# Columbus Airport Strategic Plan

## For Fiscal Years 2015-2019

Adopted by Airport Commission: July 22, 2015

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## Executive Summary

The radical changes at the Columbus Airport (CSG) over the last 24 months requires the development of a strategic business plan that identifies development, financial goals, and requirements that will set the stage for successful operations at the Airport into the future.

Staff has spent time evaluating Mission, Vision and Values for CSG in advance of this plan. As a result, staff is aware of the general direction management wishes to take and has initial 'buy-in" to that direction. As a result, this initial five year plan is intended to address two main objectives; Developmental and Financial.

The Development Objectives are to identify various needs of the Airport both to be funded externally as well as internally. Substantial effort is needed to maintain facilities while also generating non-aeronautical and non-airline revenue. Senior staff performed a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis that found that much maintenance on the campus as a whole had been differed or was being completed by outside vendors. The former created long-term problems from what were essentially short term issues and the latter impacts the fiscal capacity of the Commission.

In establishing Developmental Requirements, it was found the existing airfield, general aviation terminal and commercial airline terminal facilities at CSG are anticipated to meet the forecasted passenger and aircraft activity demand for the next 5-10 year timeframe. While that is the case, the infrastructure suffers from antiquity and a lack of timely and/or effective maintenance and presents a challenging "chicken and egg" scenario as to what to address first. Therefore the initial development goals are 1) develop effective maintenance practices that utilize Commission staff to the maximum extent possible before procuring outside vendors, 2) plan to invest $25,000 to $100,000 in facilities annually over the next five years, and 3) submit a new Airport Capital Improvement Plan (ACIP) to the Federal Aviation Administration (FAA) to maximize the use of Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) funding to achieve the Commission's capital needs

The Financial Objectives also present challenges to the Commission. Staff review of policies and procedures found some fiscal planning areas deficient or non-existent. For example, it was found the purchasing goods and services at the Airport did not follow generally accepted procedures. With the Commission's approval a new process was implemented to emphasize fiscal control and accountability in this area. Additionally it has been identified that as a non-hub commercial service airport, Columbus has one of the highest Cost per Enplaned passenger (CPE) in the country and surely the highest in the south. This factor severely impacts the Commission's ability to recruit new airline service to the airport and thus impacts its fiscal capacity. Finally it has been determined that no effective or consistent pricing practice has been in place at the Columbus Airport. This lack of process has resulted in a non-airline price structure that appears to be well below fair market value and an airline pricing practice that has resulted in the CPE discussed above. Therefore, the creation of Financial Objectives takes a two-fold approach, 1) to establish sound fiscal processes to maximize revenues and reduce costs, and 2) create attainable fiscal goals resulting from the implementation of the practices.

The specific Financial Objectives within the next five year period are:

1. Establish a liquidity account with 30-90 days of cash,
2. Establish debt needs and servicing criteria limits that are in keeping with the airport's cash flow.
3. Increase our non-aeronautical revenue by 20%,
4. Reduce our Cost per Enplaned passenger (CPE) paid by the servicing air carriers by 40% with an initial 20% goal within the first three years.

Air service development efforts will be ongoing to increase the passenger count using the Columbus Airport by focusing on the 90% leakage to Atlanta's Hartsfield-Jackson International Airport (ATL)

The Financial Objectives for the Commission will necessitate continuance of the ongoing review of the existing organizational structure to identify synergies that will lead to cost savings and opportunities to improve efficiencies.  This coupled with an aggressive approach to business development will assist in meeting the Financial Goals.  In order to develop additional non-aeronautical revenue the Commission will need identify and pursue opportunities to generate revenue from new and existing sources such as taxicabs and a reevaluation of the Republic Parking contract.

# Introduction

Background

Historically airports have used the Airport Master Plan (AMP) as their strategic planning document. The AMP provides activity forecasts and recommends facility improvements over a 20 year time frame. The Commission also prepares and submits to FAA a 5-year ACIP that is updated on an annual basis. The 5-year ACIP is an appropriate tool for planning infrastructure improvements using federal funding, but it does not provide any support to the maintenance function of the airport which falls completely within the purview of Commission as the airport sponsor.

