



**MINUTES**  
**Airport Advisory Commission**  
**July 22, 2008**

**COMMISSIONERS PRESENT:** Lynn French – Chairman  
Dr. Pat Boone  
Wally Miller – Vice Chairman  
Bud Patterson  
Greg Timm

**COMMISSIONERS ABSENT:** Joel Miller  
Dennis Weber

**NON-VOTING MEMBERS PRESENT:** Dave Elliott, 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:** Mark Earle, Director of Aviation  
John Faulkner, Asst. Director, Planning & Development  
Kelly Jackson, Airport Public Affairs Administrator  
Tom Marrese, Asst. City Attorney  
Cheryl Schwab, Financial Analyst  
Pat McDivitt, Sr. City Attorney  
John McGinley, Asst. Director, Ops & Maintenance  
Neil Ralston, Airport Planning & Development Manager  
Gisela Shanahan, Asst. Director, Finance & Administration

**CITY STAFF ABSENT:** None

**GUESTS PRESENT:** Wayne Heilman, Gazette

**CHAIRMAN FRENCH CALLED THE MEETING TO ORDER AT 3:00 PM**  
**Next meeting is Tuesday, August 26, 2008.**

1. **APPROVAL OF THE June 24, 2008, MINUTES:**

Chairman French asked for approval of the June 24, 2008 Airport Advisory Commission minutes. No objections; minutes were approved as submitted.

2. **PUBLIC OR CITIZEN GROUP COMMENTS:**

None

3. **GENERAL BUSINESS**

→ **Land Use Items – Neil Ralston**

Neil Ralston presented the following land use items:

- ◆ AR DP 06-00653-A4MJ08
- ◆ CPC ZC 08-00101
- ◆ AR DP 08-00330
- ◆ CPC PFP 07-00323
- ◆ AR FP 098-00355

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

4. **STAFF REPORTS**

→ **Traffic Report – Gisela Shanahan**

- **Enplanements** - June 2008 was the first month of this year that we realized a decline in passengers compared to the same month from the previous year; enplanements were down 1.6%. In late 2007 we had the discontinuation of the American Eagle Chicago flight that was still flying in June 2007. This was due to a change in how American was using American Eagle. Also the Cincinnati flight from Delta has left the market. A significant portion of the June decline was the scheduling of the July 4 holiday this year. July 4 began the holiday weekend in June last year, so a significant portion of the enplanements related to that holiday occurred in June. This year the July 4 holiday enplanements took place the first week of July. A large portion of the decline was due to the timing of the July 4 holiday. Year-to-date we are 5% above 2007.
- **Landed weight** - June 2008 compared to June 2007, we had a flat month and almost exactly as June 2007. Year-to-date we had a 5.6% increase.
- **Freight and mail** - June 2008 compared to June 2007 we saw a 14.6% decline and year-to-date a 4.3% increase.
- **Aircraft Operations** – June 2008 compared to June 2007 had a 9.4% decline and 4.6% decline year-to-date. This is due to a combination of factors: the GA community and the military community had fewer operations.

- Average **load factor** for air carriers in June 2007 was 79.2% compared to 80.3% in June 2008. Again, the July 4 holiday had an impact on this.
- **Airline Seats Available** – We saw a 3.5% increase for the month of June and a 7.5% increase year-to-date.

Commissioner Patterson asked how our airport load factors compare with other airports our size. Gisela explained that we are slightly above the national average for all the carriers and for airports our size we do better or are right about the same. Load factors do very well here. Commissioner Patterson also asked how we compare to DIA. Gisela noted that this will have to be researched.

#### → **Finance Report – Gisela Shanahan**

- **Total earned revenue** is 3.6% lower than budgeted for the first six months of the year. July is typically a peak month and by the time we get half way through August we are usually equal with our budget. Airline, terminal and concession revenues are running slightly below the budgeted amounts. Other buildings and areas - the 20.8% variance is due to the fuel rebates from the state.
- **Actual vs. Actual Revenue**, which compares year-to-date: For the first six months of 2008, the revenue is 8.6% above 2007 revenue. All the categories are showing increases year over year.
- **Expenses** are currently running 8.1% below budgeted for the first six months of the year. We continue to realize savings in the personnel services account due to vacancies. Repairs and maintenance, and services are due to a timing issue. Advertising we'll see this variance decrease as we move forward with the 2008 advertising.
- **Actual vs. Actual Expenditures**, which compares year-to-date: We are .9% below budget for the first six months of the year. Significant differences between 2007 and 2008 are in the supply category, services that are purchased, advertising and equipment and capital outlay. The equipment and capital outlay has the largest variance primarily due some larger purchases that we made in 2007 that were not needed in 2008.

