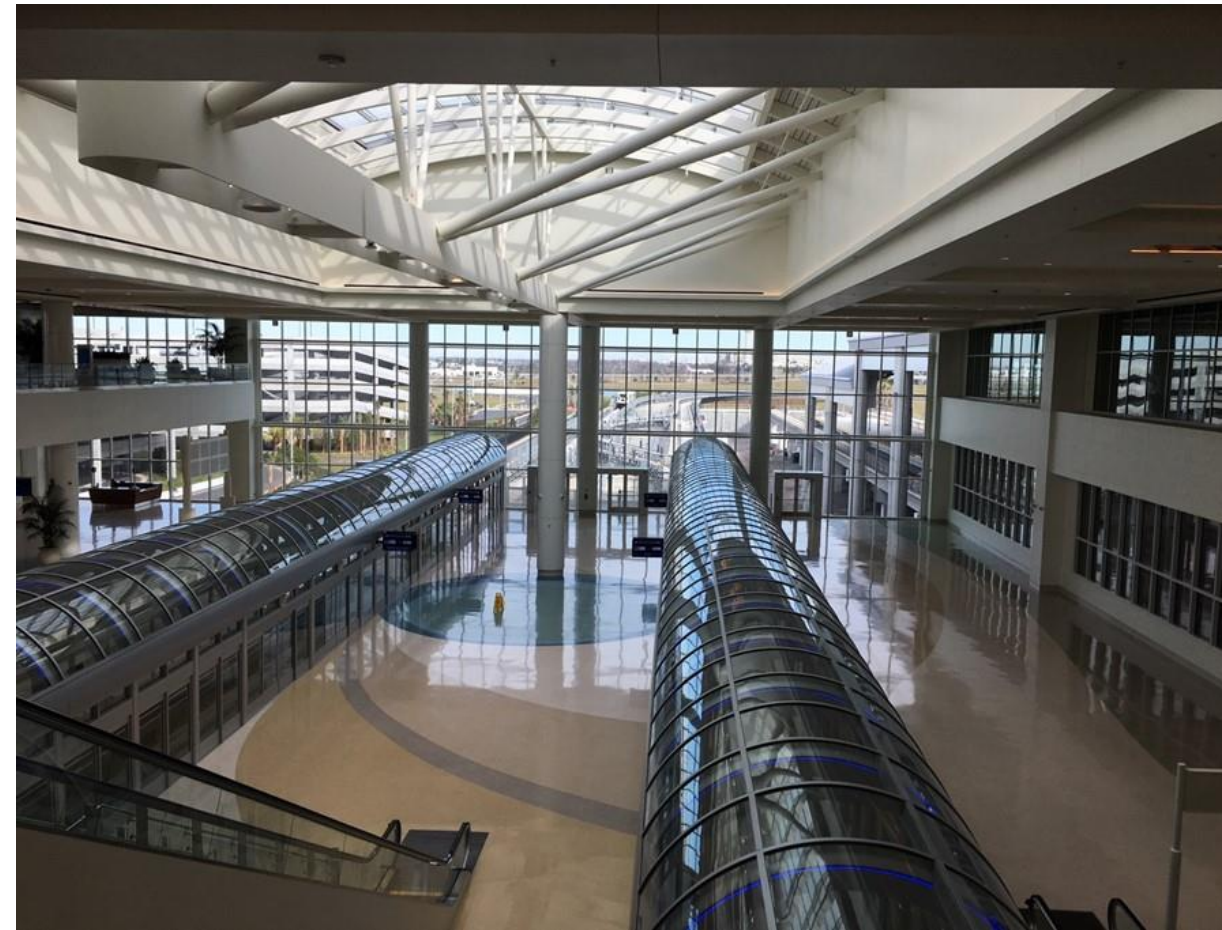




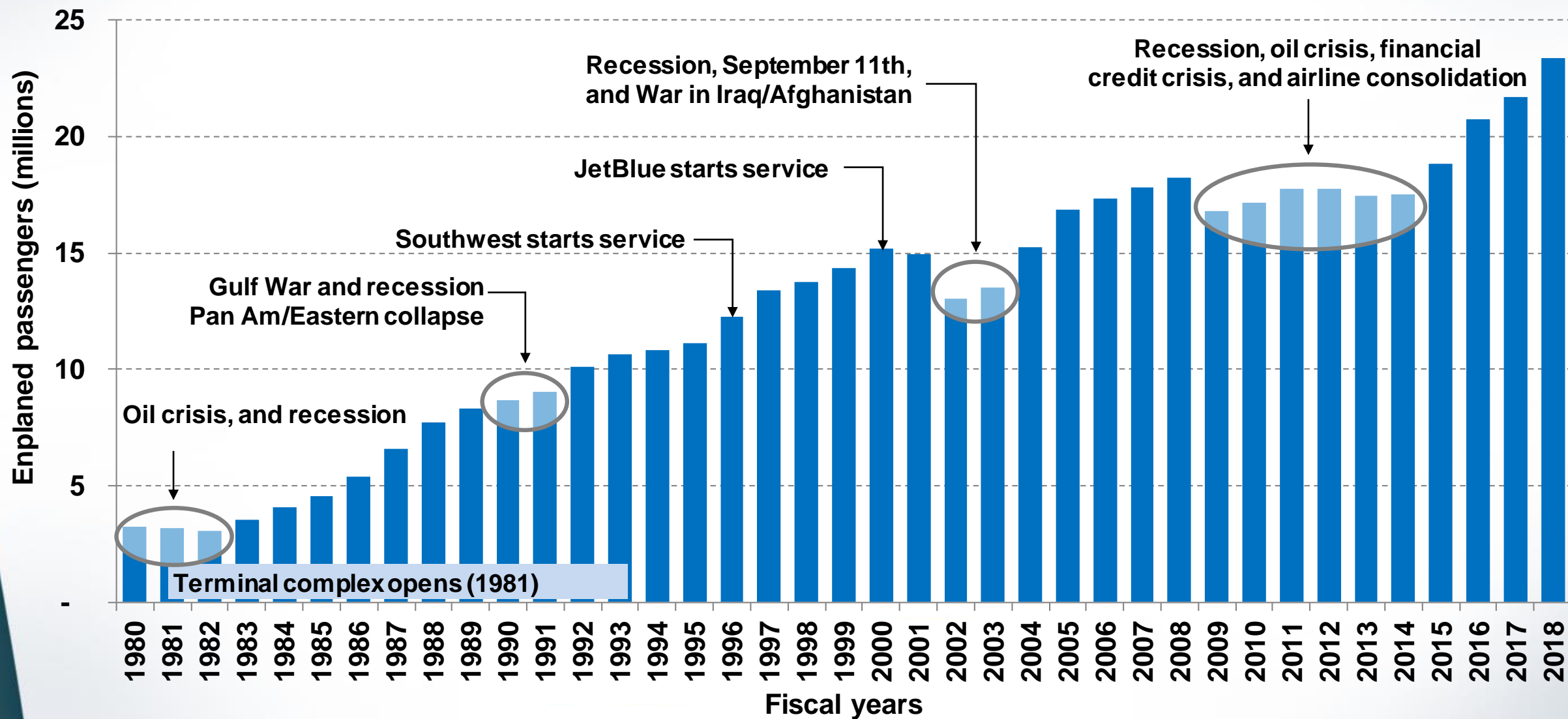
**Session 5: How to Maximize Gate Utilization?**  
**Innovative Ratemaking**  
**Orlando International Airport**  
**Greater Orlando Aviation Authority**  
**September 15, 2019**  
**ACI-NA Annual Conference**  
**Tampa, Florida**

# Outline

1. Background
2. Traffic driving demand
3. Need to add capacity prudently
4. Rates by resolution ratemaking system
5. New gate assignment and allocation system