The Commission faces a number of business planning issues, examples are:

- Past airline pricing practices has resulted in CSG having CPE that inordinately high.
- Airport management has historically not planned for equipment obsolescence and replacement. Much of this was due to the debt carried resulting from the terminal construction in 1991 that was paid off in 2013. However the result is aged facilities and systems that have no funding source for overhaul or replacement.
- A February 2014 study found that the CSG market area generates over 3,200 traveling passengers per day. CSG only captures 9% of that amount.

The changes in the airline industry since September 11, 2001 have been substantial. Four major airlines remain where eight had previously existed. The competition between communities for the fewer aircraft hulls as airlines cut capacity has never been higher. As an independent entity created by Constitutional Amendment, the Columbus Airport Commission must operate CSG less as a government entity and more like a private sector business. In this capacity the emphasis needs to be on efficiency and revenue generation. As a result it is necessary to move beyond the AMP and develop a strategic business plan to map the direction of the Airport for the next five years.

Purpose & Scope

This SBP will is being used to identify developmental and financial goals aligned with overall business strategies. Staff will create and implement measurement standards to understand if goals are being met. These goals and measurements will be reviewed as part of the annual budging process.

The Strategic Business Plan (SBP) will be reviewed on an annual basis to assist the organization as it transitions to a new business model of proactive versus reactive planning and execution.

Strengths, Weakness, Opportunities Threats

In February 2014, the senior management team at CSG consisting of the Airport Director, Chief Accountant, Executive Secretary, Public Safety Chief, Marketing Manager, Propeller's Restaurant Manager, Airfield Maintenance Supervisor, Facilities Supervisor, Grounds Maintenance Supervisor and the Co-Managers for Flightways Columbus conducted a SWOT analysis.

**Strengths** – Columbus is the second largest city in Georgia and has a Metro area of 420,000. The Airport Catchment Area is 610,000 and within a 90 minute drive of CSG are 1.2 million people.

The Airport is a full-service 24 hour-per-day operation with two runways, an Instrument Landing System and several non-precision approaches to the non-ILS runways. While some facilities are aged, they are completely capable of handling forecasted traffic for many years to come.

CSG has a dedicated outgoing staff that has a customer service focus. Unlike many airports of similar size the Columbus Airport Commission owns both the Fixed Base Operation (FBO) and terminal restaurant facilities. Additionally the Commission staffs its own Police and Firefighting functions.

The airport sits on 680 acres and has acreage available for development for both aviation and non-aviation activities. The Commission owns 124 hangars of assorted sizes and rents land for three corporate hangars. The Airport is adjacent to an interstate highway and could provide the basis for significant development opportunities for the region.

**Weaknesses** – The events of 2013, the departure of the Airport Director and American Airlines have strained the Airport's fiscal position. The retirement payouts and recruitment expenses coupled with declines in air carrier revenue severely depleted the unrestricted net assets of the Airport. Presently, there is approximately 30 days of operating cash. The industry standard is 180 days.

CSG is currently serviced by has one commercial carrier, Delta Airlines operating to its hub in Atlanta. Due to past debt servicing, CSG pricing practices have not changed to reflect the reality of the enplanement levels. As a result CSG has one of the highest CPE in the country. Compared to Atlanta's CPF of $9.00, CSG's $23.89 (2013) is inordinately high. This CPE will be a difficult metric to overcome in recruiting new air service.

As stated earlier, the CSG staff is dedicated and very motivated to serve. The challenge facing the staff is two-fold. With the exception of the Airport Director, none of the incumbent staff have any experience working at another airport. Additionally, in the past, opportunities to provide off-site training for staff have not been utilized. As a result, while competent in their duties, staff has nothing to draw on to improve or create new processes to accomplish their tasks.

Many of the plant facilities at CSG are very aged. The terminal building is 24 years old and the HVAC systems are in dire need of upgrade. The building itself was designed in a pre-9/11 era when CSG had five air carriers. As a result, the terminal is a large building going mostly unused that doesn't meet the current needs of the traveler. Runway 13/31 is in need of a rehabilitation project but is not eligible for FAA funding. Much the same situation exists for much of the rolling stock and other equipment assigned to the airport maintenance department.

Due to the organization of the airport staff in the past as well as the culture of "siloing" employees, the availability of staff to perform maintenance functions were severely hampered. This has resulted in the overuse of outside vendors to provide service down to the most basic of functions both in the terminal and on the airfield. The vendor overuse subsequently appears in the Commission's budget as very high costs associated with maintenance.

