



Lee's Summit
Municipal Airport

2021 Airport Business Plan

Final Presentation



Presentation Outline

- Introduction
- Background and Management Structure
- SWOT Analysis
- Airport Market Analysis & Rates and Charges
- Baseline Financial and Economic Outlook
- Revenue Enhancement Options
- Recommended Plan and Proformas

Introduction – Business Plan Considerations

Airport Mission Statement

- Follows Citywide Mission and Vision
- Promoting and supporting the community's quality of life by working to provide safe and efficient infrastructure

Recommendations from Previous Business Plan

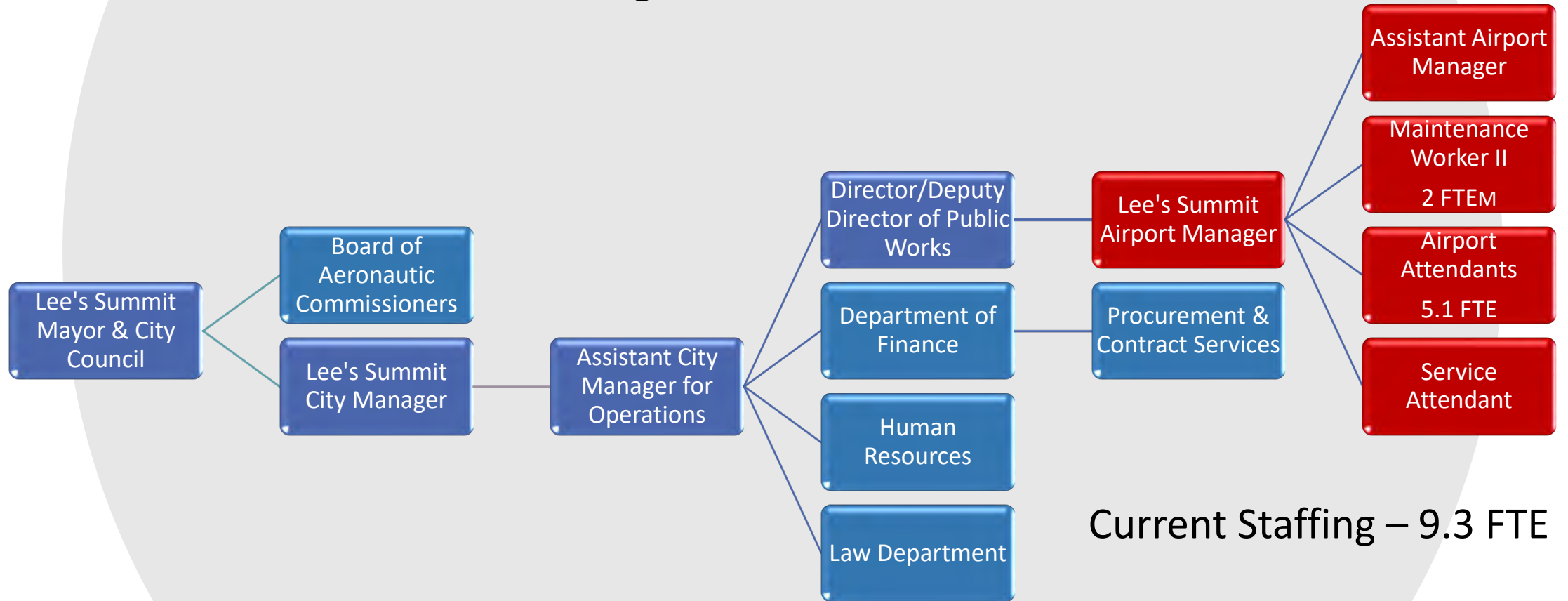
- Accelerating the Runway Extension to 5,500 Feet (2017)
- Marketing and Recruitment of Corporate Aviation
- Corporate Hangar Development
- Improved Terminal Amenities and Services
- New Brand Toward Corporate and Business Use

