



## BOARD OF DIRECTORS | MEETING MINUTES OF MARCH 28, 2017

Present: William R. Heifner, Chair  
Don M. Casto, III  
Frank J. Cipriano  
Elizabeth P. Kessler  
Jordan A. Miller, Jr  
Kathleen Ransier  
Dwight Smith

Absent: Susan Tomasky  
Terrance Williams

CRAA Executive Staff: Elaine Roberts, A.A.E., President & Chief Executive Officer  
Rod Borden, A.A.E., Chief Operating Officer  
Randy Bush, Chief Financial Officer  
Tory Richardson, A.A.E., Chief Strategy Officer

CRAA Staff: K. Easterday, D. Finch, P. Gehrisch, C. Goodwin, J. Lizotte, J. Pemberton,  
B. Sarkis, P. Streitenberger, K. Whittington

Others Present: Rob Brancheau, R.W. Block Consulting  
Richard Formo, Signature Flight Support  
Chris Franzmann, Squire Patton Boggs  
John Montgomery, Central Ohio Severe Weather Network  
Marla Rose, The Columbus Dispatch

### CALL TO ORDER

Chair Heifner called the Board Meeting of the Columbus Regional Airport Authority to order at 4:02 p.m. on Tuesday, March 28, 2017.

### MINUTES

Chair Heifner asked if there were any additions or corrections to the Minutes of February 28, 2017. Hearing none, Smith moved for approval; Casto seconded. Minutes approved unanimously.

### TERMINAL CAPACITY STUDY PRESENTATION

Chair Heifner introduced Rob Brancheau with R.W. Block Consulting. Brancheau gave a presentation on the Terminal Capacity Study.

- Midfield Development Program Ongoing Concurrent Activities
  - Phase 1 – CONRAC and Enabling Projects
    - New CONRAC Facility – TranSystems design in progress.
    - Utility Corridor Relocation Projects – Awarded design contract at 02/17 CRAA Board meeting.
  - Existing Terminal Analysis

- Step 1 - Update design day flight schedule for terminal peak period including peak hour analysis.
- Step 2 – Conduct capacity analysis for key items.
- Step 3 – Identify potential projects to remediate constraints.
- Step 4 – Aging asset review / Key Tasks – Develop asset model, analyze total cost of ownership, prepare 20-year budget outlook.
- Step 5 – Formulate activity and time triggers. Multiple variables will impact the timing of a new terminal.
- New Terminal Program Refinement
  - Update space program confirming size of new terminal.
  - Confirm building location and dimensions.
  - Develop updated phasing plans for terminal, parking, roads and support facilities.
- Next Steps after Terminal Refinement
  - Update cost estimates.
  - Develop preliminary funding plan.
  - Conduct financial feasibility analysis.
  - Develop presentation materials for community stakeholder outreach and Board meetings.

## COMMITTEE REPORTS

### AIR SERVICE & CUSTOMER EXPERIENCE:

Heifner reported the committee has not met since the last board meeting. The second quarter meeting is scheduled for Tuesday, May 23, 2017 at 2:00 p.m. Staff continues to focus on executing defined strategy in important service areas.

### BUSINESS DEVELOPMENT:

No report.

### FACILITIES & SERVICES:

Heifner reported that the Facilities & Services Committee met on March, 2017 and reported on the following business items:

- B. Sarkis provided an update on the Capital Projects
- Curbfront improvements continue. This project should be complete in June or July.
- Way Finding Signage – Design for both the interior and exterior improvements to existing signage systems is underway.
- Construction on the Rickenbacker Taxiways will begin in April.
- Bolton Field Runway – work will begin in the fall and there will be a three week shutdown. The committee has requested an upcoming committee meeting be held at Bolton Field Airport.
- An additional 415 parking spaces were gain in the last few months by moving the valet parking area and by changing level P5 of the garage to long-term parking.
- A. Beaver reviewed the capital spending.
- The committee reviewed the proposed Resolutions.

### FINANCE:

Miller reported that the Finance Committee met prior to the Board Meeting. The Authority has a strong Balance Sheet and Income Statement. Miller requested R. Bush to report on the financial reports.

Bush introduced Julie Pemberton, Director of Risk Management and Compliance. Pemberton introduced herself to the Board and provided information on her experience and background.

Bush reviewed the internally prepared financial statements for the year-to-date period ending February 28, 2017.

**Operating Revenues** – Actual vs. Budget, with \$17.1 million in actual revenues and a budget of \$17.5 million, leaving a negative variance of (\$378,000).

