**SALT LAKE CITY DEPARTMENT OF AIRPORTS**

**MINUTES OF ADVISORY BOARD MEETING**

21 September 2016

Members Present: Igor Best-Devereux - Chair

J.T. Martin, Vice - Chair

Robert Bergman

Mickey Gallivan

Sam Granato

 Cynthia Miller

 Senator Karen Mayne

Excused: Larry Pinnock

 Senator Karen Mayne

Mayor’s Office: Mayor Jacqueline M. Biskupski

City Council Office: James Rogers

Department of Airports: Maureen Riley, Executive Director

 John Buckner, Director of Administration & Commercial Services

 Ed Cherry, Chief Information Officer LuJean Christensen, Management Support Coordinator

 Pete Higgins, Director of Operations

 Marco Kunz, Attorney

 Allen McCandless, Director of Planning

 Kevin Robins, Director of Engineering

 Ryan Tesch, Director of Finance

Nancy Volmer, Director of Public Relations & Marketing

 Mike Williams, TRP Program Director

Chair Igor Best-Devereux called the meeting to order at 8:03 a.m.

AGENDA

1. **Minutes**

The motion was made by Cynthia Miller and seconded by Robert Bergman to approve the minutes of June 15, 2016 and August 3, 2016 as presented. All votes were affirmative; motion passed.

1. **Director’s Report**

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

* Riley gave an update on the status of the fixed based operator (FBO) at South Valley Regional Airport (SVR). The second Request for Proposals (RFP) received one proposal that was deemed nonresponsive under City procurement rules. Airport staff is currently working with the Mayor’s office on terms for hangar rents and terms surrounding the amount of investment. The Operations Division will continue to perform the FBO services for the next year. A comprehensive budget amendment will be presented to the City Council to cover the cost associated with performing the FBO services, for its consideration and approval.
* Riley informed the Board that the TRAX station design contract between HOK and Utah Transit Authority (UTA) has been executed. The value of the contract will be approximately $5.3 million and will take twelve months to complete. The construction funding is still unresolved at this time.

J.T. Martin asked what size aircraft could operate out of SVR, could SLCDA operate FBO services and what type of neighbor complaints are received. Riley answered that after investigating noise complaints, the complaints usually focus on Air National Guard helicopter operations. The aircraft size is limited to 12,500 pounds and under. The industry practice around the country is to have an FBO operate services at reliever airports.

Best-Devereux inquired if separating out the financing of new hangars in the RFP for SVR make it easier for a new FBO to be responsive. Riley answered that option could be considered but FBO’s at reliever airports are a marginal business. FBO operators are usually encouraged to produce additional streams of revenue to insure a positive cash flow. Typically, that includes FBO’s collecting the rents from hangars. Bergman asked if a topic of discussion should be re-adopting an investment lease schedule.

Best-Devereux asked about the impact of a delay in construction funding on the TRAX station on the Airport project. Riley replied that there were some options being discussed. The existing TRAX platform is in the construction path and will need to be moved farther south or the preferred option, an elevated TRAX line, must be implemented.

1. **Delta Air Lines Update**

Reed Forrester, District Sales Manager, Delta Air Lines, presented an update (presentation on file). Main points included were:

* Delta produced nearly $1.7 billion of pre-tax income, while operating margins grew to 17.4% in second quarter 2016.
* Generated $1.6 billion of free cash flow, returned $1.1 billion to shareholders and ended the quarter with $6.8 billion of adjusted net debt.
* Record results included $324 million in profit sharing for Delta employees.
* Industry-leading operational reliability with the highest customer satisfaction of the network carriers.
* Delta’s operational reliability is a key competitive advantage.
* Delta has a global network.

Senator Karen Mayne left the meeting.

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:

* Rental Car Facilities are operating and running smoothly. A separate jockey road between the existing Parking Garage and the new QTA/RSS facilities improve operations.
* Clean-up of contaminated soil is completed the existing rental car sites.
* Completed demolition of the south wing of Concourse E.
* Completed and opened the relocated Parking Garage Pay Lane Exit Road and Terminal Exit Road.
* Completion approximately 60% of the 7,000 stone columns required for this phase.
* Initiated excavation for the terminal tunnel.
* Preparing to install surcharge in the South Concourse West site.
* Design Package 4/8 – Terminal/Gateway/South Concourse West bids received, analysis completed and recommendations made to award 20 of 24 trades.
* Design Package 6 – Baggage Handling System recommendation to award completed.
* Design Package 5 – Roads, Parking Garage and Central Utility Plant bids received.
* Terminal/Gateway/South Concourse West cost variances between estimate and current pricing.
* Utah construction activity and growth.

