

Appendix A

Strategic Planning Initiative



A. Strategic Planning Initiative

This appendix provides information on the Strategic Planning Initiative (SPI) that was conducted at the outset of the Master Plan Update process to provide City of Twin Falls/Twin Falls County (City/County) officials and other key community leaders an opportunity to develop goals and objectives for the Master Plan Update. The SPI resulted in increased community awareness of Joslin Field, Magic Valley Regional Airport (TWF or the Airport) and the master planning process and provided important input that was used to guide development of the Master Plan Update. **Table A-1** lists the individuals that were invited to participate in the SPI.

Table A-1 Strategic Planning Initiative Participants

City/County Officials

- City Economic Development Director
- City Engineer
- City Councilman
- City Community Development Director
- Assistant City Manager
- County Commissioner

Other Community Leaders

- President/CEO, Twin Falls Area Chamber of Commerce
- Executive Director, South Central Idaho Tourism and Recreation Association
- Executive Director, Business Plus
- Idaho Power Community Relations Coordinator
- Executive Director, Southern Idaho Economic Development Organization

Joslin Field, Magic Valley Regional Airport

- Airport Manager

Consultant Team

- Master Plan Update Project Manager (Ricondo & Associates, Inc.)
- Support staff (Ricondo & Associates, Inc. and Riedesel Engineering, Inc.)

SOURCE: Ricondo & Associates, Inc., September 2010.
 PREPARED BY: Ricondo & Associates, Inc., August 2011.

The key elements or goals of the SPI included the following:

- Identify Airport strengths, weaknesses, opportunities, and threats (referred to as a SWOT analysis, as discussed in Section A.1) in the areas of financial condition, air service, and land use.
- Develop goals to counter weaknesses and threats and accentuate strengths and opportunities.
- Identify specific objectives to meet goals that can be identified in the Master Plan Update.

The first element is discussed in Section A.1 of this appendix. The two remaining elements are discussed in Section A.2.

The SPI session was organized into six modules, as follows:

- **Module #1, Purpose of Strategic Planning Initiative** – Defined the purpose and goals of the SPI, and provided an overview of the master planning process and the key elements contained in an airport master plan.
- **Module #2, Airport Overview** – Provided an overview of the Airport, including a concise history, historical aviation activity statistics, existing Airport facilities, the then current ALP set, and the existing off-Airport land use plan. The role and importance of the Airport within the context of the National Plan of Integrated Airport Systems (NPIAS) was also discussed.
- **Module #3, Airport Financial Condition Overview and Evaluation** – Included a review of the Airport's financial structure and capital improvement funding sources, a discussion of aeronautical and nonaeronautical revenues and recent Airport financial performance, and presentation of a financial benchmarking analysis. Strengths, weaknesses, opportunities, and threats associated with the Airport's financial condition were discussed.
- **Module #4, Air Service Overview and Evaluation** – Although not addressed specifically in the Master Plan Update, the Airport's current air service and prospect for additional air service was discussed. This module began with an overview of air service generators and the effects of a slowing economy on passenger demand. An air service/market comparison analysis was conducted and presented, in which nonstop commercial airline service, top destination markets, and roundtrip airfares for TWF to other commercial service airports in the region were compared. The status of the proposed replacement airport for Friedman Memorial Airport was also discussed. Finally, strengths, weaknesses, opportunities, and threats associated with the Airport's air service were discussed.
- **Module #5, Land Use Overview and Evaluation** – Provided for the discussion of Airport land use issues in general, as well as some additional focus on nonaeronautical revenue opportunities at the Airport in the context of land use. The Airport's existing land use was presented, followed by a discussion of basic principles important to the development of a comprehensive land use strategy. Strengths, weaknesses, opportunities, and threats associated with the Airport's land use were discussed. Examples of nonaeronautical land uses at other airports around the country were presented and nonaeronautical land use development strategies were discussed.
- **Module #6, Review and Summary** – Provided for a review of the strengths, weaknesses, opportunities, and threats discussed in previous modules, as well as the goals and objectives to be addressed in the Master Plan Update.

