



## BOARD OF DIRECTORS | MEETING MINUTES OF SEPTEMBER 22, 2015

Present: William R. Heifner, Vice Chair  
Don M. Casto, III  
Frank J. Cipriano  
Elizabeth P. Kessler  
Kathleen Ransier

Absent: Susan Tomasky, Chair  
William J. Lhota  
Jordan A. Miller, Jr  
Dwight Smith

CRAA Executive Staff: Elaine Roberts, A.A.E., President & CEO  
Rod Borden, A.A.E., Chief Operating Officer  
Randy Bush, Chief Financial Officer  
Casey Denny, A.A.E., Vice President  
Robin Holderman, Chief Development Officer  
Tory Richardson, A.A.E., Vice President, Human Resources & Strategy  
David Whitaker, Vice President, Business Development & Communications

CRAA Staff: S. Bell, H. Brown, D. Finch, P. Gehrish, P. Gwiner, C. Goodwin, M. Kelby,  
J. Lizotte, B. Sarkis, P. Streitenberger, D. Wall, K. Whittington, A. Wickline

Others Present: N/A

### CALL TO ORDER

Vice Chair Heifner called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, September 22, 2015.

### MINUTES

Vice Chair Heifner asked if there were any additions or corrections to the Minutes of August 25, 2015. Hearing none, Casto moved for approval; Ransier seconded. Minutes approved unanimously.

### COMMITTEE REPORTS

#### AIR SERVICE DEVELOPMENT:

No report. The next meeting is scheduled for October 6 at 9:00 a.m.

#### BUSINESS DEVELOPMENT:

No report.

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## FACILITIES & SERVICES:

Cipriano reported that the committee met on September 16. Sarkis reviewed the Major Capital Projects report for 2015. Also reviewed were the project status report, cost variance report, and construction schedules and timelines. A. Beaver reviewed the 2015/2016 Capital Budget Update report.

Cipriano reported on the following Capital Projects:

- Port Columbus Ticket Lobby – Delta, American and Southwest airlines are scheduled to move in December. Substantial completion of this project is scheduled for February 29, 2016.
- Concourse B Renovations – Final completion is scheduled for October 15, 2015.
- Baggage Claim Renovations – Construction completion is scheduled for the end of 2015.
- Curb Front/Vestibule Improvements – Design development was completed September 15 and Construction GMP is scheduled for November 30, 2015.
- Midfield Development Program – RTR Site Study is scheduled for completion on December 31, 2015. The Utility Corridor Study is scheduled for completion October 31, 2015.
- Rickenbacker: New Air Traffic Control Tower – Construction completion is scheduled for April 2016 and the new tower cutover and commissioning is scheduled for June 1, 2016.
- Air Cargo Terminal #5 (ACT5) – Construction commenced this month and the terminal is scheduled for opening spring 2016.
- ACT5 Ramp Reconstruction – This project is scheduled for completion on December 31, 2015.

The committee also reviewed the Resolutions being presented to the board, all of which are recommended for approval.

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## FINANCE:

Ransier reported that the Finance Committee met prior to the Board Meeting and that the Authority has a strong Balance Sheet and Income Statement.

Ransier requested Bush to report on the financial reports.

Bush reviewed the preliminary financial statements for the year-to-date period ending August 31, 2015. The financial statements have been reformatted to provide enhanced graphic depictions and additional information.

**Operating Revenues** – Actual vs. Budget, with \$66.5 million in actual revenues and a budget of \$63.3 million, leaving a positive variance of \$3.2 million.

