

Minutes of the MNAA
Finance/Administration/Properties Committees



Date: April 10, 2019 Place: Nashville International Airport Board Room
Nashville, Tennessee

Time: 9:00 a.m.

Committee Members Present: Christy Smith, Chair; Bill Freeman, Vice Chair, Bobby
Joslin; Nancy Sullivan

Committee Members Absent: Mayor's Representative

Others Present: Doug Kreulen; Cindy Barnett; Jimmy Granbery, John
Doerge, Amanda Farnsworth, A. Dexter Samuels

I. Call to Order

Chair Smith called the meeting of the MNAA and MPC Finance, Administration, and Properties (FAP) Committee to order at 9:00 a.m., pursuant to Public Notice dated April 5, 2019.

II. Approval of Minutes

Chair Smith called for a motion to approve the Minutes of the March 13, 2019, FAP Committee meeting. A motion was made by Vice Chair Freeman and seconded by Commissioner Joslin. The motion carried by vote of 4 to 0.

III. Chair's Report

Chair Smith had no Chair's Report.

IV. Items for Approval

- A. Approval of FY20 O&M and Capital Budgets – BNA, MNAA Resolution No. 2019-03 & MNAA Resolution No. 2019-04.

Marge Basrai, VP & CFO, briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed operating budget for

Nashville International Airport (BNA) for fiscal year 2020 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2019-03.

Staff provided the FAP Committee a staff analysis for FY20 (BNA) and MNAA Resolution No. 2019-03 prior to the FAP Committee meeting.

Ms. Basrai stated there are a total of five budgets for consideration. She reminded the Committee that the John C. Tune (JWN) FY20 CIP budget was approved in February. The first budget presented was the FY20 BNA Operating Budget. The total increase in operating revenue was approximately \$8.4M. There are two categories of revenue; non-airline revenue and signatory airline revenue. The non-airline revenue is increasing to \$7.3M. The majority of that is a parking increase of \$7.2M which reflects the current year totals and includes an estimate for a rate increase to take effect in May 2019 which will be discussed later in the meeting. There is a concession increase of approximately \$3M. Overall increase is related to in-terminal concessions, ground transportation and rental car revenue. This is offset by a \$1.8M decrease in Space Rental due to a miscalculation in the previous year budget. The Signatory Airline Revenue increased by \$1.1M due to landing fees increasing by approximately \$4M mainly due to an increase in operating expenses being passed on to the airlines through the airfield cost center. Even though the operating expenses increased, the landed weight fee charged to the airlines remained the same as last year at \$3.43 because of the increase of landed weights projected. Terminal rent increased by approximately \$1.4 million due to the contractual annual rate increase of 2.5% and an increase in leased space due to Allegiant Air expected to become a signatory airline next year. These were all offset by a decrease in baggage fees of approximately \$4.5M. The FY19 \$5M baggage handling project was removed and an increase in area rent for the 2.5% contractual annual rate increase.

Total operating expenses are projected to increase \$10.3M or 10.3%. \$5M of the increase is in salary & wages, which is attributable to the full year impact of the compensation study and an increase in budgeted positions of 42. Departments with the largest increases were Public Safety/ACC – 10; D&E – 5; Ops/Maint – 12; Business Development – 5. The remainder of positions are scattered between Business Diversity, Finance, Human Resources and Corporate Communications.

Parking Lot expenses increased by \$1.3 million for additional parking expenses, including 15 additional valet and 12 additional Express Park staff. Other contractual services and materials and supplies increased by \$1.6 million for janitorial services and supplies, shuttle bus service, security services and utilities due to passenger growth. Approximately \$1.1 million increase is due to new technology needs

or current technology support including PCI compliance, software, document management software, and website update.

