Columbus Airport Commission

FY 2015-16 Annual Report

Prepared by Airport Staff

Adopted: January 25, 2017

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Columbus Airport Overview

Airport Commission

Under an April 9, 1968 State of Georgia Constitutional Amendment, the Muscogee County Airport Commission was created to be responsible for the operation and maintenance of the airport located in Muscogee County. In October 1971, the Georgia General Assembly designated this body to be the Columbus Airport Commission. The Commission is a stand-alone government entity that funds its operations through airport fees and charges. The Commission exercises its authority through its Airport Director.

The five members of the Airport Commission are appointed by Columbus Council. Each Commissioner serves for five years. The Commission meets on the fourth Wednesday of each month. Officers and members of the Commission in FY 2016 were:

July 1, 2015 – December 30, 2015

Mr. Winfield Flanagan, Chair
Mr. Kerry Hand, Vice–Chair
Mr. Thomas Forsberg, Treasurer
Mr. Carl Rhodes, Jr., Secretary
Mr. Chris Badcock, Commissioner

January 1, 2016 – June 30, 2016

Mr. Kerry W. Hand, Chair
Mr. Thomas Forsberg, Vice-Chair
Mr. Winfield G. Flanagan, Secretary
Mr. Carl Rhodes, Jr., Treasurer
Mr. Chris Badcock, Commissioner

Airport

The Columbus Airport (CSG) is listed on the National Plan of Integrated Airport Systems as being significant to the air transportations system. CSG is classified by the Federal Aviation Administration (FAA) as a non-hub Primary Commercial Service airport. The airport sits on 680 acres and has two runways. CSG is an all-weather airport with a FAA Air Traffic Control Tower, Instrument Landing System and a number of non-precision approaches for use during inclement weather. Residing on the airport are over 160 aeronautical and non-aeronautical tenant customers/users. Operational statistics for the airport will be presented later. Currently CSG is serviced by Delta Airlines with an average of four daily flights to Delta's hub in Atlanta, GA. The airport also hosts frequent civilian charters and military flights.

Staff

The Airport is organized under the Airport Commission as follows:

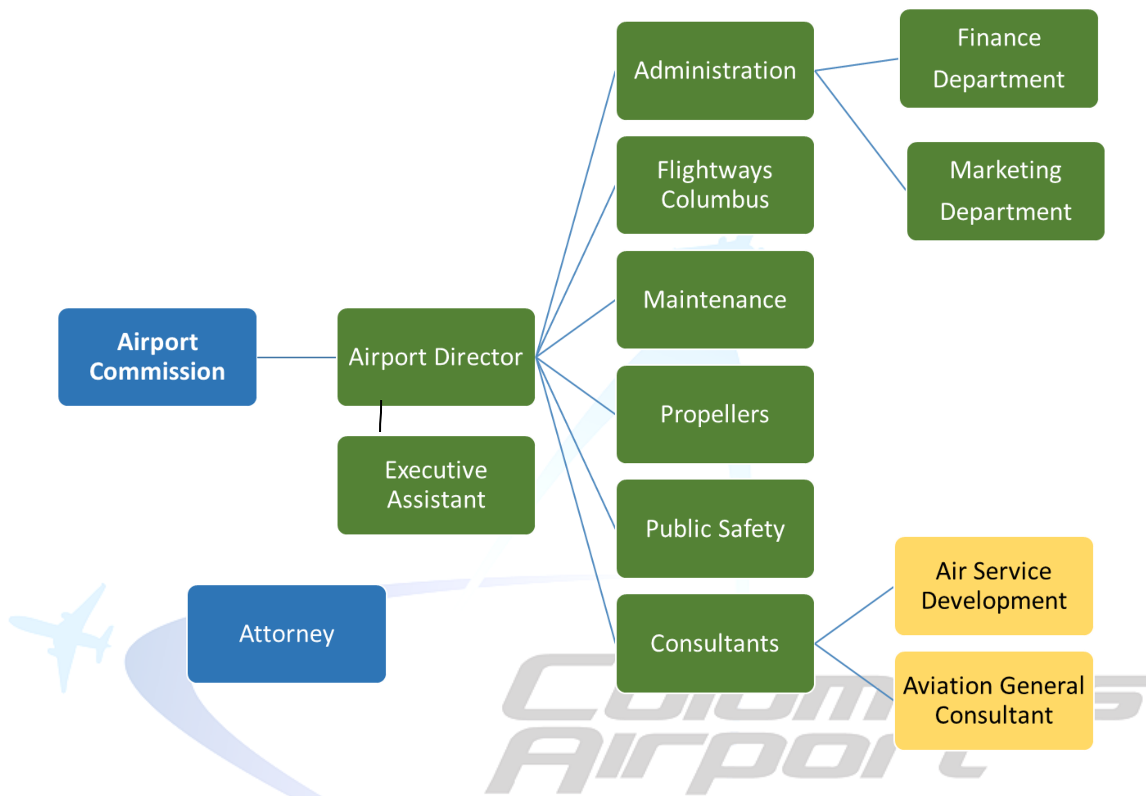

Figure 1: Airport Organizational Chart

Dedicated Commission employees are depicted in the green boxes. This group consists of 42 full and part time staff members.