- Parking – The (\$595,000) negative variance is a result of a decrease in the average daily rate for the Blue Lot due to a decrease in the length of stay and less utilization of the covered portion due to a mild winter. Additionally, there is a negative variance due to a delay in the opening of the walking lot and decreased commission due to an agreement re-negotiation for the valet parking operations.
- Ground Handling Fees – The (\$117,000) negative variance is the result of a decrease in turn fees compared to budget as well as a decrease in deicing charges due to a mild winter.

**Operating Expenses** – Actual vs. Budget, with \$11.9 million in actual expenses, and a budget of \$13.4 million, leaving a positive variance of \$1.5 million.

- Supplies and Materials – The positive variance of \$465,000 is due to a decrease in the usage of snow supply materials as a result of a mild winter, as well as the timing of spend for airfield maintenance and parts and equipment for Public Safety.

**Operating Income Before Depreciation** – Actual vs. Budget, with \$5.1 million in actual Operating Income, and a budget of \$4 million, leaving a positive variance of \$1.1 million.

**Composition of Operating Revenue** – Parking represents 31.5% of our operating revenue. Airlines represent 31.1% 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.

**CRAA Salaries & Wages** (CMH & LCK) – Total filled headcount is 414 employees. We currently have 30 staffing vacancies of which 28 are full-time and 8 part-time, which is offset by an additional (6) seasonals.

**Hotel Operations** – Year-to-date Net Operating Income is \$291 million actual vs. a budget of \$257 million, leaving a positive variance of \$34 million. The actual occupancy rate for last month was 73.2% compared to a budget of 66.7%.

**Rickenbacker Net Operating Income** – Actual vs. Budget, reflected \$541,000 in actual net operating income compared to a budget of \$127,000 providing a positive variance compared to budget of \$414,000.

**Statement of Net Position Analysis** – The Authority's Net Position remains strong with \$946.8 million in total assets and \$161.8 million in total liabilities. Included in total assets is \$154.8 million in Cash and Cash Equivalents.

**Capital Expenditures** – With an approved 2017 Capital Budget of \$56.2 million and total accrued expenditures to date of \$2.9 million, this represents a year-to-date execution rate of 5% of the approved Capital Budget. The year-to-date Capital Budget Baseline pacing was \$4.6 million. Compared to the accrued expenditures to date, this represent 62% of the planned pacing of the Capital Budget Baseline.

The Authority's debt per enplaned passenger is \$23.28, which is significantly lower than average debt loads when compared to the 2015 Moody's airport average of \$94.02.

The days of unrestricted cash on hand is 424 days, with the 2015 Moody's airport average being 657 days.

CRAA has \$98.6 million of outstanding debt which includes \$9.5 million outstanding under our Revolving Credit Facility. No additional debt is planned for at this time.

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## HUMAN RESOURCES:

Smith reported the committee met on March 28 to review and approve the following:

The committee received an update from staff on the 2016-2017 health and wellness benefits redesign and renewal process.

Staff is in the final stages of negotiating the various elements of the plans and the premiums associated with those plans. The committee is pleased to learn that the Authority can offer the same insurance plans for this next year and for the same rates. This should be good news to employees since this is the second year in a row with no rate increase. The open enrollment process begins later this week and runs into the first half of April. The benefit plan year runs from May 1 to April 30.

The committee reviewed the Authority's 2016 and 2017 pay-for-performance programs. The committee reviewed and approved the 2016 performance results, the 2017 performance targets, and the plan documents for both pay-for-performance plans. Finally, the committee authorized associated payouts under the plans.

The next committee meeting is scheduled for June 27, 2017.

## PRESIDENT & CEO REPORT

Roberts reported on the following business items:

### ***Passenger Air Service***

#### **John Glenn International**

February's increase of 1.3%, or 6,336 passengers over the year prior, marks 3 years - 36 consecutive months – of growth. Year-to-date passengers are up 3.1%.

For the month of February Southwest saw the largest increase in traffic. The airline saw a growth of 5,634 more passengers over the year prior, or an increase of 3.1%. Southwest will launch their new service to New Orleans, which operates once-weekly on Sundays, beginning April 30.

Frontier Airlines carried over 18,000 passengers in February. On March 15 the airline began new seasonal service to Fort Myers from CMH, which operates four times weekly for five weeks to capture spring travelers. Additionally, beginning April 9 the airline will add more flights to Orlando as they increase their service pattern from 3x weekly to daily service.

Air Canada saw a slight increase of passengers, up 2.3% in February over the year prior.

