

MEETING RECORD

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DATE: 04/22/2020, 5/6/2020, 5/13/2020
TIME: 03:00-05:00 PM, 03:00-05:00 PM, 3:30-5:00
RE: Planning and Development Sub-Committee Meeting
ATTENDEES: Jason Licon, Tom Fleming, Diane Jones, James Hays, Josh Birks, Troy Bliss, Aaron Ehle

Begin Meeting Record 04/22/2020

- Bob Middleton has resigned from the PDSC.

Agenda Item #1: Meeting Minutes Review – February 26th, 2020

- We need to make sure that action items relating to the strategic plan don't get forgotten about with all of the attention we will be devoting to CARES Act funding issues.
- Master Plan open house – coordinate with Mead and Hunt to hold virtual meeting. CARES Act public input could dovetail with Master Plan input.
- **Tom moved to approve the minutes. The motion, seconded by Diane passed unanimously.**

Agenda Item #2: CARES Act Grant Funding Priorities

- On April 14th the FAA shared Cares Act grant amounts. Of the \$10 billion distributed, Northern Colorado Regional Airport received \$16.86 million. The funding was distributed according to formulas included in the Act.
- Airport Commission has tasked the PDSC with creating recommendations and rationale.
- Evaluation and Recommendation Process
 - Identify constraints for funding usage
 - Create a list of specific uses or projects
 - Determine evaluation principles to be applied
 - Incorporate evaluation criteria to the list
 - Recommend to the Airport Commission for consideration
- Funding Use Guidelines and Constraints
 - Funds must be spent, not just encumbered, within 4 years.
 - FAA has requested the expeditious use of the funding
 - Can be used to offset operational losses or for capital improvement investments to:
 - Keep airports in reliable, safe operation to serve the aviation industry, the traveling public, and support the economy
 - Keep airport and aviation workers employed
 - Keep airport credit ratings stable
 - Funds must be used in accordance with federal requirements that apply to airport revenue.
 - Initial grant distribution will be capped at 4X annual operating expenses. Additional justification is required to obtain the remaining amount of the awarded grant.
 - Funds can be used for revenue generating projects or areas of the terminal, unlike AIP funds.
 - Funds used for capital projects must follow additional criteria for typical Airport Improvement Program (AIP) projects.
 - CARES Act funds can be applied to payroll.

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- Additional staff may be needed to execute and manage the use of CARES Act funds.
- Payroll for staff dedicated to capital projects would be an eligible expense.
- Project List Creation
 - Perform survey of projects and uses
 - Capital Improvement Plan (CIP) projects and other projects that have been discussed, but are not currently on the CIP
 - Factors to consider
 - CIP includes only grant eligible projects that are prioritized in accordance to anticipated funding availability and eligibility levels.
 - CARES Act funds are completely separate from the AIP
 - No CIP projects are currently at risk due to the decrease of Airport revenue, but the severity and length of the downturn could eventually impact projects.
 - CARES Act provided for tax and fee reductions combined with lower travel demands will likely have impacts on 2021 and beyond for traditional FAA funding through the Airport Improvement Program
- Projects for Consideration
 - CIP Projects (total projected cost ≈ \$34 million over 6 years)
 - Commercial Apron Expansion and new Taxiway E
 - Stearman Taxiway Reconstruction (Partial)
 - Northrop Taxiway Reconstruction
 - Taxiway D Rehabilitation and Realignment
 - Rehabilitate Hangar and Ramp Areas (Pavement Maintenance)
 - RW 15-33 Widening & TW A Rehabilitation & Lighting and Signage
 - Broom Truck Snow Removal Equip. (SRE) Replacement
 - New Airport Terminal
 - Landside Improvements
 - Fuel Farm Relocation
 - Remote Tower Permanent Facility
 - Additional Projects (non in CIP)
 - U.S. Customs User Fee Facility
 - Lindbergh Drive/Rocky Mountain Avenue Extension
 - Enhancement and Beautification of Airport Corridors and Existing Facilities
 - Redevelopment Projects (specific to airport owned hangars)
 - Expand Utility Networks to Encourage Private Development
- Evaluation Principals and Criteria (Brainstorming session)
 - Keeping the Airport operational and maintained is critical and needs to be accounted for before considering capital projects. If we set money aside for operations and maintenance and it's not needed, it can be transferred to capital projects.
 - Revenue and grant projections will likely be affected by the pandemic. We need to plan to cover gaps.

