



MINUTES
Airport Advisory Commission
June 22, 2010

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

COMMISSIONERS ABSENT: None

NON-VOTING MEMBERS PRESENT: Tom Hayden, Alternate Commissioner
Randy Courduff, Alternate Commissioner
Dennis Hisey, El Paso County Commissioner

NON-VOTING MEMBERS ABSENT: Rob MacDonald, Pikes Peak Area Council of Governments

CITY STAFF PRESENT: 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: Mark Earle, Director of Aviation

GUESTS PRESENT: Agnes Blachut, COS Intern
Danielle Scott, COS Accounting Supervisor
Ina Tschirschke, COS Intern
Kendra Timm, Cygnet Land, LLC
Linda Perry, Jacobs Consultancy
Holland Young, Jacobs Consultancy

Next meeting is Tuesday, July 27, 2010.

- **APPROVAL OF THE MAY 25, 2010 MINUTES:**

Chairman W. Miller asked for approval of the May 25, 2010 Airport Advisory Commission minutes; no objections; minutes were approved as submitted.

- **PUBLIC OR CITIZEN GROUP COMMENTS:**

None

- **GENERAL BUSINESS**

- **Land Use Items – Neil Ralston**

- ◆ Item #1: AR DP 10-00180
- ◆ Item #2: CPC CU 10-00047
- ◆ Item #3: PPR-10-13
- ◆ Item #4: PPR-10-14

Staff recommends no objections to Items #1-2 and that Items #3-4 be tabled pending the results from an FAA airspace analysis. Both of these items are requesting approval of development plans from Hammers Construction for new structures in the Claremont Business Park approximately two miles to the north of Runway 17L. The first structure is a 26-foot tall warehouse/office building, while the second is a 25-foot tall building to serve as a caretaker's residence for a mini-storage facility. The top of these facilities are approximately 180 feet above the elevation of the runway end and do not appear to be completely shadowed by traffic on Hwy. 24.

Three items remain tabled from previous meetings:

- Item #9 from January 2010.
- Item #11 from January 2010.
- Item #4 from April 2010.

Commissioner Patterson motioned to accept Items #1 and #2 and to table Items #3 and #4. Commissioner Boone seconded the motion and it was carried by unanimous vote.

- **Master Plan Update**

We have been working over the past few weeks to finalize the aviation activity forecasts for our Master Plan Update. The next step will be to submit our forecast materials to the FAA for their review and approval. A brief status update presentation was given by Holland Young and Linda Perry from Jacobs Consultancy.

4. STAFF REPORTS

- **Traffic Report – Gisela Shanahan**

- **Enplanements** – Were down 8.6% compared to May 2009, which puts us at a 5.1% decline for the year. The numbers were a bit surprising; they had been trending a little bit more positive through March and April. We're seeing a variance in United; bookings were weaker in May than anticipated and we are still looking into some of the timing issues such as the Academy graduation being later in May than last year. We'll get a better feel for this when we receive June data. We do know that the severe weather in May which caused cancellations, had an impact because some passengers were bused to Denver. We experienced a significant number of weather events in May. Commissioner Boone asked if the decrease in Seats Available relates to the decrease in Enplanements. Gisela said that they do tend to track the same way. We usually see a 4-5% swing from seats to enplanements. Commissioner Hisey asked if nationally they see the same trend. North America is lagging behind the rest of the world and not seen the same type of increases.
- **Landed Weight** – Month of May was a 2.1% decline and 1.2% year-to-date and cargo is helping with the landed weight variance.
- **Freight and Mail** - Down 42.4% for the month and down 7.2% year-to-date. We still are very much skewed to the deplaned freight side. The analyst from Fed Ex has promised a full report on how the freight is being moved and what communities are feeders.
- **Aircraft Operations** – Decrease of 12% for the month and year-to-date an increase of 3.8%.
- **Load Factors** – Are strong and are generally more positive than last year. American had a 2 point change from one month to the next and United also. Again, the choice of the passengers to drive or rebook during cancellations has an impact.
- **Seats Available** – 7% decline for the month of May and 3.9% year-to-date. Next month we'll have almost a full month of Dulles activity to see how that is going. The Station Manager for SkyWest indicated that they've had an 89% load factor for the first two weeks of the Dulles service.

