Intermodal Feasibility Study

Lakeland Linder Regional Airport (LAL)

Final Technical Report

ATKINS in association with
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Plan Design Enable

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THE PURPOSE OF THIS INTERMODAL FEASIBILITY STUDY FOR Lakeland Linder Regional Airport (LAL) is to assess potential means to improve the Airport's financial performance, economic development, and overall operation. To accomplish this, the plan studied potential revenue enhancement initiatives, along with policy and managerial strategies. The recommended plan of action from this report rests on seven primary strategic initiatives:

1) Attract Airline Service: This component of demand has the highest potential to generate revenues of the various scenarios considered. In 10 years, this activity has the potential to generate net revenues of $3.4 million or more annually. In addition, it increases the utilization of the Airport and its asset base. The study found that with airline service, return on assets (ROA) could be boosted by 1.8 percent, which is 180 percent of its existing ROA. Currently, Polk County generates more than 3,500 air passengers per day, many of which could be served locally. These air travelers are spending money at other nearby airports on parking, car rentals, hotel fees, etc., which could be spent locally.

2) Secure U.S. Customs and Border Protection: CBP Services would permit international flights to clear Customs at the Airport. Fuel sales from these flights are significant and would increase overall revenues to the Airport. In addition, it would broaden the Airport brand and permit renaming of the Airport to include "International" in the title. The changing brand could ultimately lead to scheduled international flights - passenger and/or air cargo.

3) Attract More MRO Activity: Attracting more MROs to the Airport would facilitate the formation of a cluster industry at the Airport that can gain national/international recognition. This would improve the Airport's competitive position to attract large maintenance or manufacturing opportunities such as the new Embraer facility at Melbourne, etc. The Airport can benefit financially through lease agreements for building space. Net increases in revenues for MRO activity have been estimated to total more than $187,000 annually in 10 years.

4) Increase GA and Military Activity: The current primary business of Lakeland Linder Regional Airport is general aviation, with some military activity from Draken International. Therefore strategies to increase this segment of the business carry weight in increasing overall Airport revenues. Simple incremental increases in these segments will add $87,000 annually to

forecast baseline operating revenues within 10 years. The Intermodal Feasibility Study developed strategies for increasing activity in small GA, flight training, corporate GA, and military aviation, along with GA tourism.

5) Increase Intermodal Use of the Airport: In addition to airline passenger service, the potential attraction of international air cargo is important to LAL. The study found that potential net revenue from an intermediate sized operation at LAL (50,000 tons annually), has been estimated to total $1,086,800 annually. The development of international air cargo, with U.S. Customs clearance services at LAL could pave the way for international air passenger service from constituent countries. Because the operation would require the development of an intermodal air cargo facility at LAL, it could also be used for domestic air freight operations.

6) Non-Aviation Property Development: Revenues from non-aviation property leases could potentially yield more than $950,000 per year if all non-aeronautical property (87.2 acres) were converted to leasable space at the Airport. Estimates of achievable lease amounts totaled $435,200 and 40 acres within 10 years.

7) Airport Rebranding: The current name of the Airport does not reach and expand the true market area, which must be identified as Central Florida. To truly expand its horizons, the Airport must begin the process of communicating its desired brand to the public and all of its potential users. The Intermodal Feasibility Study recommends a name change, along with a number of other branding recommendations.

Intermodal Feasibility Study Options And Recommendations

A number of recommendations have been made as a part of this Intermodal Feasibility Study, all with the ultimate goal of maximize future growth opportunities for the Airport. by increasing aviation activity, encouraging new airline or international air cargo service, or developing new revenue producing facilities. Presented below are prioritized recommendations for the Airport within immediate and future timeframes.

Revenue Enhancement Actions: Immediate - 2015 Year End

- ***1st Priority – Air Service:*** The City should apply for air service development grants, raise local funding, retain an air service marketing consultant, and pursue new airline service.
- ***2nd Priority – Hangar Development:*** The Airport should seek private development of new T-hangar or conventional hangar construction.
- ***3rd Priority – MRO Marketing***: The City/Airport should try to self-market MRO facilities

first, before seeking an MRO marketing consultant.

- ***4th Priority – U.S. Customs and Border Patrol:*** Assuming success in attracting international air cargo, the City should coordinate with U.S. Customs and Border Patrol during the two year ramp-up process.
- ***5th Priority – Marketing Partnership:*** The City/Airport should work with the Lakeland Chamber of Commerce and each of the area theme parks to include the Airport on their websites.
- ***6th Priority – Non-Aviation Property Development:*** The City should issue a Request for Information or Statement of Interest in developing the Airport's non-aviation property. If no developer is found to market non-aviation Airport property, the City should attempt to self-market the property.

Revenue Enhancement Actions: 2016

- ***1st Priority - Rename Airport:*** The name "Central Florida International Airport" is recommended for advancing the Airport's desired brand and mission.
- ***2nd Priority – Branding Outreach:*** The City of Lakeland should update the current Airport website and social media outlets to reflect a cohesive branding effort at Lakeland Linder Regional Airport.
- ***3rd Priority – Intermodal Facility:*** The City should work with the State of Florida to contact airlines and foreign trade representatives from countries exporting perishable goods to the U.S.
  - The City should develop preliminary plans and costs for the construction of an intermodal facility. Funding sources should then be sought.
  - The City should launch an in-depth analysis of how to solve the back cargo issue.
- ***4th Priority – Corporate Aviation Marketing:*** After the name change, the City/Airport should consider a direct marketing information campaign targeting business and corporate aviation in the I-4 Corridor area.
- ***5th Priority – Flight School:*** The Airport should initiate discussions with Tailwheels Etc. and either Polk State College or CFAA to determine the potential for a successful international flight school curriculum.

Revenue Enhancement Actions: 2017-2025

- ***1st Priority – Increase Corporate Aviation:*** To increase corporate aviation, Airport management should: Continue to attend NBAA and other industry conferences; Develop corporate hangar space on the Airport; Market corporate aviation via direct mail, Internet, and personal contact; Establish outreach to fractional jet companies.

- ***2nd Priority – MRO Hangar Development:*** The City should continue to seek MRO hangar development and funding after completion of the existing projects.
- ***3rd Priority – Draken International:*** The City/Airport should continue to work with Draken International to provide facilities and services needed to help expand their business model.

Management and Policy Actions: Immediate - 2015 Year End

- ***1st Priority – Airport Zoning:*** The City of Lakeland and Polk County should work with Hillsborough County to prevent future incompatible land uses from being developed around the Airport.
- ***2nd Priority – Public Relations:*** Airport Management should coordinate the outreach program with the press and various economic development agencies to publicize the Airport's Community Value.

Management and Policy Actions: 2016

- ***1st Priority – Building Permit Process:*** The building permit process should be used to control future non-compatible land uses and/or Airport hazards that may be proposed.
- ***2nd Priority – Partner with Educational Interests***: Airport Management should continue to seek scholarship funds to increase student populations and continue to raise awareness of flight training and aviation education at the Airport
- ***3rd Priority – Lease Policy***: Lakeland Linder Regional Airport should consider the development of a comprehensive Airport Lease Policy.

Management and Policy Actions: 2017-2025

- ***1st Priority – Engage Existing Users:*** Airport Management should continue to engage existing Airport users (clients and tenants) to solicit feedback on local economic and service issues.
- ***2nd Priority –Lease Restriction***: The City should lobby for a change in the State law that restricts Airport lease agreements to 30-year terms.
- ***3rd Priority – Increase Staffing:*** The City of Lakeland should increase Airport staffing to include an Airport Engineer once airline service has been established.

Airport Community Value

The Airport generates an average of $284.7 million per year and sustains 2,422 jobs in the area. A second measure of the value of the Airport involves the current asset value. In this regard, a method was used that first estimated the current replacement value of the facility and then reduced that value by the useful life remaining on each specific asset. This procedure resulted in a replacement value estimate of $337.26 million and a current value of $193.56 million. Taken as a snapshot in time, the total value of the Airport could be estimated to include its annual economic activity ($284.7 million) plus its current asset value ($193.56 million). Adding these two numbers, it can be shown that **the overall value of the Airport to the community is $481.26 million.**

* * * * * * *

This plan and recommendations should not be considered the final say in growing the Airport. Rather, this plan is a snapshot and is broad enough in scope to encourage additional activities not specifically mentioned or identified to be supported at the Airport if they serve the more general goal of increasing revenues, jobs, and support the growth of aviation activity at the Airport.

FINAL TECHNICAL REPORT
Lakeland Linder Regional Airport
Intermodal Feasibility Study

1. INTRODUCTION

THE PURPOSE OF THIS INTERMODAL FEASIBILITY STUDY FOR Lakeland Linder Regional Airport (LAL) is to assess potential means to improve the Airport's financial performance, economic development, and overall operation. To accomplish this, the study will evaluate a number of potential operational and development scenarios and provide the City of Lakeland with effective decision-making information. Our understanding of the current situation involves a number of components, including:

- The Airport's significant airfield size and capability
- Competitive setting in Central Florida,
- Hosting of the Sun 'n Fun organization,
- Significant Maintenance/Repair/Overhaul (MRO) activity at the Airport,
- The best and most economical use of Airport property,
- The benefits and costs of attracting corporate aviation,
- The potential for additional hangar development,
- Identifying the optimum development of the Airport's south side land areas,
- The desire of the Sponsor to examine revenue enhancement options.

These and a number of other facility-related issues will be examined in the Feasibility Study.

1.1 Understanding & Key Issues

Our understanding of the LAL involves its position as a commercial air carrier-capable facility that desires to expand its revenue base, develop a defined plan for moving into the future, and leverage its role as a part of the Interstate Highway 4 (I-4) corridor in Central Florida. Located between Orlando and Tampa, LAL has a strategic geography that permits it to market the heart of the I-4 corridor to potential airline providers, air cargo carriers, aircraft maintenance operators, and business/recreational aviation interests. With land areas encompassing more than 1,700 acres and a primary runway approximately 8,500 feet in length, the Airport has the infrastructure to accommodate a number of diverse missions. The Airport has a large terminal building that was used successfully by Direct Air in 2011 and 2012 when they served the City with scheduled flights.

Lakeland is best known as the home of Sun 'n Fun International Fly-in & Expo, a six-day fly-in event that has become the second largest fly-in event in the U.S. after the EAA's Oshkosh "Air Venture" held in Wisconsin. During the annual week-long Sun 'n Fun event, more than 12,000 aircraft operations are typically recorded. In addition, LAL is home to the Publix corporate fleet of business jet aircraft. The Airport is also home to Draken International, a provider of tactical fighter aircraft and training for contract air services including military and contract customers.

The need for an airport Intermodal Feasibility Study has been generated by a number of circumstances. These include, but are not limited to the significant growth in the region, the need for a plan that will help increase Airport revenues, the potential need to attract airline service, and the identification of needed intermodal facilities. The Airport has since been actively seeking to re-attract military training activity which would result in subsequent fuel sales.

New economic growth in Lakeland is fueling the need for aviation transportation services. Lakeland has a large medical services industry and is growing its college and university base. The Lakeland area is attracting large companies, such as the new one million square foot Amazon distribution center. Other large companies that have chosen the Lakeland area include Coca Cola, Mission Foods, SteriPack USA, FedEx, Publix, and Saddle Creek Logistics Services.

The Airport currently benefits from financial self-sufficiency and thus will need to review its investment policies set for Airport development and management of hangars. Additionally, the Airport must keep its existing clientele and provide revenue producing facilities such as land lease development sites, hangars, and aviation industry incentives for continued growth. LAL is fast becoming a business hub airport for Central Florida. Key issues that are recognized by this study include the following:

- ***Geographical Location:*** The Airport is located in a tourism rich environment and is near major employers that are involved in cargo and freight. Lakeland is the largest city on Interstate 4 between Orlando and Tampa. (35.6 miles from Tampa and 55.8 miles from Orlando). Lakeland is geographically well-located as a logistics hub on the I-4 Corridor. It serves the Central Florida region, which has an estimated population of 6.6 million.

- ***Airport Infrastructure:*** LAL is on par with many world- class facilities and the ease of access and convenience to these facilities is excellent. The Airport is certified as a Federal Aviation Regulations (FAR) Part 139 Airport and is located on 1,710 acres of land. With a primary runway length of 8,499 feet, the Airport can accommodate all types of commercial aircraft.

- ***Branding:*** Currently, there is no distinct brand for the Airport, or the region. The Lakeland area and the Airport need a more marketable identity and brand. Branding suffers, in part, due to lack of commercial air service, which the public understands far better than general aviation airports. The general public has little or no idea of activities that occur at a general aviation airport and how it benefits the community. They typically do not know about the number of jobs, revenues, and taxes (economic benefits) the Airport brings to the community.

- ***Lack of U.S. Customs:*** Currently the Airport does not have a U.S. Customs facility/office located at the Airport. The nearest Customs office is in Tampa and St. Petersburg. They are not on-call and currently do not come to the Airport, which limits air cargo and other opportunities which will also be defined as part of this study.

- ***Residential Development:*** Over time, growing residential development has occurred close to the Airport. As a result, aircraft noise due to increase aircraft operations may

become an issue with these residents in the future. It should be noted that future residential development is planned south of the Airport, but has not yet occurred.

- ***Attracting and Retaining Air Service:*** Repeated attempts to attract and support commercial air service have succeeded only briefly in the last decade. Virtually all commercial service attempts are at the mercy and competence of the airlines providing air service. If LAL had airline service, it would not be a transfer hub, but rather, an origin and destination point. It is believed that there is existing business demand for scheduled commercial air service. Lakeland Linder serves functionally as reliever airport for Orlando and Tampa International Airports' corporate aircraft.

- ***Florida State Strategic Intermodal System:*** Currently the Airport is not part of the Florida State Strategic Intermodal System. In order to qualify, the Airport needs to have 75,000 annual itinerant operations. The consequence of this is the loss of funding that SIS airports are eligible to receive. Currently, only one airport meets the criteria in Lakeland's district and that airport is getting all of the money for that district.

- ***Sun 'n Fun:*** The Airport hosts numerous special events each year. The largest is Sun 'n Fun International Fly-in & Expo, which has become the second largest fly-in in the world. An estimated 200,000 people attended the event in 2014. This is a considered a major source of economic impact to the community and can be considered a great brand equity generator for the Airport.

- ***Educational Relationships***: The Airport has good relationships with area educational institutions. Educational facilities at the Airport include the Central Florida Aerospace Academy (CFAA), and Polk State College Aerospace Program.

- ***Tourism:*** Overall area demand is virtually unlimited for tourism. Area attractions include Disney, Universal Studios, Sea World, Busch Gardens, and LEGOLAND Florida, which are all less than an hour's drive away. The Airport can serve tourism that uses aviation transportation - both airline and general aviation.

- ***MRO Facilities:*** The existing Special Aviation Service Operator (SASO) and MRO business cluster represents a "one stop shop" for maintenance at the Airport. It also proves the validity of the Airport to attract and support additional vendors and service providers. Opportunities exist to attract more of these MRO firms if additional landside facilities were available.

- ***Limited Development Area***: Only a limited amount of development area remains on the Airport and should be used wisely. Current plans show 106.6 acres on the northwest side for commercial, intermodal, aircraft manufacturing, and large aircraft MROs. The southeast area has 67.8 acres for aviation development. There is an additional 87.2 acres of non-aviation property available for development on the Airport.

While there are a number of other ancillary issues that will be included, these are the primary focus items that will be addressed in the study.

1.2 Desired End Products

Desired end products for the Intermodal Feasibility Study will include a set of recommended action steps. These steps will include:

- Detail current and potential future airport/community value and economic impact of the Airport, along with supporting information for stakeholder education.
- Detail strategic mission and vision for the LAL and its future.
- Present a suggested branding strategy for LAL.
- Potential economic impacts of the attraction of airline or air cargo activity.
- Potential economic impacts of the attraction of more corporate aviation.
- Retention and expansion strategies for existing tenants.
- Identify strategic initiatives for Airport development and operation, including any changes to the Airport's rules and regulations.
- Identify the need for an advertising and/or marketing strategy for the Airport.
- Explore new business opportunities including development/use of available Airport lands.
- Analyze revenue enhancement options and provide recommendations.
- Identify potential intermodal options at the Airport.
- Identify potential partnering opportunities with area schools or other businesses.
- Identify current business practices, lease terms, minimum standards, and systems.
- Identify any operational or staffing issues that may be improved.
- Identify needed Airport amenities and/or services.
- Discuss capital investment options and update Capital Improvement Program if needed.
- Present financial pro formas for the recommended plan.
- Identify an implementation strategy including the timing, priorities, and potential funding mechanism for each recommendation.
- Show any physical or land use changes on the Airport Layout Plan, including new airside and landside components.
- Develop short video for use on the Airport's Internet website and to educate stakeholders about the value of the Airport.

A Technical Report documenting the above processes involved in the study will be prepared, along with an Executive Summary.

1.3 Report Outline

In order to address the issues described above and to produce the desired end products, this report has been organized to include the following sections:

- ***Section 1*** - Introduction
- ***Section 2*** - Airport Mission and Management Structure
- ***Section 3*** - Existing Airport Characteristics
- ***Section 4*** - Baseline Financial Projection
- ***Section 5*** - Intermodal Plan Alternatives

- ***Section 6*** - Findings and Recommendations
- ***Section 7*** - Airport Community Value
- ***Appendix A*** – SWOT Analysis
- ***Appendix B*** - Detailed Survey Results
- ***Appendix C*** - Itemized Revenue Enhancements

2. AIRPORT MISSION AND MANAGEMENT STRUCTURE

THIS INTERMODAL FEASIBILITY STUDY IS INTENDED TO serve as a strategic blueprint for the City of Lakeland and Lakeland Linder Regional Airport management to follow in reaching their financial, economic and operational goals. The Plan describes administrative policies and a thorough plan of action that can be implemented within its 10-year planning horizon. By focusing on the mid-to-long-term vision for the Airport, the Plan is designed with contingencies to survive potential changes in administrations, elected and appointed officials, or airport managers over that period. Therefore, the mission and direction of the Airport are foundational in developing the path forward.

2.1 Background

Understanding the historical background and management structure of LAL will help the City to identify challenges and opportunities as decisions are made regarding the management and future direction of the Airport. The Airport serves a wide range of general aviation traffic, which includes corporate, small general aviation, flight training, and specialty operations. The Airport has two runways, the longest of which is 8,499 feet. The Airport's large land area (1,710 acres) has permitted the development of both the north and south sides of the facility. The larger size of the Airport's infrastructure has an impact on the staff in the maintenance and daily operation of the Airport.

This study will examine the Airport's mission and provide a set of goals and objectives that reflect the desired outcomes of Airport management/City. In addition, the study will provide a limited benchmarking analysis of staffing, designed to help the City understand the industry norms of typical airport staffing. Needs that are specific to LAL will be identified, particularly if those needs differ from benchmarking averages.

To help establish the grounds for any changes in management structure or operations, a clearly defined and realistic mission for the Airport provides an overall direction for guiding the operation and policies of the facility. One of the first objectives, then, is to identify the Airport mission and management structure. To be effective, this mission must reflect the desires and goals of the City and its elected and appointed representatives. To adequately lay the groundwork for future management structure decisions, the following topics are addressed:

- Airport Mission
- Airport Management Structure

2.2 Airport Mission

The role of the LAL and its supported activity were recently included in an 18-month study entitled: "*General Aviation Airports: A National Asset*." This FAA-commissioned study defines 2,455 General Aviation (GA) airports into four categories - National, Regional, Local, and Basic, based on existing activity levels. The establishment of the categories was intended to "better capture their diverse functions and the economic contributions GA airports make to their communities and the Nation." LAL was one of the 467 airports that were categorized as a

"Regional Airport", which is defined as: "supporting regional economies by connecting communities to statewide and interstate markets." LAL accommodates general aviation activity including all types of propeller aircraft and large corporate jet aircraft. The Airport is capable of accommodating large airline aircraft as well.

This Intermodal Feasibility Study was created in conjunction with the research and accepted methodologies contained within several government-funded guidelines. One such industry-used and accepted research document used for this study falls under the Transportation Research Board (TRB) – Airport Cooperative Research Program (ACRP), Report 20 - *Strategic Planning in the Airport Industry*[1] which states that a mission statement should be tailored for the individual circumstances of a particular organization and is typically structured to answer three core questions. The first question ("What do we do?") addresses the purpose for the organization's existence and what it seeks to accomplish. The second question ("How do we do it?") addresses the main method or activity through which the organization tries to fulfill its purpose. The third question ("For whom do we do it?") addresses the target market for the organization's services.

LAL is recognized by many to be an asset to the City, providing essential air transportation infrastructure needed for both business and personal travel. A suggested mission statement that would answer the three core questions suggested by ACRP Report 20 is proposed as follows:

> *"It is the mission of Lakeland Linder Regional Airport to be the best and most convenient air access point to Polk County and Central Florida. The Airport strives for financial self-sufficiency; operational safety; outstanding service; aeronautical education support; and a secure environment for aircraft owners, operators, and the flying public, while serving as an engine for economic development in the region."*

Goals of Airport Management and the City can expand on the mission statement and serve to better express the overall direction of the managerial and operational activity at the Airport. Suggested goals include:

- Maintain compliance with State and Federal regulations and standards.
- Promote positive community awareness and appreciation for the Airport.
- Continue the positive relationship with the local government, FAA and FDOT.
- Continue to support and work with Central Florida Aerospace Academy (CFAA).
- Promote open house and tour groups to Lakeland and Polk County school children.
- Continue presentations to inform local civic groups.
- Work with and understand the needs of the community.
- Continue to increase development and revenues to the Airport in order to match Federal and State grants and maintain financial self-sufficiency.
- Continue to work with local and State Economic Development Agencies to promote the Airport.

[1] Source: Airport Cooperative Research Program (ACRP) Report 20 - Strategic Planning in the Airport Industry (Transportation Research Board, Washington DC, October 2009) p. 52

- Treat every individual who requests information on the Airport as a potential client.

This mission statement reflects the City's/Airport's commitment to provide facilities and outstanding services that meet the needs and expectations of the aviation users both locally and nationally.

The vision of the City/Airport will be explored in the study. That vision could include the desire for future airline service, air cargo operations, and intermodal transfer hub activities. As those options are analyzed for their respective feasibility, they will be either adopted or rejected by the City as a part of the future vision for the Airport.

2.3 Airport Management Structure

LAL is owned and operated by the City of Lakeland. The current management of the Airport is subject to the City's organizational structure. Figure 1 presents an Organizational Chart for the Airport, showing the direct lines of responsibility and formal communication structure for Airport management and their connection to the City's organizational structure. Policy and operational decisions are vested with the City of Lakeland. However, the City relies upon the expertise of their Airport management professionals in making these decisions. As shown in Figure 1, the Airport Director reports directly to the Deputy City Manager, who in turn reports to the City Manager.

The current staff of LAL consists of a management team lead by the Airport Director. Reporting to the Director are managers of various Airport functions including Operations, Property, and Fiscal Operations. There are 17 full-time and six part-time budgeted positions at the Airport for Fiscal Year 2015.

Benefits and Drawbacks of Municipal Airport Operation[2]

ACRP Report 20 identifies benefits and drawbacks of municipal airport operation. This comparison was made primarily to contrast with the airport authority model of operation. In this regard, the benefits of City government operations and management include the following:

- The airport organization has access to other City department resources (legal, accounting, engineering, and so forth).
- The City retains control over revenues, use of funds, contractual agreements, and staffing.
- There is low staff turnover.
- The organization has the ability to participate in bonds issued through the City.

The drawbacks of City government operation and management include the following:

- There is a diffusion of leadership focus, with decisions sometimes based on broader City needs.
- This governance structure is accompanied by additional burdens—such as budgetary

[2] Source: Source: Airport Cooperative Research Program (ACRP) Report 20 - Strategic Planning in the Airport Industry (Transportation Research Board, Washington DC, October 2009) p. 50.

control, hiring restrictions/staffing inflexibility, complicated purchasing procedures that make it difficult for the airport organization to function as a business.

- The Airport organization may not be the City's first priority when issuing new bonds.

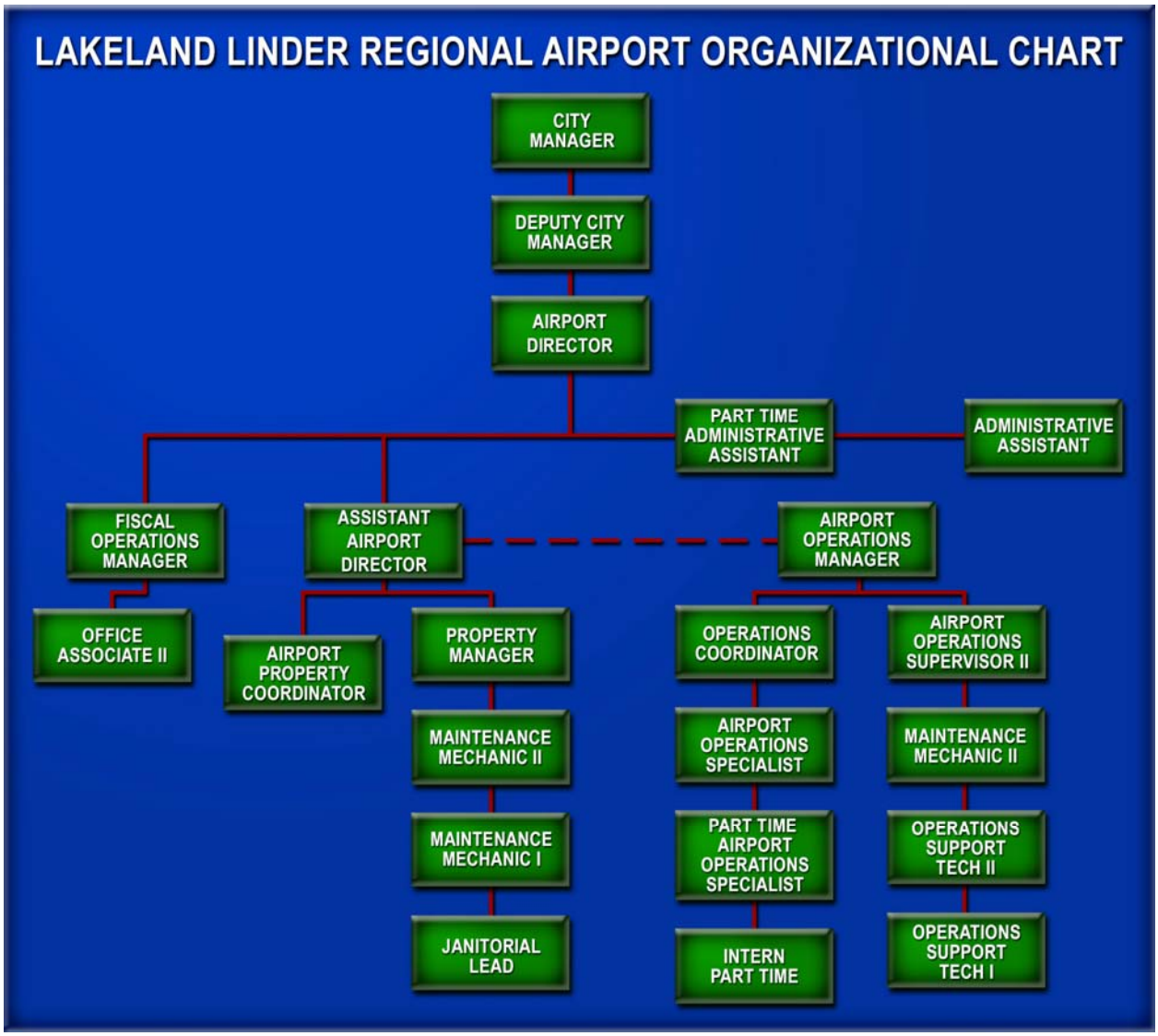


Figure 1 - ***Airport Organizational Chart***

There is often a need to revisit the operational and management structure if an airport is losing significant money. This is currently not the case with LAL and the City is content with the existing management and organizational structure.

Workforce Metrics

A number of workforce metrics were derived to provide a comparison of the operations at LAL and at other similar airports. These metrics attempted to compare factors that should reasonably impact the amount of work required for maintenance, upkeep, and staffing.

In addition to these metrics, an attempt was made to address the responsibilities of airport employees by function. Not all airports manage the same functions with airport staff. Some airports rely upon city or county staff to supplement airport staff capabilities in the areas of legal, accounting, engineering, and/or other technical function. Many times, the airport is charged back these costs through fees to the sponsor or through the budgeting process, where this "overhead" is recognized and accounted for. For example, some airports sell their own fuel, while others have FBOs that handle the fuel sales. All of these functions impact staffing.

The Project Team has developed metrics for airport workforce from proprietary data at numerous airports across the country. For airports that are similar in size and scope to LAL, a series of metrics was developed for employee workforce norms. Of the 20 airports examined, the following workforce metrics were determined:

Sample Size

- Average number of airport acres: 1,170
- Average number of based aircraft: 138
- Average number of aircraft operations: 57,285
- Average primary runway linear footage: 6,525
- Average total runway linear footage (all runways): 11,218

Averages per Worker

- Number of acres per worker: 127.8
- Number of based aircraft per worker: 15.1
- Number of aircraft operations per worker: 6,255.5
- Number of linear feet of primary runway per worker: 712.4
- Number of linear feet of total runway length per worker (all runways): 1,224.9

These averages were further refined to separate airports that sold fuel versus those that had FBOs selling fuel. When applied to LAL, the following estimates of employees were generated by the benchmarks:

LAL Benchmarks (Non-FAR Part 139, No Airport Sponsor Fuel Sales)

- Number of workers based on airport size (acres): 16.3
- Number of workers based on aircraft population (based aircraft): 12.5
- Number of workers based on aircraft operations: 14.1
- Number of workers based on primary runway length: 12.8
- Number of workers based on total runway length (all runways): 12.4

With FAR Part 139 certification included in the analysis, it would add an average of about six employees to the airport totals listed above. Given the above benchmarks, it can be inferred that LAL's staffing would require between 18 and 22 full time equivalent employees.

