



MINUTES
Airport Advisory Commission
January 26, 2010

COMMISSIONERS PRESENT: Dr. Pat Boone
Dave Elliott
Joel Miller
Wally Miller –Chairman
Bud Patterson – Vice Chairman
Dr. Chris Thornton

COMMISSIONERS ABSENT: Greg Timm

NON-VOTING MEMBERS PRESENT: Randy Courduff, Alternate Commissioner
Tom Hayden, Alternate Commissioner
Rob MacDonald, Pikes Peak Area Council of Governments

NON-VOTING MEMBERS ABSENT: Dennis Hisey, El Paso County Commissioner

CITY STAFF PRESENT: Mark Earle, Director of Aviation
John Faulkner, Asst. Director, Planning & Development
Kelly Jackson, Airport Public Affairs Administrator
John McGinley, Asst, Director, Operations & Maintenance
Neil Ralston, Airport Planning & Development Manager
Gisela Shanahan, Asst. Director, Finance & Administration

CITY STAFF ABSENT: None

GUESTS PRESENT: Levi Anstine, COS Analyst
Agnes Blachut, COS Intern
Mark Hauschild, Kleinfelder
Mary McElderry, Accountant

Next meeting is Tuesday, February 23, 2010.

- **APPROVAL OF THE DECEMBER 15, 2009, MINUTES:**

Chairman W. Miller asked for approval of the December 15,, 2009 Airport Advisory Commission minutes. No objections; minutes were approved as submitted.

- **PUBLIC OR CITIZEN GROUP COMMENTS:**

None

- **GENERAL BUSINESS**

→ **Land Use Items – Neil Ralston**

Neil Ralston indicated that there were no new items to review this month.

- ◆ Item #1: AR CM2 05-00184-A2CM309
- ◆ Item #2: CPC ZC 09-00131
- ◆ Item #2: AR DP 09-00564
- ◆ Item #4: AR DP 98-00521-A1CM309
- ◆ Item #5: DS DP 94-64-A2CM310
- ◆ Item #6: AR CM3-10-0005
- ◆ Item #7: AR CM3 10-00011
- ◆ Item #8: AR CM3 10-00012
- ◆ Item #9: CPC DP 10-00001/CPC ZC 10-00002
- ◆ Item #10: PPR-09-032
- ◆ Item #11: PPR-09-029
- ◆ Item #12: PPR-09-030

Staff recommends no objections to Items #1-8 and 10. We are recommending that Items #9, 11 and 12 be tabled pending the results of an FAA air space evaluation. Item #9 is requesting approval of a development plan by CSU electrical substation on Highway 24 just to the east of Mark Scheffel Road. We requested a 7460 be filed with the FAA to evaluate both the permanent facilities and the electrical infrastructure and temporary construction equipment. Item #11 is requesting approval of a plan to construct an additional church on Omaha Blvd just to the east of Powers. This is a situation in which the ground is a lot higher than the airport and we want to have an airspace evaluation on the 30 foot addition to the structure as well as the construction equipment. Item #12 is requesting approval of a planned RV storage lot at the intersection of Powers and Galley. We want an evaluation on the proposed 25 foot light poles and any temporary construction equipment.

Commissioner J. Miller asked if we have any say in when the construction cranes are used. Neil indicated that the FAA has a finding, they give a period of time, including times of day that the construction will occur.

Commissioner Boone moved to table items 9, 11 and 12 and approve the remaining items 1-8 and 10; Commissioner Thornton seconded the motion and it was carried by unanimous vote.

→ **Master Plan / ALP Update – Neil Ralston**

Since we last met, we've made some progress with our foundational documents that guide our planning process, including the Guiding Principles and the Goals and Objectives in our

stakeholder engagement plan. Today I present the final draft version of the Guiding Principles that our project team has prepared. These guiding principles are intended to set forth a high level Statement of Purpose for the project and serve as a roadmap to ensure that our efforts remain focused on the highest priority items.