#### → **CIP Semi-Annual Update – Cheryl Schwab**

- This is our latest Capital Improvement Program. All of our projects that we have planned are listed on the left side and across the top are the planned funding sources. I'm going to highlight the items numbered on the left.

Items #1 and #2 are State Infrastructure loans from the Colorado Department of Transportation. We did engage in these loans recently for our fleet improvement project, our exterior signage project and the entry/exit roadway project. These loans are backed with our PFCs and because of the very favorable interest rate on the loan, it's advantageous for us to do this and free up our cash for some other items, which is a better use of our cash flow.

Item #3 is the south taxi lane and parking area, which is one aspect of the entire West Aviation Development effort that we've had going on for quite some time. It will be used to support future development on the southern end of the west side of the airport property.

As this project gets on its feet over the next year, we'll be looking at whatever appropriate financing mechanism will need to be done. At this time it has not been determined.

Item #4 is the terminal seating project. This project has been on the CIP for some time and we originally were going to use CIP funds from the airport, but we've changed the funding source to use PFCs. We have an application in process for this right now.

Item #5, the jet bridge control replacement is a new project that we had planned to phase in over time through our O & M budget, but decided it was better to do this project all at once. We will use PFCs for this as well. This item is included on the same application as the terminal seating. Finally, all of the projects that you see for the AIP discretionary and the AIP entitlements have recently been scrubbed. John Faulkner has been working with the Denver FAA ADO to make sure that what they've programmed in matches our budget and priorities. We're working very closely with them to be sure our priorities match.

Commissioner Timm noted that there are other funding sources listed for the DAR (Defense Access Roads) design, the Roadway Signage and the Fleet Improvement, what are the sources? Cheryl responded that the Signage and Fleet Improvement were put in the other category because we are going to pay for these with the loan proceeds, but then the loan will be repaid with PFCs. Commissioner Timm asked what loan this is. It is a 3% state infrastructure loan that is for specific transportation projects. Cheryl and Mark noted that the DAR design will be financed through DOD funds that are administered through federal highways. Commissioner Patterson asked if we are having problems with our ramp panels. John Faulkner explained that on the east and west side we are seeing some deterioration. There is also some damage to the slip drains on the west side and in other areas we are seeing deterioration similar to ASR. We have a culmination of a number of different issues out there. Replacement probably won't be all the ramp panels. We would start out away from the gates and then work our way in towards the gates. We'll replace them in large lots. The ramp was built at the same time as the terminal. Commissioner Patterson asked if we'd receive any funding. Mark Earle stated that we would be required to put the entitlements towards this first and then use discretionary funds. Discretionary requests will compete on the national level. We get closer to the project before we make a request for discretionary funds. On the runway we ended up with discretionary funds two years in a row and had a commitment for this within a year of the project. Taxiways are on the fly. Each year they consider it right up to the last minute. They look at projects and in a lot of the cases, the money drops out of other projects and gets assigned to the projects that are ready to go. Chairman French asked if CDOT pays for some of our vehicles. Cheryl explained that we have applied for a grant to help fund some of our fleet purchases in the amount of about \$200,000. This money comes from the fuel tax.

## ➔ **Operations and Maintenance – John McGinley**

### **Operations**

- We are working with Peterson on a full scale disaster exercise that they are conducting to meet Air Force requirements. We can use this exercise to get credit for a full scale exercise with the FAA. The exercise will be on August 20 and will involve some type of aircraft accident. There will be about 60 volunteers posing as victims. Today was our first briefing with Peterson to discuss logistics. This exercise will not present any operational impacts on airport traffic.
- Operations and administrative staff have been working very closely with the US Senior Open (USSO) staff. USSO staff approached the Airport over a year ago to begin the

planning process to coordinate this event. Beginning Friday of this week, USSO will have volunteers in the building to meet about 200 players, family members and PGA staff. Their primary mission is to do a meet and greet and to get the VIPs directly off to the Broadmoor as quickly as possible. You'll see USSO staff staged at the exit lane near the restaurant and at the Information Center.

