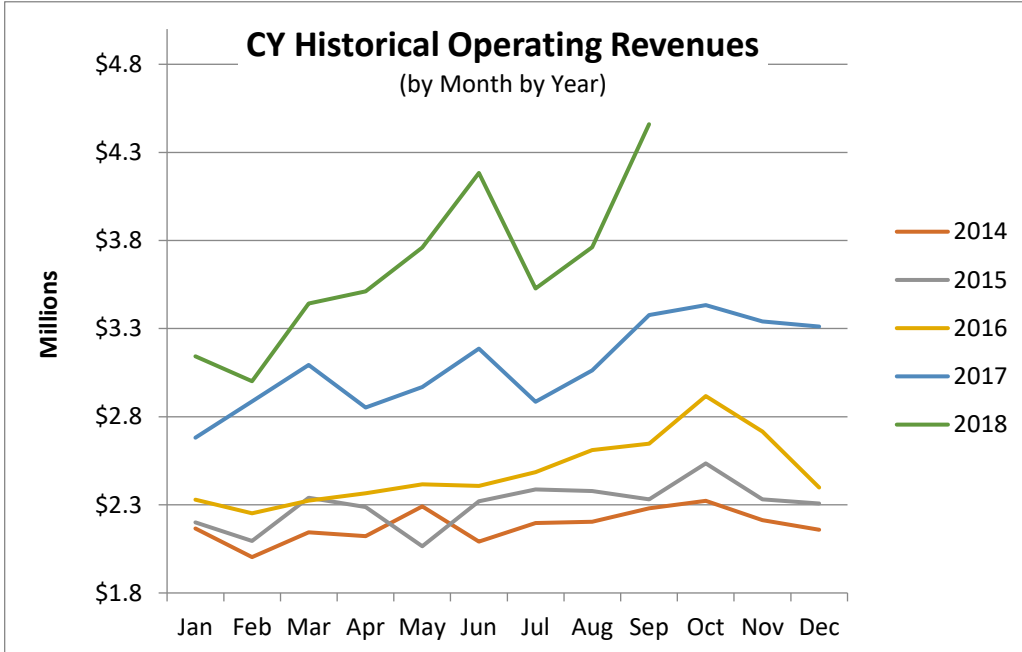
Please recognize that this is a preliminary report, unaudited, and only represents *three months* of activity resulting in variances from budget which can be quite volatile.

September 30, 2018 FINANCIAL STATEMENT PACKAGE

GREENVILLE SPARTANBURG AIRPORT DISTRICT
STATEMENT OF NET POSITION

	Current Month Current FY 9/30/2018	Current Month Prior FY 9/30/2017
Assets		
Cash Accounts	15,180,991.47	7,535,035.79
Investments-Airport	9,933,010.48	9,991,211.10
Bond Trustee Assets	539,175.98	118,799.19
Accounts Receivable	2,784,954.46	734,798.75
Less: Reserve for Doubtful Accts	-	
Net Accounts Receivable	<u>2,784,954.46</u>	<u>734,798.75</u>
Inventory	498,276.20	416,367.68
Prepaid Insurance	466,785.55	442,256.78
Notes Receivable-RAC District Funds	1,281,256.49	1,546,925.24
Property, Plant & Equipment (PP&E)	402,561,555.56	378,816,839.51
Less: Accumulated Depreciation	(150,818,541.31)	(139,095,957.02)
Net PP&E	<u>251,743,014.25</u>	<u>239,720,882.49</u>
TOTAL ASSETS	<u>282,427,464.88</u>	<u>260,506,277.02</u>
PLUS: Deferred Outflows of Resources		
Deferred Pension	4,534,914.39	2,329,681.54
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,534,914.39</u>	<u>2,329,681.54</u>
LESS: Liabilities		
Accounts Payable	3,644,410.29	1,524,428.69
TD Bank LOC	7,194,369.00	2,164,358.00
Revenue Bonds Payable	1,675,236.16	1,647,618.08
SCRS Pension Liability	15,243,794.00	12,214,294.00
Benefit Liability	1,334,855.35	881,124.04
TOTAL LIABILITIES	<u>29,092,664.80</u>	<u>18,431,822.81</u>
LESS: Deferred Inflows of Resources		
Deferred Revenues	1,296,432.49	1,570,218.24
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,296,432.49</u>	<u>1,570,218.24</u>
NET POSITION		
Invested in Capital Assets, net of Related Debt	241,647,388.76	234,389,599.25
Restricted:		
A/P - Capital Projects - Restricted	483,939.82	91,181.11
Contract Facility Charge	2,123,164.96	2,117,724.96
Total Restricted:	<u>2,607,104.78</u>	<u>2,208,906.07</u>
Unrestricted	12,318,788.44	6,235,412.19
TOTAL NET POSITION	<u>256,573,281.98</u>	<u>242,833,917.51</u>

GREENVILLE SPARTANBURG AIRPORT DISTRICT
REVENUES AND EXPENSES TREND GRAPHS



GREENVILLE SPARTANBURG AIRPORT DISTRICT
PROFIT and LOSS STATEMENT

<----- FISCAL YEAR TO DATE ----->				
	September 30, 2018 Actual	September 30, 2018 Budget	Actual - Budget	% Change
INCOME				
Landing Area:				
Landing Fees	716,088.42	701,319.24	14,769.18	2.11%
Aircraft Parking Fees	115,919.43	73,443.57	42,475.86	57.83%
Subtotal Landing Area	832,007.85	774,762.81	57,245.04	7.39%
Space & Ground Rentals	2,866,571.60	2,731,966.38	134,605.22	4.93%
Auto Parking	3,446,526.67	3,183,979.11	262,547.56	8.25%
Commercial Ground Transportation	27,717.09	36,249.99	(8,532.90)	-23.54%
Concessions:				
Advertising	78,700.00	87,500.01	(8,800.01)	-10.06%
Food & Beverage	198,183.09	162,180.36	36,002.73	22.20%
Rental Car	1,044,448.54	785,163.18	259,285.36	33.02%
Retail	178,726.52	131,537.01	47,189.51	35.88%
Subtotal Concessions	1,500,058.15	1,166,380.56	333,677.59	28.61%
Expense Reimbursements	488,077.46	414,119.70	73,957.76	17.86%
Other Income	1,041,679.64	822,580.80	219,098.84	26.64%
Gross Profit on Fuel Sales	1,548,009.90	1,060,284.84	487,725.06	46.00%
Total Operating Income	11,750,648.36	10,190,324.19	1,560,324.17	15.31%
EXPENSES				
Salary & Benefits	3,082,169.69	3,520,176.06	(438,006.37)	-12.44%
Professional Services	249,637.15	131,526.24	118,110.91	89.80%
Promotional Activities	320,465.87	381,661.26	(61,195.39)	-16.03%
Administrative	278,060.41	374,807.04	(96,746.63)	-25.81%
Insurance	169,762.65	169,762.65	-	0.00%
Contractual Services	1,097,266.59	1,137,634.13	(40,367.54)	-3.55%
Rentals & Leases	35,453.05	129,872.49	(94,419.44)	-72.70%
Repairs & Maintenance	136,063.92	206,219.40	(70,155.48)	-34.02%
Supplies & Equipment	282,637.50	383,302.98	(100,665.48)	-26.26%
Utilities	481,659.63	477,137.37	4,522.26	0.95%
Total Operating Expenses	6,133,176.46	6,912,099.62	(778,923.16)	-11.27%
NET OPERATING INCOME	5,617,471.90	3,278,224.57	2,339,247.33	71.36%