- The recommended development plan should give priority to safety and security, followed by financial feasibility, operational efficiency, environmental prudence, and social responsibility; the plan should be beneficial to all users of the Airport, and the positive customer experience must be maintained or enhanced.
- Airport development plans should preserve flexibility to permit changes to the plan as industry and local conditions warrant.
- The planning effort will seek to foster consensus among key stakeholders, including Airport users, the FAA, the Airport Advisory Commission, and the Airport staff.
- The master planning process will employ a focused public involvement program to inform interested parties as to the Airport's positive community impacts as well as future plans.
- Future development at the Airport shall continue to be self-funded by users of the airport and aviation system; no local sales or property taxes will be used to fund Airport improvements.
- The master planning process shall emphasize cost effective solutions and shall consider the total cost of implementation when evaluating alternatives.
- Planning for future facilities will consider the role of emerging technologies and industry trends that could affect the requirements for future facilities.
- The master planning process shall incorporate Business park plans and identify potential synergies between its future development and the development of the rest of the Airport.

Building upon these we are working on our Goals and Objectives for the Stakeholder Engagement Plan and intend to have some documents for you in the near future. For the foundational documents we are in the process of developing an introductory letter, continuing to work on the inventory and the baseline forecast for future activity, and key trends and assumptions for the forecasts.

4. STAFF REPORTS

→ Traffic Report – Gisela Shanahan

- **Enplanements** – Passengers for the month of December ended up at 74,723 which is a 3.1% decrease from December 2008. This left us with 929,600 enplaned passengers for the year, which is a 6.9% decrease from 2008. Our original forecast, anticipated ending the year at about 932,000, so it's about a 2,500 variance which is about 3%. Factors contributing to the decline were frequency changes, fleet mix changes, and the announcement of the departure of US Airways.
- **Landed weight** – For the month was 1.8% below 2008 and year-to-date a 9.8% below which is attributed to the decrease in cargo.

- **Freight and Mail** – Up 44.4% for the month. As of yesterday we were trying to get more input on the increases. Commissioner J. Miller indicated that mail is up.
- **Aircraft Operations** – 14% increase for the month, 53% of which was from military operations. YTD that left us just about flat at .2% lower than the last year.
- **Load Factors** – The airline average for December was 76.9% compared to 72.6% for 2008. Year-to-date this is about a 1% increase over last year at 79.7% compared to 78.8%. The variance you see is US Airways declining some while they were drawing down their operations the last quarter of 2009. Offsetting this was the Frontier increase.
- **Seats Available** – Down 2.4% for the month and year-to-date down 10.2%. Again you see the trend is that we are filling the seats at a higher rate than they are disappearing.
- Gisela took the opportunity to introduce Agnes Blahut, the 2010 Airport Intern.

→ **Finance Report – Gisela Shanahan**

- **Earned Revenue vs. Budgeted** – Year end was 2.9% below the budget that was prepared in mid 2008 for 2009. Airline Revenue was up about 1%; Terminal Concessions were down 2.7% primarily due to passenger traffic; Terminal Area down 4%; Other Buildings and Areas down 17%. This category is the lag in which we receive the fuel and excise tax from the State. This gives us a bottom line of 2.9% below budget.
- **Revenue vs. 2008 Revenue** – Revenue declined by approximately 2.5%; Airline Revenue was up 9.6%; Terminal Concessions down 4.7%; Terminal Area down 5.4%; Other Building and Areas down 34.1%, again this is the category including fuel remittances. Considering the decline in passenger traffic and general economic impact that affects the concessions in the terminal, a 2.5% decline compared to last year is a very good result.
- **Expenditures vs. Budget** – In response to the passenger decrease and the revenue, we implemented a fairly rigid spending plan. Although revenue was down 2.5%, this spending plan resulted in cutting expenditures by 8.2% in the budget.
- **Expenditures vs. Actual 2008** – We expended .6% less.

Commissioner J. Miller commented that it appeared rental cars did well last year. John Faulkner explained that we monitored last year activity. Parking was down a great percentage more than our traffic, while rental cars were slightly up. We think we had an imbalance of inbound vs. outbound traffic, which can happen in some years that you have more people visit. This was a contract renewal year and we renegotiated the contracts and ended up increasing the amount of leased space going into 2010. We don't know how the concessions side will fair, but should see an increase on the ground lease revenue. Commissioner J. Miller noted they must be forecasting higher if they're agreeing to more space. Gisela Shanahan explained that the economy impacted the availability of new vehicles for the rental car companies. They ended up having a shortage of vehicles and were able to increase the rental rate. Some of the revenue increase is not due to additional contracts but from the contract value per day increase instead.

