**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**MINUTES OF ADVISORY BOARD MEETING**

15 March 2017

Members Present: J.T. Martin, Chair

Larry Pinnock, Vice-Chair

Igor Best-Devereux

Wade Bitner

Mickey Gallivan

Natalie Gochnour

Sam Granato

Karen Mayne

Cyndy Miller

Kim Rolfe

Mayor’s Office: Mayor Jacqueline M. Biskupski

Department of Airports: Kevin Robins, Executive Director Designee

John Buckner, Director of Administration & Commercial Services

Ed Cherry, Chief Information Officer

LuJean Christensen, Management Support Coordinator

Eddie Clayson, Director of Maintenance

Kristen Elder, Management Analyst

Pete Higgins, Director of Operations

Marco Kunz, Attorney

Allen McCandless, Director of Planning

Ryan Tesch, Director of Finance

Craig Vargo, Police Chief

Nancy Volmer, Director of Public Relations & Marketing

Mike Williams, TRP Program Director

Chair J.T. Martin called the meeting to order at 8:00 a.m.

Martin recognized Representative Kim Coleman and thanked her for her attendance and support.

Martin asked members of the Board to watch their e-mail for messages regarding a suggested retreat for Board members and other stakeholders.

AGENDA

1. **Minutes**

The motion was made by Cyndy Miller and seconded by Igor Best-Devereux to approve the minutes of February 15, 2017 as presented. All votes were affirmative; motion passed.

1. **Director’s Report**

Kevin Robins, Executive Director Designee, updated the Airport Advisory Board regarding current events.

* Robins reported that the President’s new travel ban will go into effect at midnight. The Airport does not expect to have any detained travelers and contingency plans are in place to handle potential demonstrations.
* Robins announced the addition of several new flights. United recently added a nonstop flight to Newark, and Southwest has added nonstop flights to Burbank and Sacramento. In December, Delta will begin nonstop flights to Tampa and Maui. KLM resumes its service to Amsterdam on March 26th, upgrading from an Airbus 330 to a Boeing 787-900—the first time SLC has had a Dreamliner operating here regularly. Delta has also upgraded the aircraft used for its flight to Amsterdam from a Boeing 767 to an Airbus 330. The Airport continues to make contingency plans for hard standing aircraft if needed.

Martin welcomed Mayor Biskupski and asked if she would like to make any comments. Mayor Biskupski asked for due diligence in analyzing the proposed budget for FY 2018.

1. **Terminal Redevelopment Program Update**

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

* CGMP #3 – South Parking Lot/Quick Turn-Around/Remote Service Sites current status
* 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
* North Concourse Project status
* Overall program construction and paving sequence
* Near term schedule
* Overall capital program costs

Senator Karen Mayne wondered how far into the future the current TRP will meet our needs. Robins estimated at least five years, as passenger growth is exceeding our projections. Expansion of the terminal may be necessary to enlarge the baggage handling system if the additional gates on the North Concourse are built.

Senator Mayne asked if the Airport has enough land to build additional concourses. Robins explained that we have enough land to build a total of four concourses, although it would require the relocation of the North Support facilities. When the master plan is updated, it will address whether or not we need to plan for a fourth concourse if the passenger growth we’re now experiencing continues. Williams reminded the Board that 15 gates can be added to the North Concourse if the airlines and the Airport choose to do so at a later date.

Senator Mayne questioned whether contractors are audited for purchasing or safety requirements. Williams replied that there are many on-site requirements related to safety, certifications which must be signed when the bid is awarded, and that the Department of Labor periodically audits these types of projects. Robins stated that our contract gives us the right to perform an audit if there is a problem.

Best-Devereux asked if the North Concourse Project (NCP) would be designed within the $737M estimate. Williams answered that this preliminary estimate was created over 18 months ago. Since that time, the airlines have asked for changes which the Airport has agreed are in the best interest of the project. Although the revised estimate will likely be higher, we are meeting frequently with the designer to maintain accountability.

Best-Devereux requested information about the selection process of the Construction Manager at Risk (CMAR) for the NCP. Robins explained that the selection committee is composed of Airport and Mayor’s staff and consultants with related experience. Three respondents to the Request for Statement of Qualifications were interviewed and ranked by the selection committee. The Airport is currently negotiating contract terms with the top-ranked firm and expects to make an announcement within a few weeks.

Best-Devereux inquired about Board involvement in the procurement process in the future.

Robins noted that the Board is not typically involved in the procurement process, and Martin suggested that the Board consult with the Mayor about what level of involvement would be appropriate.

Martin asked Larry Pinnock to give a summation of yesterday’s meeting of the General Aviation Subcommittee.

Pinnock reported that the General Aviation Subcommittee is looking at a number of different options to expand the hangar space at South Valley Regional Airport (SVR). The Subcommittee will also refine the scope of an upcoming study to look at new ideas and best practices to support our general aviation community.

1. **Airport Budget for FY 2018**

Ryan Tesch, Director of Finance, SLCDA, presented an update on the Airport budget for FY 2018 (presentation on file). Main points included were:

* Budget goals and objectives
* Operating statement forecast
* Comparison of airline revenues
* Cost Per Enplaned Passenger (CPE)
* Comparison of concession revenues
* Operating expenses for FY 2018
* New Capital Improvement Projects for FY 2018

Mayor Biskupski asked why a 3% salary increase was assumed for FY 2018. Tesch answered that this figure is historically what has been budgeted. Mayor Biskupski then questioned whether the Airport was covering the medical insurance increases for its employees, if the 3% salary increase was in addition to the insurance costs, and if there are situations where airport salary increases are treated differently than other Salt Lake City employees. Tesch answered in the affirmative.

