



Burlington International Airport Airport Strategic Planning Committee Recommendations

June 10, 2013



Committee Charge

Develop strategic recommendations focusing on the following areas:

- Long term financial strength
- Maintaining and increasing airline service at the airport, including potentially more international service
- Maintaining and expanding the number of travelers who use Burlington International Airport
- Staffing recommendations encompassing the areas of property management, marketing, communications, finance and air service development
- Optimizing the Airport's regional role and benefits
- Airport Commission's role in the governance of the airport



Committee Members

Member	Affiliation
Karen Paul, Co Chair	Burlington City Council
Paul Sisson, Co Chair	Interim Chief Administrative Officer, City of Burlington
Joseph McNeil, Secretary	Partner, McNeil, Leddy & Sheahan, PC
Ed Colodny	Former CEO, US Airways
Louise Stoll, PhD	Former Assistant Secretary & CFO, US Department of Transportation
Ann Beland	General Manager, JetBlue Airways
Ernie Pomerleau	President & CEO, Pomerleau Real Estate
Jeff Schulman	Airport Commissioner
Jane Knodell	Burlington City Council
Michael O'Brien	Mayor, City of Winooski
Vince Dober, Sr.	Burlington City Council
Pam Mackenzie*	Chair, South Burlington City Council

* Replaced Sanford Miller in April 2013



Interested Parties & Staff



Interested Parties	Affiliation
Jeff Munger	Airport Commissioner, Chair Office of US Senator Bernie Sanders
Chris Cole	Dir. Policy Planning & Intermodal Development Vermont Agency of Transportation
Ted Brady	Office of Senator Patrick Leahy
Megan Sullivan	Office of Congressman Peter Welch
Colonel Joel Clark	Director of Staff, Vermont Air National Guard

Airport Staff & Consultants	Affiliation
Gene Richards	Airport Director, Burlington International Airport
Heather Kendrew	Director of Maintenance, Engineering and Environmental Compliance, Burlington International Airport
Bob McEwing	Director of Planning & Development, Burlington International Airport
Ryan Betcher	Marketing Assistant Burlington International Airport
Adam Whiteman	Managing Director, Frasca & Associates, LLC