September 30, 2018

YTD ACTUAL VS YTD BUDGET FOOTNOTES - SUMMARY

(a)	Landing Fees	OVER BUDGET	\$14,769.18	<ul style="list-style-type: none"> - Actual passenger weights 336.7M (340.8M budgeted); - Actual Cargo weights 103.5M (90.2M budgeted) <p>Also note that weights are typically higher from October to December, May & June with a significant drop in February</p>
(b)	Space & Ground Rentals	OVER BUDGET	\$134,605.22	<p>Blended effects of the following:</p> <ul style="list-style-type: none"> - Per-turn fees over budget 65K - Did not anticipate that Senator would need to rent space and therefore did not budget (27K fytd) - Bradford Logistic : Budgeted 60K per month but only billing 24K per month total to Hudson and OHM (36K per month under budget). - American S. Cargo under budget 23K due to using higher sf in budget - APCO under budget 31K - PSA office and hangar rent not included in the budget in error 98K - FBO hanger rent over budget 27K (new rentals) - BMW Phase III 23K not budgeted, new lease started May 2018 - OHM/Hudson are using more of the unconditioned space and less of the conditioned space (higher rate) than budgeted 20K - TSA Holding Over on contract 24K over budget - Jetstar Aviation 32K not budgeted, new lease started March 2018 - FBO facility fees over budget 21K
(c)	Auto Parking	OVER BUDGET	\$262,547.56	<ul style="list-style-type: none"> - Budgeted a 2% increase over our FY18 trend (analyzed at 2/2018); traffic is trending higher
(d)	Rental Car	OVER BUDGET	\$259,285.36	<ul style="list-style-type: none"> - Enterprise and National are over budget 82K and 84K, respectively, due to increased traffic
(e)	Retail	OVER BUDGET	\$47,189.51	<ul style="list-style-type: none"> - Traffic trending higher than anticipated
(f)	Expense Reimbursements	OVER BUDGET	\$73,957.76	<ul style="list-style-type: none"> - Traffic trending higher than anticipated
(g)	Other Income	OVER BUDGET	\$219,098.84	<ul style="list-style-type: none"> - Ground handling fees-AvServ over budget 146K - GSE Lease/Usage 21K over budget
(h)	Gross Profit on Fuel Sales	OVER BUDGET	\$487,725.06	<ul style="list-style-type: none"> - DOD Into-Plane Fees under budget 27K - Throughput Fees under budget 29K - Jet A Into-Plane Fees over budget 341K - Jet A Retail over budget 238K - Flowage Fees under budget 4K - AvGas Retail & COGS net over budget 6K - JA COGS over budget (111K)
(i)	Salary & Benefits	UNDER BUDGET	\$438,006.37	<ul style="list-style-type: none"> - 220 employees are budgeted but 203 employed as of September 30th
(k)	Promotional Activities	UNDER BUDGET	\$61,195.39	<ul style="list-style-type: none"> - Advertising expense 159K under budget - General marketing expenses 132K over budget - Sponsorships expenses 34K under budget
(l)	Administrative	UNDER BUDGET	\$96,746.63	<ul style="list-style-type: none"> - Travel/Training 61K under budget - Dues & Subscriptions 25K under budget

September 30, 2018

YTD ACTUAL VS YTD BUDGET FOOTNOTES - SUMMARY

(m)	Contractual Services	UNDER BUDGET	\$40,367.54	- Janitorial Services 24K under budget (some budgeted services have not occurred yet) - Computer-annual contracts 16K under budget - Elevator & Escalator 70K over budget
(n)	Rentals & Leases	UNDER BUDGET	\$94,419.44	- Equipment 28K under budget (AvServ) - Buildings 62K under budget (Executive)
(o)	Repairs & Maintenance	UNDER BUDGET	\$70,155.48	- Boarding Bridges 10K under budget - Building 8K under budget - Heating & Air 16K under budget - Security System 8K under budget - Vehicles 8K under budget
(p)	Supplies & Equipment	UNDER BUDGET	\$100,665.48	- Auto 16K under budget - Computer-Equip/Supplies 44K under budget - Computer-Software 11K under budget - Nursery & Landscaping 13K under budget - Snow Removal 15K under budget

Note: Please recognize that this is a preliminary report, unaudited, and only represents three month of activity, resulting in variances which can be quite volatile.

GREENVILLE SPARTANBURG AIRPORT DISTRICT
Other Operating and Maintenance Reserve Funds

		<u>FY \$ Amount Authorized</u>	<u>Estimated Cost</u>	<u>Date</u>	<u>\$ Amount Used YTD</u>	
Emergency Repair/Replacement/Operations Fund		\$ 750,000				
2018	Waterfall Feature Repair		\$ 200,000		\$ -	in Engineering right now to be done by Gregory Fountains
2018	LPI Equipment		\$ 25,000		\$ -	
			\$ 225,000		\$ -	
Uncommitted Balance		\$ 525,000				
Business Development Obligations/Incentives		\$ 600,000				
2019	Escape Lounge		\$ 210,000	9/29/2018	\$ 101,474	Infinity Marketing
2019	AFCO Reimbursement of Expenses		\$ 90,000	9/13/2018	\$ 90,000	AFCO
	due to termination of agreement		\$ 300,000		\$ -	
Uncommitted Balance		\$ 300,000				

Greenville-Spartanburg Airport District
September 30, 2018

	Issue Date	Maturity Date	Interest Rate	Cost Basis or BOY FMV	Par	EOM FMV	FMV Adj
US Treasury							
Note	9/10/2018	3/31/2019	1.625%	996,790.00	1,000,000.00	996,060.00	(730.00)
Note	9/10/2018	6/30/2019	1.625%	993,980.00	1,000,000.00	993,280.00	(700.00)
Note	9/10/2018	9/30/2019	1.375%	988,890.00	1,000,000.00	987,380.00	(1,510.00)
Note	9/10/2018	10/31/2019	1.250%	985,870.00	1,000,000.00	984,730.00	(1,140.00)
Note	9/10/2018	12/31/2019	1.625%	988,726.22	1,000,000.00	986,640.00	(2,086.22)
Note	9/24/2018	2/1/2020	3.625%	1,013,316.56	1,000,000.00	1,011,600.00	(1,716.56)
Note	9/24/2018	3/31/2020	2.250%	995,280.00	1,000,000.00	992,460.00	(2,820.00)
Note	9/24/2018	6/30/2020	2.500%	996,190.00	1,000,000.00	994,840.00	(1,350.00)
Note	9/24/2018	8/31/2020	1.375%	974,460.00	1,000,000.00	973,200.00	(1,260.00)
Note	9/24/2018	9/30/2020	1.375%	975,249.06	1,000,000.00	971,950.00	(3,299.06)
Subtotal-UST				9,908,751.84	10,000,000.00	\$ 9,892,140.00	(16,611.84)