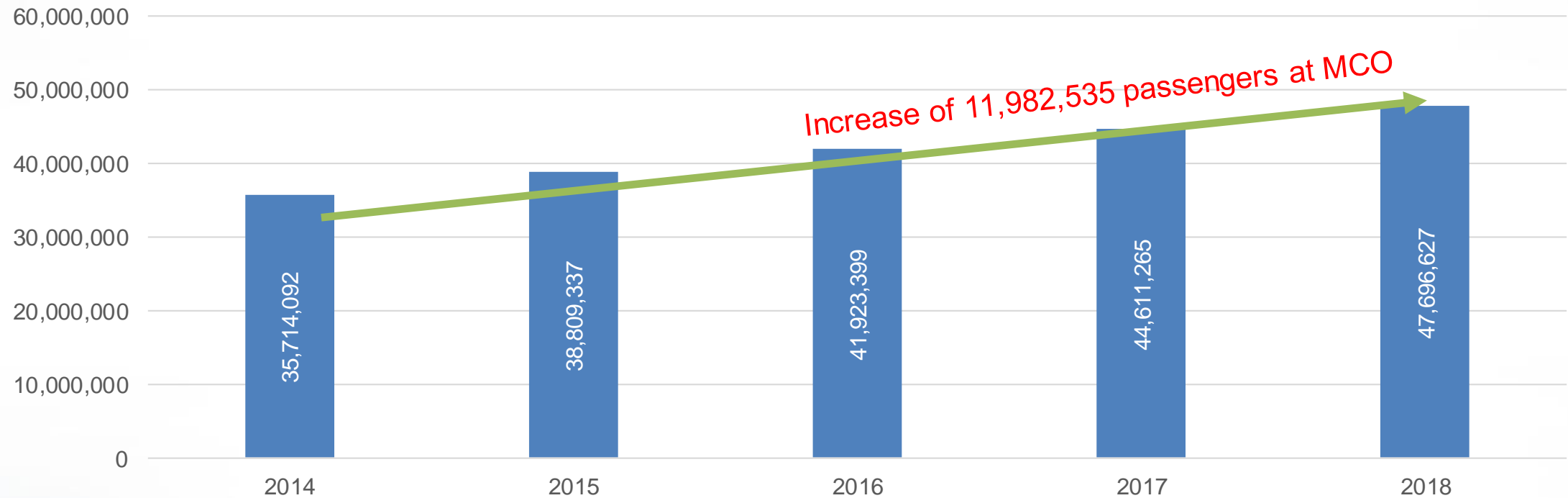


# Passenger Traffic and Air Service Milestones





# MCO has **added** an airport the size of Sacramento in the last 4 years



## Annual Passenger Counts - 2018

Raleigh/Durham (RDU)	12,801,697
Sacramento (SMF)	12,050,763
Kansas City (MCI)	11,850,825

# Committed Gates Expected to Continue to Increase

- Future years projected based upon individual airline indications
- Upon opening of Phase 1 STC in FY 2022, Frontier and JetBlue are expected to commit to additional gates
- Phase 1X is expected in FY 2023