The compiled database revealed that airports the size and complexity of LAL have functional positions within the airport staffing structure. These functions include the following personnel:

- ***Management Staff:*** Almost all of the larger airports had an airport manager or director and an assistant. Those without assistants had higher turnover at management positions than those with assistant managers.
- ***Administrative Staff:*** These workers provide airport accounting, invoicing, budgeting, and liaison to other municipal departments connected with finance.
- ***Maintenance Staff:*** These workers generally have a supervisor that manages and programs the maintenance workforce. One very large general aviation airport had its own engineer to manage and oversee engineering consultants and to undertake some jobs in-house.
- ***Line Staff:*** Airport owners/sponsors that sold their own fuel had line personnel to cover hours of operations. Typically, fuel sales required up to four or five employees. These employees would be cross trained to do maintenance work (mowing, trimming, etc.). For this analysis LAL's metrics were taken from the pool of airport averages without fuel sales.
- ***Other Staff:*** Most airports had assistance with legal and engineering from City or County departments. Work on behalf of the airport from other departments was usually charged back to the airport in the budgeting process.

Airport Operations and Staffing

LAL is staffed by City personnel from 7:00 am to 7:00 pm, daily. Also, the Airport is served by its Fixed Base Operator (FBO), Sheltair, every day of the week from 6:00 am to 10:00 pm, for a total of 112 hours per week. On-call service is available for after hours needs. In addition to the FBO, the Airport Control Tower is also staffed from 6:00 am to 10:00 pm daily.

Although Airport employees are shown working a 45-hour week, those hours are somewhat misleading in that most are available for any responsibilities that occur at the Airport at any hour of the day or night. Hours and schedules are adjusted as needed to accommodate the needs of the Airport and its customers. Descriptions of Airport staffing positions and their responsibilities are provided as follows:

Airport Director

The day-to-day operation of the Airport is the responsibility of the Airport Director. The Airport Director plans, directs, and coordinates the overall operations, maintenance, administration, and development of the Airport, including review of budget and fiscal matters, public infrastructure management, contract and lease review, compliance with federal, state and local policies, rules, and regulations, security, and operational safety. The Airport Director is responsible for overseeing planning, marketing, and environmental processes at the Airport. The Airport Director helps to identify needed grants for capital projects, coordinates, matters related to financial assistance programs with the Federal Aviation Administration and the Florida Department of Transportation. The Airport Director oversees all full-time Airport staff members and a number of part-time workers. In addition, the Airport Director also performs other duties such as public outreach and organizing and managing special events. The Airport Director represents the Airport with internal and external stakeholders, tenants, federal and state agencies,

and others. The Airport Director reports to the Deputy City Manager.

Assistant Airport Director

The Assistant Airport Director is responsible for administrative and managerial work of considerable difficulty assisting in planning, organizing, directing, supervising and coordinating subordinate personnel in the administration, operation, maintenance at the LAL. A person in this position shares much of the day-to-day operational and administrative duties as assigned the Airport Director, and exercises considerable initiative and independent judgment in the performance of duties. The Assistant Airport Director applies management experience and technical knowledge in order to accomplish a variety of diverse job assignments that are subject to review by the Airport Director.

Fiscal Operations Manager

The Fiscal Operations Manager is responsible for setting budgets, providing lease management, coordinating with local, State, and federal funding agencies, forecasting revenues and expenses, and providing fiscal guidance to Airport management and the City. The Fiscal Operations Manager is involved in long range planning for the Airport, the development of feasibility studies for various proposals, and the evaluation of the day-to-day status of properties that the Airport owns or manages. The Fiscal Operations Manager reports to the Airport Director.

Airport Operations Manager

The Airport Operations Manager is responsible for administrative and managerial work in planning, organizing, directing, supervising and coordinating subordinate personnel in the operation and maintenance at the LAL. Job duties include managing the day-to-day operational details, exercising considerable initiative and independent judgment in the performance of duties. A high degree of initiative and independent judgment is required within the frame work of established policies, procedures, and instruction. Work is reviewed through periodic conferences with the Airport Director.

Airport Property Manager

The Airport Property Manager is responsible for administrative and managerial work involving planning, organizing and coordinating the management of the properties at the LAL. The Property Manager duties include managing the day-to-day property administrative details. Job duties also include responsibility for emergencies (both working and after working hours) as it pertains to the property and/or tenant space and for overseeing the properties leased by the Airport. This includes reviewing leases of tenants, overseeing properties that are leased, and other administrative duties. A high degree of initiative and independent judgment is required within the frame work of established policies, procedures, and instruction. Work is reviewed through periodic conferences with the Assistant Airport Director.

Airport Technicians and Support Staff

Airport technicians and support staff perform a variety of tasks under one or more of the managers and are classified in different job titles and descriptions. At LAL, job titles for these positions include:

- Administrative Assistant
- Airport Property Coordinator
- Airport Operations Coordinator
- Airport Operations Supervisor
- Airport Operations Specialist
- Airport Operations Support
- Maintenance Mechanic
- Office Associate

In general, these employees are tasked with maintaining and operating the Airport on a daily basis. Their work includes inspecting and maintaining a broad range of facilities and equipment; operating equipment for maintenance and mowing; repairing and maintaining airfield pavements, lighting, and electrical systems; janitorial duties; chemical herbicide application; fencing and wildlife hazard control; and numerous other areas of responsibility relating to the general operation of the Airport.

Preliminary Observations

From the Project Team's professional perspective and experience, the Airport is operated very efficiently. This is permitted by cooperation between Airport, FBO, and Air Traffic Control Tower staff during hours of operation and when the City staff are not physically present at the Airport. The Project Team has found that airports that lease most of their property to private interests for hangar construction and other development do not have to maintain as large a staff as those airports (like LAL) that own most of their own buildings. There are, however, significant administrative functions as well as maintenance issues that must be addressed when dealing with a large inventory of buildings and equipment, thus, the need for more staff. In addition, revenue production is much greater for airports that own their own hangars and other rentable buildings.

Another observation involved the caliber and motivation of personnel working at the Airport. In this regard, there is an *esprit-de-corps* that exists within the Airport staff that drives them to respond to challenges that arise. Under the current management, significant strides have been made to move the Airport into a revenue-positive enterprise. This has created a "can do" attitude on the part of those working at the Airport. Such an attitude can be maintained as long as there are adequate resources placed toward Airport operation. Burnout can be avoided by providing adequate staffing and reasonable hours and division of responsibilities. The Intermodal Feasibility Study will examine the staffing levels for the longer term that may be needed to preserve the high level of service that is currently provided.

3. EXISTING CHARACTERISTICS

THE EXISTING CHARACTERISTICS FOR LAKELAND LINDER REGIONAL Airport provide a much-needed lens to understand issues surrounding the Airport from an intermodal perspective. Located at the heart of the I-4 corridor in Central Florida between Orlando and Tampa, LAL has a strategic geography as a logistics hub, and is near major employers that are involved in cargo and freight. With land areas encompassing 1,710 acres and a primary runway of 8,499 feet in length, the Airport has the infrastructure to accommodate a number of diverse missions. The facility can accommodate both airline and general aviation activity including all types of large jet and propeller aircraft.

3.1 Economic Drivers

Located four miles southwest of the central business district of Lakeland, LAL serves the Central Florida Region, which has an estimated population of 6.6 million. In addition to this, the area benefits from a robust tourism industry with an estimated 50 million visitors per year.[1] Central Florida is known as an ideal place to work, live and visit for recreation. Lakeland is the largest city on Interstate 4 between Orlando and Tampa (35.6 miles from Tampa and 55.8 miles from Orlando).

The major industries that make up the economic fabric surrounding Lakeland are tourism, agriculture, and phosphate mining. Lakeland benefits from visitors to the area primarily due to its close proximity to attractions such as Disney, Universal Studios, Sea World, Busch Gardens, and LEGOLAND Florida, as well as access to the region's white sandy beaches. Agricultural lands cover over 626,000 acres of Polk County, the largest amount in the State. The County leads the State in citrus production (95,000 acres of citrus groves), ranks fourth in number of beef cattle (estimated 100,000 cows), and ranks second in honey production (59 farms)[2].

Phosphate mining has historically provided the majority of rail freight cargo in Polk County. While there are currently no active phosphate mines in Polk County due to the recent closure of the Hooker's Prairie Mine, the Bone Valley region in Central Florida still contains the largest phosphate deposits in the United States. Overall, these sectors all require support businesses and services that utilize cargo, freight, and transportation services that affect train, trucking, and aviation demand in the area.

Top Employers

By way of local background, the top service, manufacturing, and distribution employers in the City of Lakeland are listed in Tables 1 and 2 below. Many of these employers are affiliated with companies that require various intermodal transportation and shipping needs throughout the region, and as such, provide potential opportunities for increased use of LAL.

[1] Source: http://www.tampaftz.com/why-choose-ftz-no-79/tampa-bay-i-4-corridor.aspx

[2] Polk County Farm Bureau, http://www.pcfb.org/polk-agriculture-2/

Table 1 - Top Service Employers in the City of Lakeland		
Company	**Industry**	**Employment**
Publix Super Markets, Inc.	Stores & Warehouse	6,644
Lakeland Regional Medical Center	Healthcare	4,540
GEICO	Insurance	2,300
Watson Clinic	Healthcare	1,600
GC Services	Telecommunication	1,000
Sykes	Telecommunication	1,000
Rooms To Go	Furniture	900
Saddle Creek Logistics	Trucking & Logistics	625
Stryker	Healthcare	600
Summit Consulting	Insurance	450

Table 2 - Top Manufacturing Employers in the City of Lakeland		
Company	**Industry**	**Employment**
Publix Super Markets, Inc.	Deli, Dairy, & Bakery	1,419
Key Safety Systems, Inc.	Air Bag Manufacturing	580
McDonald Construction Corp.	Construction	400
Country Hearth Bread	Bakery	340
Pepperidge Farm	Bakery	313
The Ledger Publishing Company	Newspaper	284
Tampa-Maid Foods	Shrimp Processing	260
Carpenter Company	Insulation	235
JBT FoodTech	Citrus Processing Machinery	190
Keymark	Aluminum Extrusions	175

The Central Florida region is home to the largest concentration of distribution centers in Florida. To decrease drayage times and costs, an estimated one-third of all new U.S. distribution centers are located near an intermodal rail terminal.[3] Lakeland has benefitted from the nearby completion of a $100 million intermodal facility in nearby Winter Haven, and the overall economic development in Polk County is set to see a substantial impact. The recent opening of Amazon's new one-million-square-foot fulfillment center in Lakeland adds to the City's large distribution center business mix. Table 3 shows the top distribution centers in Lakeland.

[3] http://www.joc.com/international-logistics/distribution-centers/shippers-increasingly-opening-distribution-centers-near-intermodal-hubs_20140819.html

Table 3 - Lakeland Distribution Centers 100,000 Square Feet or Greater			
Company	**Industry**	**Space**	**Employment**
Publix Super Markets, Inc.	Groceries	3,000,000	3,000
Saddle Creek Logistics	Warehousing	2,300,000	680
Rooms to Go	Furniture	2,023,000	600
Amazon	Retail	1,016,116	385
Southern Wine	Beverages	653,000	300
Advanced Auto Parts	Auto parts	600,000	480
O'Reilly Auto Parts	Auto parts	388,000	400
JC Penney	Apparel	360,000	588
Cardinal Pharmaceutical	Pharmaceutical	250,000	300
HD Supply	Building materials	240,000	75
Havertys	Furniture	230,450	175
Xpedx	Paper	200,000	60
Plasti Pak Packaging	Packaging	188,000	5
MBM	Frozen foods	180,000	100
McKesson	Pharmaceutical	180,000	130
Empire	Wood Molding	160,000	100
HD Supply	Building Supplies	152,000	125
US Foods	Restaurant/food	150,000	150
TaChen International	Stainless Tubing	140,000	25
Premier Transportation	Warehousing 3PL	111,400	--
Colorado Boxed Beef Fresh	Frozen Beef	110,000	100
Colo5	Inland Data	105,000	60
Land O' Lakes Purina Feeds	Feed	104,000	15
Coca-Cola Enterprises	Soft drink	100,000	100
Star Distribution	Warehousing	100,000	25

Tourism & Hospitality

There are numerous attractions that bring visitors to Lakeland each year. The quick access to Tampa and Orlando, combined with local events and attractions like Sun n' Fun, Legoland Florida, and Safari Wilderness Ranch provide significant demand for tourism in the area. Because Lakeland Linder Regional is less than an hour's drive from Disney, Universal Studios, Sea World, Busch Gardens, and the region's sandy beaches, the Airport is poised to support all tourism activity that uses aviation transportation.

- ***Sun 'n Fun International Fly-in & Expo:*** LAL may be best known as the home of Sun 'n Fun International Fly-in & Expo, a six-day fly-in event that has become the second

largest fly-in event in the U.S. after the EAA's Oshkosh "Air Venture" held in Wisconsin. During the annual week-long Sun 'n Fun event, more than 12,000 aircraft operations are typically recorded, with an estimated 200,000 people attending the event in 2014. This is a considered a major source of economic impact to the community and can be considered a great brand equity generator for the Airport. The Sun 'n Fun Museum is open year round, attracting tourism to the Airport outside of the main fly-in event.

- ***Legoland Florida:*** Located 22.6 miles from the Airport, Legoland Florida is the second largest Legoland Park in the world behind Legoland UK. The 150-acre park features more than 50 rides, shows, restaurants, shopping, botanical garden, and Water Park. Expansion plans for 2015 include completion of a 152 room hotel on the property.

- ***Tampa Attractions:*** Located 35.6 miles from the Airport, Tampa offers the closest access to the area's white sandy beaches, and is home to the amusement park, Busch Gardens.

- ***Orlando Attractions:*** Lakeland is less than an hour's drive from Disney World, Universal Studios, and Sea World. Located 55 miles from the Airport, Orlando provides numerous aviation support opportunities for tourism.

- ***Bok Tower Gardens:*** Located 33 miles from the Airport in Lake Wales, Bok Tower Gardens consists of a 250 acre garden, a 205-foot Singing Tower, hiking trails, and the Pinewood Estate mansion. The visitor center features art exhibits, a cafe, and a gift shop.

- ***Safari Wilderness Ranch:*** Located 21 miles from the Airport, Safari Wilderness Ranch is a Florida agri-tourism project featuring guided tours over 260 acres of wilderness in safari vehicles. In addition to this, the ranch also offers camelback tours and a lemur encounter area.

- ***Streamsong Resort:*** Located 28 miles south of the Airport, Streamsong Resort is a golf resort and spa that serves tourism and small conferences. The main conference center offers 14,000 square feet of conference and meeting space, and includes a large main room, flexible breakout rooms and an air-conditioned rooftop pavilion.

- ***Detroit Tigers Spring Training:*** Spring training brings thousands of tourist to Florida each year, many via air transportation. The Tigers have been training in Lakeland for 79 seasons - the longest-lasting relationship between a major league baseball team and a current Spring Training host city. Exhibition play is at Joker Marchant Stadium in Tiger Town, 9 miles from the Airport. Tiger Town is owned and operated by the City of Lakeland.

Education

Lakeland and Polk County serve as a center for education and higher learning. There are nine colleges/universities in the area with a combined student population of more than 15,000. Of interest to this study, LAL has good current relationships with area educational institutions. Polk State College's Aerospace Program operates at the Airport, and is the first public college or

university in the state to offer a Bachelor of Science in Aerospace Sciences degree. The Airport also supports the Central Florida Aerospace Academy (CFAA), which allows high school students to earn college credits for flight training through Polk State College. Courses for the CFAA include Aerospace Engineering, Avionics, Aerospace Technologies, and Air Force JROTC, as well as general high school curriculum. The future development of the program at the Airport was highlighted by the donation of a Boeing 727 to eventually be transformed into classroom space by FedEx. With the current high levels of integrated educational activity, the Airport exhibits a clear public outreach benefit for the community.

3.2 Intermodal Connections

As the population and geographical center of Florida, the Tampa Bay/I-4 Corridor is home to many industry clusters that are involved in the importation and exportation of goods utilizing air, rail, and trucking capabilities. The area is currently the 10th largest regional economy in the United States, with a GDP over $300 billion.[4] LAL is located within Foreign-Trade Zone (FTZ) No. 79, which benefits firms in the Tampa Bay region and along the I-4 Corridor. With direct access to key markets including the Caribbean, Central America, South America, the FTZ provides preferential treatment on tariffs and taxes on the importation and exportation of merchandise to and from the United States. This benefits organizations involved in value-added processes for international importing/exporting, manufacturing, warehousing, and distribution activities.

Highway

The most direct existing access to LAL from the Lakeland Central Business District (CBD) is via State Road 563 (Harden Boulevard), North Parkway Frontage Road, and SR 572 (Drane Field Road). SR 563 is a four-lane "Type I" controlled-access roadway. From Interstate 4, the most direct route to the City's Airport and terminal, is via SR 570 (Polk Parkway), a limited-access tolled expressway. SR 572 (Airport and Drane Field Roads) provides access between the Polk Parkway and Airport property via the Parkway's Airport Road and Waring Road interchanges. Access to the south side of the Airport complex, including the Lakeland Airside Center, adjacent GEICO Direct Regional Headquarters and Sun 'N Fun facilities is available via County Line Road and West Pipkin Road (from the west) and Waring Road/West Pipkin Road (from the east). Figure 2 presents a map of the area roadways. It is important to note that both Interstate 4 and Highway 60 are two designated Strategic Intermodal System facilities.

Air

By definition, LAL provides intermodal transportation connections to passengers or freight using ground transportation modes. The Airport's two runways (8,499 feet and 5,005 feet) have aircraft processing capability of 98 operations per hour during visual flight rules (VFR) meteorological conditions and 59 operations per hour during instrument flight rules (IFR) or poor weather visibility conditions. On an annual basis, the Airport's operational capacity has

[4] Source: http://www.tampaftz.com/why-choose-ftz-no-79/tampa-bay-i-4-corridor.aspx

been estimated at 230,000 operations. In 2014, the Airport recorded 103,474 aircraft operations. Of these, 54,262 operations were itinerant and 49,212 were classified as local operations.

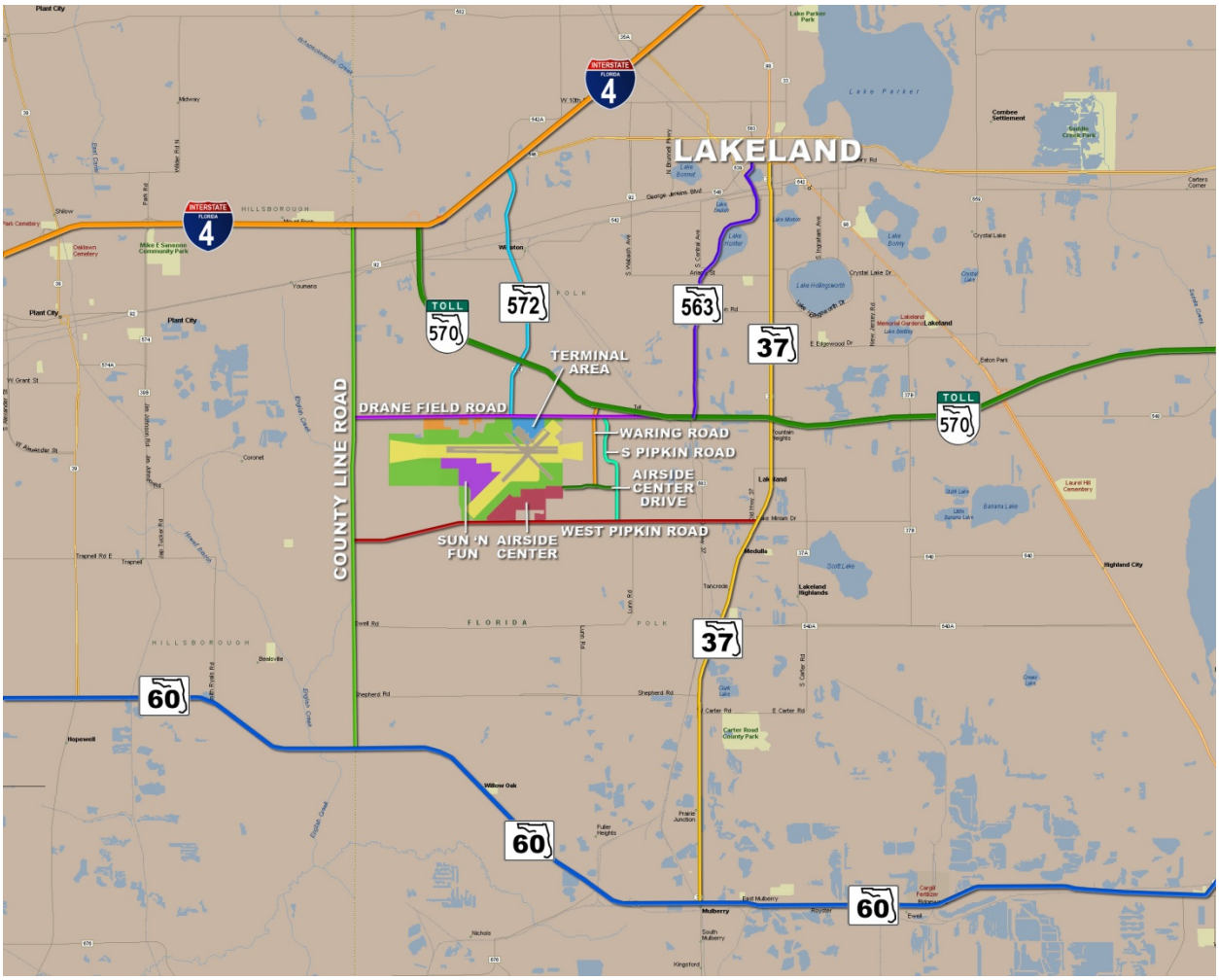


Figure 2 - Highway Access to LAL

Although there is no current airline service at the Airport, LAL is certified as an FAR Part 139 facility, which means that it meets FAA criteria to accommodate scheduled airline service. LAL had service from Direct Air in 2011 and 2012 and the feasibility of renewing airline service is being studied. In addition to passenger service, international and domestic air cargo service is desired by the City. Airline and air cargo operations have the potential to increase the intermodal use of the Airport significantly.

LAL is not currently part of the Florida Strategic Intermodal System (SIS), which requires a minimum of 75,000 annual itinerant operations to qualify. On an annual basis, airports within the Florida's SIS move over 2.5 million tons of air cargo to and from destinations around the world, and represents over 11 percent of all air cargo shipping in the United States.[5] The

[5] http://www.dot.state.fl.us/aviation/cargo.shtm

closest international air-freight operations to LAL are currently located at Tampa International and Orlando International, which have an average daily air cargo capacity of 329 and 760 tons respectively.

Rail

The CSX railroad system connects the Tampa Bay/I-4 Corridor Region to the United State's Eastern Seaboard and Midwest regions, with a 21,000 route mile rail network that includes 23 states east of the Mississippi River, the District of Columbia, and the Canadian provinces of Ontario and Quebec. In Florida, CSX operates and maintains more than 2,800 miles of track, and shipped nearly 1.1 million carloads of containerized consumer goods, phosphates, aggregates, passenger vehicles, and energy products throughout the State in 2012.

CSX operates two intermodal facilities in Central Florida. One is located in Tampa, and the other is located just 25.3 miles from Lakeland Linder Regional in Winter Haven. The north-south and east-west mainlines extend from the center of Polk County, with several switching yards available. The nearest rail spurs to the Airport are located north of Drane Field Road, in the Winston Railroad Yard.

Trucking

Integrated cargo carriers utilize both trucks and vans to move air cargo from airports to processing centers and destination markets. This requires sophisticated surface transportation networks that utilize the Florida highway infrastructure. There are two main highway arteries, I-75 and I-4, connecting the Tampa Bay/I-4 Corridor Region to the major markets throughout Florida and the Southeastern United States. From Tampa, I-75 provides access markets both north and south. Interstate 4 crosses the entire state east to west, and serves as the vital artery connecting the Tampa and Orlando markets. Lakeland Linder Regional is only 3.8 miles from access to I-4 and the Tampa Bay and Orlando trucking route. From I-4, the Airport terminal can be accessed by taking the Polk Parkway (SR 570) to Airport Road.

3.3 Airport Facilities

Airside Facilities

From a business perspective, airside facilities at LAL provide an access point into the National Airspace System (NAS). These facilities include two active runways; 13 active taxiways, and associated parking aprons. Other airside facilities at the Airport include a rotating beacon, segmented circle with a lighted wind indicator, and an Automated Surface Observing System (ASOS).

LAL is considered a National/Regional (R) airport in the FAA's National Plan of Integrated Airport Systems (NPIAS). According to Florida Aviation System Plan (FASP) 2025, FDOT considers LAL as a General Aviation Reliever rather than simply GA to emphasize the importance of the Airport to the community it serves as it provides pilots with attractive alternatives to using congested hub airports. Reliever Airports reduce congestion at commercial

service airports, in part, by accommodating growing corporate aviation and allowing the commercial service airports in the area to focus on international, commercial, and air cargo operations. Future planning from the FASP shows strong potential for LAL to become a Commercial Airport as it is well equipped and maintains a high Tourism Index.

Runways

At LAL, the primary runway, Runway 9-27, and crosswind runway, Runway 5-23, are both are equipped with full parallel taxiways and cover between 98.84 percent and 99.99 percent of the all-weather wind requirements per the FAA. Runway 9-27 is 8,499 feet in length by 150 feet in width, and includes 25-foot wide paved shoulders. Crosswind Runway 5-23 is 5,005 feet in length by 100 feet in width and includes 50-foot wide paved shoulders (Table 4).

Taxiways

In addition to the runways, the airside facilities at the Airport consist of a taxiway system that provides access between the runway surfaces and the landside aviation use areas (Figure 3). The primary Runway 9-27 is supported by parallel Taxiway A. Crosswind Runway 5-23 is supported by parallel Taxiway B on the northwest side of the runway. Various connector/exit taxiways connect the parallel taxiways to the runways and/or apron areas.

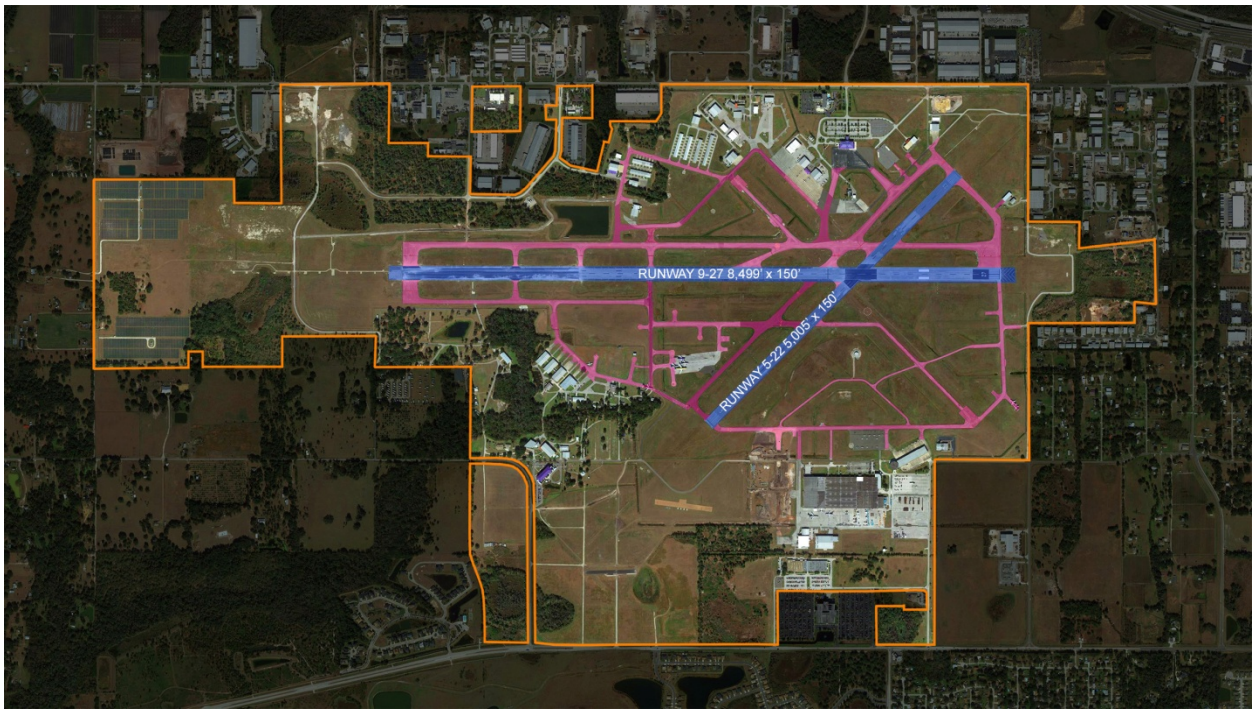


Figure 3 - ***Airport Runway and Taxiway System***

Table 4 - Lakeland Linder Regional Airport Runway Data				
Item	**Runway**			
	9	**27**	**5**	**23**
Length	8,499'		5,005'	
Width	150'		150'	
Surface	Asphalt		Asphalt	
Weight Bearing Capacity	Single Wheel – 100,00 Double Wheel- 183,000 Double Tandem – 284,000		Single Wheel – 100,00 Double Wheel- 183,000 Double Tandem – 284,000	
Marking	Precision		Precision	Non- precision
Lighting	HIRL		HIRL	
Visual Aids	4-Light PAPI		4-Light PAPI	
Traffic Pattern	Left	Right	Right	Left
Approach	ILS, LOC, GPS, LPV	GPS, LPV,VOR	GPS, LPV,	GPS, LPV

Landside Facilities

Landside facilities support the many activities involved in storing and maintaining aircraft and in processing aircraft and passengers before and after use of the airside facilities. They also provide a base for revenue production at most general aviation airports. As such, a thorough inventory of these facilities is important to the Intermodal Feasibility Study. At LAL there are a wide range of buildings and equipment to serve its aviation and non-aviation users. Landside facilities include the terminal/administration building, fuel facility, aircraft hangar facilities, aprons, US Customs/FIS, Air Traffic Control Tower, and ARFF station.

Fuel Storage

Lakeland Airport's fuel storage facilities are located on the north side of the airfield adjacent to the existing FBO facilities and adjacent to the Airport Terminal facility. There is a total of 69,000 gallons of storage capacity. Sheltair, the Airport's only FBO, provides self-serve Avgas facilities as well as full-service Jet-A and Avgas fueling services. Sheltair has two 100LL AvGas tanks, one 12,000 gallon tank and one 15,000 gallon tank. Sheltair also has three Jet-A tanks, one 12,000-gallon tank and two 15,000 gallon tanks.

The Airport has recently added a 15,000 gallon Jet-A tank and a 12,000 gallon AvGas tank near the Airside Center on the south side of the Airport. The fuel was developed in order to meet anticipated future demand on the south side. This project created a single location for fuel tanks on the south side; therefore, existing or future south side tenants needing a fuel tank will be required to install it at the fuel farm.