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 = 1.8625%

9/30/2018

Procurement / Capital Acquisitions

Project/Item Description	Date	Monthly \$ Amount
Capital Improvements:		
WK Dickson / Cargo Apron	9/27/2018	49,444
WK Dickson / Cargo Apron	9/27/2018	48,076
WK Dickson / Cargo Area Phase 1A	9/27/2018	31,084
WK Dickson / Cargo Area Phase 1A	9/27/2018	13,698
LS3P Associates / Parking Garage	9/12/2018	338,140
The Haskell Co / Air Cargo Facility	9/28/2018	578,162
The Haskell Co / Air Cargo Facility	9/28/2018	845,036
WK Dickson / ARFF Station Design	9/27/2018	97,076
Rebel Services / Fuel Farm Expansion	9/6/2018	51,516
Rebel Services / Fuel Farm Expansion	9/6/2018	26,765
Equipment and Small Capital Outlays:		
Convergint Technologies/SIDA Fence line	9/12/2018	11,485
Industry Services Co/Incinerator Rebuild	9/29/2018	15,713
John Bean Technologies/60K lb Loader	9/18/2018	601,765
NET3 Technology / CISCO Supervisor	9/27/2018	50,124
NET3 Technology / CISCO Routers	9/12/2018	21,534
United Rental / Electric Scissor Lift	9/21/2018	15,594
Renewals and Replacements:		
Cimline/Durapatcher/Cracj Sealing Repair	9/29/2018	45,465
Baker Roofing/Hangar Roof Replacement	9/21/2018	26,635
Total Procurements/Capital Additions for the month		\$ 2,867,311



MEMORANDUM

TO: Members of the Airport Commission

FROM: Kevin Howell, Senior Vice President/COO

DATE: November 19, 2018

ITEM DESCRIPTION – Information Section Item C

October 2018 – Development/Project Status Report

SUMMARY

Airport Master Plan:

Status – Planning Phase

Project Budget – \$1,347,543

Estimated Completion Date – December 2018

McFarland Johnson is leading the GSP Airport Master Plan. The final Master Plan presentation is planned for November and will be followed by presentations with airport tenants and community stakeholders. Submittal to the FAA is scheduled for December.

ARFF Station Project:

Status – Design Phase

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

Estimated Completion Date – The design phase is wrapping up. The construction phase is on hold pending confirmation of 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. Construction documents are being finalized and plans are to be submitted to Spartanburg County for plan review. Contractor pre-qualification and bidding for this project is on hold until FAA AIP funding is secured.



Parking Garage C & CONRAC Facility:

Status –Design Phase

Project Budget – \$40,000,000

Estimated Completion Date – TBD

This project includes the design and construction of a new combined public parking and rental car ready/return garage. The design team is led by LS3P. The design team is working on finalizing schematic design. It has been determined that the existing Employee Parking Lot will be impacted by Parking Garage C and due to continued passenger growth, additional surface parking will be required prior to beginning construction of the new garage. The overall design schedule and construction timeline will be determined by the Public Surface and Employee Parking Lots Project.

New Cargo Apron:

Status – Construction Phase

Project Budget – \$16,636,704.48

Estimated Completion Date – April 2019

This project includes the design and construction of a new dedicated cargo apron with taxiway connector just south of the existing FedEx facility. The engineer of record for the cargo apron project is WK Dickson. The general contractor is McCarthy Improvement Company. McCarthy is currently working on cement treated base in the Phase 1 apron area and continues to work on mass grading, rock removal and underground utilities. McCarthy has turned over the building pad to Haskell for the Air Cargo Facility.

Air Cargo Facility Phase 1:

Status – Construction Phase

Project Budget – \$14,000,000

Estimated Completion Date – May-June 2019

This project includes the new 110,000 SF air cargo facility. Fifty percent (50%) of the new building will be leased by Senator International and the balance of the building will be used by Cerulean Aviation. The design/build contractor is Haskell. Haskell is currently working on underground plumbing and electrical, and recently completed the first slab on grade pour. Upcoming work includes forming and pouring the initial tilt walls.



2100 and 2102 GSP Drive Roof Replacement Project:

Status – Construction Phase

Project Budget – \$1,600,000

Estimated Completion Date – 2100 GSP Drive = substantially complete; 2102 GSP Drive = November 2018

This project includes replacing the roofs on two existing hangars located at 2100 and 2102 GSP Drive. Lloyd Roofing is handling the roof at 2102 GSP Drive and Baker Roofing is the contractor for the 2100 GSP Drive roof. Baker is substantially complete with 2100 GSP Drive. Wet insulation and water damage was found on the roof section above the offices at 2102 GSP Drive. Lloyd Roofing is scheduled to be substantially complete with 2102 GSP Drive in November.

Terminal Curbfront Landscape Project:

Status – Construction Phase

Project Budget – \$500,000

Estimated Completion Date – February 2019

This project includes Phase 1 landscaping elements from the GSP Landscape Master Plan along the front of the terminal, including landscape improvements at each of the solid stucco wall sections flanking the glass atrium areas, sitting height stone walls along the front planter beds, landscape enhancements at each entry vestibule, and site furnishings. This project is led by WK Dickson and landscape architect sub consultant Seamon Whiteside. Bidding was recently completed, and the lowest responsive bidder was Roebuck Wholesale Nursery and Landscaping. The contractor will begin work in the next few weeks.

2102 GSP Drive Hangar Renovation Project:

Status – Design Phase

Project Budget – \$1,400,000

Estimated Completion Date – TBD

This project includes the renovation of the hangar located at 2102 GSP Drive, adjacent to the FBO Terminal. The hangar was in a serious state of disrepair after being transitioned from Stevens Aviation to GSP/Cerulean Aviation. The interior hangar ceiling has already been repainted and the fire alarm system was replaced. Additional renovation items include demo and renovation of the tenant office suites, restroom

upgrades, upgrade/replacement of the electrical system and HVAC equipment, new tool room/shop space for corporate flight departments, circulation space, stairs and egress accommodations, exterior paint, doors and hardware replacement, and integration to the GSP campus access control and CCTV systems. Staff is working on scope and fee discussions with the potential design team. The overall project schedule will be determined with the scope and fee negotiation. Construction phase work is anticipated to begin in spring 2019.

Public Surface Parking and Employee Parking Lots Project:

Status – Planning Phase

Project Budget – \$120,000 (Planning Phase)

Estimated Completion Date – February 2019 (Planning Phase)

The Parking Garage C and CONRAC Facility Project will impact the existing Daily Surface Parking Lot and the Employee Parking Lot. Due to continued passenger growth, public parking capacity is already strained on a nearly daily basis. This project includes programming and planning phase work required to implement the Public Surface Parking and Employee Parking Lots projects, both of which will be required prior to starting construction on the new Parking Garage C and CONRAC Facility.

