



Tulsa Airports Improvement Trust Strategic Plan Update | 2016-2026

Tulsa Airports
Improvement Trust

TABLE OF CONTENTS

- I. Background**
- II. Existing Conditions and Future Requirements**
- III. Mission, Vision, & Goals**
- IV. Strengths, Weakness, Opportunities & Threats**
- V. Long Term Strategic Goals**
- VI. Implementation Plan**

Background

Tulsa Airports Improvement Trust developed a 10 year Strategic Plan in 2008. Since that time, many of the objectives have been met and market conditions have changed which impact the airports' operating environment. In preparation for an updated strategic plan, staff and board members were consulted for input on strategic issues that we expect to face over the next 10 years. Included in the process was a review of activities that have taken place over the past seven years that have influenced our progress on key issue. Highlights include:

- Since 2008 progress has been made in regards to financial liquidity, capital improvements and operating costs.
- One of the areas that we have not seen significant progress on is the development of non-airline revenue. We will have our parking garage addition complete in 2016, which will help us expand that revenue stream, however we have had limited success with property development.
- Attracting and retaining airline service continues to be an ongoing challenge with the consolidation of the industry over the last five years.
- We were able to rid ourselves of a significant burden with the dismissal of the Great Plains Airlines litigation.

Existing Conditions

Our terminal building and airfield capacity at Tulsa International Airport are adequate for the 10 year planning window. Our landside capacity for garage covered parking is constrained, however the parking garage addition should help alleviate that issue. We have adequate property available for property development both on the airfield and non-airfield access areas.

R.L. Jones, Jr. Airport has reached capacity with few buildable lots remaining. The airfield capacity was reached in 2008, and the activity levels are working their way back to that record level after a drop from the recession that began in 2009.

We have now executed an operating agreement with the Okmulgee Airport.

Mission, Vision & Goals

Mission – Provide facilities and services that maximize airline service and support the growth of Tulsa’s aerospace industry. Air service is critical to the success of a region in attracting tourists and providing access for our commerce to reach the global economy. Aerospace is a significant sector in our regional economy, and the protection and growth of aviation maintenance, manufacturing, and training is critical to the success of our region.

Vision – Provide a world-class air transportation system that supports the travel and development needs of Northeast Oklahoma.

Values – The Tulsa Airports Improvement Trust and our system of airports are guided by a team of professionals that utilize their aviation and operational expertise to protect several of the most important assets that we have in Northeast Oklahoma. Our core values emphasize the following characteristics that guide our actions:

Safety: Above all we will operate in a safe and secure manner; protecting the safety of our airport facilities, employees and customers.

Opportunity: We value continuous education and will keep our staff up to speed on the ever changing environment of air travel. We will seek opportunities to improve ourselves and our airport.

Attitude: We will approach all airport employees and users with an attitude of serving each other and exceed minimum standards by delivering excellence in all we do.

Responsibility: Each of us is responsible for our image and our airport. We are entrusted with the care of the facilities and people who use them on a daily basis. We understand that the image of our entire community

can be affected by our actions and will conduct ourselves in a manner that will portray our airport and community in an exceedingly positive manner.

Strengths, Weakness, Opportunities & Threats

Strengths –

- Room for growth at Tulsa International.
- Upgraded terminal facilities.
- We're expanding our parking, our largest non-airline revenue source.
- TAIT's new governance.
- Responsive and focused on the needs of the passenger and tenants.
- Incredibly convenient; easy to park, going through security, etc.
- Very engaged trustees with strong skills.
- Forward thinking leadership in tune with best industry practices.
- Staff and board have open lines of communication with tenants (80+ tenants)
- Staff very active in the industry.
- Mature internship program.
- Strong multi-modal capability in region – highway/rail/port.

Weaknesses –

- Our airline costs per enplanement are still considered high for airports our size.
- We don't have an FIS for international flights.
- Due to a lack of resources not making needed investments.
- Retirement eligibility of a large portion of our workforce.
- Inability to attract additional air service to Tulsa.
- Tulsa is not a destination location.
- Facilities/infrastructure improvements needed to retain and attract tenants, i.e. AA MRO.
- Lack of support for needed facilities/infrastructure improvements by those key opinion leaders in the Tulsa region that can mobilize action.

- 40% of parking market goes to off-airport competition.
- Lack of regional airport strategy.
- Tulsa Airport has struggled with property development.
- Lack of precision approach at Riverside.

Opportunities –

- Utilize technology to address some of the areas of needed investment.
- A new food, beverage and retail program could offer a chance to improve our brand with our customers and increase revenue.
- Changing workforce – senior staff is retiring providing opportunities to infuse new approaches and ideas from new staff members.
- TIF Development District.
- Impose an off-airport access fee to improve our non-airline revenue receipts.
- Additional parking revenue with completion of the parking garage upgrade.
- Ad Revenue from the new in-house advertising program.
- With expiring contracts, an opportunity to make provisions that would allow for new technology applications and improve customer services.
- Create regional airport authority.
- Look at opportunities for revenue from additional services, i.e. auto detailing.
- Create an advocacy group to support development opportunities.
- Develop direct relationships with site selection consultants.
- Air National Guard opportunity – keep them; leverage their presence to attract companies that support them to also locate on airport property.

