

Guidebook for Developing General Aviation Airport Business Plans

DETAILS

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AIRPORT COOPERATIVE RESEARCH PROGRAM

ACRP REPORT 77

**Guidebook for Developing
General Aviation Airport
Business Plans**

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AIRPORT COOPERATIVE RESEARCH PROGRAM

Airports are vital national resources. They serve a key role in transportation of people and goods and in regional, national, and international commerce. They are where the nation's aviation system connects with other modes of transportation and where federal responsibility for managing and regulating air traffic operations intersects with the role of state and local governments that own and operate most airports. Research is necessary to solve common operating problems, to adapt appropriate new technologies from other industries, and to introduce innovations into the airport industry. The Airport Cooperative Research Program (ACRP) serves as one of the principal means by which the airport industry can develop innovative near-term solutions to meet demands placed on it.

The need for ACRP was identified in *TRB Special Report 272: Airport Research Needs: Cooperative Solutions* in 2003, based on a study sponsored by the Federal Aviation Administration (FAA). The ACRP carries out applied research on problems that are shared by airport operating agencies and are not being adequately addressed by existing federal research programs. It is modeled after the successful National Cooperative Highway Research Program and Transit Cooperative Research Program. The ACRP undertakes research and other technical activities in a variety of airport subject areas, including design, construction, maintenance, operations, safety, security, policy, planning, human resources, and administration. The ACRP provides a forum where airport operators can cooperatively address common operational problems.

The ACRP was authorized in December 2003 as part of the Vision 100-Century of Aviation Reauthorization Act. The primary participants in the ACRP are (1) an independent governing board, the ACRP Oversight Committee (AOC), appointed by the Secretary of the U.S. Department of Transportation with representation from airport operating agencies, other stakeholders, and relevant industry organizations such as the Airports Council International-North America (ACI-NA), the American Association of Airport Executives (AAAE), the National Association of State Aviation Officials (NASAO), Airlines for America (A4A), and the Airport Consultants Council (ACC) as vital links to the airport community; (2) the TRB as program manager and secretariat for the governing board; and (3) the FAA as program sponsor. In October 2005, the FAA executed a contract with the National Academies formally initiating the program.

The ACRP benefits from the cooperation and participation of airport professionals, air carriers, shippers, state and local government officials, equipment and service suppliers, other airport users, and research organizations. Each of these participants has different interests and responsibilities, and each is an integral part of this cooperative research effort.

Research problem statements for the ACRP are solicited periodically but may be submitted to the TRB by anyone at any time. It is the responsibility of the AOC to formulate the research program by identifying the highest priority projects and defining funding levels and expected products.

Once selected, each ACRP project is assigned to an expert panel, appointed by the TRB. Panels include experienced practitioners and research specialists; heavy emphasis is placed on including airport professionals, the intended users of the research products. The panels prepare project statements (requests for proposals), select contractors, and provide technical guidance and counsel throughout the life of the project. The process for developing research problem statements and selecting research agencies has been used by TRB in managing cooperative research programs since 1962. As in other TRB activities, ACRP project panels serve voluntarily without compensation.

Primary emphasis is placed on disseminating ACRP results to the intended end-users of the research: airport operating agencies, service providers, and suppliers. The ACRP produces a series of research reports for use by airport operators, local agencies, the FAA, and other interested parties, and industry associations may arrange for workshops, training aids, field visits, and other activities to ensure that results are implemented by airport-industry practitioners.

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FOREWORD

By Marci A. Greenberger

Staff Officer

Transportation Research Board

This report consists of a Guidebook and a CD-ROM that are designed to help airports develop and implement an airport business plan and maximize financial self-sufficiency. The Guidebook begins by identifying the role, the value, and the compelling reasons for having an airport business plan as it applies to all size airports. The report discusses the elements of an airport business plan and walks users through each step of the development and implementation process, allowing users to focus on those areas in which they need additional information. The resource chapters of the Guidebook do not have to be read sequentially, but can be referred to as necessary, based on the user's knowledge and interest.

The accompanying CD-ROM, which provides the user the option of learning the material by watching a series of presentations, can be used to jump start the process. In addition, the CD-ROM also provides worksheets that are helpful in gathering the information necessary for developing and implementing an airport business plan. Ultimately, the completed worksheets can be integrated into and become part of the airport business plan. This Guidebook and CD-ROM are useful for airport managers and staff at all size general aviation airports.

Airport business planning and airport master planning are both essential in planning the future of an airport. Sound business planning will provide airport managers and policy-makers with the tools to make informed, prudent, and defensible business decisions relating to the operation and management of the airport. Many general aviation airports are minimally staffed and have tight budgets to maintain and operate the airport. The focus of the airport manager is, by necessity, usually on the day-to-day operations and less on the vision and future of the airport or on strategic and business planning. The Guidebook and the CD-ROM are a valuable resource that airports can use to successfully develop and implement an airport business plan and maximize financial self-sufficiency.

Aviation Management Consulting Group tells the story of an airport manager working with the airport's governing board and planning team to develop and implement an airport business plan. Through the story, users will learn about the benefits of an airport business plan, the different stakeholders who may be able to help throughout the process, the information that needs to be collected, and the steps necessary to complete an airport business plan. The research that went toward this comprehensive document included obtaining information from airports with and without business plans as well as gleaned best practices from other industries and organizations relating to business planning/plans.

CONTENTS

1	Summary
4	Chapter 1 Introduction
5	1.1 Purpose of this Guidebook
5	1.2 Overview of this Guidebook
8	1.3 Using this Guidebook
9	1.4 Reasons for an Airport Business Plan
11	1.5 Value of an Airport Business Plan
12	1.6 Wrap-Up
13	Chapter 2 Airport Business Plan
13	2.1 Introduction
13	2.2 What is an Airport Business Plan?
16	2.3 Elements of an Airport Business Plan
18	2.4 Wrap-Up
19	Chapter 3 Airport Business Planning Process
19	3.1 Introduction
19	3.2 Process Overview
21	3.3 Buy-in
22	3.4 Approach
22	3.5 Planning Team
25	3.6 Communication
26	3.7 Resources
27	3.8 Wrap-Up
27	3.9 Worksheet
29	Chapter 4 Preparing The Elements of an Airport Business Plan
29	4.1 Introduction
30	4.2 Mission, Vision, and Values
31	4.3 SWOT Analysis
32	4.4 Goals
35	4.5 Objectives
37	4.6 Action Plans
39	4.7 Ancillary Elements
40	4.8 Written Business Plan
41	4.9 Wrap-up
41	4.10 Worksheets
55	Chapter 5 Implementation
55	5.1 Introduction
56	5.2 Process Overview
56	5.3 Implement

59	5.4 Plan, Do, Check, Act
62	5.5 Report Results
62	5.6 Review and Update
63	5.7 Wrap-up
64	Chapter 6 Airport and Market
64	6.1 Introduction
65	6.2 Airport Overview
65	6.3 Community Overview
66	6.4 Industry Overview
66	6.5 Market Overview
70	6.6 Competition Overview
71	6.7 Market and Customer Segments
72	6.8 Market Drivers
74	6.9 Demand and Capacity
78	6.10 Wrap-Up
78	6.11 Worksheets
94	Chapter 7 Organization
94	7.1 Introduction
95	7.2 Ownership
97	7.3 Governance
98	7.4 Management
107	7.5 Wrap-Up
107	7.6 Worksheet
110	Chapter 8 Operations
110	8.1 Introduction
111	8.2 Key Operational Responsibilities
113	8.3 Key Operational Areas
114	8.4 Wrap-Up
115	Chapter 9 Marketing
115	9.1 Introduction
116	9.2 Five Ps of Marketing
117	9.3 Airport Branding
118	9.4 Marketing as a Communication and Implementation Tool
120	9.5 Designing a Marketing Initiative
121	9.6 Additional Marketing Resources
122	9.7 Wrap-Up
123	Chapter 10 Aviation Products, Services, and Facilities
123	10.1 Introduction
124	10.2 Market
125	10.3 Organization
130	10.4 Operations
131	10.5 Marketing
131	10.6 Financial
131	10.7 Wrap-Up

132	Chapter 11 Financial
132	11.1 Introduction
133	11.2 Financial and Accounting Principles
134	11.3 Financial Departments
136	11.4 Funding
138	11.5 Financial Statements
142	11.6 Performance Measures
143	11.7 Budgets
146	11.8 Wrap-Up
146	11.9 Templates
156	Glossary of Terms and Acronyms
162	Bibliography

Note: Photographs, figures, and tables in this report may have been converted from color to grayscale for printing. The electronic version of the report (posted on the Web at www.trb.org) retains any color versions.



SUMMARY

Guidebook for Developing General Aviation Airport Business Plans

ACRP Report 77: Guidebook for Developing General Aviation Airport Business Plans is designed to help general aviation airport managers and policymakers develop and implement an airport business plan.

This resource has been prepared specifically for general aviation airport practitioners.

This Guidebook and accompanying digital files were created to help general aviation airport managers and policymakers gain a better understanding of (1) the value of an airport business plan, (2) the elements of an airport business plan, and (3) the process for developing and implementing an airport business plan.

In addition to defining an airport business plan (as a document that uses a logical and disciplined structure to set out goals, objectives, and action plans that drive the day-to-day operation and management of an airport), this resource discusses the interrelationships among the primary **planning** documents for airports (i.e., strategic plan, business plan, and master plan) and provides step-by-step guidance for preparing the elements of an airport business plan.

This resource identifies three compelling reasons for an airport business plan, as follows:

1. A survey of general aviation airports conducted for the development of this Guidebook revealed that airports **with** business plans were more likely to (1) generate more revenue, (2) reduce or eliminate expenses, (3) secure more capital funding, (4) rely less on subsidies, and (5) create more jobs. A general aviation airport that accomplishes all these things is more likely to have a greater economic impact on the community and provide a stronger platform for aviation development as well.
2. Under Airport Sponsor Assurance #24, the Federal Aviation Administration (FAA) requires that any obligated (or AIP-funded) airport be as financially self-sustaining as possible given the circumstances that exist at the airport. One of the best ways to comply with Airport Sponsor Assurance #24 is to develop and implement an airport business plan that demonstrates the ways general aviation airport managers and policymakers are striving toward achieving the goal of becoming (or continuing to be) financially self-sustaining.
3. There is an expectation that a general aviation airport will be operated and managed as a public enterprise and having a business plan demonstrates good stewardship. In essence, an airport business plan serves as a flight plan for being a good steward of an airport's assets.

This resource discusses the value of an airport business plan as a planning, management, and communications tool.

2 Guidebook for Developing General Aviation Airport Business Plans

As an important planning tool, an airport business plan (1) articulates the mission, vision, and goals for the airport; (2) sets forth the objectives for achieving goals; (3) identifies the action plans for accomplishing objectives; (4) establishes the parameters for checking progress; and (5) provides the basis for making adjustments—as needed—to achieve the goals for the airport and realize the mission and vision for the airport.

As a critical management tool, an airport business plan helps keep general aviation airport managers, policymakers, and stakeholders focused on achieving goals and realizing the mission and vision for the airport. It also provides a plan for building on strengths, addressing weaknesses, capitalizing on opportunities, and managing threats. Most important, an airport business plan provides the framework for making informed, prudent, and defensible decisions regarding the operation and management of an airport.

As a vital communication tool, the airport business planning process provides the opportunity for general aviation airport managers, policymakers, and stakeholders to engage in discussion regarding the current and future direction of the airport. Once implemented, an airport business plan provides the information needed to (1) demonstrate the role and value of the airport to the local community (or increase awareness); (2) justify investment in the airport (or build support); and (3) explain the airport's financial performance and position (or foster transparency).

This resource outlines the airport business planning process, which consists of three significant phases—preparation, development, and implementation. In this Guidebook, each of these phases is discussed in detail, examples are conveyed, and a series of worksheets and templates are provided to help facilitate the process and preparation of a plan. There are 11 chapters (5 essential chapters and 6 resource chapters) in this Guidebook. The resource chapters are designed to support the development of an airport business plan. Only those portions of each resource chapter that are relevant to achieving the goals established for the airport need to be consulted during the process.

In addition to this Guidebook, resources are provided in a four-part set of digital files available on *CRP-CD-19* (which is also available as an ISO image on the TRB website and can be found by searching for *ACRP Report 77* on the TRB website). The resources include a series of narrated, self-directed presentations (or tutorials), a customizable presentation template, and digital versions of the worksheets and templates provided in this guidebook.

The presentation template can be customized for the airport, the market, and the audience. Once customized, the presentation can be used to educate, make the case for an airport business plan, and obtain buy-in from policymakers which is a critical step in the process. The digital versions of the worksheets and templates can be opened, modified, and saved for future reference or printing. This Guidebook also contains supplemental materials (a glossary of terms and bibliography) that can be referenced as well.

This Guidebook and Accompanying Digital Files are Designed to Work Together

This resource has been prepared based on the findings of the research conducted by a project team lead by Aviation Management Consulting Group, Inc. Additional members of the team included KRAMER aerotek, inc.; Gary R. Shafer; and Southern Illinois University. The research included a literature review, two focus groups, a survey of 238 general aviation airports, and interviews with 42 survey respondents.

The research revealed that diverse views exist about the nature, role, and value of an airport business plan. The research also indicated that budgets can be tight, staffing can be minimal, and resources can be limited at general aviation airports. Further, research participants at airports without a plan seemed to share a perception that developing and implementing an airport business plan could be a complex and resource-intensive task.

This Guidebook and accompanying digital files (1) discuss best-practice approaches that simplify the process; (2) provide real-world examples that bring the plan and the process to life; and (3) contain easy-to-use resources, including worksheets and templates, that can be used by general aviation airport managers and policymakers as building blocks to successfully develop and implement an effective airport business plan that can help maximize an airport's financial self-sufficiency.

CHAPTER 1

INTRODUCTION

- 1.1 Purpose of this Guidebook
- 1.2 Overview of this Guidebook
- 1.3 Using this Guidebook
- 1.4 Reasons for an Airport Business Plan
- 1.5 Value of an Airport Business Plan
- 1.6 Wrap-Up



The City Council chamber was packed. The gavel struck (BANG) and the Mayor called the meeting to order. The airport budget was on the agenda and likely to be closely scrutinized as the Council looked for ways to slash the City's operating expenses. The airport manager expected that the airport's \$100,000 operating subsidy would be debated as well.

In past years, there had been little discussion about the operating subsidy as the airport manager had a reputation for running a tight ship. This year, however, as a result of a downturn in the economy, airport revenues were down and expenses were up. To address these challenges, the airport manager had been thinking about developing and implementing an airport business plan.

When the Mayor said, "Okay... let's move on to the airport budget," the Council had plenty of questions. At one point, the airport manager indicated that "It's important to remember that the airport is an economic engine that facilitates the provision of vital air transportation and emergency services and serves as a gateway to the community." When there were no more questions, the airport manager suggested that developing and implementing a business plan would be the best way to address the challenges facing the airport.

The airport manager's preparations paid off. The airport budget and operating subsidy were approved, and the Council agreed that the airport manager should proceed with the business plan and provide an update at the next meeting.

1.1 PURPOSE OF THIS GUIDEBOOK

This Guidebook and accompanying digital files are designed to help general aviation airport managers and policymakers develop and implement an airport business plan.

This resource has been prepared specifically for general aviation airport practitioners. It is based on research sponsored by ACRP. The research included a literature review, two focus groups, a survey of 238 general aviation airports, and follow-up interviews with 42 survey respondents.

The research revealed that diverse views exist about the nature, role, and value of an airport business plan. The research also indicated that budgets can be tight, staffing can be minimal, and resources can be limited at general aviation airports. Further, research participants at airports **without** an airport business plan seem to share a perception that developing and implementing a plan could be a complex and resource-intensive task.

This Guidebook was created to help general aviation airport managers and policymakers gain a better understanding of (1) the value of an airport business plan, (2) the elements of an airport business plan, and (3) the process for developing and implementing an airport business plan.

This Guidebook defines an airport business plan, discusses the interrelationships among the primary planning documents for airports, identifies the compelling reasons for an airport business plan, and provides step-by-step guidance for preparing the elements of an airport business plan.

In addition, this Guidebook discusses best-practice approaches that simplify the process; provides real-world examples that bring the plan and the process to life; and contains easy-to-use resources, including worksheets and templates, that can be used by general aviation airport managers and policymakers as building blocks to develop and implement an effective business plan that can help maximize an airport's financial self-sufficiency.

1.2 OVERVIEW OF THIS GUIDEBOOK

This Guidebook is organized from both a process standpoint (i.e., what steps need to be taken to develop and implement an airport business plan) and a subject matter standpoint (i.e., what is the value of an airport business plan and what elements make up an airport business plan). As depicted in **Figure 1-1**, this Guidebook consists of 11 chapters (5 essential chapters and 6 resource chapters).

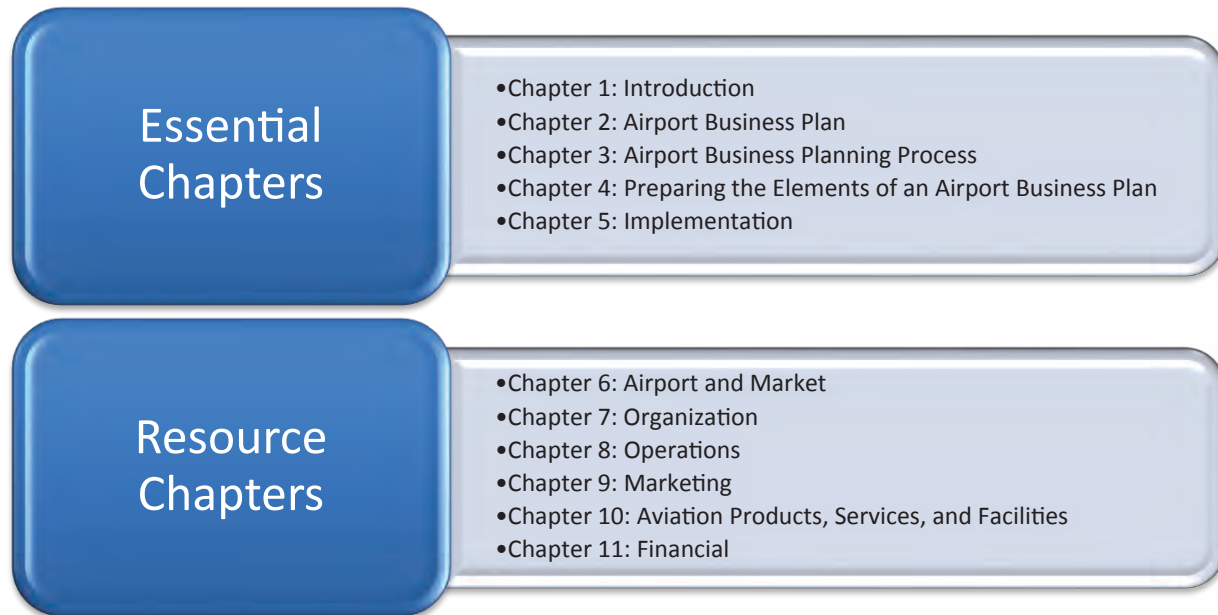
General aviation is often described as all aviation with the exception of scheduled commercial air carriers and the military.

General aviation flights are made for a wide variety of personal, business, commercial, and government purposes, including transporting passengers and cargo, giving flight instruction, engaging in aerial applications, making aerial observations, providing law enforcement, and performing emergency services.

General aviation airports play a key role in the national aviation system. A general aviation airport is much more than infrastructure—it is an economic engine that facilitates the provision of vital air transportation and emergency services and serves as a gateway to the community.

At most public-use, general aviation airports, airport managers and policymakers work to foster aviation development, encourage aviation activities, and generate revenue to help the airport be financially self-sustaining.

Figure 1-1: Essential and Resource Chapters



ESSENTIAL CHAPTERS

The essential chapters provide the basis for initiating the planning process and developing and implementing an airport business plan. An overview of each of the essential chapters follows:

- *Chapter 1: Introduction* identifies the purpose of this Guidebook, provides an overview of this Guidebook, describes the use of this Guidebook, outlines the reasons for an airport business plan, and discusses the value of an airport business plan.
- *Chapter 2: Airport Business Plan* provides an overview of an airport business plan, identifies and describes the primary planning and guiding documents, and discusses the interrelationships among the various documents.
- *Chapter 3: Airport Business Planning Process* describes the process for preparing and developing an airport business plan, discusses the various approaches to planning, and provides information about best practices. This chapter also explores who should be involved in the planning process, the types of resources that may be needed, and the importance of communicating throughout the planning process. A checklist that can be used to guide the process is provided at the end of this chapter.
- *Chapter 4: Preparing the Elements of an Airport Business Plan* discusses six of the principal elements (mission, vision, values, goals, objectives, and action plans) and each of the ancillary elements (executive summary, introduction, and appendix) of an airport business plan. The seventh principal element—budgets—is discussed in Chapter 11: Financial. This chapter also describes the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis used to identify the strengths and weaknesses of an airport, as well as the opportunities and threats it faces. To help with goal setting, this chapter explains the SMART (Specific, Measureable, Attainable, Relevant, and Time Bound) model for developing goals and the GROW (Goal, Reality, Options, Will) model for refining goals. Several worksheets are provided at the end of this chapter to help develop the principal elements of an airport business plan.
- *Chapter 5: Implementation* describes a best-practices approach for implementing an airport business plan and identifies the keys to success, which include assuming full responsibility, being accountable, and taking ownership. This chapter discusses the importance of leadership, empowerment, and recognition. This chapter also outlines the Plan, Do, Check, Act process.

RESOURCE CHAPTERS

The resource chapters are provided to support the development of an airport business plan. Chapter 4 discusses the process of establishing goals, developing objectives, and formulating action plans. After goals have been established, the resource chapters can be referenced to help develop objectives in the relevant airport functional areas, which could include the airport and market, organization, operations, marketing, aviation products, services, facilities, and financial.

Although this Guidebook devotes a chapter to each of the airport functional areas, only those portions of each chapter relevant to achieving the goals established for the airport need be consulted during the process of developing and implementing the airport business plan.

An overview of each of the resource chapters follows:

- *Chapter 6: Airport and Market* discusses the importance of having an intimate understanding of the airport, the community, the industry, and the market. This chapter provides guidance for examining the market from a macro to micro perspective, evaluating the competition, exploring market and customer segments, understanding key market drivers, and assessing demand and capacity for airport infrastructure and aviation products, services, and facilities.
- *Chapter 7: Organization* discusses the various forms of airport ownership, governance, and management; the roles, powers, and responsibilities of airport sponsors, governing bodies, and managers; organizational structures; the role of management, policies, and systems; and the relationships among policymakers, airport management, and airport staff.
- *Chapter 8: Operations* discusses key operational responsibilities (including inspections and reporting, safety and security, maintenance and repair, emergency operations, and wildlife management) and key operational areas (including staffing, vehicles and equipment, tools and materials, vendors and suppliers, and insurance).
- *Chapter 9: Marketing* discusses the role and importance of marketing as a communications and implementation tool (that can be used to achieve goals), as a platform for reaching customers and stakeholders, and as a way to position an airport within the marketplace. This chapter also examines the Five Ps of marketing (i.e., product, price, placement, promotion, and people), discusses airport branding, and describes the steps for designing a marketing initiative.
- *Chapter 10: Aviation Products, Services, and Facilities* identifies some of the most common aviation products, services, and facilities available at general aviation airports today. This chapter discusses the importance of determining the level of demand in the market and the capacity for meeting that demand at the airport. This chapter also outlines various approaches that can be used to meet the needs of customers and describes some of the actual and perceived advantages and disadvantages of each approach.
- *Chapter 11: Financial* provides information to help facilitate the development of airport financial statements, budgets, and performance measures which are considered essential tools for achieving goals and realizing the mission and vision for the airport. In addition, this chapter discusses generally accepted accounting principles (GAAP), financial and accounting systems, financial controls, common financial departments, and typical funding mechanisms.

DIGITAL FILES

Additional resources are provided in a set of digital files on *CRP-CD-119*. The digital files consist of four parts, as follows:

- Part 1: Overview of the Guidebook and the Digital Files—A narrated, self-directed presentation providing an overview of the Guidebook and the digital files.
- Part 2: Making the Case for an Airport Business Plan—A narrated, self-directed presentation discussing the reasons for and the value of an airport business plan. This part also includes a presentation template that can be customized for the airport, the market, and the audience. Once customized, the presentation can be used to educate, make the case for an airport business plan, and obtain buy-in from policymakers.
- Part 3: Airport Business Planning Process—A narrated, self-directed presentation outlining a step-by-step approach for the preparation, development, and implementation phases of the airport business planning process.
- Part 4: Worksheets and Templates—A digital collection of the Guidebook worksheets and templates that can be opened, modified, and saved for future reference or printing.

CRP-CD-19 is also available as an ISO image on the TRB website. Search for *ACRP Report 77* on the TRB website to find this ISO image.

1.3 USING THIS GUIDEBOOK

To get started, it is recommended that the remainder of Chapter 1 and all of Chapter 2 (in this Guidebook) be read and Part 1 (of the digital files) be viewed.

After reading Chapters 1 and 2 of the Guidebook and viewing Part 1 of the digital files, the airport business planning process can be initiated (based on the guidance provided in Chapter 3) and the elements of an airport business plan can be prepared (based on the guidance provided in Chapter 4). After the airport business plan has been prepared and approved, the implementation phase can be initiated (based on the guidance provided in Chapter 5).

The discussion (in Chapter 3) about obtaining buy-in from policymakers—which is considered one of the most critical steps in the process—corresponds to Part 2: Making the Case for an Airport Business Plan of the digital files. Chapters 4 and 5 correspond with Part 3: Airport Business Planning Process of the digital files.

The supplemental materials provided in this Guidebook (i.e., the glossary of terms and bibliography) can be referenced as needed and the resources provided in Part 4: Worksheets and Template of the digital files can be used to help facilitate the development of an airport business plan.

A brief story has been included at the beginning of each chapter. The story, which helps set the stage for the chapter, is carried throughout the Guidebook.

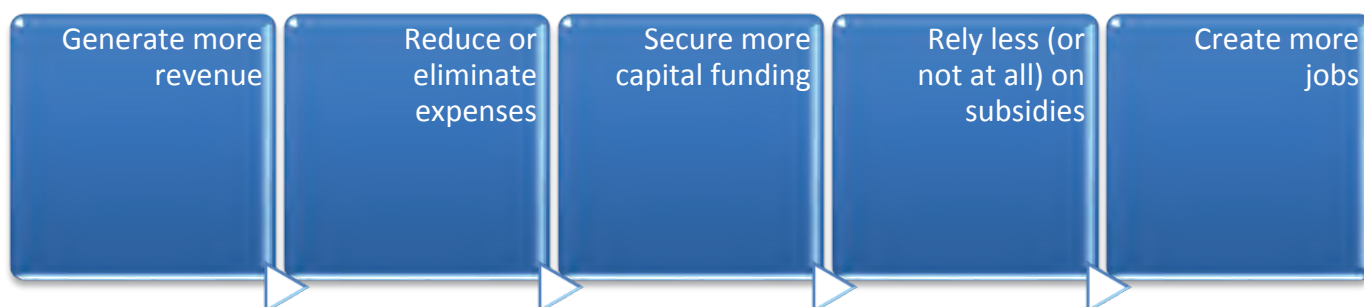
1.4 REASONS FOR AN AIRPORT BUSINESS PLAN

There are several compelling reasons to have an airport business plan (see **Figure 1-2**). **The survey of general aviation airports conducted for the development of this Guidebook revealed that airports with business plans are more likely than airports without business plans to**

- **Generate more revenue**
- **Reduce or eliminate expenses**
- **Secure more capital funding**
- **Rely less (or not at all) on subsidies**
- **Create more jobs**

When more revenue is generated, more capital funding is secured, and more jobs are created, a general aviation airport is likely to have a greater economic impact on the community and provide a stronger platform for aviation development.

Figure 1-2: Survey Results—Airports with Business Plans



There is another compelling reason to have an airport business plan. **Under Airport Sponsor Assurance #24, the FAA requires that any obligated (or AIP-funded) airport be as financially self-sustaining as possible given the circumstances that exist at the airport.**

One of the best ways to comply with Airport Sponsor Assurance #24 is to develop and implement an airport business plan that, at its core, demonstrates the ways airport management and policymakers are striving to be (or continuing to be) financially self-sustaining.

Another compelling reason to have an airport business plan: **There is an expectation that a general aviation airport will be operated and managed as a public enterprise; having a business plan demonstrates good stewardship by establishing goals, developing objectives, and formulating action plans, consistent with realizing the mission and vision for the airport.**

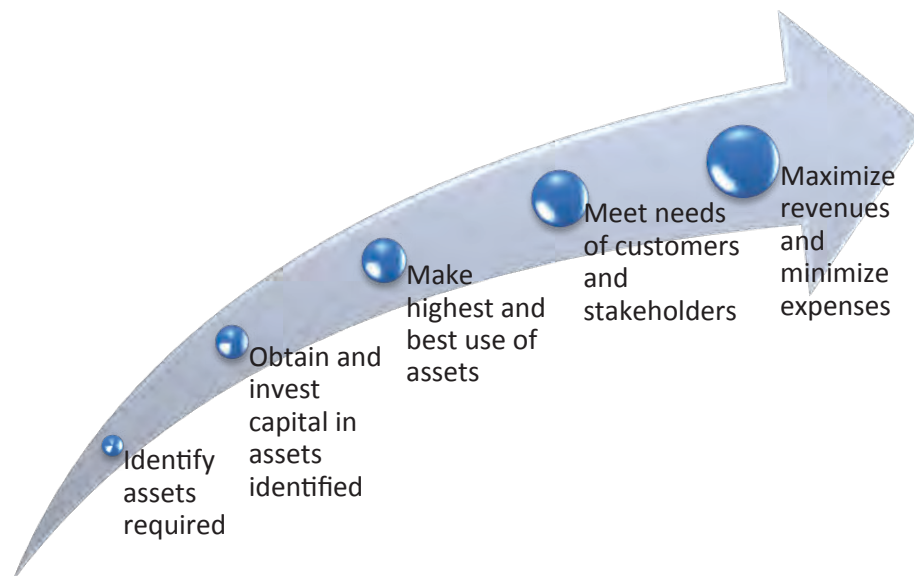
10 Guidebook for Developing General Aviation Airport Business Plans

As depicted in **Figure 1-3**, good stewardship challenges airport management to

- Identify the assets that are (or will be) required to meet the needs of airport customers and stakeholders
- Obtain and invest capital in the airport assets identified
- Make the highest and best use of airport assets
- Meet the needs of customers and stakeholders by providing quality airport infrastructure and improvements and ensuring the delivery of quality aviation products, services, and facilities at the airport
- Maximize revenues and minimize expenses

These challenges need to be met while maintaining compliance with the full range of Airport Sponsor Assurances (including, but not limited to, #5 Preserving Rights and Powers, #22 Economic Nondiscrimination, and #23 Exclusive Rights), a wide array of additional FAA requirements (including, but not limited to, FAA Order 5190-6B Airport Compliance Manual, Advisory Circular 150/5190-6 Exclusive Rights at Federally Obligated Airports, and Advisory Circular 150/5190-7 Minimum Standards for Commercial Aeronautical Activities), and numerous federal, state, and local regulatory measures applicable to general aviation airports.

Figure 1-3: Airport Stewardship



An airport business plan serves as a flight plan for being a good steward of airport assets.

1.5 VALUE OF AN AIRPORT BUSINESS PLAN

An airport business plan is an important planning tool, a critical management tool, and a vital communications tool.

As a planning tool, as depicted in **Figure 1-4**, an airport business plan

- Articulates the mission, vision, and goals for the airport
- Sets forth the objectives for achieving goals
- Identifies the action plans for accomplishing objectives
- Establishes the parameters for checking progress
- Provides the basis for making adjustments—as needed—to achieve the goals and realize the mission and vision for the airport

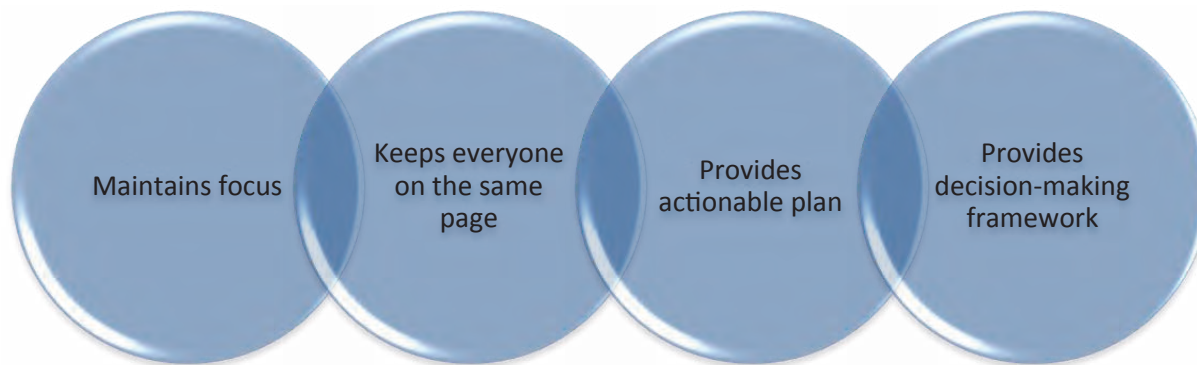
He who fails to plan is planning to fail.

- Winston Churchill

Figure 1-4: Value of an Airport Business Plan—As a Planning Tool



As a management tool, as depicted in **Figure 1-5**, an airport business plan helps keep airport managers, policymakers, and stakeholders focused on achieving goals and realizing the mission and vision for the airport while providing an actionable plan for building on strengths, addressing weaknesses, capitalizing on opportunities, and managing threats. **Most important, an airport business plan provides the framework for making informed, prudent, and defensible decisions concerning the operation and management of an airport.**

Figure 1-5: Value of an Airport Business Plan—As a Management Tool

As a communications tool, as depicted in **Figure 1-6**, the airport business planning process provides the opportunity for airport managers, policymakers, and stakeholders to engage in discussions about the current and future direction of the airport. Once implemented, an airport business plan provides the information needed to assist general aviation airport managers and policymakers in demonstrating the role and value of the airport to the local community (or increase awareness); justifying investment in the airport (or build support); or explaining the airport’s financial performance and position (or foster transparency).

Figure 1-6: Value of an Airport Business Plan—As a Communications Tool

1.6 WRAP-UP

This chapter identified the purpose of this Guidebook, provided an overview of this Guidebook, and described the use this Guidebook. This chapter also outlined the reasons for an airport business plan and discussed the value of an airport business plan as a planning, management, and communications tool.

CHAPTER 2

AIRPORT BUSINESS PLAN

- 2.1 Introduction
- 2.2 What is an Airport Business Plan?
- 2.3 Elements of an Airport Business Plan
- 2.4 Wrap-Up



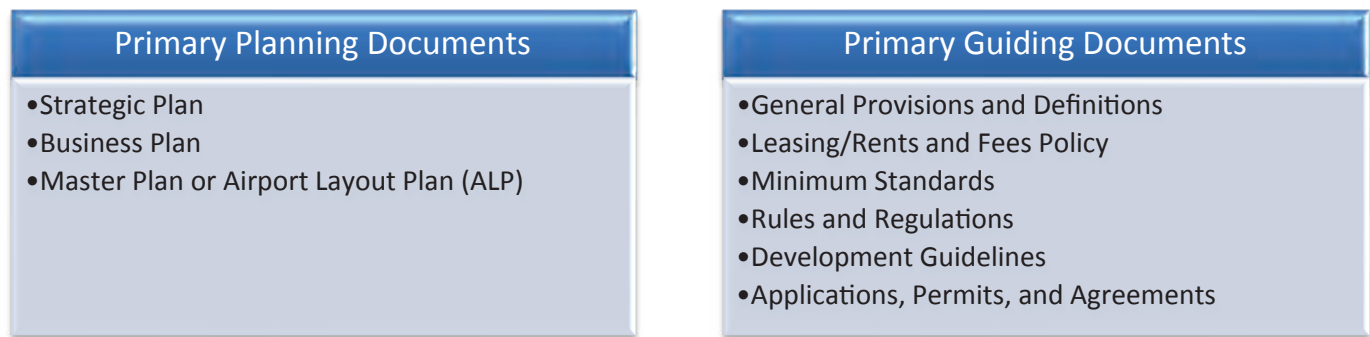
The airport manager was relieved that the budget had been approved, the operating subsidy had not been reduced, and expenses did not need to be cut further. Before starting on the airport business plan, the airport manager wanted to give more thought to the role of an airport business plan (compared to other planning and guiding documents) and the elements of an airport business plan.

2.1 INTRODUCTION

This chapter defines an airport business plan (and other primary **planning** and **guiding** documents), describes the interrelationships among the primary **planning** documents (i.e., strategic plan, business plan, and master plan), and introduces the elements of an airport business plan.

2.2 WHAT IS AN AIRPORT BUSINESS PLAN?

An airport business plan is a document that uses a logical and disciplined structure to set out goals, objectives, and action plans that drive the day-to-day operation and management of an airport. In addition to the airport business plan, other documents can be used to operate and manage a general aviation airport. For purposes of discussion, these documents can be grouped into two categories—primary **planning** documents and primary **guiding** documents—as depicted in **Figure 2-1**. To ensure that the airport business plan serves its intended purpose, the planning team must fully understand the differences between primary **planning** documents and primary **guiding** documents.

Figure 2-1: Primary Planning Documents and Primary Guiding Documents

The next two sections of this chapter discuss each of the primary **planning** documents and primary **guiding** documents. Once in place, an airport business plan can serve as a platform for developing additional planning documents such as a business and operational continuity plan (BOCP), a safety management system (SMS) plan, a wildlife hazard management plan (WHMP), and an airport system plan.

PRIMARY PLANNING DOCUMENTS

There are three primary **planning** documents for airports: (1) an airport strategic plan; (2) an airport business plan; and (3) an airport master plan or airport layout plan (ALP). Each document serves a distinct purpose while being related to the other documents. A description of each document follows.

An **airport strategic plan** identifies the vision and the long-term strategic goals for the airport. *Typically, an airport strategic plan has a time horizon of 10 to 20 years.*

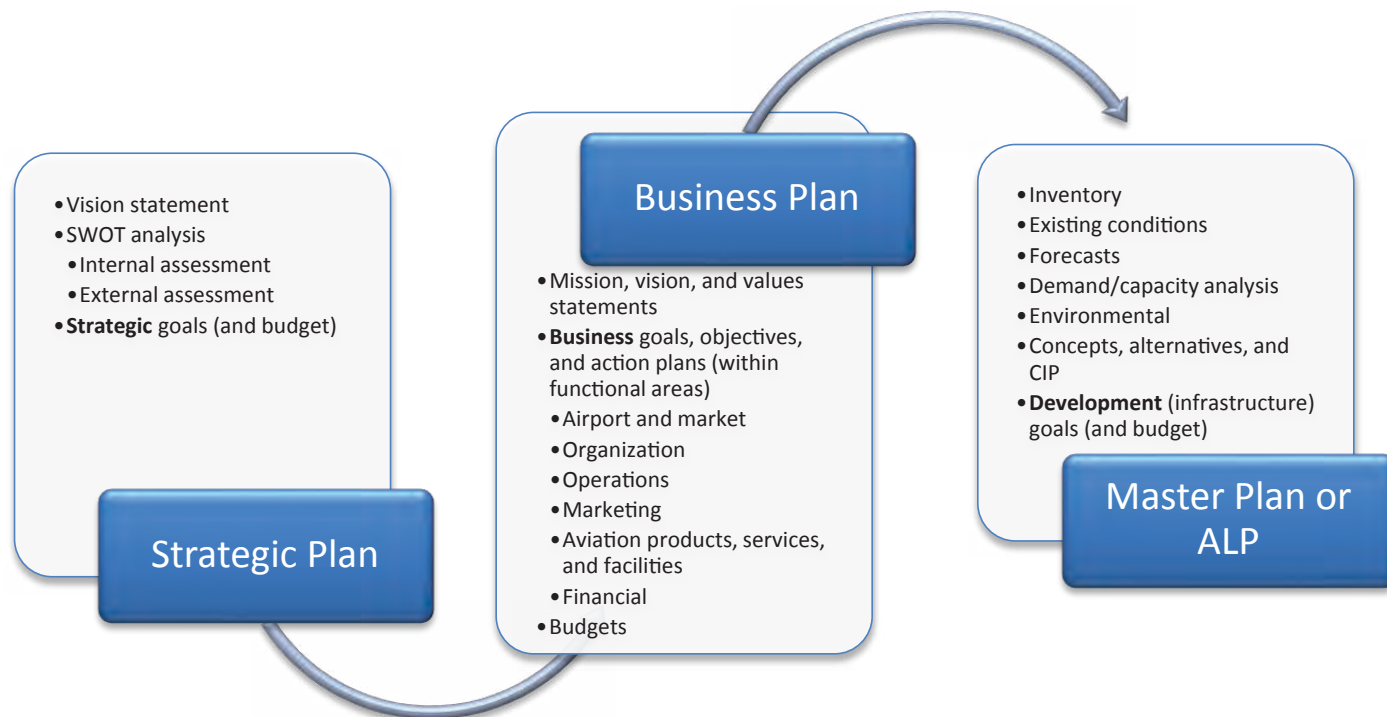
An **airport business plan** uses a logical and disciplined structure to set out goals, objectives, and action plans that drive the day-to-day operation and management of the airport. In essence, an airport business plan transforms the vision and the long-term strategic goals for the airport into specific goals and actions within each functional area of the airport. **Typically, an airport business plan has a time horizon of 1 year, although it may take longer to achieve certain goals and realize the vision for the airport.**

An **airport master plan** assesses the current capacity of the airport's infrastructure, evaluates current and projected demand, identifies existing and anticipated deficiencies, and outlines the short-, medium-, and long-term development goals for the airport. **Typically, an airport master plan has a time horizon of 20 years.**

There are interrelationships among these documents. For example, a vision statement, the findings of a SWOT analysis, and the long-term goals identified in the airport strategic plan may be useful for developing an airport business plan. An airport's capital improvement program (CIP), which is typically developed as part of the master plan or ALP, is driven, in many ways, by the goals established in an airport strategic plan and/or airport business plan.

