

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

MINUTES

May 15, 2023

The Greenville-Spartanburg Airport Commission met on May 15, 2023 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, Leland Burch, Valerie Miller, Jay Beeson, Doug Smith (via teleconference)

MEMBERS NOT PRESENT: None

STAFF AND LEGAL COUNSEL PRESENT: David Edwards, President/CEO; Betty O. Temple, WBD; Kevin Howell, Senior Vice President/COO; Kelly Dawsey, Vice President/CHRO; Deven Judd, Vice President/CCO; Tom Tyra, Director, Communications & Air Service Development; Jeff Clifton, Director of Design & Construction; Kristie Weatherly, Director of Finance; Casey Cooperman, Executive Assistant/Recording Secretary

GUESTS PRESENT: John McCalmont, Parrish & Partners; Eric Rysdon, HDR; Amanda Sheridan, McFarland Johnson; Mark Waller, AVCON, Inc.;

CALL TO ORDER: Chair Minor Shaw called the meeting to order at 9:07 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 March 27, 2023 Regular Meeting Minutes.
- B. Appointment of a Member to the Airport Environs Planning Commission. Mr. Hank Ramella was recommended to the Airport Environs Planning Commission.

PRESENTATIONS: None.

OLD BUSINESS: None.

NEW BUSINESS:

A. Approval of Fiscal Year 2023/2024 Airport District Budget

David Edwards, President/CEO, presented the proposed Fiscal Year 2023/2024 Budget for the Airport Commission's consideration. The budget presentation, along with Appendix A, B, and C was included in the Commission package provided to the Commission.

Mr. Edwards reviewed the projected FY 2023/2024 forecasts for passenger enplanements, landed weight and airline operations. Enplanements in 2021/2022 were 1,126,702. Enplanements for 2022/2023 are projected to be 1,152,000. In FY 2023/2024, the forecast for enplanements is 1,250,000. The average annual growth rate for GSP is 4.54% (CY

1963-2024). In forecasting recovery from COVID-19, Mr. Edwards stated that enplanements are still expected to be fully restored in 2024.

Mr. Edwards prefaced the proposed FY 2023/2024 O&M Budget presentation with noteworthy O&M assumptions.

The operating revenue budget is expected to increase to \$62,044,639, a 32.3% increase over FYE 6-30-2019.

The FY 2023/2024 operating expenses budget is expected to increase to \$46,779,597, an 80.3% increase over FYE 6-30-2019. Factors contributing to this increase consist largely of Salary & Benefits and Contractual Services.

The projected net operating income for FY 2023/2024 is \$15,264,927 compared to the FY 2022/2023 budget of \$13,674,751.

Kevin Howell, Senior Vice President/COO, presented the proposed FY 2023/2024 Capital Budget. Capital projects approved in the prior fiscal year and carried forward into FYE 6-30-2024 are projected at \$40,461,000. The new proposed capital budget, including capital improvements, equipment and small capital outlays, renewal and replacement, and professional service projects, is projected at \$36,260,500, for a combined total of \$76,721,500.

Mr. Edwards stated that the Other O&M Reserve Funds provisional budget includes \$500,000 for emergency repair/replacement/operations funds, \$500,000 for business development/agreement obligations and incentives, and a \$1,000,000 contingency fund.

Mr. Edwards reviewed the Commercial Properties, Cerulean Aviation, and Food & Beverage Profit and Loss (P&L) statements with the Commission.

Mr. Edwards concluded the budget presentation with discussion related to the FY 2023/2024 budget/investment plan, the historical and projected investment balances, and the 5-year fund balance financial forecast.

Mr. Edwards provided the rates and charges overview. For FY 2023/2024, the cost per enplaned passenger (CPE) is projected at \$7.40.

Mr. Edwards also highlighted the quarterly ASQ customer service scores.

Discussion ensued about the fund balance financial forecast and the Commissioners and Staff agreed that they would like to forecast the fund balance out to 2030, and how the budgeting for future large expenses will affect the fund balance.

Commissioner Beeson made a motion to resolve to adopt the Fiscal Year 2023/2024 budget. The motion was seconded by Commissioner Ramella, and unanimously approved.

B. Approval of Final Rankings for Resident Project Representative (RPR) Services

Jeff Clifton, Director of Design & Construction, presented a request to the Commission to approve the final rankings for Resident Project Representative (RPR) Services.

In September 2018, Staff secured on-call architectural/engineering services with three firms. Each of the three firms were contracted to provide a full range of professional design and construction administration services. One element of service each firm provided was Resident Project Representative (RPR) Services, which provides observation and inspection services of construction for projects, including both federally funded and non-federally funded projects. With the experience gained over the past five years, Staff has determined the District would be better serviced by directly holding contracts for RPR services to avoid any conflicts of interest. To accomplish this goal, a Request for Qualifications (RFQ) was prepared and published. Three submittals were received from Aulick Engineering, EXP, and PSA Management.

