

SALT LAKE CITY DEPARTMENT OF AIRPORTS MINUTES OF ADVISORY BOARD MEETING

18 October 2017

Members Present:	Larry Pinnock, Vice-Chair Igor Best-Devereux Wade Bitner Mickey Gallivan Sam Granato Senator Karen Mayne Cyndy Miller Kim Rolfe
Excused:	J.T. Martin, Chair Natalie Gochnour Steven Price
Mayor's Office:	Patrick Leary
Department of Airports:	Russ Pack, Executive Director Gary Bilbrey, Operations Manager/Terminals & Landside John Buckner, Director of Administration & Commercial Services Ed Cherry, Chief Information Officer Eddie Clayson, Director of Maintenance Kristen Elder, Management Analyst Lori Hintze, Terminal Operations Specialist Nelson Jimenez, Landside Operations Specialist Marco Kunz, Attorney Allen McCandless, Director of Planning Kevin Robins, Director of Engineering Craig Vargo, Police Chief Nancy Volmer, Director of Public Relations & Marketing Mike Williams, TRP Program Director

Larry Pinnock called the meeting to order at 8:00 am. Pinnock acknowledged Federal Security Director Mark Lewis, incoming SLCDCA Executive Director Bill Wyatt, Thom Lang of Delta Air Lines, and Lee Davidson of the Salt Lake Tribune, who were in attendance.

AGENDA

A. Minutes

The motion was made by Mickey Gallivan and seconded by Wade Bitner to approve the minutes of September 20, 2017 as presented. All votes were affirmative; motion passed.

B. Director's Report

Russ Pack, Executive Director, updated the Airport Advisory Board regarding current events.

- Pack introduced and recognized employees Lori Hintze, Terminal Operations Specialist, Nelson Jimenez, Landside Operations Specialist, and Gary Bilbrey, Operations Manager, Terminals/Landside. Pinnock asked Hintze and Jimenez about the biggest challenges they face as we near capacity in our current facilities. Nelson answered managing traffic as we incorporate new construction with existing facilities. Hintze explained that she enjoys working with departing passengers as they navigate the check-in and security screening procedures. Both individuals reported no major impacts to operations and that passengers enjoy seeing the construction progress.
- Pack introduced Bill Wyatt, recently selected as SLCD's the new executive director. Wyatt thanked the Board for their warm welcome and stated that he is thrilled to be in Salt Lake City. Wyatt expressed his excitement for being a part of the Airport Redevelopment Program and SLC's outstanding reputation.
- Pack reported on the results of the third quarter passenger survey. SLC received lower marks for its WiFi (insufficient bandwidth in some areas has been corrected) and availability of parking. Higher marks were received for clear, easy to follow signage and the concessions program.
- Pack noted that Transportation Network Companies now account for 55% of ground transportation activity at SLC and 37% of ground transportation revenues.
- Pack announced a traffic shift on Terminal Drive beginning October 27th. The main entrance road will shift to the east as work progresses on the elevated roadway.
- Pack stated that the November board meeting has been moved to December on the recommendation of bond counsel due to the timing of disclosures. The December meeting will include the audit report and Board nominations. Pack added that the Airport and Airline Affairs Committee (AAAC) will also be held in December, and introduced AAAC Chair Donnell Harvey of Delta Air Lines.
- Pack presented the Board members with an SLC challenge coin and explained he would be giving them to staff members as well.

Gallivan asked about the timing of the executive director transition.

- Pack noted that Wyatt will begin on November 1st.
- Pack will depart shortly after Wyatt's arrival, although he will remain available during the transition.

Cyndy Miller recognized Pack for his service as the interim executive director.

Igor Best-Devereux asked for an update on TRAX and minimum guaranteed fares to the city for ground transportation providers.

- Pack reported that the City Council met last night and appeared to be supportive of an at grade solution for the future airport TRAX station.
- Pack explained that the Council was not prepared to give permanent approval for minimum standard fares to the city, but temporary approval is in place and there are no concerns about renewing the approval as needed. Marco Kunz added that the Airport has established six months as our practice and the issue should be considered resolved.

Pinnock thanked Patrick Leary for his attendance. Leary thanked members of the Board for their time spent on the executive director recruitment process.

Pinnock excused J.T. Martin who is traveling.

C. 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
- North Concourse Project status
- Project statistics
- Overall program construction and paving sequence
- Near term schedule
- Overall capital equipment costs

Pinnock asked what the peak number of workers will be on the project. Williams answered that the total number is expected to reach approximately 2,000 for the entire program in early 2019.

Senator Karen Mayne acknowledged the increased number of local trade contractors on the project. Williams indicated that many of the most recent bids, especially on the north concourse enabling, apron paving, and fueling packages, are expected to go to local trade contractors as well.

Best-Devereux asked for a summation of the design and bid process for the north concourse.

- Williams explained that HOK has already incorporated the value engineering analysis determined from the south concourse into the north concourse drawings.
- Revised bids will be obtained on the 90% drawings and updated estimates from the construction teams will include an escalation contingency because of the current competitive market.
- Labor costs are highly variable today and difficult to project.
- Materials are being purchased as quickly as possible to mitigate the cost risk.

Best-Devereux wondered if we have seen scope creep on the original plans.

- Williams stated that the airport has done a great job of managing the scope and complimented Ed Cherry for the efficiencies and cost reductions made by his team.

D. Air Service Overview and Industry Trends

David Dague, Executive Vice President of InterVISTAS Consulting Group, presented an update on the TRP (presentation on file). Main points included were:

- U.S. industry update
 - Operating margins for the major U.S. airlines
- Air service trends
 - Percent change in enplaned passengers
 - Percent change in seats from large hub airports
 - Percent change in Delta seat capacity
 - Change in Delta seats per departure
 - Percent change in domestic O&D passengers
 - Stage adjusted average domestic one-way fares
 - Load factors
 - Top 10 unserved markets from Salt Lake City
 - Top 20 Salt Lake City International O&D markets
- Development of Strategic Air Service Plan

Pinnock asked Dague if he believed SLC will have the physical capacity during and after the ARP construction to support the growth the market is driving.

- Dague answered that there are many mechanisms the carriers will use if there are gate constraints, including upgauging equipment, adjust schedules and add services at off-peak times.
- Dague remarked that SLC's cost structure coming out of the ARP will remain one of the lowest in the industry, which is critical to maintain competitiveness.

Mayne suggested working with the tourism industry to reach out to the European market and promote travel during off-peak months due to differing vacation schedules. Dague agreed with the importance of understanding visitor dynamics and the promotion of SLC as a good airport to connect to when traveling internationally.

Bitner inquired about the potential impact from the Asian market, especially China.

- Dague noted that China is already the largest Asian market out of SLC today.
- International markets are regulated by bilateral agreements, and the U.S./China agreement has weekly frequency limitations which are maxed.
- Air carriers have not pressured congress to reopen the agreement for negotiation.

Pinnock thanked Pack for his transparency and willingness to communicate with the Board while serving as the interim director.

The next Board meeting will be held on December 13, 2017.

Larry Pinnock adjourned the meeting at 9:24 a.m.




J.T. Martin, Chair



Date



Jacqueline M. Biskupski, Mayor



Date