



## BOARD OF DIRECTORS | MEETING MINUTES OF JANUARY 28, 2014

### BOARD MEMBERS

Present:	Susan Tomasky, Chair William R. Heifner, Vice Chair Frank J. Cipriano William J. Lhota Jordan A. Miller, Jr. Kathleen Ransier Dwight Smith
Absent:	Don M. Casto, III John W. Kessler
CRAA Executive Staff:	Elaine Roberts, President and Chief Executive Officer Rod Borden, Chief Operating Officer Randy Bush, Chief Financial Officer Robin Holderman, Chief Asset & Development Officer Tory Richardson, Vice President, Human Resources & Strategy David Whitaker, Vice President, Business Development & Communications
CRAA Staff:	A. Beaver, S. Bell, D. Finch, P. Gehrisch, C. Goodwin, J. Lizotte, B. Sarkis, W. Shelby, P. Streitenberger, A. Tabor, K. Whittington
Others Present:	Jamie Mueller, MM&D Don Peters, Columbus Flight Watch Donald Tidwell, D.A. Construction

Chair Tomasky called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m.

Chair Tomasky asked if there were any additions or corrections to the Minutes of November 26, 2013. Hearing none, Lhota moved for approval; Cipriano seconded. Minutes approved unanimously.

## COMMITTEE REPORTS

### AIR SERVICE DEVELOPMENT:

Tomasky reported that the newly established Air Service Development Committee chaired by Jack Kessler met on January 17. Tomasky and Casto serve as members on this Committee.

The Committee received a presentation from staff that provided an overview of current levels of air service, industry challenges, and strategic goals for obtaining additional air service for the region.

The purpose of the Committee is to provide critical support in various community forums to educate stakeholders and help promote air service. The Committee will also review, revise and endorse strategic efforts to enhance air service opportunities, both domestic and international. Key targets for new nonstop service are San Francisco/Bay Area and Seattle; and international targets continue to be European gateway service such as London or Paris; and Asian service to Tokyo.

The next meeting of the Committee will be April 21, 2014.

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## BUSINESS DEVELOPMENT:

No Report.

## FACILITIES & SERVICES:

Heifner reported the committee met on January 22, 2014.

Heifner reported the committee met to review the Major Capital Projects report for 2014. Also reviewed were the project status report, cost variance report, and construction schedules and timelines. A. Beaver reviewed the 2013 Capital Budget Recap, proposed 2014 Capital Budget Recap and gave a presentation on Capital Improvements 2014 and Beyond. The Authority spent \$54 million of an approved \$72 million budget, or 75%. R. Bush presented Recommendations for a Two-Year Capital Budget Cycle.

The committee also reviewed and approved the proposed resolutions being presented to the Board.

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## FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting and that the Authority's finances are in great shape. Miller requested Bush to report on the financial statements.

Bush reviewed the financial statements for the year-to-date period ended December 31, 2013. Under the Operating Revenues – Actual vs. Budget, with \$84.3 million in actual revenues and a budget of \$85.3 million this leaves a negative budget variance of \$1 million. The Airline negative variance of \$170,000 is a result of the net affect of the 2012 and 2013 Airline Carry forward and General Airline Credit adjustments. General Aviation's positive variance of \$365,000 is the result of a \$435,000 tenant fuel flow fee audit recovery net of lower than anticipated FBO fuel sales. Auto Parking's negative variance of \$1.1 million is due to decreased activity in the Red and Blue lots, resulting from lower enplanements. And Concessions & Miscellaneous Lessee's positive variance of \$27,000 is due to \$353,000 decrease in commissions as a result of lower enplanements offset by a \$257,000 increase in hotel commissions, and \$123,000 increase in unbudgeted leases.

Under the Operating Expenses – Actual vs. Budget, with \$65.6 million in actual expenses, and a budget of \$66.7 million, we have a positive variance of \$1.1 million. Salaries & Wages negative variance of \$619,000 is due to anticipated but uncapitalized project management salaries, seasonal salaries and wages, and overtime costs. Benefits & Personnel's positive variance of \$816,000 is due to decreased health insurance costs. Supplies & Material's positive variance of \$102,000 is due to a decrease in FBO related fuel costs. And Service's positive variance of \$882,000 is the result of the timing of spending related to professional services, equipment repair, airport maintenance and software maintenance.

