December Commission Presentation

Director's Report

Rebecca Hupp
Boise Airport Director

DECEMBER 1, 2016

Airport Operations Update

- Taxiway Zulu has been closed and is under evaluation. It is an aligned taxiway and no longer meets FAA standards.

- **November 22**
  Hosted annual SMGCS Working Group Meeting and FAA SMGCS Airfield Inspection was completed.

- **New Team Member**
  Welcome Kurtis Sorenson
  Airport Technology Administrator

Boise Airport

November Runway Closures

- **November 9: 10R/28L, 9:00 A.M. – 3:00 P.M.**
  Closed for FAA tech ops approach lighting repair work, airfield maintenance piggybacked on the closure and also did routine maintenance (sweeping and inspections).
- **November 10: 10L/28R, 8:00 A.M. – 11:00 A.M.**
  Closed for airfield maintenance routine maintenance (sweeping and inspections).
- **November 17: 10R/28L, 8:00 A.M. – 12:00 P.M.**
  Closed for airfield maintenance work. AFM changed out transformers on the airfield lighting system and also conducted comprehensive inspections in prep for SMGCS season.
- **November 23: 10L/28R, 8:00 A.M. – 12:00 P.M.**
  Closed for airfield maintenance PM work.
- **December 1: 10R/28L, 8:00 A.M. – 11:00 A.M., 10L/28R, 1:00 P.M. – 4:00 P.M.**
  Closed for FAA Tech Ops for mandatory VASI inspection, airfield maintenance will piggyback on the closure to do routine maintenance (sweeping and inspections).

There are no further runway closures scheduled in December.

Rotunda Floor

- Phase 1 has begun
- Has not affected passenger traffic flow
- Expected completion is late February

Alaska Announces Mainline Service

- Beginning June 4, 2017 Alaska Airlines will add mainline service to Seattle
- Boeing 737, once daily
- Will compliment their eight daily trips to Seattle

Master Plan Open House

- Open House #1, November 16
  - Approximately 175 attendees
  - Most concerned about noise, home acquisition, and military missions
- Open House #2, December 14
  - Boise River Room, 5:30pm – 7:00pm
    - Inventory of existing facilities
    - Forecasts of future aviation activity
- Noise Open House, January 25

Together Treasure Valley

- 22 local companies join forces to fund select projects to enhance the community
- Boise Airport participated in 2016
- Coordinated by the Idaho Statesman

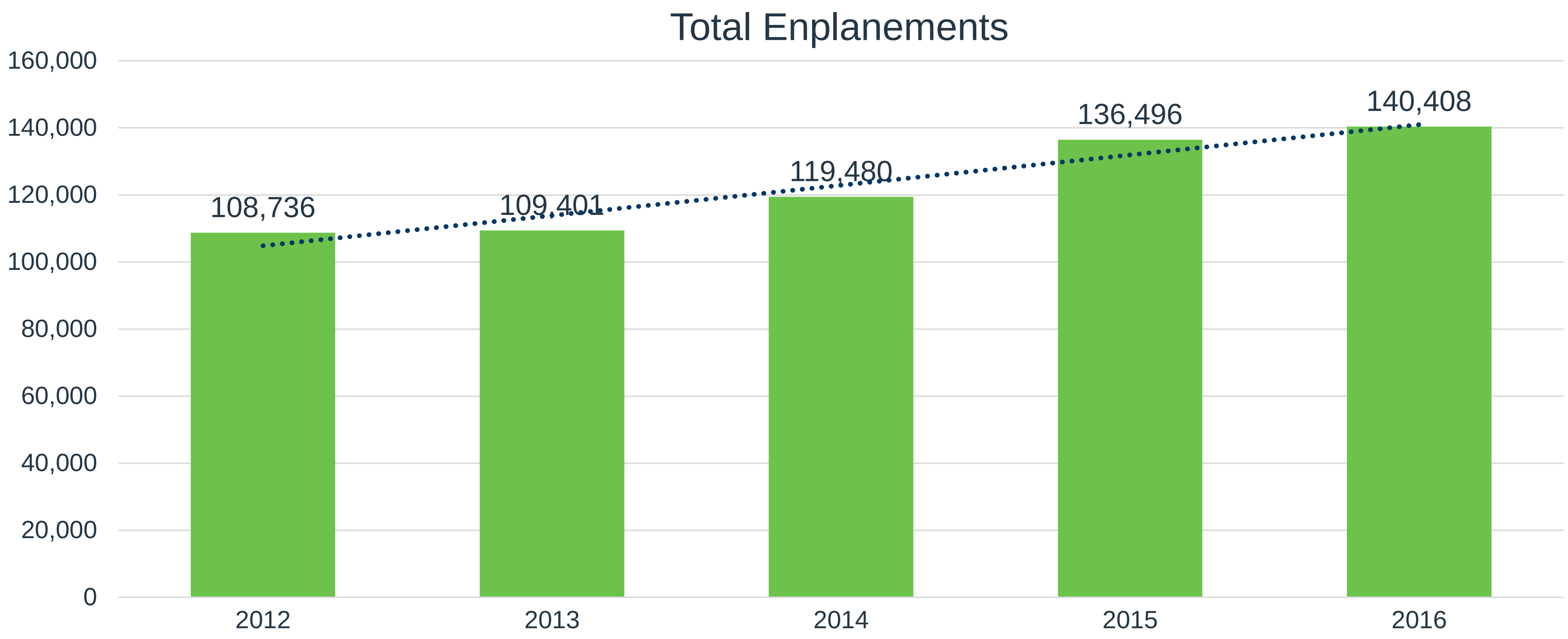
- Project #1
  - Funding for six public libraries across the Treasure Valley
  - Funding will be used to enhance current resources and add additional programs and resources.