The Commission employs the services of an on-call contract Attorney to address legal matters relating to the Airport and its operation.

The Commission also has multi-year agreements for services from two different consulting firms depicted in yellow boxes above.

The Aviation General Consultant (GC) is a firm to advise and assist the Commission in the development of improvement projects for the entire facility. The current firm, RS&H of Jacksonville, Florida was selected by competitive bid to provide its services. Funding for payment of the GC services generally comes from Federal Grants, Passenger Facility Charges collected from airport users and from the Airport Enterprise Fund.

In support of the Commission's commitment to recruiting new air service to the CSG market, the Commission determined the assistance of a specialized consultant was necessary to achieve its air service goals. The Air Service Development Consultant is a firm dedicated to assisting the Commission in this effort (see Air Service section for further details). The firm performing this function was also selected by competitive bid and is Sixel Consulting Group of Eugene, Oregon. Funding for consultant services comes from the Airport Enterprise Fund.

Flightways Columbus General Aviation Terminal and sampling of Commission owned hangars

Letter from the Director

Dear Reader:
As the person said, time marches on and here we are, another year has marched by. The Commission and I are pleased to offer you the Columbus Airport Commission Fiscal Year 2015-16 Annual Report. This is our second annual report and its goal is to provide financial information, highlight achievements, and reflect on where the Airport has been in the last fiscal year in relation to our stated Strategic Plan Objectives as well as the previous year's performance. We hope you find it a useful document.

Taken as a whole, performance for FY 2016 was positive. We saw a modest increase in our commercial passenger numbers that contributed to a good year from a fiscal standpoint. However, financial performance was not as good as in FY 2015. This was attributed to a number of factors. First was the bankruptcy of our primary fuel purchaser on the field. Second, we have been experiencing increases in our health care costs for staff. This area has been upward trending for many years and we experienced some increases beginning to be felt in our bottom line. We are continuing to make efforts to replace the lost revenues and control costs in all areas to address this changing environment. Finally many of the capital projects that were competed this year were supported using previously reported funds that do not appear in these financials.

If you are one of our many stakeholders, we appreciate your business, support, or interest in the Columbus Airport. It's because of you that we are here and we look forward to a long and mutually beneficial relationship in the coming years.

Warm regards,

Richard C. Howell

Richard C. Howell, A.A.E.
Airport Director

Mission/Vision/Values

Our mission, vision and values statements were developed with input from Airport staff and are incorporated into our five-year Strategic Plan. Mission, Vision and Values statements are periodically reviewed by the Commission and staff and will be reassessed at the end of the five year planning period.

Mission Statement

We are a team of professionals representing the Columbus, GA region in a responsible and businesslike manner. The Columbus Airport will be financially self-sustaining, while exceeding expectations for safety and quality service. The team is committed to meeting the air transportation and economic development needs of the community, its customers and partners.

Vision Statement

Vision defines the optimal desired future state - the mental picture - of what an organization wants to achieve over time. It provides guidance and inspiration as to what an organization is focused on achieving in the future. Collectively staff determined an appropriate vision for the airport that was subsequently adopted by the Commission.

To set the standard as the hometown airport known to provide airport services and amenities with a personal touch.

Values Statements

Values support the vision, shape the culture and reflect what the organization holds as important. They are the essence of the organization's identity – the principles, beliefs or philosophy of values.

Being direct and open communicators.
Behaving with integrity by being trustworthy, ethical and loyal.
Providing dependable service to all.
Commitment to a fiscally self-sustaining Airport.
Helping others with a cheerful attitude.
Committing to development of knowledge and skills.
Staying focused on the mission.
Energizing the workplace with amusement and humor

Operational Statistics

Commercial Passengers

Despite some challenges, the airport saw a healthy increase in commercial passengers during the fiscal year. The market was challenged early in the fiscal year when Delta cut the daily frequency to CSG in half for a number of weeks. We believe the enplanement increase is primarily attributed to stabilization those frequencies with the excellent performance of the airline in our market during the term. The airline completion factors were in the high 80% and on time arrivals in the low 90%. We believe these increased reliability factors were key to passengers finding a better value in utilizing CSG vice driving to Atlanta.

	FY 2015-16	Prior Year
Enplanements	42,253	42,226
Deplanements	45,799	40,987
Total	88,052	83,213
Overall change	6%	

Figure 2: Fiscal Year Passengers

Comparing calendar years, there was an insignificant drop in enplanements. As implied above there where some daily frequency changes in the market during the first quarter of the FY by Delta Airlines. These changes were reductions in daily frequencies solely due to pilot shortage issues with Delta's contract carrier ExpressJet that operates into Columbus. The issues were resolved by early fall of 2015.