Figure 2-2 depicts the interrelationships among the primary **planning** documents and identifies the common components of each document.

Figure 2-2: Primary Planning Documents—Interrelationships



While Figure 2-2 depicts the interrelationships among the primary **planning** documents, not every airport will have all three documents. If a strategic plan does not exist, a business plan can drive a master plan. If a business plan does not exist, a strategic plan can drive a master plan. In turn, a master plan affects the strategic and business plans. Whenever a planning document is being introduced or updated, all other planning documents should also be reviewed to ensure alignment among the plans.

It is not necessary to have a strategic plan or a master plan to have a business plan. However, a vision statement, SWOT analysis, and long-term strategic goals (which are usually part of the strategic plan) are also important in creating a business plan. If these elements exist and are current, these elements can be integrated into the business plan. If these elements do not exist, or are outdated, the worksheets provided in Chapter 4 can be used to help create or update these elements.

The survey of general aviation airports conducted for the development of this Guidebook revealed that the most common planning document is a master plan or ALP (94%), followed by a strategic plan (54%), and then by a business plan (25%). While the survey results indicated that one-quarter of the respondent airports have a business plan, the follow-up interviews revealed that the number could be much smaller, with very few general aviation airports actually having an “airport business plan” as defined in the survey questionnaire.

PRIMARY GUIDING DOCUMENTS

Several documents—commonly referred to as primary **guiding** documents—play a key role when it comes to doing business at a general aviation airport. Primary **guiding** documents are a compendium of policies, standards, guidelines, rules, and regulations governing the operation and management of an airport.

In combination, primary **guiding** documents are designed to (1) contribute to the long-term financial health of an airport; (2) facilitate the orderly development of an airport; (3) ensure the provision of quality aviation products, services, and facilities at an airport; (4) protect the health, safety, interest, and general welfare of the public; and (5) reduce the potential for conflicts with customers.

Although not part of an airport business plan, primary **guiding** documents can be integral to the successful implementation of an airport business plan. Typically, primary **guiding** documents consist of the following:

- **General Provisions and Definitions.** These set forth the provisions common to all of the primary guiding documents and defines key terms.
- **Leasing/Rents and Fees Policy.** These set forth the parameters for leasing airport land and improvements and outline the process for establishing and adjusting rents and fees.
- **Minimum Standards.** These set forth the minimum requirements for an entity to engage in commercial aeronautical activities at an airport.
- **Rules and Regulations.** These set forth the rules and regulations for the safe, orderly, and efficient use of the airport.
- **Development Guidelines.** These set forth the parameters governing the design, development, construction, or modification of improvements at the airport.
- **Applications, Permits, and Agreements.** These include (1) applications for leasing airport land or improvements and engaging in commercial aeronautical activities at an airport; (2) permits for engaging in commercial aeronautical activities at an airport; and (3) agreements for leasing, occupying, or using airport land or improvements for commercial and non-commercial purposes.

Primary **planning** documents are planning tools used by airport managers and policymakers to help achieve goals and realize the mission and vision for the airport. In comparison, primary **guiding** documents are policies, which are typically binding on the airport sponsor, customers, and stakeholders, that are used to govern the operation and management of the airport.

2.3 ELEMENTS OF AN AIRPORT BUSINESS PLAN

As depicted in **Figure 2-3**, an airport business plan consists of principal and ancillary elements. Each element is introduced in this section.

PRINCIPAL ELEMENTS

The seven principal elements of an airport business plan are as follows: mission statement, vision statement, values statement, goals, objectives, action plans, and budgets. Each of the principal elements is discussed in detail in Chapter 4 with the exception of budgets, which is discussed in detail in Chapter 11.

ANCILLARY ELEMENTS

In addition, an airport business plan will typically include three ancillary elements: an executive summary, introduction, and appendix. Each of the ancillary elements is discussed in detail in Chapter 4.

Figure 2-3: Elements of an Airport Business Plan



2.4 WRAP-UP

This chapter defined an airport business plan (and other primary **planning** and **guiding** documents), described the interrelationship among the primary **planning** documents (i.e., strategic plan, business plan, and master plan), and introduced the elements of an airport business plan. Having completed this chapter, the planning team should be ready to begin the airport business planning process outlined in the next chapter of this Guidebook.

CHAPTER 3

AIRPORT BUSINESS PLANNING PROCESS

- 3.1 Introduction
- 3.2 Process Overview
- 3.3 Buy-in
- 3.4 Approach
- 3.5 Planning Team
- 3.6 Communication
- 3.7 Resources
- 3.8 Wrap-Up
- 3.9 Worksheet



Most of the runway, the FBO, and the airport's T-hangars could be seen from the airport manager's office. A Cirrus SR-22TN had just landed; one of the airport's maintenance technicians was mowing the grass near a row of T-hangars; and, one of the FBO's line service technicians was directing an aircraft to a parking spot on the ramp. While contemplating this snapshot of airport activity, the airport manager began to think about the process of developing and implementing an airport business plan. The airport manager knew that the process was important and that it was going to take a team effort to succeed.

3.1 INTRODUCTION

This chapter provides an overview of the airport business planning process and conveys a work plan that can be used to help facilitate the process. This chapter also discusses buy-in, which is considered one of the most critical steps in the process. The remainder of the chapter outlines various approaches for developing an airport business plan, identifies possible participants, describes potential assignments, discusses communication, and examines possible resources.

3.2 PROCESS OVERVIEW

The process consists of three significant phases—preparation, development, and implementation. Each phase is discussed in this section.

PREPARATION

Consistent with a best-practices approach, an airport manager should take the following steps before developing an airport business plan:

- Educate airport management and staff about the reasons for and the value of an airport business plan, the elements of a plan, and the process for developing and implementing a plan.
- Obtain buy-in from policymakers—the presentation template provided in Part 2 of the digital files can be customized for the airport, the market, and the audience. Once customized, the presentation can be used to educate, make the case for an airport business plan, and obtain buy-in.
- Determine whether to use an internal, external, or combination approach to develop the airport business plan.
- Form the planning team and select a facilitator and a champion.
- Brief the planning team about the reasons for and the value of an airport business plan, the elements of a plan, and the process for developing and implementing a plan.

DEVELOPMENT

Once the planning team has been briefed, the following steps should be taken to develop an airport business plan:

- Develop mission, vision, and values statements
- Conduct a SWOT analysis
- Establish and prioritize goals
- Identify the airport functional areas to be consulted
- Develop and prioritize objectives
- Formulate action plans and budgets
- Draft, review, and finalize the plan
- Obtain policymaker approval of the plan

Each of these steps is discussed in detail in Chapter 4.

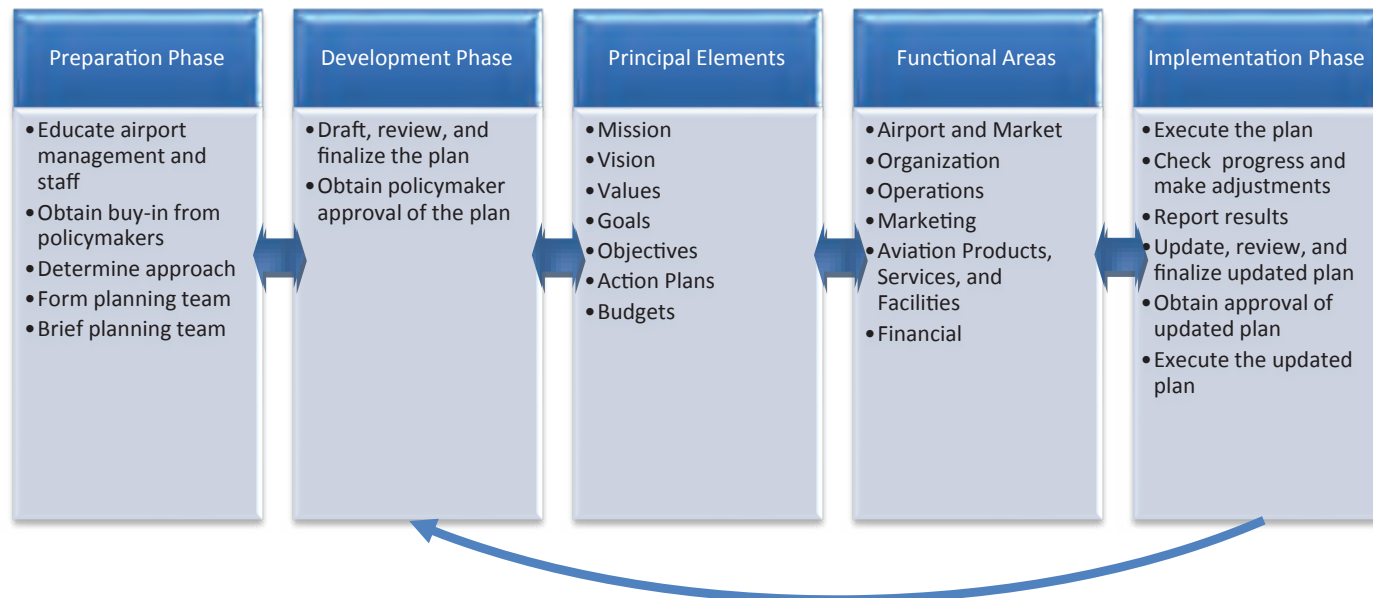
IMPLEMENTATION

After the airport business plan has been approved by policymakers, the following steps, which are consistent with a best-practices approach, should be taken to implement the plan:

- Execute the plan (action plans)
- Check progress and make adjustments
- Report results to policymakers, the planning team, and stakeholders
- Update, review, and finalize the plan
- Obtain policymaker approval of the updated plan
- Execute the updated plan (action plans)

Each of these steps is discussed in detail in Chapter 5. The relationships among the preparation phase, development phase, principal elements, functional areas, and implementation phase are summarized in **Figure 3-1**.

Figure 3-1: Phases, Principal Elements, and Functional Areas—Relationships



Worksheet 3-1: Work Plan



The Work Plan Worksheet, provided at the end of this chapter and in Part 4 of the digital files, can be used to assign actionable items to individual planning team members.

3.3 BUY-IN

One of the most critical steps in the airport business planning process is obtaining buy-in from policymakers.

The following steps are consistent with a best-practices approach for obtaining buy-in:

- Arrange a meeting with policymakers
- Identify (and strategize responses for) potential concerns and questions
- Customize the presentation template (provided in Part 2 of the digital files) for the airport, the market, and the audience
- Make the presentation at the meeting with policymakers—use the customized presentation to educate, make the case for an airport business plan, and obtain buy-in
- Address potential concerns and questions
- Obtain buy-in—**before** moving forward with the process

Buy-in can be obtained informally or formally. Either way, buy-in should be documented and verified to ensure agreement among the parties involved.

Without buy-in, it is difficult, if not impossible, to develop and implement a successful business plan.

3.4 APPROACH

After obtaining buy-in from policymakers, the next step is to determine the best approach for developing the airport business plan. Each of the following options should be considered:

- Internal approach—the airport business plan would be developed in-house by airport management and staff with support, input, and direction from policymakers and stakeholders.
- External approach—the airport business plan would be developed by a consultant with support, input, and direction from airport management and staff, policymakers, and stakeholders.
- Combination approach—a blend of the internal and external approaches.

While completing an airport business plan using the internal approach may be cost-effective, it may not be efficient. In addition, if airport management and staff have limited time, the resulting business plan may not be as effective as it could be. In such a case, it may be necessary to enlist the help of outside resources.

Using the external approach makes it possible to secure expert help and allows airport management and staff to focus on the day-to-day operation of the airport. However, this approach is more costly.

The combination approach brings the internal and external approaches together. Airport management and staff are typically responsible for developing the airport business plan while a consultant provides guidance, support, and expertise. Under the combination approach, more time and effort is required from airport management and staff compared to the external approach; however, the combination approach is typically less costly than the external approach.

The following additional factors may influence the choice of approach:

- Knowledge of the airport, business, and political environment
- Ability to envision the airport's future
- Industry and market knowledge
- Understanding of the airport business planning process
- Experience with goal, objective, and action plan development and implementation

3.5 PLANNING TEAM

POTENTIAL PARTICIPANTS

After the approach has been selected, the next step is to identify the people who will participate in the process. Participants should have diverse backgrounds, experiences, expertise, and interests. Ideally, on a collective basis, the members of the planning team would have a wide range of airport and business experience and planning expertise, as well as a comprehensive understanding of the operating environment. However, as the number of participants increases so can the challenges associated with coordinating and managing meetings, obtaining input from all participants, and resolving conflicting points of view.

It is important for the airport manager to identify the best mix and ideal number of participants.

The following list identifies some internal and external stakeholders who could be involved in the process:

- Internal stakeholders—includes policymakers, the airport sponsor, advisory bodies, airport management, and airport staff from a range of departments such as administration, properties, operations, and legal.
- External stakeholders—includes airport businesses, aircraft owners and operators; industry colleagues; community leaders and associations; aviation consultants, economic development organizations; local, regional, or state planning and transportation agencies (including state aviation agencies); chambers of commerce; educational institutions; and outside legal counsel.

Potential participants are identified in **Figure 3-2**.

Figure 3-2: Potential Participants



24 Guidebook for Developing General Aviation Airport Business Plans

The following questions can serve as a framework for identifying potential participants:

- Who best understands the role and value of the airport to the community?
- Who best understands the role and value of an airport business plan?
- Who has prior experience with business planning (in general) and airport business planning (in particular)?
- Who will most likely provide useful insight, input, and direction?
- Who will most likely be able to stay involved throughout the entire process?

Although many people may **want** to be involved in the process, the key is determining who **needs** to be involved. This can be accomplished by weighing each potential participant's background, experience, expertise, and interests against the individual's readiness, willingness, and ability to participate in the process. If a participant has a bias in a certain area, the bias needs to be disclosed and discussed. Participants with a conflict of interest, however, need to be excluded from the process. Additionally, individuals from a particular stakeholder group must be able to effectively represent stakeholder interests and present the consensus view of the group rather than a personal opinion.

KEY PARTICIPANTS

At a minimum, participants in the process should include representatives from the following groups: policymakers, the airport sponsor, advisory body, airport management, airport customers, and community leaders. Depending on the size of the airport, an effective planning team could consist of 5 to 15 people. Regardless of the number of participants, the planning team should have a facilitator and a champion.

FACILITATOR

A best-practices approach requires a facilitator to lead the planning effort. The facilitator could be the airport manager, a designated staff person, or an external advisor. The facilitator is integral to success and should be involved in every aspect of the planning process.

CHAMPION

A champion should be selected from the group as well. This individual, who is typically an internal team member, serves as the cheerleader for the process and is tasked with ensuring that stakeholders understand the reason for and the value of the airport business plan. In some cases, the facilitator and the champion may be the same person.

The business plan needs a champion who can

- Assess reality
- Define issues, challenges, and problems
- Articulate the mission, vision, and values
- Build and lead a team
- Develop systems that can be used to realize the mission and vision and maintain values
- Motivate and inspire others
- Solve problems
- Orchestrate change

ASSIGNMENTS

After participants have been selected and briefed, tasks can be assigned to each member of the planning team based on the individual's background, experience, expertise, and interests. Some examples of assignments include

- Participating in meetings
- Conducting research
- Analyzing research findings
- Developing draft documents
- Reviewing draft documents and providing insight, input, and direction
- Providing public relations support by promoting the process and the plan

After assigning tasks, the next step is to develop a schedule for completing tasks. Consideration should be given to the following:

- What is the overall schedule for the development and implementation of the plan?
- How long will it take to conduct research or compile information?
- How long will it take to analyze the findings of the research?
- What are the key milestones in the process?
- How often will members of the planning team meet?
- How often will other stakeholders have the opportunity to participate in the process?

Matching assignments to the background, experience, expertise, and interests of members of the planning team will help keep these individuals engaged, save time, and increase the likelihood of a good outcome.

3.6 COMMUNICATION

Throughout the process, airport management must communicate, communicate, communicate. During the preparation phase, airport management must make the case for an airport business plan and obtain buy-in from policymakers *before* developing the plan. During the development phase, airport management must engage in discussions with interested parties while continuing to communicate the reasons for and the value of an airport business plan to policymakers, staff, planning team members, and stakeholders. During the implementation phase, airport management must keep policymakers, staff, planning team members, and stakeholders informed of progress being made toward achieving the goals established for the airport.

It is important to have an effective public relations program, also known as a public information or community relations program. To gain support for an airport business plan, it is crucial to be able to explain the contribution of the airport to the community. This may include providing vital air transportation and emergency services, connecting the community to the nation and the world; generating direct and indirect economic benefits; and creating jobs. This ability to tailor and communicate this message clearly and consistently to various groups is critical to the success of the public relations program.

3.7 RESOURCES

LITERATURE

There is a wide variety of literature available to the planning team. In addition to this Guidebook and the digital files, relevant literature includes

- *The Successful Business Plan: Secrets and Strategies*, 5th edition, R.M. Abrams
- *The Business Planning Guide*, 9th edition, D.H. Bangs
- *Business Plans Made Easy*, D.H. Bangs
- *Essentials of Aviation Management: A Guide for Aviation Service Businesses*, J.F. Rodwell, et al.
- *Write a Business Plan*, U.S. Small Business Administration
- *Creating a Business Plan: Expert Solutions to Everyday Challenges*, Harvard Business School

Additional materials may be available from industry colleagues, aviation consultants, economic development organizations, planning and transportation agencies (including state aviation agencies), chambers of commerce, educational institutions, the U.S. Small Business Administration (SBA), the Small Business Development Center (SBDC), and the Service Corps of Retired Executives (SCORE).

Some of the most relevant FAA materials include

- *Airport Sponsor Assurances*
- *FAA Order 5190-6B Airport Compliance Manual*
- *Advisory Circular 150/5190-6 Exclusive Rights at Federally Obligated Airports*
- *Advisory Circular 150/5190-7 Minimum Standards for Commercial Aeronautical Activities*
- *FAA General Aviation Airports: A National Asset*

In addition, ACRP has published some reports that may provide helpful information—particularly as it relates to the airport functional areas—including

- *ACRP Report 16: Guidebook for Managing Small Airports*
- *ACRP Report 19: Developing an Airport Performance-Measurement System*
- *ACRP Report 20: Strategic Planning in the Airport Industry*
- *ACRP Report 28: Marketing Guidebook for Small Airports*
- *ACRP Report 47: Guidebook for Developing and Leasing Airport Property*
- *ACRP Report 66: Considering and Evaluating Airport Privatization*
- *ACRP Synthesis 10: Airport Sustainability Practices*
- *ACRP Synthesis 19: Airport Revenue Diversification*
- *ACRP Legal Research Digest 7: Airport Governance and Ownership*
- *ACRP Legal Research Digest 11: Survey of Minimum Standards: Commercial Aeronautical Activities at Airports*

FUNDING

The level of funding required to develop an airport business plan will depend on the extent of external involvement. After the approach has been determined and participants have been identified, a budget needs to be developed to cover costs. In addition to internal funding, various external sources could provide funding for the development of an airport business plan, including economic development organizations, planning and transportation agencies (including state aviation agencies), private donors, and local financial institutions.

3.8 WRAP-UP

This chapter provided an overview of the airport business planning process, conveyed a work plan that can be used to help facilitate the process, discussed buy-in, outlined the various approaches for developing an airport business plan, identified possible participants in the process, described potential assignments, discussed communication, and examined possible resources.

Plans are nothing. Planning is everything.

- President Dwight Eisenhower

The importance of the process cannot be overemphasized.

3.9 WORKSHEET

- Worksheet 3-1: Work Plan

WORKSHEET 3-1: WORK PLAN

CHAPTER 3: AIRPORT BUSINESS PLANNING PROCESS

This work plan identifies actionable items and provides a place to identify the targeted and actual completion dates for each task. This work plan provides a systematic checklist that can be used to guide the preparation, development, and implementation phases of the process.

Task	Chapter	Assigned to	Due Date	Completion date
Essential Chapters				
Preparation				
Educate airport management and staff	3			
Obtain buy-in from policymakers	3			
Determine approach (internal, external, or combination)	3			
Form the planning team	3			
Select facilitator	3			
Select champion	3			
Brief the planning team	3			
Assign tasks to planning team members	3			
Chapters of the guidebook	3			
Parts of the digital files	3			
Development				
Develop/update mission, vision, and values	4			
Conduct/update SWOT analysis	4			
Establish preliminary goals	4			
Ensure consistency with SMART and GROW models	4			
Organize and prioritize goals	4			
Identify the airport functional areas to be consulted	4			
Develop preliminary objectives	4			
Organize and prioritize objectives	4			
Formulate action plans and budgets	4			
Draft, review, and finalize the plan	4			
Obtain approval of the plan	4			
Implementation				
Execute the plan (action plans)	5			
Check progress and make adjustments	5			
Report results	5			
Progress report	5			
Update, review, and finalize the updated plan	5			
Obtain approval of the updated plan	5			
Execute the updated plan (action plans)	5			
Resource Chapters				
Develop airport overview	6			
Develop community overview	6			
Develop industry overview	6			
Develop market overview	6			
Develop competition overview	6			
Assess demand and capacity	6			
Products	6			
Services	6			
Facilities	6			
Infrastructure	6			
Identify deficiencies	6			
Develop organizational chart	7			
Identify roles, responsibilities, and authority of all parties	8			
Identify obligations	8			
Identify limitations, restrictions, or prohibitions	8			
Identify staffing	8			
Identify vehicles, equipment, tools, and materials	8			
Develop marketing initiatives	9			
Target audience	9			
Message	9			
Tactics	9			
Tools	9			
Develop statement of capital assets	11			
Develop statement of financial activities	11			
Develop statement of cash flows	11			
Develop operating budget for the airport	11			
Develop capital budget for the airport	11			
Identify performance measures (operational and financial)	11			

CHAPTER 4

PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

- 4.1 Introduction
- 4.2 Mission, Vision, and Values
- 4.3 SWOT Analysis
- 4.4 Goals
- 4.5 Objectives
- 4.6 Action Plans
- 4.7 Ancillary Elements
- 4.8 Written Business Plan
- 4.9 Wrap-up
- 4.10 Worksheets



The airport manager knew the airport had excellent potential and was excited about the possibilities; however, there were times when the Council seemed to have a different view. As a result, it could be challenging for the airport manager to determine which opportunities should be pursued and how much time should be spent pursuing each opportunity. The airport manager needed better guidance in this area. In order to build a framework for making decisions, it was decided that the planning team would work with representatives of the Council to build consensus about the mission and vision for the airport and the values of the organization. After that, the planning team would focus on establishing goals, developing objectives, and formulating action plans that aligned with the mission, vision, and values.

4.1 INTRODUCTION

This chapter discusses six of the principal elements of an airport business plan—mission, vision, values, goals, objectives, and action plans. The seventh principal element—budgets—is discussed in Chapter 11. In addition, this chapter discusses each of the ancillary elements of an airport business plan (i.e., executive summary, introduction, and appendix). This chapter also describes the SWOT analysis and conveys a best-practices approach for developing and refining goals and objectives using the SMART and GROW models. This chapter discusses approaches for organizing and prioritizing goals and objectives, outlines the content of a written business plan, and provides a template for preparing a written business plan.

An airport business plan is action oriented—it focuses on achieving goals, accomplishing objectives, and completing action plans that realize the mission and vision of the airport.

Determining the purpose and aspirations for an airport is integral to the process of developing an airport business plan. The following questions are designed to help frame the discussion and lead to the development of an airport business plan that drives the day-to-day operation and management of the airport.

- Why does the airport exist?
- What are the aspirations for the airport?
- What strengths can be leveraged?
- What weaknesses need to be addressed?
- What opportunities are available?
- What threats need to be managed?
- What goals need to be achieved?
- What objectives need to be accomplished?
- What action plans need to be completed?
- What resources are required?



4.2 MISSION, VISION, AND VALUES

The airport business plan must clearly communicate the mission and vision for the airport and the values of the organization.

A mission statement conveys the reason for an airport's existence and may identify the core competencies of the organization as well. For example, the mission of the St. Louis Regional Airport is to "provide and promote aeronautical services and commercial business, safely and efficiently" and the mission of Nampa Municipal Airport is to "become the destination airport of the northwest and provide a safe, pleasant, and economical place to locate and operate corporate and general aviation aircraft and their related businesses." The direction provided in a mission statement helps guide decision making, dictate conduct, and shape performance on a day-to-day basis. As such, it is essential that all aspects of the operation and management of an airport be linked to its mission statement.

A general aviation airport manager interviewed for this project indicated that a summary of the airport's mission, vision, and values is posted on the wall in his office across from his desk. While the summary was the result of a rather involved process, these elements are conveyed on a single sheet of paper. When a request is made or an issue is brought to his attention, he reviews the one-page summary and determines if the request or issue falls within the purview of the airport's mission, vision, and values. If so, he develops and implements a plan for fulfilling the request or resolving the issue. He indicated that this simple process helps him stay focused on realizing the mission and vision for the airport, maintaining the values of the organization, and making good decisions on a day-to-day basis.

A vision statement articulates the aspirations for the airport; it is a picture of success. For example, the following vision statement from Pearson Field reflects these attributes: "We will provide quality and safe aviation support services for both permanent residents and travelers at a competitive cost. We will service local recreational flying, business operations, and support Vancouver as a desirable tourist destination."

It's not hard to make decisions when you know what your values are.

- Roy Disney

A values statement outlines the collective beliefs held throughout an organization. Values are enduring and will not be compromised or abandoned by the organization. For example, the values statement for the Truckee Tahoe Airport District follows:

- *Community-oriented in our focus; always strive to be a good neighbor*
- *Outreach to aviator and community to understand and balance needs and priorities*
- *New ways of evaluating opportunities and challenges by creating innovative solutions*
- *Nurture and guide employee growth and well being*
- *Environmental stewardship and minimization of negative impacts*
- *Conscious of safety and security in our operations*
- *Transparent environment based on integrity, trust, and respect*
- *Excellence in service with fair, responsive, and courteous treatment of all*
- *District financial responsibility to use public funds fairly and equitably, strive for affordability for local pilots, scrutinize costs, and evaluate rates and charges.*

If current mission, vision, and/or values statements exist, the statements can be integrated into the airport business plan.

Worksheet 4-1: Mission, Vision, and Values

If mission, vision, and values statements do not exist or are outdated, this worksheet, provided at the end of this chapter and in Part 4 of the digital files, can be used to help create or update these elements.



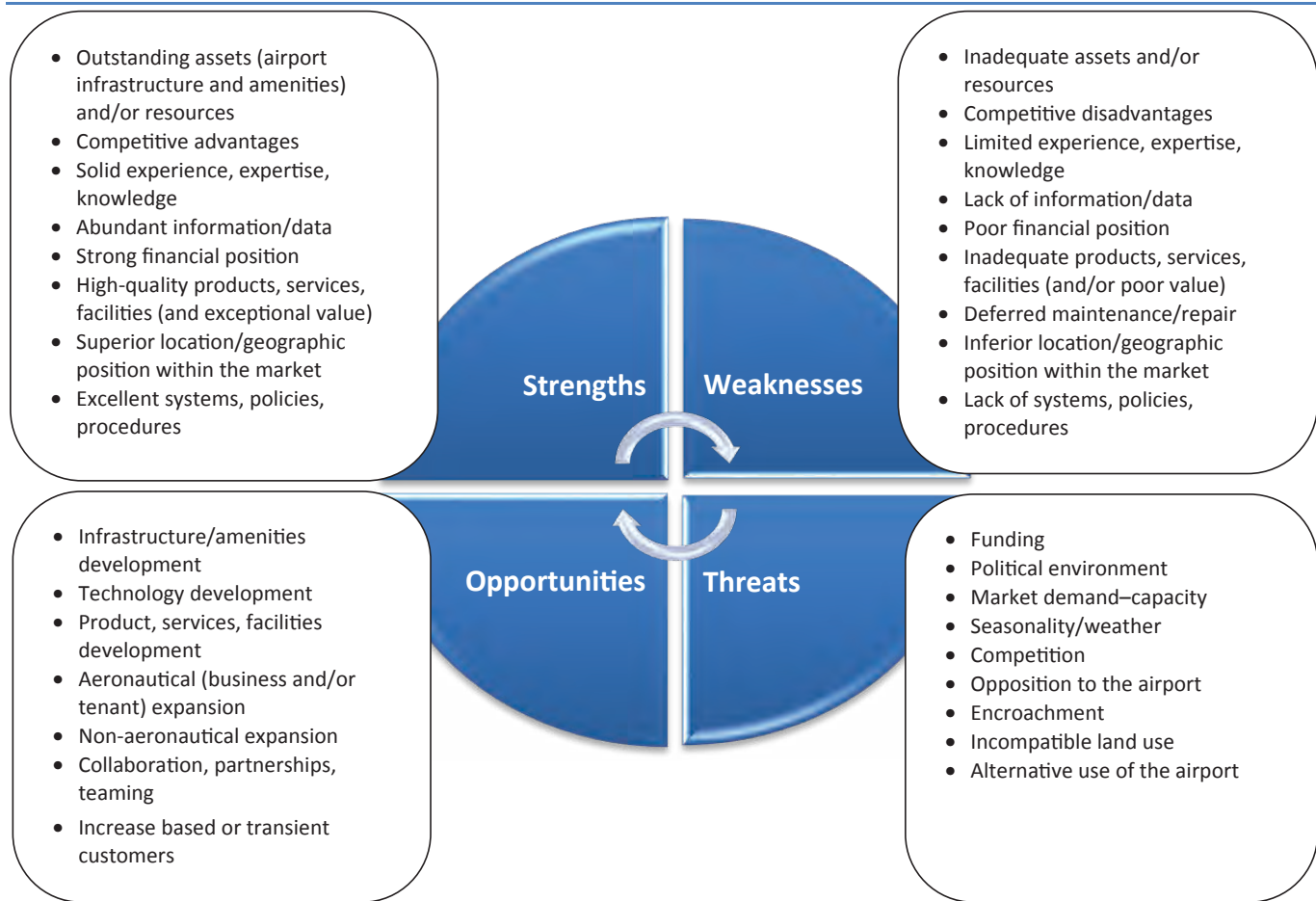
4.3 SWOT ANALYSIS

Upon completion of mission, vision, and values statements, the next step in the development of an airport business plan is establishing goals; this process begins with a SWOT analysis. The purpose of a SWOT analysis is to categorize actual and perceived strengths, weaknesses, opportunities, and threats. In performing the SWOT analysis, strengths and weaknesses are internal to the organization while opportunities and threats are external. The results of the SWOT analysis serve to document the planning team's understanding of the airport and its organization. The four components of the SWOT analysis are

- **Strengths**—internal items accomplished particularly well or unique assets of the airport or the organization, especially in comparison to competitive and comparable airports or organizations. **Strengths need to be preserved, built on, and leveraged.**
- **Weaknesses**—internal items that (1) are not accomplished particularly well, (2) hinder or prevent desired performance, or (3) are acutely lacking or need to be improved. **Weaknesses need to be addressed and remedied.**
- **Opportunities**—external items that could help realize the mission and vision for the airport. Opportunities may be identified by studying changes or trends within the industry, the marketplace, or the community. **Opportunities need to be seized or capitalized on.**
- **Threats**—external items that could threaten the realization of the airport's mission and vision. Threats are typically identified by studying changes or trends within the industry and the local marketplace. **Threats need to be managed or, if possible, eliminated.**

The results of the SWOT analysis can be summarized in a four-quadrant graphic that identifies each component of the analysis. **Figure 4-1** provides examples.

Figure 4-1: SWOT Analysis



If a current SWOT analysis exists, the results can be used to help establish goals for the airport.

Worksheet 4-2: SWOT Analysis

If a SWOT analysis does not exist or is outdated, this worksheet, provided at the end of this chapter and in Part 4 of the digital files, can be used to facilitate the analysis.



4.4 GOALS

After establishing mission, vision, and values statements and conducting the SWOT analysis, the next step is establishing goals for the airport. Each goal should be positive and easily understood by policymakers, airport management and staff, and stakeholders. Each goal needs to be specific to the airport, not based on the goals established for other airports.

A goal is a statement of a desired result, outcome, or level of attainment that needs to be reached to realize the mission and vision for the airport.

In addition, establishing goals is a collaborative effort. Goals dictated by a single individual, a special or limited interest group, or a minority opinion can sidetrack or undermine the business planning process.

If current goals exist (and the goals are consistent with the mission and vision for the airport), the goals can be integrated into the airport business plan. However, it is important to ensure existing goals are consistent with SMART and GROW models discussed in the next section.

Worksheet 4-3: Goals

If goals do not exist or are outdated, this worksheet, provided at the end of this chapter and in Part 4 of the digital files, can be used to establish goals.



SMART MODEL

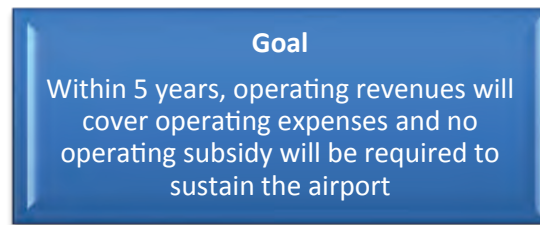
Goal setting is the process of making an intentional decision to pursue progress in an area of importance. This process involves three key steps: (1) establishing a goal, (2) developing objectives to achieve the goal, and (3) formulating action plans to accomplish the objectives. A lack of clarity or simplicity in goal setting can hamper the process.

The SMART model can be used to help establish goals. This model is designed to assess existing goals and/or facilitate the establishment of new goals. Whether existing or new, every goal needs to meet the following SMART model criteria:

- **Specific**—simple, straightforward, compelling (without specificity, a goal can never truly be reached).
- **Measurable**—tangible, able to be tracked (an effective goal requires a statement of the tangible evidence that the goal has been reached).
- **Attainable**—possible, yet challenging enough to be motivating. If a goal requires an organization to reach beyond its true self, the goal will become burdensome and ultimately detrimental to the process. However, the goal should be challenging enough to cause the airport’s policymakers, management, and staff to “rise up” to achieve it.
- **Relevant**—important to stakeholders and connected to the organization’s values. Goals that are explicitly connected to values are motivational and, generally, easier to achieve as a result.
- **Time Bound**—includes a beginning and ending point. Identifying start and end dates provides the “race-track” needed to keep an organization on course with a clear finish line to pursue.

An example of a SMART goal is identified in **Figure 4-2**.

Figure 4-2: Example: SMART Goal



This example is consistent with the SMART model because it is

- **Specific**—the airport will be financially self-sustaining
- **Measurable**—operating revenues will cover operating expenses and no operating subsidy will be required
- **Attainable**—it can be achieved by increasing operating revenue, decreasing operating expenses, or both
- **Relevant**—consistent with being a good steward of airport assets
- **Time Bound**—within 5 years

Worksheet 4-4: SMART Model

This worksheet, provided at the end of this chapter and in Part 4 of the digital files, can be used to help establish SMART goals.



GROW MODEL

After developing SMART goals for the airport, the Goal, Reality, Options, Will (GROW) model is used to refine the goals. Originally developed by John Whitmore and articulated in his book *Coaching for Performance* (2002), the GROW model is designed to move goals to definitive action. A discussion of each element of the GROW model follows:

- **Goal**—A goal is a statement of a desired result, outcome, or level of attainment that needs to be reached to realize the mission and vision for the airport. All goals need to be SMART goals.
- **Reality**—This component focuses on the current state of the airport. It includes an assessment of the current reality of the situation at the airport, the magnitude of the work that needs to be accomplished, and the people who need to do the work.
- **Options**—This component focuses on identifying the various ways to achieve a specific goal. An analysis of the alternatives and the issues, challenges, problems, and risks associated with each option can be used to help identify the most appropriate alternative.
- **Will**—This component focuses on determining whether or not the resources will be available and the people will be ready, willing, and able to perform the tasks necessary to achieve the goal. There is a subjective element to this decision as airport managers and policymakers will need to assess the readiness, willingness, and ability of others to make and keep a commitment to achieve the goal.

Worksheet 4-5: GROW Model

This worksheet, provided at the end of this chapter and in Part 4 of the digital files, can be used to help refine SMART goals using the GROW model.



Once established, goals need to be prioritized. Using the goal quadrant categorization approach, goals can be prioritized by first identifying the low-cost, high-benefit goals that will generate results quickly and create a sense of accomplishment. Thereafter, low-cost, low-benefit or high-cost, high-benefit goals should be identified. High-cost, low-benefit goals should be identified last. As depicted in **Figure 4-3**, each goal can be categorized into one of four quadrants based on the cost to pursue the goal and the benefit to be realized by achieving the goal.



Figure 4-3: Goal Quadrant Categorization

	Low Benefit	High Benefit
Low Cost	Goal 2	Goal 1
High Cost	Goal 4	Goal 3

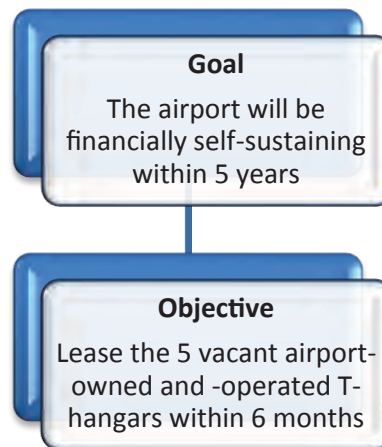
As a reminder, a goal is a statement of a desired result, outcome, or level of attainment that needs to be reached to realize the mission and vision for the airport (e.g., the airport will be financially self-sustaining within 5 years).

4.5 OBJECTIVES

After establishing goals based on the SMART model, refining goals using the GROW model, and prioritizing goals using the goal quadrant categorization approach, the next step is to develop objectives. This process begins by identifying the airport functional areas relevant to achieving the goals. The airport functional areas include airport and market, organization, operations, marketing, aviation products, services, and facilities, and financial. Each of the airport functional areas is discussed in detail in the resource chapters of the Guidebook (Chapters 6 through 11). **Only those portions of each chapter relevant to achieving the goals established for the airport need to be consulted.**

An objective is a significant step toward achieving a goal (i.e., it is a means to an end).

When examining the relevant functional areas, the planning team should look for opportunities to develop objectives that will help achieve the goals. The SMART model can be used to develop objectives as well. Each goal can, and most likely will, have multiple objectives (e.g., the goal of the airport being financially self-sustaining within 5 years would likely have several objectives). **Figure 4-4** illustrates how the objective (of leasing the five vacant airport-owned and operated T-hangars within 6 months) helps support the goal (of the airport being financially self-sustaining within 5 years).

