Executive Summary

Georgetown Airport Business Analysis

Prepared for

City of Georgetown, Texas

May 28, 2013

CH2M HILL®

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1.0 Introduction

1.1 Purpose

The purposes of this Business Case Analysis for the City of Georgetown's Municipal Airport (GTU) is to assist City Management and Airport Management in developing and operating the Municipal Airport in a manner that would be financially and operationally sustainable in both the immediate and long term. The desired outcome of the business case analysis is to, in consultation with City and airport management staff, provide a recommendation as to the most effective and financially sustainable form of long term management for the airport.

1.2 Background

Georgetown Municipal Airport is a public-use airport located approximately thirty miles north of Austin, TX, and approximately three miles northwest of the central business district of Georgetown, TX.

The airport is owned and operated by the City of Georgetown. The Airport Department is organized under the Division of Transportation within the Georgetown municipal structure. Day to day management and operation of the airport are the responsibility of the Airport Manager.

The airport is facing challenges in the form of new competition from Austin Executive Airport, and more immediately it is being faced with the possibility of losing its contract tower operation as a result of the Federal budget sequestration. These challenges underscore the need for the City to move forward with solid business based initiatives that will allow the airport the opportunity to meet these challenges.

This report develops and recommends solid action items that will assist the City in improving the business process at the airport. This executive summary brings forward the best practice recommendations for GTU in a format that includes: governing assumptions and industry best practices; primary considerations; administrative discussion; physical layout and planning; best practice recommendations; primary management options; and a report wrap up.

1.3 Scope and Process

The scope and process to conduct the business case analysis was determined along with City staff. The general process is consistent with the development of a business plan for a public facility, and included the following approach:

1. Assemble all of the available information and background data.
2. Assess best practices from other successful airport operations.
3. Determine and recommend best practices which best suit GTU.
4. Develop a 10-year conceptual baseline financial model.
5. Develop alternative airport operating models for consideration.

2.0 Governing Assumptions and Industry Best Practices

2.1 Governing Assumptions

Established through discussions with airport and City staff, the following assumptions were used to guide the business analysis:

1. GTU is a key public transportation facility, tied directly to the long term economic well being of Georgetown. The facility must be developed as a business and job creator as well as serving its intended transportation functions. It is estimated that the airport is utilized by as many as 20 fortune 1000 businesses per week, and as many as 5 fortune 100 businesses per week.
2. The airport should be viewed as one of the most significant economic development sites within the City. As such, the airport will require a focused and streamlined development approval process in order to remain competitive with other competing airports in the region.
3. The City should embrace a new Brand and Vision for the airport, and develop a policy statement that speaks to the communities' goals for the airport.
4. Competition for Austin metropolitan area aviation demand is stronger than ever. The City and GTU staff must think strategically about how the airport will remain viable in the face of the changing aviation market.
5. The current GTU airport master plan is now outdated and has lost its usefulness. A new strategic airport master plan should be executed as soon as possible in order to help provide a single focus through all of the needed direction the airport has regarding long term capital investment, capital maintenance requirements and strategic goals. A workable solution to airport runway length limitations is also an important subject for the new airport master plan to consider.
6. In order for GTU to remain viable in its chosen role, it must be able to retain sufficient earnings to cover its operating expenses, and if possible, its local share of capital expenditures.
7. For the purposes of this business plan, it is assumed that the GTU market role will continue to accommodate all aspects of General Aviation with an emphasis on keeping and developing high end users that will make the airport more financially viable in the long term.

2.2 Industry Best Practices

CH2M HILL conducted a study of seven comparable airports across the country, in order to collect a variety of best practices and provide a comparison point for GTU's current practices. Seven airports were selected to represent a range of management and charter set ups and for their industry experience. Airports were also selected based on having a similar profile to that of GTU, including number of operations, number of based aircraft, runway length range, and type of service offerings. The airports interviewed included the following:

- Arlington Municipal Airport (AWO), WA
- Jacksonville Executive at Craig Airport (CRG), FL
- Denton Municipal Airport (DTO), TX
- Herlong Recreational Airport (HEG), FL
- Leesburg Executive Airport (JYO), VA

- Morristown Municipal Airport (MMU), NJ
- San Marcos Municipal Airport (HYI), TX

Information gathered by airport was divided into four major categories:

- Operations, Safety and Security
- Finance and Legal
- Capital Development and Maintenance
- Administrative Organization

The completion of various meetings, interviews, and other information collecting tasks provided significant insight into the current and potential operation of GTU. Many of the operational and managerial aspects of the Georgetown Airport are consistent with industry standards and provide a solid basis for future successful operations. A detailed listing of general aviation best practices is presented in the final business analysis report.

The following sections provide a listing of recommendations for GTU that have been compiled as a result of our best practice analysis.

3.0 Primary GTU Considerations

3.1 Airport Contract Tower

The GTU contract tower being funded through the FAA contract tower budget has been slated for termination as a result of the current Federal budget sequestration process. GTU is one of 149 airports across the United States that are now slated to lose their contract tower function. The immediate impacts to GTU from losing the tower function would be to the safety and marketability of the airport. The City has a range of options that might be considered as a result of the federal budget impact and resulting tower closure. Those options are;

1. Allow the tower to close indefinitely
2. Fully fund the current tower operation at its current operational level, 15 hours daily, (would probably require a City RFQ for a contract operator)
3. Partially fund the tower operation in shorter daily schedule of either 8, 10, or 12 hour increments, (would probably require a City RFQ for a new contract operator)

The potential financial impacts of the contract tower closure are fairly substantial in light of GTU budget and general fund implications. The full 15 hour contract operation is expected to cost almost $650,000 on an annual basis. A scaled down (8) hour minimal operation is estimated to cost roughly $250,000 on an annual basis. The possibilities for funding either a full or partial operation at GTU are few and problematic. The possible funding options for the GTU contract tower operations are as follows;

- Georgetown City general fund
- A time specific stipend from the State of Texas
- Funds raised from a GTU user fee tower specific assessment aimed at tenants, businesses and private flyers
- A combination of all of the above

It is the opinion of CH2MHILL that the contract tower funding issue will put the Federal Government into a serious safety risk liability situation. Currently the FAA has pushed back any final decision to September of 2013. It is reasonable to expect that a more long term budgetary answer will be found before September, and that congress will be called on to find a long term funding remedy. If this is the case, it may be in the City's best interest to look at a scaled down, either 10- or 12-hour daily program, with the current operator or a replacement operator, procured through a new RFP beginning in September. It may be in the City's best interest to keep any new contract term short in duration.

In the most recent congressional action that re-allocates FAA budget to fund furloughed controllers, congress has left room in the bill for the FAA to take part of the new allocation to fund all or part of the 149 contract towers. Using this available funding to continue or reinstate the contract tower program will be left to FAA discretion in beyond this coming September.

3.2 Fueling Options

Under current operations, GTU is in a strong position from the standpoint of owning all of the fuel storage facilities at the airport. Because of this, the airport is able to generate revenue for wholesale jet fuel throughput and retail self service of Avgas. This fueling set up at GTU offers perhaps the highest potential revenue upside to the airport both now, and looking into the future. The prospect of upgrading the fueling facilities in the next 2 years using TxDOT grant funding and requiring potentially as little as a 10% local project match, further strengthens the business based potential revenue return to the City.

Currently, GTU generates 31 cents per gallon of Jet A wholesale fuel (includes 14 cents in fuel flowage and 17.8 cents in wholesale margin), and also retains a retail margin of 77.5 cents per gallon for self serve Avgas. Because the airport owns the fuel storage facility, GTU also retains the largest share of annual fuel service related O&M costs, as they are spread between the City and the fixed base operators.

According to our analysis, under the current pricing set up, the fueling operation is rendering an approximately 8% return on investment, when all staff and fuel facility O&M costs are considered with respect to revenues generated. Central to our recommendation for both the fueling operation, and the leasing of facilities and grounds, is a stronger business based management focus. With respect to the fueling operation, a more business based return on investment would be a 10-12% ROI, versus the current 8%. Adopting a fuel pricing philosophy that offers the airport a more solid ROI, would improve revenue to the airport bottom line by approximately $60,000-$120,000 per year. Our recommendation would be to boost the fuel operation ROI through a combination of nominal increases to the following fuel rate categories:

1. Retail self service Avgas at the pump, (currently 77.5 cents per gallon)
2. Wholesale Jet fuel flowage fee, (currently 31 cents per gallon)
3. Pre-paid Avgas discount to flight schools, (currently 31 cents less the self serve retail rate of 77.5 cents per gallon)

Currently, there is approximately $1 million dollars per year in retail fuel margin at GTU, shared by the private sector operators with retail fueling rights. This is primarily in jet fuel sales, in that the private operators are currently offering avgas at roughly the same price as the city, (approximately $5 per gallon). The city should consider all of the available options in determining what would make the most practical sense in potentially improving its revenue stake in the GTU fueling operation. The onus for increasing the city's revenue stake is tied to the fact that the city carries a cost burden and liability not shared by the fixed base operators in operating and maintaining the only fuel farm at the airport.

There is a general rule of thumb that states that it takes approximately one million gallons of fuel flow to support one fixed base operation. Currently, GTU has roughly between 720,000 to 750,000 gallons of annual fuel flow throughput. The annual fuel flow retail margin at GTU is currently split between four different operators, including the City. There are two full service FBO's in Aero Centex and Longhorn Jet Center, and two partial retail operations, in Gantt Aviation and the City. Because the annual fuel flow is less than one million gallons, with four operators sharing in the retail fuel margin, it makes it difficult for any of the groups to succeed financially, which may have a bearing in the long term on reinvestment in facilities, and overall customer service. For this reason the City should adopt a set of minimum standards for fixed base operators that would ensure a high level of service and a reasonable level of initial investment for any potential new fueling operators. The long term goal should be to balance the need for competition with the need for maintaining healthy businesses that will offer a high level of customer service at the airport.

Exclusive fueling is a concept and program that some general aviation airports in the United States have gone back to in order to help them achieve their operational and capital development break even need. Exclusive fueling is one of numerous commercial rights that are conferred on all airports, by the federal government, at the point of property conveyance. Typically, these fueling rights are offered to private sector fixed base operators, as they are better set up to perform the full range of services that fueling entails. In some cases, airports have rescinded, purchased, or taken back the right to provide fueling on an exclusive basis. In the right setting, exclusive fueling for the airport can provide substantial revenue upside potential, and an increase to level of service provided to the general aviation community.

There is a range of fueling options that the City might consider going forward. Each of the options would offer the City certain revenue and cost considerations that should be further evaluated. The range of options is:

1. The current limited retail fueling operation: No additional changes in staff, equipment, or service offering.
2. A full retail fueling set up- non exclusive: Would require additional City staff, a hangar facility, retail fueling equipment, and a remodeled central terminal building to include higher end customer service

3. A partnership with a private fixed base operator: Would require either a management agreement, or a concession agreement with a private sector FBO. Would require a remodeled central terminal building to include higher end customer service amenities. If an arrangement is reached with one of the existing FBO's those existing facilities and equipment and staff can be utilized.
4. An exclusive fueling arrangement for the City: Would require additional City staff, the full range of retail fueling equipment, a hangar or hangars, and a remodeled central terminal building.

Following are general revenue and cost considerations for each of the four options:

- Fueling option #1, current operation: would entail the same costs as existing, with an improved ROI through a rate adjustment. The potential revenue increase would be $60,000 to $120,000 per year.
- Options #2 would require: approximately $250,000 dollars to renovate the existing central terminal building, (possibly TxDot grant eligible). The additional operating costs for equipment and staff, would run roughly $225,000 per year, and potential additional revenues would be $250,000 to $350,000 per year.
- Option #3 would require: approximately $250,000 dollars to renovate the existing central terminal building, (possibly TxDot grant eligible). The private operator should pick up all existing fuel related staff costs. Potential net revenues would range from approximately $300,000 to $600,000 depending upon which management option, (management agreement, or concession agreement) is chosen as preferable.
- Option #4 would require: the same facility improvements and requirements as options #2 and #3, with additional staffing and equipment costs up to $400,000 per year, and a negotiated price to secure exclusive fueling rights. The annual revenue potential would be approximately $600,000 which would be net of all expenses.