Market Reacted as Predicted

- Current Effort Is To Refine Plan and Move into Full Implementation

Management Structure/Staffing

Organization Chart



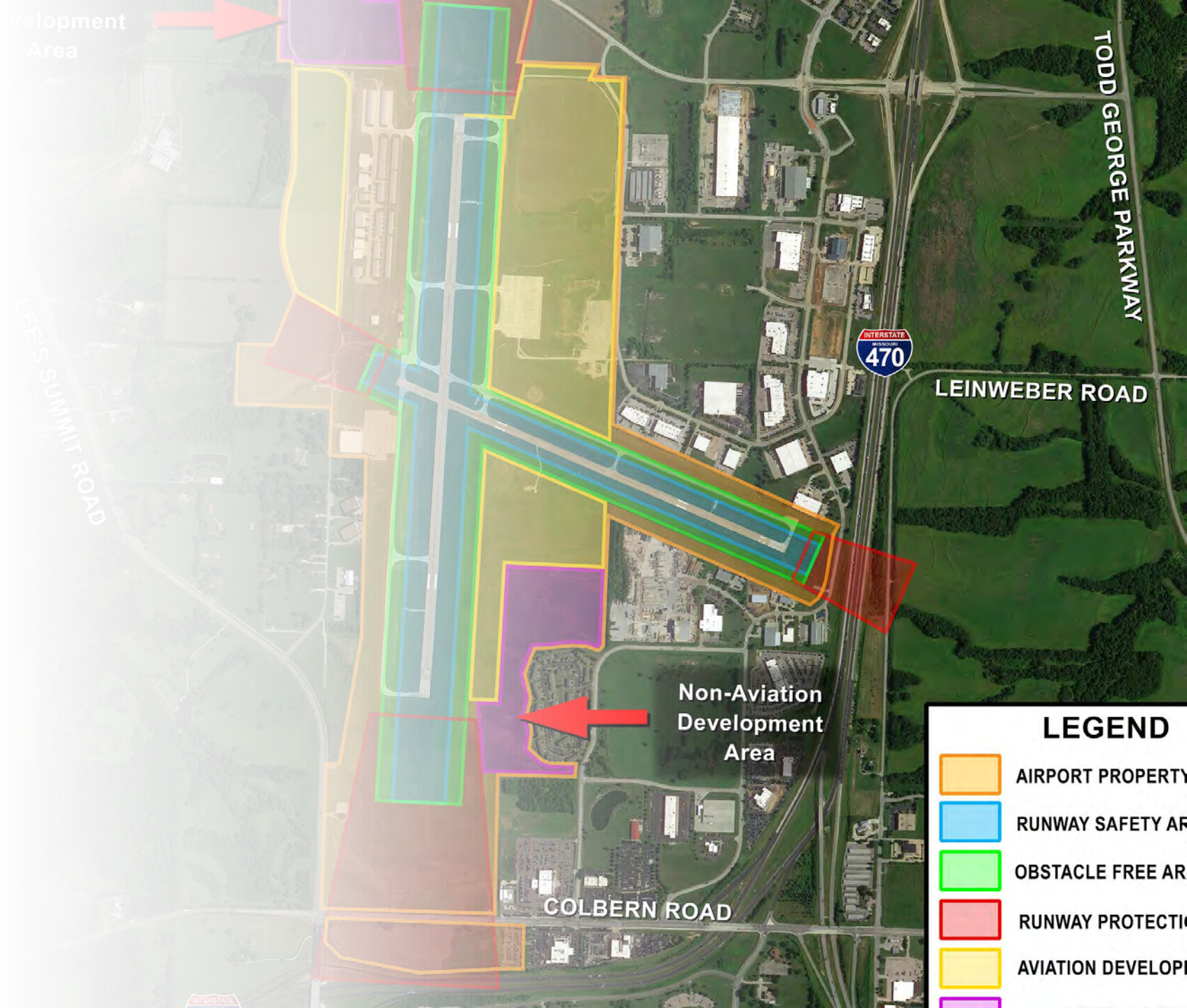
LXT SWOT Analysis

INTERNAL ATTRIBUTES:

- Strengths
- Weaknesses

EXTERNAL ATTRIBUTES:

- Opportunities
- Threats



Strengths

- Location, Physical Layout/Infrastructure
- Managerial, Political, Financial
- Operational, Brand, Competition
- Other?
- What Do We Do Well?
- What Advantages Do We Have?
- What Relevant Resources Do We Have?
- What Do Others See as Our Strengths?

INTERNAL	STRENGTHS	WEAKNESSES
EXTERNAL	OPPORTUNITIES	THREATS

Weaknesses

- Location, Physical Layout/ Infrastructure
- Managerial, Political, Financial
- Operational, Brand, Competition
- Other?
- What Aren't We Doing Well?
- What Can We Improve?
- What Should We Avoid?

INTERNAL	STRENGTHS	WEAKNESSES
EXTERNAL	OPPORTUNITIES	THREATS

Opportunities

- Regional Business
- Business Aviation/Corporate Jet Demand
- Potential On-Airport Business
- Aviation Trends, Aviation Education
- Funding, Airport Brand
- Non-Aviation Property Development
- Where Are Good Opportunities?
- What Trends Can We Take Advantage Of?
- What Attributes of the Airport and Area Present Opportunities?