**Opportunities** – The arrival of a new Airport Director has afforded the opportunity of opening doors with community leaders. Additionally the Airport has seen an increase in local vendors interested in doing business with the Commission that has already resulting in new revenue and lower costs.

The Commission has initiated an air service recruiting initiative. To that end, Department of Transportation's Small Community Air Service Development Program could be an integral part of creating a business opportunity for additional air service.

**Threats** – As with most airports the primary threat is the high cost of oil and airline consolidation. Having only one carrier, the threat of Delta making a business decision regarding equipment or frequency into our market impacting loads would be difficult to respond to due to our lack of liquidity.

An additional threat would be the creation of more Atlanta shuttles to compete with our air service. The 9% catchment rate could be further eroded by a service offering a higher quality service than the present competitors that could lure our traveler to the highway.

Any decision by the federal government to reduce the capacity of Ft. Benning would severely impact the airport on a variety of levels.

## Mission, Vision, and Values

The Columbus Airport Commission adopted the following Mission Statement in 2014:

> **We are a team of professionals representing the Columbus, Georgia 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.**

Consistent with the Mission Statement the Commission's five year vision is:

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

In the execution of the Mission and Vision statements, the Commission has a number of ongoing and specific values. These are:

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

## General Strategies

In the initial five year term, the organization is adopting the following General Strategies to serve as a basis for business decisions to meet our goals.

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

Rationale for General Strategies

The creation of general strategies was to provide the framework for decision making to meet the objectives of this SBP. Staff believes that taken together these strategies create a viable roadmap for the organization for the next five years. The guidelines for each strategy will be implemented by staff as overall planning for the organization is conducted.

Strategy 1: Focus on the customers

1. Plan actions to meet or exceed the customer's needs
2. Create a culture that recognizes the importance of the customer
3. Look to improving the customer experience in all Commission venues
4. Seek customer feedback
5. Engage and implement feedback from airport staff

Strategy 2: Embrace our Mission, Vision and Value

1. Create and sustain a culture that supports our mission, vision and values
2. Foster an understanding among all staff to what the mission, vision and values mean to each employee
3. Use our mission, vision and values when reaching out to the community to offer or request support
4. Use the mission, vision and values in our day to day decision making

Strategy 3: Demonstrate Financial Responsibility

1. Be responsible for each dollar spent
2. Develop policies and processes for responsible fiscal management
3. Implement processes for competitive selection for critical services/products
4. Be transparent and accountable

Strategy 4: Improve through Innovation

1. Embrace innovative solutions to ongoing issues

2. Seek out innovative methods to meet needs using existing assets
3. Foster creativity and continuous improvement
4. Recognize and reward new ideas and innovation

## Developmental Objectives

Maintenance Practices

A goal of this plan is to develop effective maintenance practices that utilize Commission staff to the maximum extent possible before procuring outside vendors. The use of outside vendors had impacted the Commission budget in a negative manner by associated cost for minor maintenance issues three or four times that what a trained employee could perform it for.

In FY15 a new Maintenance Manager position was created and filled. This person's initial responsibility is to combine the existing maintenance functions, Facilities, Airfield and Grounds into one department. The purpose is to develop synergy amongst the staff, increase productivity by combining the individuals into groups working toward an overall maintenance goal, rather than what had been one small piece. This structure will also increase the effectiveness of equipment and capital planning to focus on overall task accomplishment rather than three departments buying the same items to use in their own areas.

This new department will be tasked with creating and implementing Preventive Maintenance (PM) practices to address issues before they become capital problems. PM had not been performed at CSG in the past. Finally, the single department will be able to conduct cross training between maintenance disciplines to better utilize staff to meet the routine to moderate maintenance issues instead of using outside vendors.

Commercial Airline Terminal/GA Terminal

Historically, the Commission had not planned for obsolescence of airport facilities beyond those for which federal funding could be obtained. This coupled with the debt burden of the existing terminal building stretched the Commissions resources as airlines left the airport as a result of industry consolidation.