FBO

Sheltair is the Fixed Base Operator (FBO) at the Airport. Sheltair is a full-service FBO with a complete array of special services, facilities, equipment, and amenities. Tenants who sublease facilities and property from Sheltair also provide a variety of other services including: maintenance, painting, interior refurbishment, flight training, pilot supplies, aircraft recovery, and charter/ambulance flights. Sheltair is open daily from 6:00 am to 10:00 pm. After hours service is available upon request.

Sun 'n Fun Inc.

Sun 'n Fun is a non-profit organization which is dedicated to promoting aviation education. The Sun 'n Fun organization leases an area in the southwest quadrant of the airfield, where the Florida Air Museum is also located, and supports the Central Florida Aerospace Academy (CFAA) of Kathleen High School. Each year, Sun 'n Fun organizes the Sun 'n Fun Fly-in weeklong event during late March or early April. The event started in 1974 with an attendance of 1,980 people and now sees attendance of nearly of 220,000 people each year. In 2014, the Airport recorded nearly 8,000 takeoffs and landings, not counting the ultra light operations, during the weeklong event.

Florida Air Museum

The Florida Air Museum is located on the southwest side of the airfield adjacent to Old Medulla Road. The Museum displaces a range of historic aircraft and aviation artifacts that chronicle the first century of flight. The museum operates year round and offers educations programs, tours, aviation workshops and lectures.

Airport Terminal Building

The terminal at LAL is located on the north side of the airfield adjacent to Drane Field Road. The building encompasses 27,260 square feet and currently accommodates the Airport administration, associated conference rooms, a restaurant known as Hallbacks Bar & Grill, space for an additional Fixed Base Operator (FBO), and space for future car rental operations. The parking for the Airport terminal can accommodate 400 vehicles, with an additional 10 handicapped spaces.

Specialized Aviation Service Operators (SASO's)

A Specialized Aviation Service Operator (SASO) is a commercial aeronautical business that offers a single or limited commercial aeronautical service such as flight training, aircraft, airframe and power-plant repair, maintenance, aircraft charter, air taxi or air ambulance, aircraft sales or other commercial flight support business. The following SASOs exist at LAL:

Maintenance

- Lakeland Aircraft Maintenance – Maintenance
- Aeromech - Maintenance and Parts

- Lance Aviation - Helicopter Sales and Maintenance
- Florida Aero - Aircraft Maintenance
- Double M Aviation - Aviation Maintenance
- Florida Modification Specialist, LLC – Light & Heavy Aircraft Maintenance
- Dixie Jet & Rotor Service – Corporate Jet & Helicopter Maintenance
- National Flight Services – Engine, Airframe, and Painting Service
- On-Site Weight & Balance – Certified Weight & Balance services

Painting & Refurbishing

- Duncan Interiors – Interior Refurbishment & Upholstery
- Foster's Aircraft Refinishing, Inc. – Aircraft Painting
- Rob Dinic Interiors – Interior Refurbishment & Design
- Wing Waxers Florida – Aircraft Painting, Cleaning, Detailing

Parts & Sales

- Aeromech, Inc. – Aircraft Parts, Service & Support
- Aircraft Parts Express Inc. – General Aviation & homebuilt aircraft parts, pilot supplies
- Pilot Mall - Aviation & pilot supplies
- Gulf Coast Avionics Corp. – Avionics sales & service
- Six G Aviation LLC – Aircraft sales

Charter Services & Management Services

- G6 Aviation - Passenger & cargo charter services
- My Jet Manager – Full service corporate aircraft fleet management

Transportation & Other Services

- John J. Jerue Truck Broker, Inc. – Transportation, Logistics & Distribution
- National Aircraft Finance Company (NAFCO) – Banking and aircraft finance
- JBS Equities, LLC – Hangar Rentals
- S & S Development – Hangar Rentals
- Knight Industrial Equipment

Flight Schools & Education

In addition to corporate aviation demand, flight training is a significant component of LAL's operations. Four flight schools are currently located at the Airport, which provide active fixed wing pilot training.

- ***Breezer Aircraft USA:*** Offers flight training in light sport aircraft and kit aircraft.
- ***Tailwheels Etc:*** Part 61 and 141 Flight Training in the Cessna 150, 152, 172. Piper Warrior, Arrow, and Apache, As well as tail wheel training in a 1940 Stearman.
- ***Wild Air Aviation:*** Offers students affordable Private Pilot and Sport Pilot training in the Breezer SLSA and a 1946 Aeronca 7AC champ.

- ***Central Florida Aerospace Academy of Kathleen High School (CFAA):*** CFAA operates out of a facility located on the southwest side of the Sun 'n Fun campus. The program seeks to challenge students to achieve high levels of success in science, technology, engineering and math. Students who attend the academy participate in coursework in Aerospace Engineering, Avionics, Aerospace Technologies, and Air Force JROTC as well as their general high school curriculum.
- ***PSC Aerospace:*** The Polk State College program prepares students to earn the Federal Aviation Administration (FAA) Commercial Pilot Certificate, with Single and Multi-Engine Land class ratings, as well as an Instrument Rating. This program also prepares students for additional optional certificates qualifying them to become Certified Flight Instructors (Airplane), Certified Instrument Flight Instructors, and/or Certified Multi-Engine Flight Instructors.

Airport Administration & Maintenance

The Airport Administration offices encompass 6,200 square feet space located within the Airport Terminal Building. This area is divided up into general office space and conference rooms. There are two Airport maintenance facilities which are used to house equipment and make repairs. The first is located on the east side of the airfield and consists of 3,750 square feet for office space, workshop, and equipment storage. The second maintenance facility houses equipment and accommodates overflow storage. This facility is located on the south side of the Airport.

Air Traffic Control Tower (ATCT)

The current Air Traffic Control Tower (ATCT) is located on the north side of the airfield approximately 600’ directly south of the Airport Terminal building. The ATCT operates under the Federal Contract Tower program, and is staffed by six full time contract FAA Air Traffic Controllers daily from 6:00 AM to 10:00 PM.

In 2014, the Airport began pursuing the design of a brand new ATCT. This new tower is being constructed to mitigate line of sight issues with the future runway extension as well as crowding when the tower is heavily staffed during the Sun 'n Fun Fly-In. The new tower will be located on the north side of the airfield adjacent to the T-Hangar complexes and will be 125 feet high. Design and Construction of the new ATCT is estimated to be completed prior to Sun 'n Fun 2016.

Aircraft Rescue & Fire-Fighting (ARFF) Facilities

The FAA requires operators of FAR Part 139 airports to provide aircraft rescue and firefighting (ARFF) services during air carrier operations that require a Part 139 certificate. The ARFF station is located along Drane Field Road on the north side of the Airport. The recently constructed facility has two bays for firefighting trucks and equipment to provide enhanced safety capability for aircraft operating at the Airport. LAL’s ARFF station is manned 24 hours-a-day by City of Lakeland Fire Department (LFD). LFD offers Index B (aircraft up to 126 feet in length) ARFF services, and can support Index C (aircraft up to 159 feet in length) upon request.

Because safety is such a high priority, the ARFF facility is a great selling point for any corporate aircraft operator, including all of the fractional aircraft ownership operators.

Security

For security, the Airport has installed access control systems and an eight foot perimeter fence that encompasses the airfield and all aircraft movement areas. In addition, the Airport has implemented employee and contractor badging procedures at the Airport. The Airport requires security badging to enter specific Security Identification Display Areas (SIDA).

3.4 Historical Aviation Activity

The Intermodal Study uses information about the Airport operational activity to develop financial forecasts and to plan strategies for future facility development and marketing. For general aviation airports, based aircraft and operations are the two measures of activity that affect not only the airport's infrastructure requirements, but also the amount of revenues and expenses it can generate. For airline airports, additional measures include enplaned passengers and cargo. Understanding the current economic situation at the LAL is a product of the historical growth in these activity measures.

Information regarding aircraft activity at LAL was gathered from FAA sources including the Terminal Area Forecasts and the Air Traffic Activity Data System (ATADS). Table 5 presents the historical aircraft activity at the Airport from 2004 through 2014.

Table 5 - Historical Aircraft Operational Activity at LAL

Year	Airline	Military	GA Itinerant	GA Local	Total Operations	Based Aircraft
2004		2,923	85,105	45,718	133,746	163
2005		2,923	67,523	37,247	107,693	163
2006		2,594	73,485	33,130	109,209	177
2007		2,706	73,250	65,798	141,754	177
2008	38	2,385	68,213	55,032	125,630	179
2009	16	4,164	57,304	40,482	101,950	165
2010	13	3,516	43,374	17,455	64,345	178
2011	211	3,734	42,165	19,300	65,199	177
2012	534	2,913	43,397	23,765	70,075	186
2013	100	1,654	46,174	36,756	84,684	188
2014	29	1,656	53,495	50,279	105,459	201

Operations at Lakeland Linder Regional Airport have seen a resurgence since 2010. After dropping to a low of 64,345, steady growth has occurred over the last five years. The average annual growth rate has been 13.1 percent during this period. Between 2013 and 2014, operations grew by 24.5 percent, showcasing the significant activity increases. Currently, there are an

estimated 201 based aircraft at the Airport. Of these, 14 are military jets, 5 are business jets, 24 are multi-engine aircraft, 152 are single-engine aircraft, and 6 are helicopters.

In addition to aircraft and operations, LAL has had scheduled service in the past. Direct Air served LAL for eight-plus months. By most measures, the service was successful. However, the airline itself shut down in March, 2012 due to financial factors in its overall system.

3.5 Survey Results

In October, 2014, LAL users and businesses were surveyed for purposes of evaluating local area business use and economic impact of the Airport. The Airport User Survey was developed for based aircraft owners and frequent users of the Airport, while the Airport Employer/Business Survey was developed for businesses that either use the Airport or have owners that base their aircraft at the Airport. Because some respondents could be described as both an Employer and a User, both an Employer/Business Survey and a User Survey were made available to those individuals. Prior to sending these out, the Airport User and Business Surveys were launched via Lakelandsurvey.com so that respondents could complete them online.

Summary of Airport User Survey Results

In summary, there were several key points expressed by respondents to the Lakeland Linder Regional Airport User Survey:

- ***Single-Engine Aircraft Only:*** All respondents to the survey owned single engine aircraft, so there was no response data from any owners of multi-engine, jet, other types of aircraft.
- ***Spending:*** A total of $113,049 was spent by the 17 LAL User respondents on their aircraft in 2013. This averaged $6,650 per aircraft.
- ***Activity:*** The 17 Users reported an estimated 2,592 annual operations at LAL in 2013 or 153 operations per based aircraft.
- ***Business Versus Personal Flying:*** The vast percent of flights flown were for personal reasons (92.7 percent), with 7.3 percent of flights representing business flights.
- ***Comments:*** The main issue/comment that Airport Users reported on the survey was the need for lower/competitive fuel prices.

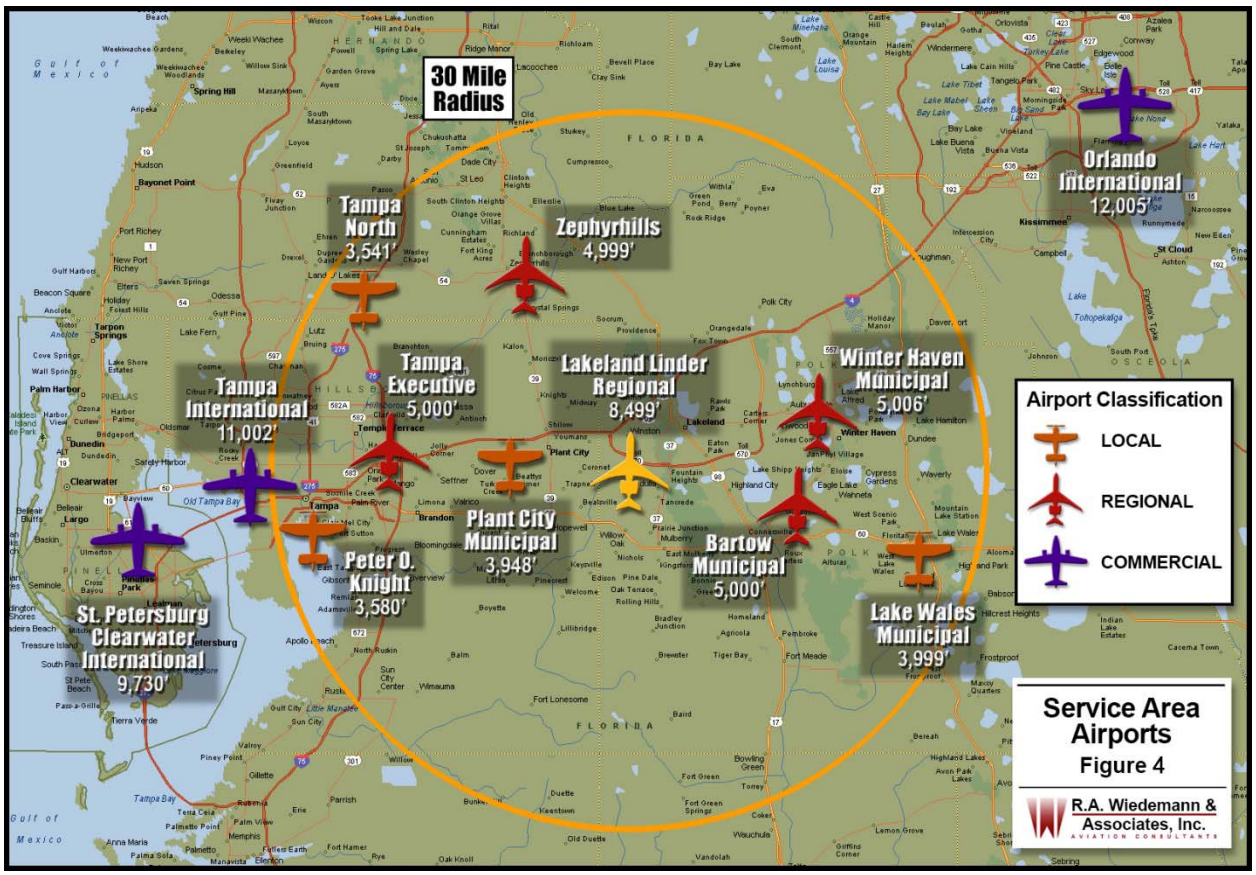
Summary of Business Survey Results

Of the 12 businesses that responded to the business survey, their responses show how important the Airport is as an economic engine to businesses and the community. Of the businesses responding, their clients and vendors conducted approximately 39,500 flights at LAL last year. The 12 responding businesses indicated employment of 219 full-time and 43 part-time jobs. Four employers also attributed to the Airport an average of 40 percent of their sales because of its availability.

3.6 Competitive Market Assessment

Figure 4 represents a graphic depiction of the general aviation service area, which includes a 30-mile radius from LAL. As shown, these airports are relevant to any comparison of facilities, prices, and services available at LAL. This database of airports provides a good basis for comparing regional pricing, the impact of fleet mix on facilities and services, etc. For this reason, they are included in the competitive market assessment. It should be noted that Tampa International Airport, while technically outside the 30 mile service area radius, was also included in this study for comparison purposes. A total of ten airports were examined, including the following:

- Lakeland Regional
- Plant City Airport
- Bartow Municipal
- Winter Haven's Gilbert
- Zephyrhills Municipal
- Tampa Executive
- Lake Wales Municipal
- Peter O Knight Airport
- Tampa North
- Tampa International



Facilities

Table 6 provides a comparison of service area and greater area airport facilities. Of the

listed airports, five have runways of 5,000 feet or greater, which makes them the best candidates for business jet activity. Tampa International Airport has the longest runway in the service area (11,002 feet by 150 feet). LAL has the longest non-airline or military airport runway in the service area with dimensions of 8,499 feet by 150 feet. In addition to this, LAL's airport property, which includes 1,710 acres, is the third largest of any airport listed in Table 6. Every airport in the service area except Tampa North has instrument approach procedures of some type. Only three airports in the service area have air traffic control towers: Lakeland Linder Regional, Bartow Municipal, and Tampa International Airport.

Based Aircraft

There are a total of 1,100 based aircraft within the Lakeland service area. The majority of based aircraft (77.6 percent) are single engine aircraft. Jet aircraft make up 5.5 percent of based aircraft, multi-engine represent 11.3 percent, helicopters represent 3.3 percent, and aircraft designated as "other" represent the remaining 2.4 percent. Of the 60 jet aircraft in the service area, 19 (31.7 percent) are located at Lakeland Linder Regional Airport. Tampa International Airport maintained the highest number of jet aircraft in the service area, with 34 based on the field. Lakeland Linder Regional has a total of 201 aircraft on the field including 19 jets, 152 single engine, 24 multi-engine, and 6 helicopters. It should be noted that LAL has the highest total number of based aircraft in the service area, and is one of seven general aviation airports in the service area with at least one based jet.

Aviation Services

Table 7 presents the availability of various aviation services at each of the area airports. Every airport except Lake Wales Municipal offers some form of aircraft maintenance service, with Zephyrhills Municipal offering minor frame repairs. Eight airports offered flight instruction, eight offered aircraft sales, four offered aircraft rentals, three offered avionics, and only Lakeland Linder Regional offered charter services. LAL's services include major frame and power repairs, avionics, flight instruction, charter service, aircraft sales, and aircraft rentals. With a wide variety of service offerings, the Airport is on the upper end of comparable services to the other service area general aviation airports.

Hangars and Tie-downs

Monthly tie-down spaces are available at every service area airport. As shown in Table 8, the prices for monthly tie-down spaces range from $25 at Tampa Executive, to $250 at Tampa International. Ten airports in the service area had T-hangars available on the field, however only five airports had space currently available. Monthly T-Hangar rates ranged from $183 per month at Bartow Municipal to $550 at Tampa North. Monthly rates at some airports depend on age and condition of the T-hangars and can vary widely between airports and even on the same airport. Lakeland Linder Regional is in the upper end of the spectrum for prices on T-Hangars in the service area, starting at $285 per month. Eight airports in the service area had available conventional hangar space available, with the exception of Lake Wales Municipal. Conventional hangar space includes box hangars, community hangars, and larger clear-span hangars. LAL had the second lowest conventional hangar prices in the service area, starting at $437 per month.

Tampa International had the highest rates for conventional hangar space, starting at $1,072 per month.

Fuel Prices

It should be noted that all fuel prices change frequently, therefore the following narrative and associated table were compiled on the same day - July 16, 2014 - for the most accurate snapshot. The only airport that offered Mogas was Winter Haven's Gilbert, at $5.25 per gallon. All information regarding fuel prices was compiled from www.airnav.com.

Self-serve Avgas is available at five of the airports within the service area. The highest per gallon price was found at Lake Wales Municipal ($5.50). The lowest self-serve Avgas price was found at Zephyrhills Municipal at $5.05 per gallon. The average price per gallon for self-serve Avgas was $5.26. Full-serve Avgas was available at nine airports within the service area, with an average price of $6.30 per gallon. Zephyrhills Municipal offered the lowest price per gallon ($5.55), and Tampa International had the highest price per gallon ($7.99). Self-serve Jet Fuel is available at two of the service area airports, with prices of $5.00 per gallon at Zephyrhills Municipal and $5.05 per gallon at Lake Wales Municipal. Full-serve Jet Fuel is available at nine airports in the service area, with an average price of $5.82 per gallon. The lowest price was found at Zephyrhills Municipal ($5.00) and the highest price was found at Tampa International ($6.80). Overall, LAL's fuel prices were priced slightly lower than the average fuel prices within the service area. Self service Avgas was the only category that LAL was slightly over the service area average, offering $5.29 per gallon. In both full service categories, LAL's fuel prices were below the service area average.

Table 6 - Facility Comparison

Service Area Airports	*Airport Code*	*Ownership*	*Acres*	*Number of Based Aircraft*						*Runway*		*Navaids*	*Tower*
				Jet	Multi	Single	Heli	Other	Total	First L x W	Second L x W	Highest	
Lakeland Regional	LAL	Public	1,710	19	24	152	6	0	201	8,499 x 150	5,005 x 150	ILS	Yes
Plant City Airport	PCM	Public	199	0	12	73	3	0	88	3,948 x 75	--	GPS	No
Bartow Municipal	BOW	Public	1,846	1	13	84	4	0	102	5,000 x 150	5,000 x 100	GPS	Yes
Winter Haven's Gilbert	GIF	Public	520	2	14	131	0	4	151	5,006 x 100	4,001 x 100	GPS	No
Zephyrhills Municipal	ZPH	Public	813	1	19	153	3	10	186	4,999 x 100	4,954 x 100	GPS	No
Tampa Executive	VDF	Public	409	1	16	114	4	0	135	5,000 x 100	3,259 x 75	ILS	No
Lake Wales Municipal	X07	Public	520	0	2	13	1	11	27	3,999 x 100	3,860 x 75	GPS	No
Peter O Knight Airport	TPF	Public	107	2	16	83	6	0	107	3,580 x 100	2,687 x 75	GPS	No
Tampa North	X39	Private	30	0	2	35	0	1	38	3,541 x 50	--	N/A	No
Tampa International	TPA	Public	3,300	34	6	16	9	0	65	11,002 x 150	8,300 x 150	ILS	Yes

Source: Airport Master Record as Published July 2014 (www.gcr1.com/5010WEB & www.airnav.com).

Table 7 - Services Comparison

Service Area Airports	*Frame Repairs*	*Power Repairs*	*Flight Instruction*	*Charter Service*	*Avionics*	*Aircraft Sales*	*Aircraft Rentals*	*Other*
Lakeland Regional	Major	Major	Yes	Yes	Yes	Yes	Yes	
Plant City Airport	Major	Major	Yes	No	No	Yes	Yes	
Bartow Municipal	Major	Major	Yes	No	Yes	Yes	Yes	Air Ambulance
Winter Haven's Gilbert	Major	Major	Yes	No	No	Yes	No	
Zephyrhills Municipal	Minor	Major	No	No	No	No	No	Glider Service, Parachute Jump Activity
Tampa Executive	Major	Major	Yes	No	Yes	Yes	No	
Lake Wales Municipal	None	None	No	No	No	No	No	Parachute Jump Activity
Peter O Knight Airport	Major	Major	Yes	No	No	Yes	No	
Tampa North	Major	Major	Yes	No	No	Yes	Yes	
Tampa International	Major	Major	Yes	No	Yes	Yes	No	

Source: Airport Master Record as Published July 2014 (www.gcr1.com/5010WEB & www.skyvector.com).

Table 8 - Rates and Charges Comparison

Service Area Airports	*Tie-Down*		*Conventional Hangars*		*T-Hangars*		*Fuel Price/Gallon*				*Waiting List (Hangars)*
	$/month	Avail	$/month	Avail	$/ month	Avail	100 LL SS	100 LL FS	Jet A SS	Jet A FS	
Lakeland Regional (F&S)	$42	Yes	$437-$785	Yes	$285-$300	No	$5.29	$6.23	--	$5.60	Yes
Plant City Airport	$49	Yes	$525	Yes	$355	Yes	--	$5.99	--	$5.30	Yes
Bartow Municipal	$41	Yes	$1,298	No	$183-$375	Yes	$5.10	$5.70	--	$5.20	Yes
Winter Haven's Gilbert	$75	Yes	$600-$1,500	No	$291-$342	Yes	$5.35	$5.85	--	$5.40	Yes
Zephyrhills Municipal	$35-$40	Yes	$290	No	$255	Yes	$5.05	$5.55	$5.00	$5.00	Yes
Tampa Executive	$25-$40	Yes	$950	Yes	$250	Yes	--	$6.99	--	$6.75	No
Lake Wales Municipal	$60	Yes	--	--	$258	No	$5.50	--	$5.05	--	Yes
Peter O Knight Airport	$65-$75	Yes	$648-$870	No	$434	No	--	$6.69	--	$6.29	Yes
Tampa North	$50	Yes	--	--	$400-$550	No	--	$5.70	--	$6.00	Yes
Tampa International	$150-$250	Yes	$1,072-$2,115	Yes	--	--	--	$7.99	--	$6.80	No

Source: RA Wiedemann & Associates Inc. Telephone Survey 07-16-14 & www.airnav.com
Legend: LL = Low Lead; SS = Self Serve; FS = Full Serve; sf = Square Feet; NC = No Charge; N/A = Not Available

4. BASELINE FINANCIAL PROJECTIONS

THIS SECTION IDENTIFIES HISTORICAL REVENUES AND EXPENSES at Lakeland Linder Regional Airport and projects those revenues and expenses to 2025. This projection only considers a baseline scenario with no new revenue enhancements included. This projection of financial performance is designed to answer the question, "How will the Airport perform if no new initiatives beyond those already in the pipeline are made?" However, in a later section, alternative projections of financial performance will be presented based upon intermodal plan recommendations and marketing pro-formas. To address baseline projections, this section is organized as follows:

- Historical Revenues
- Historical Expenses
- Baseline Forecast of Revenues and Expenses

4.1 Historical Revenues

LAL is owned by the City of Lakeland and is operated under the direction of the Airport Director and the City Management. The Airport operates as an enterprise fund and revenues generated from use are dedicated by Federal, State, and local law to fund the Airport's operations, maintenance, and capital costs. All airports that are recipients of Federal grant funding are obligated to establish a fee and rental structure that makes the Airport as financially self-sufficient as possible under airport specific circumstances.

Information concerning historical revenues and expenses for the Airport was provided by Airport Management. For purposes of this analysis, the most recent five year data history was used (FY 2010-2014) because it represents the most relevant historical financial performance of the Airport. In addition, this data is most applicable for financial forecasting because it gives some indication of the recent trends. Table 9 shows the historical revenue as documented in the income and revenue spreadsheets provided by the Airport. Revenues from Airport operations are derived from the following:

- ***Building Leases:*** This includes hangars, office, and building revenue.
- ***Ground Leases:*** Revenue from ground leases.
- ***Fuel Flowage Fee:*** The Airport charges a fuel flowage fee of $0.0859 per gallon.
- ***Rental Car Privilege Fees:*** Revenue earned from rental car fees.
- ***Investment Revenue:*** Revenue earned on Airport investments.
- ***Miscellaneous Revenues:*** This category captures all revenue that is not attributable to the other categories.

Table 9 - Historical Revenues					
Operating Revenues	**2010**	**2011**	**2012**	**2013**	**2014**
Building Leases	$2,814,545	$2,588,163	$2,893,309	$3,114,386	$3,354,799
Land Leases	$521,315	$514,164	$559,891	$766,185	$780,280
Fuel Flowage Fee	$55,646	$52,794	$58,953	$48,902	$65,222
Rental Car Privilege Fee	$0	$71,462	$276,662	$29,597	$41,908
Investment Revenue	$115,062	$5,335	$77,589	($37,331)	$22,322
Miscellaneous Revenue	$55,898	$116,241	$68,900	$103,297	$89,347
Total Operating Revenues	***$3,562,467***	***$3,348,158***	***$3,935,305***	***$4,025,036***	***$4,353,877***
Non-Operating Revenue	**2010**	**2011**	**2012**	**2013**	**2014**
Transfers	$995,000	$0	$0	$1,000,000	$475,000
Federal Grants	$359,792	$2,533,592	$881,544	$4,952,709	$6,680,496
State Grants	$269,385	$4,028,321	$1,506,267	$1,344,592	$1,682,043
Total Non-Operating Revenues	***$1,624,177***	***$6,561,913***	***$2,387,811***	***$7,297,301***	***$8,837,539***
Total Revenues	**$5,186,644**	**$9,910,071**	**$6,323,116**	**$11,322,337**	**$13,191,415**

Also included in Table 9 are the non-operating revenues associated with the Airport. These revenues include capital development grants from the State and the FAA. It should be noted that non-operating revenues costs are just that – they are not generated from Airport operations. In order to determine what the Airport itself is generating, the analysis will focus on and compare operating revenues with operating expenses.

For purposes of the intermodal feasibility study, the ability of the Airport to generate revenues and cover operating costs is the primary concern. In this regard, surplus operating revenues can be used to pay the local share of capital development or other non-operating costs. Even if shifts or increases to the revenue base can be made, there still may be forecast shortfalls for capital improvement needs. Therefore, it is important for the study to anticipate the scope of financial need and present that to the City as far in advance as possible.

From the historical financial information, the operating revenues have shown steady growth from 2011 to 2014. This is primarily due to the improving economy and new leases being signed at the Airport. Towards the end of 2012, 45.5 acres were leased as a part of the solar farm lease. As a part of the hotel land lease, the hotel pays a percentage of gross revenues as rent, and in 2013 there was an increase in revenues over 2012. A rental car privilege fee was also initiated in 2011 to coincide with the arrival of new airline service. Overall, historical operating revenues grew from $35,62,467 in 2010 to $4,353,877 in 2014 – a total increase of 22.2 percent (5.1 percent annual growth rate).

Table 10 shows the historical fuel consumption and fuel flowage revenues at the Airport. Although fuel consumption was down in 2013, the amount of fuel sold was high enough that the Airport was able to attract a major FBO, Sheltair Aviation, in 2014. Fuel consumption rebounded in 2014, with fuel flowage revenues increasing by over 33 percent from the previous year.

Table 10 - Lakeland Fuel Revenue					
Year	**2010**	**2011**	**2012**	**2013**	**2014**
Gallons	669,922	614,376	686,202	569,208	811,749
Revenue	$55,646	$52,794	$58,953	$48,902	$65,222
Operations	65,238	65,666	75,613	90,885	99,899
Gal/Operation	10.3	9.4	9.1	6.3	8.1

The upshot of the historical revenue analysis is that the Airport's revenue base is tied overwhelmingly to its tenants who lease space at the facility. Operational revenues from fuel sales and other activity-generated sources is minimal. Typically, airports desire the revenue split between leases and operations to favor leases so that fluctuations in operations do not upset budgets and the funding of fixed costs. By their nature, leases are difficult to break and take longer to change than discretionary decisions about whether or not to operate an aircraft.

4.2 Historical Expenses

Table 11 shows the historical Airport Operating Expenses for LAL from 2010 through 2014. These expenses were made up of the following cost items:

- ***Personnel Expenses:*** This includes salaries and benefits of Airport workers.
- ***Professional & Contract Services:*** This category includes legal, banking, accounting and contractual services.
- ***Utilities:*** Includes water utility service, storm water utility fees, electrical utility service, and wastewater services.
- ***Insurance:*** Includes commercial insurance and self-insurance premiums for the Airport.
- ***Facility and Equipment Maintenance***: Maintenance and repairs of facilities and equipment.
- ***Materials and Supplies:*** This expense category includes operating supplies, equipment, and equipment rental.
- ***Internal Service Charges:*** Charges for services or equipment from other departments.
- ***Miscellaneous Expenses:*** All other expenses not attributable to the other categories.