Regardless of which option the city chooses, it is very important that a commercial balance is maintained at GTU so that any and all fueling operators will remain financially viable, and able to reinvest in the airport, and continue to offer a competitive level of service to airport users. [1]

3.3 Management Options

This business case analysis considered several airport management options that the City might consider to help move the airport forward in its development. The three primary options for managing an airport such as GTU would be:

- City managed (current method)
- Private contract managed
- Fully privatized

There are many pros and cons associated with each of these potential management options, and these are listed section 5 of this executive summary. The airports selected to be part of the best practices analysis in this report, were selected to offer examples of these potential management options. Of the three potential management options considered, City managed, and private contract managed options are considered to be the most viable in the immediate and short term. The fully privatized option might present itself as an option, if GTU were to attain exclusive fueling rights at some point in the future. Under current operating conditions, GTU does not have sufficient commercial/revenue upside potential to provide the needed returns that a company would need in order to make a full airport privatization work financially.

According to our analysis, the two most viable management options; City managed, and private contract managed would offer the City some of the following important considerations before choosing a long term path:

[1] The four fueling options implicate escalating levels of legal issues which will require advice from the City Attorney.

1. City managed: current staff must be reorganized around a strong business development and business management focus in order to have the financial returns that would keep the airport operationally viable.
2. Private contract managed: in this public-private partnership arrangement, the private operator would require a flat management fee, and an incentive based contract driven by market growth requirements/improvements. This would require active management oversight and development support on behalf of the City in order for both parties to be successful.

As a result of our financial analysis, both of these options will have some difficulty in attaining an operational break even need. Both options would continue to require a City general fund commitment to cover any operating shortfalls, and local share of large capital expense in those years where large capital expenditures are planned. The analysis findings show a small benefit in favor of the private contract management option with regard to attaining an operational break even. This is primarily due to the stronger business management and business development incentive based contract that the private contract management company would operate under.

A further more detailed analysis of these options is included in the recommendations section of this executive summary. The recommendations section details the necessary; administrative set up, staffing, and business development focus that will allow either of these management options to be successful going forward.

3.3.2 Airport Authority

An airport authority was not considered specifically as part of this analysis, primarily because it may not operate substantially different from that of the existing City managed airport. In a typical business charter for an airport authority, the organization remains in a tight orbit with its parent organization (in this case, the City of Georgetown), while having the advantage of some administrative autonomy that would allow the organization to move more quickly, and to operate from a stronger business management focus. In our opinion, airport authorities when well chartered can offer an excellent business platform from which to manage a successful airport operation. From this perspective, the establishment of an airport authority is something worth consideration on the part of City management, and City Council. [2]

3.4 Administrative Implications

As mentioned in the previous section, the two most viable airport management options will continue to struggle to meet operational break even, and will not be able to cover local share of capital development costs in those years where large capital programs are planned. To the extent that many of the recommendations in this analysis are implemented, operational break even can be attained and over time, with improvements to the airport revenue base, financial self sufficiency is possible.

One of the goals of this analysis was to capture a variety of different airports in our best practices analysis. This variety of airport charters, management options, and revenue production types, was meant to give the City an indication of what is working in the airport industry, and what might work for GTU in the future.

The seven airports brought into our best practices analysis have operating characteristics as depicted in Table 1.

[2] The establishment of an airport authority would involve legal tasks, but not significant legal obstacles.

TABLE 1

Best Practices Analysis

Operating Characteristics of Interviewed Airports

Airport Name	Type of Governance [1/]	Operationally Break Even	Local Share of Capital Costs Covered	Short Fall Funding Source [2/]	Non-traditional Revenue Source
Arlington Municipal Airport (AWO), WA	City Department under City Manager	Yes	Yes	N/A	Industrial Park
Jacksonville Executive at Craig Airport (CRG), FL	Aviation Authority	Yes	No	Authority	Golf Course Ground Lease and Timber Sales
Denton Municipal Airport (DTO), TX	City Department	Yes	Yes	N/A	Natural Gas Lease
Herlong Recreational Airport (HEG), FL	Aviation Authority	Yes	Yes	N/A	Exclusive Fueling
Leesburg Executive Airport (JYO), VA	Town Owned, Department of Town	Yes	No	City General Fund	FAA Regional Security Office Lease
Morristown Municipal Airport (MMU), NJ	City Owned with Management Contract	Yes	No	Management Company	None
San Marcos Municipal Airport (HYI), TX	City Department with a contract management agreement	Yes	No	City General Fund	None

Notes:
1/ Type of Governance options: airport authority, town or city managed, city managed/management contract
2/ Short Fall Funding Source options: general fund, management company, or authority

From the above table, some initial conclusions can be drawn. It can be concluded that many airports in the same general size band as GTU are reasonably successful at covering their annual operating costs, but still struggle to meet local share of capital development requirements. Those airports that are successful in both meeting their operational break even need, and their annual capital development needs, do so because of the extent of their land lease business base, or a non-traditional revenue source. In the case of Denton Texas, their natural gas lease is used to help ensure break even need for capital programs. In the case of Herlong airport in Florida, their exclusive fueling operation offers the airport both operational and capital development break even. In the case of Morristown in New Jersey, their operational break even success is based on the magnitude of their high end aircraft business, and the extent of their existing land lease revenues. Due to their 99 year lease, the Morristown management company is responsible for any budgetary shortfall in local capital costs.

3.5 GTU Marketing/branding

A recommendation of this analysis and report is for the City of Georgetown to develop a top down vision for GTU going forward. This unified vision is necessary for the airport to move forward to meet its financial goals and needs. More importantly, as one of the most significant transportation related economic development sites in the City, a unified vision will relate directly to jobs and economic viability for the City's future. A policy statement from the City Council regarding the unified vision for the airport would allow staff to work to achieve the vision.

Secondary to, but directly related to the vision, is the branding of GTU. Currently the airport struggles to define itself, and therefore, the branding of the airport is currently undefined. An assumption of this study is that the airport will continue to be developed to accommodate both leisure aviation and the higher end business aircraft market. If this is the vision that City leaders wish for GTU, then a more descriptive branding and marketing program can be developed for the airport. This clear cut brand and resulting marketing program for GTU is essential to both keep existing businesses and to attract new businesses to the City.

The resulting top down branding and marketing program that would result from the City visioning exercise could include versions of the following airport brands: "Georgetown Executive Airport"; "Georgetown Business Airport";

"North Austin Regional Airport at Georgetown"; etc. A branding process that defines GTU is considered essential for the airport to move forward, and achieve its economic development and financial goals for the City.

Airport visioning and branding is a best practice that is consistent with all of the successful airport operations that this analysis has touched on.

3.6 Physical Layout, Capital Program and Planning

CH2MHILL has reviewed the current GTU master plan document as it pertains to improving business activity, market growth potential, and Capital development. The current GTU master plan is now outdated, and in need of an FAA/TxDOT funded update. In this update, certain key analyses should be completed that will help guide the airport toward a stronger business based bottom line. For reference, business development items being pointed out that should be addressed in an upcoming master plan update would be the following:

- The potential to extend Runway 18/36 in any appreciable amount
- Development of an airport security plan
- Development of an airport wide land use plan

As runway length considerations are central to potential marketing opportunities, some added discussion on runway length is provided below.

The development of a security plan in the upcoming master plan will allow some of the security upgrades to be federally eligible for reimbursement, and having the upgrades, will improve the marketability of airport property and facilities.

An airport wide land use plan is a very valuable part of any airport master plan. The airport land use plan will designate parcels that are to be used to support aeronautical activities, and those that can be developed for non-aeronautical purposes. This use designation is very valuable for the marketing and development of airport property.

The new master plan should also reassess the 5, 10 and 20 year capital improvement program for GTU. This planning process will both update and revalidate the current airport capital improvement program projects as presented in the next section. [3]

3.6.1 Capital Program

The current Capital program for GTU is depicted in tables 2-4. Capital programs for GTU are administered through Texas Department of Transportation, (TxDot), under a block grant program funded by the FAA airport improvement program, (AIP). Because of the nature of federally funded projects, most of the CIP projects listed are airfield related.

Tables 2 and 3 depict the current 20 year capital program for GTU, which runs from the year 2000 to the year 2020. Table 4 is a detail of short term capital projects that are scheduled to begin in 2014. Of these projects, the fuel farm relocation and the realignment of taxiway A are the largest, and also offer a substantial long term benefit to GTU. The fuel farm relocation will offer GTU a new state of the art environmentally sound facility for the long term future. Taxiway A realignment will offer the airport additional high value development area, which can be leveraged for ground lease revenue improvement.[4]

[3] Runway extension and land use planning will involve many legal issues, primarily in the area of eminent domain and municipal land use law, but some aviation issues will be implicated.

[4] The projects listed in the tables below involve primarily construction, environmental, and administrative law issues, but no significant obstacles.

TABLE 2

The Current 20 Year Capital Program (Page 1)

Texas Airport System Plan
Airport Development Worksheet
DEVELOPMENT BY TIME PERIOD

Printed: 10/23/2012
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Airport: GEORGETOWN MUNI — **Airport ID: GTU**

Associated City: GEORGETOWN — **NPIAS Site #: 48-0093** — **FAA Site #: 23934.*A**

*Status Codes: U-Unassigned, D-Draft, C-CIP, A-Active, F-Finished, X-Disc. Req. **Totals Only Include Items with Status Code = U, D, X or C

Project Description — Time Period : 00-05	Project Cost	Proj Purp	Airport Comp	Proj Type	Wk Code ID	Item Status*
Expand apron/relocate taxilane north of terminal (3100 sy)	232,500	CA	AP	EX	2	U
Expand apron/relocate taxilane south of terminal (2110 sy)	232,500	CA	AP	EX	2	U
Rehabilitate holding aprons RW 18-36 ends	210,000	RE	AP	IM	4	U
Rehabilitate holding aprons RW 11-29 ends	182,000	RE	AP	IM	4	U
Rehabilitate ramp at T-hangar B & C (300 x 50) & (300 x 40)	17,994	RE	AP	IM	4	U
Mark terminal apron tie-downs	5,000	RE	AP	IM	4	U
Relocate ASOS/ or install AWOS for terminal apron expansion	120,000	ST	EQ	WX	41	U
Acquire land southwest of RW 11-29 (2 ac)	28,000	ST	LA	DV	99	U
Engineer/design fuel farm	100,000	OT	OT	FF	113	U
Environmental studies (Karst & EDDA)	33,000	EN	PL	MA	140	U
Rehabilitate RW 11-29 (4100 x 75) (12,500 lbs.)	205,002	RE	RW	IM	155	U
Mark RW 11-29 (4331 sf)	4,331	RE	RW	IM	155	U
Rehabilitate and mark TWs B & D (3200 x 50)	106,668	RE	TW	IM	198	U
Rehabilitate mid-field hangar access TW's (5500 sy)	33,000	RE	TW	IM	198	U
Rehabilitate south corporate hangar TW (1500 x 150)	30,000	RE	TW	IM	198	U
Rehabilitate north T-hangar access TWs (10,416 sy)	27,040	RE	TW	IM	198	U
Rehabilitate south hangar access TW (300 x 50)	9,996	RE	TW	IM	198	U
Install MIRLs & signage for RW 11-29	495,000	SP	TW	LI	201	U
Construct parallel mid intersecting TW B (900 x 50)	375,000	ST	TW	CO	202	U
Construct north connecting stub TW to RW (435 x 50)	181,200	ST	TW	CO	202	U
Pavement demo & sod	65,000	CA	AP	EX	2	C
Apron layout & marking.	15,000	CA	AP	EX	2	C
Install new airfield signage (21)	54,600	ST	OT	SG	134	C
Rehabilitate RW 18-36 (5000 x 100)	465,000	RE	RW	IM	155	C
Mark RW 18-36 (37,700 sf)	55,000	RE	RW	IM	155	C
Replace MIRLS RW 11-29 (4100 ft)	320,000	SP	RW	LI	158	C
Replace MIRLs RW 18-36 (5000 lf)	320,000	ST	RW	LI	170	C
Contingency, admin. fees, RPR, etc.	91,554				170	C
Install PAPI-2 RW 11-29	180,000	ST	RW	VI	176	C
Construct/realign new parallel TW A (5480 x 50) & connecting stub TWs	2,910,000	RE	TW	IM	198	C
Contingency, admin. fees, RPR, etc.	645,000	RE	TW	IM	198	C
Engineering/design for parallel TW A & lighting	560,000	RE	TW	IM	198	C
Install MITLs & signage TW A	495,000	SP	TW	LI	201	C
Install MITLs on new parallel TW B (1800 lf)	99,000	SP	TW	LI	201	C
Install MITLs TW C & E 2100 lf)	189,000	ST	TW	IM	204	C
Relocate fuel farm	800,000	OT	OT	FF	234	C
Contingency, admin.fees, RPR, etc.		RE	AP	IM	4	A
Rehabilitate north hangar access area (16,800 sy)		RE	AP	IM	4	A
Rehabilitate mid hangar access area (9985 sy)		RE	AP	IM	4	A
Acquire RPZ RW 36 (7.15 ac.)		ST	LA	SZ	102	A
Acquire RPZ RW 11 (6.8 ac)		ST	LA	SZ	102	A
Acquire RPZ/ TSS land RW 29 (4.7 ac)		ST	LA	SZ	102	A
Environmental studies		EN	PL	MA	140	A
Environmental studies		EN	PL	MA	140	A
Improve RSA RW 36		ST	RW	SF	167	A

