



MINUTES
Airport Advisory Commission
February 26, 2008

COMMISSIONERS PRESENT: Lynn French – Chairman
Joel Miller
Wally Miller
Bud Patterson
Greg Timm

COMMISSIONERS ABSENT: Dennis Weber

NON-VOTING MEMBERS PRESENT: Dr. Pat Boone, Alternate Commissioner
Dennis Hisey, El Paso County Commissioner
Rob MacDonald, Pikes Peak Area Council of Governments
George Sugars, El Paso County DOT

NON-VOTING MEMBERS ABSENT: None

CITY STAFF PRESENT: Kristine Andrews, Environmental Specialist
Mark Earle, Director of Aviation
John Faulkner, Asst. Director, Planning & Development
Kelly Jackson, Airport Public Affairs Administrator
Pat McDivitt, City Attorney
John McGinley, Asst. Director, Ops & Maintenance
Gisela Shanahan, Asst. Director, Finance & Administration

CITY STAFF ABSENT: **None**

GUESTS PRESENT: Erik Anderson, Airport Intern
Steve Ducoff
Dave Elliott
Wayne Heilman, Gazette
Tom Marrese, City Attorney's Office
Danielle Scott, Accounting Supervisor

CHAIRMAN FRENCH CALLED THE MEETING TO ORDER AT 3:00 PM

Next meeting is Tuesday, March 25, 2008.

1. MOMENT OF SILENCE FOR BUD BRECKNER

Chairman French asked for a moment of silence in remembrance of Bud Breckner, who passed away in an auto accident last week.

2. APPROVAL OF THE JANUARY 22, 2007, MINUTES:

Chairman French asked for approval of the January 22, 2007 Airport Advisory Commission minutes. No objections; minutes were approved as submitted.

3. PUBLIC OR CITIZEN GROUP COMMENTS:

Steve Ducoff commented that he appreciated the moment of silence for Bud Breckner. Bud was a tremendous asset to our community and the Commission.

4. GENERAL BUSINESS

→ **Land Use Items – Kristine Andrews**

Commissioner Timm excused himself from the room while the rest of the Commission heard and approved the land use items. Kristine Andrews presented the following land use items:

- ◆ AR DP 04-00623-A2MJ08
- ◆ AR DP 08-00026 / AR FP 08-00028
- ◆ AR PUD 08-00030
- ◆ AR DP 08-00077

Commissioner J. Miller made the motion to approve the land use items as recommended by Airport staff and Commissioner Patterson seconded the motion. The motion was carried by unanimous vote.

4. STAFF REPORTS

→ **Traffic Report - Gisela Shanahan**

- Enplanements – January was a banner month since January 2004, with the highest enplanements of 75,134. This is up 8.3% from January 2007. The increase is due to new service from ExpressJet and Midwest Airlines. The major carriers are stable at a very slight decrease of .9%.
- Landed Weight – We've seen a little bit of a slow down in a shifting of the fleet mix. Our landed weight in January was 5.9% higher compared to January 2007.
- Freight and Mail – Was up 2.3% in January of this year over January 2007. This increase is primarily due to higher freight loads carried by Fed Ex; 98% of the increase is due to this one operation.
- Aircraft Operations – 5.3% decrease for January 2008 compared to January 2007. Most of this was from the GA side which was due to weather in January and fuel costs.

Chairman French asked if this means landings on the GA side. Gisela indicated that is correct.

- Airline Load Factors – The average load factor for carriers was 73.6% for January 2008 compared to 2007 where we were running 73.3%.
- Airline Seats Available – Total seats in the market increased 7.8% compared to January of 2007, primarily due to the new service by Midwest and ExpressJet.
- Frontier announced five new daily flights to Denver as of April 15. This will add a total of 135,000 into the market on an annual basis. Based on Lynx's load factor that they've been running since inception, which has been 63.5%; if they run similar loads out of Colorado Springs we'll see about 85,000 new enplanements for the year.
- Unfortunately due to rising fuel prices and a competitive market, Midwest made the decision to pull out of the market with their Kansas City flights as of April 5. This was a system wide reduction, not isolated to Colorado Springs. They announced eight markets they were pulling out of on the same day.

➔ Finance Report – Gisela Shanahan

Preface: for the first two to three months of the year you will see a variance in almost every category which is attributable to the fact that we evenly distribute the budget over twelve months and the first two months are historically our lowest operationally. We will always see a delta in January and February of revenues and expenditures compared to the budget.