Top 10 Operating Revenue Description	FY 2017	FY 2016	$ Change	% Change
Parking Lot	$ 928,785	$ 863,470	$ 65,315	8%
Rental Car Concession	$ 434,915	$ 244,835	$ 190,080	78%
Terminal Rent – Airlines	$ 309,040	$ 323,543	$ (14,503)	-4%
Industrial Land Rent	$ 283,609	$ 265,304	$ 18,305	7%
Signatory Airline Landing Fees	$ 262,837	$ 248,353	$ 14,484	6%
Terminal Concession – Retail	$ 85,164	$ 39,944	$ 45,220	113%
Terminal Concession – Food/Beverage	$ 84,152	$ 53,333	$ 30,819	58%
Landings/Freight	$ 60,366	$ 71,816	$ (11,450)	-16%
Terminal Rent – Nonairline	$ 41,342	$ 41,911	$ (569)	-1%
Advertising	$ 39,662	$ 23,077	$ 16,585	72%
Total Top 10 Operating Revenue	**$ 2,529,872**	**$ 2,175,586**	**$ 354,286**	
Other Operating Revenue	$ 248,160	$ 228,402	$ 19,758	
Total Operating Revenue	**$ 2,778,032**	**$ 2,403,988**	**$ 374,044**	**16%**

Top 10 Operating Expenses Description	FY 2017	FY 2016	$ Change	% Change
Personnel	$ 711,226	$ 686,711	$ 24,515	4%
Fire Service	$ 211,096	$ 203,329	$ 7,767	4%
Policing Service	$ 210,508	$ 198,541	$ 11,967	6%
Indirect Cost Reimbursement	$ 96,704	$ 79,849	$ 16,855	21%
Parking Management	$ 59,531	$ 58,749	$ 782	1%
R/M – Fleet Management	$ 38,395	$ 35,449	$ 2,946	8%
Minor Equipment	$ 25,136	$ 1,998	$ 23,138	1158%
Credit Card Fees	$ 23,823	$ 21,746	$ 2,077	10%
R/M – Structural/Electrical/Plumbing	$ 14,147	$ 42,732	$ (28,585)	-67%
Trash/Sewer	$ 13,381	$ 12,645	$ 736	6%
Total Top 10 Operating Expenses	$ 1,403,947	$ 1,341,749		
Other Operating Expense	$ 76,996	$ 189,901	$ (112,905)	-59%
Total Operating Expense	$ 1,480,943	$ 1,531,650	$ (50,707)	-3%