Methodology

Step 1: Issue Analysis

Industry
Review

Governance
Options

SWOT
Analysis

Issues
Definition

Step 2: Plan Development

Mission, Vision
& Values

Core
Values

Step 3: Recommendations

Recommended Action Steps & Target Goals





Step 1: Issue Analysis

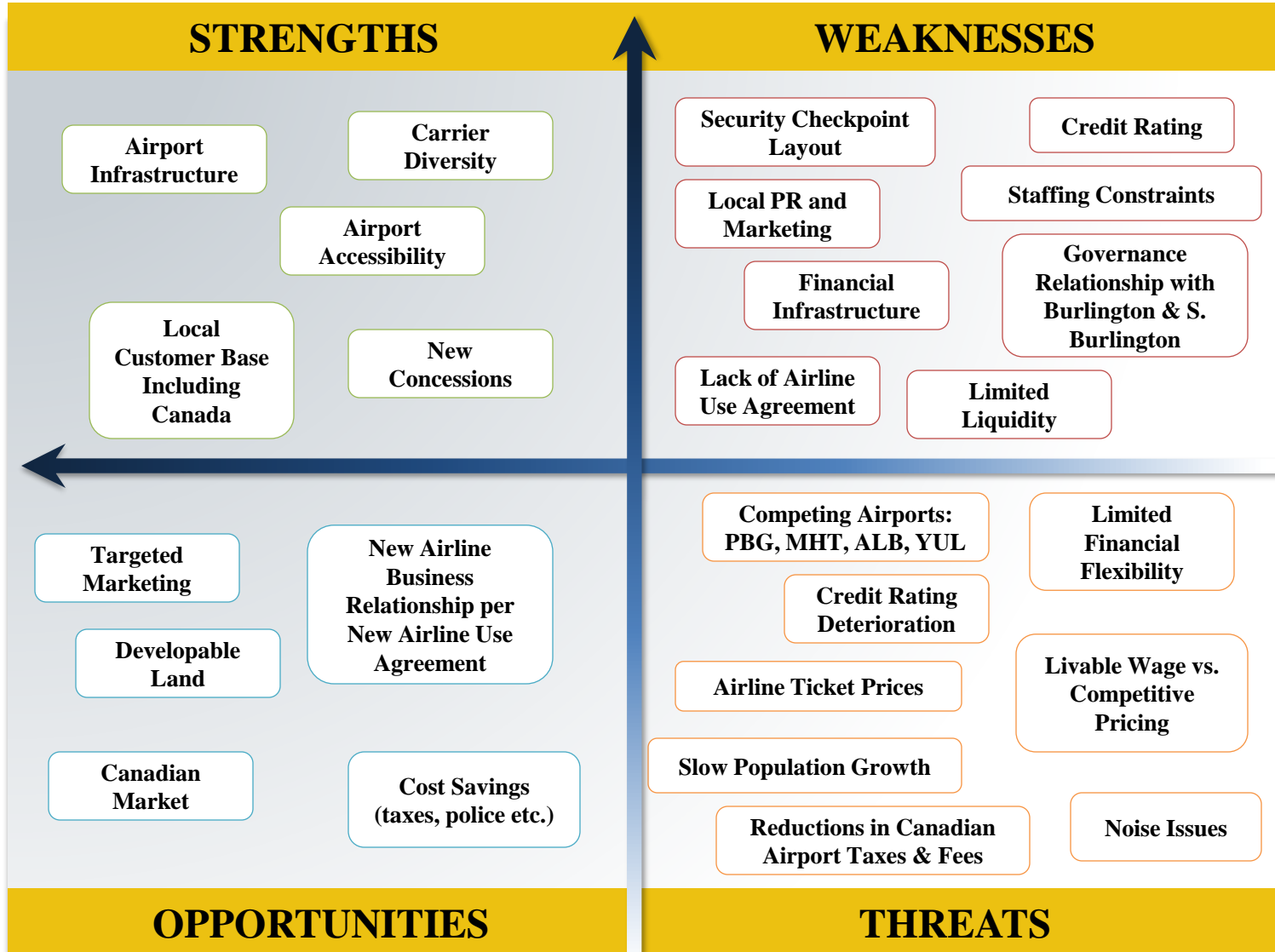
Issue Analysis

Key areas that the Committee was charged with reviewing:



SWOT Analysis

A SWOT matrix is used to assess an organizations internal resources and capabilities and aid in outlining a strategy to address key issues.



Challenges & Critical Issues



Burlington Municipal Airport, Burlington, VT.



	Challenge	Issues
Finances	Stabilize BTV finances to insure lowest cost to airlines while providing financial flexibility	<ul style="list-style-type: none"> • Weak reserves impede financial flexibility • Low credit ratings increase market access costs • Passenger declines reduce revenues • Industry dynamics exert pressure on pricing
Air Service	Maintain and increase air service options for the traveling public	<ul style="list-style-type: none"> • Airline consolidation limits number of airlines serving BTV • Public desire for more air service options • Canadian traffic may be impacted by changes in Canadian government taxes and fees policies • Other regional airports compete for airlines and passengers
Stakeholder Marketing	Expand local and Canadian marketing efforts to promote BTV service	<ul style="list-style-type: none"> • Limited marketing budget and staffing • Increased competition from Plattsburgh and Montreal • Limited market information to make case to airlines and concessionaires for more new service

Challenges & Critical Issues



Burlington Municipal Airport, Burlington, VT.



	Challenge	Issues
Staffing	Review BTV staffing responsibilities and workload distribution to insure appropriate staffing levels	<ul style="list-style-type: none"> • Staffing limitations have affected airport's ability to perform administrative and financial functions in an accurate, effective and timely manner
Economic Development	Ensure that BTV and available assets are used to promote service area economic growth	<ul style="list-style-type: none"> • Airport's role as economic driver needs to be fully realized • Direct contact with major employers is essential • The financial return on potentially developable land should be maximized for the economic benefit of the region
Governance	Determine the optimal governance structure to meet BTV goals	<ul style="list-style-type: none"> • Existing governance structure may limit strategic responses • Regional Authority would have significant financial and political implications



Step 2: Plan Development

Mission & Vision

Airport Mission – “To provide the most convenient and safe air transportation opportunities for the people and businesses of northern Vermont, northern New York, northwestern New Hampshire and southern Québec.”