NUMBER OF ASSIGNED AIRCRAFT AIRLINE GATES

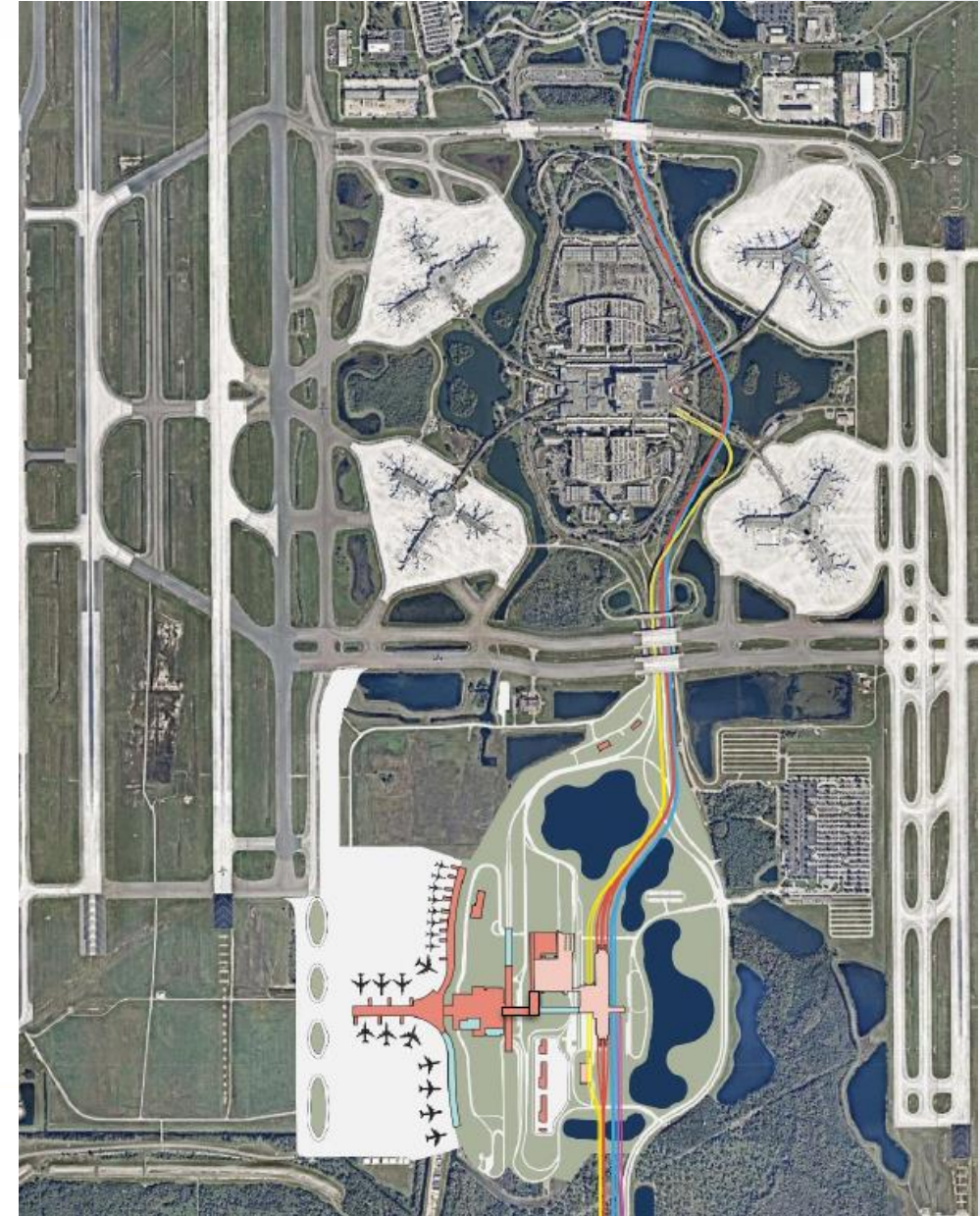
		Actual						Projected					
	AUA	Rates by Resolution											
										ST DBO	ST 1X		
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assigned Gates													
AeroMexico	-	1	1	1	1	1	1	1	1	1	1	1	1
Air Canada	1	1	1	1	1	1	1	1	1	1	1	1	1
American	8	7	8	8	8	9	9	9	9	9	9	9	9
Bahamasair	-	-	-	-	1	1	1	1	1	1	1	1	1
British Airways	1	1	1	1	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5
Copa	1	1	1	1	1	1	1	1	1	1	1	1	1
Delta	8	8	8	8	8	8	8	8	8	8	8	8	8
Frontier	1	1	1	3	5	5	5	7	7	8	8	8	8
JetBlue	9	9	9	9	9	9	10	10	10	11	12	13	14
Silver	-	1	1	1	1	1	1	1	1	1	1	1	1
Southwest	20	16	16	16	20	20	20	20	20	20	20	20	20
Spirit	2	2	2	4	5	5	5	8	8	8	8	8	8
United	11	9	9	9	9	9	9	9	9	9	9	9	9
Virgin	1	1	1	1	1	1	1	2	2	2	2	2	2
Westjet	1	1	1	1	1	1	1	1	1	1	1	1	1
Other Airlines/1	2	-	-	-	-	-	-	-	-	-	-	-	-
Participating Airlines	66	60	60	64	72	73	74	80	80	82	83	84	85
Authority Gates (Common Use)	27	33	33	29	21	20	19	13	13	32	37	36	35
Total Gates	93	93	93	93	93	93	93	93	93	114	120	120	120