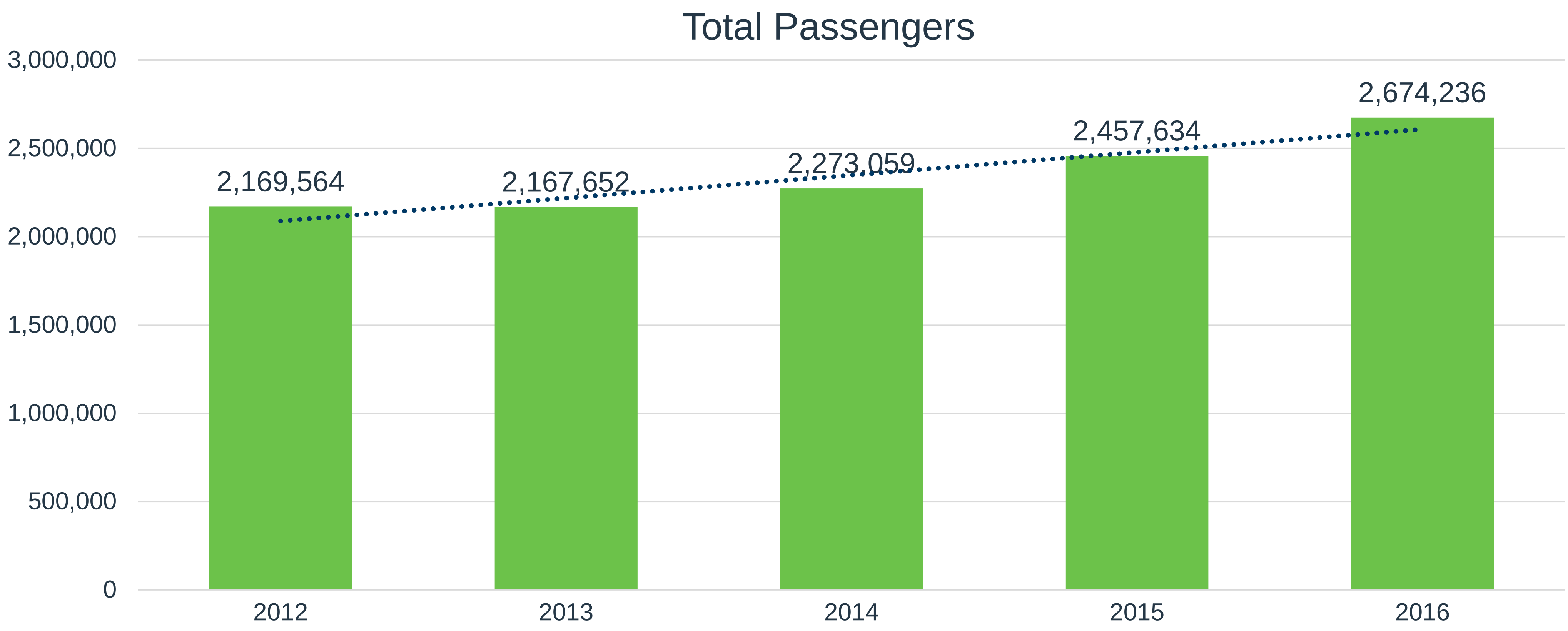
October Enplanements

Up 3% October 2016 over October 2015



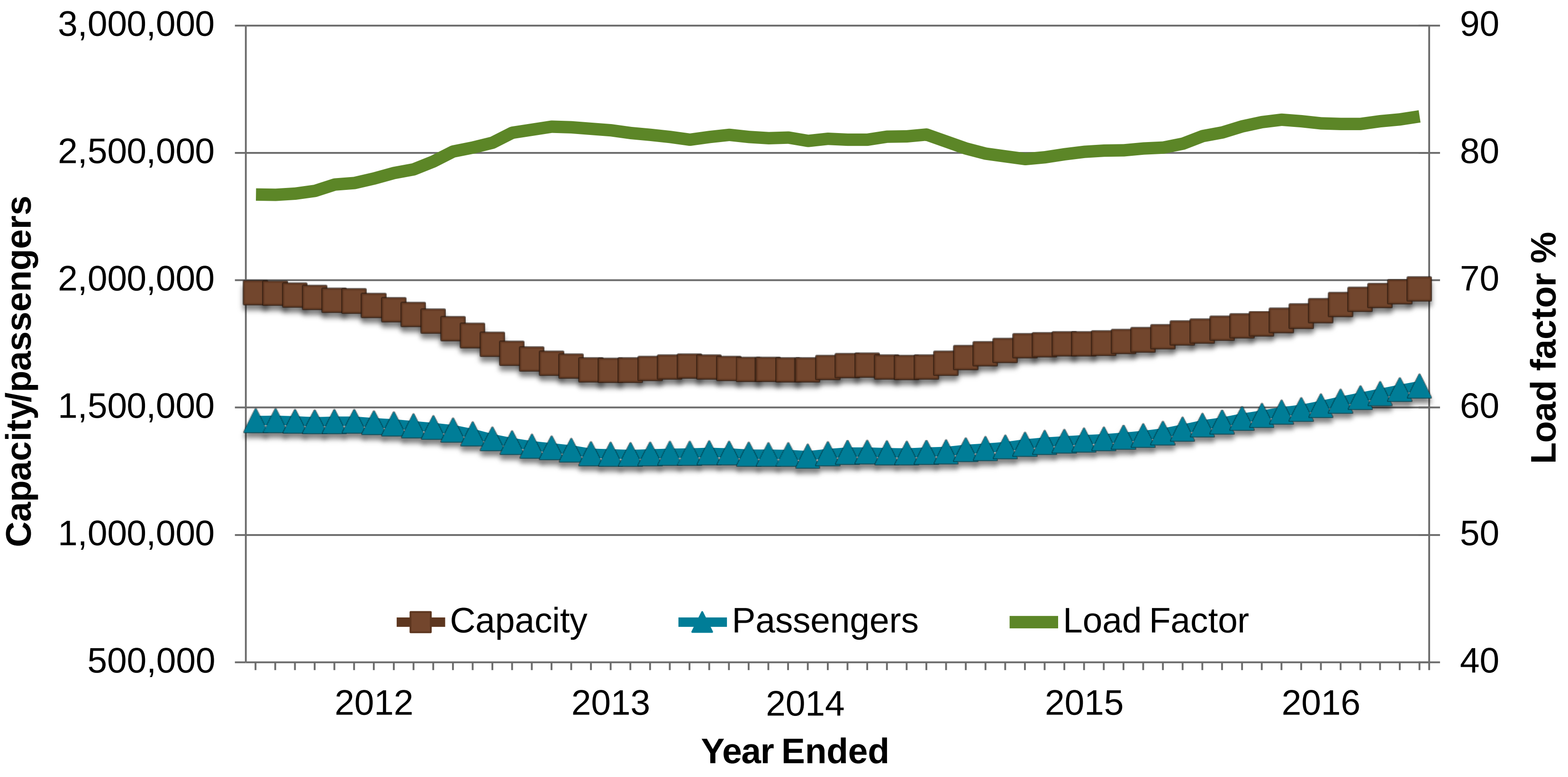
2016 YTD Total Passengers

Up 9% YTD



Boise Airport

