

# **SALT LAKE CITY DEPARTMENT OF AIRPORTS MINUTES OF ADVISORY BOARD MEETING**

15 April 2015

Members Present: Mickey Gallivan – Chair  
Christine Botosan  
Igor Best-Devereux  
Natalie Gochnour  
Wayne Holland  
David Ibarra  
J.T. Martin  
Larry Pinnock

City Council: James Rogers

Department of Airports: Maureen Riley, Executive Director  
Randy Berg, Director of Operations  
John Buckner, Director of Administration & Commercial Services  
LuJean Christensen, Management Support Coordinator  
Barbara Gann, Director of Public Relations  
Pete Higgins, Director of Maintenance  
Allen McCandless, Director of Planning  
Ryan Tesch, Director of Finance  
Mike Williams, TRP Program Director

Chair Mickey Gallivan called the meeting to order at 8:04 a.m.

## **AGENDA**

### **A. Minutes**

The motion was made by Larry Pinnock and seconded by Igor Best-Devereux to approve the minutes of March 18, 2015 as presented. All votes were affirmative; motion passed.

### **B. Director's Report**

Maureen Riley, Executive Director, updated the Airport Advisory Board regarding current events.

- Riley presented the proposed budget to the Mayor on March 31 for review. After meeting with the Mayor, the budget will be presented to the City Council on May 5. The City Council will adopt the entire City budget in a single motion in late June.
- Riley gave a brief Terminal Redevelopment Program (TRP) update. The cost estimate is 4.6% over budget which is equivalent to \$71 million. An effort is underway of value

analysis and value engineering to reduce costs. A second cost estimate is in the process of being prepared.

- The pass thru lane of the short term parking garage will go away this fall.
- Passenger traffic continues to grow with a 9.3% increase in January and 5% in February.
- Riley informed the Board that a presentation had been given to the City Council on ground transportation. The City Council requested that for the next six months the Airport monitor the impacts from the new ordinance and report back with the results in September.

Best-Devereux inquired if the Airport has done a survey of the customers in cab lines or through a secret shopper to ascertain how the customers are being treated. Riley responded that the Airport utilizes a mystery shopper. At City Council's request, the budget for the mystery shopper has been increased for next year.

Christine Botosan wondered if the survey would look at differences in gender and across different types of populations on service received. Riley responded that the Airport will work with a consultant out of San Francisco, who specializes in ground transportation, to design a survey and implement it over the summer.

Best-Devereux asked if the Airport could post signs indicating what a typical fare downtown would be. Riley replied that the legal recommendation was to not try and provide any fare estimates, because the fare is unregulated. Riley stated that currently we are reaching out to other Airports that are having similar issues and challenges for techniques that they are utilizing. J.T. Martin stated that most Airports have a published fare rate and wondered if those rates were set by the legislators. Riley stated that the fare rate for Salt Lake City would need to be established through an action by the City Council. The City Council regulates the fee structure not the Airport.

Gallivan inquired if a passenger orders an Uber taxi can they be picked up at the Airport. Maureen answered that passengers have been picked up at the Airport but the Uber driver can be cited. David Everitt explained that there are two different types of Uber drivers. The first classification of driver has obtained a ground transportation license, has gone through the badging process, is part of the Uber black service and can operate legally at the Airport. The other classification of driver is Uber X driver who is the casual driver that has not gone through the badging process and is not operating legally at the Airport. Those drivers can be cited when operating at the Airport.

Natalie Gochnour wondered if the drive thru lane of the short term parking was going away to provide for additional parking spaces. Riley responded that at the opposite end of the drive thru a road will be built to detour around the construction zone. The Airport looked at a way to repurpose that area to maximize space and provide additional parking spaces. The Airport will introduce concierge parking which will provide seventy-seven more parking spaces.

Riley introduced and welcomed Ryan Tesch as the Director of Finance.

## **C. U.S. Aviation Industry Update**

Debbie McElroy, Executive Vice President, Policy and External Affairs of Airports Council International – North America, presented an update to the Board on the U.S. Aviation Industry (presentation on file).

