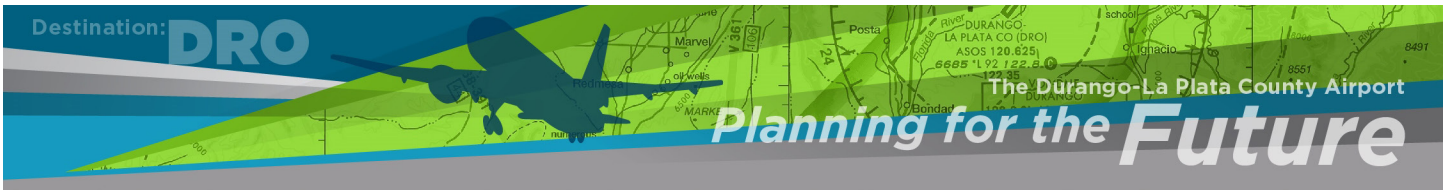


OVERVIEW

This brief white paper is intended to provide a non-technical description of how the Durango La Plata County Airport (sometimes abbreviated by its Federal Aviation Administration identifier DRO) has evolved over the recent past and how the community's decisions can shape its future. The airport is in the process of preparing a new 20-year master plan to help that process. The purpose of such a study is essentially to facilitate a conversation with the community on needs and wants for airport facilities. The consulting team assists by furnishing the data and analysis needed to reach an informed decision.

What does the airport provide for our region?

In addition to providing a location to start and complete an airline trip, Durango La Plata County Airport contributes a tremendous amount of economic impact to the region. In the 2013 Economic Impact Study sponsored by the CDOT Division of Aeronautics, the report concludes that the airport contributes over $282 million annually to the region's economy, and that this activity supports 2,646 jobs in the region.

Master Plan Purpose

The purpose of this master plan study is to prepare for Durango-La Plata County Airport (DRO) a Master Plan that determines the extent, type, and schedule of development needed to accommodate future aviation demand at the airport over a 20 year planning period with the ability to feasibly meet demand beyond the planning horizon.

The airport also directly connects the Four Corners Region to airports throughout the US. The graphic below shows the connections to hundreds of cities that were flown in a one year period in 2012/2013.

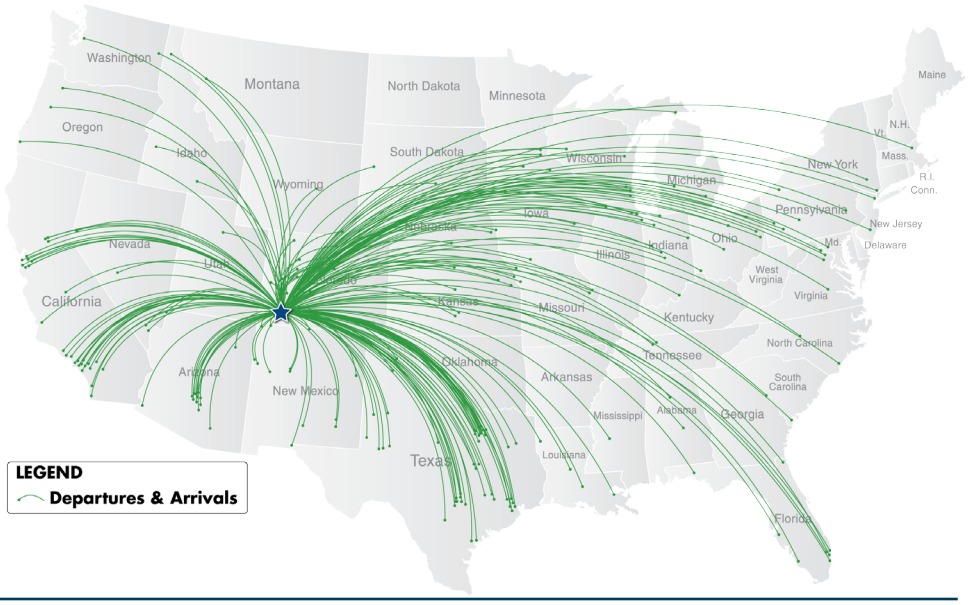
This map clearly illustrates that there is a huge reach beyond those cities that are served by airlines. These flights, mostly flown for business purposes on jet aircraft, significantly help promote and support the regional economy. All flights at Durango La Plata County Airport ultimately have a personal connection, as it is people who are brought together for various reasons. Nearly everyone has a personal story that the airport has played a part in.

What has been happening at Durango La Plata County Airport?

Passenger activity has shown truly remarkable growth since 2003. Prior to 9/11, airline service was characterized by a few daily departures to Denver and later to Phoenix. These were flown by small regional airlines using small turboprop aircraft. The airline terminal, planned and constructed in the mid-1980s, was built to accommodate this activity level and these small aircraft. At the time high fares, reliability issues, and the small aircraft tended to discourage would-be passengers from booking flights from Durango.

DRO INSTRUMENT FLIGHT PLANS MAP

September 4, 2012 - September 4, 2013



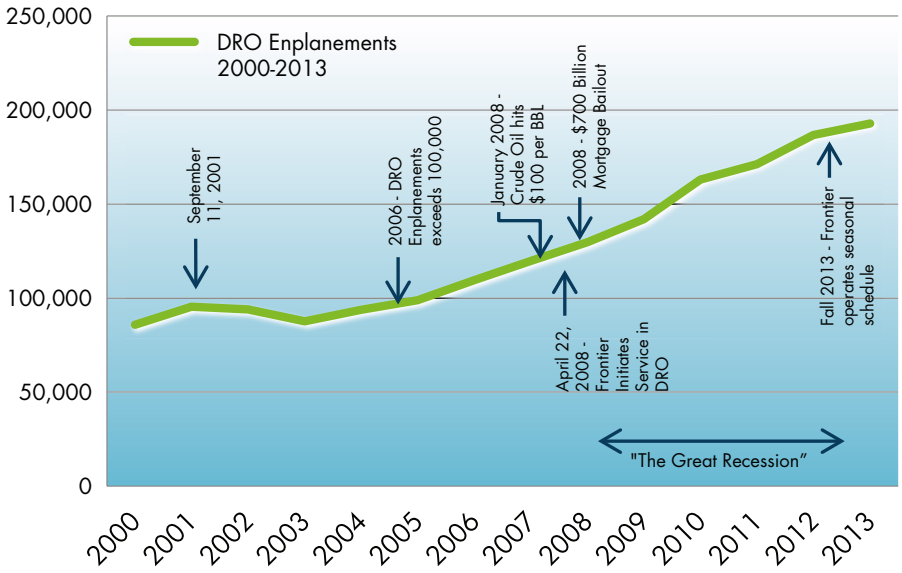
Since 9/11, however, passenger traffic at the airport has been on a steady and rapid rise that is in sharp contrast to events that have caused traffic at most other airports nationwide to lag. Thus an airline terminal that was designed to handle about 100,000 annual enplaning passengers (an enplanement is a person boarding an aircraft on a departing flight) now handles nearly twice that number. Today nearly 100,000 more people board aircraft in Durango than just eight years ago.

