

SALT LAKE CITY DEPARTMENT OF AIRPORTS MINUTES OF ADVISORY BOARD MEETING

21 January 2015

Members Present: Natalie Gochnour – Chair
 Igor Best-Devereux
 Wayne Holland
 David Ibarra
 J.T. Martin
 Russ Pack
 Larry Pinnock
 Mike Zuhl

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
 Carol Dean, Financial Reporting Manager
 Pete Higgins, Director of Maintenance
 Steve Marlovits, Police Chief
 Allen McCandless, Director of Planning
 Bianca Shreeve, Public Relations Manager
 Mike Williams, TRP Program Director

Chair Natalie Gochnour called the meeting to order at 8:05 a.m.

AGENDA

A. Minutes

The motion was made by Igor Best-Devereux and seconded by Russ Pack to approve the minutes of November 19, 2014 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 updated the Board on the rental cars. The Airport has ten executed contracts in hand and is modifying the Terminal Redevelopment Program (TRP) design for seven operators on site instead of six. There will be seven counters, seven back areas and ten brands.
- Successful negotiations have been completed with TAC Air and negotiations are underway with the first ranked firm for the second Fixed Based Operator (FBO).

- Two sites have been identified for the prison relocation that would be close to the Airport. The first site is north of Runway 17 and the second site is west of the Airport. The site that is north of Runway 17 has been abandoned as an option but the site west of the Airport is still being considered.
- Delta Air Lines named Salt Lake City the hub of the year. The award is an internal designation from Delta to its employees. Key performance indicators such as lost bags, mishandled baggage, arrivals and departures, and safety practices are measured.
- Riley introduced Mike Williams, TRP Program Director, who presented a brief Terminal Redevelopment Program (TRP) update. Williams focused the presentation on the ground stabilizing stone columns being constructed.

Discussion ensued on the rental cars and if the ten operators would be corporate or local franchises. Riley stated that a presentation could be shown to the Board, which would illustrate the locations of the ten operators. The graphics in the presentation would show the seven counter locations and which operators will be dual branding.

Larry Pinnock inquired about the timing of awarding the contract to the second FBO. John Buckner answered that negotiations are underway with the first ranked firm and could last 60 to 90 days. James Rogers wondered if in the FBO contract a stipulation had been contemplated that would prevent TAC Air or the new FBO from buying out the other. Riley stated definitely, the stipulation would prevent them from selling or swapping with each other.

J.T Martin wondered if Riley was aware of how many private jets are avoiding Salt Lake City because of the drop-in fee being charged by the FBO. Riley questioned if the drop-in fee was a fee charged by TAC Air, and Martin replied the fee is charged by TAC Air for dropping in or picking up passengers. Riley stated that competition would help to correct that.

Gochnour commented that the Board members should be clear as ambassadors for the Airport, that a correctional facility located next to the airport would not be in the long term interest to our City. Rogers agreed that Salt Lake City is not in favor of relocating the prison within its City limits.

Best-Devereux wondered if the public comments received for the new terminal had been implemented into the new facility and if feedback had been given. Williams stated that the public comments received were evaluated by the design team and incorporated into the plan if possible. Riley remarked that the meeter/greeter area and the plaza area overlooking the airfield were ideas that came from public comments and were implemented.

David Everitt encouraged implementing a communication plan to give feedback to the public on how their ideas were incorporated into the design. Riley replied that Barbara Gann is working on a communication plan and has been working with Everitt to define that and move forward. Riley stated that the advertising campaign called "We Heard You," which re-stated the feedback that we received from the public, was implemented throughout the Airport.

Pinnock inquired if the Airport website would be utilized for communication to the public. Riley informed the Board that the Airport is going through the process to have the website redesigned. The new design will allow communication on the progress of the TRP.

C. State of the Airport

Riley presented a State of the Airport Report to the Board (presentation on file).

The presentation points included:

- The Department of Airports operates three airports, which include the Salt Lake City International, South Valley Regional and the Tooele Valley Airports. At Salt Lake City International, existing facilities include 9,426 total acres, 4 runways, 1.1 million square feet in 3 terminals, 1,800 space short-term garage, over 10,000 long-term surface parking spaces, over 1.0 million square feet of leased cargo space, a Boeing fabrication facility for assembly of the 787-9 horizontal tail, and the Utah Air National Guard.
- The Airport has an extensive catchment area and essentially no competition from other major airports.
- The Airport is an important partner of Delta Air Lines. Delta is one of the largest private employers in Utah with over 3,500 employees.
- Salt Lake City has strong market fundamentals. Salt Lake City is the smallest metro area among Delta's hub cities, but it is growing faster than the national average and has one of the lowest unemployment rates in the U.S.
- Monthly enplanement data highlights strong recent growth trends.
- Passenger traffic has increased 4.7% over the prior 12-month period.
- Load factors averaged 88%, a 1% increase over last year.
- Revenue growth has outpaced growth in expenses and enplanements.
- Expenses have increased a total of 9.5% since 2010.
- Airline revenues represent a modest share of total operating revenues.
- Non-airline revenues have increased a total of 18.1% since 2010.
- Concession revenues have increased significantly in recent years. Improvements to terminal concession program drove increases in revenues.
- Airline costs per enplanement (CPE) are very low.
- The Airport is well-positioned to undertake the financing of its major capital program.

Pinnock wondered if Delta Airlines was planning on upgrading its fleet to larger jets to accommodate for seat growth. Riley stated that there are markets that only need service from a small 50 seat regional jet such as Moab. Buckner replied that regional jets are still being utilized but they are moving towards larger regional aircraft.

Martin inquired if the use of the Brasilia was going to be eliminated. Buckner replied that certain markets required the use of the Brasilia to service the area because of the size and location.

Discussion ensued on the dynamic route schedule and international service. Riley stated that the Paris flight is used by customers as an interim step to other international destinations. Early forecasts show approximately 12 people daily would originate from Salt Lake City, and the remaining passengers connect from the west.

Discussion ensued about the airline market shares in Salt Lake City. Pinnock inquired if Southwest Airlines market was stabilizing. Riley answered that Southwest market share is currently 11.2% and seven years ago it was around 14%. Southwest over the past seven years

has built up its operation in Denver, which allows passengers the option to change planes in Denver.

Wayne Holland inquired if passenger traffic related to the ski industry is tracked. Riley responded that Nathan Rafferty with Ski Utah would be a good source of information for a presentation to the Board. The presentation could include passenger traffic related to the ski industry and how it relates to the Airport.

Everitt wondered what percentage of the overall TRP budget was Airport cash, and Riley responded a little more than twenty-five percent.

D. Election of Advisory Board Chair and Vice-Chair for 2015

Russ Pack called for a vote by acclamation on the nomination of Mickey Gallivan as Airport Advisory Board Chair and for Igor Best-Devereux as Vice Chair of the Airport Advisory Board for 2015. All votes were affirmative.

The Board Chair for 2015 is Mickey Gallivan and the Vice-Chair is Igor Best-Devereux.

E. Board Appreciation and Recognition of Service for Russ Pack

The Board members and Airport staff expressed appreciation to Russ Pack whose term as a board member expires at this meeting. Pack served on the Airport Advisory Board for 8 years.

Pack expressed appreciation for the privilege to give public service and serve on the Airport Board.

The next Board meeting will be held the 18 February 2015.

Board Chair, Natalie Gochnour, closed the meeting at 9:30 a.m.

Mickey Gallivan, Chair

Date

Ralph Becker, Mayor

Date