

# DULUTH AIRPORT AUTHORITY STRATEGIC PLAN REVIEW

DAA Board Retreat  
2DEC21

# AGENDA

- Vision and Mission
- Progress Update and Recommended Changes to Strategic Initiatives
  - Infrastructure Renewal
  - Support Economic Development
  - Strengthen Duluth Airport Authority's Cash Position
  - Strength/Grow Air Service
- Discussion

# CONSIDERATIONS

- Strategic Plan Drafted Knowing Planning Efforts Could Prompt Modifications
  - DLH Master Plan
  - DLH Part 150 Noise Study
  - DYT Building Area Master Plan

# VISION and MISSION

## Vision

*Our vision is to be a world-class aviation center that drives economic development and connects the region to the global economy.*

## Mission

*The Duluth Airport Authority is committed to delivering a superior airport experience in a safe and secure environment, while enriching the region's economy.*

# STRATEGIC INITIATIVES 2020-2025

- Infrastructure Renewal
- Support Economic Development
- Strengthen the Duluth Airport Authority's Cash Position
- Strengthen/Grow Air Service

# STRATEGY I: INFRASTRUCTURE RENEWAL

- Reconstruction of Alpha Taxiway
  - Taxiway A is reconstructed, meeting the needs of stakeholders no later than 2025
- New Air Traffic Control Tower
  - A new air traffic control tower is constructed with a sustainable funding model, meeting the needs of the FAA, and airport users no later than 2030
- Reconstruction and Extension of Runway 3-21
  - Runway 3/21 is reconstructed and extended, meeting the needs of stakeholders, with broad public support, no later than 2030
- New Radar Facility
  - The FAA has placed DLH on their ASR replacement schedule

# STRATEGY I: INFRASTRUCTURE RENEWAL

## *Progress Report and Recommended Changes*

- Reconstruction of Alpha Taxiway
  - Project phasing complete
  - Project funded
  - Phase to commence CY2022
  - Master plan recommends 9 phases (up to 7-9 years construction); funding constraints
- New Air Traffic Control Tower
  - Master plan siting study complete
  - Requested FAA reimbursable agreement
  - Siting study approx. 2 years cradle to grave
- Reconstruction and Extension of Runway 3-21
  - Master plan recommends extension 2040 or later due to other critical infrastructure needs
- New Radar Facility
  - FAA has found materials to improve reliability
- Recommend modifying strategic plan to reflect master plan
- No changes recommended
- Recommend modifying tactics and measurable in strategic plan
- Recommend removal from strategic plan

# STRATEGY I: INFRASTRUCTURE RENEWAL

- Possible General Aviation Ramp Expansion
  - Additional general aviation hangars are constructed (if feasible and financially viable) with additional apron area, meeting the needs of stakeholders, no later than 2030
- Terminal Ramp Expansion
  - Terminal ramp is expanded, meeting the needs of stakeholders no later than 2025



# STRATEGY I: INFRASTRUCTURE RENEWAL

## *Progress Report and Recommended Changes*

- Possible General Aviation Ramp Expansion
  - Ranch Hangar Construction as soon as 2022 recommended in master plan
  - Master plan recommends
    - Additional ramp expansion in Phase 4 of TXY A Project
    - Demolition of Hydrosolutions and DLH BLDG's 2024
    - Additional Hangar and apron currently unfunded or scheduled (ATC project dependent)
- Terminal Ramp Expansion
- Recommend modify strategic plan to reflect master plan
- Complete

# STRATEGY II: SUPPORT ECONOMIC DEVELOPMENT

- Position Blighted/Underperforming Property for Redevelopment
  - Hangar 101 is demolished, and the site is ready for redevelopment no later than 2021
  - A plan is developed to demolish the Hangar 2 no later than 2025
  - A plan is developed to demolish the vacant hangar pads on the Midfield Ramp no later than 2025
- Position Select Green Space for New Development
  - The Haines Rd/Airport Rd development area is ready to RFP for a developer no later than 2025