Trends since 9/11

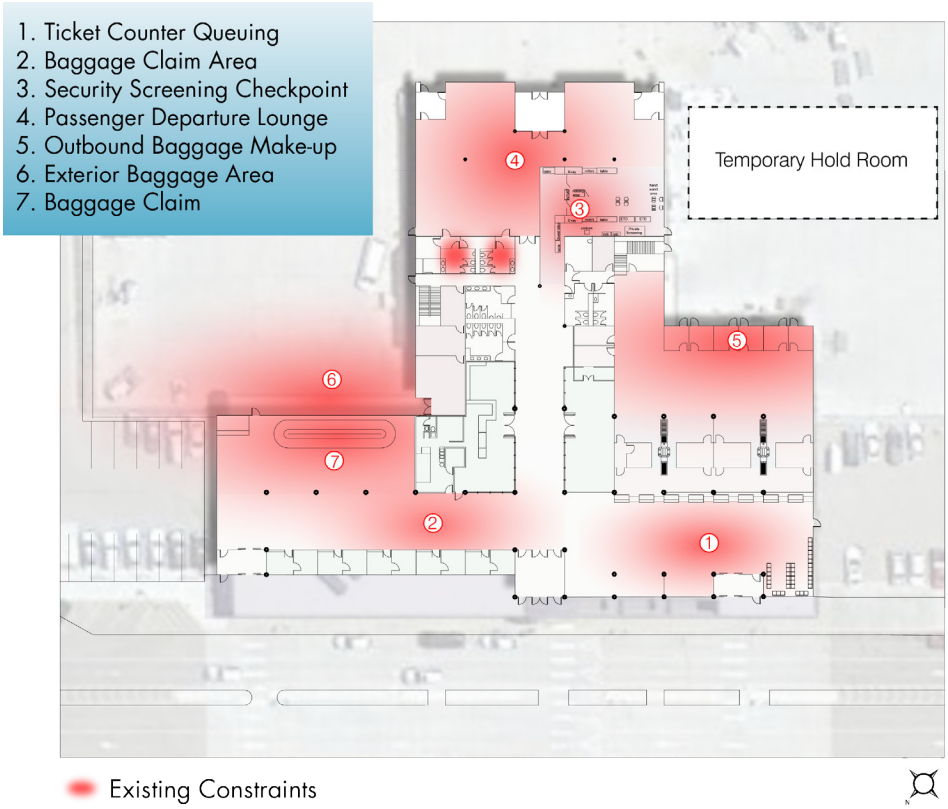
Other trends since 9/11 have also shaped airports and terminals. The Transportation Security Administration (TSA) now occupies large areas within terminal buildings for the purposes of screening passengers and baggage along with offices for TSA personnel. In addition, the aircraft that airlines are flying in the Durango market are larger. Once typically less than 20 seats per departure, aircraft now range in size from 50 to 138 seats per departure which places more demand on the infrastructure to process passengers in and out of the terminal. On top of that, competing airlines also tend to schedule arrivals and departures in close proximity to other flights throughout the day. This causes higher demands during those peak hours. Stresses to terminal infrastructure are magnified when there are multiple flight operations in the same hour.

The net effect is that the airlines, TSA, and the other businesses are challenged to use the constrained airport to try and meet passenger expectations for service and timeliness. Operating at this demand level has stressed all of the terminal facilities.

DRO HISTORIC AIRPORT ENPLANEMENT GROWTH



DRO TERMINAL BUILDING EXISTING CONSTRAINTS



In airport master planning, a broad rule of thumb is that an airport should consider how to process twice as many passengers as are currently handled. At a moderate rate of growth this should happen within the 20-year planning horizon. In this case, Durango La Plata County Airport has already seen the doubling of passengers along with the introduction of larger aircraft in a very short time.

Where do we start?

The first order of business is to accommodate the rapid growth that has already occurred. Several projects aimed at trying to meet the most pressing needs have already been undertaken. Terminal facelifts, a temporary addition to the screened passenger "hold room", and various "overflow" lots have been installed to try to alleviate the peak passenger flows. However, considering the fact that this master plan is looking to prepare for another doubling of passengers, the needed increase in passenger handling facilities across the board outstrips the ability to meet that need with continued additions and other incremental growth in this manner. This master plan study aims to address this issue head on and offer long range solutions that are able to meet today's shortfalls and to prepare the airport for continued future success in its role as the Four Corner's premier airport.

The Durango La Plata County Airport has doubled the number of passengers since 2005 and this master plan is looking to prepare DRO for another doubling of passengers by 2035.

How many more passengers can be expected?

A key activity in master plans is to look into the future to quantify the amount of aviation demand that is expected in the 20-year forecast period for the entire airport. The process of determining future levels of passengers begins by looking at past trends in passenger activity and seeking ties to events or demographic activity that might explain those passenger trends. If those activities have forecasts, then the passenger forecast can track at a corresponding growth rate. As it turns out, the 6.4% average annual growth rate in passenger enplanements between 2000 and 2013 does not track well with most demographic trends in the region during the same period. The strongest correlation was with the growth in retail sales, which is consistent with the fact that the majority of airport activity at Durango La Plata County Airport is in welcoming visitors and business travelers to the region.

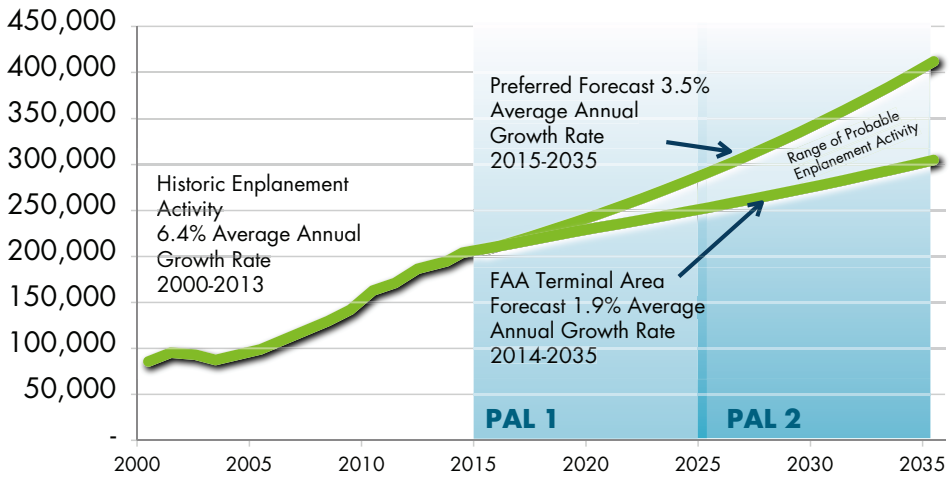
Other notable trends that are considered in projecting passenger activity include the changing in airline fleets toward larger aircraft. The number of seats per departure was noted above and this is projected to continue as older aircraft are retired. As airlines have made more seats available in Durango, they have been filled by willing passengers. This certainly has limits but airlines continue to view Durango as a growth market.

Airport choice is another trend. In the past, many travelers would choose to use other airports such as Albuquerque or Denver (or opt to not travel by air). Among the reasons that there has been a reversal of this trend may be the additional choice of airlines, new direct destinations, and a reduction in average fare to most destinations to and from DRO. This may explain much of the growth since 2003, however, these trends are difficult to forecast over long periods with any precision.

The Federal Aviation Administration (FAA) also publishes airport forecasts on a national scale, which they then allocate to individual airports. The Terminal Area Forecast is updated periodically and for Durango La Plata County Airport was adjusted to match a forecast prepared in 2012 using historical data through 2010. This forecast, while prepared according to accepted methodology, was unable to anticipate that the airport would continue to post double-digit growth year over year. However, using this growth rate can serve as the low growth scenario to establish a range.

