



MINUTES
Airport Advisory Commission
August 23, 2011

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

COMMISSIONERS ABSENT: None

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

NON-VOTING MEMBERS ABSENT: Peggy Littleton, El Paso County Commissioner

CITY STAFF PRESENT: Mark Earle, Director of Aviation
Gisela Shanahan, Asst. Director, Finance & Administration
John McGinley, Asst. Director, Operations & Maintenance
Dan Gallagher, Asst. Director, Planning & Development
Neil Ralston, Airport Planning & Development Manager
Agnes Blachut, Airport Public Affairs Administrator
Dana Jackson, Airport Sr. Office Specialist

CITY STAFF ABSENT: None

GUESTS PRESENT: Kelly Jackson, Air Service Development Analyst
Mary McElderry, Airport Accounting Manager
Erik Anderson, Airport Financial Analyst
Patrick Bowman, Airport Intern
Sgt. Matt Harrell, COS PD
Alex McKean, RS&H (Reynolds, Smith & Hills)
Steve Janitell, JHW (Janitell, Hammond & Watson) and PPA
(Pikes Peak Aviation)

Next meeting is Tuesday, September 27, 2011.

- **APPROVAL OF THE JULY 26, 2011 MINUTES**

Chairman W. Miller asked for approval of the July 26, 2011 Airport Advisory Commission minutes; no objections; minutes were approved as submitted.

- **PUBLIC OR CITIZEN GROUP COMMENTS**

None

- **NEW BUSINESS**

→ **Land Use Review – Neil Ralston**

- **Item #1 CPC MP 10-00089-A1MN11**
- **Item #2 AR DP 11-00375/AR FP 11-00376**
- **Item #3 CPC PUZ 11-00083/ CPC PUD 11-00084/AR FP 11-00372**
- **Item #4 SF-11-005**

Airport staff reviewed four new land use items, three in the City of Colorado Springs and one in the County. Staff did not recommend any objections to any of the items. In addition staff is prepared to make a no objection recommendation to Item #3, which was tabled from May 2011 and Item #3 tabled from June 2011.

One item remains tabled from a previous meeting (Item #4 from July 2010).

After a brief review and discussion of the two items from May and June 2011, a motion was made by Commissioner Thornton to approve all six land use items per staff recommendation; it was carried by unanimous vote.

→ **2010 Financial Statement Review – Gisela Shanahan**

Gisela referred to the 2010 Financial Statement notebook audited and prepared by the City and the Airport's auditor, BONDI & Co. After an audit report has been submitted they are provided to a variety of agencies i.e. the FAA, bond holders and the Federal Reserve to name a few. The audit proved to be clean with no findings.

Gisela highlighted the Airport Activities from 2008-2010 which included decreases in Enplaned Passengers, Aircraft Operations, Landed Weight and Deplaned Freight and Mail.

Financial Highlights include operating revenues declined by approximately \$2M due to management's decision to reduce airline rates and charges. Operating expenses increased by 3.1% as a result of an increase in non-capitalized expenditures.

Financial Position Summary table shows current assets down from \$44.5M to \$44M for cash and accounts receivables. Current liabilities is up from \$8.5M in 2009 to \$9.8M in 2010, which is driven by outstanding invoices that still need to be paid from our ongoing construction projects, which fluctuates yearly.

Management made a conscious effort to reduce expenditures; therefore landing fees (per 1,000 lbs MGLW) were reduced from \$2.41 (2009) to \$2.10 (2010). The net revenue shared with the airlines was \$1.1M in 2010, compared to the \$1.6M we shared in 2009.

Passenger Facility Charges – we are still at a \$3.00 PFC and have collected a total of \$59.4M, in 2010.

Customer Facility Charges – the collection rate has remained the same since 1994, which is \$1.50 per rental car.

Gisela reviewed the breakdown of the major categories in Operating Revenues and Other Income. Total operating revenue decreased by \$2M, which was primarily due to a decline in airline revenue as a result of lower rates and charges in 2010, compared to 2009.

Long-Term Debt – currently we have 3 series of outstanding bonds, which are 2007A, 2007B and 2002A. The Airport ratings have remained the same and are still at A- and A3.

Gisela reviewed the Balance Sheets, Statements of Revenues, Statements of Cash Flows and the remainder of the financial notebook.