Subsequently, the 23 year-old commercial passenger terminal building is now facing substantial maintenance issues that are 1) quickly approaching and 2) have not been completely planned for. Staff, with the assistance of the Commission's Airport General Consultant, are planning a complete terminal modernization plan that will include studying upgrades to facilities, power systems, HVAC units and modify the general layout of the facility to meet the needs of a commercial service airport in the 21$^{st}$ century. The funding plan will include the use of AIP, PFC and local funds to meet the needs. Currently the Commission has over $122,000 in PFC collections for HVAC rehabilitation. A portion of this will be used to replace the aged cooling towers on the terminal. The remaining will be allocated to other terminal HVAC projects.

The General Aviation Terminal is in better condition than the commercial terminal. In the next 5-10 years with the exception of routine replacement of air handler units, the improvements in this facility will be mostly cosmetic and can be funded as part of the normal budgeting or Capital Improvement Program (CIP) process (see below) and not need additional funding.

## Airfield Facilities

As previously mentioned the airfield facilities are capable of supporting the forecasted needs of the Commission in the next 5-10 years. However, staff has identified issues with the pavements on Runway 13/31. Due to a lack of continuing maintenance such as crack repairs and sealing, the pavement surfaces have deteriorated to a pavement classification of Fair to Poor. Deep cracks with freeze heaving is observed as well the pavement awash with loose aggregate. This runway has been identified by the FAA as being ineligible for AIP funding due to the prevailing winds at CSG and that the runway cannot be used by the commercial air carrier due to its 3,997 length. However, given its location that splits the hangar areas, this runway is very popular with the tenants for its ease to access the hangar facilities. Staff will be working with its Consultant to identify a maintenance and rehabilitation plan for 13/31 that will use local funding for support.

For a number of years, Airport management has been discussing the necessity to clear obstructions from the approaches to the four runways at CSG. In 2015, the FAA restricted the non-precision RNAV approaches to runways 12 and 34 to daylight hours only due to obstructions penetrating the 20:1 slope. Also a PAPI installation on runway 24 has never been activated due to obstructions. Management's response to the restriction found the information in the FAA database was outdated. The obstructions on identified runway 24 had been removed many years ago but the FAA database was not updated. Management submitted the correction to FAA and as of this writing is awaiting a response. A review of the runway 13 approach found that while many items in the FAA database had been removed or lowered, some remained that impacted the RNAV approach. However as indicated previously, runway 13 is not eligible for FAA funding and any obstruction removal will be the responsibility of the Commission.

In considering airfield facilities, it is necessary to address the existing hangar structures available for rent to the public. While most are adequate for use, many are beginning to show signs of age. Also when constructed, the t-hangars had very rudimentary electrical systems. The Commission currently maintains a 100% occupancy with a t-hangar waiting list. The waiting list is not substantial enough to justify any investment in additional hangar at the time of this writing. In the future, staff will analyze the potential for hangar replacement and/or electrical upgrades to the facilities.

The Commission does have existing real property available for expansion. A part of the development strategy will be to work with the local Chamber and business development entities to identify potential projects for these areas that can benefit the Commission and the community.

Five Year Forecast

*Internal:*

In FY15 Airport staff created the first internal five-year CIP for CSG. The process for the CIP was outlined in a Policy letter implemented on December 5, 2013 that created guidelines and a schedule for the budget process to include CIP planning. Annual CIP planning will begin in August of each year with a new five year product being completed by the following January. Each proposed project must align with one or more of the Commission's General Strategies to be considered.

The following initiatives were developed by Airport Administration in projecting operational issues 1-5 years out beginning in FY2016.

Costs and funding for each initiative for years 1 and 2 are expected to be relatively accurate. The numbers for years 3-5 are estimates to act as placeholders in the future. Funding sources for each project are included, abbreviations for such are as follows:

**AIP**-Airport Improvement Program
**PFC**-Passenger Facility Charges
**EF**-Airport Enterprise Fund
**OTHER**-To be determined
**EFR**-Airport Enterprise Fund to be reimbursed with AIP/PFC