ENPLANEMENTS: FORECAST RANGE

Annual Enplanements 2015 - 2035



Based on analysis and input from local experts, the preferred forecast range is an average annual growth rate of 3.5% that matches the overall projected growth in retail sales in the region. A lower limit reflects the 1.9% growth rate from the most recent FAA Terminal Area Forecast for Durango La Plata County Airport. Given the other airline and passenger travel trends that are difficult to predict, we conclude that the total number of enplaned passengers will likely increase another 100,000 to 200,000 Annual Enplaned Passengers by 2035. Also, due to the increasing size of aircraft serving Durango La Plata County Airport, it is expected that the terminal will need to accommodate approximately 340 enplaned passengers during the peak hour in 2025, and 425 enplaned passengers during the peak hour in 2035.

What facilities should be planned to handle those passengers?

The identification of required terminal facilities is developed using industry guidance that uses forecast activity levels and a chosen level of service to be met. The inputs developed for Durango La Plata County Airport are shown in the table below. The analysis considered two levels of passenger activity expected to be achieved at 10-year intervals. This interval accounts for the time to plan and construct terminal facilities plus a reasonable amount of capacity that will remain for accommodating future growth.

There are dozens of individual facilities that are analyzed within the terminal, on the aircraft ramp, and in the parking lots that combine to determine the needed size. The sums of key facility needs listed in the table are a rough estimate to guide planning decisions. These would be tailored through a formal design process.

The total area required to meet the 2025 activity level for the terminal building is 110,000 square feet, which compares to approximately 37,000 square feet of terminal that currently exists. This may sound like a staggering amount of new terminal space to add but comparisons with other terminals show how undersized the DRO terminal is for the current passenger loads.

The terminals shown in the next graphic on the next serve passenger levels at or near what is expected during the planning period. The terminal at the Great Falls (MT) International Airport served identical enplanements to DRO in 2012 with a two-level terminal and five gate positions served with jet bridges. Closer to home, the Grand Junction airport has a two-level terminal, four gates, and jet bridges with plans to expand the terminal further. At the upper end of the scale, Bozeman Yellowstone International Airport handles a passenger level which is beyond the projected 20-year forecast. However, it illustrates that since it is an objective to have room remaining to expand facilities after the forecast period, a large site will be required - perhaps more area than is available in the immediate vicinity of the existing terminal.

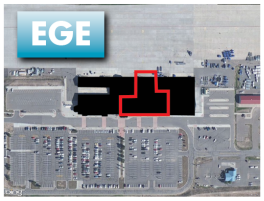
KEY FACILITY NEEDS TO GUIDE PLANNING DECISIONS

	2025	2035
Annual Enplaned Passengers	280,000	400,000
Total Peak Hour Enplaned Passengers	340	425
Terminal Building	110,000 SF	140,000 SF
Boarding Gates / Bridges	5	7
Apron Parking Positions	6	9
Auto Parking *	1,900 Stalls	2,400 Stalls
Total Required Area	26 Acres	33 Acres
Total Available Area (without relocations or acquisition)	30 Acres	30 Acres

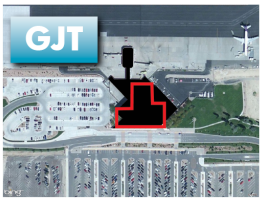
* Includes Short and Long Term, Rental Cars, Ground Transportation, and Employee Parking.

Comparable Terminals

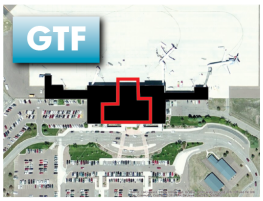
Bozeman Yellowstone International Airport (BZN)
2012 Enplanements: 434,038
Number of Gates: 8
Two levels with loading bridges



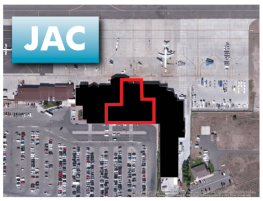
Eagle County Regional Airport (EGE)
2012 Enplanements: 167,914
Number of Gates: 5



Grand Junction Regional Airport (GJT)
2012 Enplanements: 217,369
Number of Gates: 4
Two levels with loading bridges

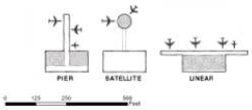


Great Falls International Airport (GTF)
2012 Enplanements: 186,790
Number of Gates: 5
Two levels with loading bridges



Jackson Hole Airport (JAC)
2012 Enplanements: 274,343
Number of Gates: 6

Durango – La Plata Airport (DRO)
2012 Enplanements: 186,567
Number of Gates: 4



What are the options for meeting these needs?

The first step in answering this question is to develop objectives that will guide the evaluation process. In short, we need to decide what it is that we value in airport facilities before we can truly know what the best approach to meeting the needs will be.

In order to assist with the development of these objectives, the project team conducted a survey of the Planning Advisory Committee consisting of a series of value statements. Based on the results of the survey, a number of objectives were established that would guide the development and evaluation of alternatives. Good concepts will meet as many of these objectives as possible.

As the alternative conceptual building sites and facilities are developed in more detail, they will be shaped and ultimately scored according these criteria.

Quantitative

- Complies with FAA safety and design standards
- Maximizes operational efficiency
- Meets the 20 year facility requirements as defined in the Master Plan, plus has room to grow
- Balances benefits with costs

Qualitative

- Promotes safety and efficiency of airport operations
- Enhances security of airport and airline operations
- Improves customer satisfaction/convenience
- Fosters Durango/Four Corners' Image
- Minimizes construction phasing impacts to tenants and users
- Incorporates sustainable design elements where appropriate
- Sensitive to environmental resources

The Preliminary Concepts

There were three main alternatives presented at the first Public Open House on September 18, 2014. And because one of the objectives shown above is to have room to grow the airport beyond the 20-year projected growth, the concepts showed meeting two different activity levels. The first level, or Planning Activity Level 1 (PAL 1), is the logical first stage of development that captures the existing need plus the anticipated activity in 2025. The second level (PAL 2) shows the development required to meet the anticipated activity in 2035.

Terminal development is by nature a costly investment and, just like a home, the aim is to have that investment able to retain value and to be feasibly expanded to meet the region's needs for 30 or more years. Thus, concepts that only meet an activity level through the end of a 20-year period will score lower on this criterion.

Detailed concepts are being prepared for the public open house scheduled for mid-November 2014. These concepts will show the arrangement of buildings, aprons, parking, and roadways for each of these alternatives. At that time, ranges of probable construction costs will be available so that we can see opinions of costs for the concepts as shown as a guide.

The concepts at the end of this white paper were shown at the first open house to spur conversation on what the community desires from its airport and terminal. Once that is understood, the conversation can shift to one of making those desires achievable. The study will conclude with identifying the funding needed to successfully implement the preferred solution.

PAL 1

Planning Activity Level 1

- The level of Enplaned Passengers expected by 2025
- 280,000 Annual Enplaned Passengers
- 340 Total Peak Hour Enplaned Passengers

PAL 2

Planning Activity Level 2

- The level of Enplaned Passengers expected by 2035
- 400,000 Annual Enplaned Passengers
- 425 Total Peak Hour Enplaned Passengers

When will the preferred alternative be selected and who decides?

The selection of the preferred alternative in the master plan is a key step, but it's certainly not the final step in deciding what the eventual project will be. But taking this step gives direction to the planning team to flesh out a funding scenario to make certain the project can be feasibly constructed given what is known at the time. The decision to select the preferred alternative rests with the sponsors of the airport who are the Durango City Council and the La Plata County Commissioners. They will seek input from the planning team, City and County staff, advisory committees, and the community at large. The planning team expects to receive the decision on the preferred alternative, subject to any conditions, prior to the end of 2014.

