



September 15, 2022 Meeting Minutes

Call to Order: Chair Overcash called the meeting to order at 3:33

Roll Call: Chair Overcash, Vice-Chair Fleming, Commissioners Adams, Arndt, DiMartino, and Stooksbury were present. Commissioner Burgener was absent

Public Comments:

Acting Commission Secretary Battmer read a letter that was sent to the Commission into the record: Dear Commission Members, My husband and I moved into the Centerra development in Loveland on 4/15/2022 and we love living here. We didn't have a problem with the number of flights, however, since that time, the flights have exponentially increased with the weekends being non-stop. We purchased the house from the original buyer and the airport noise was unfortunately not disclosed to us. I spoke to Aaron Ehle recently regarding the noise and he was very informative and sympathetic to my concerns. According to Aaron, there are two flight schools and the pilots in training must commit 1500 hours of training, including numerous landings and take offs right over our neighborhood. If I understood him correctly, there are 2 remote air traffic controllers that are positioned in such a way that they are directing flights over our neighborhood. Can this be changed? Considering the number of people living in this area, we can't be the only ones with concerns and there is plenty of open space that could be utilized. I was informed that your next commission meeting is August 22nd from 3-4 :30 pm, is this correct? I would appreciate it if you would consider my concerns and rethink flight patterns, even if this must be done through the FAA. Thank you so much, I do appreciate it. Sincerely, Kristine Ferguson, 3042 Booth Falls Drive, Loveland, CO 80538 (714) 623-2895.

Consent Agenda

Commissioner Stooksbury moved to approve the Consent Agenda. The motion, seconded by Vice-Chair Fleming carried with all the Commissioners present voting in favor thereof.

Pulled Items None

Consent Follow up None

Monthly Report Follow-up: Monthly Report Follow-up: Landline plans to expand their service offerings to any customer on September 19. However, the United service will still be available in parallel. They have multiple locations that the busses are operated from, one of them being Saint Paul, Minnesota, Indianapolis area, and then also in Philadelphia with American Airlines. Landline continues to grow and expand. They are a Fort Collins based company, located right at the corner of Mountain and College and they



continue to add more staff. No update yet on the TSA capability to go to secure and secure, but they are operating from a new gate at Denver. When passengers arrive at Denver, pick up occurs at the B Concourse to bring them back to FNL. This is convenient for United passengers, since United Gates are all located on the B concourse.

The commander fly-in is scheduled this weekend. Rockwell Commanders are a four-seat aircraft. Approximately 35 aircraft are expected; which will translate to busy restaurants and hotels as a result of this enthusiast groups regularly scheduled get together.

Brief update for the Remote Tower project. The FAA is evaluating the resolutions provided by SeaRidge Technologies. So we're waiting to hear back from the FAA in response to the proposed solutions.

Additionally, FAA has provided some guidance on the current air traffic patterns as a result of the remote tower project, which will require additional safety risk management panels to conduct past and current operations regarding right and left traffic when the tower is active and not active.

Commissioner Stooksbury stated the Remote Tower had improved significantly from when he last saw it over a year and half ago. Asked if a letter or other level of support could help the FAA realize the level of sophistication the Colorado Remote Tower project has achieved compared to the Leesburg system. Wondered if there is opportunity to reenforce that since it is hard to imagine a system much better than the Colorado Remote Tower system when compared to the current FAA requirements and wanted to point this out for the Commission to consider.

3:40 p.m. Commissioner Burgener arrived

Public Comments: None

Regular Agenda

4. TERMINAL REDESIGN CONTRACT AMENDMENT

The terminal design team reached the 60% design milestone in July. Since the start of the design project, inflation and supply chain issues created by the COVID-19 Pandemic have created sharp increases in cost estimates and construction price trends.



It is due to these unanticipated cost escalations that staff presented four options for the Airport Commission to consider at and at the last Commission meeting on August 22. The Airport Commission selected option four, which is a scaled down version of the original design that will provide functionality for a new airport terminal; however, is still projected to have a \$4.5 million gap with current funding sources. During the meeting staff identified potential contributions from the Cities, Airport reserves, and/or future anticipated grant funding that could be used to address the funding gap.

In addition to a reduced building size, the level four option requires additional phasing of the terminal by deferring landside improvements for automobile parking, landscaping, access roads, and signage. This new direction requires the Commission to approve an amendment to the current design contract, increasing the approved amount an additional \$245,608.72. This increased cost does take into consideration remaining amounts within the current contract that will be applied toward the project.

Public Comments: Kelly Jones, Economic Director: Asked what would change for the terminal project design if the applied grants brought forth the monies hoped for. The Airport Director answered that the goal could be shifted to complete the original design since it is 60% complete, especially since most of the items that were removed were added into phases.

Commissioner Adams moved to approve the amended design alternative within available Airport funding budget with recommendation to the City of Loveland Council for approval. The motion, seconded by Commissioner Arndt carried with all the Commissioners present voting in favor thereof.