Threats

- Funding, Aviation Activity, Local Access, Neighbors/Encroaching Development
- Business Use
- Infrastructure, Brand, Competition
- What Obstacles Do We Face?
- What Perceptions or Attitudes About the Airport Threaten Its Development?

INTERNAL	STRENGTHS	WEAKNESSES
EXTERNAL	OPPORTUNITIES	THREATS

Distillation of SWOT Findings

- **Strengths and Opportunities:**

- Attraction of Corporate Aviation
- Hangar Development
- Continued Improved Terminal Amenities and Services
- Airport Branding
- Aviation Education/Flight School
- Non-Aviation Property Development

- **Weaknesses and Threats:**

- COVID-19 Impacts to General Aviation and Corporate Demand
- Lack of Funding for Hangar and Other Revenue-Producing Developments
- The Need for Continued Political Support from City and Its Residents
- The Need to Protect LXT and Residential Development from Conflicting Land Uses
- Any Stagnation of Service Improvements – the Need for Continued Service Expansion



Airport Market Analysis & Rates and Charges

- Airport Brand
- Market Position & Rates and Charges
- Impacts of Changing Aircraft Fleet Mix
- Assumed Impacts of COVID-19
- Aviation and Non-Aviation Development
Parcels



Airport Brand

Perception of Airport by Its Customers and Stakeholders



Customer Branding Includes:

Airport Attributes and Service

Geographic Location



Stakeholder Branding Focuses on Value of Airport to Community

Current Airport Brand

Changed in 2017 with Runway Extension

- Moved from Recreational Facility to Business Facility
- Now Attracting More Corporate and Business Aviation

Still Retains One Old Branding Attribute

- Lee's Summit "Municipal" Airport
- "Municipal" Brand not Admired by Corporate Pilots

Airport Management Has Embraced New Brand

- Service is Everything in Attracting Business Aviation
- Added "Concierge" Position
- Remodeled Hangar to Include Amenities for Corporate Pilots
- Added Conventional Hangar Space



Potential Brand Names

Lee's Summit Regional Airport

Lee's Summit Executive Airport

Kansas City Regional Airport

Kansas City Executive Airport

Greater Kansas City Regional Airport

Heart of America Air Center

Market Position & Rates and Charges

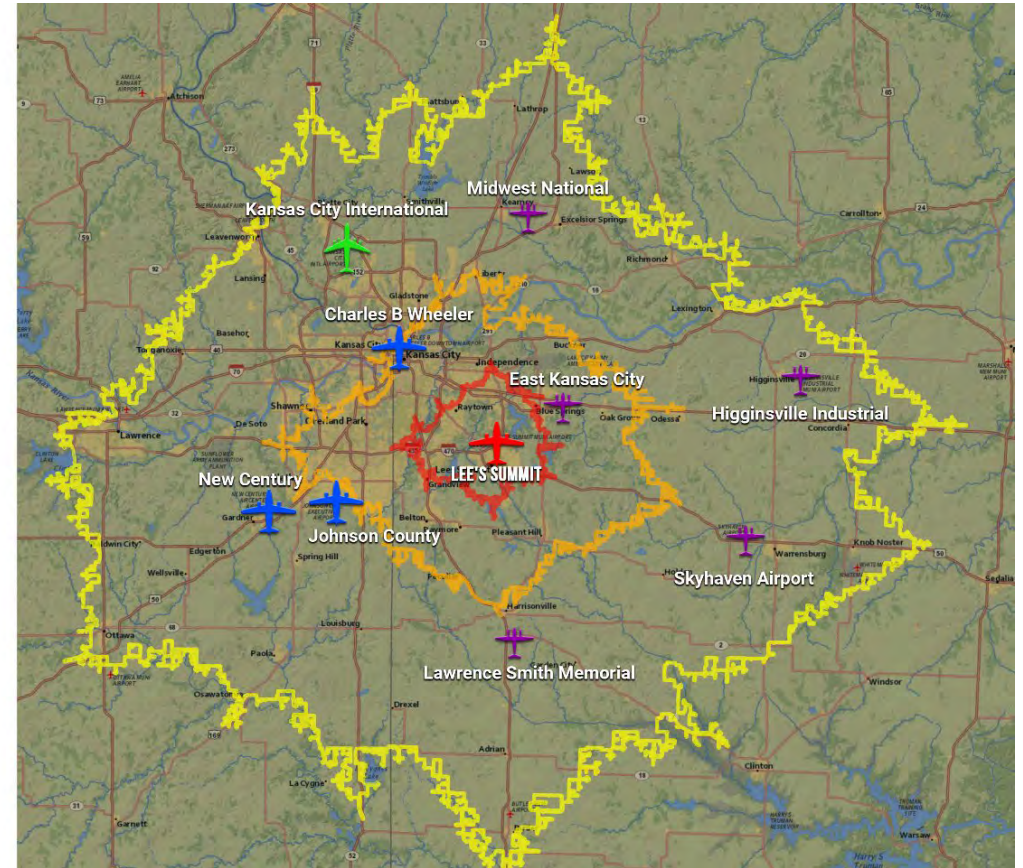
- ▶ **Area Airports with Runway Lengths 5,000 Feet and Above:**
 - ◆ Lee's Summit Municipal
 - ◆ Charles B Wheeler Downtown
 - ◆ Midwest National Air Center
 - ◆ New Century AirCenter
 - ◆ Kansas City International

