

**LOGAN - CACHE AIRPORT AUTHORITY BOARD MEETING**  
**AUGUST 3, 2017**  
**MINUTES**

The Logan-Cache Airport Authority Board convened in a regular session on August 3, 2017 at 8:30 a.m. in the Cache County Historic Courthouse, County Council Chambers, 199 North Main, Logan, Utah.

**ATTENDANCE**

**Members of the Airport Authority Board in Attendance:**

John Kerr – Chairman  
Craig W Buttars – Cache County Executive  
H. Craig Petersen – Logan City Mayor  
Karl Ward – Cache County Council  
Jeannie F. Simmonds – Logan City Council  
Bill Francis

**Members of the Airport Authority Board Absent:**

Gar Walton

**Also in Attendance:**

Aaron Dyches – Utah State University  
Matt Bunnell – Utah State University  
Andreas Wesemann – Utah State University  
Susan Crosbie – Utah State University  
Braxton Harris – Harris Air  
Jeff Moffett – Triple Point Strategic Consulting  
Robert Peterson – Garden City  
Matt Nielsen – Garden City  
Debbie Batt – Water's Edge Resort at Bear Lake  
Travis Seeholzer – Beaver Mountain Ski Area  
Janeen Allen

**CALL TO ORDER**

Chairman John Kerr called the meeting to order at 8:30 a.m.

**ITEMS OF BUSINESS**

**Approval of Minutes – July 6, 2017**

**ACTION:** Motion was made by Ward and seconded by Buttars to approve the minutes of July 6, 2017 as written. The vote in favor was unanimous, 6-0, Walton absent for vote

## **ITEMS FOR DISCUSSION**

### **Manager's Report – Lee Ivie**

Lee Ivie presented the Manager Report which is part of these minutes as Attachment A.

### **South Ramp Grant Acceptance – Lee Ivie**

**ACTION: Motion was made by Simmonds and seconded by Ward to accept a grant of \$1.9 million from the FAA to cover 90% of the cost for the Taxiway C and Northwest Ramp Rehabilitation construction project. The vote in favor was unanimous, 6-0, Simmonds absent**

### **USU 5K Race – Matt Bunnell**

Bunnell said that the start and finish lines for the August 19<sup>th</sup> race have been adjusted because of the construction at the airport. He noted that Runway 10/28 will already be closed at that time due to construction. Kerr asked about a potential conflict where Delta meets 10/28. Bunnell said there will be barriers set up at that location. Bunnell also noted that this is their best fund raising event with as many as 100 runners in the last two years. This year he hopes to have somewhere between 100 and 200 runners in the race. Local media will run public service announcements two weeks prior to the event.

### **Scheduled Air Service – Jeff Moffett**

Moffett presented a proposal for commercial air service with a Powerpoint that is a part of these minutes as Attachment B.

After the presentation, Moffett asked for approval to start developing relationships with the community and facilitate fundraising efforts and identifying grants that would provide marketing support for commercial air service at the Logan-Cache Airport.

Buttars asked if they should consider forming an air service task force under the direction of the Airport Authority Board and getting individuals from the community involved, as well. Kerr was skeptical because of the funding that would be required. He doesn't think the Airport Authority has the funds available for contract services. He continued saying the board needs to decide whether they will be the driving force behind this effort or should the community be the facilitator with the Airport Authority's support.

Sandy Emile said that if there is an appetite to investigate the possibility of future commercial air service, a task force could be formed consisting of community leaders who would answer to the Airport Authority Board because it represents Cache County and Logan City as owners of the airport. She recommended bringing some key community leaders together to conduct a 6-month study to see what interest there is for this service. As part of this study, Moffett could be retained for so many hours a week to conduct research on the concept. She emphasized using local resources to get contacts and find out if the community is able to support and sustain commercial air service. They could also include a survey of local businesses to determine what interest there is and look for any available grants for this.

**Audit & Finance – Craig Butters**

Butters provided the board with the Airport fund balance. This year's beginning balance was \$458,500. The budget approved for use this year takes about \$178,100 leaving a fund balance of approximately \$280,400.

