

## **GREENVILLE-SPARTANBURG AIRPORT COMMISSION**

### **MINUTES**

**July 9, 2018**

The Greenville-Spartanburg Airport Commission met on July 9, 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 (Enviros Area Administrator); Tom Tyra, Director of Marketing and Air Service Development, Bobby Welborn, Chief of Police; Jason Cordell, Police Officer; Alfred, K-9 Officer; David Verdier, Police Officer; Michael Kossover, Director of Operations; Cody Bauman, Operations Manager; Dudley Brown, Public Relations Manager; Venesia Smith, Marketing Intern; Betty O. Temple, WBD; Stefanie Hyder, Executive Assistant/Recording Secretary

**GUESTS PRESENT:** Steve Van Beek, Steer Davies Gleave (SDG); Jim Fair, Greer Today; Mike Darcangelo, AVCON, Inc.; John Mafera, McFarland Johnson; Alex Chambers, Wofford College Student

**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 May 14, 2018 Regular Meeting Minutes.

Before Dr. Van Beek's presentation, Mr. Edwards first introduced and recognized GSP's newest staff members.

Officer Jason Cordell introduced K9 Alfred. Alfred is an Explosives Detection K9 originally from Czechoslovakia. Both Officer Cordell and Alfred are certified under the North American Police Work Dogs Association. Alfred underwent 200 hours of training for certification and is certified in the detection of ten odors. Officer Cordell answered questions of the Commission.

Mr. Edwards introduced Mr. Dudley Brown as the new Public Relations Manager, Ms. Ashley Bruton as the new Human Resources Director, and Mr. Tom Tyra as the new

Director of Marketing and Air Service Development. Mr. Scott Carr introduced Ms. Venesia Smith as our Marketing Intern from USC.

## **PRESENTATIONS:**

### **A. Annual Strategic Business Plan Update**

Dr. Steve Van Beek from Steer Davis Gleave (SDG) presented to the Commission an annual update on the industry as well as the Strategic Business Plan for the Greenville-Spartanburg Airport District.

The operating environment for airports right now is characterized by a strong economy, airline profitability, competition that is driving traffic, and trade, fuel price and interest rate headwinds.

Dr. Van Beek continued the discussion with an airport industry SWOT analysis. Strengths include the economy, traffic, and diversification of traffic. New aircraft and liberalization have brought more markets into the mix. Airfreight is in recovery. Weaknesses revolve around policy or threats to policy and lack of economic flexibility, as well as nationalism, trade policies, and hub congestion. Opportunities include secondary metropolitan airports, technology and customer innovations, and new business models. Threats include trade, liberalization, increases in fuel prices, and airline consolidation.

Dr. Van Beek noted that over the last decade the aviation industry has seen an 8% growth in seats and GSP has experienced a 25% growth in seats. Airline seat share, October 2018 vs October 2017, increased 11.6% because of routes and larger aircraft. Mr. Edwards and Dr. Van Beek responded to specific questions about Southwest Airlines and the new hub strategy via Atlanta.

Dr. Van Beek further compared domestic seat shares of non-aligned carriers showing that while Southwest is still the leading carrier, Alaska and JetBlue are growing. While international capacity from Legacy Airlines has been stable the last 10 years, low cost carriers (LCC) and full-service carriers (FSC) are providing growth. Dr. Van Beek introduced David Neeleman's new low-cost carrier, "Moxy." The focus is on secondary airports, point to point. Moxy is expected to come into the domestic mix with operations expected to begin in 2020. Dr. Van Beek and Mr. Edwards responded to inquiries about "Moxy." Discussion continued regarding the relationship between Boeing and Embraer.

Dr. Van Beek concluded the industry portion of the presentation discussing airport terminal and landside demands noting that the GSP 360 strategy aids in the optimization of real estate. Industry wide, there is a focus on commercial revenues. Finding the right labor for concessionaires continues to be a challenge. The MAG Escape Lounge at GSP is expected to open in the fall of 2018 and will offer premium passengers a good experience. Lastly, Airports are beginning to design and plan for connected automated vehicles. The

Commission inquired about the types of automated vehicles being incorporated. The Commission commented on membership at the Escape Lounge.

