

2019 Annual Report





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Vision

Rochester International Airport is the comprehensive, multimodal transportation choice for southeastern Minnesota and border regions of Wisconsin and Iowa.

Mission

To provide a sustainable community asset that places the customer first, acts with agility and accountability, is responsive to stakeholders, empowers staff, and embeds safety and security in all we do.

Core Values

Customer-first, Agility and Accountability, Responsive, Empowered, Safety and Security (RST CARES).

RST | CARES

Message from the Executive Director



After years of substantial commercial passenger growth, Rochester International Airport maintained steady passenger levels in 2019. With no increase in air service capacity, retention of passengers from 2018 levels was key in proving the demand for local air service. There is great potential to continue expanding air service at RST and it is anticipated we will enter another period of growth in the coming years.

We have focused on experience improvements for all our customers, paying close attention to the needs of our patient travelers. We remodeled several restrooms into companion care restrooms. We have installed new seating in the gate areas offering comfortable options or the ability to work more effectively. Charging stations, new parking lot equipment and improved signage have all been investments to ensure our customers continue having a great experience each time they fly RST.

Air traffic control tower operations increased significantly this year. Over 9,000 additional operations can be attributed to an increase in private flights and flight training operations. The newly launched Rochester Community & Technical College Aviation Pilot Program powered by Great Planes Aviation has already had a significant impact on increasing the total operations at RST as students began flight training in Fall 2019.

The weight of cargo transported through RST increases as Mayo Clinic receives more test samples and increases volumes of packages received by air at FedEx and with other contract operators.

The Minnesota Department of Transportation Office of Aeronautics recently released a state-wide economic impact study of airports. The study illustrates the vast impact an airport has on a region's economy and employment. With robust commercial, cargo and general aviation operations at RST, the impact to the region is impressive. Rochester International Airport generates a \$190 million economic impact on our region annually. RST supports more than 1,600 jobs with a total payroll of \$63 million annually.

RST serves as a critical economic driver and as such requires an intense focus on maintaining infrastructure to remain operational around the clock. We are looking ahead and planning for our major needs as we complete our Master Plan in the coming year. The Runway Safety Improvement project is critical to continuity of operations. We are working diligently with our partners locally, at the state and federal levels to achieve the funding package necessary to complete this \$79.2 million project.

2019 was a successful year for the RST Team. We look forward to a bright future and anticipate more growth and improvements in the coming years.

Respectfully,

A handwritten signature in black ink, reading "John C. Reed". The signature is fluid and cursive.

John C. Reed A.A.E.
Executive Director
Rochester International Airport

Highlights & Passenger Feedback

370,201

passengers served

I love RST. Small airport, very accessible, short lines, very friendly staff.

Small but efficient, effective, and truly world class!

NEW

charging stations



Love how friendly all the staff are
when we travel to Mayo!

110

community events attended

NEW

gate seating

Great job maintaining a **great airport** in a great city!

We love this airport.

It is quite a contrast, in so many good ways, to what we are accustomed to. Thank you!

Love the comfy furniture - and **love watching staff take extra care of patients!**

I have **never been to a friendlier airport before.**

I am so grateful for the way you all treated my mom.

NEW

parking equipment



96

hours volunteered as part of the Caring Tails pet therapy program; to create memorable, positive experiences at RST



20

airline meetings

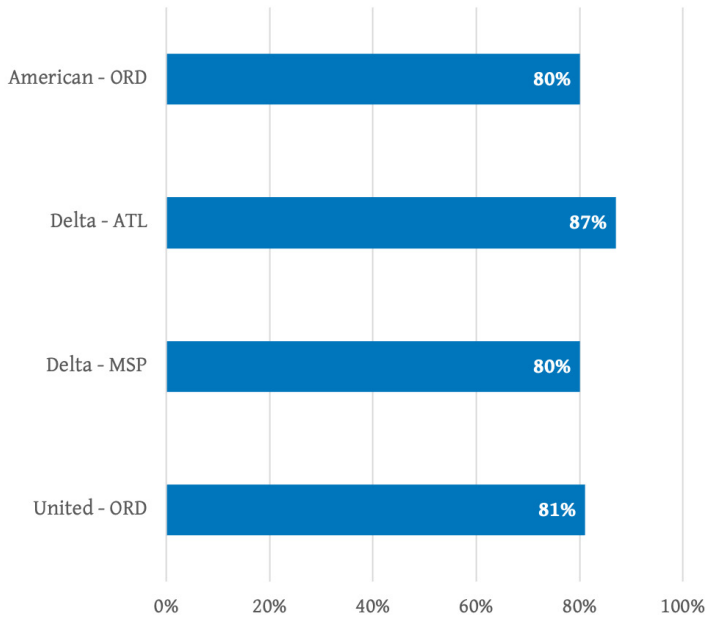
Always better to fly directly to Rochester vs driving from MSP.
Smooth and simple process.

