



MINUTES
Airport Advisory Commission
April 23, 2014

COMMISSIONERS PRESENT: Dr. Chris Thornton – Chairman
Steven Janitell
Randy Courduff
Dave Elliott
Mark Baker

COMMISSIONERS ABSENT: Tom Hayden
Andrew Biancur

NON-VOTING MEMBERS PRESENT: John Maier – Alternate Commissioner
Rob MacDonald – Pikes Peak Area Council of Governments –
Non-Voting Commissioner
Peggy Littleton - El Paso County Commissioner

NON-VOTING MEMBERS ABSENT: Rob MacDonald – Pikes Peak Area Council of Governments
Jason Harris – Alternate Commissioner

CITY STAFF PRESENT: Dan Gallagher – Direction of Aviation
Neil Ralston - Interim Assistant Director of Aviation, P&D
June Eveland – Accounting Manager
Lindsay Rose – 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
Steve Sisa – Northrop Grumman

The next meeting is Wednesday May 28, 2014

I. APPROVAL OF THE MARCH 26, 2014 MINUTES

Chairman Thornton asked for approval of the March 26, 2014 Airport Advisory Commission minutes. 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
Steve Sisa – Northrop Grumman

III. PUBLIC COMMENT

None

IV. NEW BUSINESS

A. Land Use Review – Neil Ralston

- **Item #1 – AR-PUD 12-00601-A1MN14, AR FP 14-00109, AR FP 14-00110**
- **Item #2 – AR DP 14-00106, AR NV 14-00107**
- **Item #3 – CR-14-001**

Airport staff reviewed three new land use items in February: Items #1 and #2 in the City and Item #3 in the County.

Airport staff made a no objection recommendation for all three 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 Courduff made the motion to accept airport staff's no objection recommendation for all three items, which was then seconded by Commissioner Baker. There were no objections or suggestions and all three items were unanimously approved.

V. STAFF REPORTS

A. Finance and Administration

Traffic Report: February 2014 – Neil Ralston

Passenger enplanements and number of seats offered are down 24% and 28% respectively compared to February 2013. However, the overall load factor for February 2014 was 72%, up from 68% in February 2013.

- Alaska Airlines' February 2014 load factor was 83% (a nearly 20% increase from January 2014's load factor of 66%). This could be attributed to the Marketing campaign started in late December 2013 and extended into late February 2014. Alaska Airlines' preliminary traffic data for March

2014 indicate load factors in the mid 80s, showing a continuous increase from month to month since January 2014.

- Starting April 24, 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 twice weekly new service to Phoenix-Mesa Gateway Airport starting on May 15th, Allegiant Air is discussing co-operative marketing efforts to launch the new service.

A summary of passenger enplanements, seats and load factors for each airline was provided, along with a summary of freight and mail as well as aircraft operations. All monthly Traffic Reports are available at www.flyCOS.com.

Commissioner Baker asked whether weather issues we experienced this winter contributed to the decrease in load factor for some of the airlines serving our airport. Neil responded to his inquiry and said that weather-related cancellations and delays could contribute to a decrease in load factor. However, this contribution is not significant enough to account for a major load factor decline. The latter primarily has to do with a decrease in scheduled seats.

Commissioner Littleton asked Airport staff to help her understand why air carriers such as United Airlines do not lower their airfares in order to fill their airplanes flying from Colorado Springs to various large hub airports throughout the country. Dan Gallagher responded to her and said that legacy carriers operating at spoke airports such as COS Airport do not often sell low airfare to a passenger whose final destination is a large hub airport. They instead prefer to sell them to a passenger traveling to an international destination by connecting through a large hub airport. That is because they make very high yields from passengers traveling to international destinations as opposed to the ones stopping at a large hub airport. An air carrier like United Airlines would rather fly a half-empty aircraft comprised of high yield passengers as opposed to flying a nearly full aircraft comprised of low yield travelers. That is the reason why they do not always fill their seats.

Finance Report: February 2014 – June Eveland

June started her financial report presentation by saying that Commissioner Baker's suggestion from the last Airport Advisory Commission meeting about including the post-refinancing revised budget numbers in the monthly financial report was accepted and acted upon by Airport staff. The February 2014 report depict more accurately our actual versus budgeted revenues and expenses, with much lower variances than the ones depicted in previous financial reports.

- Earned revenue is reported to be 3.5% under budget for the month of February and 7.2% under budget year-to-date. This is primarily due to below budget Airport terminal building square footage rental as well as a drop in parking activity.
- Expenditures are 2.9% over budget for the month of February and 6.3% over budget year-to-date. This is primarily due to an increase in Deicing Chemical spending and fuel usage during this winter season.
- 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). In addition to payroll, the Airport has also seen savings in parking management costs due to lower parking staff levels.