- CIP assumes commercial air service with >10,000 enplanements starting this year, which would translate to \$1 million in FAA entitlement funding. Without commercial service, entitlement is \$150,000 (two-year lag).
- Must consider additional operations and maintenance costs associated with capital projects and how those costs are going to be funded if revenue projections associated with projects don't come to fruition. The Cities will face budget challenges for the foreseeable future, and can't be relied upon to support O&M costs.
- CARES Act funds can be leveraged to accelerate projects that receive lower prioritization for AIP funds.
- The terminal project was programmed ahead of the runway widening project in the CIP, but FAA recently decided that the runway widening project was a higher priority, pushing the terminal project back to 2026.
- A lot of time and effort has recently been put into the CIP and we need to determine how CARES Act funds can be used to facilitate or expedite the plan.
- Evaluation principles to prioritize projects
 - Economic Impact – create highest and most positive impact to the region
 - Job creation and retention
 - Enhance and add revenue streams to generate additional impact
 - Leverage enhancement (how CARES Act funds can be applied to costs that are unlikely to be covered by FAA/CDOT grants)
 - Strategic Plan alignment
 - Return on investment
 - Urgency & Need
 - Time (Efficiency)
- Evaluation Matrix
 - Staff created a matrix that lists the projects along with information about AIP priority, total cost projections, grant projections, and Airport/local contribution.
 - Should certain principles be weighted more heavily?
 - Tom suggested that Jason has the best perspective and sense of what projects are most important and asked him to discuss his priorities:
 - Jason: A lot of thought has already gone into the highest and best use of the funding.
 - Infrastructure investment – there has been good investment in the airside infrastructure, but the landside infrastructure is lacking.
 - Landside infrastructure (roads, parking lots, terminal) is not likely to be highly prioritized for funding by FAA.
 - Investment in landside infrastructure will position the Airport to capture the demand that currently exists according to our market research.
 - Air traffic control (remote tower) is a big step in being able to attract and support commercial service

- A new terminal, parking lot, and entry road rise to the top of the priority list – strongly aligned with Strategic Plan, highest ROI, and economic impact
- Other projects may be able to benefit from a new terminal. A permanent location for the remote tower could be incorporated into the facility. The existing terminal could be repurposed, possibly for US Customs.
- A new terminal would be a great asset for the region, but due to budget and commercial air service uncertainties, it makes sense to evaluate the design and construction separately. Moving forward with design (a 12-18 month process) carries low risk. A clearer view of the future will be necessary to commit to constructing a new facility. A phased approach to the construction of a terminal facility is a possibility.
- It is difficult to obtain AIP funding for terminal projects at small airports and substantial airport/local contributions are typically necessary. The FAA is capping discretionary AIP grants for terminal projects at \$5 million. The current CIP programs 3 years of entitlement funding to be used for the terminal project. The CARES Act grant creates a unique opportunity to accelerate the terminal project and offset the airport/local contribution of about \$6.5 million.
- The widening of the runway is also an important project to attract commercial air service and might be a limiting factor for some airlines. This is a high priority project for the FAA, and is likely to receive discretionary AIP funding. The terminal project is a much lower priority for the FAA.
- Runway length is adequate for modern aircraft, including Airbus A319 and A320. The Master Plan still includes a 1,000 extension, but that may not be necessary as older planes are phased out. The width is more of a limiting factor for commercial air service than the length.
- Private-sector investment is more likely with the terminal project than airside maintenance/improvement projects. This can be done through concession providers including food, car rental, transportation network companies like Uber and Lyft, and of course Airlines.
- Runway projects will likely require phasing and closures, with the goal of limiting impacts to operations.
- An additional potential project was added to the matrix – Expand utilities and infrastructure to areas of the Airport to encourage private development.
- More discussion and analysis will be necessary to develop recommendations for the Airport Commission. The matrix and some additional information will be provided prior to our next meeting.

