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# Northern Colorado Regional Airport Commission Monthly Meeting



## Airport Administrative Office Conference Room

4900 Earhart Road  
Loveland, CO 80538

Thursday, February 18, 2016  
3:30 PM

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## MEETING AGENDA

### CALL TO ORDER

### ROLL CALL

### PUBLIC COMMENT

### CONSENT AGENDA

*Anyone in the audience will be given time to speak to any item on the Consent Agenda. Please ask for that item to be removed from the Consent Agenda. Items pulled will be heard at the beginning of the Regular Agenda. You will be given an opportunity to speak to the item before the Commission acts upon it.*

*Public hearings remaining on the Consent Agenda are considered to have been opened and closed, with the information furnished in connection with these items considered as the only evidence presented. Adoption of the items remaining on the Consent Agenda is considered as adoption of the staff recommendation for those items.*

*Anyone making a comment during any portion of today's meeting should come forward state your name and address for the record before being recognized by the Chair. Please do not interrupt other speakers. Side conversations should be moved outside the meeting room. Please limit your comments to no more than three minutes.*

- 1. MINUTES FROM THE JANUARY 21, 2016 NORTHERN COLORADO REGIONAL AIRPORT COMMISSION MEETING**
- 2. AIRPORT DIRECTOR'S REPORT**
- 3. FINANCIALS**

### END OF CONSENT AGENDA

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## NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

### REGULAR AGENDA

*Anyone who wishes to address the Commission on any item on this part of the agenda may do so when the Chair calls for public comment on each item.*

#### **4. PROPOSED BYLAWS AMENDMENT**

The Bylaws of the Northern Colorado Regional Airport Commission do not allow for the formation of subcommittees or work groups. A resolution has been drafted that will allow the Commission the ability to establish these as needed in order to assist with research and recommendations related to the Commission's purpose.

#### **5. CDOT AERONAUTICS GRANT PROGRAM**

The Colorado Department of Transportation Division of Aeronautics has released information about the future of their Aviation Grant Program. The impact to the Airport will be seen in a capital resource reduction that could total \$730,000 between 2017 and 2020. The program has been affected by recent low oil prices and previous financial commitments.

#### **6. DIRECTION ON IGA AMENDMENT**

Staff is requesting direction on the Commission's desire to review and clarify its powers and authority. The topics to be discussed are:

1. The ability to approve leases, agreements, and grants that fall within certain parameters
2. The ability to expeditiously provide recommendation to City Councils on policies and projects
3. The ability to appropriate additional budgetary control for operating expenses, capital improvements, and public improvements that may fall outside of the annually adopted budget

#### **7. FAA REAUTHORIZATION BILL AND VIRTUAL TOWER**

The proposed FAA Reauthorization Bill from the House Aviation Subcommittee identifies remote/virtual air traffic control facilities. Staff will provide a briefing on the proposed bill as it relates to the Virtual Tower Project and suggest modifications that will allow for continued federal funding for Virtual Tower infrastructure and for future staffing of certified air traffic controllers.

#### **8. BUSINESS FROM MEMBERS**

### ADJOURN



# Planning Calendar

## March 23, 2016

- Airport Strategy Work Plan
- Virtual Tower

## April 27, 2016

- Rebranding, Marketing, & Communications
- 2017 Budget Draft
- 2017 Proposed Airport Rates and Fees

## May 19, 2016

- 2017 Budget Approval
- Branding & Marketing Consultant

## June 16, 2016

- Airport Sustainability



## Northern Colorado Regional Commission Minutes

January 21, 2016

**Call to Order:** Commission Chair Cecil Gutierrez, called the meeting to order at 3:34 p.m.

**Roll Call:** Roll was called and the following responded: Gutierrez, Atteberry, McKean, and Stooksbury. Commissioner Burgener arrived at 3:42 p.m. by teleconference and Vice Chair Troxell arrived at 3:43 p.m.

**Public Comments:** None

### Introductions:

Jason Licon (Airport Director), Shawn Battmer (Airport), Deb Montgomery (FNL JetCenter Manager), Steve Wolf (FNL Pilot's Association President), Moses Garcia (Airport Counsel), Jim Eddy (Formation Group), Bob Hau (Formation Group), Mike Hoffman (Formation Group), Bill Cahill (Loveland City Manager), Mike Beckstead (City of Fort Collins), Noelle Currell (City of Fort Collins), Howard Abraham (FNL Pilots Association), Dan Betts (Senator Cory Gardener's Office)

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Anyone making a comment during any portion of today's meeting should come forward state your name and address for the record before being recognized by the Chair. Please do not interrupt other speakers. Side conversations should be moved outside the meeting room. Please limit your comments to no more than three minutes.

**Chair Gutierrez asked if anyone would like to remove anything from the Consent Agenda. None were removed. Commissioner Stooksbury made a motion to approve the Consent Agenda. The motion, seconded by Commissioner Atteberry, carried with all commissioners present voting in favor thereof.**

**Public Comments:** None

### Consent Agenda

#### 1. Approval of Meeting Minutes

This is an administrative action to approve the December 17, 2015 Regular Meeting minutes.



- 2. Planning Calendar** A planning calendar to prepare Commission members for upcoming topics of discussion.
- 3. Airport Director's Report** This report prepared by the Airport Director, Jason Licon, are an overview of what occurred at the Airport during the month of December.
- 4. Monthly Financial Report** This report is an overview of all revenues and expenditures through December 31, 2015.
- 5. Amended Meeting Schedule 2016** This is an amended 2016 regular meeting schedule for the Commission.

**END OF CONSENT AGENDA**

**Public Comments:** None

**Motion passed unanimously**

**Regular Agenda**

**6. Staff Update**

The Commission directed legal staff at the last meeting to further research two items:

1. Legal constraints for accepting volunteer work for tasks that are normally compensated for
2. How open meeting laws impact sub groups, like committees

Commissioner Burgener connected at 3:42 p.m.

Vice Chair Troxell arrived at 3:43 p.m.

**Direction**

Legal staff will amend the bylaws to give the Airport Commission the authority to form issue groups and work groups.

**Public Comments:** None

**Commissioner McKean made a motion to direct Legal staff to amend the bylaws. The motion seconded by Vice Chair Troxell, carried with all commissioners present voting in favor thereof.**

**7. Strategic Planning Item:  
Protect against residential  
encroachment**

The adopted Airport Strategic Plan includes an action item that identified a potential threat to the future for the Fort Collins – Loveland Airport (FNL). The item specifically states the Airport should work to ensure it was adequately protected against residential encroachment or from incompatible land use. Developments near airports, especially residential, can create unfavorable public perception of airports as it relates to noise, safety, pollution, and reduced property values. While noise



abatement and outreach programs exist at many airports, these are a reaction to the issue; whereas proper preventative planning for an airport much like ours, can work well to limit future negative impacts in an effective and efficient manner.

The attached white paper provides a great level of detail on the issue of land use and how it has impacted other airports and communities. It also outlines what research has uncovered regarding existing protections. The paper also identifies regulations from the Federal Aviation Administration (FAA) used to guide planning for compatible development around airports and to reduce noise impacts from older turbine powered aircraft.

The conclusion of the document states the Airport has protective measures in place through existing adopted land use and zoning plans. The following are three recommendations resulting from this White Paper:

1. Maintain continuous vigilance in both planning and development reviews within the Airport Influence Area to ensure land use compatibility
2. Reevaluate land use compatibility with the Cities and the County during critical updates to the Airport Master Plan and the Cities' and County's Comprehensive land use plans
3. Continue to promote compatible land use within the approach and departure corridors as identified on the Airport Master Plan

**Public Comments:** None

**Commissioner McKean made a motion to accept the recommendations of the White paper with the addition of adding “and monitoring of activity of adjacent property” to the third recommendation. The motion seconded by Vice Chair Troxell, carried with all commissioners present voting in favor thereof.**

#### **8. Business From Members**

This is an opportunity for Commissioners to report on recent activities or introduce new business for discussion at this time or on a future Commission agenda.

