

STRATEGIC BUSINESS PLAN 2017



INCREASE AIR SERVICE



MAINTAIN A HIGH LEVEL OF COMMUNITY SUPPORT



STRENGTHEN FINANCIAL SUSTAINABILITY



INVEST IN PEOPLE & OPERATIONAL ASSETS



ATTRACT COMMERCIAL DEVELOPMENT



PLAN, BUILD & MAINTAIN INFRASTRUCTURE



PROMOTE REGIONAL TOURISM





MESSAGE FROM OUR CHAIRMAN

Phoenix-Mesa Gateway Airport is one of the most dynamic and exciting economic development projects in the entire country. While significant emphasis has been placed on improving and expanding commercial air service, the Airport has also made great strides forward with other aviation-related activities and commercial/industrial development that will help ensure continued economic prosperity for the rapidly growing Phoenix East Valley.

Airports are major economic engines, creating jobs, facilitating commerce, and providing convenient access to the global marketplace. Each year, Gateway Airport welcomes approximately 1.4 million air travelers that are directly responsible for contributing more than \$1.3 billion in regional economic activity. Business and leisure visitors arriving through the Airport actively support local ground transportation, lodging, dining, retail, and entertainment venues during their stay in the Valley.

Gateway Airport is more than just a thriving regional air transportation hub. Within the 3,000-acre footprint of the Airport, a growing number of leading aviation companies are expanding operations and creating new employment opportunities. Adjacent to the Airport, our partners at the Arizona State University Polytechnic Campus and Chandler-Gilbert Community College Williams Campus provide direct access to a local pool of talented and innovative employees.

This Airport's success is the byproduct of smart planning, strong leadership, and a well-articulated vision. The Phoenix-Mesa Gateway Airport Authority (PMGAA) Board of Directors has identified seven strategic goals to guide the operation and development of Phoenix-Mesa Gateway Airport during the next several years. These organizational goals focus on building relationships and community support; improving Airport services, facilities, and infrastructure; strengthening financial sustainability; and the promotion of regional tourism.

I'd like to take this opportunity to thank the six member communities, PMGAA, government officials at all levels, and the organizations and businesses across the region that have worked together to help build and improve Phoenix-Mesa Gateway Airport. The Airport and the regional economy benefit from your active participation and strong support. Thank you!

Sincerely,

A handwritten signature in dark ink that reads "John Giles". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Giles".

Mesa Mayor John Giles
Chairman, PMGAA Board of Directors



STRATEGIC BUSINESS PLAN 2017

The Phoenix-Mesa Gateway Airport Authority (*PMGAA*) Board of Directors has identified seven organizational goals to guide the improvement and development of Phoenix-Mesa Gateway Airport (*Gateway Airport, the Airport*) during the next decade. PMGAA staff has created a strategic business plan that outlines a comprehensive set of activities and initiatives designed to successfully meet those goals. It is important to recognize however, that since the planning horizon spans many years and unforeseen events may occur, this plan will require periodic updates in order to address changing environmental conditions.

THE DESIRED OUTCOME OF THE PMGAA STRATEGIC BUSINESS PLAN IS TO:

- ➔ Identify and analyze the business and environmental factors that might affect the organization during the next decade
- ➔ Confirm the organization's mission, vision, and values
- ➔ Establish key goals for the organization
- ➔ Create objectives and action plans to direct implementation
- ➔ Build a clear, unified, and well-articulated direction for the organization



STRENGTHS, WEAKNESSES, OPPORTUNITIES, & THREATS

Phoenix-Mesa Gateway Airport operates in a dynamic environment. As part of the strategic planning process, PMGAA staff completed an environmental scan or SWOT Analysis — the evaluation of internal factors (*Strengths & Weaknesses*) and external factors (*Opportunities & Threats*). Considering internal and external factors together can provide valuable information for later steps in the strategic planning process.

STRENGTHS:

PMGAA is fortunate to have dedicated and experienced employees who are passionate about providing exceptional service for customers, tenants, and the communities they serve.

Phoenix-Mesa Gateway Airport is situated on 3,000 acres adjacent to a well-established freeway system in the robust Phoenix East Valley. The Airport boasts a healthy mix of commercial, corporate, general aviation, and military activity. It offers the benefits of a Foreign Trade Zone, Military Reuse Zone, and has a strong private maintenance, repair, and overhaul (MRO) and original equipment manufacturer (OEM) presence. There are currently more than 1,000 acres of Airport land remaining for aeronautical and non-aeronautical development.