101

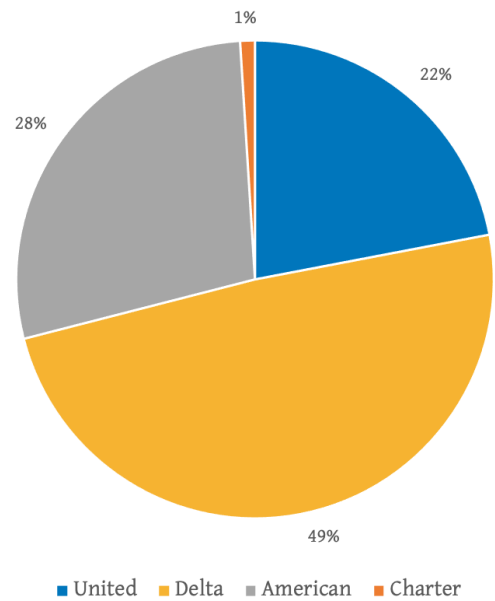
Fly Local supporters

Activity Report

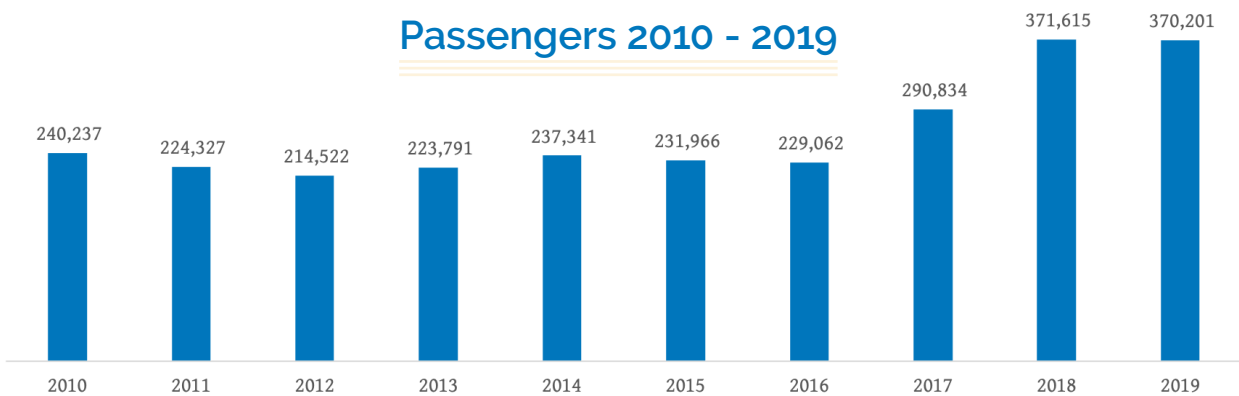
Load Factor by Carrier & Route



Market Share by Carrier



Passengers 2010 - 2019



TRAFFIC

2018

2019

AIRLINE PASSENGERS

Delta Air Lines	181,800	↑	181,877
American Airlines	111,451	↓	105,203
United Airlines	75,034	↑	80,383
Charter Flights	2,662	↑	2,738

TOTAL PASSENGERS

371,615 ↓ 370,201

TOTAL CANCELLED FLIGHTS

58 ↑ 97

AIR CARGO (POUNDS)

22,402,946 ↑ 23,543,084

CONTROL TOWER OPERATIONS

43,054 ↑ 49,734

RST: A Global Point of Entry

Rochester International Airport serves as a point of entry for international aircraft arriving in our region. International access for private aircraft is more critical than ever as the Destination Medical Center initiative expands. International access ensures our region will remain a global destination for those seeking world-class healthcare from around the world. International visitors typically have lengthy stays in our community, creating a large economic impact on not only medical but also the hospitality and retail industries.