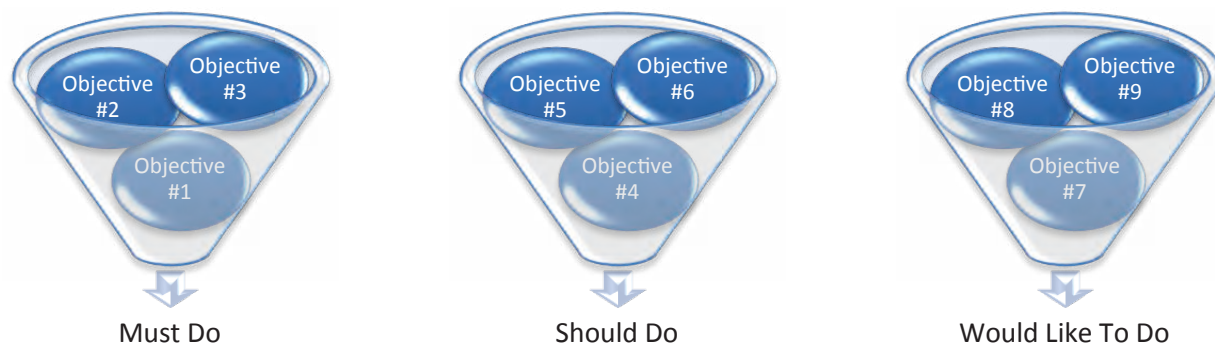
Figure 4-4: Example: SMART Objective

This example is consistent with the SMART model as the objective is

- **Specific**—the occupancy of the airport-owned and operated T-hangars will increase
- **Measurable**—lease five vacant T-hangars
- **Attainable**—an increase of five tenants is realistic
- **Relevant**—making the highest and best use of existing facilities is consistent with being a good steward of airport assets and increasing revenue will help achieve the goal of becoming financially self-sustaining
- **Time Bound**—within 6 months

The GROW model can be used to refine SMART objectives as well.

Once established using the SMART model and refined using the GROW model, the objectives for each goal need to be organized and prioritized. The objective bucket prioritization approach, depicted in **Figure 4-5**, can be used to assign each objective to one of three buckets: **must do**; **should do**; and **would like to do**. Thereafter, the objectives should be organized and prioritized within each bucket.

Figure 4-5: Objective Bucket Prioritization

Remember, an objective is a significant step toward achieving a goal or a means to an end (e.g., lease five vacant T-hangars within 6 months).

The airport business planning process is much more than having an occasional discussion, participating in a retreat, or putting some thoughts on paper. A quality airport business plan is an ongoing effort that builds on the ideas of policymakers, airport management and staff, and stakeholders in order to establish goals, develop objectives, and formulate action plans. When properly constructed, the airport business plan will help the organization become much more than the sum of its parts. However, too much planning, such as trying to identify every possible contingency or attempting to plan too far into the future, can make the process seem overwhelming. As with many large projects, the process needs to be broken down into more manageable components which, in turn, need to be prioritized and addressed sequentially.

4.6 ACTION PLANS

Once goals and objectives have been organized and prioritized, action plans need to be formulated. As a fundamental building block of the airport business plan, the action plan answers the key questions of who is going to do what, when, where, why, and how in order to accomplish a specific objective. These key questions are commonly referred to as the Six Ws. When formulating an action plan, each of the following questions needs to be answered:

- **Who** is going to perform the tasks (the **people**)?
- **What** specific actions need to be performed (the **tasks**)?
- **When** are the tasks going to be completed (the **schedule**)?
- **Where** are the tasks going to be accomplished (the **location**)?
- **Why** do the tasks need to be performed (the **reason**)?
- **How** is the objective going to be accomplished (the **approach** and the **resources**)?

It is important to organize and prioritize goals and objectives before formulating action plans. This way, the planning team can spend more time formulating action plans for the highest priority items and less time on lower priority items. The 80/20 rule should be followed. Essentially, 80% of available time should be spent formulating action plans for the highest priority items and the remaining 20% should be expended on lower priority items.

Also, the budget required to accomplish a specific objective is an integral component of an action plan. Budgets are discussed in detail in Chapter 11.

The planning team should ensure the answer to each of the Six Ws is specific. Using the example objective of leasing the five vacant T-hangars, suppose the appearance of the T-hangars is making it difficult to lease the units. An action plan for improving the appearance of the vacant T-hangars may require that airport maintenance staff perform the following tasks within 2 weeks: (1) clean the interior and exterior of the T-hangars; (2) paint the exterior of the T-hangar building; and (3) install new signage.

In this example of a maintenance-oriented action plan, each of the Six Ws is addressed, as follows:

- **Who**—airport maintenance staff
- **What**—clean, paint, and install new signage
- **When**—within 2 weeks
- **Where**—vacant T-hangars
- **Why**—to generate additional airport revenue
- **How**—by improving the appearance of the vacant T-hangars

The estimated cost to accomplish this objective (supplies, paint, and signage) would need to be included in the budget for this action plan.

As outlined in Chapter 9, an action plan for marketing the vacant T-hangars may require that airport staff perform the following tasks within 4 weeks: (1) prepare a flyer; (2) send direct mail or e-mail notification to prospective customers; (3) network (word of mouth) throughout the aircraft owner and operator community; and (4) advertise on the airport's website.

If you don't know where you're going, you'll probably end up somewhere else.

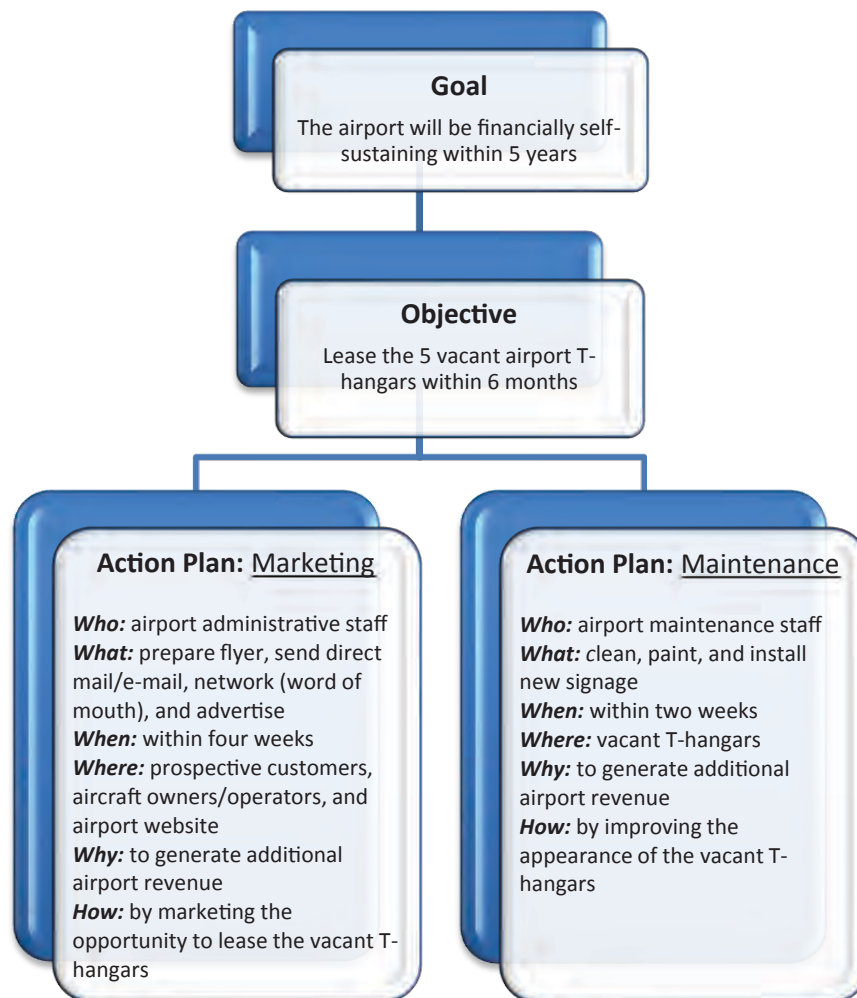
– Laurence J. Peter

In this example of a marketing-oriented action plan, each of the Six Ws is addressed, as follows:

- **Who**—airport administrative staff
- **What**—prepare flyer, send direct mail or e-mail notification, network (word of mouth), and advertise
- **When**—within 4 weeks
- **Where**—prospective customers, aircraft owner/operator community, and airport website
- **Why**—to generate additional airport revenue
- **How**—by marketing the opportunity to lease the vacant T-hangars

The estimate of the cost to accomplish this objective (supplies and postage) would need to be included in the budget for this action plan.

Each objective can, and most likely will, have multiple action plans. In the example, the objective of leasing the five vacant airport T-hangars within 6 months has two action plans. **Figure 4-6** illustrates how the action plans (for marketing and maintenance) help support the objective (of leasing the five vacant airport T-hangars within 6 months) which, in turn, helps support the goal (of the airport being financially self-sustaining within 5 years).

Figure 4-6: Goal, Objective, and Action Plan—Interrelationships

Worksheet 4-6: Action Plan

This worksheet, provided at the end of this chapter and in Part 4 of the digital files, is designed to help the planning team formulate action plans.



4.7 ANCILLARY ELEMENTS

In addition to the principal elements of an airport business plan, the following ancillary elements are typically included in the plan:

- **Executive Summary**—this section, which summarizes the airport business plan, can be one of the most important sections of the entire plan. Although this section is typically located at the beginning of the plan, it is written last. An executive summary is a great communications tool that can be used to convey the reasons for developing and implementing an airport business plan and the value of having an airport business plan. An executive summary can also be used as a marketing, business development, and public relations tool.
- **Introduction**—this section sets the stage for the airport business plan by (1) outlining the key steps in the process used to develop and implement the plan; (2) identifying key strengths, weaknesses, opportunities, and

40 Guidebook for Developing General Aviation Airport Business Plans

threats; (3) providing a brief overview of the airport, the community, the market, and the industry; and (4) discussing key issues, challenges, or problems.

- **Appendix**—this section provides additional or supplemental information, data, or documentation (e.g., completed worksheets, reports, studies, and other supporting materials).

4.8 WRITTEN BUSINESS PLAN

The content of a written business plan varies; however, a written business plan for a general aviation airport should consist of the following components:

- Executive Summary
- Introduction
- Mission, Vision, and Values
- Goals, Objectives, and Action plans
- Budget
- Appendix

The written business plan needs to be tailored specifically to the airport and it should be simple from a design and readability standpoint. Although the written business plan is important, the information obtained, the knowledge gained, and the decisions made during the business planning process are the key to the success of the process.

Template 4-1: Airport Business Plan

A template that identifies the typical components of a written business plan for a general aviation airport is provided at the end of this chapter and in Part 4 of the digital files. The template indicates where and how the information from the completed worksheets and templates provided in this Guidebook can be integrated into the written business plan.



4.9 WRAP-UP

In addition to discussing six of the principal elements of an airport business plan (the seventh—budgets—is discussed in Chapter 11), this chapter provided worksheets and templates to help develop several elements of an airport business plan. This chapter discussed the ancillary elements of an airport business plan (i.e., executive summary, introduction, and appendix). It also described the SWOT analysis, conveyed a best-practices approach for establishing and refining goals and objectives using the SMART and GROW models, discussed approaches for organizing and prioritizing goals and objectives, outlined the content of a written business plan, and provided a template for preparing a written business plan. Once completed, the worksheets provided in this Guidebook can serve as the foundation for the written business plan.

4.10 WORKSHEETS

- Worksheet 4-1: Mission, Vision, and Values
- Worksheet 4-2: SWOT Analysis
- Worksheet 4-3: Goals
- Worksheet 4-4: SMART Model
- Worksheet 4-5: GROW Model
- Worksheet 4-6: Action Plan
- Template 4-1: Airport Business Plan

WORKSHEET 4-1: MISSION, VISION, AND VALUES

CHAPTER 4: PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

The first step in developing a mission statement for an airport is contemplating the reason for its existence or its purpose. This can be achieved by identifying the areas where the airport/organization excels. As such, some sample questions to consider follow:

The airport is known for _____

The airport stands out from the competition because _____

The airport excels at _____

We want customers to _____

The answers to these questions can be consolidated into similar areas and prioritized to ascertain the fundamental purpose of the airport—this will, in turn, lead to the development of the mission statement for the airport. The mission statement needs to be clear and concise.

The airport mission statement is:

A vision statement articulates the aspirations for the airport; it is a picture of success. What role will the airport play and/or how will the airport function in the future? Like the airport mission statement, the vision statement needs to be clear and concise.

The airport vision statement is:

A values statement outlines the collective beliefs held throughout an organization. According to Erica Olsen, VP of marketing at M3Planning, one good question to ask is, “What are the guiding principles that dictate how we treat each other and our customers?”

The airport values statement is:

WORKSHEET 4-2: SWOT ANALYSIS

CHAPTER 4: PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

The purpose of the SWOT analysis is to categorize actual and perceived strengths and weaknesses of an airport and its organization from an internal perspective and opportunities and threats from an external perspective. The results of the SWOT analysis serve to document the planning team’s understanding of the airport and its organization. The SWOT analysis sets the stage for establishing goals for the airport. The four components of the SWOT analysis are

- **Strengths**—internal items accomplished particularly well or unique assets of the airport or the organization, especially in comparison to competitive and comparable airports or organizations. *Strengths need to be preserved, built on, and leveraged.*
- **Weaknesses**—internal items that (1) are not accomplished particularly well; (2) hinder or prevent desired performance; or (3) are acutely lacking or need to be improved. *Weaknesses need to be addressed and remedied.*
- **Opportunities**—external items that could help realize the mission and vision for the airport. Opportunities may be identified by studying changes or trends within the industry, the marketplace, or the community. *Opportunities need to be seized or capitalized on.*
- **Threats**—external items that could threaten the realization of the airport’s mission and vision. Threats are typically identified by studying changes or trends within the industry and the local marketplace. *Threats need to be managed or, if possible, eliminated.*

The SWOT results can be summarized in a four-quadrant graphic that identifies each component of the analysis.

The form consists of a central blue circular diagram divided into four quadrants by a white cross. The quadrants are labeled: Strengths (top-left), Weaknesses (top-right), Opportunities (bottom-left), and Threats (bottom-right). In the center of the cross, there are four curved arrows forming a clockwise cycle between the quadrants. Surrounding the central diagram are four rounded rectangular text boxes, one for each quadrant. Each text box contains a bulleted list followed by horizontal lines for writing.

- Identify strengths here:**
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- Identify opportunities here:**
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- Identify threats here:**
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WORKSHEET 4-3: GOALS

CHAPTER 4: PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

After establishing mission, vision, and values and conducting the SWOT analysis, goals can be established for the airport. The findings of the SWOT analysis can serve as the basis for the development of goals that realize the mission and vision for the airport. The following matrix can be used to facilitate establishing goals for the airport. *The findings of the SWOT analysis need to be summarized and incorporated into this matrix—strengths in S1 through S6, weaknesses in W1 through W6, opportunities in O1 through O6, and threats in T1 through T6.*

<div style="text-align: center;">Internal Factors</div> <div style="text-align: center;">External Factors</div>	Strengths (S)	Weaknesses (W)
	S1	W1
	S2	W2
	S3	W3
	S4	W4
	S5	W5
	S6	W6
Opportunities (O)	SO Goals <i>(that leverage strengths to take advantage of opportunities)</i>	WO Goals <i>(that address weaknesses to take advantage of opportunities)</i>
O1	1	1
O2	2	2
O3	3	3
O4	4	4
O5	5	5
O6	6	6
Threats (T)	ST Goals <i>(that leverage strengths to manage/avoid threats)</i>	WT Goals <i>(that address weaknesses to manage/avoid threats)</i>
T1	1	1
T2	2	2
T3	3	3
T4	4	4
T5	5	5
T6	6	6

WORKSHEET 4-4: SMART MODEL

CHAPTER 4: PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

The SMART Model Worksheet is designed to help the planning team evaluate existing goals and/or establish new goals for the airport. Every goal should meet the **SMART** criteria:

- **Specific**—simple, straightforward, compelling (without specificity, a goal can never truly be reached).
- **Measurable**—tangible, able to be tracked (an effective goal requires a statement of the tangible evidence that the goal has been reached).
- **Attainable**—possible, yet challenging enough to be motivating. If a goal requires an organization to reach beyond its true self, the goal will become burdensome and ultimately detrimental to the process. However, the goal should be challenging enough to cause the airport’s policymakers, management, and staff to “rise up” to achieve it.
- **Relevant**—important to stakeholders and connected to the organization’s values. Goals that are explicitly connected to values are motivational and, generally, easier to achieve as a result.
- **Time Bound**—includes a beginning and ending point. Identifying start and end dates provides the “race-track” needed to keep the organization on course with a clear finish line to pursue.

It is important to evaluate any existing goals for the airport to determine if the goals are consistent with the SMART model and to use the SMART model to develop new goals. Each goal should be inserted into the SMART Chart and each column should be completed. In the SMART Results area, the key details of the goal should be described in narrative form. Ideally, the SMART Chart and the SMART Results will be prepared simultaneously. To assist in this process, a description of key elements of a SMART model follows. Each goal should be:

- **Specific**
 - Can this goal be more specific, more clearly stated, or more clearly defined?
 - How can this goal be stated in one sentence?
 - What is the essence of what the organization needs to do?
- **Measurable**
 - How will achievement be measured?
 - Can the outcome be quantified?
 - What will be different about the airport or organization when the goal is attained?
- **Attainable**
 - Does meeting this goal depend on someone else or some other organization?
 - If so, can the goal be restated so that it is independent of external forces?
 - Are there any unavoidable factors that would prevent the organization from achieving this goal?
- **Relevant**
 - What should the organization be working on now?
 - Will achieving this goal result in the desired change?
- **Time Bound**
 - When will this goal be achieved?
 - How long will it take to develop sustainable, rather than superficial, change?

SMART Chart

Goal	Specific Yes/No	Measurable Yes/No	Attainable Yes/No	Relevant Yes/No	Time Bound Yes/No

SOURCE: ADAPTED FROM CORNERSTONE EXECUTIVE & LIFE COACHING LTD "SMART GOAL SETTING WORKSHEET WITH GUIDANCE NOTES"

SMART Results

Goal 1:
Goal 2:
Goal 3:
Goal 4:
Goal 5:
Goal 6:

WORKSHEET 4-5: GROW MODEL

CHAPTER 4: PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

The GROW Model Worksheet is designed to help the planning team refine goals using the Goal, Reality, Options, Will model. The GROW model can be used in three different ways:

- For each SMART goal;
- For a few select SMART goals, especially those that are more complex or important; or
- Generally, considering the entire airport or organization as a whole.

Once the planning team determines how the GROW model will be used, the current situation and circumstances at the airport need to be examined, options for achieving the goal need to be identified, and the resources needed to achieve the goal need to be assessed. The following ideas can assist in accomplishing this task and in completing the GROW Worksheet:

- **Goal:** A goal is a statement that articulates a desired outcome that needs to be reached to realize the mission and vision for the airport.
 - What is the goal?
 - Who is the customer and what are the customer’s needs and expectations?
 - What do customers like or dislike?
 - What will keep customers coming back?
 - What will the airport or organization deliver to customers?
- **Reality:** This component focuses on the current state of the airport.
 - What is the current situation at the airport?
 - What is the magnitude of work that needs to be accomplished to achieve the goal?
 - Who needs to be involved and what influence do they have?
 - Will the key people be available and, if so, for how long?
- **Options:** This component focuses on identifying the various options for achieving the goal.
 - What are the consequences of doing nothing?
 - What are the alternative courses of action and the consequences of each?
 - What resources, expenditures, risks, and time requirements are associated with each alternative?
 - What are the criteria for selecting the best alternative?
- **Will:** This component focuses on determining the availability of resources and people needed to achieve the goal.
 - Will the necessary resources be available at the specified time?
 - Are the necessary people available and willing to commit to achieving the goal?
 - Are there obstacles to the commitment and can they be overcome?
 - Can the goal be achieved without the full commitment of the people involved?
 - How can key people be motivated to achieve the goal?
 - Are there specific rewards that can be given when goals are achieved?

GROW Model Worksheet

Goals: <i>Where does the organization want to be?</i>	
Focus on assessing and meeting the needs of the customer and ensuring congruence between the two.	
Identify the goal	
Define the market(s)/customer(s)	
Ascertain the deliverable(s)	
Describe the purpose	
Reality: <i>Where is the organization now?</i>	
Focus on the current state of the airport.	
Key people	
Available time (of key people)	
Options: <i>How can the organization get there?</i>	
Focus on identifying alternatives or options that may be available to achieve the goal and analyzing issues, challenges, and risks associated with each option.	
Do nothing alternative	
Consequences	
Other alternatives	
Consequences	
Involvement (key people)	
Resources needed	
Expenditures required	
Associated risks	
Estimated time frame(s)	
Criteria for selecting option	
Select most appropriate option	
Will: <i>Is the organization ready, willing, and able (to get there)?</i>	
Focus on determining whether resources are adequate and the key people are ready, willing, and able.	
Resources	
Obstacles (key people)	
Obstacles (other)	
Rewards for achievement	

WORKSHEET 4-6: ACTION PLAN

CHAPTER 4: PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

As a fundamental part of the airport business plan, an action plan seeks to answer the key questions of who is going to do what, when, where, why, and how in order to accomplish a specific objective. These key questions are commonly referred to as the Six Ws. In essence, an action plan identifies the people, tasks, schedule, location, reason, approach, and resources for accomplishing a specific objective. An action plan enables airport management and staff to harness the organization’s abilities and resources toward accomplishing a specific objective. This worksheet can be used to formulate action plans.

Goal 1						
	Objective 1-1			Objective 1-2		
	Action Plan 1-1-1	Action Plan 1-1-2	Action Plan 1-1-3	Action Plan 1-2-1	Action Plan 1-2-2	Action Plan 1-2-3
Who (the people)						
What (the tasks)						
When (the schedule)						
Where (the location)						
Why (the reason)						
How (the approach)						
Resources						
Notes						

TEMPLATE 4-1: AIRPORT BUSINESS PLAN

CHAPTER 4: PREPARING THE ELEMENTS OF AN AIRPORT BUSINESS PLAN

Executive Summary

[INSERT EXECUTIVE SUMMARY HERE—AFTER ALL OTHER SECTIONS HAVE BEEN COMPLETED]

This section conveys the reason(s) for developing and implementing an airport business plan and the value of having an airport business plan. This section can also be used as a marketing, business development, and public relations tool.

Introduction

[INSERT INTRODUCTION HERE]

This section sets the stage for the airport business plan by (1) outlining the key steps in the process used to develop and implement the plan; (2) identifying key strengths, weaknesses, opportunities, and threats; (3) providing a brief overview of the airport, the community, the industry, and the market; and (4) discussing key issues, challenges, and/or problems.

[INSERT INFORMATION (AS DESIRED) FROM WORKSHEET 3-1 HERE]

[INSERT INFORMATION (AS DESIRED) FROM WORKSHEET 4-2 HERE]

[INSERT INFORMATION (AS DESIRED) FROM WORKSHEETS 6-1, 6-2, 6-3, 6-4, AND 6-5 HERE]

[INSERT INFORMATION (AS DESIRED) FROM WORKSHEETS 6-6, 6-7, 6-8, AND 6-9 HERE]

Mission Statement

[INSERT MISSION STATEMENT FROM WORKSHEET 4-1 HERE]

SAMPLE: The mission of the St. Louis Regional Airport is to provide and promote aeronautical services and commercial business, safely and efficiently.

Vision Statement

[INSERT VISION STATEMENT FROM WORKSHEET 4-1 HERE]

SAMPLE: We will provide quality and safe aviation support services for both permanent residents and travelers at a competitive cost. We will service local recreational flying, business operations, and support Vancouver as a desirable tourist destination.

Values Statement

[INSERT VALUES STATEMENT FROM WORKSHEET 4-1 HERE]

SAMPLE:

- *Community-oriented in our focus; always strive to be a good neighbor*
- *Outreach to aviator and community to understand and balance needs and priorities*
- *New ways of evaluating opportunities and challenges by creating innovative solutions*
- *Nurture and guide employee growth and well being*
- *Environmental stewardship and minimization of negative impacts*
- *Conscious of safety and security in our operations*
- *Transparent environment based on integrity, trust, and respect*
- *Excellence in service with fair, responsive, and courteous treatment of all*
- *District financial responsibility to use public funds fairly and equitably, strive for affordability for local pilots, scrutinize costs, and evaluate rates and charges*

Goal 1

[INSERT GOAL 1 FROM WORKSHEET 4-4 HERE—AFTER ENSURING CONSISTENCY WITH THE SMART AND GROW MODELS AND ORGANIZING AND PRIORITIZING GOALS]

SAMPLE: Within 5 years, operating revenues will cover operating expenses and no operating subsidy will be required to sustain the airport.

Objective 1.1

[INSERT OBJECTIVE 1.1—THAT SUPPORTS GOAL 1—FROM WORKSHEET 4-5 HERE—AFTER ENSURING CONSISTENCY WITH THE SMART AND GROW MODELS AND ORGANIZING AND PRIORITIZING OBJECTIVES]

SAMPLE: Lease the five vacant airport-owned and -operated T-hangars within 6 months.

Each goal can, and most likely will, have multiple objectives.

Action Plan 1.1.1

[INSERT ACTION PLAN 1.1.1—THAT SUPPORTS OBJECTIVE 1.1—FROM WORKSHEET 4-6]

SAMPLE ACTION PLAN (Marketing)

- *Who: airport staff*
- *What: prepare flyer, send direct mail, network (word of mouth), and advertise*
- *When: within 4 weeks*
- *Where: prospective tenants, aircraft owners/operators, and airport website*
- *Why: to generate additional airport revenue*
- *How: by advertising the opportunity to lease the vacant T-hangars*

SAMPLE ACTION PLAN (Maintenance)

- *Who: airport maintenance staff*
- *What: clean, paint, and install new signage*
- *When: within 2 weeks*
- *Where: vacant T-hangars*
- *Why: to generate additional airport revenue*
- *How: by improving the condition of the vacant T-hangars*

54 Guidebook for Developing General Aviation Airport Business Plans

Each objective can, and most likely will, have multiple action plans.

Budget

[INSERT BUDGETS FROM TEMPLATES 11-6, 11-7, 11-8 (IF APPLICABLE), AND 11-9 HERE]

Appendix

[INSERT APPENDIX (AS DESIRED) HERE]

In this section, additional or supplemental information, data, or documentation such as completed worksheets, reports, studies, and other supporting materials can be provided, as desired.

CHAPTER 5

IMPLEMENTATION

- 5.1 Introduction
- 5.2 Process Overview
- 5.3 Implement
- 5.4 Plan, Do, Check, Act
- 5.5 Report Results
- 5.6 Review and Update
- 5.7 Wrap-up



After completing the presentation, the airport manager asked if the Council had any questions. There was a long pause. “If not”, the airport manager said, “I would ask that the Council approve the airport business plan as presented.” The Mayor looked at the airport manager and said, “I have a few things to say. A while back, you stood before us and talked about developing and implementing a business plan for the airport, and you indicated that this would be the best way to address the challenges at the airport. Based on my review, I think that you and your team have done an outstanding job developing the plan and I look forward to seeing the results of the effort. I move that we approve the plan as presented.” The motion was seconded. There was some discussion about the best way to make the plan available to the public. It was agreed that the executive summary would be posted on the airport’s website. Then, the Mayor called for a vote. The motion was unanimously approved. After the meeting adjourned, the airport manager thanked the Mayor who responded by saying, “Now that the plan is done, it’s time to act. Without action, the plan is only words on paper. This is truly where the rubber meets the road.”

5.1 INTRODUCTION

After obtaining approval of the airport business plan, the next phase in the process—**implementation**—is often the most challenging, yet clearly, the most important. Without action, an airport business plan is destined to collect dust on a bookshelf, or worse, be viewed as an elaborate exercise that consumed valuable resources and provided little, if any, benefit.

In developing this Guidebook, the research team examined business planning philosophies and practices at general aviation airports and in non-airport industries. This provided the opportunity to study and learn from the successes and failures of others. As a result, this Guidebook contains best-practices approaches adapted for use at general aviation airports. There is a common saying in the aviation industry—if you have seen one airport, you have seen one airport. Airports are like fingerprints; no two are exactly the same. That is why a cookie cutter or one-size-fits-all approach

Before everything else, getting ready is the secret of success.

-Henry Ford

56 Guidebook for Developing General Aviation Airport Business Plans

to business planning for airports will not work. However, by learning from others and taking a best-practices approach, airport managers and policymakers will be better prepared to identify obstacles, overcome challenges, and avoid the common pitfalls associated with developing and implementing an airport business plan.

As such, this chapter describes each step of the implementation phase; identifies the keys to success (i.e., assuming full responsibility, being accountable, and taking ownership); discusses the importance of leadership, empowerment, and recognition; and outlines the Plan, Do, Check, Act process which represents a best-practices approach for implementing an airport business plan.

5.2 PROCESS OVERVIEW

When implementing an airport business plan, best practices dictate that the following steps should be taken:

- Execute the plan (action plans)
- Check progress and make adjustments
- Report results to policymakers, the planning team, and stakeholders
- Update the plan
- Obtain policymaker approval of the updated plan
- Execute the updated plan (action plans)

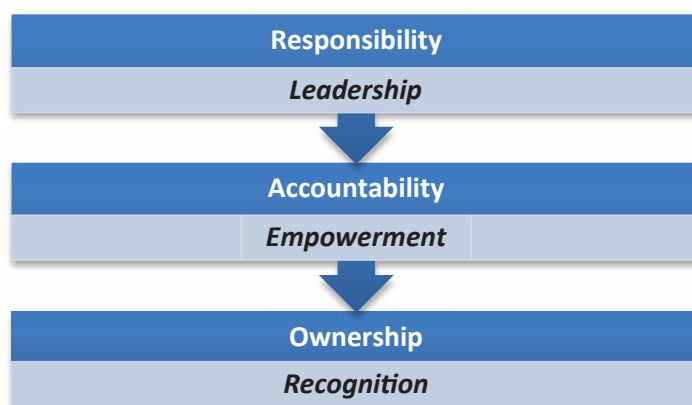
As simple as it sounds, the most important step in the process is taking action or implementing the plan!

The work plan provided at the end of Chapter 3 and in Part 4 of the digital files can be used to implement an airport business plan.

5.3 IMPLEMENT

For an airport business plan to be successful, airport management and staff need to assume full responsibility for implementing the plan, be accountable, and take ownership of the progress and the results. These keys to success are depicted in **Figure 5-1**:

Figure 5-1: Keys to Success



The implementation phase often starts with a bang. After completing the airport business plan and obtaining approval, it is easy to get excited about making changes. However, without leadership, empowerment, and

recognition, the enthusiasm experienced at the beginning of the process tends to dissipate and people and organizations can quickly revert to business as usual.

LEADERSHIP

Every airport must have a leader who understands where the airport is today and where the airport needs to be in the future. The leader determines how progress will be measured and when adjustments or course corrections need to be made. Beyond this, the leader needs to be able to build a team that can achieve the goals established for the airport.

In many cases, the airport manager will provide this leadership. In some situations, or at larger general aviation airports, a department manager may provide this leadership (although the airport manager still needs to be closely involved in the process).

In the case of business planning, the champion (discussed in Chapter 3) must provide leadership throughout the implementation phase of the process.

EMPOWERMENT

Airport managers should delegate the responsibility for completing action plans, accomplishing objectives, and achieving goals throughout the organization. Delegation gives responsibility to others. When delegating tasks, airport management and staff should be given the freedom to approach and complete tasks within the framework or the parameters set forth in the airport business plan and in accordance with the airport's policies and procedures. As the sense of responsibility and empowerment increases, airport management and staff will be motivated and inspired to contribute to the success of the airport.

Implementation of an airport business plan may require a change in the attitude or the behavior of the individuals involved in the process. To accomplish this, the goals, objectives, and action plans set forth in the airport business plan should be incorporated into airport management and staff performance. By linking the airport business plan to performance evaluations, specific responsibilities can be delegated to individuals who can, in turn, be held accountable. Airport management and staff need to understand and embrace the goals established for the airport and make the airport business plan an integral part of day-to-day activities.

Everybody wants things to be different, but not everyone wants to change.

- Anonymous

It takes positive reinforcement to motivate and inspire people to change.

Various issues can arise during implementation (e.g., resistance to change, uncertainty, instability, fear, and confusion). The champion needs to work closely with policymakers, airport management and staff, customers, stakeholders, and the community to deal with such issues while maintaining focus on the most critical aspects of the airport business plan.

Establishing a feedback system, which includes informal and formal opportunities for engaging in two-way communication, is essential to the successful implementation of an airport business plan. The feedback system should include a recognition element, which can be used to reinforce desired behavior and attitudes and help airport management and staff focus on continuous improvement. As depicted in **Figure 5-2**, the champion should consider input from several sources.

Figure 5-2: Feedback System

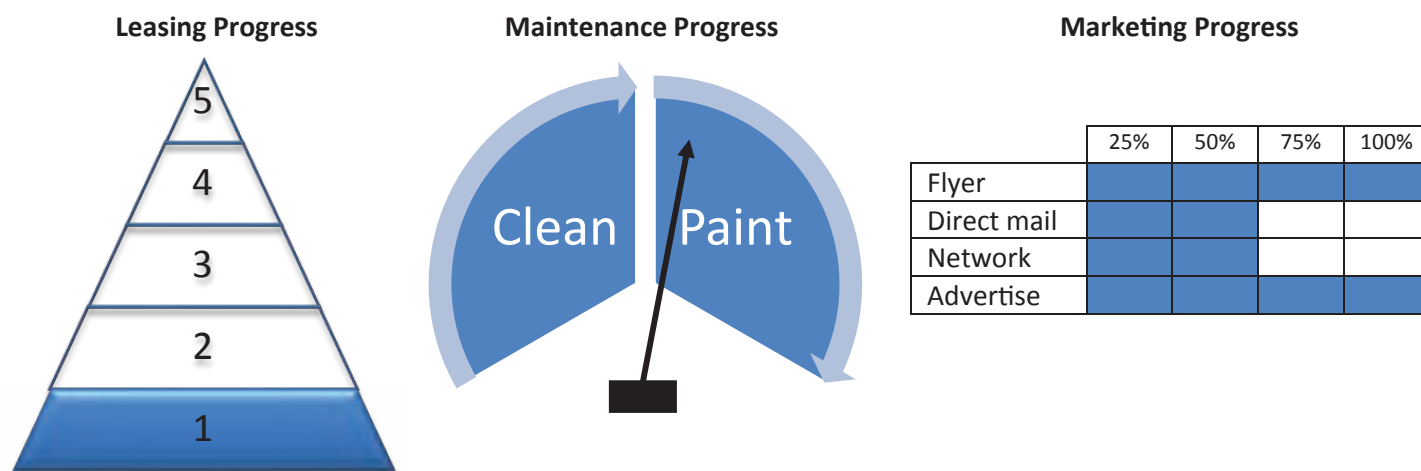


RECOGNITION

To keep implementation on track, a visual dashboard can be adopted to recognize the progress being made and the results being achieved. An example of a visual dashboard, which builds on the illustration of the objective and the action plans conveyed in Chapter 4, is provided in **Figure 5-3**. Various software packages (e.g., word processing, spreadsheets, accounting, and financial) can be used to create tables, charts, and graphs which convey progress and results. The output can be plain or colorful, simple or more complex, but it should always focus on what matters most. Progress can be updated weekly, monthly, or quarterly to instill a sense of accomplishment. The output should be displayed in employee work areas.

Progress needs to be recognized and results need to be celebrated!

Figure 5-3: Visual Dashboard



5.4 PLAN, DO, CHECK, ACT

Once the plan has been implemented, the Plan, Do, Check, Act system can be used to check progress and make adjustments throughout the implementation phase of the process.

Imagine flying in a general aviation aircraft from Centennial Airport in the Denver, Colorado, area to Southern Illinois Regional Airport in Carbondale, Illinois. During the **Plan** phase, the pilot checks the weather, makes and files a flight plan, and performs a preflight inspection of the aircraft. During the **Do** phase, the pilot initiates the flight by starting the engine, taxiing to the runway, and taking off. Then, the pilot turns to the **Check** phase. During this phase, the pilot determines how the aircraft is performing, whether the flight is progressing as planned, whether conditions have changed, and how all those on board are doing.

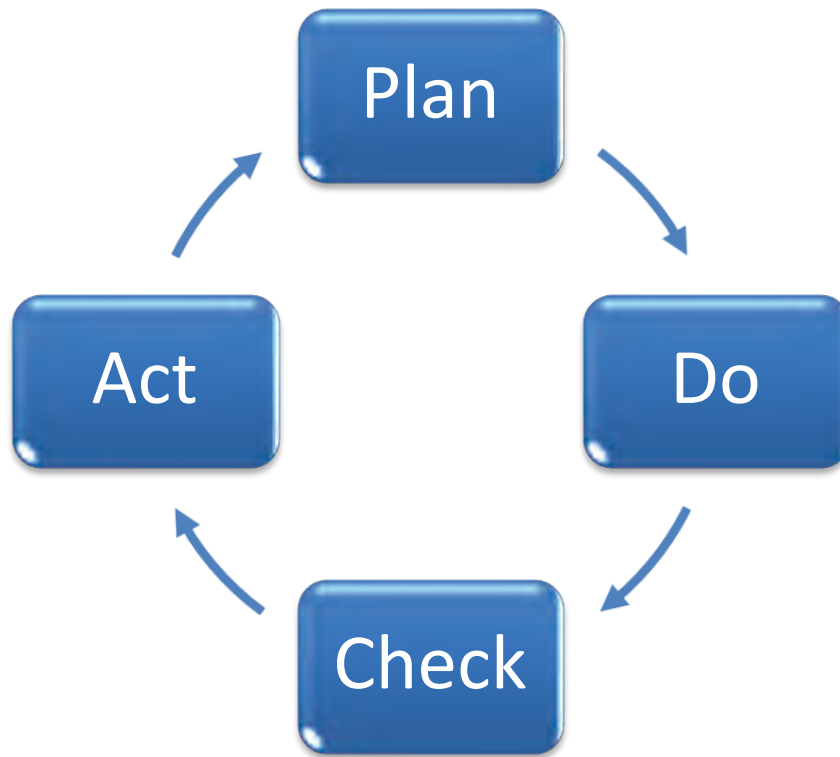
Suppose the weather between Kansas City and Carbondale has taken a turn for the worse and a wide band of severe thunderstorms has developed in the Southern Illinois area. The pilot needs to **Act** and change the flight plan. The pilot decides to divert to Lawrence, Kansas. Under the revised flight plan, the pilot changes course to fly to Lawrence and the Plan-Do-Check-Act cycle begins again. This process is continuously repeated throughout the flight.

A similar multi-step process should be used to develop and implement an airport business plan. First, the **Plan** is prepared. Second, team members **Do** the work by completing the action plans. Third, team members **Check** progress to determine if the actual results match the desired goals and objectives. Fourth, team members **Act** by revising the action plan as needed. This cycle repeats as the team pursues continuous improvement.

Focusing on the customer is the key to success in any business environment, especially during tumultuous economic times when consumer spending declines and the search for lower cost alternatives intensifies. A proactive approach is required to accurately assess the market; consistently meet the needs of customers, stakeholders, and the community; and constantly strive to maximize financial self-sufficiency.

Following the four-step process of developing a plan, carrying out the plan by doing the work, checking actual results against desired results, and taking action or making adjustments, as depicted in **Figure 5-4**, is an effective way to accomplish these objectives.

Figure 5-4: Plan, Do, Check, Act



The completion of each task identified in the action plan is vital to the success of the plan; however, it is just as important to check progress to determine what is working, what is not working, and what has changed. This provides the opportunity to make adjustments or course corrections in a timely manner. Each adjustment brings the organization closer to completing the action plan, accomplishing the objective, achieving the goal, and ultimately, realizing the mission and vision of the airport.

The general who wins the battle makes many calculations in his temple before the battle is fought. The general who loses makes but few calculations beforehand.

-Sun Tzu, *The Art of War*

PLAN

The first step is to prepare the plan. Through the airport business planning process, the planning team formulates the goals, objectives, and action plans for realizing the mission and vision of the airport. The focus needs to be on achieving the desired results—not on the plan itself. To plan for the future, it is essential to analyze, evaluate, and understand the industry, the market, the airport, and the organization.

