

Airline Guarantee Outline

The Telluride Association of Realtors would like to share some insight on the Telluride Airline Guarantee Program and what it truly means to the economic survival of our community. Started back in 1985 the Airline Guarantee program was spearheaded by the Montrose Economic Development Organization for the Montrose Airport and the Telluride Ski and Golf Company guaranteeing the note for Continental Express and Mesa Airlines into the new Telluride Airport. Telski also paid about 75% of the \$4 Million Dollar Telluride Regional Airport construction.

Montrose was not successful in attracting an airline until 1992 which they did with the help of the Telluride Ski Resort, Doral and other Telluride Tourism entities. This funding mechanism was developed to ensure that money losing flights would still land in Montrose and Telluride during the winter months, and guarantee to the airlines that losses would be minimized or eliminated.

In 2002 the Telluride Montrose Regional Air Organization (TMRAO) was formed to stimulate economic development through air service development, working hand-in-hand with local governments, businesses and interest groups. Simply put, without it we would lose many tourists that travel to our resort and spend money. Current funding is provided from the 2% tax on lodging and restaurants as well as from Telski, the City of Montrose and 75 individuals and businesses.

In 2008 there were 13,999 enplanements into the Telluride Airport and 85,971 enplanements into Montrose. In 1992 there was \$175,000 invested into the program and that has grown to a guaranteed payment for the 2007/08 season of \$1,234,665 of the budgeted \$2,166,987. This resulted in a direct guest spending of \$113,335,840 for a \$91 dollar return for every \$1 spent. Overall Telluride Realtors have donated hundreds of thousands of dollars since 2004 to this program.

On an organizational note, The Telluride Ski and Golf Company no longer employs this Director's position. They do supply an office for the Director, Scott Stewart and his associate. Telski however does donate money to this program that totals approximately 20% of the in the form of taxes and contributions. They do not steer any monies outside of the program's initiative or influence decisions and offer just one voice (out of nine) on the Airline Guarantee Program Board of Directors.

Most notably both the Gunnison Airport (Crested Butte) and La Plata County Airport (Durango Mountain Resort) have discontinued their programs at different times. Despite restarting the program in Gunnison, the total enplanements have not reached the numbers they had earlier in the decade. In 2008 they had 48,000 enplanements which is down from a level of 70,000 they had a half dozen years ago. Durango has seen ups and downs, due to a lack of an organized air program, but a large and steady increase in their population has made a guarantee program not as necessary. Telluride's program is has been applauded by aviation industry expert Michel Boyd of the Boyd Aviation Group, and another aviation consultant has shared that the longest running airline guarantee organization Eagle/Vail may change their program to mimic our model.

We must continue to donate to this program because the overall population of Telluride and Montrose will not allow us to grow or sustain the service on its own and in these economic times we will need all of the financial support we can get to maintain and/or grow service. It is estimated that at best, only 50% of the total year-round enplanements (About 50,000 of the 100,000 yearly enplanements) would be operated into the Telluride and Montrose airports without the airline guarantee program. A side condition would be the large increase in airfares without the diversity of air service and competition TMRAO brings to the community. Airlines will not fly here without this guarantee, and as a resort oriented community that could be fatal.

Teddy Errico, President-Elect for the Telluride Association of REALTORS®