The formal adoption of the entire airport master plan will likely come before the airport's sponsors in the summer of 2015, which will be a bigger milestone for the future of the airport.

Where will the money for the improvements come from?

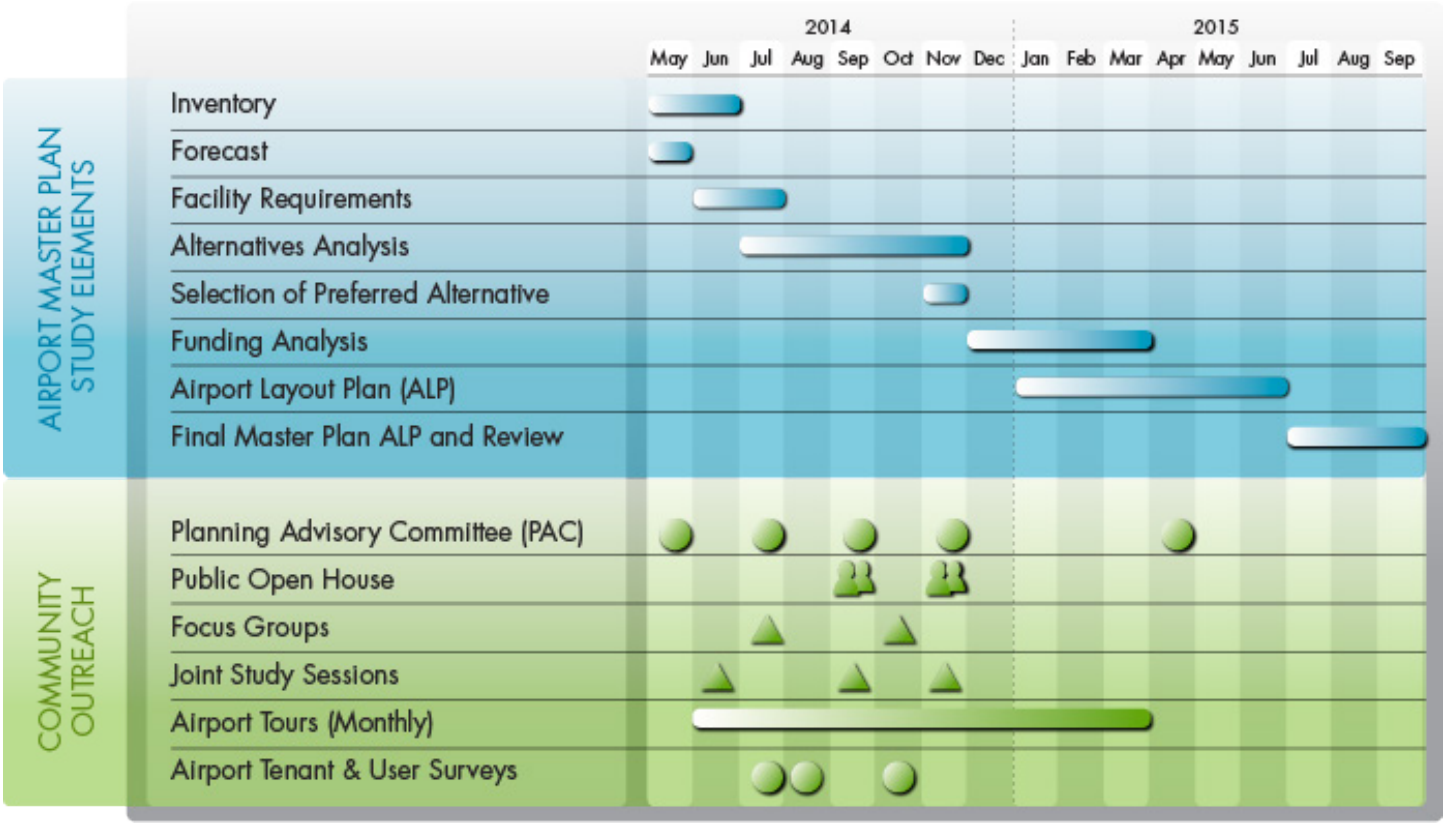
This topic will be covered at length in early 2015. For now, it's good to have a basic understanding of where airport funding originates. Sources of airport funding are generally divided into two types: 1) funds from the operation of the airport and other local revenues, and 2) funds from various grant programs. In most situations, depending on the project type, the airport and local revenues are used to match or leverage the grant funds. The percentage of funding from each source varies widely according to individual projects. In a large development program such as terminal construction, the program is made up of many smaller project elements. The percentage of grant participation can range from 95 percent to no participation at all. Sometimes the participation is a question of project eligibility and sometimes it is a matter of the availability of grant funding at the time the requests are made.

Taken all together, the program total will include a significant amount of grant funding from outside the region.

However, there will also be a large portion of the program that must be funded by the airport and local revenues. Be assured that increasing grant funding and minimizing airport and local funding is a top priority.

What is the schedule for the master plan?

The schedule for the master plan is shown below. The project began in May of 2014 and will conclude in summer of 2015. The lower section of the chart in green shows the outreach efforts planned and already underway. This outreach is essentially the planning team coming to Durango to share information over time that will be needed to arrive at a long range strategy for the airport. But even more importantly, we are there to listen to your input and feedback.



Conclusion

The airport is a vital asset to the community and the entire Four Corners Region. Analysis shows that it is vastly undersized for all of the terminal functions to meet today's passenger levels. Therefore, it is urgent to make and implement solid long range plans to address this need. Other airports handling similar traffic have invested in their airport infrastructure and have facilities that offer passengers the amenities they expect and the airlines the space they need to operate safely and efficiently. The right facilities at Durango La Plata County Regional Airport also gives the airport the opportunity to increase revenues from terminal concessions and revenues from putting the available land to productive use.