- Revenue collected for January YTD as compared to our budget forecasted – Total revenue came in 11.3% below the budget. Airline revenues were 6.8% below the budget; terminal concession 7.8% below budget; terminal area concessions 15% below budget; other buildings and areas 35.2% below budget and then miscellaneous revenue we don't show a percentage. This was actually higher than budget. The variance is due to reimbursement to the airport that came in for the new FIDS monitors which was not a revenue factor that was anticipated at the time of budget preparation.
- Comparing January 2007 revenue to 2006 January revenue – Revenues in January '08 were 10.6% above revenues in January '07. By category, airline revenues are up 8.5% due to an increase in the leased space in the terminal from some of the new carriers; terminal concessions up 4.6% with the largest increase from advertising revenue; terminal area concessions are up 9.4% with a significant increase in parking revenues; other buildings and areas are relatively flat with .8% of an increase; the other miscellaneous increase is due to the revenue reimbursement from the FIDS system.
- Obligations by Type – The expenditures for '08 are 1.5% above the January budget. The major variances are in the supplies category. These are purchases made on the p-card that have not been reclassified. The increase in the repair and maintenance category is due to two PLC upgrade kits for two jet bridges that were budgeted for 2008. The total purchase was made in January. For the admin prorated which is a fee we pay to the city for their legal, accounting and other services, the billings have not been received. Equipment and capital outlay also is due to the PLC upgrades.

- Expenditures – Expenditures were 6.7% higher than last year. The increase is almost entirely due to utilities. Last year a bill was received for the January and paid in February; this year it was received and paid for in January.
- Concession Revenues – the total net revenues for terminal concessions, rental car and parking are flat. When you review this on a revenue per enplaned passenger basis, they do show a decrease of 7.8%.

➔ **Operations and Maintenance – John McGinley**

Operations

- Last month we discussed the non-standard threshold crossing height and that the waiver we had in place was due to expire. Right after the meeting John contacted the FAA. They have granted a six month extension on the waiver and have made quite an effort to try to get an answer to this problem. Two weeks ago some facilities folks from Seattle came here to set up temporary glide slope transmitters. The flight check was aborted due to poor weather conditions. We hope they will be rescheduling next week.
- TSA has been conducting the ID checks at the checkpoint and this has been going smoothly. We will be putting electrical at the podiums so they could use the black lights.

Maintenance

- We have begun the recarpeting of the first floor, starting at the east end of the bag claim area. We hope to finish this next week and then move up to the second floor.
- We executed a contract with KMA to assist with the design for the interior sign replacement. This is a 90 day project. The exterior signs should be done about September.
- The Operations and Maintenance staff are busy with the build out of the Frontier space. We are working on building out the office space and operations space under gate 7. We are also working with a contractor to reconfigure the baggage belt system.

General Aviation

- The ATC open house has been postponed to April. We plan for it to be a forum and would like to attract student pilots.
- The Airport Operators group meeting is scheduled for Wed., Feb 27 at 5:30.

Commissioner Timm noted that when he went through security, TSA was requiring all employees to remove their badges from the plastic holders for review. John stated that this is a requirement that went into place across the country.

➔ **Planning and Development – John Faulkner**

Design and Development

- Rehab of Taxiway E – We are finishing up the design of the full program. The program picks up from last year's stopping point; just to the south of Foxtrot and will extend down

through the G/H intersection. We are still waiting to see what will happen with the reauthorization funds and are being told we should prepare the project for bid in March anticipating that grant funds will begin flowing. Should the fund be distributed in June, we may not have enough construction season left to award the entire project. Depending on when we would receive funds, this project may be scaled back and stop before the G/H intersection.

- Roadway Signage Project – Completion of the final bid documents is underway. This project should begin construction in the spring and would be completed over the summer.
- Old Terminal Demolition – Last week we awarded the asbestos abatement part of this project. We are also in the final stages of selecting the consultant for the demolition. Once these selections are complete, we will be remediating the building through the spring and then demolishing the building in the summer.
- Defense Access Roads – We are currently confirming the bid for the design contractor for this project. This will be a six lane road that will connect South Powers to Milton E Proby. It will be the main north/south spine for the business park sweeping just east of the Northrop Grumman building creating two high speed entrances/exits off Milton E Proby. It will not only provide access to the business park but will also be a new south entrance to the airport. Commissioner Timm asked if this road has a new name. John replied that it's officially called Airbus in the approved plans, but once the master developer comes up with a branding, they will be renaming all the roads. Commissioner Timm suggested that this road be named in memory of Bud Breckner. We hope to have a grading package out in the fall with the bulk of the construction happening in early '09.