B. Operations and Maintenance – Dan Gallagher (on behalf of John McGinley)

- The former Gate 6 area Art work has officially been relocated to the East and West baggage claim areas as part of the new Art program. This means that the art work has been placed in a public, rent-free area as opposed to being in a rentable space that the airlines were paying for. The new Art program will be fully managed by the Colorado Springs Public Art Commission with very minimal

Airport staff involvement. The Airport will assist with installing some light fixtures to help illuminate the new Art work location.

- According to an internal analysis of the landscaping and xeriscaping work we began last year, we have saved approximately 1.7M cubic feet of water (12.7M gallons), which equates to approximately \$77,000 in watering cost savings annually. This work will be completed by June 1, 2014.
- Our snow removal expenses are \$175,000 over budget due to the tough winter season we have experienced this year, and we anticipate these expenses to be over \$175,000 by the end of the year. Although these expenses affect our overall airport costs, we believe they are important in order to keep our airfields and parking lots safe for our airport users.
- Airport management has initiated a series of 2015 budget meetings with the participation of every single airport employee in small groups to inform them about our 2015 budget goals and solicit input on what the airport can do to assist in meeting Mayor Bach's overall goals to create or improve jobs, build community and transform government. Airport management is very pleased with staff's participation in giving ideas to assist in operating the airport more effectively and efficiently.
- The Airport is still operating the Baggage Handling System (BHS) internally, and Airport management is very pleased with the way airport staff is managing this system. However, the BHS project is not fully completed and the remaining funds from the project have not yet been utilized. Both the TSA and the Airport were investigating the opportunity to build an oversized bag belt system to accommodate the large bags (bags or any item longer than 47 inches) that the screening machines cannot scan. However, oversized bags do not cause a big enough problem to justify the expenditure of these remaining funds on an oversized baggage system (20 oversized bags per day on average). The Airport will reengage with the TSA if oversized bags become a major issue.
- Continuous escalator outages have led the Airport to conduct a thorough evaluation of all facility systems and structures (i.e. elevators, chillers, air handlers, terminal building and field shops roofs, etc). This evaluation revealed that many of our facility infrastructures are old and in very bad condition (i.e. our escalators are over 20 years old), which explains the reason why they continuously break down. This internal evaluation also indicated the fact that our facility systems and structures have not been included in our Capital Improvement Plan (CIP) for the past 20 years, nor are they reflected in our 10 year CIP projection. Only airfield projects have been included in our CIP. Therefore, the Airport is developing a comprehensive systems and structures plan to replace aging and malfunctioning infrastructure inside our terminal building. This plan will then be integrated into our airfield CIP in order to create a robust CIP comprised of both airfield and terminal building projects. Current escalator outages have been intentionally planned for predictive maintenance purposes in order to prevent them from breaking down in the near future.

C. Planning and Development – Neil Ralston

Design and Planning Phase Projects:

- Rehab of Twy E, G, H Phase V
 - o Two bids were received on April 2, 2014. Interstate Highway Construction (IHC) was the lowest responsive, responsible bidder, and a notice of contract award was given to this contractor on April 17, 2014.
 - o The Airport anticipates having an executed contract by May 9, 2014, and the issuance of an administrative Notice to Proceed by May 12, 2014.
 - o The first phase of this project consists of the airfield paint markings removal and re-striping on Runway 17R-35L. This will require the closure of Runway 17R-35L and portions of Taxiway A and Taxiway C for 24 calendar days (3 ½ weeks) starting from May 27th through June 19th, 2014. Access to Runways 13-31 and 17L-35R will be provided via Runway crossing points at Taxiways A1 and A4 during the closure of Runway 17R-35L.

