

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

Regular Meeting

April 3, 2012



UNFINISHED BUSINESS

Airport Solutions

- Chairman Report

Airport Solutions

- Blaine County Report

Airport Solutions

- City of Hailey Report

Airport Solutions

Airport Manager Report

- On March 6th 2012, the Board approved a one year extension to the existing rental car agencies
 - In March, Staff extended the offer in accordance with Board direction
 - Avis Rent A Car System, Inc. and Overland West, Inc. dba Hertz, have accepted the one year extension
 - Airport legal counsel has drafted the lease amendments and Staff has forwarded to Avis Rent a Car System, Inc. and Overland West, Inc. dba Hertz, for execution

FAA Trip Report

- Airport Manager and Dave Mitchell, T-O Engineers, attended a meeting on April 2 at the FAA Seattle ADO in Renton, WA.
- Purposes of the meeting:
 - Update FAA on FMAA activity since suspension of the EIS.
 - Review Reliability Report, Passenger Demand Analysis and recent economic data from Sustain Blaine.
 - Discuss community's desires to move forward with a new airport and begin a planning study for interim improvements at the existing airport.

Friedman Memorial Airport Status Discussion

**Federal Aviation Administration (FAA)
&
Friedman Memorial Airport Authority (FMAA)**

April 2, 2012

Agenda

- Recap of Events Since EIS Suspension
- Results of Reliability Study
- Results of Passenger Demand Analysis
- Airport Economic Impact
- Conclusions
- Next Steps

Recap

- August 24, 2011 – EIS Suspended

What does the FAA plan to do at this point?

Answer:

- *Allow the Friedman Memorial Airport Authority (FMAA) Board time to identify, in discussions with the community, what viable options should be further explored at Friedman Memorial Airport.*
- *Provide technical guidance to the FMAA Board and community while we and the FMAA board respectively plan our next steps.*

Source: www.airportsites.net/SUN-EIS/FAQ-Suspension.htm

- September 13-14, 2011 – Donna Taylor visited Wood River Valley
- Week of September 19 – “Walk-In” public meetings at City of Hailey
- September 27 – Stakeholder/Public meeting

Recap

- October 17-18, 2011 – Meetings between FMAA and FAA at Seattle ADO offices
- October 25 – Public meeting in Bellevue
- November 22 – Meeting with SkyWest Airlines
- December 18 – Public meeting in Hailey
- December 22 – Meeting with Horizon Air
- February 1, 2012 – Sun Valley/Ketchum public meeting
- February – March – Blaine County and City of Hailey passed guiding principles

Reliability Study

- Four Components:
 1. Discussions with FAA
 2. Meetings with air carriers
 3. Technical analysis of the following:
 - Weather
 - Runway length
 - Instrument approach procedures
 4. GE analysis of performance-based navigation options

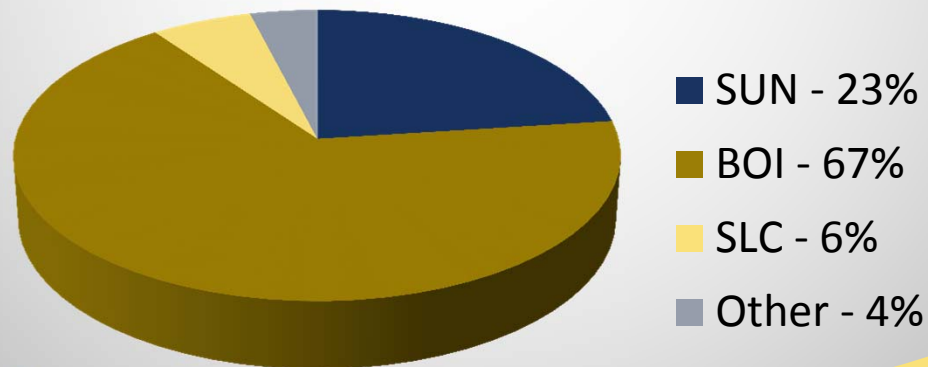
Reliability Study

- Conclusions:
 - Improvements to minima would have a direct effect on reliability, but there doesn't appear to be a "sweet spot"
 - Some level of improvement seems plausible: Based on preliminary analysis only:
 - From the south, best minima are approximately 1,000'/3
 - Ground-based NAVAIDs would be helpful, but will be difficult to site
 - Performance-Based Navigation (PBN) procedure improvements are possible, but many hurdles to be crossed
 - Current runway length is adequate most of the time, for the RJ700 and Q400

Passenger Demand Analysis

Completed by Mead & Hunt and presented to FMAA in March.