→ **Airport Service Update (Leakage Analysis) – Gisela Shanahan**

Mark introduced the presentation, saying that we have received the results of a Leakage study, produced by Seabury APG, a company that provides us with a broad range of analytical services related to the airline recruitment. The Leakage/Study looks at the overall market of Colorado Springs and Denver and provides us with an analysis of airport choices made by people who purchased tickets in this area. This particular tool is utilized by the airlines in their assessment of opportunities in our market, and it gives us a better understanding of the marketing opportunities that may lie within the region. A study like this really comes into play when we are talking to the airlines about service in our market.

Gisela launched the Leakage Analysis PowerPoint presentation. Currently, COS is retaining more than 55% of the traffic in its primary catchment area, which is a favorable result despite the competition of DEN. This study took the January – December 2010 bookings in our area, so it is very current information. COS retains the local military traffic from three of the four military bases, the exception is the USAFA which tends to use DEN more often. Discussion ensued about the military traffic, per diem and ticket costs. Future Opportunities include the possibility of COS winning passengers in the “DEN Battle” area (the area between Colorado Springs and Denver) and communities to the south, to include Pueblo and areas East and West.

Methodology - ARC is the Airline Reporting Corporation owned and used exclusively by the airlines. ARC ticketing data contains information that includes the following: origin, ticketing date, destination, travel date, dominant airline, service class and zip code. The analysis captured bookings made within 150 mile radius of COS which included 800,000 tickets. Seabury analyzed Online Travel Agent (OTA) data with Traditional Travel Agent (TTA) data which resulted in an 87% larger sample size vs. only using TTA.

Commissioner Elliott inquired how Pueblo’s EAS status affects this analysis. Gisela responded that it gives choices to passengers in Pueblo that they otherwise would not have, the cost of the service is low because it’s subsidized and it allows passengers to connect into Denver at a very low cost. Mark stated Pueblo’s flying is small in the overall grand scheme of things, and is not a significant factor. Mark clarified how EAS originated and its justification.

Findings – bookings by catchment area are as follows: DEN Natural area 81.8%, COS Primary 8.3%, DEN Battle 7.5% and COS Secondary 1.5% and Other Airports 1%. 55% of passengers that are booking are living in the COS Primary area, 30% are in the DEN Battle area and 10% are in the DEN Natural area. The Commissioners inquired about why travelers are utilizing the COS vs. the DEN. Commissioners and staff made some speculations and discussed the possibilities of why passengers were using COS over DEN. Gisela pointed out that this report does not give us the “why” it only gives us the “how many”.

Quarterly, the COS trends are fairly steady and are consistent with the seasons.

Impact – COS captures 55.1%, which equates to more than half the traffic from its primary catchment area with DEN capturing the majority of the remaining share. Therefore COS is leaking 44.9%. The military bookings are a significant portion of our market; roughly 8% which is only the business traffic driven by zip code on base. However, it does not capture the military families, active duty and contractors that are booking from home for leisure travel. Peterson and Schriever use COS 76% of the time, Fort Carson 65% and USAFA 38%. Mark pointed out that it is interesting that Fort Carson is not using COS as much as Peterson and Schriever. Commissioner Thornton stated that his contacts at Schriever AFB are being told to use DEN, but he will find out more specifics and report back. Mark replied that people have a decision to make based on price and their situation, but we would like to get passengers to look at both COS and DEN each time they book a ticket because a lot of times our level of service and pricing is comparable. Fort Carson also uses a different travel agency than the other military installations. Commissioner W. Miller would like for staff to come back next month and report any results from consultations with the military bases.

Commissioner Patterson asked if we track sports team travel. Mark replied that we do not however; we have seen several sports team pass through COS. We have had conversations with the USOC; they are committed and supportive of the airport but it depends on cost and non-stop destinations.

Overall leakage of outbound COS traffic from its Primary catchment totals 580 lost passengers per day each way (PDEW); rising to 984 when inbound leakage is included.

Bottom line – The Leakage Analysis proves this market can sustain more service than it currently has, identifies which market those potentially would be and it helps us identify which airlines are a good match for those markets. Mark added that it's only a small part of the overall equation; the passengers are here in this market if airlines put the right service in place. The problem for the airlines is what type of equipment to use and does it hurt their profits in DEN when it comes to cannibalizing their system. The cost consideration is also a factor; this market is served by regional carriers and is using some of the higher cost regional aircraft especially when dealing with the 50 seaters. All of the factors go into consideration and then the airlines make a final decision.