Effective in FY 2020, airlines committing to Jumbo Gates pay based on 1.5x the Narrow Body Equivalent Gate

# Goals and Objectives for Next Five Years (FY 2020 – FY 2024)

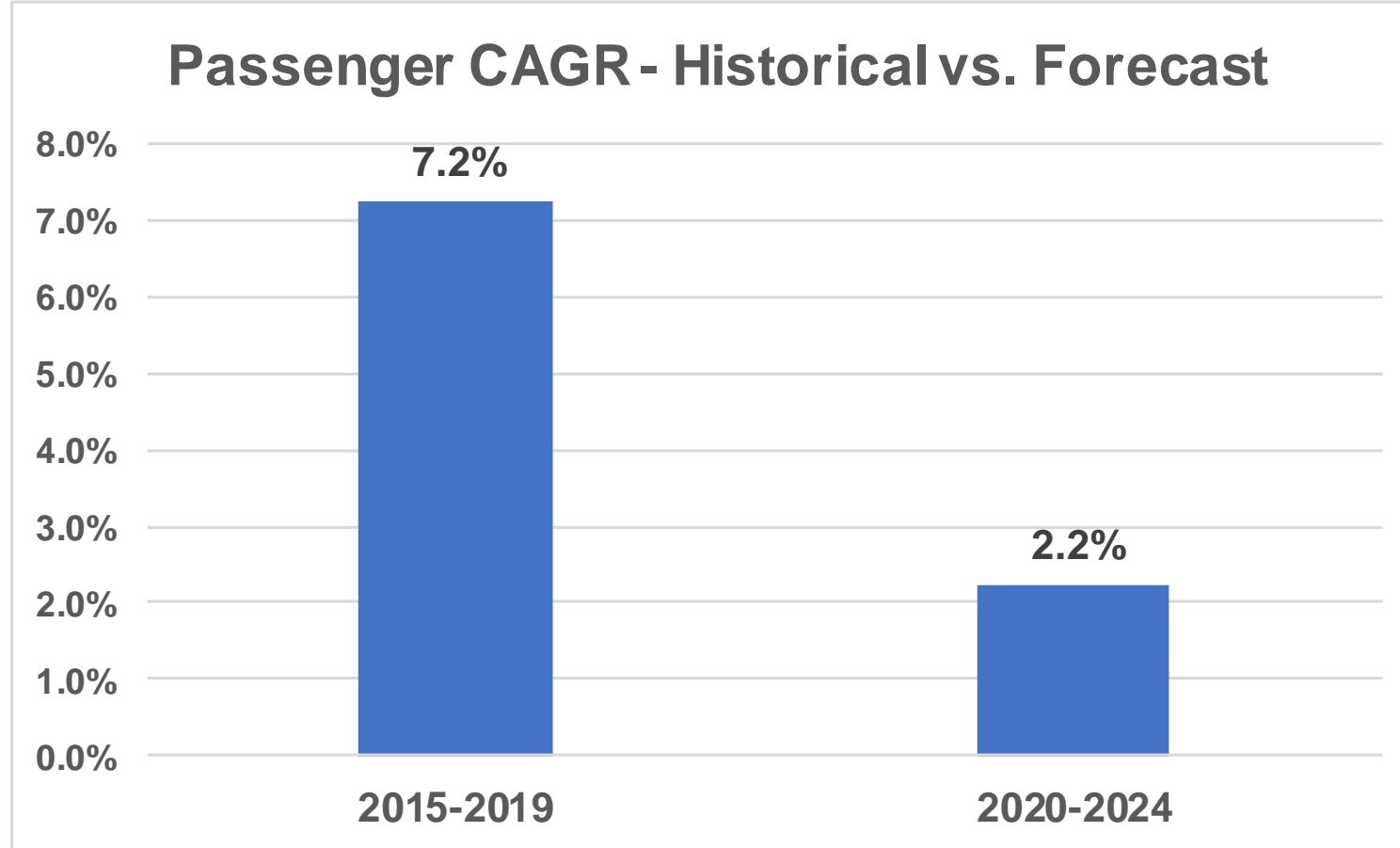
## Facility Constraints, Increased Traffic and Service Projections by Airlines, and Opening of New South Terminal Necessitate Need for Refined Operational Standards