This planning project will be led by McFarland Johnson (MJ). Project work includes parking demand forecasts for public paid parking, employee parking, valet parking, cell phone lot requirements and TNC staging requirements. MJ will also review the new Master Plan concepts for parking expansion and assist staff with project budget development and a recommendation for the location and scope of the parking lots projects prior to advancing the project(s) to full design.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Dudley Brown, Public Relations Manager
Kimberly Davis, Customer Service and Community Relations Manager

DATE: November 19, 2018

ITEM DESCRIPTION – Information Section Item D

October 2018 – Communications Status Report

SUMMARY

News Stories ~ Broadcast, Print and Online 10/1/18-10/31/18:

Escape Lounge

Greenville News: <https://www.greenvilleonline.com/story/life/2018/10/23/gsp-open-escape-lounge-help-rick-erwin-restaurant-group/1727202002/>

Spartanburg Herald-Journal: <https://www.goupstate.com/news/20181025/greenville-spartanburg-unveils-new-escape-lounge>

GSA Business: <https://gsabusiness.com/news/hospitality-and-tourism/75416/>

Greer Today: <http://greertoday.com/greer-sc/gsp-escape-lounge-adds-more-first-class-amenities/2018/10/27/>

WSPA: <https://www.wspa.com/news/escape-lounge-opens-at-gsp-airport/1550106783>

106.3 WORD FM: <https://1063word.radio.com/articles/meet-gsp-airports-escape-lounge>

WYFF: Story not online

WHNS: Story not online

TSA Pre-Check

WYFF: <https://www.wyff4.com/article/gsp-encourages-travelers-to-sign-up-for-tsa-pre-check/23805162>

WSPA: [TSA PreCheck mobile enrollment coming to GSP Airport](#)

Spartanburg Herald-Journal: [GSP hosts TSA pre-screening event next week](#)

GSA Business: [GSP to offer PreCheck enrollment](#)

WSPA: Did a story Oct. 15 while the bus was at the airport, but the story is not online



September Passenger, Cargo Activity Update

Greenville Business Magazine: [Passenger, cargo activity reach new heights at GSP](#)

Spartanburg Herald-Journal: [GSP traffic growth continues through September](#)

106.3 WORD FM: [GSP Airport had a soaring September](#)

The Herald-Journal story was picked up by Centre for Aviation and AviationPros.com.

Social Media 10/01/18-10/31/18:

GSPAairport.com

- Sessions – 95,226
- New Users – 65,063
- Page/Session – 1.74
- Average Session Duration – 1:34

Facebook

The GSP Facebook page gained 109 page likes during the month. The most popular post celebrated the opening of the Escape Lounge. It reached more than 6,900 people.

Twitter

GSP's Twitter account gained 65 followers during the month. A tweet celebrating the airport K-9 officer's birthday received the most impressions in October (7,838).

Instagram

A post celebrating the K-9 officer's birthday also received the most engagement on Instagram in October.

Customer Service Complaints Summary:

- Customers experienced baggage delays with Allegiant and Frontier.

Community Relations/Special Events:

- Eight school groups are confirmed to participate in the annual Holiday Concert Series.
- The annual holiday party for children selected by the Salvation Army will take place December 20.
- Honor Flight Upstate is being rescheduled for December on a date to be determined.
- Research is taking place to reestablish GSP's tour and volunteer programs.
- Research is taking place to develop art and history alcoves at the airport.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Scott C. Carr, A.A.E., Vice President – Commercial Business & Communications

DATE: November 19, 2018

ITEM DESCRIPTION – Information Section Item E

October 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 if 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 Complete

Project Budget – The Airport District portion to prepare the leasehold space for construction was \$175,000. All other costs were covered by MAG and estimated to have exceeded \$1,000,000.

Completion Date – October 25, 2018

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

in size and offers food and beverage, magazines, high speed Wi-Fi, etc., all for a single daily price.

Park Assist – Parking Garages A & B:

Status – Staff is still working through some technical adjustments to fully optimize the system; otherwise, the project is substantially complete. An onsite meeting with Park Assist to look at all the outstanding items took place on November 8, 2018. Their staff are working to resolve all issues by the end of the month.

Project Budget – \$791,000

Completion Date – November 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 of finding 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 as well as a new agreement that is being negotiated.

Project Budget – \$5,000

Estimated Completion Date – December 31, 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.

American Miami (MIA) Advertising/Marketing Campaign:

Status – Advertising/marketing plan is currently being developed for roll out in December 2018

Project Budget – \$75,000

Estimated Completion Date – February 28, 2019

American recently announced new service to MIA. The service will be operated on E-145 aircraft with 50 seats each, twice daily, beginning on December 19, 2018. The Airport District is putting together a marketing plan to support this new service to help ensure that it's successful and, by doing so, helping to reduce leakage on the route to nearby Charlotte.

Frontier Advertising/Marketing Campaign:

Status – Advertising/marketing plan has been rolled out and is ongoing

Project Budget – \$200,000

Estimated Completion Date – November 30, 2018

Frontier recently announced new service to Denver (DEN), Las Vegas (LAS), Orlando (MCO), and Tampa (TPA). The DEN, LAS, and MCO service will be operated on A-321 aircraft with 180 seats each, twice weekly, beginning on September 8, 2018. TPA service will begin in November 2018. The Airport District is putting together a marketing plan to support this new 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 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 complete, you will be able to see views of the inside of the terminal building and the streets leading up to it when you utilize Google Maps.



MEMORANDUM

TO: Members of the Airport Commission

FROM: Ashley Bruton, Director of Human Resources

DATE: November 19, 2018

ITEM DESCRIPTION – Information Section Item F

October 2018 – OSHA Reportable Injury Report

SUMMARY

Monthly Activity as of October 31, 2018

- 2 OSHA Reportable Injuries

2018 Calendar Year-to-Date

- 11 OSHA Reportable Injuries

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



GSP traffic growth continues through September

By Adam Orr

Staff Writer

Posted Oct 30, 2018 at 6:04 PM

Updated Oct 30, 2018 at 6:06 PM

Greenville-Spartanburg International Airport said this week it's traffic numbers continue to take off.

Airport officials said Tuesday passenger and cargo traffic combined to make it the busiest September in the airport's history.

Those increases came, at least in part, thanks to the addition of new direct flights to major U.S. cities and a highly orchestrated airlift of animals bound for the 2018 World Equestrian Games in Mill Spring, N.C.

Passenger activity was up nearly 11 percent in September, with more than 194,000 passengers. That marks 12 consecutive months of increased traffic, according to GSP.

Frontier Airlines kicked off its long-awaited bi-weekly direct flights to Denver, Las Vegas and Orlando in September, with additional plans to begin the same service to Tampa in mid-November.

But GSP also saw a more than 13-percent surge in cargo traffic compared to the same month in 2017. That included more than 9.3 million pounds of freight, and some 550 horses competing at the Tryon International Equestrian Center, which GSP termed "the largest commercial airlift of horses in history."

GSP President and CEO Dave Edwards said the airlift and the increase in traffic figures represent smart decisions and hard work from the airport's leadership and staff.

“That airlift was one of those things that could have gone well or not so well, or just OK,” Edwards said. “But it went extremely well and came off without a hitch, and I can only attribute that to my team.”

Edwards said GSP has already received inquiries from new customers about its cargo handling capabilities. He was optimistic in saying he expects GSP’s traffic growth will continue, but he cautioned sustained double-digit growth is unlikely.

“We’re a reflection of the economy and the Upstate,” Edwards said. “Double-digit growth would be hard to sustain, but what we see at least for the near-term is high single-digit to double-digit growth moving into 2019.”

He said he would expect cargo traffic to continue strong growth.

“I won’t say there’s low-hanging fruit on the cargo side, but there is a lot of opportunity,” Edwards said. “We’re really excited about what we are able to do there.”

Doug Smith, a representative of Spartanburg County on the GSP Airport Commission, said those traffic figures represent sound decisions made by airport leadership over a long time period.

“From the airport standpoint, as a commissioner, I can tell you without a doubt, the airport is a raw economic development driver,” Smith said. “It’s a jewel, and it’s because of the way it’s being developed and utilized.”

Smith credited GSP’s creation of Cerulean Aviation to act as the airport’s fixed-base operator in recent years as a key driver of GSP’s success.

That’s included more than \$14.5 million in hangar space upgrades unveiled in August and more than \$30 million in cargo facility upgrades that got underway in September.