PMGAA continues to increase its operational revenues and now generates sufficient income to provide long-term operational sustainability. The Airport is an important economic engine for the region and currently generates more than \$1.3 billion in annual economic impact.

WEAKNESSES:

PMGAA needs to continue to attract and retain the best-qualified workforce to support future growth. Investments in technology must be flexible and scalable in order to remain relevant as the Airport expands to meet the changing air transportation needs of the region. Like many other regional airports, capital funding sources are constrained and require creative new strategies and strong public and private partnerships.

OPPORTUNITIES:

A strengthening global economy is bolstering PMGAA's opportunities for growth and development. Continued investment in infrastructure improvements including information technology, roadways, and rail will provide the Airport and the Phoenix East Valley with a strategic advantage over other metropolitan areas across the country.

Increased demand for commercial and industrial development on and around the Airport and a robust residential housing market will stimulate new opportunities for long-term lease revenue and the acquisition of additional air service.

THREATS:

Airspace congestion, economic turbulence, infrastructure capacity, industry disruptions, and land use planning issues are just some of the many pressures impacting the aviation industry. As future growth occurs on and off the Airport, it is critical that PMGAA continues to work closely with the surrounding communities, its aviation partners, and state and federal regulating agencies to ensure long-term sustainability. Communication and cooperation are critical to help minimize the impacts from external forces.

OUR MISSION:

We strive to be the airport that air travelers choose, airlines prefer, and a growing number of businesses call home. We will provide exceptional customer service while operating Phoenix-Mesa Gateway Airport in a safe, secure, efficient, and fiscally-responsible manner.



OUR VISION:

Phoenix-Mesa Gateway Airport will be the airport of choice for a growing number of business and leisure air travelers seeking great value and unparalleled convenience. Additional airlines will begin operations that complement the services offered by existing airlines. Corporate, cargo, general aviation, and military operations will increase as the dynamic economy of the Phoenix East Valley continues its robust trajectory upward.



The following organizational values guide PMGAA:

SAFETY: Value and preserve life and environment.

PRIDE: Work with passion to instill real quality in everything we do.

INNOVATION: Embrace each day's challenges as opportunities with an open mind, a spirit of creativity, and resourcefulness.

RESPONSIBILITY: Be accountable for our words and actions — large and small.

INTEGRITY: Act in good faith and treat others with respect, honesty, and sincerity.

TALK: Take time to communicate and talk things through.

STRATEGIC GOALS

The PMGAA Board of Directors has identified seven strategic goals as important cornerstones of the organization.

These goals will guide development and operation of Phoenix-Mesa Gateway Airport during the next decade.



#1: Increase Air Service



#2: Maintain a High Level of Community Support



#3: Strengthen Financial Sustainability



#4: Invest in People & Operational Assets



#5: Attract Commercial Development



#6: Plan, Build & Maintain Infrastructure



#7: Promote Regional Tourism



STRATEGIC GOAL #1:
Increase Air Service



Work with incumbent airline(s) to retain and expand current level of air service by increasing the frequency of flights to existing destinations and expanding the number of nonstop destinations served. Recruit additional commercial passenger, charter, and cargo airlines by executing an air service development strategy, fostering professional relationships with potential airlines, and articulating a strong business case for new air service. Also, attract more corporate jet/private aircraft and military training operations to Phoenix-Mesa Gateway Airport to enhance revenue and economic contribution.

INITIATIVE SUMMARY

Airports are major economic engines for the regions they serve, creating jobs, facilitating commerce, and connecting products and people to the global marketplace.

Over the next ten years, commercial passenger activity at Phoenix-Mesa Gateway Airport is expected to increase faster than the national average. This projected growth will be the result of a deliberate and strategic air service development program designed to support and entice both existing and potential airlines to initiate new nonstop destinations and additional frequency to popular destinations.