Table 11 - Historical Expenses					
Operating Expenses	**2010**	**2011**	**2012**	**2013**	**2014**
Personnel Expense	$871,101	$974,380	$1,045,439	$1,122,827	$1,146,257
Professional & Contract Services	$262,094	$268,295	$277,237	$164,221	$261,064
Utilities	$346,101	$245,366	$305,187	$269,372	$331,789
Insurance	$154,359	$139,743	$144,532	$149,255	$150,791
Facility & Equipment Maintenance	$173,941	$140,765	$236,096	$336,012	$289,855
Materials and Supplies	$37,525	$45,012	$52,276	$52,874	$66,157
Internal Service Charges	$532,912	$493,269	$485,665	$533,122	$578,897
Miscellaneous Expenses	$131,530	$77,801	$52,030	$66,223	$57,240
Total Operating Expenses	***$2,509,562***	***$2,384,632***	***$2,598,463***	***$2,693,906***	***$2,882,049***
Non-Operating Expenses					

Table 11 - Historical Expenses					
Operating Expenses	**2010**	**2011**	**2012**	**2013**	**2014**
Transfers Out	$7,829	$25,163	$16,795	$14,630	$135,596
Capital Equipment	$0	$24,085	$1,216	$1,600	$22,335
Debt	$2,102,808	$761,313	$789,005	$1,109,966	$1,274,273
Maintenance and Special Projects	$1,010,050	$7,911,325	$1,747,052	$7,078,157	$9,760,226
Total Non-Operating Expenses	***$3,120,686***	***$8,721,886***	***$2,554,068***	***$8,204,353***	***$11,192,430***
Total Expenses	**$5,630,248**	**$11,106,517**	**$5,152,530**	**$10,898,260**	**$14,074,480**

From the historical financial information, operating expenses have increased from 2011 to 2014. The four-year average of operating expenses from 2010 to 2013 was $2,546,641 per year. Operating expenses in 2014 were 13 percent above that average. Overall, historical operating expenses grew from $2,509,562 in 2010 to $2,882,049 in 2014 – a total increase of 14.8 percent (3.5 percent annual growth rate).

Non-operating expenses shown in Table 11 are inclusive of the Airport's capital improvement costs. Capital spending is based primarily on the Airport's infrastructure development needs and its ability to secure grants and program improvements. These funds vary widely from year to year and will be forecast on the basis of the Airport's most recent Airport Capital Improvement Program.

Table 12 presents a summary and comparison of operating revenues and expenses. As shown, the Airport has had operating net gains ranging from $963,526 in 2011 to $1.4 million in 2014.

Table 12 – Comparison of Operating Revenues & Expenses			
Fiscal Year	**Operating Revenues**	**Operating Expenses**	**Operating Net Gain/(Loss)**
2010	$3,562,467	$2,509,562	$1,052,905
2011	$3,348,158	$2,384,632	$963,526
2012	$3,935,305	$2,598,463	$1,336,842
2013	$4,025,036	$2,693,906	$1,331,130
2014	$4,353,877	$2,882,049	$1,471,827

It is against this historical backdrop that the Baseline Forecast of revenues and expenses for LAL is developed. It should be noted that most public-use general aviation airports in the United States do not cover expenses with revenues and must be subsidized by their owners/sponsors. Because of historical net operating gains at the Airport, LAL is exceptional in its financial performance.

4.3 Baseline Forecast of Operating Revenues and Expenses

The Baseline Forecast presents a status quo look at revenues and expenses, influenced primarily by historical activity. The projection does not consider all of the potential changes at the Airport that might occur through the implementation of this Intermodal Feasibility Study or

in the local economy that might change the historical trend. To determine the historical trend, a three year average was examined to calculate the average percent change in revenues and expenses. Thus, any major fluctuation during any one year did not unduly affect the overall trend. Assumptions used in developing the Baseline Forecast included the following:

- ***Rate of Inflation/Consumer Price Index (CPI):*** Historically, the rate of inflation/CPI has been used to escalate prices when making forecasts of revenues and expenses. For this Baseline Forecast, a rate of 2.5 percent was used to forecast building leases, land leases, fuel flowage fees, investment revenue and miscellaneous revenue.

- ***Fuel Flowage Fee:*** The three year average of Fuel Flowage Fee revenues were used to calculate 2015 revenues due to the fluctuation of these revenues over recent years. It is assumed that aircraft activity and fuel sales are directly related. Thus, revenues were projected to increase by one percent per year throughout the period, reflecting the FAA's Terminal Area Forecasts for LAL aircraft operations, which show 10.7 percent growth over the planning period.

- ***2015 Airport Budget Input:*** The Baseline Forecast utilized the 2015 Airport Budget as input for Rental Car Privilege Fees. The three percent growth rate used in the budget to escalate expenses was also used to escalate expenses throughout the planning period. No airline service and associated rental car demand is assumed in these forecast numbers.

- ***Three Year Averages:*** The three year average (2012-2014) of Professional and Contract Services, Facility & Equipment Maintenance, Internal Service Charges and Miscellaneous Expenses were used to calculate the 2015 total for these categories due to the fluctuation of expenses year to year. These expense were then projected to increase by 3 percent throughout the planning period.

Table 13 presents the Baseline Forecasts of revenues and expenses for LAL. As shown, baseline operating revenues are anticipated to grow from $4,353,877 in 2014 to $5,658,250 by 2025 - an average yearly increase of 2.4 percent and an overall increase of 30 percent for the period. Baseline operating expenses are expected to increase from $2,882,049 in 2014 to $3,886,302 in 2025 - an overall growth of 34.8 percent or 2.8 percent per year.

Table 13 - Baseline Forecast of Operating Revenues and Expenses

Operating Revenues	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Building Leases	$3,354,799	$3,438,669	$3,524,636	$3,612,751	$3,703,070	$3,795,647	$3,890,538	$3,987,802	$4,087,497	$4,189,684	$4,294,426	$4,401,787
Land Leases	$780,280	$799,787	$819,781	$840,276	$861,283	$882,815	$904,885	$927,507	$950,695	$974,462	$998,824	$1,023,795
Fuel Flowage Fee	$65,222	$58,269	$58,852	$59,441	$60,035	$60,635	$61,242	$61,854	$62,473	$63,097	$63,728	$64,366
Rental Car Privilege Fee	$41,908	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,001
Investment Revenue	$22,322	$20,860	$21,381	$21,916	$22,464	$23,025	$23,601	$24,191	$24,796	$25,416	$26,051	$26,702
Miscellaneous Revenue	$89,347	$416,526	$89,361	$91,595	$93,885	$96,232	$98,637	$101,103	$103,631	$106,222	$108,877	$111,599
Total Operating Revenues	***$4,353,877***	***$4,764,110***	***$4,544,011***	***$4,655,978***	***$4,770,736***	***$4,888,354***	***$5,008,903***	***$5,132,457***	***$5,259,091***	***$5,388,881***	***$5,521,907***	***$5,658,250***
Operating Expenses	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Personnel Expense	$1,146,257	$1,180,645	$1,216,064	$1,252,546	$1,290,123	$1,328,826	$1,368,691	$1,409,752	$1,452,044	$1,495,606	$1,540,474	$1,586,688
Professional & Contract Services	$261,064	$241,199	$248,435	$255,888	$263,565	$271,472	$279,616	$288,005	$296,645	$305,544	$314,710	$324,152
Utilities	$331,789	$341,742	$351,995	$362,555	$373,431	$384,634	$396,173	$408,058	$420,300	$432,909	$445,896	$459,273
Insurance	$150,791	$155,314	$159,974	$164,773	$169,716	$174,808	$180,052	$185,453	$191,017	$196,748	$202,650	$208,729
Facility & Equipment Maintenance	$289,855	$295,940	$304,819	$313,963	$323,382	$333,084	$343,076	$353,368	$363,969	$374,888	$386,135	$397,719
Materials and Supplies	$66,157	$68,141	$70,186	$72,291	$74,460	$76,694	$78,994	$81,364	$83,805	$86,319	$88,909	$91,576
Internal Service Charges	$578,897	$548,538	$564,994	$581,944	$599,403	$617,385	$635,906	$654,983	$674,633	$694,872	$715,718	$737,190
Miscellaneous Expenses	$57,240	$60,253	$62,060	$63,922	$65,840	$67,815	$69,849	$71,945	$74,103	$76,326	$78,616	$80,974
Total Operating Expenses	***$2,882,049***	***$2,891,773***	***$2,978,527***	***$3,067,882***	***$3,159,919***	***$3,254,716***	***$3,352,358***	***$3,452,929***	***$3,556,517***	***$3,663,212***	***$3,773,108***	***$3,886,302***
Net Operating Revenues (Loss)	**$1,471,827**	**$1,872,337**	**$1,565,484**	**$1,588,096**	**$1,610,817**	**$1,633,638**	**$1,656,546**	**$1,679,529**	**$1,702,575**	**$1,725,669**	**$1,748,798**	**$1,771,948**

4.4 Non-Operating Expenses

Non-operating expenses are those costs not generated by the operation of the Airport. These costs generally include capital expenditures and debt service payments. Capital spending is based primarily on the Airport's infrastructure development needs and its ability to secure grants and program improvements (Table 14). These funds vary widely from year to year and were forecast using the Airport's most recent Airport Capital Improvement Program scope.

Table 14 - Forecast of Non-Operating Expenses

Fiscal Year	Transfers Out	Debt	Maintenance & Special Projects	Total
2014	$135,596	$1,274,273	$9,782,561[1]	$11,192,430
2015	$47,955	$1,310,267	$506,500	$1,864,722
2016	$13,771	$1,300,267	$3,306,500	$4,620,538
2017	$11,579	$1,286,413	$331,500	$1,629,492
2018	$11,478	$1,207,936	$331,500	$1,550,914
2019	$11,478	$1,078,605	$331,500	$1,421,583
2020	$11,478	$1,022,105	$581,500	$1,615,083
2021	$11,044	$1,022,105	$581,500	$1,614,649
2022	$11,044	$1,023,903	$581,500	$1,616,447
2023	$11,044	$430,305	$581,500	$1,022,849
2024	$11,044	$315,437	$581,500	$907,981
2025	$11,044	$315,437	$581,500	$907,981

[1] Includes 2014 capital equipment expenditure of $22,335

When the non-operating expenses are added to the Baseline Forecast of operating revenues and expenses, any net deficit must be made up by sources other than Airport-generated revenues is quantified. Table 15 shows that only in 2014 are there projected net deficits. This forecast assumes that non-operating revenues will equal roughly 85 percent of non-operating expenses each year.

Table 15 - Baseline Net Revenue (Deficit)

Fiscal Year	Operating Revenues	Operating Expenses	Non-Operating Expenses	Non-Operating Revenues	Net Surplus/ (Deficit)
2014	$4,353,877	$2,882,049	$11,192,430	$8,837,539	($883,064)
2015	$4,764,110	$2,891,773	$1,864,722	$1,585,014	$1,592,629
2016	$4,544,011	$2,978,527	$4,620,538	$3,927,457	$872,403
2017	$4,655,978	$3,067,882	$1,629,492	$1,385,068	$1,343,672
2018	$4,770,736	$3,159,919	$1,550,914	$1,318,277	$1,378,180
2019	$4,888,354	$3,254,716	$1,421,583	$1,208,346	$1,420,401
2020	$5,008,903	$3,352,358	$1,615,083	$1,372,821	$1,414,283
2021	$5,132,457	$3,452,929	$1,614,649	$1,372,452	$1,437,331
2022	$5,259,091	$3,556,517	$1,616,447	$1,373,980	$1,460,107

Table 15 - Baseline Net Revenue (Deficit)					
Fiscal Year	**Operating Revenues**	**Operating Expenses**	**Non-Operating Expenses**	**Non-Operating Revenues**	**Net Surplus/ (Deficit)**
2023	$5,388,881	$3,663,212	$1,022,849	$869,422	$1,572,242
2024	$5,521,907	$3,773,108	$907,981	$771,784	$1,612,602
2025	$5,658,250	$3,886,302	$907,981	$771,784	$1,635,751

* * * * * * *

The results of this Baseline Forecast indicate that under the status quo scenario, where no new revenue-generating strategies are undertaken and no negative economic impacts are considered, LAL will have the ability to cover all costs (operating and non-operating) at the Airport. Any debt financing will likely come from new capital expenditures not shown in the forecast or from a cash flow needs standpoint. In the next section of this Intermodal Study, a set of strategic initiatives will be examined that are anticipated to increase aviation activity and improve the financial performance of the Airport.

5. IDENTIFICATION OF MARKET SEGMENT STRENGTH

THIS SECTION EXAMINES THE EXISTING AND POTENTIAL markets through the identification of various contacts, strategies, funding sources, government agencies, and activity forecasts. The intent is to develop hands on material that can be used by the City and Airport management to market the Airport to a variety of potential industries. In essence, Airport leadership is looking for the next big enterprise that can transform the Airport and support its growth and development over the next 20 years. As such, this task will focus on a number of market segments:

- Airline Service
- U.S. Customs and Border Protection
- MRO Activity
- General Aviation and Military Activity Increases
- Intermodal Activity
- Air Cargo Activity
- Non-Aviation Property Development

5.1 Airline Service

For several years, LAL has pursued support for new airline service via grant applications through the Small Community Air Service Development Program. Although those efforts did not result in funding, the Airport did have scheduled airline service to several cities through Direct Air from June 2011, to March 2012 when the airline ceased all operations. During the period of service, Direct Air enplaned more than 35,000 passengers - proving the viability of the Airport as an airline passenger generator.

More recently, discussions with a number of carriers has sparked interest in the revival of airline service to the Airport. Schedule air service connections to Atlanta, Charlotte, and New York City have been considered. Under any of these scenarios and carriers, it is believed that the passenger generating capability of the area will support both regional jet and narrow body jet required load factors.

A recent study[1] of the leakage of airline passengers from the Lakeland study area indicated that there were an average of 3,556 passengers daily each way (pdew) from April 2013 through March 2014, for a total of 2,596,185 airline passengers per year. Of these, Orlando International Airport captured roughly 61 percent (2,178 pdew). Tampa International attracts above 30 percent and Orlando Sanford International and St. Pete-Clearwater International attract in the single digit percentages. Without airline service, zero percent of these passengers can use LAL.

Given this background, it is evident that significant potential exists for the establishment of scheduled air service at LAL. This section describes the potential workings of airline service at the Airport and how that would translate into financial production and the associated need for

[1] "True Market/Leakage Study", Lakeland Linder Regional Airport, August, 2014.

facilities and new businesses. To adequately address these issues this section includes the following topics:

- Potential Demand Scenario
- Needed Additional Facilities (if any)
- Needed Business Services
- Financial Factors

Potential Demand Scenario

Airport Management discussions with airlines have indicated the potential for four to five flights per day using regional jet service to an airline hub. Both Atlanta and Charlotte have been considered for this role. In addition, there is the possibility of low fare carrier service to New York City. In all of these estimates, a minimum passenger estimate has been developed of approximately 100,000 annual enplanements. This total could be served by either four flights per day in a 90-seat regional jet (76 percent load factor) or five flights per day in a 70-seat regional jet (78 percent load factor). Other permutations in larger or smaller aircraft are possible. For purposes of this analysis, it was assumed that within two years of airline service start-up, a demand of 100,000 annual enplanements would be attained. This baseline level would then continue to grow by an assumed rate of 5 percent per year. This rate is two times the rate of growth at Orlando International, but is considered reasonable because it will contain some small gains in market share over time:

- 2017 - 100,000
- 2020 - 115,800
- 2025 - 147,700

By way of perspective, the FAA forecasts an additional 6.56 million passenger enplanement in the Orlando-Tampa market over the next 10 years. This includes forecasts for four airports in the region: Orlando International, Tampa International, Orlando Sanford International, and St. Pete-Clearwater International. Because of the extremely large market demand in the region, it is likely that Lakeland Linder may attract more passengers than predicted through branding and marketing efforts. However, those larger numbers were not analyzed in this study in order to keep a conservative forecast of revenues and expenses.

Needed Additional Facilities

To determine whether additional facilities are needed, a brief facility needs analysis was conducted. Many airline facility needs are estimated on the basis of peak hour passenger usage. At small airports where the size of the aircraft dictates the peak hour numbers, it was assumed that there would seldom be two aircraft boardings at the same time. However, if multiple destinations are served, this can quickly become a capacity issue for airline facilities such as auto parking and terminal building space.

A previous analysis commissioned by Airport Management examined the potential capacity of the airline throughput at the Airport. The results of that analysis include the

following:

- ***Terminal Building:*** The Terminal is a two-story building with 25,844 square feet of space. It was estimated that such a facility could accommodate 200,000 annual enplanements with roughly 250 total peak hour passengers (enplaned and deplaned). Thus, the existing facilities are more than adequate for airline service that enplanes 100,000.
- ***Auto Parking:*** A significant concern of most airline airports involves the development of adequate auto parking spaces. Typically, this function generates more revenue for the Airport than any other airline component. The Airport currently has 400 spaces in front of the Terminal building, which will adequately serve 100,000 annual passenger enplanements.
- ***Airline Gates:*** Given that there are currently no second-level loading facilities (jet bridges), all loading would be via ground. The airline ramp at the Terminal is adequate to accommodate at least two jets at the same time. Thus, no additional airline gate space is needed.

Given these capacity factors, no additional airline facilities are needed prior to potential airline service launch.

Needed Business Services

In order to service 100,000 annual airline passenger enplanements, the Airport will need a number of business support services and concessionaires. At most small airports the following airline amenities are available:

- ***Restaurant/Coffee Shop or Food Vending Services:*** There is a good restaurant in the Terminal located on the second level.
- ***On-site Rental Car Availability:*** The Airport currently is served by Enterprise (off-site) with prior reservation.
- ***Newsstand/Gift Shop:*** There is no newsstand or gift shop located in the Terminal building.

Given these factors, the primary need would be the attraction of one or more car rental agencies on the Airport.

Rental car demand can vary, depending upon the type of airport being served. At hub airports where the predominate percentage of passengers transfer flights, the percentage of car rentals to total passengers is low. At origin and destination points such as LAL, it is anticipated that the car rental usage would be a higher percentage. In this regard, it is estimated that roughly 20 percent of arriving passengers will need a rental car. With families traveling together on vacation and other group travel the average size of the travel party in central Florida is between 2.4 and 2.5 people.[2] This conservatively reduces the total number of rental cars needed annually from 20,000 to approximately 8,000 - 8,350 cars.

[2] Source: Orlando MSA Economic Overview, 2012, CBRE, www.cbre.com/research

Financial Factors

Beyond the defining facility requirements and outreach to gain traction, support, and passenger utilization, there are a variety of financial and organizational factors that need to be addressed during the implementation of this service. The most recent request for grant assistance from the Small Community Air Service Development Program (2012) asked for $500,000 and offered $300,000 in local cash for a total incentive package of $800,000. The Airport's application was for marketing funding, ground handling support, and other start-up cost mitigation to support new air service. While that application was not funded, it did provide information about the desires of the City and the funding levels that they would be willing to underwrite for new carrier service.

To attract new airline service, it is likely that the Airport will need to offer incentives. These incentives may be cash, fee waivers, and/or in-kind services. Much will depend upon negotiations with prospective carriers. For this analysis, it is assumed that the total value of cash, fee waivers, and in-kind services would likely reach $1 million. Included in these incentives could be the following:

- ***Airport Fee Waivers:*** Fee waivers issued by the Airport to the prospective carrier can involve landing fees, aircraft parking/apron fees, and terminal use fees. The Airport currently has no landing fees. However, waiving the institution of these fees for several years can be considered an incentive. The same is true for aircraft parking or overnight apron fees. Terminal rental or use fees can be waived for a certain period of time in order for the carrier to get established. Once the air service model has proven itself, terminal rental fees would be considered normal.
- ***Cash Funds:*** Even if the City is unable to obtain a grant from the Small Community Air Service Development Program, it will likely have to offer cash incentives to attract a carrier. These can be in the form of revenue guarantees, ground service, marketing, or outright payments for services.

Revenues associated with the initiation of airline service could be expected from the following:

- ***PFC Program:*** Once airline service is established, the Airport should institute a PFC program using highest allowable passenger facility charge (now $4.50 per enplaned passenger). Given the forecasts of passenger demand for this new service, it is estimated that almost $665,000 can be generated annually by 2025 from PFCs for eligible projects.
- ***Auto Parking Fees:*** Although there are currently no charges for parking at the terminal, this condition may change with the institution of airline service at the Airport. As an incentive for air passengers, free parking is important. Thus, the Airport may plan to continue with free parking until the airline service is securely established. At that point (probably coincident with the start up of terminal rents) auto parking fees may be initiated.
- ***Rental Car Revenues:*** In addition to auto parking fees, a significant source of income for airline airports is rental car fees. For LAL, rental car revenues are anticipated to include

fixed fees from rental car companies for space in the terminal along with percentage of gross revenue fees between 15 and 16 percent.

- ***Fuel Sales:*** Similar to the air cargo scenario, the Airport can earn significant revenue from airline fuel flowage fees. The CRJ-900 (90-seat regional jet) has a fueling capacity of 10,990 gallons. Assuming a 10,000-gallon purchase with a flowage fee of 4.0 cents per gallon yields $400 that could be earned each sale.
- ***Other Airport Concessions Revenue:*** Other concessions may develop in the terminal building such as a newsstand, gift shop, or in-terminal advertising. These concessions could add revenue to the Airport's bottom line.

Revenue and expense pro formas associated with the initiation of potential airline service at LAL will be analyzed in the Recommended Plan.

5.2 U.S. Customs and Border Protection

To accept international flights, LAL would require U.S. Customs and Border Protection staff and Federal Inspection Services (FIS) facilities for arriving flights. Until the Airport is designated an international port of entry, it must pay for these services as a user fee airport.

There are two scenarios for employing U.S. Customs and Border Protection (CBP) at LAL. The first involves passenger clearance and the second involves air cargo. For passenger clearance, the number of CBP personnel can be significantly lower than for air cargo inspection. In this regard, services for general aviation general aviation passenger clearance can range from one part-time person to 12 full time personnel, depending upon the level of activity. For example, Decatur Airport in Illinois is a user fee airport that has one CBP employee, serving primarily one international customer (Archer Daniels Midland). St. Lucie County International, on the other hand, is a general aviation airport with 12 full time CBP personnel. St. Lucie County International is a designated international port of entry and has significant traffic to and from the Caribbean islands. For air cargo, discussions with CBP representatives in Tampa indicated that LAL would require at least five agents (two CBP agents and three USDA-APHIS inspectors).

Port of Entry Criteria

Minimum criteria established by CBP for establishing a port of entry include the following:

- A report that shows how the benefits to be derived justify the Federal Government expense
- Service to the community by at least one mode of transportation
- A minimum population of 300,000 within the immediate service area (approximately 70 miles)
- The actual workload in the area must be a combination of the following:
  - 15,000 international air passengers (airport), 2,000 scheduled international arrivals (airport)
  - 2,500 consumption entries (each valued at over $2,000) with no more than half being attributed to any one party (airport, seaport, land border port)

  - 350 vessels (seaport)
  - 150,000 vehicles (land border port)
- Facilities provided without cost to the federal government must include:
  - Warehousing space for the secure storage of imported cargo pending final CBP inspection and release
  - The commitment of optimal use of electronic data input equipment and software to permit integration with any CBP system for electronic processing of commercial entries
  - Administrative office space
  - Cargo inspection areas
  - Primary and secondary inspection rooms
  - And storage areas and any other space necessary for regular CBP operations

Financial Factors

From a financial standpoint, the establishment of full time CBP services could cost as little as $150,000 per year for a start-up operation. If international traffic grows, this number could also grow rapidly as well. However, the need for more CBP personnel would be tied to increases in activity, which, in turn, may trigger port of entry status for LAL. In all likelihood, the operation would start part-time with CBP personnel traveling from Tampa International to clear flights at LAL. With the establishment of a full time agent at LAL, the user fee process would begin.

5.3 MRO Activity

Maintenance, Repair, and Overhaul (MRO) are companies that provide essential support services for the aviation industry. The major products and services in this industry include aircraft and aircraft parts overhaul, aircraft maintenance and repair, and aircraft parts and supplies sales.

There are currently an estimated 8,800 establishments within the MRO industry nationwide. Total revenues for 2014 are projected to be $21.74 billion, with total employment of approximately 79,400 workers, and a payroll of $4.26 billion. A significant percentage of employees and payroll are associated with services for the aircraft utilized by major airlines, and contracted services for military aircraft. A recent study by IBISWorld – one of the world's leading publishers of business intelligence and industry research – estimated little or no growth in the number of MRO firms (0.03 percent per year) through 2018.[3] Reasons include; consolidation by major industry players in specific geographic areas, acquisition of smaller operators who struggle to exploit economies of scale.

Of the nearly 8,800 MRO establishments reported, over 70 percent are one-person shops run by owner-operators. Florida has 183 MRO businesses with five or more employees, which leads the nation, followed by California with 167, and Texas with 149. In fact, these three states

[3] Source: IBISWorld Industry Report 48819, "Aircraft Maintenance, Repair & Overhaul in the US", (February 2013, www.ibisworld.com).

combine to make up over 39 percent (499 MRO businesses with 5 or more employees) of the entire industry.

Additional insights regarding the states with the largest number of MROs is that all three feature a generally warm climate year-round. This permits frequent opening and closing of hangar doors without forfeiting thousands of dollars of heating BTUs to the elements in the colder months. Another key consideration for Texas and Florida specifically, are the substantial tax benefits afforded to corporations and individuals, versus many other states.

Potential Demand

Florida is the top attractor of MRO operators in the nation (13 percent of total firms), followed by California (11.6 percent) and Texas (11.3 percent). Even if there is consolidation or contraction in the overall industry, Florida demand will continue to run high as an expansion or new location point for MRO firms.

In order to identify potential MROs that may be interested in expanding to LAL, the list of existing MRO firms was reduced using a number of factors. First, all shops with fewer than 20 employees and those located in Florida were removed, reducing the list to 501. Eliminating 27 combined MROs in Alaska and Hawaii further reduced the list to 474. In addition, MROs with current hangar spaces of less than 10,000 square feet were eliminated, leaving 442 MROs across the continental U.S. of adequate size and staffing to be reasonably attractive for LAL marketing. Finally, by removing from the list MRO businesses backed by large FBO service providers, which could present a conflict with existing FBO providers on the Airport, the final list was pared down to 400 potential clients.

LAL already has a well established group of MRO firms. At least one of these firms is expanding their operations on the Airport to occupy a hangar that is being jointly developed by the State of Florida and the Airport. This large MRO hangar will have dimensions of 250 feet by 300 feet (75,000 square feet). Completion of this hangar will permit the MRO to service both narrow body and wide body aircraft. In addition to this new construction, the paint hangar is being expanded to accommodate larger aircraft.

There are currently 12 MROs on the field of varying size and complexity. The potential for LAL is to grow its MRO cluster industry, where one-stop maintenance, repair, or overhaul can be accomplished for any size aircraft. It is anticipated that at least one major MRO firm and several smaller support companies will locate at LAL over the next 10 years.

Needed Additional Facilities

For this option, it is assumed that the 75,000 square foot hangar already being developed is a part of the baseline case. In addition, a second hangar of this size is projected at a minimum for continued MRO activity. Should LAL attract one or more international air cargo carriers, the development of a large hangar will be necessary to conduct maintenance checks for aircraft serving the Airport. In addition to this large hangar, a demand is projected for one or more smaller hangars ranging from 10,000 to 20,000 square feet to accommodate the smaller specialty operators associated with the MRO industry.

Financial Factors

The primary factors associated with attracting MRO firms to the Airport involve marketing costs, incentives, and hangar construction. Revenues are derived primarily from building rents. Briefly, these items include the following:

- ***MRO Marketing:*** Typically, airports retain business builders/consultants who have contacts within the MRO industry as a means of attracting those firms to base at their facilities. This method is particularly important in states where there are few MROs. The costs of these can run $50,000 or more. In Florida, on the other hand, it is possible to take advantage of the natural demand that MROs have to enter the state. A more passive (and less expensive) marketing effort is possible.
- ***Incentives:*** In attracting MRO firms, airports can offer low cost facilities, labor training, tax abatement, and outright cash payments. The State of Florida also offers incentives in the form of grants and tax abatement for business expansion in the State. With the help of 50 percent funding from the State, a hangar is being constructed that will accommodate the existing MRO expansion.
- ***Hangar Construction:*** Funding from FDOT is critical to the continued growth of the MRO presence at LAL. Currently, funding has been secured for the following:
  - $4,300,000 for 50/50 percent on MRO hangar
  - $500,000 on 50/50 percent for the paint hangar expansion

  The challenge is to match these funds either through public or public/private partnership local funding. Because these funds are for projects that already exist, there is an additional need for similar funding in the future to meet additional demand.
- ***Hangar Rents:*** Typically, revenue is collected by the Airport for renting hangars to MRO firms. Sometimes, when incentives are given to get an MRO started, low rents are coupled with a percentage of gross receipts in order to match the rent to the financial condition of the company. By participating via percentage, the MRO company pays a smaller sum during periods of low activity and larger amounts when business revenues grow.

Revenue and expense pro formas associated with the further development and attraction of MROs to the Airport will be analyzed in the Recommended Plan.

5.4 General Aviation and Military Activity Increases

Property leased for general aviation (GA) purposes is currently the primary revenue generator at LAL. A breakdown of the GA activity components includes but is not limited to:

- ***Small GA:*** Small general aviation aircraft make up the majority of operational activity at LAL. Of the Airport's 201 based aircraft, 152 are single engine. While these aircraft do not consume large amounts of fuel, they do pay monthly rents for hangar space at the Airport.
- ***Flight Training:*** There are a number of flight training schools at LAL, including Polk State College, King Sky, Tailwheels Etc., and Wild Air Aviation. Large flight training schools at other airports in Florida have shown that high numbers of operations and

associated fueling, maintenance, etc. are generated by this type of activity.

