
COLORADO SPRINGS AIRPORT SIB REQUEST

Colorado Department of Transportation/Division of Aeronautics

Introduction

The Colorado Springs Airport

There are two major airports in Colorado. The Colorado Springs Airport is the small one. This might seem like a funny difference to spotlight, but there are good reasons to own and embrace being Colorado's small airport. It's true for one thing, and people like and are more attracted to authentic brands. Being small means we can deliver a unique experience that big airports typically can't, such as easy parking, small lines, small waits, and small walks to gates. Colorado's small airport is the new marketing campaign to celebrate being small, and the impact this small airport can have in partnering with the community and the State of Colorado.

Over the past five years the Colorado Springs Airport (Airport) has seen tremendous growth in air carrier service, general aviation, and development. In December of 2019 the Airport had reported 841,059 passenger enplanements up from 586,805 reported in 2015, which is a 6% average annual growth rate over the past five years. General aviation operations have grown from 55,790 in 2015 to 66,473 operations in 2019 which is an average 3.2% increase year over year.

Prior to the COVID-19 pandemic the Airport was experiencing substantial growth in commercial air service and enplanements. In April 2020, the Airport initially experienced a drop greater than 90% in air carrier operations, flights, and enplanements. The Airport took dramatic steps in reducing costs, delaying capital projects, and retaining cash on hand to ensure the Airport stayed in a good financial position through the pandemic and continues to do so through the recovery. The CARES Act awarded the Airport \$24.3 million which is being utilized to cover operating costs and ensuring the airlines rates remain close to pre-pandemic rates over the course of the next three years (2020-2022). This will ensure the Airports financial wellbeing and supports the long term viability of the aviation industry as a whole. Currently, the Airport projects to end the year with approximately 40% of 2019 enplanements.

Despite the pandemic, Peterson Air Force Base (PAFB) and the general aviation community have seen significant growth. PAFB has leased an additional 278 acres from the Airport for future base development. They also serve as the provisional headquarters for Space Command for the next six years and are in contention for the permanent Space Command headquarters which is expected to be announced in 2021. Through the summer of 2020 general aviation has seen a 37% growth over 2019 and development continues to be in high demand.

The Airport has been one of the largest economic drivers for Colorado Springs, El Paso County, and the entire southern Colorado region. The Airport and Peak Innovation Park (Peak) have been credited for doubling the household income in the past five years within El Paso County according to a study released by Millionacres. This is attributed to the revitalization of Peak Innovation Park development, currently the eighth most successful Opportunity Zone in the country.

Peak Innovation Park (Peak)

Vision

Peak Innovation Park, or Peak, is a 900 acre innovative business park, owned and operated by the Colorado Springs Airport. The vision within Peak Innovation Park is to facilitate private investment for the timeless development of an employment center and creates a sense of place by providing amenities for the community that will retain business and employees for generations to come. This economic engine will dramatically increase southeast Colorado Springs economy through job creation and quality of life for our community. Additionally, Peak creates a diversified revenue portfolio through ground leases and land transactions that provides long term financial sustainability for the Airport and Peak. We are generating new innovative ways to enhance revenues by creative land leases, shared revenue models, public improvement fees, and the creation of Peak Metropolitan District.

Current Tenants

Peak Innovation Park is home to Aerospace Corporation, Northrop Grumman, and Amazon's last mile distribution facility. Currently under construction is Amazon's 3.7 million square foot Fulfillment Center, which will be completed in May 2021. In the last 60 days the Airport executed a number of leases, to include:

- 10 acre ground lease, 120,000 square foot class A three story office building slated to be completed in December 2022.
- 22 acre ground lease for approximately 220,000 square feet of a multi building, single story development. The first building within this development shall be operational by December 2021.
- Aerospace Corporation has broken ground on a \$100M, 16 acre, 90,000 square foot office building expansion with a completion date of late 2021.
- 38 acre ground lease development with a 280,000 square foot sort and distribution facility anticipated to be completed by June of 2021.

Under Negotiation and In Discussion

Amongst the current development and infrastructure projects, the Airport continues to see significant interest in Peak Innovation Park. There are multiple developers whom have already submitted Letters of Intent (LOI) and are under negotiation to include:

- A multiple building development with 250,000 square foot light industrial use on 20 acres of land. The first building is expected to be completed in 2021.
- Multiple retail sites are being prepared for lease in support of all the employment growth. Construction is anticipated to commence in 2021.
- Negotiations with a hotel developer have been finalized and we estimate construction will start in 2022.
- A 30 acre distribution facility with a Fortune 100 company is currently being discussed.
- Peak Innovation Park has been short listed as one of the two possible locations for a 40 acre health manufacturing facility.