BOI TRAFFIC/CAPACITY TRENDS



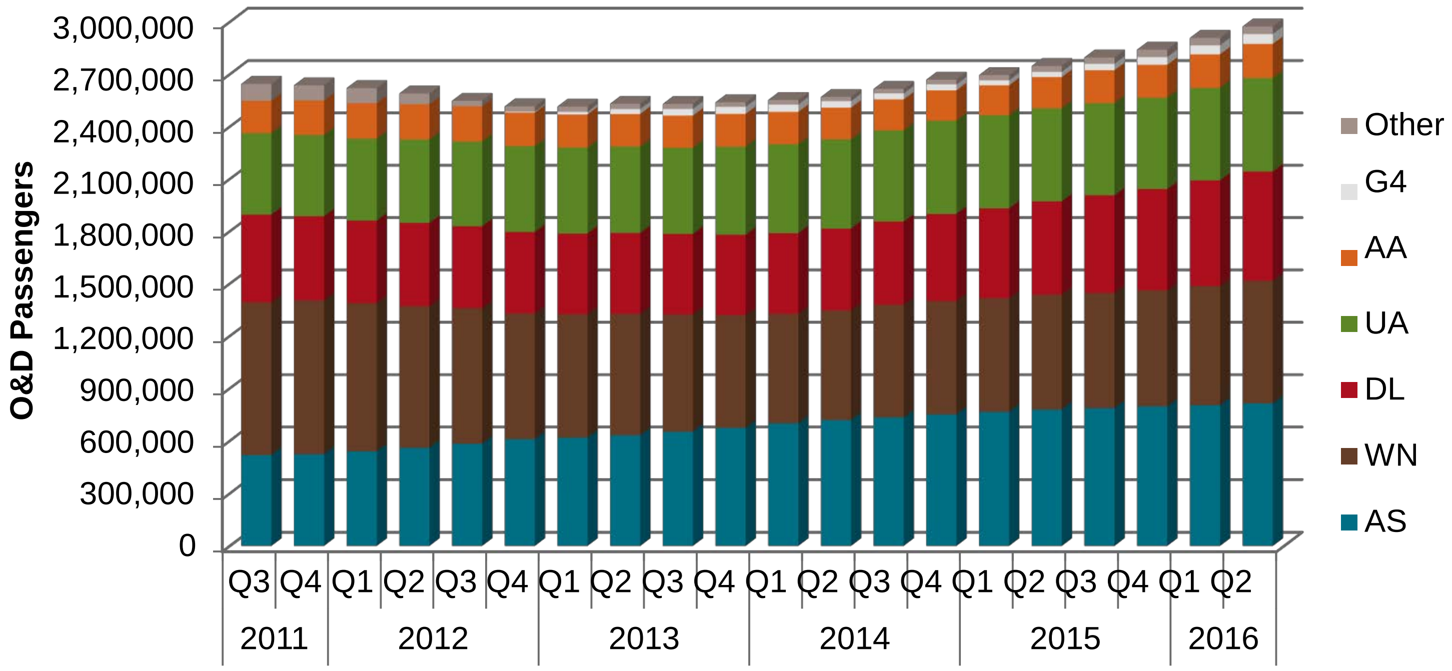
YE June 2016 capacity was up 10% while passengers were up 12%, leading to an increase of 2% points in the average load factor.