Meeting Adjourned – to be continued on May 6th at 3:00

Begin Meeting Record 5/6/2020

Agenda Item #1: CARES Act Grant Funding Priorities

- Desired Outcome: Reach a consensus for the highest and best use of the CARES Act Funding
 - Used in accordance with funding guidelines, recommendations, and time constraints
 - Align with strategic plan, guiding documents and policies
 - Determine the most effective and impactful ways to benefit the Region
 - Identify uncertainties and alternatives
- Evaluation Methodology
 - Understand the funding requirements and intent
 - Prepare for impact for pandemic related operational revenue and funding gaps
 - \$2 million set aside
 - Airport's budget for 2020 is \$1.3 million
 - Worst case scenario is a 30% decrease in revenue.
 - Can be moved to fund other priorities through a grant amendment request
 - Remainder dedicated for airport improvements
 - Developed a set of principles
 - Economic Impact & Job Creation
 - Strategic Plan Alignment
 - Funding Leverage
 - Future Investment Return
 - Urgency & Efficiency
 - Reevaluate and reorganize Capital Improvement Plan (CIP)
- Review of PDSC Evaluation Results
 - New Airport Terminal
 - Landside Improvements
 - Commercial Apron Expansion and Taxiway E
 - Runway 15-33 Widening & TW A Rehab & Lighting and Signage
 - Rehabilitate Hangar and Ramp Areas (Seal Coat)
 - U.S. Customs User Fee Facility
- PDSC Concerns and Feedback for Discussion
 - US Department of Transportation's Airport and Airways Trust Fund.
 - The majority of the Trust Fund is used for air traffic control purposes. The remainder goes toward funding AIP projects.
 - The Fund is supported by aviation taxes and fees and will likely be strained by decreases in fuel sales and airline passengers. The CARES Act also contains a provision that temporarily suspends the collection of some of the taxes and fees. The severity and duration of the impact difficult to forecast. High priority projects related to safety will probably continue to be funded, but lower priority projects like the terminal may not.

- City contributions - The budgets of the cities will be under pressure for the near future. The cities cannot be expected to support operations and maintenance costs. This must be considered when evaluating projects.
- How do we make a recommendation to build a new terminal with so much uncertainty surrounding the future of the airline industry? How do we manage risk?
 - A new terminal is more of a need than a want.
 - The Airport has demonstrated the ability to support commercial service in the past.
 - Data supports strong demand for air travel (prior to the pandemic)
 - The airline industry has always recovered from previous crises.
 - The risks of not positioning the Airport for commercial service must be considered. Commercial service brings major revenue potential.
 - The operations and maintenance costs can be managed by scaling or phasing the facility. O&M costs for the existing terminal are about \$35,000 per year. Items such as escalators, elevators, jet bridges, and baggage carousels can drive up O&M costs.
 - Decisions about the construction of the terminal don't have to be made right now. The design work will take 12-18 months.
 - Contingency plan should be developed to apply funds to other projects if the timing isn't right for building a terminal.
- What is most important to the Airport and communities, for the long run?
 - Credible commercial air service
 - Community benefit and support
 - Communication and engagement plan
- Demonstrating the expeditious use of funds in an effective manner will create higher levels of trust with the FAA, possibly impacting future funding.
- Rationale for Terminal and Landside Improvements Prioritization
 - Funding Leverage
 - Using CARES Act fund for a new terminal and supporting infrastructure will offset approximately \$6.5 million in projected airport/local contributions. It will also free up \$3 million in entitlement funding that was projected to be used for the terminal to be used on other projects. The ability to use CARES Act funds for revenue generating areas is another important factor, as AIP funds cannot be used for those areas.
 - Strategic Plan Alignment
 - Ability to attract and support commercial airline service
 - Economic impact & job creation/retention
 - Chance to design a modern and innovative terminal in response to an evolving airline industry
 - Return on Investment
 - Market demand is present (pre-pandemic)
 - Enhanced and new revenue streams
 - Airlines have shown recent interest
 - Terminal has much higher ROI potential than any other project