Customs Report

	2018	2019
AIRCRAFT INBOUND		
Private:	107	96
Charter:	68	84
Passengers/Crew:	1,022	1,022
AIRCRAFT OUTBOUND		
Private:	133	158
Charter:	69	64
Passengers/Crew:	1,170	1,025



2019 Capital Investments

ITEM	FEDERAL*	STATE	LOCAL	TOTAL
**Passenger Boarding Bridge Addition (Gate #5)	\$2,476,170	\$137,565	\$137,565	\$2,751,300
Design for Rwy 2/20 Phase 1 of 6 (middle 3,750 ft)	\$827,386	\$45,966	\$45,966	\$919,318
Roof Replacement - Old EOC Building			\$38,475	\$38,475
RCTC Flight School Buildout			\$100,480	\$100,480
Totals	\$3,303,556	\$183,531	\$322,486	\$3,809,573

*Will seek reimbursement for the local share on federally funded projects through future PFC applications.

**Under contract with expected completion by 12/31/2020.

Rochester Community & Technical College (RCTC) Flight School Buildout

In 2019, RCTC launched a new Aviation Pilot program powered by Great Planes Aviation based at RST. To accommodate a learning environment at the airport, a project remodeled an existing space attached to a hangar on the general aviation ramp. The space includes classroom seating and a full motion flight simulator. Students began both classroom instruction and flight training in Fall 2019 with anticipation of the program doubling in size in future years.



Roof replacement – Old Emergency Operations Center building

To continue use of a building on site at RST, a roof replacement was necessary. The building is currently occupied by Great Planes Aviation.

2020 Capital Investments

ITEM	FEDERAL*	STATE	LOCAL	TOTAL
Phase 1 Runway 2/20 Construction	\$11,461,500	\$400,000	\$838,500	\$12,700,000
Runway 2/20 Planning Study	\$450,000		\$50,000	\$500,000
Environmental for Rwy 2/20	\$450,000		\$50,000	\$500,000
Mobile Cart for Testing Fire Fighting Foam	\$43,200		\$4,800	\$48,000
Passenger Terminal Carpet Replacement			\$200,000	\$200,000
Backup Generator - Terminal Building/Parking Lot			\$1,000,000	\$1,000,000
Passenger Terminal Elevator Overhaul (Phase 1 of 4)			\$65,000	\$65,000
Critical Fuel Farm Upgrades - Pump replacement, phase converter, code compliance		\$192,500	\$82,500	\$275,000
Totals	\$12,404,700	\$592,500	\$2,290,800	\$15,288,000

*Will seek reimbursement for the local share on federally funded projects through future PFC applications.



Runway Safety Improvements

RST will undertake a multi-year runway safety improvement project including the reconstruction of Runway 2/20 which has reached the end of its useful life and is no longer able to be kept in use with ongoing maintenance. Improvements to associated taxiways and instrument landing systems will also occur. A planning study and environmental analysis will begin in 2020.

Income Statement & Budget

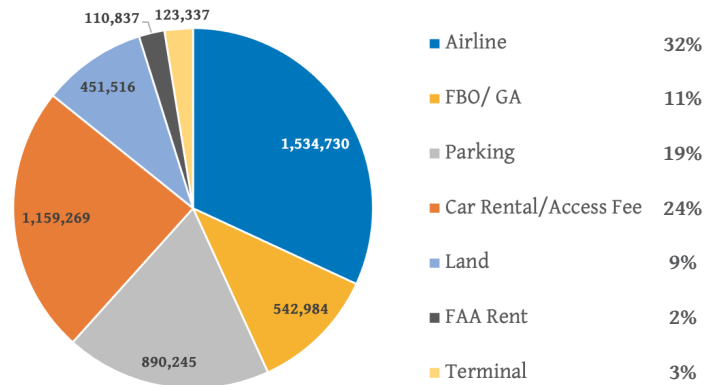
Rochester International Airport Financial Report December 31, 2019						
Cost Center	Revenue	Expense	2019 YTD Actual Net Income (Loss)	2019 Budgeted Net Income (Loss)	2019 YTD % of Budget	2018 YTD Actual Net Income (Loss)
AIRFIELD	\$ 896,006	\$ 436,758	\$ 459,249	\$ 407,357	113%	\$ 438,826
TERMINAL	\$ 2,075,523	\$ 690,338	1,385,185	\$ 1,415,154	98%	\$ 1,453,747
AERO (GA & FAA)	\$ 551,788	\$ 138,955	412,832	\$ 471,291	88%	\$ 475,114
NON AERO (LAND)	\$ 451,516	\$ 86,959	364,556	\$ 381,950	95%	\$ 398,576
ADMIN	\$ 80,446	\$ 1,200,863	(1,120,417)	\$ (1,580,264)	71%	\$ (1,182,752)
ARFF (MAINT & ARFF)	\$ 230,702	\$ 1,641,600	(1,410,898)	\$ (1,503,296)	94%	\$ (1,425,268)
SECURITY	\$ 130,269	\$ 118,163	12,106	\$ 16,000	76%	\$ 12,647
PARKING	\$ 890,245	\$ 21,116	869,129	\$ 750,854	116%	\$ 861,301
CUSTOMS	\$ 34,132	\$ 179,340	(145,208)	\$ (122,500)	119%	\$ (122,404)
CITY COMMITMENT	\$ 512,565	\$ -	\$ 512,565	\$ 511,763	100%	\$ 521,911
TOTAL ALL COST CENTERS	\$ 5,853,192	\$ 4,514,091	\$ 1,339,100	\$ 748,309		\$ 1,431,697
2019 ANNUAL BUDGET	\$ 5,240,474	\$ 4,772,013	\$ 468,461			
YTD AS % of BUDGET	112%	95%	286%			

