

JOBS EXPANSION AND TRANSPORTATION TASK FORCE

FINAL REPORT OF

KEY FINDINGS AND RECOMMENDATIONS

February 25, 2015 (estimated adoption date)

Daniel Rosenthal, Chair

REVIEW DRAFT
02/12/15

Please note all pages are numbered for editorial purposes.

Letter of Transmittal

INTRODUCTION

Jobs Expansion and Transportation (JET) Task Force

Port Columbus International Airport (Port Columbus) has been regarded as a critical economic engine for the region since its inception. Beginning in 1928, in the very early days of commercial aviation, city leaders campaigned for a strategically placed airfield to serve the citizens of Ohio. Incredible marketing techniques for the time convinced constituents to fund the new airport declared to be “Port Columbus, America’s Greatest Air Harbor.” Civic leaders asserted that a paved runway is the starting point to anywhere and a safe haven for anyone.

Today, Port Columbus’ economic impact is approaching \$4 billion annually and the airport area employs over 33,000 people. With over 140 daily departures the airport continues to serve the needs of the City, the Region and the State of Ohio.

To build upon this important Community asset, Mayor Michael B. Coleman, in his 2014 State of the City Address, called for the creation of the Jobs, Expansion, and Transportation (JET) Task Force.

The Mayor named Daniel Rosenthal, President of Milestone Aviation Group, as Chair of the Task Force. In April, the Mayor appointed the full Task Force, comprised of business, development, transportation, and neighborhood leaders. The Task Force was charged with developing recommendations on how best to strengthen our airport area as an economic hub and the center of transportation for the region.

The JET Task Force members are: Dan Rosenthal, Milestone Aviation Group, Task Force Chair; Ted Adams, L Brands; Elizabeth Blount McCormick, Uniglobe Travel Designers; Kacey Brankamp, Create Columbus Commission; Jean Carter Ryan, Columbus-Franklin County Finance Authority; Geoffrey Chatas, Ohio State University; Michael Dalby, Greater Columbus Chamber of Commerce; Michael Johnson, East Columbus Civic Association; Stephen Lyons, Columbus Partnership; Jolene Molitoris, US Railcar; William Murdock, Mid-Ohio Regional Planning Commission; Mark Patton, JobsOhio; Anthony Precourt, Columbus Crew; and Jonathan Ramsden, of Abercrombie & Fitch.

The Task Force organized into three working groups to conduct its business. The Air Services working group was chaired by Geoff Chatas, the Regional Transportation working group was chaired by William Murdock, and the Economic Development working group was chaired by Jean Carter Ryan. These working groups met regularly to develop findings and recommendations to inform the Task Force report. The full Task Force met on six occasions to examine pertinent matters, receive working group updates, and advance its charge.

The Task Force completed its work in February 2015 and its key findings and recommendations follow.

EXECUTIVE SUMMARY OF KEY RECOMMENDATIONS

The JET Task Force made the following key recommendations:

1. ENHANCING DIRECT AIR SERVICE:

The Community must compete for and invest in new direct flight service in key markets- on the West Coast and in Europe.

- Approach direct air services like other job centers and economic development targets;
- Identify markets best positioned for new service based upon travel demand projections;
- Understand the economic impact that air service to a new market provides our community;
- Align key air service users and marketing efforts to leverage demand for new service;
- Partner with public and private sectors to develop direct air service incentives.

2. ADVANCING PORT COLUMBUS AS OUR REGIONAL TRANSPORTATION CENTER:

The Community must pursue more transportation alternatives for the Port Columbus Area, including a rail connection to Downtown and an airport area multi-modal transportation center.

- Support COTA's effort to provide bus service by 2016 from Downtown to the airport;
- Inform current and long term planning efforts of COTA, City of Columbus, and MORPC;
- Advance business case for Downtown rail service and airport multimodal transportation center;
- Pursue state legislation to create new innovative financing options for new transit services;
- Position these projects for state and federal funding and local public-private partnerships.

3. PROMOTING ECONOMIC DEVELOPMENT:

The Community must commit to strategic investments, programs, and policies to strengthen the Port Columbus area.

- Establish a marketing plan to promote the area and available sites, and target growth industries;
- Collaborate on business retention efforts, workforce development, and positioning DSCC;
- Promote investment in roadway, rail, and public transit infrastructure;
- Improve the area's appearance with enhanced development standards and code enforcement.

4. SUSTAINING THESE EFFORTS OVER TIME:

The Community must forge public-private partnerships to promote Task Force Recommendations.

- Establish an "Air services Committee" to advise on air service priorities, policies, and incentives;
- Assign or create an entity to promote economic development and transportation initiatives.