DO

The second step is to implement the plan. In addition to the day-to-day responsibilities of airport management and staff, whether an airport has one part-time employee or 50 full-time employees, every team member should have a rolling to-do list that incorporates the tasks identified in the action plans. The implementation portion of an airport business plan consists of specific, meaningful tasks designed to accomplish the objectives and achieve the goals established for the airport. The assigned tasks need to be integrated into the daily operation and management of the airport and the desired results need to be kept “top of mind.” Once a task is completed, it is essential to move to the next step in the cycle.

CHECK

The third step is checking results. Has the desired result been achieved? If not, what is the variance between the actual and the desired result? What is the reason for the variance? What adjustments need to be made to achieve the desired result? These important questions need to be asked during the check step of the cycle.

It is a bad plan that admits of no modification.

-Publius Syrus, 42 B.C.

It is important to plan and equally important to implement; however, it is imperative to know when to make a change.

In essence, the check step involves analyzing the differences between actual and desired outcomes and determining what caused the differences. Within this context, it is important to closely monitor changes and trends in the industry, within the market, and at the airport and to solicit input from various sources (e.g., policymakers, management and staff, customers, stakeholders, and the community) to determine if the plan is working and, if not, to identify the changes that need to be made. Informal and formal meetings provide the opportunity to obtain feedback. Team members should be encouraged to provide input and suggest alternatives when the desired results are not being achieved.

ACT

The fourth step is making modifications (to the plan) to achieve the desired result and lead to continuous improvement. Then, the cycle begins again.

The plan was smooth on paper, only they forgot about the ravines.

-Russian military proverb

When change is required and made promptly, the potential for achieving the desired result is improved significantly.

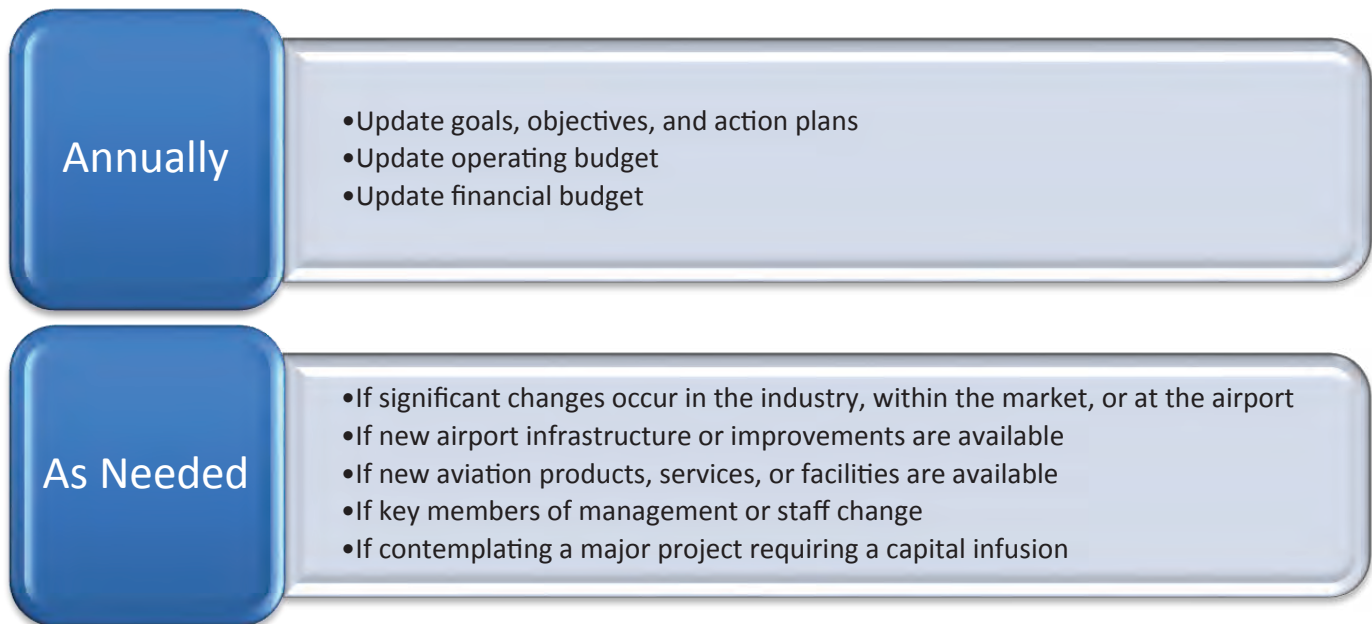
5.5 REPORT RESULTS

While an airport business plan typically has a time horizon of 1 year, it may take longer to achieve certain goals and realize the vision for the airport. As such, an annual progress report should be prepared indicating whether or not the goals for the airport have been achieved. If not, the variance between the actual and the desired outcome should be identified and the reason for the variance should be discussed. Additionally, changes or trends in the industry, within the market, and at the airport should be identified, examined, and discussed. The findings should be presented to policymakers, the planning team, and stakeholders. Comments, input, and direction should be solicited and considered when updating the plan.

5.6 REVIEW AND UPDATE

An airport business plan is a living and dynamic document that needs to evolve as goals are achieved and changes occur in the industry, within the market, and at the airport. Any new issues, challenges, and problems need to be carefully considered and appropriately addressed in the updated plan. As indicated in **Figure 5-5**, goals, objectives, action plans, and budgets need to be updated annually and significant events may trigger interim updates as well.

Figure 5-5: Review and Update



Regular review is essential for continuous improvement, but the review process need not be burdensome. An airport business plan is a tool for guiding the day-to-day operation and management of an airport. Regular review provides the opportunity for airport management and staff to address issues and respond to changes that have occurred in the industry, within the market, or at the airport.

No one can really guarantee the future. The best we can do is size up the chances, calculate the risks involved, estimate our ability to deal with them, and then make our plans with confidence.

-Henry Ford II

Once the plan has been reviewed and updated, and approval has been obtained from policymakers, the updated plan should be implemented.

5.7 WRAP-UP

Implementing the airport business plan is the most important step in the entire business planning process.

Without action, an airport business plan is just words on paper.

This chapter described each step of the implementation phase from taking action to reviewing and updating the plan. As a living and dynamic document, an airport business plan should be reviewed periodically and updated regularly to reflect the achievement of goals and changes in the industry, within the market, and at the airport.

This chapter identified the keys to success—assuming responsibility, being accountable, and taking ownership—and it discussed the importance of leadership, empowerment, and recognition.

This chapter also outlined the Plan, Do, Check, Act process, which represents a best-practices approach for implementing an airport business plan. This four-step process is most successful when it is used regularly, even daily.

CHAPTER 6

AIRPORT AND MARKET

- 6.1 Introduction
- 6.2 Airport Overview
- 6.3 Community Overview
- 6.4 Industry Overview
- 6.5 Market Overview
- 6.6 Competition Overview
- 6.7 Market and Customer Segments
- 6.8 Market Drivers
- 6.9 Demand and Capacity
- 6.10 Wrap-Up
- 6.11 Worksheets



While the airport manager understood the industry, the market, and the airport “inside and out,” the Council did not. After all, the airport was just one piece of the pie. The airport manager walked over to the airport’s administrative assistant and said, “The members of the Council haven’t spent much time out here. I think it would be helpful if we could put together an overview of the industry, the market, and the airport. I could present the overview to the Council and share it with the planning team as well. This could help facilitate the business planning process.”

6.1 INTRODUCTION

This chapter discusses the importance of having an intimate understanding of the airport, the community, the industry, and the market. This chapter also discusses the importance of examining the market from a macro (entire industry) to micro (local market) perspective; analyzing the number of FAA-registered aircraft and licensed pilots; reviewing the number of based aircraft, aircraft operations, and fuel volumes at the airport; evaluating the competition; exploring market and customer segments; understanding key market drivers; and assessing demand and capacity for airport infrastructure and aviation products, services, and facilities.

Worksheets, provided at the end of this chapter and in Part 4 of the digital files, can be used to help compile the information and data needed to develop an overview of the airport, community, industry, market, and competition. If a current master plan exists, information and data can be extracted from the plan to help complete the overviews. Once completed, the overviews can be integrated into the airport business plan as desired. In addition, the presentation template (provided in Part 2 of the digital files) can be customized for the airport, the market, and the audience using the information and data from the overviews. Once customized, the presentation can be used to educate, make the case for an airport business plan, and obtain buy-in from policymakers.

6.2 AIRPORT OVERVIEW

To help facilitate the business planning process, an airport overview should be developed. A worksheet is provided specifically for this purpose. In addition to identifying the airport's key assets, amenities, and attributes, the airport overview should provide a brief history of the airport, identify the airport's unique characteristics, examine some key airport statistics and trends, and discuss the current state of, and the future outlook for, the airport. A summary of current and future projects should be included as well.

For purposes of this Guidebook, airport assets, amenities, and attributes are described as follows:

- **Assets** include land, infrastructure, and improvements as well as vehicles, equipment, and tools. Collectively, these are referred to as capital assets. Airport infrastructure and improvements will be discussed in this chapter while airport vehicles, equipment, and tools will be discussed in Chapter 8.
- **Amenities** include approaches; an air traffic control tower; Aircraft Rescue and Fire Fighting (ARFF); and aviation products, services, and facilities. Aviation products, services, and facilities will be discussed in Chapter 10.
- **Attributes** include size, proximity to the community and business and industrial centers, and accessibility.

Worksheet 6-1: Airport Overview

The Airport Overview Worksheet is designed to help the planning team create a representative overview of the airport. This worksheet is provided at the end of this chapter and in Part 4 of the digital files.



6.3 COMMUNITY OVERVIEW

To help facilitate the business planning process, a community overview should be developed. A worksheet is provided specifically for this purpose. In addition to identifying the community's key assets, amenities, and attributes, the community overview should provide a historical perspective, identify unique characteristics of the community, examine some key statistics and trends, and discuss the current state of, and the future outlook for, the community. Some of the key demographic, economic, and socioeconomic statistics and trends that should be examined include population, household income, employment, unemployment, and labor force. Current and future projects, plans, and planning efforts should be identified. Airport-community alignment and related issues, challenges, or problems should also be discussed. Additional areas that could be included as part of the community overview are geographic location, weather, transportation alternatives, education and training, business, and industry.

Worksheet 6-2: Community Overview

The Community Overview Worksheet is designed to help the planning team create a representative overview of the community. This worksheet is provided at the end of this chapter and in Part 4 of the digital files. The information required to complete this worksheet may be obtained from chambers of commerce, economic development organizations, community constituents, educational institutions, planning and transportation agencies, and others. In addition, members of the planning team may be able to provide information or identify potential resources.



6.4 INDUSTRY OVERVIEW

To help facilitate the business planning process, an overview of the industry should be developed. A worksheet is provided specifically for this purpose.

An overview of the industry should provide some historical perspective, identify unique characteristics, and discuss the current state of, and the future outlook for, the industry on a national level. In addition, an analysis of key statistics and trends for the industry, including new aircraft shipments, registered aircraft, hours flown, licensed pilots, and fuel consumption should be conducted. The findings should be included in the industry overview.

Industry forecasts and other related materials developed by the FAA, aircraft manufacturers, vendors, suppliers, and associations (e.g., American Association of Airport Executives [AAAE], Aircraft Owners and Pilots Association [AOPA], General Aviation Manufacturers Association [GAMA], National Association of State Aviation Officials [NASAO], National Air Transportation Association [NATA], National Business Aviation Association [NBAA], and others) should be considered as well.

One good resource is GAMA's *General Aviation Statistical Databook & Industry Outlook*, which provides an industry forecast for the upcoming year and other information and data about general aviation aircraft, flight activity, pilot population, safety record, and more. Government and industry programs that may affect general aviation, general aviation airports, and the general aviation services segment of the industry should be examined as well.

The objective of this overview is to ascertain the state of, and the future outlook for, the general aviation segment of the industry on a national basis. Most important, the industry overview should identify any positive or negative effects on (1) the airport, including any potential opportunities and threats; (2) the business planning process; and ultimately, (3) the approach to, and the content of, the airport business plan.

Worksheet 6-3: Industry Overview

The Industry Overview Worksheet is designed to help the planning team create a representative overview of the industry. This worksheet is provided at the end of this chapter and in Part 4 of the digital files.



6.5 MARKET OVERVIEW

To help facilitate the business planning process, an overview of the market should be developed. A worksheet is provided specifically for this purpose.

An overview of the market on a regional, state, and local level should include an examination of key statistics and trends, including the number of FAA-registered aircraft and licensed pilots in the United States, the subject state, and the subject county. This examination should also consider the number of based aircraft, aircraft operations, and fuel volumes at the subject airport.

Before you build a better mousetrap,
it helps to know if there are any mice
out there.

- Anonymous

Market forecasts and other related materials developed by the FAA, aircraft manufacturers, vendors or suppliers, associations, and planning and transportation agencies (including state aviation agencies) should be considered as well. In particular, state aviation agencies can provide valuable information, including state aviation system plans and economic impact studies. For example, a *Virginia Airport System Economic Impact Study* (2011) indicated that the state's 57 general aviation airports had an economic impact of approximately \$728 million, approximately \$213 million in payroll, and 5,154 jobs. Regional and local planning and transportation agencies can provide valuable information as well.

REGISTERED AIRCRAFT AND LICENSED PILOTS

Using information from sources that include the U.S. Census Bureau and the FAA, the number of registered aircraft and licensed pilots can be compared to the population to calculate marketshare. This, in turn, can be used to establish goals, develop objectives, and formulate action plans for the airport. Using the Denver Metropolitan Area as an example, **Table 6-1** depicts an analysis of the number of registered aircraft in the area and **Table 6-2** depicts an analysis of the number of licensed pilots in the area. Registered aircraft and licensed pilot data are available by state and county from the FAA.

Table 6-1: Example: Number of Registered Aircraft

Location	Population 2010	Registered Aircraft 2010	Average per 1,000 persons	Market Share
United States	308,745,538	364,746	1.2	
State of Colorado	5,029,196	7,954	1.6	2.2%
Denver County	600,158	807	1.3	19.5%
Adams County	441,603	553	1.3	13.3%
Arapahoe County	572,003	686	1.2	16.6%
Douglas County	285,465	293	1.0	7.1%
Jefferson County	534,543	489	0.9	11.8%
Boulder County	294,567	752	2.6	18.1%
Weld County	252,825	565	2.2	13.6%
Total Region	2,981,164	4,145	1.4	52.1%

SOURCE: U. S. CENSUS BUREAU AND FAA

Registered aircraft may not be located (or based at airports) in the state and/or county of record and a registered aircraft is not necessarily an active aircraft. Such data should be considered accordingly when making an assessment of the market.

Table 6-2: Example: Number of Licensed Pilots

Location	Population 2010	Licensed Pilots 2010	Average per 1,000 persons	Market Share
United States	308,745,538	582,623	1.9	
State of Colorado	5,029,196	17,750	3.5	3.0%
City of Denver	600,158	1,394	2.3	13.6%
Adams County	441,603	889	2.0	8.7%
Arapahoe County	572,003	1,849	3.2	18.0%
Douglas County	285,465	1,864	6.5	18.1%
Jefferson County	534,543	1,928	3.6	18.8%
Boulder County	294,567	1,509	5.1	14.7%
Weld County	252,825	841	3.3	8.2%
Total Region	2,981,164	10,274	3.4	57.9%

SOURCE: U. S. CENSUS BUREAU AND FAA

A licensed pilot is not necessarily an active pilot. Such data should be considered accordingly when making an assessment of the market.

BASED AIRCRAFT, AIRCRAFT OPERATIONS, AND FUEL VOLUMES

The number of based aircraft, aircraft operations, and fuel volumes are key market indicators. When assessing these indicators, the number of based aircraft should be identified by type (i.e., single-engine, multi-engine, jet, helicopter, and total), the number of aircraft operations should be identified by type (i.e., local general aviation, itinerant general aviation, and total), and fuel volumes should be identified by type (i.e., jet fuel, avgas, mogas, and total). In addition, it can be useful to identify the number of based aircraft by category (i.e., piston, turboprop, and turbojet) as this helps further define the market.

This information should be tracked by airport management or staff. If not, the tracking of this information should be identified as an objective of the airport business plan. On an annual basis, an Airport Master Record must be completed for any airport which is part of the National Airspace System (NAS). The number of based aircraft and aircraft operations are part of the Airport Master Record. If the airport has an air traffic control tower (ATCT), aircraft operations will be available from ATCT management, from the FAA Terminal Area Forecast (TAF), or through the FAA's Air Traffic Activity Data System (ATADS) online database. If a fuel flowage fee is charged at an airport, the number of gallons of each type of fuel dispensed should be reported to the airport management. If not, the reporting of fuel volumes should be identified as an objective of the airport business plan.

To identify key changes or trends in the market, a minimum of 5 years worth of data should be examined and the percentage change from year-to-year and compounded annual rates of change should be calculated. For example, in **Tables 6-3 through 6-6**, the number of based aircraft, aircraft operations, and fuel volumes at the Southern Illinois Airport are depicted for a 5-year period.

Table 6-3: Example: Based Aircraft (By Type)

Year	Single-engine	Multi-engine	Jet	Helicopter	Total	Annual Change
2007	80	6	1	2	89	N/A
2008	82	8	1	2	93	4.5%
2009	85	8	1	2	96	3.2%
2010	78	8	1	2	89	-7.3%
2011	83	9	1	2	95	6.7%
Total Change	3.8%	50.0%	0.0%	0.0%	6.7%	
Annual Change	0.9%	10.7%	0.0%	0.0%	1.6%	

SOURCE: SOUTHERN ILLINOIS REGIONAL AIRPORT

Table 6-4: Example: Based Aircraft (By Category)

Year	Piston	Turboprop	Turbojet	Total	Annual Change
2007	88	0	1	89	N/A
2008	91	1	1	93	4.5%
2009	94	1	1	96	3.2%
2010	87	1	1	89	-7.3%
2011	92	2	1	95	6.7%
Total Change	4.5%	N/A	0.0%	6.7%	
Average Change	1.1%	N/A	0.0%	1.6%	

SOURCE: SOUTHERN ILLINOIS REGIONAL AIRPORT

The number of aircraft based at the subject airport can be compared to the number of aircraft based at airports in the market to calculate market share.

Table 6-5: Example: Aircraft Operations

Year	GA Local	GA Itinerant	Total	Annual Change
2007	55,664	31,394	87,058	N/A
2008	61,335	30,142	91,477	5.1%
2009	49,650	27,236	76,886	-16.0%
2010	52,635	25,591	78,226	1.7%
2011	46,626	23,449	70,075	-10.4%
Total Change	-16.2%	-25.3%	-19.5%	
Average Change	-4.3%	-7.0%	-5.3%	

SOURCE: SOUTHERN ILLINOIS REGIONAL AIRPORT

If aircraft operations are being estimated, as is typically the case at airports without an ATCT, such data may have limited usefulness and should be considered accordingly when making an assessment of the market.

Table 6-6: Example: Fuel Volumes

Year	Avgas	Jet	Total	Annual Change
2007	142,101	73,212	215,313	N/A
2008	151,102	61,601	212,703	-1.2%
2009	123,754	66,054	189,808	-10.8%
2010	116,929	73,228	190,157	0.2%
2011	119,786	72,491	190,157	0.0%
Total Change	-15.7%	-1.0%	-11.7%	
Average Change	-4.2%	-0.2%	-3.1%	

SOURCE: SOUTHERN ILLINOIS AIRPORT

Understanding key changes and trends in the industry, within the market, and at the airport is essential to the business planning process. By gaining a thorough understanding of the market, the planning team will be better positioned to anticipate changes, develop forecasts, project performance, and formulate realistic and attainable goals, objectives, and action plans for the airport.

Worksheet 6-4: Market Overview

The Market Overview Worksheet is designed to help the planning team create a representative overview of the market. This worksheet is provided at the end of this chapter and in Part 4 of the digital files.



6.6 COMPETITION OVERVIEW

To help facilitate the business planning process, an overview of the competition should be developed. A worksheet is provided specifically for this purpose.

An overview of the competition should include identification of airports in the area competing for based and transient customers; the assets, amenities, attributes, and activity levels (e.g., aircraft operations, based aircraft, and fuel volumes) at competitive airports; and the strengths and weaknesses of those airports and organizations.

In order to plan your future wisely, it is necessary that you understand and appreciate your past.

– Jo Coudert

Understanding how an airport compares to other airports in the area and ascertaining an airport's competitive position within the market is crucial for formulating goals, objectives, and action plans for realizing the mission and vision for the airport and building on strengths, addressing weaknesses, capitalizing on opportunities, and managing threats.

Worksheet 6-5: Competition Overview

The Competition Overview Worksheet is designed to help compare the airport with competitive airports in the area and, upon completion, to ascertain the airport's competitive position within the market. This worksheet is provided at the end of this chapter and in Part 4 of the digital files. The information required to complete this worksheet can be obtained directly from the owners or operators of competitive airports (e.g., from websites, public records, and conversations with airport management, staff, and others). Information can also be obtained from various other sources (e.g., [airnav.com](#), AC-U-KWIK, Fixed Base Operator [FBO] and Specialized Aviation Service Operator [SASO] websites, and others). In addition, members of the planning team may be able to obtain information or identify potential resources.



6.7 MARKET AND CUSTOMER SEGMENTS

PERSONAL FLYING

In many respects, aircraft owners and operators who have committed time and financial resources to this segment of the industry have done so because of a sheer love of aviation. The "romance factor," which has enthralled young and old alike, is a very important element in understanding the relationship between people and flying machines.

The aircraft used for personal flying are typically based at general aviation airports, both public and private. For the most part, the aircraft used for personal flying are single-engine and light multi-engine piston-powered aircraft, although some larger aircraft, including turbine-powered aircraft, are also used for this purpose. According to GAMA, there were 150,000 active aircraft being used for personal flying in the United States in 2009. This segment of the market is typically price oriented, seeking the best price for the service.

BUSINESS FLYING

The business segment of the market is viewed as being integral to the long-term growth and development of the general aviation industry. As of 2009, this segment comprised more than 32,000 active aircraft, including approximately 5,800 turboprop and jet aircraft, in the United States. It is estimated that business flights make up about 21% of the 23 million hours flown by general aviation each year (GAMA, 2010).

One of general aviation's most important roles in the economy of the United States is enhancing the profitability and the competitive strength of United States companies and industries. Companies taking advantage of general aviation routinely outperform businesses relying solely on the airlines for air travel. Studies have shown that, on average, Standard & Poor's 500 firms that use general aviation aircraft to transport management teams, employees, business partners, and customers earned approximately 88% more total return to shareholders than those that do not use general aviation aircraft (NexaAdvisors). This analysis revealed a correlation between firms utilizing general aviation aircraft and return on equity. It did not conclude that the use of general aviation aircraft increased financial performance.

72 Guidebook for Developing General Aviation Airport Business Plans

Although approximately 3% of general aviation aircraft are registered to Standard & Poor's 500 firms, most business aircraft are operated by smaller companies. In the *Business Aviation Factbook* (2011), NBAA indicates that 59% of companies operating business aircraft employ fewer than 500 employees and 70% have fewer than 100 employees. The business segment of the market is typically service oriented, seeking the best service for the price.

COMMERCIAL FLYING

Commercial aviation is a significant economic engine in that it represents companies that use general aviation aircraft for a wide variety of commercial purposes, including flight instruction, air taxi (non-scheduled, on demand), medical transportation (air ambulance), sightseeing, aerial observation (e.g., pipeline/power-line patrol/inspection), aerial application (e.g., agriculture, photography, and fire fighting), cargo, and much more. This segment comprises more than 38,000 active aircraft. It is estimated that general aviation aircraft used for commercial purposes make up about 43% of the 23 million hours flown by general aviation each year (GAMA, 2010). The commercial segment of the market is typically value oriented, seeking the best combination of service and price.

GOVERNMENT FLYING

Government agencies use general aviation aircraft for various reasons, including transportation of government officials, law enforcement, and emergency services. This segment of the market is typically value oriented, seeking the best combination of service and price.

Within each of the four primary operating segments of the market, there are two customer segments—based and transient.

- **Based customers** use an airport as a base of operations. In addition to parking or storing aircraft, based customers may occupy office, shop, and storage space at the airport.
- **Transient customers** use an airport on an itinerant basis.

6.8 MARKET DRIVERS

Some of the market drivers for based and transient aircraft owners and operators in the personal and business segments of the general aviation market can include, but are not necessarily limited to, the following:

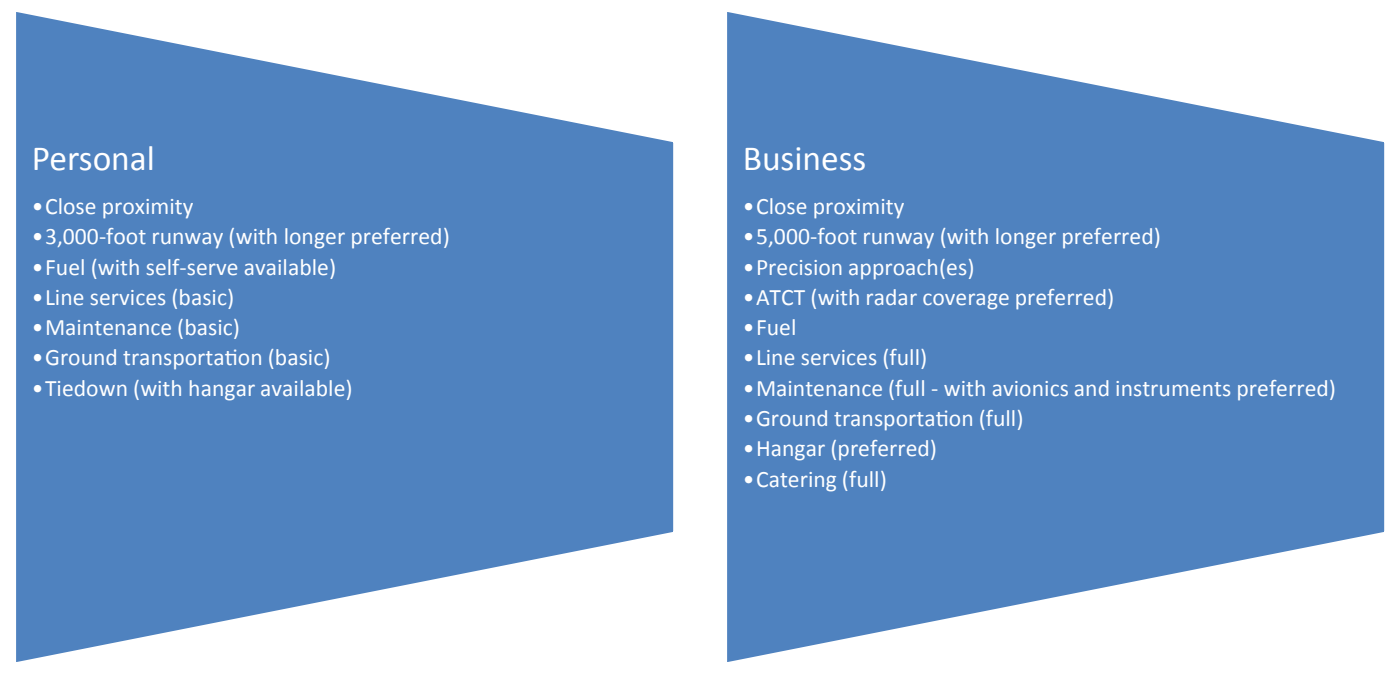
- **Proximity to home, work, or the final destination**—One of the primary attributes considered by general aviation aircraft owners and operators when selecting a base airport is proximity to home or work—from a distance and more importantly, from a time standpoint. One of the primary considerations for transient aircraft owners and operators is the airport's proximity to the final destination.
- **Runway length**—Although some general aviation aircraft can be operated safely from 1,000-foot runways, as a general rule, the personal flying customer segment typically desires a 3,000-foot paved runway and prefers a longer runway. Further, with the development of larger and faster general aviation aircraft, the business segment generally desires a 5,000-foot runway and prefers a longer runway. As a result, a 5,000-foot runway has become the minimum design criteria for airports seeking to attract the full range of general aviation aircraft owners and operators. With regard to the high end of the business segment of the market, which includes ultra-long range intercontinental or global jets, and at higher altitude airports, a minimum 7,000-foot runway is desired and a longer runway is preferred.

- Approaches—Although personal aviation customers do not typically require precision approaches, non-precision approaches are desired. A precision approach is generally preferred from a flight training perspective. Business customers prefer a precision approach with a non-precision approach as a minimum. Also, a precision approach is typically preferred when terrain or obstacles are a factor.
- ATCT—Personal customers do not generally require an ATCT. In fact, at some airports, the owners of personal aircraft consider an ATCT a negative attribute. An ATCT is typically desired and radar coverage is preferred by business customers to facilitate instrument departures and arrivals and to provide an additional level of safety.
- Aviation products and services—
 - Fuel: Both the personal and business segments of the market want the required aviation fuels to be available. The personal segment is generally price oriented while the business segment is typically service oriented. The convenience of a self-serve fueling system can be a positive attribute, particularly for the personal segment of the market.
 - Line services: Basic aircraft ground handling services are generally required by the personal segment and full ground handling services are typically desired by the business segment, which also expects higher level and quality services.
 - Maintenance: At a minimum, airframe and powerplant maintenance services are desired and avionics services are preferred by both the personal and business customer segments of the market. These services provide a higher level of convenience by alleviating the need to travel or seek such services at a different airport.
 - Ground transportation: Generally, transient aircraft customers want reliable ground transportation services, including courtesy vans, rental cars, limousine services, and crew cars.
- Aviation facilities—The availability of quality aircraft parking and storage (hangars) is an important factor in attracting customers from all segments of the general aviation market. Access to ancillary facilities, including general aviation terminal buildings with passenger and crew amenities (e.g., lounges, conference rooms, quiet rooms, work areas, Internet access, weather briefing and flight planning capabilities, and restrooms with showers), is important as well. A restaurant providing aircraft catering is typically preferred by the business segment of the market.
- Noise restrictions and issues—Airports with noise restrictions that limit access to the airport for certain aircraft types or during certain hours or highly noise-sensitive areas close to the airport can be a deterrent to all segments of the market.

The market drivers for the commercial and government segments of the market are generally the same as the business segment of the market; however, there are some notable differences. For instance, air taxi or charter aircraft typically require longer runways and the destination airport must have real-time weather reporting capabilities. The government segment of the market may prefer precision approaches and an ATCT. This segment of the market may also have special requirements relating to the availability of fuel, line services, maintenance, and hangars during extended hours of operation.

Figure 6-1 summarizes the key market drivers for the personal and business segments of the market.

Figure 6-1: Key Market Drivers



Overall, the range, level, and quality of airport infrastructure and aviation products, services, and facilities are some of the key factors that drive the decision of based and transient aircraft operators to select one airport over another.

Understanding the needs, desires, and expectations of customers is one of the most fundamental aspects of the business planning process. Such an understanding is essential to establishing goals, developing objectives, and formulating action plans that realize the mission and vision for the airport. For this reason, throughout the business planning process, it is important to keep the customer’s perspective “top of mind.”

6.9 DEMAND AND CAPACITY

During the airport business planning process, the demand in the market for aviation products, services, and facilities needs to be examined and compared to the capacity at the airport to identify any deficiencies. Once accomplished, goals, objectives, and action plans need to be formulated to address any deficiencies noted.

During the airport master planning process, the demand for airport infrastructure is forecast and compared to the capacity at the airport to identify deficiencies. In the airport master plan, strategies are conveyed for addressing such deficiencies.

In this section, demand and capacity will be discussed from the standpoint of aviation products, services, and facilities and airport infrastructure.

AVIATION PRODUCTS, SERVICES, AND FACILITIES

Three worksheets (Aviation Products Assessment Worksheet, Aviation Services Assessment Worksheet, and Aviation Facilities Assessment Worksheet) are provided at the end of this chapter and in Part 4 of the digital files to help identify deficiencies in aviation products, services, and facilities at the airport. Although aviation products and facilities are tangible, it may be challenging to assess aviation services, particularly in terms of the range, level, and quality of aviation services being provided at an airport.

These worksheets can be used to identify deficiencies by comparing demand in the market to capacity at the airport. Any product, service, or facility deficiencies identified through the assessment process need to be prioritized and addressed in the airport business plan. More specifically, goals, objectives, and action plans need to be formulated to address the deficiencies. Throughout this process, consideration needs to be given to (1) the assets, amenities, and attributes of the airport and the community; (2) the market and customer segments being served by the airport; and (3) the FBOs and SASOs located at the airport.

For example, if an assessment indicates that market demand for T-hangar space exceeds, or will soon exceed, the existing capacity at the airport, a goal needs to be established or an objective needs to be developed and an action plan needs to be formulated to address this deficiency. How will the deficiency be addressed and by whom? Will the airport sponsor work with existing businesses at the airport to ascertain the level of interest in leasing land for development and operation of new T-hangars? If airport businesses are not interested in the opportunity or multiple airport businesses are interested, will the airport sponsor issue a Request For Qualifications (RFQ) or Request For Proposals (RFP) seeking responses from interested parties to lease land and develop and operate new T-hangars? If an acceptable response is not received during the RFQ/RFP process, is the airport sponsor willing to develop T-hangars and enter into a contract with an airport business or other interested party to manage the T-hangars? If not, is the airport sponsor willing to develop and operate the T-hangars directly?

As demonstrated in this example, once the assessment identifies a deficiency, it can be addressed in various ways. This example identified some private enterprise, public-private partnership, and public agency solutions. Through the business planning process, the various approaches for addressing a deficiency need to be identified and evaluated. Once a decision is made, goals, objectives, and action plans need to be formulated.

In addition, the parameters for doing business at an airport are typically set forth in policy documents commonly referred to as primary guiding documents. Such documents could include leasing/rents and fees policy, minimum standards, rules and regulations, and development guidelines. Airport management needs to ensure the airport's primary guiding documents are relevant to the activities taking place at the airport, are reasonable and appropriate for the market and the airport, are physically attainable, and are uniformly and consistently applied and enforced. This is particularly important if the airport sponsor is going to rely on private enterprise to address any deficiencies identified through the assessment process.

[Worksheet 6-6: Aviation Products Assessment](#)

[Worksheet 6-7: Aviation Services Assessment](#)

[Worksheet 6-8: Aviation Facilities Assessment](#)



INFRASTRUCTURE

An airport master plan outlines the short-, medium-, and long-term infrastructure development goals for the airport. As defined by the FAA, an airport master plan supports modernization of existing airports and the creation of new airports, regardless of size, complexity, or role. Using graphics, tables, diagrams, reports, and various studies, an airport master plan provides a framework for decision making related to airport development (Advisory Circular 150/5070-6B).

The following airport master plan elements (outlined in Advisory Circular 150/5070-6B) can be useful when developing an airport business plan:

- **Public Involvement Program**—encourages information sharing and collaboration among stakeholders.
- **Public Information Kit**—provides essential information about the airport, the air transportation and emergency services provided to the community, and the economic impact of the airport, including direct and indirect impacts and the type and number of jobs.
- **Existing Conditions**—identifies key factors affecting the airport as it currently exists.
 - **Inventory**—identifies the existing infrastructure at the airport.
 - **Socioeconomic data**—assesses the community and the market and provides specific input for economic forecasts.
 - **Financial resources**—includes a discussion of the airport’s operating revenues and expenses and sources and uses of funds.
- **Aviation Forecasts**—projects future activity which provides the basis for ascertaining the need for new or expanded infrastructure. The following items are generally assumed to have a potential effect on demand:
 - Economic characteristics of a community.
 - Demographic characteristics of an area’s population.
 - Geographic distances between populations and centers of commerce within the airport service area.
 - Business activity, changes in the aviation industry, and local aviation actions.
 - Political developments, including domestic issues and international relations, changes in the regulatory environment, and shifting attitudes toward the environmental effects of aviation.
- **Facility Requirements**—the aviation industry is dynamic and changes in the industry may have a significant effect on the size, quantity, and type of infrastructure needed to meet demand.
 - **Support facilities**—typically includes ARFF, airport administration and operations buildings, airport maintenance and storage facilities, airport deicing areas, and other airport buildings and facilities.
 - **General aviation requirements**—typically includes vehicle and aircraft access and parking; may include aircraft storage facilities, general aviation terminal buildings, aircraft maintenance facilities, fuel storage facilities, and other buildings and facilities.
- **Financial Feasibility Analysis**—demonstrates the airport sponsor's ability to fund the infrastructure projects identified in the CIP. This analysis considers funding sources for the CIP, projects revenues and expenses for each year of the CIP, and may identify methods to increase airport revenues from both an aeronautical and non-aeronautical perspective.

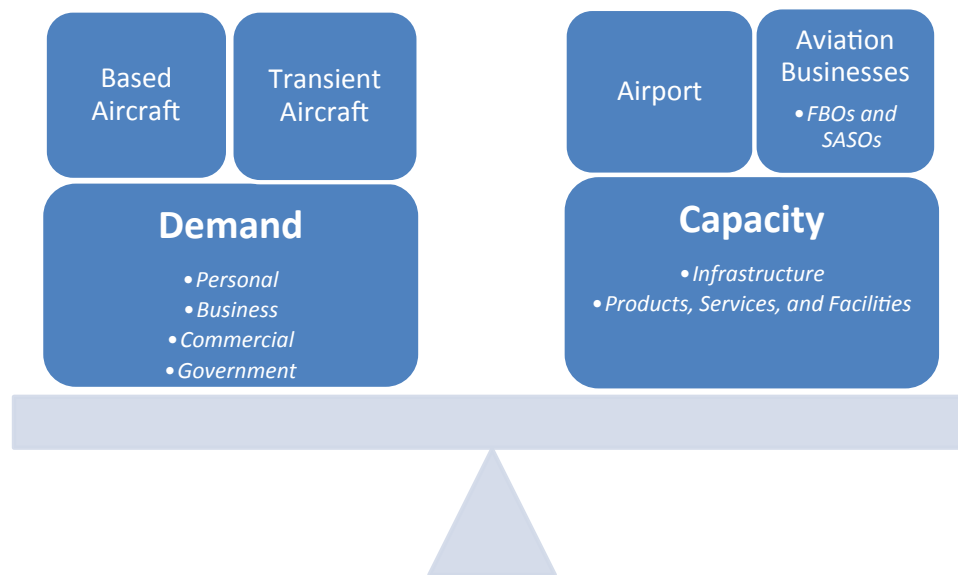
Worksheet 6-9: Airport Infrastructure

An Airport Infrastructure Worksheet is provided at the end of this chapter and in Part 4 of the digital files to help identify deficiencies in airport infrastructure. If a current master plan exists, information and data can be extracted from the master plan to help complete this worksheet.



Figure 6-2 depicts the key elements of the demand-capacity equation and the key relationships among the elements.

Figure 6-2: Demand-Capacity Equation



NON-AERONAUTICAL USE

Some airport land or infrastructure may be unusable for aeronautical purposes. In such situations, the assessment of demand and capacity analysis should be expanded to include the non-aeronautical use of airport property as such use could generate additional revenue and help the airport become (or continue to be) financially self-sustaining.

The FAA's policy on establishing rent for aeronautical use differs from the policy on setting rent for non-aeronautical use. The FAA encourages airport sponsors to establish fair market rent for aeronautical use, but does "not consider the self-sustaining obligation to require the sponsor to charge fair market value rates for aeronautical users." In contrast, "rates charged for non-aeronautical use (e.g., concessions) of the airport must be based on fair market value." (FAA Order 5190.6B)

In other cases, airport property may be underutilized or may not be expected to be used for quite some time. In such situations, airport managers and policymakers should proceed with caution before allowing the non-aeronautical use of airport property.

Generally, the FAA must approve the non-aeronautical use of airport property designated for aeronautical purposes. Airport sponsors are encouraged to seek guidance from the FAA's Airport District Office before allowing the non-aeronautical use of airport property designated for aeronautical purposes.

The non-aeronautical use of airport property is discussed further in *Chapter 11: Financial*. Additionally, this topic is discussed in *ACRP Synthesis 19: Airport Revenue Diversification*.

THROUGH-THE-FENCE ACTIVITIES

One of the most significant challenges associated with through-the-fence activities is creating economic parity between on-airport and off-airport (or through-the-fence) operators. Although some circumstances may be conducive to granting through-the-fence rights or access to an airport (e.g., special-use aeronautical operations such as air cargo companies like UPS or aircraft manufacturing companies like Gulfstream Aerospace), this type of arrangement is discouraged by the FAA because of concerns about safety, security, and airport economics.