Smith said he was never a naysayer in the creation of Cerulean, but he also said he was uncomfortable with the speed at which decisions were made regarding the pace of upgrades.

He said he shouldn’t have been.

“I’ll admit I wasn’t as comfortable as some of the other commissioners when we started looking at the (fixed-base operator) and were making decisions about upgrades,” Smith said. “But the decisions (Dave Edwards and Airport Commission Chairman Minor Shaw) made were the right ones, and I think already they’ve proven tenfold that they made the right calls.”

AIRLINES

Here's Why Most Flights Will Offer Free Wi-Fi in the Near Future

HOLLY SHIVELY ON OCT 17, 2018

SOURCE: MCCLATCHY

Oct. 16--Free Wi-Fi for all passengers is the newest way airlines are competing, a benefit for consumers as more airlines are expected to add the free service to keep up.

Delta's CEO Ed Bastian told attendees of the Skift Global Forum at the end of September that Delta Airlines plans to make Wi-Fi free for all passengers.

The timeline isn't clear, but JetBlue Airways is the only U.S. carrier that offers free Wi-Fi for all passengers. While the technology is widely available on land, it's been expensive to install in airlines.

Delta is a legacy carrier, while Jet Blue is low-cost. Experts including WHIO's own Clark Howard have said most major airlines will begin offering free Wi-Fi for all passengers once Delta debuts the service to stay competitive.

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SOUTH CAROLINA

This airport just landed SC's first direct transatlantic flight to Europe

BY JEFF WILKINSON
jwilkinson@thestate.com

October 18, 2018 02:12 PM
Updated 21 minutes ago

CHARLESTON — Charleston International Airport is now truly international.

Airport officials today announced British Airways will begin air service to London beginning April 4. The flights to London's Heathrow Airport will continue twice a week until Oct. 24, 2019.

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The airline will fly Boeing 787-8 Dreamliners. Boeing builds 787-10 Dreamliners at its North Charleston assembly plant.

The flights will run on Thursdays and Sundays with BA221 departing from London Heathrow at 5:20 p.m. and arriving into Charleston at 9:20 p.m. that evening. The return flight BA220 will depart Charleston at 10:50 p.m. and arrive at London Heathrow at 11:50 a.m. the next day.

“It is a privilege to establish this direct route between two cities that share a reverence for history, display unique charm and embrace promising futures,” Helen Hill, CEO of Explore Charleston, said in a news release. “We are committed to ensuring this partnership is an unrivaled success and look forward to welcoming new business and leisure travelers to our region and state.”

The Boeing 787-8 Dreamliner can hold 214 customers across three cabins, with 154 seats in economy, 25 seats in premium economy and 35 seats in business class.

Travelers on British Airways have a free baggage allowance, seat allocation and, on its long-haul services, complimentary meals and bar service and on-demand movies on personal TV screens.

 **COMMENTS** 

AIRLINES

British Airways to Launch Charleston to London Service

SOURCE: BRITISH AIRWAYS OCT 18, 2018

British Airways will launch a twice a week summer service between Charleston and London Heathrow, offering the first transatlantic route for Charleston International Airport.

Beginning April 4, customers will be able to fly to London on the Boeing 787-8 Dreamliner. The flights will run on Thursdays and Sundays with BA221 departing from London Heathrow at 5:20pm and arriving into Charleston at 9:20pm that evening. The return flight BA220 will depart Charleston at 10:50pm and arriving into London Heathrow at 11:50am the next morning.

Simon Brooks, British Airways' senior vice president for North America, said, "I am really delighted that British Airways will be offering this special summer service between Charleston and London. Both cities have rich histories and great culture and we look forward to welcoming customers onboard soon."

"We have an extensive global network, from UK cities, to Europe to Africa and Asia, so I'm pleased that British Airways can open this service up to the Charleston community."

Helen Hill, CEO of Explore Charleston, said: "It is a privilege to establish this direct route between two cities that share a reverence for history, display unique charm and embrace promising futures. We are committed to ensuring this partnership is an unrivaled success and look forward to welcoming new business and leisure travelers to our region and State."

British Airways' state-of-the-art Boeing 787-8 Dreamliner aircraft accommodates 214 customers across three cabins, with 154 seats in World Traveller (economy), 25 seats in World Traveller Plus (premium economy) and 35 seats in Club World (business). Designed to enhance customer wellbeing, the new fuel-efficient aircraft operates with a lower pressurization, reducing the effects of jet lag for customers.

Customers on British Airways services enjoy benefits such as free baggage allowance, seat allocation and on its longhaul services, complimentary meals and bar service while watching on-demand movies on their personal TV screens. The airline also provides a "Feed Kids First" service which ensures that children are served first, allowing parents to enjoy their own meal.

Boeing has a factory in Charleston where they are currently building the 787-10 Dreamliner. British Airways will take delivery of 12 new Boeing 787-10s between 2020 and 2023.

BREAKING

CHARLESTON AIRPORT TO LAUNCH NONSTOP FLIGHTS TO LONDON

https://www.postandcourier.com/business/charleston-airport-to-launch-nonstop-flights-to-london/article_4edaa636-c009-11e8-b80c-27f9947a444b.html

BREAKING

Charleston airport to launch nonstop flights to London

BY WARREN L. WISE WWISE@POSTANDCOURIER.COM

OCT 18, 2018 UPDATED 1 HR AGO



SUBSCRIBE FOR \$2.98 / WEEK

The British are coming, and this time by air with Charleston's first transatlantic flights.

British Airways will launch two nonstop routes each week between the Holy City and London starting April 4, the airline announced Thursday. The Thursday and Sunday service will continue through Oct. 24, 2019. Tickets go on sale Friday. The price has not been announced.

Passengers will fly on a Boeing 787-8, like those assembled in North Charleston next to the airport. It will seat 214 people in three classes on the eight- to nine-hour flight.

"We are ushering in a new day for this region and our state as we launch this flight to a premier European destination," said Paul Campbell, CEO of Charleston County Aviation Authority, which oversees the state's busiest airport.

London's Heathrow Airport is considered a gateway to Europe and other destinations and will open the Lowcountry directly to business and leisure travelers who now use connecting flights.

"We have an extensive global network, from UK cities, to Europe, Africa and Asia, so I'm pleased that British Airways can open this service up to the Charleston community," said Simon Brooks, British Airways' senior vice president for North America.

TAKING FLIGHT

British Airways nonstop flight between Charleston and London will run twice on Thursday and Sunday, starting April 2019, through Oct. 24, 2019.

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Why Buy Direct from the Factory For Better Furniture

Better Price

Going straight to the manufacturer to buy furniture carries benefits beyond pricing, says Aaron Bea...

'Game changer'

Linn Lesesne, chairman of Charleston's tourism agency Explore Charleston, called the new air service a "momentous occasion," and the state's top industry recruiter deemed it "a game changer."

"These flights will make South Carolina an even more viable candidate for economic development, giving us additional tools to compete in the global economy," state Commerce Secretary Bobby Hitt said.

The new air service's economic impact is estimated at \$20.2 million a year.

Airport and tourism officials say the number of travelers leaving the Lowcountry and catching a connecting flight to England's capital has grown to the point that a nonstop flight is warranted.

That number has grown 38 percent over the past five years, according to Gary Edwards, a liaison between the Aviation Authority and Explore Charleston.

Last year, about 110,000 people flew out of Charleston bound for Europe, he said. That corresponds out to about 2,100 a week.