The presentation points included:

- General economic numbers show that the gross domestic product had a growth in 2014 of 2.4%. The U.S. unemployment current rate in March is at 5.5% and is expected to be at 5.3% by the end of the year.
- Lower crude oil prices are expected to continue through 2015. Oil is the largest expense item for the Airlines accounting for about 26% of the industry costs.
- Passenger growth increased in 2014 by 5.3% in Salt Lake City.
- The change in scheduled flights and seats increased 4% in Salt Lake City.
- Delta's share of the market, including its regional affiliates a Salt Lake City, remains strong, handling over 71% of total April 2015 scheduled flights and close to 80% of the total regional airline services.
- Declining fuel prices had little influence on air fares. Fares for the third quarter increased 1.6% year over year, with the average domestic fare rising to \$396.
- U.S. airline ancillary revenues increased 2.1% in 2014.
- All major U.S. carriers remained profitable in 2014 due to lower fuel prices, higher fares, and increased ancillary fees.

Larry Pinnock wondered if the profits Delta had in 2013 were a onetime event. McElroy stated that it was a onetime non income tax benefit. Botosan stated it related back to 2004 when the airline had written off their deferred tax assets. Then when the airline became profitable they put them back on the books. It created an asset which created income but it was noncash.

J.T. Martin asked if as the industry densifies seating on aircraft if the DOT and FAA are in discussion to set passenger seating requirements. McElroy answered that the Advisory Committee for Aviation and Consumer Protection had met yesterday at the Department of Transportation and a significant amount of time had been discussing this issue. When an airplane is certified the aircraft has to meet certain evacuation requirements but the discussion focused on when seats are added to the aircraft are the evacuation requirements being met. The issue is being looked at as a safety concern.

#### **D. Washington Legislative Update**

Kevin Burke, President and Chief Executive Officer, Airports Council International – North America, presented a Washington legislative update. Main points included were:

- U.S. airports have a huge economic impact with 1.2 million people working at airports and 9.6 million jobs supported by airports. They contribute 1.7 trillion to the U.S. economy which is 7% of the gross domestic product.
- Air service is one of the airports greatest challenges. Consolidation in the airline business has the top 4 airlines representing 85% of all air traffic and the top 5 airlines representing 90% of the air traffic.

- Airport financing for ACI-NA in Washington D.C. is a major concern. This year is a FAA reauthorization year with the current authorization expiring in September. The goal is to keep the financing for airports stable for the next 3 – 5 years. Currently the passenger facility charge (PFC) is set at \$4.50 which has been implemented for the last 15 years. The goal is to increase the PFC to \$8.50 adjusted to inflation and maintain the airport improvement program.
- Currently the House Transportation Infrastructure Committee chair wants a transformational bill which will involve redoing the FAA. Separating air traffic control from the FAA and privatizing it. The goal is to transform the air traffic control system into a 21<sup>st</sup> century system. The airports stand is that you can't make the air traffic control a 21<sup>st</sup> century system without making the nation's airports 21<sup>st</sup> century airports. The way to achieve this is to increase the passenger facility charge to allow the needed financing.

Wayne Holland questioned if the airline industries will be actively opposed to the change in PFC and will they be active in Washington. Burke replied that for the airline industry they view this issue as a make or break for them. The airport operating costs to the airlines run between 3 – 5% of their total operating costs. The main issue is the loss of control.

Holland wondered if ACI would be taking a position on the reauthorization effort regarding the air traffic control privatization. Burke stated that they will have to take a position but would need to see the proposal first.

Martin inquired if statistics that compared what the airline and airport employees made against other industries had been compiled. Burke stated that this had not been done but it would be a valuable tool and would make an impact with the legislative members and would be looked at.

The next Board meeting will be held the 17 June 2015.

Board Chair, Mickey Gallivan, closed the meeting at 9:15 a.m.

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Mickey Gallivan, Chair

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Date

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Ralph Becker, Mayor

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Date