
MEMORANDUM

TO: MEMBERS OF THE BURLINGTON CITY COUNCIL
FROM: PAUL SISSON AND KAREN PAUL, CO-CHAIRS OF THE AIRPORT STRATEGIC PLANNING COMMITTEE
SUBJECT: REPORT RE: UPDATE TO THE COUNCIL
DATE: MARCH 11, 2013
C: MIRO WEINBERGER, MAYOR OF BURLINGTON

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Dear Members of the City Council,

By unanimous vote at our July 16, 2012 City Council meeting, we created the Airport Strategic Planning Committee. The charge of the committee was to create:

- a plan for long-term financial strength
- a plan for maintaining and increasing airline service at the airport, including potentially more international service
- a plan for maintaining and expanding the number of travelers who use Burlington International Airport
- an operations plan that makes recommendations on property management, marketing, communications, finance, environmental impact and air service development staffing
- consideration of the Airport's regional role and benefits
- a review of the Airport Commission's role in the governance of the airport

After working with the Mayor to select the members of the Committee, we convened our first meeting on August 30, 2012. All members were in attendance along with representatives of the Congressional delegation, airport staff, members of the Airport Commission and the Mayor. The committee reviewed the charges of the committee and introductory remarks from the Mayor and Co-chairs.

Most notably, the Mayor stated that the Airport was a critical asset for the City of Burlington and the entirety of northern Vermont. He noted that although the Airport has recently experienced some tough times, he believes the corner towards prosperity is being turned. However, he believes it is necessary to have an intense focus upon the potential of the Airport in order for it to become an even greater asset to our region. He stated he was aware of the Airport's impacts upon its neighboring communities but he believed it could grow in a responsible manner while simultaneously being an excellent neighbor. It is his hope that the work of this Committee and the recommendations it ultimately makes will produce the same sort of excitement about the future of the Airport that was noted by JetBlue at the time it began to provide service to Burlington.

Among other highlights, Commissioner Schulman suggested and the Committee members agreed that it would be helpful to receive from Airport Management a report indicating its perception of the current status of each of the seven charge items. Aviation Director Richards agreed to make a report on such items at the next meeting of the Committee, indicating with specificity where he considered the Airport already strong and where improvements are believed necessary.

At our second meeting on September 13, the Committee received a presentation from Steve Baldwin, the consultant who wrote the White Paper that was commissioned by GBIC in 2011. Mr. Baldwin gave the Committee a review of the Paper. He said that BIA is a vibrant airport that is absolutely essential for successful business to be carried out in this region. He observed that, for example, IBM delivers two large truck loads of material to BIA every single day for delivery to New York City and the international market. Of the 5,500 airports nationwide, there are 72 which, like Burlington, are an "O and D" (Origin and Destination) airport. His work compared BTV to several of these O and D airports of similar size. His SWOT analysis indicated many good things that are happening at BTV.

He emphasized that Burlington's strengths were the convenience of using the Airport, the quality of its infrastructure, the cooperativeness and hardworking nature of its staff and its unmet potential. Its major weaknesses are its lagging business indicators, its lack of experienced leadership, its lack of a marketing plan and a strategic plan, and its very complicated governance structure. With regard to opportunities, there is much to be gained by focusing upon the needs of business operations in northwestern Vermont, the advantages gained by strengthening strategic partnerships at the local, regional and state levels, the potential to attract new business and the possibilities of separating BIA from its competition. The threats to be BIA include an ever changing aviation landscape, competition with other airports in the region, the lack of financial risk diversification, problems caused by lack of airport leadership and ultimately a failure of the region to understand the importance of the Airport's success to business success generally. (For a complete summary of Mr. Baldwin's presentation, the minutes of the meeting are available online.)

At our third meeting on September 27, Interim Director Richards updated the Committee on where the Airport is today in order to provide us with a "baseline" as was suggested at our first meeting. He discussed our finances and the fact that our required debt coverage has been met for the past 36 months. He expressed his concern when he arrived at interim director that a large percentage of leases and agreements at BTV were unsigned. Today 92% of these leases and contracts have been signed and completed. He discussed safety at BTV, TSA and relations with the airlines which have greatly improved in recent months. He and Ryan Betcher discussed marketing efforts, in particular reaching out over the border to the Canadian market. Marketing efforts are a top priority and were noted as an opportunity in Mr. Baldwin's report.

At our October 18 meeting, the focus of the meeting was on developing the Committee's views with regard to surviving and thriving which is critically important for the development of the RFP for consulting services as it will have a bearing upon what the consultant takes into account in crafting a draft of our Plan. There was a lengthy discussion ranging from financial issues to management, governance and the physical plant. Several members of the committee expressed the need for the Airport to communicate and be more transparent with its airlines, the Guard and the neighboring communities. In conclusion and keeping these concerns in mind, there was unanimous support for the Burlington International Airport being a thriving and financially successful enterprise for the region.

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(In between meetings during October, staff and the co-chairs and counsel worked on the RFP which went out in October. There were four responses to the RFP. All were financially in the range of \$100,000 which was not within a range that the Airport could budget for and therefore afford.)

Over the next few meetings, we heard from several consultants. Some, including the Boyd Group and Frasca Consultants, have done (or are doing work for) BTV. Their presentations were highly informative and served to give the Committee more information and further foundation to be able to address the charges of the Committee. Frasca's presentation on November 15 addressed governance and the Committee felt it was important to focus on the governance issue in order to determine if an optimal governance model would include the need for a strategic plan. One of the governance options was a public-private partnership which would mean that a private operator would take over the day-to-day operations of BTV.

In order to fully vet our options, we had a presentation from representatives of Highstar Capital, a venture capital firm who is currently involved in a public-private partnership in San Juan, Puerto Rico. At the same meeting, we discussed regionalization of the airport and what that would mean to BTV, to Burlington and to the region. In order to get a more independent view of our options, we asked Adam Whiteman of Frasca to give us a SWOT analysis of each of the options of governance: namely, the status quo, a stronger commission form of governance, a regionalization model and a public-private partnership.

We received that report at our next meeting in January. It was the conclusion of the Committee at that time that pursuing a public-private partnership would not be in the best interests of the Airport. We returned to the RFP and it was determined that the Committee had come a long way since the RFP had been issued and it appeared that some of the charges of the committee could be effectively addressed by the Committee in crafting some parts of the Strategic Plan with the help of a facilitator such as Adam Whiteman of Frasca who has an intimate knowledge of the Airport and has been working with BTV for two years. Among Mr. Whiteman's credentials, he worked for Moodys as an aviation specialist for 17 years and has extensive financial and aviation experience.

A sub-committee of the ASPC met once in January to discuss the RFP and it was agreed that we should reject the RFP responses and again, employ the services of a consultant who was already familiar with our needs.

In conclusion, our next meeting is set for March 7, 2013. At that time, we plan to begin an intensive strategic planning process that we hope will conclude by the end of June with the final product being the Strategic Plan. As such the work remaining includes the development and recommendation of specific plan for airport to survive and thrive in short and long term as well as a recommendation as to the most appropriate governance model for the airport's future.

We will keep you informed of our progress. We hope to report the completion of the plan to the Council and the community by July 15.

We do wish to acknowledge the tireless work of the Committee members, as well as the Interim Director, Gene Richards and his staff, and the invaluable work of our secretary and counsel, Joe McNeil.

Respectfully submitted,
Paul Sisson and Karen Paul

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