- Parking – The unfavorable variance of \$462,000 is due to a decrease in garage short-term parking, as well as the blue and red lots of \$1,070,000 offset by increases in garage long-term parking, the green lot, and Rickenbacker of \$608,000.
- Airlines – The favorable variance of \$1,320,000 is due to \$1,100,000 million in airline carryforward adjustments related to decreased prior year actual expenses over estimate, an increase in landing and aircraft fees of \$970,000, offset by a decrease in rent of \$52,000 and an increase in the prior year's General Airline Credit of \$698,000.
- Concessions and Misc. Lessees – The favorable variance of \$520,000 is due to an increase in concessions of \$397 as a result of increased enplanements and the introduction of new concepts in the terminal offset by a decrease in advertising of \$142,000 as a result of the TMP.
- Air Freight – The favorable variance of \$520,000 is due to a \$507 increase in landing fees related to increased 2015 cargo activity and unreported 2014 cargo landings.
- Ground Handling Fees – The favorable variance of \$625,000 is due to increased aircraft handling fees at LCK.

**Operating Expenses** – Actual vs. Budget, with \$45 million in actual expenses, and a budget of \$45.3 million, leaving a positive variance of \$333,000.

- Salaries & Wages – The unfavorable variance of \$236,000 is a result of a vacancy credit of \$534,000, offset by lower than anticipated project management hours of \$240,000, overtime due to vacancies and inclement weather of \$333,000, incentives of \$104,000 and paid time off accruals of \$93,000.

- Benefits and Personnel – The favorable variance of \$444,000 is due to a reduction in OPERS and health insurance costs of \$557,000 relating to open positions, offset by lower than anticipated project management hours of \$113,000.
- Supplies & Materials – The favorable variance of \$530,000 is due to \$334,000 in the timing of spend for paving and painting projects and equipment purchases and a \$486,000 decrease in FBO ground fuel purchases offset by a \$290,000 increase in snow supply usage due to inclement weather.

**Composition of Operating Revenue** – Airlines represent 30.9% of our operating revenue. This metric shows we are maintaining a competitive level of costs for the carriers to operate in our market and maximizing the potential for non-airline revenue generation. This is an important metric that is tracked by the rating agencies when evaluating the financial performance of Authority.

**Composition of Operating Expenses** – A large component of the Authority's expenses is related to staffing costs. Salaries & Wages for full and part-time staff represent 35.2% of operating expenses; Benefits & Personnel costs are 14.4%; while Contract Labor represents another 12.5% of the Authority's operating expenses. Combined, this represents approximately 63% of the Authority's operating expenses.

**CRAA Salaries & Wages** (CMH & LCK) – Total filled headcount is 382 employees, and 33 vacancies of which 23 are full-time and 5 are part-time. The actual spend on overtime is ahead of budget due to vacancies.

**Hotel Operations** – Year-to-date Net Operating Income is \$1.3 million vs. a budget of \$1.1 million, leaving a positive variance of \$172,000. The actual occupancy rate is 77.9% compared to a budget of 69.7%.

**Rickenbacker Net Operating Income** – Actual vs. Budget, reflected \$1.165 million in actual net operating income compared to a negative budget of (\$450,000) providing a positive variance compared to budget of \$1.6 million. Most of this positive variance is due to the expanded ground handling and cargo freight activities this year.

**Statement of Net Position Analysis** – The Authority's Net Position remains strong with \$908.8M in total assets and \$142.1M in total liabilities. Included in total assets is \$121.7M in Cash and Cash Equivalents.

With an approved Capital Budget of \$62.3 million and total cash expenditures to date of \$28.8 million, this represents a year-to-date execution of 46% of the approved Capital Budget spend. The total accrued expenditures to date of \$29.9 million represents 48% of the approved Capital Budget. The year-to-date capital spending plan reflected an anticipated baseline spend of \$28M. Since accrued expenditures were \$29.9M, we are executing slightly higher than the baseline plan at 107%.

Bush reported that our debt per enplaned passenger is \$31.36, showing significantly lower than average debt loads when compared to the 2013 Moody's airport average of \$66.92. The days of unrestricted cash on hand is 595 days, with the 2013 Moody's airport average being 526 days. Days of unrestricted cash excluding rental car facility charges is 380 days, which is ahead of the 365 days the Authority desires to maintain. CRAA has \$111.6 million of outstanding debt which includes \$2 million outstanding under our Revolving Credit Facility.