TABLE 3

The Current 20 Year Capital Program (Page 2)

Texas Airport System Plan
Airport Development Worksheet
DEVELOPMENT BY TIME PERIOD

Printed: 10/23/2012
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Airport: GEORGETOWN MUNI — **Airport ID: GTU**

Associated City: GEORGETOWN — **NPIAS Site #: 48-0093** — **FAA Site #: 23934.*A**

*Status Codes: U-Unassigned, D-Draft, C-CIP, A-Active, F-Finished, X-Disc. Req. **Totals Only Include Items with Status Code = U, D, X or C

Project Description	Time Period : 00-05	Project Cost	Proj Purp	Airport Comp	Proj Type	Wk Code ID	Item Status*
Improve RSA southwest side RW 36 (Corp. Eng. rock drainage put in pipe & buried)			ST	RW	SF	167	A
Engineering/design			ST	RW	SF	167	A
Rehabilitate corporate taxiway (south area) (28,000 sy)			RE	TW	IM	198	A
Widen taxilane to T-hangars E,F & G (510 x 50) & relocate fire hydrant.			ST	TW	IM	204	A
Obstruction Survey (Planning Grant)			XX	XX	XX	555	A
RAMP: Sponsor to perform airport general maintenance.			OT	OT	CO	999	A
RAMP: TxDOT to contract for AWOS Maintenance, Sponsor to contract for airport general maintenance projects.			OT	OT	CO	999	A
Time Period : 00-05	****Total Cost :**	**$ 9,892,385**					

Project Description	Time Period : 06-10	Project Cost	Proj Purp	Airport Comp	Proj Type	Wk Code ID	Item Status*
Rehabilitate aprons (36,000 sy)		216,000	RE	AP	IM	4	U
Rehabilitate holding aprons RW 11-29 ends		182,000	RE	AP	IM	4	U
Rehabilitate holding aprons RW 18-36 ends (2800 sy)		16,800	RE	AP	IM	4	U
Rehabilitate RW 18-36 (5000 x 100)		333,336	RE	RW	IM	155	U
Rehabilitate RW 11-29 (4100 x 75) (12,500 lbs.)		205,002	RE	RW	IM	155	U
Mark RW 18-36 (37,700 sf)		37,700	RE	RW	IM	155	U
Mark RW 11-29 (28,500 sf)		28,500	RE	RW	IM	155	U
Rehabilitate & mark TWs A & C (6500 x 50)		216,666	RE	TW	IM	198	U
Rehabilitate and mark TWs B & D (3200 x 50) (12,500 lbs.)		106,668	RE	TW	IM	198	U
Rehabilitate mid-field hangar access TW's (5500 sy)		33,000	RE	TW	IM	198	U
Rehabilitate south corporate hangar TW (1500 x 150)		30,000	RE	TW	IM	198	U
Rehabilitate north T-hangar access TWs (10,416 sy)		27,040	RE	TW	IM	198	U
Rehabilitate south hangar access TW (300 x 50)		9,996	RE	TW	IM	198	U
Time Period : 06-10	****Total Cost :**	**$ 1,442,708**					

Project Description	Time Period : 11-20	Project Cost	Proj Purp	Airport Comp	Proj Type	Wk Code ID	Item Status*
Rehabilitate holding aprons RW 11-29 ends		182,000	RE	AP	IM	4	U
Rehabilitate aprons (36,000 sy)		36,000	RE	AP	IM	4	U
Rehabilitate holding aprons RW 18-36 ends (2800 sy)		12,480	RE	AP	IM	4	U
Rehabilitate RW 18-36 (5000 x 100)		333,336	RE	RW	IM	155	U
Rehabilitate RW 11-29 (4100 x 75) (12,500 lbs.)		205,002	RE	RW	IM	155	U
Mark RW 18-36 (37,700 sf)		37,700	RE	RW	IM	155	U
Mark RW 11-29 (4331 sf)		4,331	RE	RW	IM	155	U
Rehabilitate & mark TWs A & C (6500 x 50)		216,666	RE	TW	IM	198	U
Rehabilitate and mark TWs B & D (3200 x 50) (12,500 lbs.)		106,668	RE	TW	IM	198	U
Rehabilitate mid-field hangar access TW's (5500 sy)		33,000	RE	TW	IM	198	U
Rehabilitate south corporate hangar TW (1500 x 150)		30,000	RE	TW	IM	198	U
Rehabilitate north T-hangar access TWs (10,416 sy)		27,040	RE	TW	IM	198	U
Rehabilitate south hangar access TW (300 x 50)		9,996	RE	TW	IM	198	U
Time Period : 11-20	****Total Cost :**	**$ 1,234,219**					
TIme Period: 0-20	****Total Cost :**	**$ 12,569,312**					

TABLE 4
Short Term Capital Projects

AVIATION CAPITAL IMPROVEMENT PROGRAM

Texas Department of Transportation -- Aviation Division

Locations, Projects, and Costs

October 23, 2012

FEDERAL & STATE FY 2015 *Federal FY 2015 (October 2014 - September 2015)/State FY 2015 (September 2014 - August 2015)*

City & Airport	Project Status & Description	Project Costs			
		Total	Federal	State	Local
GEORGETOWN	***Project Status:***				
GEORGETOWN MUNI	*PENDING*				
	Rehabilitate RW 18-36 (5000 x 100)	465,000	418,500	0	46,500
	Mark RW 18-36 (37,700 sf)	55,000	49,500	0	5,500
	Install MITLs TW C & E 2100 lf)	189,000	170,100	0	18,900
	Pavement demo & sod	65,000	58,500	0	6,500
	Construct/realign new parallel TW A (5480 x 50) & connecting stub TWs	2,910,000	2,619,000	0	291,000
	Relocate fuel farm	800,000	720,000	0	80,000
	Contingency, admin. fees, RPR, etc.	645,000	580,500	0	64,500
	Apron layout & marking.	15,000	13,500	0	1,500
	Install MITLs & signage TW A	495,000	445,500	0	49,500
	Install MITLs on new parallel TW B (1800 lf)	99,000	89,100	0	9,900
	Project Totals:	**$ 5,738,000**	**$ 5,164,200**	**$ 0**	**$ 573,800**

3.6.1.1 Additional Short Term Capital Projects

This business case analysis has made recommendations that will also involve capital improvements in order for the recommendations to be carried out. Below is a listing of short, medium and longer term capital improvement projects that result from recommendations in this study:

Short term projects, (0-2 years)

Updated GTU airport master plan; estimated $350,000, eligible for federal grant participation through TxDot, estimated local share; $35,000

Lower overhead lines on development parcel “D” to allow for setback requirements necessary for establishing a new bank of T-Hangars, estimated local share; $100,000

Establish an annual airport planning fund and function through TxDot and utilizing TxDot on-call engineering resource to assist with site specific layout planning and environmental analysis in support of the GTU property and business development initiatives. Estimated annual local share; $25,000 per year

Demolition and replacement of hangar building “A” estimated local share; $15,000. Not to be demolished before the existing tenant use can be relocated. The site is a premium aviation development site that could generate development interest if marketed to the private sector through an RFP process. Other hangar facilities coming available in the short term could also be used to relocate tenant use.

Medium term projects, (2-5 years)

Establish an annual property development fund to perform site specific improvements on developable parcels in support of the GTU property and business development initiatives to potentially include; clearing and grubbing, grading and drainage, utility connections, etc. estimated annual local share; $50,000 per year.

Central Terminal Building; Remodel and upgrade amenities, potential restaurant addition. The “public space” in this building can be eligible for federal grant participation. Estimated project cost; $250,000. Estimated local share; $125,000 (potential for TxDot participation).

Security upgrades; cameras, fencing, motorized gates, lighting improvements. These upgrades can be eligible for federal grant participation if made a part of the upcoming master plan. Estimated project cost; $175,000. Estimated local share; $17,500. [5]

[5] All of the state and federal “grant participation” suggestions involve administrative and aviation law issues, but no significant legal obstacles.

Longer term projects, (5-15 years)

Hangar demolition; as facility leases terminate, and as necessary, given new facilities available to accommodate tenant uses. Buildings 12, 32, 36, 37. Estimated local share; $40,000. [6]

3.6.2 Extending Runway 18/36

Extending Runway 18/36 would most likely generate some local neighborhood controversy. Additionally, an extension would be very difficult to accomplish technically, due to Runway Safety Area (RSA) considerations at both runway ends 18 and 36.

Understanding and developing options for dealing with the technical runway extension impacts on each runway end would be the primary subject of a master plan update. Ultimately, the decision regarding adding runway length at GTU will come down to the cost both political and for potential property purchase, balanced against the safety and market development costs of not having the additional runway length. [7]

3.6.3 Runway Length Analysis

A runway length analysis was performed in an effort to better understand the potential business aircraft marketing impacts due to existing runway length at GTU. Refer to Tables 5 and 6 and Figure 1 below.

TABLE 5
GTU Runway Length Analysis
Aircraft Manufacturer Data Method

Corporate Jet Type		MTOW (lbs)	Range (nm)	Takeoff Length (MTOW)	Adjusted Takeoff Weight	Takeoff Length (Adjusted Weight)	Useful Load at Adjusted Takeoff Weight	Notes
Large	Gulfstream V	89,000	6,750	7,600	(Chart not available)			Elev. 760 ft; 97°F.
	Falcon 900EX	48,300	4,500	7,500	42,500	5,000	75%	Elev. 1,000 ft; 97°F. 20° flaps
	Hawker 4000	39,500	3,190	7,340	32,000	4,900	53%	Elev. 1,000 ft; 97°F. 0° flaps
Mid-Size	Citation XLS	20,200	1,940	4,800	(Max)	4,800	100%	Elev. 1,000 ft; 97°F. 15° flaps
	Learjet 45	20,200	2,000	5,350	(Chart not available)			Elev. 760 ft; 97°F.
Small	Citation CJ3	13,870	1,900	4,850	(Max)	4,850	100%	Elev. 1,000 ft; 97°F. 0° flaps
	Beechcraft Premier	12,500	1,175	6,565	11,500	4,840	75%	Elev. 1,000 ft; 97°F. 0° flaps

*Source: various aircraft manufacturer planning charts.