5. US CUSTOMS AGREEMENT WITH DISCOVERY AIR

At the April 21st Airport Commission meeting, representatives from Discovery Air provided a report on their recent efforts to establish a U.S. Customs program. Airport staff was directed to investigate options for partnership with Discovery Air in support of the U.S. Customs Reimbursable Services Program (RSP). Legal staff researched how the Airport/Cities could support a Customs program in compliance with federal requirements and Airport staff drafted a letter to the Director of U.S. Customs and Border Patrol (CBP) on behalf of the Airport Commission in support of Discovery Air's RSP application.



In June, Discovery Air provided a proposal requesting an annual contribution of \$200,000 from the Airport/Cities to support the service. Under the proposal, Discovery Air would provide the administrative support and office space, including the build-out to meet CBP's requirements, and retain all revenues generated by the service. An April 2020 Airport investigation estimated the cost to build facilities for a User Fee Facility (UFF) Customs program, which has more rigorous standards than RSP, to be \$1.5-\$2.5 million (\$1-\$1.5 million to remodel an existing building). Following the proposal, Airport staff met with Discovery Air representatives to discuss the topic further and to attempt to obtain more detailed financial information.

Staff has reached out to the Cities and Larimer County Economic Development staff to discuss the potential of financial support on this item. The service as it is currently proposed would support businesses in the region that have international travel needs and may have the potential to attract new business to the region. This discussion is in the preliminary stages of investigation, with no financial or use commitments finalized.

Details:

- The \$194,488 annual financial contribution for the salary of the Customs agent would require 12.4% of the airport's \$1.57 million operating and maintenance budget
 - Direct financial return is not known
 - This would impact the Airport's ability to fund other strategic objectives, equivalent to 60% of discretionary budget (\$322,450)
- Discovery Air would fund all other costs and retain all revenues generated by the service
- Discovery Air would provide quarterly reports on usage
- The service would be able to provide Customs clearances for private general aviation aircraft
- The Customs facility would be open to the public for:
 - Immigration Services
 - I-94 Arrival/Departure Record Verification
 - Camera and Gun Registration
 - Assistance with international phone/internet scams
 - Global Entry Registration



- Foreign Trade Zones (FTZ) are not permissible under RSP. A different program would be necessary to establish an FTZ.
- The Airport is not able to legally make any direct payments to Discovery Air

The Airport/Cities can pay U.S. Customs and Border Patrol (CBP) directly for services provided.

Public Comments: Kelly Jones, COL Economic Director Agreed with the Commissioner' discussion. Voiced her support for the Customs as a regional build associated to infrastructure and the airport. However, pointed out that while this project directly impacts the five wealthiest businesses in Northern Colorado; which could be a struggle for some to come to terms with. That losing one of these businesses for lack of support of this project if they are sick of landing in Casper or wherever else that is not here then it becomes a factor. Highlighted these five businesses help all of the city services and retailers and small businesses, all the income related to those activities. And that while it is easy to view this as a potential hand out to the very large and wealthy businesses that the ramifications of not being proactive and having one loss of one of those businesses impacts thousands of the smallest businesses. Also pointed out the other side of that, because when we lost HP, the impact translated to a loss of 110 million plus in payroll overnight which killed this entire region. Stated while she did not want to over play that fear factor, but volunteered her involvement in the negotiations as there is a way forward to accommodate Discovery Air with a different offer and to gain more information since many of the facts were not provided by Discovery Air. Advised negotiations are premature. As her professional opinion was that more facts were needed or if something was done today it would need to be a smaller offer.

Diane Jones, PDSC Member: Stated in review of the materials the support for the concept of US Customs due to the variety of benefits previously brought up are valid. However, pointed out the Discovery Air RSP Customs support proposal was missing critical details to move forward with negotiations, such as a detailed budget. Their proposal assumes the need for an FTE but current estimates reflect the current need would only require staff for 1.5 events per week which is significantly less than the \$180,000-\$190,000 subsidy request. Their general budget includes the need for an admin assistant role for recordkeeping and accounting but no detail to back up the cost for that support need or the actual level needed. When no base budget is provided if that need increases later there is no detail to support their claim since the base has never been made known. For example, if this was defined as a 0.25 FTE for admin support then later the need increased to 0.5 and it's not a lump sum among maintenance grounds tenants then it gives a better idea of where those costs are changing as the operation grows. Also, if this is a true partnership then the detailed budget and revenue projections should not be an issue to share. As this operation grows and the revenues are based on the level of fees charged then those details should be provided to reflect what the income is against the balance of the subsidy requested. It is the Commission's responsibility to ask for that level of detail before providing public dollars as a subsidy, especially since this request has so many unknowns. The reimbursement agreement also needs to require an annual detailed



