

Airport Master Plan - Planning Advisory Committee (PAC) Meeting #5

Date: January 15, 2015 - 12:00 pm to 1:30 pm
Location: Recreation Center, Durango
AIP Project: Airport Master Plan
Subject: Alternative Review, Preliminary Financial Analysis, Ne Planning Activity Level

In Attendance:

PAC Members

Linda Bruce, FAA (via phone)	Sheri Rochford-Figgs, STEAM Park
Travis Craig, Vectra Bank	Lee San Miguel, Town of Ignacio
Jim Davis, La Plata County Public Works	Joanne Spina, La Plata County
Gary Derck, Airport Commission	Jim Tencza, La Plata County Planning Commission
Mike Dreyspring, La Plata Electric Association	Pat Vaughn, Southern Ute Growth Fund Real Estate Group
Mike Foutz, FCI Constructors	Tim Walsworth, Business Improvement District
Tom Greenhut, Airport Commission	Bill Webbe, Glacier Club
Al Harper, American Heritage Railways	John Wells, The Wells Group
Bob Kunkel, Durango Area Tourism Office	Bruce Whitehead, Southwest Water Conservation District
Marilyn Lang, Realtor	Christi Zeller, La Plata County Energy Council
Doug Lyon, DATO Board	Tim Zink, Three Springs
Peter Marshall, Double Tree Hotel	
Mary Monroe, Trails 2000	
Ed Morlan, Region 9	
Brian O'Donnell, Conservation Lands Foundation	
Marsha Porter-Norton, Business Owner	

City Staff

Kip Turner
Tony Vicari
Sherri Dugdale
Ariel Wishkovsky

Consulting Team

Hilary Fletcher, Jviation
Dave Nafie, Jviation
Colleen Cummins, Jviation

1. Welcome/Opening Comments

Hilary Fletcher opened the meeting by welcoming members to the PAC. Hilary turned the meeting over to Dave Nafie to begin presentation.

2. PAC Matrix Results Summary

Dave stated the highest ranked alternative was Alternative Three – Construct New Terminal on East Side of Airfield as it had the most votes in the “more ability to meet” ranking for the selection criteria. Alternative Two ranked highest for the “some ability to meet” while Alternative One ranked highest in the “less ability to meet” category.

Discussion:

- ➔ The east side is not in the Durango Fire Protection District (DFPD). The responsible district, Los Pinos, is all volunteer based. Any concerns over response time? DFPD would need to be paid for mutual aid responses outside of their district.
 - Kip Turner responded that the Airport has its own Airport Rescue and Fire Fighting (ARFF) unit which is capable of handling most issues/events. However, we also recognize and appreciate the support that the Durango Fire District offers for major accidents and events and want to preserve that support, therefore we are looking into the possibility of having the east side of the runway rezoned to allow that support to continue for all of the airport property rather than just a portion as currently zoned today.

3. FAA Discussion

Dave noted that the FAA was asked what level of funding could be expected for each alternative so that the financial impact to the local community could be measured. The FAA indicated that funding requests of up to \$35-\$40 million would be reasonable and chances funding increase when local and other funding are equal to FAA's.

Discussion:

- ➔ Please explain how the potential \$35-40 million in FAA funding could be used. Identify the specific line items that could be eligible (taxiway, roadway, terminal, etc.).
 - The FAA is allowed to contribute up to \$20 million for a non-hub airport terminal such as Durango. The other funding would be put towards eligible items such as apron and taxiways (including site preparation). Jet bridges are something that may be funded but are not guaranteed to receive funding based on priority.
- ➔ Will FAA dollars be available up front, or will it be phased/deferred? Would future phasing be eligible for FAA funding?
 - FAA funding is available for eligible items and would be granted in a timely manner.

- Yes, future items would be eligible for funding based upon typical FAA eligible funding guidelines.

4. New Planning Activity Level (PAL) Zero

Dave revealed that based upon comments received at last PAC meeting, Airport Commission meeting, and public outreach, as well as the FAA funding discussion, a new planning activity level has been developed. The new level, PAL Zero, provides the ability to remain within an \$80-\$90 million budget.

Discussion:

- ➔ What compromises being made at PAL 0 vs. PAL 1 might affect the ability to attract additional air service?
 - Total boarding gates available
 - Apron space available
- ➔ Will FAA funding be all upfront for PAL 0 or PAL 1 and remainder be local?
 - The Airport would continue to receive FAA funding for eligible items after the initial construction (PAL 0 or PAL 1).
- ➔ Is it anticipated that building incrementally would increase the total cost?
 - It may as prices do increase overtime. Costs for this analysis were all based on today's dollars.

5. Local Investment

La Plata County completed a preliminary financial analysis for local investment based upon FAA's anticipated funding level and estimated PAL 0 costs for Alternative 3. The local investment per residential property (valued at \$350,000) would range between \$36 and \$54 per year while cost per commercial property (valued at \$1 million) would range between \$375 and \$562 per year.