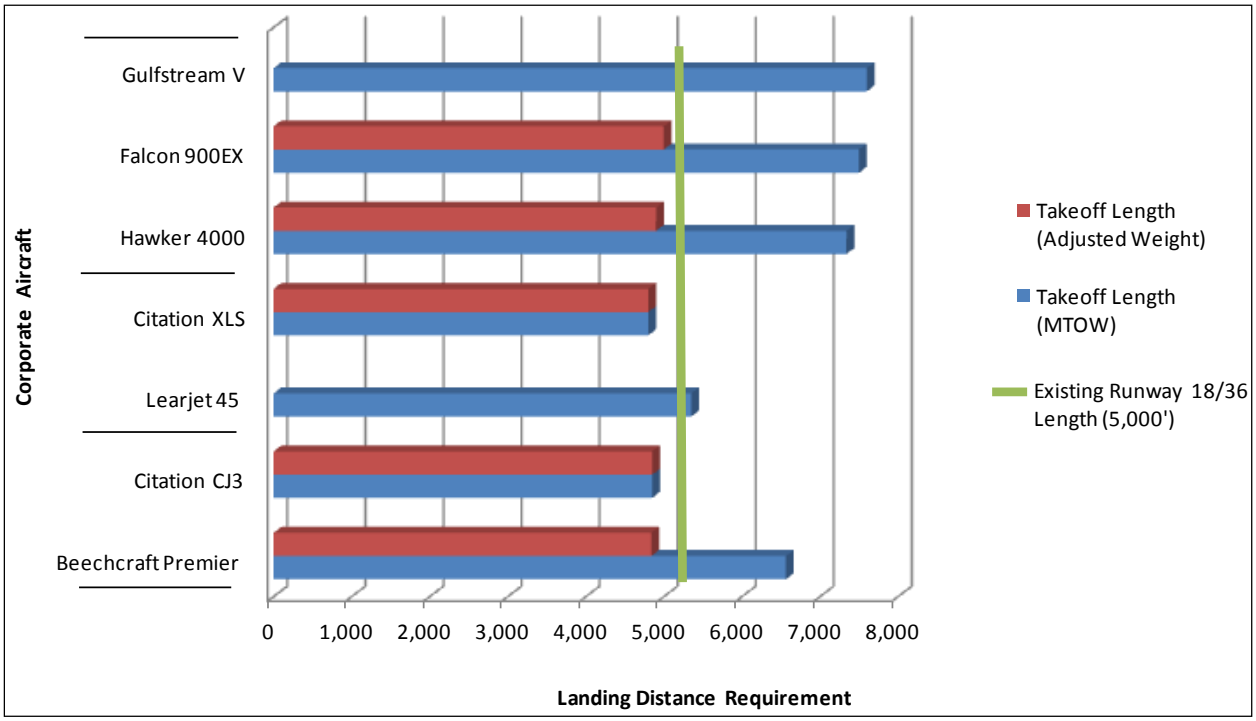
Fleet Source: Sampling of high-end corporate jets

Notes:
General: runway lengths provided are estimates only. Distances are for max weight, adjusted for the field elevation of 790' MSL, calm winds, zero slope, and mean hottest temperature of 97° F where possible, unless otherwise noted. Where max weigth takeoff distances exceeded, an adjusted load was determined to fall within the 5,000' runway length (where charts were available for such calculations).

[6] Whether to demolish and rebuild, lease "reversionary" hangars to a master tenant, or to retain and manage such hangars for direct lease, involve several legal issues.

[7] Aviation counsel can provide RSA dimensions if need to consider the economic and non-economic costs. Runway extension legal issues would be numerous.

FIGURE 1
GTU Runway Length Chart
Aircraft Manufacturer Data Method



Prepared by: CH2M HILL, 2013.

TABLE 6
GTU Runway Length Analysis
FAA Airport Design Software Methodology (AD42d.exe)

Aircraft Category	Runway length Requirement (ft)
Airplanes less than 12,500 lbs. with less than 10 seats	
75% of Small Aircraft Fleet	2,860
95 % of Small Aircraft Fleet	3,400
100% of Small Aircraft Fleet	4,040
Airplanes less than 12,500 lbs with 10 or more seats	4,540
Airplanes greater than 12,500 lbs. and less than 60,000 lbs.	
75 % of fleet at 60% useful load	5,100
75 % of fleet at 90% useful load	7,530
100 % of fleet at 60% useful load	6,250
100 % of fleet at 90% useful load	9,780
Airplanes over 60,000 lbs	
Length of Haul – 2,100 miles (GTU – SEA)	8,180
Length of Haul – 1,800 miles (GTU – NY)	7,700
Length of Haul – 1,500 miles	7,190
Length of Haul – 1,200 miles	6,650
Length of Haul – 500 miles	5,290

Source: FAA AC 150/5325 4A, Runway Length Requirements for Airport Design, AD42D.exe Design Software
Note: Design Software has been discontinued as of the most recent AC 150/5300-13a update. Data provided is for comparison only.
Assumptions: Field elevation of 790' MSL, zero slope, and mean hottest temperature of 97° F

According to the runway length analysis, the following broad conclusions can be drawn with respect to the 5,000 feet of runway at GTU:

- 5,000 feet is minimally acceptable for all but the very largest (Gulfstream 5) class of business jets.
- Midsized business jets (Learjet 45) class of business jets can operate on a 5,000-foot runway with only minor maximum gross takeoff weight penalties.
- 100 percent of the small aircraft fleet in the less than 12,500 pound gross takeoff weight category can operate on less than a 5,000-foot runway.
- 75 percent of the business aircraft grouping in the 12,500 to 60,000 pound gross takeoff weight category can operate on 5,100 feet of runway at a 60 percent useful load.

From a marketing perspective, additional runway length up to roughly 8,000 feet is always a safety and aircraft performance consideration for any corporation making decisions about where to base their aircraft. Because of this consideration, it is important to the airport's future that the City continue to plan for and pursue options that would result in even minor runway length increases at GTU.

Also from a marketing perspective, in favor of the current runway length at GTU, Georgetown is in the center of the U.S. geographically, which allows many of the business aircraft fleet to reach either coast with less than their full takeoff weight fuel load. Additionally, the GTU market could continue to grow with a strong marketing program aimed solely at medium and small business jet operators.

3.6.4 Runway Length, Market Share and Business Case

As previously noted, 5,000 feet of runway is minimally acceptable for most corporate aircraft to operate at an airport. Most business aircraft owners make airport location decisions based upon the following criteria: convenience to their business location; convenience to their executive residences; services and amenities; and their aircraft size and performance versus runway length. Because of the variables that go into making an airport base decision, it is difficult to project in a linear fashion how much more business would come to GTU with an additional 500 or 1,000 feet of runway. It is safe to say that GTU market share increases for business aircraft will continue to be a function of business and economic development activity in the near proximity of the airport.

As discussed, the upcoming airport master plan update should fully address all aspects, and develop a business case for a runway extension at GTU. According to our airfield engineers, a 1,000 foot runway extension with associated parallel taxiway would cost approximately $900,000 dollars to construct. This does not include the cost to move a roadway, (runway 36 approach), or to purchase property, (runway 18 approach). The master plan should consider the relative costs and impacts associated with these, and find an acceptable business case balance. Additionally regarding a business case approach, the master plan should consider making a strong case for federal grant support which will come from classifying the runway extension as a safety, noise abatement or capacity related project. In this way, even a $2,000,000 dollar total project cost would have a $200,000 dollar local share requirement, which could be easily supported by the added marketing benefit of such an extension.

3.7 Economic and Business Development

As a part of the airport best practices evaluation of this study, the subject airports were interviewed regarding their focus on business and economic development. A result of this study is to recommend that the GTU airport manager be freed up to concentrate more fully on economic and business development.

From that standpoint, the more successful airport organizations interviewed all had a strong focus on developing their property for both aviation and non-aviation land uses. One of the stronger economic development programs interviewed was that of Denton, Texas. The Denton airport manager explains that his airport is viewed as one large aviation economic development site. This focus has allowed Denton airport to move toward financial self sufficiency through a robust facility and land lease revenue base.

3.7.1 Runway Length and Service Levels at GTU

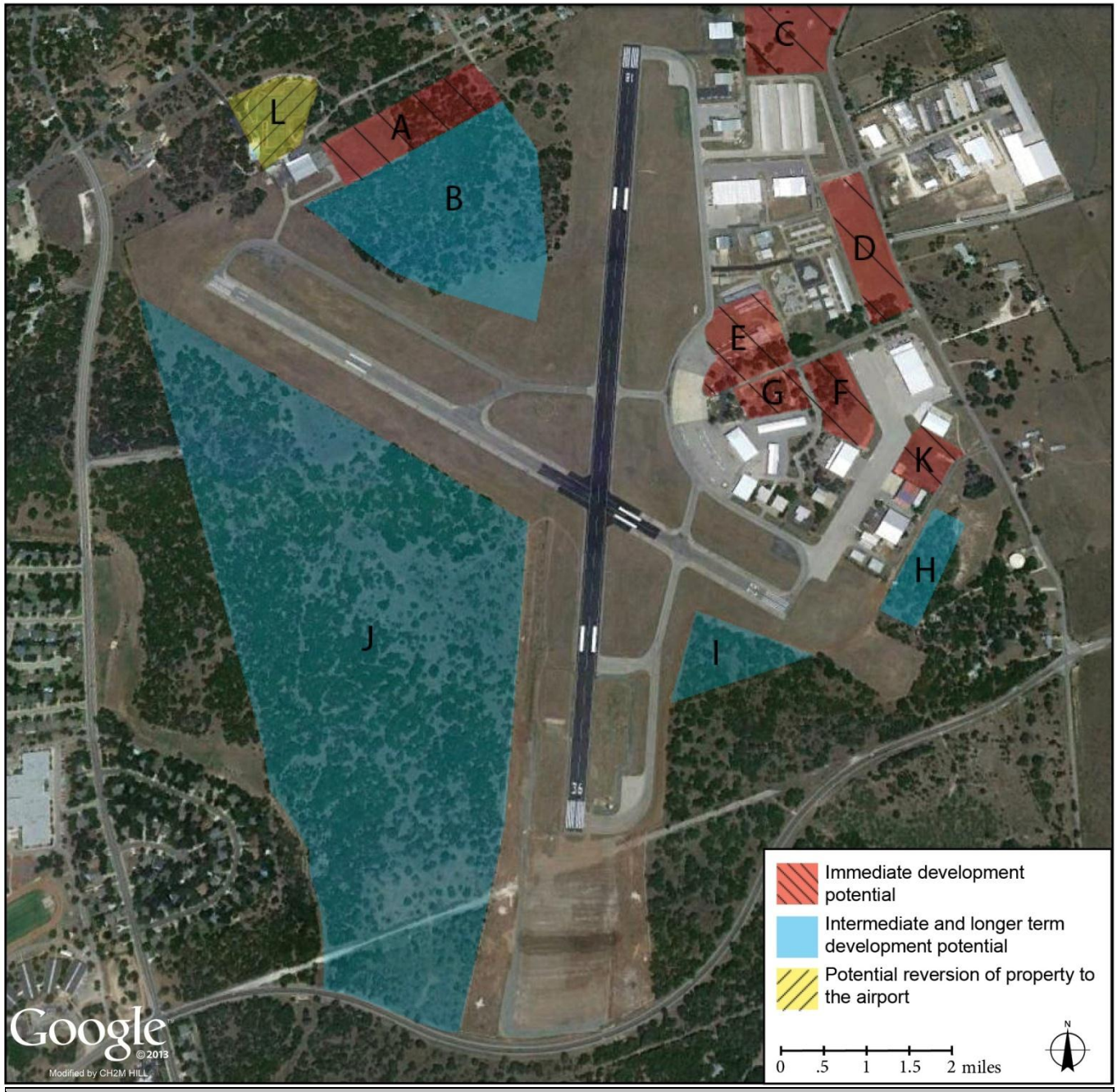
In analyzing the future marketability and high end aviation user market share for GTU, there must be a discussion about runway length and service levels. As GTU defines its role and vision, both runway length and level of service must be addressed to avoid losing market share. Runway length notwithstanding, GTU is behind its competitors in terms of high end services offered to corporate users. It is the opinion of the GTU study team that service level gaps will need to be filled even if additional runway length is not possible in order to get to a level of equal competitiveness in the Austin region. Service level gaps are viewed in; amenities offered, level of corporate facilities, aesthetics, and trained personnel. The City should continue to work with the GTU fixed base operators to improve these aspects of their business offering.