TOP O&D MARKETS – Q2 2016

Rank	Destination	O&D Pax	O&D Revenue	Average Fare ($)	Yield (¢)	% Change Since Q2 2015			
						Pax	Rev	Fare	Yield
1	Seattle, WA	69,676	7,607,795	109	27	3	10	7	7
2	Portland, OR	50,452	5,603,729	111	32	6	11	5	5
3	Spokane, WA	33,308	2,589,079	78	27	36	(8)	(32)	(32)
4	Phoenix, AZ (PHX)	30,591	4,920,154	161	22	5	15	10	10
5	Los Angeles, CA	30,538	3,371,413	110	16	37	1	(26)	(26)
6	Denver, CO	30,445	5,240,389	172	27	2	3	1	1
7	Las Vegas, NV	29,944	3,157,748	105	20	(0)	(1)	(1)	(1)
8	San Diego, CA	24,750	2,867,161	116	15	12	6	(5)	(5)
9	Sacramento, CA	23,125	2,094,511	91	21	52	20	(21)	(21)
10	Orange County, CA	17,506	2,040,845	117	17	46	18	(19)	(19)
11	Salt Lake City, UT	17,451	2,698,268	155	53	(1)	(0)	1	1
12	Oakland, CA	15,964	2,710,037	170	33	(5)	2	8	8
13	San Jose, CA	14,884	1,769,980	119	23	6	10	3	3
14	San Francisco, CA	13,685	2,729,959	199	38	(13)	(7)	8	8
15	Dallas, TX (DFW)	11,592	2,363,453	204	16	24	17	(6)	(6)
16	Minneapolis, MN	11,462	2,737,205	239	21	6	0	(5)	(5)
17	Chicago, IL (ORD)	11,003	2,891,880	263	18	8	4	(4)	(4)
18	Orlando, FL (MCO)	9,236	1,758,417	190	9	9	(2)	(10)	(10)
19	Ontario, CA	9,126	1,196,733	131	20	15	7	(6)	(6)
20	Atlanta, GA	9,075	2,053,858	226	12	0	(10)	(10)	(10)
Total/Average		**775,498**	**147,499,364**	**190**	**16**	**9**	**4**	**(5)**	**(4)**

- The top 10 markets were similar to the prior year quarter with the exception of GEG moving from #6 to #3 and LAS moving from #3 to #7.
- SMF and SNA pushed SLC and OAK out of the top 10 ranking.

BOI O&D PASSENGER MARKET SHARE



All airlines had steady market share in the latest year-ended quarter except WN gained 1% point of share against AS.