You will note year over year decreases by American, Delta and United. Delta saw a decrease in passengers of 5.6% when compared to last year, while American saw a drop of 4.3% and United was down 8.7%. The reasons for these decreases are two-fold:

These carriers have significant service to the east coast and saw a drop in traffic due to the large snowstorm that passed through in the early part of February, forcing extensive cancellations in New York, Boston and Washington D.C.

Additionally, we are experiencing seasonal capacity reductions by AA and UA in the first quarter which will ramp back up in the late spring/summer timeframe for peak travel season. Carriers are on a continuous quest to optimize their offerings against seasonal demand balancing number of flights and size of aircraft to CMH on an ongoing basis.

American made frequency adjustments to LaGuardia, Philadelphia, and Washington National, on average a reduction of a single daily flight reduction to each market.

United's reduction corresponds with a seasonal daily reduction in flights to Chicago O'Hare and Newark in the first quarter.

Delta's reduction is more aligned with the weather issue than frequency reductions but they, too, have selectively reduced some flying in the first part of the year for seasonality reasons.

### **Rickenbacker Charter Terminal**

At Rickenbacker, Allegiant saw an 11% increase in passengers in February over the year prior, with over 13,300 passengers traveling. In May the airline will launch new seasonal service to Destin/Fort Walton Beach, Florida. The flight operates on Sundays and Thursdays, and is the 9<sup>th</sup> destination served by Allegiant from Rickenbacker.

Overall passenger traffic at Rickenbacker, which includes Allegiant and charter operations, was up 10%.

### **TSA PreCheck**

For a two week period that concluded March 10, John Glenn International partnered with TSA to host another successful TSA PreCheck enrollment event. Over the span of those two weeks nearly 950 customers took advantage to enroll in the PreCheck program. We continue to work with the TSA to maximize the opportunity for passengers to enroll in the program.

### **Cargo Air Service**

#### **Activity**

International air cargo at Rickenbacker continues to drive a strong start to 2017 with that share of the airport's tonnage up 71% over February of last year. When combined with domestic traffic, which was down by 2%, the airport's total tonnage for February totaled 15.2 million lbs., an 18% increase over last year. Importantly, exports continue to grow as well with 1.5 million pounds bound for foreign destinations in February compared to 931,811 pounds last February. This is a trend we anticipate will continue as more air freight transportation companies discover the value of sending international freight through Rickenbacker. During the first two months of the year the airport saw a grand total of 33.2 million pounds of air cargo move through the airport, up 19% over this time last year.

#### **Livestock**

CRAA recently hosted the United States Department of Agriculture Director of Air and Sea Ports, Dr. Brianna Schur for meetings and a facility tour. This was Dr. Schur's first visit to Columbus and she was here specifically to see the Rickenbacker animal handling facility, meet with stakeholders and share how USDA oversees and regulates airports for horses and other livestock handling. Dr. Schur was impressed by the Rickenbacker operation which offers unique benefits not found at larger more congested gateways. Her input is being taken into consideration for continued progress in our crucial animal handling niche.

#### **Other**

David Whitaker departed this afternoon to the Middle East, representing the Columbus Region at Select USA's Annual Investment Meeting in Dubai, UAE. The mission of Select USA is to facilitate job-creating business investment into the United States. Air cargo to and from Rickenbacker by two Middle East air carriers – Emirates and Etihad – is the primary economic synergy the Region enjoys with that part of the world, making it logical for the airport authority to represent the Region at this event. Whitaker will have the opportunity to meet with the airlines, freight forwarders as well as other parties interested in our Region while he is there.

### **Ground Transportation**

On April 1, we will transition our valet operation to a new service provider (SP+) and, with that, the valet agreement will move from a concession agreement to a management agreement, which will yield greater revenue for the authority.

We are pleased to have completed negotiations with our new Parking Access and Revenue Control System provider and expect to execute that agreement within the next few days. Once this contract is executed we will begin a complete overhaul of all parking equipment and software for all lots and the garage. Our first priority to equip is the walking lot, which we expect to have equipped and operational this summer. We anticipate it will take several months to install the new equipment in all of our lots. As we implement this new systems software, we will explore and deploy features that will assist us with revenue management. One such feature is a reservation system that will allow us to use a variable pricing program in our garage, bringing in new revenue without diluting existing revenue.

In the interim we will be marketing our parking facilities this summer to draw attention to our fantastic parking options, focusing on the lots with the greatest opportunity. While mediums and campaign focus is still being finalized, we initially anticipate a radio and digital-focused campaign with emphasis on the Green and Blue Lots.

