

AIRPORT ADVISORY COMMITTEE
MEETING MINUTES
PRESCOTT, ARIZONA

MINUTES OF THE AIRPORT ADVISORY COMMITTEE MEETING HELD ON July 3rd, 2018 in the Council Chambers at Prescott City Hall, located at 201 S. Cortez Street, Prescott, Arizona.

A. Call to Order

Chairman Juliani called the meeting to order at 1:00 pm.

B. Roll Call.

COMMITTEE MEMBERS:

Present: Chair Juliani
Vice Chair Foote
Member DeFreitas
Member Gjede
Member Kidrick

C. Chair Juliani advised this meeting is being held exclusively to discuss the Essential Air Service bids that were received by the Department of Transportation (DOT) as of midnight on July 03, 2018. Airport Director, Dr. Robin Sobotta will be presenting.

Member DeFreitas stated that she may have a conflict of interest and recused herself from the discussion regarding Air Service.

D. Airport Director, Dr. Robin Sobotta, gave a presentation on the Air Service Bids that were received in response to the Essential Air Service (EAS) Request for Proposals (RFP). The Department of Transportation provided seven bids to Prescott Municipal Airport for review. Dr. Sobotta reviewed the criteria that were utilized in making the recommendation which included:

1. Demonstrated reliability of the air carrier in providing schedule air service.
2. Contractual Marketing agreements with large carriers to ensure connectivity.
3. Interline agreements for baggage transfer and passenger convenience.
4. Plans for marketing support by the airline.
5. Preference of political leaders representing airport users.

She also reviewed the additional criterion that was used to evaluate which included:

1. EAS Subsidy "Cap Compliance" requirement – max \$200 per passenger
2. Convenience and comfort of the entire passenger experience
3. Destinations of the hub airports that our passengers would connect to
4. Ability to hit 10,000 enplanements and the importance
5. Airline maintenance and pilot workforce conditions

Dr. Sobotta provided information on all the bidders. The bidders were: Advanced Air, Aerodynamics Incorporated (ADI), Boutique Air, Key Lime Air, Mokulele Airlines, Silver Air, and SkyWest Airlines. She provided information on each carrier to include where each airline is based, annual revenue, total cities served, total EAS cities served, EAS experience and the number of cap violations each airline had. She noted that SkyWest Airline had no cap violations and had the most experience in scheduled service and service to EAS communities.

Dr. Sobotta gave an overview of a chart that had all the options proposed by carriers, which included the proposed subsidy amount. She then listed the airlines that were a concern because either the airline appeared to not meet the cap with the requested subsidy amount, or their load factor forecast was very high.

Dr. Sobotta provided an overview of the strengths and weaknesses of each airline that bid.

At the end of the overview, Dr. Sobotta formally recommended to the Airport Advisory Committee to recommend SkyWest Airlines to the City Council. She noted that 91% of the population identified in the leakage study would be able to connect with one stop with SkyWest Airlines. She provided additional information regarding the location in both terminals that SkyWest making it easy to connect for passenger. It was also explained the SkyWest has the most experience, with all cities served being under the subsidy cap. SkyWest also has better ADA and passenger equipment for boarding the aircraft. She also provided an additional chart that showed the dramatic increase in passenger enplanements when a community was serviced by a jet vs. turboprop aircraft.

Comments and questions by the committee members were addressed regarding the presentation and the airlines that bid. One concern was that several airlines exceeded or came very close to the subsidy cap and Airport staff was asked how important compliance with the subsidy cap was in the eyes of the Department of Transportation (DOT). Dr. Sobotta responded that any amount over \$200.00 per passenger was in violation of the EAS allowance, therefore the community must request a waiver. The DOT could end the EAS program for any community that is over the subsidy cap amount of \$200.00 per passenger. Congress has also become stricter on the EAS enforcement.

The frequency of the flights was also a concern and only one flight a day to each location could make it difficult for business people to make their connecting flight. Airport staff was asked to explain the benefits or consequences of a nine passenger plan that has more flights vs. a 50 passenger jet that departs once daily. Dr. Sobotta identified the total number of passengers that would be offered and noted that the smaller airlines would have a problem in helping the community exceed 10,000 enplanements. Assistant Director, Jessie Baker, also noted that the DOT has restrictions on how many flights per day will be subsidized. She added that even if additional flights are proposed by an airline, it does not mean the DOT will grant the additional flights to be subsidized. Dr. Sobotta added that the carrier could add more flights outside of the subsidy however the airline could remove those flights at any time. Mrs. Baker also added that this happened with the previous carrier, Great Lakes Airlines.