Commissioner Boone asked why the insurance was up \$30,000. Gisela noted that we added new assets.

➔ Operations and Maintenance – John McGinley

Operations

- We have been very busy due to the December security incident involving Delta/Northwest and have seen an increase in inspections and auditing with the TSA. Just keeping up with the auditing frequency has been quite a challenge. We have a very cooperative effort with the TSA and it helps quite a bit.
- We are in the process of rebadging the Sterile Area. This will be an annual requirement the AAC badges will be renewed each August.
- Ops is working on revising the snow plan. The FAA has changed some of their requirements.
- Ops is working on a specification to bid a constant friction measurement (CFM) instrument that will be a truck mounted piece of equipment. This will cut down on the amount of time it takes to do braking action reports on the runways, taxiways and ramps.
- We just completed our quarterly FAA required Fuel Farm/Fire Safety inspections with only some minor corrections.
- Operations is also working on the Comm Center modernization project which is part of the third floor project that will be bid out next month.

Maintenance

- We have a team working on the interior signage project. Right now the contractor, FSG Signtech out of Austin, is behind schedule. The completion date for the project is about six weeks away and we're still in the shop drawing process with the contractor. The contractor is making a great effort to try and get the detail we need in the drawings. I sense they are a little overwhelmed with the amount of work in the project. We have approved prototypes on the acrylic signs that will be placed next to most of the doors. The big challenge and majority of work, is the illuminated signs.
- Last week the maintenance department completed a rubber removal project on the west runway. Typically we do the west runway about twice a year and the east runway about four times a year.

GA

- The next **COS pilot briefing** will be January 30th in the East Terminal Unit Terminal from 9:00 to 12:30. These briefings are a combination of training/safety seminars where we allow the pilot community to receive information and provide feedback to airport, ATC and the military. So far we have:
 - Mark Phillips with Denver Tracon to brief about RNAV routes within the controlled airspace that surrounds DIA;
 - Alan Gorsky will discuss land and hold short procedures;
 - John McGinley will give a projects update;
 - Dan Rund with the AFA, representing FRAWG, will discuss collision avoidance and flight safety when it comes to military mixing with civilian traffic;
 - Two F-16s will be coming from Buckley and then following, the pilots will give a presentation on their mission at Buckley. Attendees will be able to tour the aircraft.

Minimum Standards Presentation

The deadline to publish the Minimum Standards Program for public comments is February 22. John McGinley ran through the reasons for doing the program along with how it has been developed. Commissioner J. Miller asked if we have always had two standards for FBO service. Mark Earle explained that typically you'll have one category for FBO service. What distinguishes an FBO from any other operator is that they get the right to sell fuel. The premise is that if you're going to give someone the right to sell fuel, you're going to use the leverage to require other services that may not have been provided otherwise, such as charts, etc. We found that there is a clear distinction between the operations. Two of the operations want to sell fuel all over the airport and that's their primary business, so the ability to sell fuel around the entire airport goes to the full service FBO. We wanted to put the same restrictions to the limited service FBO; fuel sales will be limited to sales on the property only. We have had a consultant helping us with this project. February 22 this will go on the street for public comment and we hope to implement it in May. We will give the tenants time to get their permits, etc.

Commissioner Boone asked a variety of questions:

- Requested explanation about what Grant Assurance meant.
- Requested explanation about mobile maintenance and wanted to know if we're getting complaints about this.
- How is the new snow equipment working? John M explained that the new tow-behinds have been used on one event and have been operating on a very high level and were successful.
- What happened to the museum we toured? Mark explained it's in very active progress and doing well.

Commissioner J. Miller asked if the Commission would like to make a recommendation that we concur with the Minimum Standards program.