→ Finance Report – Gisela Shanahan

- **Earned Revenue vs. Budgeted** – Airline revenue was 11.1% less than budgeted due to the reduction in rates and charges after the budget was submitted. Chairman W. Miller asked if we'd continue to see this trend for the remainder of the year. Gisela noted that yes we would and we will most likely see a larger variance as the year goes on because we will be adjusting the rates downward again at mid-year. Terminal Concessions are 0.6% below the budget primarily due to the change in Minimum Annual Guarantees (MAG) from the concessions; Terminal Area is down 1.6% compared to the budget due to less activity in public parking; Other Buildings and Areas is down 19% which is due to the State Fuel and Excise Tax remittance. Bottom line is a 7.4% variance from the budget for the first five months of the year.
- **Revenue vs. 2009 Revenue** – Airline revenue is down 14.7% again due to the lower rates and charges; Loading Bridges has an 80% decline because we completed the amortization of the capital costs related to the loading bridges in 2009; once this was removed, it has made the loading bridges very cheap relative to normal bridge rental rates. Terminal Concessions down 2.9% from last year; Terminal Area down 4.1%; Other

Buildings and Areas down 3%; bottom line is 9.8% less revenue collected year-to-date than there was in 2009.

- **Expenditures vs. Budget** – Largest variance is in Personnel Services due to vacancies; Supplies are down; Repairs and Maintenance down both due to timing and same with all the remaining categories until we get to Equipment and Capital Outlay in which management has decided to phase the spending and match that with revenue as it comes in. Bottom line is that expenses are running 7.7% below budget.
- **Expenditures vs. Actual 2009** – A primary variance is on supplies, which is due to timing. This winter was expensive and we should see supplies flatten out the remainder of the year. Services is due to timing; Utilities are up 10.2% which is due to an increase in rates; Advertising down 80.8% also due to timing; Equipment and Capital Outlay due to our spending program and down 25.6% for a bottom line of 1.1% above the 2009 levels. Commissioner Patterson asked with the watering rates going up, how much are we watering on the property. John explained that all the areas around the terminal, near the sidewalks and along the roadways are irrigated. Commissioner Patterson asked if we pay the same rate as the public and if we use well water. Gisela responded that we do not receive any type of discount and that we don't have a source for non-potable water.
- Commissioner Patterson asked if income stops, what happens to the bond holders? Gisela explained that it depends on how an airport is structured. Our bonds are exclusively backed by the revenue of the Airport and the City's revenue is not at risk. The City does not need to step in and make payments if the Airport defaults. Most airports are able to continue making payments. The pain of making the payments would be folded into the rates and charges that are passed on to the airlines.
- Financial Statements are going to print and will be distributed at the next meeting. Also, due to time constraints, the GA report will be postponed until the next meeting.

→ **Operations and Maintenance – John McGinley**

- In the Operations Department we are continuing to talk with Boeing. The 747-800 will be coming into COS on July 7, which is subject to change. Boeing looks at COS as a very important airport for their testing. Boeing borrowed the use of the ADACG facility which was fantastic for their purposes. The Airport receives revenue for each landing.

Operations

- We are starting to work with John O'Donnell on the air show for 2010. It will be held Oct 2-3, which is the same week as the USAFA/Navy game which was done intentionally so that John can maximize static display aircraft availability. Chairman W. Miller asked if this taxes the airfield and operations. John explained that yes it does, however the airlines are willing to work with this. We keep the east runway open while using the west runway for the air show. There will only be one or two periods of runway closures. We work to have the least amount of impact as possible.
- We are working on the Ground Transportation regulations. Next month a new company will be operating taxi cab service out of the Springs. Springs Cab has been given PUC permission to operate as long as they meet all the requirements. They have been granted a limited permit for El Paso County only and up to DIA.

Maintenance

- It is a very busy time due to the sign project. The signs arrived last week on Friday and staff has started installation on the south end of the terminal and will move northbound into the sterile area. We are removing the existing signs to accommodate the new.
- Staff is doing a lot of erosion work on the east side.

GA

- The COS Aviation Day a few weeks ago was a success. We had about 120 attendees. We were expecting more, yet we feel that it was still a good event. A lot of effort and participation was put into this event. This was the first event held in a hangar, and we will evaluate to see if it makes sense to do this again. Commissioner Boone gave compliments about the event and provided input about how to conduct the "Where's Waldo" segment.
- Minimum Standards - John was hoping to get it out this month. We are taking a look at what we need to do to better educate some of the folks that made comments during the process. We have decided that we would like to better explain the lease agreement to many of the sub-tenants and how the minimum standards apply. Commissioner J. Miller asked how the comments are being handled. John explained that we received about 120 comments and will be responding to all of them.