	CY 2015	CY 2014
Enplanements	42,074	42,409
Overall change	-0.8%	

Figure 3: Calendar Year Passengers

Aircraft Operations

Aircraft operations are tracked by the Federal Aviation Administration (FAA) Air Traffic Control (ATC) tower. A landing or takeoff at the Airport is considered an operation however, these counts only take place during the twelve hours daily that the tower is open. Operations recorded reflected a decrease year over year of -10%. While it is a downward trend, it was a substantial improvement from FY 2015 vs FY 2014 where operations were off **21%**. We believe the change was due in large to fuel prices trending downward through the year.

CSG	FY 2016	FY 2015	
Itinerant	12,819	13,842	-7%
Local	5,325	6,218	-14%
Military	282	305	-8%
Total	18,426	20,365	-10%

Figure 4: Fiscal Year Aircraft Operations

Fuel Sales

A substantial metric of the Airport performance is the sales of fuel by Flightways Columbus, a department of the Columbus Airport Commission. Revenue associated with this metric will be presented in the financial section. The decline in flowage is attributed to many different external impacts, however, the most critical impact came when a local charter aircraft operator went out of business during the fiscal year. This firm was our primary jet fuel purchaser. The new FBO manager is analyzing these results and began to implement measures to address in the current fiscal year.

	FY 2016	FY 2015	Change
AVGAS	91,765	97,680	-6%
Jet Fuel	553,906	591,215	-6%
Auto	2,599	28,12	-8%
Diesel	1,561	1,857	-16%
Total	649,831	693,564	-6%

Figure 5: Fuel Sales In Gallons

Based Aircraft

Numbers listed were provided to the FAA during the 2016 annual certification inspection and reflected little change year over year.

	CY 2016	CY 2015	
Fixed Wing	126	131	
Helicopters	2	2	
Other	2	0	
Total	130	133	-2%

Figure 6: Based Aircraft

Air Service

Overview

As mentioned earlier in this report the Commission manages an on-going effort to recruit additional air service to the Columbus market to augment the four daily flights provided by Delta Airlines to Atlanta, GA. The 2013 merger of American Airlines and US Airways came to the conclusion in the fall of 2015 as US Airways ceased operations and was dissolved as an airline. While this merger further narrowed the field of prospective service providers for Columbus, it also presented an opportunity for additional service that would meet the Commission's air service goals. As stated in our previous Annual Report the focus of our recruiting efforts are to obtain:

1. Daily connecting service from CSG to Charlotte, NC.
2. Daily connecting service from CSG to a new major airline hub city.
3. Direct service to Florida in a daily or less than daily frequency.

The Commission's air service consultant, Sixel in conjunction with Airport staff have participated in eleven separate meetings with eight different airlines including all the major carriers except Southwest. We have not met with Southwest due to the airline's business model which at this time is not conducive to serving the CSG market.

The major points of recruiting effort revolves around the following facts:

1. The Columbus metro area, which includes only Columbus and immediately adjacent communities in Georgia and Alabama, is home to 472,260 people as of the latest Census estimates for 2014. See red line depiction in figure 7 below.
2. The Columbus Airport catchment area, which is seen inside the yellow line below, includes all residents within an hour's drive of the Airport, is home to 611,000 residents.
3. The greater Columbus area depicted by blue line below includes all residents with in a 90 minute drive of the airport, is home to 1.2 million people.
4. The metro area is larger than many cities such as Asheville, NC, Myrtle Beach, NC, Reno, NV and others that have substantially more air service that Columbus.
5. The catchment area generates over 3,300 passengers in and out daily. The Airport captures less than 300 per day.[1]
6. In recent years, Columbus has ranked first or second for highest average fares in the southeast region[2].

[1] Sixel Consulting Group, *Columbus-Charlotte Air Service Recruitment Plan*, October 2016
[2] Department of Transportation Airline-Submitted Data

