

**LAWTON METROPOLITAN AREA AIRPORT AUTHORITY  
AIRPORT AUTHORITY MEETING  
MINUTES  
September 21, 2010**

The meeting was called to order at 9:00 a.m. by the Chairman, Ray Friedl. The agenda along with the time and place of the meeting was posted in accordance with State Law.

**PRESENT:**

Ray Friedl, Chairman  
Toney Stricklin, Vice-Chair  
Stanley Haywood, Asst. Secretary  
Ed Petersen, Member  
David Madigan, Member  
Dan Mullins, Member

**ABSENT:**

David Aubrey, Secretary  
Richard Campbell, Asst. Secretary  
Lee Baxter, Member

**ALSO PRESENT:**

The roll call confirmed that a quorum was present.

Barbara McNally, Airport Manager  
Chuck Wade, Airport Attorney  
Chris Pittman, La Sill Aviation  
Mayor Fred Fitch  
Joseph Pickering, Mead & Hunt  
Doug Wells, City Council  
Shelia Lee, Chamber President  
Ed Cole, Chamber, Economic Development  
Keith Bridges, G.P. Economic Development

Pat Hurley, Administrative Assistant  
Sam Williams, American Eagle  
Ray Jude, Fort Sill Transportation  
Larry Mitchell, City Manager  
Stephen Robison, Lawton Constitution  
Mike Tennis, City Council  
Tim Hushbeck, Chamber Chairman  
Bob Milner, Chamber Member  
Brian Henry, I.B.C. Bank

**OLD BUSINESS**

- a) Minutes** – Friedl asked for additions and/or corrections to the minutes of the Airport Authority meeting of August 24, 2010.

**MOTION BY HAYWOOD, SECOND BY PETERSEN** - to approve minutes of the August 24, 2010 meeting. AYES: Friedl, Stricklin, Haywood, Petersen, Madigan, Mullins . NAYES: None. MOTION CARRIED.

---

**PRESENTATION FROM MEAD AND HUNT**

Joseph Pickering of Mead and Hunt thanked the Authority for the opportunity to come to Lawton to present and discuss the findings of the recent True Market Estimate analysis that was completed.

Pickering said to provide some perspective of what is happening in the airline industry, the economy has had a direct effect on the airline industry; because of the reduced travel the airlines have reduced

capacity about 5% over the last few years. Pickering said that carriers are in a protection mode and not typically eager to expand in a bad economy. So the burden falls on the community to be active in seeking service.

Pickering said it is important to be aware of the airline strategies and look at airline activity in different hubs. For instance American Airline's activity in the DFW market has remained about the same over the last 5 years, but they have increased their capacity and are growing in the Chicago market by about 10%.

Pickering said it is also important to be aware of the type of equipment each regional carrier has in their fleet and who has aircraft that make sense to service our size market. After the Delta/NW merger, that Delta has the most regional jet service of any airline and they are growing in the Memphis market.

Pickering said that most regional carriers are phasing out the 50 seat and is being replaced with 70 and 90 seats that have more capacity and longer range. So going forward we would have to be able to fill larger aircraft.

Pickering said in looking at airports, about 16% of the airports are defined by the FAA as large or medium hubs, but they process about 90% of domestic passengers. The smaller and non hub airports like Lawton process the remainder, so logically airlines focus their attention to the larger markets that turn a larger profit.

Pickering said "So what do communities want? They want reasonably priced tickets, they don't want to drive, they want multiple destinations, multiple hub carriers, lots of choices and frequency, they like larger aircraft not necessarily turbo prop and they want lots of competition in the market." "Airlines want to keep ticket prices high, because that's how they make the most money. They want to service few cities to keep the investment down, they try to keep capacity below demand to keep load factors high and bring in the least expensive aircraft and they want little competition." Pickering said "So somewhere in there is a middle ground that makes a market looks attractive.

Pickering said one of the key issues affecting our air service development as we go out to meet with airlines will have to be the economy. Pickering said that it's hard to make a sell in this environment, there's lots of instability and mergers going on. With those mergers there are few potential service providers. Pickering said the available fleet and the trend to retire old aircraft and replace them with larger regional jets, making fewer resources to go around, it's very competitive. Airlines have hundreds of communities coming to them with proposals and offers to entice service, they can afford to be picky.

Pickering said the communities have to be able to make a strong business case and be engaged to know what is realistic in their market. Pickering said the real question is, does the community mind driving to OKC or DFW to access air service or not?

Pickering explained that the recent study that was done identified the population in the "catchment area" and sampled where passengers booked out of and their destination. Pickering said that Lawton is only retaining less than one third of the traffic. It is no surprise that people are flying out of OKC, with the offering of low cost carriers and more options. Pickering said the international travelers are opting to fly out of the DFW market. This study is also valuable in knowing which market to target with marketing efforts for the existing carrier and any new service. The study also identified the top 25 destinations travelers were going and many of those markets seem to be military travel.

Pickering said in regards to the Delta service that Lawton lost toward the end 2009, that was the time that fuel price really spiked and making operating a 50 seat RJ at that stage length very expensive.