- Percentage of passengers in SUN catchment area using area airports:



Passenger Demand Analysis

- Compounded annual passenger growth rates (2002 to 2011):
 - SUN: 0.1%.
 - BOI: 0.9%
 - SLC: 1.5%
- Fares for SUN are considerably higher than BOI and SLC
- Opportunities to expand to new markets (DEN and SFO) are promising

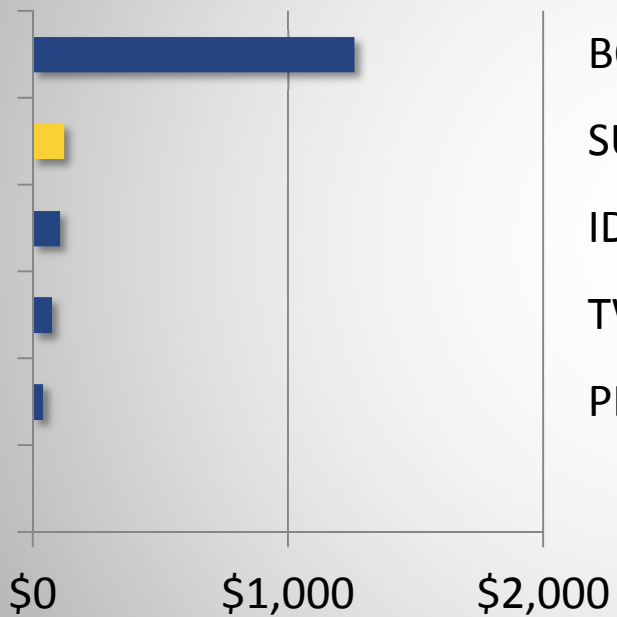
Airport Economic Impact

SustainBlaine (a local economic development agency) recently presented research on the SUN economic impact

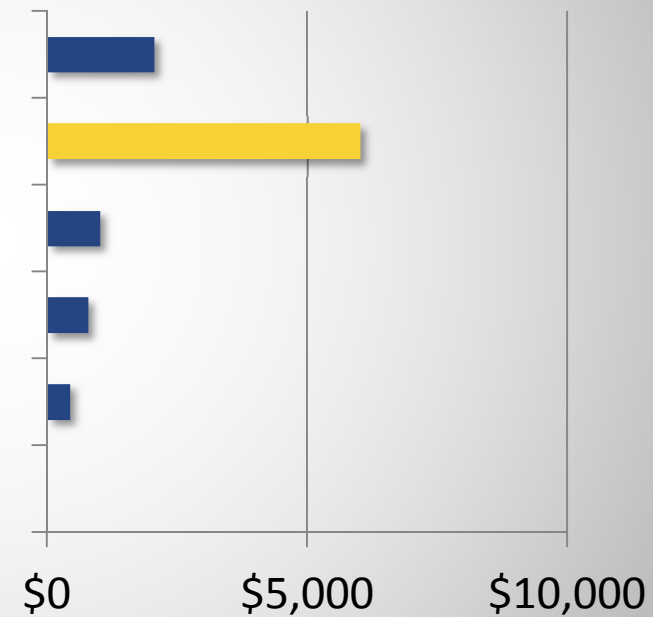
- 45% of the current \$820M County GDP is “Heavily Air Services Dependent”
- 4,000+ direct and indirect jobs dependent on air services
- Air service rated “Critical” or “Very Important” by 85% of local businesses
- Data shows the County economy is starting to improve
- Economy is now even more tourism-reliant than before the recession

Airport Economic Impact

Total Economic Impact (\$M)



Economic Impact per Capita



Community Conclusions

It is critical to retain, improve and develop air service.

- The ultimate goal remains to build a new airport.
 - Need to find a site and complete the environmental process.
- Improvements to the existing site to retain/improve air service and improve safety may be necessary while the new airport process moves forward.
 - Need to complete a planning study to determine what improvements are necessary and feasible.

Next Steps

- Existing Airport:
 - ALP Update?
 - Reliability improvements?
 - SMS process: Scheduled for April 24-25
- New Airport:
 - Status of EIS?
 - What needs to be done to locate a site?