Kerr noted that the Taxiway India project will use approximately \$180,000 of the available \$280,400 reserve fund. However, the sale of the hangar to Leading Edge Aviation will bring in \$170,000. Kerr added that if there are no federally funded projects next year, the airport will be reimbursed the first \$150,000 from the FAA.

Kerr stated that the airport runs on a five-year improvement plan and it will likely be 2021 before the other \$150,000 reimbursement from the India project will come. Operational costs are covered by the yearly contributions from both Cache County and Logan City and supplemented by hangar leases.

**Operations Committee – Kim Hall**

No Report

**Capital Improvements - Bill Francis**

Francis is working on a way to provide more asphalt surface for better snow plowing in the winter. Kerr explained that the grant for asphaltting only covers improvements up to within 40 feet of existing hangars. There is a grassy area in this no-man's land that is proving difficult for snow removal and overall airport operations and would cost approximately \$20,000 to fix. They are currently looking for ways to fund this project since the FAA grant does not cover it.

**Economic Development / Public Relations – Gar Walton**

No Report

**Open Items****Next Scheduled Meeting**

Thursday, September 7, 2017 at 8:30 a.m.

**Adjournment**

The meeting adjourned at 9:28 a.m.

**LOGAN – CACHE AIRPORT AUTHORITY BOARD  
AUGUST 3, 2017**

# **ATTACHMENT A**



## July 2017 Manager's Report

### 1. Current AIP Projects.

- a. **FAA Project #3-49-0016-028-2016 Taxiway C & Northwest Ramp Rehabilitation.** We have received a grant from the FAA for 1.9 million to cover 90% of the cost of this project. Presently the grant is being reviewed by Logan City and Cache County Attorneys. Once the grant is signed by all parties required to do so, a copy will be submitted to the Denver ADO where it will be executed. We have until the 10<sup>th</sup> of August to execute the grant. A pre-construction meeting for contractors and sub-contractors is scheduled for August 2<sup>nd</sup> at the airport. The anticipated date to start construction is August 7<sup>th</sup>.
- b. **Taxiway I, CVE Hangar Project:** A pre-construction meeting was held on July 25<sup>th</sup> to go over the details of this project, and construction is scheduled to begin August 7<sup>th</sup>. Cache Valley Electric has already started the excavation work where their two hangars will be located, and the removal of the building where taxi lane I will intersect the main terminal apron.

### 2. Buildings, Grounds, and Vehicle Maintenance.

- a. Two electric gates were struck by vehicles in July and both gates sustained minor damage to the frame of the gates. Both incidents were related to the construction projects at the airport.
- b. A new hydraulic system for operating the snowplow on the Autocar truck was installed. This system replaced an electrical valve system that quit working last winter. The cost for the new valve assembly and labor was just under \$2,000.00. When I picked up that truck from National Equipment I left the other plow truck there to have a new clutch assembly installed. The clutch linkage on the Ford plow truck has been adjusted to the point where no more adjustments can be made.
- c. As a follow up to the discussion at July Airport Board Meeting I've contacted Cache County Road Department to arrange for the removal of the old concrete foundations left behind once the modular buildings were hauled away from the airport. The estimated cost to have this work done ranges from \$1,500.00 to \$2,000.00. I've contacted both ASI (the company who bought the buildings) and USU (the entity who sold the buildings) to try to recover this cost to the airport. Presently I've not heard back from either party.
- d. Most of the airport has been mowed at least once, and some areas have been mowed two or three times. There are a few spots where surface water will not allow mowing operations.

### 3. FBO Lease Agreement.

The following items have been sent to Logan Air Services to be reviewed.

- a. Property Lease for the footprint of the building that they are purchasing from the Airport
- b. Lease agreement for the Fuel Farm, additional ramp space, and occupied tie down spaces

- c. Bill of Sale for the hangar that they presently lease from the airport.
- d. A new FBO operator's agreement.

We anticipate signing these agreements the first part of August.