As a matter of policy, airport managers and policymakers may refuse to grant through-the-fence rights to any party for any reason. Consistent with best practices, any and all other options should be fully and completely exhausted before considering this possibility. Airport sponsors desirous of prohibiting through-the-fence operations can do so by developing and adopting a policy or directive to this effect. In 2012, ACRP's Oversight Committee elected to pursue a research project, that will culminate in the preparation of a guidebook for managing through-the-fence operations (ACRP Project 10-12).

6.10 WRAP-UP

In summary, having an intimate understanding of the airport, the community, the industry, and the market is foundational for developing and implementing an airport business plan. Understanding the competition, customers, and demand and capacity is also essential to the business planning process. This chapter addressed each of these areas and should be consulted as needed to develop objectives.

6.11 WORKSHEETS

- Worksheet 6-1: Airport Overview
- Worksheet 6-2: Community Overview
- Worksheet 6-3: Industry Overview
- Worksheet 6-4: Market Overview
- Worksheet 6-5: Competition Overview
- Worksheet 6-6: Aviation Products Assessment
- Worksheet 6-7: Aviation Services Assessment
- Worksheet 6-8: Aviation Facilities Assessment
- Worksheet 6-9: Airport Infrastructure

WORKSHEET 6-1: AIRPORT OVERVIEW

CHAPTER 6: AIRPORT AND MARKET

This worksheet is designed to help the planning team identify the airport's key assets, amenities, and attributes. It includes a place to provide a brief history of the airport, identify the airport's unique characteristics, convey additional airport statistics and trends, and discuss the current state of (and the future outlook for) the airport. *Additional information, data, and documentation can be attached to this worksheet as needed.*

Airport Considerations

Item	Information
Airport name (and identifier)	
City and state	
Distance/direction from CBD*	
Owner	
Operator (if different)	
Governing body	
Part of a system	
Manager/director	
Size (acres)	
Elevation (MSL)	
Number of runways	
Longest runway	
Weight bearing capacity	
Other runway(s)	
Precision approaches	
Non-precision approaches	
Air traffic control tower	
Airport type	
Airport role	
Population served	
Economic impact	
Part 139	
ARFF	
FBOs (number and names)	
SASOs (number and names)	
** Non-commercial tenants	
Government tenants	
Military tenants	

* Central business district ** Individual and corporate flight departments

Item	Information
Historical perspective	
Unique characteristics	
Key statistics/trends	
Current state	
Future outlook	

FBO Considerations

Item	Information
Historical perspective	
Unique characteristics	
Key statistics/trends	
Current state	
Future outlook	

WORKSHEET 6-2: COMMUNITY OVERVIEW

CHAPTER 6: AIRPORT AND MARKET

This worksheet is designed to help the planning team identify the key assets, amenities, and attributes of the community. It includes a place to provide a brief history of the community, identify unique characteristics of the community, and discuss the current state of (and the future outlook for) the community. *Additional information, data, and documentation can be attached to this worksheet as needed.*

Item	Information
Geographic location	
Weather/climate	
Transportation infrastructure	
Highway	
Railroad	
Air (air carrier service)	
Air (general aviation service)	
Port access	
Demographic information	
Population	
Median age (years)	
Housing characteristics	
Housing units	
Median value (dollars)	
Economic characteristics	
Labor force	
Median household income	
Per capita income	
Families below poverty level	
Educational characteristics	
High school graduation	
Bachelor’s degree or higher	
Business	
Industry	

Item	Information
Historical perspective	
Unique characteristics	
Current state	
Future outlook	

WORKSHEET 6-3: INDUSTRY OVERVIEW

CHAPTER 6: AIRPORT AND MARKET

An overview of the industry should provide some historical perspective, identify unique characteristics, and discuss the current state of, and the future outlook for, the industry on a national level. In addition, an analysis of key statistics and trends for the industry, including new aircraft shipments, registered aircraft, hours flown, licensed pilots, and fuel consumption should be conducted. The findings should be included in the industry overview.

Item	Information
Historical perspective	
Unique characteristics	
Current state	

Future outlook	
Key industry statistics/trends	
General aviation aircraft shipments	Increased/Decreased X.X% per year (from X to Y)
Number of registered general aviation aircraft	Increased/Decreased X.X% per year (from X to Y)
General aviation hours flown	Increased/Decreased X.X% per year (from X to Y)
Number of licensed pilots	Increased/Decreased X.X% per year (from X to Y)
Fuel consumption	Increased/Decreased X.X% per year (from X to Y)

WORKSHEET 6-4: MARKET OVERVIEW

CHAPTER 6: AIRPORT AND MARKET

An overview of the market (on a regional, state, and local level) should include an examination of key statistics and trends, including the number of FAA-registered aircraft and licensed pilots (in the United States, the subject state, and the subject county) and the number of based aircraft, aircraft operations, and fuel volumes at the subject airport.

Number of Registered Aircraft

Location	Population 2010	Registered Aircraft 2010	Average per 1,000 persons	Market Share
United States			#DIV/0!	
State			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
Total Region	0	0	#DIV/0!	#DIV/0!

Number of Licensed Pilots

Location	Population 2010	Licensed Pilots 2010	Average per 1,000 persons	Market Share
United States			#DIV/0!	
State			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
			#DIV/0!	#DIV/0!
Total Region	0	0	#DIV/0!	#DIV/0!

Based Aircraft (By Type)

Year	Single-engine	Multi-engine	Jet	Helicopter	Total	Annual Change
					0	N/A
					0	#DIV/0!
					0	#DIV/0!
					0	#DIV/0!
					0	#DIV/0!
Total Change	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Annual Change	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Based Aircraft (By Category)

Year	Piston	Turboprop	Turbojet	Total	Annual Change
				0	N/A
				0	#DIV/0!
				0	#DIV/0!
				0	#DIV/0!
				0	#DIV/0!
Total Change	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Average Change	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Aircraft Operations

Year	GA Local	GA Itinerant	Total	Annual Change
			0	N/A
			0	#DIV/0!
			0	#DIV/0!
			0	#DIV/0!
			0	#DIV/0!
Total Change	#DIV/0!	#DIV/0!	#DIV/0!	
Average Change	#DIV/0!	#DIV/0!	#DIV/0!	

Fuel Volumes

Year	Avgas	Jet Fuel	Total	Annual Change
			0	N/A
			0	#DIV/0!
			0	#DIV/0!
			0	#DIV/0!
			0	#DIV/0!
Total Change	#DIV/0!	#DIV/0!	#DIV/0!	
Average Change	#DIV/0!	#DIV/0!	#DIV/0!	

WORKSHEET 6-5: COMPETITION OVERVIEW

CHAPTER 6: AIRPORT AND MARKET

This worksheet can be used to identify the airports in the area that compete with the subject airport for based and transient customers; the assets, amenities, attributes, and activities at those airports; and the strengths and weaknesses of those airports. *Information from the airport profile (from “airport name and identifier” through “ARFF”—identified in italics) should be incorporated into this worksheet under the column titled “Subject Airport.”*

	Subject Airport	Airport 1	Airport 2	Airport 3
<i>Airport name (and identifier)</i>				
<i>City and state</i>				
<i>Distance/direction from CBD*</i>				
<i>Owner</i>				
<i>Operator</i>				
<i>Governing body</i>				
<i>Part of a system</i>				
<i>Manager/director</i>				
<i>Size (acreage)</i>				
<i>Elevation (MSL)</i>				
<i>Number of runways</i>				
<i>Longest runway</i>				
<i>Weight bearing capacity</i>				
<i>Other runway(s)</i>				
<i>Precision approaches</i>				
<i>Non-precision approaches</i>				
<i>Air traffic control tower</i>				
<i>Airport type</i>				
<i>Airport role</i>				
<i>Population served</i>				
<i>Part 139</i>				
<i>ARFF</i>				
** FBOs (number and names)				
Owned/operated by				
SASOs (number and names)				
Maintenance, repair, overhaul				
Avionics/instruments				
Modification/refurbishment				
Flight/ground instruction				
Aircraft rental				
Aircraft charter				
Aircraft management				
Aircraft sales/leasing				

	Subject Airport	Airport 1	Airport 2	Airport 3
Market segment(s) served***				
Non-commercial tenants				
Government tenants				
Military tenants				
Non-aeronautical tenants				
T-hangar(s)				
Owned/operated by				
Number				
Occupancy				
Other hangar(s)				
Owned/operated by				
Number				
Occupancy				
Jet fuel price (per gallon)				
Owned/operated by				
Full service				
Self-serve				
Avgas price (per gallon)				
Owned/operated by				
Full service				
Self-serve				
Based aircraft				
Single-engine				
Multi-engine				
Jet				
Helicopter				
Other				
<i>Total</i>				
Aircraft operations				
General aviation—local				
General aviation—itinerant				
<i>Total</i>				
Fuel volumes				
General aviation—jet fuel				
General aviation—avgas				
<i>Total</i>				
Other fuel volumes (specify)				

* CBD = Central Business District

** FBO providing fueling, line (ground), passenger/crew, and location-based services

*** Personal (P), Business (B), Commercial (C), Government (G)

Airport 1: _____ Airport 2: _____ Airport 3: _____

WORKSHEET 6-6: AVIATION PRODUCTS ASSESSMENT

CHAPTER 6: AIRPORT AND MARKET

The availability of fuel is a critical factor in attracting and retaining based and transient customers from all segments of the market. This worksheet can be used to identify the demand for the aviation products (including fuel, lubricants, parts, sales and leasing, and pilot supplies) and the capacity of the airport’s operators. If desired, an assessment can be made regarding the quality of the products being provided, as follows:

Quality: E = Excellent; G = Good; A = Average; F = Fair; or P = Poor

Airport Considerations

	Demand (Yes/No)	Capacity Operator 1 (Yes/No)	Capacity Operator 2 (Yes/No)	Capacity Operator 3 (Yes/No)	Quality (Rating)
General Aviation Fueling					
Jet fuel					
Full service					
Self-serve					
Avgas					
Full service					
Self-serve					
Mogas					
Full service					
Self-serve					
Aviation lubricants					
Aircraft parts					
Aircraft sales/leasing					
Pilot supplies					

The convenience of a self-serve fueling system can be a positive feature for the personal segment of the market.

FBO Considerations

	Demand (Yes/No)	Capacity Operator 1 (Yes/No)	Capacity Operator 2 (Yes/No)	Capacity Operator 3 (Yes/No)	Quality (Rating)
Air Carrier Fueling					
Jet fuel					
Avgas					
Military Fueling					
Jet fuel					
Avgas					

Operator 1: _____ Operator 2: _____ Operator 3: _____

WORKSHEET 6-7: AVIATION SERVICES ASSESSMENT

CHAPTER 6: AIRPORT AND MARKET

The availability of quality services is an important factor in attracting and retaining customers from all segments of the market. This worksheet can be used to identify the demand for services and the capacity of existing operators at the airport. If desired, an assessment can be made regarding the quality of the services being provided, as follows:

Quality: E = Excellent; G = Good; A = Average; F = Fair; or P = Poor

	Demand (Yes/No)	Capacity Operator 1 (Yes/No)	Capacity Operator 2 (Yes/No)	Capacity Operator 3 (Yes/No)	Quality (Rating)
Line (Aircraft Ground) Services					
Towing					
AC ground power					
DC ground power					
Lavatory					
Preheat					
Deicing					
Oxygen					
Nitrogen					
Compressed air					
Cleaning/detailing					
Disabled aircraft removal					
Passenger/Crew Services					
Concierge					
Coffee, tea, ice					
Snacks/vending					
Business center					
Rental cars/crew car					
Courtesy transportation					
Technical Services (Aircraft Maintenance, Repair, and Overhaul)					
Piston fixed wing					
Turboprop fixed wing					
Turbofan fixed wing					
Avionics /Instruments					
Modification					
Refurbishment					
Flight Services					
Flight/ground instruction					
Aircraft rental					
Aircraft charter					
Aircraft management					

Operator 1: _____ Operator 2: _____ Operator 3: _____

WORKSHEET 6-8: AVIATION FACILITIES ASSESSMENT

CHAPTER 6: AIRPORT AND MARKET

The availability of quality aircraft parking and storage (hangar) space is an important factor in attracting and retaining customers from all segments of the market. Access to ancillary facilities, including general aviation terminal buildings which typically provide various passenger and crew amenities, can be important as well. This worksheet can be used to identify the demand for facilities and the capacity of existing operators at the airport. If desired, an assessment can be made regarding the quality of the facilities being provided, as follows:

Quality: E = Excellent; G = Good; A = Average; F = Fair; or P = Poor

	Demand (Yes/No)	Capacity Operator 1 (Yes/No)	Capacity Operator 2 (Yes/No)	Capacity Operator 3 (Yes/No)	Quality (Rating)
General aviation terminal building					
Passenger lounge					
Conference room					
Work areas/stations					
Crew lounge					
Crew snooze/quiet room(s)					
Crew restrooms/showers					
Crew flight planning room					
Internet access					
Office space					
Shop space					
Hangar(s)					
Shadeport(s)					
T-hangar(s)					
Executive/box hangar(s)					
Community hangar(s)					
Corporate hangar(s)					
Maintenance hangar(s)					
Aircraft parking (ramp)					
Vehicle parking					
Fuel storage facility					
Jet fuel					
Avgas					
Mogas					
Diesel					

Operator 1: _____ Operator 2: _____ Operator 3: _____

WORKSHEET 6-9: AIRPORT INFRASTRUCTURE

CHAPTER 6: AIRPORT AND MARKET

This worksheet can be utilized to identify the airport’s existing infrastructure and associated demand. Additionally, if desired, an assessment can be made regarding the quality of the airport’s existing infrastructure, as follows:

Quality: E = Excellent; G = Good; A = Average; F = Fair; or P = Poor

	Details	Demand (Yes/No)	Quality (Rating)
Runway 1			
	Length/Width		
	Weight bearing capacity		
Runway 2			
	Length/Width		
	Weight bearing capacity		
Runway 3			
	Length/Width		
	Weight bearing capacity		
Taxiways			
Airport striping			
Airport lighting			
Airport signage			
Aircraft parking (ramp)			
Air traffic control tower			
Precision approach(es)			
Non-precision approach(es)			
ARFF facility*			
ARFF service*			
GSE facility**			
Airside roadways (perimeter)			
Administration building/office			
Properties office			
Operations office			
Maintenance building/office/yard			
Storage building/yard			
Customs building/office			
Vehicle parking			
Landside roadways			

*ARFF = Aircraft Rescue and Fire Fighting

**GSE = Ground Support Equipment

CHAPTER 7

ORGANIZATION

- 7.1 Introduction
- 7.2 Ownership
- 7.3 Governance
- 7.4 Management
- 7.5 Wrap-Up
- 7.6 Worksheet



The airport manager knew that the airport’s ownership, governance, and management structure needed to be considered during the business planning process. After all, it would not make sense to spend time establishing a goal that could not be achieved within the existing structure. As the airport manager thought more about the process, it became apparent that the structure and the roles and responsibilities of the City, the Council, and airport management and staff needed to be clearly understood by the planning team. In particular, discussion regarding authority or power, obligations, limitations, restrictions, or prohibitions would be helpful, because an understanding of each of these areas would be essential to the process.

7.1 INTRODUCTION

The United States has one of the most robust airport systems in the world. It also has many diverse forms of airport ownership, governance, and management. An airport can be owned by a private or public entity and governed or managed by the owner or another public or private entity. Governing bodies have diverse powers, and advisory bodies can play an important role as well. The airport sponsor—typically the airport owner—assumes numerous obligations when accepting federal or state funding.

In this chapter, the various forms of airport ownership, governance, and management will be discussed, along with the roles, powers, and responsibilities of airport sponsors, governing bodies, and managers.

An airport may be operated under restrictive powers that may impede or prevent achieving a goal, accomplishing an objective, or completing an action plan. Under those circumstances, it may be necessary to consider changing the ownership, governance, or management structure which, in turn, may result in a more balanced approach to airport management and a better platform for pursuing opportunities. For example, it would not make sense to establish a goal wherein the airport sponsor would control the use of land surrounding the airport if the airport sponsor lacked the statutory authority to do so.

This chapter will also examine organizational structures; discuss systems, policies, and compliance; and explore the functional relationships among policymakers, airport management, and airport staff.

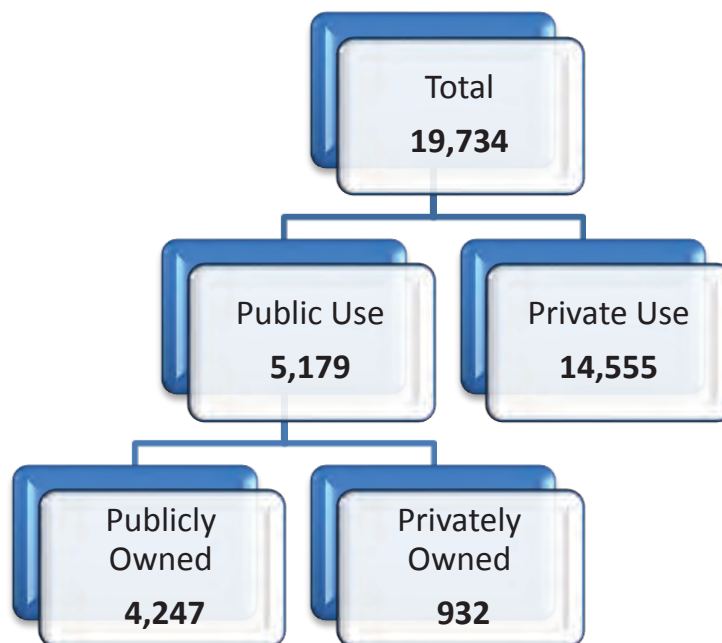
Only those portions of this chapter relevant to achieving the goals established for the airport need to be consulted. When examining the relevant areas, the planning team should look for opportunities to develop objectives that will help achieve the goals. Each goal can have multiple objectives.

7.2 OWNERSHIP

FORMS

According to the 2011 FAA National Plan of Integrated Airport Systems (NPIAS), there are 19,734 landing fields in the United States owned by public and private entities. Although most airports in the United States are privately owned and unavailable for public use, 5,179 airports are available for public use and enjoyment (see **Figure 7-1**). An important distinction between public and private is that all publicly owned airports are available for public use while only certain private airports are available for public use.

Figure 7-1: United States Landing Fields



SOURCE: FAA NPIAS AS OF JULY 1, 2011

When formulating goals, objectives, and action plans for the airport, airport managers and policymakers need to be familiar with the governance and powers associated with the airport's ownership form, as set forth in the enabling state statutes or constitution.

Legal forms of privately owned airports include sole proprietorships, partnerships, limited liability companies, and corporations. Most often, though not always, privately owned airports are smaller and less active. Conversely, publicly owned airports are generally larger and have more based aircraft and more aircraft operations. In many cases, this is a direct result of the public ownership of the airport and the ability of the airport sponsor to obtain

public funding to develop or enhance the airport’s infrastructure. While acknowledging the importance of privately owned airports within the national airport system, this Guidebook is directed toward airport managers and policymakers at publicly owned airports.

Although forms of public airport ownership are varied, there are two broad categories or classifications—general purpose and special purpose.

General-purpose governments are typically composed of municipalities (e.g., cities, towns, townships, and villages), counties, federal or state entities, or combinations thereof. Municipalities account for the largest percentage of publicly owned airport facilities, followed by counties (*ACRP Legal Research Digest 7, 2009*).

Special-purpose governments are enabled by states to own and operate single or limited government assets including airports (e.g., authorities and districts). Although some industry observers claim that this structure allows special-purpose airports to be more efficient, evidence to-date is not conclusive in this regard (*ACRP Legal Research Digest 7, 2009*).

POWERS

Public airport sponsors obtain a wide array of powers from enabling state statutes or constitutions. The powers for general-purpose governments can be broader than those for special-purpose governments.

The planning team must identify the airport sponsor’s powers during the early stages of the development process because this can have a direct effect on the formulation of goals, objectives, and action plans for the airport.

ACRP Legal Research Digest 7: Airport Governance and Ownership examined enabling statutes across the United States to identify powers typically associated with the various forms of airport ownership. In addition, the digest also identified the powers that airport sponsors may want to have or must have in order to develop, operate, and manage an airport.

- Desirable powers include the ability to
 - Acquire property by condemnation or eminent domain
 - Control land uses beyond airport boundaries
 - Control liability exposure (e.g., tort, inverse condemnation, and federal antitrust)
 - Control management, employee hiring, and salaries
 - Mitigate environmental effects
 - Maximize aeronautical and non-aeronautical revenues
 - Market the airport
 - Adapt to changed circumstances
 - Delegate or transfer power
- Needed powers include the ability to
 - Construct, maintain, and repair infrastructure
 - Generate revenue
 - Obtain financing and incur debt for development and operations
 - Regulate operations, tenants, and users
 - Provide a safe, secure, and efficient facility

A municipality, county, state or state entity (such as a university or college) may subsidize the costs of an airport with general revenues, including tax revenues. Special-purpose governments may lack such power.

A municipality could contract with another public or private entity to oversee or govern an airport. A municipality might grant another entity limited or complete control of an airport (with exception of the FAA obligations that must remain with the airport sponsor) depending on statutory requirements and the terms and conditions of the agreement among the parties.

- Hire staff, execute contracts, lease property, and perform similar administrative functions
- Acquire and dispose of property
- Sue and be sued

If an airport sponsor cannot acquire property through condemnation or eminent domain, the ability to expand the airport will be contingent on being able to acquire property through negotiation.

Understanding the powers available to the airport sponsor will help guide the airport business planning process.

State statutes may identify additional responsibilities for airport sponsors. From an airport business planning perspective, these responsibilities may require increased airport staffing and/or necessitate the procurement of outside services, both of which would affect the budget.

Understanding the ownership and governance structure and associated powers is essential to the business planning process because this knowledge will (1) provide a framework for developing and implementing an airport business plan and (2) help the planning team formulate goals, objectives, and action plans for the airport.

RESPONSIBILITIES

Regardless of the airport's ownership form, the principal responsibility of the airport sponsor is to operate and manage a safe, secure, and efficient airport. This requires a commitment to develop and implement policies and systems to achieve this purpose. It is important to be reminded of this responsibility because the composition and leadership of the airport's governing body will likely change over time. One way to ensure that this responsibility remains a top priority is to incorporate this responsibility into the airport's mission and vision statements. Each of these elements is discussed in detail in Chapter 4.

Beyond this principal responsibility, the airport must be operated and managed in accordance with applicable regulatory measures, for the benefit of all users, and in the most cost-effective manner possible. In addition, airport managers and policymakers are accountable to the public, and stakeholders expect full transparency and open communications. If desired, these responsibilities can be incorporated into the mission, vision, values, or goals of the airport.

7.3 GOVERNANCE

STRUCTURE

In most cases, the ownership entity's governing body oversees the airport. In the case of municipally owned airports, oversight is typically provided by the city/town council/board. County-owned airports are usually overseen by a board of supervisors or county commissioners. Airport authorities are typically overseen by a board of commissioners.

Because governments provide essential public services, state laws normally offer some statutory protection. However, sovereign immunity can be limited to government activities and may not extend to proprietary endeavors such as the ownership and operation of an FBO. Policymakers need to understand what statutory immunities apply and be aware of the risks associated with proprietary activities. This can have a significant effect on the type and amount of insurance required and associated costs.

GOVERNING BODY

As previously indicated, governing bodies consist of members of general-purpose or special-purpose units of government. Members can be elected or appointed and the length of service (term) varies. The background, experience, knowledge, interests, and leadership ability of members also varies. Ideally, members of governing bodies should have a basic understanding of public governance and some specific knowledge of aviation, airport, and business matters.

Among the most important responsibilities of members of governing bodies is ensuring the safe, secure, and efficient operation and management of the airport. This can best be accomplished by (1) providing appropriate oversight; (2) enacting policies that provide clear direction and guidance to airport management and staff; (3) ensuring compliance with all applicable regulatory measures; and (4) promoting the role, value, and contribution (economic and otherwise) of the airport to the community.

It is also important for governing bodies to embrace the concept that airport managers manage and governing bodies govern. It is crucial that governing bodies respect this separation of functions. A healthy checks-and-balances approach and two-way support system typically evolves from a position of mutual respect. As the airport business plan is developed, consideration should be given to clearly identifying the roles and responsibilities of each of these respective parties. Additionally, the principal responsibility of ensuring the safe, secure, and efficient operation and management of the airport can be incorporated into the mission, vision, values, or goals of the airport.

ADVISORY BODIES

In some cases, general-purpose governments may appoint an advisory body. This may occur when members of a general-purpose governing body do not have the background, experience, knowledge, interest, or time to devote to airport issues. The appointment of an airport advisory board can be viewed as being similar to appointing planning boards, historic district boards, liquor boards, property tax review boards, and other types of boards, in which experienced, knowledgeable, and interested members from the community provide advice and recommendations to policymakers.

Generally, advisory bodies consist of individuals who have a working knowledge of aviation, airports, or business. Advisory bodies often provide a bridge between airport management and policymakers, which can be beneficial to both parties. In addition, the recommendations of an advisory body may be given considerable weight, depending on the governance philosophy of policymakers. Because of this, the planning team may want to consider the formation of an airport advisory board. If so, an action plan for creating, appointing, and empowering such a group of individuals would need to be included in the airport business plan. A purpose statement, which defines the role and responsibilities of the advisory body, should be prepared as well.

7.4 MANAGEMENT

Managing a general aviation airport is a complex, and often challenging and demanding, task. At its core, managing an airport is about managing people and systems. Management is often defined as getting things done through others. An airport manager must be ready, willing, and able to rely on the background, experience, knowledge, and ability of others to achieve the goals and realize the mission and vision for the airport.

Therefore, the ability to lead is one of the key attributes policymakers should consider when hiring an airport manager. Likewise, an airport manager needs direction from the governing body. Within this context, it is essential to establish policies that provide clear guidance for the day-to-day operation and management of an airport while supporting the mission, vision, values, and goals established for the airport.

The strategic and artful balancing of governance-management-staff relationships should be high priority for an airport manager. These functional relationships are depicted in **Figure 7-2**.

In the case of a municipality, staff could be shared across departments. In other cases, the airport could be managed by an individual who does not have an office at the airport, such as a municipal or county public works director. In such a case, the public works director may not be aware of the full extent of airport management responsibilities and may place greater reliance on staff, outside advisors, or volunteers.

Figure 7-2: Functional Relationships



PEOPLE

The planning team must fully understand the underlying structure of the organization and the roles and responsibilities of policymakers, airport management and staff, outside advisors, volunteers, and the community.

Success is the sum of small efforts, repeated day in and day out...

- Robert Collier

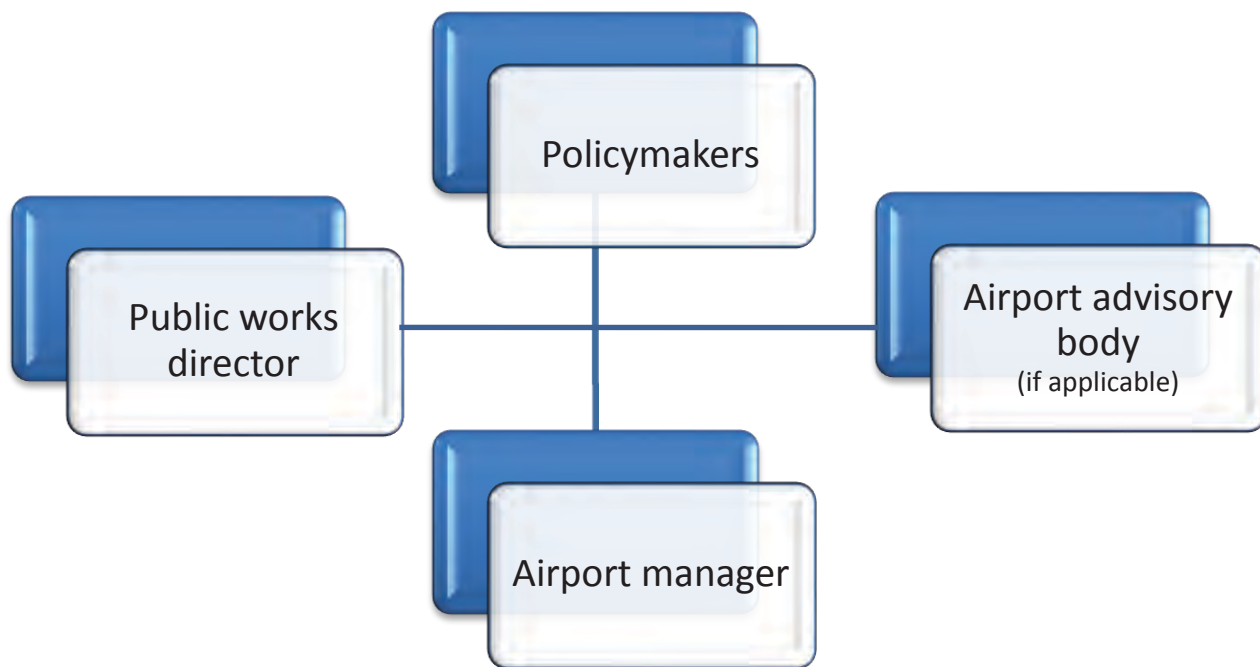
ORGANIZATIONAL STRUCTURE

Staffing will vary based on the size, scope, and complexity of the operation, as well as the specific situation and circumstances. Staffing at the smallest rural general aviation airport could consist of only one part-time individual. At the largest metropolitan general aviation airport, staffing could consist of several dozen people. Staffing may also be influenced by the type of airport ownership.

There is no template depicting a standard organizational structure for a general aviation airport. However, there are a few models—based on the various airport ownership forms—that reflect the structures in existence today.

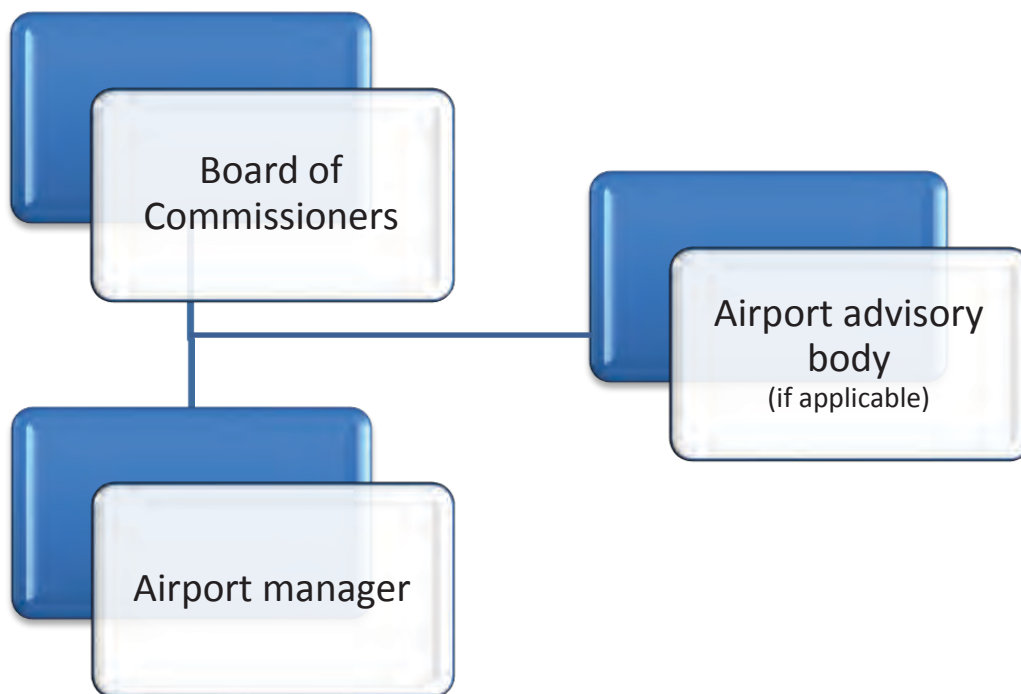
The organizational structure at a municipal or county-owned airport operated by municipal or county employees may be similar to the example provided in **Figure 7-3**.

Figure 7-3: Example: Municipal or County-Owned Airport Organizational Structure



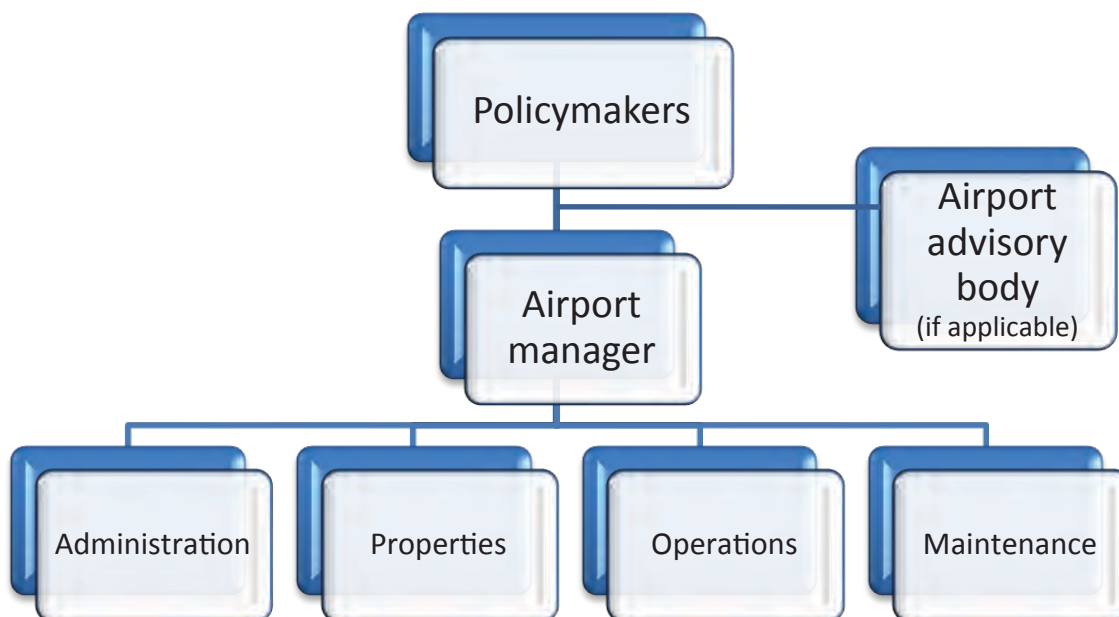
The organizational structure for an airport authority may be similar to the example provided in **Figure 7-4**.

Figure 7-4: Example: Airport Authority Organizational Structure



A large general aviation airport may have departments, functional areas, or areas of specialization. An organizational structure for a large general aviation airport may be similar to the example provided in **Figure 7-5**.

Figure 7-5: Example: Large Airport Organizational Structure



ROLES AND RESPONSIBILITIES

The position of airport manager is a fusion of many roles. Airport managers serve as real estate managers, facility managers, and business managers. The scope of responsibility generally encompasses administration, human resources, procurement, contracting, planning, engineering, maintenance and repair, safety and security, finance, marketing, and public relations.

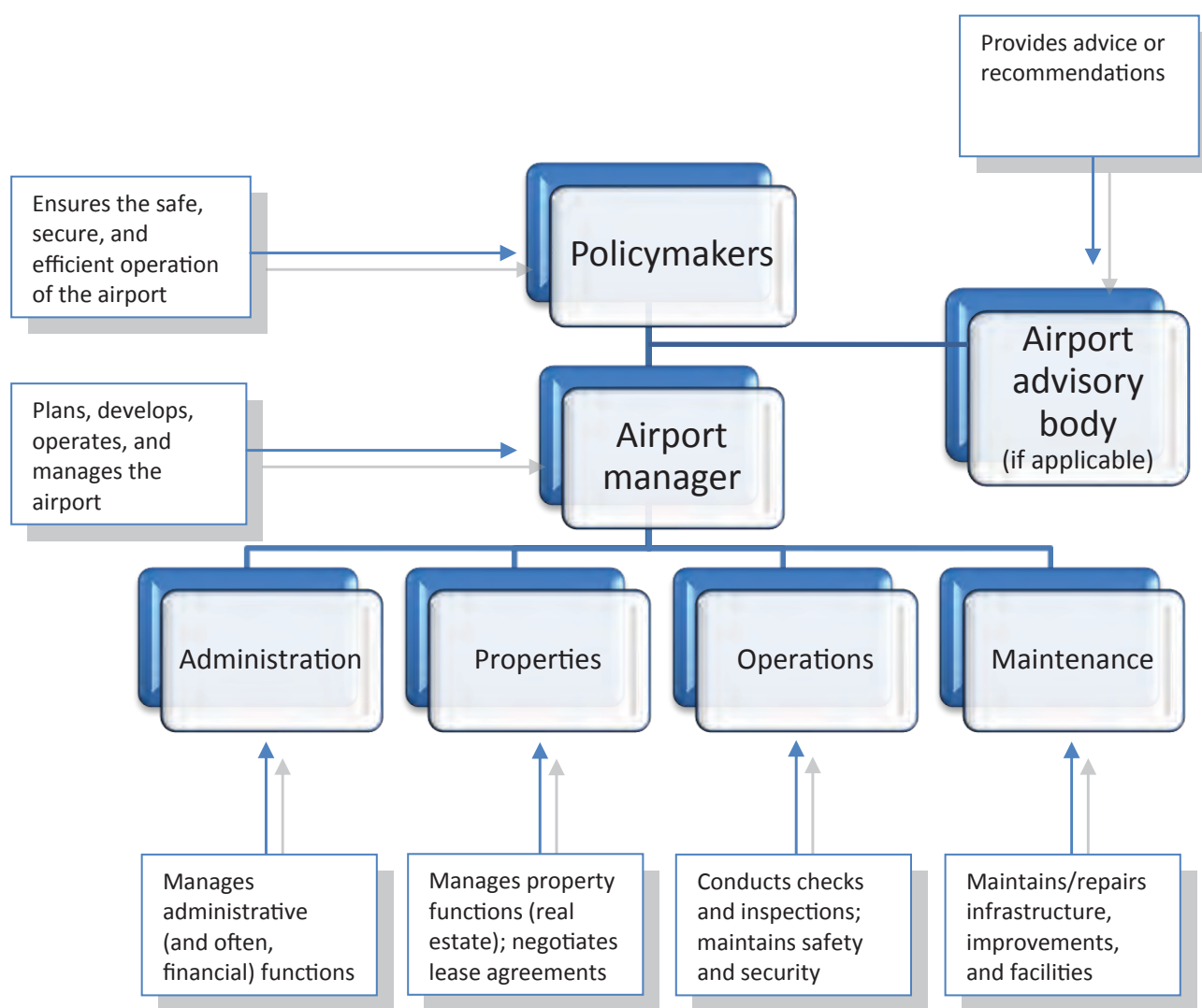
Airport managers are never off the clock and frequently deal with issues at night, on weekends, and during holidays. At small airports with little or no staff, responsibilities can be even greater. At larger, fully staffed airports, an airport manager may be able to focus more on maintaining stakeholder relations; addressing specific issues, challenges, and problems; or developing strategies for achieving the goals and realizing the mission and vision for the airport. In either case, the position of airport manager is integral to the airport business plan because this individual will, at a minimum, be involved throughout the preparation, development, and implementation phases of the process and may also serve as the facilitator and/or champion.

As a result, finding an individual who has the right combination of education, experience, and knowledge is the key to building a competent staff and operating and managing a safe, secure, and efficient airport. Today, the individuals serving in this capacity generally have undergraduate degrees in public administration, business administration, or aviation management or equivalent experience. Some may have graduate degrees in business, political science, or public administration. Ideally, the airport manager's experience will be equally broad, perhaps beginning as an airport intern and progressively advancing through supervisory and management positions and gaining additional responsibility and authority at larger, more complex, and more active airports.

In addition to the airport manager's position, the planning team must consider the unique assets, amenities, and attributes of the airport and any related effects on staffing; develop an organizational chart; and describe the role, responsibility, and authority of key staff—if this has not already been accomplished.

An example functional organizational chart identifying a series of responsibilities that could be assigned to various staff members based on the size, scope, complexity, and budget of the airport (and the specific situation and circumstances that exist) is provided in **Figure 7-6**.

Figure 7-6: Example: Functional Organizational Chart



OUTSIDE ADVISORS

Although some general-purpose governments and some larger airport authorities may have department-level experts who provide special services, often airport managers have to look outside the organization for such services—particularly, when staff lacks experience, expertise, or capability in a particular area.