A.1 SWOT Analysis

In the context of strategic airport planning, a SWOT analysis is a method used to assess an airport's strengths, weaknesses, opportunities, and threats. During the SPI process, specific Airport strengths, weaknesses, opportunities, and threats were discussed with regard to the Airport's financial condition, air service, and land use, as described in Section 1 of this report.

A.1.1 FINANCIAL CONDITION SWOT SUMMARY

Strengths:

- **No long-term debt obligations** – The Airport enterprise does not currently incur debt service payments on any outstanding debt. This allows Airport revenues to be devoted strictly to the operation, maintenance, and development of the Airport and offers greater flexibility in funding future development projects.
- **No automobile parking fees** – The City/County currently does not charge any short- or long-term parking fees at the Airport. Free parking has become an important marketing tool for the Airport, as parking fees are charged at several competing commercial service airports in the region. When travel plans allow for multiple alternatives, parking costs are one factor considered by travelers when deciding which airport from which to depart.

Weaknesses:

- **Reliance on City and County revenue contributions** – As is common for an airport the size and function of TWF, the Airport is reliant on City/County revenue contributions to aid in funding the operation and maintenance of the Airport. This reliance on City/County support was identified as a principal weakness of the Airport's current financial condition. Moving toward financial self-sufficiency would reduce the City/County tax burden associated with the Airport.

Opportunities:

- **Increased passenger facility charge (PFC) level** – The Federal Aviation Administration (FAA) allows the collection of a PFC up to \$4.50 for every eligible enplaned passenger at the Airport. PFC revenues provide an important funding source for airport development projects. Currently, the maximum PFC of \$4.50 is collected at the Airport. For several years, airport industry groups have requested that federal PFC regulations be changed to increase the PFC Program's maximum PFC level from its current \$4.50. If federal PFC regulations are changed and the maximum PFC level is increased, Airport management should explore the potential for collecting the higher PFC level.
- **Automobile parking fees** – The lack of parking fees at the Airport was identified previously as a strength, particularly in terms of marketing. While establishing competitive advantages over competing airports is important, a potentially significant source of funding is foregone by not charging for parking. Establishing a parking fee would also show tenant airlines that Airport management is making a continued effort to lower airline operating costs by generating revenue from nonairline sources.

- **Lease rates/terms** – As tenant leases expire or come up for renewal, Airport management may have an opportunity to modify the leases to provide maximum benefit and flexibility in terms of lease rates and terms. The rates/terms of current leases that are not providing maximum benefit to the Airport enterprise should be identified.

Threats:

- **Decrease in/elimination of Airport Improvement Program (AIP) grant authorization** – For an airport the size of TWF, federal grants through the FAA’s AIP are the primary funding source for eligible Airport development projects. Under AIP, the FAA funds up to 93.75 percent of eligible project costs, with the remaining 6.25 percent coming from a local match provided by the City/County. While AIP funds provide an important and cost-effective funding source for airports and should be used for eligible projects, reliance on such funds for long-term planning assumes that the FAA will continue to authorize and appropriate AIP funds. Funding delays, reductions, or elimination of the program altogether could adversely affect critical development projects unless the City/County has access to alternative funding sources.
- **Loss of/decrease in passenger airline service** – From a financial perspective, passenger airline service accounts for a significant portion of Airport revenues, such as airline landing fees, terminal fees, and PFC revenues. A loss of or decrease in passenger airline service could have far-reaching financial implications for the continued development of the Airport.

A.1.2 AIR SERVICE SWOT SUMMARY

Strengths:

- **Established airline service** – SkyWest Airlines has been serving the Airport for over 30 years. Such consistent airline service indicates that the Twin Falls area has supported long-term demand for air service at TWF and that such demand will continue.
- **Multiple airlines** – With the initiation of service by Allegiant Air in summer 2010, and until the airline's departure in January 2012, two commercial airlines operated at the Airport. Having multiple airlines offering service to different destinations provided additional marketing opportunities for the Airport and reduced the risk of a total loss of airline service.
- **Service to two large airline hubs** – Until the departure of Allegiant Air, passenger airline service was offered between TWF and two large airport hubs (Salt Lake City International Airport and Las Vegas McCarran International Airport). Service to these airports allowed passengers departing from TWF to connect to numerous destinations around the country and throughout the world.
- **Low-cost airline service** – Allegiant Air operated under a low-cost business model that allowed the airline to offer passengers lower fares compared to more traditional/legacy airline business models.
- **Competitive fares with nearby small airports** – As part of the SPI, an airfare analysis was conducted, which showed that, over the last 15 years, fares at TWF have remained competitive with fares at nearby airports of similar size, including Pocatello Regional Airport and Friedman Memorial Airport.
- **Increased service area** – Because of the low-cost airline service provided by Allegiant Air, lower airfares had the effect of drawing passengers from areas well beyond the Airport’s historical (or

otherwise typical) service area. Airport records show that passengers traveled from all over southern Idaho to take advantage of the low-fare service from TWF to Las Vegas.

- **Reliability** – TWF experiences meteorological patterns that are normally supportive of year-round aviation activity. Other commercial-service airports in the region are affected by severe weather and/or visibility limitations, particularly during the winter months. These weather phenomena occur less frequently at TWF, so that few commercial airline flights are forced to cancel or divert because of weather conditions. This high degree of reliability is a strong feature of the Airport compared to other airports in the region.

Weaknesses:

- **Limited nonstop destinations** – While service to one or two large-hub airports is an important strength, travel to destinations other than those two markets requires a layover and connection on a different aircraft and/or airline, thereby increasing the total time required for a passenger to travel to his/her final destination.
- **Limited jet service** – While operating at TWF, Allegiant Air was the only provider of jet service to/from the Airport. SkyWest Airlines offers service to/from TWF on twin-engine turboprop aircraft. Passengers often comment that they are reluctant to travel on turboprop aircraft because of factors such as perceived safety, comfort, and speed/time. Such preferences may encourage potential passengers to travel to other airports for the opportunity to fly on jet aircraft.
- **Proximity to Boise Airport** – Boise Airport, located approximately 130 miles west of TWF, has low-cost airline service provided by Southwest Airlines to a number of domestic destinations. The presence of low-cost airline service at Boise Airport results in (generally) lower overall airfares across all airlines and destinations served at the airport. Boise Airport also offers nonstop flights to approximately 20 destinations. Consequently, passengers in southern Idaho are willing to travel long distances (including from Twin Falls) to take advantage of lower fares and greater number of nonstop destinations offered at Boise Airport.

Opportunities:

- **Additional nonstop destinations** – A market analysis conducted in conjunction with the SPI identified the largest origin and destination markets served by the Airport (in other words, the locations to which people travel on commercial airline flights departing from TWF). In addition to Salt Lake City (which is served by SkyWest) and Las Vegas (which was served by Allegiant Air), Phoenix was identified as a top passenger destination for passengers departing from TWF. Allegiant Air currently operates to/from Phoenix, but did not serve Phoenix while operating at TWF.
- **Maintain lower fares through low operating costs** – Although many factors influence the level of airline fares in a particular market, one such factor that airport operators are able to control (relatively speaking) is the cost the airline incurs while operating at the airport (in the form of landing, terminal, and other fees). Continued efficient management of revenues and expenses associated with the Airport can result in lowering the costs for airlines operating at TWF, thereby creating an environment whereby lower/competitive airfares can be maintained relative to other airports in the region. Lower fares will enable the Airport to capture an increased number of passengers from its service area.

Threats:

- **Replacement for Friedman Memorial Airport** – Some of the potential sites for the replacement airport for Friedman Memorial Airport would result in the new airport being closer to TWF. While timing of the replacement airport, as well as specific airline service agreements and routes, is uncertain, locating a commercial service airport closer to TWF could affect passenger demand and/or airfares at the Airport.
- **Lack of airline competition** – With service provided at TWF by only one network/hub airline (SkyWest Airlines), passengers flying from TWF could face higher airfares because of the lack of competition on specific routes.