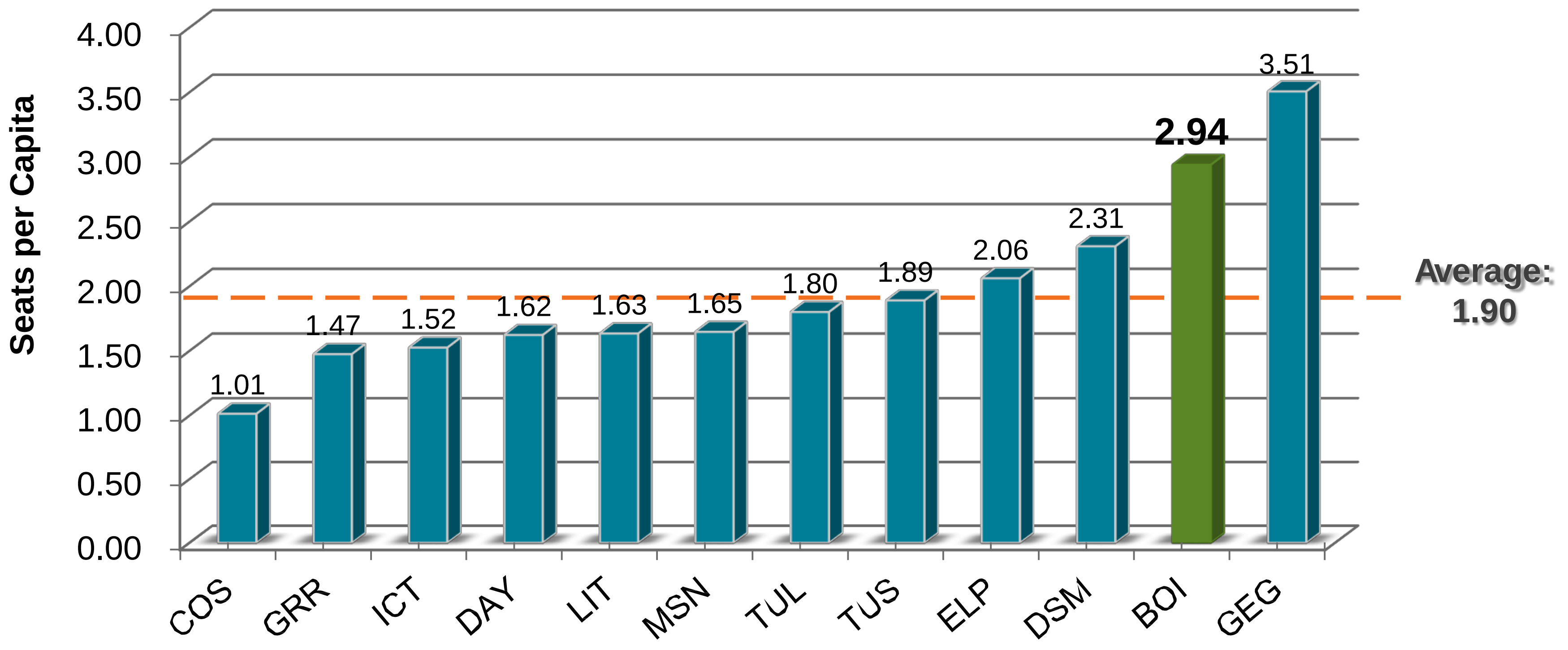
Year	Quarter	Airline Market Share						
		AS	WN	DL	UA	AA	G4	Other
2014	Q3	28%	25%	18%	20%	7%	1%	1%
	Q4	28%	24%	19%	20%	7%	1%	1%
2015	Q1	28%	24%	19%	20%	6%	1%	1%
	Q2	28%	24%	19%	19%	7%	1%	1%
	Q3	28%	24%	20%	19%	7%	1%	1%
	Q4	28%	23%	20%	18%	7%	2%	2%
2016	Q1	28%	23%	21%	18%	7%	2%	1%
	Q2	**27%**	**24%**	**21%**	**18%**	**7%**	**2%**	**1%**

BOI FORWARD LOOKING SCHEDULE

5 Destination	Airline	Year over Year Change % November Flts	Seats	December Flts	Seats	January Flts	Seats	February Flts	Seats	March Flts	Seats	April Flts	Seats
Chicago, IL (ORD)	United	8%	6%	0%	0%	(36%)	(36%)	(36%)	(33%)	100%	100%	100%	100%
Dallas, TX (DFW)	American	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Denver, CO	Southwest	0%	(10%)	0%	(10%)	0%	2%	0%	2%	8%	12%	8%	16%
	United	(4%)	2%	8%	32%	(4%)	17%	(4%)	22%	0%	4%	0%	14%
Houston, TX (IAH)	United	0%	0%	0%	0%	0%	9%	0%	9%	0%	4%	0%	0%
Las Vegas, NV	Allegiant	(33%)	(37%)	0%	(6%)	0%	(6%)	0%	(6%)	0%	(6%)	0%	(6%)
	Southwest	0%	2%	0%	2%	0%	0%	0%	0%	0%	0%	8%	9%
Lewiston, ID	Alaska	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Los Angeles, CA	Allegiant	50%	41%	0%	(6%)	0%	(6%)	0%	(6%)	50%	41%	50%	41%
	Delta	0%	0%	0%	(4%)	0%	0%	0%	0%	0%	0%	0%	0%
	United	0%	0%	100%	99%	0%	35%	0%	18%	0%	11%	0%	1%
Minneapolis, MN	Delta	0%	8%	8%	21%	0%	(21%)	0%	(18%)	(8%)	(5%)	0%	0%
Oakland, CA	Southwest	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	8%	8%
Phoenix, AZ (PHX)	American	7%	0%	29%	20%	0%	(7%)	(13%)	(17%)	(7%)	(10%)	0%	(7%)
	Southwest	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	1%
Portland, OR	Alaska	0%	0%	0%	0%	0%	0%	7%	10%	0%	4%	0%	0%
Reno, NV	Alaska	75%	75%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Sacramento, CA	Alaska	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Southwest	100%	100%	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Salt Lake City, UT	Alaska	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Delta	(3%)	14%	8%	18%	0%	14%	8%	14%	0%	(1%)	0%	(1%)
San Diego, CA	Alaska	0%	9%	0%	9%	0%	9%	0%	9%	0%	9%	0%	9%
San Francisco, CA	United	(3%)	25%	(4%)	8%	4%	30%	0%	23%	0%	25%	0%	15%
San Jose, CA	Alaska	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Seattle, WA	Alaska	(2%)	(1%)	(2%)	(1%)	(2%)	(1%)	4%	8%	(2%)	3%	11%	12%
	Delta	18%	28%	21%	32%	27%	41%	31%	44%	21%	20%	26%	27%
Spokane, WA	Alaska	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	14%	14%
	Southwest	0%	0%	0%	0%	0%	0%	0%	0%	(8%)	(8%)	0%	0%
Total		**5%**	**10%**	**9%**	**14%**	**3%**	**7%**	**5%**	**9%**	**5%**	**8%**	**8%**	**10%**