NPIAS Classification

- ◆ Commercial Service
- ◆ LXT (Regional)
- ◆ Regional
- ◆ Local

Drive Time

- 60 Minutes
- 30 Minutes
- 15 Minutes



Rates and Charges

- ***T-Hangars:*** Lee's Summit Municipal is in the upper end of the spectrum for prices on T-Hangars in the service area, starting at \$345 per month.
- ***Conventional Hangars:*** Lee's Summit is in the mid-range pricing for conventional hangar space.
- ***Airport Services:*** LXT is on the mid-to-lower end of services offerings compared to the other non-airline airports within the service area.
- ***Based Jets:*** Lee's Summit Municipal had the second highest based jets in the service area, with 4
- ***Fuel Prices:*** Overall, Lee's Summit Municipal's fuel prices were below the average fuel prices within the service area.

Impacts of Changing Aircraft Fleet Mix

- Need for New Hangar Space
- Increase in Jet Fuel Sales

Year	FY2017	FY2018	FY2019	FY2020
Jet-A Gallons	58,713	79,012	101,317	155,798

Assumed Impacts of COVID-19

- Aviation Demand Impacted by Mandatory Quarantines
- Disruption Period – Assumed 1-Year
 - Widespread Treatment/Vaccine Will Help End Disruption
 - Economic Damage Done During Period
- Economic Restart – Already in Progress
- Recovery Time Period – Two/Three Years
 - 2022 First Year to Get Back to 2019 Aviation Demand (Airline Especially)
 - GA Demand to Recover Much Quicker

Baseline Financial and Economic Outlook

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



Historical Financial Performance

Year	Operating Revenues	Operating Expenses	Operating Net Gain/(Loss)
FY 2015	\$1,320,925	\$1,225,306	\$95,619
FY 2016	\$1,270,605	\$1,143,570	\$127,035
FY 2017	\$1,293,484	\$1,204,356	\$89,128
FY 2018	\$1,481,056	\$1,495,408	(\$14,352)
FY 2019	\$1,720,855	\$1,669,265	\$51,590





Baseline Forecast of Revenues and Expenses

- Revenues:
 - Fuel Sales: Increased with Forecast Aircraft Operations + CPI
 - Lease Revenues: CPI Growth
 - Miscellaneous Revenues: CPI Growth
- Expenses:
 - Fuel Expenses: Increased with Forecast Aircraft Operations + CPI
 - Personnel, Maintenance & Supplies, Utilities, Insurance, Professional Expenses: CPI Growth
- Designed to Measure Status Quo Financial Performance
- Helps Identify Marginal \$ Contributions of Revenue Enhancement Strategies



Revenue Enhancement Options



Revenue Enhancement Options

- Explore Potential Demand and Financial Factors for Following:
- Attraction of Corporate Aviation:
 - Increase Market Share of KC Region
- Hangar Development:
 - Examine Different Methods of Financing Development
- Continued Improved Terminal Amenities and Services
- Airport Branding:
 - Name Change, Marketing Platforms, Video
- Aviation Education/Flight School:
 - Explore Potential Flight School at LXT
- Non-Aviation Property Development:
 - Identify Property Parcels for Development

Attraction of Corporate Aviation

Highest potential to generate revenues:

- Revenues of \$5.1 million or more annually in 20 years
- Corporate aviation higher revenue share than other sources of revenue
- Fuel Sales - large component of these additional revenues.

