



MINUTES
Airport Advisory Commission
April 24, 2012

COMMISSIONERS PRESENT: Wally Miller – Chairman
Dr. Pat Boone – Vice Chairman
Dave Elliott
Tom Hayden
Steve Janitell
Dr. Chris Thornton

COMMISSIONERS ABSENT: Randy Courduff

NON-VOTING MEMBERS PRESENT: Andrew Biancur, 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, Planning & Development Analyst

CITY STAFF ABSENT: None

GUESTS PRESENT: Sam Abriani, Airport Intern
Alex McKean, RS&H (Reynolds, Smith & Hills)
Wayne Heilman, Gazette

Next meeting is Tuesday, May 22, 2012

- **APPROVAL OF THE MARCH 27, 2012 MINUTES**

Chairman Miller asked for approval of the March 27, 2012 Airport Advisory Commission minutes; no objections; minutes were approved as submitted.

- **PUBLIC COMMENTS**

None

- **NEW BUSINESS**

→ **Land Use Review – Neil Ralston**

- **Item #1 CPC MP 12-00034/ CPC ZC 12-00033/ CPC A 09-00103/ CPC A 12-00001**

Airport staff reviewed one new land use item, in the City of Colorado Springs. Staff did not recommend any objections to this item.

Two items remains tabled from previous meetings (Item #4 from July 2010 and Item #3 from March 2012).

A motion was made by Commissioner Thornton to approve the land use item per staff recommendation; the motion was seconded by Commissioner Boone; it was carried by unanimous vote.

→ **Fuel Farm Operations – Gisela Shanahan & John McGinley**

As a follow up to questions that were posed at a previous AAC meeting, a presentation was prepared to clarify logistics and revenue from the fuel farms at COS. John began by identifying commercial fuel farms at COS, which include Colorado jetCenter, Cutter Aviation and JHW Investments. Colorado jetCenter provides Jet A, 100LL, Diesel and Unleaded. Both Cutter Aviation and JHW Investments offer Jet A and 100LL. Each fuel farm has different ways of putting additives into the fuel. John pointed out the fuel farm locations and vendor fuel suppliers on a map within the presentation.

Mark offered background information. Valero was looking for a way to get a pipeline to this area at about the same time the airport and the airlines were concerned about the reliability of the fuel supply for the air carriers to this airport. The overall solution was Valero creating a pipeline that comes to a terminal on airport property and then transfers through private infrastructure directly to fuel farms as needed. Essentially it weather proofs the entire chain from the refinery to the fuel farms for air carriers. In order to make the deal cost effective for Valero, the terminal serves all of their needs in this area; however one tank is dedicated to Jet A fuel.

Discussion ensued between staff and the commissioners about the pipeline and Mark clarified that the airport never owns the fuel. COS leased the property for the private infrastructure in order for the airlines to obtain fuel through the fuel farms.

Gisela discussed the Colorado sales and excise tax on aviation fuel. Colorado has segmented fuel sales into two categories – commercial carriers and general aviation. On the commercial side the state charges a sales tax only on jet fuel related to commercial aviation activities, which has been at 2.9% for some time. The excise tax is charged on jet fuel that is not related to scheduled carrier activity and on any general aviation activity. 100% of the revenue collected from aviation fuel sales tax in the state goes back into the aviation system. The sales tax portion - 35% of the total collected- is used to fund the state aviation division. The remainder (65%) is then distributed back to airports in Colorado through the states grant program. The individual airlines are responsible for reporting and paying the sales tax.

Gisela summarized COS has collected a total of \$6.1M (\$5.1M from sales tax and \$1M from excise tax) in fuel tax revenue from 2003-2012, which averages to approximately \$800K a year. When fuel costs rise, sales tax revenue increases dramatically.

Mark offered that the airlines have argued the state system is receiving a windfall when fuel prices spike because the sales tax is calculated as a fixed percentage of total sales. The state aviation division has argued that there are times when there is a windfall and times when prices fall and revenues are depressed—but overall, it is a fair system. Should there be a change in the way the tax is collected, the impact on COS would be minimal as the revenue that we receive from the state is only a fraction of our overall capital improvement program. However, it would be a significant blow for the smaller communities around the state that rely on the State aviation grant program for virtually all of their airport capital improvement needs.

- **STAFF REPORTS**

- ➔ **Traffic Report & Finance Report (February) – Gisela Shanahan**

Traffic Report

- **Enplanements** – We are flat for the month; year-to-date we are 4.6% lower than last year which is related to the difference in the Allegiant service. There were also some interesting trends when it came to weather and cancellations.
- **Seats Available** – Down 1.8% for the month and flat year-to-date.
- **Load Factors** – Up by 1% for the month which reflects slightly less capacity but a few more passengers on the planes, thus translating into higher load factors; Down 1% year-to-date.
- **Landed Weight** – Down 2.5% for the month and down 3.6% year-to-date.
- **Freight and Mail** – Up 37% for the month on the civilian side.
- **Military Cargo** – Up 71.8% on the military side, for the month.
- **Aircraft Operations** – Down 6.3% for the month of February and down 10.2% year-to-date.

Finance Report

- **Earned Revenue vs. Budgeted** – Down 4.5% overall, which is where we expect to be due to the season (January and February are the lowest passenger traffic months).
- **Revenue vs. Actual Revenue** – Up 5.2% year-to-date. The airline category is down 9.8%, due to significantly lower airline rates in charges in 2012 vs. 2011. Terminal concessions are basically flat at 0.7% up. Terminal area is up 8.7% primarily due to parking usage. Other building and areas are up 62.6% which is due to timing of the fuel and excise tax payments.
- **Expenditures vs. Budget** – We are spending at a rate of 2.8% less than budgeted for the first 2 months.
- **Actual vs. Actual Expenditures** – We are spending 4% more than the first 2 months last year, which is due to timing of purchases.