7. In recent years Columbus has ranked within the top five communities for highest average fares in the nation.[3]

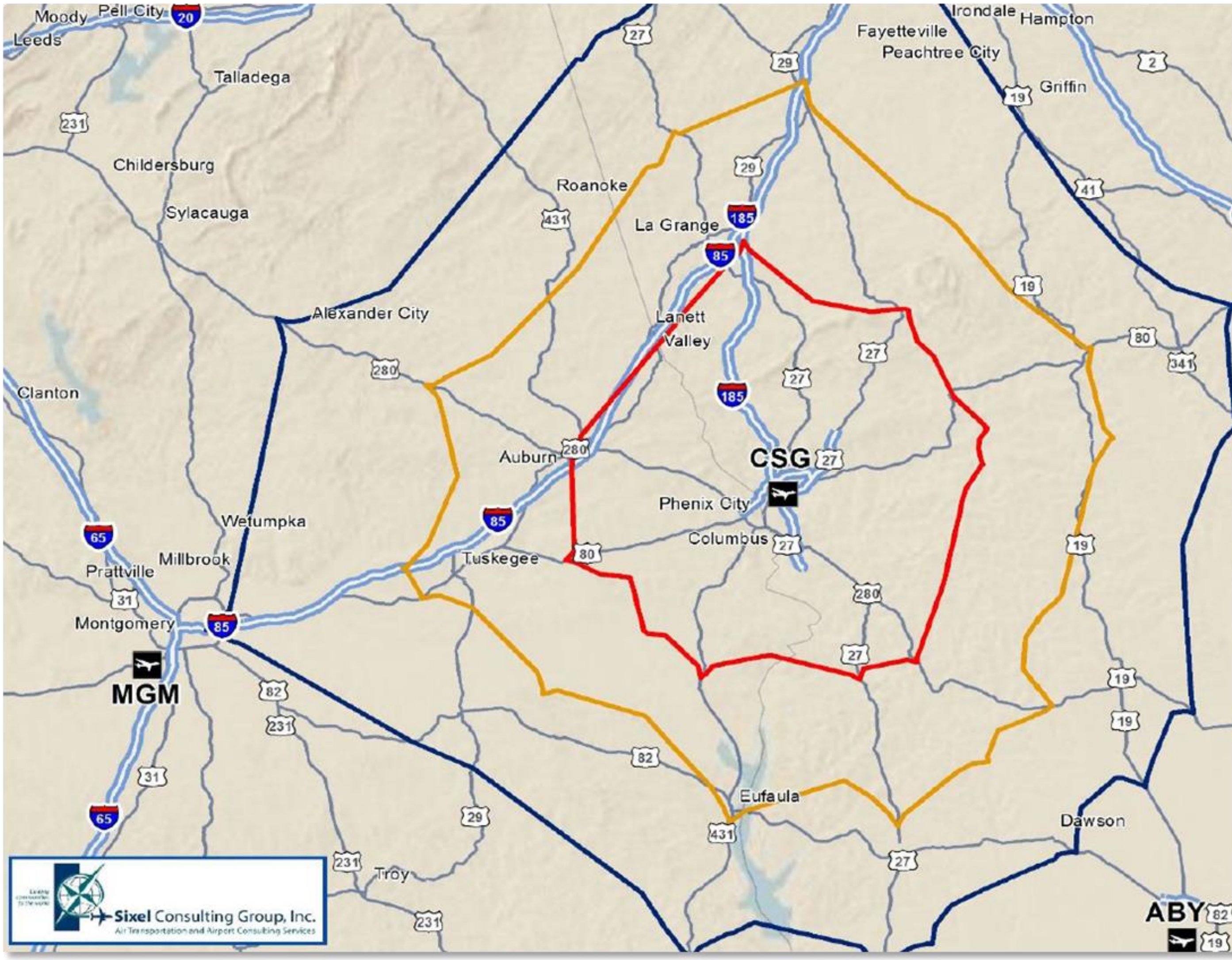

Figure 7: Service Areas

Taken all together, the Columbus market represents an underserved air service market with high airline revenue potential. In an airline environment of just four short years ago, this market probably would have already recruited new service. However the on-going and growing shortage of qualified pilots has severely hampered the Commission's recruitment efforts (see below).

[3] Ibid

Pilot Shortage Challenge

In the Commission's FY 2015 Annual Report we provided some baseline information as to how and why the pilot shortage issue has developed over the last few years. For the sake of brevity, we recap that discussion in that the industry faces shortages of 15,000 qualified pilots by 2026[4]. For details we refer the reader the FY 2015 Annual Report that can be found on the Commission's web page www.flycolumbusga.com or obtained by contacting Airport Administration.

The challenge facing the Commission resulting from the pilot shortage is the impact at the regional airline level. The majority fof all regional travel for the major airlines or mainline carriers, American, Delta, United and Southwest Airlines is contracted out to regional carriers. The situation is developing into one where the regional carriers don't have enough qualified applicants to meet their contractual requirements of the mainline customer[5]. CSG experienced this problem first hand when in the summer of 2015 Delta cut the flight frequencies by almost 45% due to the inability of their regional partner, ExpressJet to meet its contract commitments as the regional carrier did not have the crews to fly the service.

As the issue has continued to develop the airlines have been taking steps to mitigate their exposure to empty pilot seats. While the news has been filled with stories of airlines buying new aircraft, the matter at hand is who is going to fly those new planes? The short answer is the same folks flying that are flying them now. To understand this one must understand how the system works. As a general rule, the number of people in the airplane does not control how many people must be up front flying it. Consequently, a 30-seat turboprop requires the same number of pilots as a 150-seat Boeing 737. Therefore, carriers are continuing to upgrade their fleets with aircraft with higher seat counts than many being operated today especially on the regional scale. A carrier can make more profit by moving a crew operating a 30-50 seat aircraft and put them in one with 70-100 seats. The result of this process is new aircraft with more seats are entering the system but are not replacing the smaller planes in a one for one capacity, so the overall frequency of flights are reduced[6]. Unfortunately the trend we have seen since 9/11 is the impact of aircraft consolidation impacts the smaller markets like CSG most. Since 2005 markets such as CSG have lost 14.3% of their capacity[7]. The new reality is there aren't any more available aircraft and markets wanting service are all vying for the same airplanes that are currently in service. This forces competing markets to present compelling arguments for a carrier to remove an aircraft and crew from one location and move them to another untried smaller market.