Construction

- VSR – We're waiting for warmer weather to finish the last lift of asphalt.
- Business Park Planning – Over the last couple of months there has been further discussion between the Corps and CSU for commissioning of the sewer line. They are now scheduled to begin the commissioning process and hope to complete this within the next two weeks. There won't be anything using this line until the ADACG goes active. CSU expressed concern that they need access to the manholes to be able to run the system once a month until it becomes active. The airport will be building gravel roads to the manholes for access.
- Drainage Improvement – We met with URS. We had a contractor out for a second walk through. There is a final proposal pending. There is general agreement on what repairs need to get done and it seems that URS is prepared to do the work. This has become a settlement proposal and there will not be any additional costs to the airport.
- Canopies/Kiosks – There are still some leaks in the skylights. We are holding retainage until the warranty issue is fixed. The kiosk wiring and data communications and millwork are being done. We anticipate that the rental car agencies should be able to take occupancy in April.
- Commissioner Patterson asked about the amount expended for the first lift of the vehicle service roads. John Faulkner explained that this is a multi phase project and the way it was bid would allow us to award about another 2000' of roadway. We don't have the available funds at this time, but should we find the funds next year, we have the ability to award the additional length.

→ **Director's Report – Mark Earle**

- There has been a lot of talk about mergers between the airlines. Rumors had the merger between Northwest Airlines and Delta taking place last week, but then the airlines had problems resolving seniority issues between the two pilot groups. Ultimately, everyone in the industry believes the mergers will take place. There are serious long term issues, such as the price of fuel and excess seat capacity, the will drive the consolidations.

The mergers will do two things for the airlines: 1) Increase efficiency through a reduction in overhead for the overall system 2) Reduce seat capacity, allowing for an increase in pricing power for the airlines. While this is good news for the national transportation system overall, the price increases will be a negative for individual passengers, and the capacity reductions could affect service in cities throughout the nation.

The question for COS is what will the effect be on local service? We have all six of the legacy carriers serving this airport, and it is likely that we will see some of the carriers at this airport merge. This could lead to a loss of revenue due to consolidation of space by the merger partners, and a potential loss of service in cases where routes overlap.

The good news for Colorado Springs is that the Airport is in terrific financial condition. We have about one year of operating reserves, which is four times greater than the amount required by our bond ordinance. This gives us time to adjust our operations to fit the level of activity in the event of a loss of service. In addition, we have low debt, and a lot of room under the maximum cap for the PFC program. Currently, we are authorized by the FAA to collect a \$3.00 PFC. Federal law allows for a \$4.50 PFC, and most airport collect that much. Further, it appears that the PFC cap may be raised to as high as \$7.00 with the next reauthorization of the Airport Improvement Program. While we don't intend to raise our PFC at this point, the room under the cap provides us with a means to fund capital projects in a downturn

Another consideration... Any merger process is going to take place over a long period of time. Any change in air service in our market would take a while to implement, giving us time to adjust. Also, the way our airline agreement is set up, some of the lost revenue due to a loss of service would be covered the airlines that remained.

While we are in great shape, we have started to do some contingency planning to mitigate the impact of a downturn as much as possible. The planning process includes a review of our financial options, as well as our air service development options.

5. OTHER BUSINESS

- Pat McDivitt introduced Tom Marrese, Asst. City Attorney. He will be taking Pat's place for a while. He will also give an update on the ethics.
- Commissioner Timm suggested that one of the streets in the Business Park be named in honor of Bud Breckner. This will be added to next month's agenda.

6. CHAIRMAN'S COMMENTS

- Chairman French congratulated Bud Patterson on his appointment to Commissioner. He is no longer an alternate non-voting commissioner.
- The ATC meeting was rescheduled from March to April. Steve Ducoff and I would like to take the controllers out on flights so they can see some of the inherent problems in the system. This may vastly help the controllers' knowledge as they do their jobs.
- We need to elect a Vice-Chairman. We should plan for this at the next meeting.

AIRPORT STAFF ACTION ITEMS

Action Item	Assigned To	Status
Cost per EP presentation	Gisela	Pending
Arrange tour for Penny Culbreth-Graft and AAC members	Kelly	Pending
John will call for status of waiver decision from FAA staff. Then if needed, write a letter to City Council regarding waiver for 35L. Status report at the next meeting	John M	Pending
John will send waiver info to Rob MacDonald to include Regional Transportation Plan	John M	Pending
Breckner as street name.		
Ethics briefing	Tom Marrese	

Chairman French adjourned the meeting at 4:17 p.m.

Minutes respectfully submitted by:
Kelly Jackson, Airport Public Affairs Administrator