Infrastructure

In 2006 the Airport invested more than \$20 million of construction infrastructure to include public roads, site grading, drainage, and utilities, as the initial phase of development. In 2019 and 2020 an additional \$22 million has been committed to infrastructure and is under construction to include a CDOT intersection, additional roadways, public utilities, and extensive landscape architecture. The development, planning, and construction of major infrastructure is key to the success within Peak which ultimately contributes to the viability of the Airport. The Airport estimates that full build out of Peak will require \$140 million of infrastructure over the next 20 to 30 years. By advancing the infrastructure this will position Peak with a competitive advantage within the region, thus facilitating private investment.

Funding Request

The Airport requests your partnership in providing a State Infrastructure Bank (SIB) loan for public infrastructure development within Peak. An additional \$20 million of public infrastructure is required for the next 160 acres of development currently under agreement or in negotiations. Approximately \$12 million will be funded through a future Peak Metropolitan District bond issuance while the remaining \$8 million is requested from the State through the SIB loan program. The Airport plans to leverage the existing long term lease revenue from Peak as a secured source of funds for financing the \$8 million through SIB programs. The State's support of this request will allow for public infrastructure that will create roadway and intersection efficiencies within CDOT highways, along with creating thousands of jobs that will enhance our local and state economy. As we continue through this pandemic the Airport anticipates that the success of Peak Innovation Park will play a vital role in our community's recovery and economic prosperity. Though the support of the SIB programs, the Airport is confident that Peak Innovation Park will not only positively impact the City of Colorado Springs community but the State of Colorado as a whole.

Financials

Existing SIBs

The Airport currently has three State Infrastructure Bank (SIB) Loans dating from 2014, 2016, and 2019. Those loans have been a tremendous help in the development and continued growth of the Airport. It is important to note that all of the Airport's current SIB loans are completely funded and covered by airline Passenger Facility Charges (PFC).

The 2014 SIB totaled \$2,336,000 and has a current payment of \$266,908 which will be paid off in 2024. The 2014 SIB was used for multiple projects to include the replacement of the terminal building cooling towers, the rehabilitation of Taxiway A, the rehabilitation of Taxiways E, G, and H, the restriping of both parallel runways, and the purchase of fleet equipment.

The 2016 SIB totaled \$3,431,183 and has a current payment of \$392,043 which will be paid off in 2026. The 2016 SIB was used for multiple projects to include the design and construction for the rehabilitation of Taxiway C from Taxiway C7 to Taxiway H, the construction of Taxiway M, N, and P from the air carrier ramp to Taxiway G, the design for the reconstruction Taxiway G from Taxiway M to Taxiway P, and the purchase of fleet equipment.

The 2019 SIB totaled \$7,500,000 million and will have a payment of \$890,483 until 2030. This SIB was used solely to fund the joint use deicing ramp and US Forest Service (USFS) regional firefighting tanker

base. The approximately eight acre deicing ramp was constructed in 2020 at the departure end of Runway 35R, which is the primary air carrier runway during inclement weather. The location of the deicing ramp will increase operational safety and reduce cost to the airlines, as well as eliminate terminal ramp safety issues. Additionally, the USFS contributed \$2.68 million to the total construction of the deicing ramp with their own discretionary funds. The USFS will be constructing a \$6 million Very Large Aerial Tanker (VLAT) base that will serve the state of Colorado and the western region of the country. This base will be one of the largest VLAT bases in the country and is a valuable resource to have within the State. This project would not have been possible without the partnership of the State of Colorado and is a great example how the SIB program can bring great success to our State and aviation system.

(Colorado Springs Airport financial Statements are available upon application)