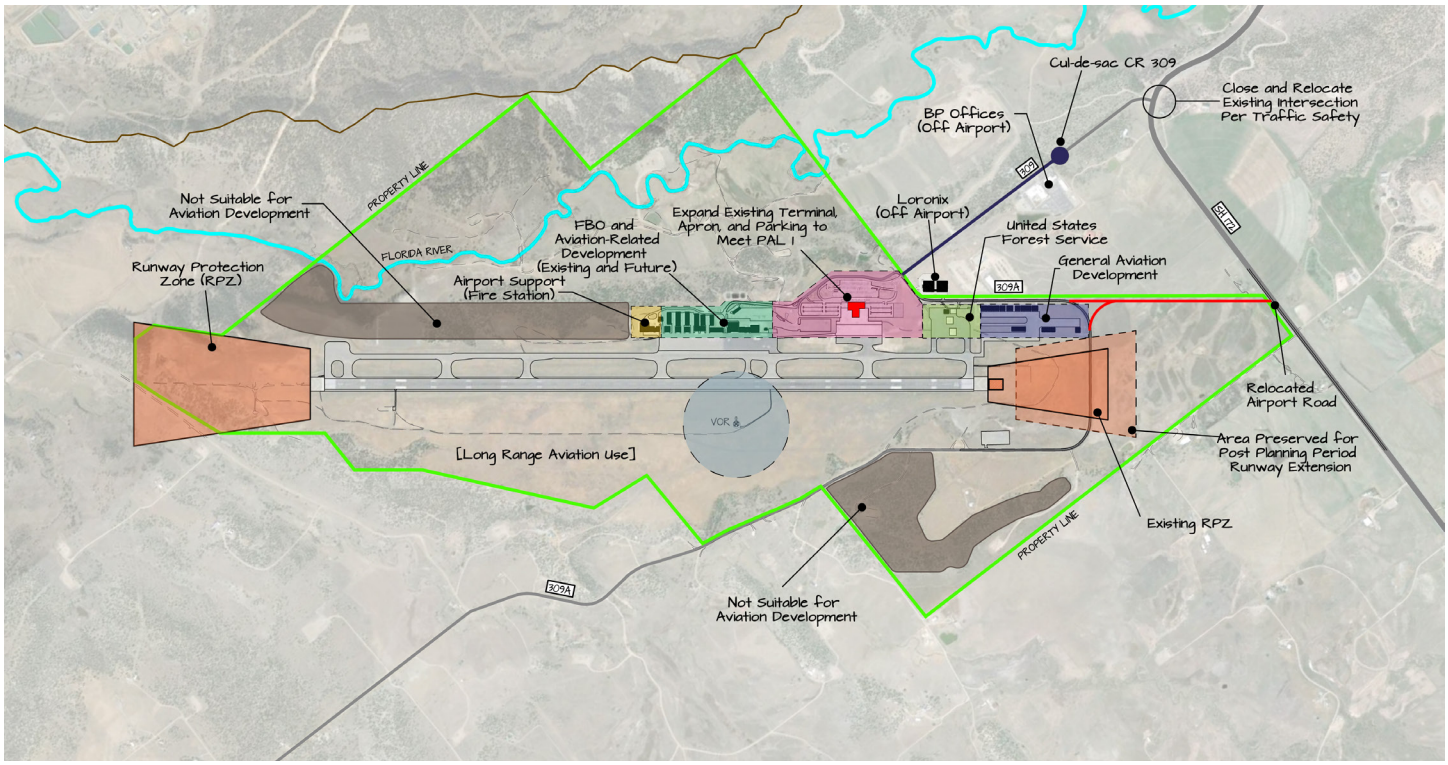
We are invested in the process and look forward to your success!

The Alternatives from the September 18, 2014 Public Open House

The following pages contain the three alternatives for airport development that were presented at the September 18, 2014 Public Open House. There is no question that the terminal location is the primary decision to be made. After that, the remaining airport facilities and uses can be planned. At the end of the day, the master plan will determine where all airport facilities and users will be located and how their growth will be accommodated over time if afforded sufficient area.

ALTERNATIVE 1 – REMODEL AND EXPAND THE EXISTING TERMINAL, APRON, AND PARKING

Planning Activity Level 1 – Expand to Meet Existing Demand Plus Forecast Through 2025



Source: Jviation, Inc.

ALTERNATIVE 1
PAL 1 - 2025

PAL 1 Project Elements – 2025 Requirements

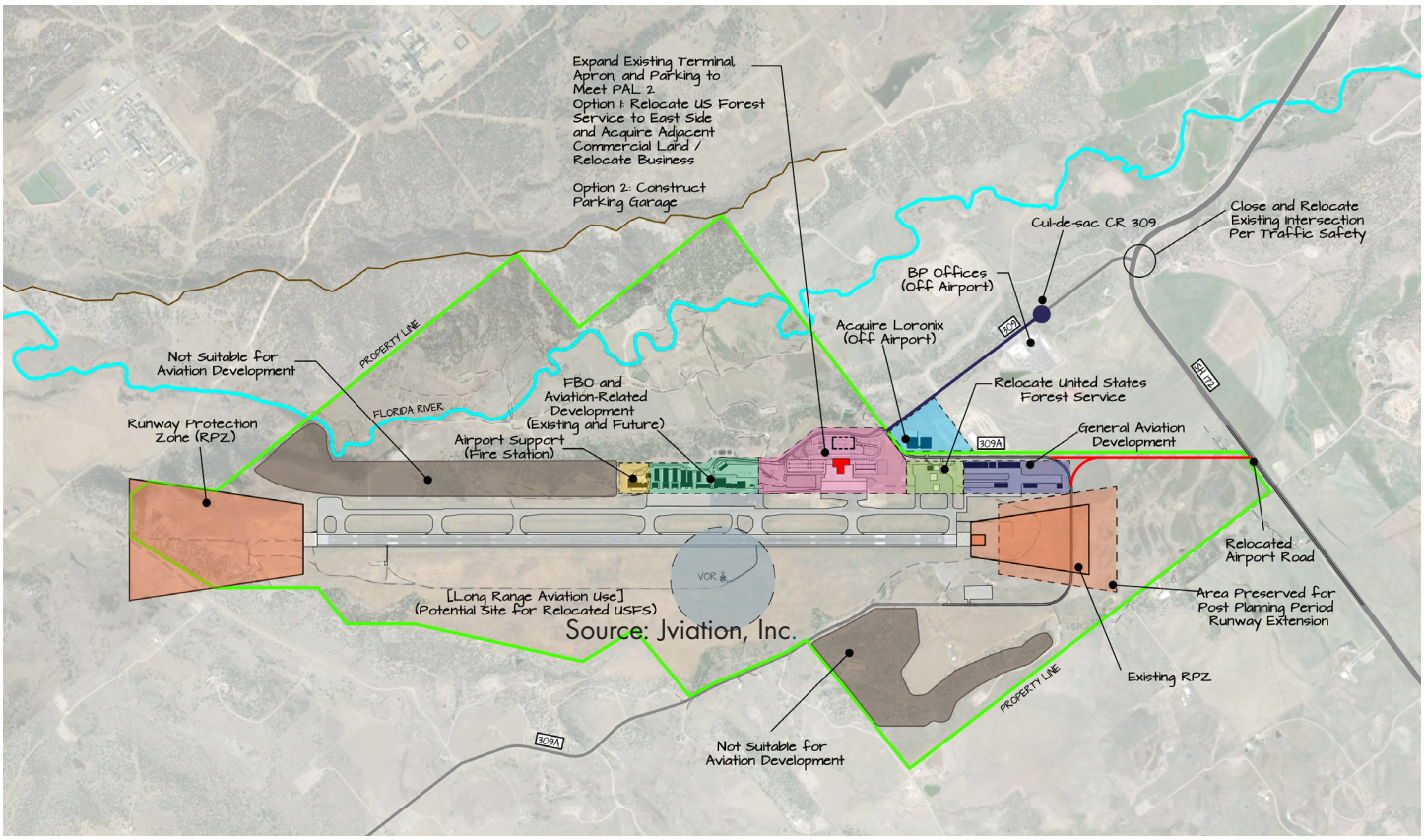
- Expand and remodel existing terminal building by 70,000 SF for a total of 110,000 SF
- Install 5 passenger loading bridges
- Remove temporary departure lounge
- Reconstruct, strengthen, and expand aircraft parking apron to accommodate a total of 6 parking positions, 1 deicing position, and maneuvering area for airline ground service equipment (GSE)
- Reconfigure terminal roadways and interior parking to add/replace 1000 parking stalls and pave overflow lots
- Reconfigure CR 309 (Airport Road) to connect to relocated intersection (by CDOT)

PAL 2 Project Elements – 2035 Requirements

- Expand terminal by 30,000 SF for a total of 140,000 SF
- Add two gates plus passenger loading bridges
- Expand aircraft parking apron to accommodate two new gate positions, 1 additional Remain Over Night (RON) position and additional area for GSE
- Reconfigure terminal roadways and add/replace 500 parking stalls
- Option 1 – Relocate USFS to East side of Airport, acquire adjacent commercial parcel and relocate business to expand with surface parking
- Option 2 – Construct parking structure to accommodate new and displaced parking stalls

ALTERNATIVE 1 – REMODEL AND EXPAND THE EXISTING TERMINAL, APRON, AND PARKING

Planning Activity Level 2 – Subsequent Expansion to Meet Projections Through 2035



Source: Jviation, Inc.