- ***Sun 'n Fun:*** The Sun 'n Fun International Fly-in & Expo is an annual event that attracts thousands of aircraft and spectators to the Airport. In 2015, the event will be held April 21-26. However, The Sun 'n Fun complex is open year-round and is home to numerous attractions, such as the Aerospace Center for Excellence. The museum hosts educational programs and events, including aviation summer camps, Wings 'n Things, First Flights program, teacher workshops, and aircraft restoration.
- ***Corporate GA:*** LAL has 19 based jets and 24 multi-engine aircraft. Of the based jets, 14 are military jets and five are corporate/business jets. For purposes of increasing financial production, the attraction of more business aviation is desired. This would include the attraction of more itinerant jet traffic in the form of fractional jet operators, corporate jet operators, and business charters.
- ***Military Aviation:*** Draken International functions as a civilian contractor to military clientele. As such, it cannot be considered purely military or purely general aviation. However, as a for-profit organization based at LAL, Draken can attract military aviation operations to the Airport.

Potential Demand

Table 16 shows the potential demand for general aviation activity without any changes to current management policies or marketing efforts includes the following baseline forecast from the FAA's Terminal Area Forecasts (with adjustments):

Table 16 - Baseline Forecast of Based Aircraft and Operations

Forecast Indicator	2014	2015	2020	2025
Aircraft Operations	86,098	86,895	91,005	95,327
Based Aircraft	201	207	216	231

Source: FAA Terminal Area Forecasts (2014) for Operations. Based aircraft adjusted for actual growth.

Gains in activity over and above natural growth would be those that are generated by business planning, branding, and marketing strategies. Assumptions for the Intermodal Feasibility Study are that these strategies will be employed and that impacts to market segments will be made. The Recommended Plan will detail these strategies. However, for purposes of this forecasting effort, only brief descriptions of these methods are given in Table 17.

Table 17 - Impact of Revenue Enhancement Strategies on Potential GA Demand

Component	Strategy	Based Aircraft	Operations
Current Activity		201	86,098
Small GA	Develop new hangar space for rental purposes	40	10%
Flight School	Proactively seek international student base	10	20%
Sun 'n Fun	Encourage/cooperate with organization	5	5%
Attraction of Corporate and Business Aviation	Branding, marketing focus on growth of this component and increased market share in service area	10	3%
GA/Military	Additional growth of Draken International/military	5	<1%

Table 17 - Impact of Revenue Enhancement Strategies on Potential GA Demand			
Component	Strategy	Based Aircraft	Operations
Baseline Forecast Growth		30	11%
Additional Growth from Plan		**35**	**27%**
Total Activity - Year 2025		**266**	**121,100**

Needed Additional Facilities

The primary facilities needed to accommodate more general aviation demand are hangars at the Airport. In this regard, 65 new based aircraft within the next 10 years will require hangar space. It is estimated that up to 180,000 square feet of additional hangar space will be needed over the period. The Airport has only two vacant T-hangars and by the publishing date of this report, those will probably be rented. The FBO does have some conventional hangar space for rent and it is anticipated that an additional 20,000 square feet will be developed by Sheltair Aviation Services in the near future.

Subtracting the existing vacant and future additional plans for aircraft storage space, there is anticipated to be a firm need for 140,000 square feet over the next 10 years. This space could include between 40 and 55 T-hangars, and between 85,000 and 100,000 square feet of additional conventional hangar space (over and above Sheltair's proposed 20,000 square foot hangar).

Financial Factors

Revenue and expense factors associated with the development of new hangar space will have an impact on Airport financial production. Depending upon whether or not the Airport or private enterprise funds the construction of new hangars, the revenue streams will differ significantly. Initial discussions with Airport Management indicate that most of the new hangar development for aircraft storage will need to come from private funding sources. This means that the Airport will receive land lease revenues, with the reversion of hangar improvements at the expiration of the lease.

- ***Land Lease Revenues:*** Ground lease rates for new hangar facilities would likely range between $0.24 and $0.26 per square foot. For site-ready parcels, the rates would be $0.35 per square foot. The ground lease should include more land than just the building envelope. In some cases, an additional 15 to 25 percent is added to account for hangar apron and auto parking.
- ***Fuel Sales:*** The addition of new based aircraft brings new fuel sales. The fleet mix of new based aircraft determines the average fuel consumption for single engine, multi-engine, and jet aircraft. While individual utilization rates may differ, we estimate local airport fuel consumption to range as follows:
  - Single engine aircraft - 200 to 500 gallons annually
  - Multi-engine aircraft - 3,000 to 5,000 gallons annually
  - Jet aircraft - 25,000 to 45,000 gallons annually

Fuel flowage fees to the Airport can be estimated from total projected fuel sales. It should be noted that flight school aircraft averages are significantly higher than the above ranges.

Other financial factors associated with new based aircraft and activity include the need for additional aircraft maintenance services and the potential for City investment in public/private partnerships in hangar development. These and other impacts will be assessed in the Recommended Plan pro formas associated with this aviation demand segment.

5.5 Intermodal Activity

By definition, intermodal facilities gather many modes of transportation together and are strategically located to increase destination alternatives. Intermodal facilities can help to improve mobility for a city and a region. For LAL, this can mean rail-to-truck, air-to-truck, truck-to-air, and passenger car-to-airline aircraft. LAL air cargo activity and intermodal activity are inseparably joined by function. Except for passengers, there is very little air-to-rail transfer because of the nature and characteristics of goods shipped by air. Other modes of transportation include biking and pedestrian traffic, however, those are not a part of this analysis.

Potential Demand

As mentioned, the two areas of intermodal activity anticipated at LAL include air cargo and air passenger traffic. Although a rail spur is available, it is unlikely that it would be used in conjunction with air cargo activities. Each of these demand segments, as they relate to intermodal activity, will be addressed.

Air Cargo

Typically, air cargo characteristics at general aviation airports are lightweight, time-sensitive, and high value shipments. As described in Section 5.1, the potential air cargo demand for Lakeland would involve possible market penetration of the Miami International perishable cargo that is sourced from Central and South America. Currently, Miami International supports 62 scheduled freighter routes to South America. Fresh-cut flowers represent the primary perishable import, with approximately 32,000 boxes arriving per day.[4] After being sorted, stacked, and shrink wrapped onto wooden pallets, the flower shipments are loaded by forklift onto specialized trucks for transport to mass marketers and retail chains. There are approximately 35 trucking lines in Miami that specialize in flower transport, and utilize refrigerated trailers with temperature sensors to ensure flower preservation.

From an intermodal perspective, the use of specialized trucking capabilities is the necessary mode of transport for air cargo involving perishable goods. For LAL, market penetration into perishable air cargo would need to include Road Feeder Service (RFS) access to accommodate specialized trucking capabilities. In addition, refrigerated warehousing and agricultural inspection facilities would be needed to preserve cut flowers and other perishables when they are transloaded from air cargo pallets to trucking pallets.

[4] http://www.dot.state.fl.us/aviation/cargo.shtm

A Boeing 767-300 Freighter has almost 15,500 cubic feet of cargo space and can transport a payload of 58 tons more than 3,250 miles.[5] This is compared to a large 53-foot tractor-trailer which has roughly 4,000 cubic feet of air cargo space. Thus, if every inch of space were used in both the airplane and the tractor-trailer, there is a 1 to 4 ratio between them. However, given the different destinations and packing styles it would not be unusual for one B-767 to require up to six tractor-trailers for off-loading perishable goods.

Assuming 50 tons per flight, there will be 1,000 flights needed to reach the projected mid-range forecast of 50,000 tons. This translates into three air cargo flights per day, seven days per week. This number of flights translates into 18 trucks per day, seven days per week for an intermodal facility on the Airport. The long-range forecast of 100,000 tons would essentially double these facility needs.

Airline Passenger Intermodal Demand

Airline passenger intermodal demand refers to the number of cars needed to process air passengers through the terminal and to ground transportation mode. As described in Section 5.6, the forecast of 100,000 annual passengers translates into the need for 400 automobile parking spaces and an annual demand for upwards of 8,000 rental cars (22 cars per day average). While taxis, tour busses, and limousines may also be required, these ground transportation options would be in addition to the rental cars and auto parking spaces for local passengers leaving from LAL.

Rail Intermodal Demand

CSX operates two intermodal facilities in Central Florida. One is located in Tampa, and the other is located just 25.3 miles from LAL in Winter Haven. The north-south and east-west mainlines extend from the center of Polk County, with several switching yards available. The nearest rail spurs to the Airport are located north of Drane Field Road, in the Winston Railroad Yard along Wilkinson Road.

Using Miami International as an example, there are no transfers of perishable air cargo goods to rail from that airport. 100 percent of these perishable goods are transferred to trucks and shipped via highway transportation. Arguably, if there was any feasibility of the air-to-rail process, Miami International would be the one airport that could make it work because of the high air cargo volumes. Given this industry reality, no air-to-rail freight was forecast for LAL. While there may be a demand for ground-to-rail or rail-to-ground intermodal facilities, they would not have to be located at the Airport.

Needed Additional Facilities

For international air cargo, it was assumed that up to 50,000 square feet of building space could be needed by the end of the 10-year planning period. This need for space could double within the long range 20 year planning timeframe. Depending upon negotiations with various carriers and their interest, an introductory air cargo-intermodal building could consist of 20,000

[5] Source: http://www.boeing.com/boeing/commercial/767family/300f/300f_4.page

square feet. The facility would be laid out in such a manner that segmented additions could be constructed without interfering with ongoing operations.

For possible airline service, Section 5.6 points out that no additional passenger facilities are needed for the terminal, auto parking, or airline ramp. Existing facilities are adequate to accommodate more than 200,000 annual passengers.

Financial Factors

Financial factors for intermodal activity - passenger and air cargo - involve a number of issues. These include:

Air Cargo

Financial cost factors for intermodal feasibility involve the cost to equip the Airport to accommodate international air cargo involving perishable goods and the ability to accommodate 100,000 annual passenger enplanements associated with scheduled airline service.

Financial factors were previously discussed for the Air Cargo/Intermodal scenario associated with the initiation of international air cargo service. Conclusions from that analysis indicated the potential need for an air cargo/intermodal building, potential airfield modifications, and user fee costs for federal inspection. Offsetting these costs were the potential for new landing fees, facility leases, and increased fuel sales.

Possibly the biggest problem with international air cargo service is the issue of back cargo economics. Back cargo for LAL is defined as the outbound cargo that would serve international cities, most likely in Colombia and Ecuador. The success of an international air cargo operation depends on a balance of inbound and outbound tonnage in volumes sufficient to make a round-trip flight profitable and affordable for their customers. Without a well-established international outbound cargo hub, it may be difficult to attract carriers to LAL because of the economics.

Airline

Financial factors for new airline service include new costs and new revenue streams. From a cost perspective, the Airport will likely consider fee waivers and cash subsidies. Revenues associated with the initiation of airline service could be expected from the development of a Passenger Facility Charge (PFC) program, initiation of auto parking fees, additional rental car revenues, and new fuel sales. All of these items are described in detail later in Section 5.6 of this report.

The impacts of new air cargo and new airline service will be assessed in the Recommended Plan pro formas associated with the intermodal aviation demand segment.

5.6 Air Cargo Activity

LAL is ideally suited to undertake air cargo activity for a number of reasons:

- 8,500 foot runway length
- Logistics capabilities with freight forwarders
- Numerous trucking firms located on the I-4 Corridor
- Ability to develop facilities to accommodate perishable goods from international locations (Central America, South America, the Caribbean)

Currently, most international air cargo from Central and South America and the Caribbean goes through Miami International Airport (MIA). During 2012, MIA handled 84 percent of all air imports and 81 percent of all air exports between the U.S. and the Latin American/Caribbean region.[6] Because MIA acts as a transshipment location with a major portion of the goods being shipped beyond MIA, LAL could provide a benefit by having the ground and air transshipments marginally closer to other U.S. locations.

MIA has almost 3.5 million square feet of air cargo buildings for freight processing and all of the requisite Federal inspection and ancillary facilities. The Federal facilities include:

- ***Cargo Clearance Center:*** Centralized location for Federal Agencies providing one-stop clearance for documentation. It incorporates US Customs and Border Protection (CBP) Service Port Office, the Food and Drug Administration (FDA), and the Fish and Wild Life Service (FWS). In all, approximately 300 Federal inspectors work at this facility.
- ***Miami Plant Protection Quarantine Inspection Station:*** Plant Protection and Quarantine, a division of the Department of Agriculture, inspects imported plants and flowers which may contain pests or diseases not native to the United States. More cut flowers are cleared through MIA than through any other airport in the United States.
- ***Animal Plant Health Inspection Station (APHIS):*** All livestock and exotic animals entering and departing the United States are inspected and cared for by a U.S. Department of Agriculture (USDA) veterinarian. APHIS ensures that no diseased animals enter or depart the country.
- ***Fumigation Facility:*** This facility allows for on-airport pest control for commodities needing immediate fumigation. All fumigations are monitored by USDA/PPQ (Plant Protection and Quarantine).

Obviously, this level of capital investment for air cargo would not be duplicated at LAL. However, there could be a small market share penetration of the perishable international air cargo diverted to Lakeland without significant impact to MIA.

Hendry County officials have proposed the development of an all-cargo airport, west of Clewiston, FL. This facility, called Airglades International, would establish a supplemental air cargo trans-shipment center as a reliever to MIA. The concept calls for a 12,000 foot runway, extensive warehousing and refrigerated storage, along with truck and rail access. This facility

[6] Source: 2013 Comprehensive Annual Financial Report, Miami International Airport (Miami-Dade City) p. 12.

could cost upwards of $400 million if the concept is deemed feasible.

Instead of investing hundreds of millions of dollars in a new facility, it is believed that LAL could become a secondary international air cargo hub for one or more of the air cargo carriers serving MIA. Table 18 presents a number of candidate air cargo carriers that specialize in transporting perishable goods from Central and South America and the Caribbean to Miami International Airport.

Table 18 - Selected International Air Cargo Carriers and 2013 MIA Tonnage

Airline	Intl Arrival Tons	Intl Departure Tons	Total Tons	Description
LATAM Airlines Group	112,762	93,131	205,893	Latin American airline holding company registered in Las Condes, Santiago Metropolitan Region, Chile
Avianca Cargo (Tampa Cargo)	79,165	69,842	149,007	Based in Medellin Colombia. Transports mostly cut flowers to Miami.
Linea Aerea Carguera de Colombia	61,100	49,293	110,394	Based in Bogota Colombia, part of the LAN brand. Transports mostly cut flowers.
Amerijet International	44,914	57,381	102,295	Based in Ft. Lauderdale - serves Central and South America and the Caribbean
Centurion Air Cargo	52,954	47,370	100,324	Based at MIA - serves Latin America and the Caribbean, U.S., and other international destinations
Florida West International	43,457	34,886	78,343	Based at MIA - serves Latin America and the Caribbean
TAM Linhas Aereas SA	10,194	12,711	22,906	Brazilian (Sao Paulo) brand of LATAM Airlines Group
LAN Peru Airlines	14,274	6,134	20,408	Based in Lima Peru - Dominant airline in Peru
LAN Argentina	7,089	3,264	10,353	Affiliate of LAN, based in Buenos Aires, Argentina
TAB - Transporte Aero Boliviano	1,367	8,696	10,063	Cargo Carrier based in Cochabamba, Bolivia
Aerolineas Argentinas	4,032	4,846	8,878	Argentina's largest airline, based in Buenos Aires
Estafeta Carga Aerea SA de CV	3,397	3,146	6,543	Based in Mexico City - Air Cargo carrier
LAN Ecuador	4,150	2,129	6,280	Based in Guayaquil, Ecuador - passenger airline
LAN Colombia	2,893	1,191	4,084	2nd largest airline in Colombia, based in Bogota.
TOTALS	**441,748**	**394,021**	**835,769**	

While some of these carriers transport passengers, all have dedicated air cargo aircraft that transport perishable goods. Of these carriers, it is important to note that LAN Airlines and Centurion Airlines have their own cargo facilities at MIA. In 2014, LAN invested almost $24 million in a new maintenance facility that will serve as its Western Hemisphere fleet maintenance hangar. Centurion Airlines has a 550,000 square foot air cargo facility at MIA, one of the largest privately owned facilities in the U.S. Given these ties to MIA, it may be difficult to move these two carriers and their affiliates to LAL.

As shown in Table 18, the selected carriers transported 835,769 tons of cargo to and from MIA in 2013. This was roughly 40 percent of the total air cargo handled at MIA that year. If one

or more carriers could be persuaded to move their operation or even a portion of their operation to Lakeland, it could provide the demand for a successful launch of international air cargo service at the Airport.

Potential Demand

The potential air cargo demand for Lakeland would involve the market penetration of the Miami International perishable cargo that is sourced from Central and South America. This would be no easy task. The carriers in Table 18 are the ones primarily involved in that traffic. Given the uncertainty of how many carriers could be attracted to LAL, the potential demand projection considered a High-Medium-Low forecast. Facilities for these projections could simply use the High and Low ranges to establish parameters for analysis.

Because it is unlikely that the LATAM airlines will send significant amounts of their cargo to LAL, the focus of the analysis was directed toward other possible carriers. This is not to infer that LATAM is off limits for marketing efforts - as they may decide to send a portion of their perishables to LAL if conditions warrant. However, for forecasting purposes, it was assumed that a carrier like Amerijet International would represent the High forecast, while a carrier such as TAB - Transporte Aero Boliviano - would represent the low forecast amount.

With these extremes, the High potential cargo forecast would be 100,000 tons, while the low would be 10,000 tons. The mid-range forecasts would fall in the 50,000 ton quantity. Although these forecast ranges are significant, they do represent the uncertain possibilities associated with this market. It is believed that these numbers are conservative in light of other proposed air cargo airport options such as the one in Hendry County.

Facility Needs

The Airports Council International - North America (ACI-NA) released planning guidelines for air cargo facilities in 2014.[7] That publication indicated that there is considerable variability in the utilization rates in facilities depending on a number of factors including but not limited to:

- Amount and type of cargo facilities needed at an airport
- Whether the airport serves as a cargo hub
- The type of cargo to be moved
- The characteristics of the cargo operators
- The average length of dwell time

Utilization rates are measured by tonnage per square footage. The average utilization rate for small airports is approximately 0.5 tons per square foot while the utilization rate at large airports is frequently in excess of 1.0 tons per square foot. This implies there is some level of critical mass regardless of volume. The ACI-NA publications stress that facility planning for any airport needs to consider both the utilization rates at comparable airports and input from the carriers

[7] Source: http://www.aci-na.org/sites/default/files/chapter_4_-_air_cargo_facility_analysis.pdf

before determining the rate for long-term facility requirements. For this analysis, a utilization rate of one ton per square foot was used as a macro benchmark at LAL, subject to later changes if necessary.

Given the uncertainty for the demand that could be attracted, it was assumed that up to 50,000 square feet of building space could be needed by the end of the 10-year planning period. This need for space could double within the long range 20 year planning timeframe. Depending upon negotiations with various carriers and their interest, an introductory air cargo-intermodal building would consist of 20,000 square feet. The facility would be laid out in such a manner that segmented additions could be constructed without interfering with ongoing operations.

U.S. Customs

Similar to Miami International, LAL would require Federal Inspection Services (FIS) facilities for arriving air cargo flights. In addition to these facilities, staffing by the requisite agencies would also be required. Until the Airport is designated an international port of entry, it must pay for these services as a user fee airport.

At the beginning of air cargo service, LAL will be a user fee airport. Designated user fee airports are functionally equivalent to ports of entry. The major difference between the two is workload criteria and financial responsibility for services. Communities who desire CBP services at their airports, but do not meet the workload requirements for a port of entry, may still receive the services if they meet three criteria:

- The volume or value of business at the airport is insufficient to justify the availability of CBP service at such airport on a non-reimbursable basis,
- The Governor of the State in which such airport is located approved such designation in writing to the Commissioner of Customs and Border Protection,
- The Community (or airport authority) agrees to reimburse Customs and Border Protection for all costs associated with the services, including all expenses of staffing a minimum of one full-time officer.

Financial Factors

Financial cost factors associated with the initiation of international air cargo service involve three primary areas:

- ***Air Cargo/Intermodal Building Development:*** To accommodate new international traffic, an air cargo building with FIS facilities would need to be constructed. The overall size of the facility will depend upon the carrier, the annual air cargo tonnage, and the required FIS facilities and offices. The cost of these facilities would have to be borne locally or through an economic development grant from the State of Florida (or some combination of the two). For purposes of this analysis, a 50,000 square foot facility was assumed for the pro forma. The air cargo building itself is estimated to cost roughly $16.4 million.
- ***Airfield Modifications:*** To fully accommodate wide-body aircraft, some modifications of

taxiways, aprons, and other airfield items must be made. It is estimated that these modifications would require roughly $3-5 million, but would all be eligible for Federal and State funding.

- ***User Fee Airport Costs:*** Discussions with CBP representatives in Tampa indicate that LAL would require at least five agents (two CBP agents and three USDA-APHIS inspectors). As a user fee airport, total cost of these agents and inspectors is estimated at $750,000 per year. After the first year of successful service, the Airport may use its record to request Port of Entry status, which would eliminate the local cost of federal agents.

Revenue factors associated with the potential international air cargo operations include the following:

- ***Landing Fees:*** Because of the stress to runway pavements that is caused by heavy aircraft, airports often charge landing fees. These fees would extend only to commercial airline users and not general aviation traffic. Most landing fees are calculated on a cost basis and serve to reimburse the airport for maintenance and improvement of the airfield. As an example, a $1 per thousand pound landing fee for a B-767 300ER freighter would yield $408, based on maximum takeoff weight of 408,000 pounds.
- ***Fuel Sales:*** A B-767 has a fueling capacity of 23,980 gallons. Assuming a 23,000 gallon purchase with a reduced flowage fee of 4.0 cents per gallon, yields $920 that could be earned each sale.

Revenue and expense pro formas associated with the initiation of potential international air cargo service at LAL will be analyzed in the Recommended Plan.

Back Cargo

One aspect of the international air cargo business that Miami International has solved but others airports struggle with, involves back cargo. Back cargo for LAL is defined as the outbound cargo that would serve international cities in South America and the Caribbean. The success of an international air cargo operation depends on a balance of inbound and outbound tonnage in volumes sufficient to make a round-trip flight profitable and affordable for their customers. Without a well-established international outbound cargo hub, it may be difficult to attract carriers to LAL because of the route economics.

For Miami International, back cargo is not a problem. A total of 59 percent of MIA's total international tonnage actually originates or is cleared at the Airport. The remainder, 41 percent of all goods handled at MIA, is shipped in transit from one country to another. Because outbound international cargo is roughly a 45 percent - 55 percent split with inbound cargo, this means that about 27 percent of all outbound international air cargo originates at the airport. MIA generates about 200,000 annual air cargo truck trips. Using the 45/55 percent outbound/inbound split, along with the statistic that 87 percent of all air cargo operations at MIA are international, it can be assumed that 78,000 of these truck trips could be for outbound international air cargo purposes.[8]

[8] Source: Miami International Airport Cargo Hub 2013-2014 Brochure, Miami-Dade Aviation Department.

5.7 Non-Aviation Property Development

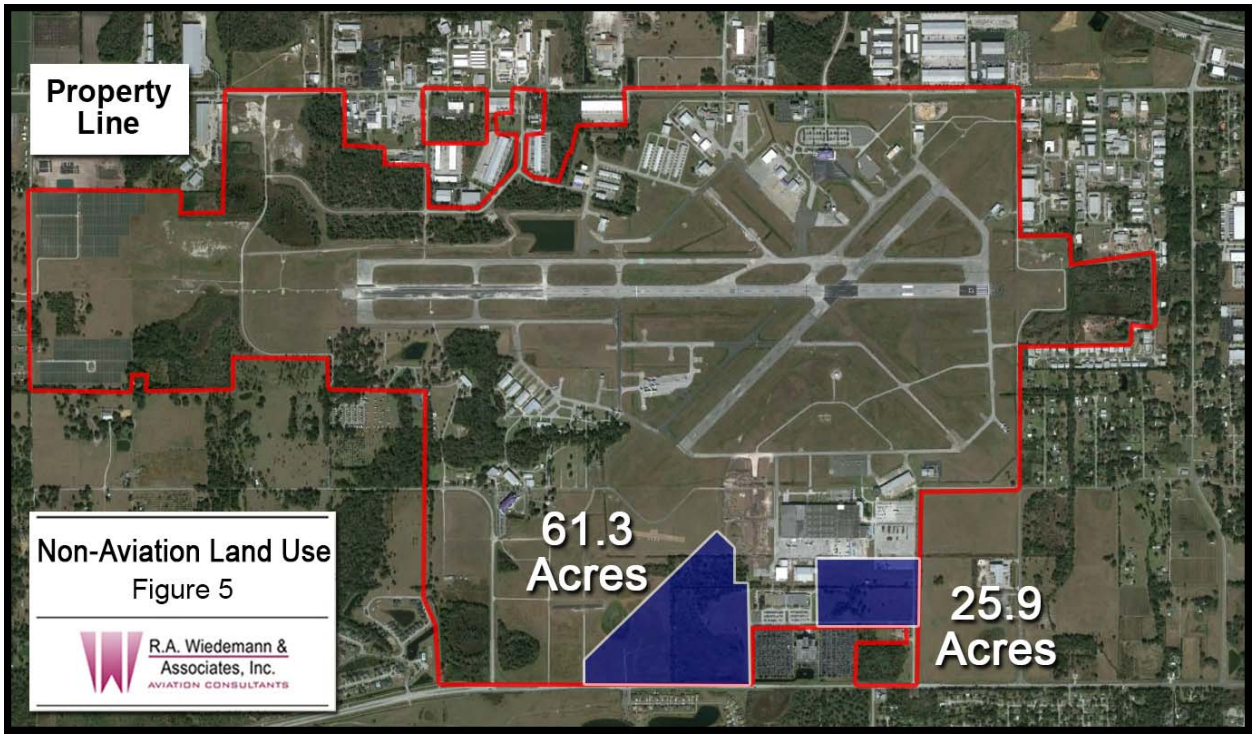
For purposes of this Intermodal Study, non-aviation land use describes areas without airfield access. For these areas, development possibilities should consist of appropriate entities that are compatible with an airport environment. Industrial development (manufacturing, warehousing, distribution, assembly, or production activity) is considered highly compatible for non-aviation airport property development, partially due to the capability of these entities to absorb the noise impacts from airport activity. Commercial/Retail development (office buildings, commerce parks, restaurants, franchise and specialty goods outlets) are also considered compatible development for airport activities, although these areas are impacted more by airport-related noise than industrial development due mostly to the human activities there.

Non-compatible development would include anything characterized as a residential area. This includes homes, schools, churches, community centers, recreation/sports facilities, daycare centers, nursing and assisted living facilities, and other uses that are generally enjoyed as quality-of-life-enhancing amenities. These areas are the least compatible with airport-related noise because people live and sleep in these buildings. In addition, safety concerns for both property owners and airport users should limit the amount of residential land use in the near-airport approach areas.

Developable Land

LAL covers a total area of 1,710 acres, and is surrounded by a mixture of residential, agricultural, and business park property types. For land classified as non-aviation use, there are two areas on the south side of the Airport available for development. Figure 5 depicts the Airport's property boundary, and presents a graphic illustration of the areas available for non-aviation development. On the southwest side of the Airport, the 61.3-acre site extending along West Pipkin Road, between the west side of Aviation Drive and the Building Restriction Line for RWY 9/27, is currently un-leased and available for development. This property is adjacent to the GEICO regional offices, and offers access to West Pipkin Road.

The southeastern property area consists of a 25.9-acre site that runs along Airside Center Drive and the northern side of Aviation Drive. This property is adjacent to Polk State College and north of the GEICO property. To the east, this property is adjacent to the planned Airport Commerce Park development that is set to occupy 108 acres across Airside Center Drive. In total, there are 87.2 acres of non-aviation land use developable property at LAL. To determine the potential schedule and types of development, local market conditions were considered. This included an examination of commercial building vacancy rates, industrial park land absorption rates, and recent economic development in the local market in terms of building space expansion and new construction.



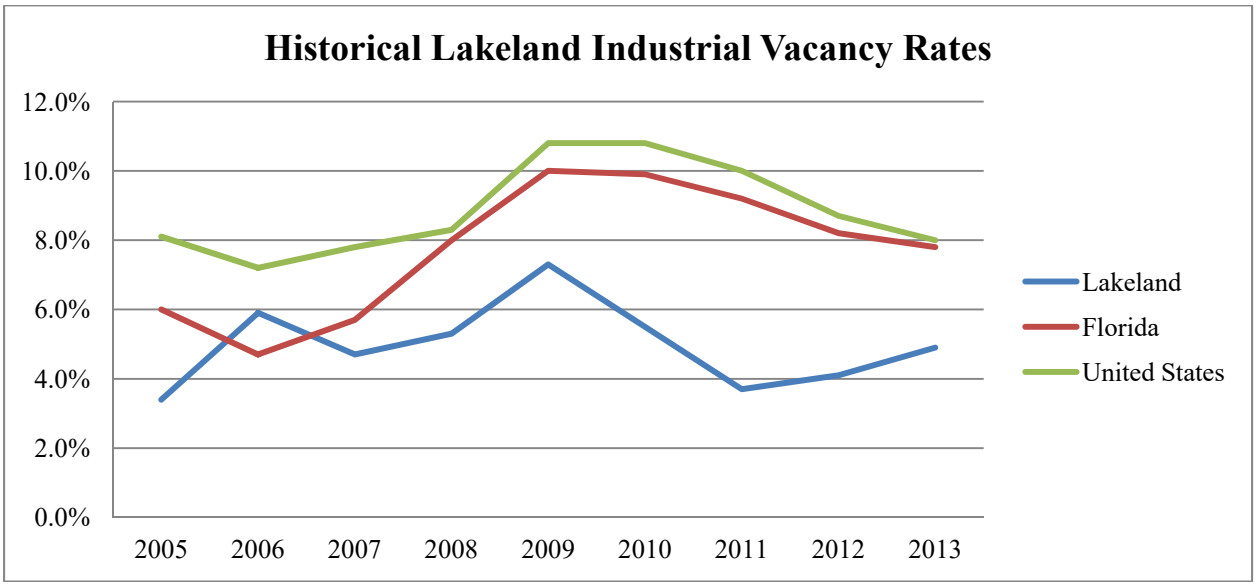
Vacancy Rates and Land Absorption

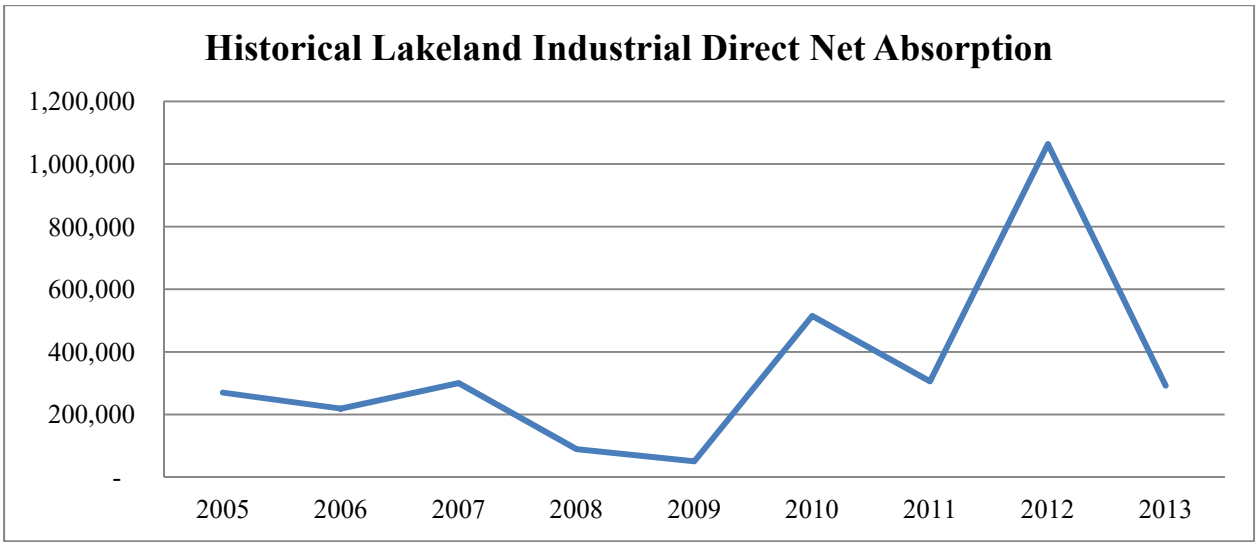
The vacancy rate is the percentage of all available units within a given area, and is the opposite of the occupancy rate. High vacancy rates indicate that an area is not renting or leasing property well, whereas a low vacancy rate indicates a high level of occupancy of available space. The absorption rate of a specific area refers to the total change in occupied space over a given period of time. In order to create a schedule outlining possible future development for LAL, it is important to take note of the area's market conditions to assess the demand for developable property. In a healthy real estate market, demand for leased property will be higher than areas undergoing a market contraction in real estate.