3.7.2 Property Development

GTU has numerous developable sites throughout the entire airport site. These sites vary in accessibility, availability of utilities, and environmental considerations that have an impact on the each site's availability and cost to develop. Because of these variations in each site, they have been categorized as immediately developable and longer term developable, as illustrated and described in Figure 2.

FIGURE 2

GTU Developable Sites and Parcel Descriptions



Immediate development potential:	
Parcel A	This site is considered to be immediately developable for aviation, and aviation support uses. The west side of the parcel is cleared and has direct airfield access capability. East side of the parcel would require clearing and environmental analysis. The site has some landside access constraints due to routing through the local neighborhood. The potential turn back of the tennis center to the airport, (site L) would provide an alternate landside access route to the west, which would be preferable to that of existing. Because of existing development near the site, reasonable utility connections are assumed.
Parcel C	This is a premium immediate aviation development opportunity parcel. The site has excellent landside access via airport road, as well as through the current internal airport roadway system. The site has potential direct airfield access. Site utilities are assumed to be reasonably accessed through airport road, and as a continuation through existing airport complex. This site was previously master planned for nested t-hangars. This site could potentially be connected via internal roadway to the western site A, but this would be subject to FAA approval for a private roadway traversing through a runway protection zone.

Parcel D	This is a premium immediate aviation development opportunity parcel. This site has excellent landside access via the existing internal airport roadway. It also has direct airfield access via an existing taxilane. The site would need an initial investment of roughly $100,000 dollars to bury the above ground utilities that currently present a geometric constraint for taxiing aircraft. The site was previously master planned for nested t-hangars, and has been the subject of recent developer interest for t-hangar expansion.
Parcel E	Because of the central location of this site, and its landside roadway and airfield access, it is considered to be the premier aviation development parcel currently available at GTU. The site currently houses the oldest buildings at the airport, hangars A and B. These hangars are well past their useful life, and should be torn down in order to open the site up to new development. The site is considered ideal for direct aviation (community hangars, high end FBO facilities). The eastern part of the parcel that fronts the airport entrance roadway is considered to be ideal for aviation support businesses, as well as potentially an aviation themed restaurant.
Parcels F and K	These sites are considered to be immediately developable for direct aviation, aviation support, or FBO expansion facilities. Site F would require some clearing, and both sites would require utility connections that should be available in the central airport core. Both sites have very good landside roadway access, as well as airfield access potential.
Parcel G	This site is considered to be immediately developable for direct aviation, aviation support, or FBO expansion. The site would need clearing, drainage and utility connections. The site would need geometric layout improvements, to improve taxilane access to the airfield.
Intermediate and longer term development potential:	
Parcel H	This site is ideal for aviation, aviation support, and FBO expansion uses. The site is considered to be more intermediate in nature because it will require more site specific improvements in order for it to be development ready. The site will need clearing, some environmental analysis, utility connections and taxilane access to the existing east apron area. While this is a good development site, it would cost more than other preferable sites at GTU to be site ready, and is therefore considered to be more intermediate and long term in nature
Parcel I	This site is ideal for direct aviation uses. This site offers very good access to the airfield on both its west and north perimeters. The site is considered more intermediate and long term in its development potential due to the cost to bring in landside roadway access, site utilities and to perform the required clearing. The site will also need some initial environmental analysis, and the northern part of the site will be somewhat height limited due to the imaginary surface locations of the approach end of runway 29.
Parcel J	This site offers a large block site potential for aviation, aviation support and non-aviation commercial development uses. The site would need access, planning and traffic impact approvals for access to the west side roadway system. The site has environmental issues that would require mitigation in that cave spiders have already been found on the site. This site should be more thoroughly master planned in the upcoming airport master plan update. Through the master planning process, portions of this site might receive an FAA non-aviation designation, which would make them available for non-aviation commercial/industrial development uses. Non-aviation commercial/industrial uses could provide a very solid additional ground lease revenue source to the airport.
Parcel B	This site is ideal for aviation and aviation support uses. The site has very good potential airfield access capabilities matching up to the existing parallel taxiway system on the west side. The site would require investments in; an environmental analysis, site utility connections, clearing, and a taxilane connection to the parallel taxiway system. This site is considered to be an intermediate to long term development opportunity due to the site specific needs mentioned above.
Potential reversion of property to the airport:	
Parcel L	This site offers the potential for immediate development and ground lease revenue opportunities for the airport. The site also offers a west side landside public roadway connection that would help open up development opportunities on adjacent site A. The reversion of this site to the airport would offer the potential for immediate development opportunities on site A. [8]

An important aspect of the master plan update will be the land use plan for GTU. In the master plan, the GTU development sites will be reviewed with regard to whether or not they will be needed in the long term to directly support aviation. Any parcels that are not needed to support aviation are eligible to receive a “non-aviation” land use designation. As a non-aviation development parcel, the parcel can then be marketed to non-aviation commercial/industrial/retail potential users. This designation improves the value and marketability of the parcel, and improves the options that the airport would have to diversify and grow its land lease revenue base.

[8] This would involve legal issues.

Parcel J from the above plan on the west side of GTU appears to have potential as a future non-aviation land use development site. Parcel L and adjoining parcels also have some potential as non-aviation designated development sites.

3.8 Maintenance Standards

As part of this study, CH2MHILL performed a site maintenance condition assessment walkthrough with our civil and building engineers. In this walkthrough, we wanted to identify a general state of repair, and also assess the level of maintenance necessary to bring the facilities up to good repair and thus extend their useful life. Tables 7 and 8 below highlight the summary of the airfield and facilities assessments conducted in October of 2012. Building ID's listed in Table 8 refer to Figure 3 below, provided by the Airport.

TABLE 7

Georgetown Airfield Pavement Condition Assessment

Area	Assessment [1]	Comparison with CIP [2]
Taxiway A	Overall in good condition. Minor cracking and weathering. Will require maintenance in the next 0-5 years to maintain this condition. Recommend rehabilitation consisting of an overlay in 5-10 years. Periodic rehabilitation (crack repair and seal coat) will be needed every 8-10 years after.	The taxiway will be relocated in FY2015 [3]. The existing taxiway will be left in place to provide access to the hangars. Rehabilitation for the existing taxiway is planned for 6-10 years, and 11-20 years.
Taxiway B and D	Overall in good condition. Minor cracking and weathering. Will require maintenance in the next 0-5 years to maintain this condition. Recommend rehabilitation consisting of an overlay in 5-10 years. Periodic rehabilitation (crack repair and seal coat) will be needed every 8-10 years after.	Rehabilitation is planned for 0-5 years, 6-10 years, and 11-20 years.
Taxiway B and D	Missing centerline reflectors on Taxiway B. To be included in short term maintenance.	Rehabilitation is planned for 0-5 years, 6-10 years, and 11-20 years.
Taxiway C	Several cracks on Taxiway C. An overlay is recommended in the next 0-5 years. Periodic rehabilitation (crack repair and seal coat) will be needed every 8-10 years after.	Taxiway C is anticipated to be removed as part of the Taxiway A relocation project.
Runway 11-29	Recently seal coated. Reconstructed in 1994 and a rehabilitation was completed in 2002. Several cracks on runway that require repair. Rehabilitation consisting of an overlay is recommended in the next 0-5. Periodic rehabilitation (crack repair and seal coat) will be needed every 8-10 years after.	Rehabilitation is planned for 0-5 years, 6-10 years, and 11-20 years.
Runway 11-29 Shoulders	In failed condition. Severe cracking with weed growth throughout. Recommend removal of the pavement.	No planned removal of the shoulders
Runway 18-36	Recently seal coated. Overlaid in 1988 and a rehabilitation was completed in 1998. Several cracks on runway that require repair. Rehabilitation consisting of an overlay is recommended in the next 0-5. Periodic rehabilitation (crack repair and seal coat) will be needed every 8-10 years after.	Rehabilitation is planned for 0-5 years (FY2015 [3]), 6-10 years, and 11-20 years.
Runway 11-29 Holding Aprons	Several cracks on holding aprons. An overlay is recommended in the next 0-5 years. Periodic rehabilitation (crack repair and seal coat) will be needed every 8-10 years after.	Rehabilitation is planned for 0-5 years, 6-10 years, and 11-20 years.
Runway 18-36 Holding Aprons	Holding aprons are in generally good condition. Crack repair and seal coat is recommended in the next 0-5 years, and 5-10 years. Rehabilitation with overlay is recommended in 11-20 years.	Rehabilitation is planned for 0-5 years, 6-10 years, and 11-20 years.
Terminal Ramp	Several cracks on the terminal aprons. An overlay is recommended in the next 0-5 years. Periodic rehabilitation (crack repair and seal coat) will be needed every 8-10 years after.	Rehabilitation is planned for 6-10 year, and for 11-29 years.
Hangar Taxilanes	Overall, hangar taxilanes are in generally good condition. Crack repair and seal coat is recommended in the next 0-5 years, and 5-10 years. Rehabilitation with overlay is recommended in 11-20 years.	Rehabilitation and maintenance is planned for various hangar taxilanes for 0-5 years, 6-10 years, and 11-20 years.

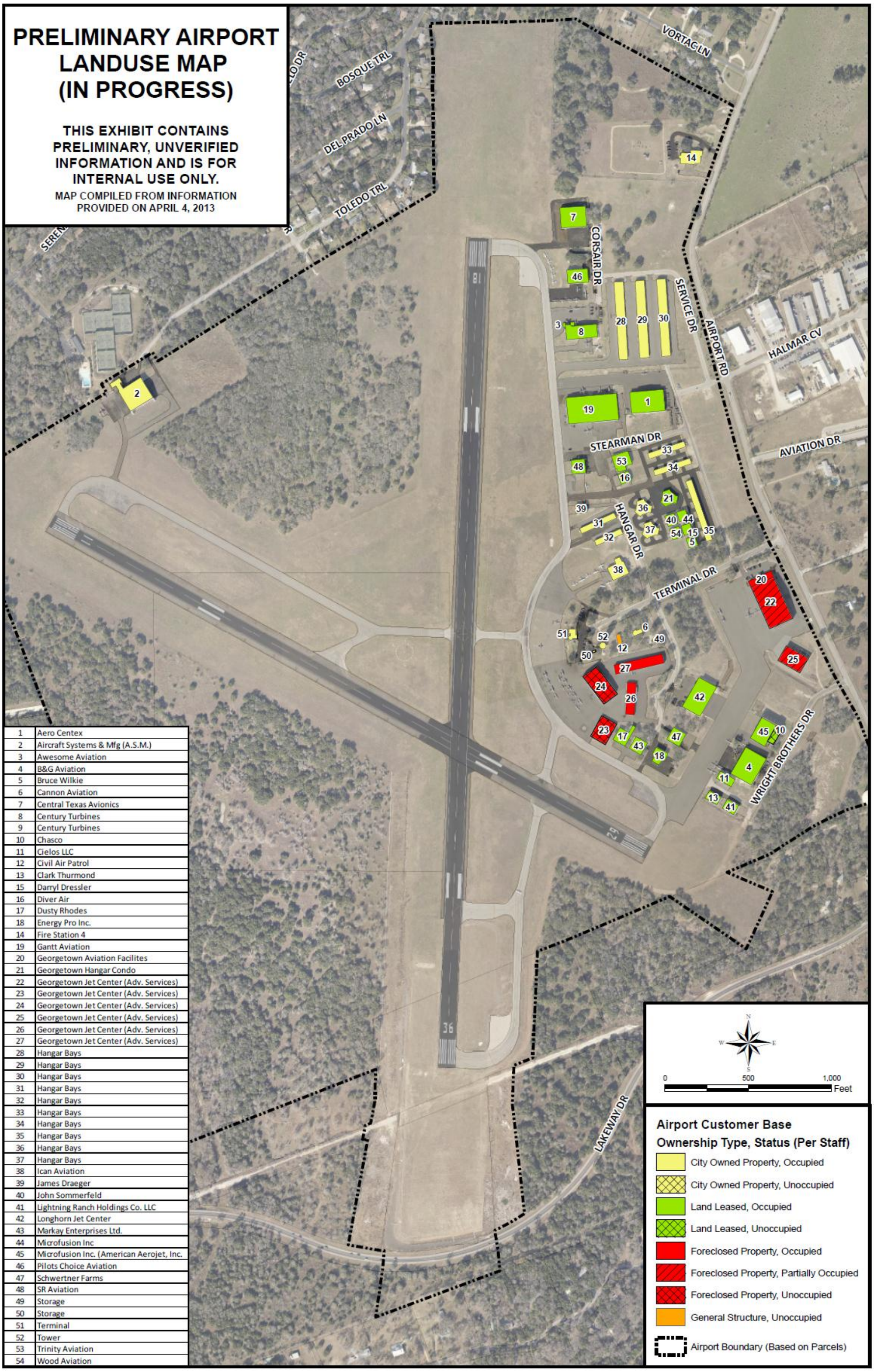
Notes:
1) Under the assessment category: Maintenance generally refers to crack seal and seal coat. Rehabilitation generally refers to overlay or replacement of asphalt surface.
2) Dates refer to those in the "Texas Airport System Plan" revised on 10/10/12 unless otherwise noted
3) Dates based on the Texas DOT – Aviation Division "Aviation Capital Improvement Program" dated October 23, 2012