ALTERNATIVE 1
PAL 2 - 2035

Alternative 1 - Advantages

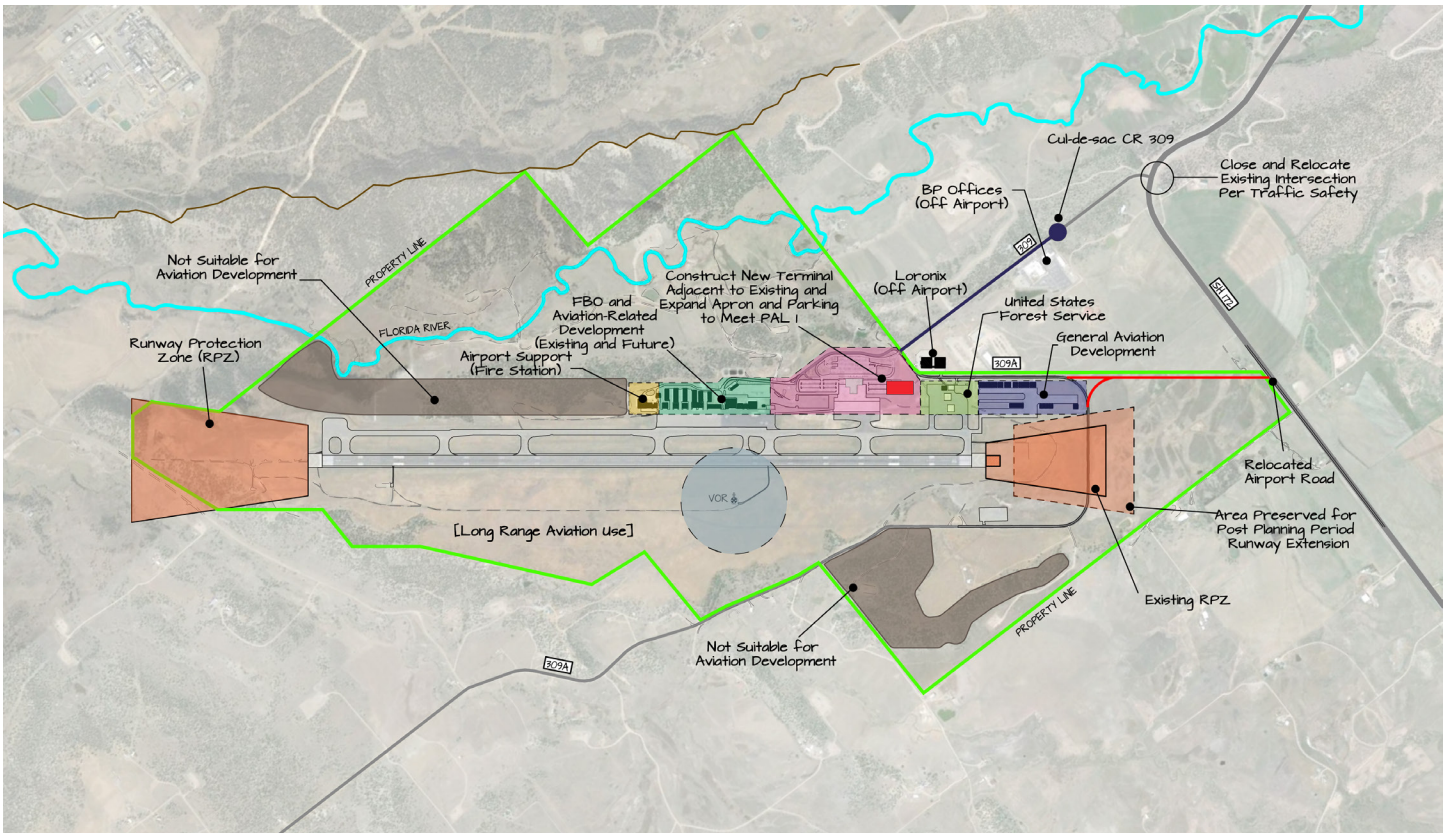
- Allows for the limited re-use of existing infrastructure
- Can be implemented in phases to meet funding requirements or meet a lower Level of Service if desired
- Completely develops remaining land prior to moving to undeveloped land on east side
- East side airfield infrastructure not required in PAL 1
- Costs are somewhat lower in PAL 1 than other alternatives

Alternative 1 - Disadvantages

- Re-use of existing facilities limited to those that are cost effective to incorporate into design
- The age, construction and layout of the existing terminal makes it difficult to adapt within significant expansion
- Significant phasing extends the construction period and unit costs compared to new construction
- Extensive phasing disrupts normal operations and causes passenger and tenant inconvenience
- Because of the terrain drop off to the west, expansion to meet PAL 2 is significantly more expensive with land acquisition, USFS relocation to the east side of airport, and roadway reconfiguration
- PAL 2 landside option is to construct a parking structure which temporarily displaces hundreds of parking spaces and cost many millions of dollars; ineligible for grant funding assistance
- Expansion beyond PAL 2 will require development of east side or airport relocation

ALTERNATIVE 2 – CONSTRUCT NEW TERMINAL ADJACENT TO THE EXISTING TERMINAL, APRON, AND PARKING

Planning Activity Level 1 – Subsequent Expansion to Meet Projections Through 2025



Source: Jviation, Inc.

