

October 15, 2013

To: The Honorable City Council, Joan Shannon, President
City of Burlington, Vermont

From: Board of Airport Commissioners, Jeff Munger, Chair
Burlington International Airport

Subject: Burlington Airport Commission's Annual Report, FY-2013

FY2013 brought many discussions about the Airport's direction, what it means to the community, Chittenden County and the state as a whole. The Airport Commission in participation with the Mayors Airport Strategic Planning Committee, worked to provide information about the current operations of the airport and what might need to be changed to ensure the Airport continues to be a successful economic driver. In addition there has been much discussion and effort put into improving the airports relationship with its host community South Burlington.

The Airport has continued to concentrate on stabilizing and improving its financial condition. During FY2013 the Airport again attained its required debt service coverage, fully funded all required reserves and successfully refinanced \$24 million in debt reducing expenses by \$300,000 per year. While the rating agencies have not made the decision to raise the Airport's credit rating, it has kept stable.

Aviation activity throughout the nation has been decreasing over the last 12 months and while the Burlington Airport has also experienced this decline, we have seen decreases less than surrounding airports. In FY2013 a total of 604,502 passengers boarded flights, which was a 7.4% decrease over FY2012. The new direct flight to Atlanta that Delta started in June 2013 will provide an opportunity to help increase enplanements. Monthly enplanement data is our key metric of activity and has a direct relationship to the Airport's revenue stream.

As in past years, the Airport still suffers from the airlines' efforts at improving profitability as they continue to seek a balance between ticket pricing and available airline seats. By reducing seats as the economy turns around, the Airport is faced with record high "load factors" which is the number of available daily seats occupied by passengers. The goal of the airlines is to have the aircraft occupied to capacity but unfortunately, the last 15% of seats are the most expensive for the passenger and discourages many to fly when they attempt to obtain tickets close to the time they want to travel. This is particularly troublesome to business travel and also discourages marketing when capacity has not increased.

There was very limited airfield construction in FY2013 with the focus again being on improvement projects in the terminal. After an extensive RFP processes, the Commission approved selecting Skinny Pancake to provide new and improved food concessions for the traveling public. Skinny Pancake made a significant investment in their new post screening restaurants as well as a Chubby Muffin snack bar in the main lobby. The Airport's passengers have been greatly enjoying Skinny Pancakes creative and healthy menus, and their commitment to local foods is an excellent match to the

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types of services our passengers deserve. In addition, the Commission approved awarding Hudson News a contract under an RFP process to provide news, gift, and other concession services to the Airport. Hudson News constructed new and expanded stores post screening and reconstructed the main lobby store, bringing essential products to the public in addition to providing access to Vermont made gifts. The Airport expects both of these new and expanded projects to provide an increase in revenues during the next fiscal year. Other projects that were accomplished in FY2013 included replacing the main portion of the terminal roof, essentially eliminating long term leak issues that were affecting tenants and completely rehabilitating the 1980s era north concourse restrooms completed in June 2013.

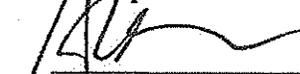
The Airport continues to market extensively in Canada and to domestic air carriers to increase service at Burlington. Meetings have been held with Southwest, Spirit, Allegiant, Vision, Cape Air and several other airlines about potential future service to Burlington. Seasonal service on Porter Airlines to Toronto was continued in 2013 with four flights a week. We also continue to work on relationships with the Burlington Airport's existing carriers, United, USAirways, Jetblue, and Delta. Ensuring our existing routes are profitable and full and our existing airlines are happy with the service we provide them is very important to helping us gain potential additional flights and new routes.

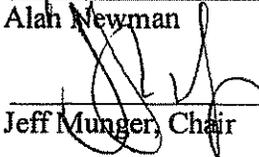
Greyhound Bus lines continues to operate successfully with non-stop service to the airport from downtown Montreal. There is also a direct connection from Montreal's Trudeau Airport for passengers that may want to fly to Montreal and then bus to Burlington to take advantage of cheaper air service. We're confident that the Greyhound bus service will lead to even more business from transit oriented Montrealers.

It should come to your attention that Taxi Administration by the Commission and Airport staff has become cumbersome and inefficient, thus challenges the focus of both elements. Much of the taxi ordinance was well done but a great deal has to be rewritten. The Commission, therefore, requests the Airport be relieved of this responsibility and moved elsewhere in City government.

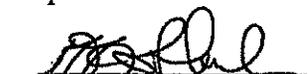
On behalf of the Airport staff, please stop by and visit the airport, even if you're not flying. Take advantage of the spectacular view from the Airport roof garden, enjoy the art in the terminal building, and take some time to relax in the rocking chairs. The Airport has thrived since the first flight on August 14, 1920 making this airfield 93 years old.

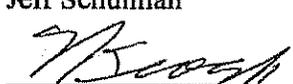
We thank all of you for your support and enjoy a good working relationship with Mayor Miro Weinberger, the members of the Burlington City Council, and the staff of the various City agencies. We know that their sincere efforts as it relates to the Airport will ensure that the residents of the City of Burlington and the citizens of the service region of the Airport will have first-rate travel options.



Alan Newman


Jeff Munger, Chair



Jeff Schulman


Bill Keogh, Vice Chair



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