→ Planning and Development – John Faulkner

- We just selected RS&H for a multi-year project. We are beginning to load up our design projects. We don't have any scope for them as of yet. As we bring the projects into scope, you'll see them on the Design report. We have been in discussion with the FAA and see that this year may be like last year. It's possible the funding cycle will be extremely late with discretionary funding leases.
- **Relocation and Reconfiguration of the Operations Communication Center and the Third Floor Administrative Offices** – We have worked through the final plan phase and are moving into the bid phase. We should be doing some construction work in the spring and finishing towards the end of the year.
- **Checked Baggage System** – Over the last month, we've had some revelations. We been reviewing the capacity of the machines and our needs and have determined that the CT80 will not be able to handle our highest demand needs. We met with DHS to discuss this and they understand the concerns and analyses. We're working with the design team to determine the best solution. The L3 machine would work and provides 33% more capacity. Another option would be to consolidate some of the belts, centralizing the system. This would require the airlines 'play well' together. The centralized system is more expensive and we are in discussion with TSA about covering the cost. Additionally, the airlines are not keen on comingling services. We have gone back to the consultant to help us find some viable solutions.

- **Reconstruction of Runway 12/30** – We recently selected a new design engineer and are in scope negotiations right now. The FAA has confirmed that we will get the full \$6.2M for this project, which will be an entitlement project. It might be as early as June that we can get construction started on this. Planning is underway and then we'll begin coring and finding out what the sub-surface is like so that we can put together a bid package.
- **Interior Signage** – The contractor is behind on the shop drawings. They only have 120 days to complete the project, so it's a tight schedule.
- **Old Terminal Remediation** – Lynx continues to use the hangar for maintenance. We still intend to redevelop it after they are done using it.
- **Defense Access Road Design and Construction** – We continue to move forward on the design. We've had a lot of design input from the City and Ft. Carson on some additional things they'd like to see on the roadways. We're also working closely with CDOT. They have a resurfacing project that will be in the same vicinity so we've been coordinating some work efforts. This may give us an opportunity to capitalize on their presence in the area. In the next 30-60 days we'll be making our final design scope. We are also making sure we will have enough funding for this project. We will be bidding this project in late spring/early summer. The northern half will be completed in 2011. Chairman W. Miller asked for explanation about the MOU to the City and dedicating the roadway. John Faulkner explained that roadways are constructed and then given (dedicated) to the City for use and maintenance.

→ **Construction – John Faulkner**

- **Roadway Signage** – The contractor has returned and they are out setting the large footings for the bigger signs. If these can be set in place, the signs can be hung as they arrive. We've had a little bit of problem locating the sign panels. They should be in around March and everything done by May.
- **Rehabilitation of G and H** – Things were looking pretty bad in December due to the weather. Right before Christmas we had warmer weather so the contractor was able to finish the work and return G & H back into service. The grading and seeding will be completed in the spring.

→ **Director's Report –Mark Earle**

- As you know, the City has been going through quite a few budget problems. The City Manager presented a financial crisis plan to Council today. Mark encouraged the Commissioners to view the council meetings online. The City is already \$2M behind for 2009. In 2010, they are expecting a \$27M shortfall; and yesterday the City Manager was providing a plan for covering that shortfall. In 2011, a \$12M shortfall and same for 2012. The airport is affected by some of the policy changes downtown which in turn affects the way we do business, the way we pay our staff for overtime, etc. The rules and policies have been changed to save money in the general fund and they are affecting the way the airport operates. We have been working with the City Manager over the past year pointing the problem out and we're starting to make some headway. The City Manager agrees there is an issue that the airport operates differently and that its needs are different than the general fund's and we're starting to work on new policies and procedures that would allow the airport to operate more independently. This would involve moving many of the centralized functions that the Airport currently handles through the City to the Airport. Essentially we would function more like an independent enterprise such as Utilities and the Hospital, however, in our case, the City Council would still be the managing board of

directors for the Airport and we would still report to the City Manager. In all other respects, though, the Airport would operate independently. The City Manager will brief the City Council on this within the next month or so as part of her overall reorganization plan for the City. Commissioner Patterson asked who will pay to take over all these functions. Mark explained that we currently pay for all those expenses through indirect cost allocations to downtown. One exception would be the PD. We really are unable to obtain this as efficiently from another source and would opt to continue this unless Ballot Issue 300 is prohibits it.