**Licon:** Reported he would be attending the CAO Winter Conference and Legislative Reception as a CAO executive board member in the last week of January. Then will be attending a meeting with the FAA in Washington D.C. for the Virtual Air Traffic Control Tower (VATCT) project in the first week of February.

**Troxell:** Attended the Advanced Demonstration Technology conference hosted by NASA last week. Related to how blended airspace will work. Applicable to blended airspace and VATCT project.



## **9. Executive Session**

The Airport Commission plans to discuss the proposal from Water Valley that will include: (§24-6-402(4)(a), C.R.S.), the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest and (§24-6-402(4)(e), C.R.S.), developing strategy for negotiations, instructing negotiators, and determining positions relative to matters that may be subject to negotiations.

**Vice Chair Troxell made a motion that the Northern Colorado Regional Airport Commission go into executive session as authorized under (§24-6-402(4)(a), C.R.S.) and (§24-6-402(4)(e), C.R.S.) concerning the Water Valley Proposal for on Airport development with matter involves the purchase, acquisition, lease, transfer, or sale of real personal or other property and subject to negotiation and related to this matter to receive reports from City staff concerning the progress and status of related negotiations to develop Cities' negotiation positions and strategies to instruct the Cities' negotiators concerning those positions and strategies and to receive advice from the Cities' attorney's office as authorized under (§24-6-402(4)(b), C.R.S.). The motion seconded by Commissioner Stooksbury, carried with all commissioners present voting in favor thereof.**

### **Direction**

Staff was given three pieces of direction:

1. Have Water Valley provide the missing detailed proforma and business modeling
2. Determine solutions for the four identified gaps in the current proposal:
  - Proposed lease rates are challenging compared to existing competitive leases
  - Capital investment needed for this development is unfunded
  - Metro district details need clarification
  - Phasing of the project, FBO in phase one, is problematic for revenue streams
3. Use this evaluation to create the template for evaluating future proposals

### **Adjournment:**

The meeting was adjourned at 6:19 p.m.

### **Public Comments:**

None

**Respectfully Submitted,**

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**Chair, Cecil A. Gutierrez**

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**Vice Chair, Wade Troxell**





FORT COLLINS • LOVELAND  
AIRPORT

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(970) 962-2852 • FAX (970) 962-2855 • TDD (970) 962-2620

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**TO:** Airport Commission; City Councils  
**FROM:** Jason Licon, Airport Director  
**RE:** Airport Report  
**DATE:** 1/31/2016

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### **Small Community Air Service Development Grant**

A Federal grant was awarded to the Airport in 2011 by the US Department of Transportation (USDOT) through the small community air service development program. This grant has a very specific use and requires any expenditure to be used toward the attraction and marketing of commercial air service. The grant was scheduled to expire last month and Airport staff requested that the grant be extended for an additional year as there was an available funding balance of approximately \$75,000. This grant has been used over the past four years toward air service development research, marketing, and travel costs.

### **Airport Terminal Improvements**

The Airport terminal facilities have recently received some upgrades. The bathroom floors in the main building were replaced due to age and wear, and the terminal interior was also improved with a fresh coat of paint. The Airport has also installed free public WIFI in the terminal building for passengers. These improvements were deferred during the times that the terminal was not served by scheduled air service. Additional upgrades are being planned this year to support the Elite Airways flights that are planned to return this spring. These upgrades include a satellite visitor's center kiosk, updated artwork, exterior paint, and parking lot pay parking kiosk upgrades.

### **Elite Airways**

Elite Airways was officially awarded the certification from the USDOT Air Carrier Fitness Division needed to operate their newly acquired CRJ-700 series aircraft. The new planes seat 70 passengers and have better performance and range than the 50 passenger CRJ-200 aircraft that the company operated in 2015. This new certification also allows additional flight frequencies to airports and the routes served are not required to be individually approved by USDOT.



## **Legal Staff**

The legal staff assignment is changing for the Airport. Moses Garcia will no longer be the legal counsel assigned to support the Airport Commission. Tree Ablao will be taking over these duties, as the legal departments routinely shift assignments due to staff changes and workloads. Tree will be in attendance at the next regularly scheduled meeting of the Northern Colorado Regional Airport Commission.

## **Virtual Air Traffic Control Tower Status**

Progress continues to be made on the Virtual Tower project. The program has officially been moved into the FAA's NextGen Program Office. The NextGen office is the research and development wing of the FAA that is tasked with enhancing technology to improve the air traffic system. The FAA & CDOT Division of Aeronautics are now working to evaluate an unsolicited vendor proposal to potentially fast-track the development of the program. The next steps include selecting vendors to install equipment and conduct test operations. Aeronautics Director David Ulane, and Project Manager Bill Payne and I will be traveling to Washington DC February 1-4 to FAA Headquarters to speak to top officials about the project.

## **2016 Planned Conferences & Events**

Airport personnel attend various conferences and events throughout the year. This year the Airport has budgeted for a variety of industry professional and marketing events. The events and travel schedule is as follows:

- January 26-27, Colorado Airport Operators Association Winter Conference & Legislative Reception, Denver Colorado
- February 1-4, Virtual Tower FAA Administrative Staff & NextGen Meetings, Washington DC
- March 28-30, FAA Northwest Mountain Region Airports Conference, Seattle Washington
- April TBD, Airline Meeting
- May 17, Public Works Day, Fairgrounds Park Loveland
- June 1-3, Colorado Airport Operators Association Annual Conference, Durango Colorado
- June 12-15, Airport Councils International Jumpstart Air Service Development Conference, Denver Colorado
- July 15-18, Airport Open House, Collings Foundation Wings of Freedom Tour, FNL Airport
- August TBD, Airline Meeting
- November 1-3, National Business Aircraft Association Annual Convention, Orlando Florida

## **Colorado Department of Transportation Division of Aeronautics**

A Colorado Aeronautical Board meeting that was held on January 25 in Denver. The primary focus of the meeting was to share that the discretionary grant program that the Airport relies upon, is not expected to recover until 2020. The program is funded primarily through a 2.9% sales tax on aviation jet fuel, which is currently averaging \$1 a gallon. Current forecasting models predict that the program will only be able to provide up to \$100,000 - \$150,000 annually toward federally matching projects only through 2020. What this means is that there will not be a State/ Local program where historically the Airport received up to \$250,000 - \$400,000 for eligible capital improvement projects and FAA grant matching funds. The Airport has applied and was awarded \$2.45 million through this program during the past five

years for critical infrastructure projects including runway and taxiway maintenance, aircraft parking area rehabilitation, lighting projects, and replacement of emergency equipment.

The impact to our Airport will be significant, as we face a compound funding issue with reduced FAA grant eligibility as a result of not having qualifying commercial air service (greater than 10,000 outbound passengers on a certified airline). The result will be the deferral of infrastructure maintenance and eliminating the possibility for any capital improvements to the Airport over the next 5-10 years. The average annual cost to maintain the airport's infrastructure is approximately \$600,000 annually and anticipated available Federal and State resources will be able to provide only \$150,000 of this each year.

Fortunately this funding gap will not have any effect on the Virtual Air Traffic Control Tower project as this has already been fully funded by the State of Colorado. A white paper explaining the funding situation is provided from the January 25 Colorado Aeronautics Board Meeting and is attached.