Market Conditions

The Lakeland commercial real estate market is predominantly based on industrial land use, including warehouse/distribution, office/service center, and manufacturing space. As such, developable non-aviation land use on the Airport would most likely focus on these compatible market segments. Analysis of this market yielded the following results[9]:

9: http://www.lakelandedc.com/RealEstate/QuarterlyMarketReports.aspx





As shown, the historical industrial vacancy rate in Lakeland has been considerably lower than the national average vacancy rate. With the exception of 2006, Lakeland has had a much lower rate than the statewide vacancy average as well. This indicates that high levels of occupancy within the local industrial market is likely to prioritize development and expansion of building infrastructure space in the Lakeland area. In addition, the total industrial net absorption in Lakeland has remained positive since 2005, indicating that available space for industrial land use has constantly increased, even through the 2008 economic downturn. Net absorption is equal to the amount of space occupied at the end of a period minus the amount occupied at the beginning of a period and takes into consideration space vacated during the period. Combined with the with the low vacancy rate, it can be inferred that this positive absorption is the result of economic growth in the area, with new firms entering the market and/or existing firms growing and expanding.

Recent Economic Expansion

At the beginning of 2014, a number of firms provided projections of activity for the year. There were seven firms projected to enter the Lakeland market area, and 13 established Lakeland firms planning expanded existing operations. Tables 19 and 20 show this development, along with the square footage of added facilities, added jobs, and investment amounts[10].

Table 19 - Lakeland 2014 New Industry Development

Business	*Sq. Ft.*	*New Jobs*	*Investment*
Amazon	1,016,116	385	$102,000,000
RMS Inc.	22,500	10	
Belacon	18,000		
MESM	13,500		
Atosa Catering Equipment	10,000	5	$150,000
Cimma Recycling	7,500		
A Chair Affair	7,200		
Total	**1,094,816**	**400**	**$102,150,000**

Table 20: Lakeland 2014 Existing Industry Development

Business	*Sq. Ft.*	*New Jobs*	*Investment*
WellDyne	60,000		
Premiere Transportation	37,000		
Saddle Creek Logistics	34,000	150	$2,500,000
MaxPak	32,000	10	$150,000
Publix Bakery Expansion	0		$16,000,000
Pepperidge Farm	0		$7,000,000
SteriPack	0	0	$3,850,000
MissionFoods	0		$3,400,000
Nsoro	15,000		
Sun State Chemical	11,400		
Southeast Pets	12,000		
Gorin Cockrell McCoy	10,000		
Alta Quip	9,600		
Total	**221,000**	**276,771**	$32,900,000

These 20 major firms either newly entering the Lakeland market or expanding current business operations added a total of 1,315,816 square footage of commercial building space, 560 additional jobs, and $135,050,000 in investment to the area. Because some firms did not supply complete data on investment, jobs, and square footage for each firm, the totals reflect a lesser amount than actually exists.

10 http://www.lakelandedc.com/RealEstate/DevelopmentActivity.aspx

Planned Projects and New Construction

A key indicator of economic growth, and a way to gauge the level of demand for development at LAL, is to look at the planned projects and new construction in the area. While citywide data is an important indicator of economic health, it is also necessary to examine the real estate market specific to LAL. For this study, the area within a five-mile radius of the Airport was examined. Table 21 presents a list of upcoming development projects in order of building size, and Figure 6 shows a graphic illustration of the planned sites from a geographical perspective.

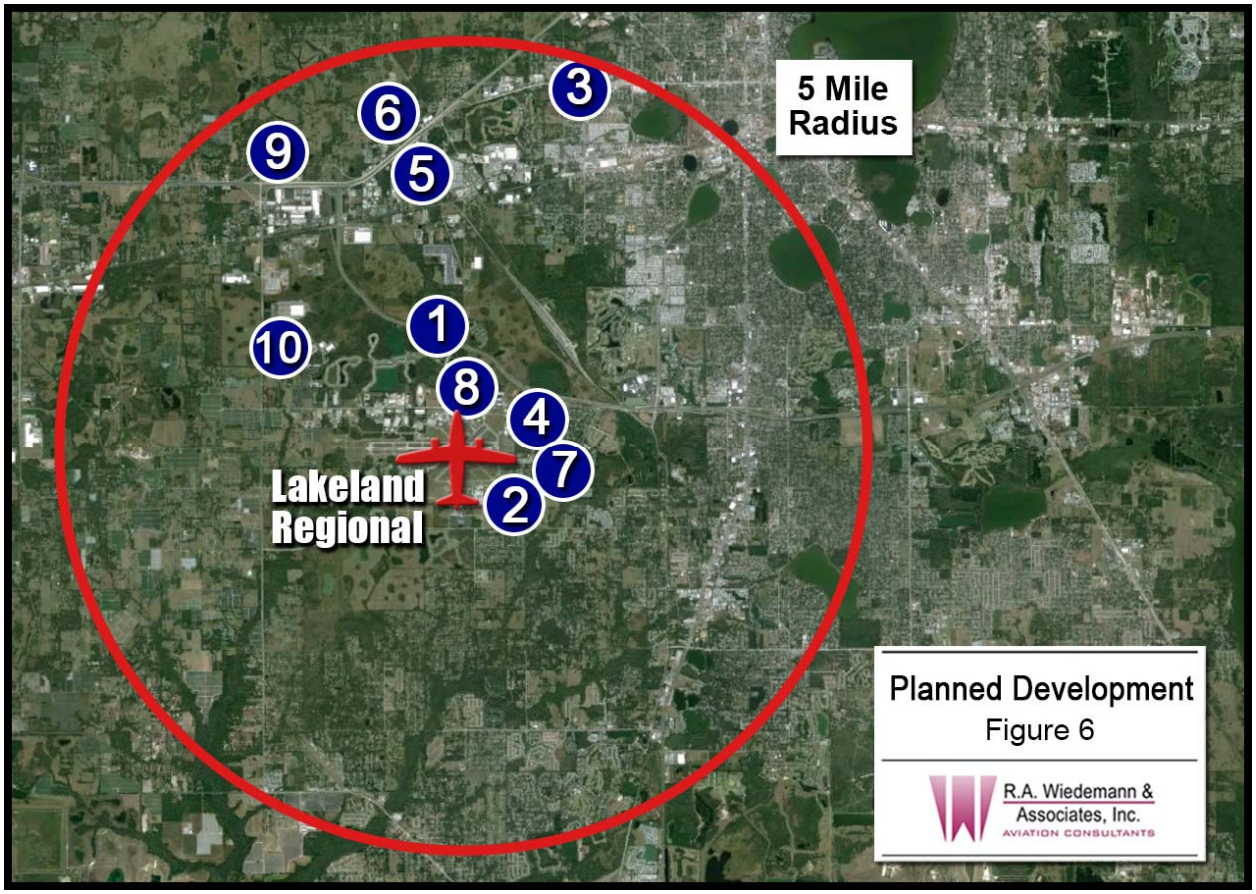
Table 21 - Planned Development Within a 5 Mile Radius of LAL

Identifier	*Project Name*	*Building Sq. Ft.*	*Distance From LAL(miles)*
1	Lakeland Central Park	1,400,000	>1
2	Airport Commerce Park	1,000,000	>1
3	Lakeland Logistics Center	650,000	4.7
4	Ruthven Parkway Center	437,060	> 1
5	Interstate Commerce Park	400,000	3.6
6	Frontage Road Business Center	300,000	3.7
7	Parkway Corporate Center	125,392	>1
8	Airport Commerce Park	115,800	>1
9	Eagles Landing Business Park	60,000	4.1
10	Ruthven on County Line	50,000	1.5

As shown, there are 10 commercial properties planned within a five-mile radius of LAL, representing a total of 4,538,252 square feet of future commercial building space. (This equates to more than 104 acres of building space and does not include the other land needed for access, parking, compensation for impervious surfaces, etc., which could be more than two or three times the amount of actual building space.) Five of the planned properties are within one mile of the Airport, four of which are directly adjacent to Airport property. These developments indicate a healthy demand for new leased property in the area.

Development Schedule

Given the healthy economic climate surrounding the real estate development nearby the Airport, and also for Lakeland as a whole, it is reasonable to assume an absorption rate at LAL between 40 and 50 percent over the next 10 years. While this development would likely come in fits and spurts, the overall infilling of available property would rely to a degree on its packaging and promotion in the marketplace. Assuming that the Airport did not have specific targets, a total of 40 acres of the 87.2 acres of non-aviation land could reasonably be commercially or industrially developed normally without special efforts over the next 10 year. However, if a target list of companies that required some aviation connection was desired, it would likely take longer to develop the area. On the other hand, if the area was promoted or assigned to a developer, it could be possible to develop the entire area within the planning timeframe.



Development Process

Depending upon the approach desired by the City and Airport, the development process could take one of two basic approaches. These include self marketing and turnkey developer operation.

Self-Marketing Approach or Turnkey Developer Operation

If the City desires to lease space on the Airport without third party developer assistance, the traditional route would be to engage a commercial real estate broker and advertise with on-site signage and Internet placements on the City's webpage and Airport website. The second general option is for the City to retain a developer, who would then prepare and develop the property.

The Recommended Plan will examine each of these options and identify revenue streams to the Airport that would be possible under each scenario.

6. RECOMMENDED PLAN

THE RECOMMENDED PLAN FOR THE INTERMODAL FEASIBILITY Study for Lakeland Linder Regional Airport identifies the component parts of the plan, the reasons why it should be undertaken, and the action steps needed to get it done.

6.1 Airline Service

Airline service at LAL is recommended for the following reasons:

- It has the highest potential to generate revenues of the various scenarios considered.
  - In 10 years, this activity has the potential to generate net revenues of $3.4 million or more annually.
- It increases the utilization of the Airport and its asset base.
  - Return on Assets (ROA) could be boosted by 1.8 percent, which is almost double its existing ROA.
- It provides convenience for air travelers in Central Florida.
  - Polk County generates more than 3,500 air passengers per day, many of which could be served locally. These air travelers are spending money at other nearby airports on parking, car rentals, hotel fees, etc., which could be spent locally.

Steps needed to implement airline service include the following:

1. Secure Funding for Revenue Guarantees: From an availability standpoint, the first priority should be to attempt SCASDP funding in 2015. This will require that the City identify some type of local matching funds

2. Targeted Airline Service Points: These include Atlanta, Charlotte, or New York City. Desired carriers serving these points include Delta, US Airways/American, and JetBlue. Other desired carriers with limited potential to serve Lakeland include Allegiant Air, Spirit, and Frontier - all considered ultra low cost carriers. From an international standpoint, passenger and air cargo airline service from South America, Latin America, and the Caribbean is desired as well. Airport Management is attending the 2015 Routes conference in hopes of making contacts with LAN and other foreign carriers.

3. Air Service Consultant: The City will need an air service consultant to market the incentives to the airlines.

If this process is successful in attracting a new airline to Lakeland, there are a number of other implementation steps that are needed:

4. TSA Coordination: Once airline service is secured, the Airport can work with the Transportation Security Administration (TSA) and local law enforcement to ensure that the airline schedule is covered by adequate security screening.

5. Structure Airline Lease Agreement: If discounts or fee waivers are included, there should be a clear understanding of when these incentives will end. Often, incentives for start-up service may include "free" use of the terminal space for a set time period or until the service becomes profitable for the airline.

6. Institute Passenger Facility Charge (PFC) Program: Once airline service is established, the City should institute a PFC program using the maximum permitted passenger facility charge (currently $4.50 per enplaned passenger).

7. Increase Rental Car Presence at the Airport: With a forecast need of more than 8,000 cars per year, the City will need to attract an on-site rental car agency with ready rental cars in the parking area. One or two car rental agencies with counters inside the terminal would be beneficial to incoming air travelers.

8. Auto Parking Fees: As an incentive for air passengers, free parking is important. Thus, the Airport may plan to continue with free parking until the airline service is securely established. At that point (probably concurrent with the start up of terminal rents) auto parking fees should be initiated.

9. Other Airport Concessions Revenue: The City should seek other concessionaires to locate in the terminal building such as a newsstand, gift shop, or in-terminal advertising.

Appendix C presents a summary of the potential revenues and expenses associated with the start of airline service and other revenue initiatives at LAL.

6.2 U.S. Customs and Border Protection

It is recommended that the Airport secure U.S. Customs and Border Protection services for general aviation activity in the near term. Reasons for this move include the following:

- CBP Services would permit international flights to clear Customs at the Airport.
- Fuel sales from these flights are significant and would increase overall revenues to the Airport.
- It would permit marketing flexibility for Sheltair to increase their reach and clientele.
- It would broaden the Airport brand and permit renaming of the Airport to include "International" in the title.
- The changing brand could ultimately lead to scheduled international flights - passenger and/or air cargo.

Steps needed to implement CBP services at the Airport include:

1. Coordination with CBP in Tampa: Discussions on becoming a User Fee Airport need to occur with CBP personnel in Tampa. The Tampa office will connect City/Airport representatives with the right federal offices to accomplish this.

2. Secure Funding for CBP Personnel: The City should expect to fund at least $150,000-$175,000 for the first year of CBP service.

3. Prepare Airport Facilities Required by CBP: Federal Inspection Services (FIS) facilities are already being readied for CBP on the south side of the Airport.

6.3 MRO Activity

LAL has a significant MRO base today. However, that base has the potential to grow and to accommodate larger companies and larger aircraft. Reasons for attracting more MRO activity include:

- The ability to develop a cluster industry at the Airport that can gain national/international recognition. This places the Airport in a better competitive position to attract maintenance or manufacturing opportunities such as the new Embraer facility at Melbourne, etc.
- The Airport can benefit financially through lease agreements for building space. Net increases in revenues for MRO activity for the planned 75,000 square foot hangar building have been estimated to total more than $187,000 annually in 10 years. In addition, land leases to third party developers yielding $0.35/square foot can be obtained.
- MRO's create large numbers of jobs, which will support the local economy.

Steps needed to increase MRO activity at LAL include:

1. MRO Marketing: Work with the Governor's Office of Tourism, Trade, and Economic Development (GOTTED) and the local economic development agencies (Central Florida Regional Planning Council, the Lakeland Chamber of Commerce, and the Lakeland Economic Development Council).

2. Direct Mail: In addition to leads from the GOTTED, the City may desire a direct-mail approach for MROs. This campaign should be directed to the 400 companies on the targeted MRO list. Mailings could be repeated once a month for 12 months.

3. Retain Business Builder/Consultant: If the self-marketing approach does not work or is not working as fast as desired, the City may want to retain an MRO marketing consultant. These consultants have contacts within the MRO industry as a means of attracting those firms to base at their facilities.

4. Continue Hangar Construction for MRO Facilities: Funding from FDOT for continued hangar development is critical to the growth of the MRO presence at LAL. Figure 7 presents potential plans for MRO and Air Cargo facilities.

6.4 General Aviation and Military Activity Increases

The current primary business of LAL is general aviation, with some military activity from Draken International. Therefore strategies to increase this segment of the business carry

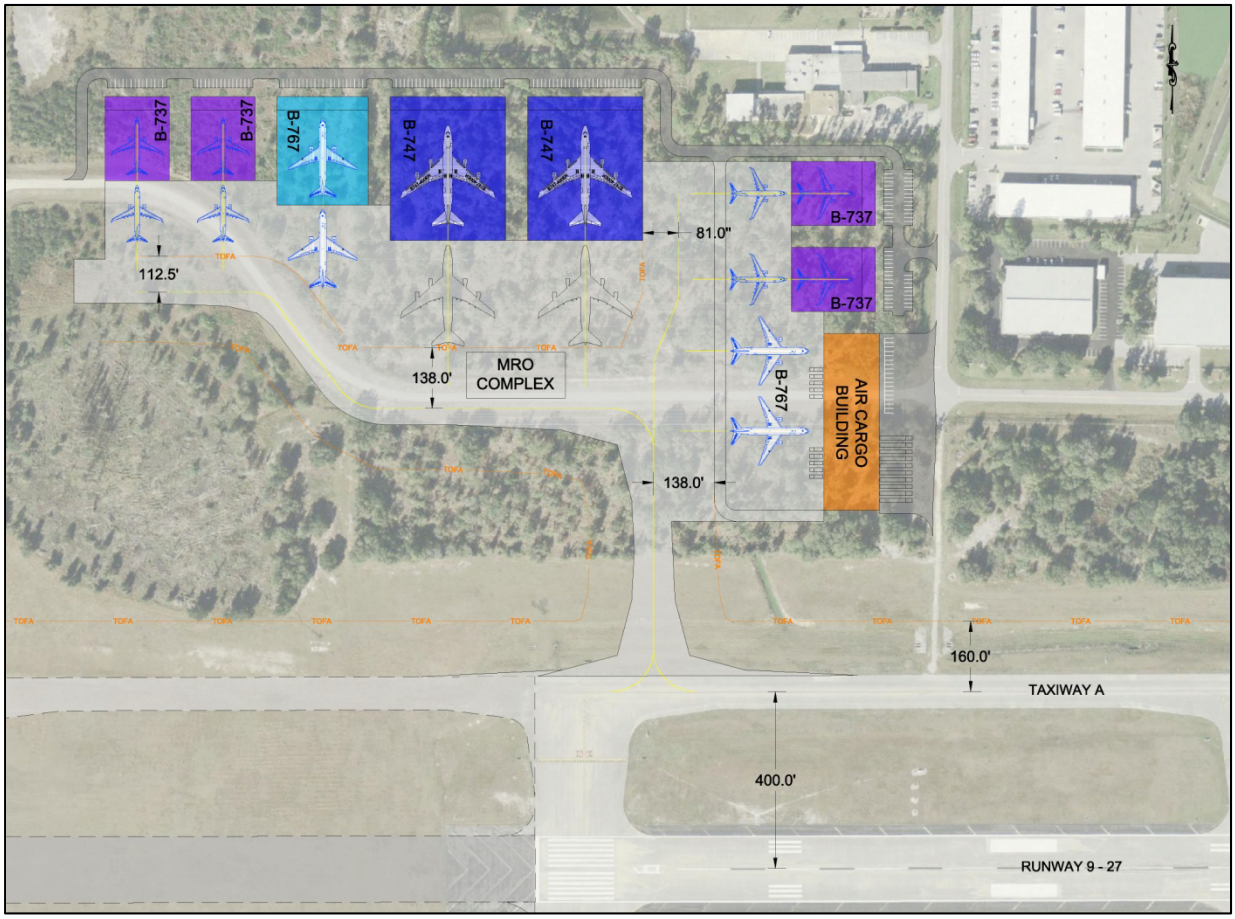


Figure 7 - ***Conceptual Plan for MRO and Air Cargo Facilities***

weight in increasing overall Airport revenues. Simple incremental increases in these segments will add $113,800 annually to forecast baseline operating revenues within 10 years. There are a number of components that make up this segment, including:

- Small GA
- Flight Training
- Sun 'n Fun
- Corporate GA
- Military Aviation

In addition, general aviation tourism was added to this list for the Recommended Plan. Strategies for each of these components are discussed below.

Small GA

Of the Airport's 201 based aircraft, 152 are single engine. While these small users are not the largest revenue source, they do pay rent, buy fuel, and support the traffic counts that justify the Air Traffic Control Tower. Therefore, it is recommended that:

1. Private Development of T-Hangar Space: The Airport should seek private development of 55 new T-hangars. Reversion clauses in ground lease agreements will ensure that the Airport ultimately owns all of the hangars.

Flight Training

Flight training schools at LAL generate significantly higher numbers of operations per based aircraft than do non-commercial based aircraft. This is very important for the following reasons:

- High operational counts justify the Air Traffic Control Tower.
- Fuel consumption and maintenance purchases are higher for this segment of traffic compared to non-commercial based aircraft.

1. Proactively Seek International Flight Student Base: The Airport should initiate discussions with Tailwheels, Etc. and either Polk State College or CFAA to determine the potential for a successful international flight school curriculum.

Sun 'n Fun

Sun 'n Fun creates an economic impact of roughly $64 million each year on the Central Florida I-4 Corridor. Airport Management is doing an outstanding job in facilitating the Sun 'n Fun program and no additional recommendations are warranted.

Corporate GA

Corporate/business aviation provides a higher source of revenue to airports than recreational general aviation. Reasons to grow this segment at LAL include:

- Corporate and business aviation have the greatest promise for increasing fuel sales, potential maintenance activity, and aircraft storage revenues.
- Total incremental revenues attributable to corporate and business aviation in the recommended plan are projected to reach $58,900 within 10 years.
- LAL has 19 based jets and 24 multi-engine aircraft. Of the based jets, 14 are military jets and five are corporate/business jets.

For LAL, the primary location and direction of based business jets is shown as follows:

- Tampa International Airport 34 Based Jets
- Peter O Knight Airport 2 Based Jet
- Winter Haven's Gilbert Airport 2 Based Jets
- Other Airports 3 Based Jets

In addition, itinerant aircraft would be attracted because of local business reasons, but also for maintenance or other aircraft-specific services provided at LAL.

A four-step strategy is recommended for increasing corporate aviation:

1. Marketing at Industry Conferences: Continue to attend and advertise at NBAA and other industry conferences.

2. Continue to Develop Corporate Hangar Space: Current plans for Sheltair include a 20,000 square foot facility within the next two years. There is a need for between 85,000 and 100,000 square feet of additional conventional hangar space for aircraft storage (over and above Sheltair's proposed 20,000 square foot hangar). FDOT grants for 50 percent (Economic Development) or 100 percent (Strategic Airport Investment Projects) should be sought.

3. Other Marketing: Market corporate aviation via direct mail, Internet, personal contact. In addition, establish outreach to fractional jet companies. Some of the largest and most recognized fractional jet companies are shown in Table 22:

Table 22 - Notable Fractional Jet Companies

Company	Address/Phone	Number of Aircraft
NetJets (Direction Aviation Capital owned)	4111 Bridgeway Ave., Columbus, OH 43219-1882 / 614-239-5500	650
FlightOptions (Direction Aviation Capital owned)	26180 Curtiss-Wright Parkway, Cleveland, Ohio 44143 / 877-703-2348	100
Flexjet	3400 Waterview Parkway #400, Richardson, TX 75080 / 972-720-2400	130
Delta Private Jets	Cincinnati/Northern Kentucky International Airport, 82 Comair Blvd, Erlanger, KY 41018 / 800-927-0927	1,000
JetSuite	18952 MacArthur Blvd, Suite 200 Irvine, CA 92612/ 866-779-7770	21
The Company Jet (Northern Jet Management)	5500 44th Street SE, Grand Rapids, MI 49512 / 800-462-7709	10

CitationAir and Avantair, once significant players, are no longer providing these services. Other notable fractional aircraft companies that specialize in propeller aircraft (do not have jets) include PlaneSense and AirShares Elite. A new entrant, Wheels Up, provides both jet and propeller aircraft.

Military Activity

Draken International represents a crossover general aviation-military aviation operation. With over 50 jets, Draken International operates the largest fleet of privately owned tactical aircraft in the world. Although contact was attempted as a part of this intermodal feasibility study, no response was obtained.

1. Business Model Support: It is recommended that Airport Management continue to reach out to Draken to determine whether or not new hangar space on the Airport will be needed to fulfill military missions.

General Aviation Tourism

Competitors for general aviation tourism in the area include Kissimmee Gateway Airport, Leesburg International Airport, Orlando Executive, and Tampa Executive. Of course, there are the large airline airports and many other smaller facilities or facilities that are not as geographically positioned to compete that are not included in this list. Reasons to market this segment of demand include:

- Tourism is Central Florida's number one industry, capturing an estimated $57 billion per year.
- A fraction of a percentage point of this segment can yield millions of dollars in the air travel market.
- Itinerant general aviation activity will help LAL reach the goal of 75,000 itinerant aircraft operations, thereby becoming eligible to be included in Florida's Strategic Intermodal System.

1. Website Links: It is recommended that the Airport seek to establish links to its website or direct mentions on the various resort websites. For example, the Legoland Florida website has a page, "Know Before You Go" where information about the Park, its location, driving directions, etc. are presented. The City/Airport should work with the Lakeland Chamber of Commerce and each of the area theme parks to include the Airport on their websites.

6.5 Intermodal Activity

For purpose of this analysis, intermodal activity refers to air/ground transfers of airline passengers and international air cargo at LAL. Airline activity has already been discussed. Thus, this section focuses on international air cargo.

The potential attraction of international air cargo is important to LAL for the following reasons:

- Potential net revenue from an intermediate sized operation at LAL (50,000 tons annually), has been estimated to total $1,086,800 annually.
- The development of international air cargo, with U.S. Customs clearance services could pave the way for international air passenger service from constituent countries.
- The operation would require the development of an intermodal air cargo facility at LAL. This facility could also be used for domestic air freight operations.

In order to realize that demand, a number of action steps must be taken, including the following:

1. Market International Air Cargo Carriers: The City should work with the State of Florida to contact airlines and foreign trade representatives from countries exporting perishable goods to the U.S. Many of these representatives are located in local consulates in Miami, Florida. Table 23 presents a summary of relevant names and contact information.

Table 23 - Consulates in Miami, FL		
Chile	Contact : Samuel Fernandez, Consul General Phone : (305) 373 8623	800 Brickell Avenue Suite 1230 Miami, FL, 33131
Columbia	Contact: Martha Jaramillo Phone: 305.441.1235	280 Aragon Avenue Coral Gables, FL 33134
Brazil	Hélio Vitor Ramos Filho, Consul General Phone: (305) 285 6200	80 SW 8th Street 26th Floor Miami, FL 33130-3004
Peru	Phone: (305) 374-1305 Phone: (786) 347.2420	444 Brickell Avenue Suite M-135 Miami, FL 33131
Argentina	Francisco José Miguel TALENTO CUTRIN, CÓNSUL GENERAL Phone: (305) 373-1889	1101 Brickell Ave., North Tower, Suite 900 Miami FL 33131
Boliva	Mrs Natalia Cinthya Campero Romero, Consul General (305) 358-6303/04	700 S. Royal Poinciana Boulevard Suite 505, Miami Springs, FL. 33166
Mexico	Mr Juan Miguel Gutiérrez Tinoco, Consul General (786) 268-4900	1399 S.W. 1st. Avenue Miami, Florida 33130
Ecuador	Mr Eduardo Rivadeneira Baquerizo, Consul General Phone (305) 539-8124	117 NW 42nd Ave. Miami, FL 33126

2. Develop Plans and Funding Sources for an Intermodal Cargo Facility: The City should develop preliminary plans and costs for the construction of an intermodal facility. Funding sources should then be sought. Rough estimates show the need for a 50,000 square foot facility at $13.4 million.

3. Coordinate with U.S. Customs and Border Patrol and other Federal Inspection Teams: For air cargo inspection, discussions with CBP representatives indicate that LAL would require at least five agents (two CBP agents and three USDA-APHIS inspectors). As a user fee airport, total cost of these agents and inspectors is estimated at $750,000 per year. After the first year of successful service, the Airport may use its record to request Port of Entry status, which would eliminate the local cost of federal agents.

4. Airfield Modification: To accommodate larger air cargo aircraft, certain airfield modifications will be needed. These have been estimated to cost roughly $2.3 million. The sponsor's local share would normally be $230,000.

5. Develop a Solution to Back Cargo Issues: A proactive, in-depth process must be undertaken from the beginning to determine the logistics of outbound international air cargo to the particular trading partner in Central and South America and the Caribbean.

6.6 Non-Aviation Property Development

Non-aviation development sites are located on the southwest (61.3 acres) and southeast (25.9 acres) sides of the Airport. Development of non-aviation property at the Airport is recommended because:

- Revenues from non-aviation property leases could potentially yield $950,000 per year if all non-aeronautical property (87.2 acres) were converted to leasable space at the Airport.
- Estimates of achievable lease amounts total $435,200 and 40 acres within 10 years.
- By controlling development types the Airport can ensure compatible land uses with tenants on the Airport itself.

1. Self-Marketing Approach: If the City desires to lease space on the Airport without third party developer assistance, the traditional route would be to engage a commercial real estate broker and advertise with on-site signage and Internet placements on the City's webpage and Airport website.

2. Turnkey Developer Operation: The second general option is for the City to retain a developer, who would then prepare and develop the property. The City should issue a Request for Information or Statement of Interest in developing the Airport's non-aviation property.

6.7 Management and Policy Recommendations

Management and policy actions may have no immediate financial return, but instead, address the practical issues of operating LAL. Recommendations deal with staffing, lease policy, control of land surrounding the Airport, retention of existing business/corporate clientele, public outreach, and educational partnering.

