

SALT LAKE CITY DEPARTMENT OF AIRPORTS MINUTES OF ADVISORY BOARD MEETING

March 20, 2019

Members Present: Cyndy Miller, Chair
 Wade Bitner
 Arlyn Bradshaw
 Roger Boyer
 Theresa Foxley
 J.T. Martin
 Karen Mayne
 Larry Pinnock
 Steve Price
 Jim Riding

Mayor's Office: Mayor Biskupski
 Patrick Leary

City Council Office: Nick Tarbet

Department of Airports: Bill Wyatt, Executive Director
 Shaun Anderson, Finance Manager
 Brian Butler, Interim Director of Finance
 Ed Cherry, Chief Information Officer
 Ed Clayson, Director of Maintenance
 Kristen Elder, Management Analyst
 Brady Fredrickson, Director of Planning & Environmental
 Marco Kunz, Attorney
 Joel Nelson, Property and Real Estate Manager
 Nancy Volmer, Director of Public Relations
 Mike Williams, ARP Program Director

Cyndy Miller called the meeting to order at 8:06 a.m.

AGENDA

A. Minutes

The motion was made by Larry Pinnock and seconded by Jim Riding to approve the minutes of February 20, 2019 as presented. All votes were affirmative; motion passed.

Miller welcomed Mayor Biskupski and congratulated the construction workers recognized at yesterday's topping out ceremony for the North Concourse Project.

B. Director's Report

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

- Wyatt announced the resignation of LuJean Christensen, now working for the Utah Schools for the Deaf and Blind. Tina Nee, executive assistant to the Mayor's Chief of Staff, Patrick Leary, has been hired to fill that vacancy on April 1st.
- Wyatt reported on the topping off ceremony for the North Concourse Project, which was held yesterday. This event recognized approximately 350 trade workers and marked another major milestone in the Airport Redevelopment Program.
- Wyatt remarked that we continue to see a record number of passengers on a regular basis. A weekday earlier this month brought over 30,000 passengers to SLC (not including connecting passengers), which is reflective of a strong local economy and ski season. Wyatt also commended airport and tenant staff for their ability to accommodate the growing number of passengers within the constraints of our existing facilities.
- Wyatt informed the Board of the intent to purchase equipment for the security checkpoints in the new terminal. Although the Transportation Security Administration (TSA) is typically obligated to provide screening equipment for the checkpoints, Congress has not appropriated sufficient funds for them to do so. As a result, the Airport will purchase the necessary equipment for 22 screening lanes and gift it to the TSA, which will be operating and maintaining the equipment. Reusing existing equipment is not recommended because the machines are very sensitive and cannot be moved to the new terminal overnight. Also, newer and more efficient technology is now available. Wyatt, Mike Williams, and several division directors visited the Hartsfield-Jackson Atlanta International Airport (ATL) earlier this week to view an automated screening lane (ASL) and other new technology which the TSA is about to certify. New software technology provides three-dimensional images, similar to MRI or CT scans, which allows the TSA to better view the contents of a bag without unpacking any items. Prohibited items can also be built into the software for improved recognition. Incorporating elements of automation into the screening process is estimated to improve throughput from 240 passengers per hour (PreCheck lanes) to approximately 350 passengers per hour. These gains will allow us to maximize efficiencies and vastly improve the passenger experience. We will closely monitor what ATL is testing to determine a preferred vendor.
- Wyatt made introductory remarks regarding the proposed budget for Fiscal Year 2020. This budget includes staff and equipment which will be required to operate our new facility next year.

Roger Boyer asked what the cost of the screening equipment will be and if leasing is an option. Wyatt explained that the TSA has a rigorous system for certifying these sophisticated machines and requires ownership to operate them. Pricing for individual machines vary by type and vendor, but the entire package is estimated to be fifteen million dollars. Other airports around the country are increasingly facing a similar challenge.

J.T. Martin arrived at 8:18 a.m.

Larry Pinnock inquired if Delta was aware of this addition to the project budget. Wyatt answered in the affirmative and added that the recent trip to ATL was made at Delta's suggestion. Our cooperation with Delta's corporate staff provides several significant advantages: seeing the security equipment in operation, receiving information on procurement, and obtaining feedback from Delta on the equipment they are testing.

Karen Mayne wondered who makes the equipment. Wyatt replied that the Automated Screening Lanes are made by European manufacturers MacDonal and Hatch, Scarabee, and Vanderlande. The scanner being tested in ATL is made by L3.

C. Airport Redevelopment Program (ARP) Update – Mike Williams, ARP Director, SLCDA

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
- CGMP #9A – SCW Apron Paving and Hydrant Fueling status
- CGMP #15 – NCP Phase 1 enabling
- CGMP #16 – NCP Phase 1
- NCP Baggage Handling System Phase 1/Phase 2
- NCP Apron Paving/Hydrant Fueling
- Project statistics
- Near term schedule
- Overall Airport Redevelopment Program budget
- Job progress photos

Pinnock asked about the lead time for procurement if additional screening machines are needed. Williams answered that the lead time is a few months and the airport would anticipate that need well in advance. The new facility will include an extra machine to maintain capacity if another machine is inoperable or being repaired.