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## HUMAN RESOURCES:

No report. The next quarterly committee meeting is scheduled for October 15.

## PRESIDENT & CEO REPORT

**Roberts reported** on the following business items:

### New CRAA Board Member

Roberts reported that on September 21, the Columbus City Council approved Mayor Coleman's nomination for a new CRAA Board member. Terrance Williams, Executive Vice President and Chief Marketing Officer of Nationwide, was also

appointed by the Franklin County Board of Commissioners to fill the jointly appointed seat vacated by William J. Lhota. Mr. Williams was unable to join this meeting; however, will attend the October 26 Board meeting.

## **Passenger Air Service:**

### **Port Columbus**

Port Columbus experienced its 18th consecutive month of passenger growth in August, with 7.1% more passengers traveling when compared to last August. Year-to-date passengers are trending up 5.2%.

Southwest Airlines, the market share leader for Port Columbus, saw the largest growth in August with 16% more passengers flying when compared to the year prior. This growth for August includes passengers traveling on the newly launched flights to Oakland (1 daily) and Boston (2 daily), as well as their third daily flight to Atlanta. With all of the new service added this year Southwest is up 8% year-to-date, and on November 1 they will be adding a second daily flight to Washington Reagan National Airport.

United also saw a large growth in passenger traffic in August, with nearly 10% more passengers traveling than the year prior. Delta saw a growth of 3.7%, while Air Canada's Toronto service was up 15.5%.

American Airlines, combined with US Airways, saw a decrease of -1.2% during the month of August when compared to the year prior. Next month the two airlines take a large step on their path of becoming one merged carrier by shifting to a single reservation system and retiring the US Airways brand. Our team is working closely with the airline to ensure that all airport signage will reflect the American Airlines brand and our team will be on the floor assisting our customers during the transition.

The US Airways brand will disappear into the history books similar to Continental, Northwest, Air Tran, America West and many others – just in recent years. Remaining are what is now referred to as the “big four,” American, United, Delta and Southwest which collectively provide 80% of U.S. domestic flying. All four are now financially healthy, competing vigorously and providing excellent service to Columbus.

### **Rickenbacker Charter Terminal Activity and New Service**

At Rickenbacker, Allegiant virtually doubled their passengers in August when compared to the year prior. Total passenger traffic at Rickenbacker is up 87% year-to-date. Allegiant has indicated they are very pleased with their Columbus performance.

### **Cargo Air Service**

Air cargo at Rickenbacker continued a string of 17 consecutive months of growth in August with international air freight activity, continuing to more than make up for some declines in domestic package volumes. For the month of August, air cargo processed through Rickenbacker totaled over 15 million pounds, up 6.5% over August of 2014. Domestic activity was down 18% primarily due to declines in FedEx package volumes, which was down 23% for the month. Even with this decline in volumes, there has been no schedule reduction by FedEx. Their volume has declined in favor of trucks and, more recently, the loss of a key customer. Although smaller in market share, UPS was up 6.5% in August and is up 11.6% year-to-date. Increasing opportunities in e-commerce fulfillment, which remains a strong growth area in Columbus, provides solid prospects for both FedEx and UPS moving forward at Rickenbacker. Total cargo is up 33% for the year at over 133 million pounds, with the international share up 283% and domestic down 4%.

Both Emirates and Cathay Pacific will be expanding their scheduled service into Rickenbacker early next month. Cathay Pacific will add a fourth weekly frequency to/from Hong Kong beginning October 13 for the peak holiday and gift giving season. This fourth flight is expected to end after the holiday season, however we are hopeful that a solid performance will allow it to remain in the schedule for 2016 and beyond. Emirates will add its second weekly flight to/from Dubai on October 3. This flight also aligns with “peak season” and will remain in the schedule for 2016. Additional service by these premier air cargo companies is a great sign of traction for Rickenbacker and responds to the investments we are making. Congratulations to our Business Development Team led by Dave Whitaker and Bryan Schreiber.

