

OGDENSBURG BRIDGE AND PORT AUTHORITY

FACILITIES COMMITTEE MEETING

MONDAY, JANUARY 10, 2022 – 3:30 PM

A. Ogdensburg International Airport

1. Update/Discussion of Airport Action Plan

B. Port of Ogdensburg

1. OMLC Addendum to the Marketing and Logistics support agreement



**Ogdensburg International Airport (OGS)
Summary of Recommended Next Steps & Action Items
December 15, 2021**

This report serves as a summary of the recommendations presented at the November 10, 2021 Board meeting as well as subsequent findings from ongoing air service analysis and support, and discussions with Airport management/stakeholders.

Summary of Recommendations

In general, it is recommended that OGS focus on revenue generation from areas that the Airport has more direct control over (such as FBO service and GA activity), due to the limited opportunities that currently exist for attracting additional/enhanced commercial air service in the context of the current state of the industry.

An increased focus on GA services, facilities, and revenue rather than commercial/scheduled air service in the near-term will help to bolster Airport operations and lead to more opportunities to enhance financial sustainability.

Given discussions with airport management, we highlight some areas of immediate focus:

- Skywest Flight Schedule
- FBO Enhancement Plan

We also offer other important areas for development as noted below.

Skywest Flight Schedule

The current flight schedule provided by Skywest does not best meet the need of OGS passengers. The Board expressed this in a letter to Skywest and Skywest responded in an email that the cause of the current schedule was a reduction in the number of connecting banks at Dulles. At the request of the Airport, SBA conducted research regarding the exchange and the most recent contract with Skywest. In that review/analysis, SBA found that Skywest is not required by the contract with the Department of Transportation to provide flights during a specified time of day; however, Skywest is required to provide 12 flights a week to IAD along with some other requirements as discussed in the recommended action items below to address the flight schedule:

1. **ITEM:** Confirm Skywest's statement regarding the number of connecting banks at IAD as the cause of the current flight schedule
 - a. **ACTION:** SBA to confirm

2. **ITEM:** The DOT contract (page 5) requires Skywest to dedicate \$20,000 to market its air service at OGS for each of the three years of the contract.
 - a. **ACTION:** Working with the Airport Director, SBA to confirm Skywest is in compliance with this requirement

3. **ITEM:** The contract (page 5) allows for the possibility of Skywest to substitute one or more flights to IAD with flights to Chicago (ORD) as long as there is no increase in the DOT's annual subsidy and the OGS community agrees. Given the current non-optimal flight schedule with all 12 flights per week to IAD, there may be room to negotiate with Skywest to provide some service to Chicago. This would be through a formal meeting with Skywest to request this action, which if Skywest agreed would then need DOT approval. Please note that Skywest is required by the DOT contract to fly only to IAD; that is, they could deny the request of substituting Chicago flights and still be in compliance with the contract.
 - a. **ACTION:** OGS working with SBA to schedule a meeting with Skywest to request Chicago service

4. **ITEM:** The contract (page 5) requires a subsidy of \$1,000 per passenger cap, per EAS regulation 49 U.S.C. section 41731(a)(1)(C) beginning in Fiscal Year 2022. To be in violation of this requirement could jeopardize OGS's ability to maintain its EAS status.
 - a. **ACTION:** Working with the Airport Director, SBA to research the Federal code and get the details of the requirement and ensure compliance

FBO Enhancement Plan

Another high priority to focus on for next steps and immediate action is to create an FBO enhancement plan that would map out what a full-service FBO would look like at the Airport and the timeframe needed to achieve creating a minimum standard necessary. SBA has already identified some high-priority items needed that would fill in the missing gaps for the minimum standard.

1. **ITEM:** Develop a plan to create a full-service FBO determining what would be needed to fully support commercial business travelers, GA activity, as well as other ground service needs from airlines and aircraft.
 - a. **ACTION:** SBA to draft a plan, in conjunction with management, for OGS consideration (NOTE: SBA has already identified several items that would likely be a part of this FBO enhancement plan which are enumerated below)

2. **ITEM:** An essential and foundational item needed for full-service and year-round service that is currently missing is an aircraft handling/tug & tow bar. This has been identified as a top priority for purchase as it is a key piece of equipment for airport operations.
 - b. **ACTION:** SBA to research costs of this item and other identified missing equipment items and provide report to OGS (NOTE: These items would be earmarked for purchase with the funds provided in the \$5M grant which is dispersed over five years.)