**4. EPS Lease Agreement.**

A lease agreement has been signed by representatives of Electric Power Systems (EPC) and the Logan-Cache Airport for a thirty year lease of 34,000 square feet of property located at the airport. This area is northwest of the present location of the FBO and west of the USU office building. Due to the business not being located in a hangar, and outside of the aircraft operations area, we had to make a few adjustments to the standard airport property lease. Initially EPC proposed to lease two acres of land for their facility but decided that they would start with 34,000 square feet and lease more property as the need arises. EPS will probably need a full year to construct their building and pave the parking areas.

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# ATTACHMENT B

# Opportunities for Logan-Cache Airport



Presentation by Jeff Moffett  
August 3, 2017





# Presentation Overview

- Goals and objectives - where do we want to arrive?
- LGU background – history of great effort.
- Airline Industry – big changes and rapid evolution.
- New strategy for developing LGU commercial service.
- Challenges to overcome and opportunities to elevate.
- Post-departure – ensure long-term growth and success.
- Proposal to bring commercial service to LGU.



# What are your goals and objectives?

- Grow local and regional economy?
- Attract new businesses and industries?
- Improve quality of life for local residents?



- The markets, equipment, and schedules you target need to align with your objectives.
- For example, Allegiant will not help you grow local tech sector, but Alaska service to point(s) West would.

# Logan-Cache (LGU) Background

- Regional charter services through 1987
- Active recruitment 2002 - 2012
  - Frontier
  - Vision Air
  - Allegiant
  - Jump Start 2011
- Current operations
  - Flight testing
  - Aggies charter
  - Business and private
- Sale of Airport Facility in 2010 to Utah State University



# Logan-Cache (LGU) Air Service Research

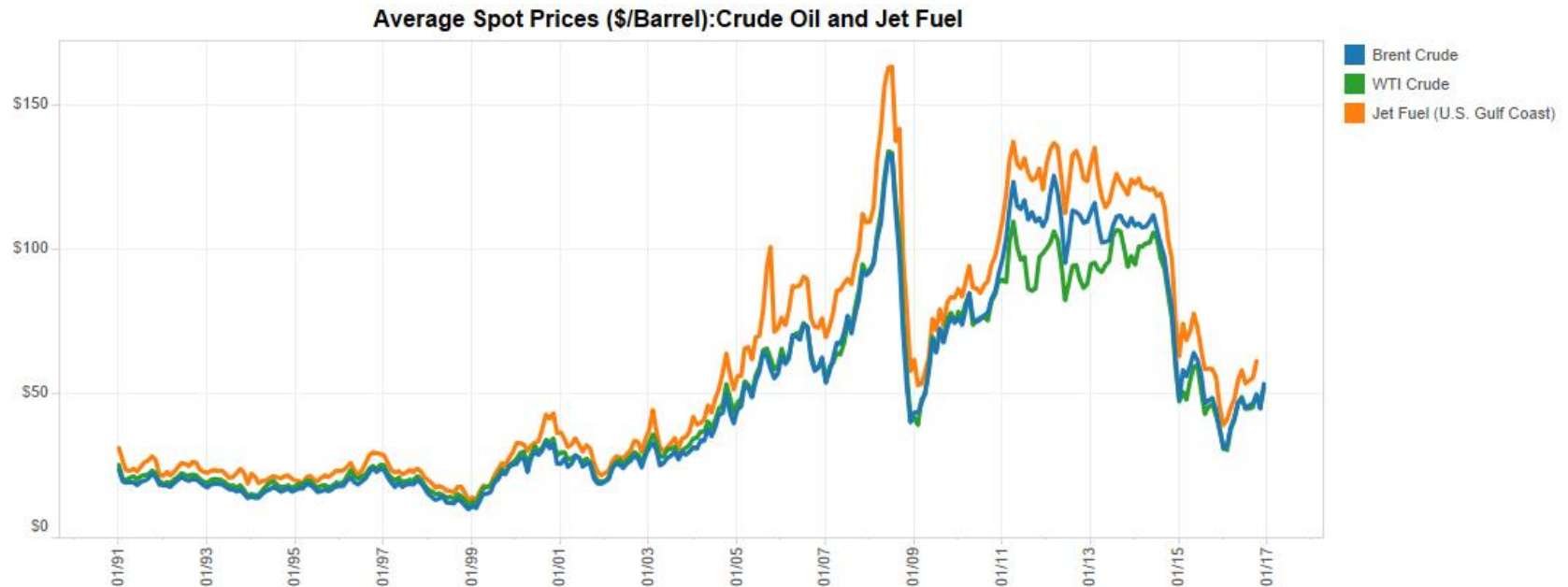
- SCASD Grant application 2004 awarded \$530K (matched)
- Survey of the Air Travel Needs of the Major Employers
  - Estimated 560,000 annual passengers
- Sabre Air Service Analysis (2004, 2007)
  - Estimated 581,000 annual passengers
- For comparison, GJT flew 334,000 O&D pax in CY 2014
  - Similar catchment population
- Airport Economic Impact Model Analysis
  - Level 1 = 100 rt seats/day to level 3 = 236 rt seats/day
  - Typically models show positive ROI and impacts from air service