TABLE 8
Georgetown Facilities Condition Assessment

Building Name	Building ID*	Building Condition	Cost to Demo	Cost to Upgrade	Annual Maintenance Cost Estimate	Comments
Aircraft Systems & Manufacturing	2	Fair to Good	N/A	$25,000	$4,000	Were not able to see inside the office areas or inside the hangar. Upgrades could include new carpet, new paint, new restroom fixtures and new HVAC.
Central Texas Avionics	7	Fair to Good	N/A	$10,000	$3,000	The building appeared to be in reasonable condition. The interior office space could be improved as well as the hangar lighting upgraded. The exterior of the building will need to be painted within the next 5 to 10 years.
Civil Aviation Building	12	Poor	$2,000 to $10,000	N/A	N/A	The building should be demo'd. It may contain asbestos. Consequently the demo cost can vary.
Gantt Aviation	19	Good to Better	N/A	N/A	$5,000	Building appeared to be in good condition. The office areas and the lunch room had a restroom and were air conditioned. Mr. Gantt stated that the roof had been recently repaired.
T - Hangar C	31	Fair	N/A	$15,000	$1,000	The hangar could be upgraded with the addition of an office and HVAC.
T - Hangar B	32	Poor	$5,000	N/A	$500 per hangar	Needs demo – the hangar is 60 to 70 years old.
T - Hangar G	35	Fair to Good	N/A	N/A	$1,000	The hangar is simple aircraft storage. There is no HVAC, no office areas and no restrooms.
T - Hangar A	38	Poor	$15,000	N/A	$2,000	Needs demo – the hangar is 60 to 70 years old.
Draeger Motor Company	39	Fair to Good	N/A	$15,000	$1,000	The hangar could be upgraded with the addition of an office and HVAC.
Hangar D	48	Fair to Good	N/A	$10,000	$2,000	The building appeared to be in reasonable condition. The interior could be improved as well as the hangar lighting upgraded.
Rent House	49	Fair to Good	N/A	$20,000	$1,500	The house could be upgraded with central heating and air conditioning.
Terminal Building	51	Good to Better	N/A	N/A	$4,000	The terminal building was in good condition and had recently been upgraded.
T - Hangars M, N & O	28, 29, 30	Good	N/A	$15,000 per hangar	$1,500 per hangar	The building appeared to be in good condition. The interior partitions could be improved by increasing the lighting and taking the partitions that separate the hangar areas up to the underside of the roof to increase security.
T - Hangars E & F	33, 34	Fair to Good	N/A	N/A	$1,000 per hangar	The hangar is simple aircraft storage. There is no HVAC or restrooms. There is one office area in each hangar.
Hex Hangars BB & CC	36, 37	Fair	$10,000 per hangar	$15,000 per hangar	$1,000 per hangar	The hangar is simple aircraft storage. There is no HVAC or restrooms. The hangar has a dirt floor.

* Building ID refers to Figure 3 below, provided by the Airport.

FIGURE 3
GTU Land Use Map and Building Identification



1	Aero Centex
2	Aircraft Systems & Mfg (A.S.M.)
3	Awesome Aviation
4	B&G Aviation
5	Bruce Wilkie
6	Cannon Aviation
7	Central Texas Avionics
8	Century Turbines
9	Century Turbines
10	Chasco
11	Cielos LLC
12	Civil Air Patrol
13	Clark Thurmond
15	Darryl Dressler
16	Diver Air
17	Dusty Rhodes
18	Energy Pro Inc.
14	Fire Station 4
19	Gantt Aviation
20	Georgetown Aviation Facilites
21	Georgetown Hangar Condo
22	Georgetown Jet Center (Adv. Services)
23	Georgetown Jet Center (Adv. Services)
24	Georgetown Jet Center (Adv. Services)
25	Georgetown Jet Center (Adv. Services)
26	Georgetown Jet Center (Adv. Services)
27	Georgetown Jet Center (Adv. Services)
28	Hangar Bays
29	Hangar Bays
30	Hangar Bays
31	Hangar Bays
32	Hangar Bays
33	Hangar Bays
34	Hangar Bays
35	Hangar Bays
36	Hangar Bays
37	Hangar Bays
38	Ican Aviation
39	James Draeger
40	John Sommerfeld
41	Lightning Ranch Holdings Co. LLC
42	Longhorn Jet Center
43	Markay Enterprises Ltd.
44	Microfusion Inc
45	Microfusion Inc. (American Aerojet, Inc.
46	Pilots Choice Aviation
47	Schwertner Farms
48	SR Aviation
49	Storage
50	Storage
51	Terminal
52	Tower
53	Trinity Aviation
54	Wood Aviation

Source: City of Georgetown, Systems Engineering Department, April 2013.

Based on the facility assessment and analysis conducted it is recommended that the annual $50,000 dollar repair and replacement maintenance budget be doubled to $100,000 in order to bring the GTU facilities up to a reasonable state of repair, and extend their useful life.

3.8.1 Airfield Pavement Condition Index (PCI)

Currently, GTU does not have a PCI rating for its airfield pavements. The pavement PCI is essential for establishing a deterioration baseline, and for establishing a pavement maintenance program. Additionally, the PCI will set the schedule and timing for more significant capital pavement maintenance (mill and overlay), which is necessary to greatly extend the useful life of the more heavily used runway pavements.

A recommendation of this study is for GTU to work with TxDOT to scope and proceed with a non-destructive pavement structural survey which will result in establishing a PCI on all airfield pavements. Upon establishment of an airfield PCI, it is recommended that TxDOT be approached to help provide a complete pavement maintenance program that can be followed and implemented by airport management.

3.9 Land Lease Documents

In reviewing industry best practices for airports of comparable size and operation, a comprehensive review of GTU's strategic and operational documents was conducted. GTU's Land Lease Agreement template was reviewed in depth to confirm the presence of provisions which provide for the fair and equitable leasing of real property at GTU. The following paragraphs address consistencies and inconsistencies with industry best practice language for Airport Ground/Land Lease agreements in the areas of Rental Rate Adjustment, Maintenance, environmental, and Reversion of Improvements. Also included is a paragraph addressing land and hangar lease agreement rental rates and the potential for review and adjustment. [9]

3.9.1 Rental Rate Adjustment

GTU currently includes land lease language for scheduled rental rate increases in five-year increments during the term of agreement using a Dallas consumer price index. During time of great economic fluctuation and activity, five year adjustments can be significant. More recent common practice is to provide for annual increases based on more universal price indices such as the CPI-U. Annual allow for a more immediate response to economic changes with more palatable, nominal increases. Annual adjustments also allow chances to occur when less than five year terms are in place or remaining on an agreement. Language should also be included that reflects that under no circumstances would an annual adjustment result in a decrease in rental rate.

3.9.2 Maintenance of Leased Premise

Language outlining parameters and limits of maintenance to be provided by both lessor and lessee should be included in detail. Maintenance responsibilities are important aspects of a lessor/lessee relationship as they possess both cost and aesthetic implications. GTU's maintenance language appears to be consistent with most common airport industry language. It contains detailed responsibilities and identifies premise parameters. To strengthen the maintenance provision further, a provision could be added to address the requirement for lessor to enter leased premises to perform contract compliance inspections, perform maintenance required by lessee and to stipulate further that the cost of such maintenance will be billed to lessee.

3.9.3 Environmental

Land Lease Agreements should contain provisions addressing the protection of the environment in accordance with EPA, state, and local laws. A review of GTU's land lease agreement confirms the presence of current industry language supporting stormwater regulations. However, the land lease agreement does not contain provisions for operations involving hazardous materials regarding operations, compliance with regulations, and remediation responsibilities.

[9] All of Section 3.9 implicates legal issues.

3.9.4 Reversion of Improvements

Reversion, as it relates to airport lease agreements, means that at the termination of a lease agreement ownership of all tenant improvements revert to the property owner/lessor. The inclusion of reversionary clauses in land lease agreements is standard practice within the airport industry for a number of reasons. Some reasons include:

- A level of property owner control over development and use of airport property.
- Future revenue stream considerations as they relate to airport self-sustainability.
- Control over maintenance of tenant improvements

The goal of a reversion clause is to provide for the ability of an airport property owner to have a certain level of control over the use, development, and expansion of airport real property. As an industry standard and best practice GTU's land lease agreement template should include reversion provision language. The language should allow for reversion of improvements and title to improvements to property owner; a provision for reversion of improvements at lease termination prior to full term; and a provision for either reversion of improvement or removal of improvements. By including all inclusive reversion language in a land use agreement, the owner/lessor retained the flexibility to consider and select the best option for use and reuse of leased airport property.

3.9.5 Rental Rates and Charges

A review of GTU's current rental rate schedule and proposed rental rate schedule for ground lease and t-hangar/tie down areas indicates a need for a more in-depth study of GTU's market area to determine more balanced revenue/rate/occupancy rate ratio. Currently rental rates do not provide an adequate ROI. This along with a lengthy wait list for hangar space indicated a disparity in rental rates. The most recent proposed rate schedule is presented in Appendix A. The establishment of fair and yet equitable base rates are a key factor when considering future revenue streams as all contract driven rental adjustments are based on an established beginning base rate. Base rates set too low do not support self sustainability in the long run. Base rates set too high reduce marketability of facilities and low occupancy rates.

3.9.6 Leasing Recommendations

Upon completion of review and evaluation of existing and comparable land lease agreements it is recommended GTU consider implementation of the following provisions.

1. Amend current and future lease agreements to include annual rental rate adjustments based on CPI-U.
2. Include rental adjustment language to reflect that under no circumstances will annual adjustments result in a reduction in rental rates.
3. Language to allow for periodic, scheduled, contract compliance inspections of leased premises by GTU should be added to maintenance and/or inspection sections of lease agreements. Language should include provisions for GTU to perform required maintenance at tenant's expense.
4. Amend current and future lease agreements to include industry standard language regarding the handling, use, storage, regulatory compliance, reporting, and cleanup of hazardous materials on leased premises.
5. Amend current and future lease agreements to include strong, clearly stated, reversionary language. Move current language contained in ARTICLE III, Paragraph 3.02 (Term of Lease) regarding reversion to ARTICLE VI, Paragraph 6.04 (Surrender of Premises). Add language to reflect that upon lease termination (not to include default), current tenant will possess first right of refusal on negotiation of a new lease for premises.
6. Amend current and future lease agreements to reduce the 10-year lease extension option to 5-year options which are more in line with industry standard. Continue with annual lease rate adjustments during each executed option period.

7. Conduct a market survey of comparable airports with a goal of setting rental rates that provide a more favorable economic balance. This base rate analysis will be the benchmark on which future rate review and adjustments will be established.
8. With regard to contract management in general. It is recommended that GTU explore the acquisition of online contact management software. The acquisition of such a program greatly increases the efficiency of day-to-day contract management costs by automating functions such as contract date and milestone alerting. It also allows multiple users “view only” access to actual copies of contracts and requires less labor hours to manage.