- Economic Impact
 - Highest potential of any project
 - Ability to create many jobs (construction and permanent)
 - Tourism - positive impression of communities and good passenger experience
- Urgency & Need
 - The terminal is undersized and poorly laid-out. It was designed for small regional passenger aircraft, not larger airliners that are primarily used today. The secure holding area is in a 17-year old temporary building. The parking lot and entrance road are in poor condition.
- Creation of Formal PDSC Recommendation
 - An initial recommendation doesn't have to account for all of the CARES Act funds. We can get the ball rolling, and monitor the situation to make informed decisions going forward.
 - An engineer and architect have already been selected for a 5-year on-call contract, which allows us to quickly get started on the design of a terminal.
 - Don't defer needed airfield maintenance.
 - Make initial recommendations and create a 4-year plan that considers different scenarios/assumptions
 - Investigate private-sector investment possibilities

Public Comment – None

Meeting Adjourned – to be continued on May 13th at 3:00

Begin Meeting Record 5/13/2020

Agenda Item #1: CARES Act Grant Funding Priorities

- The FAA may limit initial CARES Act grant distributions to four years' worth of operating expenses, as reported in 2018 financial statements. FNL's operating expenses in 2018 were \$3.15 million, equating to an initial grant distribution of \$12.6 million. Additional justification is required to obtain the rest of the awarded funds. Airport staff has highlighted unmet needs and presented a request to apply the remaining \$4.3 million of CARES Act grant funds to them, with the belief that the FAA will support the distribution of the full amount.
- Grant funds are available only on a reimbursement basis.
 - Airport reserves may be used to cover initial costs and then reimbursed. Projects typically will require monthly draws to reduce overhead need for cash on hand.
- \$2 million set aside to cover operational needs
 - Insulate the Cities from having to financially support the Airport
 - The Airport has seen a decrease in fuel sales
 - Can be used to fund air traffic control
 - Several Airport based businesses have asked for rent deferral. The Airport has approved a program allowing up to 6 months of rent deferral to be paid back by the end of 2021.
- The evaluation matrix was used as a basis for discussion, not the final determinant of project ranking. Subjective and objective factors were considered and pros and cons were discussed.
- The CIP will need to be reevaluated and reorganized.

- \$12 million budget for the terminal would allow for a 25,000-30,000 sq. ft. one-story building designed to support the critical aircraft (Airbus A320), similar to the new terminal in Cheyenne.
 - Terminal may need to be phased – allowing for future expansion
 - Additional funding sources will be explored
- U.S. Customs – Significant financial support from users would be required.
 - Existing terminal could be repurposed to accommodate customs
- Using CARES Act funds to attract and retain commercial service provides the greatest overall benefit for the region and the best return on investment.
- Terminal selection rationale
 - Highest economic impact & greatest job creation potential
 - Allows for greater direct utilization of the Airport by the public
 - Is aligned with Strategic Plan, Master Plan and policies
 - CARES Act funds can be used for revenue generating areas of the terminal and parking lot, unlike AIP funds
 - Can be accomplished within funding use guidelines including the four-year time constraint
 - Enhances existing and generates new revenue streams, and frees future grant funding availability to be used on other high priority projects
 - Creates solutions for safety, capacity, and functionality issues with existing facilities
 - Supports other projects and future needs
 - Eliminates the need to issue debt or request financial support from Cities for capital contributions or operational costs
- PDSC Recommendations
 - Set aside \$2 million to cover operational funding gaps
 - Begin design on a new terminal building and landside access improvements
 - Reevaluate and reorganize Capital Improvement Plan
 - Monitor impacts of COVID-19 pandemic and commercial aviation industry recovery to inform decision to begin construction on new terminal and landside improvements
- **Josh moved to approve the CARES Act use recommendations. The motion, seconded by Tom passed unanimously.**

Public Comment – None
End Meeting Record