# Airline Industry

- Pre-2008
  - Carriers compete for market share
  - Excess capacity
  - Higher risk tolerance
- 2008
  - Oil spikes at \$147.30 per barrel in July
- 2008 – 2014
  - Legacy carrier mergers
  - Focus on ROIC, efficiency gains, expense reduction
  - Capacity discipline
  - Fleet upgrades
  - No risk tolerance
- Post-2014
  - Economic growth
  - High load factors
  - Pilot shortage
  - Regional mergers



# Fuel, fuel, and more fuel



Source: Energy Information Administration

Price stability at lower levels create opportunity!

# Recent airline industry developments

- Alaska and Virgin America merging
  - Creates larger west coast carrier that is profitable
  - RJ and narrow body aircraft at LAX, SFO, SEA
- American building up PHX hub
  - Mountain destination flights are increasing
  - Pilot shortage may be an issue
- DEN remains unique opportunity
  - United hub vs. Southwest and Frontier
  - Relatively low fares and relatively high capacity
- Delta in SLC, SEA, and LAX
- 2004 LGU Sabre study shows significant Southern California traffic
  - (LAX+SNA+SAN = 50.4 PDEW)
- Need to align this game board with the community's objectives

# New Strategy

- Build on past efforts
- Begin *dialogue* and maintain relationship with airline planners
  - Not a one-time visit to HQ nor conference speed date
  - Listen to their assessments
  - Work with them to meet *their* needs, understand *their* perspectives
  - Airlines will base decisions on their needs not yours
- Determining factors
  - Fleet and equipment allocation
  - Opportunity costs
  - Airline business and growth strategies
  - Community's level of risk tolerance
- Start small
  - May start less than daily and/or seasonally
  - Grow sustainably





# Community Support

- Engage community on ongoing basis
  - Create flylogan.com web site
  - Be able to *demonstrate* support to the airlines
    - Show organization and community efforts
    - Specify funding sources and levels
- Encourage local business travelers to choose LGU
- Work with airline revenue managers to create “local fare” programs
- Local business support and recognition
  - Create Friends of Logan-Cache Airport Program

# Funding

- Minimum Revenue Guarantee (MRG) Contract
  - Likely necessary to eliminate carrier risk
  - 501c(6) or similar structure
- Grant funding
  - State of Utah facility improvement and construction grants?
    - FAA Airport Improvement Program
    - LGU: 2005 to 2017 = \$7.1 million
    - Utah: 2005 to 2017 = \$567 million
    - At 1.2% of total Utah receipts, its LGU's turn
  - Air service development and marketing (SCASD)
- Enterprise zone or other EDC tax incentive mechanisms

# Challenges

- Airport terminal construction
- Regional pilot shortage
- Retirement of smaller airplanes
  - Average plane size is increasing
- Trade-offs between regional jets and narrow body planes
  - Small planes reduce risk, but have higher unit cost
  - Small planes flown by regional pilots
  - Larger planes cost more, but have lower unit cost
- Four carriers control 85% of domestic capacity

