

SALT LAKE CITY DEPARTMENT OF AIRPORTS
MINUTES OF ADVISORY BOARD MEETING

16 October 2013

Members Present: Wayne Holland (Chair)
Natalie Gochnour (Vice-Chair)
Igor Best-Devereux
Mickey Gallivan
J.T. Martin
Mike Zuhl

City Council: Carlton Christensen

Excused: Russ Pack
David Ibarra

Department of Airports: Maureen Riley, Executive Director
LuJean Christensen, Management Support Coordinator
Marco Kunz, Attorney, SLCDA
Pete Higgins, Director of Maintenance
Allen McCandless, Director of Planning
Barbara Gann, Director of Public Relations/Marketing
John Buckner, Director Administration & Commercial Services
Ed Cherry, Chief Information Officer
Janine Christiansen, Director of Finance
Randy Berg, Director of Operations
Steve Marlovits, Airport Police Chief

Chair Wayne Holland called the meeting to order at 8:01 a.m.

AGENDA

A. Minutes

The motion was made by Mickey Gallivan and seconded by J.T. Martin to approve the minutes of the 18 September, 2013 meeting, as presented. All votes were affirmative; motion passed.

B. Director's Report

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

- The taxi litigation issues have seen some progress. The judge recently ruled to lift the temporary restraining order.
- The Airline Committee meeting was held last week. The Airlines were very complimentary and appreciative to the staff for their diligence in keeping costs low. The Terminal Redevelopment Program (TRP) plan design is proceeding and the Airlines are very supportive. Delta Air Lines designated Thom Lang to be the Airlines representative throughout the TRP. Regarding Natalie Gochnour's inquiry, Riley stated that the representative plans to relocate to the State.
- Alaska Airlines will be terminating its relationship with Delta Air Lines on March 31. Alaska Airlines has inquired about becoming a signatory airline.

C. Air Service Overview – Dave Dague

Dave Dague, principal at ICF SH&E, presented an overview of current service and airfare trends (presentation on file) including the following points:

- Operating profits achieved in six out of eight annual periods.
- Salt Lake City's current route network consists of 351 daily departures to 87 nonstop destinations.
- Five carrier/routes have been added at Salt Lake City within the last 18 months.
- Among large hub airports, Salt Lake City's passenger growth outperforms the industry average.
- Load factors at Salt Lake City have reached historic highs at an average of 83.2%.
- During summer months SLC had an increase of 5.2% in capacity.
- Delta's capacity increase at Salt Lake City this summer was tops among its major connecting hubs.
- Comparison of average one-way fares.

Mike Zuhl inquired how calculations are made to find the average fare. Dague responded that the average fare is calculated by taking the total revenue in the market and dividing that by the number of passengers.

Carlton Christensen wondered what has happened since the announcement that the airlines would be adding more seats to their current aircraft. Dague stated that there is a move to make ergonomic thinner seats which would add an additional row. The operating models differ among the carriers.

In response to Igor Best-Devereux's inquiry about Southwest load factors, Dague stated that passenger revenue is strong with Southwest.

Zuhl inquired about the ranking of Salt Lake City fare increase and the reason for it. Dague explained that the ranking is reflective of the short haul nature of traffic here. Short haul markets are costly markets in terms of flying an aircraft.

In response to Gochnour's question about fare increases, Dague indicated Salt Lake City's high load factors, short haul market which are more fuel intensive, and a strong market all contribute to the increase.

Christensen inquired if the announcement by the LDS Church to lower the missionary age contributed to recent passenger growth. Barbara Gann responded that Church missionary travel is a contracted service and details are unavailable but, anecdotally, the airport has experienced the increase.

Best-Devereux wondered if any airline would consider an international flight to London or Amsterdam. Dague responded that Delta's Paris flight load factor is an indicator used to illustrate the strength for another European market.

J.T. Martin questioned if the private club jet market has been impacted by the increased passenger loads. Dague stated the private club jets operate out of the eastside and are part of the FBO operation.

D. State of the Airport Report – Maureen Riley

Airport Executive Director Maureen Riley presented the State of the Airport to the Board members (presentation on file). The presentation covered the following major topics:

- Airport accomplishments for 2013 for each division and area of the Airport
- Terminal Redevelopment Program making steady progress
- Passenger traffic
- Route structure
- Key capital and technology projects for 2013
- South Valley Regional update
- Tooele Valley update

Zuhl inquired on the costs per enplaned passenger after the completion of the redevelopment project. Riley stated the cost would be around \$4.33 in FY2013 current dollars.

Martin wondered if Miami's increase in costs per enplaned passenger after redevelopment impacted acquiring nonstop service to Miami. Gann replied that the enplaned passenger cost would be a factor but fares adjust to accommodate.

E. Year-End Audit – Janine Christiansen

Janine Christiansen, Director of Finance, expressed appreciation to the Finance staff, particularly Carol Dean and Cassie Fairbourn. Christiansen introduced Ross Youngberg, external auditor, and explained to the Board that the auditors look at systems of internal controls and found no issues with the control structure. Christiansen gave a year-end financial presentation to the Board (presentation on file) which covered financial and operational highlights, budget

comparisons, airline use agreement rates and charges, concession revenues, and capital projects and equipment.

Discussion ensued regarding the concession program. Best-Devereux complimented the Airport on implementing monthly visits with concessionaires.

Zuhl inquired about the \$1 parking tax collected by the City, and Maureen clarified that the tax has been in place for some time. The City changed the way it applied the tax last year. Christensen explained that the legislature allows tax on public parking facilities as a way of getting revenue. Christiansen stated that the \$1 tax used to apply to each transaction, but the change applied the \$1 tax to each transaction day.

Mickey Gallivan wondered if the TRP would cause an increase to the number of Airport employees. Riley indicated that the number would not increase because the TRP organization and management team would be contract employees.

Best-Devereux questioned the life expectancy of future runways and taxiways. Christiansen stated the life expectancy of the new repaved runway was 10 years.

Martin inquired about the percentage of direct fees and how they were paid. Riley stated the trend shows an increase in using a credit card for payment. Martin wondered how the credit card fees were negotiated. Buckner stated that the new parking contractor operates parking structures nationally. The parking contractor was able to use a global scale to negotiate the credit card fee which minimized the impact. Riley indicated that a presentation of the parking operation will be made at the November meeting.

The next Board meeting will be held 20 November 2013.

Chair Holland closed the meeting at 9:30 a.m.

Wayne Holland, Chair

Date

Ralph Becker, Mayor

Date