ALTERNATIVE 2
PAL 1 - 2025

PAL 1 Project Elements – 2025 Requirements

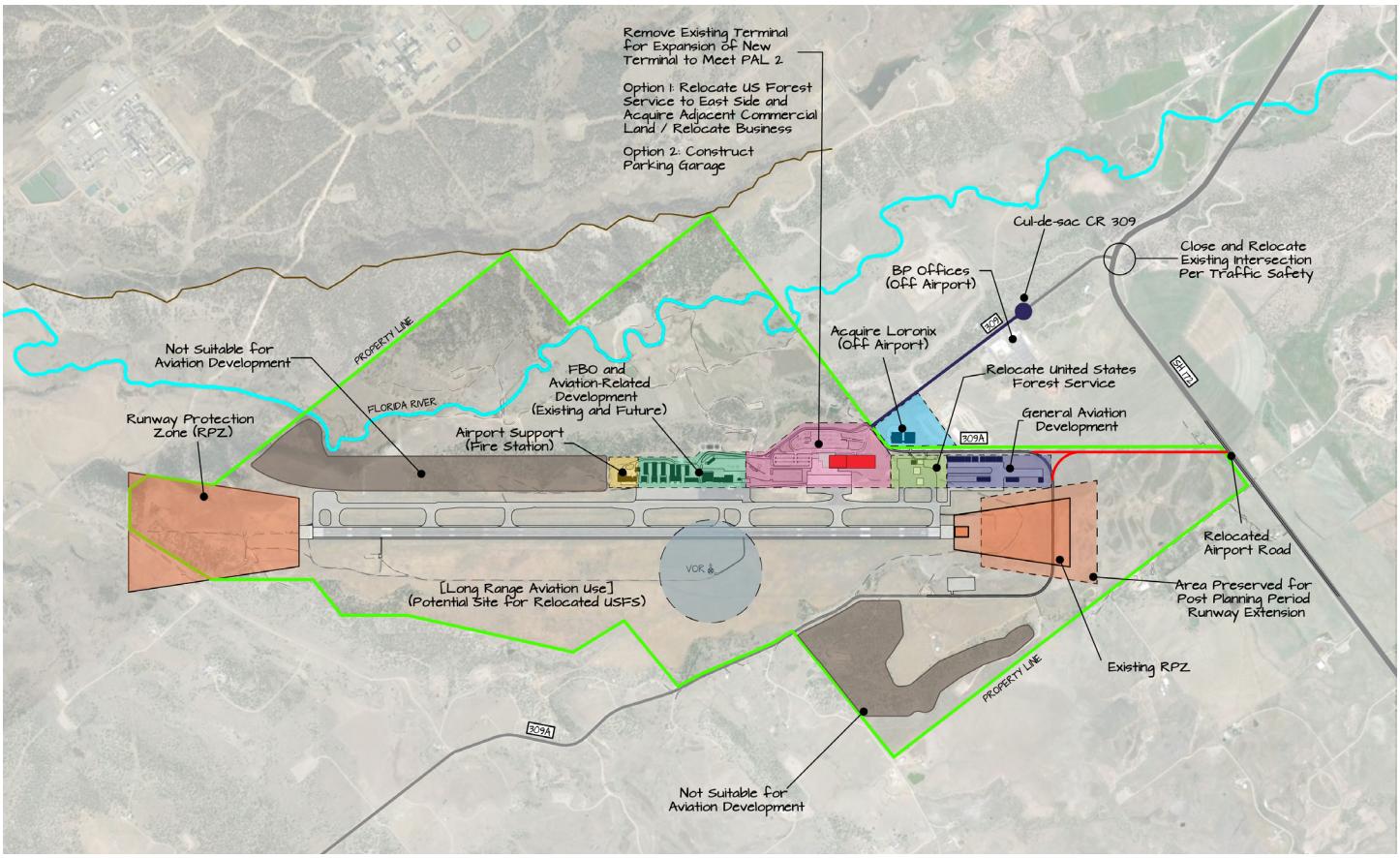
- Construct 110,000 SF terminal building adjacent to the existing terminal building
- Install 5 passenger loading bridges
- Reconstruct, strengthen, and expand aircraft parking apron to accommodate a total of 6 parking positions, 1 deicing position, and maneuvering area for airline ground service equipment (GSE)
- Reconfigure terminal roadways and parking to serve the new terminal location and add/replace 1000 parking stalls and pave overflow lot
- Remove or lease former terminal building
- Reconfigure CR 309 (Airport Road) to connect to relocated intersection with SH 172 (by CDOT)

PAL 2 Project Elements – 2035 Requirements

- Expand terminal by 30,000 SF for a total of 140,000 SF
- Add two gates plus passenger loading bridges
- Expand aircraft parking apron to accommodate two new gate positions, 1 additional Remain Over Night (RON) position and additional area for GSE
- Reconfigure terminal roadways, remove former terminal building, and add/replace 500 parking stalls
- Option 1 – Relocate USFS to East side of Airport, acquire adjacent commercial parcel and relocate business to expand with surface parking
- Option 2 – Construct parking structure to accommodate new and displaced parking stalls

ALTERNATIVE 2 – CONSTRUCT NEW TERMINAL ADJACENT TO THE EXISTING TERMINAL, APRON, AND PARKING

Planning Activity Level 2 – Subsequent Expansion to Meet Projections Through 2035



Source: Jviation, Inc.

ALTERNATIVE 2
PAL 2 - 2035

Alternative 2 - Advantages

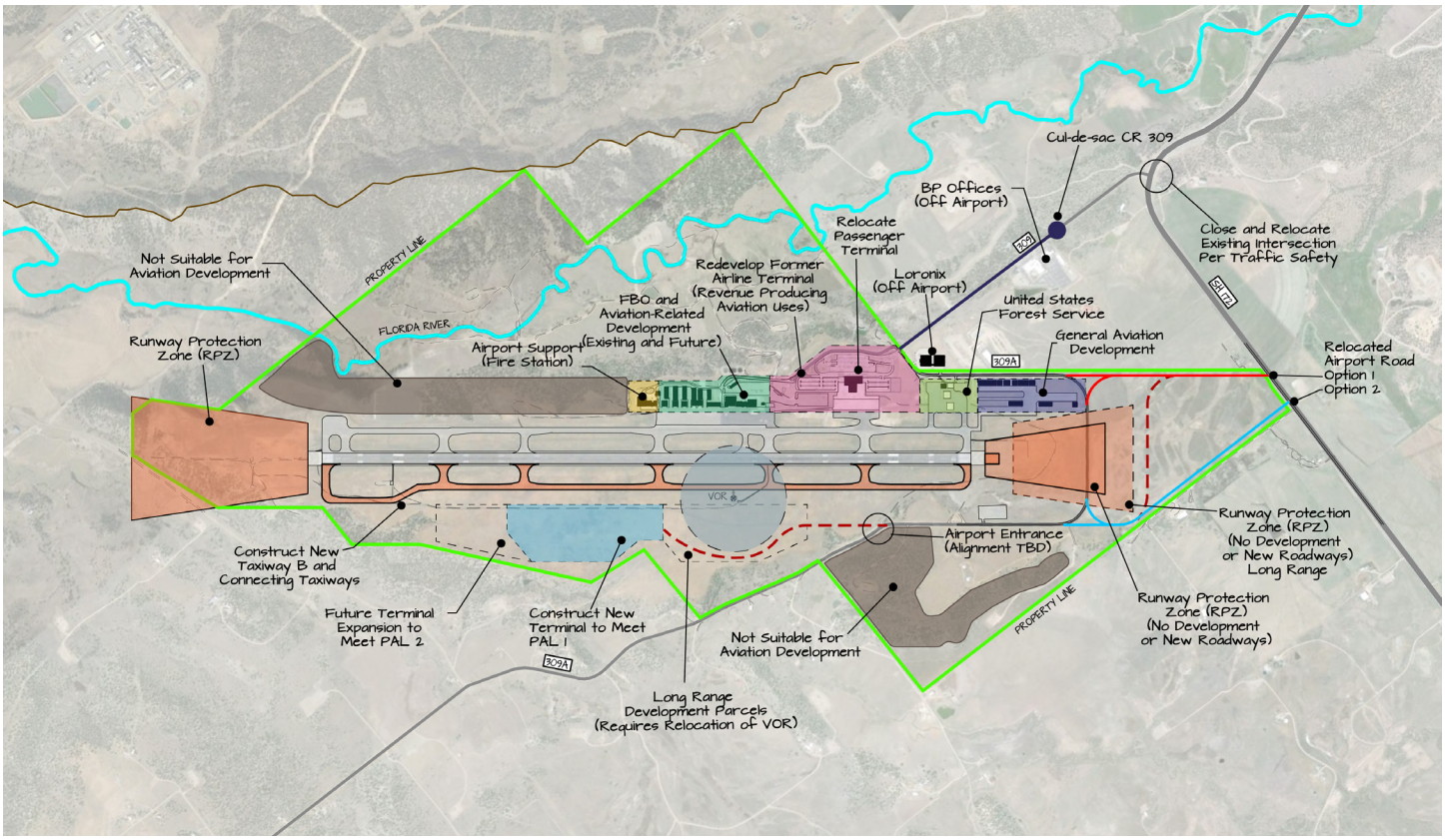
- Allows for the limited re-use of existing infrastructure
- New construction allows less phasing during building construction and changeover compared to Alternative 1
- New construction provides significant sustainability opportunities
- Completely develops remaining land prior to moving to undeveloped land on east side
- East side airfield infrastructure not required in PAL 1
- Landside development costs are somewhat lower in PAL 1 than the east side alternative (Alternative 3)
- Reduces environmental disturbance in PAL 1 by not developing east side

