

YAMPA VALLEY AIRPORT COMMISSION

August 9, 2018 Meeting

MINUTES

The regular meeting of the Yampa Valley Airport Commission (YVAC) was called to order at 6:00 p.m. on Thursday, August 9, 2018 at Yampa Valley Regional Airport, Hayden, CO

YVAC members present:

Janet Fischer – Steamboat Ski & Resort Corp
Steve Frasier – Resident of Routt County
Chris Nichols – Moffatt County/City of Craig
Robin Crossan – Steamboat Springs City Council member
Randy Rudasics – Steamboat Chamber Resorts
Doug Monger – Routt County Commissioner

YVAC members absent:

David Franzel – Resident of Routt County
Dallas Robinson – Representing the Town of Hayden

Others present:

Kevin Booth –YVRA
Dustin Williams - YVRA
Tom Sullivan - Routt County Manager
Pat Burke – Atlantic Aviation
Tracey Rogalski – GoAlpine

I. ORGANIZATIONAL MATTERS

1. **Approval of Minutes – June 7, 2018**

Chris moved to approve the minutes of the June 7, 2018 regular YVAC meeting as amended. Doug seconded the motion. **The motion carried unanimously.**

II. PUBLIC COMMENT

There was no public comment.

III. COMMENTS FROM BOARD MEMBERS

In response to a comment from Steve, Kevin confirmed that the wildfire suppression operations were all staging out of Bob Adams. He added that the Civil Air Patrol also operates out of Bob Adams.

Chris stated that the Craig Chamber is working with the Town of Hayden to clean up the brochure rack at YVRA. Kevin noted that Hayden had redone their logo that is posted on the wall outside the terminal.

Robin noted that the timeline on the interior wall of the airport illustrating the development of YVRA ends at 2010. She suggested that if there is not sufficient room on that wall to update the illustration, it should be continued elsewhere. She also announced

that Stacie hosts a pancake breakfast at Bob Adams every third Saturday of each month. She invited all to attend.

Randy announced that the Steamboat Chamber is undergoing a re-branding. The kick-off event for the new brand and associated materials will be held on September 7th. Regarding the Visitors' Booth at YVRA, Randy said that the Chamber staffs the booth, and that Chamber Ambassadors volunteer their time. The booth is only staffed in the winter.

IV. NEW BUSINESS

1. YVRA Budget, Airport, Capital, Infrastructure & Operations Update

Kevin presented a short summary of the proposed 2019 budget. He noted that all activities at the airport are driven by passenger numbers. He said that the forecasted total number of passengers for 2018 is 103,803. The forecast for 2019 is 102,289. Kevin said that the airlines' cost per enplaned passenger is projected to decrease by 3.5% compared to 2017. The airline cost (YVRA revenue) is projected to be up very slightly. The security fees per passenger will go up from \$2.78 to \$3.03. Kevin stated that the full budget would be presented at the October meeting.

Kevin presented photos documenting the demolition of the Old Administration Building, as well as photos of the ramp expansion and rehabilitation project through day 11 of construction. He noted that this project does not really disrupt aircraft operations, so a temporary fence has been installed while construction is ongoing. He described the process through which the concrete and asphalt being torn out would be recycled, and noted that areas around the airport that asphalt millings are used. The project will run through the end of September.

Kevin presented a conceptual plan for an expansion of the terminal building in 2019, noting that all of it or none of it could happen next year, depending on the availability of funding. The plan is broken down into six schedules, each fulfilling a specific need. Kevin reviewed each of the schedules and presented a site plan and 3-D renderings illustrating the six projects. The total cost of the entire project is projected to be approximately \$6.5 million. Kevin offered three alternatives for funding the work: a) AIP discretionary funding from the FAA with a traditional matching formula (90/5/5) for a cost to YVRA of \$400,000; b) AIP discretionary funding from the FAA using a modified matching formula (80/5/15) for a cost to YVRA of \$1.05 million; and c) AIP entitlement funding, plus a State Infrastructure Bank (SIB) loan, with a cost to YVRA of \$3.6 million. Kevin said that while the 10-year SIB loan would be readily available at a very good rate, the question would be whether it is wise to take on this debt, particularly if the air service tax measure does not pass. He stated that if passenger numbers remain at around the 100,000 level, YVRA will continue to receive about \$1.4 million in entitlement funds each year. He said that the guarantee program is needed even to maintain the current level of enplanements.

In response to a question from Doug, Kevin said that the airlines will be paying rent based on square footage for counter and office space. He described how the ticket counters would be rearranged with the addition of Jet Blue. Kevin said that while a few elements of the proposed terminal expansion project are based on future growth, the majority of the changes are needed now, citing the expansion of the holding rooms in

particular. In response to a question from Steve, Kevin said that the number of passenger enplanements would have to reach 150,000 before the level of entitlement funding would increase significantly. He noted, however, that with increase enplanements, YVRA's revenues from various sources increase but the costs do not go up much. Janet stated that more carriers do not necessarily mean more seats, but additional carriers do add to scheduling options and fare competition. Regarding the use of PFC funding for the proposed changes, Kevin said that this option would have to be sold to the FAA, acknowledging that it is not the best funding option. He said that even if the rest of the project is not accomplished, the expansion of the holding area, which is very much needed, can be done with entitlement funding.

Kevin reviewed the proposal to eliminate the on-site water tanks. He said that the water tanks, which hold approximately 400,000 gallons, are intended for use in firefighting, but are no longer needed due to the Seneca Hill tank. He said that Hayden Public Works Department does not agree with this position because of the Seneca Hill site may have to be taken off-line at some point. Kevin reported that YVRA is having an independent risk assessment performed on the issue.

