**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**MINUTES OF ADVISORY BOARD MEETING**

17 January 2018

Members Present: Larry Pinnock, Vice-Chair

Igor Best-Devereux

Mickey Gallivan

 Natalie Gochnour

Senator Karen Mayne

Cyndy Miller

Jim Riding

Excused: J.T. Martin, Chair

Sam Granato

Steven Price

Mayor’s Office: Mayor Jacqueline M. Biskupski

 Patrick Leary

City Council Office: James Rogers

 Russell Weeks

Department of Airports: Bill Wyatt, Executive Director

 John Buckner, Director of Administration & Commercial Services

 Brian Butler, Airport Controller

 Ed Cherry, Chief Information Officer

Eddie Clayson, Director of Maintenance

 Kristen Elder, Management Analyst

 Pete Higgins, Director of Operations

Marco Kunz, Attorney

 Allen McCandless, Director of Planning

 Kevin Robins, Director of Engineering

 Ryan Tesch, Director of Finance

 Craig Vargo, Police Chief

 Nancy Volmer, Director of Public Relations & Marketing

 Mike Williams, TRP Program Director

Larry Pinnock called the meeting to order at 8:02 a.m. Pinnock welcomed Mayor Jim Riding from West Jordan and thanked former Mayor Kim Rolfe’s for his participation on the Board.

AGENDA

1. **Minutes**

The motion was made by Mickey Gallivan and seconded by Igor Best-Devereux to approve the minutes of October 18, 2017 as presented. All votes were affirmative; motion passed.

1. **Director’s Report**

Bill Wyatt, Executive Director, updated the Airport Advisory Board regarding current events.

* Wyatt summarized the recent power outage at Hartsfield-Jackson Atlanta International Airport (ATL) and the ripple effect it had on airports across the country. Wyatt further explained that while ATL combined utility feeds and backup power systems within the same building, SLC’s backup power is distributed throughout the airport campus. Rocky Mountain Power is working very closely with the Airport Redevelopment Program (ARP) team to plan appropriately for the new construction.

James Rogers and Natalie Gochnour arrived at the meeting at 8:05 am.

* Wyatt distributed a copy of the recent New York Times article about the ARP to the Board and emphasized the size and importance of this project to our community at large. Wyatt recognized the vision of Airport staff for the construction of the mid-concourse tunnel nearly two decades ago, which has allowed for current construction to be completed with minimal impact to existing facilities.

Patrick Leary arrived at the meeting at 8:12 a.m.

* Wyatt shared two slides (presentation on file) depicting original and current concept drawings and budgets for the Terminal Redevelopment Program (September 2016) and the Airport Redevelopment Program (December 2017).
	+ As the airlines have requested additional capacity, the budget has changed to reflect the project’s design and scope changes. The differences between the initial forecasts and the current Contractor Guaranteed Maximum Prices (CGMPs) have contributed to some of the confusion about the total ARP budget, which is now at $3,575,970,327.
	+ The reuse of existing pavement systems for the North Concourse Program (NCP) is not possible, which has resulted in a significant increase from original estimates. These complex reinforcement, fueling, water, electrical and storm water systems require a great deal of strength and redundancy. Another area of cost pressure is the market demand for materials and labor.
	+ SLC has received a commitment from Delta’s executive team to renegotiate their lease and extend the Airline Use Agreement another 10 years (through 2034). An agreement of this length is uncommon in the industry, and strengthens our position with the rating agencies because it is a clear financial commitment from our largest carrier to the ARP and the community.
	+ Upon completion of the ARP, SLC will be in the enviable position of having a brand new airport and one of the lowest costs per passenger of any major airport in the U.S. The airlines are eager to see the project completed as soon as possible.

Best-Devereux expressed concern about inaccurate and conflicting news reports of the project’s cost. Wyatt explained that the industry uses metrics to create ballpark estimates before design work begins, as was the case with the late addition of the NCP. These estimates are refined at the 90% design stage and again when the CGMPs are in place. Once it was clear that reconstruction of the apron was necessary for the NCP and would raise the cost, the airlines met with the Airport in December 2017 and agreed to move forward with the project.

Natalie Gochnour wondered how to best answer questions regarding the phased openings of the project. Wyatt outlined that the first phase will open in August of 2020 (the terminal, garage, South Concourse West and the Central Utility Plant) followed by the opening of the South Concourse East and the North Concourse in 2024. Wyatt agreed to present additional details of these phases during a future meeting. Wyatt also remarked that the Airport is meeting every other week with the program management team, the construction management team, and the airlines to make decisions regarding the project. Alternating weeks are spent on transition planning.