District Staff reviewed the qualifications from each company and evaluated them per RFQ/RFP requirements.

The Evaluation Committee's recommended final ranking for RPR Services was, in order: #1) Aulick Engineering, LLC; #2) EXP; and #3) PSA Management.

Mr. Clifton noted that approval of the final ranking itself does not have a direct fiscal impact. However, once the contract is executed, projects will proceed per the authorized budgets and the consultant will be compensated per the individual project work authorizations.

A motion was made by Commissioner Ramella to (1) approve the final rankings for RPR Services as presented; (2) authorize Staff to negotiate and finalize agreements with the highest-ranking firm; and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded by Commissioner Beeson and unanimously approved.

C. Approval of Final Rankings for On-Call Project Management (PM) Services

Jeff Clifton, Director of Design & Construction, presented a request to the Commission to approve the final rankings for On-Call Project Management (PM) Services.

Mr. Clifton stated that based on the current forecast of capital projects, in particular Parking Garage C, Staff is anticipating a need for additional resources to support the administration of the work. A Request for Qualifications (RFQ) was prepared and published to secure On-Call Project Management (PM) Services for staff augmentation when necessary. Nine submittals were received.

District Staff reviewed the qualifications from each company and evaluated them per the RFQ/RFP requirements. Three firms were shortlisted for presentations/interviews. The shortlisted firms were EXP, HPM and LCK, LLC.

Follow-up interviews and presentations were held with the finalists to further evaluate the companies, their team, and their qualifications, and based on these Staff's recommended final ranking for Project Management (PM) Services was, in order: #1) LCK, LLC, #2) HPM, and #3) EXP.

Mr. Clifton noted that approval of the final ranking itself does not have a direct fiscal impact. However, once the contract is executed, projects will proceed per the authorized budgets and the consultant will be compensated per the individual project work authorizations.

Conversation ensued about the benefits of hiring an outside company to provide PM Services rather than adding additional Staff directly to the District.

A motion was made by Commissioner Burch to (1) approve the final rankings for PM Services as presented; (2) authorize Staff to negotiate and finalize agreements with the highest ranking firm or the second highest ranking firm should negotiations cease with the highest ranking firm; and (3) authorize the President/CEO to execute all necessary documents. The motion was seconded by Commissioner Miller and unanimously approved.

PRESIDENT/CEO REPORT:

Aviation Industry Update:

Mr. Edwards stated that there will be a great demand for air service this summer, and because of this many airlines are increasing their capacity by introducing mainline aircraft to their routes. There is no evidence that airfares will decrease anytime soon. The District remains average in terms of airfares when benchmarking against regional competitors. There is no news regarding the acquisition of Spirit by JetBlue, and furthermore, the alliance of American Airlines and JetBlue.

Federal and State Legislative Update:

Regarding federal legislation, Mr. Edwards spoke about the FAA Reauthorization Bill. U.S. Congress is moving forward with it. The goal is for it to go to the conference committee before going to the floor for approval ahead of the September 30th deadline. As was thought to be the case, Mr. Edwards stated that this reauthorization bill will not be transformational, but it does seem that it will get approved in time.

Regarding state legislation, Mr. Edwards spoke to the non-recurring \$50M included in the state's FY 2023/2024 budget for airport projects. The budget is to be approved on May 24th and then will go on to the governor for approval. Mr. Edwards is asking for clarification that the statewide AIP funding will be for commercial airports in the state.

Financial Update:

Mr. Edwards provided a brief District financial report to the Commission, including FYTD Operating Revenues, Operating Expenses, Gross Margin, Cost Per Enplanement, Airline Revenues, Investment Balance, Fund Balance, and Debt Balance.

COMMISSIONER'S REPORT: None.

EXECUTIVE SESSION:

The Commission Chair requested that the Commission go into Executive Session for the purpose of discussing certain confidential economic development projects, and the annual review, employment, and compensation of an employee of the District. The motion was made by Commissioner Ramella, seconded by Commissioner Miller, and approved to go into Executive Session at 11:25 a.m.

The public session resumed at approximately 1:10 p.m. with no action being taken in Executive Session.

Commissioner Ramella made a motion to approve the renewal of the District's employment terms with David Edwards, effective July 1, 2023, for an additional two-year term beginning on January 1, 2024, and ending on December 31, 2025, authorizing the Chair to determine the amount of any base salary increase and/or bonus pursuant to the Terms of Employment with Mr. Edwards. Commissioner Burch seconded the motion, and unanimous approval was received.

ADJOURNMENT:

There being no further business, a motion was made by Commissioner Ramella, seconded by Commissioner Burch and unanimous vote received to adjourn meeting. The meeting was adjourned at approximately 1:11 p.m. The next meeting regular, non-emergency Commission meeting is scheduled for Monday, July 10, 2023.

SIGNATURE OF PREPARER:



Casey Cooperman