KEY FINDINGS AND RECOMMENDATIONS

The JET Task Force made findings and recommendations to the Community on how to:

- (1) Enhance direct flight service at Port Columbus;
- (2) Promote economic development in the airport area; and
- (3) Advance Port Columbus as our regional multimodal transportation center.

To conduct its work, the Task Force organized three working groups: air services, transportation, and economic development. These working groups conducted independent research and analysis, engaging community and business leaders from Central Ohio and throughout the country. Each of these working groups conducted its work, held several meetings, and developed reports of findings and recommendations to the full Task Force.

The JET Task Force reviewed and discussed these working group reports and adopted a Final Report of Key Findings and Recommendations. The Task Force stands ready to work with community leaders to advance these recommendations.

AIR SERVICES

FINDINGS: Air Service is going through a radical revolution driving fierce competition to maintain and expand service to communities across America.

Direct air service strengthens our economy by connecting our citizens, businesses, and institutions to markets across the nation and around the world.

New air service development is “economic development” that supports the work of the regional growth strategy of Columbus 2020.

Industry consolidation has made air service expansion difficult. Over the past 14 years, our nation’s airlines have consolidated from ten major carriers to four. These surviving four carriers now capture nearly 90% of the domestic air market. Port Columbus is well served by all four carriers.

Airlines have reduced the number of domestic flights in an effort to manage capacity in a strategy known as “capacity discipline.” From 2007-2012, these practices have resulted in cuts of 1.4 million domestic flights and the elimination of nearly 100 million domestic seats.

Medium-sized and smaller airports have felt the brunt of capacity cuts through airline consolidation and the closure of duplicate hubs. Columbus has suffered some air service setbacks – but not to the extent most airports have. In recent studies, Port Columbus ranks well compared to its peer airports both in increased capacity and the quality of its connections to the global air transportation network.

Businesses, institutions, and the traveling public understand the benefits of direct air service- convenience, time, and access to markets- but our Community now better understands the significant annual economic impact of direct air service, driven by its facilitation of commerce.

Industry experts estimate that daily domestic air service to the San Francisco Bay Area from Columbus can generate an annual economic impact for the region of over \$20 million. Even more impressive, daily international air service between the region and Europe, could generate a \$50 million annual economic impact (per market).

Air service to key markets also may attract additional investment to a community. Business engagement with high technology companies in the San Francisco Bay Area drives a lot of venture capital investment. In looking at the relationship between venture capital investment and direct air service to the Bay Area, on average, cities with direct air service to the San Francisco Bay Area are exposed to \$110 million in venture capital funding per year versus \$11 million, annually, for cities without direct service.

With air service industry consolidation and the marked economic impact of direct air service, airports are pressed to first retain service, then work to expand and enhance service. Communities across America, led by state and local government, businesses, institutions, economic development groups, and convention and visitor bureaus, are playing an increasingly important role in supporting airport efforts to improve service.

In this environment, our Community cannot take our current position with air services for granted. For our future economic growth, it is critical for us to approach air services as an economic driver, like the logistics, technology, retail, financial services sectors, and engage our Community in understanding and investing in air service like we do these other important industries.

RECOMMENDATION: The Community must compete for and invest in new direct flight service in key markets- on the West Coast and in Europe.

The Task Force recommends:

- (1) Advancing new direct air services as an “economic driver” that attracts new business activity, like other critical sectors, e.g., technology, finance, logistics, automotive and retail, due to its economic impact to our community and bring appropriate attention to bear in understanding and advancing service in this competitive environment;
- (2) Targeting markets best positioned for new direct flight service based upon current demand and future projections in conjunction with Columbus 2020;

- (3) Understanding the overall economic impact direct air service to a new market would provide our community;
- (4) Aligning key business, institutional, and community marketing and convention recruiting efforts to leverage demand for new direct air service;
- (5) Partnering with state and local governments and the business community to develop performance based economic incentives to help secure new direct air service and also to attract more air maintenance and air service-related activities at Port Columbus to further position our Community for direct flights.

TRANSPORTATION

FINDINGS: National and local demographic studies and transportation planning work support providing more transportation choices for service between the Port Columbus area and the downtown and other jobs centers and attractions.

Some communities have brought a variety of transportation modes and providers together into multimodal transportation centers at or near airports to serve workers and visitors.

The Insight2050 project executed by MORPC, Columbus2020, and ULI-Columbus indicates long-term demographic shifts and market changes with implications for the region's transportation infrastructure. Key findings show continued strong population growth, particularly among the senior and young adult segments. This growth has important implications on both the demands and nature of future transportation investment decisions.

Connectivity drives economic opportunity. We examined the importance of more robust options for transportation and more connections between modes and between employment centers.

COTA's community planning work demonstrated the need for more public transit service to and around the Port Columbus area, including direct service to Downtown.

Investigation showed that generally, airport to downtown rail connection is typically part of a larger rail system that connects the airport to key employment centers within the region as well as the downtown.