1. Accommodate both expanding incumbents and new entrants
2. Provide opportunities for domestic and international air service expansion, but recognize the economics of the Orlando market place by motivating airlines to maximize gate utilization
3. Continue to deliver the Orlando Experience<sup>®</sup>
4. Provide competitive rates for all facilities



## MCO's Historical Growth Rate Has Outstripped the U.S. Average

More Moderate CAGR Used in Financial Projections (2.5% per year = 2.2% CAGR)

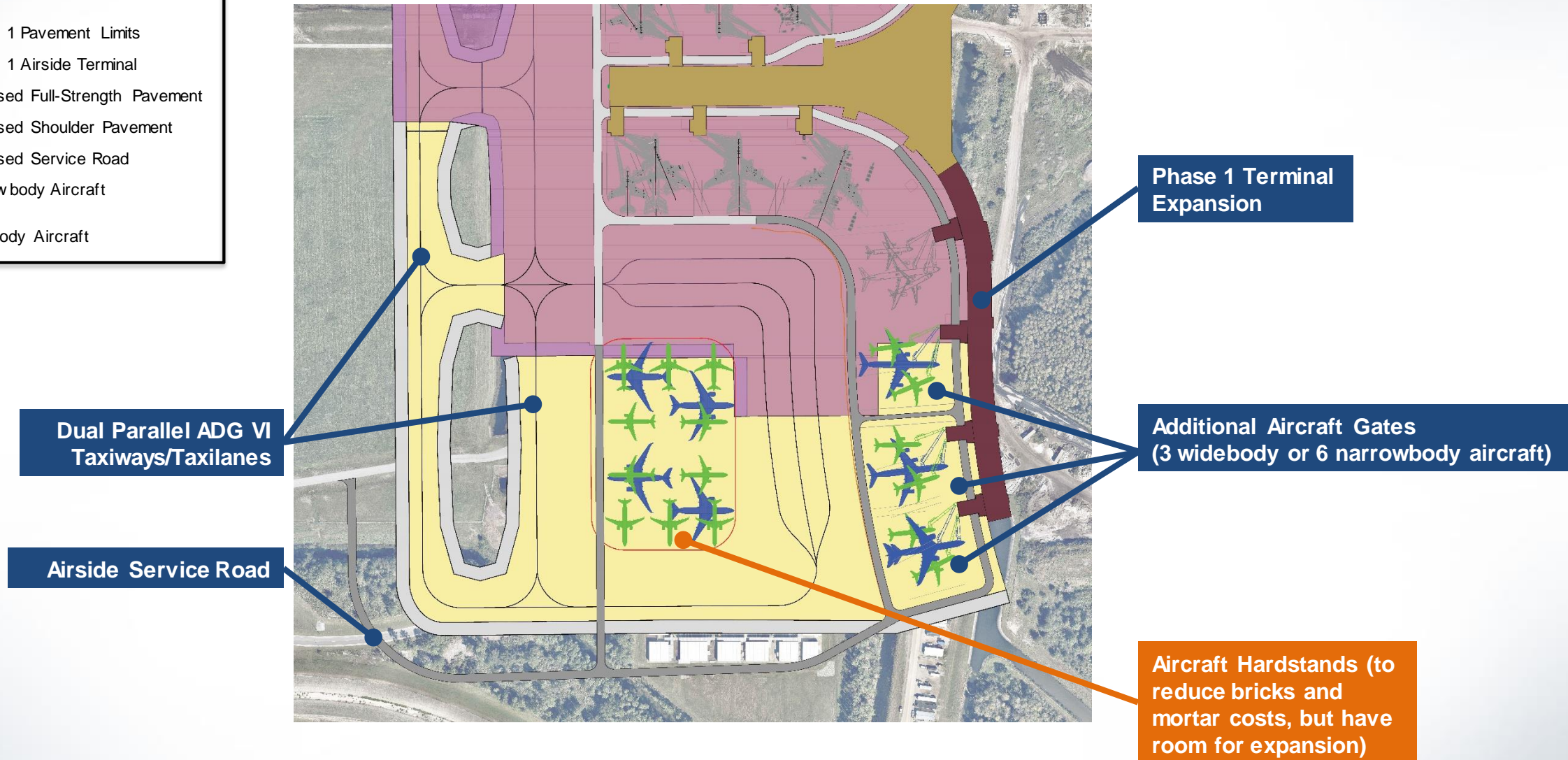




# STC-P1 South Airfield Expanded

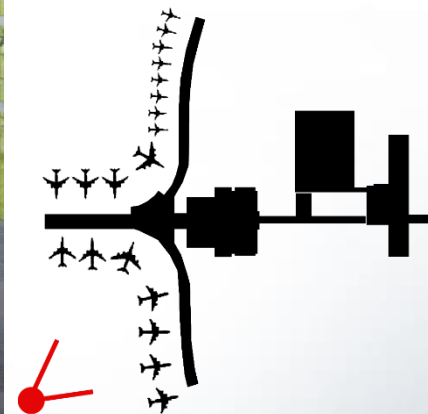
## Legend:

- Phase 1 Pavement Limits
- Phase 1 Airside Terminal
- Proposed Full-Strength Pavement
- Proposed Shoulder Pavement
- Proposed Service Road
- Narrow body Aircraft
- Widebody Aircraft





# STC-P1 AIRSIDE TERMINAL EXPANDED



# Airline Rates and Charges by Resolution

- Legal Basis:
  - The rate methodology is designed to recover from the air carriers using MCO their fairly allocated share of costs in accordance with the U.S. Department of Transportation's Policy Regarding Airport Rates and Charges, 61 Fed. Reg. 31994 (Jun. 21, 1996), as amended, and other applicable laws.
- Supporting Documents:
  1. Rate Resolution – all terms and conditions for airlines at MCO
  2. Rate Book – contains specific rate formulas
  3. Operating Permit – allows an airline to operate on a monthly basis
  4. Letter of Authorization (LOA) – allows an airline to commit to occupy and use facilities longer than a monthly basis
  - 5. Airline Operations Procedures – contains detailed operating rules, including gate scheduling**
  6. Rate and Revenue Sharing Agreement – provides for revenue sharing with participating airlines that make long term commitments to the Authority



# Terminal Operations Procedures Outline



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## List of Exhibits:

Exhibit A – Airline Operations Contact Information

Exhibit B – Maintenance Responsibilities, Services, Operating Expenses and Work Order System

# Gate Assignments

## ■ Annual Access Gate

- ✓ Access to a Annual Access Gate allows an Airline to pay an annual fee to gain access to a Gate or Gates assigned the Authority.
- ✓ The Airline is required to declare the number and type of Annual Access Gates required at the commencement of each period as designated by the Authority.
- ✓ The location of the Gate(s) may change as needed to accommodate operational needs and efficiencies.
- ✓ Some or all Gates may be granted priority access.