Discussion:

- ➔ Is the relationship between residential and commercial property dependent or independent?
 - They are dependent.
- ➔ Do other sources of funding exist besides FAA and local?
 - Yes, Colorado Department of Transportation (CDOT) funds may be available, as well as airport revenues (Passenger Facility Charges, Concession Facility Charges, etc.).
- ➔ Has the revenue from the existing terminal been considered?
 - No, not at this point, but will be reviewed during the financial analysis. The US Forest Service and existing FBO have both expressed interest.
- ➔ What are the current funding arrangements between the Airport, City, and County?
 - There are not any existing agreements as the Airport operates independently as an enterprise fund. All operating costs are funded from airport revenue.

- If new available commercial property becomes available on the west because the terminal moves are there limits on business types?
 - Higher priority is placed on aeronautical use/businesses but leasing to non-aeronautical business would be possible, typically done on a temporary basis.

6. Implementation Strategy

Dave reviewed the initial budget of \$80-\$90 million and noted the deferred elements would be included in the Airport's Capital Improvement Program (CIP) as additional funding is identified and individual projects are warranted. Dave also re-emphasized the residential property tax burden of \$36 - \$54 per property.

Discussion:

- How many parking spaces are factored into PAL 0?
 - A total of 1,500 spaces are included which is a 400 space increase over existing.
- Suggest you include commercial tax burden if showing implementation strategy to public as the oil and gas industry pays somewhere in the neighborhood of 60% of commercial property tax in the region. This industry will need to know their tax burden under any proposed ballot measure.
- The current interest rate environment will allow you to yield drastically higher values off of a 2 mill levy. The assumption of a 5% interest rate is too high. With historically low interest rates in place, the sooner the better in terms of issuing debt.
- Will the interest rate assumption be changed to reflect a lower rate? The 5% value is excessively conservative.
 - The County opted to take a very conservative approach when calculating the interest rate and mill levy because it won't be going to bond immediately. Also, it is better to show a higher rate now and it turns out to be lower than vice versa.
- Government moves slowly. Would it be possible to tighten up timeframe to ensure that the low interest rates are captured?
 - Should the vote turn out favorable the County and Airport will do what is possible to move forward quickly.

7. Consultant Recommendation

Alternative 3, Construct New Terminal Complex on East Side, is the recommended alternative based upon the analysis of needs and the constraints to long-term terminal development in the current terminal location.

A series of graphics, including costs, were shown illustrating PAL 0, PAL 1, and PAL 2 of the recommended alternative.

Discussion:

- Would it be possible to use the west side apron for overflow parking if we cannot build out full apron on east side due to cost restraints?
 - Yes, it may be possible to use for remain overnight (RON) or other overflow commercial parking but both would be subject to security concerns.

8. Timeline / Next Steps

Dave provided a brief overview of upcoming items including the Airport Commission meeting being held this afternoon, the January 21, 2015 public open house, and the February 10, 2015 Joint Study Session. He also noted the Alternative Analysis chapter will be updated to reflect recommended alternative as well as proposed following the Joint Study Session. The detailed financial analysis will be initiated for the proposed alternative.

9. Follow-up Discussion Items

- Why won't the public see the PAL 0 option at the Open House?
 - PAL 0 will be shown. Although it is not included in the referenced graphic that compares PAL 1 & 2 costs for all three alternatives, it will be presented separately and expanded on.
- Will the interest rate of 5% be adjusted prior to open house?
 - No, as the County would prefer to be conservative rather than underestimate the cost.
 - We will be sure to message to public the conservative nature of the analysis.
- What is the difference between alternatives 1 & 2 & 3 at PAL 0? Consider adding to cost comparison slide for open house.
 - Alt 1 = \$63 million
 - Alt 2 = \$61 million
 - Alt 3 = \$85 million
 - PAL 0 was meant to discuss how recommended alternative could fit in the \$80-\$90 million budget. It may lead to confusion if all are discussed.
- Provide a one page handout at the Open House. Create a very simple 30 second elevator speech to support the project.
 - This will be taken into consideration.
- Is there an opportunity to reduce time the project can be completed in order to take advantage of lower construction costs and low interest rates?
 - The most pressing issue is to get on the November 2015 ballot and pass.
 - Environmental and design can overlap to help move things forward.

- Make it clear that the local cost is now being estimated at a \$40-50 million range. The public has heard \$140 million and has focused solely on that number.
- Which of the three (\$40, \$50, or \$60 million) local amounts matches up with PAL 0 on alternative 3?
 - A range between \$40 and \$60 million is the best way to present to the public until after the financial analysis has been completed which will provide a better estimate.
- What is the one talking point we should leave with?
 - Possibly, \$36 to \$54 a year for the average residential homeowner will provide a new \$90 million terminal on the east side of the airport property.
- What is the reaction to PAL 0 from PAC and tolerance level of community?

Responses from PAC:

- I think Alternative 3 is definitely the right way to go, however, the community may look at it in terms of what element they want to vote for in November, i.e. water/sewer or airport.
- The community is going to weigh an airport project vs. sewer, parks, roads, etc. How will we differentiate / prioritize an airport project against these other important areas?
 - Water/Sewer is actually not a tax increase but a reauthorization of existing tax. The Airport would be only new tax requested.
- The business community will almost certainly be behind the project. You need to win over the residential community.
- What if we do nothing? This question still needs to be answered for the public.
 - The airport is a \$300 million per year economic driver for the region. Falling behind and risking a decrease in air service would have a ripple effect over the entire region.