FAA Trip Report

What we learned:

- The FAA is waiting on results of the Safety Risk Management (SRM) Panel, as they believe the outcome will guide the next steps.
- Restarting the EIS:
 - No pushback or urgency to move forward.
 - Waiting on outcome of SRM.
- ALP update at the existing site:
 - The SMS will determine the specific areas that need to be studied.
 - FAA is not opposed to moving forward with initial scoping of a study.

FAA Trip Report - Continued

- What we learned - Safety Risk Management (SRM):
 - SRM panel will convene week of April 23, 2012
 - SRM Panel will include representatives from:
 - SUN FAA contract tower
 - FMA Airport Manager
 - Atlantic Aviation Sun Valley (GM)
 - Serco – Safety & Quality Assurance
 - FAA Seattle ADO
 - FAA Flight Standards Division
 - SkyWest Airlines
 - Horizon Airlines
- FMAA Change Proposal – Add Commercial Service Approach, Category C aircraft with wing span's of less than 95 feet (regional jet type aircraft) to the existing LOA between the tower and airport

FAA Trip Report - Continued

- FAA added that they need to evaluate the LOA and determine if it should be changed in any way to provide an acceptable level of safety for C-III GA (non-commercial operations)
- Outcome information needed – Number of C-III operations per year (or per day) that the airport traffic control tower can manage without severely affecting the capacity of the airfield

Airport Solutions Existing Site

- Trip report

Airport Solutions Replacement Airport

- Trip report

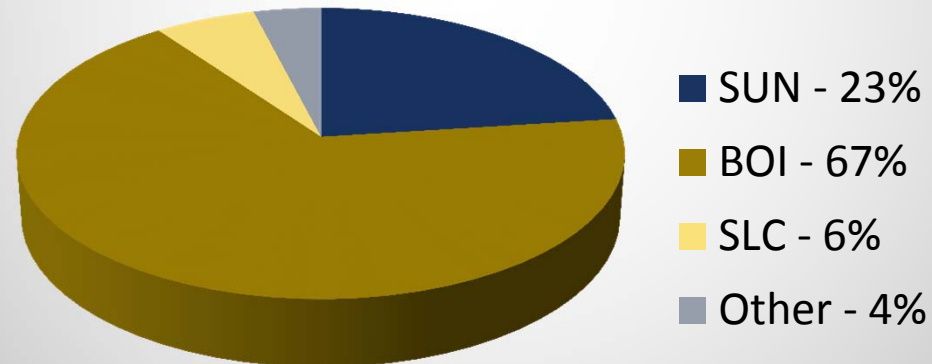
Airport Solutions

Retain/Improve/Develop Air Service

- February 2012 – Ms. Trina Froehlich, Mead & Hunt presented a Passenger Demand Analysis (PDA) to the Board
- Percentage of passengers in SUN catchment area using other airports is significant

Passenger Demand Analysis

- Percentage of passengers in SUN catchment area using area airports:



Airport Solutions

Retain/Improve/Develop Air Service Continued

- Staff is working on a plan for Board consideration that will focus on SUN catchment area
- That plan will likely & initially be in the form of a Mead & Hunt Scope of Work
- The Scope of Work will include the following elements as a minimum:

- Detailed analysis of leakage variances by season. Analyze differences of seasonal leakage by destination to identify possible influences of schedules and fares or other factors on leakage.
- Compare results of Mead & Hunt leakage analysis with resort survey data. Teaming with BOI to gather information would be helpful to both communities.
- Routinely monitor and compare business and leisure airfares from SUN and BOI to top 20 markets. Compare fares filed by Alaska and Delta from SUN and BOI and also identify any lower fares on Southwest, US Airways, United, etc. that may contribute to leakage to specific markets.
- Monitor leisure airfares from key markets including nonstop destinations like Seattle and Los Angeles, plus a limited number of other key markets to SUN, BOI and competitive resorts. This would track available fares for specific periods such as holidays (Christmas, Presidents', Easter) and off-peak periods like mid-January and slack periods between seasons.
- Compare value options for SUN vs. BOI including current services (free Wi-Fi, parking rates, other) and determine if there are reasonable changes at SUN that could have a meaningful impact in reducing passenger leakage. May require passenger surveys.
- Review leakage data at the zip code level and identify areas to target for improvement. Develop plans to focus on geographic areas with the greatest potential for improvement.
- Re-run ARC travel data seasonally to determine whether marketing efforts, service improvements and other value options are having the desired impact in improving SUN usage.

