

Meeting Agenda
City of Bangor Airport Committee Meeting
City Council Chambers
3rd Floor
July 27, 2011 5:00 PM

The following City councilors were in attendance: Gerry Palmer, Richard Bronson, Cary Weston, and Pat Blanchette. The following City staff were also in attendance, Airport Director, Rebecca Hupp, and Marketing Manager Risteen Bahr. The City Manager, Cathy Conlow was also in attendance. Councilor Palmer opened the meeting.

Agenda:

1. Industry Update/Overview and Passenger Statistics for June.

Airport Director Rebecca Hupp indicated that the FAA was shut down due to the Senate and House not passing an interim Continuing Resolution to fund the agency. The Airport is not doing major construction on the General Aviation parking area due to the uncertainty of funding. This four million dollar project is postponed until next year.

Another industry development is that Exxon Mobil is now exiting the aviation retail fuel business and will no longer be offering fixed based operations. The Airport is in the final year of the three year contract with Western Petroleum to offer ExxonMobil branded fuel.

Finally, U.S. Airways and Delta are proposing to swap "slots" or landing rights for DC and JFK, which means Bangor could potentially get direct air service to Washington, DC. This

Airport Marketing Manager, Risteen Bahr indicated that both the monthly and yearly load factors for airlines serving the BGR market are strong. June load factors were strong, but decreased slightly compared to last June however, total enplanements were up for the year.

Questions/Comments

Councilor Bronson asked why the passenger numbers for Allegiant Air are down this month. Bahr responded that part of the month of May and June, Allegiant Air stopped flights for routine maintenance.

2. Business Development Activities

a. Airports Council International Airport Air Service Development Conference

Marketing Manager Bahr reported that she attended Airport Council International – North America's "Jumpstart" air service development and marketing conference held in June in Cleveland, OH. At the conference she had several meetings with airlines and made presentations to Delta, JetBlue, Southwest, United, and USAirways regarding service opportunities in Bangor. The Airport will continue to make the business case to airlines that they should introduce/expand service to the Bangor market and that it will be profitable for them.

b. Airport Customer Forum

Airport Director Hupp reported that the BGR's 3rd Annual Customer Forum was a great success. The Airport partnered with the Airport's catering company, News and Gift concessionaire, the Sheraton, the Holiday Inn, the Air National Guard and Irving to host the three day event. There were over 20 attendees and the Airport received very positive comments about the program agenda and the event venues. Copies the guests' comments were provided to the Committee members and are attached to these minutes for the record.

3. Review of Airport Service Incentive Program

Airport Director, Rebecca Hupp discussed the Air Service incentive program. The purpose of this program is to attract, develop and maintain such air transportation services as are sustainable by the region in order to facilitate and stimulate the levels of economic and community development targeted by the City of Bangor. The program has two distinct components: a landing fee credit-to encourage flights from BGR to new destinations, and a marketing incentive-for additional flights from BGR to new or existing destinations. To qualify for participation in the program, the following conditions apply: for the landing fee credit, the Airline must operate the route year-round to a new destination airport, only new destinations qualify for the credit and only one annual credit exists for each new destination. The carriers must operate the route for a minimum of one (1) year. Each airline must have a minimum of two (2) weekly departures to the destination airport. Requirements for the Marketing Incentive are the qualifying airline must initiate a new route from BGR to a destination airport or a new non-stop flight to existing destination airports. The route must be operated for a minimum of one (1) year and a minimum of two (2) weekly departures to the destination airport are required. We recommend that the Committee refer this policy go to full Council for approval.

Questions/Comments

Councilor Blanchette asked what dollar amount you are talking about. Hupp responded that \$60,000 is amount for the marketing incentive, and the landing fee credit is based on the aircraft size/weight.

Councilor Blanchette motioned that this go to full council for approval and Councilor Bronson seconded it.

4. Progress Report on Airport Fueling Contract

Airport Director, Rebecca Hupp discussed the Airport fueling contract. The Airport owns and operates the fuel farm and provides fueling and other ground handling services to the aircraft using BGR. Almost two years ago, the Airport transitioned from a long term, thirty plus years, exclusive agreement with ExxonMobil to an open access fuel farm model. Under the open access supply model, the Airport has contracted with Irving Oil to provide fuel to the Airport's direct and retail customers and to transit customers that do not routinely utilize Bangor and therefore do not want to maintain fuel inventory at the Airport. BGR's commercial tenants and regular customers have the option of selecting the fuel provider of their choice and holding their own inventory in BGR's fuel tanks. Each of these customers has also selected to contract with Irving for their fuel supply. One category of customer is referred to as "Contract Customers". These customers purchase fuel directly from Irving. There are three retail accounts; they are City Mark, Department of Defense and Retail. The City Mark customers use a fuel broker who negotiates a fuel price and direct handling costs with Bangor on their behalf. The airport also sells directly to the Department of Defense under a Platts + contract number. The final customer

category is retail. These customers purchase their fuel directly from the Airport based on the posted price.

