



MINUTES
Airport Advisory Commission
March 26, 2014

COMMISSIONERS PRESENT: Dr. Chris Thornton – Chairman
Andrew Biancur – Vice Chairman
Steven Janitell
Tom Hayden
Dave Elliott
Mark Baker

COMMISSIONERS ABSENT: Randy Courduff

NON-VOTING MEMBERS PRESENT: John Maier – Alternate Commissioner
Jason Harris – Alternate Commissioner
Peggy Littleton - El Paso County Commissioner

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

CITY STAFF PRESENT: Dan Gallagher – Direction of Aviation
John McGinley – Assistant Director of Aviation, O&M
Neil Ralston - Interim Assistant Director of Aviation, P&D
June Eveland – Accounting Manager
Britt Haley – Legal Advisor
Jerry Dimandja – Airport Planning and Development Analyst

GUESTS PRESENT: John Fox – Embry-Riddle student
Walter Ernst – Ernst & Associates
Alex McKean – RS&H Engineering
Russ Moran – Paradies Shops
Rick Hoover - CIAB

The next meeting is Wednesday April 23, 2014

I. APPROVAL OF THE FEBRUARY 26, 2014 MINUTES

Chairman Thornton asked for approval of the February 26, 2014 Airport Advisory Commission minutes. Commissioner Hayden made the motion to approve those minutes, which was then seconded by Commissioner Baker. There were no corrections or suggestions and the minutes were unanimously approved as submitted.

II. INTRODUCTION OF GUESTS

John Fox – Embry-Riddle student
Walter Ernst – Ernst and Associates
Alex McKean – RS&H Engineering
Russ Moran – Paradies Shops
Rick Hoover – CIAB

Miss Britt Haley was acknowledged as Lindsay Rose's substitute for legal advice.

III. PUBLIC COMMENT

None

IV. NEW BUSINESS

A. Land Use Review (presented by Neil Ralston)

- **Item #1 – AR-PUD 14-00028, AR FP 1400029, AR FP 14-00030, AR FP 14-00031**
- **Item #2 – CPC FP 14-00015, CPC PUD 14-00014, CPC PUZ 14-00013**

Airport staff reviewed two new land use items in March: Item #1 in the City and Item #2 in the County.

Airport staff made a no objection recommendation for both of those items.

Item #5 from the October 2013 meeting remains tabled pending a correction to the site development plan that removes residential uses from the APZ-1 subzone south of the Airport.

Item #6 from June 2013 remains tabled pending results of the 7460 Airspace Review.

Commissioner Baker made the motion to state no objection to items #1 and #2, which was then seconded by Commissioner Biancur. There were no objections or suggestions and both items were unanimously approved.

V. STAFF REPORTS

A. Finance and Administration

Finance Report: January 2014 (Presented by June Eveland)

Earned revenue is reported to be 16% under budget for both the month of January and year-to-date. June explained the reason behind this decline and said that the 2014 budget was submitted on October 2013, at which point the Airport was still finalizing its bond refinancing analysis, with initial projected debt service cost of \$3.9M. After bond refinancing in late January 2014, debt service cost dropped to \$2.4M, a nearly 40% decrease. This in turn reduced expected terminal building rent from \$57.84 per square foot

to \$45.52 per square foot, a 21% decrease. As a result of this decrease, Airport revenue will most likely be lower than budgeted for the rest of the year.

Dan Gallagher explained that getting \$45.52 per square foot as opposed to \$57.84 is something positive because lowering revenue from the airlines means that it is cheaper for them to operate out of COS Airport. It is not a lack of revenue, but rather a debt recovery strategy that benefits the airlines.

Commissioner Baker suggested that future financial reports include the post-refinancing budget numbers to depict more accurately our actual versus budgeted revenues and expenses.

Expenditures are 7.2% over budget for both January and year-to-date. This is primarily due to pending purchase orders waiting to occur in later months as well as encumbered purchase orders from 2013 amounting to approximately \$68,000.

- The Airport continues to see savings in salaries due to “right-sizing” our staff levels because we are currently operating with 8 positions fewer than we budgeted for (87 FTEs instead of 95 FTEs)

Traffic Report: January 2014- Neil Ralston

Passenger enplanements and number of seats offered are down 25% and 29% respectively compared to January 2013. However, the overall load factor for January 2014 was 72%, up from 67% in January 2013.

- Although Alaska Airlines’ January 2014 load factor was 66% (down from 74% in December 2013), February’s load factor appears to be substantially higher (low 80s) than January’s. This could perhaps be attributed to the Marketing campaign started in late December 2013 and extended into February 2014.
- Starting in April 2014, Allegiant Air’s Las Vegas (LAS) frequency will increase to four (4) weekly flights from the current frequency of two (2) weekly flights. With the new service to Phoenix-Mesa Gateway Airport starting on May 15th, Allegiant Air is discussing marketing efforts to launch the new service.