Bush reviewed the Statement of Net Position Analysis. With an approved Capital Budget of \$72.4 million and expenditures to date of \$49.9 million, this represents a year-to-date (cash basis reporting) execution of 69% of the approved Capital Budget spend.

Bush reported that the debt per enplaned passenger is \$18.66, compared to the Moody's Average of \$59.37 from 2012, which is very strong and reflects low debt levels at the airport. The days of unrestricted cash on hand is 553 days, with the Moody's 2012 average being 439 days. We have \$105 million of outstanding debt which includes \$25 million outstanding under our Revolving Credit Facility.

Under the Statement of Revenues, Expenses, and Changes in Net Assets vs. Budget, actual Operating Income before Depreciation is \$18.6 million. This gives the Authority a positive Operating Income before Depreciation variance of \$104,283 as compared to budget, or 0.6%.

Under the Combined Statement of Net Assets vs. Prior Year End, total assets and deferred outflows were \$888 million with current assets being \$146 million. Net land, property and equipment in the amount of \$740 million is the largest asset on the statement of net position.

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## HUMAN RESOURCES:

Lhota reported that the committee will meet quarterly and there is no report at this time.

## PRESIDENT & CEO REPORT

**Roberts recognized** Dwight Smith and thanked him for his four years of service as Board Chair. Roberts congratulated Susan Tomasky as the Board's new Chair and William Heifner as Vice Chair.

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

### Monthly Activity Report

Referring to the monthly activity report for December, we are extremely pleased to report that December Port Columbus passenger numbers were up 6.4 percent compared to December 2012. This mirrors a 6.5 percent increase in capacity (seats). Delta, US Airways and American all posted double-digit increases in passengers last month.

We believed that challenging passenger numbers over the last several years were a reflection of the aviation industry's consolidation. We theorized that the marketplace would eventually stabilize and that appears to be the case. While we closed passenger counts down 1.8 percent for the year, the final quarter of 2013 was up 1.7 percent, which leaves us cautiously optimistic for 2014.

At Rickenbacker, air cargo tonnage was down a disappointing 14 percent in December, dragging the year-end numbers down two percent. This decrease is due to FedEx and UPS shifting away from using air in favor of trucking. Cargo through FedEx's Rickenbacker operation, which includes trucking and air services, is actually up significantly, which speaks to the strength of the logistics industry at Rickenbacker.

We are pleased to note that international cargo flown into Rickenbacker by carriers such as Cargolux, Kalitta and others was up nearly 13 percent in 2013.

Passenger traffic at Rickenbacker closed out December up 84 percent and the year up 130 percent, qualifying for an additional \$850,000 in federal funding for capital projects. This tremendous increase is due to Allegiant, which now offers twice-weekly flights to Orlando-Sanford and St. Petersburg, with plans to offer spring break service to Punta Gorda, Florida, effective February 13.

### Airline Mergers

Due to the recent merger of American and US Airways, the carriers were forced to divest slots (landing and arriving) at both Washington/National and New York's LaGuardia airports. Unlike many communities that lost flights, Columbus will not be negatively impacted by this divestiture. And, in fact, we're gaining a flight. Starting May 5, US Airways will increase its Washington/National frequency from six to seven daily flights. American's LaGuardia service remains intact with six daily flights. Delta also services the LaGuardia market with five daily flights.

Regarding this merger, or what is being called "The New American," the carriers will continue to operate as two separate airlines for the next 18-24 months as they work toward integrating their systems. We will co-locate their ticket counters in conjunction with the Terminal Modernization Project. Both airlines already operate out of Concourse B.

In other merger news, Southwest has confirmed its integration with AirTran and will be finalized in 2014.

### Delta Seasonal Service

Delta is providing seasonal, weekly Cancun service December through March, which is an increase in frequency compared to last season. Additionally, Delta has extended what had been sporadic seasonal service to Ft. Myers, Tampa and Orlando to consistent weekly service through mid-August 2014.

## **Concessions Program**

In light of the 2013 Port Columbus passenger numbers, the Authority had stellar performance of our concessions program, which is led by Dave Whitaker, Dave Saleme and Gretchen Sandusky.