FBO Enhancement Plan – Identified Needs for Equipment, Facilities, Services

- Items initially identified for the development of a full-service FBO (with complete services):
 - Reception area
 - Pilot's lounge
 - Amenities
 - Quiet room
 - Office
 - Board room

- Year-round Hangar
 - 10,000 sq. ft. min.
 - Winterized with heat
 - Add restrooms

- Year-round Equipment
 - Aircraft Handling/Tug & tow bar (foundational equipment for an FBO and a top priority)
 - Lavatory service cart
 - De-Icing capabilities
 - Ground Power Unit

As noted above, in the near-term we recommend that OGS prioritize the purchase of a tug and tow bar for aircraft handling. This would be followed by the other equipment items with a review of costs for budgeting considerations. Having a full-service FBO can help to attract additional aircraft activity at OGS as well as help support or supplement airline ground service needs, thus increasing operations and revenue.

Additional Air Service Initiatives

In the near-term, OGS should focus on capturing passenger data that can help support future air service development initiatives as well as help airport management to better understand passenger demographics.

1. **ITEM: Capturing Passenger Data:** create a survey that would be shared with passengers to start capturing passenger demographic information that would subsequently be used to help in future ASD activities.
 - a. **ACTION:** SBA to draft the survey and work with the Airport Director on the best way to distribute to passengers (i.e., WiFi or in-person collection)
 - b. **SPECIFICS:** Establish a formal and consistent system to gather accurate enplanement data and passenger demographic information, which is useful in understanding OGS passenger patterns and can support air service development discussions with airlines. Example data to collect (recommended via passenger survey) includes:
 - Zip code data (top priority to determine accurate catchment area)
 - Passenger make-up (Business vs. Leisure)
 - Preferred destinations
 - Number of people in party
 - Spending during stay at Ogdensburg

Other near-term initiatives include having continued conversations with Skywest, especially regarding optimizing flight schedules for connections to top destinations, and increased marketing efforts to reach untapped target demographics. As the industry recovers and the current staffing and airplane shortages improve, OGS may then wish to consider the ASD initiatives listed below.

- Ongoing evaluation of flight schedule and working with Skywest to adjust based on connection needs to top destinations

- Continue OGS's routine connection and communication with Skywest and perspective airlines
- Consider increased marketing efforts to reach untapped target demographics
- Continue and expand OGS's attendance at trade events (e.g., ACI Jump Start, TakeOff North America, etc.)
- Potentially consider airline incentives for new entrants or new routes (however, it is necessary to perform realistic cost/benefit analysis before implementing)
- Consider a larger, formal ASD study by Ailevon to drill down into data and patterns

Parking Considerations

Information on parking habits and preferences of customers is also an important area to gather more data in a systemized way. Suggestions include:

- Establish a method to capture license plate / zip code data to enhance passenger and catchment data
- Perform a parking survey for customer regarding their preferred wants and needs
 - Example: Should OGS reinstate valet service?
- Perform a price elasticity study to determine if there is a higher price point for parking that OGS passengers would accept
 - This would take place within the context of OGS's nearest competitors and their parking fees (or lack of fees)

Summary

There are many action steps that OGS can take to enhance operations and revenue growth, ranging from negotiating to improving the flight schedule and ensuring that Skywest is in compliance with all DOT contract obligations to developing a plan to enhance FBO operations and developing a full-service FBO. Additional ASD actions can be taken to put OGS in a more favorable position for future air service needs and negotiations. Key to this ASD development is systemizing the collection of data to enhance information about passenger demographics.

SBA can offer significant support with all of these items, conducting research and serving as external supporting staff; moreover, many if not all of these actions items can fall under the scope of the current retainer.