A summary of passenger enplanements, seats and load factors for each airline was provided. *Note: all monthly Traffic Reports are available at www.flyCOS.com.*

B. Operations and Maintenance (Presented by John McGinley)

Operations

- The entrance to the Operations Department has been reconfigured to allow for a reception area where Form Processing and Check In will be conducted as opposed to having that done at the front desk. This has significantly reduced congestion in the lobby area and allowed for a more efficient use of staff in the Operations Department.
- The Communication Center staff has absorbed additional duties by taking over the Maintenance Work Order assignment and processing function previously performed by an Office Specialist who retired. This position will not be filled as a result of these duties being absorbed by the Operations Department.
- Airport staff has had several discussions with the FAA about the installation of a High Intensity Approach Lighting System with Sequenced Flashing Lights (ALSF-II) for Runway 35R. The installation of this Approach Lighting System would increase the instrument landing capacities of Runway 35R, whose current minimums are $\frac{3}{4}$ mile with a decision height of 200’ AGL. The ALSF-II would allow pilots to make approaches with a Runway Visual Range (RVR) of 1,200’ or better and descend to a decision height of 100’ AGL. After many discussions and several flight

cancellation issues during the months of January and February due to a combination of weather conditions and existing equipment reliability, there appears to be support for the project from the FAA. Airport staff is confident that COS will get an Approach Lighting System for Runway 35R; however, management hopes that it will be an ASLF system as opposed to a less-capable Medium Intensity Approach Lighting System with Runway Alignment Indicator Lights (MALSR) system.

Maintenance

- Airport Field Maintenance staff is still performing landscaping and xeriscaping work on the airfield. This work will be completed by June 1st and will contribute in watering cost savings annually.
- Airport Janitorial staff recently took over the cleaning of TSA command center and break area located on the lower level concourse. The cost of this service in labor and materials is approximately \$20,000 per year and will be reimbursed to the Airport by the TSA. This new cleaning service reimbursement will help offset Airport janitorial services costs.
- Starting on April 5th, the Gate 6 area art work will be relocated to the East and West baggage claim areas as part of the new Art Program. This means that all artwork will be moved from the secured/sterile area to the public area, and the Colorado Springs Public Art Commission will now fully administer the overall program with very minimal Airport staff involvement. The Airport has agreed to provide and maintain the art cases and other art equipment without being liable to damage or theft of any art work.

General Aviation

- Planning for the 2014 COS Air Show continues to advance smoothly. Both the Air Boss and the Announcer have been hired; the Air Show website is live (www.pprairshow.org); the Air Show budget is being finalized and the Wings of Blue have committed to start off the show each day.
- The General Aviation pilot briefing is scheduled for April 5th from 9:00am to 12:30pm. Both the Air Traffic Control Tower and the Colorado Springs Airport will provide some Airport updates. Mike Centrich, Senior Products Manager for Jeppesen will give a presentation on Spring Weather Hazards.

Other Business

- The new Airport website is expected to go live by late April or early May.
- Schematic design for the Premier Lounge project has been completed. The 90% design services have begun and will be submitted for review by early May. The project will be ready for bidding by late May.

C. Planning and Development (Presented by Dan Gallagher)

Design and Planning Phase Projects:

- West Side Reinvestment –
 - o The scope of work under this project has been successfully completed under budget. However, some remaining funds must be spent by the Colorado jetCenter as part of the Reinvestment Term Agreement. One project under consideration to use these remaining funds is to rehabilitate the deteriorating roadway entrance/access roadway leading to the jetCenter parking lot.

- Improvements to this roadway infrastructure will also help develop the 15 acre parcel adjacent to the Fountain Hangar (the old terminal building site).
- Rehab of Twy E, G, H Phase V
 - This was originally a 90% vs. 10% grant split agreement. After further discussions with FAA, this is now going to be a 95% vs. 5% grant split. We will be saving 5% on a project costing over \$10M.
 - We anticipate having bids in hand during the first week of April.
 - The project is scheduled to commence in late May and expected to be completed by mid/late October.
- Twy A – Partial Rehab
 - The \$3,000,000 CDOT grant has been fully executed by CDOT (the Airport's share of the project cost is \$333,333).
 - A Notice to Proceed (NTP) has been issued to the Airport, and the latter has in turn issued an NTP to the design consultant on March 11th to begin design services. The project is anticipated to be completed and ready for bidding by June.
- ETU Offices for TSA
 - The construction documents package was finalized and issued with an RFP on March 26th to solicit contractor proposals. With this being a TSA/GSA project, contractors must meet certain criteria in order to obtain the construction documents. This minimizes the pool of potential candidates for this work and could potentially impact the overall cost of the project.
 - With the TSA's request for the Airport to complete nearly all project elements under our contract, the Airport has appropriated just over \$800,000.00, with nearly half of the cost attributed to the Airport and the remaining balance for the TSA. The TSA's cost was originally going to be amortized over the life of the 10-year agreement as a financing lease. However, after further discussion with the GSA, this is now going to be a reimbursable agreement, meaning that the Airport will be fully reimbursed upon completion of work.
 - The TSA has also agreed to pay for an additional 15% of common area space on top of the agreed upon 5,200 sq. ft. usable space, meaning that the Airport will receive an additional 15% in ETU rent revenue for the use of circulation areas, restrooms, etc.