Natalie Gochnour asked if cost of living adjustments matched other departments within the City. Tesch explained that the 3% assumption included two components, cost of living adjustments and merit raises. The Airport does not have a standard pay rate increase for non-represented employees. Pay increases for these employees are merit-based and require a detailed performance evaluation process. Robins added that because the Airport begins the budget process earlier than other City departments, assumptions were made based upon what was approved last year.

Senator Mayne inquired if the 3% budgeted for salary increases was used for bonuses and if the Airport issued bonuses. Robins answered in the negative.

Martin wondered if the proposed 3% salary increase would be given to Airport employees in addition to any City-wide increase issued by the Mayor and the City Council. Robins answered in the negative.

Miller complimented Robins for his efforts as interim executive director and Tesch for a complete presentation of the proposed FY 2018 budget.

Miller reported that the Finance Subcommittee met on March 14, 2017 for a detailed review of the proposed FY 2018 budget. The Subcommittee has asked Airport staff to e-mail additional information to the Board on the following areas: intergovernmental charges, utilities, additional technology or other enhancements, and the effects of running the SVR FBO in-house.

Miller recommended to the Board that the proposed FY 2018 budget be forwarded to the Mayor’s office subject to the clarification of the aforementioned items. Miller also suggested that a finance and audit subcommittee be formed, and that the presentation of the budget be made at least 10 days before an Advisory Board meeting to allow time for Airport staff to respond to any questions.

The motion was made by J.T. Martin to advance the FY 2018 budget to the Mayor with the stipulation that the Board receive additional information about the items previously mentioned. All votes were affirmative; motion passed.

The motion was made by J.T. Martin to form a finance and audit subcommittee that would meet at least 10 days prior to the Board receiving the budget and to meet quarterly on other matters. All votes were affirmative; motion passed.

Miller proposed discussion on the formation of a TRP and capital committee to review the project in greater detail and to have an opportunity to ask questions as contracts are reviewed and awarded. Senator Mayne stated her support of Miller’s recommendation. Martin recommended that the Board obtain additional information from the Airport administration prior to making a motion.

1. **Concessions Program Outreach**

John Buckner, Director of Administration & Commercial Services, SLCDA, presented an update on the concessions program outreach (presentation on file). Main points included were:

* Public overview of concessions at the Airport
* Passengers/sales comparison 2013-2016
* Hours of operation
* Staffing requirements – employee badging
* Staff transportation and parking
* Product deliveries
* Construction costs
* Rent
* Airport Concessions Disadvantaged Business Enterprise (ACDBE) introduction
* Timeframes
* Possible business arrangements
* Upcoming opportunities
* Request for Proposals (RFP)

Gochnour asked for clarification of the term “bank.” Buckner explained that a bank is a swell of passengers in the terminal when several planes land, exchange passengers, and depart in a short time period. The number and duration of banks vary by location and airline.

Senator Mayne inquired about an average or standard wage for concession employees. Buckner replied that he is not aware of a standard, but the average wage is about $12/hour.

Senator Mayne asked where concession employees park. Buckner answered that they park in a secure lot north of the golf course at a cost of $24/month per employee. Senator Mayne asked who pays the employee parking fee. Buckner replied that most employers pay that fee on behalf of the employee as a benefit. This fee covers our operating cost and investment in the lot.

Martin asked which existing concessionaires fall under the ACDBE umbrella. Buckner stated that these include Jamba Juice, Krispy Kreme, Fresh Market, Auntie Anne’s, the shoe shine vendor, and Red Onion. Approximately 15-16% of our total sales are generated by ACDBE concessionaires.

Miller inquired about the Airport’s goal for ACDBE revenues. Buckner reported that our goal has been established at 12% of total sales.

Miller requested the maximum gross revenues a company can generate and maintain DBE status. Buckner noted that he would follow-up with the Board via e-mail once he confirmed the correct figure.

Mickey Gallivan wondered if any of the existing concession leases will carry over to the new terminal. Buckner answered in the negative, adding that the Airport intentionally did not want to give any concession a first right in the new terminal.

Best-Devereux asked for more information about the target audience of the public outreach process. Buckner explained that the Airport is reaching out to businesses who have previously expressed interest in operating at the Airport. The Airport is also meeting with existing concessionaires to review timelines.

Gochnour remarked on the significant local business participation in the Airport’s existing concessions program, and asked if this was the result of intentional planning. Buckner stated that the number of local business participating in the program was market-driven. Today’s outreach process is more robust, with the goal to maximize opportunities for local, national and regional brands to participate.

Mayor Biskupski asked if the Airport is working with the City’s Department of Economic Development on the public outreach process. Buckner responded in the negative and agreed to collaborate with the Department at the Mayor’s request.

Senator Mayne asked how many concession locations will be available in the TRP. Buckner replied that it would be approximately 100-120, depending upon the design of the North Concourse.

Martin thanked the Mayor and other Board members in attendance for their attendance and encouraged them to review the media clippings in the Board packet.

The next Board meeting will be held on April 19, 2017.

J.T. Martin adjourned the meeting at 9:28 a.m.

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J.T. Martin, Chair Date

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Jacqueline M. Biskupski, Mayor Date