Rochester International Airport 2020 Budget			
Cost Center	Revenue	Expense	Net Income (Loss)
AIRFIELD	\$ 782,000	\$ 322,000	\$ 460,000
TERMINAL	2,101,471	\$ 474,311	1,627,160
AERO (GA & FAA)	527,724	\$ 21,450	506,274
NON AERO (LAND)	450,400	\$ 5,000	445,400
PARKING	800,000	\$ 20,000	780,000
ADMIN	81,108	\$ 1,506,919	(1,425,811)
SECURITY	131,000	\$ 120,330	10,670
ARFF (MAINT & ARFF)	211,535	\$ 1,597,614	(1,386,079)
CUSTOMS	34,000	180,000	(146,000)
CITY COMMITMENT	\$ 557,907	\$ -	\$ 557,907
TOTAL ALL COST CENTERS	\$ 5,677,145	\$ 4,247,624	\$ 1,429,521

Income Statement & Budget, Continued

Airport Revenues

► Diversified revenues are important for the financial stability of RST. While airline revenue is the largest share, Parking and Car Rental/Access Fees significantly contribute to Airport Revenue.



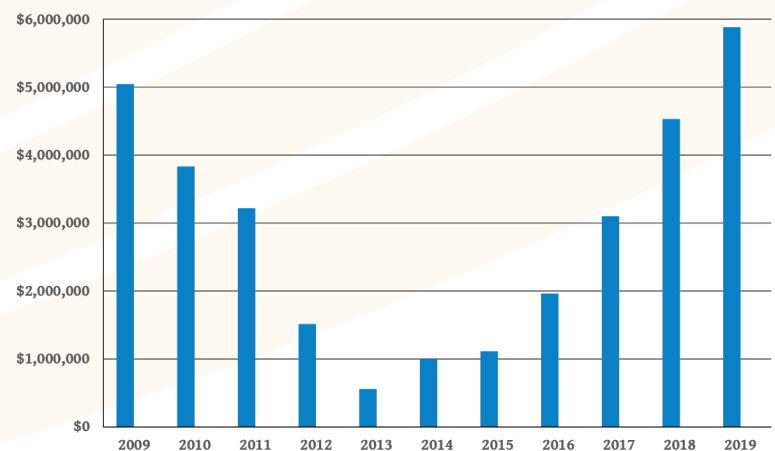
Operating Costs and Excess Revenues

► While revenues have continued to grow in recent years, expenses have remained in check. Net Income is representative of the excess revenues returned to the airport fund balance.

Rochester Airport Company					
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual
Revenue	3,717,170	4,203,421	4,450,379	5,186,130	5,309,495
Expense	3,025,341	2,836,773	3,228,579	3,736,405	3,959,394
Net Income	691,829	1,366,648	1,221,800	1,449,725	1,350,101

Airport Operations Fund Balance

► In recent years, strategic initiatives, cost reduction measures and increased revenues have resulted in a growing Airport operations fund balance.





FLY**RST**.COM