Airport Vision – “Our vision is to meet the air transportation needs of all the people and businesses of Vermont, northern New York, northern New Hampshire and southern Québec for the duration of this century.”

The services will include:

Facilities – Provide for safe, secure, state-of-the-art facilities which are always well-maintained;

Business Practices – Maintain up-to-date contractual arrangements with our airlines and all other airport vendors;

Finances – Institute sound and robust financial and operational practices;

Staffing – Recruit and retain the best possible airport management and staff;

Air Service - Expand the range of options for the traveling public;

Environment – Continuously work towards minimizing the airport’s environmental footprint.



Core Values

Integrity – “We should conduct ourselves in the highest ethical manner in all relationships; be honest and truthful in our dealings with each other and with those outside our organization.”

Safety – “We should provide a safe and secure environment for our employees and customers.”

Teamwork – “We should cooperate, work and communicate with co-workers, supervisors, subordinates and/or outside contacts to achieve a common goal.”

Accountability – “We should responsibly perform our job requirements and manage the resources entrusted to us.”

Customer Service – “We should provide “non-stop” customer service beyond customer expectations with courtesy, willingness, efficiency and professionalism.”





Step 3: Recommendations

Challenges & Goals: Finances



Challenge	Issue	Recommended Action Steps	Target Goal
Enhance BTV revenues to insure lowest cost to airlines while providing maximum financial flexibility	Recently renewed contracts with car rental companies, food and beverage and news and gift concessionaires include higher minimum annual guaranty payments to the airport. However, other non airline revenue sources may be underperforming.	Survey all existing non-airline leases to determine appropriate rate structure	Q3 2013
		Survey all other ancillary fees and charges and compare to peer airports	Q3-4 2013
	The airport needs to redefine its business relationship with the airlines as the existing Airport Use and Lease Agreement is outdated and does not reflect current industry trends.	Develop rates and charges model	Q2-3 2013
		Draft airline use agreement	2013
	Negotiate and execute	2013	
	The airport has made great progress during the past two years in funding its revenue bond required restricted cash reserves (e.g. O&M and Renewal & Replacement Funds). It now needs to focus on increasing unrestricted cash reserves to enhance financial flexibility.	Draft multi year financial plan with short- to mid-term goal of 90-120 days' unrestricted cash on hand and long-term goal of 365 days' unrestricted cash on hand	Q1-2 2014
	In the spirit of best practices the airport staff and commission should develop a comprehensive set of measurable financial and operating goals to use as benchmarks by which performance can be evaluated.	Develop a list of measurable strategic financial and performance goals and objectives	2014

Challenges & Goals: Air Service Development



Burlington Municipal Airport, Burlington, VT



Challenge	Issue	Recommended Action Steps	Target Goal
<p>Maintain and increase air service options from BTV</p>	<p>Prior to the term of the current interim airport director relations with key airline stakeholders lacked strategic focus. Recent efforts to improve relations must be maintained to demonstrate consistency and professionalism going forward.</p>	<p>Identify key airline personnel in operations, billing and planning areas</p> <p>Develop airport communications and relationship protocols including airport staffing</p>	<p>Q3-4 2013</p> <p>Q3 2013</p>
	<p>Recent airport marketing successes have resulted in new service to Toronto and Atlanta. To maintain momentum the airport needs a comprehensive marketing program coordinating efforts with both the business community and the airlines.</p>	<p>Develop a comprehensive marketing plan for branding the airport including a Canadian strategy</p> <p>Develop a plan for targeting local employers to better understand their travel needs as well as a developing a contact data base</p>	<p>Q4 2013</p> <p>Q4 2013</p>
		<p>Survey peer airports to see optimal marketing staffing levels</p>	<p>2013</p>
		<p>Establish new service to key airline hubs (e.g. CLT, DFW, BWI) and unserved origination and destination markets (e.g. South Florida, Orlando and Boston)</p>	<p>Ongoing</p>

Challenges & Goals: Staffing



Challenge	Issue	Recommended Action Steps	Target Goal
<p>Review BTV staffing responsibilities and workload distribution to insure appropriate levels</p>	<p>The airport has made significant progress in improving financial operations and marketing efforts. Future success will depend on right-sizing staffing levels to meet required tasks.</p>	<p>Evaluate overall airport staffing requirements with particular focus on financial and marketing areas</p>	<p>Q4 2013</p>



Challenges & Goals: Economic Development



Burlington Municipal Airport, Burlington, VT.