- Phase 2 of E, G and H Phase V will begin immediately after Phase 1 completion for duration of approximately 110 calendar days starting on June 19th through October 6th, 2014. Work on this phase will consist of the reconstruction of Taxiway E5 outside of the Safety Area of Runway 17L-35R and approximately a 2,372 Linear-Foot portion of Taxiway E between TWY E4 and TWY E6. Runway 17L-35R will remain open during this phase in a back-taxi configuration.
 - The last phase of E, G and H Phase V will begin immediately after the Phase 2 completion for duration of 18 calendar days starting on October 6th through October 24th, 2014. It consists of the re-striping of airfield markings on Runway 17L-35R. This phase will require the closure of Runway 17L-35R, Taxiway F (north of TWY B) and portions of Taxiway E for the entire duration. However, TWY E (south of Taxiway B) to the A/DACG will remain open during this phase.
 - The Airport anticipates a grant from the FAA as early as mid-May 2014.
- Twy A – Partial Rehab
- Design field services (topographical surveying and geotechnical investigation) were completed during the week of April 7th, 2014, and Airport staff anticipates the submittal of the 50% design plans by April 25th, 2014.
 - Preliminary schedule calls for construction to begin in early August and continue through mid-November.
 - An Airfield Construction Projects Informational Briefing will be held for tenants at 4:00pm on Wednesday, April 30, 2014 at the COSA Hangar (former WestPac Hangar) where Airport staff will be discussing upcoming construction projects and airport events and the general impacts they will have on Airfield Operations. Topics of discussion will include the phasing and impacts of the upcoming Runway 17R-35L re-striping, TWY A rehabilitation, and TWY E rehabilitation projects as well as the Pikes Peak Regional Air Show and the Pikes Peak Airstrip Attack Drag Racing Events.
 - In an effort to improve communication between the Airport and its stakeholders, construction projects information and construction activity notices are currently being posted on the Airport's website under the "About the Airport" menu item in the "Airfield Construction Projects" section.
- ETU Offices for TSA
- Proposals from contractors were due on April 23, 2014 at 3:00pm, and contractor selection procedure will be completed by Mid-May via a best-value process.
 - Assuming proposals are within budgeted appropriations, construction is expected to begin in mid-June and be completed by early September.

Dan Gallagher had additional comments regarding the ETU project. He told the Advisory Commission that this project may require additional appropriations from City Council because of two major changes in the original agreement between the Airport and the TSA. These changes are favorable to the Airport and include:

- ✓ The decision to change the lease agreement from a zero cost amortized 10 year financing lease (approximately \$400,000 of TSA cost amortized over 10 years) to a reimbursable agreement based on schedule of values (meaning that the Airport will be reimbursed immediately upon completion of construction work executed on behalf of the TSA).
- ✓ TSA's agreement 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 (which equates to approximately \$25,000) for the use of circulation areas, restrooms, etc).

Because of the additional scope of work the TSA has requested the Airport to execute on its behalf as a result of these changes, there may be a need to request additional appropriations from City Council if contractor proposed costs are not within current appropriations.

D. Director's Report – Dan Gallagher

- The Airport has finally filled the Marketing and Communication Manager position. The Airport plans to make an official announcement on the week of April 28, 2014 to introduce and welcome the new employee.
- Dan will be attending an Allegiant Conference with John Schulz, Airport Financial and Administration Analyst, where they will be discussing potential markets that Allegiant Air could serve out of COS. Dan was also asked by Allegiant Air to speak to other airports about different ways they could reduce costs in order to solicit additional air service from air carriers.
- The Airport met with the Colorado Aeronautical Board (CAB) later last month to discuss the State Infrastructure Bank (SIB) loan application, and the latter was unanimously approved by the board. The Airport is now waiting for a review of the application first by the SIB committee, and then on May 15, 2014 by the Transportation Committee. The amount requested for the loan is \$2.3M at a 2.5% interest rate, with no reserves required. With this loan, the Airport will be able to pay back its PFC deficit and potentially lower the airlines' costs.
- Dan announced that after many discussions between The Airport and the United Service Organizations (USO), both parties have agreed to install a USO center at the Colorado Springs Airport. The Airport will be repurposing some vacant baggage service offices in the West Baggage Claim area and donating them to the USO. The latter found a donor and will be renovating the space starting in May 2014.

VI. OTHER BUSINESS

There was no other business discussed during the meeting.

VII. COMMISSIONERS' COMMENTS

None

VIII. CHAIRMAN'S COMMENTS

- Chairman Thornton thanked the commissioners for all their work and support in assisting with various airport-related initiatives outside the monthly Airport Advisory Commission meetings.
- Chairman Thornton also mentioned a conversation he had with Councilman Merv Bennett about setting up a meeting between Airport Staff, Airport Advisory Commission and City Council representatives to discuss commissioners' roles and responsibilities vis-à-vis City Council. Mr. Thornton will work out the details and preparations of this potential meeting and update the rest of the commissioners on his progress.
- Lindsay Rose told commissioners that in light of recent discussions about various written materials that commissioners receive once appointed to the Airport Advisory Commission, she has volunteered to assist in updating and organizing those materials for the commissioners.
- Ms. Rose is also preparing an informational presentation for the commissioners to inform them of their roles, responsibilities, obligations and expectations in the Airport Advisory Commission.

Dan Gallagher reminded commissioners of the tri-annual emergency exercise scheduled for May 8, 2014 at the Colorado Springs Airport. John McGinley will be sending out reminders for those who are interested in participating in this year's exercise.

IX. ADJOURNMENT

No further business was presented to the commission, and the meeting was adjourned at 4:15pm.

These minutes were prepared by:

Jerry Dimandja
Airport Planning and Development Analyst
Colorado Springs Airport