| **FY2016** | **Strategy Alignment of Project** | **Cost Estimate** | **Funding source** |
|---|---|---|---|
| Acquire Lektro Tug | 1,4 | $47,000 | EF |
| Zero Turn Mower | 2,4 | $15,000 | EF |
| Kubota RTV 100 | 3,4 | $16,800 | EF |
| Energy Audit | 1,3,4 | $33,735 | PFC |
| **FY 2017** | | | |
| Replace 1990 Ford F-350 Dump Bed Pickup | 2,3 | $40,000 | Other |
| Rehabilitate Airport Administration Office | 1 | $14,000 | EF |
| Veeder Root Tank gauging system (TLS-450) | 2,3,4 | $10,000 | EF |
| Two tractor tugs for moving aircraft/GSE | 2 | $24,000 | EF |
| Rehabilitate FBO interior | 1,2 | $10,000 | EF |
| Refurbish Restaurant | 1,4 | $15,000 | EF |
| | | | |
| **FY 2018-2020** | | | |
| Replacement of Crash 1, Oshkosh Fire Truck | 1,2 | $550,000 | AIP |
| Win DSX security upgrade (TBD) | 2,4 | $20,000 | EF |
| Replace 2004 Dodge Ram truck, designated Crash 300 | 2 | $32,000 | EF |

| | | | |
|---|---|---|---|
| Kubota RTV 1100 (Replace 98 Dodge pickup) | 2,3,4 | $16,800 | EF |
| PS Golf cart | 2,4 | $10,000 | EF |

*FAA:*

As a primary commercial service airport with more than 10,000 enplanements, CSG is eligible to receive Airport Improvement Program (AIP) funding from the FAA for eligible capital improvement projects.  The most recent submission is provided below that presents projects and funding sources.  It is to be noted, the local share for AIP projects generally comes in the form of Passenger Facility Charges (PFC).  The Commission PFC collection authority ran out in March 2015 but management is working with it general consultant to create and get FAA approval for a new application that will cover the local shares for the projects lists.  At the present time the Commission has the cash to meet any commitment and will reimburse itself from PFC collections as needed.

It should be noted that projects listed more than three years out only have engineer's estimates for cost that will be further evaluated as the project year approaches.

| **Project FY2016** | **Source** | **Total Cost** | **Entitlement** | **Discret.** | **Carryover** | **Airport** | **PFC** | **Other** | **State** |
|---|---|---|---|---|---|---|---|---|---|
| Oct 15-Sep 16 | | | $1,000,000 | | $482,357 | | | | |
| July 15 Jun 16 | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | - |
| *Terminal Assessment Study* | *FED* | *$250,000* | *$225,000* | | | | *$12,500* | | *$12,500* |
| *Construct Perimeter Sec Rd* | *FED* | *$2,700,000* | *$1,257,357* | *$1,172,643* | | | *$135,000* | | *$135,000* |
| **Total FY 2016** | | **$2,700,000** | **$1,257,357** | **$1,172,643** | **$482,357** | **$2,500,000** | **$135,000** | **$0** | **$135,000** |

| **Project FY2017** | **Source** | **Total Cost** | **Entitlement** | **Discret.** | **Carryover** | **Airport** | **PFC** | **Other** | **State** |
|---|---|---|---|---|---|---|---|---|---|
| Oct 16-Sep 17 | | | $1,000,000 | | $0 | | | | |
| July 16 Jun 17 | | | | | | | | | |
| *Design Terminal Rehabilitation* | *FED* | *$500,000* | *$450,000* | | | | *$25,000* | | *$25,000* |
| *Design Crack Sealing Rwy 6-24* | *FED* | *$50,000* | *$45,000* | | | | *$2,500* | | *$2,500* |
| **Total FY 2017** | | **$550,000** | **$495,000** | **$0** | **$0** | **$0** | **$27,500** | **$0** | **$27,500** |