## ■ Priority Access Gate

- ✓ Airline may request Priority Access to Annual Access Gates if the Airline's scheduled and actual activity meets the established Utilization Threshold
- ✓ Utilization Threshold for the initial year, Fiscal Year 2020 (October 2019 – September 2020) is 6.0 turns per Gate per day and will be recalculated at least once per year (taking into account seasonality)
- ✓ The assignment of a Priority Access Gate is subject to availability as determined by the Authority.
- ✓ The Authority's Operations Department will work with the Airline's authorized representative to schedule flight activity on the Priority Access Gates

# Gate Access Options - Comparison

## PRIOR TO OCTOBER 2019

	Per Turn Access	Preferential Gate
Annual Fee for Gate	N	Y
Fee per Flight Operation	Y	N
Utilization Threshold	N	N
Annual Threshold Reallocation	N	N
Schedule Submission to Authority for Approval	Y	N
Gates scheduled by the Authority	Y	N
More Certainty on Location of Gate(s)	N	Y
Shared Gate with Other Airlines	Y	N

## EFFECTIVE OCTOBER 2019

Per Turn Access	Annual Access	Priority Access*
N	Y	Y
Y	N	N
N	N	Y
N	N	Y
Y	Y	Y
Y	Y	Y
N	N	Y
Y	Y	N**

\* Must meet minimum threshold of 6 turns per gate per day.

\*\* Priority Access Gate will be assigned for use by another airline only in an emergency or as a last resort

Note: gates accessible for both domestic and international operations will have more limited access.



# Gate Scheduling Procedures

- Authority will retain 100% of control over gates, no more preferential assignment
- For domestic flights, airline must submit schedules at least 60 days in advance
- Authority is implementing a new Resource Management System (RMS) – Go live October 2019
- Airlines must submit IATA “Type B” messages, or other format acceptable to the Authority, to MCOAPXH for all flights, including the following:
  - ✓ Movement messages (MVT) which shall include:
    - i. “Persons on Board” to include crew
    - ii. Arrival times (ETA) from wheels up from originating station
    - iii. Bags on board
  - ✓ Load Messages (LDM)
  - ✓ Baggage Source Messages (BSM)
  - ✓ Diversion (DIV)
  - ✓ Passenger Transfer Messages (PTM)

# Equipment at Gates

- Airlines with propriety equipment installed on Gates in the NTC must either:
  - ✓ Make provisions to co-locate the Authority's common use equipment which may require an Airline to replace their equipment with small form factor PCs and small form factor printers
  - ✓ Replace propriety equipment with common use equipment
- When a gate is used for an international departure, Airlines are required to use the Authority's Biometric Exit Gates
- Backwall Monitors/GIDs – where Airlines display GIDs on the backwall monitors, an A/B switch will be installed to allow other users access to the monitors
- Installation of ground service equipment on jetways and ramp areas will be reviewed and approved on a case by case
- South Terminal Gates will be equipped with the Authority's common use equipment

# Gate Occupancy

- Time allowed on a Gate is the lessor of the actual scheduled time or the Maximum Gate Occupancy Period:

Activity Type	NB	JB	SJB
Arrival and Departure	120 mins	180 mins	180 mins
Arrival	60 mins	90 mins	90 mins
Departure	60 mins	90 mins	90 mins

- Operations exceeding these times:
  - ✓ May be required to tow to another Gate or a remote hardstand, which is the Airline's responsibility
  - ✓ Must be coordinated with and approved in advance by the Authority
- Airlines must notify the AOC when a flight scheduled to arrive or depart from a Gate deviates by more than fifteen (15) minutes from the scheduled time
- The Authority may require a departing aircraft delayed for mechanical reasons to be relocated from a Gate to a remote aircraft parking position



# Why GOAA is Doing This

**This new agreement positions the Aviation Authority to:**

1. Accommodate unprecedented growth in passenger traffic at MCO
2. Continue to provide world class customer experience ... *"The Orlando Experience"*®
3. Accommodate multiple terminal costs consistent across the terminals (North Terminal and South Terminal) for operational flexibility
4. Add Phase 1 Expansion to provide additional remain overnight (RON) and hard stand positions for flexibility to manage demand for growth
5. Convert from assigning gates on a preferential use basis to gate access and priority gate access to encourage efficient gate utilization which will:
  1. Maximize the use of Airport facilities mitigating the need for excessive capital improvements
  2. Allow airlines that utilize gates efficiently to pay lower cost per enplaned passenger
  3. Result in additional gate availability, enabling the Aviation Authority to accommodate additional air service

# QUESTIONS?



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