**COLORADO**  
Department of Transportation  
Division of Aeronautics

5126 Front Range Parkway  
Watkins, CO 80137

# MEMORANDUM

**TO:** Colorado Aeronautical Board  
**FROM:** David Ulane, Director  
**DATE:** January 25, 2016  
**SUBJECT:** Division Financial Look Forward

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## Background

In April 2015, the Colorado Department of Transportation's (CDOT) Division of Aeronautics was issued an \$11 million, five year loan by the Office of the State Controller to mitigate potential aviation system impacts arising from the Division's earlier over-obligation of discretionary grant funds and concurrent underestimation of declining Division revenues. This loan provides the Division the ability to honor all outstanding discretionary airport grant obligations, and the opportunity to issue a reduced amount of annual grant funds going forward. Condition #5 of that loan agreement requires that CDOT "put controls in place to assure that CDOT and the Division of Aeronautics are adequately tracking and monitoring revenues and there is proper review of the program by different parties so we can avoid this situation in the future."

In May 2015, the Colorado Aeronautical Board (CAB), Division of Aeronautics, and CDOT entered into a Memorandum of Understanding (MOU) to "more clearly define collaboration and coordination between CDOT and its Division of Aeronautics in order to achieve the goals of the Division, CDOT and the Colorado Aeronautical Board." The intent of the MOU, in part, was to comply with condition #5 of the State Controller's loan, and to improve the processes, procedures and methodologies by which the Division forecasts and communicates its financial position.

Since that time, the Division has been collaborating closely with CDOT and its Division of Accounting and Finance (DAF) to implement significantly improved revenue forecasting processes and tools, along with a strategy for better communicating those forecasts and expectations with our stakeholders earlier and more frequently. The information presented in this memo is a culmination of those efforts, which we will continue to implement, refine and improve.

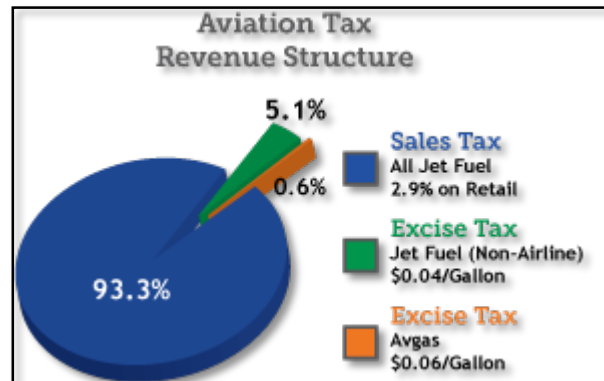


## Division Revenue Summary

The Division of Aeronautics is funded by three distinct state aviation fuel taxes:

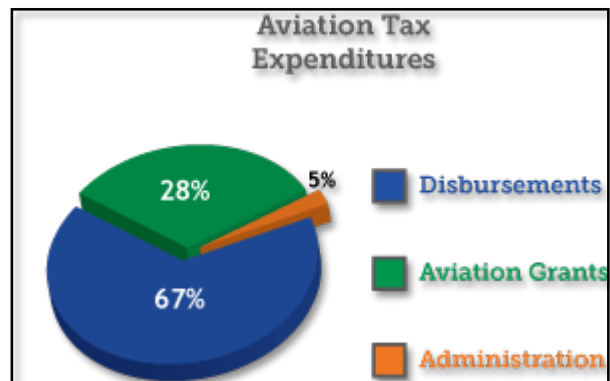
- 2.9% sales tax on all jet fuel
- \$0.04 per gallon excise tax on non-commercial jet fuel
- \$0.06 per gallon excise tax on aviation gasoline (avgas)

As the chart at the right depicts, over 93% of the Division's revenue is derived from the 2.9% sales tax on jet fuel, with about 85% of that portion generated by Denver International Airport. As Chart 1 in the attached packet shows, the price of jet fuel (and the price of oil from which jet fuel is refined) is highly volatile, and as of January 11<sup>th</sup>, is at record low of about \$0.92 per gallon, the lowest since early 2004. Meanwhile, the price of oil is also lower than it's been since late 2003, hovering around \$30 per barrel.



## Division Expenditure Summary

Per Colorado Revised Statute 43-10-110, 65% of all revenue from the 2.9% sales tax on jet fuel, and four cents of the six cents per gallon excise tax on avgas are disbursed back to the airport where the fuel was sold. The remaining revenues are used by the Division for its administrative expenses, as well as aviation grants, which include statewide initiatives such as mountain AWOS, airport intern program, surplus equipment program and the Colorado Discretionary Airport Grant (CDAG) program, as shown in the chart to the right.



## Revenue Forecasting Philosophies and Challenges

Issuance of airport improvement grants under the Colorado Discretionary Airport Grant (CDAG) program is one of the Division's most important duties. Prior to 2015, the Division obligated its CDAG funds on an obligation basis - that is if the Division received



XX dollars of revenue available for CDAG grants in one fiscal year, it would issue and obligate XX dollars of airport grants the following year. While this philosophy prevented the Division from over-obligating grant funds year over year, over time it created a significant and growing balance in the aviation fund, since many airport projects are completed over several years, with grant drawdowns also taking place over several years. This large balance, which was exacerbated by higher jet fuel prices and division revenues from 2009 through 2014, represented a significant amount of money that was not being put to timely use to improve Colorado's aviation system.

As a result, CDOT (along with the Division and many other transportation agencies nationally) are transitioning to obligating funds on a cash basis, where the multi-year aspects of revenues, cash flows and grant drawdowns are considered, and more funds are put to immediate use. While this greatly enhances the timely and effective use of Division revenues, it also creates the need for enhanced forecasting tools, acumen and attention. This is especially true in the Division's case, where the vast majority of our revenues are based on the volume of fuel sold, but also on its volatile and unpredictable price.

### FY 2017 Division Forecasting

The Division of Aeronautics and DAF have refined and implemented a significantly improved model and method for financial forecasting that will not only allow us to more effectively deploy our funds, but also help us to mitigate the kinds of risks that led to the Division's financial challenges in late 2015. This model, however still relies on forecasting the volume and price of jet fuel sold in the state, which is a difficult task, even for energy-industry experts.

As such, the Division's revenue forecasting philosophy will, at least for the near term given low fuel/oil commodity prices, generally portend a pessimistic view, where jet fuel prices remain low, and discretionary airport grant fund amounts and aggregate levels are adjusted as needed to allow the Division to remain in a positive cash position while maximizing investment in our aviation system.

As these forecasts are developed, the Division will communicate these forecasts as early as possible to allow airports to adjust their local budgets and capital improvement programs as necessary. At the present time, the Division's revenue forecasts and associated discretionary grant levels are constrained by three primary factors:

- Current record low oil and jet fuel prices;
- The \$11 million limit of the State Controller's loan to the Division; and
- The April 1, 2020 expiration date of the State Controller's loan



It is not feasible to amend either the amount or length of the State Controller's loan, so the Division has developed three forecast scenarios (attached), to demonstrate various financial outcomes based on varying CDAG grant funding levels, and how these outcomes align with the loan terms. All three scenarios have the same revenue forecasts, and are based on the following assumptions:

#### Revenue Assumptions

- Average oil price of \$35 per barrel, with 4% annual escalation from FY17 to FY20
- 32 million gallons per month of jet fuel consumption and historical averages on avgas consumption, both volumes remaining flat from FY17-FY20

#### Expenditure Assumptions

- Baseline statewide initiatives totaling \$1,224,000 annually FY17-FY20 (includes mountain AWOS, airport internship program, DEN surplus equipment, blended airspace/virtual air traffic control tower, USDA Wildlife program, crackfill, 5010 inspections and pavement condition indexing.)
- Annual administrative budget at the maximum 5% of the previous year's revenue, as limited by C.R.S. 43-10-109.

#### Scenario A:

Scenario A includes the above revenue and expenditure assumptions and the actual CDAG grant awards for FY16. It also reflects the maximum \$3,500,000 million of annual CDAG grant awards informally established for the term of the MOU (capped at \$250,000 per grant) from FY17 to FY20.