OBJECTIVES

- 1 Increase passenger activity by 3-5% each year
- 2 Maintain a competitive airport cost structure
- 3 Develop cargo activity

PERFORMANCE MEASURES:

- Number of commercial passenger airlines
- Number of nonstop destinations served
- Number of air cargo airlines
- Customer survey responses
- Number of repeat general aviation, corporate, and military customers
- Number of total passengers annually
- Cost per enplaned passenger (CPE)
- Amount of air cargo processed annually
- Number of fuel sales transactions and total gallons sold



STRATEGIC GOAL #2:

Maintain a High Level of Community Support



Airports can be good neighbors, and communication is critical for long-term, successful community relationships. Phoenix-Mesa Gateway Airport will continue to work closely with public officials, neighborhood representatives, and business leaders from adjacent communities as we plan for future growth and development. Airport staff will strengthen community outreach efforts and increase initiatives that promote the dissemination of information and effective two-way communication.

INITIATIVE SUMMARY

Cities and towns across the Phoenix East Valley are experiencing a prolonged period of steady growth and development.

As populations increase, so does PMGAA's responsibility to work with neighboring communities to protect them and the Airport through thoughtful planning, strategic partnerships, and increased communication.

A strong community outreach program will help develop trust with elected officials, residents, and businesses, and foster stronger support for the Airport's mission.



OBJECTIVES

- 1 Increase involvement in neighboring communities
- 2 Encourage cooperative long-range land use planning to safeguard surrounding communities and the Airport
- 3 Engage local communities to honor the rich history and support continued development of Gateway Airport
- 4 Highlight economic importance of the Airport and its activities

PERFORMANCE MEASURES:

- Community survey responses
- Number of PMGAA staff serving on various community boards and committees
- Number of annual airport tours and community presentations
- Number of airport volunteers
- Phoenix-Mesa Gateway Airport Aviation Day attendance
- Measurable growth in economic contribution



STRATEGIC GOAL #3:

Strengthen Financial Sustainability



Phoenix-Mesa Gateway Airport benefits by developing and diversifying aeronautical and non-aeronautical revenue streams. Stable, steady, and robust fiscal control helps support revenue planning and operational cost efficiencies for the Airport's ongoing operations. Member contributions and various grants for capital replacement and improvement assist in assuring long-term financial sustainability.

INITIATIVE SUMMARY

PMGAA is a thriving and operationally self-sufficient regional airport. The organization benefits from annual contributions provided by its member communities dedicated for important airport facility and infrastructure improvement projects.

Growing and diversifying aeronautical and non-aeronautical revenue AND controlling operational expenditures are critical for the Airport's long-term success.



OBJECTIVES

- 1 Establish and improve comprehensive financial management processes, tools, and reports
- 2 Develop a budgeting and financial planning system to accurately and reliably reflect anticipated resources and planned expenditures
- 3 Increase aeronautical and non-aeronautical revenues

PERFORMANCE MEASURES:

- Cost Center analysis model with regular updates
- Non-aeronautical revenue as a proportion of total revenue
- Days of cash on hand
- Airport facilities vacancy rates at market or better
- Obtainment of a credit rating
- Annual revenue growth
- Concession transactions and concession revenue growth
- Annual revenue from Gateway Aviation Services Department



STRATEGIC GOAL #4:

Invest in People & Operational Assets



Developing and maximizing Phoenix-Mesa Gateway Airport's economic contribution to the region depends on our ability to attract and retain a high quality, motivated, and talented workforce. The Airport will maintain and enhance a positive work environment offering competitive compensation packages and providing opportunities for career advancement. To support our staff, tenants, and customers, we will continue to invest in facilities, equipment, and systems to ensure the safe, secure, and efficient operation of the Airport.

INITIATIVE SUMMARY

Human resources are an organization's most important and most valuable asset. PMGAA must invest in its employees and provide them with the tools and resources needed to successfully fulfill their responsibilities.

PMGAA will strive to attract and retain an experienced and knowledgeable team by creating a positive workplace environment where employees are motivated and feel valued.

PMGAA will offer competitive compensation and benefits, as well as opportunities for growth and future professional development. The efficient operation of the Airport also depends on business systems and technology that is appropriate, timely, and supports collaboration.