Next, Dr. Van Beek provided his presentation on GSP's Performance Plan with a focus on the strategic goals, performance measures and results over the past year, as well as the strategic goals and performance measures that GSP has set in place moving forward towards the upcoming Fiscal Year 2018-2019. The 2018 SWOT analysis indicates growing air service, opportunities for FAA funding, concerns with aircraft availability and market share.

Safety remains the number one strategic goal with close attention to insurance claims. GSP has had zero fatalities 2011-2018.

GSP continues to be a leading source of economic development. GSP has contracted with Syneva to conduct the economic impact study with results expected to be complete in September and presented to the Commission at the November meeting. Mr. Edwards noted that the SC Aviation Commission conducted an economic impact analysis statewide for all airports and their projection is that our economic impact has grown to \$1.2B in numbers. Dr. Van Beek also highlighted the major projects that are on all on budget. Discussion ensued about additional parking at airports and automated vehicles.

The airport continues to attract and maintain competitive air service with strong air service initiatives and strategic plans. In comparison to the region, GSP has experienced a 7% growth from 2010-2018 and 7.9% growth in 2018. On a national level, GSP has also experienced 7.0% growth. The Commission inquired about expected growth at Charlotte Douglas International Airport.

Dr. Van Beek reviewed the new targets for the annual margin, cash balance, airline revenues and cost per enplanement (CPE). Mr. Edwards briefly discussed the possibility of introducing a passenger facility charge (PFC) in the future. The Commission inquired about fund balance.

GSP continues to encourage business with local firms, including DBE's, and GSP is working with Weeden and Associates to establish the 2018-2020 plan. The Commission asked about the requirement for background checks and the impact on availability of qualified employees to which Dr. Van Beek responded.

Dr. Van Beek wrapped up the presentation with 4<sup>th</sup> quarter customer service tracking scores and customer service comments. The provider for customer service tracking will change for 2019. Mr. Edwards noted the significant growth in cargo traffic under at Cerulean Aviation over the past 11 months. The Commission asked questions about the cost of fuel, to which Dr. Van Beek responded, as well as questions related to tariffs, to which Mr. Edwards responded. Dr. Van Beek commented on a question about the PFC's.

The Commission recommended taking a five-minute break. Chair Minor Shaw called the meeting back to order at 11:01am.

**OLD BUSINESS:** None

**NEW BUSINESS:**

**A. Approval of Parking Lot Rate Adjustments**

Mr. Kevin Howell, Senior VP/COO, presented to the Commission the recommendation to adjust the parking lot rates. Mr. Howell introduced Mr. Michael Kossover, Director of Operations, and Mr. Cody Bauman, Operations Manager who manage the parking operator, LAZ Parking, at GSP.

The District in the process of wrapping up construction on what was originally called/intended to be an Overflow Lot. Based on recent air service announcements and trends, the Overflow Lot will likely become the second Economy Lot.

Staff originally intended to provide shuttle service from the Overflow Lot to the Terminal when that lot was active. After further review and evaluation, Staff determined that it was also necessary to provide this same shuttle service from the existing Economy Lot.

Staff worked with LAZ Parking to develop an operating expense budget. Mr. Howell reviewed the capital costs and operating expenses associated with the shuttle bus service, which included the construction and building of bus shelters in the existing Economy Lot. The estimated cost in the first year is approximately \$600,000.

Staff conducted a survey on parking rates at airports in our region. Based on those survey results, and to offset the shuttle service costs, Staff recommended the following adjustments, considering factors such as compression and distance.

<b>Location</b>	<b>Current Daily Rate</b>	<b>Proposed Daily Rate</b>
Economy Lot	\$5	\$7
Daily Lot	\$9	\$9 (no change)
Sky Lots	\$7	\$9
Garages	\$14	\$15
Valet Parking	\$16	\$17

Mr. Howell further discussed the revenue generation for each lot based on the proposed adjustments.