In net non-operating income and expense, there is an overall increase in revenue by \$15.2M as follows:

- Interest income increased by \$4.6 million due to the investment strategy now in place
- An increase in Passenger Facility Charges of \$4.5M and Customer Facility Charges of approximately \$700k, due to passenger growth
- Interest expense decreased by approximately \$6 million due to the 2008A and 2009A bonds being paid off in July 2019, offset by an increase expense for the short-term credit facility related to the BNA Vision projects

Ms. Basrai presented a graph showing the history of how operating revenue and operating expenses have grown since 2016 as both landed weights and enplanements have increased. The FY19-FY20 numbers shown were budgeted numbers. The FY16-FY18 numbers were actual numbers.

Ms. Basrai then presented a chart of projected FY20 Cost per Enplanement (CPE) for medium hub airports, and reported that BNA has a goal to keep costs to the airlines competitive. For FY20, the CPE is projected to be \$6.46 for BNA. The graph showed projections for 2020 CPE for seven other medium hub airports. These numbers were derived from the various Airports Bond Official Statements published in 2017. The chart included Omaha, Dallas Love Field, Milwaukee, New Orleans, St. Louis, Austin and Cleveland. BNA is competitive in its market and expects to stay competitive once the debt from BNA Vision is included. Once the BNA Vision debt is included, BNA looks to be at a \$9 to \$10 CPE. The other airports mentioned are also expected to increase CPE once their debt service is due.

Commissioner Joslin stated that the Austin airport is run by the city council. He inquired as to which other airports mentioned are also run by the city and not through an Authority. President Kreulen stated that he believed Dallas Love Field, Omaha and Cleveland are all run by Authorities. St. Louis is run by the city today but is trying to privatize. President Kreulen stated that the Austin airport just finished their version of "BNA Vision 1.0" and is going into their next expansion which will add a couple hundred million dollars as they have run out of gate space. Their CPE will definitely go up but as BNA tracks its numbers with the help of Ms. Basrai and PFM, BNA will stay in the \$9 to \$10 dollar range and will stay in the bottom third in CPE.

Commissioner Doerge inquired as to rental car revenue and whether there might be a decrease with the use of Uber and Lyft. Ms. Basrai replied that growth projections do not align with passenger growth or enplanements. If BNA projects a 10% growth, that may only include a 4-5% growth for rental cars. Ground transportation, Uber and Lyft are all being utilized. Ms. Basrai stated she did not anticipate a significant drop in rental cars. President Kreulen stated that when the parking rate increase is discussed, there will be more conversation of rental car use. Rental car revenue and parking revenue used to track with passenger growth but that is not the case anymore. Rental cars and parking revenues are increasing but not at the same rate with the Uber and Lyft services now available. President Kreulen stated that is why MNAA spent so much time at the state legislature this year, trying to enforce the airport's right to charge fees to rental cars, and mainly a company called Turo along with other peer to peer sharing companies so they pay a fee if they want to operate on airport property. As of now, that bill has been pulled. Rental car companies were against the bill as well. It will come up again next year, but in the meantime MNAA will reach out to Turo to see what kind of business deal could be put together. MNAA does not want to be charged by the rental car companies here that create revenue for MNAA by giving Turo an unfair advantage. Turo, at the state legislature understood that. It is a constant evolution as the industry changes. Autonomous cars are another area that MNAA is sensitive to and will continue to watch as that progresses.

A motion was made by Vice Chair Freeman and seconded by Commissioner Joslin to recommend approval of the operating budget for Nashville International Airport (BNA) for fiscal year 2020 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2019-03. The motion carried by vote of 4 to 0.

Ms. Basrai then requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed FY20 BNA Capital Improvement Budget and authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-04; and authorize and resolve that MNAA accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects.

Staff provided the FAP Committee a staff analysis for FY20 Capital Improvement Budget and FY20-24 Capital Improvement Plan and MNAA Resolution No. 2019-04 prior to the FAP Committee meeting.