As the graph and data table show, this scenario does not meet the April 1, 2020 State Controller loan deadline, with a projected negative aviation fund balance of (\$3,607,771) on that date.

Clearly it is not possible, given current revenue assumptions, for the Division to support a \$3,500,000 annual (\$250,000 per grant cap) CDAG program from FY17-FY20.

#### Scenario B

Scenario B includes the above revenue and expenditure assumptions and the actual CDAG grant awards for FY16. It also reflects the currently programmed annual CIP CDAG grant amounts (capped at \$250,000 per grant) from FY17 to FY20, which are annually less than the \$3,500,000 amount included in Scenario A.



As the graph and data table show, this scenario also does not meet the April 1, 2020 State Controller loan deadline, with a projected negative aviation fund balance of (\$1,715,828) on that date.

Under this scenario, it is not probable, given current revenue assumptions, that the Division will be able to support the currently programmed CIP CDAG grant amounts at the \$250,000 cap per grant from FY17 to FY20.

### Scenario C

Scenario C includes the above revenue and expenditure assumptions and the actual CDAG grant awards for FY16. It also reflects the currently programmed annual CIP CDAG amounts, but capped at \$150,000 per grant, from FY17 to FY20.

As the graph and data table show, this scenario does closely meet the April 1, 2020 State Controller loan deadline, with a projected positive aviation fund balance of \$390,437 on that date.

## Summary and FY17 to FY20 CDAG Grant Program Expectations

As noted above, the goal of the CAB and the Division is to be proactive and diligent about closely monitoring the Division's current and forecast financial position, and communicating that information to airports and other stakeholders as early as possible.

As the attached scenarios demonstrate, it is not feasible under current revenue projections that the Division will be able to issue CDAG grants on FAA-funded projects with a cap of \$250,000 in FY17 and beyond. Based on our current information (subject to future revisions), it would be prudent for airports to be planning for the CDAG grant program to continue to match only FAA funded projects in FY17, with a cap on CDAG grants of \$150,000, continuing through FY20.

It is important to note that the FY17-FY20 CDAG grant program amounts and caps are not being recommended to the CAB for formal action or establishment at this time - this information is simply the Division's informed view of what impact the current and forecast environment have, barring any unforeseen changes in the energy market.

In May 2016, prior to the CAO conference in Durango, staff will revisit these scenarios and share any revisions with the CAB and airports at that time. We will also revisit these again in early October, prior to this year's Airport and Consultant Workshop scheduled that month.



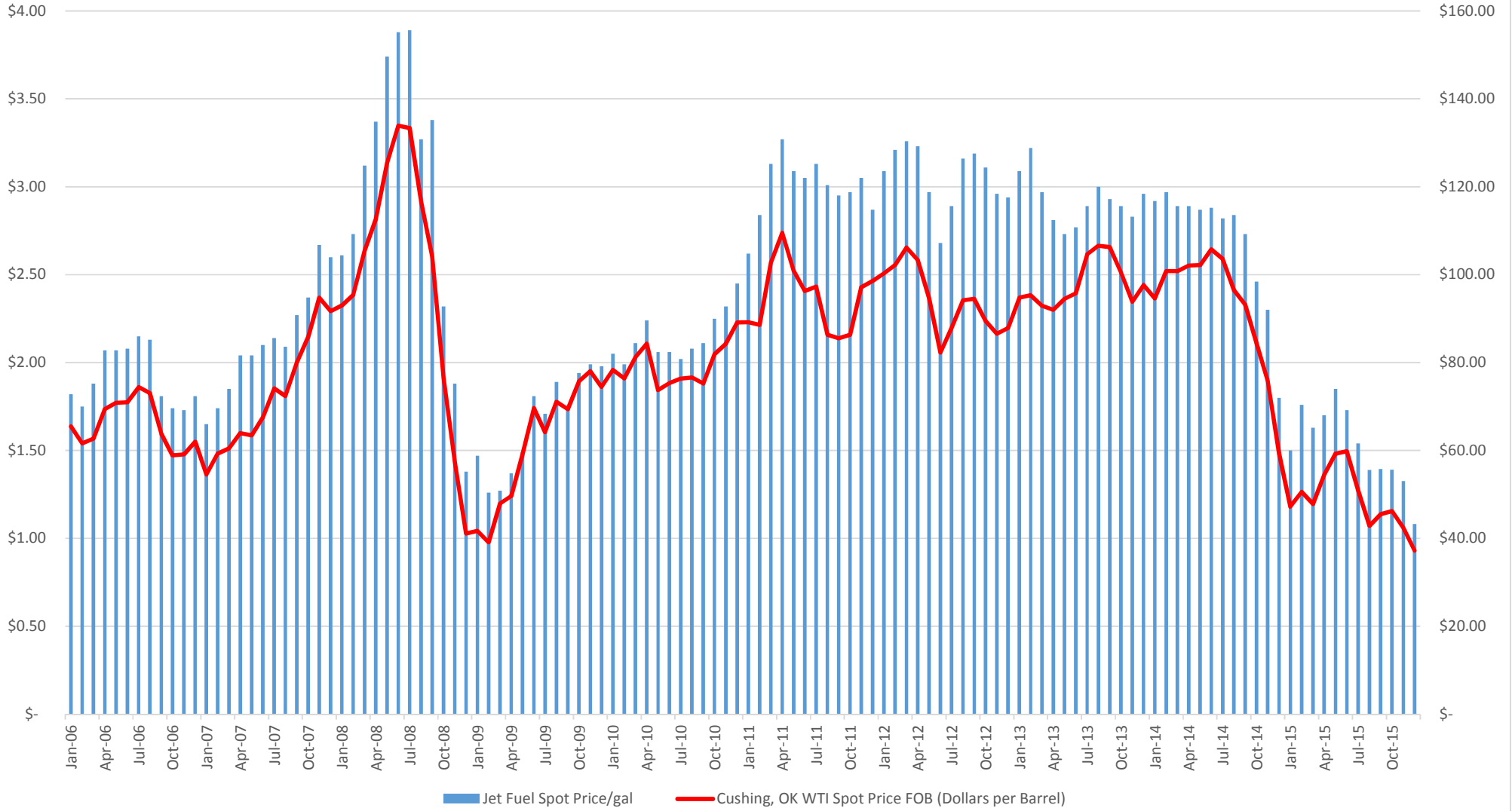


While this is certainly a frustrating situation, we feel it's important to convey this message now, as early as possible, to our airport partners and others so that they can begin thinking about their budgets for next year. We know the news is unfortunate, but we *are* following through with our commitment to the aviation community to be more diligent, transparent and communicative about the Division's situation and forecast path forward.