The Commission asked the cost of the Park Assist system and the approximate start date of shuttle service to which Mr. Howell responded, \$400,000 for each garage and a target

date of September. Mr. Howell noted the challenge with shuttle bus shelters for the existing Economy Lot in that there is a 10-12-week lead-time.

The Commission indicated that they wanted the rate increase to coincide with the shuttle bus service. Discussion ensued amongst the Commission about the individual rate increases and the comparison data provided by Mr. Howell. The Commission asked questions about logistics and timing and voiced the consideration to increase the Economy Lot rate by only \$1.00 rather than \$2.00. Another consideration of the Commission was to put a hold on the rate increase and include in the budget process. The Commission further commented that they would like a better understanding of the compression issue as well as the revenue generation of each lot. Mr. Edwards and Mr. Howell responded to those questions and concerns.

There was a motion to (1) approve the following parking lot daily rate adjustments effective October 1, 2018 providing that the shuttle bus service is in place: a one-dollar (\$1.00) increase per day for the Economy Lots, a two-dollar (\$2.00) increase per day for the Sky Lots, a one-dollar (\$1.00) increase per day for garage parking, and a one-dollar (\$1.00) increase per day for Valet Parking; (2) authorize the CEO and/or CFO to make the necessary budget amendment(s); and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded and unanimously approved.

**B. Approval of Amendment to the Property Management Policy (Section 104.00) in the Administrative Policies and Procedures Manual**

Mr. Scott Carr, VP of Commercial Business and Communications, presented to the Commission the recommendation to amend the property management policy. In 2013, the Airport District completed a land use master plan that identified nine tracts of land surrounding the airfield and consisting of approximately 2,500 acres. The highest and best use (HBU) for each of the nine tracts of land were also identified.

The robust economy has increased interest among developers and as part of the ongoing dialogue with the Airport Commission about various projects, Staff was asked to update the Property Management Policy in the Administrative Policies and Procedures Manual.

In response, Staff drafted proposed modifications to the Administrative Policy Section 104.00 – Property Management, updated the HBU reference chart, and created a land use map of the nine parcels for consideration. Mr. Carr presented these modifications to the Commission and reviewed the uses for the tracts of land.

The Commission inquired about the highest and best use for a tract of land to which Mr. Carr and Mr. Edwards responded. The Commission then noted that the proposed changes to the policy, with specific regards to aviation related uses, were in line with the requests

of the Commission. Lastly, the Commission requested Staff to continue to keep the Commission apprised of business development inquiries.

There was a motion to (1) approve the amendment to the Property Management Policy (Section 104.00) in the Administrative Policies and Procedures Manual and (2) approve the revised HBU reference chart and associated map. The motion was seconded and unanimously approved.

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

#### **Aviation Industry Update:**

Dr. Van Beek provided an aviation industry update during his presentation.

#### **Land Development Project:**

Staff has finalized the contract with Panattoni Development at the GSP Logistics Park.

#### **New Air Service:**

Both Mr. Edwards and Mr. Carr received positive feedback at the JumpStart Conference that they attended in June. They received good news from American Airlines and there was indication that American Airlines will begin mainline service in either late 2018 or early 2019. They also had good discussion with Air Canada who invited them both back to Montreal to discuss potential service sometime in 2019. Mr. Carr further noted a positive meeting with United Airlines. They have added flights to Houston and have been up gauging. While United Airlines has been experiencing some resource challenges, they have also added daily flights to Dulles.

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

Mr. Ramella complimented the Staff on the pristine look of the airport. Mr. Howell briefly updated the Commission on the BUDD GROUP janitorial contract that went into effect June 1, 2018. It will take 120 days for full implementation.

### **EXECUTIVE SESSION:**

There being no further business, a motion was made, seconded, and carried to go into Executive Session for the purpose of discussing personnel matters and contractual items.

### **ADJOURNMENT:**

At approximately 12:51 p.m., public session resumed with no action being taken in Executive Session.

The meeting was adjourned at 12:52 p.m. The next meeting is scheduled for September 10, 2018 at 9:00 a.m.

**SIGNATURE OF PREPARER:**

*Stefanie Hyder*

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