The construction of the first line in a commuter or light rail system is generally the most expensive one, due to start-up costs associated with the construction of a maintenance yard and other initial expenses.

Our Community is currently conducting due diligence on high speed passenger rail service from Columbus to Chicago. It's important that any further work on commuter and light rail service take this project into consideration.

It is important to gain community and financial support from private sector stakeholders, because many successful regional transportation centers across the country required ongoing public-private leadership and innovative partnerships.

RECOMMENDATIONS: The Community must pursue more transportation alternatives for the Port Columbus Area, including a rail connection to Downtown and an airport area multi-modal transportation center.

The Task Force recommends:

- (1) Supporting COTA's effort to provide bus service by 2016 from downtown to the airport, as addressed in the Transit System Review;
- (2) Recommending our public partners take into consideration these JET Task Force findings into their current planning efforts like COTA's Next Generation study and the City's and MORPC's respective multimodal thoroughfare plans and the Community's exploration of high speed rail from Columbus to Chicago;
- (3) Advancing the business case for Downtown rail service and an airport multimodal center, by building upon the work in the Loop Road Supplemental Study. This study is exploring two potential fixed rail corridors from Downtown to the airport area as well as the siting of a multimodal transportation center at or near the airport;
- (4) Pursuing state legislation to provide innovative financing options for these new transit services and the transportation center;
- (5) Advancing these projects in a manner that positions them for state and federal funding and local public-private partnerships.

ECONOMIC DEVELOPMENT

FINDINGS: The Port Columbus area is an important and diverse jobs center and economic engine in our Community.

The Port Columbus area contains over 1200 businesses, employing more than 19,000 employees in the area. Two of the largest employers in the area are the Defense Supply Center (DSCC) with 8,000 employees and NetJets with 1300 employees.

In addition to being a major employer, Port Columbus and its air service activities have a significant economic impact on the region's economy. In 2011, the Columbus Regional Airport Authority (CRAA) estimated that Port Columbus, through direct and multiplier outputs, generates over 33,000 jobs, \$1.1 billion in annual payroll, and \$3.7 billion in annual economic output.

New developments in this area include Flight Safety with \$113 million in new investment and 155 new and retained jobs. The new Airside Business Park, is a \$22 million development. Airside also

announced a new a new tenant, Homage, with \$1.6 million in new investment and 70 new and retained jobs.

The Port Columbus area falls within several jurisdictions and requires both multijurisdictional and public-private sector collaboration to address important matters.

RECOMMENDATION: The Community must commit to strategic investments, programs, and policies to strengthen the Port Columbus area.

The Task Force recommends:

- (1) Establishing a marketing plan, with public and private sector stakeholders to promote the area and available sites and target specific growth industries for recruitment and work force development efforts;
- (2) Collaborating on business retention efforts to ensure we are engaging employers on workforce and infrastructure needs and organizing for Community initiatives, such as positioning DSCC for future success.
- (3) Promoting investment in roadway, rail, and public transit infrastructure, to move people and freight to, through and from the Port Columbus area;
- (4) Improving the appearance and safety of the area through enhanced development standards and code enforcement efforts.

SUSTAINING THESE EFFORTS OVER TIME

The issues and initiatives identified by the Task Force are important and complex. Addressing them will require ongoing Community leadership, goal setting, and resources. As the Task Force working groups examined successful efforts across the country they found that sustained community engagement was an important element of success.

Community leadership took shape in different forms, like development districts, transportation authorities, and civic boards. The forms of leadership may have varied, but they all appreciated the long term nature of these initiatives and the importance of public and private sector partnership.

Fortunately, our Community has an excellent track record of bringing the public and private sector together to examine challenges, identify solutions, and determine the best ways to sustain leadership on community efforts. Examples include Columbus 2020, the Community Shelter Board, and the Downtown Development Corporation.

RECOMMENDATION: The Community must forge public-private partnerships to promote Task Force Recommendations.

The Task Force recommends:

- (1) Establishing an “Air Services Committee” of businesses, institutions, and local government to partner and advise on air service market priorities, establish policies, determine methods to provide community incentives for direct air service; and
- (2) Assigning or creating an entity with the charge of promoting economic development and transportation initiatives and partnerships set forth in the Task Force recommendations.

Although, the Task Force does not dictate the form and powers of these partnerships, it believes any entity tasked with this work should:

- (1) Possess the power to set goals, develop strategy, and advance Task Force recommendations;
- (2) Consist of or be informed by public and private sector leaders representing the communities in the area;
- (3) Have a clear charge and ability to direct resources to meet community goals; and
- (4) Report progress and challenges to the Community on a regular basis.

The JET Task Force members stand ready to assist the Community in pursuing all of these recommendations.