| **Project FY2018** | **Source** | **Total Cost** | **Entitlement** | **Discret.** | **Carryover** | **Airport** | **PFC** | **Other** | **State** |
|---|---|---|---|---|---|---|---|---|---|
| Oct 17-Sep 18 | | | $1,000,000 | | $505,000 | | | | |
| July 17 Jun 18 | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | - |
| *Construct Terminal Rehab* | *FED* | *$5,000,000* | $1,505,000 | *$2,995,000* | | | *$250,000* | | *$250,000* |
| - | - | - | - | - | - | - | - | - | - |
| *Construct Crack Sealing Rwy 6-24* | *FED* | *$150,000* | *$0* | *$135,000* | | | *$7,500* | | *$7,500* |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *Design General Aviation Taxiway Rehab & Widening* | *FED* | *$175,000* | *$0* | *$157,500* | | | *$8,750* | | *$8,750* |
| **Total FY 2018** | | **$5,325,000** | **$1,505,000** | **$3,287,500** | **$0** | **$0** | **$266,250** | **$0** | **$266,250** |
| **Project FY2019** | **Source** | **Total Cost** | **Entitlement** | **Discret.** | **Carryover** | **Airport** | **PFC** | **Other** | **State** |
| Oct 18-Sep 19<br>July 18 Jun 19 | | | $1,000,000 | | $0 | | | | |
| *Design Runway 6-24 Paved Shoulders* | *FED* | *$150,000* | *$135,000* | | | | *$7,500* | | *$7,500* |
| *Construct General Aviation Taxiway Rehab & Widening* | *FED* | *$1,500,000* | *$865,000* | *$485,000* | | | *$75,000* | | *$75,000* |
| **Total FY 2019** | | **$1,650,000** | **$1,000,000** | **$485,000** | **$0** | **$0** | **$82,500** | **$0** | **$82,500** |
| | | | | | | | | | |
| **Project FY2020** | **Source** | **Total Cost** | **Entitlement** | **Discret.** | **Carryover** | **Airport** | **PFC** | **Other** | **State** |
| Oct 19-Sep 20<br>July 19 Jun 20 | | | $1,000,000 | | $0 | | | | |
| *Construct Runway 6-24 Paved Shoulders* | *FED* | *$150,000* | *$135,000* | | | | *$7,500* | | *$7,500* |
| *Master Plan Update* | *FED* | *$500,000* | *$450,000* | | | | *$25,000* | | *$25,000* |
| **Total FY 2020** | | **$650,000** | **$585,000** | **$0** | **$0** | **$0** | **$32,500** | **$0** | **$32,500** |

## Financial Objectives

Columbus is classified as a non-hub commercial service airport. In 2013, CSG had approximately 55,000 enplaned passengers, down approximately 28% from the previous year. This loss in passengers was directly attributed to the departure of American Airlines in the late spring of 2013. AA was operating 50-seat regional jets to its Dallas-Ft. Worth hub two times daily. Also in 2013, the Airport Director of 25 years retired. This prompted a substantial payout as well as expenses incurred to obtain an executive search firm and installation of an interim director until a permanent replacement could be identified.

Since the new Director's arrival, a number of actions have taken place. As mentioned earlier in the plan a comprehensive Purchasing Policy was implemented by the Commission. This policy corrected a process that did not provide for proper accountability in the approval process for purchases as well as establishing limits for authorized spending for the department heads. In this policy was included a formalized annual budget plan. There will be a new budget process implemented with the planning for fiscal 2016-2017 that will allow for closer monitoring of revenues and expenses as well as being a more flexible planning tool that allows easier movement of funds within each department's budget.

The specific Financial Objectives within the next five year period are:

- Establish a liquidity account with 60-90 days of cash ($770,600 to $1,155,900).
- Establish debt needs and servicing criteria limits that are in keeping with the airport's cash flow.
- Increase non-aeronautical revenue by 20%. Revenue reported to FAA in 2014 was approximately $880,000. A 20% increase would be $176,000.
- In 2013 our financial report to FAA indicated approximately a $28 CPE. The objective will be to reduce the CPE paid by the servicing air carriers by 40% (to $16) with an initial 25% (to $21) goal within the first three years.

## Implementation Plan

**Year 1: FY 2014-2015 (FY15)**

Liquidity: The Commission's existing Renewal and Expansion (R&E) bank account will serve as the repository for liquidity funds. At the beginning of the FY, the R&E balance was $466,000. In FY15, transfers from Operations fund to R&E were $200,000, elevating this account to $666,000 or roughly 52 days of operating funds based on the FY15 budget. The funding came from increased profits created by Flightways and Propellers and as reductions in expenses from the remaining departments. This transfer had been completed by the beginning of the fourth quarter of FY15.

Debt Needs: A review of the Commission's five year Airport Capital Improvements Plan (ACIP) filed with FAA as well as the internally developed five year CIP described earlier reveals no anticipated need debt instruments to meet Commission needs. In the event of an emergency, the Commission's $600,000 line of credit (current $0 balance) would be satisfactory to meet any additional funding above existing planned budget and involve a reasonable debt service.