Challenge	Issue	Recommended Action Steps	Target Goal
<p>Ensure that BTV and available assets are used to promote service area economic growth</p>	<p>The airport is an important driver for the local, regional and State of Vermont economy. Available airport-owned land needs to be used to its fullest potential in consultation with surrounding communities.</p>	<p>Review available on-airport and near-airport land in the context of the airport's Vision 2030 Airport Master Plan and in conjunction with surrounding communities to identify and prioritize parcels that can/should be developed and suitable purposes for development.</p>	<p>Q1 2014</p>

Challenges & Goals: Governance



Burlington Municipal Airport, Burlington, VT



Challenge	Issue	Recommended Action Steps	Target Goal
<p>Determine the optimal near-term & long-term governance structure to meet BTV strategic term goals</p>	<p>The current airport governance structure of Airport Commission (in an advisory capacity) and Council may limit the ability of the airport to strategically respond to a changing environment in a timely fashion.</p>	<p>Identify non-Charter changes towards meeting near to mid-term goal of a stronger commission focusing on guiding airport to financial independence.</p> <p>Concurrently work with the State and other potential regional partners to explore a regional authority model to be implemented as financial goals are realized.</p>	<p>Q1 2014 – Identify and implement non-Charter changes for approval by resolution to the City Council.</p> <p>Q3 2014 - Identify scope and process to secure additional Commission authority similar to that formerly possessed by the Burlington Electric Department.</p>

Challenges & Goals: Governance



Operations Recommendations:

Airport Commission is responsible for all BIA business agreements with the following exceptions:

1. Must report to City Council and be subject to City Council veto on
 - a) Contracts over \$200,000 in value
 - b) Contracts longer than 2 years duration
2. Advance City Council approval required for:
 - a) Setting employee wages and salaries
 - b) Acquiring any property by eminent domain
 - c) Authorization of issuance of airport revenue bonds and other debt obligations

Further Recommendations to City Council:

1. Consider creating a seat on Airport Commission for a Winooski City Council appointee
2. Consider having Mayor appoint the Aviation Director from a list of three candidates recommended by Airport Commission
3. Further explore the advantages/disadvantages of conversion to a regional airport authority governance model which may include the State of Vermont





Glossary

Glossary



Burlington Municipal Airport, Burlington, VT



Term	Definition
Airport Owned Land	All land that is part of the airport and nearby land that has been purchased with Federal funds for airport purposes
Airport Use Agreement	Agreement that defines the airlines business relationship and obligations at the airport
ALB	Albany International Airport
Concessionaire	Businesses providing services to/at the airport such as restaurants and news & gift stores
Credit Rating	The airport's long term revenue bonds are currently rated Ba1 by Moody's Investors Service and BBB- by Fitch Ratings
Enplaned Passengers (EPAX)	The number of passengers boarding an aircraft, including originating and stopover or on-line transfer passengers
FAA	Federal Aviation Administration
Livable Wage	A City of Burlington ordinance whose intention it was to provide a minimum level of compensation for city employees and employees of entities that enter into service contracts or receive financial assistance from the City of Burlington
MHT	Manchester Boston Regional Airport

Glossary



Burlington Municipal Airport, Burlington, VT.



Term	Definition
Operations and Maintenance (O&M) Reserve Fund	Required by the airport’s outstanding bond documents; equal to 25% of the budgeted amount of operations and maintenance expenses
Origination & Destination (O&D) Passenger	Passengers enplaning and deplaning at Burlington
PGH	Plattsburgh International Airport
Rates & Charges Model	A financial model used in determining airline rates and charges
Renovation & Renewal (R&R) Fund	Required by the airport’s outstanding bond documents; currently equaling \$215,000
SWOT	A planning method used to assess an organizations internal resources and capabilities by analyzing strengths, weakness, opportunities and threats
Unrestricted cash reserves	The amount of unrestricted cash and investments as defined in the airport’s audited financial report
Vision 2030 Airport Master Plan	A comprehensive master plan outlining the airport’s infrastructure needs through 2030
YUL	Montréal–Pierre Elliott Trudeau International Airport