Ms. Basrai continued her presentation with the BNA FY20 Capital Improvement Budget and FY20-24 Capital Improvement Plan. BNA FY20 CIP is \$238M and staff is seeking approval of that budget. The largest projects in the CIP were as follows:

- Terminal Roadway Improvements Phase 2 Design/Build- \$100M
- Reconstruct Runway 2R/20L, Taxiway H & Connectors (Construction)- \$90M
- Runway 2L Extension – Environmental assessment; Prelim Design, Begin Land Acquisition - \$15M
- A-Concourse Expansion Phase 1 Environmental assessment, engineered fill, stream mitigation design - \$5M

Of the total FY20 projects - \$186M is projected to be bond funded; \$20M through Federal Grants; \$16.8M through Airport Investment Fund; \$13.5M through Airlines Investment Funds and \$1M through CFCs.

Fiscal Years 2021-2024 were presented for information purposes only. The FY21 BNA Capital Improvement Budget is \$62M and consists of Reconstruction of Bravo South for \$15M and Concourse A Expansion, Phase 2 Stream Mitigation, Enabling and Engineered Fill Construction for \$15M. The FY22 BNA Capital Improvement Budget is \$127M and consists of Terminal Apron & Taxiway Expansion Phase 2 Construction for \$29M, Runway 2L-20R Extension Design for \$30M, and Concourse A Phase 3 Engineered Fill Construction for \$20M. The FY23 BNA Capital Improvement Budget is \$79M consisting of Reconstructing Taxiways T1 & T2 for \$44M, Concourse A Expansion Phase 4 Engineered Fill Construction for \$15M (total of \$55M for build ready site). The BNA FY24 Capital Improvement Budget is \$348M consisting of Runway 2L/20R Extension Construction, New Westside ARFF Building and additional employee parking lot.

Commissioner Joslin asked Ms. Traci Holton, AVP Development and Engineering, if 2L/20R would be ready in 2024 or if it could be done before that. Ms. Holton responded that it is probably going to take at least 3 years of environmental assessment and property acquisition. Preliminary numbers show 4 million yards of fill is needed. BNA is already working toward collecting material and probably 4 years of construction including new Murfreesboro Road tunnel, upgrades to existing tunnel and traffic re-route.

Commissioner Sullivan asked if staff put together the budget estimates or if consulting services were used. Ms. Holton stated the budgets are created in house. President Kreulen added that FY20 is solid and the numbers for FY21-FY24 are less solid but as work is done on the Master Plan, those numbers will become more solid and will be brought before the Board with the Master Plan results. At that time, BNA will have comparisons of internal budgets to outside consultant estimates. Extension of 2L

is included in that budget plus filling the Concourse A hole, but not the building of the Concourse A. That will get added in the next year or so as BNA Vision 1.0 is finished, and the building of extended Concourse A will begin while the runway is in progress. President Kreulen estimated another \$100M to \$200M is missing in that area and staff will come back to the Board when the Master Plan is finished. Commissioner Joslin asked if BNA had started the economic assessment for filling the hole on Concourse A. Ms. Holton stated a contract is in place and it has been determined that there is a blue line stream, so stream mitigation will need to be done. BNA is in preparation of stockpiling of material. Commissioner Joslin then asked about filling in 2L. President Kreulen stated the environmental work needed to fill in the ditch on Concourse A is on MNAA property so BNA is not impacting anyone once the stream is encapsulated. 2L is still on MNAA property but since it will affect the community as the project goes across Murfreesboro Road, the FAA will require MNAA to do a bigger environmental impact assessment which requires 2-3 years to complete. MNAA is doing everything possible on its property to get ready and once engineering is finished, it will be build-ready in 2023. Ms. Holton stated there is an area around 2L where trees can be cleared and begin stockpile. Ms. Holton has been working with consultants and there is a plan in place. President Kreulen stated while MNAA is preparing the environmental impact assessment and stockpiling to fill, discussions need to take place regarding the Master Plan and BNA Vision. After that, MNAA can start working with the FAA to procure those nineteen homes.