Increase non-aeronautical revenue: Development of this area began late in the FY. A number of sources such as taxicabs, restaurant and vending modifications and installation of advertising media both in and out of the terminal building are being pursued. No measureable increase in non-aeronautical revenue is anticipated by the end of FY15, but many plans could come to fruition in FY 2105-2016.

As a note, increases in non-airline revenue have been ongoing. The Commission raised general aviation hangar rents and have negotiated increased revenues or creation of improvements to Commission facilities with a number of tenants. The establishment of a formal rate base as part of the FY16 budget planning that goes into effect July 1, 2015 will take guesswork by staff as to when or if a fee needs to be charged for a service. Overall positive impact of these areas in FY15 is expected to be a nominal $10,000 due to the late implementation.

Reduce CPE: Airport administration took steps to reduce this measure in FY15. Looking at revenue projections, $60,000 was cut from the carrier's Common Use Space. This was accomplished by changing the formula used to calculate this figure to a flat $2.65/enplaned passenger. Additionally, changes in Public Safety staffing levels and organization reflected an additional reduction of $30,000 from the security fees paid by the airline. In all, this calculated out to an approximate decrease of 15% compared to CY 2014 passenger numbers.

**Year 2: FY 2015-2016 (FY2016)**

Liquidity: At the beginning of the FY, the R&E balance will be $666,000. In FY16, planned transfers from Operation to R&E are estimated to be $100,000 elevating this account to $766,000 or roughly 60 days of operating funds based on the FY16 budget. The funding is planned to come from increased revenues created by Flightways due to the hiring of a new FBO

Manager who will focus on business development of the operation. There is also planned changes to the Propellers function that includes a wider selection of vending choices, with special focus on the morning flights where the restaurant is unattended. We also look to more efficient revenue collection and tracking of inventory through the acquisition of a new cash management system for Point of Sale tracking and inventory control.

Debt Needs: No debt funding is seen as being needed during FY16.

Increase non-aeronautical revenue: It is anticipated that new revenue from taxicab fees will begin in FY16. This amount of revenue is unknown at this time as taxicabs basically operate at the airport for free. It is also expected that a new advertising display will be installed on our entry sign on Britt David Road. The investment of approximately $35,000 in the sign is expected to return $18,000 annually. This device will also provide the Commission a medium for "in-kind" contributions to our Small Community Air Service Development Grant local share should the Commission be successful in recruiting air service to use the grant. In-terminal advertising will be developed for an additional $9,000 of new revenue annually.

Non-airline revenue will continue to be a focus. The general aviation hangar rents will increase 10% in January 2016 reflecting an additional $14,000 for the FY in new revenue. Other sources of aeronautical, but non-airline revenue such as a flight school will continue to be pursued as opportunities arise.

Reduce CPE: Airport administration will review the current landing fee and Exclusive Use Space charges looking to cut expenses passed to the carrier. The goal for FY16 will be 5% ($28,000) reduction in these two areas. Administration will also present to the Commission a fee structure for less than daily service. FAA allows for differing structures for such activity that can bring our costs in line quickly in this area.

As a part of the effort to reduce the CPE, a new set of Aeronautical Minimum Standards and a comprehensive set of Airport Rules and Regulations will be presented for Commission review and approval this year.

**Year 3: FY 2016-2017 (FY2017)**

Liquidity: At the beginning of the FY, the R&E balance will be $766,000. In FY17, planned transfers from the Operations account to R&E are estimated to be $100,000 elevating this account to $866,000 or roughly 68 days of operating funds based on the FY16 budget. The funding is planned to come from increased revenues created by the takeover of the parking lot function from Republic Parking when the existing contract expires.

Debt Needs: No debt funding is seen as being needed during FY17.

Increase non-aeronautical revenue: It is anticipated that the Commission will take over the parking concession late in this FY. For FY17, we are not estimating any new revenue from parking fees. The Commission will need to invest approximately $150,000 from its cash account to automate the cash collection process to provide for the payment of parking fees inside the terminal building and unattended exit gates. However, this expense will be amortized within the first full year of operation.

Non-airline revenue will continue to be developed through a rent study to establish a baseline for an appropriate rental structure for all airport properties. By this date, most all existing long-term agreements where the tenant owns property improvement should have reverted to the Commission. A standard rental structure will ensure the Commission continues to receive fair market value for rentals.