It increases the utilization of the Airport and its asset base:

- Runway extension and hangar purchase/development can fund more improvements

Kansas City International on the north side and Wheeler near downtown, LXT can better serve the southern and eastern portions of the metro area for business air travelers



Steps Needed for More Corporate Aviation

1

Acquire or Develop
New Hangar Space

2

Focus on Service-
Oriented Amenities

3

Develop and
Implement a
Branding/Marketing
Program

Hangar Development

Conventional Hangar Space Needed: 101,000 sf

T-Hangar Space Needed: 20 Units

Development Options:

- City Development of New Hangars
- Ground Lease with Private Hangar Developer
- Combination of City and Private Hangar Development

Hangar Development Benefits

- New hangar space increases based aircraft, overall hangar rents, and fuel sales.
 - 1 based business jet - 25,000 gallons of jet fuel
 - 1 turboprop aircraft – 5,000 gallons of jet fuel
- East Side Development requires hangar and utility development.
- Hangar development necessary for new branding strategy - corporate and business use.
 - Without hangar space, the Airport cannot attract more business jets.
- The Business Plan projects an additional \$292,400 in annual lease revenues by the year 2040 if hangars are developed for proactively induced demand/new branding program.

Hangar Development Recommendations

City Construction
Option Preferred

Private Enterprise
Allowed When
Capital \$ Needed

Perhaps Limit
Private Enterprise
to T-Hangar
Development

Improved Terminal Amenities Desired

Signature Flight Amenities

- 24 Hour Surveillance
- Business Center
- Computers
- Conference Room
- Conference Call Capable
- Conference Rooms Large and Small
- Copier, Printer
- Courtesy Crew Cars and Transportation
- Crew Room, Snooze Room
- Customs and Immigration On Airport
- WiFi/Internet Access
- Long Term Vehicle Parking
- Passenger Lounge
- Pet Friendly
- Ramp Side Vehicle Access
- Rental Cars by National
- Restrooms/showers
- Vending Machines
- ATM Machine
- Candy, Fruit, Popcorn, Muffins, Tea, Bottled Water
- Freshly Baked Cookies
- Hot Chocolate, Starbucks Coffee
- Complimentary Magazines
- Complimentary Toiletries
- Dry Cleaning
- Newspapers
- Satellite TV
- Shoeshine Machine

- New East Side Terminal Building
- Air Traffic Control Tower
- Flight School
- Aircraft Maintenance and Avionics
- FBO Upgrades (similar to Signature Flight at Wheeler)

Service Upgrade Steps



GAUGE THE MARKET



STUDY THE SIGNATURE
FLIGHT MODEL



PRIORITIZE LARGER
COST AMENITIES



WORK WITH
BRANDING
CONSULTANTS

Recommended Airport Branding

New Runway Length Changed Airport Brand

- Take Market Advantage of that Change

Recommended Steps

- Establish New Airport Name
- New Airport Logo
- Standalone Corporate Aviation-themed Website
- Contract with Airport Branding and Marketing Firm to Develop Marketing Plan
- Produce New Airport Video
- Social Media Outreach Program



Aviation Education/Flight School



Desired Outcomes:

Increased Aircraft Operational Activity

Higher Fuel Sales

Potential Help for Air Traffic Control Tower Justification

Good Public Relations with Community



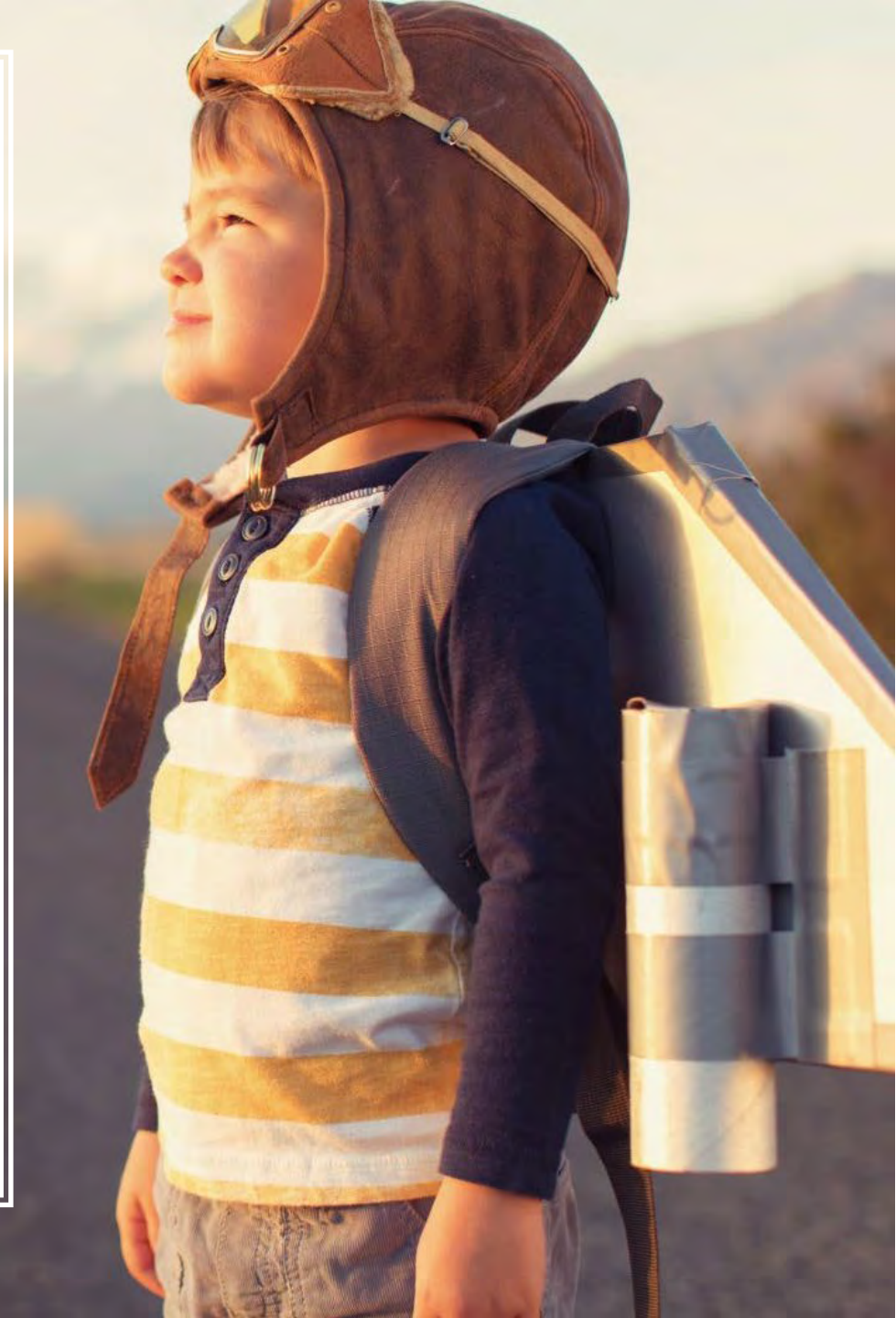
Steps in the Process

Develop Airport Lab Space (Summit Technology Academy)

Coordinate with University Program (UCM)

Seek Private Flight School

Attract Other Aviation Programs (Maintenance, Drone, Avionics, Av. Mgmt)





North Side Non-Aviation
Development Area



South Side Non-Aviation
Development Area

Non-Aviation Property Development

- North Side Parcel – 16 Acres
- South Side Parcel – 30 Acres

Non-Aviation Property Development Options

Commercial Real Estate Development

Solar Energy Farm (self-sustaining)

Not Mutually Exclusive – Could Do Both

Steps in the Process:

- ALP Update
- Land Release
- Solicit RFI for Small PV Farm (1-2 Acres)
- Advertise Property
- Sale vs. Lease Based on Return on Assets

Management & Policy Recommendations

- Accounting Structure – Keep Enterprise Fund Designation
- Airport Management Structure – No Changes
- Airport Staffing – Increased Staffing with Demand Increases
- Develop Comprehensive Lease Policy
- Control of Land Surrounding Airport – Coordinate with KCMO
- Retention of Existing Clientele – Continue Existing Engagement Practices
- Internal Airport Branding Actions:
 - New Airport Name
 - Implement Upgrades in Conformance with New Brand
 - Airport Social Media



Recommended Plan Pro Forma



Impact on Revenues and Expenses

Attraction of Corporate Aviation:

- 7 Additional Based Jets (above MP Forecasts)
- 3 Additional Turboprops (above MP Forecasts)

Corporate Hangar Development:

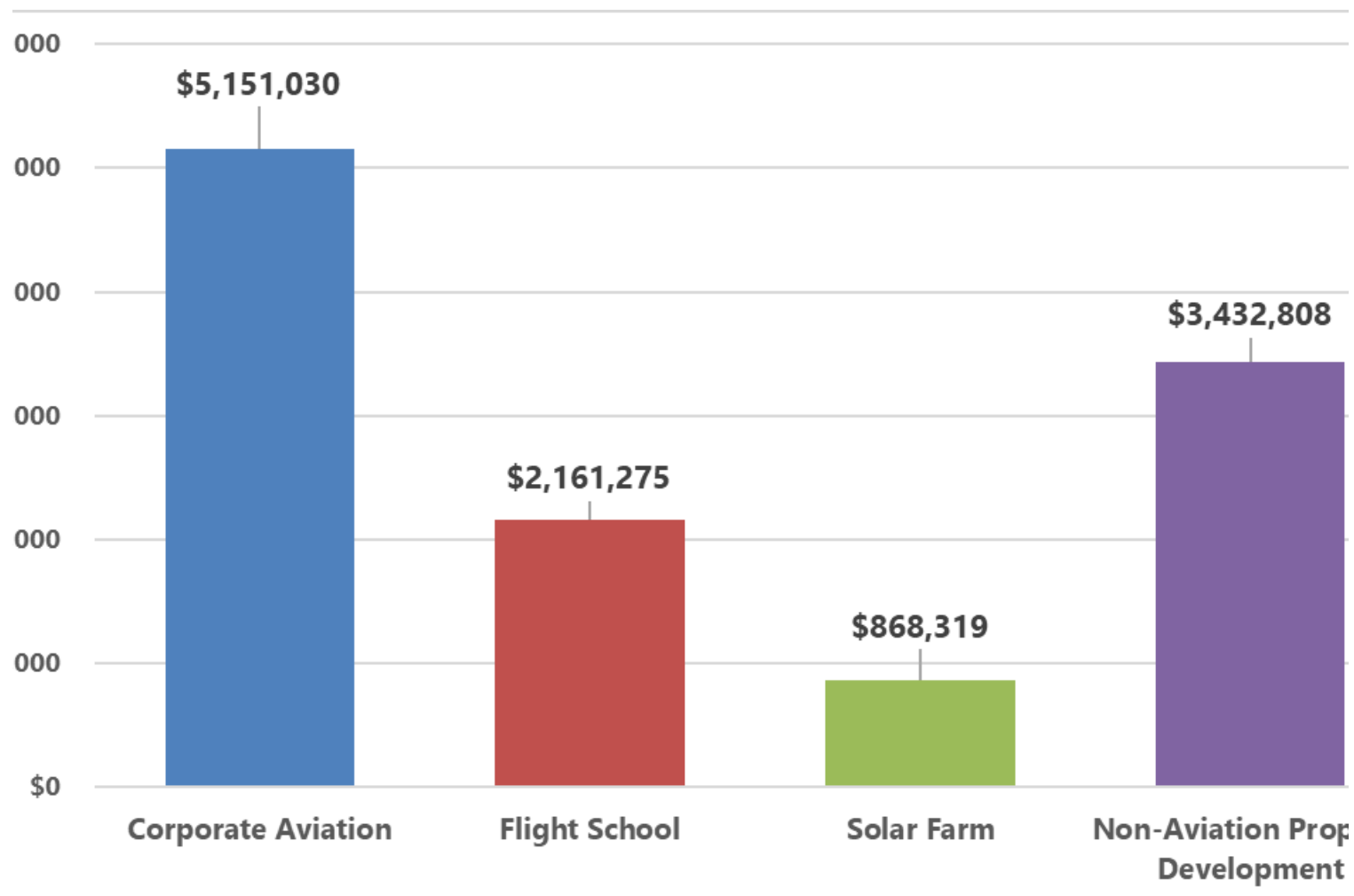
- \$80/sf, 41,000 sf Additional Space
- 50% Developed by City, 50% Private Enterprise

Additional Staffing – 2.5 FTE

Flight School – 20,000 Annual Aircraft Operations

Non-Aviation Property Development:

- 46 Acres @ \$0.51/sf
- Solar Farm Development

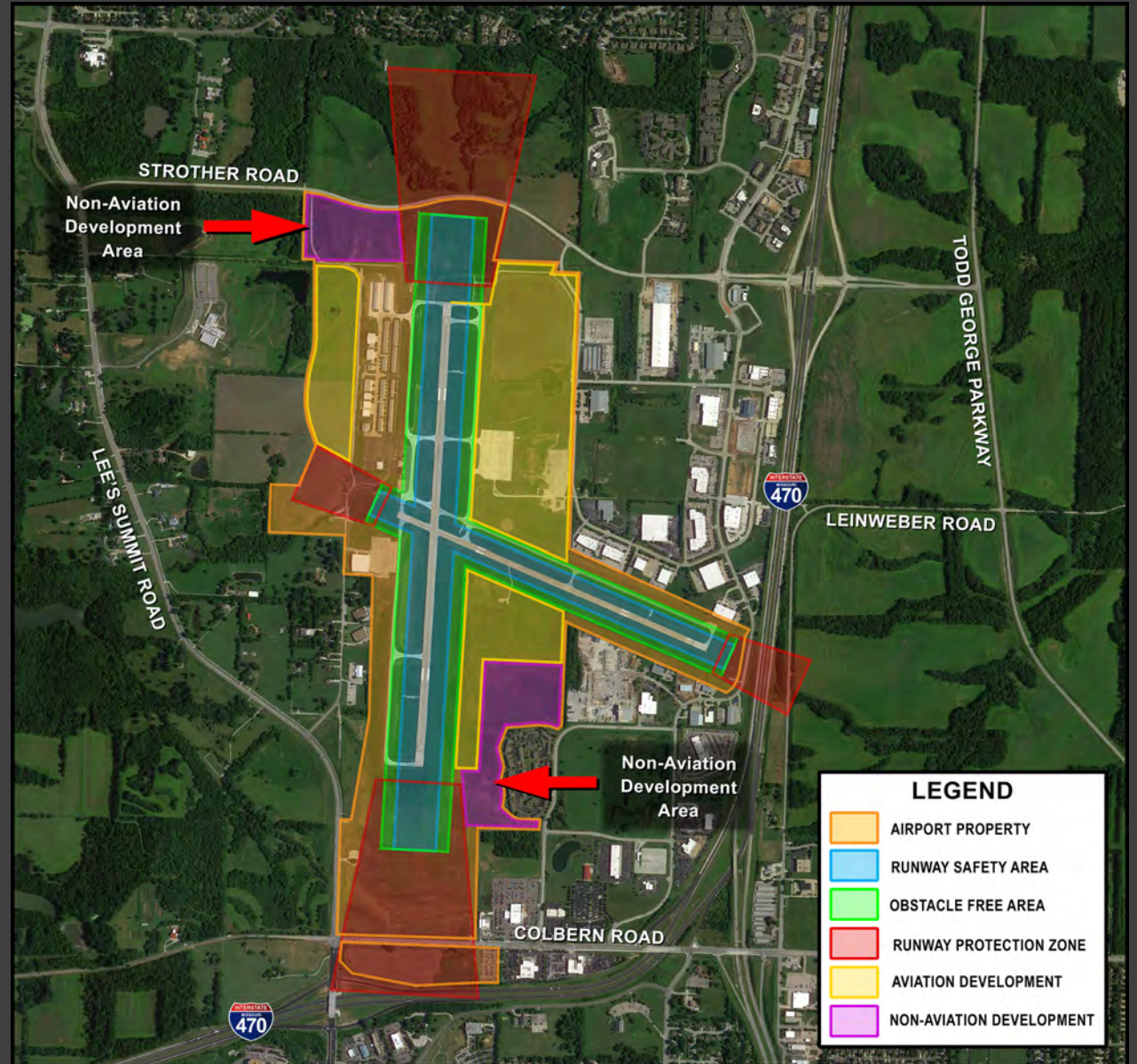


Cumulative
Financial
Impacts

Operating Net Revenues

Year	Revenues	Expenses	Net (Before G&A)
2020	\$2,235,358	\$2,075,974	\$159,384
2021	\$2,314,855	\$2,097,615	\$217,240
2022	\$2,458,546	\$2,173,514	\$285,032
2023	\$2,869,966	\$2,442,632	\$427,334
2024	\$3,048,793	\$2,562,180	\$486,613
2025	\$3,207,026	\$2,665,062	\$541,964
2030	\$4,161,810	\$3,267,988	\$893,822
2035	\$5,314,940	\$3,977,698	\$1,337,242
2040	\$6,653,653	\$4,699,003	\$1,954,649

Summary and Conclusions



Summary and Conclusions

Major Recommendations:

- Attraction of Corporate Aviation: Increase Market Share of KC Region
- Hangar Development: Examine Different Methods of Financing Development
- Continued Improved Terminal Amenities and Services
- Airport Branding: Name Change, Marketing Platforms, Video
- Aviation Education/Flight School: Explore Potential Flight School at LXT
- Non-Aviation Property Development: Identify Property Parcels for Development

Financial Implications:

- Cumulative Net Revenues \$9.2 million More than Baseline (\$20.5m vs. \$11.3m)
- Synergistic Economic Development with City



Next Steps

2021 Airport Business Plan Resolution of Support:

- *May 3, 2021*: Presentation to Public Works Committee
- *May 11, 2021*: Presentation to City Council and Resolution of Support for Business Plan Update



Lee's Summit Municipal Airport 2021 Airport Business Plan Questions/Comments