The Irving contract was signed on September 1, 2009 and is in effect for a three year term, ending on August 31, 2012.

Due to taking on the additional Fuel Farm operating expenses, the expense related to parts for trucks and the additional cost of Pollution/Environmental insurance that was previously absorbed by Exxon, Airport operating expenses have increased approximately \$220K per year. Additionally, the Airport had initial capital outlays totaling \$1,100,000 to purchase the fuel trucks and system related items (hydrants, ect.) These costs have been more than offset by the increase in revenue related to the fuel storage fees. The Airport anticipates a payback on initial outlays and increased operating expenses will be between 2.5-5 years, depending on the total volume of fuel sold.

Questions/Comments

Councilor Bronson commented that with ExxonMobil getting out of the Business, we were smart in getting out of their service.

5. Discussion regarding Rental of Hangars to non-profit groups for special events

Airport Director, Rebecca Hupp discussed the use of hangars at the Airport. Since Bass Park is the designated city-owned venue for events and providing event space is not core to the Airport's mission and since the City Council's general position is that City Departments should not compete with the private sector, the Airport has declined requests to use hangar space for special events.

In addition to the reasons stated above, the Airport is not equipped to handle special events. There are a number of logistical, security and operational issues that make the use of airport space less than ideal for hosting special events. Most importantly, the Hangars have direct, unsecured, access to our aircraft operating area and this area is considered to be security and safety sensitive. Any special event in this area would require us to amend our Airport Security Plan and the amendment would be subject to approval by the Transportation Security Administration. Anyone who has access to this area has to have either an Airport ID Badge or be escorted by someone who has a badge.

Also there are operational constraints to using the space for special events such as a lack of restrooms and insufficient parking. During the late fall, winter and early spring, there is the additional consideration that the Hangars are heated only to 60 degrees and snow removal may also be an issue. There is also always the potential that the Hangar will be needed to store aircraft or other ground handling equipment.

The Airport did allow Fusion Bangor to host their annual event in a hangar in October 2008 as a trail but this event confirmed our concerns regarding the security and logistical limitations of use of Hangar Facilities for special events.

Committee members agreed with and endorsed the Airport's position regarding renting hangar space to groups for special events.

6. Airport Improvement Program-Request to Accept and Appropriate Grant #52 General Aviation Aircraft Parking Apron Design and Request for authorization to apply for AIP Grant #54 Replace Airfield Signage.

Airport Director, Rebecca Hupp discussed that each year Bangor International Airport receives federal funding for capital improvement projects through the FAA Airport Improvement Program (AIP). Since the FAA has been operating under a continuing resolution, funding has been awarded in increments rather than in a lump sum as normally is the procedure. The Airport is requesting approval to accept and appropriate an additional award of grant funding for AIP Grant #52 in the amount of \$807,596 from the Federal Aviation Administration and \$21,252 from the Maine Department of Transportation. The funding for this grant will be used to complete the engineering design work for the General Aviation Aircraft Parking Apron. This grant will fund 95% of the project with the remaining 5% being split between the Airport and the State.

Airport staff respectfully requests the Airport Committee recommend the City Council authorize the Airport to accept and appropriate this grant.

In addition, the Airport requests authorization to apply for, accept and appropriate up to \$700,000 in grant funds from the FAA to replace the Airfield Signage. The current airfield signage is beginning to show signs of wear and tear. In addition, by replacing all the signs, the Airport will be able to transition to LED lighted signs and they will all be by the same manufacturer thus simplifying maintenance and parts inventory. This item was noted by the FAA inspector on the annual FAA Part 139 inspection and she recommended this course of action. The grant will fund 95% of the project with the remaining 5% being split between the Airport and the State.

Airport staff respectfully requests the Airport Committee recommend the City Council authorize the Airport to apply for and accept and appropriate this grant.

No Questions or Comments

Councilor Bronson made the motion and Councilor Blanchette seconded it.

.Meeting adjourned.