4.0 Best Practice Recommendations

4.1 Financial Improvement Recommendations

4.1.1 Short-Term Financial Improvement Recommendations, (0-2 years)

The following best practice recommendations were developed as a result of airport interviews, and CH2MHILL experience managing General Aviation facilities.

1. Leasing: The city should establish a baseline commercial lease standard that will include; a rate schedule providing a rate of return that covers constructed cost and interest, debt service coverage, a standard return on investment, annual CPI increases, annual maintenance coverage if provided by the city and general maintenance and lease compliance. Cancel all month-to-month leases and renew with updated annual lease documents and rates. Replace the longer term leases with the new updated commercial lease as they expire. Section 3.9 of this report details eight discreet leasing recommendations with improved lease language that can be utilized in a new lease standard. Airport management should work directly with the city legal department to draft policy for approval that will include stronger lease terms, and ensure that all aeronautical businesses are paying their proper taxes and fees for business derived at GTU.
2. Fueling: The city should adopt minimum FBO standards that will ensure that any new entrants will invest and maintain a high level of service going forward. The City should also, fully evaluate the potential for taking a larger stake of the retail fueling margin at GTU. The range of options available to the city that would allow for a larger retail fueling revenue interest would be: 1. Existing limited retail operation, with an improved ROI; 2. Full retail fueling on a non-exclusive basis; 3. A fueling partnership with a private sector fixed base operator; 4. An exclusive fueling arrangement for the city. These options should be fully explored from a commercial, legal and financial perspective in order to determine which option would best serve the airport and its stakeholders in the long term. It is recommended that airport management develop a new rates and charges policy to be submitted to city council for FY 2014 that will cover the recommended changes. Under the current fueling operation, the city should view the wholesale fuel flowage margin as a flexible item in the annual airport budget to meet operational break even, and attain a target ROI of 10-12%. A more detailed fueling discussion is covered in section 3.2 of this report.
3. Organizational changes: best practices recommend a transition to an organization with the following full time employee contingent; (1) airport director/manager, (1) bookkeeper/business manager, (1) operations manager, (1) maintenance manager, Part-time help with maintenance, fueling and accounting as needed.
4. The GTU airport manager position should be re-chartered as a part of the recommended organizational changes. The re-chartered position would take on a much stronger business development role, while the recommended operations manager position should offer the airport manager relief from the more detailed day to day duties. The airport manager's perspective and charge should be that of developer of an important aviation economic development site with runways.
5. The GTU administrative function should be revamped to incorporate a private sector management perspective for the fueling and leasing functions. In this business management perspective, the airport business manager would actively manage these commercial functions with dashboard performance indicators, enabling timely business modifications to ensure maximum revenue return to the airport.
6. The city should work to define a vision and brand for the airport. This vision should be in the form of a policy statement that will enable staff to develop facility plans and marketing plans that will allow for a much more focused growth opportunity in aviation and aerospace related jobs, and resulting area tax

base and economic development. This defined vision will also allow the airport to compete more successfully for the finite aviation and aerospace growth markets in the region.

7. Develop a workable theme restaurant concept in the near proximity of the main terminal building. The concept could be a private sector venture, or possibly an addition to the terminal building remodeling. The restaurant would present a strong business case, in improving fly-in and itinerant fuel sales.

4.1.2 Medium-Term Financial Improvement Recommendations, (2-5 years)

1. It is recommended that GTU be given an aviation development review and approval framework that will allow the airport to move as quickly as its competition in accommodating the regional aviation and aerospace business growth which is finite, and will present a winner or loser consequence for Georgetown. This plan recommends the initiation of an airport development City staff working group empowered to bring about priority capital and commercial development in a timely manner consistent with other airports in the metro area that are competing for the same aviation business. The committee should be chaired by the airport manager, and should include representatives from City departments; legal, finance, public works, planning and economic development departments at a minimum. The group would meet on a project specific basis.
2. Choose a long term airport management option for the airport that will work well with the selected fueling option, and meet the financial requirements and service level needs of GTU for the future. Options are further detailed in section 5 of this report.
3. Develop a comprehensive marketing plan for GTU that is based on achieving the community vision for the airport. The marketing plan would cover; aviation business development, aviation support business development, land development, developer/broker policy and include an incentive plan for private sector investment in economic development initiatives.
4. With the results of the marketing plan, develop RFP packages to go out to the private sector in order to gauge demand, and bring in private investment potential for; shade ports, t-hangars, community hangars and other aviation related facilities.
5. Consider developing shade hangars as a lower cost option to t-hangars. This concept has proven very successful in Sun Belt regions, and would bring in additional based aircraft, additional fuel sales, and the potential for additional ground lease revenue.
6. Utilize the land use plan to be developed in the upcoming airport master plan update to improve the marketing/property development plan for GTU. The land use plan will delineate highest and best use for developable parcels, and will also designate aviation support property and non-aviation use property for the long term.
7. Develop a strong relationship between airport management and the local economic development agencies to help further GTU as an important economic development community asset. This relationship will over time contribute to job growth and property development at GTU.
8. Replace terminating leases with the updated stronger commercial and lease compliance versions as current leases terminate.

4.1.3 Long-Term Financial Improvement Recommendations, (5-15 years)

1. Utilize new lease boilerplate contracts that include stronger commercial and lease compliance terms and conditions. Implement these new documents as current leases terminate.
2. Consider reinstating a limited air show at GTU. The air show would help build community interest and support, while improving itinerant fuel sales.
3. Use airport revenue improvements to fund land development initiatives in a Public/Private/ Partnership arrangement where private investment in new aviation and non aviation facilities can be leveraged.

4. Use airport revenue improvements to continue to upgrade the airport ambiance, service offerings and public facilities.
5. Continue to refine and develop GTU brand based marketing plans for attracting new aircraft owning businesses, aviation support businesses and leisure aircraft owners.
6. Implement any runway extension improvement plans that are documented and FAA approved in the upcoming airport master plan. Runway extensions usually offer strong safety and noise abatement benefits. Any extension would offer GTU a marketing boost, and offer a potential revenue boost.

4.2 General Best Practice Recommendations

4.2.1 Operations/Safety and Security

1. Develop a safety/security plan. Plan will detail Memorandum of Understanding (MOU) requirements and mutual/joint response needs with other agencies, tenant watch program, security upgrades needed and associated cost, identify grant sources for security program and capital funding. The security plan may be a component of a GTU master plan update, to the extent grant funding is available for this effort. Development of a security plan is recommended regardless of funding a master plan update, however, and should not be delayed beyond 2013. A primary security best practice is to limit general public access to aircraft movement areas, and should be accomplished at a minimum as soon a possible.
2. Develop MOU with City firefighting located at GTU to promote a joint memorandum of understanding for the through the fence emergency response requirements for GTU.
3. Develop tenant security watch function as defined in the security plan. Meet with tenant security watch group on a standing schedule, recommend quarterly.
4. Work with Georgetown police to improve and expand the patrol cycle at the airport.

4.2.2 Finance/Legal

1. Develop and seek input on a new comprehensive set of airport rules and regulations and related set of tenant minimum development standards documents as stand alone, but as a compatible set to be given to existing and prospective tenants.
2. Delegate limited budgetary signing authority and commercial authority to the airport manager for administrative items included in the current budget, i.e. up to $25,000 for standard agreements of a year or less; up to $2,000 for a standard services purchase order.
3. Work with city finance with the goal of rolling up airport financial and accounting and FBO tenant reporting to include a set of mutually agreeable Key Performance Indicators (KPIs) that will give airport management dashboard metrics of current operating and financial information that will allow airport management solid and timely decision-making information. KPI examples: monthly fuel revenue/per actual unit cost; monthly operations/monthly fuel sales; monthly itinerant operations/monthly fuel sales; monthly based aircraft/monthly based aircraft fuel sales.
4. Work with the local tax collector and appraiser to try to find a resolution for airport tenant ad valorem/business tax assessment situation. This current assessment could be contributing to an uneven market dynamic as compared to other airports in the region.
5. Complete a comprehensive review and update of Airport Minimum Standards to reflect overall goals and objectives in airport master plan and business plan. Revise actual minimums for various commercial activities to include capital outlays for ramp/apron square footage, hangar square footage, fueling capabilities, hours of operation, terminal square footage, etc. Implement minimum standards grandfathering existing service providers with provisions that upon lease renewal new minimum standards will apply.

6. Review and update Airport Rules and Regulations to reflect actual operations occurring on the airport. For example, the Rules and Regulations should reflect the presence of the air traffic control tower (ATCT) at the airport, and its operational procedures.
7. Update contract management system to improve efficiency and automate contract provisions currently done manually.
8. Conduct an annual lease compliance inspection of all airport owned and leased facilities to ensure that these facilities are being used for their intended purpose. Follow up as necessary with any tenant deemed to be out of compliance with their facility lease.

4.2.3 Capital Development and Maintenance

1. Update GTU master plan, if possible beginning in 2013, to include all traditional short, medium and long term capital needs. The plan should also include the following, to the extent FAA grant funding is available: a strategic planning section; a safety/security plan section; a marketing/branding and commercial development section; and should include the recommendations and findings of this business plan. A final recommendation on the long term runway length requirement, based on the master plan's updated forecast and demand/capacity assessment, should be a primary output of this master plan update.
2. Develop an airport property/commercial development plan. Work with local economic development and planning office of the City to provide input and direction for the plan. The plan should define goals for aviation, aviation support, and non-aviation development parcels. Include in the plan, provisions for State and local incentives and economic development tools. Develop a listing of workable economic development tools such as: a primary or sub zone Foreign Trade Zone (FTZ), a tax increment district, empowerment zone, etc. Work with the group to define just those tools that are available and workable in the GTU environment.
3. Establish an airport property/commercial development committee meeting and agenda as a part of a new and revised airport committee structure that will develop and provide solid recommendations to the City transportation committee. Provisions of the property/commercial development planning process should be brought forward and reflected in the GTU master plan update.
4. Develop a Landscaping and external enhancement plan to upgrade and improve the external landside look of the airport consistent with the intended high end general aviation role of GTU.
5. Develop a plan for the upgrade and internal renovation of the existing airport terminal, consistent with the intended high end general aviation role of GTU, and the service offerings of the new fuel farm facility. The terminal should include the full range of expected pilot and crew amenities and high end service levels, as well as the potential for a full service restaurant. Work with TxDOT toward identifying available economic development and other capital grants that might be available to offset the cost of the renovation.
6. Maintain and update on an annual basis, the capital maintenance plan developed as part of this business plan. Update each year with a 5 and 10 year outlook.
7. Consider accessing the TxDOT on call planning and engineering consultant contract on an as needed basis to help improve and expedite the project planning process for aviation and commercial property development proposals.
8. Work with TxDOT to determine a pavement condition index (PCI) for the GTU airfield pavements. The PCI should be developed using, if possible, non-destructive testing techniques and a review of pavement records. After determining the PCI for the various GTU airfield pavements, the City should work with TxDOT to develop a pavement maintenance program for the airport that will establish and guide future maintenance and large capital pavement investments.

4.2.4 Administration/Organizational

1. Establish a new airport advisory committee structure that will work in unison with the two airport members that are assigned to the City transportation committee. The recommended structure is as follows:

At the City Transportation Advisory Board, two members:

- One member assigned to cover airport operations and security
- One member assigned to cover airport marketing and commercial development

Each of the two Transportation Committee members briefs the committee on activities from their respective airport committees for the previous quarter.

At the Airport Committee level, the same two members appointed to the City Transportation committee:

- One member chairs the monthly airport operations and security committee meeting
- One member chairs the monthly airport marketing and commercial development committee [10]

Committee membership is voluntary and open to all airport stakeholders. The Chairmen for the two committees is appointed by the Mayor. Each committee chair works with the airport manager to develop a quarterly meeting agenda, and prepares a brief to be delivered to the City Transportation Advisory Board.