One question raised was how flying between non-sterile and sterile affects the passenger experience. In addition there was concern expressed about flying on any passenger airplane that is not screened by TSA. Dr. Sobotta answered by adding that there are pros and cons to flying sterile and non-sterile. For example, if Hawthorn is your destination it may be easier, but does not address security concerns for other flying passengers. However, it is a negative effect for connecting passengers who then must be screened at the connecting airport.

Prescott's high density altitude was also raised as a concern and how a nine passenger aircraft performs against the 50 passenger jet with Prescott's high density altitude. Dr. Sobotta responded that in certain conditions an airline may need to remove passengers and with a nine seat aircraft you could reduce your load factor significantly with one or two passengers needing to be removed. With a 50 passenger jet, even if passengers have to be removed, the load factor is significantly higher, therefore making it a better passenger experience and more likely for the City of Prescott to meet the enplanement goal. Great Lakes experienced this on a regular basis in the summer months.

Noise was also raised as a concern for the community and said that while the noise comparisons between a turbo-prop aircraft and a jet are similar, the jet performs better and has a better climb-out rate, meaning that there is faster separation between homes and the aircraft, making the noise less of an impact to the community. Dr. Sobotta confirmed that his comment was accurate and added that the frequency would also reduce noise versus airlines who are proposing a smaller aircraft, multiple times a day.

Interline agreements were discussed and the benefit for doing work for a major carrier which benefits the major carrier to feed into their flights. Dr. Sobotta noted that the Prescott area and Flagstaff area are similar in population, and Flagstaff currently has approximately 60,000 enplanements so with the best service possible we can achieve the 10,000 enplanements and beyond.

A comment was made that as the valley continues to move further north it could provide service for those to come north and enjoy a smaller airport as opposed to having to go south to Sky Harbor. Dr. Sobotta noted the codeshare availability into Denver and Los Angeles is deemed a better option than Phoenix due to the passenger experience and destinations that United flies out of Phoenix. If a carrier came in and proposed flights that could codeshare to American Airlines in Phoenix at that time Phoenix would be considered a viable opportunity.

A concern was expressed that due to the pilot shortage it could cause pilots from the smaller carriers moving on to bigger aircraft and interrupt service due to pilot availability.

Airport staff was asked to address any concern that SkyWest has coming into the Prescott community. Dr. Sobotta advised their largest concern is that our current terminal only meets the minimum needed to operate but provided no room for expanded growth. Also, SkyWest along with the other carriers do recognize the high density altitude can cause concern in potential lost revenue due to not being able to operate a full aircraft.

Chair Juliani applauded the work and analysis done by the Airport staff and opened it up for public comments and questions.

Dr. Frank Ayers from Embry Riddle spoke about their travel statistics and advised that they had approximately 1,000 enplanements totaling \$500,000 with almost none being local. Local competitive service with codeshare availabilities is a huge benefit to the University their travel needs.

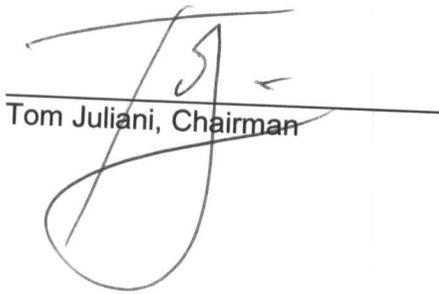
Chair Juliani opened the meeting to the Airport Advisory Committee to remark on their thoughts of pros and cons for each proposal.

Committee members all expressed similar concerns for Advanced Air, ADI, Boutique, Key Lime, Mokulele, and Silver Airways and their ability to meet the EAS requirements, fleet size, network availability, distance to maintenance hub, ability to stay in a sterile area for connections and ability to assist getting the airport to the 10,000 enplanement goal and beyond. The committee members expressed that SkyWest's would be able to provide for these concerns.

Chairman Juliani made a motion to recommend SkyWest to the Prescott City Council and DOT as the carrier of choice for the EAS contract. The motion was seconded by Vice-Chair Foote. With no objections the motion passed unanimously.

E. Adjournment

There being no further business to be discussed, the Airport Advisory Committee adjourned the public meeting of July 03 at 2:13 p.m. The next meeting is scheduled for August 21st at 2:00 p.m. at the Centennial Center.



Tom Juliani, Chairman