

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

January 3, 2019

The Greenville-Spartanburg Airport Commission met on January 3, 2019 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, and Leland Burch (via conference call)

MEMBERS NOT PRESENT: Valerie Miller

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); Ashley Bruton, Director Human Resources; Bobby Welborn, Police Chief; Jeff Clifton, Capital Project Manager; Zach Salvato, Director of IT; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

GUESTS PRESENT: Zach Nelson, McFarland Johnson; John Mafera, McFarland Johnson; Paul Smith, WK Dickson; James Peace, GLF Construction; John Prickett, United Airlines; Shukri El-Khayyat, United Airlines; Tim Lankford, United Airlines; Chad Sunda, Delta Airlines; Joel Dejong, Delta Airlines; Debbie Thomas, Delta Airlines; Trevor Jones, Delta Airlines; Matt Wells, Delta Airlines

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:00 a.m.

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

- A. The Greenville-Spartanburg Airport Commission November 19, 2018 Regular Meeting Minutes.

PRESENTATIONS: None

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Surface Parking Project and Budget

Mr. Kevin Howell, Senior VP/COO, presented to the Commission the recommendation to approve a surface parking expansion program.

Mr. Howell noted that in November, the Commission approved a project budget of \$150,000 for the Surface Parking and Planning and Programming project. At the same time, the District is currently in Design Phase for the parking garage.

Since November 2018, McFarland Johnson (MJ) has reviewed parking lot demand analysis, updated enplanement forecasts, developed parking demand forecasts based on updated enplanement data, engaged two sub-consultants to conduct Geotech and survey work on proposed parking areas from the Master Plan, and developed cost estimates for the various alternatives. Mr. Howell introduced the McFarland Johnson team to present to the Commission their findings, projections, and alternatives.

Mr. Zach Nelson reviewed the utilization reports for each parking lot based on data collected from May 2018-October 2018 and average and maximum occupancy levels.

Mr. Nelson moved into a discussion about enplanement growth, both historical and forecasted. Albeit conservative, a 5-year Average Annual Growth Rate (AAGR) of 4.25% was utilized to project the estimated 2018 enplanements through 2030. The Commission inquired about the growth numbers in comparison to the Master Plan to which Mr. Nelson, Mr. Edwards, and Mr. Mafera responded.

Mr. Mafera discussed parking demand assumptions. McFarland Johnson has assumed that parking demand per enplanement is projected to remain steady through 2030. They have further assumed that if construction of Garage C is approved by the Commission, the Daily Lot would be lost in 2020, Garage C would become operational in 2022 or 2023, and the rental car spaces in Garage A would be converted to commercial parking spaces in 2023. The Commission asked about assumptions with respect to Uber and Lyft technology, as well as third party buildings to which Mr. Mafera responded. Though not yet approved, the Commission inquired about the completion date for the construction of Garage C to which Mr. Edwards responded.

Mr. Mafera reviewed parking demand projections for the forecasted period of 2020-2030 based on 2 million annual enplanements. Mr. Mafera further discussed employee parking projections and total demand. The Commission inquired about the employee parking deficit to which Mr. Edwards responded. Lastly, Mr. Mafera discussed projections for the Cell Phone and TNC (Transportation Network Companies) staging lot. The Commission noted the demand in the Cell Phone Lot to which Mr. Edwards commented.

Mr. Mafera discussed both parking lot expansion concepts and alternatives. The Commission inquired about transportation services for the new lot, long-term parking demand, and the timeline to which Mr. Mafera and Mr. Edwards responded.

Mr. Mafera reviewed the cost estimates for the proposed alternatives (total and average cost per space). The Commission inquired about the cost difference between lots and the parking expansion costs in relation to the Master Plan to which Mr. Mafera and Mr. Edwards responded. The Commission commented on keeping within the character and landscaping of GSP to which Mr. Mafera and Mr. Edwards eluded to the landscape Master Plan. The Commission further inquired about the roundabout, roadway access and thru traffic to which Mr. Mafera and Mr. Nelson responded. Discussion ensued.

Following McFarland Johnson's presentation, Mr. Howell recommended McFarland Johnson's alternative D for public parking and alternative E for employee/TNC parking, along with the new access road and roundabout on GSP Drive. The Commission inquired about the number of spaces Garage C would provide to which Mr. Howell responded 1,500 parking stalls (750 rental car spaces and 750 public parking spaces).