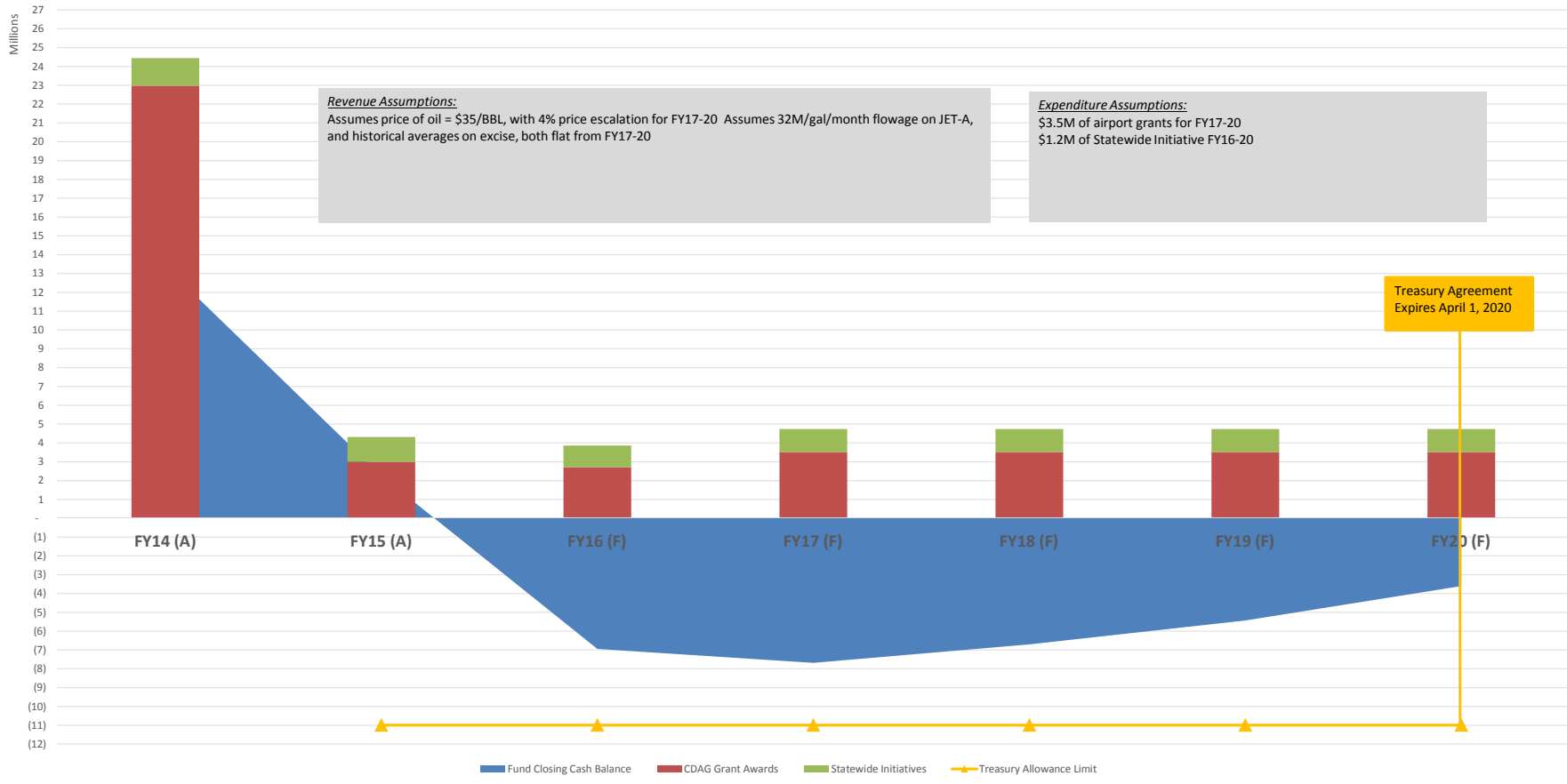
In closing, we believe that being conservative on our revenue forecasts is a much more prudent approach - the Division would rather be in a future position of potentially awarding more grant funds because revenues exceeded our forecasts, rather than reducing funds at the eleventh hour because we were overly optimistic.



# Historical Fuel Spot Prices



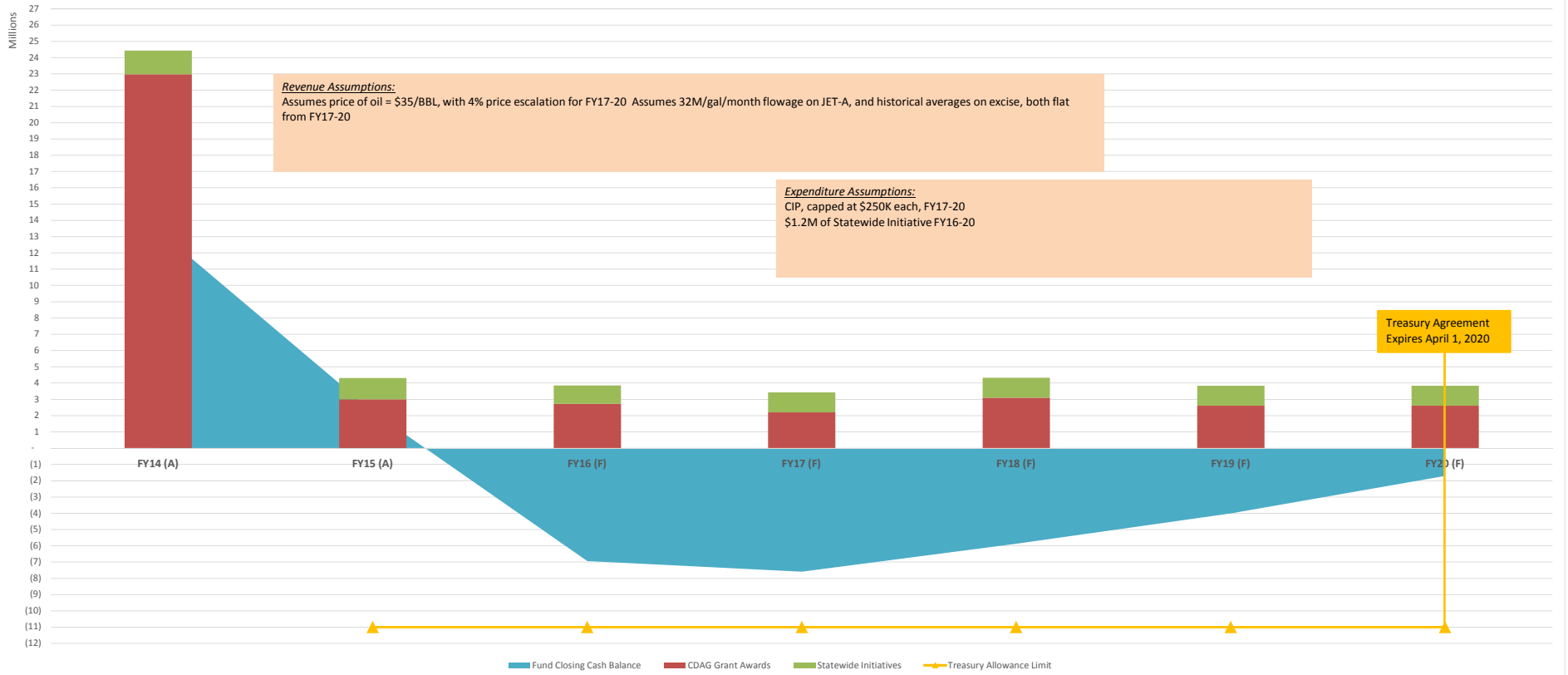
Division of Aeronautics  
 Scenario Forecast - A  
*Fund recovery estimate past Treasury Limit FY20*



Scenario A	FY14 (A)	FY15 (A)	FY16 (F)	FY17 (F)	FY18 (F)	FY19 (F)	FY20 (F)
Fund Closing Cash Balance	13,377,913	2,246,993	(6,950,140)	(7,680,183)	(6,709,628)	(5,438,119)	(3,607,771)
CDAG Grant Awards	22,974,000	2,995,981	2,711,447	3,500,000	3,500,000	3,500,000	3,500,000
Administrative Expense	1,004,905	1,083,715	1,104,375	972,237	888,655	1,038,032	1,084,853
Fuel Refunds to Airports	24,229,047	20,413,602	13,200,000	11,960,000	13,940,000	14,580,000	15,080,000
Statewide Initiatives	1,455,000	1,304,805	1,136,901	1,224,000	1,224,000	1,224,000	1,224,000
Treasury Allowance Limit		(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Estimated Revenue	35,343,226	31,593,000	19,444,747	17,773,097	20,760,639	21,697,067	22,455,477

\* Administrative Budget NTE 5% of prior FY Revenue  
 \*(A) denotes Actual amounts; (F) denotes Forecasted amounts