# LGU Opportunities

- 2008 FAA approval to be a part 139 airport
- Full ILS and upgraded lighting
- Refit cargo hanger to be passenger terminal?
- Large catchment area of 207,000 residents
- Low cost airport
- Sabre study and other research available



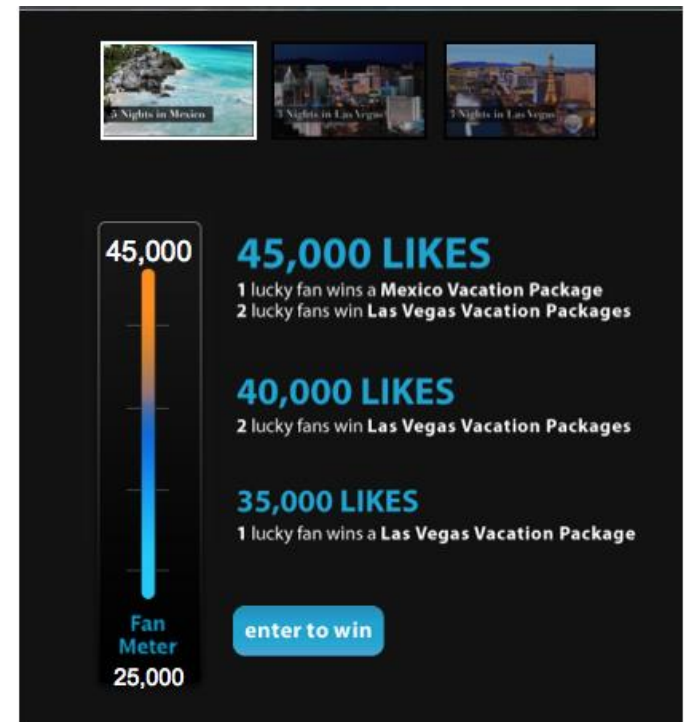
# Sustaining Service: Sales and Marketing

- Detailed plans for each sector and traveler demographic
  - Build out-of-state demand, initially via SLC
  - Develop tourist air packages and local fare programs
  - Data-driven airline specific marketing
  - Research visitor profiles
- Manage flights intensively
  - Analyze advance booking data
  - Forecast flight revenue performance
- Maximize flight revenues
  - Creatively sell First Class
  - Travel cost calculators
- Coordinate efforts of public marketing organizations and private businesses
  - Power of synergy
  - Develop dedicated air marketing fund