**1st ADDENDUM
TO THE MARKETING AND LOGISTICS SUPPORT AGREEMENT
DATED OCTOBER 1st, 2014**

This 1st Addendum (hereinafter the “**Addendum**”) is made and entered into as of January 1st, 2022 (the “**Effective Date**”), by and between:

OGDENSBURG MARKETING & LOGISTICS CO., LLC., a limited liability corporation duly created and organized under the laws of the State of Delaware, having its registered office at 1209, Orange Street, Wilmington, Delaware, 19801, acting and represented herein by Mr. Stephen Mosher, its Vice-President, duly authorized as he so declares pursuant to a resolution of the Board of Directors dated [...], a certified copy of which being attached hereto as Schedule “A” to form an integral part hereof;
(hereinafter “**OMLC**”)

and

OGDENSBURG BRIDGE AND PORT AUTHORITY, a public benefit corporation created and organized under the laws of the State of New York, having a place of business at 1, Bridge Plaza, Ogdensburg, New York, 13669, acting and represented herein by [...], its Executive Director, duly authorized as he so declares pursuant to a resolution of the Board of Directors dated [...], a certified copy of which being attached hereto as Schedule “B” to form an integral part hereof
(hereinafter “**OBPA**”)

OMLC and OBPA hereinafter sometimes referred to individually as “**Party**” and collectively as “**Parties**”

WHEREAS the Parties have signed a marketing and logistics support agreement dated October 1st, 2014 with respect to certain services provided by OMLC to OBPA at the Port of Ogdensburg, in the State of New York (the “**Contract**”);

WHEREAS the Parties wish to amend the Contract as provided for in this Addendum;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound, the Parties hereby agree as follows:

1. The Contract is modified as follows:

1.1. Paragraph 2.4 of the Contract is amended to add the words "half of" after the words "payment of" in the first sentence, at the beginning of the last sentence and after the words "per hour applicable on" in the last sentence, as follows:

2.4. Invoicing of the Manager's Salary: OMLC shall issue to the OBPA in the five (5) days following the end of each month an invoice for the payment of **half of** one twelfth (1/12) of the Manager's salary and benefits, as such are provided for in Schedule "G" for the period starting on the Commencement Date and expiring on December 31st, 2015. The amounts of the Manager's salary and benefits shall be renegotiated by OMLC and the OBPA not less than thirty (30) days before said date and each anniversary date thereof during the term of this Agreement. The invoices related to the payment of the Manager's salary and benefits shall be due and payable by the OBPA in the thirty (30) days following the reception of the invoices. **Half of** the Manager's salary and benefits shall be a direct cost for the calculation of the Fees on New Contracts to be recouped by the OBPA at a rate of 0.125% per hour applicable on **half of** the total compensation provided for at Schedule "G".

1.2. The following paragraph is added after paragraph 4.2 of the Contract:

4.2.1. Second Term: After the Initial Term, the term of the Agreement shall be extended for a second term of ten (10) years beginning on October 1st, 2024, and ending on September 30th, 2034 (the "Second Term").

1.3. Paragraph 4.3. of the Contract is amended to replace the first instance of "Initial Term" by "Second Term" and by adding "and the Second Term" after the second instance of "Initial Term" and by adding ", the Second Term" after the third instance of "Initial Term", as follows:

4.3. Subsequent Terms: The **Second Term** may be renewed for additional and subsequent periods of five (5) years each upon the same terms and conditions as shall be provided for in the Agreement (in each case, an "Additional Term," and with the Initial Term **and the Second Term**, the "Term"), if mutually agreed to in writing by the Parties at the latest sixty (60) days prior to the expiry of the Initial Term, **Second Term** or Additional Term, if any, or on such other date the Parties may mutually agree to in writing.

2. GENERAL

2.1. Except as otherwise expressly provided in this Addendum, all of the terms and conditions of the Contract remain unchanged and in full force and effect.

2.2. The Addendum enters into effect at the Effective Date.

(SIGNATURES ON THE NEXT PAGE)

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED THIS ADDENDUM:

**OGDENSBURG MARKETING & LOGISTICS
CO., LLC.**

**OGDENSBURG BRIDGE AND PORT
AUTHORITY**

Per: Stephen Mosher

Per: [..]

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