Best-Devereux asked if the issuance of additional bonds is contingent upon the 10-year lease extension. Wyatt reported that our financial statements show ourselves being able to do it, but the margin is narrow.

James Rogers announced that the City Council has approved the Community Reinvestment Area for the Northwest Quadrant and encouraged Wyatt to meet with the Colmena Group and build a positive working relationship with them. Wyatt noted that he is looking forward to connecting with them and acknowledged the importance of understanding what the possibilities are related to the airport and air cargo.

1. **Airport Redevelopment Program Update**

Mike Williams, Airport Redevelopment Program (ARP) Director, presented an update on the ARP (presentation on file). Main points included were:

* CGMP #4 – Landside and Airside Enabling status
* CGMP #5 – Terminal/South Concourse West/Gateway status
* CGMP #6 – Roadways/Parking Garage/Central Utility Plant status
* CGMP #7 – Baggage Handling System status
* CGMP #9 – Apron Paving – Taxilane 20/21 status
* CGMP #9A – SCW Apron Paving and Hydrant Fueling status
* North Concourse Project status
* Project statistics
* Overall program construction and paving sequence
* Near term schedule
* Overall Airport Redevelopment Program Budget
* Job progress photos
* North Concourse secure area
* North Concourse site fencing

Gochnour asked if a lot of people have moved into the State for the ARP. Williams answered that this is true, especially for the construction management, program management and HOK teams. Gochnour commented on reports from the Gardner Policy Institute that the net migration into Utah was 26,000 last year—the third year in a row where the net migration has been over 20,000. Generally seen as a positive economic sign, she added the importance of recognizing the Airport’s role in that trend.

Senator Karen Mayne asked if many tradesmen and women are traveling to work on the ARP. Williams replied that while no data exists, the project is hiring local workers as much as possible.

Gallivan questioned what the new gate count will be upon completion of the project. Williams answered 78 contact gates, all with passenger loading bridges. Wyatt added that our existing facilities have just 56 gates with passenger loading bridges.

Best-Devereux asked what the current plan is for the Airport TRAX station. Williams indicated that the redesign of the station will bring it near the terminal with a canopy connecting the open platform to the terminal building.

Best-Devereux inquired about pet relief areas in the new terminal. Williams reported that pet relief areas are in the design, including an indoor area.

Gallivan wondered if there is concern about the owner’s reserve budget. Williams stated that while it will need to be managed carefully, some contingency is built into each CGMP for unforeseen items. Significant scope changes are paid by outside funding sources if the owner’s reserve is insufficient.

Mayor Biskupski asked about planned upgrades for women who are breastfeeding. Williams indicated that each bank of restrooms will include separate lactation rooms in addition to men’s, women’s, and companion facilities. Wyatt added that the Airport is working now to create proper lactation rooms by redesigning space within our existing terminals.

Gochnour requested careful and thoughtful design regarding roadways and signage for drivers during construction. Williams acknowledged the importance of this, noting that new overhead signage will be coming soon near the convenience store.

1. **Year-End Financial Audit**

Ryan Tesch, Director of Finance, presented the FY2017 Year-End Audit Financial Report to the Board (presentation on file). Main points included were:

* FY2017 Financial and operational highlights
* Total passenger traffic
* Costs per enplaned passenger
* Budget comparison
* Airline Use Agreement rates and charges
* Comparison of actual operating revenues
* Airline and non-airline revenues
* Comparison of concession revenue
* Gross sales per enplaned passenger
* Comparison of actual operating expenses
* Sources and uses of funds for the Series 2017 Bonds

Ryan introduced Paul Skeen, audit partner at Eide Bailly, LLP. Skeen reported no findings, no uncorrected misstatements or errors and no disagreements with management for the Airport’s Comprehensive Annual Financial Report. Eide Bailly designed new approaches to this year’s audit, paying special attention to the expansion.

Karen Mayne left the meeting at 9:31 a.m.

Mayor Biskupski and Larry Pinnock recognized Best-Devereux, Gallivan and Gochnour, who have completed their terms on the Board, and thanked them for their contributions.

Mayor Biskupski left the meeting at 9:43 a.m.

1. **Election of Board Chair and Vice-Chair**

Pinnock called for a vote by acclamation on the nomination of Larry Pinnock as Airport Advisory Board Chair and for Cynthia Miller as Vice Chair of the Airport Advisory Board for 2018. All votes were affirmative.

The Board Chair for 2018 is Larry Pinnock and the Vice-Chair is Cynthia Miller.

The next Board meeting will be held on February 21, 2018.

Larry Pinnock adjourned the meeting at 9:44 a.m.

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Larry Pinnock, Chair Date

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Jacqueline M. Biskupski, Mayor Date