Pickering said currently Lawton's load factor is at about 50%, meaning that half of the seats out of Lawton are empty. If we were to decide to talk to AE to start service to another hub they would want to see that load factor increase.

Pickering said airfares out of Lawton compared to OKC are about \$ 84 higher. He said that is no surprise larger market offered more seats so they are able to offer them at discounted prices. The double edge sword is that lower fares which the community wants, lowers the airline profitability which can affect service. Pickering suggested that the community periodically do an air fare survey to keep the difference in line, around a \$40-\$50 difference.

In conclusion Pickering said that there are things that the community can do to entice new service. One option is to apply for the Small Community Air Service Development grant again and use that money as a revenue guarantee. Pickering said many of the new small and non hub markets that have acquired new service in recent years have used community dollars since this is economic development.

Pickering said we have discussed the possibility of meeting with Allegiant Air for service to Las Vegas, Phoenix or Orlando. Pickering said the Allegiant conference is in February and a Jumpstart Conference in March which will have representatives from most of the airlines. Pickering said even with today's environment there are still opportunities.

Friedl asked if there were any questions. Stricklin asked Pickering, in his professional opinion, what happened with Delta in the Lawton market. Stricklin said that the community and the grant provided a million dollar guarantee for two years of service and they pulled out after one. Pickering said that there were several things that happened that caused that failure. Before service began, Delta was very interested in new "ramp up" at Fort Sill monitoring, the through DOD, the movement and frequency of travel. Pickering said then once they began service they did not bid the GSA contracts that would insure use rather they choose to match fares that were awarded to American. Because American was the GSA contract carrier, Delta lost those passengers. Pickering said the other piece was the high fuel prices, Delta made a decision internally that markets over 500 miles were no longer economically viable on this equipment type. Pickering said he believed if the fuel prices would have been lower and the military travel issue had been resolved, we would still have ATL service.

Madigan asked McNally if she had anything to add on the "next steps". McNally said she agreed with Pickering, that Lawton needed to develop a plan and be at the table to meet with the airlines. She said she is particularly intrigued by the Allegiant Air because of their business model. They service vacation destinations such as Las Vegas, they ask nothing from the community except marketing dollars and they use the existing carriers for ground handling. Their business model is based on the cost of a turn being under \$ 1,000.00. McNally said that we see with the packed gambling charters we have in every couple of months, that if the fares are reasonable that people will drive to your airport. Pickering said the advantage we would have is currently they do not serve Oklahoma since they are not in OKC or Tulsa.

Madigan suggested putting together an Air Service Task Force with member from the Chamber, City and Airport Authority.

Stricklin asked is there any evidence that marketing plays a large role in carriers generating business.

Pickering said air carriers really only concentrate their marketing efforts in large markets, there are no marketing dollars dedicated to small or new service markets.

McNally said a challenge we are having is getting the word out that AE past problems have improved and that we have reliable service here in Lawton. McNally asked if the community should do marketing for the existing airline. Pickering said there is no question that the community should do what they can to make the existing service work, because the first thing any other airline looking at your market will ask is why should we come in if your community isn't supporting the existing service.

---

## REPORTS FROM MANAGERS OF AIRPORT BUSINESSES

**a. American Eagle (Sam Williams, Manager)** – Williams said local month to date for September dependability was at 95% and the load factor at 51% for the month. Williams said what that means is we provided 7,240 seats for the community and only sold 3,694 month to date. Williams said we had 5 cancellations this month due to weather and 2 due to mechanical. Williams said arrivals are at 81%. Williams said the load factor was down last month we provided 11,816 seats and only sold 5,248 seats making the load factor 41%. Williams said only 2 cancellations last month and arrival rate was at 79%. Williams said performance is still going up. Williams said American Eagle is adding an additional ATR to the maintenance system for backup in the winter months, this has been working in the past. McNally asked if there would be a reduction in the schedule for the winter months. Williams said not at this time. Madigan asked how our load factors compare with other locations our size. Williams said not at this time. Haywood asked how we compared to Wichita Falls. Williams said Lawton has more frequency. Williams said American Eagle is taking one of Wichita Falls overnight aircraft for maintenance purposes. Stricklin said last year that Williams took some action to make the baggage claim system more efficient, he asked if that was still being monitored. Williams said yes and the time for delivery remains good.

**b. LaSill Aviation (Chris Pittman)** – No report.

**c. Lawton Air Traffic Control Tower (Frank Herndon)** – Not present.

**d. Fort Sill Transportation (Ray Jude)** – Jude said there are several missions this month and a few more wide bodies next month.

**e. Fort Sill Army Radar Approach Control (Buddy Thornton)** – No report.

---

## DEVELOPMENT COMMITTEE (Toney Stricklin, Committee Chair)

**1) Terminal Interior Renovation Project** – Stricklin said McNally is working on solutions for painting the terminal but the roof will need to be completed first. Stricklin said if the cost of painting exceeds \$ 25,000.00 it will have to be bid out.

### **2) FEDERAL PROJECTS**

**a) Terminal Building Roof and HVAC Replacement** – Stricklin said this project is ongoing slowly; we have replaced about 20% of the units and are wiring them into a centralized control. Stricklin said this is taking a little more time than anticipated. Stricklin said once the HVAC is done the roof will be repaired.