In the interest of time Commissioner J. Miller suggested reviewing the Traffic and Finance Report individually since we had a comprehensive Financial Report briefing. There were no objections, so the Traffic & Finance Report will be delivered next month.

- **STAFF REPORTS**

- **Traffic Report & Finance Report – forego this month**

- **Operations and Maintenance – John McGinley**

Our Federal Security Director (FSD), Jim Shear, has been on temporary assignment since June, at DEN. We just heard this week that Jim Shear has been permanently assigned to DEN. We have been working with acting FSD Dennis Woods and will continue working with him until we hear of a permanent FSD for COS.

- **Operations**

- Working with Cutter Aviation to coordinate the TBM Conference scheduled for next week (Wednesday – Saturday)
 - Expecting 60-75 aircraft for this event; will park on the west ramp
 - Cutter will meet the conference participants on the ramp and transport them to Cheyenne Mountain Conference Resort, where the event will take place

Maintenance

- We conducted our first snow meeting
- Field crews are painting on the ramp
- Repairs to empty planter pots on the west side, upper level

GA

- Airport Ops Group Social – Wednesday, August 31st at 5:00 pm; hosted by Dick Janitell at the JHW Hangar Complex
- Colorado Balloon Classic – Labor Day weekend
- In Their Honor Air Show – Butts Army Airfield at Fort Carson on September 24th and 25th
- Independence Aviation – New flight school at the airport; primary clientele and aircraft they train on is Cirrus. They are a Cirrus Platinum Partner training facility; one of only 9 in the world.
 - They also rent and manage aircraft
 - They are sharing space with Colorado Vertical at Colorado JetCenter

Minimum Standards Program

- We have had about 10 meetings, with tenants these past few weeks. We've received positive comments about the program. We've made some slight adjustments, but there are no major policy changes in the document. We are concentrating on permitting tenants at this time. We have not set a date for compliance with the program, which will probably be set at the end of the year.

→ **Planning and Development – Dan Gallagher**

DAR Project

- DAR – All the paving operations are complete, the contractor is completing the installation of the traffic signal caissons at the intersections. Since the project came in below budget we have added 1/3 more work to the overall project. We were able to build 12 lane miles, add street lights and utilities all while finishing a month early. The roadway will open on September 15, 2011.

Consolidated Terminal Expansion/Renovation Project Summary

- Consolidated Terminal Improvement Program – The demolition phase has begun for both the Checked Baggage Inspection System (CBIS) and Security Screening Checkpoint Expansion (SSCP). The contractor is currently relocating utilities.
- We have selected the Baggage Handling System (BHS) contractor which has come in 35% below the estimate.

→ **Director's Report – Mark Earle**

Media

- Fox News Station did an excellent report on air service; looking at the impact on small to medium sized airports with the capacity cuts. The Gazette is putting together the same type of report; it will be published in Sunday's newspaper. The Independent is also working on a story based on projects. We discussed with the reporter where our funding on capital projects originates and the fact that we are able to provide jobs despite the economic downturn.

• **OTHER BUSINESS**

Election of Officers

Commissioner Patterson withdrew his consideration for Chairman and Vice Chairman; therefore Chairman W. Miller is running unopposed. Commissioner J. Miller passed out ballots. Commissioner J. Miller and Commissioner Elliott counted the votes, the outcome is as follows:

Chairman – W. Miller
Vice Chairman – Dr. Pat Boone

- **CHAIRMAN'S COMMENTS**

Commissioner J. Miller acknowledged it was his last meeting; it was a pleasure serving with you all. Mark added that he appreciated Commissioner J. Miller's service and time to the Commission. We consider everyone who's ever served on the Commission as an asset and we plan to stay in touch. Commissioner W. Miller presented Commissioner J. Miller with a token of appreciation. Steve Janitell was recognized as the new Alternate Commissioner.

Agnes explained the badge renewal packets that were placed on the Commissioner's place settings.

AIRPORT STAFF ACTION ITEMS

Action Item	Assigned To	Status
Report results from consultations with the military bases	Staff	Will provide updates when new info exists.
Email Leakage Analysis to Commissioners	Gisela	Checking with consultants
Email Fox News Report to Commissioners	Agnes	Emailed 8/24/2011
Email the number of jobs we are providing with the Capital Improvement Projects	Dan	Working with staff to compile numbers
Email badge renewal packet instructions to the Commissioners	Agnes	Emailed 8/24/2011

Minutes respectfully submitted by:
Dana Jackson, Airport Sr. Office Specialist