Boyer inquired about the number of parking stalls in the existing and future parking garages. Williams stated that the existing garage, which consistently fills to capacity on Tuesdays and Wednesdays, has 600 stalls on the ground level for rental cars and 1,800 public stalls. The new garage will have 1,200 stalls for rental cars and 3,600 public stalls.

D. Airport Budget for FY 2020 – Brian Butler, Interim Finance Director, SLCDA

Brian Butler, Interim Finance Director, presented the Airport's Budget for Fiscal Year 2020 (presentation on file). Main points included were:

- Budget goals and objectives
- Airline and non-airline revenues
- Cost Per Enplaned Passenger (CPE)
- Income statement forecast
- FY 2020 operating revenues budget
- Comparison of airline revenues
- Comparison of concession revenues
- Operating expenses for FY 2019
- Capital equipment budget
- New Capital Improvement Projects for FY 2020

Wyatt commented on the proposed parking rate increase. The increase is intended as a cost-recovery measure and not as a source of funding for the new terminal. For example, when the current parking garage fills to capacity, it requires resources (staff) to direct drivers to the economy lot. Miller added that this also creates concern for air quality. Wyatt noted that the parking rates will likely decrease when the new garage opens due to supply and demand.

Theresa Foxley wondered how the airport lots compare to off-site parking providers. Wyatt acknowledged that we are more expensive because of the proximity of our lots to the terminals. It is typical to see off-site providers raise rates in tandem with the airport.

Mayne asked Wyatt to speak to proposed legislation for peer-to-peer car sharing companies such as Turo. Wyatt explained that Turo, which has sought a sales tax adjustment from the legislature, is operating at SLC without an agreement. The message conveyed to legislators on behalf of the Airport centered on our ability to repay debt. If our revenue model is constrained by state law, in a way that is significant and did not exist when we began selling bonds, our ratings will be downgraded and interest rates would increase.

Patrick Leary arrived at 9:08 a.m.

Pinnock asked Wyatt to clarify the agreement between Turo and the Airport. Wyatt indicated that we have proposed an agreement to Turo which has not been accepted. Turo is operating illegally at this time.

Steve Price asked Wyatt to comment on Silvercar by Audi. Wyatt stated that Silvercar, a curbside service provided by Audi, is operating at twenty airports nationwide. As with Turo, these disruptive technologies will be an ongoing challenge. Although the full impact is not yet known, the Airport is committed to finding ways to generate revenue from entities which operate on its property.

Mayne emphasized the importance of educating legislators on how proposed bills might affect the Airport's ability to meet its financial obligations.

Mayor Biskupski inquired about the comparison of operating expenses and asked for a further breakdown when the budget is presented to her office next month. Butler agreed, and together

with Miller and Wyatt, acknowledged that the police merger and funding of new positions for a partial year made a true apples-to-apples comparison challenging.

Foxley complimented Butler on a fantastic presentation and wondered how the projected increase to airport reserves would be used. Butler explained the funds go into the airport operating cash account and may be used for investing, interest expense, debt repayment, and/or maintaining a reserve of operating expenses. Wyatt added that maintaining substantial reserves has been a common practice for airports since 9/11. Wyatt's predecessor, Maureen Riley, used increases to reserves to save approximately \$500 million for the Airport Redevelopment Project.

Boyer questioned what the Fiscal Year 2021 budget will look like. Butler and Wyatt noted that the full cost of additional staffing would be realized in FY2021 because many of those positions would only be funded for a portion of FY2020. Several contracts (janitorial, parking and baggage handling), which are scheduled to be rebid next year, may see significant increases due to the size of the new facilities and high rates of employee turnover. Until that procurement process is complete, and facility maintenance costs are better understood, the full impact to the FY2021 budget is not yet known. Miller remarked that the new group of recently awarded concessions will also improve revenues.

Miller thanked Butler for the presentation and congratulated him and his team for putting together an excellent set of documents.

Martin expressed concern for not having enough time to satisfactorily review the proposed budget, and asked if the vote for approval could be postponed until next month. Mayor Biskupski noted that the budget would be presented to her office before the Advisory Board met again in April. The mayor suggested that the budget be presented to the Board in February, before the budget is presented to the airlines. Discussion ensued on the benefits and challenges of such a change, and Wyatt agreed to explore the proposal for next year.

Mike Williams left at 9:36 a.m.

The motion was made by Larry Pinnock and seconded by Steve Price to recommend the FY 2020 budget to the Mayor and City Council for adoption as presented. Nine votes were affirmative; motion passed. Martin abstained from voting.

Cyndy Miller adjourned the meeting at 9:38 a.m.

The next Board meeting will be held on April 17, 2019.

Cynthia Miller, Chair

Date

Jacqueline M. Biskupski, Mayor

Date