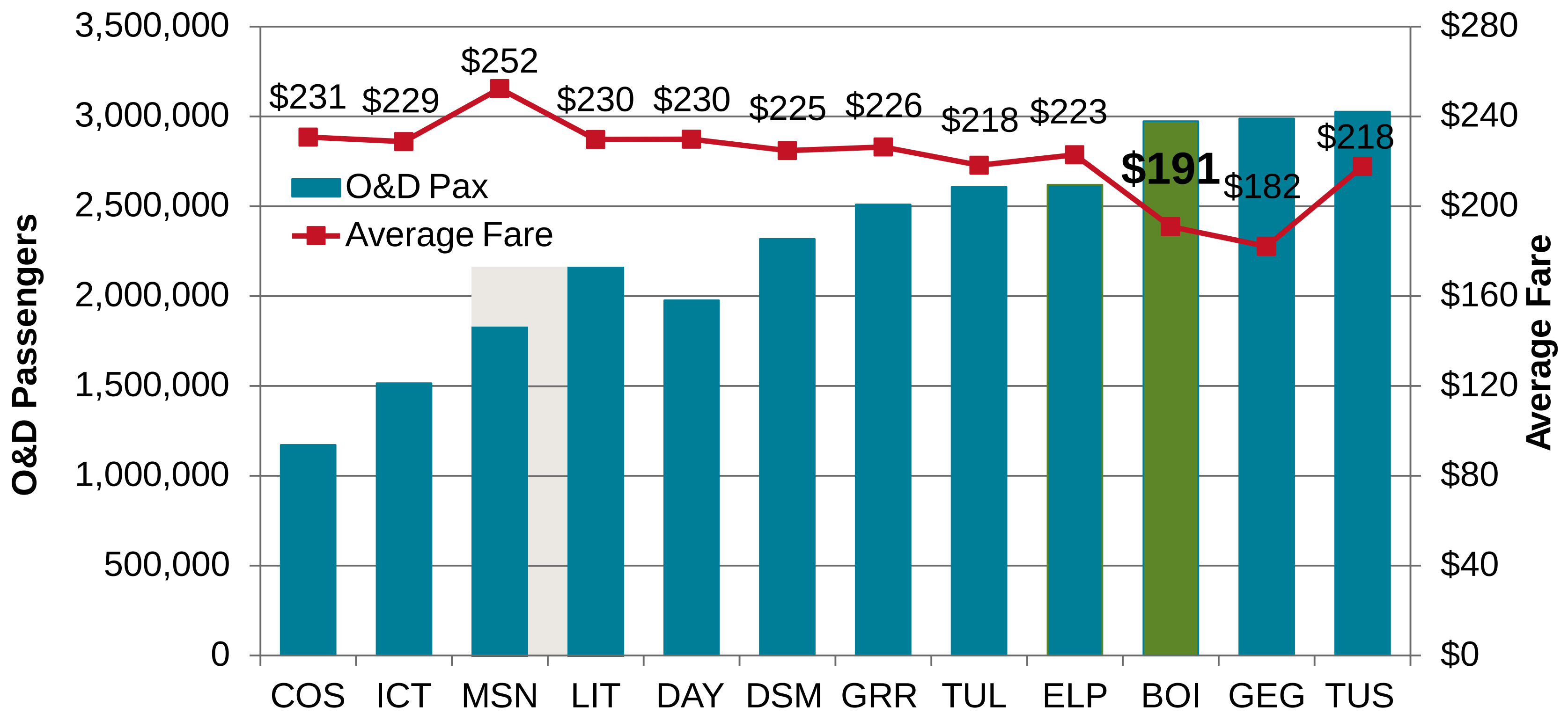
Year-over-year capacity and seat growth in every month looking forward.