# Marketing example: Delta Vacations

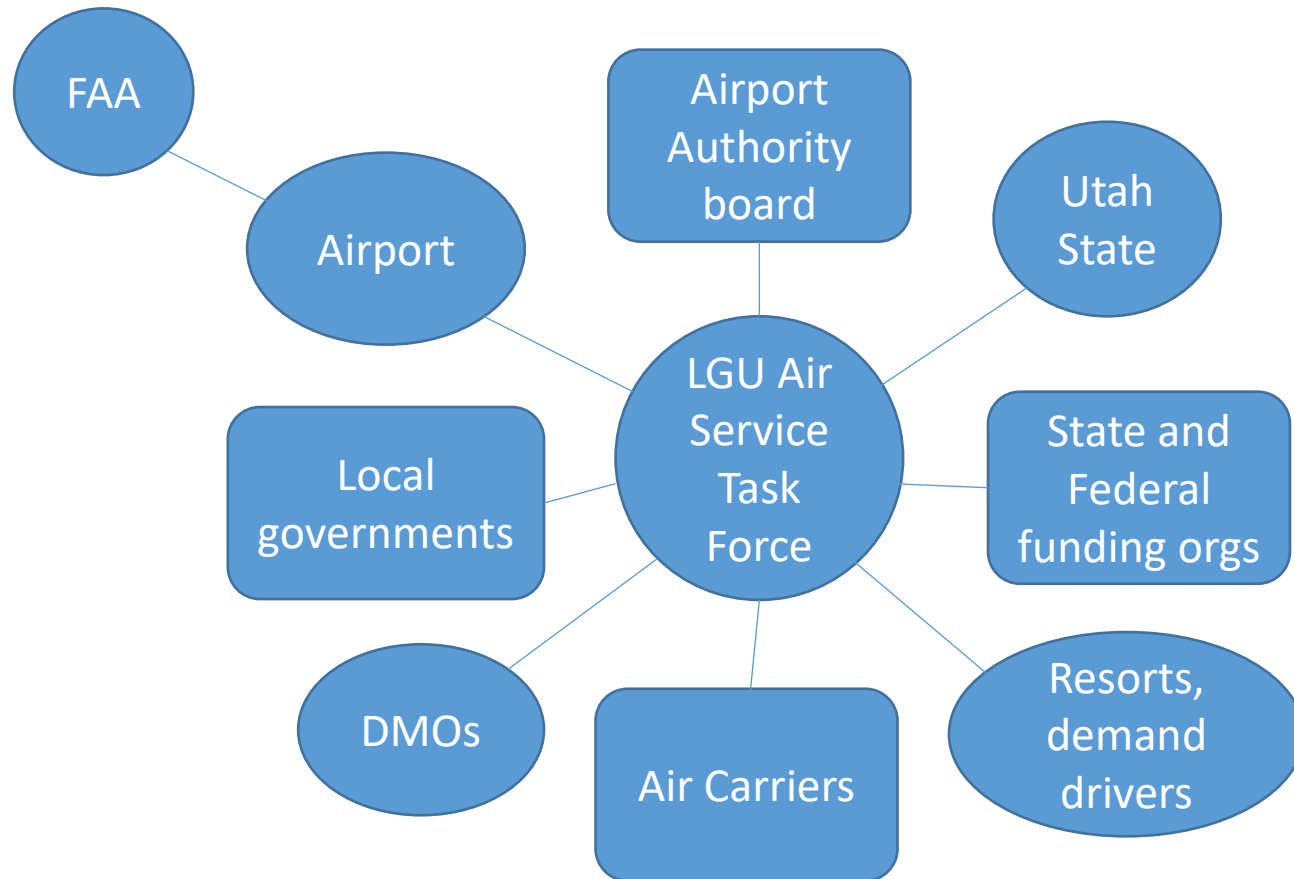
- “From the Strip to the Surf Giveaway”
- Featured a “like meter” (peer pressure)
- Every fan received surprise discounts
- Result: 34% jump in bookings



# Proposal to Develop Commercial Service

- Retain Triple Point Strategic Consulting on limited basis to help plan and support development of LGU air service
- TPSC will establish working relationships with airline planning departments on behalf of LGU
  - Determine capabilities and needs of each airline
  - Present LGU and community as valuable partner to each airline
- TPSC will facilitate fund raising efforts
- TPSC will provide strategic marketing support
  - Market research to increase out-of-state demand
  - Data-driven marketing support to DMOs and private demand drivers
- TPSC will coordinate efforts of individuals and organizations
  - Demonstrate community cohesion to carriers

# Triple Point will support and guide LGU task force





# Triple Point Strategic Consulting

- Jeff Moffett

- 20 years experience in regional air service development and destination marketing
- M.S. Econometrics, U of Washington
- Ph.D. Applied Statistics, U. of Washington

- Recent Clients

- Garden City and Beaver Mountain, UT
- City of Santa Fe, NM
- Gunnison-Crested Butte, CO (GUC)
- Panorama Mountain Resort, British Columbia
- Inntopia Business Intelligence, Stowe, VT
- North Fork Ambulance, Hotchkiss, CO
- Romp Skis, Crested Butte, CO
- West Central Colorado, Small Business Development Center

- Affiliated with 8 other independent airline consultants



# Conclusion



- Think positive!
- This is not a matter of luck,
- You don't need to wait for the stars to align,
- *And you don't need another study!*

*"You miss 100% of the shots you don't take," Wayne Gretzky.*