"Those are people who would travel any day of the week based on the service we have now," Edwards said. "When service is added, we are comfortable that more people will fly to that market."

Market demand

owner of furniture manufacturer Palm Casual, which sells to more than 500 U.S. stores as well as directly to consumers from its factories.

Flight schedule

Depart from Charleston: 10:50 p.m.; arrive London: 11:50 a.m. next day

Depart from London: 5:20 p.m.; arrive Charleston: 9:20 p.m.

Sources: Charleston County Aviation Authority, British Airways



Guard divisions rehearse for the Queen's annual birthday parade in London. File/Andrew Matthews/AP

He also pointed out any time additional nonstop service is added at the airport, more people choose Charleston to reach their destinations because of the convenience of not having to go through a connecting airport.

Though twice weekly flights are scheduled now, Edwards said, "The business model we built works very well for five per week during the summer season and four per week year round.

Edwards does not foresee the additional airline taking passengers away from other carriers now offer connecting flights in places such as New York.

"I don't think we see two days a week as disruptive to other carriers," he said. "This is going to be a matter of creating new traffic and new opportunities. And it doesn't factor in new growth



A bead of sweat falls from a member of The Queen's Guard as he takes part in the Changing the Guard ceremony at Welling Barracks in London in July. File/Kirsty O'Connor/AP

see coming from Volvo, Mercedes, Boeing and the growth of the knowledge-based industry think it is just going to grow the number of people who are traveling.”

Edwards pointed out Charleston’s international industrial engine is running at full throttle “the carrier is looking for a bigger footprint in this part of the country.”

The region’s chief tourism official, Helen Hill, emphasized local officials “are committed to ensuring this partnership is an unrivaled success,” while South Carolina’s head of tourism expects the service to ripple across the state.

“The new direct service will also increase overseas visitation to surrounding areas such as Myrtle Beach, Hilton Head and Columbia,” said Duane Parrish, director of the state Department of Parks, Recreation and Tourism.



Westminster Abbey in London is a popular tourist attraction. File/Frank Augstein/AP

The airport’s last international flight was through Porter Airlines, which briefly offered service to Toronto in 2015. Before that, Air Canada also served Charleston with flights to Toronto in 2001, but it dropped the flights after the 9/11 terrorist attacks.

Truly ‘international’

The arrival of British Airways will make the airport truly “international” once again.

Charleston International currently claims “international” in its name because unknown to people is the existence of a federal inspection station, or an international gate, at the termi

It’s behind the baggage carousels and adjacent to the hallway of Concourse B, out of view f passengers making their way to and from 15 gates serving some of the eight airlines curren operating in Charleston.

The federal inspection station is there because the region once had a huge military presenc when the Navy base was located in North Charleston before it closed 22 years ago. It was u for repatriation of service members’ families.

It’s used now for diverted flights during an emergency, such as one flying from the Caribbe New York that might need to stop over for whatever glitch arises. If passengers have to get the plane, they would have to go through the federal inspection station.

About a dozen U.S. Customs and Border Patrol agents already are stationed at the termina will man the inspection station for incoming passengers. They also work with the State Po Authority.

Upgrading the terminal

To meet the requirements of offering services for its first overseas commercial offering, the airport will require some upgrades and a bit of money.

The nation’s 64th busiest airport will have to upfit a kitchen in an existing building to mak international meals, since the airline operates under different standards, Campbell said. Tl facility will go in the annex off Porsche Boulevard, where the police department is located.



British Airways will soon offer nonstop flights between Charleston and London. Provided/British Airways

In addition, the airport will have to make room for another airline in the ticketing hall, and that's now being eyed for expansion sooner rather than later since the recently renovated terminal is running out of check-in counter space.

"We will have to spend some money for sure," Campbell said. "We will have to dress up the federal inspection station and modernize it with new technology."

He estimates it may cost the airport up to \$9 million to get ready for the international flight.

No discussions have taken place to provide an area for currency exchange or a duty-free shop.



Passengers wait to go through the security checkpoint at Charleston International Airport. File/Charleston County Aviation Authority

but Campbell said they are possible.

Charleston International is on pace this year to set a new record and surpass 4 million passengers coming and going for the first time. Through September, an estimated 3.3 million ticket holders passed through the airport's gates, up 12 percent over last year.

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WARREN WISE

AIRLINES

Delta Has Transformed Since Merger with Northwest 10 Years Ago

KELLY YAMANOUCHI ON OCT 25, 2018

SOURCE: MCCLATCHY

Oct. 25--In the 10 years since Delta Air Lines acquired Northwest Airlines, the Atlanta-based carrier has transformed itself from a struggling company fresh out of bankruptcy into a financial powerhouse.

Along the way to making billions of dollars in profits a year, Delta has also expanded its workforce in Georgia and vastly improved its on-time performance.

But it hasn't been all smooth sailing.

Within a few months of its merger, a recession drove the company to cut staff and slash flights. Within a few years, the airline was also selling off facilities.

"We went through takeover battles. We went through a bankruptcy. It was always about keeping Delta my Delta," said Delta CEO Ed Bastian, referring to the tagline the company used when rallying its employees to fend off a 2006 hostile takeover by US Airways.

It eliminated hubs in Cincinnati and Memphis and down-scaled its Tokyo hub, while adding hubs in Seattle, Los Angeles and New York's LaGuardia Airport and international hubs with partners.

But, after all the growing pains, "We've created the most valuable airline in the world," Bastian said.

Minneapolis to Atlanta

When Delta announced its merger with Northwest, then-CEO Richard Anderson said the consolidation was "about addition, not subtraction." The merger agreement closed Oct. 29, 2008.

The deal allowed the company to keep the name Delta and maintain its headquarters in Atlanta.

Delta consolidated operations and shut down flight training and maintenance facilities at Northwest's old campus in the Minneapolis area.

Delta had committed to keep a "Delta North" headquarters in Minnesota along with at least 10,000 jobs there as part of assuming bond debt from Northwest in the merger. Instead, Delta paid off the bond debt early and shut down the Delta North headquarters.

Ultimately, much of the work was shifted to Atlanta, where Delta has a massive headquarters campus by Hartsfield-Jackson and operates its largest hub by far, with about 1,000 departures a day. In Georgia, Delta now has more than 33,000 employees, up from about 25,000 at the time of the merger.

The airline industry has been shifting toward lucrative international routes for growth, and the merger helped Delta with that transition.

But some smaller towns are left without airline service as a result.

"If you're in one of the markets that lost service because no one in the [airline] industry is bothering to serve that particular small city anymore, then Delta didn't help you," said Robert W. Mann, an airline consultant based in Port Washington, N.Y.

But by and large, he said, travelers in many big cities have more service to cities around the world.

Combining workforces

The Delta-Northwest merger triggered a series of difficult union battles, as Northwest's highly unionized workforce meshed with Delta's mostly non-union workforce.

For the most part, the combined airline's workforce voted against unionization. Delta remains mostly that way, with the pilots as its major unionized work group.

Since the merger, Delta has returned to a "paternalistic" culture similar to its early days under founder C.E. Woolman, Mann said.

That includes huge profit sharing checks paid out to employees every Valentine's Day and big pay raises. "Of course, you can do that when you're minting money" the way Delta is, Mann said.

Wave of mergers

The Delta-Northwest deal also kicked off a series of major airline mergers, including United-Continental, American-US Airways and Southwest-AirTran.