Commissioner Granbery inquired as to a Plan B if there is not enough fill from other sources. Ms. Holton stated there is a quarry on the south side of the runway and the Master Plan team has come up with some creative ideas of building a conveyor to convey rock but most likely it will have to come from a quarry. Commissioner Granbery then inquired as to what that would do to the price of the project. Ms. Holton stated it will go up and she has advertised to every contractor in town and Metro is advertising for MNAA.

A motion was made by Commissioner Joslin and seconded by Vice-Chair Freeman to recommend approval of FY20 BNA Capital Improvement Budget and Capital Improvement Plan and authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-04. The motion carried by vote of 4 to 0.

B. Approval of FY20 O&M Budget – JWN, MNAA Resolution No. 2019-05

Ms. Basrai briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed operating budget for John C. Tune (JWN)

for fiscal year 2020 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2019-05.

Staff provided the FAP Committee a staff analysis for FY20 JWN Operating Budget and MNAA Resolution No. 2019-05 prior to the FAP Committee meeting.

Ms. Basrai reported the budgeted operating revenue increased by \$101K. Space rental, including hangar and land rent, increased \$46K and fuel flowage fees increased by \$51K. Overall operating expense is projected to remain flat with salary and wages increasing by \$20,000 and travel and training by \$8,000. These increases are offset by a decrease in repairs and agricultural supplies. Interest income budget was increased by \$28,800 due to the Authority's investment strategy.

A motion was made by Commissioner Joslin and seconded by Vice-Chair Freeman to recommend approval of FY20 JWN Operating Budget and authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-05. The motion carried by vote of 4 to 0.

Commissioner Joslin stated he would like to see the process of leasing and building of hangar facilities sped up. He stated he gets calls from the public wanting to lease hangars out there all the time. Commissioner Granbery stated he thought putting out a 30 year RFP would be a good idea and if FAA would give JWN a 50 year, that would be great revenue off the land and fuel fees. Vice-Chair Freeman stated he thought that would be a great idea, but a Master Plan would need to be put in place first. President Kreulen stated that Ms. Margaret Martin, VP and Chief Development Officer, has been very successful and will report to the Board next month on Land Development with putting out the RFQ for the Hangar 14 area. Her team will come back to the Board with highlights of the Master Plan and the development areas for JWN and consider going out with an RFP.

Commissioner Farnsworth stated the key is getting FAA to agree to the extensions. There has been a fair amount of success pushing out to 40 years and if we could get to 50 years, there would be a lot of interest if we could get more communication going with them. She is glad to help out in Washington on this matter when needed.

- C. Approval of FY20 O&M and Capital Budgets MPC, MPC Resolution No. 2019-01 and MPC Resolution No. 2019-02

Ms. Basrai briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Directors that it approve the proposed FY20 O&M Budget and authorize the Chair and President and CEO to execute MPC Resolution No. 2019-01.

Staff provided the FAP Committee a staff analysis for FY20 (MPC) and MPC Resolution No. 2019-01 prior to the FAP Committee meeting.

Ms. Basrai reported that the operating revenue increased by \$175,000 due to rental income. The Multi-purpose building is expected to increase by \$205K due to an additional tenant being in the building for an additional six months. There is an offset by a decrease of revenue in the International Plaza of \$32,000 because several leases are expiring in 2020, therefore a vacancy rate was built into the budget.

Operating expenses decreased by \$75K, which is driven by a decrease at the International Plaza of \$44k in contract services, Multi-Purpose Building of \$25K in utilities related to vacant space and \$6K at Global Tire in building maintenance. Non-operating income consisting of interest income increased by \$21,000 due to the Authority's investment strategy. Non-operating expense (interest expense) decreased due to two bank loans for the International Plaza and Multi-Purpose Building being paid off in the prior year.

A motion was made by Commissioner Joslin and seconded by Commissioner Sullivan to recommend approval of the FY20 O&M Budget for MPC and authorize the Chair and President and CEO to execute MPC Resolution No. 2019-01. The motion carried by vote of 4 to 0.