Kevin reported that twelve representatives of Jet Blue had visited in August. He reviewed that some changes to parking and ticketing will need to be made with the addition of the new airline, and that there are negotiations that need to take place between the airlines. Kevin said that per the terms of the contract, the airlines are allowed 60 days to work out these issues among themselves, and if that fails, the decisions will revert back to him. Kevin said that additional seating has been added to holding areas 4 and 1.

Kevin presented an aerial site plan of the aircraft parking area showing the changes that will be completed this fall. He indicated the changes in the vehicular traffic pattern. He also indicated how the aircraft would move into and out of the area and pointed out the new airline ground equipment storage area.

Doug asked when a decision would need to be made regarding the terminal expansion project. Kevin said that the proposal, and the three funding options, must be submitted to the FAA by October 31st. He said that even if the air service tax ballot measure does not pass he would still make a request to complete schedule 1 (the expansion/connection of holding areas 4 & 5 and the enlargement of the snack bar) using entitlement funding.

2. Atlantic Aviation Update

Pat reviewed the site plan of the new FBO scheduled for construction in 2019. He said that funds for the proposed 18,000 square foot hangar have not been approved, so that project will happen sometime in the future. He said that the geotechnical report had been completed and that the environmental study was underway. The 30% plan should be available in mid-August. Pat stated that the project is still on track to break ground in the spring.

Kevin indicated the fencing, the snow storage area and access points on the FBO site plan. He said that the additional leased area would result in a slight revenue increase for YVRA. Doug asked about the location of the access from CR 51A. Pat said that a sight-distance study would be done to determine the best location, but added that he had recommended locating the access on the knoll for maximum visibility in both directions.

3. Air Service Update

Janet stated that a presentation on the Yes2Air ballot measure was being developed by the campaign committee. The committee will make the presentation to various groups and organizations. She said that the first priority for the campaign was to get the website up and running. The second priority would be fundraising for the campaign. A kick-off event will be held at Alpine Mountain Ranch Clubhouse on August 23rd. The YVAC will be invited.

Janet reviewed the draft slides that will accompany the presentation. She noted that the ballot measure will ask for a 0.2% sales tax (\$0.20 to a \$100 purchase) instead of the 0.25% tax requested last time. The tax would sunset in ten years. The 2011 sales tax sunset period of five years. Janet said that the sales tax would be one of three funding sources: Ski Corp, the Local Marketing District (LMD) and the sales tax. She said that there was some disagreement regarding how much of the proposed sales tax would actually be paid by tourists rather than by locals. Janet added that unlike the 2011 tax, which was earmarked for winter service only, this funding would be available to use for winter and summer service.

YVAC provided feedback on the draft presentation. Kevin suggested that the talking points should include a clarification that the property taxes paid by locals and second home owners in Routt County are used to support the YVRA facility, and do not support the air service program. He also offered that it would important to note that the current air service program is utilizing reserve funds from the sales tax that was discontinued in 2016. Janet said that she wants to be cautious in making claims about the service that can be secured through the flight guarantee program. She said that summer service is difficult to secure even with a contract. She also noted that with the consolidation in the industry, there are only a very limited number of airlines. Doug stated that while it is good to put a positive spin on what can be accomplished if the tax passes, it might also be valuable to address what could happen if it does not, as this question will get asked. Janet said that while some direct air service would remain with the funding from Ski Corp and the LMD, difficult choices would have to be made regarding which flights to support as of the winter season 2019-20. She said that the reserves would be mostly depleted after the winter of 2018-19.

Regarding the upcoming winter flight season, Janet said that the total number of available seats would be flat or slightly down from last year. The schedule will include 15 non-stop flights. Janet reported that the cap on the flight guarantees for the winter and summer seasons would be \$7 million, up from \$5.6 million for last winter. She said that the actual amount paid was \$4.5 million.

Janet reviewed that the Jet Blue flights would serve Boston, Ft. Lauderdale and Long Beach. Via Air will not serve YVRA this year.

Kevin said that the direct flights would begin on December 15th. Jet Blue will be the first airline to come in, with flights from all three cities arriving that day.

V. REPORTS FROM YVAC COMMITTEES

1. Community Outreach and Education

Randy said David had emailed that a presentation to Rotary is scheduled for November 27th. Randy suggested that if the ballot measure passes, it might be worthwhile to hold another open house.

Chris suggested that the Outreach Committee should increase its activity prior to the election. Randy agreed, but noted that the presentations must remain limited to education about the airports and YVAC.

2. Marketing and Planning

No report.

3. Infrastructure and Finance

This committee will meet in September for a detailed review of the budgets to be presented to the full body at the October meeting. Steve asked that David be included in that meeting. Doug noted that Cari would be attending that meeting.

VI. MANAGERS' REPORTS – provided via email

1. Yampa Valley Regional Airport

There were no additional questions regarding Kevin's report.

2. Steamboat Springs Airport

There were no additional questions regarding Stacey's report.

VII. SET DATE FOR NEXT MEETING

The next meeting will be held on October 11, 2018. Robin suggested that in light of the budget presentations, it would be beneficial to arrange for a meeting room with projection capabilities.

VIII. PRELIMINARY AGENDA ITEMS FOR THE AUGUST 2018 YVAC MEETING

- Budget Presentations
- Chamber Re-branding Presentation

IX. ADJOURN MEETING

The YVAC meeting was adjourned at approximately 7:40 p.m.

Minutes Approved: October 11, 2018

By: _____

Steve Frasier, Chairman
Yampa Valley Airport Commission