In addition, Mr. Howell also recommended utilizing the "Design-Assist" (DA) project delivery method for construction to expedite delivery and enhance the overall quality of the project. The delivery method is a combined qualifications and price proposal process. Mr. Howell elaborated on the Design Assist method. The Commission asked if GSP has used this method to which Mr. Howell responded no. Mr. Jeff Clifton, GSP Capital Project Manager, has had experience with the DA method.

Mr. Howell reviewed the proposed timeline of this project with procurement of a DA contractor occurring in January or February 2019, and construction beginning in September 2019. The timeline shows the Employee Lot operational by Spring 2020 and the Economy Lot by Summer 2020.

Mr. Howell discussed the costs associated with the Surface Parking Expansion Program discussed. It is estimated to cost \$16,700,000, including \$8,400,000 for the public surface parking lot, \$2,400,000 for the access road, \$1,700,000 for the Aviation Parkway roundabout, and \$4,200,000 for the employee/TNC parking lot. Sources of funding include District reserves, a proposed Passenger Facility Charge (PFC), and a combination of short and long-term debt. PFC funds were a concept introduced in the Master Plan. PFC eligible components include the roundabout and access road. The Commission followed up with questions about the amount of contingency, grading out, difference in user costs, and shuttle bus operations to which Mr. Howell and Mr. Edwards responded.

Chair Minor Shaw introduced Mr. Trevor Jones of Delta Airlines who requested to comment publicly on reimplementing the commuter parking program for pilots and flight attendants. The Commission inquired as to Mr. Jones' representation, whether airlines provide a supplement, Charlotte International Airports' policy, base location, and turnaround time to which Mr. Jones responded. After the allotted five minutes, the Commission thanked Mr. Jones for his comments and the information provided. In response to Mr. Jones' comments, Mr. Howell noted that GSP does not provide free parking for tenants.

The meeting was turned back over to Mr. Howell for a recommendation for approval. Discussion ensued about PFC's. The Commission inquired about debt to which Mr. Basil Dosunmu, Senior VP of Administration and Finance/CFO, provided and discussed the updated Master Plan Fund Balance (fund balance and accrued debt) worksheet reflecting the surface parking expansion program impact of \$16.7M. In 2020, the forecast for long-term debt after impact will increase to \$18.7M, and the fund balance after impact will decrease to \$57.5M. The Commission asked about long-term debt and the line of credit to which Mr. Dosunmu and Mr. Edwards responded. Based on further questions of the

Commission regarding PFC's, Mr. Edwards noted that District Staff will be presenting to the Commission the implementation of a PFC at a later meeting.

There was a motion to (1) approve a budget of \$16,700,000 for the Surface Parking Expansion Program; (2) approve the recommended Design Assist alternate project delivery method; and (3) authorize the President/CEO to execute all necessary documents for the program. The motion was seconded and unanimously approved.

B. Approval to Exempt ERP System Solutions from the Normal Procurement Process

Mr. David Edwards, President/CEO, presented to the Commission the recommendation to exempt Enterprise Resources Planning (ERP) system solutions from the normal procurement process.

ERP is a multi-faceted solution. In this year's budget, the Commission approved \$1M for the first phase of the ERP system. In March 2018, Mr. Dosunmu presented an overview of the ERP system with the first phase to include several components such as Human Resources, Core Financial, Airport Property and Revenue Management.

District Staff engaged the IT division of Cherry Bekaert for assistance in gathering information to review potential products to fulfill the District's needs.

District Staff has found that the nature of this purchase is more of a professional service with selection based on qualifications and integration with other components. There is no one integrated solution that accomplishes everything, rather it is a multiple set of software products that can talk to one another. District Staff has engaged in both online and face to face demonstrations and has received price quotes during this evaluation process.

The existing policy requires that this type of purchase, over \$50,000, be accomplished by competitive sealed bidding. District Staff needs to be able to select component solutions based on qualification and an integration basis; therefore, Staff recommends the approval of a one-time exemption for the ERP system solutions procurement process from the normal procurement process and do this on a qualification-based selection with a negotiated cost for each of the various solutions.