Ms. Basrai then requested that the FAP Committee recommend to the Board of Directors that it approve the proposed FY20 MPC Capital Improvement Budget and authorize the Chair and President and CEO to execute MPC Resolution No. 2019-02.

Staff provided the FAP Committee a staff analysis for FY20 Capital Improvement Budget and FY20-24 Capital Improvement Plan and MPC Resolution No. 2019-02 prior to the FAP Committee meeting.

Ms. Basrai reported the FY20 MPC CIP Budget is \$990K. The largest project is a \$950K roof replacement for the Multi-Purpose Building. This is dependent upon finding funding. This project has been pushed out each year. Roof repairs are currently being done on that building.

FY21-24 numbers were presented for informational purposes only. FY21, FY22, and FY23 are each budgeted for \$2M per year for International Plaza Window Replacement in three phases, based on finding funding or loans. This project also keeps being pushed out each year. Ms. Basrai mentioned that Commissioner Freeman had inquired last year about possibly selling International Plaza. Now that Ms. Martin is adding more staff, that is something that can be looked at prior to spending \$6M in capital improvements.

A motion was made by Commissioner Sullivan and seconded by Commissioner Joslin to recommend approval of FY20 MPC Capital Improvement Budget and authorize the Chair and President and CEO to execute MPC Resolution No. 2019-02. The motion carried by vote of 4 to 0.

D. Approval of Gassaway Telecommunications Antenna License Agreement

Ms. Martin briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it accept the telecommunications lease agreement between MNAA and Verizon Wireless that authorizes Verizon to utilize a portion of the rooftop and a portion of land at the Gassaway Building for telecom equipment and authorize the President and CEO to execute the proposed agreement.

Staff provided the FAP Committee a staff analysis for Approval of Gassaway Telecommunications Antenna Lease Agreement prior to the FAP Committee meeting.

Ms. Martin reported that the proposed lease agreement is for a wireless antenna to be placed on the Gassaway Building and a small portion of land next to the building. There is a 5 year initial term agreement between MNAA and Verizon to install the antenna and its purpose is to boost wireless services to users located on the south side of the airport. There are three automatic 5 year renewal terms, but each party has a right not to renew at the end of each 5 year term. Total initial lease term value is \$140k. There is a one time signing bonus of \$5k because Verizon does not actually owe MNAA rent until certain parts of the antenna have been installed or June 1, 2020, whichever comes first. Verizon is not ready to start the project, so they agreed to the signing bonus. There is an escalation every 5 year term of 10%.

A motion was made by Commissioner Joslin and seconded by Commissioner Sullivan to recommend approval of the Gassaway Telecommunications Antenna License Agreement. The motion carried by vote of 4 to 0.

V. Information Items

A. Economic Impact Study Update

Mr. Tom Jurkovich, VP, Communications and Public Affairs, updated the Committee on this item. Mr. Jurkovich reported on the activities since the last Committee update. Martin Associates completed interviews with tenants and service providers and presented preliminary numbers. These numbers represent the growth from 2012 to 2018. The most meaningful numbers are the total number of jobs created and the overall economic value and economic impact of airport operations. Since these numbers were provided, there has been additional information added that will increase these numbers. Mr. Jurkovich reiterated these numbers are preliminary. By the end of May, there should be a draft and a final report. The Committee and Board will be updated at that time. Commissioner Granbery stated he is hosting a conference and asked if he could share any of the information. Mr. Jurkovich stated these numbers cannot be shared but he would send Commissioner Granbery information on the airport's growth to share.

President Kreulen reported he attended a conference last week in South Carolina and met with the airports in the Southeastern Conference. The money MNAA gets from the Tennessee Equity Fund is dwindling and airlines are wanting to pay less. MNAA has to determine how to grow this airport and generate more revenue. The state of North Carolina has started letting their commercial airports keep the concessions sales tax and the rental car sales tax generated by airport sales to reinvest that money back into the airport. Last year, Raleigh-Durham airport got \$20M, this year they received \$30M. Georgia and Kentucky are both looking at doing the same. MNAA is looking at legislation and searching for a contact at the state level to see if this would be possible in Tennessee. The Economic Impact Study was key in convincing North Carolina legislature.