### **Maintenance**

- The fire alarm project is wrapping up. The fire department inspected the new system and it has passed all of their requirements.
- Maintenance and Ops staff have been working with the contractor out on the airfield getting started on the Taxiway Echo project. The project involves closing Taxiway E, from E south to H as well as E2 and E3. Operations staff has been very busy with the project and are typically out there every day making sure that everything is established and all the escort routes for equipment are up and running as per the safety plans. Electricians are out there isolating the electrical circuits from the closed areas.
- We have put in an application for the replacement of our programmed logic controllers for 14 aircraft loading bridges. We are doing two this year that we will be reimbursed for once the PFC roll in. next year we will complete the work on the remaining 12.

### **General Aviation**

- We are expecting a fair amount of traffic at COS during the Democratic National Convention. It will most likely be those folks trying to avoid some of the more stringent security procedures that will be in place at the Denver airports. Though we do not have all of the details finalized there will most likely be some increased security measures in place here at COS during this event.
- John visited with Cutter. Their renovation project continues and should be completed in three to four weeks.

## **→ Planning and Development – John Faulkner**

### **Design and Development**

- Interior Signage – A sign prototype has been ordered and will be reviewed prior to making final selections. Once materials, colors and design have been completed, a construction company will be selected.
- Roadway Signage Project – The Airport continues to work with the contractor and designer to finalize paint selections, resolve utility conflicts and stake sign locations. Once paint selections are finalized, fabrication will begin. Sign installation should begin by the end of the summer.
- Old Terminal Demolition – The remediation work is now complete and Jacobs Consultancy is preparing bid documents for utility termination, removal of the terminal and the upgrade of the lavatory dump. This project should be complete by the end of summer.

- Rehab of Taxiway E – The Airport has received a grant and has executed a contract with Interstate Highway Construction. Demolition work on the original taxiway should begin late this week. The project will be starting approximately two months later than initially anticipated, so construction activity is likely to continue into December.

### **Construction**

- VSR (Vehicle Service Roads) – The project team is currently reviewing acceptance testing and beginning project close-out. There will not be any additional VSR construction work completed in 2008, so this project will be moved back to the design report next month, pending a future VSR project.
- Business Park Planning – Staff continues to work with the contractor and downtown engineering to identify options for repairing the storm sewer pipe that has deficient joints. This portion of pipe is still under warranty from the Airport's contractor.
- Drainage Improvement – Work is now complete on the Pond 8 repair, and the new pond inlet appears to be functioning properly. URS funded and oversaw the repair of the pond, which failed in June of 2007, approximately three weeks after pond construction was completed.
- Canopies/Kiosks – The roofing contractor appears to have identified a solution for fixing the skylights and several of the skylights have now been repaired. The remaining work should be complete by mid-August. The Airport continues to hold sufficient retainage to ensure that the repairs are made.

### → **Director's Report – Mark Earle**

- **Air Service** - As you know there's a pending crisis in the airline industry that we have been talking about for a long time now. Mark asked Dave Elliott if he had an update on Frontier's status. Dave noted that the Board of Directors met last Thursday and additional cuts are expected, however there hasn't been any announcement yet. Mark went on to explain that we are hearing the same for all the carriers. Midwest announced 40% cutbacks last week; American Airlines announced losses of \$1.2 billion and Delta lost \$1.4 billion. We are expecting to see a nationwide capacity cut of up to 20% with most of it hitting small to medium size airports. A few meetings back we had reported that a couple of airports had lost service all together; we have seen even more since. Virtually every airport in the country has seen a loss in service. We are seeing a few gains here and there, but this is due to service cuts from smaller airports being shifted over to larger airports or the hubs. The loss of 50 seat RJs is a big piece of news. These planes are less profitable to operate than the larger aircraft, but gave the airlines a way to provide more frequent service in smaller markets. With increased fuel costs, these aircraft are being taken out of service. Markets that can support 70 and 90 seat regional jets are less susceptible to this trend. We have some 50 seat RJs in the market, but the majority of ours are 70 to 90 seat aircraft. Where is this all going? Higher fares. The airlines are intentionally cutting capacity as a way to increase their ability to control pricing. This will be a good thing if it can be accomplished in a way that preserves service to smaller markets. Otherwise, governmental intervention may be necessary. This possibility has already been raised in discussions involving industry trade groups and members of the aviation and transportation committees in Congress. Fuel costs are the primary focus, but

the impact of the current crisis on smaller communities is in the forefront of the discussions.