NEW BUSINESS

FY '12 Budget Discussion

- FY '12 budget process began last spring and was completed when the budget was adopted by the Board during the August, 2011 Board meeting
- August 22, 2012 letter from the FAA suspending the EIS created budgetary impacts
 - In FY '2012, the Board budgeted for \$3,140,000 in AIP revenue and \$3,305,000 in AIP related expenditures
 - AIP related expenditures and revenues are not taking place due to the EIS suspension
- The Board also Anticipated non-AIP related expenditures
 - Project formulation
 - Program manager
 - Financial
 - Public outreach

FY '12 Budget Discussion - Continued

- Anticipated non-AIP related expenditures – (Continued)
 - Current site redevelopment master plan
 - Legal and general
- The Board budgeted \$410,000 in non-AIP eligible expenditures
 - These line items are now funding the public process and information gathering process
 - Half of the budget related to non-AIP related Airport Solution spending remains at \$260,901
 - The Board is in a good position to complete the year and not exhaust flexibility with regard to budget

FY '12 Budget Discussion - Continued

- Movement related to improvements at the existing site or related to the ultimate solution - a replacement airport, are pending based on discussions with the FAA and actions of the Safety Risk Management Panel (SRM) process
- The information reported is based on reports thru the end of March 2012
 - March data will change before the close-out reports are finalized
 - The data is complete enough to give a good test of preliminary mid-year budget vs. actual expenditures
 - Operational expenditure and revenue data will be provided at the May Board meeting

FY '12 Idaho State Grant – SUN-2012

- Staff has received State Grant – Sun-2012
- Staff & Board anticipated and budgeted for the grant
- Grant offer will be applied to the following airport projects that have already been completed
- Ford F-350 Truck & Plow
 - A replacement truck and plow for the Airport's existing, 2001 truck and plow (171,000 miles) is necessary at this time to maintain the viable operational status of the airfield and safety of general aviation, commercial aviation and the flying public
 - Total Project: \$32,717.37

FY '12 Idaho State Grant – SUN-2012 Continued

- Back up power for the Hailey ATCT is essential to maintaining Tower operational service
 - Periodic power outages are not unlikely until infrastructure upgrades are implemented
 - ATCT service is integral to the safety of general aviation, commercial aviation and the flying public
 - Total Project: \$15,727.80
- Combined Project Total: \$48,445.17
- *Board Action – Ratify Idaho Transportation Department Grant Agreement & the Authority Resolution for IAAP Program Manager: LNS8SUN/Project Number SUN-2012*

Mead & Hunt Program Management Team Update

- Mr. Tom Schnetzer has resigned from his position at Mead & Hunt
- The Board selected Mead & Hunt based on the organization's qualifications
- The Board has the responsibility to approve or disapprove the individual (key person) that would continue with Tom's responsibilities
- Mead & Hunt has agreed to offer Mr. Andy Platz to continue with Mead & Hunt's obligation
- Staff has been informed that T-O Engineers and Aviation have both been briefed on Tom's departure & their previous relationships remain intact
- *Board Action – Approve Mr. Platz to continue in roles established by agreement as a (Key Person) replacement*

Gifts, Refreshments & News Retail Concession

- The lease agreement between FMA and J. Alyson News-Gifts-Refreshments expires on March 31, 2012
 - The LLC under which J. Alyson is organized is also being dissolved
 - One of the two partners in J. Alyson, LLC has submitted a request to continue operating a similar retail concession under a new LLC (Runway Café)
 - Staff believes it would be in the best interest of the passenger terminal services to allow this new entity to enter into a one year retail concession agreement with the FMAA, to include a one year extension, contingent on successfully meeting pre-determined goals and objective as agreed upon by the lessee and lessor
 - *Board Action – Authorize Staff & Legal Counsel to negotiate a concession agreement with the new LLC*

Approve Friedman Memorial Airport Authority Meeting Minutes

- February 9, 2012 Regular Meeting Minutes
- March 6, 2012 Regular Meeting Meeting
 - Approval

Airport Staff Brief

- Questions



Public Comment



Thank You