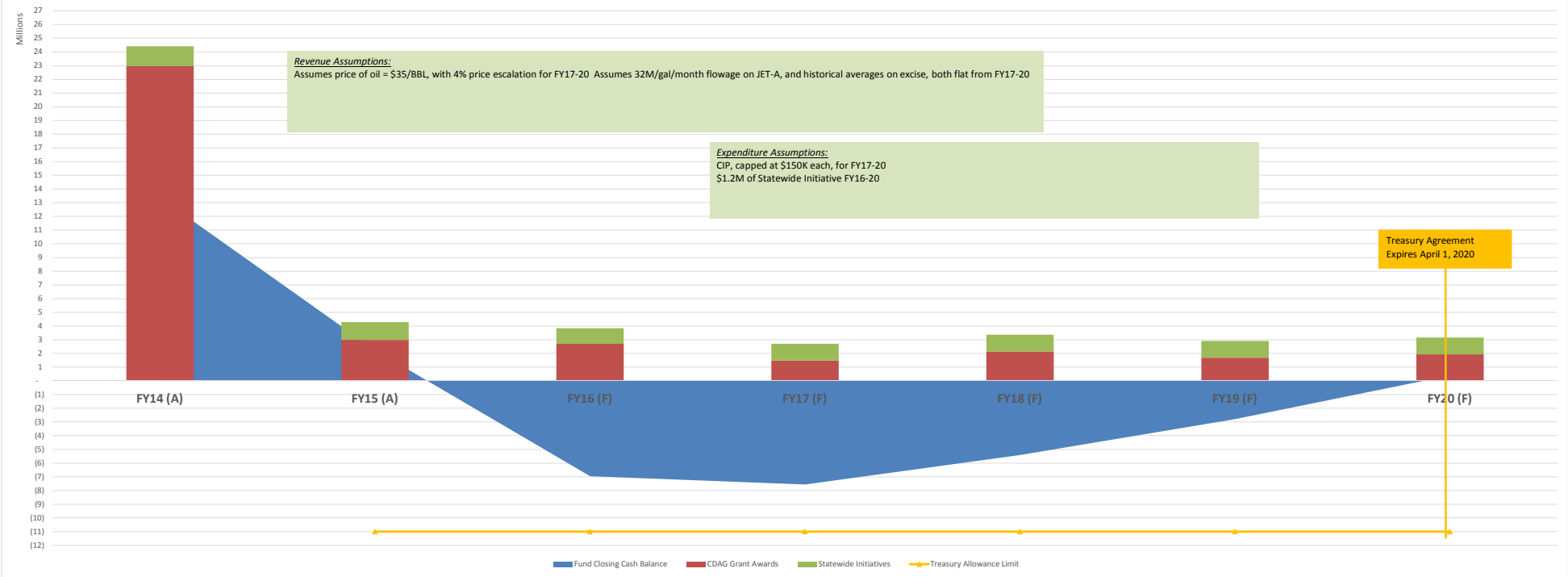
Division of Aeronautics  
 Scenario Forecast - B  
 Fund recovery estimate past Treasury Limit FY20



Scenario B	FY14 (A)	FY15 (A)	FY16 (F)	FY17 (F)	FY18 (F)	FY19 (F)	FY20 (F)
Fund Closing Cash Balance	13,377,913	2,246,993	(6,950,140)	(7,602,183)	(5,879,628)	(4,018,119)	(1,715,828)
CDAG Grant Awards	22,974,000	2,995,981	2,711,447	2,200,000	3,100,000	2,600,000	2,600,000
Administrative Expense	1,004,905	1,083,715	1,104,375	972,237	888,655	1,038,032	1,084,853
Fuel Refunds to Airports	24,229,047	20,413,602	13,200,000	11,960,000	13,940,000	14,580,000	15,080,000
Statewide Initiatives	1,455,000	1,304,805	1,136,901	1,224,000	1,224,000	1,224,000	1,224,000
Treasury Allowance Limit		(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Estimated Revenue	35,343,226	31,593,000	19,444,747	17,773,097	20,760,639	21,697,067	22,455,477

\* Administrative Budget NTE 5% of prior FY Revenue  
 \* (A) denotes Actual amounts; (F) denotes Forecasted amounts

Division of Aeronautics  
Scenario Forecast - C  
FUND RECOVERY ESTIMATED FY20



Scenario C	FY14 (A)	FY15 (A)	FY16 (F)	FY17 (F)	FY18 (F)	FY19 (F)	FY20 (F)
Fund Closing Cash Balance	13,377,913	2,246,993	(6,950,140)	(7,559,324)	(5,398,565)	(2,781,531)	390,437
Administrative Expense	1,004,905	1,083,715	1,104,375	972,237	888,655	1,038,032	1,084,853
Fuel Refunds to Airports	24,229,047	20,413,602	13,200,000	11,960,000	13,940,000	14,580,000	15,080,000
CDAG Grant Awards	22,974,000	2,995,981	2,711,447	1,485,685	2,153,829	1,696,107	1,940,690
Statewide Initiatives	1,455,000	1,304,805	1,136,901	1,224,000	1,224,000	1,224,000	1,224,000
Treasury Allowance Limit		(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Estimated Revenue*	35,343,226	31,593,000	19,444,747	17,773,097	20,760,639	21,697,067	22,455,477

\* Administrative Budget NTE 5% of prior FY Revenue  
\* (A) denotes Actual amounts; (F) denotes Forecasted amounts

For Internal Aeronautics Division Discussion Purposes Only



**NORTHERN COLORADO**  
REGIONAL AIRPORT COMMISSION

**Airport Statement of Revenues and Expenses**  
From 01/01/2016 to 1/31/2016

	Y-T-D 2016 Actual	Y-T-D 2015 Actual	Y-T-D 2016 Budget	2016 Total Budget	% of Y-T-D 2016 Budget
<b><u>OPERATING REVENUES</u></b>					
Hangar Rental	7,224	13,561	7,500	90,000	8%
FBO Rent	6,518	1,905	6,827	81,874	8%
Gas and Oil Commissions	0	0	14,583	174,996	0%
State Aircraft Fuel Tax	0	4,094	5,667	68,004	0%
Land Lease	26,524	12,314	16,667	200,004	13%
Terminal Lease and Landing Fees	573	413	220	2,600	22%
Parking	330	0	40	500	66%
Miscellaneous	3,929	3,807	3,309	8,208	48%
<b>TOTAL OPERATING REVENUES</b>	<b>45,098</b>	<b>36,093</b>	<b>54,813</b>	<b>626,186</b>	
<b><u>OPERATING EXPENSES</u></b>					
Personal Services	35,588	31,182	18,510	481,216	7%
Supplies	(50)	1,662	4,428	53,200	0%
Purchased Services	7,646	18,488	33,117	397,474	2%
<b>TOTAL OPERATING EXPENSES</b>	<b>43,183</b>	<b>51,331</b>	<b>56,055</b>	<b>931,890</b>	
<b>OPERATING GAIN (LOSS)</b>	<b>1,915</b>	<b>(15,238)</b>	<b>(1,242)</b>	<b>(305,704)</b>	
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>					
City Contributions	177,500	0	355,000	355,000	50%
Passenger Facility Charge	0	0	580	7,000	0%
Interest Income	0	479	520	6,185	0%
Capital Expenditures	0	0	(13,889)	(166,668)	0%
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>177,500</b>	<b>479</b>	<b>342,211</b>	<b>201,517</b>	
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>179,415</b>	<b>(14,759)</b>	<b>340,969</b>	<b>(104,187)</b>	
Capital Contributions	0	0	695	158,340	0%
<b>CHANGE IN NET POSITION</b>	<b>179,415</b>	<b>(14,759)</b>	<b>341,664</b>	<b>54,153</b>	
NET POSITION, Beginning	20,473,725	23,324,611	0	0	
NET POSITION, Ending	20,653,140	23,309,852	341,664	54,153	
Investment in Capital Assets	18,412,640	21,341,480	0	0	
Net Position Available for use	2,240,501	1,968,372	341,664	54,153	



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**ITEM NUMBER:** 4  
**MEETING DATE:** February 18, 2016  
**PREPARED BY:** Jason Licon, Airport Director

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**TITLE**

Proposed Bylaws Amendment

**RECOMMENDED AIRPORT COMMISSION ACTION**

Approve an amendment to the Bylaws included in the proposed Resolution#1-2016 of the Northern Colorado Regional Airport Commission allowing the Commission to form subcommittees and work groups.