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[4] Bloomberg, *Shrinking Pool of Future Pilots Keeps Major Airlines on Edge*, June 29, 2016
[5] Time, *Here's the Major Crisis the Airlines are Facing Now*, March 23, 2016
[6] Wall Street Journal, *Airline's New Normal: More Seats, Fewer Flights,* July 2, 2015
[7] Ibid

Incentive program

To respond to this challenge, the Commission with the assistance of its consultant reviewed the efforts of other communities that were successful in recruiting new service. As a result the Commission enacted an incentive program combining the waiving of airport fees, reduced cost aircraft handling and a revenue guarantee program based on the $750,000 Small Community Air Service Development Grant award to the Commission in 2014. While the incentive program has been well received by prospective carriers, the Commission has not yet received a commitment for new service. During FY 2017, the Commission will be looking to expand the incentive program in an effort to better compete with other markets.

Delta Airlines CRJ200 at CSG

Financials

Summary for Years Ended June 30.

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
Operating Revenues				
Rental income, landing fees and				
FBO revenues	4,213,016	4,391,588	4,792,255	4,824,360
Investment and grant income	49,127	44,454	21,544	124,613
Total revenues	4,262,143	4,436,042	4,813,799	4,948,973
Operating expenses				
FBO and general and				
administrative expenses	3,832,959	3,613,816	3,838,167	4,441,227
Depreciation expense	1,817,602	2,150,102	1,930,251	1,950,641
Total expenses	5,650,561	5,763,918	5,768,418	6,391,868
Loss before cash flow adjustments	(1,388,418)	(1,327,876)	(954,619)	(1,442,895)
Cash flow adjustments				
Add depreciation expense	1,817,602	2,150,102	1,930,251	1,950,641
Realized and unrealized gain on investments		58,854	40,044	(73,390)
Capital grants and passenger facility charges		1,317,777	731,006	3,590,713
Capital asset acquisitions		(2,164,753)	(688,420)	(3,788,119)
Principal payments on capital debt		(1,839)		
Net cash flow before working				
capital changes	429,184	32,265	1,058,262	236,950

Propellers Net Loss for FY 2016 was budgeted to be $42,159. The efforts of Propellers staff resulted in the loss being $39,638. An improvement of $2,521 or 6%.

Flightways net profit for FY 2016 was budgeted to be $163,023. This number was based on the performance in FY 2015. The operation posted a net profit of $354,269, or a 117% improvement year over year.

The Commission ended FY16 with a $1,267,018 cash reserve.

Net cash flow was impacted due in large to the necessity of the Commission to fund Capital assets with PFC fund collected and reported many years ago.

Annual Objectives

Strategic Plan

On July 25, 2015 the Commission adopted a five-year Strategic Plan. Within the plan were developmental and financial objectives created with four general strategies to meet the objectives.

The Five-Year Developmental Objectives were:

- ✈ Plan for obsolescence
- ✈ Initiate five year capital planning forecasts
- ✈ Maximize Federal and State funding availability for projects
- ✈ Meet all regulatory requirements relating to the plant facilities

The Five-Year Financial Objectives were:

- ✈ Establish 60-90 day operating cash fund ($770,600 to $1.16 million)
- ✈ Review and establish debt needs and servicing criteria in keeping with cash flow
- ✈ Increase non-aeronautical revenue by 20% (additional $176,000)
- ✈ Reduce the CPE by 40% (from $28 to $17) with 25% implemented within three years

To achieve these objectives general strategies were adopted that were based on the Commission's Mission, Vision and Values.

STRATEGY 1:	***Focus on the customers***
STRATEGY 2:	***Embrace our Mission, Vision and Values***
STRATEGY 3:	***Demonstrate Financial Responsibility***
STRATEGY 4:	***Improve through innovation***

FY 2016 Objectives Achievement

<u>*Overview*</u>

Achievement of the Commission's Strategic Plan objectives for FY 2016 was mixed. Certain objectives for FY 2016 in the financial area were not achieved due mostly to external influences that prevented mechanisms necessary for objective achievement to be put in place in a timely manner. Additionally, as with all plans the actual implementation of said plan exposes areas where forecasts may have been over-estimated or under-estimated. On the whole the Strategic Plan is on course and meeting the needs of the organization. It has become clear that a review of the financial objectives forecasts mid-year FY 2017 for possible adjustment by the Commission in the spring of 2017 will be necessary.