During the airport business planning process, the planning team will need to identify any outside services required. It is important to identify each of the potential disciplines, develop a list of firms or individuals who provide services in each area, and outline a qualification-based selection process. The process established by the FAA for grant-funded projects could serve as a starting point.

Outside advisors could include bookkeeping firms, accounting firms, audit firms, human resource firms, operations and management consultants, financial consultants, insurance agents, real estate brokers, attorneys, planners, engineers, architects, appraisers, environmental specialists, and wildlife biologists.

VOLUNTEERS

General aviation airports commonly rely on volunteers, including advisory bodies, educational institutions, and other organizations like the SBDC or a SCORE chapter. Volunteers can provide a wide range of assistance during the development of an airport business plan, including evaluating organizational structures, establishing performance measures, developing marketing or public relations materials, identifying industry standards and best practices, and generating ideas for the highest and best use of airport assets. Often, services can be obtained at little or no cost.

COMMUNITY

Airport managers may also be able to obtain assistance from community-based organizations (e.g., economic development organizations, planning and transportation agencies, and chambers of commerce) for the development of the airport business plan. Such assistance may include identifying potential target markets, developing strategies for attracting and retaining business, and providing assistance during special events. In many cases, the assistance of community-based organizations can also be obtained at little or no cost. In addition, involving community-based organizations in the airport business planning process can increase stakeholder buy-in and create opportunities to collaborate on airport and community initiatives.

MANAGEMENT INFORMATION SYSTEM

All organizations need systems to facilitate the recording, storage, and retrieval of information, data, and documentation. This is especially true for general aviation airports because safety is paramount, accountability is required, and transparency is expected. For these reasons, a management information system is essential to the operation and management of an airport. In the case of general-purpose government-owned airports, such a system can be developed and managed by internal departments. At special-purpose government airports, such a system may need to be developed from scratch and managed by staff.

Management information systems typically encompass accounting and financial activities, airport activities (e.g., based aircraft, aircraft operations, and fuel volumes), and human resources activities (e.g., applications, reference and background checks, hiring, promotion, and termination). Such a system generally includes airport agreements and related correspondence as well.

The airport business plan should identify the systems that will be used to efficiently capture, safely store, and easily facilitate the retrieval of information, data, and documentation relating to all functional aspects of the airport. Investigation of these systems may reveal opportunities to increase efficiency, improve productivity, or enhance cost-effectiveness. Such an examination will be helpful for establishing goals, developing objectives, and formulating action plans for the airport.

POLICIES

As indicated previously, an airport manager needs direction from the governing body and policies that provide clear guidance for the day-to-day operation and management of an airport while also supporting the mission, vision, values, and goals established for the airport.

Policies can cover a wide variety of airport functions, including administrative, planning, development, operations, management, financial, marketing, and public relations. Additionally, several documents (commonly referred to as primary guiding documents) play a key role when it comes to doing business at a general aviation airport.

As described in Chapter 2, primary guiding documents are a compendium of policies, standards, guidelines, rules, and regulations that govern the operation and management of an airport. While not an element of an airport business plan, primary guiding documents can be integral to the implementation of a plan. It is important, however, to ensure that primary guiding documents are consistent with the airport business plan. If that is not the case, the documents should be updated. This could be identified as one of the goals or objectives of the airport business plan.

The planning team should consider all existing policies during the development of the airport business plan and identify any additional policies that may help airport management and staff achieve the goals established for the airport.

FEDERAL AND STATE COMPLIANCE

The airport sponsor is typically the party in control of the airport and, as such, is eligible to apply for federal and state grant funds to facilitate the development or enhancement of airport infrastructure and improvements. Most grant funds are obtained from the FAA through AIP; however, in some cases, funds may be available through other state and federal agencies such as the U.S. Department of Agriculture, U.S. Economic Development Administration, and Federal Emergency Management Agency.

AIP is designed to provide funding to airport sponsors for planning, acquiring, constructing, improving, and equipping airports. Approximately 3,300 public and privately owned general aviation airports are part of the NPIAS and are currently eligible to receive AIP funds (NPIAS, 2011). General aviation airports may also be eligible for state funds. With regard to state grants, eligible projects and the amount of funding available varies from state to state.

When an airport sponsor accepts federal or state funds, the airport sponsor assumes certain obligations. The obligations associated with state funding vary but generally include the requirement to complete a project or purchase in accordance with accepted guidelines (e.g., bidding procedures, fund management, inspections, auditing, and financial reporting).

When an airport sponsor accepts AIP funds, the airport sponsor is required to comply with the Airport Sponsor Assurances, which include obligations relating to airport design, operations, economics, financial reporting, and various other commitments. Some of the most relevant Airport Sponsor Assurances, from a business planning standpoint, include

- Pavement Preventative Maintenance
- Accounting, Audit, and Record Keeping Requirements
- Operation and Maintenance
- Economic Nondiscrimination
- Exclusive Rights
- Fee and Rental Structure
- Airport Revenues
- Reports and Inspections

- Engineering and Design Services
- Policies, Standards, and Specifications
- Hangar Construction

The obligations of the airport sponsor may vary depending on the type of project for which AIP funding is being obtained. While the obligations of the airport sponsor apply for a period of 20 years or the life of the project, whichever is greater, there are several Airport Sponsor Assurances (#23 Exclusive Rights, #25 Airport Revenue, and #30 Civil Rights) that apply in perpetuity. If land is acquired using AIP funds, these assurances apply indefinitely to the entire airport as well.

The reader is directed to the following FAA website link to obtain a copy of the Airport Sponsor Assurances for review: http://www.faa.gov/airports/aip/grant_assurances/media/airport_sponsor_assurances.pdf.

Airport managers and policymakers need to have a thorough understanding of the Airport Sponsor Assurances because the airport sponsor's obligation to federal and state agencies will affect the content of an airport business plan, particularly as it pertains to leasing land and improvements, setting and adjusting rents and fees, entering into agreements (lease, use, or operating) with airport businesses and tenants, competing with airport businesses and tenants, using airport revenues, and exercising proprietary exclusive rights (wherein the airport sponsor engages in certain activities and excludes others from doing so).

PRIVATIZATION

As general aviation airport managers and policymakers look for ways to maximize financial self-sufficiency, "privatization" may merit consideration. Privatizing the management of the airport may be viewed as a means of reducing personnel costs, promoting efficiency, or increasing revenue. Privatization can be found in many forms, including the full privatization of the airport, airport and FBO management contracts, and various public-private partnerships.

Airport management companies may offer the ability to use (1) the resources of a small or large portfolio of airports; (2) financial resources beyond AIP or other programs; and (3) expertise in developing and marketing airport property for aeronautical and non-aeronautical use. Some companies offer commercial aeronautical services in addition to airport management functions and can serve as both the airport and FBO manager.

Privatization, especially the complete privatization of an airport, will have long-term ramifications and should be approached very carefully. Some real and perceived disadvantages of privatization include the loss of control over airport management and development, challenges in retaining sufficient authority to ensure compliance with Airport Sponsor Assurances, lengthy and cumbersome contracting processes, and the long-term commitment often required to ensure that privatization is financially viable. If privatization is being considered, it should be thoroughly vetted. Stakeholder participation is critical to the process.

The airport sponsor may, for example, lease the airport and/or the FBO to (and receive rents and fees from) a company while allowing the entity to retain all proceeds from commercial aeronautical activities; enter into a contract with a company to manage the airport and/or the FBO for a fixed price while continuing to collect rents and fees; or enter into a contract with a company to manage the airport and/or the FBO and share the proceeds from all commercial aeronautical activities.

Any form of airport privatization must satisfy federal, state, and local regulatory measures and the Airport Sponsor Assurances. In 1997, Congress adopted The Airport Privatization Pilot Program, under 49 U.S.C. Section 47134. This program provides for the privatization of a limited number of public-use, publicly owned airports as a means of generating access to various sources of private capital for airport improvement and development. The 2012 FAA Reauthorization Act increased the number of airports that can participate from 5 to 10. For a more in-depth discussion on privatization, refer to *ACRP Report 66: Guidebook for Considering and Evaluating Airport Privatization*.

[Worksheet 7-1: Airport Organizational Structure Assessment](#)

The Airport Organizational Structure Assessment Worksheet is designed to help airport managers and policymakers gain a better understanding of the airport's ownership, governance, and management structure and the powers that have been granted. This worksheet is provided at the end of this chapter and in Part 4 of the digital files.



7.5 WRAP-UP

Having a good understanding of an airport's ownership, governance, and management structure and the powers and responsibilities of the airport sponsor, governing body, and airport manager is essential to the business planning process.

Understanding the functional relationships among policymakers, airport management, and airport staff and the role of management, policies, and systems is critical to the business planning process. It is important to establish an organizational structure conducive to achieving the goals for the airport. It is also critical to determine appropriate staffing levels based on the size, scope, and complexity of the airport operation (and the specific situation and circumstances that exist); hire and retain the right people for the right positions; develop and implement relevant, reasonable, and appropriate policies; delegate responsibility and authority; and manage people and systems.

Some examples of how this knowledge may manifest itself during the business planning process or in the written business plan include changing the structure of the airport to eliminate statutory restrictions (and provide a better platform for pursuing opportunities) and creating an advisory body that advocates for the airport on behalf of the public and provides a bridge among policymakers, airport management, and stakeholders.

7.6 WORKSHEET

- Worksheet 7-1: Airport Organizational Structure Assessment

WORKSHEET 7-1: AIRPORT ORGANIZATIONAL STRUCTURE ASSESSMENT

CHAPTER 7: ORGANIZATION

This worksheet can be used to identify the airport ownership, governance, and management structure and the powers that have been granted. This understanding is essential to the business planning process because this knowledge will (1) provide a framework for developing and implementing an airport business plan and (2) help the planning team formulate goals, objectives, and action plans for the airport. The planning team should review the areas and answer the questions posed in the following worksheet.

OWNERSHIP

1. Does the sponsor have statutory powers?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Is the sponsor obligated by the Airport Sponsor Assurances?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Does the sponsor have operational control of the airport (and associated responsibilities and powers)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the sponsor delegate powers to a separate governing body?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Is the airport operated as an enterprise fund of the sponsor?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Does the sponsor own the land on which the airport is situated?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Does the sponsor control land use and zoning jurisdiction on and around the airport?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Can the sponsor use the power of condemnation or eminent domain?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Can the sponsor subsidize the airport with general revenues (including tax revenues)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Can the sponsor issue bonds and enter into debt instruments?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Can the sponsor access capital markets for airport development?	<input type="checkbox"/> Yes <input type="checkbox"/> No
12. What are the sponsor's statutory deadlines for adoption and filing of budgets and appropriations, tax levies, prevailing wage requirements, and audits?	<input type="checkbox"/> Yes <input type="checkbox"/> No
13. Does the sponsor have a Certificate of Incorporation from the Secretary of State?	<input type="checkbox"/> Yes <input type="checkbox"/> No
14. Is the sponsor subject to any unique auditing requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15. Does the sponsor have obligations under the Freedom of Information Act (FOIA) and similar state requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Are State Ethics Act requirements applicable (to the airport sponsor)?	<input type="checkbox"/> Yes <input type="checkbox"/> No

GOVERNANCE

1. Does the governing body have statutory powers?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Does the governing body have statutory immunities?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Does the governing body have operational control of the airport (and associated responsibilities and powers)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the governing body have by-laws outlining procedures of government?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Does the governing body have the ability to enter into agreements (e.g., lease, use, operating, etc.)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Does the governing body have purchasing authority?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Does the governing body have requirements for notification of all public meetings and keeping minutes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Does the governing body have obligations under the Freedom of Information Act (FOIA) and similar state requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Is there an advisory body (and what responsibilities and/or powers does it have)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Are State Ethics Act requirements applicable (to the governing body)?	<input type="checkbox"/> Yes <input type="checkbox"/> No

MANAGEMENT

1. Are the manager's roles and responsibilities clearly delineated (in a job description or other document)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Are there outside advisors?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Are there volunteers?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does management have community support?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Are management information systems in place?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Are policies in place?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Are there federal and state compliance issues?	<input type="checkbox"/> Yes <input type="checkbox"/> No

CHAPTER 8

OPERATIONS

- 8.1 Introduction
- 8.2 Key Operational Responsibilities
- 8.3 Key Operational Areas
- 8.4 Wrap-Up



The airport manager was able to acquire a mower, a snow plow, and a cherry-picker at unbeatable prices at a recent state auction. The equipment appeared to have been well-maintained and seemed to be in excellent condition. The fuel, oil, and other fluids were topped off. All systems were tested and deemed to be functioning properly by the airport’s maintenance technician. Although the equipment was ready to use, nobody was trained to operate it. The airport manager thought about how easy it was to buy the equipment and how much harder it was going to be to teach airport staff how to use it. Nevertheless, the airport manager was confident that the acquisition of such high-quality equipment at such a great price would pay dividends when it came to achieving the goals established for the airport. At the next Council meeting, the resourcefulness of the airport manager was recognized by the Mayor who said “The deal you made to acquire that equipment is a good example of the stewardship we’ve been talking about—nice work.”

8.1 INTRODUCTION

How an airport is operated is critical to its success. To operate an airport in a safe, secure, and efficient fashion, a wide variety of tasks need to be performed in a timely manner by airport management, staff, or contractors using a broad range of vehicles, equipment, tools, and materials provided by a network of vendors and suppliers. There is risk associated with operating an airport and, in some cases, exposure can be significant; however, risk and exposure can be mitigated by properly operating and managing the airport.

A plan is a list of actions arranged in whatever sequence is thought likely to achieve an objective.

—John Argenti

Within this context, the scope of airport operations and associated requirements are dependent on the location, size, and complexity of the airport (and the specific situation and circumstances that exist at the airport). Similar to most service organizations, staffing costs can be one of the largest line items in the airport budget. Vehicles, equipment, tools, and materials can be expensive to procure, maintain, repair, and replace. Insurance costs can be significant as well.

This chapter discusses some of the key operational responsibilities, including inspections and reporting, safety and security, maintenance and repair, emergency operations, and wildlife management. This chapter also addresses some of the key operational areas, including staffing, vehicles and equipment, tools and materials, vendors and suppliers, and, insurance.

Each of these key areas can play a significant role when it comes to developing and implementing an airport business plan. To this end, *ACRP Report 16: Guidebook for Managing Small Airports* may be useful to the planning team as well.

Only those portions of this chapter relevant to achieving the goals established for the airport need to be consulted. When examining the relevant areas, the planning team should look for opportunities to develop objectives that will help achieve the goals. Each goal can have multiple objectives.

8.2 KEY OPERATIONAL RESPONSIBILITIES

General aviation airport managers and policymakers need to consider several key operational responsibilities when developing and implementing an airport business plan. Each of the following responsibilities will be discussed in this section: (1) inspections and reporting; (2) safety and security; (3) maintenance and repair; (4) emergency operations; and (5) wildlife management.

INSPECTIONS AND REPORTING

Airport management is obligated to inspect the airfield, report unsafe conditions to the pilot community by way of the FAA's Notice to Airmen (NOTAM) process, and take corrective action when such conditions are identified. This includes reporting any condition that would render any portion of the air operations area (AOA) unsafe for aircraft movement (e.g., the presence of foreign objects or debris on the surface of the airport) or that would have an adverse effect on the approaches to the airport or that could interfere with flight operations to, from, or at the airport (e.g., trees, construction crane, and personnel and equipment working). This would also include reporting any issues relating to pavement conditions, lighting system outages, increased bird or wildlife activity, and seasonal weather conditions.

The inspection process should include landside components as well (e.g., pavements, grounds, buildings, and facilities) and any items requiring maintenance, repair, or replacement should be identified. To accomplish this task, inspection reports need to be developed; vehicles, equipment, tools, and materials need to be obtained; and staffing requirements need to be determined. Also, all associated costs need to be captured in the budget.

As previously indicated, general aviation airport managers and policymakers need to understand and comply with the full range of Airport Sponsor Assurances (including, but not limited to, #11 Pavement Preventive Maintenance and #19 Operation and Maintenance—paragraph a), a wide array of additional FAA requirements, and numerous federal, state, and local regulatory measures applicable to general aviation airports.

SAFETY AND SECURITY

Providing a safe and secure operating environment is paramount. This requires that airport management identify, hire, and train staff; procure vehicles, equipment, tools, and materials; and develop and implement the procedures necessary to ensure that the airport is operated safely and securely. It requires that airport staff have a thorough knowledge of safety and security practices relating to aircraft and vehicle operations, fuel storage and handling, and emergency response. It also requires that airport staff understand potential security issues, concerns, and threats and be trained to identify unusual conditions or situations, notify appropriate agencies, and file reports. The need to provide a safe and secure operating environment should permeate the airport business plan and all associated costs need to be included in the budget. In addition to complying with all applicable FAA, Department of Homeland Security, and Transportation Security Administration regulatory measures, an airport sponsor may develop an SMS, environmental management system (EMS), and WHMP to demonstrate its commitment to safety. Additional requirements may include a stormwater prevention and pollution plan (SWPPP) and a spill prevention control and countermeasures (SPCC) plan.

MAINTENANCE AND REPAIR

The maintenance and repair of airport infrastructure can be a significant expense. Various vehicles, equipment, tools, materials, and specialized labor may be required. In addition to conducting regular inspections, preventive maintenance programs can lessen the financial burden by ensuring that routine maintenance and repair is performed at regular intervals throughout the useful life of an asset. A preventive maintenance program should be considered by the planning team and, if pursued, the costs associated with such a program need to be captured in the budget. Proper procurement, inventory, and record keeping systems, which can also help contain costs, should be considered as well.

In northern climates, snow and ice removal is a significant responsibility. A poor plan; faulty procedures; or substandard vehicles, equipment, tools, or materials can lead to serious problems. Consistent with best practices, airports in northern climates need to have a snow and ice removal plan and the costs associated with the plan need to be included in the budget.

EMERGENCY OPERATIONS

Even the smallest general aviation airport needs to have an emergency response plan. The range of potential emergencies includes fires (e.g., buildings, fuel storage, self-serve fueling stations, and other facilities), natural disasters (e.g., hurricanes, tornados, floods, and earthquakes), acts of terrorism, and aircraft incidents or accidents. Emergency response plans need to consider the loss of airport infrastructure, improvements, facilities, utilities, vehicles, equipment, tools, materials, and key staff. General aviation airports can play a critical role in community relief and emergency management as well.

Although most airports have an emergency response plan, few have a business and operational continuity plan. If pursued, the costs associated with developing and implementing such a plan need to be captured in the budget. ACRP has commissioned a research project (ACRP Project 03-18: Operational and Business Continuity Planning for Prolonged Airport Disruptions) specifically to address this topic. The objective of this research is to develop a guidebook to help airport operators plan and prepare for operational and business continuity during a prolonged airport disruption. The guidebook is being written to complement, not duplicate or replace, an airport emergency plan.

WILDLIFE MANAGEMENT

Some degree of wildlife interference exists at most airports. Even at general aviation airports with perimeter fences and gates meeting recommended standards, deer, coyote, migratory birds, and other wildlife regularly gain access to the airfield. Many general aviation airports do not have a perimeter fence and some do not have fencing or gating near public buildings. Airport staff must remain vigilant, identify any existing wildlife hazards, and take steps to mitigate such hazards. The U. S. Department of Agriculture and state fish, game, and wildlife staff are available to assist with developing and implementing strategies to achieve this objective. Further, the FAA encourages the conduct of wildlife hazard assessments at general aviation airports and may make AIP funding available to conduct such assessments. A WHMP should be considered and, if pursued, the associated costs need to be included in the budget. *ACRP Report 32: Guidebook for Addressing Aircraft/Wildlife Hazards at General Aviation Airports* may be useful to the planning team.

8.3 KEY OPERATIONAL AREAS

After viewing each of the key operational responsibilities to ascertain what needs to be accomplished and why, the planning team needs to determine how each responsibility is going to be met. More specifically, a determination needs to be made about the staffing, vehicles, equipment, tools, materials, vendors, suppliers, and insurance that will be required to support the scope of airport operations. Within this context, each of these areas will be addressed in this section.

STAFFING

A diverse range of staffing exists at general aviation airports. Some airports are staffed by one part-time person who conducts airfield inspections, mows the grass, chases deer from the airfield, plows snow, and responds to emergencies. Other airports have an airport manager and a full complement of administrative, properties, operations, and maintenance staff. Although these examples may represent extremes, in many cases, various full-time, part-time, and seasonal staff may be employed at general aviation airports. Interns may be employed as well. Quite often, there is a significant reliance on cross-trained staff to perform the wide variety of functions at general aviation airports.

Staffing costs can be one of the largest line items in the budget. As a result, decisions about staffing can have a significant effect on the financial performance and position of the airport and need to be carefully evaluated. The appropriate number and type of positions need to be determined. These decisions will be influenced by the location, size, scope, and complexity of the airport (and the specific situation and circumstances that exist at the airport).

VEHICLES AND EQUIPMENT

Airport operations typically require the deployment of a wide variety of vehicles, equipment, tools, and materials. This may include cars, trucks, tractors, dump trucks, mowers, specialized snow and ice removal equipment, hand tools, and radios. The number and type of vehicles, equipment, tools, and materials required to operate an airport in a safe, secure, and efficient manner will be dependent on geographic location, climate, and amount of land and infrastructure, including paved surfaces, buildings, and facilities.

Leasing or lease-to-own programs can reduce capital outlays for vehicles, equipment, and tools. Federal or state funds may be available in some cases. Joint purchasing programs can help reduce capital outlays—if the airport sponsor participates in government or industry coalition buying programs. Airport sponsors may be able to acquire surplus vehicles, equipment, tools, and materials from federal or state agencies. The purchase or replacement of these items and potential sources of funding should be considered by the planning team. A system for monitoring inventories to mitigate losses should be considered as well.

VENDORS AND SUPPLIERS

Vendors and suppliers are typically needed to support airport operations. From a management standpoint, a procurement policy that identifies buying authority, establishes account privileges, and sets forth purchasing protocols should be considered. From an operational standpoint, procedures for identifying potential vendors and suppliers, obtaining and evaluating proposals, making a selection, and arranging purchasing terms (e.g., pay in advance, credit cards, upon receipt/delivery, a purchase order system, and so forth) should be considered. From a financial standpoint, the costs of products and services provided by vendors and suppliers must be included in the budget. Furthermore, vendors and suppliers can form an invaluable, mutually beneficial, support network.

INSURANCE

In essence, insurance transfers risk from one entity to another (i.e., from the airport sponsor to an insurance company or underwriter). Airport sponsors typically purchase insurance policies covering such key areas as general liability, vehicle liability, environmental liability, fire and extended coverage, business continuity, and workers compensation. General-purpose governments can typically add these coverages to the much broader policies already carried by such entities. For special-purpose governments, additional non-aviation-related coverages such as fidelity insurance, employment practice coverage, and public officials insurance typically need to be added. Insurance costs can be substantial. Therefore, an experienced and knowledgeable insurance agent or broker who is intimately familiar with aviation, airport, and business risks as well as the full array of insurance coverages available in the market can be a valuable asset to the planning team. Insurance coverages, policy limits, deductibles, and associated costs need to be carefully evaluated.

8.4 WRAP-UP

To address each of the key operational responsibilities and operate an airport in a safe, secure, and efficient manner, decisions need to be made in key operational areas. The scope of airport operations and associated requirements are going to be driven, in large part, by the location, size, and complexity of the airport (as well as the specific situation and circumstances that exist at the airport). It is important to recognize that a significant commitment—in the areas of staffing, vehicles, equipment, tools, materials, vendors, suppliers, and insurance—needs to be made by policymakers to provide the resources required to properly operate an airport and mitigate risk or exposure. An even higher level of commitment may need to be made to achieve the goals established for the airport.

If a goal of reducing the time a general aviation reliever airport located in a northern climate is closed during snow events by 50% within 1 year has been established, a commitment to increase staffing; enter into a contract with a third-party vendor; or purchase additional vehicles, equipment, tools, and materials may be needed to remove snow and ice from the paved surfaces of the airport more quickly.

CHAPTER 9

MARKETING

- 9.1 Introduction
- 9.2 Five Ps of Marketing
- 9.3 Airport Branding
- 9.4 Marketing as a Communication and Implementation Tool
- 9.5 Designing a Marketing Initiative
- 9.6 Additional Marketing Resources
- 9.7 Wrap-Up



The pieces of the puzzle were really starting to come together now. The airport manager had a good handle on the elements of the airport business plan and the planning team was working through each of the relevant functional areas looking for opportunities to develop objectives to achieve the goals established. Overall, the development process was going well, excellent progress was being made, and it was making good sense until... a question was raised about the role of marketing and how it could best be used to achieve the goals established for the airport. The airport manager understood the role of marketing as a communications and implementation tool, but thought it would be good to discuss this topic with the planning team because several members had many years of successful marketing experience.

9.1 INTRODUCTION

In this chapter, the role of marketing will be discussed, an overview of marketing principles will be provided, and the importance of marketing will be examined. Marketing is a communications and implementation tool that can be used to achieve the goals established for the airport. Marketing provides a platform for reaching customers, stakeholders, and the community and positions the airport within the marketplace.

Once strengths have been described and opportunities have been identified using the SWOT analysis (discussed in Chapter 6), a well-designed and executed marketing initiative can help achieve the goals established for the airport.

For a more in-depth discussion on marketing, refer to *ACRP Report 28: Marketing Guidebook for Small Airports*.

Only those portions of this chapter relevant to achieving the goals established for the airport need to be consulted. When examining the relevant areas, the planning team should look for opportunities to develop objectives that will help achieve the goals. Each goal can have multiple objectives.

9.2 FIVE Ps OF MARKETING

The Five Ps, **Product, Price, Placement, Promotion, and People**, are likely the most widely recognized, proven, and adopted approach to marketing. The Five Ps focus on the customer, or more specifically, on the customer's point of view. Being able to discern the customer's viewpoint is absolutely critical when it comes to designing and executing marketing initiatives.

In essence, marketing is the point of contact between the airport and its target audience. Marketing takes place whenever airport owners and operators are communicating with customers, stakeholders, and the community—whether this occurs through networking, advertising, or public relations. Points of contact are also commonly referred to as points of influence.

The Five Ps provide the basis for the marketing portion of an action plan.

The following questions provide a framework for developing a marketing initiative:

- **Product**—what airport infrastructure and aviation products, services, and facilities are available? What is it, exactly, that is being provided at the airport? The range, level, and quality of an airport's infrastructure and the aviation products, services, and facilities being provided at the airport typically drive the decision of based and transient aircraft owners and operators to select one airport over another.
- **Price**—what strategy will be used to establish pricing? Will pricing be based on costs, targeted margins/returns, value, market, psychology, or some combination thereof? How will competitors respond to pricing? What incentives may be offered to attract or retain the target audience? Pricing can be an important factor in the customer's decision-making process.
- **Placement**—what are the points of contact between the airport and its target audience? At specific times, the target audience may be considering the airport as a home base, a fuel stop, a final destination, or a place of business. When and where to market (to the target audience) is critical to the success of any marketing initiative.
- **Promotion**—what strategy will be used to promote the airport to its target audiences? Promotion focuses on the ways the airport sponsor will reach the target audience, such as networking, advertising, or public relations.
- **People**—what opportunities exist to contact the target audience? Personal contact is critical to every marketing initiative and every point of contact with the target audience is a marketing moment. Typically, a marketing protocol includes making initial contact, submitting a proposal, conducting multiple follow-ups, reaching an agreement, and remaining in contact.

In 2005, Hurricanes Katrina and Rita made landfall along the Louisiana coast causing extensive damage. Some airports in the New Orleans area were severely damaged and the storms devastated the assets of several helicopter companies that specialized in providing services to the oil and gas industry.

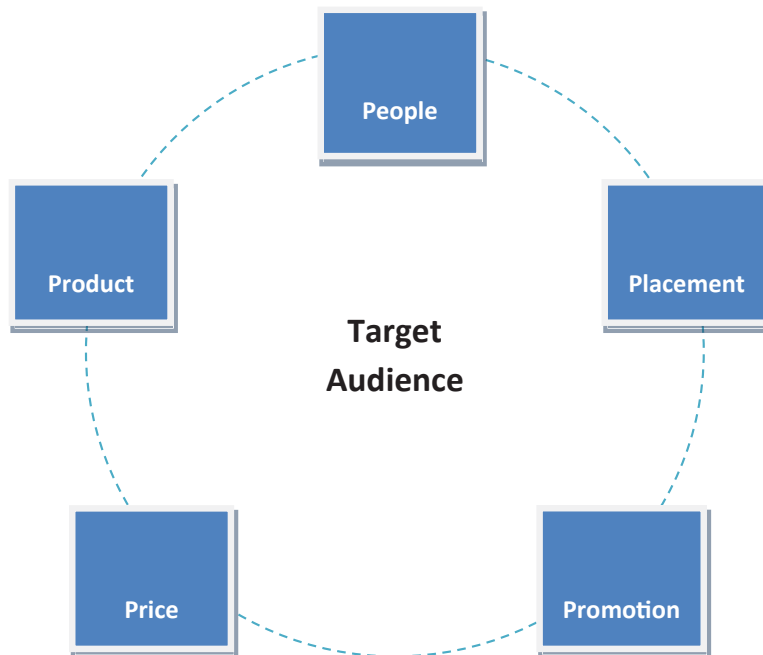


Airport management at the Houma-Terrebonne Airport responded by designing and executing a targeted marketing campaign to attract helicopter companies to the airport. Airport management worked closely with the Terrebonne Economic Development Authority. As a result of the combined efforts of the parties, three helicopter service companies relocated to the Houma-Terrebonne Airport. Today, these companies are recognized throughout the United States for the specialty services currently being provided at the airport.

Identifying the points of influence is the first step in the development of a marketing initiative. After identifying the points of influence for each target audience and for each of the Five Ps (Product, Price, Placement, Promotion, and People), the most important P for the target audience and the points of influence likely to have the most significant impact need to be identified.

Figure 9-1 depicts the relationship between the Five Ps and the target audience.

Figure 9-1: Five Ps and the Target Audience



9.3 AIRPORT BRANDING

The whole point of marketing is to influence behavior or choice. As airports compete for customers, establishing a clear airport identity, also known as branding, is a well-recognized and proven method of influencing customer choice and an essential aspect of marketing that should be considered by the planning team.

The Internet, social media, and other types of digital communication have created opportunities for many different types and sizes of organizations to develop some form of branding. When crafting an airport brand, it can be helpful to investigate branding at comparable and competitive airports. Do these airports have a website, a logo, a tag line, or a key message? Do these airports use social media? Is the brand consistently conveyed in collateral materials? Does the brand clearly reflect the airport's identity? Is the airport's identity closely tied to the community it serves, the type of market, or its location? The results of such an investigation can help facilitate discussion among planning team members about the airport's identity or brand.

An airport's identity encompasses (1) the mission and vision for the airport; (2) the assets, amenities, and attributes of the airport; and (3) the values of the organization. Identity shapes the way the airport is portrayed to the customers, the stakeholders, and the community it serves.

Figure 9-2 illustrates the way an airport’s brand is defined, developed, delivered, and nurtured. As indicated, branding is an ongoing effort.

Figure 9-2: Defining, Developing, Delivering, and Nurturing an Airport’s Brand



9.4 MARKETING AS A COMMUNICATION AND IMPLEMENTATION TOOL

Marketing is a communication and implementation tool that can be used to achieve the goals established for the airport. Chapter 3 identified several points during the development and implementation phases of the process when it is important for airport management to communicate with policymakers, staff, planning team members, and stakeholders. **Figure 9-3** illustrates the role and importance of marketing as a communications tool.

Figure 9-3: Marketing—as a Communication Tool



Chapter 4 outlined the process for formulating an action plan and provided an example of a marketing-oriented action plan for accomplishing the objective of leasing five vacant T-hangars within 6 months. This example is one of many that could help an airport achieve the goal of becoming financially self-sustaining.

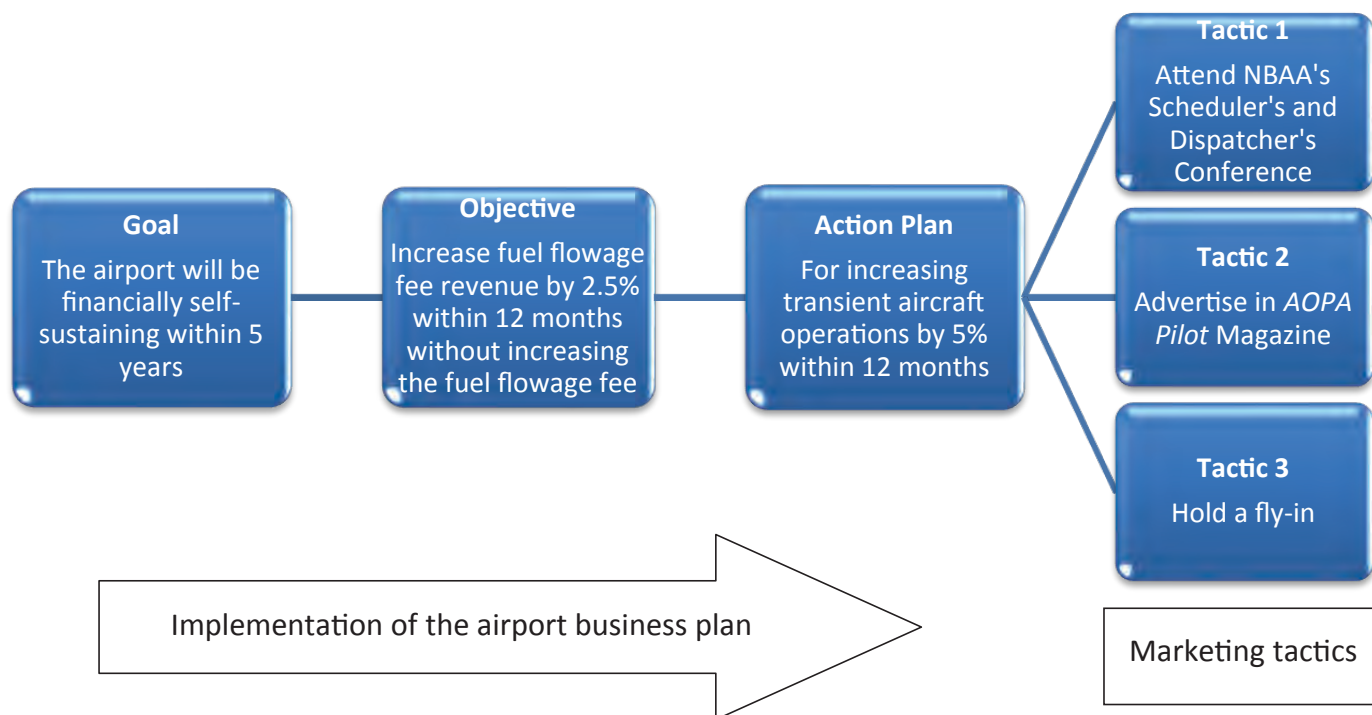
Another example is based on the objective of increasing fuel flowage fee revenues by 2.5% within 12 months without raising the fuel flowage fee in order to keep the price of fuel at the airport competitive in the marketplace. Based on the findings of the SWOT analysis, suppose the planning team decided to focus on formulating an action plan for increasing transient—as opposed to based—aircraft operations with the idea that an increase in transient operations would lead to an increase in fuel volumes and fuel flowage fee revenues. In addition, suppose an analysis of the market revealed that approximately 50% of transient aircraft handled by the FBO were being fueled by the FBO. Therefore, to achieve the objective, the planning team determined that it would be necessary to increase transient aircraft operations by 5% within 12 months.

To increase transient aircraft operations, the following marketing tactics could be used:

- Attend NBAA’s Scheduler’s and Dispatcher’s Conference
- Advertise in *AOPA Pilot* magazine
- Hold a fly-in

Figure 9-4 illustrates how a goal, an objective, and a marketing-oriented action plan work together.

Figure 9-4: Example: Marketing—as an Implementation Tool



The objectives set forth in the airport business plan will drive the development of specific marketing tactics. In combination, the tactics identified provide the framework for the marketing-oriented action plan for accomplishing a particular objective.

9.5 DESIGNING A MARKETING INITIATIVE

Based on the Five Ps, the following steps can be used to design a marketing initiative: identify the target audience, craft the message, choose the tactics, and select the tools. Each step is explained in detail in this section.

STEP 1: IDENTIFY THE TARGET AUDIENCE

Identifying the target audience is a fairly straightforward process. The target audience can be defined by a number of attributes including

- Geographic location—at the airport, in the community, at competitive airports, beyond the community (in the region, the state, the nation, the world).
- Customer groups—aircraft owners, pilots, passengers, businesses, tenants, etc.
- Demographics—age, income, occupation, etc.
- Psychographics—interests, attitudes, opinions, etc.

Sometimes target audiences can be sequential. For example, in the case of mineral exploration on airport property, the first target audiences would be the airport sponsor and the FAA to gain initial approval. Once approval is obtained, the second target audience would be the oil and gas industry and the focus would change from gaining initial approval to soliciting interest in exploring for minerals at the airport.

Continuing the example, flight-tracking software can be used to identify transient aircraft using competitive airports. This type of software tracks aircraft by registration or flight number and destination airport. If a registration number is available, the aircraft owner can be identified through the FAA's aircraft registration database.

STEP 2: CRAFT THE MESSAGE

Crafting the message to the target audience is a critical step in implementing a marketing initiative. Although the message can be directed at a narrowly defined group or a broad audience, it is important to remember the message is a direct communication. It must be consistent and it counts. The following questions can be helpful for formulating a message for each target audience:

- Who is the target audience?
- What aviation product, service, or facility is being marketed and what are its features?
- How will the target audience benefit?
- Why is the product, service, or facility better than the competition?

It is a good idea to pre-test the marketing message with select members of the target audience.

To continue with the example, the message could indicate that (1) the airport is located close to major centers of business and industry; (2) aircraft do not have to enter Class B airspace; and (3) aviation products, services, or facilities are competitively priced.

STEP 3: CHOOSE THE TACTICS

This step is focused on choosing the tactics for communicating with the target audience. In most cases, there are several ways to accomplish an objective. Therefore, this step begins by brainstorming the possibilities. After that, based on available resources (time, people, and funding), the tactics believed most likely to be successful should be selected. Using the previous example of increasing transient aircraft operations by 5% within 12 months, several potential tactics were identified including (1) attending NBAA's Scheduler's and Dispatcher's Conference, (2) advertising in *AOPA Pilot* magazine, and (3) holding a fly-in.

STEP 4: SELECT THE TOOLS

This step is focused on selecting the marketing tools for accomplishing the objective. To continue with the example, suppose the decision was made to attend NBAA's Scheduler's and Dispatcher's Conference. At the conference, how will the target audience be reached? Some possibilities include (1) exhibiting on the trade show floor, (2) having a hospitality room, (3) sending direct mail or e-mail before the conference, (4) providing brochures and flyers, (5) distributing giveaways or prizes, (6) using social media during the conference, and (7) meeting face-to-face with existing and prospective customers.

Whatever failures I have known, whatever errors I have committed, whatever follies I have witnessed in private and public life have been the consequence of action without thought.

- Bernard M. Baruch

Social media, in its various forms, can be a useful marketing tool, provided the airport's target audience is participating in social media. If this is the case, airport management and staff need to be able to commit the required resources to this arena of marketing. Social media is a fast-paced form of communication which needs to be proactively monitored throughout the day. If information and comments become stale, social media users may abandon the connection to the airport, rendering this marketing tool unproductive.

9.6 ADDITIONAL MARKETING RESOURCES

PLANNING TEAM

Many general aviation airport managers wrestle with the challenge of having so much to do and limited resources to get everything done in a timely, efficient, and cost-effective manner. As identified in Chapter 3, internal and external stakeholders can be engaged to help develop an airport business plan. Ideally, the members of the planning team would have a wide range of airport and business experience and planning expertise, as well as a comprehensive understanding of the operating environment. Preferably, a full spectrum of airport and business perspectives would be represented as well. As an ancillary benefit, the same stakeholders who help develop the plan can help implement the plan.

FUNDING

General aviation airport managers may need to identify creative ways to fund marketing initiatives. **Figure 9-5** identifies sources of funding, contributions (pro bono or in kind), and cost sharing that may be available.