➔ Planning and Development – John McGinley

- **Relocation and Reconfiguration of the Operations Communication Center and the Third Floor Administrative Offices** – We have reached a point that changes are no longer allowed and are now working on specs and plans. We hope to have it on the street this fall.
- **Checked Baggage System** – Over the last month we have taken our basis of design report and submitted it to TSA for review and approval. We are waiting for their concurrence. We are also working with Swanson Rink in negotiating the scope and fee for final design of the project. We will split the project into two sections for bid: one will be the architectural contract for the space and expansion of the building to accommodate the checked bag inspection system and the other contract will be the inspection system itself. Overall we are looking at the end of 2011 for completion of the first half of the system and then the second half will be done in 2012.
- **Runway 12/30** – We are continuing to work on the design of Runway 12/30 project. We met with the FAA representatives in Denver and are looking at the project and the budget, which is \$6.8M. We are still looking at the B2/B3 intersection with the money available and will be working on this over the next month. We should have everything nailed down and out to bid by early July and at the latest, the end of August.
- **Defense Access Road Design and Construction** – We are at 95% design and hoping to get it out to bid at the end of July or early August.

➔ Construction – John McGinley

- **Roadway Signage** – We are essentially complete and have one light fixture that was damaged, to be delivered. All signs have been leveled.

- **Rehabilitation of G and H** – We are working at the intersection of Mike and Hotel and are currently pouring concrete. The contractor is setting forms and doing their runs from west to east. The concrete crew is working this week and should be done by the end of next week. We are 60% complete and looking at completing around the first or second week of August.
- Commissioner J. Miller asked about the status of the outlets for the seating. John explained that we are well into the project and almost complete.

→ **Director's Report – Gisela Shanahan**

- Mark is at the National Academy of Sciences meeting in Washington DC this week. He is on the committee that is reviewing projects that the Board will be studying and are related to airport industry. The project he's been working on for the last 18 months has been related to airport privatization and with the new cycle they asked airports and various aviation organizations to submit projects they thought would benefit from a panel of experts drawn from all over the country and a variety of disciplines that look at these projects. They are reviewing the projects that were proposed and then will select one and move forward with finding the right people to be part of that study. These are very good programs and many of the results of these studies are implemented because they try to pick something that is a current issue of concern to the industry. The Board is a mix of airport directors and airline representatives from a very senior level. On the privatization project they had various individuals from the capital financing world such as the Citigroup. Commissioner Boone asked for a list of the top 5 private airports.
- Gisela and Mark attended the ACI Jumpstart conference last month. At this conference airport staff meets with airline decision makers to discuss new routes and services. This results in very productive conversations. Commissioner Patterson asked what the top markets of interest are. Gisele explained that we provide the demand for each market being discussed.
- Gisela noted that Mark passes on his congrats and thanks for the success of the Dulles Inaugural event.

5. OTHER BUSINESS

- Commissioner J. Miller asked if the rest of the commission could be notified if there will be representation at a Council meeting so that everyone is informed on what will be taking place.
- Commissioner Patterson announced that he will be stepping down at Vice Chairman. As a result, he will poll the rest of the commission for nominations for a replacement and will report back at the next meeting.

6. CHAIRMAN'S COMMENTS

- In anticipation that the makeup of the Commission will remain stable through the next year and to preclude the discontinuity that occurred last year, Chairman W. Miller appointed Vice Chairman Bud Patterson to serve as a nominating committee of one to canvass Commission members and determine interest in running for next year's (beginning in August 2010) Commission leadership. Commissioner Patterson announced that he will

be stepping down from his Vice Chairmanship for personal reasons, though retaining membership on the Commission. He will poll the rest of the commission to determine interest and report at the July meeting. Elections for Chairman and Vice Chairman of the Commission will be conducted early in the August 2010 Commission meeting. Chairman W. Miller was recently re-appointed by Mayor Rivera and confirmed by City Commission for another three-year term.

AIRPORT STAFF ACTION ITEMS

Action Item	Assigned To	Status
GA Activity snapshot along the Front Range and the effect of the economy	Gisela	Complete
Commissioners requested tour of ADACG facility	John M	
List of top 5 private airports	Gisela	
Ask Council about executive session re: Initiative 61	Mark/Gisela	

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