Developmental
The Commission met its objectives in this area. From August 2015 to January 2016 Commission staff developed five year capital plans for the FAA, Georgia DOT as well as the Commission itself. Projects were developed to maximize funding from FAA/GDOT grants or utilization of Passenger Facility Charges.

During the period the Commission applied for and was granted approval for further collection of Passenger Facility Charges (PFC) from the FAA. The PFC program, funded by airport users is an additional revenue source for capital improvement projects and funding of local shares to be applied to federal grants. The authority granted, allows the Commission to impose and use PFCs in support of 16 past and future improvement and planning projects.

In FY 2016 the Commission was awarded grants for development projects from the following agencies for the amounts indicated for projects described below.

- Federal Aviation Administration: $864,380
- Georgia Department of Transportation/Aviation: $2,312,477

In the second half of the year the Commission substantially completed the replacement of the Airport perimeter fence, performed crack sealing and seal coating of Runway 6/24 and completed an inventory of airport items that are obstructing the approaches to the CSG runways. Also completed during the year was replacement of the antiquated cooling towers attached to the main terminal building. These projects were primarily funded with Federal, State and PFC funds with less than 5% participation of the Airport Enterprise fund.

The Georgia DOT grant is intended for a refurbishing project for runway 13/31 that will take place in FY 2017

The FAA Certification Inspection was conducted in May 2016 and while some discrepancies were noted on the whole the facilities met all regulatory requirements meeting the regulatory objective in this area.

Financial
FY 2016 Financial Objectives were:
- **Increase Operating cash reserves by $100,000 to $1.06 million**
- **Identify Debt Needs estimated to be $435,000 to support rehabilitation of runway 13/31 and installation of signboard on Britt David Road**
- **Increase Non-aeronautical or non-airline revenues by $44,000**
- **Reduce the Cost per Enplaned Passenger (CPE) by 5%**

Achievement of the financial objectives were substantially achieved this year.
- Operating Cash Reserves – Accomplished

- At fiscal yearend the Commission had developed a $1,267,018 cash reserve. This exceeded the five year objective of a 90 day cash reserve of $1.16 million figure establish in the Strategic Plan.
- Objective was achieved two years ahead of plan.

✈ Identify Debt Needs – Accomplished
- This objective was modified during the year in that the projects identified were supported with cash reserves instead of debt. One project replaced what had been forecast.
  - The purchase of the new tractor/mower equipment would be funded by debt instead of drawing down cash reserves.
  - Debt service was identified as being $76,000.
  - Runway 13/31 project was moved to FY 2017.
- The budget provided adequate funding for debt service.

✈ Increase non-aeronautical revenue by $44,000 – Not Accomplished
This objective was not achieved for a variety of mostly external reasons.
- Substantial delays in the installation of the advertising sign board on Britt David Road due to contractor issues. This project was a critical path item in the In-Terminal Advertising Plan.
  - Appropriate approvals from the FAA for the install were sent late by the contactor to Atlanta that delayed completion until after the FY end.
- The delay in the sign board impacted the installation of digital signs in the terminal as staff was needing to ensure compatibility with internal and external equipment for an effective advertising program
- The rollout of the taxicab concession permit was delayed by discussions with the owners of the taxicab companies.

✈ Reduce CPE by 5% - Accomplished
The Commission successfully reduced the CPE by approximately 8% year over year. This objective was achieved through the adjustments made in FY 2016 to the formula the airline used to calculate Joint Use Space fees and airline savings incurred resulting from cuts to security fees charged.

FY2017 Strategic Plan Financial Objectives

✈ Operating cash fund (60-90 days). As the overall objective of the Strategic Plan was met in FY 2016, no specific objective is in place for FY 2017. As discussed above, this is one area that will be evaluated again by the Commission in the spring of 2017.

✈ Debt needs: Forecasted at $150,000 to support conversion of parking concession to a Commission operated area. Funds necessary to upgrade cash management facilities in parking area to be unattended.

- Non-Aeronautical or Non-Airline revenue: Forecast to be $320,000. It is anticipated this forecast will not be achievable as was anticipated, the changeover of the parking function would provide the majority of this increase. The Republic Parking Concession agreement does not run out until the end of May 2017. As such this objective cannot be met before the end of the FY. This item will be reviewed by the Commission for adjustment in the spring of 2017.
- Reduce CPE: The objective for FY 2017 is to reduce the CPE by an additional 5%. To date the Commission has reduced the CPE by approximately 10%. It is anticipated that the changes made in the rate structure for the airline will contribute to meeting this objective in FY 2017. However, a secondary objective in this area is to reduce the CPE by 25% from the FY 2014 amount and while a reduction in the CPE is anticipated, achieving 15% in one year is doubtful and administration will continue to follow this metric through the year.

FY 2017 Departmental Goals

For the first time, as part of the FY 2017 budget planning function, each Airport department was tasked with creating departmental goals that aligned with the Commission's overall strategic objectives. These goals were adopted as part of FY 2017 budget. Performance toward these goals will be presented in the FY 2017 Annual Report. Goals by department are as follows.