Concessionaire gross revenues include all food, beverage, retail, services and advertising sales at Port Columbus. It's estimated that the total gross revenues for 2013 concessionaires is up 3.9 percent despite the 1.8 percent drop in passengers. This increase equates to an additional \$1.05 million in revenues, up to \$27.4 million.

This increase comes about due to an increase in revenue per enplaned passenger, which is the industry standard of measurement that averages gross sales by passenger volume. Our revenue per enplaned passenger jumped six percent in 2013 to \$8.78, up from \$8.30 in 2012. This increase is a continuation of a trend that the team has delivered since 2009 when the revenue per enplaned passenger was at \$7.28.

This growth trend is due to more aggressive in-terminal marketing of the concessionaires as well as more strategic development and placement of the businesses, including the recent creation of additional concessionaire space in Concourse A to accommodate Donatos and Vino Volo.

The Vino Volo wine bar opened December 18, 2013 and by all appearances has been well received by Southwest and AirTran travelers, who were able to begin dining at Donatos starting January 14. A tour of this space will be provided after the February Board meeting for any Board members who are interested in seeing the fully renovated Concourse A and these new concessionaires.

In other concessions news, MoJoe lounge will not renew its lease, which expires February 28. Cup O Joe's lease also expires at this time; however, they will extend their lease on a month-to-month basis until the space is needed for the Terminal Modernization Program, which is anticipated to be early 2015. The post 9/11 checkpoint ban on liquids had a tremendous impact on Cup O Joe sales. We expect other pre-security food and beverage retailers to meet traveler needs. As part of the Terminal Modernization Program, we are pursuing other possible concessions and traveler services for this prime location and will keep you posted as this develops.

## **CRAA Vision**

Next month the 2013 community report, formally known as the annual report will be distributed. This piece, which is themed the Spirit of Columbus in honor of Jerrie Mock's historic flight around the world that started and ended right here at Port Columbus, highlights our recent accomplishments and outlines future plans. In this piece you will see that the Authority is expanding our vision from "Connecting Central Ohio with the world" to "Connecting Ohio with the world" to better reflect how we draw passengers from across the state and how our logistics connections serve well beyond Central Ohio.

## **Concourse B Roof Fire**

On Thursday, January 16, a fire erupted on the roof of Concourse B. Airport ARFF, Mifflin Township and Columbus Fire Department units responded. The Airport crews arrived first and had the fire substantially contained by the time the mutual aid units arrived. Passengers in the concourse were requested to move back to the area adjacent to the security checkpoint. Aircraft were pushed back from their gates and held on the apron away from the building, as were arriving flights. Firefighters cleared the scene and normal activities resumed approximately fifty minutes after the initial alarm. The cause of the fire was an overheated exhaust stack from a diesel engine generator that was recently installed in the basement.

## **Winter Operations**

Snowfall this winter is now over 34", which is approximately 7" above the total annual average for Columbus. The snow, coupled with the unusually cold temperatures, has strained our facilities, equipment, and especially our staff. Snow removal crews at all three airports have done an exceptional job keeping the airports open and safe, and there have been no significant operational disruptions due to facility issues. During the very cold temperatures two weeks ago, we experienced some frozen water pipes in the terminal building, and had problems starting our jet fuel trucks at Rickenbacker. Those trucks must be parked outdoors because of their large fuel loads. Similar to other jurisdictions, we are having difficulty obtaining road salt. Road crews have begun using sand on some roadways and will continue to

do so until salt becomes more readily available. We have ample supplies of chemicals and sand to treat airfield pavements. The hundreds of Authority employees and contractors who must work outdoors in these extreme conditions have certainly earned our recognition and appreciation for the outstanding services they continue to provide, even under the most difficult circumstances.

### **Fuel Truck Accident**

Our 7000-gallon jet fuel truck was involved in an accident two weeks ago. An airline employee backed a piece of equipment into it at high speed, damaging the frame. Initial assessment indicates that the truck might be a total loss. As this is our only wide-body aircraft refueler, we are in the process of obtaining a temporary replacement through a leasing arrangement. Once the insurance claims are settled, we will proceed to purchase a permanent replacement.