Alternative 2 - Disadvantages

- Significant landside phasing extends the construction period and unit costs as the new terminal displaces parking and roadway infrastructure
- Phasing disrupts normal operations and causes passenger and tenant inconvenience
- Because of the terrain drop off to the west, expansion to meet PAL 2 is significantly more expensive with land acquisition, USFS relocation to the east side of airport, and roadway reconfiguration
- PAL 2 landside option is to construct a parking structure which temporarily displaces hundreds of parking spaces and costs many millions of dollars; ineligible for grant funding assistance
- Expansion beyond PAL 2 will require development of east side or airport relocation

ALTERNATIVE 3– CONSTRUCT NEW TERMINAL ON THE EAST SIDE OF THE AIRPORT

Planning Activity Level 1 – Subsequent Expansion to Meet Projections Through 2025



Source: Jviation, Inc.

ALTERNATIVE 3
PAL 1 - 2025

PAL 1 Project Elements – 2025 Requirements

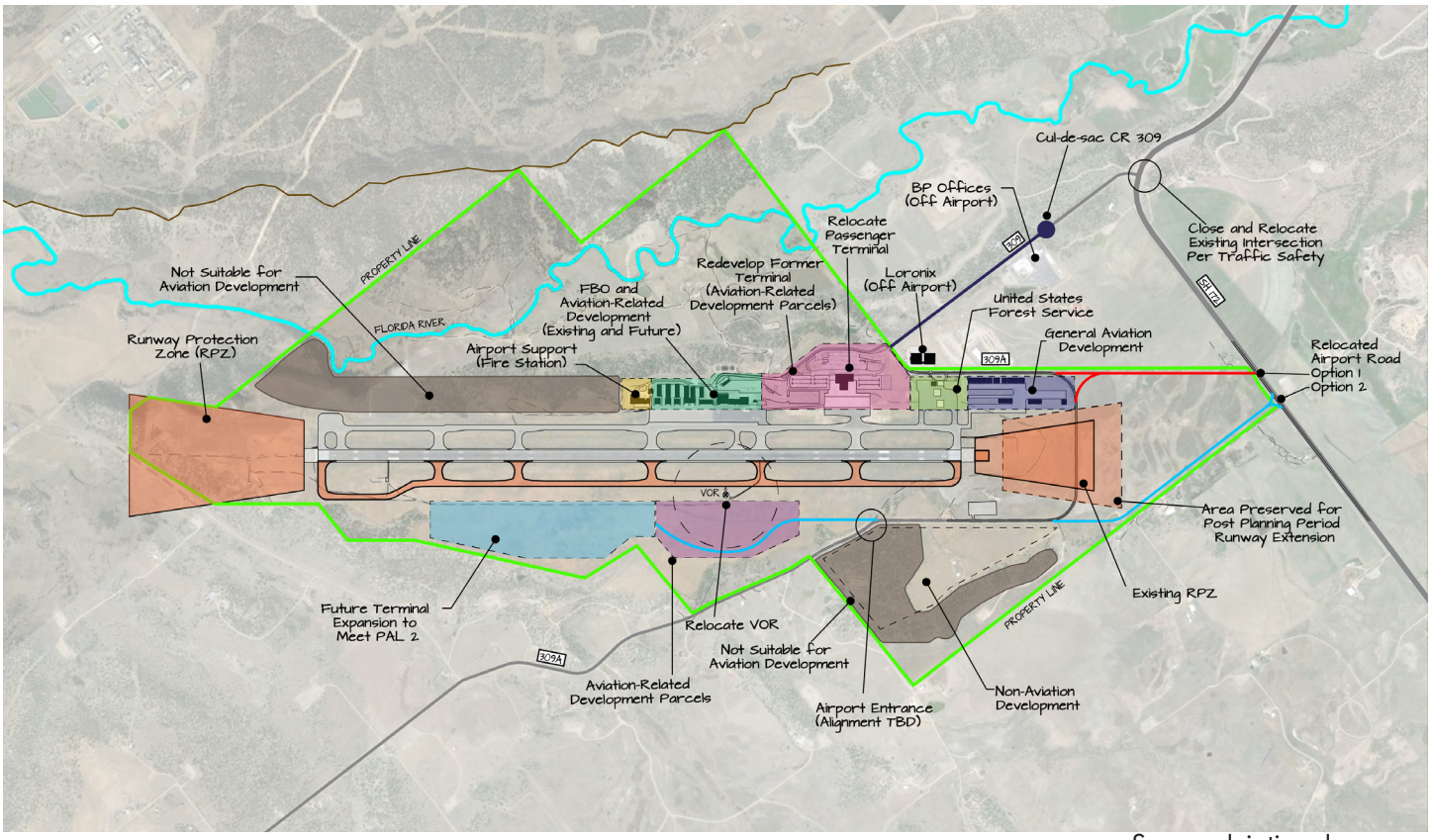
- Construct 110,000 SF terminal building
- Install 5 passenger loading bridges
- Construct aircraft parking apron to accommodate a total of 6 parking positions, 1 deicing position, and maneuvering area for airline ground service equipment (GSE)
- Construct terminal roadways and parking to PAL 1 with room within the loop to add parking to meet PAL 2
- Remove or lease former terminal building
- Construct new access road to east side terminal area, connecting to CR 309A
- Reconfigure CR 309 (Airport Road) to connect to relocated intersection with SH 172 (by CDOT)

PAL 2 Project Elements – 2035 Requirements

- Expand terminal by 30,000 SF for a total of 140,000 SF
- Add two gates plus passenger loading bridges
- Expand aircraft parking apron to accommodate two new gate positions, 1 additional Remain Over Night (RON) position and additional area for GSE
- Add 500 parking stalls within loop road
- Optional Additional Development
- Relocate VOR (navigational equipment) to an off-airport location
- Prepare parcels for revenue-producing aviation uses on former terminal site and adjacent to new terminal

ALTERNATIVE 3– CONSTRUCT NEW TERMINAL ON THE EAST SIDE OF THE AIRPORT

Planning Activity Level 2 – Subsequent Expansion to Meet Projections Through 2035



Source: Jviation, Inc.

ALTERNATIVE 3
PAL 2 - 2035

Alternative 3 - Advantages

- Opens up the airport-owned land on the east side of the airport for development and revenue production, effectively enlarging the airport
- No phasing, passenger/tenant inconvenience required – immediate changeover once completed
- New construction offers significant sustainability opportunities
- While development costs are higher in PAL 1, expansion to meet PAL 2 is significantly reduced with the ability to feasibly expand beyond the planning horizon
- Avoids the need for parking structure, tenant displacement, or land acquisition
- New site and terminal allows for greater opportunity to express the theme and vision for the Durango region to travelers and residents
- The availability of former terminal site and apron allows for the recruitment of aviation-related uses, which promotes additional revenue diversification and economic development

Alternative 3 - Disadvantages

- Significant costs related to new airfield facilities on the east side of the airfield
- Higher PAL 1 development costs compared to west side alternatives due to new infrastructure required on east side of airport
- New roadway and intersection with State Highway 172 will require coordination with CDOT and potential costs to project
- Environmental concerns will require additional study and possible mitigation
- Increased traffic on CR 309A, especially at intersection with new airport road