SEAT PER CAPITA COMPARISONS



Boise consistently exceeds all comparison markets except Spokane in seats per capita.

O&D PASSENGER AND AIRFARE COMPARISONS



Among all comparison markets,
only Spokane had a lower average fare than Boise.

Boise Airport

YEAR-OVER-YEAR COMPARISONS

Airport	2015 MSA Population	YE 2Q 2016			YOY Change		
		# of Nonstop Destinations	O&D Pax	Seats	# of Nonstop Destinations	O&D Pax	Seats
Spokane, WA	535,724	11	2,987,047	1,878,222	0	3%	2%
Des Moines, IA	612,105	21	2,317,489	1,412,642	2	4%	3%
Madison, WI	641,517	11	1,619,267	1,056,154	(1)	3%	5%
Wichita, KS	644,881	13	1,514,133	983,295	1	2%	(1%)
Boise, ID	**669,050**	**20**	**2,973,391**	**1,965,894**	**2**	**8%**	**10%**
Colorado Springs, CO	692,680	10	1,170,695	701,827	(2)	(0%)	(4%)
Little Rock, AR	741,333	15	1,866,320	1,211,427	0	(1%)	(3%)
Dayton, OH	802,736	18	1,976,868	1,302,577	3	(4%)	(2%)
El Paso, TX	853,868	13	2,619,533	1,759,844	1	2%	(2%)
Tulsa, OK	976,063	21	2,608,572	1,756,967	1	(1%)	(5%)
Tucson, AZ	1,022,185	15	3,026,414	1,931,281	0	(1%)	(0%)
Grand Rapids, MI	1,034,670	25	2,510,286	1,525,494	3	6%	5%

BOI's O&D passengers and seats have increased at a faster rate than all other compare markets.

Upcoming Events

Date	Event
December 7, 2016	Employee Holiday Party
December 14, 2016	Second Master Plan Open House
December 16, 2016	Alaska Airlines Headquarter Visit
January 5, 2017	Next Commission Meeting
January 25, 2017	Airport Noise Open House

BOI Fueling Infrastructure and Distribution Analysis Proposal

Armbrust Aviation Group

- 75 years of experience in fuel industry

  - Economic and competitive analyses
  - Airport fuel infrastructure planning
  - Procurement and supply chain management
  - Risk management
  - Market intelligence
  - Demand forecasting

BOI Fueling Infrastructure and Distribution Analysis Proposal

Scope of Work - Analyze the Boise Airport aviation fuel supply structure to identify existing conditions.

- Efficiencies
- Upstream supply profiles
- Constraints
- Ratability
- Future demand growth expectations
- Competitiveness
- Safety, regulatory, and compliance issues

Boise Airport

BOI Fueling Infrastructure and Distribution Analysis Proposal

Analysis of four key areas

1) The current truck supplied system, advantages and disadvantages, potential improvements, operational efficiencies, associated costs and ability to meet airline growth over the next 20 years

2) Examination of the merits of a pipeline proposal and its benefits to BOI and airline customers and FBOs

BOI Fueling Infrastructure and Distribution Analysis Proposal

3) The financial impact of various supply options focused on supply security, operational costs and competiveness

4) Provide recommendations based on the project findings including stakeholder comments and support from interested parties

BOI Fueling Infrastructure and Distribution Analysis Proposal

- **Pipeline Lease and Easement Negotiations**
  Outline typical industry terms and rates for a comparable system, while evaluating development and construction costs

- **Comparative Analysis**
  Report on other airport fuel systems and supply structures of similar size and the growth potential of BOI with focus on cost analysis, competitive posture and impact on airlines and fixed base operators (FBOs)

BOI Fueling Infrastructure and Distribution Analysis Proposal

- **Owner and Lessor Alternatives**
  Report on the options available to BOI including comparative benefits and costs associated with infrastructure ownership versus the establishment of long-term leases with pipeline, fuel storage and fuel delivery operators

- **Boise Airport Economic Consequences**
  An analysis of the economic consequences for Boise Airport, airline customers and FBOs of the current fuel supply situation in comparison to the proposed pipeline connection over a 20-year period

BOI Fueling Infrastructure and Distribution Analysis Proposal