Other airline executives looked to the Delta-Northwest deal as a model for how to integrate two airlines, including getting a pilot deal done before the merger and quickly deciding on IT systems for a combined company, Mann said.

"Previously, these things resulted in a lot of hand-waving and hand-wringing, hair-on-fire sorts of rationalizations as to what to do," Mann said. Other airlines have looked to "maybe accomplish them as elegantly as Delta and Northwest did."

Delta had the advantage of being first. After the acquisition, other airlines were still wrestling with their own merger challenges, but Delta "was ruthless and smart," said Phoenix-based airline consultant Hubert Horan. Delta's attitude, he said, was, "We're going to take (being first) and make it an even bigger advantage," by improving its airplane fleet and investing in systems.

Some are critical of the airline industry consolidation and its effect on competition and consumers.

Ultimately, Horan said, the wave of airline mergers was intended to "massively reduce competition in the airline business, of which Delta was one of the key players and it's one of the major dominoes."

He says global airline deals, starting with Air France-KLM, began an industry-wide shift that ended with three major U.S. carriers controlling the international market -- Delta, American and United. Their respective airline alliances keep a lock on the lucrative market for flights between the U.S. and Europe.

"It's a permanent three-player oligopoly, forever," Horan said.

Such a system can reduce competition and result in higher prices for consumers.

In some markets, Horan said, the airlines may be "losing tons of money."

And then, there are "plenty of places where they're minting money," he said.

With United, American and Delta reporting billions in profit last year, he said, "The bottom line suggests that the latter greatly outweighs the former."

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TECH & SECURITY



Skidata Completes Massive Parking Technology Installation At Raleigh-Durham International Airport

SOURCE: SKIDATA GROUP OCT 12, 2018

When Raleigh-Durham International Airport decided to upgrade their entire parking infrastructure, they identified the need to provide the more than 11 million annual visitors with a modern and convenient parking experience. As part of their Vision 2040 Master Plan, the airport expanded their parking offerings to provide easy and convenient options to meet the varying needs of their many visitors.

The massive 14-car-park installation includes a total of 19 Entry Lanes and 29 Exits with an impressive 19 Automatic Payment Machines (APMs). Skidata's Power.Gate column devices were used at entry and exit with corresponding Barrier.Gates. The abundance of APMs provide the convenience of self-service payment with both credit cards and cash transactions. The airport chose to primarily go with Credit.Cash APM units for credit-card-only transactions along with 3 Easy.Cash credit and cash processing units. As an additional payment option, 10 cashier terminals were installed for in-lane cashing. For the full airport system, Skidata's PARCS solution is paired with Paris Technologies' business data management as well as ADVAM's parking reservation product.

"We are incredibly honored to be partnering with this forward-thinking airport team," said Coley Nash, business development – Skidata. "This is a great collaboration that shows their dedication to the visitor experience."

AIRPORTS

airport
business

The Battle Over Air Service Development

BY BENÉT WILSON ON NOV 1, 2018



Special events related to new airline services can provide marketing outreach within the community to promote the new route.

Photo credit: Indianapolis Airport Authority

No matter what size community you live in, having an airport that connects you to the global air transportation system is key. For example, in its search for a second headquarters, Amazon required that potential cities be within 45 miles of an international airport.

Aviation has directly created 9.9 million jobs and created a \$664.5 billion economic impact, according to "Aviation Benefits," a 2017 report published by the Industry High Level Group, an ICAO initiative. Its members include the heads of ICAO, ACI, IATA, the Civil Air Navigation Services Organisation (CANSO) and the International Coordinating Council of Aerospace Industries Associations (ICCAIA).

So what are airports — large and small — doing to balance keeping existing air service with boosting frequencies and adding new flights? Many of them choose to hire air service consultants to help.

Mike Boyd founded Evergreen, Colo.-based aviation consultancy, Boyd Group International, in 1984 after stints in planning and marketing at three airlines. He leveraged his experience into a firm that is well respected not only for its air service consulting, but its annual aviation summit, an event that attracts top airline executives from around the world as speakers. It has become a must-attend event.

The first consideration when it comes to air service is pretty simple — is it possible, Boyd asked. "Many communities just want air service, no matter where it goes. Our biggest challenge with them is getting them to understand that air service access isn't always possible at the local airport," he said.

Take the example of Youngstown–Warren Regional Airport, which has worked for 20 years to get air service, said Boyd. "They do have Allegiant Air for leisure travel, but that's just leisure air service," he said. "The best service for Youngstown comes out of Pittsburgh International Airport, an hour's drive away. But some communities don't want to hear that."

Another example is Topeka Regional Airport, said Boyd. The airport had three daily US Airways Express flights to Kansas City that ended in 2003. It won a Small Community Air Service Development grant in 2012 for \$950,000 to operate United Express flights to Chicago, but the service ended in September 2014 after the funds ran out. Even Allegiant Air couldn't make flights work and they stopped flights in July 2007.

"Why didn't it work? Because it's more convenient to drive to Kansas City International Airport, which is a one-hour drive away," said Boyd. "This is happening at small airports across the country. Your air service isn't always at your local airport."

Even the right case for air service can be wrong, said Boyd. "Airlines aren't stupid. They don't need a consultant to send them a leakage study. If the traffic is there, the airline will know it," he said. "The only case to be made for air service is does an airport meet the corporate objectives of the airline."

Pueblo, Colo., is literally an hour away from Colorado Springs Airport, said Boyd. "It is spending millions of dollars to keep two United Express 50-seat flights to Denver running at a 27 percent load factor," he said. "More people go to Starbucks that fly on these flights, and yet the community says it needs this service. But they already have great service — out of Colorado Springs."

Air Service Development: What it Takes

Every firm interviewed in this story cited their expertise, their staff with airline experience and connections, but is that enough? How do you show off your work, but also not just tell airports what they want to hear when it comes to air service?

Joseph Pickering is the business unit leader for Madison, Wis.-based Mead & Hunt's air service consulting group. Because each airport's situation is unique, the first thing to discuss are the goals of the effort, he said.

"Is this a one-off project providing technical guidance or a longer-term air service development effort for an airport looking to grow existing service, add new domestic service, re-establish lost service or looking to strategically pursue new international routes," Pickering asked. "We also ask to review any past air service development efforts to see if we can build on those efforts or if we're starting fresh we tell them we need to complete a market study to determine the market's potential, the number of air travelers and where they are going."

Kevin Schorr is a vice president at Alexandria, Va.-based Campbell-Hill Aviation Group LLC. "Most airports do an RFP/RFQ process for air service consultants, but there are some who call and want to learn more. They want to understand what we do differently than other firms," he said.

"When an airport comes to us, we tell them how we're different. Our group of consultants have 150 years of aviation experience. We are of the industry," said Schorr. "We've had 206 air service wins from 28 airlines since 2015. We can tell them how good we are, but it all comes down to answering the question 'can you get us more air service?'"

Another thing that makes Campbell-Hill different is that there's one office, said Schorr. "Ten of our 13 employees work in that office," he said. "We work for different kinds of airports, from small ones to large hubs in the U.S., Canada, Latin America and Europe."

But the biggest difference is that the firm works for airlines as well as airports, said Schorr. "One of our biggest clients is Southwest Airlines. People are surprised when we tell them this," he said.