**BUDGET IMPACT**

- Positive
- Negative
- Neutral or Not Applicable

**SUMMARY**

The Bylaws of the Northern Colorado Regional Airport Commission do not allow for the formation of subcommittees or work groups. A resolution has been drafted that will allow the Commission the ability to establish both subcommittees comprised of Commission members and work groups comprised of individuals who are not Commission members to provide research assistance or recommendations to the Commission provided that the work group has a Commission member assigned as a liaison. Once approved by the Commission the amendment will require approval from both City Councils.

**ATTACHMENT**

RESOLUTION #1-2016 AMENDING THE BYLAWS OF THE NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

**RESOLUTION 1-2016**

**A RESOLUTION AMENDING THE BYLAWS OF THE NORTHERN  
COLORADO REGIONAL AIRPORT COMMISSION**

**WHEREAS**, the Northern Colorado Regional Airport Commission (“Commission”) was established by the City of Loveland (“Loveland”) and the City of Fort Collins (“Fort Collins”) pursuant to that certain Amended and Restated Intergovernmental Agreement for the Joint Operation of the Fort Collins-Loveland Municipal Airport dated January 22, 2015 (“2015 IGA”), to effectuate changes to the governance structure and pursue development of the Fort Collins-Loveland Airport as a regional airport; and

**WHEREAS**, pursuant to and consistent with the 2015 IGA, the Commission, with the approval of the Loveland City Council and Fort Collins City Council (jointly, the “Councils”), adopted bylaws (“Bylaws”) governing the responsibilities of the Commission; and

**WHEREAS**, the Commission desires to establish subcommittees and work groups to assist the Commission with research and recommendations related to the Commission’s purpose and, to that end, seeks to amend the Bylaws to clarify its power to establish such subcommittees and work groups; and

**WHEREAS**, the 2015 IGA requires that the Bylaws, including any amendment thereto, be approved by the Councils before going into effect.

**NOW, THEREFORE, BE IT RESOLVED BY THE NORTHERN COLORADO  
REGIONAL AIRPORT COMMISSION:**

**Section 1.** That the Bylaws, subject to the approval of the Councils, are hereby amended by the addition of a Section 12 to read in full as follows:

Section 12. Subcommittees and Work Groups. The Commission may establish both subcommittees comprised of Commission members and work groups comprised of individuals who are not Commission members to provide research assistance or recommendations to the Commission; provided that any work group established by the Commission shall have a Commission member assigned as a liaison. Subcommittees and work groups established by the Commission shall be subject to the Colorado Open Meetings Law, C.R.S. §24-6-402.

**Section 2.** That this Resolution shall be effective as of the date and time of its adoption.

ADOPTED this 18th day of February, 2016



\_\_\_\_\_  
Cecil A. Gutierrez, Chair

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Assistant City Attorney

City of Fort Collins Resolution No. \_\_\_\_\_, approved \_\_\_\_\_, 201\_\_

City of Loveland Resolution No. \_\_\_\_\_, approved \_\_\_\_\_, 201\_\_

A RESOLUTION AMENDING THE BYLAWS OF THE NORTHERN COLORADO REGIONAL AIRPORT COMMISSION



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**ITEM NUMBER:** 5  
**MEETING DATE:** February 18, 2016  
**PREPARED BY:** Jason Licon, Airport Director

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**TITLE**

CDOT Aeronautics Grant Program

**RECOMMENDED AIRPORT COMMISSION ACTION**

This is an informational item

**BUDGET IMPACT**

- Positive  
 Negative  
 Neutral or Not Applicable

The 2016 Airport budget will not be impacted, however budgets in future years will likely see impacts as a result of this financial situation.

**SUMMARY**

The Colorado Department of Transportation Division of Aeronautics has released information pertinent to their discretionary grant program through 2020. Airport staff will share with the Commission how this will impact the Airport's capital budget. The impact to the Airport will be seen in a capital revenue resource reduction between 2017 and 2020 that could total \$730,000. The program is funded through Colorado aviation fuel taxes and since 2011 the Airport has applied for and received over \$2.4 million in awarded grants. Airport impact will be illustrated by incorporating projected amounts within the ten-year financial model.

**ATTACHMENTS**

None

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**ITEM NUMBER:** 6  
**MEETING DATE:** February 18, 2016  
**PREPARED BY:** Jason Licon, Airport Director

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**TITLE**

Direction on IGA Amendment

**RECOMMENDED AIRPORT COMMISSION ACTION**

Make a motion to direct staff to develop an amendment to the Intergovernmental Agreement (IGA) to consider at the next regularly scheduled Airport Commission meeting.

**BUDGET IMPACT**

- Positive  
 Negative  
 Neutral or Not Applicable

**SUMMARY**

Staff is requesting direction on the Commission's desire to review and clarify its powers and authority. The topics to be discussed are:

1. The ability to approve leases, agreements, and grants that fall within certain parameters
2. The ability to expeditiously provide recommendation to City Councils on policies and projects
3. The ability to appropriate additional budgetary control for operating expenses, capital improvements, and public improvements that may fall outside of the annually adopted budget

**ATTACHMENTS**

IGA Amendments Discussion Memo



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**To:** Northern Colorado Regional Airport Commission  
**From:** Teresa “Tree” Ablao, legal counsel to the Commission  
**Through:** Jason Licon, Airport Director  
**Date:** Friday, February 12, 2016  
**Re:** Roadmap for potential IGA amendments for Commission discussion/consideration

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Below are bullet points outlining potential revisions to the Airport Commission IGA which address issues and concerns expressed by members of the Commission at the last meeting. I anticipate that if given direction by the Commission at the February meeting, I would be able to present draft amendment language for the Commission’s consideration at the March meeting, and discuss the timing of presentation to the City Councils thereafter.

**Clarification regarding the extent of the Commission’s powers and authority:**

- Add language that would enable the Commission to approve leases, agreements and grants that fall within certain parameters
  - Aeronautical lease terms that are currently approved as to form are 25 years with three (3) five (5) year extensions totaling 40 years maximum. The FAA compliance manual states that most tenant ground leases of 30 to 35 years are sufficient to retire a tenant’s initial financing and provide a reasonable return for the tenant’s development of major facilities. Leases that exceed 50 years may be considered a disposal of the property in that the term of the lease will likely exceed the useful life of the structures erected on the property. Leases that exceed 50 years require FAA approval from headquarters.

The Commission may be able to set certain development criteria to justify up to a 50 year lease, such as increased development costs, energy efficiency investments and other justification for situations that exceed the average construction quality of a typical hangar.

- State and Federal grants require resolution approval by the Airport’s Sponsor(s). However, the City Councils could authorize the NCRAC to approve grants of a certain type or amount. For example, state grants contain a standard condition that requires a grantee to “warrant that it possesses the legal authority to enter into this Grant and that it has taken all actions required by its procedures, by-laws, and/or applicable laws to exercise that authority, and to lawfully authorize its undersigned signatory to execute this Grant, or any part thereof, and to bind Grantee to its terms.”
- Add language to clarify and describe the process for the Commission to expeditiously provide recommendations to the City Councils on policies and projects that are “outside the box” or otherwise exceed parameters of authority
  - The NCRAC can provide recommendations but it will ultimately require approval from both City Councils at their discretion.