financial review, again so that the true expenses and revenues are known. If this is a joint partnership then there should be no issues on joint discussion with RSP and a joint decision in determining the fees since that impacts the total budget of operations. Another question that is not answered is how the impacts will be measured, as far as terms of customer attraction and retention. As a public entity when has a contractor or subcontractor been hired without delving into that level of scrutiny for not only scope of work but also on the details of the budget? If this is a partnership then there is time to work on this and that is not too much to ask before coming to an agreement. **Commissioner Arndt:** stated this level of detail would be required by the auditors as well. **Commissioner Fleming** requested the Director elaborate on the outcome of the prior requests for the level of details the Commission has been requesting. **Director Licon:** Stated that Discovery Air declined to provide the details requested by the Commission or to share in discussion on setting fees or cost sharing since their justification is that they are the only party driving this proposal and taking on the majority of the risk. Discovery Air only agreed to provide accounting and reporting on a quarterly basis which is within the drafted agreement with Discovery Air. **Commissioner Stooksbury:** Asked for clarification if the financial agreement would be with Customs and if this would still be an FTE regardless of demand or the actual costs. **Director Licon:** Confirmed this would be an agreement to Discovery Air that the Airport would directly commit with US Customs to pay for 1 FTE regardless of whether the activity is Customs clearance or some of the other activities provided by US Customs. **Commissioner DiMartino:** Put forth a proposal which helped shape the direction to staff and confirmed Fort Collins would not share in the cost for Customs.

Direction: Airport Staff were directed to continue negotiations with assistance from the COL Economic Development Director, Kelly Jones with strong recommendation that Economic Development share in the cost since the benefits are only approximately 50% for the airport. Staff were directed to negotiate the amount of support down but only once Discovery Air provides the budget detail, revenue projections, and share set up of fees as previously requested by the Commission otherwise the gap can be provided by the developer themselves or they could seek support from a different partner. Commissioner DiMartino and Stooksbury also provided alternative offers for staff to use as guidelines such as \$100,000 annually for three years once the details requested by the Commission are provided or \$200,00 for one year with the program having to succeed within the first year.

**6. 2023 BUDGET
REVIEW AND
RECOMMENDATION
TO COUNCILS**

As a result of funding received through federal Covid-19 assistance grants, the Airport with assistance from the Cities began a qualification-based procurement process to select a team of professionals to begin design for the future airport terminal building. As a result, the Airport contracted with the most qualified team that consisted of Denver based engineering firm Dibble Engineering and Fort Collins based VFLA Architects to begin work on the design of the Airport Terminal project.



Since this time the project team have conducted four Charrette exercises obtaining feedback from airport stakeholders at every critical design step, with the goal of creating a sustainable iconic new facility that will serve as a new gateway for Northern Colorado air travelers. Input and direction were provided by the Airport Commission at every step of the design process starting with the design charettes and continuing through the 15% and 30% design milestones. Early this year the Commission was briefed on the status of the project and approved completion of the design and entering into a preconstruction contract for the Construction Manager at Risk (CMaR) with firm Hensel Phelps. The CMaR contractor was recommended by staff after a thorough qualifications-based procurement process aligned with federal procurement regulations.

Staff recommended the Commission select Level 4 design and construction option

- Bridge \$4.5 million gap through potential contributions from the Cities, through Airport reserves, and/or future anticipated grant funding
 - Cities: \$4 million (\$2 million from each)
 - Airport: up to \$2 million available (using this reduces ability to fund future capital project needs)
 - FAA AIP BIL: up to \$1.59 million available (90% requires 10% match or \$175K)
 - This funding was not part of the 2022 adopted Capital Improvement Plan
- Defer landside project scope that includes parking, landscaping, and loop roadways ~\$3.5 million cost savings
- Continue to seek resources to apply toward deferred facility & landside needs
 - Parking lot: \$2 million - loop road: \$1.5 million - remodel existing terminal for office support space: \$300,000

Recommended Path

1. Airport Commission will have to approve another amendment to the current design contract, increasing the approved amount for design (estimated at an additional \$250-\$300K)
 - Will require City of Loveland only City Council Approval (within current approved budget)
 - Cost savings from reducing the scale of the building for remaining contract and for other soft costs such as construction management will



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likely bring the total to what was anticipated for
Level 1 design (estimated reduction of \$250K)

2. Negotiate a guaranteed maximum price with Hensel Phelps 4Q 2022
3. Begin construction 1Q 2023
4. Spend CARES Act funding by July 2024 deadline
5. Continue to apply for grant resources to supplement needs on landside, or pivot to original design if able to obtain \$10+ million
 - American Rescue Plan Act (ARPA) through the State and County
 - FAA Bipartisan Infrastructure Law Terminal Funding

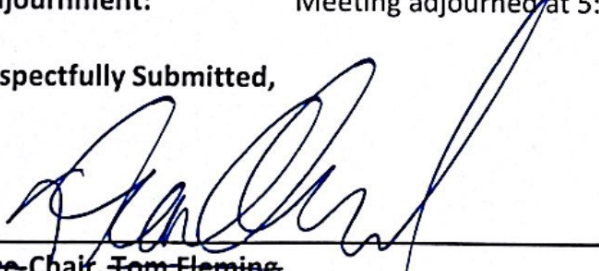
Public Comments: None

Vice-Chair Fleming moved to recommend the draft 2023 Airport budget and rates and fees for adoption by the City Councils. The motion, seconded by Commissioner Adams carried with all the Commissioners present voting in favor thereof.

Items 7 and 8 were deferred to the October meeting

Adjournment: Meeting adjourned at 5:25 p.m.

Respectfully Submitted,



Vice-Chair, Tom Fleming

DON OVERCASH