2. Develop an Airport Marketing/Branding Plan for the airport. The plan will include a strategic visioning component that will set vision, mission, and goals and define the overarching airport role for the airport. The plan will be inclusive of a new branding exercise and a joint marketing plan that will include input from: airport, city, local chamber and economic development agency(s) and airport tenants. The plan will include: an updated airport brand name/logo; joint marketing goals for airport and tenants; aviation market development goals; annual marketing budgetary needs; listing of priority conferences with conference goals; identification of target markets; identification of airport facility needs; identification of fly in, and static aviation concepts that meet user and City goals. The Airport Marketing committee should consider renaming the airport according to strategic vision for the airport, i.e. “North Austin Executive”, “Georgetown Executive” etc. The airport marketing/branding plan can be stand alone, or it can be funded by and made a part of the airport master plan update.
3. Develop updated job descriptions for the four full time positions, and part-time positions being recommended for GTU. Airport manager job should be upgraded and should include a delegation of routine operations and maintenance duties to allow for more time to work professionally with City staff, outside agencies, economic development agencies, prospective tenants, neighborhood associations and others. The Airport Manager job description should take on more of an aviation business development aspect.
4. Develop concepts along with City Staff for identifying airport events and open house opportunities that will strengthen the airports’ ties with both the City and the local community, i.e. meet the city manager, meet the city council, neighborhood association day, etc.
5. Consider upgrading the airport manager position to a higher level reporting structure within City government in order to improve job effectiveness.

[10] Involves legal issues.

5.0 Primary Management Options

5.1 GTU Potential Management Options

For the purposes of this study, it was requested that CH2MHILL consider alternative options for managing the airport, along with the current City managed option. The three options considered cover the full potential range of possible options available to the City of Georgetown. The three options analyzed are: 1. Current city managed airport; 2. Airport managed through a contract management arrangement; 3. Full airport privatization. All three options have relatively small potential derivative options, but these are the three primary options which provide the City with the full range of scenarios for consideration. For the purpose of analyzing each of the three concepts from an equal starting point, all three concepts assume an improved revenue production being achieved in the existing City managed option. Therefore, for this analysis, the current city managed operation with revenue improvement in fueling and leasing revenue will be the baseline concept that will be compared to the two private operation options. Finally, none of the reviewed options considers the City taking exclusive fueling rights at GTU, which is a separate option being analyzed in this business plan, and further discussion in Section 5.

The following is a description of each of the three operating concepts: [11]

1. **City managed airport:** The City managed airport is essentially the same operation as that which currently exists, with only minor modifications. The baseline profit and loss assumptions in this concept consider an improved revenue generation capability at GTU as a result of some of the following business plan recommendations:

   - A commercially well conceived fuel pricing best practice that will render GTU a return on investment of between 10 and 12% versus the current 8%.
   - A commercially well conceived standard lease for hangars and t-hangars that render GTU a return on each lease that will include; market based rates, a return for routine maintenance required, and annual Consumer Price Index (CPI) increases based on a well defined local index.
   - An airport with a solid brand and marketing plan, with airport service offerings consistent with the airport brand. In this case, an executive or business airport brand.
   - An improved business development scheme that will render additional opportunities for ground leases associated with new hangars, t-hangars, and potentially for non-aviation ground leases.

   In following the list of recommendations in this business plan, the current City managed function can improve its financial performance, and solidify its bottom line over the longer term. Under a City managed scenario the airport conceptually attains operational break even, while struggling to meet its local share of capital improvements requirement.

   A baseline Pro Forma Profit and Loss (P&L) statement for a city managed option is provided under Appendix B, Table B-1*, City Managed Option.*

2. **Airport managed through a private contract management arrangement:** in its simplest form, contract airport management would take over the staffing and commercial management function of GTU. There are numerous examples of private contract management of public airport facilities in the United States, and most of these arrangements can be successful as public-private partnerships, as long as both parties understand the business parameters that each party would need to achieve success. Some of the basic parameters of a contract airport management function are as follows: [12]

[11] Involves legal issues.

[12] Involves legal issues.

- The contract operator will supply the staffing function at a cost similar to that of the public sector, with a 10-12% mark up on staffing costs as a required profit margin.
- The City would remain the responsible party for all other costs at the airport outside of the contract for staffing.
- The private operator would collect all revenues at the airport, and remit them to the City, less their monthly management fee.
- The private operator would most likely be retained to function as airport business developer. For this function, the private operator would have a pre-arranged incentive program in their contract that would allow both the City and private operator to share in the pre-agreed revenue improvements on a somewhat equal but varying basis.
- Incentive clauses may include any of the following: increases in fuel sales; increases in aviation ground leases; increases in non-aviation ground leases; scoring at a defined level on customer service surveys; increases in aviation operations activity.
- The private operator would be responsible for all branding and marketing requirements.
- The private operator would be contracted to the City under very well defined level of service requirements for a full range of airport related customer service performance indicators.
- The private operator would be responsible for airfield safety and security.
- Some example airports with contract operators include the following: San Marcos Municipal Airport (TX), Addison Airport (TX), and Teeterboro Airport (NJ).

A conceptual pro-forma P&L has been prepared for the private contract airport operator scenario at GTU. Based on our analysis and understanding of these private airport operating scenarios, this concept would be a feasible option for the City of Georgetown to consider. Under the contract management scenario, the airport conceptually attains operational break even each year, and in the final 3 years begins to perform well enough financially to handle local share of capital improvement requirements.

P&L information for a contract management option is provided under Appendix B, Table B-2*, Contract Management Option.*

3. **Full airport privatization:** Full airport privatization refers to a complete lease-concession of all airport activity, over a specific length of time, usually a 25-50 year term. In this management scenario, all commercial rights at the airport would be owned by the private operator. For these commercial rights, the city would delegate all of their O&M and capital development responsibilities to the private operator. In this way, the private developer would have full and comprehensive responsibility for all activities at the airport over the lease-concession term. The program that governs full airport privatizations is administered by the FAA, and will usually require at least 2 years in order to move through the FAA approval process. Some of the basic parameters of a full airport privatization are as follows:
   - The private operator gains essentially full ownership of all operations, maintenance, and commercial activity at the airport for a specific amount of time.
   - The private operator will usually seek property development rights for non-aviation property as a means of potentially boosting their return on investment for the project.
   - The private operator would be responsible for all branding and marketing requirements.
   - The private operator would be responsible to the City to meet well defined level of service and safety/security requirements.
   - Failure to meet the pre-established KPIs would put the private operator into a default situation.

- The private operator would be responsible for delivering all planned capital improvement projects. Capital improvement projects would be planned by the City prior to the privatization, for the term of the privatization, and these would be the responsibility of the operator to deliver, using the traditional airport grant programs.
- The full privatization would effectively take the airport off of the City's books from an operational standpoint over the term of the lease-concession.
- For an economically viable full airport privatization, the owning public entity could expect a onetime concession fee, and/or an annual concession fee paid for the commercial rights granted.

A conceptual pro-forma P&L has been prepared for the full privatization scenario at GTU. Based on our analysis, there is not currently sufficient commercial activity and revenue generation upside to support the full privatization scenario. P&L information for a full airport privatization option is provided under Appendix B, Table B-3*, Full Airport Privatization Option.*

5.2 Potential Management Options – Pros and Cons

Each of the three potential operating scenarios offers distinct pros and cons to the City of Georgetown, should they be chosen. The following Pros and Cons are general in nature, and apply to GTU and most all airports that may be considering a range of possible management options at a broad level.

The following is a listing of primary Pros and Cons associated with each airport operating scenario:

1. **City managed airport:**

   PROS:

   - Current operation is customer focused, and is supported by the stakeholders
   - Current operation is capable of increased revenue production above that of existing
   - Stakeholders have a comfort level with the current management set up
   - The City does very well in maintaining the required airport safety functions
   - The City has taken a proactive role in ensuring the long term viability of GTU

   CONS:

   - The Current operation even with an improvement to revenue generation will have difficulty supporting the local share of major capital expenditures in certain years
   - Current commercial, branding and marketing inefficiencies may be difficult to overcome as a City department
   - City staff have a difficult time in picking up and implementing a developer or business development role
   - Necessary staffing needs are sometimes difficult to obtain approval for and implement within the City system

2. **Private contract management:**

   PROS:

   - Private operator is able to make staffing changes and move more quickly within the confines of their contract
   - Private operator would be much more likely to bring a strong land developer, marketing and business development acumen to the GTU market
   - Private operator would relieve the City of responsibility for day to day operations at GTU
   - Private operator would probably offer the City a higher return on investment over time, particularly if they are operating under a well conceived incentive laden contract

- Private operator would bring a stronger business and commercial management system and operation to the airport

CONS:

- The city would need to have strong oversight of the incentive basis and the service level performance indicators carried in the private operator contract
- The City may lose touch with the stakeholders, without a solid feedback process
- The City would still be responsible for funding all operations and capital programs
- After paying out private operator profit margin and incentives, the City will continue to be responsible for all expenses and major capital local share requirements
- Private operator may continue to be hampered by City property development constraints and time to approve new development

3. **Full airport privatization:**

PROS:

- The airport operating requirements effectively come off the City books as a responsibility
- The private owner will have significant incentive to brand, market, and upgrade service levels at the airport since they will own all bottom line aspects of the facility
- The private owner will have a significant incentive to bring in their property development capabilities with regard to aviation, aviation support and non-aviation land development
- This method of airport management could include a onetime, and/ or annual concession fee for the City
- This method of airport management would most likely result in market growth and an improved level of service to stakeholders
- The City retains full asset ownership of the facility

CONS:

- The City would lose direct contact with users and stakeholders
- The City would lose direct control of level of service at the airport
- The private owner, rather than the City would be responsible for all safety/security aspects at the airport
- The lease concession term would most likely be in excess of 25 years, in order for it to meet financial feasibility for the private owner. This would be a very long term commitment for the City to consider
- The City would need to secure exclusive fueling rights for the private owner, in order for the concept to be feasible
- The City would still need to provide direct and continual oversight for the concept in order to make sure that the private owner is complying with all pre-agreed service standards

6.0 Conclusion

All of the management concepts considered offer the City distinct pros and cons. The current City managed structure could be successful in the future with certain modifications and recommendations being proposed in this business plan. Both current City management and a private contract management arrangement are feasible under the current fueling structure. The full airport privatization concept is only feasible if it included exclusive fueling rights. It should be noted that in our analysis which is backed up by the conceptual profit and loss statements, the only operating option that will cover ongoing operational requirements, and also cover all local match capital costs in the long term, is an operating option that includes improved fueling revenues from either exclusive fueling rights, or an option that includes additional retail fueling margin for GTU..

GTU is poised to become a significant business and economic development benefit to the Georgetown community. The airport needs a solid vision of the future that can only come from the community. With this vision, the airport will need to fulfill the following broad objectives in order to achieve its intended goals:

- Establish a fueling policy, fully evaluate and choose a fueling option that offers a proper return on investment, and best serves the airport and stakeholders in the long term.
- Improve the ground and building leasing program to include stronger commercial and lease compliance terms as described in section 3.9 of this report.
- Decide on one of the two feasible management concepts; existing with necessary staffing modifications; or, bringing in a contract management function
- Improve the overall business management function at the airport either under existing management, or with a contract management function
- Develop a City wide economic development focus for the airport, to include an interdepartmental development function to help streamline project specific development and ground lease opportunities at the airport
- Develop a City vision and policy statement regarding airport role and brand that will drive the marketing and business development initiatives of city and airport staff.
- Implement best practice recommendations as documented in section 4.0 of this report

Disclaimers

1. *The purpose of this business case assessment, as summarized in this document, is to assess background data, assemble best practices from other similar airport operations, and provide suggestions on management models based on benchmarking of other facilities, and assumptions about current operations. The information collected, evaluated, and presented to the Client is intended to provide a summary of best practices. Several factors, many of which are beyond CH2M HILL's control, affect the Client's operations and financial performance. Decisions on and implementation of the recommendations suitable to the airport are the responsibility of the airport/Client, and the contents of this report are provided to facilitate decision-making, and do not provide any guarantees of end-results.*
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