Threats –

- Changing airline marketplace model with limited growth.
- Changing workforce.
- Cyber Security impact on Aviation systems.
- Additional burdensome regulations.

- Loss of corporate presence in Tulsa.
- Reduced enplanement activity.
- Airline Pilot Shortage.
- Decline in the oil and gas industry.
- Potential loss of Air National Guard unit.

Long Term Strategic Goals -

1) Retain and grow our airline service.

It will be critical for our community success and our primary strategic goal for the planning period will be to sustain what we have over the next 5 years, and grow our air service over the next 10 years.

Success will require a community effort with support from the corporate community and the chamber of commerce. A number of communities have established a community air service fund that has been used to attract new air service. We continue to see local passengers drive to Dallas to utilize air service. With the continued effort to attract low fare service, we will be able to offer a competitive cost option for leisure travelers and recapture some of those we are currently losing to other markets.

We will continue to engage with *Visit Tulsa* to coordinate efforts to bring visitors to Tulsa. We have seen some significant impact with large events hosted in Tulsa, and see this as a growth opportunity. We will explore and support efforts to create more pre-clearance locations that could be served by Tulsa, which would allow for international passenger flights from our community.

2) Provide cost competitive aviation infrastructure and services that outperform industry standards.

We compete with other airports and communities for air service and aviation development opportunities, and the cost of facilities and the level of service are important factors. Our strategic cost goal is to provide a cost per enplanement that is at or below the average for our peer airports, and our strategic service goal is to maintain an 8/10 for customer satisfaction.

An ongoing and continual evaluation of all of our costs to operate and develop is necessary to take advantage of technology applications and new approaches to delivering services. Employee costs and benefits will continue to be our largest expense item and we will continue to look for creative ways to maintain our productivity with limited additional staff, and develop a sustainable and affordable benefit solution for employees.

3) Develop non-airline revenue that continues to reduce our current reliance on airline rates and charges (40%) and provides new revenue sources to meet our capital and operating requirements.

The strategic goal will be to reduce the current amount of airline revenue at 40%, and continue to replace that with growing our non-airline revenue activity. Continuing to increase non-airline revenue will help to provide a competitive cost environment for airline service and provide additional revenue to meet our infrastructure needs.

Much of our short term focus over the next 5 years will be to leverage our parking garage expansion to create more revenue opportunities. There are also some potential revenue streams with fees for ride share companies and off airport operators. Our new terminal food and gift concession program that will begin in 2017 and our new indoor advertising program will also be an area of focus.

4) Accelerate property development to benefit airport activity and overall economic development.

One of the critical community assets that we have is available land at the Tulsa International Airport. The development will provide non-airline revenue to the airport and help to grow the regional economy. The strategic goal over the next 10 year time period would be expand our current tenant base in the North, Mingo, and Virgin Street development areas, and begin development in the Highway 169 development area. The focus over the next 5 years will be to leverage the Tax Increment Financing District and construct improvements to facilitate development, and develop relationships with the development community both locally and nationally. We will develop a specific function within the organization that will focus on these areas to help accelerate development.

5) Support Aerospace Industry with facilities, infrastructure, and programs that help Tulsa Airports and help our region compete for aerospace business.

Our organization operates and develops the infrastructure to support the largest employment location in our region at Tulsa International Airport, and our three airports help to support one of the largest industry sectors in our state. Our strategic goal will be to provide whatever support and facilities that we are capable of providing to sustain and grow the Aerospace Industry employment base for Northeast Oklahoma.

Our focus will be to educate community leaders to become advocates for aerospace, and provide information to gain community support for aviation infrastructure. We will continue our outreach to the Aerospace Community to help them bring suppliers to Tulsa and the airport development areas. We will also focus on a regional airport system strategy to leverage the unique assets of each facility.

The R.L. Jones Riverside Airport is at capacity and in one of the important strategic objectives will be to foster and protect a competitive services and fuel environment for the users of the airport. A critical short term objective is the addition of a precision instrument approach for Runway 19R.

For the Okmulgee Regional Airport the strategic objective is to provide development opportunities for Northeast Oklahoma aviation development.

6) Develop and grow our aviation expertise and impact for this region.

The people that are part of TAIT are the critical element in the success of the organization. Their judgment, creativity, and performance keep operations safe and efficient, ensure we have the right kind of infrastructure that is reliable, and are the advocates for Tulsa and our region as we compete for air service and economic development. Our strategic objective is to ensure that our workforce is well equipped to meet our challenges, and that we have a strong bench of talent that can advance in the organization.

As an autonomous Airport organization, we have more flexibility to meet marketplace wages and benefits, and can be creative in attracting and retaining talent. We will be specifically targeting aviation talent in the near term that will then be able to grow and advance in the organization and ultimately assume leadership roles. We will focus on incentives and educational opportunities to create the pathway for our people to grow.

Implementation

The Strategic Goals will be the basis of our Annual Business Plan. Each goal will have associated strategies that will be used to make progress on our Strategic Goals throughout the year.