A.1.3 LAND USE SWOT SUMMARY

Strengths:

- **Current comprehensive planning** – The City and County have developed and adopted comprehensive plans within the past few years (the County in 2008 and the City in 2009). Periodic and recent updates to comprehensive plans indicate the importance of land use issues to the respective entities that sponsor the Airport. Current comprehensive plans also allow Airport management to align its own development and land use plans with the goals and objectives of the broader municipal comprehensive plans.
- **Undeveloped land surrounding the Airport** – The Airport is located in an area largely free of development. While some houses/buildings are located in relatively close proximity to the Airport, large-scale residential, commercial, and industrial development is located well north of the Airport. Therefore, an ample supply of developable land exists, which reduces the potential for future Airport development to affect incompatible land uses.
- **College of Southern Idaho** – The College of Southern Idaho is a comprehensive community college located in Twin Falls, providing the possibility of Airport management developing strategic partnerships with this important regional employer and educational institution.

Weaknesses:

- **Interstate access** – Interstate 84 (I-84) is the major interstate highway in southern Idaho, connecting Twin Falls with major population centers, such as Boise to the west and Salt Lake City to the southeast. The Airport is located approximately 12 miles south of I-84 and passengers using I-84 to access the Airport must travel through downtown Twin Falls. There is currently no direct access to the Airport from I-84.
- **Sporadic residential development in the Airport environs** – Although large-scale residential development is not located in close proximity to the Airport, some sporadic residential development does exist in the vicinity of the Airport. Such development provides some limitations to potential Airport development and could also be affected by Airport operations.

Opportunities:

- **Spinoffs from existing industries** – Existing technology and manufacturing industries located in the area may allow for the development of derivative industries/services on or adjacent to the Airport.

- **Solar power generation** – The abundance of undeveloped land surrounding the Airport could allow for the development of solar power generation facilities, which could supplement Airport power use and/or provide an opportunity for increased nonaeronautical revenue.

A.2 Goals and Objectives

Based on the results of the SWOT analysis, specific goals were developed to counter weaknesses and threats and to accentuate strengths and opportunities. Specific objectives were then developed that could be incorporated or identified in the Master Plan Update to meet those goals. The development of goals and objectives centered on the following strategies: identify nonaeronautical revenue opportunities, identify financial strategies, and identify land use strategies. The application of many of the objectives/strategies described in this appendix may require further study beyond the scope of this Master Plan Update. An initial identification of these strategies as a basis from which future studies may be initiated is discussed below.

A.2.1 IDENTIFY NONAERONAUTICAL REVENUE OPPORTUNITIES

The identification of nonaeronautical revenue opportunities within Airport property was a goal determined through the SPI process. The following paragraphs describe specific objectives or strategies that were developed to achieve this goal:

- **Identify lands for nonaeronautical development** – When considering specific parcels of land for nonaeronautical development, a determination should be made as to whether or not the land is available for a limited time only, available for the long term (e.g., 20 years +/-), and potentially surplus.
- **Develop a marketing plan** – A marketing plan (subsequent to the Master Plan Update) should be developed to include a market analysis, objectives, situational analysis, marketplace issues, the marketing mix, and an implementation plan.
- **The marketing plan should include the following components:**
 - **Develop strategic partnerships with surrounding businesses, institutions, and industries** – Opportunities for on-Airport business development may arise through the development of partnerships with existing businesses and institutions (such as the College of Southern Idaho).
 - **Identify target businesses and industries** – Types of businesses or industries that could be candidates for nonaeronautical revenue development should be identified, potentially through preparation of a market demand study. Such businesses/industries could include those that complement existing Airport operations/businesses or existing businesses/industries located in the area. Opportunities to target new businesses/industries for the area could also be explored.
 - **Identify feasible land uses given current site/market limitations** – The feasibility of locating nonaeronautical development in, on, or around the Airport should be determined based on factors such as market conditions (i.e., type of businesses/industries), physical characteristics of a

- given site/parcel, environmental considerations, Airport operations/safety, vehicle access (if required), and the availability of utilities.
- **Identify capital improvement needs and develop and implement a capital improvement program** – Capital development required to accommodate and serve nonaeronautical business development on the Airport should be identified, including the availability of ground access and utilities.
 - **Consider the role of development incentives** – Development incentives could include financing assistance, tax/fee abatement, flexible lease terms, job training incentives, etc. Airport management could also explore opportunities to offer incentives in cooperation with other State/local governmental entities and local businesses.