1. Airport Management Structure: Evaluation of the existing management structure indicated that there is no need to change the City's departmental organization for the Airport.

2. Airport Staffing: The City of Lakeland should increase Airport staffing to include an Airport Engineer once airline service has been established. This position could be afforded because airline service includes the potential for non-primary airport entitlement funding of $1 million per year for capital improvement projects - many of which would be overseen by the Airport engineer.

3. Lease Policy: It is recommended that a comprehensive lease policy for the Airport be developed in the future. The lease policy should address a number of topics including: ground leases, hangar reversions, renewals, lease terms, FBO provisions, and other issues. The lease policy should not constrain business activity at the Airport. Rather, it should be designed to enhance business activity and protect the Airport from disputes and any FAA investigations.

4. State Law Restrictions: Currently, there is a statewide law that prevents municipal airports from entering into lease agreements beyond 30 years. Airport Authorities and County-owned airports do not have this municipal airport restriction. Thus, there is a competitive

disadvantage for LAL. The best solution to this restriction is a change in State law. Therefore, it is recommended that: The City should lobby for a change in the State law that restricts Airport lease agreements to 30-year terms

5. Control of Land Surrounding Airport: The City of Lakeland and Polk County should work with Hillsborough County to prevent future incompatible land uses from being developed around the Airport. Although Hillsborough County is represented on the Polk County Joint Airport Zoning Board, Polk County's authority to limit development does not extend into Hillsborough County, which is just west of the Airport. Of concern in this plan are three items that should be further discussed and ultimately resolved:

- Zoning for land use compatibility in Hillsborough County
- Restriction of noise-sensitive land uses adjacent to the Airport.
- The building permit process should be used to control future non-compatible land uses and/or Airport hazards that may be proposed.

These three items are related in that a residential development to the southwest of the Airport is planned. To define the land needed to protect the Airport and its neighbors from incompatible uses, work outside this study must be undertaken.

6. Retention of Existing Business Clientele: Airport Management is already doing a good job and has taken steps to ensure client retention by spending time servicing the needs of these tenants. Airport Management should continue to engage existing Airport Users (clients and tenants) to solicit feedback on local economic and service issues.

7. Educational Partnering: Airport Management should continue to seek scholarship funds to increase student populations and continue to raise awareness of flight training and aviation education at the Airport. The Airport is doing a good job of this and has already worked with JetBlue in obtaining scholarship funding and with FedEx to provide an aircraft that eventually will be transformed into classroom space.

8. Public Outreach: Airport Management should coordinate the outreach program with the press and various economic development agencies to publicize the Airport's Community Value.

9. Lakeland Linder Regional Airport Branding: The name: “Central Florida International Airport" is recommended for advancing the Airport’s desired brand and mission. There are a spectrum of possible names to consider, but there are only three names that make sense geographically, logistically, and in terms of the Airport’s long term vision:

- Central Florida Regional Airport at Linder Field
- Central Florida International Airport at Linder Field
- Central Florida International Airport at Lakeland

The retention of Paul Scott Linder's name in the Airport name is a decision that should ultimately be made by local City and Airport leadership.

A tagline for the new Airport name must add something that is not already inherent in the name. Given that the Airport serves a number of different aviation components (small general aviation, flight training, aviation education, military, corporate aviation, etc.) and that the future desire is to expand that reach to include airline and international air cargo, a fitting tagline could read: "*We do it all!*"

10. Communicating the Brand: Communication of a new or improved Airport brand would utilize the normal channels of media, including direct mail, print media, and industry conferences (NBAA, AAAE, and the MRO conference). In addition, an effective online presence can be used by airports to promote their brand awareness. Currently, LAL has the following:

- Independent website (30 pages)
- Integrated airport-run Facebook and Twitter accounts
- Facebook: 8,130 visits, 7,344 likes, 89 reviews (4.9 average)
- Twitter: 2,414 followers

LAL is by far the highest rated general aviation airport within the service area. Of the 89 reviews given on Facebook, 81 users gave the airport a five star rating.

The Airport website, however, showed several possible areas of improvement. Several areas showed a "More information coming soon..." message, and the site does not have a mechanism to make browsing optimal for mobile or tablet users. Because mobile users now account for 60 percent of all internet traffic[1], it is becoming more necessary that website's undergo updates to allow for optimal mobile device browsing. Therefore, it is recommended that the City of Lakeland should update the current Airport website and social media outlets to reflect a cohesive branding effort at LAL.

6.8 Impact on Revenues and Expenses

The revenue enhancement strategies recommended for LAL represent growth opportunities, and as such, will impact baseline projections of revenues and expenses. For this process, a number of assumptions for each strategy must be made, along with the resulting impact on net revenues. Table 24 presents an optimistic forecast of how these enhancement strategies could impact the revenue and expense picture for LAL, if the assumptions for each scenario are met. The estimates in the projection of revenues and expenses are based on the following assumptions

- **International Air Cargo:** Assumes 500 flights/25,000 tons of cargo in 2018 and 1,000 flights/50,000 tons of cargo per year through 2025.
  - ***Intermodal Building:*** Construction of a 50,000 square foot facility by 2018; total cost of $13,400,000 with the 50 percent funded by FDOT; Rent of $10/square foot with 50 percent rented in 2018, and 100 percent through 2025.
  - ***Airfield Modification Costs:*** $2,300,000 - which is 90 percent federal eligible.
  - ***Operational User Fee Costs:*** $750,000 in 2018 and 2019.
  - ***Landing Fee Revenue:*** $408 per flight ($1 per 1,000 pounds).

[1] Source: http://smallbiztrends.com/2014/07/online-traffic-report-mobile.html

  - ***Fuel Flowage Fees:*** $640 per flight ($0.04 per gallon).
- **General Aviation, Military:** Assumes private development of 55 T-hangars (55,000 square feet) and 100,000 square feet of Conventional Hangar space by 2025.
  - ***Land Leases:*** Assumes 158,875 square feet of land leased by 2025 (hangars with 25 percent building envelope); Rent of $0.24 per square foot starting in 2016 increasing by 2.5 percent/year was also assumed.
  - ***Fuel Flowage Fee:*** $0.0859 per gallon; 70 new based aircraft by 2025.

- **MRO:** Assumes 50 percent of rents from new 75,000 square foot hangar (public/private partnership) starting in 2016; Marketing costs of $50,000 in 2016/2017.

- **Non-Aviation Property Development:** A total of 40 acres will be leased by 2025; assumes that an average of four acres will be leased per year starting in 2016 and continuing through 2025.

- **Airline Service:** Assumes passenger demand of 30,000 in 2016, 100,000 in 2017 increasing to 147,700 by 2025 with four flights per day from 2016-2021 and five flights per day from 2022-2025.
  - ***Airport Fee Waivers:*** Airport fees waived until 2017: Landing fee $80.50 ($1/1,000 lbs); Ramp $50/use; Terminal $100/use.
  - ***Cash Incentives:*** $300,000 total; $150,000 in 2016 and 2017.
  - ***PFC Program:*** $4.50 per passenger.
  - ***Auto Parking Fees:*** Free until 2017, then $5/car, increasing to $5/day by 2020. Assumes 55.5 percent of passenger demand will park a car; 2.3 days per car.
  - ***Rental Car Revenues:*** Rental Car Privilege fee of 16 percent. Assumes 8 percent of passenger demand will rent a car; average $300 per rental.
  - ***Other Concessions:*** Assumes $1 per passenger.
  - ***Airport Engineer:*** Hire a full-time engineer in 2017 (when airline service starts).
  - ***Fuel Flowage Fees:*** $400 per departure ($0.04 per gallon).

- **Solar Farm:** Annual revenues of $100,000 starting in 2016; Land Cost $475,000 (Airport Share) debt service 20 years at 4 percent starting in 2015 and a five year $775,000 bridge loan (FDOT deferred).

Table 25 includes non-operating expenses and shows the net revenues/deficits projected for each year of the forecast. This optimistic table assumes that **all** revenue enhancement initiatives are undertaken and produce according to their forecasts. As such it represents the highest potential revenue production for Lakeland as envisioned by this intermodal feasibility study.

Table 25 - Recommended Forecast of Revenues and Expenses

Operating Revenues	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Building Leases	$3,354,799	$3,438,669	$3,674,636	$3,912,501	$4,256,664	$4,603,181	$4,702,110	$4,803,513	$4,943,951	$5,050,487	$5,159,687	$5,271,616
Land Leases	$780,280	$799,787	$959,429	$1,021,554	$1,086,248	$1,153,601	$1,223,705	$1,296,656	$1,372,552	$1,451,494	$1,533,955	$1,617,070
Fuel Flowage Fee	$65,222	$58,269	$645,103	$649,041	$972,127	$1,296,077	$1,299,175	$1,303,137	$1,452,247	$1,456,462	$1,459,842	$1,463,486
Rental Car Privilege Fee	$41,908	$30,000	$145,200	$414,000	$433,200	$453,360	$474,528	$496,754	$520,092	$544,597	$570,327	$597,344
Investment Revenue	$22,322	$20,860	$21,381	$21,916	$22,464	$23,025	$23,601	$24,191	$24,796	$25,416	$26,051	$26,702
Miscellaneous Revenue	$89,347	$416,526	$89,361	$91,595	$93,885	$96,232	$98,637	$101,103	$103,631	$106,222	$108,877	$111,599
Landing Fee Revenue	$0	$0	$0	$117,530	$321,530	$525,530	$525,530	$525,530	$554,913	$554,913	$554,913	$554,913
Other Airline Revenues[1]	$0	$0	$30,000	$450,717	$469,603	$489,433	$928,195	$970,955	$1,034,103	$1,081,246	$1,130,745	$1,182,720
Total Operating Revenues	**$4,353,877**	**$4,764,110**	**$5,565,109**	**$6,678,855**	**$7,655,721**	**$8,640,439**	**$9,275,482**	**$9,521,840**	**$10,006,284**	**$10,270,836**	**$10,544,396**	**$10,825,451**
Operating Expenses	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Personnel Expense	$1,146,257	$1,180,645	$1,216,064	$1,322,546	$1,361,873	$1,402,370	$1,444,073	$1,487,019	$1,531,243	$1,576,784	$1,623,682	$1,671,976
Professional & Contract Services	$261,064	$241,199	$273,435	$280,888	$263,565	$271,472	$279,616	$288,005	$296,645	$305,544	$314,710	$324,152
Utilities	$331,789	$341,742	$351,995	$362,555	$373,431	$384,634	$396,173	$408,058	$420,300	$432,909	$445,896	$459,273
Insurance	$150,791	$155,314	$159,974	$164,773	$169,716	$174,808	$180,052	$185,453	$191,017	$196,748	$202,650	$208,729
Facility & Equipment Maintenance	$289,855	$295,940	$304,819	$313,963	$323,382	$333,084	$343,076	$353,368	$363,969	$374,888	$386,135	$397,719
Materials and Supplies	$66,157	$68,141	$70,186	$72,291	$74,460	$76,694	$78,994	$81,364	$83,805	$86,319	$88,909	$91,576
Internal Service Charges	$578,897	$548,538	$564,994	$581,944	$599,403	$617,385	$635,906	$654,983	$674,633	$694,872	$715,718	$737,190
Miscellaneous Expenses	$57,240	$60,253	$362,060	$213,922	$815,840	$817,815	$69,849	$71,945	$74,103	$76,326	$78,616	$80,974
Total Operating Expenses	***$2,882,049***	***$2,891,773***	***$3,303,527***	***$3,312,882***	***$3,981,669***	***$4,078,260***	***$3,427,740***	***$3,530,196***	***$3,635,715***	***$3,744,391***	***$3,856,316***	***$3,971,590***
Net Operating Revenues (Loss)	**$1,471,827**	**$1,872,337**	**$2,261,583**	**$3,365,972**	**$3,674,052**	**$4,562,179**	**$5,847,741**	**$5,991,644**	**$6,370,568**	**$6,526,445**	**$6,688,080**	**$6,853,861**

[1]Other Airline Revenues include: aircraft parking fees, auto parking, and concessions. Terminal building lease, fuel flowage, landing fees, and rental car revenues are all shown in their respective categories.

Table 25 - Net Revenue (Deficit)					
Year	**Operating Revenues**	**Non-Operating Revenues**	**Operating Expenses**	**Non-Operating Expenses**	**Net Deficit**
FY 2014	$4,353,877	$8,837,539	$2,882,049	$11,192,430	($883,064)
FY 2015	$4,764,110	$1,585,014	$2,891,773	$1,930,263	$1,527,087
FY 2016	$5,565,109	$4,062,457	$3,303,527	$4,686,079	$1,637,961
FY 2017	$6,678,855	$1,835,068	$3,312,882	$1,710,340	$3,490,701
FY 2018	$7,655,721	$1,790,777	$3,981,669	$2,077,658	$3,387,171
FY 2019	$8,640,439	$1,704,471	$4,078,260	$1,948,327	$4,318,323
FY 2020	$9,275,482	$1,893,752	$3,427,740	$2,110,827	$5,630,666
FY 2021	$9,521,840	$1,919,429	$3,530,196	$2,110,393	$5,800,681
FY 2022	$10,006,284	$1,948,307	$3,635,715	$2,112,191	$6,206,684
FY 2023	$10,270,836	$1,472,465	$3,744,391	$1,518,593	$6,480,317
FY 2024	$10,544,396	$1,404,979	$3,856,316	$1,403,725	$6,689,334
FY 2025	$10,825,451	$1,436,639	$3,971,590	$1,403,725	$6,886,775

7. AIRPORT COMMUNITY VALUE

IN RECENT YEARS, THE VALUE OF AIRPORTS has come under closer examination from both government officials and the general public. In many communities, this has resulted in higher expectations of financial performance and economic benefits. Measuring this performance and some type of return on investment is critical to the argument for future capital improvement projects. For Lakeland Linder Regional, the value of the Airport to the community may be important in the decision-making process surrounding funding support of capital improvements or new initiatives. Therefore, the documentation of LAL's economic impact and contribution to the local economy is the first half of this work. The other half of the equation is the determination of the asset value of the Airport, so as to equip decision makers with information about the value of any capital investment at the Airport.

When examining the economic health and well-being of a business, it is customary to examine both the income statement and the balance sheet. Similarly, the Airport Community Value (ACV) measurement examines the "income statement" (as measured by the IMPLAN economic modeling) and the "balance sheet" (as measured by the depreciated or useful life value of LAL assets). Previous economic impact studies have focused only on the "income" side of an airport's economic value. For a full picture, the existing value of airport facilities should also be included in the airport's economic impact. This would take the form of an estimate of replacement costs or existing facility worth (including useful life depreciated values of facilities). With a baseline value such as this, measurement of the total value of an airport is possible.

Given these analytical needs, this report is organized to include the following sections:

- Economic Activity Generated by LAL
- Existing Value of Airport Property and Facilities
- Summary of Airport Community Value

7.1 Economic Activity Generated by LAL

This section presents the results of the FDOT economic impact study of LAL. In this regard, the economic activity was measured by estimating the number of direct jobs, income, and output generated at the Airport. In addition, there is a ripple effect of these jobs and income on the community. Just as the nation experiences multiplier effects of job creation or cutbacks, individual communities experience similar processes - both positive and negative - only at a smaller scale.

The Multiplier or Ripple Effect

Previous economic impact studies show the multiplied effects of spending money on an enterprise. As an example, if a new firm comes into an area and employs 50 people and also purchases some local goods and services, the economic impact is attributable to the company's direct outlays plus the respending of these outlays by firms supplying goods and services to the new firm. There are generally two types of ripple effects: (1) those associated with firm-to-firm transactions, and (2) those derived from the wages and salaries allocated to employees in these

firms. The wages and salaries paid to the 50 new employees are spent and respent several times within the community. Retail establishments that have nothing to do with the nature of the new firm's business are affected by its presence as the new employees spend their income on clothes, automobiles, restaurant meals and so forth. Thus, for every dollar of new wages and salaries, an additional 25 to 75 cents of income might be generated elsewhere in the area. As supplier companies providing inputs to the new firm expand their own production and allocate more resources to wages and salaries, a further consumption-generated ripple effect occurs.

When all the effects are taken in the aggregate, a new job often generates the equivalent of another job (summed up over many partial jobs in different parts of the area's economy) if the community is large and has a sophisticated consumer retail base. In smaller communities, a new job can generate between one-third and two-thirds additional jobs. Ripple or multiplier effects work in both a **positive** way (when an existing airport expands) and in a **negative** manner (when an aviation enterprise moves to another airport or goes out of business).

Numerous studies have been conducted to establish respending multipliers for various geographic areas and segments of the economy. Sector-specific, input-output multipliers are usually developed to estimate the respending impacts of wages and salaries and other related expenditures. For impacts relating to airport employment, construction, and local business use, multipliers from a number of different sectors are used.

Annual Economic Impact

The FDOT study from 2014 quantified LAL's annual economic impact. The study reported that the Airport is home to major tenants such as the Florida Fish and Wildlife Commission, Draken International, the Lakeland Police Department's Aviation Unit, Polk State College, Tailwheels Etc. Flight School, Sun 'n Fun Fly-In, Gulf Coast Avionics, and many others. Due to the Airport's location between Orlando and Tampa, it is a reliever facility for international airports. In addition to attracting a number of transient visitors, the airport regularly supports flight training, general aviation aircraft charters, corporate/business operations, law enforcement operations, environmental patrol flights, and sport/recreational aviation activity. The Airport hosts the annual Sun 'n Fun fly-in, the second largest aviation event in the U.S., drawing thousands of aviation enthusiasts from around the world.

The annual economic impact of LAL is associated with direct impacts that come from tenants/businesses located at the airport and construction projects that are undertaken by the airport or by on-site businesses. Indirect impacts are associated with spending from visitors who arrive in the area via general aviation aircraft.

Induced economic impacts are the *multiplied effects* of the direct and indirect spending impacts. Induced impacts are created by the successive rounds of spending in the local economy until the original direct and indirect impacts have been incrementally exported from the local area. Thus, the economic impacts of aviation can be felt in parts of Lakeland's economy that are far removed from aviation. Regions that are more economically self-sufficient have higher respending "multipliers" than do regions that are more dependent on regional imports since less of the money is siphoned out of the community for goods and services.

The quantified impacts from the FDOT study included the following:

- ***Direct Spending:*** $131,761,000
- ***Indirect Spending:*** $33,492,000
- ***Induced Benefits (Multiplier Effect):*** $119,456,000
- ***Total Economic Activity (Output):*** $284,709,000
- ***Total Jobs Sustained:*** 2,422
- ***Total Payroll:*** $91,455,000

As shown, the operation of the LAL produces roughly $91.5 million in incomes, $284.7 million in total output, and it sustains 2,422 jobs. These components of the Airport's value were quantified as a part of the airport economic activity portion of the analysis, and represent the "income statement" for LAL. Although the data is somewhat dated, it represents the best estimate of economic impact currently available.

7.2 Existing Value of Airport Property and Facilities

Two estimates of existing airport values are helpful in describing the overall Airport Community Value. The first value of an existing airport is the replacement cost of the facility. While this is not the current value of the facility due to depreciation of assets, it gives an idea of the resources needed to replicate the facilities at the local airport. The Airport replacement value can be estimated by multiplying unit costs of construction times the existing quantities of facilities to derive an approximate infrastructure investment total. Land values are added to the facility development costs, yielding a total replacement value. Not included in this mix are the potential difficulties of actually replacing the airport due to environmental issues, land use constraints, and property availability. A second important descriptor in the ACV involves the "depreciated" or "useful life" value of the existing airport facilities. Both of these are described in the following sections.

Airport Replacement Value

When considering the value of an airport, its economic impact is usually identified, but rarely are the assets identified or valued. At LAL, a significant value of the facility is related to its replacement value and current asset worth. The replacement value of LAL is an estimate of the construction value of the individual facilities at the Airport. This estimate uses the dimensions of the major assets, multiplied by the unit costs of construction to obtain an approximate total value for the cost of the airport. Table 26 shows the estimation of those costs, including the value of the property on which the current airport is located. Replacement of the Airport would cost about $337.26 million.

Table 26 - Airport Replacement Value Calculation

Description	Unit	Unit Price	Quantity	Totals
Clearing & Earthwork	AC	$12,000	600	$7,200,000
Asphalt Pavement (Airside)	AC	$180,000	142	$25,500,000
Asphalt Pavement (Landside)	AC	$120,000	22	$2,640,000

Table 26 - Airport Replacement Value Calculation				
Description	**Unit**	**Unit Price**	**Quantity**	**Totals**
Concrete Pavement	AC	$300,000	18	$5,400,000
Pavement Marking	SF	$1.50	250,000	$375,000
Airfield Signage	EA	$6,000	95	$570,000
Airfield Electrical Conduit/Cable	LF	$4.00	75,000	$300,000
Airfield Pavement Edge Lights	EA	$800	700	$560,000
Airfield Lighting Vault	EA	$200,000	1	$200,000
Navigational Aids	LS	$3,500,000	1	$3,000,000
Drainage Infrastructure	LS	$6,700,000	1	$6,700,000
Utilities	LS	$5,000,000	1	$5,000,000
Fencing	LF	$20	93,090	$1,860,000
Gates	EA	$8,000	85	$680,000
Sod	AC	$10,000	900	$9,000,000
Landscaping and Irrigation	LS	$1,000,000	1	$1,000,000
Aircraft Hangar Buildings	SF	$120	811,730	$97,400,000
Terminal Building	SF	$170	30,000	$5,100,000
Office Buildings On Airport	SF	$170	214,050	$36,400,000
ARFF Building Including Site Work	LS	$7,000,000	1	$7,000,000
Air Traffic Control Tower	LS	$4,000,000	1	$4,000,000
Aircraft Fueling Facilities	EA	$500,000	2	$1,000,000
SUBTOTAL CONSTRUCTION COSTS				**$221,385,000**
7% Consultant Fees (Engineering Design, Permitting, Environmental Mitigation & Construction Services)				**$15,500,000**
Land Purchase	**AC**	**$58,700**	**1,710**	**$100,377,000**
TOTAL ESTIMATED AIRPORT REPLACEMENT VALUE				**$337,262,000**

Thus, one method of valuing the facility would be to consider the equivalent costs of replacement. Since many of the existing facilities are aging, they have lost a portion of their value in accordance with their useful life. In this regard, a second measure of Airport value was made - Current Value of Airport Facilities.

Current Value of Airport Facilities

The current value of Airport facilities was estimated using the calculated replacement value along with the age of various facilities and their estimated useful life. The ACV metric includes the following assumptions:

- ***Paved Area Value Reductions:*** The replacement cost of paved areas were reduced by applying the following percentages based on estimated facility age:
- Good (0-5 years): -12.5%
- Fair (6-10 years): -37.5%
- Poor (11-20 years): -75%

- Over 20 years: -100%

- ***Hangars and Non-Hangar Building Value Reductions:*** Using a 40-year life as a reasonable benchmark, the following percentages were applied to estimated replacement values for each facility:
- 0-5 years: -6.25%.
- 6-10 years: -18.75%
- 11-20 years: -37.50%
- Over 20 years: -67.00%

- ***Other Facilities:*** Other facilities such as fuel systems, air traffic control tower, and instrument approaches were not reduced in value, since their replacement costs are assumed to increase at the same rate as their depreciation.

- ***Land Value:*** The land value used for the ACV metric was taken from an average of recent listings of property in the vicinity of the Airport. For the purpose of the ACV metric, both the existing and replacement land values are the same since land typically does not depreciate in value.

To account for the remaining useful life in terms of replacement costs, the replacement values listed in Table 26 were decreased in accordance with the age and remaining useful life of each facility. No deprecation was assumed for the land value, fuel system, or FAA Air Traffic Control Tower since they hold their original replacement value by function. Table 27 presents the results of the current value estimate using the principles of remaining useful life.

Table 27 - Current Value Calculation

ITEM	Age of Existing Facilities				
	0-5 years old	**6-10 yrs**	**11-20 yrs**	**Over 20 yrs**	**Amount**
Land Value	N/A				**$100,377,000**
Pavement					
Runway	375,000 sf	628,800 sf	1,021,800 sf	-	$7,570,400
Taxiway	288,140 sf		2,795,371 sf	-	$7,371,900
Apron Area	43,000 sf	158,000 sf	142,000 sf	725,500 sf	$1,332,700
Auto Parking	114,800 sf		211,000 sf	767,500 sf	$1,236,200
Hangars					
Conventional Hangars	-	17,750 sf	28,190 sf	654,874 sf	$33,190,700
T-Hangars	-	-	30 units	59 units	$6,474,800
Non-Hangar Buildings	3,200 sf	-	72,015 sf	176,835 sf	$23,115,200
Fuel System	N/A				$1,070,000
Instrument Approaches	N/A				$3,745,000
Air Traffic Control Tower	N/A				$4,280,000
Internal Roadways	-	-	16,228 lf	16,228 lf	$2,500,900
Airport Fencing	-	-	46,545 lf	46,545 lf	$1,298,400
Existing Facility Value					**$193,563,200**

As shown, the Airport's existing facility value based upon useful life estimates is approximately $193.56 million. This is roughly 57 percent of its replacement value as estimated with land costs. If the land is taken out of the equation (because it was not depreciated), the depreciated value of the existing Airport is about 28 percent of its construction replacement value.

In context, this means that the Airport is producing an economic output equal to 147 percent of its existing asset value each year. Considering a financial ratio such as Return on Assets (ROA), the annual Airport operating revenues are equal to 2.25 percent of total assets. According to our research, many general aviation airports average closer to 0.5 percent in this metric. Thus, LAL is performing very well relative to its asset base. Unlike a school system that requires funding for salaries, maintenance, and equipment to produce jobs and economic output, the Airport provides a large economic output in addition to producing a net positive operating return on investment. Only the largest capital investments require participation by the City, and then, only on a 10 percent matching basis in most cases. Even then, the capital investments are leveraged 9 to 1.

7.3 Summary of Airport Community Value

The value of LAL has been estimated in this analysis, using two very different measures. The first was the economic activity metric, which assesses the job creation, income, and output, generated at the Airport. This value was taken from the FDOT study of 2014. That study indicated the Airport generates an average of $284.7 million per year and sustains 2,422 jobs in the area.

A second measure of the value of the Airport involves the current asset value. In this regard, a method was used that first estimated the current replacement value of the facility and then reduced that value by the useful life remaining on each specific asset. This procedure resulted in a replacement value estimate of $337.26 million and a current value of $193.56 million. Taken as a snapshot in time, the total value of the Airport could be estimated to include its annual economic activity ($284.7 million) plus its current asset value ($193.56 million). Adding these two numbers, it can be shown that **the overall value of the Airport to the community is $481.26 million.**

There are a number of non-monetary benefits of aviation that have not been mentioned in this analysis. Some of these benefits include:

- ***Transportation Benefits:*** Defined as the time saved and cost avoided by travelers who use airports rather than the next best alternative. LAL provides access to the National Air Transportation System for both domestic and international flights.

- ***Stimulation of Business:*** LAL is used extensively by area businesses. As such, its convenience is highly valued by aviation business travelers.

- ***Aeromedical Evacuation:*** LAL serves aeromedical evacuation teams and flight services. This life-saving function has intrinsic value that often cannot be adequately quantified.

- ***Recreation:*** The Airport can serve tourism that uses aviation transportation - both airline and general aviation. Overall area demand is virtually unlimited for tourism. Area attractions include Disney, Universal Studios, Sea World, Busch Gardens, and LEGOLAND Florida, which are all less than an hour's drive away.

All of the above factors point to a value of an airport that is not easily quantified. The impacts that were estimated within the body of this report are only one facet of the overall picture. The economic activity generated by the Airport along with its current asset value represent the monetary value of the facility, while these other non-monetary factors describe other features of its intrinsic worth.

Appendix A:
SWOT Analysis

Appendix A
Lakeland Linder Regional Airport SWOT Analysis

A SWOT (STRENGTHS/WEAKNESSES/OPPORTUNITIES/THREATS) WORKSHOP was held at the Airport terminal building on June 26, 2014. A total of 18 participants representing a range of Airport interests attended the session. The purpose of the SWOT Workshop was to provide an opportunity to better identify and understand the Airport operating environment. In this regard, the SWOT was not a strategy session. Rather, it was an essential preparatory step toward making strategic recommendations. Thus, the information generated in the SWOT about the Airport's position in its environment can be used to develop follow-on strategies for achieving the Airport's mission. This Intermodal Feasibility Study will serve as the vehicle to define these strategies and focus resources on the implementation process which will take place over the next ten years.

From a definitional standpoint, the SWOT for Lakeland Linder Regional Airport involved the following:

- ***Strengths:*** Internal attributes of the Airport. These can include Location, Physical/Infrastructure, Managerial, Financial, Political, Brand, Competition, and "Other."
- ***Weaknesses:*** Internal attributes of the Airport. These also can include Location, Physical/Infrastructure, Managerial, Financial, Political, Brand, Competition, and "Other."
- ***Opportunities:*** External conditions that may be available to the Airport. These can include such items as Regional Business, On-Airport Business, Funding, Aviation Trends, Branding, and "Other."
- ***Threats:*** External conditions that may threaten the Airport's viability. These conditions may include Funding, Operational Activity, Local Surface Access, Infrastructure, Brand, Competition, and "Other."

There were five simple rules for the SWOT Workshop itself:

1) It is okay to disagree.
2) All ideas are potentially good ideas.
3) We will honor time limits unless the entire group desires longer sessions.
4) What is said at the meeting will not be attributed to a specific person (confidentiality).
5) Cell phones should be in the "off" position.

The Workshop began at 12:00 pm and ended at 3:30 pm. Discussion topics included a wide range of issues including, but not limited to:

- Airport Branding;
- Financial Sustainability;

- Airport Development;
- Potential Airline Service;
- Future Client Base and Airport Amenities;
- Public Relations;
- Surface Access;
- Airport Services;
- Economic Development

The following sections summarize the discussions held at the Workshop concerning Airport Strengths, Weaknesses, Opportunities, and Threats. Participants were asked to rank their top three items of importance within each category.

1. AIRPORT STRENGTHS

AIRPORT STRENGTHS ARE CONSIDERED INTERNAL OR INHERENT attributes of the Airport. The following Strengths were identified during the Workshop by participants, in rank order of importance:

- ***Geographical Location:*** The Airport is located in a tourism rich environment and is near major employers that are involved in cargo and freight.
  - Centrally located in the State and has excellent access to all parts of Florida.
  - Lakeland is the largest city on Interstate 4 between Orlando and Tampa. (35.6 miles from Tampa and 55.8 miles from Orlando).
  - Lakeland is geographically located as a logistics hub on the I-4 Corridor. It serves the central Florida region, which has an estimated 6.6 million population.
  - FedEx Freight & FedEx Services and the Saddle Creek Corporation employ more than 600 people in the area.
  - Publix is headquartered in Lakeland at the Airport.
  - Highways and ground transportation have been improved near the Airport.