### **Bowl Charter Flights at Rickenbacker**

Our FBO staff at Rickenbacker handled eight bowl game charter flights that carried nearly 1,200 passengers, including the OSU football team and band. Six of the flights returned on January 4, requiring an enormous effort on the part of the airport staff. Operations went smoothly on our part, and many very positive comments were received from the passengers.

### **✓PreCheck**

As of November, TSA is operating its ✓PreCheck expedited screening at all three concourses at Port Columbus. Forty percent of all Port Columbus passengers are now being screened with the expedited ✓PreCheck process. This includes passengers who are randomly selected for expedited screening by various methods. The TSA wants 50% of all passengers nationwide to be screened through ✓PreCheck by the end of 2014.

TSA has opened a ✓PreCheck enrollment center in northeast Columbus. TSA is expected to publicly announce its opening within the next one or two weeks. It was not announced in advance because the TSA wanted a "soft rollout" of the center, which is operated by a contractor. Travelers who want to enroll in ✓PreCheck must pay a fee of \$85 and visit an enrollment center.

### **Citation of Recognition by Mayor Coleman**

On December 12, 2013, Mayor Coleman signed a Citation of Recognition to General Aviation for its outstanding achievements including:

- \$10.5 billion economic impact in Ohio
- 142,800 jobs with annual payroll of nearly \$3.2 billion
- Total direct and induced impact of 17,352 jobs and \$498 million in payroll

### **Mayor's Retreat**

The Authority was invited to participate in the Mayor's retreat with his cabinet and deputy directors on Friday, January 31. We will frame our Strategic Business Plan with a focus on the Customer & Community pillar. Our focus will be to discuss Port Columbus as our region's transportation center, focusing on air service and transportation connectivity, which includes accessibility. We will also discuss efforts to improve and expanding direct air service and advancing Port Columbus as a transportation and jobs center.

### **Columbus Partnership Briefing**

Roberts has been requested to give a presentation at next week's Columbus Partnership Board meeting with an overview of the Airport's Vision, future development plans, and efforts to enhance air service.

### **Recognition of Jordan Miller**

Jordan Miller received *Smart Business Columbus'* 2014 Pillar Award for Community Service. Fifth Third Bank has developed financial empowerment programs that provide access to information and tools that contribute to good financial decisions. This program is aimed at increasing the financial literacy of people living in the community. We congratulate Mr. Jordan on this accomplishment.

## **2013 Accomplishments**

### **People Pillar | Build a Productive and Engaged Workforce**

- 122 participants in 17 computer training courses and another 62 participants in other various training courses
- Trained 32 supervisors in three supervision training programs
- 22 employees received the President's Award of Excellence
- Provided tuition assistance to 8 employees for a total of \$27,700
- Hired 108 employees, with 25% (16 people) being internal promotions
- Recognized 20 employees at the Professional Development Achievement Luncheon
- Conducted two full-day leadership development conferences for 103 attendees
- Increased participation in the Flight Plan to Fitness wellness program

### **Process & Technology | Accomplish Organizational Effectiveness**

- Rebadged nearly 5,000 people at CMH and LCK in accordance with TSA requirements
- Realigned LCK maintenance from Operations to Asset Management
- Implemented capital and operating budget improvements (COBI)

### **Inspire Innovation**

- Launched new brand for CRAA and its airports
- Launched Asset Guardian at CMH, LCK and TZR to inventory and manage assets

### **Achieve Operational Excellence**

- CMH and LCK passed annual FAA certification inspections with no discrepancies
- Successfully planned and executed the full-scale emergency exercise at LCK
- Completion of construction and migration of equipment to the new data center
- Successfully opened relocated south runway under budget

### **Financial | Strengthen Financial Health**

- Saved \$2 million with execution of four-year electricity contract for CMH and TZR
- Rickenbacker Aviation fueled more than 2,200 aircraft to diversify revenues
- Rickenbacker qualified for \$850,000 in additional federal funds due to serving more than 10,000 passengers through the charter terminal
- 2003 bond refunding saved \$3.3 million in interest
- Successful completion of multiple audits with over \$700,000 of recoveries
- Started construction on the Fairfield Inn & Suites to diversify revenues
- Launch of the north airfield development project with Daimler Group
- Operations staff flexed over 1,100 scheduled work hours to avoid incurring overtime expenses
- 900,000 square feet of asphalt pavement sealed in-house with CRAA staff
- Earned the Authority's 21st consecutive Certificate of Achievement for Excellence in Financial Reporting (CAFR)