- Ballot Issue 300 – This is still being debated by the City Council and how they want to implement it. There have been meetings between the City Manager, City Finance Director and Doug Bruce to try to determine what his intent was. Doug Bruce indicated that his interpretation was that every single payment, even if you're buying a service, would be prohibited. City Council has not yet ruled on this. What this means for the Airport is that all services currently being provided by the City would be brought out to the Airport. We've studied this and found that we could accomplish this at the same or lower cost that the current arrangement with the City, with the exception of police services. As discussed earlier, we are already in discussions with the City manager to move responsibility for most City services to the Airport as an efficiency measure for both the Airport and the General Fund. If 300 is interpreted such that we cannot contract with the City for any of its services, we'll need to consider other options for providing police services. While there are a number options available, none are as efficient as using the CSPD to provide airport police services.
- There are a couple of statewide initiatives to watch. Two of the ordinances are related specifically to enterprises. One of them would require enterprises to pay property tax. We think that one will clash with Federal regulations. In the case of airports we are specifically prohibited from paying a payment in lieu of taxes (PILT) and we're researching to make sure that also applies to a property tax. The other one is more troublesome. It would require an election prior to incurring any form of debt. Locally we passed Initiative 1D, which essentially de-TABOR'd the airport for the purpose of issuing debt. If this is a statewide initiative, then this would override any local initiative. Essentially if this passes, we'd have to go to election any time we incurred debt, which includes a lease, such as for vehicles or heavy equipment. Effectively this doesn't work and the cost of the transactions are worth far less than the cost of an election. Commissioner Boone asked where these are coming from. Mark explained that there's a citizen's group trying to sue to find out. Chairman W. Miller asked if there is language out for these. Mark said we'll get it distributed to the Commissioners.
- Mark will be in Washington at the end of February. He will be attending the TRB meeting for an airport privatization study and helping to review proposals and selecting a consultant for the process. He will also visit with TSA about the bag belt issues. We don't think we will be able to avoid upsizing the system without a significant cost increase. Fortunately, TSA will not be affected by the budget freezes and they'd have the flexibility to fund the project if they can be convinced it's a priority. Our system is so small in the larger scheme of the TSA's network that we think we could get funding for this.
- We still have an acting Federal Security Director (FSD), and have now new information on when a permanent FSD appointment for COS will be made.
- Last year we briefed you on a military buffer zone legislation introduced by the military units at Buckley AFB. Among other requirements, the legislation would have implemented notice requirements requiring all residents within 2 miles of a base to be notified of any

changes on the base that might affect them, and for the base to be notified of any requests for zoning changes within the 2 mile buffer zone. In addition to the notification requirements, there were zoning requirements in the legislation that had the potential for affecting property values in the proposed buffer zones. We tried to get the proponents to amend the legislation so that it would have less impact on property rights, but were unsuccessful. We then had to object to the proposed legislation, but made it clear that we would be willing to work with our area military installations to craft a more balanced legislative proposal for the next session. Two weeks ago, the proponent submitted an amended version of the same legislation to seems to address some of the properties rights issues. We are reviewing it with the City Attorney and City Planning, and will report the results back to the Advisory Commission at a later date.

- Commissioner Elliott asked three questions:
 - Does Mark know who may be the next State Division of Aeronautics Director? We do not at this time.
 - Anything new on the City Sales and Use Tax for aircraft? Mark indicated that it has been quiet, but expects that City will continue to push for collections in the coming year.
 - Anything new on the Denver's effort to absorb Tracon? Mark indicated that we are tracking this, but it has been quiet. He suggested that Dave raise the issue with the FAA representative attending the Pilot Briefing on Saturday.

5. OTHER BUSINESS

None

6. CHAIRMAN'S COMMENTS

None

AIRPORT STAFF ACTION ITEMS

Action Item	Assigned To	Status
Locate and distribute language on 2 State initiatives discussed	Mark	

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