To support our growing international prospects, Rickenbacker's Business Development team continues a busy schedule of meetings and customer visits in outlying cities. Staff participated in a supply chain innovation conference in Michigan and a regional freight conference in Cincinnati where Rickenbacker was featured prominently as a premier logistics hub in North America. In late October the team will go to Asia, visiting key customers and prospects, supporting the international flight expansion at Rickenbacker.

### **Foreign-Trade Zone**

The 2014 Foreign-Trade Zone (FTZ) report to Congress was published this month and ranks Rickenbacker's FTZ as tenth among the nation's 179 active Foreign-Trade Zones. The ranking is calculated by the value of goods entered into the Zone which topped \$5.7 billion for CRAA in 2014. This marks the second consecutive year that our FTZ has been ranked in the top ten nationally.

### **Concessions**

Through July 2015, net Concessions Revenue from all food and beverage, retail, services, and advertising has increased 10% year over year, well above passenger growth. This strong performance is despite select store closures for renovations and other Terminal Modernization Program activity.

Net Rental Car Revenue has increased 3.9% for the same period.

### **Customer Service**

Our Customer Service team hosted a community workshop in late August, called *Facing Take Off*, which was designed to provide information and insight about flying, airplanes and the airport experience for those with apprehension about air travel. We partnered with experts in a variety of fields from The Ohio State University Wexner Medical Center, The Ohio State University Center for Aviation Studies, Nationwide Children's Hospital, and Southwest Airlines to develop the workshop content.

Eight participants enjoyed an informative day filled with interactive discussion and learning, culminating in a "walk-through" of a mock trip including airline check-in, security screening, and boarding an aircraft. Feedback from the group was very positive and we're looking forward to further refining the program to meet community needs. We believe this program provides valuable community outreach for those who have uncertainty or nervousness about the many components of the air travel process.

### **Voluntary Airport Low Emission (VALE) Grant Agreement**

The FAA recently notified CRAA that we were awarded a \$2.7 million grant under the Voluntary Airport Low Emission (VALE) Program. The VALE program, which was established in 2005 to assist airports meet requirements under the Clean Air Act, is designed to reduce all sources of airport ground emissions in areas that do not meet air quality standards. This grant was the second largest of 9 airport grants across the country. The grant will allow us to purchase and install 13 ground power units (GPUs) and 11 pre-conditioned air units (PCAs) at passenger gates.

### **Record Year for FAA Grants to CRAA**

CRAA recently achieved the largest FAA Airport Improvement Program (AIP) grant year since our first grant was received back in 1982.

We have received a total of \$27.3 million in FAA AIP grants this year. Our grants include:

- \$11.5 million LOI disbursement for the replacement runway at CMH
- \$11.7 million for the North Runway Rehabilitation next year at CMH
- \$2.7 million VALE grant
- \$839,683 for snow brooms at Rickenbacker
- \$480,822 for the Apron B Rehabilitation at Bolton Field

Congratulations to Dave Wall, Phil Gwiner, and Mark Kelby in our Planning Department who have spent countless hours of work coordinating this grant funding with the FAA.

### **2016 Budgeting Process Underway**

CRAA staff is spending considerable time working on the 2016 Operating and Capital Budgets, and the impact on airline rates and charges. Over the next two months various components of the Budget will be reviewed with the appropriate Board Committees such as Human Resources, Facilities & Services, and Finance & Audit. The full Board will be presented with the final Budget at the November Board meeting.

