

# AIRPORT DEVELOPMENT BOARD

February 4, 2015

## MINUTES

**MEMBERS PRESENT:** Lawrence Gill, Chairman, Woody Gilliland, Vice Chairman, Joe Crowder, David Lynn, Gray Bridwell, Cindy Haley, Michael Redden

**MEMBERS ABSENT:** Kirk Thaxton, Stan Egger, Tammy Virden

**AIRPORT STAFF:** Don Green, Chris Taylor, Kate Alvarez, Alex Cargile

**CITY EMPLOYEES:**

**VISITORS:** Mike Boyd, Boyd Group, Mary Lee Brooks

**1. Call to order**

The meeting was called to order at 11:54 am at the Cypress Street Station restaurant.

**2. Introduce visitors**

Mike Boyd with the Boyd group was introduced.

**3. Lunch with Mike Boyd, air service consultant for Abilene Regional Airport**

Mr. Boyd discussed the Eagle Aviation maintenance facility and its help in boosting activity at the airport in Abilene. Aviation in Abilene is focused on shuttling flights to DFW and doesn't see that changing any time soon. He considers the 7 flights a day with American to be above average for an airport the size of Abilene.

The industry is seeing small communities lose air service while small airlines that would operate in smaller cities are disappearing. These airlines are being consumed by larger airlines or have gone under.

Mr. Boyd believes that the focus should be on incoming travelers and the connection to the global economy.

In the previous year, Envoy is getting bigger airplanes along with SkyWest and Abilene has a facility that can maintain these airplanes.

The future is fairly strong for Abilene, however Mr. Boyd does not see another airline entering Abilene. He reviewed connecting hubs and looked at the airlines that could provide additional service to Abilene. There are four major airlines Delta, United, American and Southwest. Southwest is not interested in coming to Abilene and have turned down cities with much larger populations. Southwest is even cutting flights by 1.1% in the next year. Delta's nearest connecting hub is Salt Lake City and they aren't interested in developing that service. United Airlines have reviewed their options and looked at hubs in Houston and Denver, but don't feel they can make it work in Abilene.

Mr. Boyd discussed various new business options for the airport. He sees the airports land space as perfect for industrial development. Some regulations of environmental issues are weaker in Texas and businesses are aware of it. Mr. Boyd feels that the airport should focus

on both aviation and non-aviation related businesses. In the United States, there is a stability that many nations do not have. Investment in the United States means stability in the US dollar and stability in the US government.

Mr. Crowder discussed communication with American on keeping ticket prices down. Mr. Boyd responded that keeping on top of the issue and communicating with American Airlines is the best option.

Mr. Gill inquired about expanding cargo transport. Mr. Boyd did not feel that air cargo transport was a real option. Price reduction of internationally transported items is cutting margins and the location of Abilene on the map is not conducive to transport efficiency.

Mr. Boyd did not see the pilot shortage as being a large issue. He expects the vacuum will fill over time. The increased requirements for pilots passed by Congress will most likely remain despite the shortage.

A point of interest made by Mr. Boyd was that one of the airports biggest markets is Milwaukee.

#### **Executive Session:**

**Pursuant to Govt. Code Section 551.072, a governmental body may conduct a closed meeting to deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person. Additionally, Section 551.087 allows a governmental body to discuss or deliberate on commercial or financial information that has been received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the City and with which there may be ongoing negotiations or deliberate the offer of a financial or other incentive to a business prospect. Further, Section 551.071 provides that a governmental body may seek advice from its attorney regarding a pending or contemplated litigation subject, settlement offer, or attorney-client privileged information. After discussion in executive session, any action or vote will be taken in public.**

The executive session was not entered into.

#### **4. Consideration and Action to recommend Airport Projects Funding for the Proposed 2015 Bond Election.**

This action approves the Bond Election at \$4.2 million for the 10% match on AIP Grants for airport projects. The FAA Grant covers the other 90%.

Motion to approve recommendation made by Mr. Lynn, seconded by Mr. Crowder. Motion approved.

#### **5. Adjourn**

Mr. Gill adjourned the meeting at 1:00 pm.

The Airport Development Board meeting was adjourned, however Mr. Boyd presented to the public and the Airport Development Board members (No quorum was reached) at City Hall.

6. City Hall Council Chambers Boyd Group Presentation With Mike Boyd

Mr. Boyd explained the changing market for airlines. Air transportation no longer works well for rural air transportation. The costs have increased and airlines have left the smaller markets. Abilene is situated to become a city capable of transporting regional passengers.

Airlines aren't growing. There were 15.4% fewer flights in the sky than in 2007. Regional jets are also being phased out with larger aircraft being introduced. With Abilene's ability to maintain larger aircraft with Eagle Aviation, Abilene is situated well.

There are fewer airlines with only a few major competitors remaining for the Abilene area. Alaska Airlines, American, Jet Blue, Spirit, Delta, Frontier, Southwest, Virgin, United Airlines.

Alaska is unlikely to operate in this region.

Delta does not have a hub near Abilene.

Frontier is only in very large airports.

Southwest has turned down larger airports than Abilene.

United Airlines has a hub in Houston and is a small possibility, however they feel that there would be competition with operations out of DFW.

American/US Airways has another hub in Phoenix, but they feel it's too far away.

Virgin/Jet Blue/Spirit are interested in large airports only.

Allegiant is a travel company, but aren't interested in establishing long term operations in Abilene. Allegiant looks at fares charged other than just tickets and baggage.

Abilene's seven flights a day is above average. The focus should be on keeping existing flights. Abilene does not have a lot of passengers going to other airports that can be recoverable.

Airlines will partner with cities if the cities provide the funds. Usually the partnership involves providing the airline with funds for a project.

The focus on air service, is the question, "Can they get here from the rest of the world?" Mr. Boyd discussed the growing international influence on industry and production. With direct connection to the DFW hub, he feels that Abilene is situated to take advantage of international trade and industrial development. He advised toward land development at the airport for industrial purposes. The airport is an economic opportunity and has already been planned out for future development.

Signature of Chairman to confirm minutes: \_\_\_\_\_ Date: \_\_\_\_\_