Chair Samuels inquired as to those airports able to reinvest, which were located in states that did not have a state income tax. President Kreulen stated that was a great question and would need to research that.

As to keeping the taxes versus taking a payment from the state, Commissioner Doerge asked if there were concerns about it changing the relationship between the state and local government. In essence, MNAA would be an organization taking taxes and that is a different form of money.

President Kreulen stated that the concessions sales tax would still be paid to the state of Tennessee, but the state would remit that back to MNAA in some fashion. MNAA would not be a taxing authority

or have authority to raise taxes. Commissioner Doerge asked if the state would have any say as to what goes on at the airport if MNAA is allowed to reinvest. President Kreulen stated that MNAA would like to keep what it generates but if the money goes into the general fund of the state of Tennessee and then comes to MNAA, he is not sure how that dollar would be made up.

This item was presented for information purposes only with no action required.

B. Parking Rate Adjustment

President Kreulen briefed the Committee concerning parking rate adjustments. Adjusting parking rates not only generates additional revenue but it also allows for the management of where people park. The garage is full so if the rate is increased, people may park at a different lot. Airports traditionally adjust rates because they find out they are under-charging. Staff has done an analysis on parking adjustments and increased the rates as well to try to maneuver the public into different parking lots. President Kreulen presented a chart of the parking forecast and capacity from 2015 through 2037. The airport is trying to build what is needed but not overbuild.

Ms. Lisa Lankford, AVP, Special Assistant to the President, presented the analysis for strategic reassessment of parking resources. A cross functional team was formed and based on the significant growth in passengers, and internal lots being at capacity, it was clear there had to be a change in parking rates. The team analyzed several scenarios including \$1, \$2 and \$4 increases. The team also considered varying the bands. The bands are increments of time such as the first twenty minutes being free, the next twenty minutes being a certain price and so on. They also looked at benchmarks such as off-site parking, downtown Nashville parking and a variety of airports. BNA wants to stay competitive in pricing.

Based on this analysis, the team recommends a \$2 increase in all self-park lots, a \$4 increase in Express and Valet, a \$1 band increase in all self-park lots which would go from \$3 to \$4 and discontinue the bands in Valet. Currently, Express does not have a band and never has. The plan is to implement on Monday, May 6, 2019. FY19 projected revenue was \$51.7M and FY20 projected revenue at current rates is \$54.3M. The projected FY20 revenue at the new rates would be \$62.2M. There was a conservative number put in the budget for a very small increase in rates, but the project the numbers would be higher than what was budgeted for. At these rates, BNA remains competitive with parking around the airport and there will be a tremendous improvement in operations of Valet due to anticipation in the reduction of short term parkers in Valet. Communications regarding the rate

changes to the public would begin April 15, 2019. Mr. Jurkovich is working toward a detailed communications plan. Rates would be implemented May 6, 2019. Throughout FY20 staff will compare projections on a monthly basis to ensure the rates are correct and could make changes accordingly. This is the same format used in the last two parking rate increases. Both have been very successful and moved the parkers where needed and increased revenue.

President Kreulen reported when valet service was started a couple years ago, it did not grow. BNA implemented the band to valet parking at that time. If someone parked there for the first four hours, they were only paying \$12. Everyone started using valet as short term parking and not committing to the entire day which is one reason staff wants to eliminate the band in Valet. As BNA's secret shoppers went out to competing lots to compare prices, it was discovered that Park n Fly off Royal Parkway had to close on Tuesdays, Wednesdays and Thursdays when there is high demand because they are running out of parking spaces and are real estate constrained as well. BNA has a good plan with Garage C and B coming in the future. Staff believes that these adjustments to the parking rates are appropriate and in the past the adjustments have been well received with low negative feedback.