### **Port Columbus Re-Badging**

The bi-annual re-badging effort at Port Columbus is progressing smoothly. At just over the half-way point in the three-month schedule, approximately 47%, or 1950 of the 4100+ badge-holders have had their badges renewed. The ID office staff has had to contend with several challenges, including several unplanned staff absences, construction disruptions, and an audit by the DHS Inspector General. Regarding the latter, the Inspector General will not provide a report of findings directly to the Airport Authority; however, staff is very confident that the outcome of the audit was very positive based on their ability to quickly provide the auditors with everything they requested and the auditors' apparent satisfaction with the completeness and accuracy of our processes and documentation.

### **Managed Inclusion**

On September 15, TSA formally ended the practice of managed inclusion at Port Columbus, whereby non-pre-check passengers whom TSA determined to pose a minimal risk would be diverted from the regular screening line to the pre-check line. On September 21, TSA announced a replacement program, called Managed Inclusion III, which will randomly divert a much smaller number of passengers to the pre-check line. Those passengers will have been vetted in advance, will be selected at random and will be sniffed by bomb dogs before being allowed to use the pre-check lane. Approximately 40% of Port Columbus passengers are being screened through pre-check lanes. Over one million passengers have enrolled in the pre-check program nationwide.

### **Police, ARFF 20<sup>th</sup> Anniversary**

Both the Airport Police and ARFF Departments are celebrating their 20th anniversaries this year. The Airport Police Department formally accepted responsibility for law enforcement and security at Port Columbus on June 1, 1995. The Authority created the ARFF department and contracted with Rural Metro Corporation to provide ARFF services effective July 1, 1995. This was the final step in the transfer of the operation of Port Columbus and Bolton Field from the City of Columbus to the new Airport Authority.

## READING OF RESOLUTIONS

**RESOLUTION #54-15** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A PURCHASE IN THE AMOUNT NOT TO EXCEED \$770,000 WITH HORIZON SYSTEMS PURSUANT TO OHIO COOPERATIVE STATE TERM SCHEDULE (STS) CONTRACT #534103 FOR PROJECT #15046, PCI REMEDIATION, TO PROVIDE FOR THE PLANNING, DESIGN, HARDWARE, SOFTWARE, AND PROFESSIONAL SERVICES IMPLEMENTATION OF INFORMATION TECHNOLOGY SECURITY TOOLS TO ALLOW CRAA TO MEET AND EXCEED MINIMUM REQUIREMENTS FOR PAYMENT CARD INDUSTRY DATA SECURITY STANDARD 3.0 (PCI DSS 3.0).

MOVED: E. Kessler; SECONDED: F. Cipriano  
YEA: 5 NAY: 0 ABSTAIN: \_\_\_\_\_

**RESOLUTION #55-15** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PURCHASE IN THE AMOUNT OF \$153,544, FOR TEMPORARY TECHNICAL WRITER AND SENIOR SECURITY ANALYST STAFFING SERVICES AT PORT COLUMBUS INTERNATIONAL AIRPORT PURSUANT TO THE COOPERATIVE STATE OF OHIO STATE TERM SCHEDULE (STS) CONTRACT #534427 WITH TEKSYSTEMS, INC.

MOVED: F. Cipriano; SECONDED: K. Ransier  
YEA: 5 NAY: 0 ABSTAIN: \_\_\_\_\_

**RESOLUTION #56-15** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING AN INCREASE TO THE CONTRACT WITH CH2M HILL, INC. IN THE AMOUNT OF \$1,182,459 FOR CONSTRUCTION MANAGEMENT AND TESTING SERVICES FOR THE RUNWAY 10L-28R REHABILITATION AND SHOULDER IMPROVEMENTS PROJECT AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: E. Kessler; SECONDED: F. Cipriano  
YEA: 5 NAY: 0 ABSTAIN: \_\_\_\_\_

## OTHER BUSINESS

With no further business being brought before the board, Cipriano moved to adjourn; Kessler seconded. Vice Chair Heifner adjourned the meeting at 4:41 p.m. on September 22, 2015.

Respectfully submitted,



Elaine Roberts, A.A.E.  
Secretary

ER | ksw