### **Customer Service**

We are proud to share that John Glenn Columbus International passengers have ranked CMH the **Most Improved Airport in North America** with the 2016 Airport Service Quality Awards! The quarterly customer service survey is the world's leading passenger satisfaction benchmark with more than 320 airports participating in 80 countries. This recognition for John Glenn International is a true testament to the impact we're having in the Columbus Region and beyond as we connect Ohio with the world. Coming on the heels of our terminal modernization program's completion, this award, coupled with our recent Experience Columbus EXPY Award, highlight our customers' and community's impressions of not only our upgraded terminal, but more importantly, our commitment to providing exceptional customer service to all who enter our airport's doors. Each one of our team members contributes meaningful work each day that leads to these types of awards. I cannot thank them enough for all they do for our customers.

The Customer Experience Team's *Melodies in Motion* live music performance program is in full swing again this year and has already hosted multiple performances by local musicians. The program collaborates with the Greater Columbus Arts Council (GCAC) to provide artists an opportunity to perform at John Glenn International during peak afternoon timeframes. The center ticket lobby area serves as the stage for these fun and entertaining performances. With a wide range of musical styles, the primary goal of the program is to enhance the customer experience by providing an element of atmosphere and 'sense-of-place' with engaging, live performances. Our next scheduled artist is traditional guitarist, Jim Volk who will entertain customers on Thursday, April 6 at 2:30pm.

Recent performers include:

- Sarah Perry (Irish Fiddler); Susan Scott (harpist);
- The Andy Shaw Band (singers/songwriters/folk);
- Fuji Candle Co. (singer/songwriter/guitarist)

### **Customer Experience—Media Event**

On Wednesday, April 19 CRAA will host a media event to celebrate the opening of the new nursing rooms at John Glenn International and the Rickenbacker Charter Terminal.

During this event near the new nursing room on baggage claim at John Glenn International we'll highlight the customer service value of these private spaces for moms and babies. Private nursing rooms will also be provided post-security at each CMH concourse and post-security at the Rickenbacker Charter Terminal.

The Authority anticipates being joined by Columbus City Councilmember Elizabeth Brown and Erika Clark Jones, Executive Director of the city's CelebrateOne initiative to fight infant mortality in our community at the media event. They will highlight health benefits and the value of supporting the needs of traveling moms and babies. Invitations to participate are also out to other appropriate elected officials to help us celebrate.

These nursing rooms are just one of several exciting customer service initiatives that are underway, including expanding the Concourse C checkpoint to accommodate passenger growth and revamping concessions in Concourse C.

### **Additional Upcoming Events**

- WELD Keynote Dinner, March 30
- AAAE Economic Development Conference and FBO Management Workshop – April 10-12
- Ohio Civil Rights Symposium, April 11-12
- Ohio Business and Career Expo for Transportation and Construction, May 17

## **Next Gen Technology**

You may have seen or heard some of the local coverage of new air navigation technology coming to Columbus. As I shared last month, we are working with our airport users and the Federal Aviation Administration (FAA) to deploy NextGen technology at John Glenn Columbus International Airport. This new technology should provide greater efficiency for aircraft flying into and out of Columbus' airspace. The FAA and CRAA have met with congressional representatives as well as local and state officials. The next steps will include public meetings to share the concepts with the public. These meetings will most likely occur in the May/June timeframe.

## **Legislative Agenda**

As a reminder, the DOT Appropriation and FAA Reauthorization Bills both expire this year. The current appropriations expires on April 28 and FAA Reauthorization expires on September 30.

Staff made Hill visits while in D.C. last week to express our position on various issues such as increasing the Passenger Facility Charge (PFC), Air Traffic Control reform and other airport funding issues. We also used the time to update our delegation on successes and progress at all three airports. We also continue seeking opportunities under the yet to be announced Infrastructure Investment Plan and we reminded them of our US DOT FASTLANE grant application submitted in December to expand Alum Creek Drive.

At the State level, work continues as we seek funding assistance for the John Glenn Columbus International Airport renaming costs. We are also pushing for legislation that will align our construction bid threshold with the State's limit.

At the local level, we're seeking additional partnerships and funding for development at Rickenbacker, including negotiating a new Rickenbacker Area Annexation Agreement with the City of Columbus. The current Agreement expires Dec 31, 2017 and we are seeking a one-year extension to help facilitate development at Rickenbacker. Staff will also speak at the April 17th City Council Meeting to support Council legislation for the 2nd payment of \$750K for infrastructure improvements at Rickenbacker.