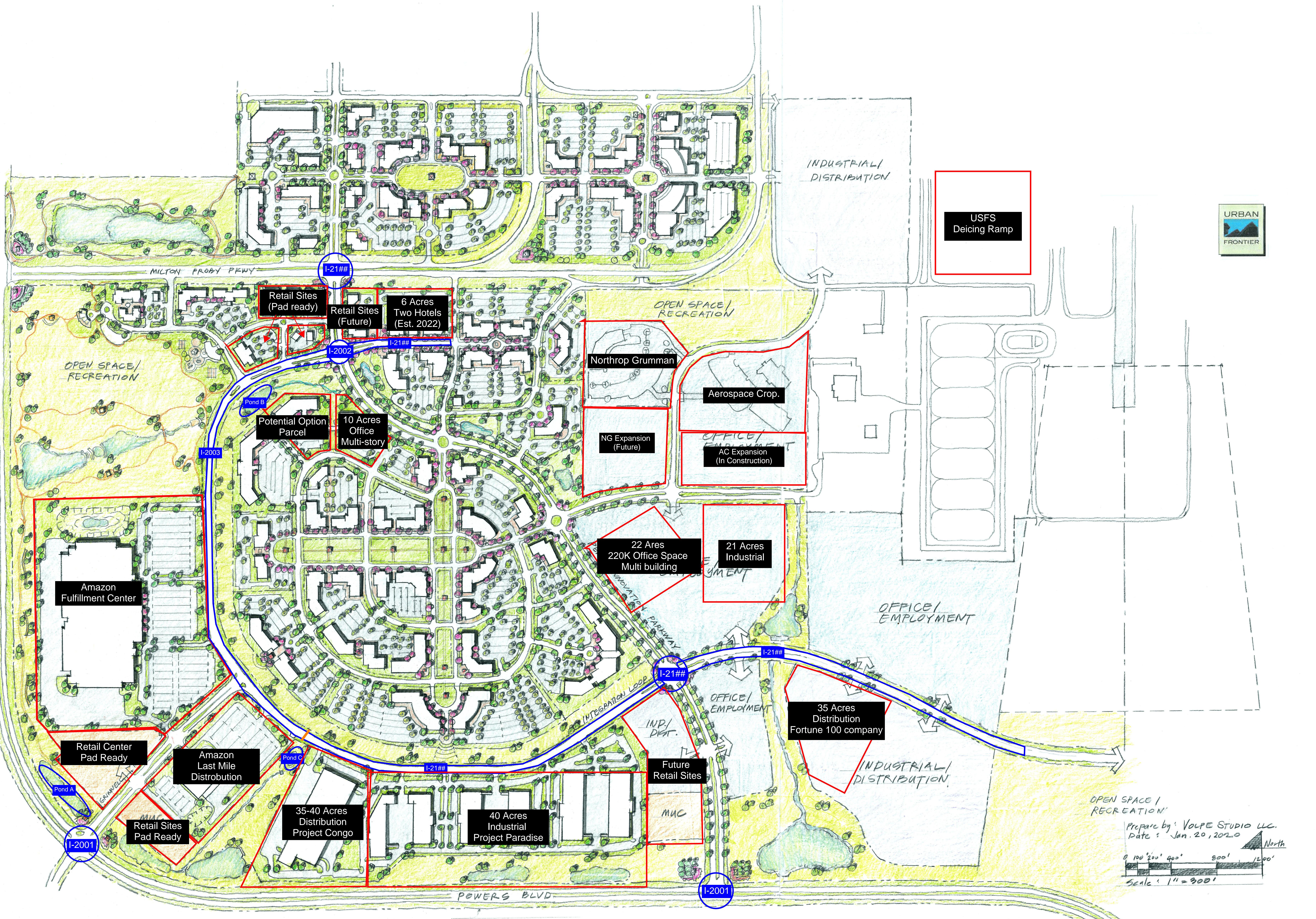
Conclusion

The Airport requests the State's support and partnership to build public use infrastructure to generate long term financial stability through revenue generation under the Federal Aviation Administration's (FAA) grant assurances and creates a significant employment center for the City and State of Colorado. This is a crucial time for the success of Peak and it is imperative to keep up with the demand, interests, and expectations of major developers. Through your support Peak Innovation Park will not only succeed, but will also create synergy for the Colorado Springs Airport. As an economic engine it is anticipated Peak Innovation Park will generate an additional 5,000 jobs for the State of Colorado within the next two to three years.

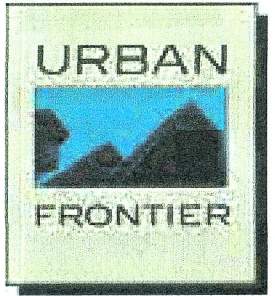
The Colorado Springs Airport would like to thank you in advance for your review and consideration of this request. The Airport looks forward to your partnership through this process.

Enclosures:

Peak Innovation Park Development Map
Peak Innovation Park Infrastructure Map



USFS
Deicing Ramp



Retail Sites
(Pad ready)

Retail Sites
(Future)

6 Acres
Two Hotels
(Est. 2022)

Northrop Grumman

Aerospace Crop.

NG Expansion
(Future)

AC Expansion
(In Construction)

Potential Option
Parcel

10 Acres
Office
Multi-story

22 Acres
220K Office Space
Multi building

21 Acres
Industrial

Amazon
Fulfillment Center

35 Acres
Distribution
Fortune 100 company

Retail Center
Pad Ready

Amazon
Last Mile
Distrobution

Future
Retail Sites

Retail Sites
Pad Ready

35-40 Acres
Distribution
Project Congo

40 Acres
Industrial
Project Paradise

OPEN SPACE /
RECREATION

Prepare by: VOLPE STUDIO LLC.
Date: Jan. 20, 2020

0 100 200 400 800 1200' North

Scale: 1" = 300'

MILTON PROBY PKWY

POWERS BLVD

INTEGRATION LOOP

IND. DIST.