Sabine Reim is the senior vice president of airline network strategy for Vancouver, British Columbia-based InterVistas, a dedicated boutique aviation consultancy. "We pride ourselves on our broad service offering, provided by subject matter specialists, many of who have completed distinguished industry careers," she said. "We can therefore offer both depth and breadth, which is an important combination for delivering the services airports need to succeed in developing air service."

InterVistas can help with a number of disciplines that complement the more traditional air service development functions of business case development and route forecasting, said Reim. "For example, it includes economic impact analysis, leakage studies, tourism, facilities development, facilitation and regulatory, and non-aeronautical business development," she said. "We can also offer our clients experience and airline contacts gathered from projects completed around the world."

As industry margins have become more squeezed with U.S. carriers not adding much incremental capacity in the near term, and at the trans-oceanic level high growth rates not expected to quite continue to the same degree, competitiveness between airports can be interpreted to have gone up, said Reim.

"However, we are still in a position for air service development where a lot of airlines have got used to being more innovative when it comes to air service and more comfortable with trying out new opportunities," she said. "This in turn creates opportunities for both larger and smaller airports, and that is a good thing."

The airlines typically have more route opportunities than there are aircraft to fly those routes so airports are competing for a limited asset that is easily deployed where it has the potential for the best return on investment, Pickering noted.

"Air service development can be a highly competitive undertaking. Recently the industry has been constrained by a regional airline pilot shortage, which means that air service development at smaller airports has become even more competitive," he said. "With aviation fuel prices increasing we've seen some airlines respond by eliminating 'thin' or underperforming routes, making the hurdle even higher for new markets to be launched."

Sometimes airports have to tell potential clients news they may not want to hear. Which is why it's important to take a step back and really look at air service through a very objective lens, said Reim. "This is often a core reason why a community brings in an air service consultant. Issues arise when a particular air service target becomes emotionally charged, which ends up misguiding a community. This ultimately wastes real opportunities, and so a community loses," she stated.

It is okay to select a more ambitious aim for new air service as such targets are really a long-term effort, and determine how to work toward it, said Reim. "However, it needs to be clear what the more near-term targets are in order to maximize growth opportunities in the meantime," she explained.

Having worked with many airports and airlines, Mead & Hunt has a good sense of what is realistic and credible once the relevant background work has been completed, said Pickering. "That usually takes some analyses to determine realistic opportunities and to set priorities and we sometimes have to tell the airport that we don't see a possible market as being viable," he said.

"For example, if the market study indicates an airport has 10 passengers traveling daily each way between a potential point-to-point route, then that potential

route wouldn't be considered a target route," he explained. "We review our analyses and assessment with client airports to make sure there is a clear understanding of what is realistic, where to focus our efforts, what will be required to move this forward and the resources and timeline that might be required."

Some communities still look at airlines as a public utility, said Schorr. "They see it as their right to have air service. But we are realistic when we work with airports, communities and their partners. We put ourselves in the role of the airline network planner, asking will a route work or not, since as a firm with our experience, we know how airlines make these decisions," he said. "We want to develop strategies that actually work for the market so there's no surprises."

While it's always good to outline strategies and priorities, in the end, it's all about bringing in air service. For Schorr, that means there are no favorite air service wins. "We have 206 wins since 2015. But most importantly, those wins represented all sizes of airports in the U.S., Latin America and Europe ranging from ultra-low-cost airlines to network carriers," he said.

One win Schorr highlighted is the recently announced Lufthansa flight between Austin, Texas, and Frankfurt. "This flight is a testament to the strength of this market. British Airways has been here with a flight to London Heathrow Airport since 2014, but it's seen such demand, the airport saw that it would need more international flights," he said. "It's good that Austin has Condor and Norwegian, but local businesses said they wanted a Star Alliance carrier."

Campbell-Hill worked with Lufthansa for a few years to show it why Austin was such a good opportunity, said Campbell. "It's good for the community because of its big economic impact," he added. Other Campbell-Hill wins include Jacksonville-Denver on United Airlines, Santa Barbara-Minneapolis St. Paul on Sun Country, Philadelphia-Mexico City on American Airlines and Columbus-Seattle on Alaska Airlines.

InterVistas' Reim highlighted her firm's Nashville flight to London Heathrow on British Airways. "It was a great example of combining forces from across the community to present the best data and strongest commitment. The service has been operating just under half a year and is doing very well," she said.

The strong performance to date is really important for other communities looking for similar services, said Reim. "If new air services prove a success, it encourages airlines to continue looking for new opportunities," she noted. "Therefore, while airports compete with each other to at least some degree for air service, they even more so depend on each other's successes."

Launching a new route can sometimes take years before coming to fruition, said Pickering. "Some airports view working with a nearby airport a conflict so we determine if there's a perceived conflict before proceeding," he said. "Other factors include the airports level of experience and organization with regard to their air service development efforts."

Pickering highlighted Mead & Hunt wins including Indianapolis-Paris, Monterey, Calif.-Denver, Colorado, St. Louis-San Jose, Daytona Beach, Fla.-Toronto and Wilmington, N.C.-Chicago, to name a few.

So when the time comes to consider hiring an air service consultant, all three have solid advice. "I always say talk to multiple firms, since we all have different approaches when it comes to doing air service development," said Schorr. "I also encourage airports to talk to their peers about their experiences with air service consultants. And talk to airline network planners for their thoughts."

Reim advised working with a consultant who can compliment your airport. "It is important that you combine as a strong team. We always like to say that it is important for the consultant to be seen as part of the airport's air service development team," she said. "Of course, ensuring that the consultant has the right staffing and resources goes without saying. Combining all that will ensure that you get value from the relationship."

First, have realistic expectations about your market's potential and understand that results may not be immediate and usually take time to develop, Pickering warned. "Be prepared to discuss your current and past air service development efforts, the history of your market and the wants/needs/goals of the community," he said. "Second, most airport staff don't come from an airline route planning background steeped in data analysis, strategic planning and route forecasting, but many air service consulting firms do and are experts at developing the credible analyses needed to develop a meaningful proposal to pitch to airline planners.

"As air service development consultants, we employ similar methodologies, talk to airline planners on a frequent basis and can represent and advocate for the airport over time as various airlines consider their air service proposals," said Pickering. "Third, an air service consultant can help the airport set realistic expectations for the community by updating them on industry trends, the often-changing air service environment and help them to understand how their market fits into airline priorities," he stated. "Finally, consider working with air service consulting firms that have staff with previous airline route planning and airport experience, have established relationships and credibility with all of the carriers important to the airport, are financially stable and have been in business for many years with a track record of success."

It's time to tell airports and communities to wake up and smell the global economy, Boyd quipped. "City fathers say we have to have air service and way too many people pander to that thinking. Lakeland, Fla., will spend \$250,000 to get scheduled flights," he said. "But why? They're only one hour away from 600 flights a day at two other airports — Orlando and Tampa. Someone needs to ask them how can they compete with a transfer flight to Atlanta when passengers can just drive to Orlando and fly around the world?"

Cities like Naples, Fla., Topeka and Cheyenne, Wyo., haven't died because they don't have air service, said Boyd. "The air service access conversation needs to change. It's a fantasy that every community needs air service," he said. "You want to connect to the rest of the world, but it's not always going to be via your local airport."

As communities at large become more involved in air service development, it is imperative to bring community stakeholders on board, starting with communicating how success and failure realizes in aviation, said Reim. "This will help rallying – and lining up – communities in support of air service

development, which will ultimately be a powerful message for airlines.”