- ***Airport Infrastructure:*** Lakeland Linder Regional is on par with many world class facilities and the ease of access and convenience is excellent. The Airport is certified as a FAR Part 139 Airport and is located on 1,710 acres of land. With a primary runway length of 8,500 feet, the Airport can accommodate all types of jet aircraft.

- ***Business Demand for Air Service*:** There is existing business demand for scheduled air service.
  - Lakeland Linder serves functionally as reliever airport for Orlando and Tampa International Airports' corporate aircraft.
  - Fifty percent of the annual general aviation operations at Lakeland Linder are estimated to be business-related.

- ***Utilities:*** Water, natural gas, electric, utilities are readily available at the Airport.

- ***Competitive Advantage:*** Lakeland Linder offers the infrastructure and amenities that many other airports desire. The Airport is competitive with all general aviation airports in the region - having low minimums, longer runways, corporate catering, etc. "We're cheap, we're central and we're good!"
  - Lakeland has an advantage for ease of access, convenience, and time management compared to the larger airports in Tampa and Orlando.
  - Lakeland costs are much lower than the larger Tampa and Orlando airports.

- ***Political and Funding Agency Support:*** The Airport has great relationships with the FAA, State of Florida Department of Transportation, and the local government. There has been strong political support for the growth and development of the Airport from the City.
  - Airport enjoys political and stakeholder support, and along with economic strength.
  - Mayor of Lakeland has traveled to Washington DC to secure funding for the Airport.
  - Local citizens are beginning to recognize the Airport as an important economic tool.

- ***Airport Events:*** The Airport hosts numerous special events each year. Sun 'n Fun has become the second largest fly-in in the world. An estimated 200,000 people attended the event in 2014.

- ***Educational Relationships***: The Airport has good relationships with area educational institutions. Educational facilities at the Airport include:
  - Central Florida Aerospace Academy (CFAA) which provides high school level education with an aerospace engineering and avionics technology focus
  - Travis Technical Institute which provides post secondary avionics training
  - Polk State College.

Other:

- ***Emergency Response:*** Emergency response is available on Airport and from surrounding jurisdictions.
- ***Disaster Relief:*** The Airport serves as a FEMA logistical staging and distribution point during hurricane relief.
- ***Aviation Business:*** Aviation maintenance/repair/overhaul industry (MRO) and aviation school available and working together at this airport.
- ***Great Flying Weather:*** The Airport is said to be VFR capable 340 - 350 days per year. Also, it is located inland, away from storm surges.

2. AIRPORT WEAKNESSES

AIRPORT WEAKNESSES WERE IDENTIFIED AS A PART of the SWOT workshop process. These are internal attributes of the Airport and are listed below in rank order of importance by the SWOT participants:

- ***Branding:*** There is not a distinct brand for the Airport, or the region. Lakeland and the Airport need a more marketable identity and brand.

- ***Lack of Commercial Air Service:*** Branding suffers due to lack of commercial air service, which the public understands far better than general aviation airports.

- ***Community Perceptions:*** The general public has little or no idea of what goes on at a general aviation airport and how it benefits the community. They don't know about the number of jobs, revenues, and taxes the Airport brings to the community.
  - Airport is located one mile from Hillsborough County line. Residents of outside counties don't realize that Lakeland Linder serves them.
  - Communities in surrounding counties tend to view the Airport as competition rather than a partner of opportunity.

- ***Lack of Participation/Partnership from EDC***: There is a lack of participation/ partnership with the screening agencies of economic development opportunities in the region. For example, when Airbus looked for a facility and eventually picked Mobile Alabama, Lakeland was not considered and the Airport did not know that the opportunity was available. Communications and cooperation between departments/agencies must be improved.

- ***Lack of U.S. Customs:*** Currently the Airport does not have a U.S. Customs office located at the Airport. The nearest Customs office is in Tampa and St. Petersburg. They are not on call and currently do not come to the Airport, which limits air cargo and other opportunities.

- ***Residential Development:*** Over time, growing residential development has occurred close to the Airport. As a result, aircraft noise may become an issue with these residents in the future.
  - Future residential development is planned south of the Airport (hasn't been built yet).
  - The Airport has an abundance of flight school traffic.

- ***Attracting and Retaining Air Service:*** Repeated attempts to attract and support commercial air service have succeeded only briefly. Virtually all commercial service attempts are at the mercy and competence of the airlines providing air service.
  - It is difficult to get an airline that is already serving Tampa or Orlando to come to Lakeland. These carriers believe that they would be cannibalizing their own market share by serving Lakeland.

- ***Marketing Niche:*** If Lakeland had airline service, it would not be a hub, but rather, a destination. Additionally, with other large commercial service airports so close, it is hard to get people fly from Lakeland unless they have direct flights to large hubs or destinations.

- ***Florida State Strategic Intermodal System:*** Currently the Airport is not part of Florida State Strategic Intermodal System. In order to qualify, the Airport needs to have 75,000 annual itinerant operations. The consequence of this is the loss of funding for this

category of airport. Currently, only one airport meets the criteria in Lakeland's district and that airport is getting all of the money for that district.

Other:

- ***Landside Development Space:*** There is limited landside development potential on the north side of the Airport.
- ***Revenue Diversification:*** Currently, 90 percent of revenues come from leasing facilities. This is subject to economic recession cycles.
- ***Surface Access Capacity:*** Surface access is inadequate for current demands and potentially limits development opportunities. This is particularly true for truck traffic that may be needed to service future air cargo activity at the Airport.
- ***Funding:*** There is great reliance on FAA funding, including the new Air Traffic Control Tower and other airfield needs.
- ***South Side Infrastructure:*** There is a lack of infrastructure on south side of the Airport. Specifically, utilities and access need to be improved.
- ***Airport Signage:*** There is inadequate signage and "front door" appearances for the Airport. This tends to degrade the Airport brand.

3. AIRPORT OPPORTUNITIES

OPPORTUNITIES THAT EXIST ARE CONSIDERED EXTERNAL CONDITIONS that may be available to the Airport. Generally, these opportunities will require strategies and efforts to achieve. Most opportunities involve the market place or additional services or facilities at the Airport. Participants in the SWOT Workshop identified a number of opportunities available to the Airport in the following rank order of importance:

- ***Tourism:*** Area demand is virtually unlimited for tourism. Area resorts include Disney, Universal Studios, Sea World, Busch Gardens, and LEGOLAND Florida, which are all less than an hour's drive away. The Airport can serve tourism that uses aviation transportation - both airline and general aviation.

- ***MRO Facilities:*** The existing Special Aviation Service Operator (SASO) and MRO business cluster represents a "one stop shop" for maintenance at the Airport. It also proves the validity of the Airport to attract and support additional vendors and service providers. Opportunities exist to attract more of these MRO firms if additional facilities were available.
  - The current MRO is running out of space and is turning away business. There are opportunities to do maintenance on B-747's but the Airport doesn't have the necessary facilities.
  - There is an immediate need for expansion - the existing MRO desires more space within a two year timeframe.

- ***Marketing Partnerships:*** There is a potential to leverage marketing partnerships among various businesses, economic development agencies, etc., to increase effectiveness and frequency of message.

- Become more efficient in sharing information with economic development screening agencies on potential business opportunities.
- Coordinated marketing and follow up activities on interested businesses.

- ***U.S. Customs Office:*** The availability of U.S. Customs Service on site would help bring operations and opportunities to the Airport. It could be an indirect source of significant fuel sales as well.

- ***International Air Cargo:*** The only chance for accommodating international air cargo would be the presence of a U.S. Customs office and possibly the Animal and Plant Health Inspection Service (APHIS).

- ***Natural Growth and Development:*** The Airport is far less congested and more affordable than Tampa or Orlando. When Tampa and Orlando become more congested and have capacity issues, their natural growth will occur at Lakeland.

- ***Geographical Location:*** Central Florida is known as an ideal place to work, live and visit for recreation. These quality of life issues can be used to draw a work force for new opportunities.

- ***Air Service:*** It is possible to develop the Airport into a solid commercial air service location, with convenience, amenities, and low congestion.
  - If the Airport has 10,000 annual enplanements, entitlement funding would increase from $150,000 per year to $1M per year.
  - Because of the proximity of Lakeland to Orlando and Tampa, there is an opportunity to do a better job of marketing the ease of access, free parking, overall convenience, and time savings of LAL.

- ***New Airport Brand:*** There is an opportunity to build upon the strengths of the area in establishing an updated and improved Airport brand. Florida is a strong brand worldwide. Central Florida is gaining strength as a brand. Lakeland can enhance its brand/demand.

- ***Fly-in opportunities:*** The Airport hosts the second largest fly-in expo in the U.S. Aviation manufactures and support companies that attend the event could be courted more effectively to develop a sustainable aviation economic and business cluster.

- ***Regional Economic Development:*** The region has seen major growth in manufacturing, trade and energy. The Airport can take advantage of and play a key role in this growth.
  - Education, tourism destination, sports academy, passenger travel opportunities exist that can be marketed.
  - In the longer term, employment growth over the next 50 years will double. Lakeland is ground zero for that activity.

- ***Multiple Cargo and Warehousing Opportunities:*** There are numerous opportunities to take advantage of the Foreign Trade Zone, rail cargo, truck cargo, and air cargo.

4. THREATS TO THE AIRPORT

IN THIS CONTEXT, THREATS TO THE AIRPORT refer primarily to factors that would hinder its potential growth, development, and viability. Threats are generally external conditions to which the Airport is exposed. In some cases, unsolved weaknesses may develop into threats. Threats to Airport viability were listed by SWOT Workshop participants in the following rank order:

- ***Economic Factors:*** A lack of adequate diversification of revenues, a downturn in the national economy, and/or a shortfall in federal and state funding could threaten the financial viability of the Airport.
  - ***Airport Funding:*** The Airport relies heavily on Federal and State funding for capital improvements and other projects. Federal and State funding cuts would threaten the growth and viability of the Airport's infrastructure. In addition, these funding cuts could impact the Air Traffic Control Tower with possible reduction of hours in future years.
  - ***National Economy:*** Aviation activity is dependent upon a good national economy. It is unpredictable, and as such may pose a threat to future viability if there are economic downturns. (Especially in the tourism rich environment of central Florida).

- ***Community Perspectives/Public Relations:*** Public opinion often shapes political support and thus, may impact funding for improvements that would be attractive to prospective business and corporate aviation users and tenants. As such, lack of a correctly informed public on the benefits of the Airport, could keep it from reaching its potential.

- ***Incompatible Land Use:*** As the region grows, there is increased probability of land use encroachment, complicated by multiple jurisdiction problems. Encroachment can come in the form of residential, retail, or cell phone towers. Hillsborough County is located less than a mile and a half from Runway 9 end, and the City does not control the zoning and height ordinances to protect runway approaches over that jurisdiction.

- ***Noise issues:*** Another potential threat to the Airport's future is the noise impact of aircraft operations in the future.

- ***Lack of Cooperation:*** There is sometimes a parochial mindset and lack of cooperation among agencies and units of government that can lead to missed opportunities. This comes from a lack of communication and a unified vision for the Airport and region among the different agencies.

Other Threats

Other threats to the viability of the Airport include:

- Air quality and environmental issues
- A spike in nationwide aviation fuel prices
- Aging infrastructure - especially on the south side of the Airport

- Wetlands protected near the Airport are allowing more wildlife/bird incursions.

5. SUMMARY

To summarize the SWOT workshop results, a graphic representation of the process was developed that shows the relationships between the components of the analysis. Figure A-1 shows four quadrants, each representing one area of the SWOT. The axes of the quadrants indicate the degrees of flexibility or change for each of the SWOT components. The center of the graphic represents the highest degree of flexibility or ability to change, whereas the outer edges represent the greatest inflexibility or lack of ability to change. For example, events surrounding the National Economic Recovery are inflexible opportunities that could happen in Lakeland regardless of any actions taken at the Airport. On the other hand, Airport Branding is something that can be controlled by the City and as such, it is located near the center or most flexible inner ring.

Components that are located on an axis show that, depending upon how they are addressed, can move from one SWOT function to another. For example, Airport Branding is currently a Weakness and an Opportunity. If a strategic Airport Brand is developed, then the Opportunity is fulfilled and it is no longer a Weakness. The future income generated by new tenants will then move into a Strength for the Airport. Similarly, Residential Development at the Airport is currently a Weakness and a Threat. If the City does not or cannot prevent incompatible land development, it would cease to be a Weakness and ultimately become an Airport Threat.

Overall, the SWOT Workshop highlighted the key issues for the Airport and its operating environment. The Intermodal Feasibility Study will use the results to develop strategies for building on strengths, overcoming weaknesses, taking advantages of opportunities, while minimizing threats to the Airport's future operation.

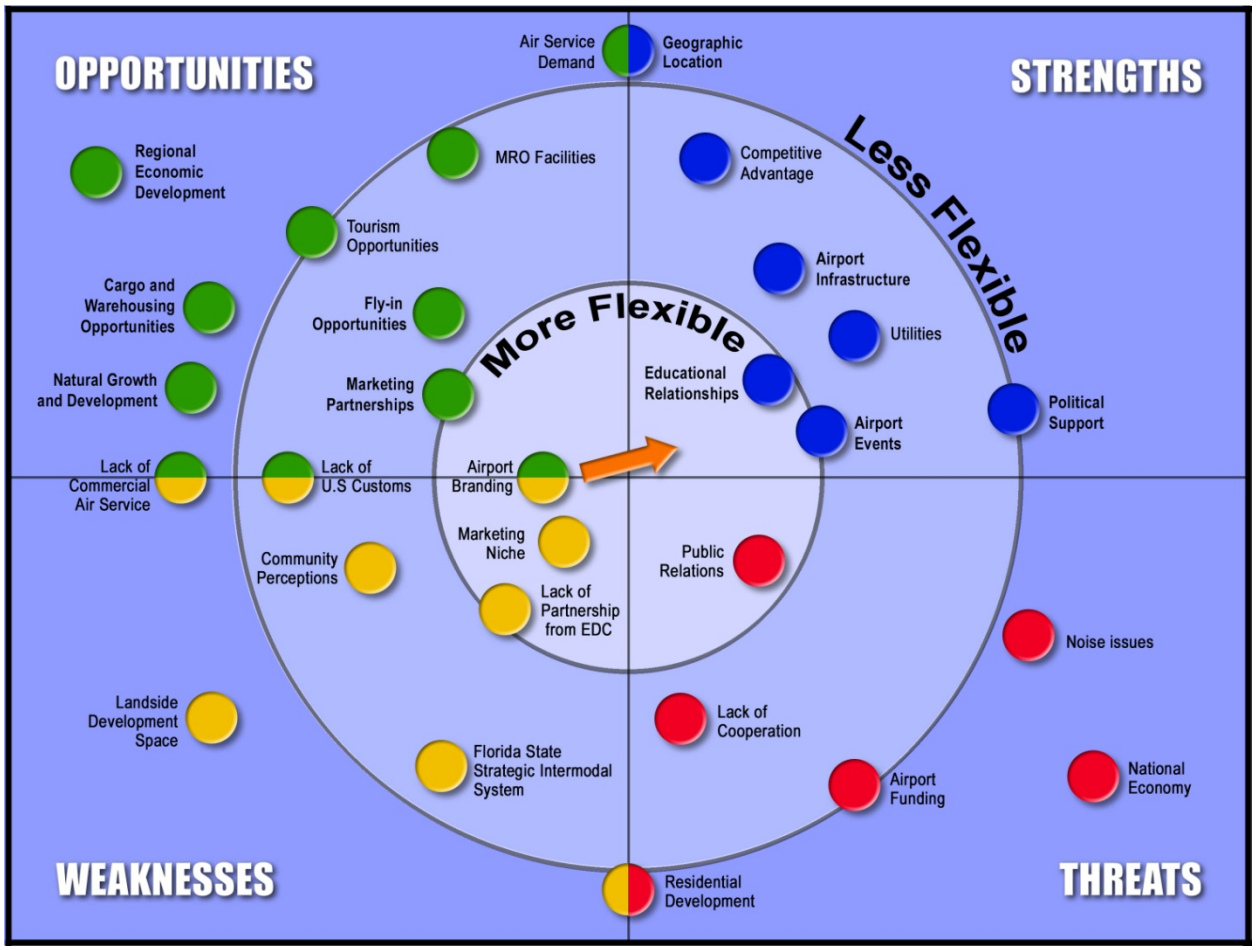


Figure A-1 – ***SWOT Graphic Illustration***

Appendix B:
Detailed Survey Results

Appendix B
Detailed Survey Results

AIRPORT USER SURVEY

2. Please list type of aircraft

A total of 17 Airport users responded to this question. All users listed single engine aircraft. Three respondents owned multiple aircraft, bringing the total amount of single engine aircraft represented by survey respondents to 23. All respondents listed Lakeland Linder Regional as their home airport.

3. Please estimate the total annual level of spending associated with your aircraft at Lakeland Linder Regional Airport:

A total of 16 respondents, accounting for 19 single engine aircraft spent an average of $1,856 annually for fuel, $1,347 for maintenance, $2,729 for storage, and $490 for aviation related taxes and "other." Average annual aircraft spending (fuel, maintenance, storage, aviation-related taxes, and other) per aircraft equaled $5,950.

4. Estimated Yearly Takeoffs or Landings at Lakeland Linder Regional:

A total of 15 users with 21 single engine aircraft reported an estimated 2,592 annual operations (1,296 takeoffs) for an average of 123 operations per aircraft or 172 operations per user. Users that responded to both fuel spending and takeoffs (11 Users), spent an average of $27.06 in fuel per takeoff.

5. From the above question, please estimate the percentage of training flights that you conduct each year.

Of the 2,592 operations at Lakeland Linder Regional Airport, respondents indicated that 328 (12.7 percent) were training flights.

6. Please estimate the average trip length on flights other than training flights:

Of the 1,296 takeoffs at Lakeland Linder Regional Airport, 1,131 were for flights other than training flights. The average trip length of 5 respondents to this question was 216 miles per takeoff. There were 10 respondents that answered this question in terms of hours flown, resulting in an average trip length of 1 hour and 30 minutes per takeoff.

LAKELAND LINDER REGIONAL AIRPORT

Lakeland Linder Regional Airport (LAL)
Airport Business Plan
AIRPORT USER SURVEY

Name_____ Phone_____

Address_____ Email:_____

City_____ State_____ ZIP_____

Aircraft Economic Information

1. Aircraft type (Please list all aircraft):_____
2. Home Airport for your aircraft: _____
3. Please estimate the total annual level of spending associated with your aircraft at Lakeland Linder Regional:

Fuel:	$_____
Maintenance:	$_____
Storage	$_____
Other	$_____
TOTAL	$_____

Aircraft Activity Information

4. Please estimate the **number of take offs or landings** per year at your Airport:_____
5. From the above question, please estimate the **percentage of training flights** that you conduct each year:
   _____%
6. Please estimate the **average trip length** on flights other than training flights: _____ miles.
7. What new facilities or services would cause you to use Lakeland Linder Regional Airport more frequently?

   _____

   _____

Business/Aviation Relationships

8. Please estimate the percentage use of your aircraft:

Business:	_____%
Personal:	_____%
Other:	_____%
Total	100%

9. If applicable, please explain the importance of the business use of your aircraft to you or your business:

   _____

   _____

7 What new facilities or services would cause you to use the Airport more frequently?

There were 10 responses to this question. There were numerous items discussed, and in some cases respondents listed multiple items of importance. Five respondents indicated the need for lower/competitive fuel prices, and one respondent listed a need for lead-free gas. One respondent indicated that current regulation and airport leases were prohibitive. One respondent listed a competing FBO and an additional flight school as possible enhancements. One respondent listed a better restaurant. Two respondents indicated "none," and one respondent indicated that any scheduled airline service would cause a decrease in airport usage.

8. Please estimate the percentage use of your aircraft?

A total of 15 Airport users responded to this question. The Airport User respondents indicated that while none of them flew for solely business reasons, 11 Users percent flew for solely personal reasons, and 4 Users flew for both business and personal reasons. In terms of the percentage of flights flown, 92.7 percent of flights flown were for personal reasons, 7.3 percent of flights flown were for personal reasons. No respondent listed "other" as a reason for operating aircraft. In terms of the number of flights flown, respondents indicated that 1,201 flights were for personal reasons, and 94 flights were for business.

9. If possible, please explain the importance of the business use of your aircraft to your company or business:

Five Airport users responded to this question, but because the respondents represented primarily recreational flyers, only one listed the use of general aviation as vital to business operation. Three respondents indicated that business use of aircraft was not important to their company or business, and one user indicated that he enjoyed using the airport.

AIRPORT EMPLOYER/BUSINESS SURVEY

The Airport Employer/Business Survey (shown on the following page) generated five responses from employers that have a location at Lakeland Linder Regional Airport. To gather a more detailed response, a second surveying effort resulted in nine responses. After two responses were removed as duplicates, there were a total of 12 business survey responses included in this analysis.

1. Type of Business Product or Service

Business respondents indicated the following types of products or services:

- Logistics Transportation
- Interior Completions
- Hospitality
- Avionics

LAKELAND LINDER REGIONAL AIRPORT

Lakeland Linder Regional Airport (LAL)
Airport Business Plan
EMPLOYER/BUSINESS SURVEY

Name_____Phone_____

Address_____ Email:_____

City_____ State_____ ZIP_____

Company Information

1. Type of Business Product or Service_____

2. This Business is: _____ Aviation Related _____ Non-Aviation Related _____ Partial

3. Total number of employees at this location in 2013: Full Time_____ Part Time _____

Business Aviation Activity

4. Please estimate what percent, if any, of your company's employment and sales is related to the availability of Lakeland Linder Regional Airport:

   Employment _____% Sales _____%

5. Please describe the nature of your business dependence upon Lakeland Linder Regional, if any:

_____

_____

_____

6. If your company uses Lakeland Linder Regional, please estimate the number of aircraft flights per month: _____

7. Do any of your clients or vendors use Lakeland Linder Regional? _____ Yes _____ No

   If yes, please estimate the number of flights per month: _____

8. What new facilities or services would cause you to use the Airport more frequently? _____

_____

_____

Comments

9. Comments: _____

- Non-Profit Aviation
- Flight School
- Aviation Education
- Aircraft Financing

2. Is this business Aviation-related?

Of the 11 businesses that responded to this question, 7 considered themselves aviation related, 2 identified as partially aviation related, and 2 identified as non-aviation.

3. Total number of employees at this location in 2013

All but one of the businesses/organizations responded to the question concerning full and part-time employment. The total number of employees totaled as follows:

- Full-time Employees: 219
- Part-time Employees: 43

4. Estimate what percent, if any, of your company's employment and sales are related to the availability of Lakeland Linder Regional Airport

Employers that were asked to attribute jobs and sales to the availability of Lakeland Linder Regional responded as follows: Approximately 72 full-time and 17 part-time employee positions were generated by the availability of Lakeland Linder Regional. Four employers attributed an average of 40 percent of sales on the availability of the Airport.

5. Please describe your business or organization's use of or dependence on Lakeland Linder Regional, if any

Airport employers indicated that they rely on the use of the Lakeland Linder Regional Airport for:

- Sun n' Fun Fly-in gives our company great exposure.
- More flights increases opportunity to increase sales.
- Various events that utilize the airport runway and property.
- Need an airport to do business.
- The accessibility to LAL has enhanced sales and retention.
- Annual events use the airport runways and property.

6. If your company uses Lakeland Linder Regional Airport, please estimate the number of aircraft flights per month:

Three employers indicated that they were responsible for an estimated total of 3,113 flights per month at Lakeland Linder Regional. However, it should be noted that those numbers

do not reflect times during April, when the Sun n' Fun fly-in contributes around 10,000 flights for that particular month.

7. Do any of your clients or vendors use Lakeland Linder Regional Airport?

Six employers indicated that their clients or vendors were responsible for an estimated 175 flights per month at Lakeland Linder Regional Airport.

8. What new facilities or services would cause you to use the Airport more frequently?

The following are summarized comments of Airport employers:

- Commercial Airline Service
- More restaurants
- Heliport
- Another FBO
- Engine overhaul shop
- Pleased with the current facilities and services

9. Comments:

Five employers responded by expressing positive sentiments towards the airport and its management. Two respondents stated that the airport was currently going in the right direction, and one respondent stated that it would be difficult to be made better than it already is. One respondent stated that they depend heavily on the airport and were appreciative, and one respondent wished to enhance their relationship with the airport in the future.

Appendix C
Itemized Revenue Enhancements

Table C-1: Itemized Revenue Enhancements											
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
GA, Military											
Land Leases	$0	$7,000	$14,350	$22,063	$30,153	$38,633	$47,519	$56,825	$66,566	$77,292	$84,689
Fuel Flowage Fee	$0	$2,251	$5,601	$8,092	$11,442	$13,933	$17,283	$19,774	$23,365	$26,114	$29,120
Net Revenues	**$0**	**$9,251**	**$19,951**	**$30,155**	**$41,595**	**$52,566**	**$64,802**	**$76,599**	**$89,931**	**$103,406**	**$113,809**
MRO											
Building Leases	$0	$150,000	$153,750	$157,594	$161,534	$165,572	$169,711	$173,954	$178,303	$182,760	$187,329
Marketing	$0	$25,000	$25,000								
Net Revenues	**$0**	**$125,000**	**$128,750**	**$157,594**	**$161,534**	**$165,572**	**$169,711**	**$173,954**	**$178,303**	**$182,760**	**$187,329**
Non-Aviation Property Development											
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Land Lease	$0	$60,984	$125,017	$192,214	$262,692	$336,575	$413,987	$495,059	$579,926	$668,728	$761,607
Solar Farm											
Solar Farm Revenue	$0	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
Land investment	$34,541	$34,541	$34,541	$34,541	$34,541	$34,541	$34,541	$34,541	$34,541	$34,541	$34,541
Bridge for FDOT deferred	$31,000	$31,000	$31,000	$31,000	$31,000	$0	$0	$0	$0	$0	$0
Net Operating Revenues (Loss)	**($65,541)**	**$34,459**	**$34,459**	**$34,459**	**$34,459**	**$65,459**	**$65,459**	**$65,459**	**$65,459**	**$65,459**	**$65,459**

Table C-2: Airline Service Revenues and Expenses										
Aviation Demand	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Passengers	30,000	100,000	105,000	110,250	115,763	121,551	127,628	134,010	140,710	147,746
Flights	1,460	1,460	1,460	1,460	1,460	1,460	1,825	1,825	1,825	1,825
Operating Revenues	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Landing Fee	$0	$117,530	$117,530	$117,530	$117,530	$117,530	$146,913	$146,913	$146,913	$146,913
Aircraft Parking	$0	$73,000	$73,000	$73,000	$73,000	$73,000	$91,250	$91,250	$91,250	$91,250
Terminal Rental	$0	$146,000	$146,000	$146,000	$146,000	$146,000	$182,500	$182,500	$182,500	$182,500
Auto Parking	$0	$277,717	$291,603	$306,183	$739,433	$776,405	$815,225	$855,986	$898,785	$943,725
Rental Car Fee	$115,200	$384,000	$403,200	$423,360	$444,528	$466,754	$490,092	$514,597	$540,327	$567,343
Concessions	$30,000	$100,000	$105,000	$110,250	$115,763	$121,551	$127,628	$134,010	$140,710	$147,746
Fuel Flowage Fee	$584,000	$584,000	$584,000	$584,000	$584,000	$584,000	$730,000	$730,000	$730,000	$730,000
Total Operating Revenue	***$729,200***	***$1,682,247***	***$1,720,333***	***$1,760,323***	***$2,220,253***	***$2,285,240***	***$2,583,608***	***$2,655,255***	***$2,730,484***	***$2,809,476***
Operating Expenses	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Cash Incentive	$150,000	$150,000	$0	$0	$0	$0	$0	$0	$0	$0
Personnel	$0	$70,000	$71,750	$73,544	$75,382	$77,267	$79,199	$81,179	$83,208	$85,288
Total Operating Expenses	***$150,000***	***$220,000***	***$71,750***	***$73,544***	***$75,382***	***$77,267***	***$79,199***	***$81,179***	***$83,208***	***$85,288***
Net Operating Revenue	**$579,200**	**$1,462,247**	**$1,648,583**	**$1,686,780**	**$2,144,871**	**$2,207,973**	**$2,504,409**	**$2,574,076**	**$2,647,276**	**$2,724,187**
Non-Operating Revenue	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
PFC Revenues	$135,000	$450,000	$472,500	$496,125	$520,931	$546,978	$574,327	$603,043	$633,195	$664,855
Total Net Revenue	**$714,200**	**$1,912,247**	**$2,121,083**	**$2,182,905**	**$2,665,802**	**$2,754,951**	**$3,078,736**	**$3,177,119**	**$3,280,472**	**$3,389,042**

Table C-3: International Air Cargo Revenue and Expenses									
Aviation Demand	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Flights		500	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tons of Cargo		25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Revenues									
Building Leases	$0	$250,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
Fuel Flowage Fee	$0	$320,000	$640,000	$640,000	$640,000	$640,000	$640,000	$640,000	$640,000
Landing Fee Revenue	$0	$204,000	$408,000	$408,000	$408,000	$408,000	$408,000	$408,000	$408,000
Total Revenues	**$0**	**$774,000**	**$1,548,000**	**$1,548,000**	**$1,548,000**	**$1,548,000**	**$1,548,000**	**$1,548,000**	**$1,548,000**
Expenses									
User Fee Costs (Customs)	$0	$750,000	$750,000	$0	$0	$0	$0	$0	$0
Intermodal Building Cost (Debt Service)	$0	$445,896	$445,896	$445,896	$445,896	$445,896	$445,896	$445,896	$445,896
Airfield Modification (Debt Service)	$15,307	$15,307	$15,307	$15,307	$15,307	$15,307	$15,307	$15,307	$15,307
Total Expenses	***$15,307***	***$1,211,203***	***$1,211,203***	***$461,203***	***$461,203***	***$461,203***	***$461,203***	***$461,203***	***$461,203***
Net Operating Revenues (Loss)	**($15,307)**	**($437,203)**	**$336,797**	**$1,086,797**	**$1,086,797**	**$1,086,797**	**$1,086,797**	**$1,086,797**	**$1,086,797**