Figure 9-5: Sources of Funding, Contributions, and Cost Sharing for Airport Marketing Initiatives

Funding	Contributions	Cost Sharing
<ul style="list-style-type: none"> ● Grants <ul style="list-style-type: none"> ○ State aviation agencies ○ Economic development organizations ○ Local, regional, and state bureaus (e.g., tourism) ● Donations <ul style="list-style-type: none"> ○ Individuals ○ Organizations ○ Associations ○ Businesses (on and off the airport) ○ Fund raising events 	<ul style="list-style-type: none"> ● Local government ● Governing and advisory body members ● Educational institutions ● Advertising agencies ● Newspapers ● Industry publications ● Radio and television 	<ul style="list-style-type: none"> ● Chambers of commerce ● Economic development organizations ● State aviation agencies ● Local, regional, and state bureaus (e.g., tourism) ● Businesses (on and off the airport) ● Other airports

9.7 WRAP-UP

Marketing is an important aspect of an airport business plan. By way of the development process, channels of communication can be established with customers, stakeholders, and the community. Such channels can help facilitate the development and implementation of an airport business plan and the design and execution of marketing initiatives. It is important to ensure each marketing initiative is targeting the intended audience, the message is clearly and consistently being communicated, and the required resources are available to support the initiative properly. The Five Ps—Product, Price, Placement, Promotion, and People—provide the framework for targeting the audience and crafting the message.

CHAPTER 10

AVIATION PRODUCTS, SERVICES, AND FACILITIES

- 10.1 Introduction
- 10.2 Market
- 10.3 Organization
- 10.4 Operations
- 10.5 Marketing
- 10.6 Financial
- 10.7 Wrap-Up



During the economic downturn, the airport did not perform well from a financial standpoint. Although airport management and staff worked hard to hold the line on expenses, revenues declined and the operating subsidy increased. The airport's FBO struggled too. The airport manager knew that the FBO's revenues, especially relating to line, fueling, and location-based services, had declined significantly during the prolonged downturn. The FBO owner had been talking about selling the business, but nobody seemed interested in buying it. The airport manager's fear that the "perfect storm" might be too much for the airport's marginally profitable FBO came true when the FBO owner advised the airport manager that the FBO would not renew its lease agreement at the end of the year. The airport manager realized that, as part of the airport business planning process, the demand for aviation products, services, and facilities would need to be assessed; the options for meeting the demand would need to be evaluated; and, the most appropriate way to meet the demand would need to be identified. The airport manager knew that the alternative, having no FBO at the airport, would not be a viable option.

10.1 INTRODUCTION

The range, level, and quality of aviation products, services, and facilities being provided at a general aviation airport can play a key role in achieving the goals established for the airport.

Once demand for aviation products, services, and facilities has been ascertained through the market assessment process, a determination needs to be made about who—or what entity—is best suited to meet the demand and how—in what manner—demand is going to be met.

Only those portions of this chapter relevant to achieving the goals established for the airport need to be consulted. When examining the relevant areas, the planning team should look for opportunities to develop objectives that will help achieve the goals. Each goal can have multiple objectives.

Figure 10-1 identifies some of the most common aviation products, services, and facilities being provided at general aviation airports today.

The availability of aviation fuels is one of the key factors driving the decision of based or transient aircraft operators to select one airport over another. By providing aviation fuels, aviation businesses can generate revenue through fuel sales, and airport sponsors can recover costs through fees (if charged) which helps maximize financial self-sufficiency.

Figure 10-1: Aviation Products, Services, and Facilities

Aircraft	Passengers and Crew	Facilities
<ul style="list-style-type: none"> ● Guidance and parking ● Ground services and handling <ul style="list-style-type: none"> ○ Towing ○ Ground power ○ Deicing ○ Lavatory ○ Potable water ● Aircraft cleaning <ul style="list-style-type: none"> ○ Cabin ○ Exterior washing and detailing ● Fuel <ul style="list-style-type: none"> ○ Jet, avgas, and mogas ● Lubricants <ul style="list-style-type: none"> ○ Piston and turbine ● Technical services <ul style="list-style-type: none"> ○ Airframe and powerplant ○ Avionics and instruments ○ Paint and interior 	<ul style="list-style-type: none"> ● Loading and unloading ● Baggage handling ● Catering ● Pilot supplies ● Ground transportation arrangements <ul style="list-style-type: none"> ○ Shuttle service ○ Crew cars ○ Rental cars ○ Limousines ● Concierge reservations <ul style="list-style-type: none"> ○ Hotel/motel ○ Restaurant ○ Entertainment ● Flight services <ul style="list-style-type: none"> ○ Flight training ○ Aircraft rental ○ Aircraft charter ○ Aircraft management 	<ul style="list-style-type: none"> ● General aviation terminal buildings ● Aircraft parking (ramp) ● Aircraft hangars ● Office ● Shop ● Storage ● Vehicle parking

10.2 MARKET

Regardless of the entity meeting demand, an assessment of the key assets, amenities, and attributes of the airport and the community and an analysis of the industry and the market is essential, as discussed in Chapter 6. By way of the market assessment process, the level of demand in the market can be ascertained and compared to the capacity at the airport to identify any deficiencies.

Make service your first priority, not success, and success will follow.

Anonymous

For airport sponsors who have decided to provide aviation products, services, and facilities directly to customers, the market needs to be examined much more closely. Although many of the same areas identified in *Chapter 6: Airport and Market* need to be studied, a more detailed analysis is required. This would include (1) examining the range, level, and quality of products, services, and facilities being provided by airport sponsors and private entities in the industry, at comparable and competitive airports, and at the subject airport; and (2) identifying the key assets (e.g., vehicles, equipment, tools, and materials) and the key resources (e.g., time, people, and funding) that will be required to provide each product, service, and facility.

10.3 ORGANIZATION

Aviation products, services, and facilities can be provided at a general aviation airport in the following three ways: (1) by a private entity using the private entity's assets and resources and operating under a lease agreement or operating permit with the airport sponsor; (2) by a private entity using the airport sponsor's assets and the private entity's resources operating under a management agreement with the airport sponsor; and (3) by the airport sponsor using its own assets and resources. This section defines each approach and discusses the actual and perceived advantages and disadvantages of each approach from an airport sponsor and customer perspective.

Although the entity (private enterprise or airport sponsor) providing products, services, and facilities at a general aviation airport varies from one airport to the next, many believe that the private sector is best suited for engaging in these activities. Private entities, generally, have the qualifications, experience, and ability to offer a wider range, superior level, and higher quality of products, services, and facilities. However, at some general aviation airports, based on the level of demand in the market and the amount of investment required, a private entity may not be able to generate a reasonable financial return. In such situations, the airport sponsor may need to provide, or facilitate the provision of, certain products, services, or facilities to customers.

Regardless of the situation at the airport, within the market, or in the industry, the Airport Sponsor Assurances give airport sponsors the ability to exercise a proprietary exclusive right to engage in commercial aeronautical activities and exclude others from doing so. Although, in such cases, the airport sponsor needs to meet the same requirements imposed on private entities and, most important, the airport sponsor needs to use its own assets and resources to do so. In essence, an airport sponsor exercising a proprietary exclusive right must provide aviation products, services, and facilities directly—not indirectly or under contract with a third party. An airport sponsor can provide aviation products, services, and facilities on a non-exclusive basis as well. In such a case, the airport sponsor would still need to meet the same requirements imposed on private entities, but would not be required to use its own assets and resources.

The survey of general aviation airports conducted for the development of this Guidebook revealed that airport sponsors provide aviation products, services, or facilities at approximately one-third of public-use general aviation airports. Most of these airports are smaller general aviation airports that provide limited products, services, or facilities (aircraft parking and self-serve avgas only—in many cases) and many of these airports may not be able to support private-sector investment. At most of the larger general aviation airports serving the business segment of the market, aviation products, services, and facilities are typically provided by private entities.

Ultimately and consistent with best practices, the market should dictate the most appropriate means for providing aviation products, services, and facilities at an airport. To ascertain the interest, qualifications, experience, and capabilities of private entities to engage in commercial aeronautical activities at an airport, an RFQ/RFP can be issued by the airport sponsor, as discussed in Chapter 6. However, if a qualified, experienced, and capable private entity has already expressed interest in providing products, services, and facilities, the airport sponsor may forego the RFQ/RFP process and negotiate directly with the entity.

The advantages and disadvantages of each of the three primary approaches depend on the situation or circumstances that exist at the airport, within the market, or in the industry.

PRIVATE ENTITY—LEASE AGREEMENT OR OPERATING PERMIT

Under the private entity–lease agreement/operating permit approach, the airport sponsor allows a private entity to lease land or improvements or receive a permit to provide specific aviation products, services, or facilities at the airport. The private entity’s employees operate and manage all aspects of the provision of products, services, and/or facilities using the private entity’s assets and resources.

Under this option, the private entity may (1) lease land only from the airport sponsor and make improvements (e.g., general aviation terminal buildings, hangars, office, shop, and ramp) to the land; (2) lease land and certain improvements and make additional improvements; or (3) lease land and all associated improvements.

The potential advantages and disadvantages from the airport sponsor and customer perspective are presented in **Table 10-1**.

Table 10-1: Advantages and Disadvantages to the Airport Sponsor and Customers from a Private Entity — Lease Agreement or Operating Permit

	Airport	Customers
Advantages	<ul style="list-style-type: none"> • The airport sponsor would not have the capital costs or operating expenses associated with providing products, services, and facilities unless the airport sponsor made the associated improvements from which the products, services, and facilities are provided. • The airport sponsor’s airport-related revenue (land and/or improvement rents) would increase. • The airport sponsor’s airport-related revenue (fees) may or may not increase, depending on the airport’s fee schedule. • The airport sponsor would have limited exposure or risk associated with the provision of products, services, and facilities because it would be transferred to the private entity. 	<ul style="list-style-type: none"> • The range, level, and quality of products, services, and facilities available at the airport would likely be higher, depending on the amount of private capital available. • Customers may be less concerned about “free market” competition since the airport sponsor cannot grant an exclusive right to a private entity under the Airport Sponsor Assurances. • Customers may become more aware of the range, level, and quality of products, services, and facilities available at the airport, depending on the private entity’s marketing program. • Customers may be less concerned about the qualifications, experience, and abilities of the private entity’s staff.
	Airport	Customers
Disadvantages	<ul style="list-style-type: none"> • The airport sponsor has only minimal, indirect control over the range, level, and quality of products, services, and facilities provided and associated pricing. • The airport sponsor’s net proceeds relating to the provision of products, services, and facilities would decrease. 	<ul style="list-style-type: none"> • The range, level, and quality of products, services, and facilities provided would be dependent on the ability of the airport sponsor to attract and retain a private entity and on the qualifications, experience, and abilities of that entity. • Customers may or may not pay higher prices, depending on the pricing orientation of the private entity.

AIRPORT SPONSOR—PRIVATE ENTITY MANAGEMENT AGREEMENT

Under the airport sponsor—private entity management agreement approach, the airport sponsor owns the assets (e.g., vehicles, equipment, tools, and facilities) used to provide the aviation products and services. The private entity’s employees operate and manage all aspects of providing aviation products and services using the airport sponsor’s assets under a management agreement with the airport sponsor.

The potential advantages and disadvantages from the airport sponsor and customer perspective are presented in **Table 10-2**.

Table 10-2: Advantages and Disadvantages to the Airport Sponsor and Customers from an Airport Sponsor—Private Entity Management Agreement

	Airport	Customers
Advantages	<ul style="list-style-type: none"> • The airport sponsor would retain ownership of the assets associated with providing products, services, and facilities. • The airport sponsor’s capital costs and operating expenses associated with the provision of products, services, and facilities would decrease, depending on the structure of the management agreement. • The airport sponsor would have less liability exposure and less risk, depending on the qualifications, experience, and abilities of the private entity and the terms and conditions of the agreement. 	<ul style="list-style-type: none"> • Customers may be more aware of the range, level, and quality of products, services, and facilities available at the airport, depending on the private entity’s marketing programs. • Customers may be less concerned about the qualifications, experience, and abilities of the private entity’s staff. • Some range, level, and quality of products, services, and facilities will be available at the airport. This is especially important if the airport sponsor could not attract and retain a private entity under the lease agreement approach.
	Airport	Customers
Disadvantages	<ul style="list-style-type: none"> • The airport sponsor’s net proceeds from the provision of products, services, and facilities may decrease, depending on the structure of the management agreement and the performance of the contractor. • The airport sponsor may be required to provide capital for purchasing vehicles and equipment, making improvements, or developing facilities. • The airport sponsor has to rely on a third party to operate and manage all aspects associated with the range, level, and quality of products, services, and facilities provided and establish pricing. • The airport sponsor would be required to entertain interest from third parties who may want to operate a competitive FBO or SASO since the sponsor cannot exercise its proprietary exclusive right. 	<ul style="list-style-type: none"> • Customers may still be concerned about a lack of “free market” competition, even though the airport sponsor would not be able to exercise its proprietary exclusive right under this type of arrangement. • The range, level, and quality of infrastructure, improvements, assets, or amenities associated with providing products, services, and facilities may not meet the needs of customers, depending on the amount of public capital available. • Customers may or may not pay higher prices, depending on the pricing orientation of the airport sponsor and the private entity, the structure of the management agreement, or the performance of the private entity.

AIRPORT SPONSOR MANAGEMENT ARRANGEMENT

Under this approach, the airport sponsor provides, on an exclusive or non-exclusive basis, aviation products, services, or facilities at the airport using the airport sponsor’s assets and resources. The potential advantages and disadvantages from the airport sponsor and customer perspective are presented in **Table 10-3**.

Table 10-3: Advantages and Disadvantages to the Airport Sponsor and Customers from an Airport Sponsor Management Arrangement

	Airport	Customers
Advantages	<ul style="list-style-type: none"> • The airport sponsor has full control over all aspects of the type, range, level, and quality of products, services, and facilities provided and associated pricing. • The airport sponsor has direct influence on activity levels at the airport as well as on product, service, and facility revenues. • The net proceeds generated through the provision of products, services, and facilities are realized directly by the airport sponsor. • There are inherent synergies of operating and managing the airport and providing products, services, and facilities which result in lower overall costs or expenses. 	<ul style="list-style-type: none"> • Customers can be assured that some range, level, and quality of products, services, and facilities will be available at the airport. This is especially important if the airport sponsor could not attract and retain a private entity to provide products, services, and facilities. • Customers may or may not pay lower prices, depending on the customer service and pricing orientation of the airport sponsor. • Customers have a public forum to raise concerns about the type, range, level, and quality of products, services, and facilities provided and associated pricing.
	Airport	Customers
Disadvantages	<ul style="list-style-type: none"> • The airport sponsor is responsible for resolving any issues, challenges, or problems relating to the range, level, and quality of products, services, and facilities provided and associated pricing. • The airport sponsor has greater liability exposure and more risk. • The airport sponsor’s capital costs and operating expenses are higher. • To be successful, the airport sponsor has to attract and retain management and staff with the qualifications, experience, and abilities required to properly provide the range, level, and quality of products, services, and facilities desired by customers. 	<ul style="list-style-type: none"> • Customers may be concerned about “free market” competition based on the airport sponsor’s ability to exercise its proprietary exclusive right to be the sole provider of products, services, and facilities at the airport. • Customers may be concerned that the airport sponsor has not given the private sector the opportunity to engage in the provision of products, services, and facilities at the airport. • Customers may be concerned about the ability of the airport sponsor to provide the range, level, and quality of products, services, and facilities expected. • Customers may be concerned about the qualifications, experience, and abilities of the airport sponsor’s staff.

10.4 OPERATIONS

If the airport sponsor has chosen to provide aviation products, services, or facilities using the airport sponsor's assets and resources, this decision will have a significant effect on the airport business plan. Each product, service, and facility will need to be thoroughly investigated and specific goals, objectives, and action plans will need to be incorporated into the airport business plan.

From an operational standpoint, the following areas should be considered by the planning team if an airport sponsor has decided to engage in these activities directly.

STAFF

The type, number, qualifications, experience, and abilities of employees will be directly related to the range, level, and quality of products, services, and facilities provided. If relevant, reasonable, and appropriate, airport staff could be cross trained to provide products, services, and facilities. Specialized training programs would need to be implemented as well. While there are a number of industry resources available in this area, many product, service, and facility providers use a combination of in-house and third-party training materials.

EQUIPMENT

Depending on the products, services, and facilities provided, the airport sponsor may need to procure, maintain, and repair a wide variety of specialized vehicles and equipment, including fueling vehicles, towing vehicles, towbars, towheads, ground power units, lavatory carts, potable water carts, oxygen and nitrogen carts, cabin service carts, emergency response carts, ramp vehicles, courtesy vehicles, crew vehicles, utility vehicles, preheat units, deicing units, compressed air units, and more.

INSURANCE

For any product, service, or facility provided by the airport sponsor, a risk assessment should be performed and relevant, reasonable, and appropriate insurance coverages and policy limits should be secured with consideration given to premiums, deductibles, exclusions, and other factors. Examples of insurance coverage that airport sponsors may need to secure when providing products, services, and facilities follow:

- Completed products and operations—includes coverage relating to the sale of aviation products and services to the public.
- Hangar keepers—includes coverage relating to property damage for all non-owned aircraft under the care, custody, and control of the airport sponsor.

Additional information on airport insurance is provided in Chapter 8.

STANDARD OPERATING PROCEDURES

When providing products, services, and facilities, various standard operating procedures (SOPs) need to be considered, including (1) aircraft fueling and location-based services; (2) aircraft, vehicle, and equipment operations; (3) safety, security, and quality control and associated checks, inspections, and reporting; (4) passenger and crew services; (5) hazardous materials and waste handling; and (6) processing payments at the point of sale, reconciling sales and inventories, collecting and paying taxes, and maintaining financial controls.

If providing fueling services, the method of fueling (self-serve fueling stations, fueling vehicles, or a combination thereof) needs to be determined and airport management and staff are required to understand every aspect of fueling, including (1) ordering, maintaining, and reconciling fuel inventories; (2) receiving fuel into storage; (3) storing and handling fuel, including transferring fuel from storage into fueling vehicles and aircraft fueling; (4) fuel quality assurance; (5) vehicle, equipment, and facility maintenance and repair; and (6) record keeping. If providing location-based services (including aircraft line services, parking, and hangars), airport management needs to have an intimate understanding of all aspects of these functions as well.

10.5 MARKETING

While the initiatives used to market these activities may overlap with some of the initiatives for the airport, several unique approaches need to be considered by the planning team in promoting the aviation products, services, and facilities provided by the airport sponsor.

Most important, industry directories convey essential information about the airport and the products, services, and facilities being provided to customers in print or online formats. Additionally, there are organizations that negotiate contract fuel prices with aviation fuel providers and FBOs on behalf of aircraft owners and operators. Consideration should be given to identifying the contract fueling program preferred by the customers using the airport and negotiating a contract price for fueling services that will improve the financial performance and position of the airport sponsor.

10.6 FINANCIAL

For those airport sponsors providing aviation products, services, and facilities, a separate financial department should be established to record, track, and report the financial performance and position of the department. If possible, the department should be established as an independent legal entity to help protect the airport sponsor from a liability standpoint as sovereign immunity may not extend to proprietary endeavors. In addition, the department should be treated as an independent lessee of the airport. Appropriate market rents should be charged for the land and improvements being occupied or used by the department and appropriate cost recovery fees should be charged based on the department's activities at the airport. This best-practices approach will provide the framework for establishing the department's pricing for products, services, and facilities and for accurately recording, tracking, and reporting the department's financial performance and position.

A Statement of Financial Activities, discussed in Chapter 11, can be used for an aviation products, services, and facilities department. A worksheet is provided at the end of Chapter 11 and in Part 4 of the digital files.

10.7 WRAP-UP

This chapter identified some of the most common aviation products, services, and facilities being provided at general aviation airports today; discussed the importance of ascertaining the level of demand in the market and capacity at the airport; and outlined the various approaches—and the actual and perceived advantages and disadvantages of each approach—for meeting the needs of customers. This chapter also examined some key operational, marketing, and financial considerations that can be helpful for developing objectives if an airport sponsor chooses to provide aviation products, services, or facilities directly to customers.

CHAPTER 11

FINANCIAL

- 11.1 Introduction
- 11.2 Financial and Accounting Principles
- 11.3 Financial Departments
- 11.4 Funding
- 11.5 Financial Statements
- 11.6 Performance Measures
- 11.7 Budgets
- 11.8 Wrap-Up
- 11.9 Templates



Before taking the job 3 years ago, the airport manager had been the operations manager at a large general aviation airport in a major metropolitan area. There were 20 employees at the airport and the responsibilities of each employee were highly specialized. Being the airport manager at a small general aviation airport provided the opportunity to delve into all aspects of the airport and the airport manager was excited by the challenges that presented. When it came to preparing budgets, reviewing financial statements, and tracking performance measures, the airport manager understood the importance of this aspect of the job, took it seriously, and pursued it diligently. As a result, over the years, the airport manager gained a fond appreciation of the value of being able to “crunch the numbers.”

11.1 INTRODUCTION

The fiduciary responsibilities of general aviation airport managers and policymakers should never be taken lightly. Stakeholders expect that these responsibilities will be pursued with utmost diligence. As indicated previously, under Airport Sponsor Assurance #24, the FAA requires that any AIP-funded airport be as financially self-sustaining as possible given the circumstances that exist at the airport. The development and implementation of an airport business plan provides the opportunity for airport managers and policymakers to demonstrate that fiduciary responsibilities and the requirements of the FAA are being taken seriously.

An airport’s financial statements, budgets, and performance measures are considered essential tools for achieving goals and realizing the mission and vision for the airport.

This chapter provides information that will help facilitate the development of these essential tools. In addition to examining financial statements, budgets, and performance measures, this chapter will discuss GAAP, financial and accounting systems, financial controls, common financial departments, and typical funding mechanisms.

Only those portions of this chapter relevant to achieving the goals established for the airport need to be consulted. When examining the relevant areas, the planning team should look for opportunities to develop objectives that will help achieve the goals. Each goal can have multiple objectives.

11.2 FINANCIAL AND ACCOUNTING PRINCIPLES

Typically, a general aviation airport is owned and operated as a public, not-for-profit, agency by a government entity, commonly referred to as the airport sponsor. Airport managers should always manage the financial aspects of the airport to the "bottom line" and strive to maximize financial self-sufficiency. When it comes to the financial management of a public agency airport, the bottom line is better known as a surplus or deficit versus a profit or loss, terms more commonly used in the private sector.

Airports are required to be operated in a fiscally responsible manner and a good argument can be made that airports should be operated like businesses. Further, general aviation airports differ from private-sector entities in other ways, including purpose, involvement of stakeholders as compared to investors, and ability to raise funds by securing grants or tax proceeds. Therefore, the financial and accounting principles used at an airport need to be consistent with best practices and provide the basis for holding policymakers accountable.

Overseeing the financial management and accounting functions of an airport is not for the faint of heart. If an airport manager does not have a good working knowledge of accounting and financial management principles, these functions should be overseen by a knowledgeable individual either internally or externally. However, it is important that airport managers have a basic understanding of financial and accounting principles and be able to (1) interpret the airport's financial statements; (2) prepare the airport's budgets; (3) understand the role and function of performance measures; and (4) oversee the airport's financial and accounting functions.

Public agencies must follow GAAP which has been adopted by the Governmental Accounting Standards Board (GASB). GASB is an independent organization that establishes and improves standards of financial and accounting reporting for state and local governments (www.gasb.org). GASB's financial and accounting principles are focused primarily on maintaining accountability.

Public agency financial and accounting guidance is also provided by the Government Finance Officers Association (GFOA)—(www.gfoa.org). GFOA's mission statement is "... to enhance and promote professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership."

Planning is bringing the future into the present so that you can do something about it now.

— Alan Lakein

FINANCIAL AND ACCOUNTING SYSTEMS

Beyond effectively managing the financial affairs of an airport to the bottom line, to develop and implement an airport business plan, sound financial and accounting systems are required. An airport's financial and accounting systems can be as simple as a spreadsheet or as complex as a sophisticated software package. A simple software package that is easily administered may be best suited for the financial management and accounting functions of a general aviation airport, especially at smaller, less active airports or if resources are limited.

134 Guidebook for Developing General Aviation Airport Business Plans

One of the key components of effective financial and accounting systems is the development of a detailed Chart of Accounts, which is typically divided into eight primary categories: (1) assets; (2) liabilities; (3) net assets; (4) operating revenues; (5) operating cost of goods sold; (6) operating expenses; (7) non-operating sources of funds; and (8) non-operating uses of funds. These categories need to be consistent with the airport's financial statements, which are discussed in detail in Section 11.5—Financial Statements.

FINANCIAL CONTROLS

Financial controls should be considered during the development and implementation of an airport business plan. Consistent with best practices, financial controls are typically used to monitor financial transactions, report financial results, protect assets, and eliminate the potential for embezzlement, fraud, or other financial crimes. Financial controls should include the establishment of minimum staff qualifications and experience; responsibilities and authority; policies and procedures; and document management, storage, and retrieval for accounts receivable, accounts payable, bank accounts, payroll, capital assets, and inventories.

11.3 FINANCIAL DEPARTMENTS

Understanding the source of operating revenues and operating expenses of an airport is critical to the development and implementation of an airport business plan. The results of the survey of general aviation airports conducted for the development of this Guidebook indicated that airports **with** a business plan had, on average, 2010 operating revenues of \$1,452,500 and airports **without** a business plan had, on average, 2010 operating revenues of \$568,284. The best way to gain a better understanding of the source of operating revenues and operating expenses is to identify each of the airport's financial departments. Discussion of some of the most common financial departments at general aviation airports follows.

An operating department typically has a department head and associated staff (e.g., administration, properties, operations, and maintenance). A financial department provides a place—in the airport's financial statements and budgets—to record, track, and report the department's financial performance.

ADMINISTRATION

In the administration department, the financial transactions associated with the administrative and management functions of the airport are tracked. This includes airport manager and administrative staff compensation and governing body expenses. Most often, this department will not generate any direct revenue other than administrative fees associated with applications or permits.

The net operating surplus or deficit of the administrative department can and should be proportionally allocated to other departments to facilitate the setting and adjustment of fees. This type of allocation, which is consistent with a best-practices approach for recovering operating costs by charging fees, can help maximize financial self-sufficiency.

Allocations to the other departments and secondary and tertiary revenue and expense centers can be made using various methods, including percentage of related revenues, percentage of related expenses, weighted payroll (time or dollars), square footages, and other factors. The resulting allocation can be applied to the net operating surplus or deficit or by line item.

AIRSIDE

The airside department tracks the financial transactions associated with the airside infrastructure and improvements, such as runways, taxiways, ramps, lighting, striping, and utilities. This includes staff payroll and the expenses associated with operating and maintaining airside infrastructure and improvements as well as associated vehicles, equipment, and tools. Some examples of airside revenue include fuel flowage fees, landing fees, based aircraft fees, and transient aircraft fees.

LANDSIDE

The landside department tracks the financial transactions associated with the airport’s landside infrastructure and improvements, such as public roadways, public vehicle parking, lighting, and utilities. This includes staff payroll and the expenses associated with operating and maintaining landside infrastructure and improvements as well as associated vehicles, equipment, and tools. Typically, the landside unit will not generate any direct revenue other than vehicle permit and parking fees.

The net operating surplus or deficit of the landside department can and should be proportionally allocated to other departments, other than the administration department, to facilitate the setting and adjustment of fees. The methods that can be used for allocating landside net operating surpluses or deficits to other departments are similar to the approaches described in the administrative department overview.

AVIATION REAL ESTATE

The aviation real estate department tracks the financial transactions associated with the (1) leasing of airport land for the development of lessee-owned improvements and facilities and (2) leasing of improvements and facilities owned by the airport sponsor **used for aviation purposes**. The properties available for lease for aviation purposes, but currently not being leased, would be included in this department. If necessary, secondary and tertiary revenue and expense centers can be identified to gain a better understanding of the operating surpluses and deficits associated with these centers. In **Figure 11-1**, some examples of aviation real estate uses are provided.

FIGURE 11-1: Aviation Real Estate Uses

FAA Improvements and Facilities	FBO Improvements and Facilities	SASO Improvements and Facilities	Aircraft Storage Improvements and Facilities
<ul style="list-style-type: none"> •Control tower •Approach equipment •Navigation equipment 	<ul style="list-style-type: none"> •General aviation terminal building •Offices •Shops •Storage •Aircraft hangars •Ramp •Vehicle parking areas •Fuel storage 	<ul style="list-style-type: none"> •Aircraft maintenance and repair •Avionics and instruments •Aircraft rental •Flight training •Aircraft charter •Aircraft management •Specialized services 	<ul style="list-style-type: none"> •Ramp (including tiedown spaces) •Shadeports •T-hangars •Executive/box hangars •Community hangars •Corporate hangars •Maintenance hangars

NON-AVIATION REAL ESTATE

The non-aviation real estate department tracks the financial transactions associated with the (1) leasing of airport land for the development of lessee-owned improvements and facilities and (2) leasing of improvements and facilities owned by the airport sponsor **used for non-aviation purposes**. The properties available for lease for non-aviation purposes, but currently not being leased, would be included in this department.

If necessary, secondary and tertiary operating revenue and expense centers can be identified to gain a better understanding of the operating surpluses and deficits associated with these centers. In **Figure 11-2**, some examples of non-aviation real estate uses are provided. Generally, the FAA must approve any non-aeronautical use of airport property designated for aeronautical purposes.

FIGURE 11-2: Non-Aviation Real Estate Uses

Recreational	Commercial	Office and Storage	Other
<ul style="list-style-type: none"> •Campground •Entertainment center •Golf course •Hunting and fishing •Hiking and biking •Skate park •Race (go-cart) track •Gaming 	<ul style="list-style-type: none"> •Convenience store •Hotel or motel •Rental car facility •Restaurant •Shopping (retail) center •Automobile dealership •Gasoline station •Car wash 	<ul style="list-style-type: none"> •Educational institution •Industrial park •Office building •Storage units •Technology park •Warehouse •Vehicle parking •RV and boat storage 	<ul style="list-style-type: none"> •Advertising billboards •Agriculture and forestry •Cellular telephone towers •Oil, gas, or mineral exploration, production, or extraction •Public safety or emergency services

11.4 FUNDING

The identification and use of subsidies is an economic reality for many general aviation airports. The survey of general aviation airports conducted for the development of this Guidebook indicated that only 17.5% of airports **with** a business plan relied on operating subsidies, while approximately 35.6% of airports **without** a business plan relied on operating subsidies.

The budgets to support the airport’s goals may indicate a deficit. In such a situation, it is incumbent on the airport manager and policymakers to identify non-operating sources of funds or debt financing to support initiatives set forth in the airport business plan.

NON-OPERATING SOURCES OF FUNDS

According to the survey of general aviation airports conducted for the development of this Guidebook, airports **with** a business plan were able to identify and secure, on average, \$1,877,600 (in 2010) of non-operating sources of funds, primarily grants. By comparison, airports **without** a business plan only secured, on average, \$885,869 (in 2010) of non-operating sources of funds, primarily grants. Non-operating sources of funds typically come from external sources, are not debt related, and are not directly related to the use of the airport or the leasing of airport land, improvements, and facilities. Some specific examples of non-operating sources of funds follow.

FEDERAL GRANTS

Federal grant funding is available to support the purchase of land; the development, major maintenance or repair, and replacement of airside infrastructure, improvements, and facilities; the purchase of airside maintenance vehicles, equipment, and tools; and airside planning efforts. The most common source of federal funding is provided through AIP. Any public-use general aviation airport included in the NPIAS is eligible to obtain grant funding that can cover a substantial portion of eligible costs. The FAA's authorizing legislation delineates the total amount of funds available through AIP, the classification and distribution of such funds (e.g., entitlement, set-aside, or discretionary), and the extent of matching funds required. More information on AIP is provided in *ACRP Report 16: Guidebook for Managing Small Airports*.

STATE GRANTS

All states have a department dedicated to overseeing the state's transportation system and some states have a department dedicated solely to aviation and/or airports. Such departments may have funds that can be used as matching funds or supplements to AIP funds. The types of projects eligible for state funding vary from state to state and may include landside roadways, vehicle parking lots, utility infrastructure, street lighting, or general aviation terminal buildings. Furthermore, projects focused on airport operations, such as the development of primary planning and guiding documents, and revenue-generating improvements, such as hangars and fuel storage facilities, may also be eligible.

TAXATION AND GOVERNMENT SUBSIDIES

In many cases, general aviation airports receive subsidies from the airport sponsor to cover operating deficits or provide matching funds required to receive federal and state grants. Some airports may also receive subsidies from other municipalities or counties that benefit from the presence of the airport.

Some general aviation airports receive funding through property taxes, both directly and indirectly. An airport may be granted direct taxing authority through state legislation when a stand-alone entity, such as an airport authority, is established to own and operate an airport. In other situations, airports may indirectly benefit from the taxing authority of the airport sponsor, such as a municipality or county, when a portion of the taxes collected by the airport sponsor are designated for the airport.

For example, the Truckee Tahoe Airport District, which owns and operates Truckee Tahoe Airport in Truckee, California, receives a share of property taxes collected within the district. The DuPage Airport Authority, an Illinois Special District, which owns and operates DuPage Airport in West Chicago, has taxing authority within the airport's district.

INVESTMENT INCOME

Investment income is associated with interest or gains directly tied to the investment of airport funds.

DONATIONS

While less common, private donations may also be a source of funding. Donations can be used as matching funds to help secure a grant or as capital for projects, vehicles, equipment, tools, and materials that may not be eligible under federal and state grant programs.

For example, a local businesswoman offered to donate \$10,000 to the Norwalk-Huron County Airport in Norwalk, Ohio, to be used as matching funds to help secure an AIP grant. In North Carolina, businesses benefiting from the presence of the Raleigh Executive Jetport at Sanford-Lee County donated money to furnish and decorate rooms in a new general aviation terminal building. A plaque in each room acknowledges the donation and recognizes each contributor.

SALE OF SURPLUS ASSETS

An airport's vehicles, equipment, tools, and other capital assets should be evaluated periodically to identify items that may no longer be needed, are beyond useful life, or have become obsolete. Such assets should be sold in accordance with airport policies and procedures. The sale of surplus assets may require the reimbursement or reinvestment of the federal or state share of grant monies used for the initial acquisition.

DEBT FINANCING

Long-term loans are typically used to finance the acquisition of land; the purchase of vehicles, equipment, or tools; and the development of infrastructure, improvements, or facilities not eligible for grant funding. Short-term loans or lines of credit are typically used to supplement working capital to cover operating expenses during cash flow short falls.

Various bonding mechanisms can be used to raise funds for projects not eligible for grants. A general obligation bond is typically backed by the general tax revenues of the airport sponsor. However, the airport's revenue stream, not the tax revenues of the airport sponsor or revenues specifically associated with the bonding project, is typically used to service the debt associated with revenue bonds. Special facility bonds can be used to fund the development of a single or multi-tenant facility and the revenue generated through leasing the facility can then be used to service the debt. More information on debt financing is provided in *ACRP Synthesis 1: Innovative Finance and Alternative Sources of Revenue for Airports*.

11.5 FINANCIAL STATEMENTS

Financial statements are used to record, track, and report the airport's financial performance and position and check progress toward achieving the financial goals established for the airport.



A public agency uses a different set of financial statements than private-sector entities. Stakeholders should be able to review an airport's financial statements and determine if airport managers and policymakers are being good stewards of the airport's assets, taking the FAA requirement to be as financially self-sustaining as possible seriously, and meeting the fiduciary responsibilities expected of public servants.

A description of the financial statements used to manage the financial affairs of a general aviation airport follows. The intricacy of the financial statements should match the complexity of the airport or business operating environment. The number of financial departments and the detail of the Chart of Accounts should be based on the measures of financial health and performance selected and consistent with the goals established for the airport.

STATEMENT OF NET ASSETS

A Statement of Net Assets identifies the airport's assets and liabilities, with the difference between the two being reported as net assets. This statement provides insight into the financial condition or health of the airport at a specific point in time, not for a period of time. Assets include current assets, non-current assets, and capital (fixed) assets. Liabilities include current and long-term liabilities. In the private sector, this financial statement is commonly referred to as a Balance Sheet.

Net assets represent the airport's net worth or the overall financial strength of the airport. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the airport is improving or deteriorating. The cost of an asset, identified in a Statement of Net Assets, may not accurately reflect the current market value of the asset.

During the airport business planning process, the capital asset list should be reviewed for completeness and currency, and all capital assets currently in service, including capital assets purchased with grant funds, should be identified. This list will be extremely helpful during the budgeting process for identifying the capital assets that need to be replaced and the schedule for doing so. The useful life of a capital asset can, and many times will, be different than the tax depreciation life of a capital asset.

Template 11-1: Capital Asset List

The Capital Asset List Template is designed to help the planning team identify the existing capital assets of the airport, the purchase date, the associated general ledger account number, the purchase cost, and the estimated replacement date. The capital asset list should be organized by financial department. While this template is provided at the end of the chapter, it is recommended that the reader use the template in Part 4 of the digital files which can be opened, modified, and saved for future reference or printing.



STATEMENT OF FINANCIAL ACTIVITIES

A Statement of Financial Activities identifies the airport’s operating revenues, operating cost of goods sold, operating expenses, non-operating sources of funds, and non-operating uses of funds over a specific period of time. In combination, this results in a net change—

When using the cash basis approach, revenues (accounts receivable) are recorded when received (not earned) and expenses (accounts payable) are recorded when paid (not incurred).

surplus or deficit—to the airport’s net assets. In the private sector, this financial statement is commonly referred to as an Income Statement. In order to accurately reflect the financial performance of the airport, this statement should be prepared using the accrual accounting approach, as opposed to a cash basis approach, to reflect revenues and expenses when earned and incurred instead of when received and paid.

The Statement of Financial Activities represents the airport’s financial performance over a period of time (e.g., 1 month, 1 quarter, 1 year, etc.). Seasonal changes or extraordinary financial transactions can skew financial results, especially if the statement covers a period of less than 1 year. This can create significant challenges when analyzing and evaluating financial results.

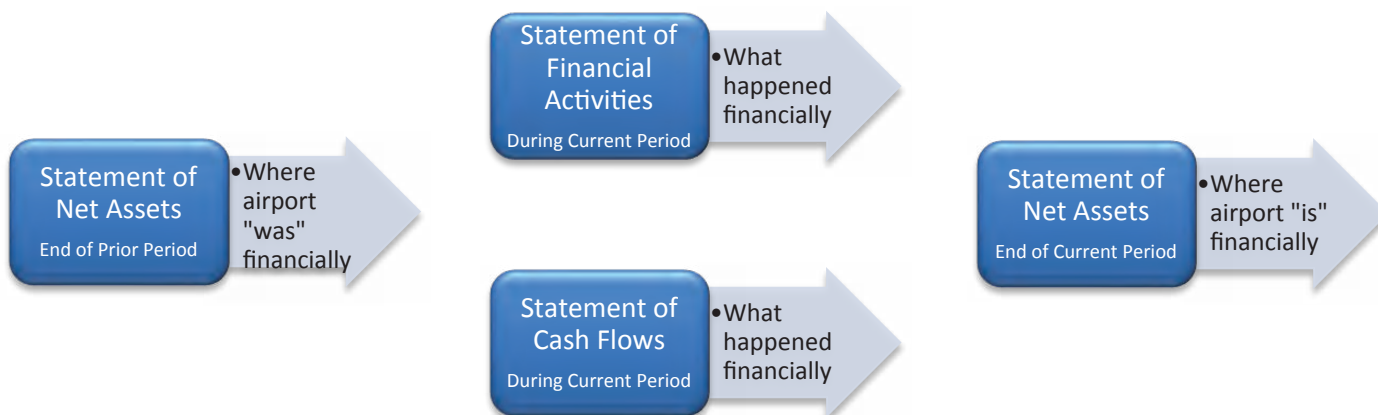
In addition to evaluating financial performance over various periods of time, the airport’s financial or accounting software should be designed to segregate financial results by financial department. This will be helpful during the business planning process and will make it much easier to analyze and evaluate the financial performance of each department in the future.

STATEMENT OF CASH FLOWS

A Statement of Cash Flows identifies the cash and cash equivalent activities associated with operating activities, non-capital financing activities, capital financing activities, and investing activities over a specific period of time. This statement does not measure operating or non-operating surplus or deficit or the availability of working capital; it models the airport’s financial liquidity and solvency or short-term ability to meet financial obligations. Because this statement is measuring cash flow, it is prepared using the cash basis approach.