OBJECTIVES

1

Maintain an organizational culture and employee benefits program that facilitates the attraction and retention of highly-qualified and talented employees

2

Improve integration of technology, internal controls, and benchmarking across all departments to better support customer needs and strengthen financial framework

PERFORMANCE MEASURES:

- Staff turnover ratio
- Perform planned audits and close 100% of recommendations within schedule
- Survey employee satisfaction with new systems; make corrections as needed
- Hours of training per employee
- Days without accident by department
- Support of positions needing/benefiting from certifications/licensing
- Identify safety and customer service training expectations by position and maintain 90% compliance



STRATEGIC GOAL #5:

Attract Commercial Development



Airports are important economic engines that create jobs, promote investment, and provide necessary air transportation services for the regions they serve. Phoenix-Mesa Gateway Airport will attract, encourage, and facilitate public and private investment on and around the Airport by implementing a long-term strategy for both aeronautical and non-aeronautical commercial development. By doing so, the Airport will maximize revenues and create jobs that enhance the regional economy.

INITIATIVE SUMMARY

Airports with a significant amount of available land can benefit financially by strategically marketing aeronautical and non-aeronautical development opportunities.

The expansion of commercial and industrial development on and around the Airport will facilitate high-wage jobs and new opportunities for the region to prosper.



OBJECTIVES

- 1 Proactively market and promote aeronautical and non-aeronautical real estate development opportunities on-Airport
- 2 Enhance relationships with regional economic development organizations

PERFORMANCE MEASURES:

- Number of qualified leads generated annually
- Development in Gateway Aerospace Park
- Number of development projects on Airport land
- Concession revenue growth
- Number of Airport buildings occupied



STRATEGIC GOAL #6:

Plan, Build & Maintain Infrastructure



Access, efficiency, capacity, and cooperation are tenets of successful infrastructure planning. Phoenix-Mesa Gateway Airport will work with federal, state, and local officials, neighboring communities, and adjacent landowners to develop infrastructure that supports long-term growth on the Airport and across the region.

INITIATIVE SUMMARY

Airport growth is a proven catalyst for sustainable, long-term economic prosperity. Thoughtful, inclusive, and coordinated infrastructure planning is the cornerstone of any successful airport, thriving city, or economically-competitive region.

Maintaining adequate roadway, runway, railway, utility, and information technology capacity is critical for ensuring access and long-term viability.

Commercial and industrial growth is governed by the ability to move people, products, and ideas in an efficient, timely, and cost-effective manner.



OBJECTIVES

- 1 Ensure Gateway Airport's priorities are integrated into state, regional, and federal long-range planning and funding programs
- 2 Promote open and inclusive long-range airport planning
- 3 Implement facility and infrastructure projects that support passenger activity growth and provide access to the Northeast Development Area

PERFORMANCE MEASURES:

- Number of projects completed on-time and within budget
- Access created to Northeast Development Area
- Completed Environmental Assessment design, and build new Air Traffic Control Tower
- Completed Passenger Terminal Optimization projects
- Participation in regional planning initiatives



STRATEGIC GOAL #7:

Promote Regional Tourism



Phoenix-Mesa Gateway Airport welcomes a growing number of air travelers to the region each year. These visitors spend hundreds of millions of dollars on lodging, food/beverage, transportation, entertainment, and retail purchases. It is critical that the Airport increases its partnerships with member governments and key industry stakeholders to help promote and support regional tourism in the Phoenix-Mesa metropolitan area and across the state.

INITIATIVE SUMMARY

Tourism is an important industry for the State of Arizona and, more locally, the Phoenix East Valley.

As a major economic engine and proud member of the tourism industry, Phoenix-Mesa Gateway Airport needs to continue strengthening partnerships with other industry representatives like the *Arizona Office of Tourism*, *Arizona Lodging & Tourism Association*, and *Visit Mesa*.

Helping promote tourism will better position Phoenix-Mesa Gateway Airport as the commercial passenger airport of choice serving the region.



OBJECTIVES

1

Strengthen tourism industry partnerships

2

Implement a tourism industry communications plan

PERFORMANCE MEASURES:

- Number of tourism industry partnerships and events
- Development of a collaborative tourism network to share ideas and opportunities
- Number of tourism-related advertisements in passenger terminal
- Number of car rentals annually



MONITORING STRATEGY

It is important to involve the PMGAA Board of Directors and staff, surrounding communities, and key stakeholder groups in the regular monitoring of the Strategic Business Plan. A periodic review of the plan provides an updated assessment of the progress being made with respect to the seven organizational goals. It will also afford key stakeholder groups the opportunity to remain involved with the Airport's long-range strategic planning process.

For more information please contact us at 480-988-7600
or visit us online at gatewayairport.com





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