MUC

OFFICE/
EMPLOYMENT

INDUSTRIAL/
DISTRIBUTION

OPEN SPACE/
RECREATION

OPEN SPACE/
RECREATION

OFFICE/
EMPLOYMENT

INDUSTRIAL/
DISTRIBUTION

Pond A

Pond B

Pond C

I-21##

I-2002

I-2003

I-21##

I-21##

I-21##

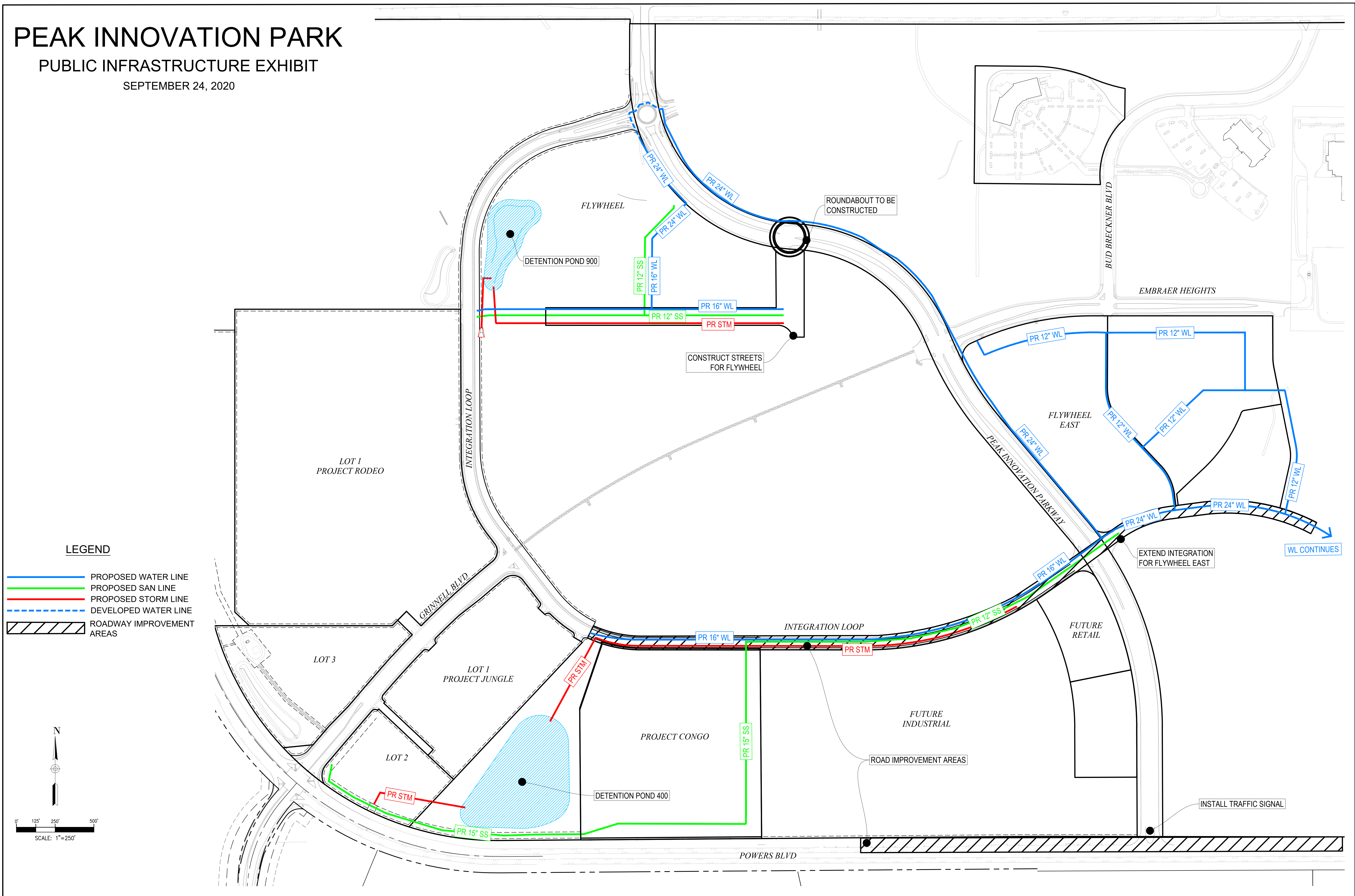
I-2001

I-2001

PEAK INNOVATION PARK

PUBLIC INFRASTRUCTURE EXHIBIT

SEPTEMBER 24, 2020



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