### **Customer & Community | Maximize Regional Economic Growth**

- Launch of scheduled Cargolux service between Rickenbacker and Hong Kong
- Expanded Los Angeles service with daily service by American and Delta
- RCS Logistics doubles its leased space at Rickenbacker
- Contract under way for the sale of the Rohr Road property

### **Champion Social Responsibility**

- Employee United Way contributions increased by 40%
- Received \$72,000 grant to convert six shuttle buses to propane fuel
- Police officers used CPR and AEDs to save the lives of two passengers
- Completed approximately 25-30 DBE outreach events

### **Exceed Customer Expectations**

- Successful progress on the e-year, \$80 million terminal modernization program including the complete modernization of concourses A and C
- Continual high airport customer satisfaction scores from Port Columbus passengers
- Placed updated emergency call boxes in parking facilities

## READING OF RESOLUTIONS

**RESOLUTION #01-14** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE LEASING OF APPROXIMATELY 1,250 ACRES OF FARMLAND TO CLIFTON FAMILY FARMS PARTNERSHIP AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: W. Heifner ;

SECONDED: J. Miller

YEA: 7 NAY: 0

ABSTAIN: \_\_\_\_\_

**RESOLUTION #02-14** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE TRANSFER IN FEE SIMPLE OF CERTAIN RIGHT OF WAY ALONG ASHVILLE PIKE ROAD NEAR RICKENBACKER INTERNATIONAL AIRPORT TO THE OHIO DEPARTMENT OF TRANSPORTATION FOR PUBLIC ROAD PURPOSES.

MOVED: D. Smith ;

SECONDED: K. Ransier

YEA: 7 NAY: 0

ABSTAIN: \_\_\_\_\_

**RESOLUTION #03-14** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONTRACT IN AN AMOUNT OF \$399,992 WITH RICONDO & ASSOCIATES, INC. FOR THE LOOP ROAD LAND USE STUDY AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: J. Miller ;

SECONDED: W. Lhota

YEA: 7 NAY: 0

ABSTAIN: \_\_\_\_\_

**RESOLUTION #04-14** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING A CONSTRUCTION MANAGER AT RISK GUARANTEED MAXIMUM PRICE (GMP) CONTRACT WITH SMOOT CONSTRUCTION CO. IN AN AMOUNT UP TO \$6,999,680 FOR PROJECT #08031 FOR A NEW AIR TRAFFIC CONTROL TOWER (ATCT) AT RICKENBACKER INTERNATIONAL AIRPORT WITH GMP AMENDMENTS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD CHAIR AND FACILITIES & SERVICES COMMITTEE CHAIR.

MOVED: K. Ransier ;

SECONDED: W. Lhota

YEA: 6 NAY: 0

ABSTAIN: D. Smith\_\_\_\_\_

**RESOLUTION #05-14** OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY AUTHORIZING THE GRANT OF AN EASEMENT OF REAL PROPERTY TO THE FRANKLIN COUNTY ENGINEER'S OFFICE FOR IMPROVEMENTS TO PUBLIC HIGHWAYS AND ROADS ADJACENT TO STELZER ROAD, JOHNSTOWN ROAD, AND BRIDGEWAY AVENUE AT PORT COLUMBUS INTERNATIONAL AIRPORT.

MOVED: J. Miller ;

SECONDED: W. Heifner

YEA: 7 NAY: 0

ABSTAIN: \_\_\_\_\_

## OTHER BUSINESS

Cipriano requested the Authority send a thank you letter be sent to the Clifton Family Farms for their recent gift to the Authority.

With no further business being brought before the Board, Lhota moved to adjourn; Cipriano seconded. Tomasky adjourned the meeting at 4:40 p.m. on January 28, 2014.

Respectfully submitted,



Elaine Roberts, A.A.E.

Secretary

ER | ksw