- Add language providing appropriate budgetary control for operating expenses, capital improvements and public improvements
  - City Councils could appropriate a certain amount of unreserved capital for NCRAC to utilize for discretionary projects.
  - Policy would need to be developed in order to maintain a certain amount of unreserved capital for operational & capital reserves.
  - NCRAC would not be permitted to spend in excess of the appropriated amount from the airport fund.



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**ITEM NUMBER:** 7  
**MEETING DATE:** February 18, 2016  
**PREPARED BY:** Jason Licon, Airport Director

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**TITLE**

FAA Reauthorization Bill and Virtual Tower

**RECOMMENDED AIRPORT COMMISSION ACTION**

This is an action item to direct staff to work with State and Federal elected officials and the FAA to support the Virtual Tower project including taking necessary actions as required to support the project.

**BUDGET IMPACT**

- Positive
- Negative
- Neutral or Not Applicable

**SUMMARY**

The proposed FAA Reauthorization Bill from the House Aviation Subcommittee includes language that could have an effect on the Virtual Tower Project. Staff will provide a brief on the proposed bill as it relates to the Virtual Tower Project. Staff will also provide suggested language modifications that will allow for airports to be eligible for FAA funding for the construction and maintenance of a remote/virtual tower, and to allow for inclusion in the Federal Contract Tower Program. The Federal Contract Tower Program allows the FAA to contract and fully fund air traffic control services at airports to private companies. There are a total of 251 airports nationwide that are part of this program, and three of five towers in Colorado are participants in this program.

**ATTACHMENTS**

FAA Reauthorization Bill Information Pertinent to the Virtual Tower Project

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## Proposed Reauthorization Bill Language for AIP

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Commercial air carriers, private corporations and government agencies operate jet aircraft into small and medium sized non-towered airports throughout the National Airspace System (NAS). Aircraft operating at non-towered airports self separate. This mixing of high performance jet aircraft with low performance GA aircraft and helicopters affects efficiency, and introduces a level risk into the airspace around these airports. Operators of these high performance aircraft find flying to and from non-towered airports a challenge and in some instances elect to go to an airport offering airport traffic services in the form of an airport traffic control tower (ATCT) and then drive to their original desired destination. In the past, the answer to this issue was for an airport to seek inclusion into the Federal Contract Tower (FCT) program and construct an ATCT. Two key elements in being accepted into the FCT Program are: 1) have a Benefit/Cost (BC) ratio greater than 1.0, and 2) construct an ATCT meeting FCT certification standards. Small and medium activity airports find it difficult to justify the expense to construct a traditional “sticks and bricks” ATCT, for this reason an alternative is needed.

The State of Colorado in partnership with the FAA is developing a remote airport traffic control tower alternative to constructing the traditional control tower. This effort is known euphemistically as Blended Airspace. When approved, the program will offer airports an alternative to constructing a traditional ATCT. The reduced capital and maintenance cost of a remote ATCT from that of a traditional ATCT will logically result in an increase to an airport’s Benefit-Cost ratio.

The Airport Improvement Program (AIP) allows primary airports (with greater than 10,000 enplanements) to use primary entitlement grant funds up to \$2M to site, construct and equip a Federal Contract Tower (FCT). There are, at present, no other AIP funding sources (discretionary, State Apportionment, etc.) available to airports for construction of an ATCT. Most primary airports elect to use their entitlements to fund more traditional airport improvements such as runway/taxiway paving, airfield lighting, etc. However, certain GA non-primary and commercial service reliever airports would receive a greater benefit from AIP funds by providing airport traffic control services to support improved safety and efficiency.

Historically, constructing an ATCT was the only option available to airports to provide these needed services. Primary entitlement funds allowed currently under AIP have proven insufficient to fully fund the construction and equipping of an ATCT at an airport in the Federal Contract Program. Qualifying airports which could benefit from a control tower are then forced to augment these funds with a combination of airport revenues, local community funds or a state grant. If an airport is successful in locating the capital funds for a control tower, the ongoing operation and maintenance costs can easily overwhelm an airport’s limited revenue base. Therefore, in order to provide a more cost effective method for airports to deliver airport traffic control services, a new concept is needed.

Certain airports will benefit greatly from having a mechanism available to fund an alternative to the traditional ATCT. A straightforward way to accomplish this would be to add language in the upcoming FAA Reauthorization bill (see suggested language below) to permit existing AIP funds to be used by airports to fund a remote tower as an alternative to constructing a traditional

## Proposed Reauthorization Bill Language for AIP

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control tower. This would be in keeping with the FAA Authorization Principles to “Restructure AIP funding to better respond to the needs of smaller airports.”

In summary:

Reduced airport revenues and enplanements coupled with increased construction costs make it extremely difficult for non-towered airports to site and construct a traditional physical ATCT. The alternative is to provide these services remotely via the Blended Airspace concept to eliminate the need and cost associated with constructing and maintaining a control tower. For airports to take advantage of this transformative concept, they must have access to funding. AIP could meet that need. Broadening the language within AIP to allow airports to use it to fund a remote tower solution would put another tool in the airports’ tool bag to address safety and efficiency issues that are a consequence of not having an ATCT. An equivalent level of safety and efficiency could be provided without incurring the costs associated with a traditional control tower.

**Request:** Incorporate the following in the upcoming FAA Reauthorization bill:

Make it possible for an airport that has implemented a FAA certified remote airport traffic control tower eligible to be included in the Federal Contract Tower Program (FCT).

And:

Permit General Aviation primary, non-primary, reliever and non-primary commercial service airports listed in the current National Plan of Integrated Airport System (NPIAS) included in the FCT Program to utilize the full spectrum of AIP funding to establish a remote airport traffic control tower facility as an alternative to construction of a traditional ATCT. All applicable on airport and remote facility equipment shall meet the requirements of the FCT program with the exception of those requirements associated with constructing a traditional physical ATCT. Eligibility for AIP funding is contingent upon FAA acceptance of the Blended Airspace (remote tower) concept to provide airport traffic services from a remote location.

**Suggested language:**

**114<sup>th</sup> Congress 2<sup>nd</sup> session HR\_\_\_\_\_**

**Request:** Incorporate the following into the Aviation Innovation, Reform and Reauthorization (AIRR) ACT of 2016 at:

Article I, Authorization, Subtitle C – Airport Improvement Program Modification, Section 135 (a)(E)(3)(A):

Section 47124 (b)(3)(B) of title 49, United States Code, is amended in clause (ii) by inserting “, or certified remote airport traffic control tower”, before “as required for eligibility under the Contract Tower Program.”



## Proposed Reauthorization Bill Language for AIP

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Section 47124(b)(4)(A) of title 49 of the United States Code, is amended in each of clauses (i)(III) and (ii)(III) by inserting “, including remote airport traffic control tower equipment certified by the Federal Aviation Administration”, after “1996”.

Section 47114(d)(3)(A) of title 49, United States Code, is amended by inserting clause (iii) “Primary and non-primary airports listed in the National Plan of Integrated Airport System (NPIAS) may utilize Airport Improvement Program (AIP) grant funds for the reimbursement of the cost of acquiring and installing equipment for a remote airport traffic control tower. All on airport and remote facility equipment shall meet the requirements of the Federal Contract Tower (FCT) Program. Eligibility for funding under this section is conditioned upon Federal Aviation Administration acceptance and certification of the remote tower to provide airport traffic services from a remote location.”

Applicable sections of Title 49 of the United States Code:

- Section 47124(b)(3)(B) clause (ii)
- Section 47124(b)(4)(A) clause (i)(III) and (ii)(III)
- Section 47114(d)(3)(A)