Commissioner Granbery stated if parking rates increase, that might deter people from parking at the airport and instead, take Uber or Lyft. Commissioner Granbery asked if staff had looked at the impact of the price adjustments. President Kreulen stated that AECOM is looking at how pricing will affect parking and BNA will receive the results of their Master Plan. The same analogy applies to parking in downtown Nashville. Those parking lots are always full as it continues to grow. One of the reasons Ms. Lankford and the team made the recommendation to track this on a monthly basis is to see if parking is dipping. The Airport Master Plan shows that transportation as a whole, out of every ten people at the airport seven of those ten are not coming in their own car. They are taking hotel shuttles, taxis or Uber. The airport is capturing 20 to 30% of that market and the 70% the airport is not capturing, about 10% of that is off-site parking. For us to continue to protect revenue, the airport has to improve customer service. That is why the Board approved the 15 additional staff in Valet and 12 additional shuttle bus staff. If we do not provide good customer service, customers will leave. Robert Ramsey, SVP, Chief Operating Officer, and his team are looking at the parking contract and shuttle bus contract. They are already looking at the next metrix to have in place to provide the next level of customer service. Theoretically, in the future, all parking will be valet. Customers will drop off their car, airport staff will hand them their boarding pass and check their bags. Currently, the airport is fighting legislation against Turo. BNA does not want Turo doing business on airport property without paying a fee like the other rental car companies have to pay.

Chair Samuels mentioned there used to be an airport parking committee and asked if staff had reached out to the community for feedback on rate increases. Chair Samuels also stated that TPAC had success with demand pricing and showed impressive revenue growth with this dynamic and asked if staff had considered that option. Ms. Lankford stated there is an internal parking committee but did not reach out to the public with this pricing. Ms. Lankford stated that was not done on the last parking adjustment either. The demand pricing is something the committee has discussed, and that could be considered in the future parking contract.

President Kreulen added that staff would need to come back to the Board for a recommendation with is to require the contractors to take over or upgrade the revenue control system, as part of managing valet services and managing shuttle bus services. BNA put in a new one revenue control system a few years ago and President Kreulen stated he thought there are a couple of years left on that contract but would have to verify those numbers.

President Kreulen stated there are two things going on in the industry that will be addressed at the Commissioners conference. Those two things are online reservations and demand pricing. Raleigh just implemented both of those with a new control system such as, if you buy online, you get a discount, but you also pay early. A third option being looked at is online reservations of parking spots. For instance, if someone reserves online, they get a discount, demand pricing and a dedicated parking spot when they arrive. Ms. Lankford stated that the off-site parking companies have started online reservations and that is something BNA has to work toward.

Commissioner Doerge asked if the airport would do surge pricing. President Kreulen stated the airport would not do that. Commissioner Farnsworth asked what the dollar amount of the last increase was. Ms. Lankford stated there was a \$2 increase in surface lots, a \$4 increase in Valet and chose to hold Express at the level it was previously because it was a new lot at that time and did not want to slow its growth. The band times were shortened from 30 minutes to 20 minutes with the first 20 minutes being free since 2017. Customers will not pay until 21 minutes and that charge would only be \$4.

Commissioner Joslin stated the airport is in a transition period right now and if this was a vote, he would be opposed. Commissioner Granbery stated he agreed and thinks BNA should just hold the rates flat. Commissioner Doerge asked if the parking increase was to encourage people to choose a less expensive parking option. President Kreulen replied yes. Commissioner Smith suggested a hybrid option such as increasing the rates for the problem areas such as Valet and not increase every lot.

Commissioner Joslin stated his thoughts on Valet are to get rid of the bands and increase the price to \$35. President Kreulen stated he would take this issue back to the staff but thought the Commissioners understood and appreciated the need to do something with the rates in order to influence parking.

This item was presented for information purposes only with no action required.

VI. Adjourn

There being no further business brought before the FAP Committee, Chair Smith adjourned the meeting at 10:13 a.m.



Amanda C. Farnsworth, Board Secretary