# STRATEGY II: SUPPORT ECONOMIC DEVELOPMENT

## *Progress Report and Recommended Changes*

- Position Blighted/Underperforming Property for Redevelopment
  - Master plan recommends demolishing
    - Hangar 101 in 2022
    - Hydrosolutions & DLH in 2024
    - Hangar 2 in 2031
  - Removed vacant hangar pads on the Midfield Ramp
- Position Select Green Space for New Development
  - Planning work has not begun on Haines Rd site
  - Preliminary investigation work in progress for Stebner Rd Site 1-2
- Recommend modify strategic plan to reflect master plan
- No changes recommended

# STRATEGY III: STRENGTHEN THE DAA'S CASH POSITION

- Strengthen Underperforming Revenue Streams
  - Revenues increase year over year
  - A strategic restricted cash fund is established- \$1,000,000
  - Unrestricted cash average balance is- \$750,000 over the course of a year
  - 100% of office, hangar and warehouse space is leased
- Pursue New Revenue
  - Revenues increase year over year
  - A strategic restricted cash fund is established- \$1,000,000
  - Unrestricted cash average balance is \$750,000 over the course of a year
  - New lease agreements are executed in new areas
  - New revenue agreements are produced creating new and unique revenue

# STRATEGY III: STRENGTHEN THE DAA'S CASH POSITION

## *Progress Report and Recommended Changes*

- Strengthen Underperforming Revenue Streams
  - Audit procedure has been drafted; execute in 2022
  - While we have had \$1M+ cash on hand it has not been designated a strategic restricted cash fund
  - Achieved unrestricted cash average balance of \$750,000+ over the course of 2021
  - Almost all office, hangar and warehouse space is leased (ATC office suite and DYT Office)
- Pursue New Revenue
  - Tactics similar to above
- Recommend removing performance measure: establish a strategic fund of \$1M; allow master plan CIP dictate strategic cash management
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# STRATEGY III: STRENGTHEN THE DAA'S CASH POSITION

- Adopt Priority Based Budgeting
  - Improved financial processes and efficiencies with an emphasis on goal setting at all echelons
  - A strategic restricted cash fund is established- \$1,000,000
  - Unrestricted cash average balance is- \$750,000 over the course of a year

# STRATEGY III: STRENGTHEN THE DAA'S CASH POSITION

*Progress Report and Recommended Changes*

- Adopt Priority Based Budgeting
  - A strategic restricted cash fund is established- \$1,000,000
- Almost complete; recommend removing performance measure: establish a strategic fund of \$1M; allow master plan CIP dictate strategic cash management

# STRATEGY IV: STRENGTHEN/GROW AIR SERVICE

- Add Daily Flights to a Western Hub on a Major Network Carrier
  - Daily flights to a western hub are launched no later than 2022
  - Route is financially sustainable within the first 2 years
- Add a Low Cost or Ultra-Low Cost Carrier to Fly Select Leisure Routes
  - Flights to select leisure destinations are launched seasonally no later than 2025
- Strengthen Existing Carriers and Routes
  - DLH sustains 3 major network carriers to at least 3 major hubs no later than 2025
  - DLH increases total passengers to 330,000 by 2025
  - Grow passengers to maintain 85% load factor or better, on all 3 carriers
  - Encourage all 3 airlines to maintain dual class product on 50% of flights from DLH
- Strengthen Customer Experience/Perception and Increase Air Service Marketing
  - Customer satisfaction with the Above and Beyond culture at DLH is above 90% according to customer surveys



# STRATEGY IV: STRENGTHEN/GROW AIR SERVICE

## *Progress Report and Recommended Changes*

- Add Daily Flights to a Western Hub on a Major Network Carrier
  - Secured SCASD grant award
  - Targeting route launch in 2023
- Add a Low Cost or Ultra-Low Cost Carrier to Fly Select Leisure Routes
  - Added SY to RSW and PHX
- Strengthen Existing Carriers and Routes
  - Lost AA and UA is reduced capacity post-pandemic
  - Currently maintaining approx. 85% load factor or better, on 2 carriers
  - Pandemic has reset the air service landscape; effects on air service still evolving
- Strengthen Customer Experience/Perception and Increase Air Service Marketing
  - Customer satisfaction with the Above and Beyond culture at DLH is above 90% according to customer surveys
- Recommend strategic plan reflect COVID related airline industry capacity constraints due to labor shortage
- Complete; will be pursuing more
- Recommend strategic plan reflect COVID related airline industry capacity constraints due to labor shortage
- No changes recommended

# DISCUSSION