Flightways Columbus

1. Establish new brand
2. Increase fuel volume by 3%
3. Increase revenue by 3%
4. Gain three new off-airport repeat business customers

Propellers Restaurant

1. Health inspection scores average 96 or better
2. Increase profitability 2%.

Airport Maintenance

1. Decrease total electrical costs by 5%
2. Increase completion rate of priority work orders to 90% within 30 days of opening
3. Increase Preventive Measures programs by 25%

Public Safety

1. Strengthen leadership structure within the department
2. Strengthen Operations knowledge training
3. Strengthen FAA/TSA inspections

Administration/Finance

1. Achieve proficiency in new Sage 100 Purchasing Module
2. Re-examine and improve monthly closing processes

Other Accomplishments

FY 2016 Milestones

- *Updated Employee Manual*
- *Hired new Public Safety Chief*
- *Completed installation of new Airport Perimeter Fence*
- *Completed Passenger Facility Charge (PFC) Application*
- *Purchased new Lekto aircraft tug for Flightways Columbus*
- *Installation of new advertising sign on Britt David Road*
- *Issued first Annual Report of performance*
- *Initiated project to correct deficiencies in Runway 6 approach end Safety Area*
- *Purchased new tractor/mower combination for expedited maintenance of airfield*
- *Purchased new runway sweeper to better control debris on airport pavements*
- *Acquired new Aviation Fuel supplier through competitive bid process to reduce fuel prices*
- *Completed and implemented Wildlife Management Plan*
- *Completed inventory of off-airport obstructions to runway approaches*
- *Completed career progression plan for Flightways Columbus employees*

FY 2017 Proposed Projects

- Complete rehabilitation of pavements and lighting on Runway 13/31
- Complete crack repair and seal coat of Runway 6/24
- Complete install of new Segmented Circle (airport navigational aid)
- Conduct environmental planning for project to correct Runway 6 safety area deficiencies
- Conduct environmental planning for projects to correct off-airport obstructions to runway approaches.
- Conduct terminal assessment to identify potential upgrades to passenger terminal
- Bid, review and accept new rental car concession contracts
- Initiate transfer of parking lot operation from concessionaire to Commission control
- Initiative for local business support for recruitment of new air service to Charlotte, NC
- Complete career progression programs for remaining departments

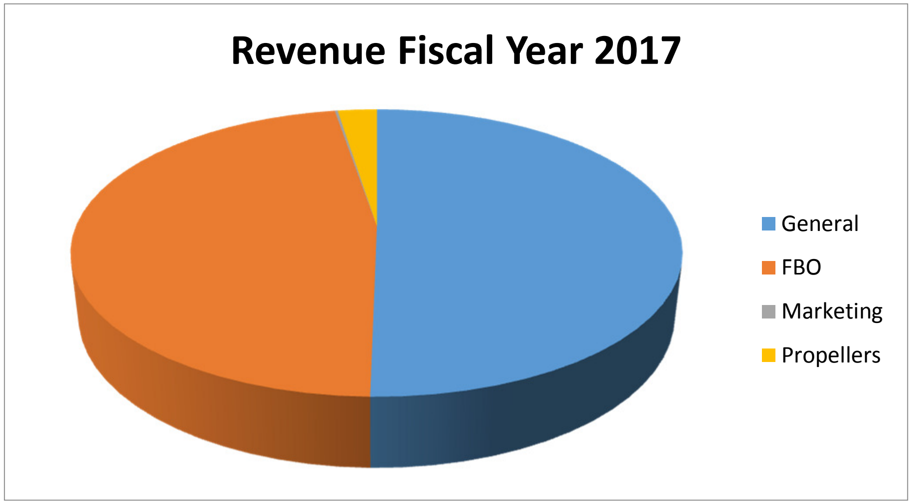
ATTACHMENT 1:

Adopted FY 2016-17 Budget

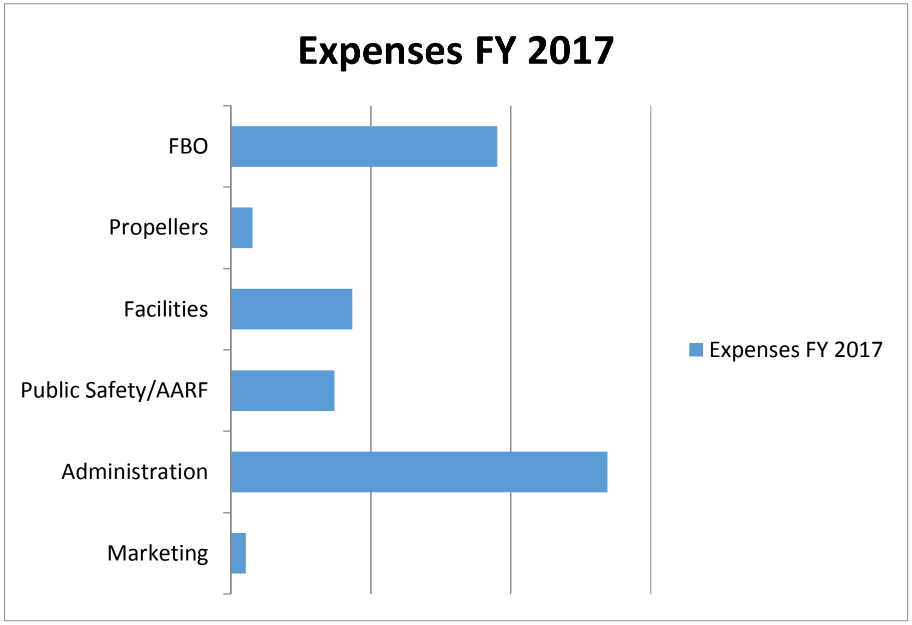
COLUMBUS AIRPORT

FISCAL YEAR 2017 BUDGET

Revenue Fiscal Year 2017	
General	2,193,232.34
FBO	2,052,140.00
Marketing	8,000.00
Propellers	107,815.00
Total Revenue	**$ 4,361,187.34**



Expenses FY 2017		W/O Depr
Marketing	106,912.00	106,912.00
Administration	2,689,701.00	618,010.00
Public Safety/AARF	738,657.00	738,657.00
Facilities	867,720.00	867,720.00
Propellers	153,206.00	153,206.00
FBO	1,902,929.00	1,752,929.00
Total Expenses	**$ 6,459,125.00**	**$ 4,237,434.00**
Revenue - Expenses	**$ (2,097,937.66)**	**$ 123,753.34**



Capital Projects FY 2017

New Equipment & Other Capital Expenditures FY 2017

Area/Dept.	Description of Project	Amount Requested
Terminal	Air Curtain	$ 10,000.00
Flightways	Self Serve Upgrades	$ 20,000.00
Flightways	Crew Car	$ 20,000.00
Terminal	Parking Lot Cash Handling Upgrade	$ 150,000.00
	Total Estimated Cost:	**$ 200,000.00**

Reimbursable Items

Airport Improvement Project--Terminal Rehabilitation Assessment		
Terminal Rehabilitation Assessment	Estimated Cost	$ 250,000.00
U.S. Department of Transportation FAA	Federal Grant	$ 225,000.00
Airport's Local Matching Share	Passenger Facility Charges/5% Reimbursed at a Later Date*	$ 25,000.00
State DOT Grant	5% of Total Cost	
	Total Estimated Project Cost:	**$ 250,000.00**

Airport Improvement Project--Terminal Rehabilitation		
Terminal Rehabilitation	Estimated Cost	$ 500,000.00
U.S. Department of Transportation FAA	Federal Grant	$ 450,000.00
Airport's Local Matching Share	Passenger Facility Charges/5% Reimbursed at a Later Date*	$ 50,000.00
State DOT Grant	5% of Total Cost	
	Total Estimated Project Cost:	**$ 500,000.00**

Runway 13/31 Pavement Rehabilitation Project		
Runway 13/31 pavement rehab	Estimated Cost	$ 2,100,000.00
GADOT	State Grant	$ 1,575,000.00
Airport's Matching share	Enterprise Fund	$ 525,000.00
	Total Estimated Project Cost:	**$ 2,100,000.00**

Airport Improvement Project--Runway 6 Safety Area Modification		
Runway 6 Safety Area Modification	Estimated cost	$ 675,000.00
US DOT/FAA	Federal Grant	$ 607,500.00
GADOT	State Grant	$ 33,750.00
Airport's Matching Share	Enterprise fund	$ 33,750.00
	Total Estimated Project Cost:	**$ 675,000.00**

* Items approved for collection. Cash flow of collections will dictate reimbursement schedule.

Assumptions Fiscal Year 2017

* Increase in depreciation expense due to the completion of high dollar amount projects.
* No cost of living raise for employees.

Fiscal Year 2016-2017 Goals

Airport

- ✈ Liquidity: Add $100,000 to liquidity account
- ✈ Non-Aeronautical Revenue: Increase $320,000
- ✈ Reduce Cost Per Enplaned Passenger by 5%

Departmental

Flightways

1. Establish new brand
2. Increase fuel volume by 3%
3. Increase revenue by 3%
4. Gain three new off-airport repeat business customers

Maintenance

1. Decrease total electrical costs by 5%
2. Increase completion rate of priority work orders to 90% within 30 days of opening
3. Increase Preventive Measures programs by 25%

Propellers

1. Health inspection scores average 96 or better
2. Increase profitability 2%.

Public Safety

1. Strengthen leadership structure within the department
2. Strengthen Operations knowledge training.
3. Strengthen FAA/TSA inspections.

Administration/Finance

1. Achieve proficiency in new Sage 100 Purchasing Module
2. Re-examine and improve monthly closing processes