The Commission commented that one bid could not carry out the whole project. The Commission inquired about the right to exempt the ERP system solutions from the normal procurement process under the District's current procurement policy. Mrs. Betty Temple, Legal Counsel, noted that Section 110 of the policy allows the President/CEO, Mr. David Edwards, to recommend that the Commission approve an exemption.

There was a motion to (1) exempt ERP system solutions from the normal procurement process; and (2) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

The Commission then asked Mr. Edwards to explain the need for the ERP system and the benefits thereof. Mr. Edwards discussed moving into the 21st century and the transition from manual to automated noting the positive impact on labor. Additional benefits include increased efficiencies, improved accuracy, and access to real-time information.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Mr. Edwards commented on the Federal Government shutdown and the impact on agencies such as TSA and FAA.

The Airport Improvement Program is set for the next 4-5 years as appropriations continue to be made. The industry is performing well, and airlines continue to profit with the lower fuel costs.

Marketing/Advertising Update:

As part of the budget process, Mr. Scott Carr, VP Commercial Business and Communications, and his team are in the process of evaluating marketing and sponsorship efforts, and will be making recommendations, as part of the budget process, to redirect funds in ways that will benefit the effort to encourage consumers to fly out of GSP.

The Commission asked the District to keep them informed and are also interested in what others in the industry are doing, particularly airports our size. Mr. Edwards agreed to collect and provide this information. Mr. Edwards further noted that this was a topic of discussion at a recent Southeast CEO offsite retreat.

Air Traffic Control Tower:

Mr. Edwards, Mr. Howell and others of the team will be attending and participating in the AFTIL study (new tower location study) in New Jersey at the end of the month. GSP Airport participated in this study in 2011 at our cost because we were trying to get the FAA to relocate, rather than renovate, the current tower. Though the District pulled out of the project because the FAA couldn't find the funding to build the new tower at that time, they have initiated this new project on their own. We should have direction on the construction of a new tower by the end of year. It typically takes 5-7 years before a tower is built.

Air Service Development Update:

In early to mid-December, Air Canada informed us that they are not starting any transborder routes in 2019. Later this month, Mr. Scott Carr and Mr. Tom Tyra will be meeting with Porter Airlines, a Canadian carrier, which flies out of Billy Bishop Airport. Porter provides non-stop service to Toronto, and beyond service into Canada. Additionally, they will be meeting with Sun Country Airlines, a charter operator in Minneapolis.

The Commission inquired about the performance of new routes with Frontier Airlines and the American Airlines service to Miami to which Mr. Edwards responded. Mr. Edwards noted that Frontier Airlines will be enacting a seasonal pull down on the Orlando and Vegas routes for three months.

Parking Garage C Procurement Update:

At the last Commission meeting, Mr. Edwards announced that we were going out on the street for the selection process of pre-cast contractors. The two respondents were Tindall Corporation and Metromont. The Tindall Corporation submittal was sent via UPS. UPS lost the package and the submittal was not received by the deadline. Mr. Edwards has the authority to waive this item and is doing so as only two responses were received. Mr. Edwards indicated that he wanted to make the Commission aware of this item in case someone raised an issue in the future.

Annual Conflict of Interest Forms:

Mr. Edwards asked the Commissioners to execute the annual conflict of interest forms.

GSP Leadership Association Dinner:

The GSP Leadership Association Dinner is a quarterly networking event that was created and developed in response to the employee survey results in 2016. This event provides an opportunity to those employees interested in leadership growth. The Senior Team members have all presented.

The next Leadership Association dinner is scheduled for February 20, 2019 and has been reserved for the GSP Commission. Mrs. Shaw will lead the panel of Commissioners and discuss roles, history, vision, etc.

Clemson Charters:

Mr. Edwards provided an updated schedule for the Clemson charters for the upcoming Cotton Bowl.

COMMISSIONER'S REPORT:

Mr. Ramella reminded the Commission of the ACI-NA Airport Board and Commissioners Conference May 5-7, 2019 in San Francisco, CA.

EXECUTIVE SESSION:

There being no further business, a motion was made, seconded, and carried to go into Executive Session at 11:13 a.m. for the purpose of discussing a concessions contract.

ADJOURNMENT:

At approximately 11:32 a.m., public session resumed with no action being taken in Executive Session.

The meeting was adjourned at approximately 11:33 a.m. The next meeting is scheduled for March 25, 2019 at 9:00 a.m.

SIGNATURE OF PREPARER:


Stefanie Hyder