## **Cash Seizure**

Last month we introduced two members of our narcotics interdiction team to you and reported that they had seized a large amount of marijuana. On March 9, members of the team, working with the DEA, seized \$86K of drug money from baggage being checked for an outbound flight. Cash seizures are equitably shared among the participating agencies in proportion to their role in the operation, so CRAA will be the ultimate beneficiary of most of the \$86K.

## **Severe Weather Event**

Last week was severe weather awareness week, and in preparation for the severe weather season, the National Weather Service on March 15th provided about a dozen CRAA staff members with severe weather spotter training. As if on cue, a tornadic thunderstorm passed through Franklin County Sunday evening, resulting in a tornado warning at about 7:25 pm for the area immediately adjacent to John Glenn Airport. Public Safety and Operations staff initiated our severe weather procedures and notified all employees and passengers in the terminal to take shelter. TSA discontinued screening operations and secured the checkpoints for the duration of the warning. Normal operations resumed around 8:20 pm. No damage from the storm was reported.

## **CRAA Participating in Trauma System Exercise**

On April 4th, John Glenn Airport will be one of three locations involved in a full scale exercise conducted by the Central Ohio Trauma System, which coordinates readiness efforts of area hospitals to manage mass casualty incidents. The hospitals will test their ability to manage approximately 800 victims of three simultaneous incidents. In addition to assisting the Trauma system, CRAA's participation will provide an opportunity to test elements of our emergency plan and will point out areas for additional focus in the FAA-required full scale exercise at John Glenn Airport later this year (September 20).

## READING OF RESOLUTIONS

**RESOLUTION #20-17** AUTHORIZING A PROFESSIONAL SERVICES MASTER AGREEMENT, FIA-2017-001, WITH SQUIRE PATTON BOGGS (US) LLP, FOR BOND COUNSEL CONSULTANT SERVICES.

MOVED: J. Miller;      SECONDED: K. Ransier  
YEA: 6 NAY: 0      ABSTAIN: D. Smith

**RESOLUTION #21-17** AUTHORIZING A LEASE AGREEMENT WITH CLIFTON FAMILY FARMS PARTNERSHIP FOR THE FARMING OF APPROXIMATELY 814 ACRES OF LAND AT BOLTON FIELD AIRPORT.

MOVED: E. Kessler;      SECONDED: K. Ransier  
YEA: 7 NAY: 0      ABSTAIN: \_\_\_\_\_

**RESOLUTION #22-17** AUTHORIZING A LEASE AGREEMENT WITH CLIFTON FAMILY FARMS PARTNERSHIP FOR THE FARMING OF APPROXIMATELY 1,262 ACRES OF LAND AT RICKENBACKER INTERNATIONAL AIRPORT.

MOVED: D. Smith;      SECONDED: E. Kessler  
YEA: 7 NAY: 0      ABSTAIN: \_\_\_\_\_

**RESOLUTION #23-17** AUTHORIZING AN INCREASE IN THE AMOUNT OF \$428,194 TO CBTS MASTER AGREEMENT #FIT-2015-001, AND ISSUANCE OF TASK ORDER #7 TO PURCHASE REQUIRED PLANNING, DESIGN, EQUIPMENT, INSTALLATION AND PROFESSIONAL SERVICES FOR PHASE 2 WIRELESS SYSTEM UPGRADES AT CMH GROUNDS, LCK AND TZR.

MOVED: J. Miller;      SECONDED: K. Ransier  
YEA: 6 NAY: 0      ABSTAIN: D. Smith

**RESOLUTION #24-17** AUTHORIZING AN INCREASE TO THE EXISTING CONTRACT #CT1004089 WITH SETTLE-MUTER ELECTRIC, LTD., TO A TOTAL AMOUNT OF \$133,164.99 FOR THE INSTALLATION OF POWER SERVICE FOR THE DISTRIBUTED ANTENNA SYSTEM PROJECT, PROJECT #14016, AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT.

MOVED: D. Casto;      SECONDED: J. Miller  
YEA: 7 NAY: 0      ABSTAIN: \_\_\_\_\_

## OTHER BUSINESS

With no further business being brought before the board, Chair Heifner requested to adjourn. Casto motioned; second by Miller. Chair Heifner adjourned the meeting at 5:02 p.m. on Tuesday, March 28, 2017.

Respectfully submitted,



Elaine Roberts, A.A.E.  
Secretary

ER | ksw