- b) Consultant Selection for the Wildlife Management Assessment** – Stricklin said the Wildlife Management Assessment will begin in the near future. Stricklin said last month we authorized Coffman and Associates to proceed.
- c) Purchase of the ARFF Vehicle** – Stricklin said the Fire Fighting Truck has been ordered and will be in place in 9 to 12 months.
- d) Lawton Beautiful Project** – Stricklin said we are looking at the placement of the murals and the painting are on hold until the roof project is completed.
- e) Request from the Military Officers Association of America (MOAA)** – Stricklin said the MOAA has put in a request to put a Military Welcome Center for the soldiers in the terminal. Stricklin said the Authority gave this task to the Development committee and the committee will keep the Authority informed of progress. Stricklin said we have asked the MOAA to give us a more detailed proposal of what they intend to do and how they are going to do it. Stricklin said the Authority wants a quality product.

---

#### **FINANCE AND PERSONNEL COMMITTEE (Stanley Haywood)**

- 1) Personnel Request** – Haywood said the Finance and Personnel committees met at the request of the airport manager to consider a change to the FY 2011 budget of \$ 21,020.00.

McNally said we have one person that has been serving in a dual capacity as the Airport Security Coordinator and as a Maintenance Tech. McNally said the security part of this job has quickly become a full time position . McNally said he is being pulled off maintenance in order to fulfill the security coordinators position. McNally said she is requesting to move him into to a full time security position with additional IT responsibilities and hire an additional maintenance technician. McNally said this requires an increase in our budget of \$ 21.020.00. Haywood said it is the recommendation of the committees to make the security coordinator a full time position and hire an additional maintenance technician, with an increase to the FY2011 budget of \$ 21,020.00.

MOTION BY HAYWOOD, SECOND BY STRICKLIN, to approve making the security coordinator a full time position and hiring an addition maintenance technician, with an increase to the FY2011 budget of \$ 21,020.00. AYES: Stricklin, Mullins, Petersen, Friedl, Haywood, Madigan. NAYES: None. MOTION CARRIED.

- 2) Approval of Job Description for the Airport Security Coordinator** – Haywood said the new position of airport security coordinator has additional responsibilities which will require a new job description and the Authority’s approval. Haywood said it is the committee’s recommendation to approve the job description in attachment #2 of the agenda.

MOTION BY HAYWOOD, SECOND BY PETERSEN, to approve the job description of the security coordinator in attachment #2 of the agenda. AYES: Mullins, Friedl, Madigan, Haywood, Stricklin, Petersen. NAYES: None. MOTION CARRIED.

---

**AIRPORT MANAGER'S REPORT (Barbara McNally)**

a) **Airport Operations Report** – McNally said the annual audit will begin next week and board should be seeing the report in the November meeting.

**b) Financial Report – September 2010**

**Purchase Orders** - Purchase Order's to be approved from the Operating Account total \$ 87,024.86, which includes \$ 53,800.27 which is the Authority's share and the final payment to Bassco on the fuel tank.

Purchase Orders from the Capital Improvement Account totaled \$ 15,590.25 which includes \$ 10,116.60 for LEO that goes to the City of Lawton, AIP 24 was \$1,172.02, AIP 25 was 277.57 and AIP 26 was \$2,660.60, and \$ 1,363.46 TSA rent.

**Bank Balances** - The reconciled balance of the Money Market Account (10976043) is \$ 473,104.69, the reconciled balance of the Operating Account (10375822) is \$ 63,814.26 and the reconciled balance of the Imprest Fund (10704778) is \$ 666.38. For total of unrestricted funds available of \$ 537,585.33.

The reconcile balance of the restricted asset accounts are as follows: PFC (Passenger Facility Charges-9014251) \$ 210,143.03, Capital Improvement Account (114030) \$ 33,593.16.

**Line of Credit** - The balance of the line of credits used for the PFC projects is -0-.

**Income and Expense Budget Tracking** - Incomes for the month totaled \$ 72,444.66, YTD incomes total \$ 163,804.52 which is 20% of the total budgeted amount of \$ 823,522.70.

Expenses for the month totaled \$ 49,382.12, YTD expenses total \$ 124,087.97 which is 17% of the total budgeted amount of \$ 724,143.56.

Capital Expenditures are \$ 64,249.34.

**Collateralized Accounts** – Currently, the FDIC insures the Authority's accounts up to \$ 250,000.00 per account. The following are pledged dollars above the current insured amounts. Arvest has pledged \$ 500,000 above the FDIC limit. City National has pledged \$ 1,750,000.00 above the FDIC limit. These amounts are reported monthly from Federal Reserve Bank.

**MOTION BY PETERSEN, SECOND BY MADIGAN** – to approve the financials and purchase orders as they were presented. AYES: Madigan, Stricklin, Friedl, Haywood, Mullins, Petersen. NAYES: None. MOTION CARRIED.

---

**NEW BUSINESS**

There being no further business, the meeting was adjourned.

---

**Ray Friedl, Chairman**