Mayor Biskupski raised a question regarding rental cars in general. Mayor Biskupski received a complaint regarding curbside service at the Airport and wondered if there were restrictions in place that prohibited any ground transportation provider providing service at the Airport. John Buckner responded that he was unaware of any rental car being barred from providing curb side service, but would confirm.

Bergman asked about the CGMP 5 variance summary, which showed escalation of 40%. Williams answered it was 40% of the overage. Bergman inquired about the percentage of design documents that were issued for bid. Williams responded that the structural trades, such as steel and roofing, were at 100% design. For electrical, plumbing and mechanical trades, the drawings were at 90% completion.

Cynthia Miller inquired what the variance percentages represented in dollars. Williams answered the estimated budget overrun is $350 million.

Bergman stated that at the previous Board meeting, Senator Mayne had asked about the prequalification process and wondered if contractors are being prequalified. Williams stated that they were and that all contractors bidding have certified that they meet the prequalifications before they bid. They provide a document with the bid that certifies they provide all the benefits the program requires. Williams stated that verification is not required by City ordinance. The City ordinance does not go into detail on how to implement and execute the requirement. Riley stated that the Mayor’s office and Airport have been discussing how to enhance the process to use formal certification. Mayor Biskupski stated that this would have to be taken to the City Council and the ordinance would have to be revised.

Best-Devereux inquired if other areas besides drywall had design changes to promote more competitive pricing. Williams answered that the consideration was just on the drywall. The Construction Manager, HDJV, reached out to 63 drywall firms in addition to all the firms that were prequalified to try and generate more interest.

Riley introduced Dave Miller, President & CEO**,** Holder Construction and Rob Moore, President & CEO, Big D Construction who are representatives for the construction team. Riley inquired if any Board members had any questions for them at this time. Mickey Gallivan asked what the time frame was between generating our budget and receiving the bids. Williams responded approximately one year and that the Airport had an independent estimate done at the same time the TRP was preparing the estimate. The independent estimate and the TRP estimate were remarkably close at that time.

Best-Devereux asked if the construction boom cycle would continue or bust. Rob Moore answered that the trends indicate there is an abundance of work in Utah, increased market pressure on staffing for projects, labor costs have increased, material pricing is increasing and currently, a slowdown in construction is not indicated.

1. **TRP Finance Update**

Ryan Tesch, Finance Director, presented a (presentation on file). Main points included were:

* Plan of finance for the Airport rebuild program including the TRP and North Concourse.
* Revised estimated project costs as of September 15, 2016.
* Project overview and budget summary.
* Funding and the financial forecast.
* SLC Airport’s CPE as it relates to other airports.
* Passenger Facility Charges (PFC) and Customer Facility Charges (CFC) revenue streams support ongoing and future projects.

Mayor Biskupski left the meeting at 9:15 am.

Riley informed the Board that Delta Air Lines had requested increasing the first bond issue to capture favorable bond interest rates and the Finance team will consider the request.

Miller asked how the cash on hand breaks down between operating cash and capital. Riley stated that it is total cash on hand.

Miller requested that the official statement be shared with the Board members. Riley answered that the preliminary official statement would be sent to the Board members, when published.

1. **Ground Transportation Update**

Nancy Volmer, Director of Public Relations & Marketing, presented an update on ground transportation (presentation on file). Main points included were:

* Ground Transportation (GT) ordinance amendments
* Transportation Network Companies (TNC)
* Rate restrictions implemented
* Customer feedback received
* Options for moving forward

Riley commented that there is an ordinance that allows the Airport Director, on a temporary basis, to implement rate restrictions in order to control escalating fares, and which is currently in effect. This waiver of rate restriction will need to be reissued every six months. The Airport has been working with the Mayor’s office and City Council to try to find a way for a permanent option. Discussion ensued on the best options moving forward.

Riley informed the Board that the TRP budget increase process was complete with the approval of the Airlines to move forward.

The next Board meeting will be held the 19 October 2016.

Igor Best-Devereux adjourned the meeting at 9:50 a.m.

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Igor Best-Devereux, Chair Date

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Jacqueline M. Biskupski, Mayor Date