Commissioner Miller commended staff for continuing to under spend; meanwhile customer service and terminal facility remain intact, specifically inquiring how we continue to be economical. Mark responded that we are always looking for ways to be frugal. However, we cannot sustain these cost savings forever, as we are deferring some work. Staff takes great pride in the maintenance aspect. We are maintaining older equipment that is getting closer to the end of its useful life and is becoming more expensive to maintain (with the exception of fleet, which has been systematically replaced over the past four years). There will come a time when we will have to spend more money on the capital replacement side rather than the maintenance side. Currently, though, it is a higher priority for us to put our resources into stabilizing rates for the airlines.

➔ **Operations and Maintenance – John McGinley**

Operations

- Ops staff continues to work with me on the badging website.

Maintenance

Landside

- Erosion repairs to stabilize the soil on Milton E. Proby are being conducted, specifically south of the rental car ready area.
- The irrigation systems were turned on in early April.

Airfield

- Airside crews are working on painting, pavement and erosion control.
- We will close down the east runway for two nights next week in order to work on rubber removal

Facility

- We have replaced the sign above the escalators, which was the last sign of the interior signage project.
- Maintenance staff continues to work on the American Airlines area on the east side.
- PLC refurbishment and maintenance work is now complete on Jet Bridge #2.

GA

- We have almost completed meetings with tenants on the west side. There is no specific agenda- the meetings are intended to touch base and keep the lines of communication open. Changes to the badging process were discussed and well received.
- The plan is to assign Operations staff to the west side, every 2 weeks, to offer badging services. The dates will be published; we will try it out this summer to see how it is received.
- A pilot briefing is scheduled for May 12th at 9:00 a.m. in the ETU. Discussion topics includes: ATC and “Thunderstorms, Know How to Steer Clear”.

➔ **Planning and Development – Dan Gallagher**

Construction Phase:

Consolidated Terminal Expansion/Renovation Project Summary

- CBIS (Checked Baggage Inspection System) – Nearly all general contractor components of this portion are now complete. Both the east and west sides of CBIS have been turned over to the BHS contractor. Remaining general contractor work is associated with project elements that could not be completed until east side baggage system demolition occurs. Zone 1 (far west end) is now complete and has been running in pass-through mode (conveyance system) without any problems.

American Airlines and Allegiant will be moving to Zone 1 on May 2nd. Zone 2 will be up and running on May 2nd also.

- SSCP (Security Screening Checkpoint Expansion) – all structural components related to the SSCP are complete Gate 2 has been relocated and installed.
- Integrated Operations and Communication Center Project – fully complete and the Communication Center has been relocated into the new area. The surrounding area is being used as transition space while demolition is under way in the administrative office area.

Rehab of Taxiway E, G and H (Phase III)

- Demolition work and sub-grade preparation are now complete. The aggregate base work is nearing 100% completion. Concrete work is under way at the intersection of Taxiways E and H.

Design Phase:

Old Terminal Demolition & Remodel and Upgrade of the West Aviation Lavatory Triturator

- This is a two phased project; which includes the demolition of the old terminal building and the upgrade and installation of utilities to the lavatory station. Work is expected to begin in June 2012, with a completion date in October 2012.

Rehab of Taxiways M & F

- This project will be bid in late April 2012 with work expected to begin during the summer of 2012.

Pond 700 Outfall Drainage Repair

- The ADACG created more water flow/drainage which has resulted in a significant erosion problem that is undermining some of the structure of the outfall. CH2M Hill is conducting site investigations and flow calculations in order to recommend a solution.

Sand Creek Drainage Erosion

- The channel has destabilized due to erosion problems and a couple of significant rain/flooding events. Site investigations are underway.

CSU Service Road

- Building a service road in coordination with CSU. Coordination with CSU on the design criteria has begun.

Commissioner Miller asked for the Airport Master Plan to be included on the agenda as we move forward.

→ Director's Report – Mark Earle

→ The City's strategic planning process is still evolving. The Airport Advisory Commission will be a big part of the Airport's component of the overall strategic planning process; however, we cannot fully define the Commission's role until the City has finalized its plans for the overall process. City Council and the Mayor's office are in the process of coordinating their efforts, and hope to have a unified strategic planning framework soon. Once that framework has been established, we will have more information to report back to the Commission.

• COMMISSIONERS' COMMENTS

On behalf of the Commission, they wanted to express their gratitude to staff for doing a tremendous job at the Airport.

Commissioner Boone showed appreciation to Wayne (Gazette) for Sunday's article, which outlined Frontier's plan for COS, next steps for additional routes and the overall COS strategy.

Commissioner Boone congratulated Gisela Shanahan and Kelly Jackson for the outstanding Airport program they did for the Hospitality Sales and Marketing Association International meeting recently.

Commissioner MacDonald addressed the Council of Government's long range transportation plan. The Board of Directors is ready to discuss transportation plans for the next 6 years, which includes I-25 and Powers Blvd.

Commissioner MacDonald was asked about the CDOT high speed rail plan and if routes had been selected yet. He will report back to the Commission, once an answer is obtained.

Discussion ensued about the high speed rail technology.

- **CHAIRMAN'S COMMENTS**

None

AIRPORT STAFF ACTION ITEMS

Action Item	Assigned To	Status
Provide link to pilot briefing	Agnes	Emailed 4/25
Tour of Zone 1 and 2 of CBIS and of new Communications Center	Agnes	Scheduled for 5/22

Minutes respectfully submitted by:
Dana Jackson, Planning/ Development Analyst