A.2.2 IDENTIFY FINANCIAL STRATEGIES

The Airport is currently reliant on City/County revenue contributions to aid in funding operation and maintenance of the Airport. Working toward financial self-sufficiency and thereby reducing the City/County tax burden associated with the Airport was identified as an important goal. Objectives or strategies that were developed to achieve this goal are as follows:

- **Minimize operation and maintenance expenses** – Operation and maintenance activities should be analyzed to determine if specific activities are being conducted as efficiently as possible. Efficiencies can be measured by various metrics, such as expense per employee, expense per enplaned passenger, or expense per aircraft operation. Cost savings may be realized through implementation of sustainable practices, development, and technologies, which also have positive environmental and social benefits (i.e., alternative fuel vehicles, solar/wind power, green roofs).
- **Develop nonaeronautical revenue opportunities** – Maximizing nonaeronautical revenues is critical to achieving financial self-sufficiency because of the limited revenue that can be generated at an airport by user fees alone. The land occupied by an airport often represents the airport's greatest asset, which should be used, to the extent possible, for revenue generation. Section 6 identifies several strategies/objectives to identify nonaeronautical revenue opportunities at the Airport.
- **Take advantage of funding opportunities** – For an airport the size of TWF, funding through federal Airport Improvement Program grants and passenger facility charges collected through airline tickets represent the primary sources for funding capital development projects. However, additional sources of funding are available and should be explored, as applicable, such as Transportation Security Administration (TSA) grants, State grants, bond financing, and third-party (i.e., tenant) financing.
- **Review terms/rates of current leases** – As current tenant leases expire, they should be reviewed to determine the most appropriate lease terms and rates given market conditions, specific land/facility uses, and opportunity costs.

A.2.3 IDENTIFY LAND USE STRATEGIES

Developing on-Airport land can influence the characteristics of the Airport, as well as the characteristics of the local region. Consequently, the land use within and surrounding the Airport was an important point of

discussion during the SPI process. Several goals related to land use were identified as part of the SPI, as follows:

- Maintain compatibility with Airport environs
- Investigate the highest and best use of available on-Airport land
- Target and identify (specific) areas for potential industrial/aeronautical uses
- Develop the concept of the Airport as the gateway to Twin Falls (to be included in a marketing plan)

Objectives or strategies that were developed to meet these goals include the following:

- **Reserve prime lands on Airport property for long-term aeronautical-related development** – The primary purpose of the Airport is to facilitate the safe and efficient transportation of people and goods on aircraft. To that end, prime on-Airport land that is most suitable for aeronautical-related development should be reserved for that purpose.
- **Ensure long-term Airport land use compatibility** – Land use compatibility includes factors such as noise compatibility, safety, and airspace protection. Specific local land use and zoning regulations should be developed and enforced to ensure that land uses or development that would be incompatible with Airport/aircraft operations is prohibited. Examples of incompatible land uses include those that are sensitive to aircraft noise (i.e., residential development, schools) or that could interfere with aircraft approach and departure safety zones (i.e., towers).
- **Promote development that takes advantage of Airport proximity** (to be included in a marketing plan) – Development around the Airport that can take advantage of being in close proximity to the Airport should be encouraged. For example, businesses or industries that involve the frequent transportation of goods or employees may benefit from the convenience of locating near the Airport.
- **Recognize that the Airport is a gateway to Twin Falls** (to be included in a marketing plan) – For travelers that arrive in Twin Falls by air, the Airport is the first exposure to Twin Falls, essentially acting as a gateway to the City. Therefore, the arrivals process or experience (e.g., amenities, customer service, cleanliness) at the Airport is important and reflects (either positively or negatively) on the Airport as well as the City.