D. Director's Report (Presented by Dan Gallagher)

- The Airport has executed a new reinvestment agreement with SSP America, the company operating the food court and all restaurants at COS Airport.
 - SSP will be making a \$150,000 payment to the Airport for reinvestment in infrastructure to lower Airport utility costs. This payment will be rebated back to SSP at 0% over the term of this agreement.
 - SSP has also agreed to invest \$350,000 towards the food court as a baseline condition even if the Airport does not increase enplanements this year. However, they have also agreed to invest additional funds on top of the \$350,000 depending on the new enplanement milestone reached (for example, 750,000 total enplanements will lead to \$100,000 in additional funds from SSP).
- The Airport has also executed a new reinvestment agreement with Paradies Gift Shops.
 - Paradies will be making a \$150,000 non-rebatable payment. This will more likely go towards cooling towers, chillers and other old equipment that are no longer efficient.
 - Paradies will also be investing approximately \$200,000 into their stores.

- The Airport has sent out its final Car Rental Agreement draft for the Car Rental companies to review. The original agreement was executed nearly 10 years ago when the Airport and the business environment were different from what we have today. The new Car Rental Agreement takes into account the current state of the Airport and the new business environment in which it operates.
- Interviews for the Marketing Manager position are currently being conducted and there are very good candidates coming out of the current pool of interviewees. The Airport hopes to fill this position by mid April.
- The Airport is looking to donate vacant space to the USO as a way to recognize the military community. The USO is working on getting a donor to acquire the funds necessary to design and complete the vacant space in order to get it up and running.
- The first reading of the Council Ordinance regarding the Commercial Aeronautical Zone occurred on March 25th. The ordinance passed on a 6-2 vote count. The Second reading of the ordinance is scheduled for April 8th.

VI. OTHER BUSINESS

Airport Planning and Development Analyst Jerry Dimandja briefly discussed the Business Air Travel Survey results during the Airport Advisory Commission meeting. The survey was created in partnership with the Colorado Springs Regional Business Alliance to gain greater insight into the Pikes Peak region corporate air travel needs. Its results will be used in future Air Service Development discussions with airlines to attract or expand existing services in the Pikes Peak region and potentially attract new ones.

Jerry highlighted the following key findings from the survey:

- 40% of survey respondents indicated making over 25 trips by air annually, with 15% indicating making over 100 trips per year.
- 61% of survey respondents forecasted making the same amount of air travel in 2014, with another 25% expecting more travel this year.
- 33% of survey respondents indicated that there are no formal written travel policies in their organizations and another 44% declared that employees select their own flights within company policy parameters, thus indicating that flight and airline selection is often based on a judgment call by the traveling employee.
- Survey respondents indicated that their top five air travel destinations are Los Angeles, Washington D.C, Chicago, Dallas, and Las Vegas. While COS already has nonstop flights to these destinations, business travelers could benefit from increased frequencies to these cities.
- Nearly 60% of survey respondents are willing to pay a premium of over \$75 more to fly out of COS instead of driving to Denver International Airport (DEN).
- Survey respondents indicated that the top three factors that influence travel decisions are airfare, availability of nonstop flights, and flight frequency.
- When asked about the specific actions the Airport could take to attract a greater share of business travelers, the most frequent response was to add more non-stop flights to additional destinations, followed by more competitive airfare.

VII. COMMISSIONERS' COMMENTS

None

VIII. CHAIRMAN'S COMMENTS

- Chairman Thornton requested for the names and pictures of the three new commissioners as well as Vice Chairman Andy Biancur to be added to the list of Airport Advisory Commission members on the AAC display area on the second floor of the Terminal Building.

- Chairman Thornton made the motion to go into Executive Session for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategies for negotiations and potentially instructing negotiators. After unanimous approval, the meeting proceeded into Executive Session.

IX. ADJOURNMENT

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These minutes were prepared by:

Jerry Dimandja
Airport Planning and Development Analyst
Colorado Springs Airport