At COS, we were holding steady on the number of flights in the market until Express Jet made its announcement. The ExpressJet decision had nothing to do with the Colorado Springs market. The service here was doing well with load factors at around 78%. We heard nothing but positive comments about their service and had only one complaint. Unfortunately, the service was not sustainable with oil prices well in excess of \$100 per barrel. ExpressJet is still in business at COS flying regional service for Continental Airlines.

We are maximizing our efforts to hold on to our existing service and take advantage of any opportunities for new service that may arise. We had an aggressive incentive program in place for 2007 and 2008, and we anticipate that it will also be put into place for 2009. As a part of our on-going outreach program, Gisela and Mark attended Jumpstart last month. This is an annual conference where airports meet with airline planning and route development managers to discuss air service issues. Typically, these discussions focus on new service, but this year the talk was primarily about hanging on to what you currently have in place. Staff will be following up on several leads identified at Jump Start over the coming weeks.

Over the past several months, we have been briefing the AAC on contingency plans that we have developed to address any downturns in service that affect the airport financially. So far, we have been able to make adjustments through changes in the timing of certain expenditures. Stronger measures are available, but we don't anticipate that they will be needed at this point. We do anticipate that the 2009 rate structure for the airlines will increase at a higher rate than in previous years, but it won't be nearly as much as the projected national increase.

Commissioner Timm asked if there has ever been a time when airports have to step in and subsidize the airline operations so that their costs don't go so high and they pull out of a market? Mark replied that we already do. Our rate structure gives half of the Airport's revenue, after expenses, back to the airlines through a reduction in rates. And in recent years we have the incentive program, which provides landing fee rebates and enhanced revenue sharing for new service—all funded out of the Airport's half of the revenue sharing formula. Commissioner Timm asked if the other airports had to go into their reserves in the past? Mark noted that it has been done by some airports on occasion, but not on an ongoing basis. Typically when you go into reserves, you're affecting your ability to fund capital projects long term and your ability to borrow. The airlines typically don't support airports doing this. Commissioner Patterson asked how the airlines determine how much service or capacity they are going to cut. Mark explained that each airline has a different plan depending on its unique circumstances. The experts' predictions of overall capacity cuts up to 20 percent are based on their assessment of the industry, and the market's ability to absorb capacity.

- **Bud Breckner Blvd** – The application and recommendation for the Bud Breckner street name are going through the process. We received a note from Bob Stovall at City Hall asking all the departments that may be affected by this for additional information. So the process is moving forward.
- **Election of Officers** – In the past a Commission member was responsible for collecting nominations and interest. The Chair usually appoints this person. The new officers are then appointed at the August meeting. Commissioner French noted that Denny Weber has taken care of this for the last few years. Discussion ensued about officer term limits.

Commissioner Timm noted that in the manual he received many years ago, the procedures were different than those in use today. Chairman French said that, under City Ordinance, the Commission has the right to establish its own procedures from time to time, and that the procedures had apparently changed since the publication of the old manual. Commissioner Timm responded that it might be a good idea to formalize the new procedures. Chairman French appointed Commissioner Weber to collect nominations and present them to the Commission at the next meeting. A discussion ensued regarding term limits for officers. Commissioner W. Miller moved to not have term limits for officer positions. Commissioner Boone seconded the motion. The motion was carried by unanimous vote. A discussion followed concluding with a consensus request that staff work to develop and formalize the existing procedures for the election of officers.

**5. OTHER BUSINESS**

- Commissioner Boone presented two ideas that she would like to discuss at the next meeting.

**6. CHAIRMAN'S COMMENTS**

- The tour of the Museum has been moved to August 26 at 1:00 p.m. Please let Kelly know if you'd like to attend.

**AIRPORT STAFF ACTION ITEMS**

Action Item	Assigned To	Status
Review the AAC Procedures to determine if terms may be served more than once and if they were adopted.	Mark/Kelly	
Find out date for next Airport Operators Group	Kelly	
Confirm Museum Tour for August	Kelly	
Find out how COS load factors compare with DIA	Gisela	

**Chairman French adjourned the meeting at 3:55 p.m.**

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