Reduce CPE: Airport administration will review all airline charges looking to again cut Exclusive and Landing fee expenses passed to the carrier by an additional 5% ($28,000) thereby meeting the goal of a 25% reduction in this area within thre40e years. It is anticipated that by this time either new daily or less than daily service recruited will be in a “paying” mode thereby increasing the potential overall revenue that as a result will contribute to reducing the CPE. Should this be the case, a more aggressive approach will need to be evaluated and implemented to further reduce the CPE.

**Year 4: FY 2017-2018 (FY18)**

> Liquidity: At the beginning of the FY, the R&E balance is anticipated to be $866,000. In FY18, planned transfers from the Operation account to R&E are estimated to be $100,000 elevating this account to $966,000 or roughly 75 days of operating funds based on the FY16 budget. The funding is planned to again come from increased revenues created by the takeover of the parking lot function from Republic Parking in FY17.

Debt Needs: No debt funding is seen as being needed during FY18.

Increase non-aeronautical revenue: The estimate for new revenue from parking fees to be on the magnitude of $320,000 annually. It is anticipated that new revenue from all sources developed over the three previous years will be of the magnitude of $350,000 annually. This exceeds the $176,000 goal in this area. If this goal has not been achieved new developmental projects will need to be evaluated for implementation. This determination will be made at the beginning of the FY.

Non-airline revenue: Continued evaluation of this area will be an on-going goal of Airport Administration. Should non-aeronautical revenue mature as anticipated in this plan, funding for the construction of new facilities for rent will be an option for the Commission to pursue. This will be a CIP item to be researched by staff.

Reduce CPE: Airport administration will review all airline charges looking to cut expenses passed to the carrier by an additional 10% ($60,000 annually). Should any new daily or less than daily service recruited to the Airport be in a “paying” mode as anticipated by the end of FY17, at the beginning of this FY the Commission will need to review revenue the possibility of a larger reduction of the CPE in this FY.

**Year 5: FY 2018-2019 (FY19)**

Liquidity: At the beginning of the FY, the R&E balance is anticipated to be $966,000. In FY19 the planned transfers from Operation to R&E are estimated to be $110,000 elevating this account to $1,166,000 or roughly 90 days of operating funds based on the FY16 budget. The funding is planned to again come from increased revenues created by non-aeronautical revenues and anticipate revenues from commercial passenger market stimulation caused by air service development.

Debt Needs: No debt funding is seen as being needed during FY19.

Increase non-aeronautical revenue: Should the goal in this area be reached in FY 2018, staff will begin looking at other revenue sources during FY19 to be develop as part of the Strategic Plan for FY2020-2024. Should this goal not have been reached by this FY, measures in this area will need to be reevaluated for effectiveness as part of the ongoing plan.

Reduce CPE: Airport administration will review all airline charges looking to cut expenses passed to the carrier by an additional 5% ($28,000) thereby meeting the goal in this area. As in FY18, it is anticipated the market stimulation as well as the ongoing development of non-aeronautical revenue will fund this reduction and potentially allow for additional decreases in this area.

## Conclusion

This plan was developed through the cooperation of the Airport Senior Staff with guidance from the Airport Commission. As with all plans of extended duration, it cannot accurately forecast events that will impact the Commission and staff's ability to execute the plan. Many a plan was not worth the paper it was printed on as a result of the .COM bubble burst, the events of September 11, 2001 and the 2008 recession. The largest unknown at the writing of this plan is how the impacts of the commercial pilot shortage will continue to effect air service into CSG into the future. This is a troublesome area that collectively all of us interested in commercial aviation in Columbus will need to work on.

While conservative in many areas, this plan does anticipate certain events that have great chances of coming to fruition. The conversion of the parking concession to the Commission and development of taxicab and advertising revenues are real. There will be impacts to these new revenue streams by unforeseen reduced ridership at CSG, should that take place. But to a certain extent these impacts may be mitigated simply because little or no revenue is collected in these areas at this time.

Looking ahead, Airport staff is striving to create an Annual Report to share with the community beginning in the fall of 2015. If it is desired by the Commission, this plan can be discussed in that report and successes or failure of its pieces will be shared with the stakeholders for open discussion.