The relationship among these financial statements, the period each financial statement depicts, and a description of what each statement conveys is shown in **Figure 11-3**.

FIGURE 11-3: Financial Statements—Relationships



When presenting financial statements to stakeholders, a section should be dedicated to management's discussion and analysis (MD&A), and financial statement notes should be provided to explain the unique nuances associated with each statement or particular line items that may not be readily apparent. The MD&A should provide an objective analysis of the airport's financial health and performance based on current facts, conditions, and circumstances. The discussion should focus on a comparison of the airport's current year results with the previous year results. Tables, charts, and graphs should be used to illustrate key points. The discussion is general rather than specific and only the most relevant information should be provided.

FINANCIAL STATEMENT TEMPLATES

The Financial Statement Templates (Statement of Net Assets, Statement of Financial Activities-Airport, Statement of Financial Activities-Airport Operated FBO, and Statement of Cash Flows) are designed to help the planning team develop the airport's financial statements. Although these templates are provided at the end of the chapter, it is recommended that the reader use the templates in Part 4 of the digital files which can be opened, modified, and saved for future reference or printing.

Template 11-2: Statement of Net Assets

Template 11-3: Statement of Financial Activities (Airport)

Template 11-4: Statement of Financial Activities (Airport Operated FBO)

Template 11-5: Statement of Cash Flows



SYNOPSIS

In combination, the financial statements discussed in this section will help airport managers and policymakers:

- Assess the financial health and performance of the airport and each financial department;
- Determine whether financial health and performance have improved or deteriorated;
- Ascertain whether operating revenues and non-operating sources of funds are sufficient to achieve the goal of being financially self-sustaining;
- Ensure that the airport sponsor has maintained control of airport revenues and not diverted funds for non-airport purposes; and
- Evaluate the cost of providing the airport's land, infrastructure, improvements, and facilities which can, in turn, serve as the basis for conducting a cost recovery analysis.

Chicago Executive Airport in Prospect Heights and Wheeling, Illinois, has been preparing comprehensive financial reports for several years and on numerous occasions the airport's reports have been awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. This award is the highest form of recognition for excellence in state and local government financial reporting. A link to Chicago Executive Airport's comprehensive annual financial report follows: <http://www.palwaukee.org/docs/CAFR/CAFR2010.pdf>

11.6 PERFORMANCE MEASURES



Many measures can be used to determine how an airport is performing. Performance measures can be used to compare financial and operational results between current and historical periods and compare results to the performance of comparable and competitive airports, a practice commonly referred to as comparative analysis.

Airport performance measures typically fall into the following categories: financial; operational; or a combination of both. Calculating and analyzing performance measures may reveal characteristics or traits that were not identified during the review of financial or operational results. While capturing current and past financial and operational results, performance measures are commonly used to identify changes and trends and make projections.

Airport managers must select the most relevant and appropriate performance measures for the airport and share the results with stakeholders on a regular basis. The selected performance measures should be directly related to the goals established for the airport.

Figure 11-4 identifies some of the key financial, operational, and combined performance measures that could be used.

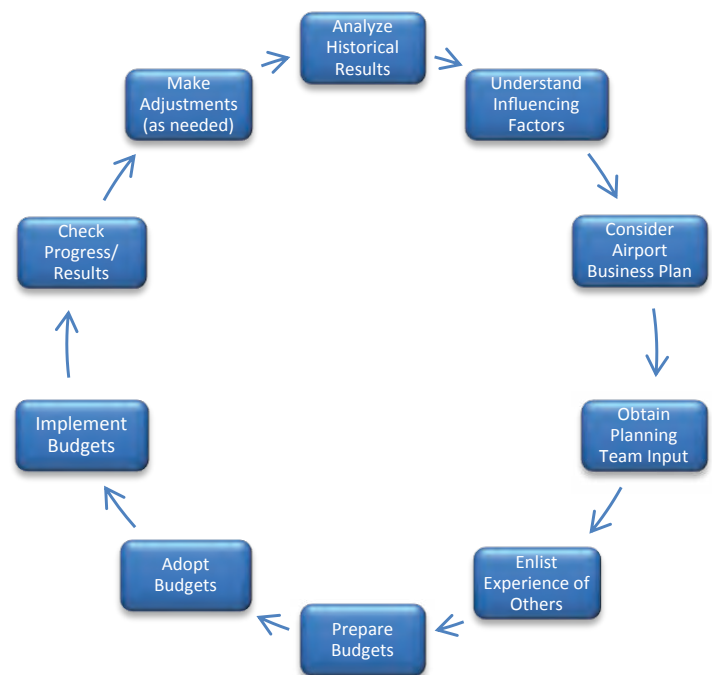
FIGURE 11-4: Key Performance Measures

Financial	Operational	Combined (Financial and Operational)
<ul style="list-style-type: none"> ● Operating revenue <ul style="list-style-type: none"> ○ Total, financial department, line item ● Cost of goods sold <ul style="list-style-type: none"> ○ Total, financial department, line item ● Operating Expenses <ul style="list-style-type: none"> ○ Total, financial department, line item ● Non-operating sources of funds <ul style="list-style-type: none"> ○ Total, financial department, line item ● Non-operating uses of funds <ul style="list-style-type: none"> ○ Total, financial department, line item ● Capital assets ● Current ratio ● Gross profit margin ● Internal rate of return ● Operating profit margin ● Quick ratio ● A/R or A/P turnover 	<ul style="list-style-type: none"> ● Land <ul style="list-style-type: none"> ○ Total, leasable, leased, available ○ Aviation, non-aviation ● Improvements <ul style="list-style-type: none"> ○ Total, leasable, leased, available ○ Aviation, non-aviation ● Aircraft operations <ul style="list-style-type: none"> ○ Total, itinerant, local ● Based aircraft <ul style="list-style-type: none"> ○ Total, piston, turboprop, jet, helicopter, other ● Fuel volumes <ul style="list-style-type: none"> ○ Jet, avgas, mogas ○ Based and transient ○ Commercial, non-commercial ● Employees (full time equivalent or FTE) <ul style="list-style-type: none"> ○ Management ○ Staff 	<ul style="list-style-type: none"> ● Revenue per <ul style="list-style-type: none"> ○ Square foot ○ Operation ○ Based aircraft ○ Gallon ○ Employee ● Operating expenses per <ul style="list-style-type: none"> ○ Square foot ○ Operation ○ Based aircraft ○ Gallon ○ Employee ● Operating profit margin for <ul style="list-style-type: none"> ○ Square foot ○ Operation ○ Based aircraft ○ Gallon ○ Employee

Consistent with best practices, key steps when developing and implementing a budget follow (see **Figure 11-5**):

- Analyze historical results and compare previous year to prior year (actual to budgeted) results and performance measures.
- Understand influencing factors that may affect financial results.
- Consider the effect on finances of the other elements of the airport business plan, such as the airport's mission, vision, goals, objectives, and action plans.
- Obtain input from the planning team.
- Enlist the experience and knowledge of airport management, staff, and outside advisors to gain insight about past performance, identify the best ways to achieve goals, and help prepare realistic and attainable budgets for the airport.
- Prepare budgets giving consideration to historical results, influencing factors, seasonality of the market, the effect associated with the other principal elements (especially, action plans), and input from the planning team, airport management, staff, and outside advisors.
- Present budgets to policymakers for review and adoption.
- Implement budgets and share them with airport management, staff, and stakeholders.
- Check progress using the airport's financial and accounting systems to record, track, and report results and analyze variances between actual and budgeted results.
- Make adjustments to the budget as needed.
- Analyze historical results at the conclusion of the budget period in preparation for developing the next budget.

FIGURE 11-5: Budgeting Process



BUDGETS

Two primary budgets should be included in the airport business plan—a Financial Budget and an Operating Budget. These budgets can be prepared for the entire airport, each financial department (on a revenue or cost-center basis), or each project or program (e.g., capital, revenue, and expense). A discussion of each type of budget follows.

FINANCIAL BUDGET

The Financial Budget aligns with the Statement of Net Assets and Statement of Cash Flows. This budget identifies all planned sources and uses of cash and anticipated capital investment and expenditures identified during the business planning process.

For general aviation airports identified in the NPIAS, a CIP is required to secure AIP funding. The elements of a CIP should be incorporated into the financial budget.

OPERATING BUDGET

The Operating Budget aligns with the Statement of Financial Activities. This budget identifies the forecasted operating revenues, operating cost of goods sold, and operating expenses projected during the business planning process.

BUDGETING TECHNIQUES

While historical financial results provide the foundation for developing a budget, various budgeting techniques can be used to forecast the financial performance of a general aviation airport. A discussion of the techniques most commonly used at general aviation airports follows.

INCREMENTAL BUDGETING

This budgeting technique focuses primarily on the results achieved during the previous financial period. Beyond this, an analysis of the previous 3-to-5-year period can be used to identify macro (or global) and micro (or line-item) trends. Inflationary trends can be examined as well. When using historical financial results for incremental budgeting, it is critical to eliminate any extraordinary or non-recurring operating revenues, operating expenses, or capital expenditures from consideration.

ZERO-BASED BUDGETING

Zero-based budgeting connects each functional area to the budget. This budgeting technique is used primarily during the preparation of an Operating Budget. Historical financial results and associated variances are set aside during this budgeting process. Operating revenues and expenses are established with consideration given only to the priority, timing, and schedule for achieving the goals set forth in the airport's business plan.

PERFORMANCE-BASED BUDGETING

This budgeting technique typically focuses on identifying the capital resources and operating expenditures required to achieve the goals, accomplish the objectives, and complete the action plans for the airport. Capital resources may not be available, in which case, additional capital resources would need to be secured or the goals, objectives, and action plans would need to be modified.

BUDGET TEMPLATES

The Budget Templates (Budget-Statement of Net Assets, Budget-Statement of Financial Activities-Airport, Budget-Statement of Financial Activities-Airport Operated FBO, and Budget-Statement of Cash Flows) are designed to help the planning team develop budgets. While these templates are provided at the end of the chapter, it is recommended that the reader use the templates in Part 4 of the digital files which can be opened, modified, and saved for future reference or printing.

Template 11-6: Budget-Statement of Net Assets

Template 11-7: Budget-Statement of Financial Activities (Airport)

Template 11-8: Budget-Statement of Financial Activities (Airport Operated FBO)

Template 11-9: Budget-Statement of Cash Flows



11.8 WRAP-UP

This chapter discussed the fiduciary responsibilities of airport managers and policymakers and provided information to facilitate the development of financial statements, budgets, and performance measures which are considered essential tools for achieving goals and realizing the mission and vision for the airport. In addition to discussing each of these tools, this chapter examined GAAP, financial and accounting systems, financial controls, common financial departments, and funding mechanisms.

11.9 TEMPLATES

- Template 11-1: Capital Asset List
- Template 11-2: Statement of Net Assets
- Template 11-3: Statement of Financial Activities (Airport)
- Template 11-4: Statement of Financial Activities (Airport Operated FBO)
- Template 11-5: Statement of Cash Flows
- Template 11-6: Budget-Statement of Net Assets
- Template 11-7: Budget-Statement of Financial Activities (Airport)
- Template 11-8: Budget-Statement of Financial Activities (Airport Operated FBO)
- Template 11-9: Budget-Statement of Cash Flows

TEMPLATE 11-1: CAPITAL ASSET LIST

CHAPTER 11: FINANCIAL

This template will help the planning team identify the airport’s capital assets, the purchase date, the description, the associated general ledger account number, the purchase cost, and the estimated replacement date.

CAPITAL ASSET LIST
Name of Airport
Date

Item Name	Item #	Purchase Date	Description	GL Account #	Purchase Cost	Estimated Replacement Date
ADMINISTRATION DEPARTMENT						
Office Furniture					\$ -	
Office Equipment					\$ -	
Vehicles					\$ -	
					\$ -	
					\$ -	
					\$ -	
					\$ -	
					\$ -	
					\$ -	
Subtotal					\$ -	
AIRSIDE DEPARTMENT						
Land					\$ -	
Runways					\$ -	
Taxiways					\$ -	
Vehicles					\$ -	
Equipment					\$ -	
					\$ -	
					\$ -	
					\$ -	
Subtotal					\$ -	
LANDSIDE DEPARTMENT						
Land					\$ -	
Roadways					\$ -	
Vehicle Parking					\$ -	
Vehicles					\$ -	
Equipment					\$ -	
					\$ -	
					\$ -	
Subtotal					\$ -	
AVIATION REAL ESTATE DEPARTMENT						
Land					\$ -	
Terminal					\$ -	
Office Buildings					\$ -	
Shop Buildings					\$ -	
Hangars					\$ -	
Vehicle Parking					\$ -	
Ramp					\$ -	
Taxilanes					\$ -	
Vehicles					\$ -	
Equipment					\$ -	
					\$ -	
Subtotal					\$ -	
NON-AVIATION REAL ESTATE DEPARTMENT						
Land					\$ -	
Buildings					\$ -	
Vehicle Parking					\$ -	
Vehicles					\$ -	
Equipment					\$ -	
					\$ -	
					\$ -	
Subtotal					\$ -	
AVIATION PRODUCTS AND SERVICES DEPARTMENT						
Fuel Storage Facility					\$ -	
Office Equipment					\$ -	
Office Furniture					\$ -	
Terminal Furniture					\$ -	
Vehicles					\$ -	
Equipment					\$ -	
Refueling Vehicles					\$ -	
Ground Support Equipment					\$ -	
					\$ -	
					\$ -	
Subtotal					\$ -	
TOTAL					\$ -	

TEMPLATE 11-2: STATEMENT OF NET ASSETS

CHAPTER 11: FINANCIAL

The Financial Statement Templates are designed to help the planning team develop the airport’s financial statements. The Statement of Net Assets identifies the airport’s assets and liabilities, with the difference between the two being reported as net assets.

STATEMENT OF NET ASSETS

Name of Airport
Statement Date

	CURRENT PERIOD		PREVIOUS PERIOD		NET CHANGE	
	% of Total	Amount	% of Total	Amount	% Change	Amount
CURRENT ASSETS						
Cash and Cash Equivalents	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Investments	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accounts Receivable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Inventories	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Prepaid Expenses	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Current Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL CURRENT ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CAPITAL ASSETS						
Capital Assets (Not Being Depreciated)						
Airside - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Airside - Infrastructure In Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Landside - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Landside - Infrastructure in Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Aviation Real Estate - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Aviation Real Estate - Improvements in Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Non-Aviation Real Estate - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Non-Aviation Real Estate - Improvements in Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Total Capital Assets (Not Being Depreciated)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Capital Assets (Being Depreciated)						
Airside Infrastructure	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Landside Infrastructure	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Aviation Real Estate Improvements	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Non-Aviation Real Estate Improvements	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicles and Equipment	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Total Capital Assets (Being Depreciated)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accumulated Depreciation		\$ -		\$ -	0.0%	\$ -
Net Capital Assets (Being Depreciated)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CAPITAL ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	% of Total	Amount	% of Total	Amount	% Change	Amount
CURRENT LIABILITIES						
Accounts Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accrued Expenses	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accrued Interest Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Security Deposits	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accrued Payroll	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Unearned Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Current Portion of Loans Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Current Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL CURRENT LIABILITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
LONG-TERM LIABILITIES						
Loans Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL LONG-TERM LIABILITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL LIABILITIES		\$ -		\$ -	0.0%	\$ -
NET ASSETS						
Invested in Capital Assets (Net of Related Debt)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Restricted - Capital Projects	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Restricted - Debt Service	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Restricted - Other Purposes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Unrestricted	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -

TEMPLATE 11-3: STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT)

CHAPTER 11: FINANCIAL

The Financial Statement Templates are designed to help the planning team develop the airport’s financial statements. The Statement of Financial Activities (Airport) identifies the airport’s operating revenues, operating cost of goods sold, operating expenses, non-operating sources of funds, and non-operating uses of funds over a specific period of time.

STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT)
Name of Airport
Financial Period (From - To)

	TOTAL		ADMINISTRATION		AIRSIDE		LANDSIDE		AVIATION REAL ESTATE		NON-AVIATION REAL ESTATE	
	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount
OPERATING REVENUES												
Landing Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Fuel Flowage Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Based Aircraft Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Transient Aircraft Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Application Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Permit Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
US Custom Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Land Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicle Parking Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Ramp Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Terminal Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Office Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Shop Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Hangar Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Revenues	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL REVENUE	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
COST OF GOODS SOLD	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
GROSS MARGIN	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount
OPERATING EXPENSES												
Bad Debts	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Bank and Credit Card Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Communications and Connectivity	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Contributions and Donations	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Dues and Subscriptions	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Employee Benefits	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Employee Recruiting and Testing	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Insurance	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Lease (Rent)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
License, Fees, and Business Taxes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Maintenance	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Marketing and Public Relations	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Office Equipment	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payroll	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payroll Taxes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Postage and Delivery	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Professional Services	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Security	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Supplies and Materials	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Training	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Travel, Meals, and Entertainment	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Uniforms	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Utilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicle and Equipment Leasing	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicle and Equipment Maintenance	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicle and Equipment Operations	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL OPERATING EXPENSES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
OPERATING INCOME		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount
NON-OPERATING SOURCES OF FUNDS (NOSF)												
Federal Government Grant and Monies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
State Government Grant and Monies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Local Government Grant and Monies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Airport Sponsor Subsidy	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Investment Income	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Gain on Sale of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Non-Operating Sources of Funds	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL NOSF	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NON-OPERATING USES OF FUNDS (NOUF)												
Depreciation Expense	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Amortization Expense	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Expense	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Loss on Sale of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Non-Operating Use of Funds	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL NOUF	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CHANGE IN NET ASSETS		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
NET ASSETS, Beginning of Period		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
NET ASSETS, End of Period		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -

TEMPLATE 11-4: STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT OPERATED FBO)

CHAPTER 11: FINANCIAL

The Financial Statement Templates are designed to help the planning team develop the airport’s financial statements. The Statement of Financial Activities (Airport Operated FBO) identifies the operating revenues, operating cost of goods sold, operating expenses, non-operating sources of funds, and non-operating uses of funds for the airport’s FBO over a specific period of time.

STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT OPERATED FBO)
Name of Airport's FBO
Financial Period (From - To)

	TOTAL		Jet A		Avgas		Mogas		Products and Services		Facilities	
	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount
OPERATING REVENUES												
Retail Aviation Fuel and Additives	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Contract Aviation Fuel and Additives	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Oils and Lubricants	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Ramp (Aircraft Parking)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Pilot Supplies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Line (Ground) Services	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Passenger/Crew Services	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Aircraft Storage	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Revenues	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL REVENUE	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
COST OF GOODS SOLD	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
GROSS MARGIN	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
OPERATING EXPENSES												
Bad Debts	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Bank and Credit Card Fees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Communications and Connectivity	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Contributions and Donations	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Dues and Subscriptions	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Employee Benefits	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Employee Recruiting and Testing	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Insurance	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Lease (Rent)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
License, Fees, and Business Taxes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Maintenance	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Marketing and Public Relations	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Office Equipment	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payroll	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payroll Taxes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Postage and Delivery	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Professional Services	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Security	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Supplies and Materials	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Training	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Travel, Meals, and Entertainment	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Uniforms	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Utilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicle and Equipment Leasing	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicle and Equipment Maintenance	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicle and Equipment Operations	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL OPERATING EXPENSES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
OPERATING INCOME		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
NON-OPERATING SOURCES OF FUNDS (NOSF)												
Federal Government Grant and Monies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
State Government Grant and Monies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Local Government Grant and Monies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Airport Sponsor Subsidy	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Investment Income	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Income	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Gain on Sale of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Non-Operating Sources of Funds	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL NOSF	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NON-OPERATING USES OF FUNDS (NOUF)												
Depreciation Expense	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Amortization Expense	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Expense	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Loss on Sale of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Non-Operating Uses of Funds	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL NOUF	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CHANGE IN NET ASSETS		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
NET ASSETS, Beginning of Period		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
NET ASSETS, End of Period		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -

TEMPLATE 11-5: STATEMENT OF CASH FLOWS

CHAPTER 11: FINANCIAL

The Financial Statement Templates are designed to help the planning team develop the airport’s financial statements. The Statement of Cash Flows identifies the airport’s cash and cash equivalent activities—positive and negative—associated with operating activities, non-capital financial activities, capital financing activities, and investing activities over a specific period of time.

STATEMENT OF CASH FLOWS

Name of Airport
Statement Date

	CURRENT PERIOD		PREVIOUS PERIOD		NET CHANGE	
	% of Total	Amount	% of Total	Amount	% Change	Amount
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Airport Lessees, Permittees, and Users	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Receipts from FBO Customers	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Receipts from Others	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payments to Vendors	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payments to Suppliers	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payments to Employees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payments to Others	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM OPERATING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH FLOWS FROM NON-OPERATING ACTIVITIES						
Grants	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Subsidies	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Investment Income	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM NON-OPERATING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Other Revenues (Expenses)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Proceeds from Current and Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Paid on Current and Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Principal Paid on Current and Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Acquisition of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Construction of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Disposal of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Proceeds from Current and Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Paid on Current and Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Principal Paid on Current and Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase (Sale) of Investments	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM INVESTING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH AND CASH EQUIVALENTS, Beginning of period	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH AND CASH EQUIVALENTS, End of period	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -

TEMPLATE 11-6: BUDGET-STATEMENT OF NET ASSETS

CHAPTER 11: FINANCIAL

The Budget Templates are designed to help the planning team develop the airport’s budgets. The Budget-Statement of Net Assets identifies the airport’s budgeted and actual assets and liabilities, with the difference between the two being reported as net assets.

BUDGET-STATEMENT OF NET ASSETS

Name of Airport
Statement Date

	BUDGET		ACTUAL		VARIANCE	
	% of Total	Amount	% of Total	Amount	% Change	Amount
CURRENT ASSETS						
Cash and Cash Equivalents	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Investments	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accounts Receivable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Inventories	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Prepaid Expenses	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Current Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL CURRENT ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CAPITAL ASSETS						
Capital Assets (Not Being Depreciated)						
Airside - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Airside - Infrastructure In Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Landside - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Landside - Infrastructure in Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Aviation Real Estate - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Aviation Real Estate - Improvements in Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Non-Aviation Real Estate - Land	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Non-Aviation Real Estate - Improvements in Progress	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Total Capital Assets (Not Being Depreciated)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Capital Assets (Being Depreciated)						
Airside Infrastructure	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Landside Infrastructure	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Aviation Real Estate Improvements	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Non-Aviation Real Estate Improvements	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Vehicles and Equipment	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Total Capital Assets (Being Depreciated)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accumulated Depreciation		\$ -		\$ -	0.0%	\$ -
Net Capital Assets (Being Depreciated)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CAPITAL ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	% of Total	Amount	% of Total	Amount	% Change	Amount
CURRENT LIABILITIES						
Accounts Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accrued Expenses	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accrued Interest Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Security Deposits	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Accrued Payroll	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Unearned Rent	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Current Portion of Loans Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Current Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL CURRENT LIABILITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
LONG-TERM LIABILITIES						
Loans Payable	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other Long-Term Liabilities	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL LONG-TERM LIABILITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
TOTAL LIABILITIES		\$ -		\$ -	0.0%	\$ -
NET ASSETS						
Invested in Capital Assets (net of related debt)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Restricted - Capital Projects	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Restricted - Debt Service	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Restricted - Other Purposes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Unrestricted	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET ASSETS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -

TEMPLATE 11-7: BUDGET-STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT)

CHAPTER 11: FINANCIAL

The Budget Templates are designed to help the planning team develop the airport’s budgets. The Budget-Statement of Financial Activities identifies the airport’s budgeted and actual operating revenues, operating cost of goods sold, operating expenses, non-operating sources of funds, and non-operating uses of funds over a specific period of time.

BUDGET-STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT)
 Name of Airport
 Financial Period (From - To)

	TOTAL		ADMINISTRATION		AIRSIDE		LANDSIDE		AVIATION REAL ESTATE		NON-AVIATION REAL ESTATE	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
OPERATING REVENUES												
Landing Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel Flowage Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Based Aircraft Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transient Aircraft Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Application Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permit Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
US Custom Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Parking Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ramp Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Terminal Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shop Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hangar Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COST OF GOODS SOLD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GROSS MARGIN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
OPERATING EXPENSES												
Bad Debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank and Credit Card Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Communications and Connectivity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dues and Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Recruiting and Testing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease (Rent)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License, Fees, and Business Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing and Public Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Postage and Delivery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Security	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies and Materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Meals, and Entertainment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uniforms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle and Equipment Leasing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle and Equipment Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle and Equipment Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
NON-OPERATING SOURCES OF FUNDS (NOSF)												
Federal Government Grant and Monies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Government Grant and Monies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Government Grant and Monies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Airport Sponsor Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Sources of Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL NOSF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NON-OPERATING USES OF FUNDS (NOUF)												
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Uses of Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL NOUF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS, Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS, End of Period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TEMPLATE 11-8: BUDGET-STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT OPERATED FBO)

CHAPTER 11: FINANCIAL

The Budget Templates are designed to help the planning team develop the airport’s budgets. The Budget-Statement of Financial Activities-Airport Operated FBO identifies the budgeted and actual operating revenues, operating cost of goods sold, operating expenses, non-operating sources of funds, and non-operating uses of funds for the airport’s FBO over a specific period of time.

BUDGET-STATEMENT OF FINANCIAL ACTIVITIES (AIRPORT OPERATED FBO)
 Name of Airport's FBO
 Financial Period (From - To)

	TOTAL		Jet A		Avgas		Mogas		Products and Services		Facilities	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
OPERATING REVENUES												
Retail Aviation Fuel and Additives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Aviation Fuel and Additives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oils and Lubricants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ramp (Aircraft Parking)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pilot Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Line (Ground) Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Passenger/Crew Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aircraft Storage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COST OF GOODS SOLD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GROSS MARGIN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
OPERATING EXPENSES												
Bad Debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank and Credit Card Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Communications and Connectivity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dues and Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Recruiting and Testing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease (Rent)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License, Fees, and Business Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing and Public Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Postage and Delivery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Security	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies and Materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Meals, and Entertainment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uniforms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle and Equipment Leasing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle and Equipment Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle and Equipment Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
NON-OPERATING SOURCES OF FUNDS (NOSF)												
Federal Government Grant and Monies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Government Grant and Monies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Government Grant and Monies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Airport Sponsor Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Sources of Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL NOSF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NON-OPERATING USES OF FUNDS (NOUF)												
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Uses of Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL NOUF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS, Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS, End of Period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TEMPLATE 11-9: BUDGET-STATEMENT OF CASH FLOWS

CHAPTER 11: FINANCIAL

The Budget Templates are designed to help the planning team develop the airport’s financial budgets. The Budget-Statement of Cash Flows identifies the airport’s budgeted and actual cash and cash equivalent activities—positive and negative—associated with operating activities, non-capital financial activities, capital financing activities, and investing activities over a specific period of time.

BUDGET-STATEMENT OF CASH FLOWS

Name of Airport

Statement Date

	BUDGET		ACTUAL		VARIANCE	
	% of Total	Amount	% of Total	Amount	% Change	Amount
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Airport Lessees, Permittees, and Users	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Receipts from FBO Customers	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payments to Vendors	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Payments to Employees	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM OPERATING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Other Revenue (Expense)	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Proceeds from Loans and Notes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Paid on Loans and Notes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Principal Paid on Loans and Notes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Acquisition of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Construction of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Disposal of Capital Assets	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Proceeds from Loans and Notes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Paid on Loans and Notes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Principal Paid on Loans and Notes	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase (Sale) of Investments	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Interest Earned	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
Other	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET CASH FROM INVESTING ACTIVITIES	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH AND CASH EQUIVALENTS, Beginning of period	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -
CASH AND CASH EQUIVALENTS, End of period	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -

GLOSSARY OF TERMS AND ACRONYMS

The terms identified in this Glossary of Terms and Acronyms shall be construed as defined (unless, from the context, a different meaning is intended or a different meaning is specifically defined).

Where the context requires, the use of singular numbers or pronouns shall include the plural and vice versa and the use of pronouns of any gender shall include any other gender. Words or phrases that are not defined shall be construed consistent with common meaning or as generally understood throughout the general aviation industry.

TERMS

Advisory Body—A group of elected or appointed officials who advocate for the airport on behalf of the public.

Airport Improvement Program (AIP)—A program that provides funds to public agencies—and, in some cases, to private entities—for the planning and development of public-use airports included in the National Plan of Integrated Airport Systems (FAA).

Airport Layout Plan (ALP)—A scale drawing of existing and proposed land and facilities necessary for the operation and development of the airport. The ALP shows boundaries and proposed additions to all areas owned or controlled by the airport operator for airport purposes, the location and nature of existing and proposed replacement airport facilities and structures, and the location on the airport of existing and proposed non-aviation areas and improvements thereon (FAA).

Airport Master Plan—A comprehensive study prepared to support modernization of existing airports and the creation of new airports, regardless of size, complexity, or role. Using graphics, tables, diagrams, reports, and various studies, an Airport Master Plan provides a framework for decision making related to airport development.

Airport Sponsor—A public agency or private entity with control of a public-use airport (FAA).

Aircraft Owners and Pilots Association (AOPA)—A trade association that represents aircraft owners and pilots; its mission is to effectively serve the interests and needs of its members as aircraft owners and pilots and establish, maintain, and articulate positions of leadership to promote the economy, safety, utility, and popularity of flights in general aviation aircraft (AOPA).

Best Practices—A method, process, activity, incentive, or reward which is believed to be more effective at delivering a particular outcome than any other technique, method, or process when applied to a particular condition or circumstance.

Capital—The factors of production used to create goods or services that are not themselves significantly consumed, though they may depreciate, in the production process. In finance and accounting, this refers to the funds provided by lenders to businesses to purchase real estate and real capital (facilities and equipment) for producing goods or services.

Capital Improvement Plan (CIP)—A document prepared by the airport sponsor on an annual basis that represents the airport sponsor's 5-year program for capital development at the airport.

Capital Investment—Expending capital to make improvements to an airport.

Cash Flow—Refers to the movement of money into or out of a business, project, or organization. Cash flow is generated by operations, not from selling bonds or borrowing money.

Commercial Service Airport (United States)—A publicly owned airport having scheduled passenger service and 2,500 or more passenger enplanements per year (FAA). Commercial service airports are classified under NPIAS, as follows:

- **Primary Large Hub**—Airports that enplane at least 1 percent of the total passenger enplanements in the United States.
- **Primary Medium Hub**—Airports that enplane between 0.25 percent and 1 percent of total passenger enplanements in the United States.
- **Primary Small Hub**—Airports that enplane between 0.05 percent and 0.25 percent of the total passenger enplanements in the United States.
- **Primary Non-Hub**—Airports that enplane more than 10,000 passengers, but less than 0.25 percent of the total passenger enplanements in the United States.
- **Non-Primary Non-Hub**—Airports that enplane at least 2,500, but not more than 10,000 passengers.

Economic Development—Influencing growth and restructuring of an economy to enhance the economic well being of a community, region, state, or nation and its citizens.

Economic Impact—As it relates to airports, a measure of the direct and indirect economic impact of the airport on the surrounding community. Direct impacts are primary impacts directly associated with the generation or expenditure of money at the airport, including salaries and wages paid. Indirect impacts are the secondary economic impacts not directly associated with the airport, such as an increase in bus passengers on the route to the airport.

Financial Statement—A formal record of the financial activities of an entity with all the relevant financial information, presented in a structured manner and in an easy-to-understand form. Typically includes three basic financial statements: Statement of Net Assets, Statement of Financial Activities, and Statement of Cash Flows.

Fixed Base Operator (FBO)—An FBO is defined by the FAA in Advisory Circular 150/5190-6 *Exclusive Rights at Federally Obligated Airports* as “... a business granted the right by the airport sponsor to operate on an airport and provide aeronautical services such as fueling, hangaring, tiedown and parking, aircraft rental, aircraft maintenance, and flight instruction.”

General Aviation (GA)—Portion of civil aviation that encompasses all facets of aviation except air carriers (FAA).

General Aviation Airport—A public airport that, as determined by the Secretary of Transportation, does not have scheduled service or has scheduled service with less than 2,500 enplanements per year.

General Aviation Manufacturers Association (GAMA)—A trade association that represents manufacturers of aircraft, engines, avionics, and components; its mission is to foster and advance the general welfare, safety, interests, and activities of general aviation (GAMA).

Goal—A statement of a desired result, outcome, or level of attainment that needs to be reached to realize the mission and vision for the airport.

Governing Body—A body of elected or appointed officials serving a general-purpose or special purpose unit of government tasked with ensuring the safe, secure, and efficient operation and management of the airport.

Hangar—A hangar is a closed structure to hold aircraft or spacecraft in protective storage.

Infrastructure—The built facilities, generally publicly funded, required in order to serve a community's developmental and operational needs. The infrastructure includes such things as roads, airports, water, and sewer systems. As it pertains to airports, this includes runways, taxiways, and other facilities that support aeronautical activities.

Master Plan—Assesses the current capacity of the airport's infrastructure; evaluates current and future demand; identifies existing and anticipated deficiencies; and, outlines short-, medium-, and long-term infrastructure goals for the airport.

Milestone—Within the framework of project management, a milestone is the end of a stage that marks the completion of a work phase, typically marked by an event such as delivering a product or completing a document.

Mission—A pre-established and often self-imposed objective or purpose (Merriam-Webster). With regard to business planning, an organization's mission is commonly conveyed in a mission statement—a formal, short written statement of the purpose of an organization. A mission statement typically spells out an organization's overall purpose, provides a sense of direction, guides the organization, and helps facilitate decision making.

National Air Transportation Association (NATA)—A trade association that represents aviation service businesses; its mission is to be the leading national trade association representing the legislative, regulatory, and business interests of general aviation service companies and to provide education, services, and benefits to members to help ensure long-term economic success.

National Plan of Integrated Airport Systems (NPIAS)—Identifies nearly 3,400 existing and proposed airports significant to national air transportation and thus eligible to receive federal grants under the Airport Improvement Program (AIP). It also includes estimates of the amount of AIP money needed to fund infrastructure development projects that will bring these airports up to current design standards and add capacity to congested airports. Every 2 years, the FAA is required to provide Congress with a 5-year estimate of AIP-eligible development. The NPIAS comprises all commercial service airports, all reliever airports, and selected general aviation airports (FAA).

National Business Aviation Association (NBAA)—A trade association that represents organizations using general aviation aircraft for business purposes; its mission is to be committed to promoting an environment that fosters business aviation in the United States and around the world (NBAA).

Objective—A clearly defined and desired result an organization wants to achieve. Objectives are realistic and measureable targets established to track the implementation of a plan and the progress being made toward achieving goals.

Organizational Chart—A graphic representation of how authority and responsibility are distributed within an organization; it shows the structure of an organization and the relationships and relative ranks of positions and jobs.

Performance Measures—Ways to objectively measure the degree of success an organization, initiative, or program has had in achieving its stated goals, objectives, and activities. Common measures for evaluating performance include outputs, outcomes, and efficiency.

Policymakers—Those individuals who have the authority to set the policy framework of (or determine the policies for) an organization. In the case of general aviation airports, policymakers include the members of the airport's

governing body or airport sponsor. Some examples of policymakers include city council members, county commissioners, and airport board members.

Reliever Airport—An airport designated by the FAA to reduce congestion at a commercial airport and provide more general aviation access to the overall community. An airport that has scheduled airline passenger service cannot be a reliever airport (FAA).

Self-Sustaining—Maintaining an organization by independent effort. As it relates to airports, it means maintaining a rent and fee structure that conforms with the Airport Sponsor Assurances and financially supports the airport under the particular circumstances that exist. Airports must maintain a fee and rental structure that makes the airport as financially self-sustaining as possible under the particular circumstances at that airport. The requirement recognizes that individual airports will differ in their ability to be fully self-sustaining, given differences in conditions at each airport. The purpose of the self-sustaining rule is to maintain the utility of the federal investment in the airport (FAA 5190.6B).

Small Business Development Center—A United States based business assistance program funded by the U.S. Small Business Administration.

Socioeconomic—Refers to indicators for both social and economic conditions relevant to well being. The field is often considered multidisciplinary, using theories and methods from sociology, economics, history, psychology, and others.

Specialized Aviation Service Operator (SASO)—Typically specializes in a single service or operation, for example, maintenance, charter, hangar rental, or sales. The key difference between an FBO and a SASO is SASOs do not sell fuel.

Stakeholder—Anyone who has an interest in the organization, initiative, or project. Stakeholders are individuals who are actively involved in the organization, initiative, or project or whose interests may be affected as a result of execution or completion of an initiative or project. Stakeholders may also exert influence over the organization's goals and objectives or over the outcomes of an initiative or project.

T-hangar—A hangar that typically has the capacity to store only one aircraft, usually not larger than a cabin class multi-engine aircraft. This type of hangar derives its name from its shape (in the form of a "T") which increases the efficiency of the design so as to accommodate the wing span and the tail section of an aircraft. T-hangars may be stand-alone structures or they may be combined and "nested" so that the tail sections of the "T" configuration interlock to form a single congruous structure.

U.S. Small Business Administration—A federal government organization that assists small businesses in providing programs and opportunities to hasten their potential growth and success.

Values—As it relates to business planning, values are collective beliefs held throughout an organization or the standards or parameters for the way an organization does business. Values are enduring and will not be compromised or abandoned by the organization.

Vision—As it relates to business planning, is commonly conveyed in a statement that captures the essence of what the organization aspires to be in the future; it is a picture of success. A vision statement is typically inspirational, memorable, and reflective of the desires of the individuals who have a vested interest in the organization.

ACRONYMS

AAAE	American Association of Airport Executives
ACRP	Airport Cooperative Research Program
AIP	Airport Improvement Program
ALP	Airport layout plan
AOA	Air operations area
AOPA	Aircraft Owners and Pilots Association
ARFF	Aircraft Rescue and Fire Fighting
ATADS	Air Traffic Activity Data System
ATCT	Air traffic control tower
BOCP	Business and operational continuity plan
CIP	Capital improvement program
EMS	Environmental management system
FAA	Federal Aviation Administration
FBO	Fixed Base Operator
FTE	Full-time equivalent
FOIA	Freedom of Information Act
GAAP	Generally accepted accounting principles
GAMA	General Aviation Manufacturers Association
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GROW	Goal, reality, options, and will
MD&A	Management's discussion and analysis
NAS	National airspace system
NASAO	National Association of State Aviation Officials
NATA	National Air Transportation Association
NBAA	National Business Aviation Association
NOSF	Non-operating sources of funds
NOTAM	Notice to airmen
NOUF	Non-operating uses of funds
NPIAS	National Plan of Integrated Airport Systems
RFP	Request for Proposals
RFQ	Request for Qualifications
SASO	Specialized Aviation Service Operator
SBA	U.S. Small Business Administration
SBDC	Small Business Development Center
SCORE	Service Corps of Retired Executives
SMART	Specific, measureable, attainable, relevant, and time bound
SMS	Safety management system
SOP	Standard operating procedure

SPCC	Spill prevention control and countermeasures
SWOT	Strengths, weaknesses, opportunities, and threats
SWPPP	Stormwater pollution prevention plan
TAF	Terminal Area Forecast
WHMP	Wildlife hazard management plan

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Abbreviations and acronyms used without definitions in TRB publications:

AAAE	American Association of Airport Executives
AASHO	American Association of State Highway Officials
AASHTO	American Association of State Highway and Transportation Officials
ACI-NA	Airports Council International-North America
ACRP	Airport Cooperative Research Program
ADA	Americans with Disabilities Act
APTA	American Public Transportation Association
ASCE	American Society of Civil Engineers
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
ATA	American Trucking Associations
CTAA	Community Transportation Association of America
CTBSSP	Commercial Truck and Bus Safety Synthesis Program
DHS	Department of Homeland Security
DOE	Department of Energy
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
HMCRRP	Hazardous Materials Cooperative Research Program
IEEE	Institute of Electrical and Electronics Engineers
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
ITE	Institute of Transportation Engineers
NASA	National Aeronautics and Space Administration
NASAO	National Association of State Aviation Officials
NCFRP	National Cooperative Freight Research Program
NCHRP	National Cooperative Highway Research Program
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
PHMSA	Pipeline and Hazardous Materials Safety Administration
RITA	Research and Innovative Technology Administration
SAE	Society of Automotive Engineers
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (2005)
TCRP	Transit Cooperative Research Program
TEA-21	Transportation Equity Act for the 21st Century (1998)
TRB	Transportation Research Board
TSA	Transportation Security Administration
U.S.DOT	United States Department of Transportation