OHIO REGIONAL AIRPORTS STUDY

1. COLUMBUS, DAYTON CINCINNATI

2. CLEVELAND, YOUNGSTOWN/WARREN, AKRON/CANTON/MASSILLON

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By: David H. McDonald
           President
           The McDonald Group, LLC
           Author: "Saving America's Cities", 1st and 2nd
                    Editions

C O N T E N T S

TRI-REGION EXECUTIVE SUMMARY

DAYTON, CINCINNATI, COLUMBUS TRI-REGION REPORT:
THE NEED FOR A TRI-REGION AIRPORT HUB

It has been thought for a long time and by a lot of people that building an airport south of Cincinnati, and in sparsely populated Northern Kentucky was a very bad idea. It should have been built between Dayton and Cincinnati. However, the damage has been done. Both of our regions will continue growing - just not as fast as if that airport had been built between the two regions – which would have prevented Dayton from building north of town. Until now it has been difficult to argue for changing this airport status quo. After all, who is willing to suggest that Cincinnati give up such a large asset as their international airport, and in favor of a new airport between Dayton and Cincinnati? Some might like to, but no one would really ever do it. Since Delta and Northwest Airlines recently merged, flights out of Cincinnati are down from about 600 to 190 a day. Over half the airport facility has shut down. Cincinnati is now known as the 4th highest priced airport in the US. A consultant has recently been hired to assess whether or not two of the three terminals should be demolished. This fact alone is exceptionally bad news for the Cincinnati Region and its large corporations. The actual reality is much, much worse. Chiquita Brands has left Cincinnati. One highlighted reason they left is because of the lack of direct flights to all the markets they do business in. Now rumor has it that Kroger and Proctor & Gamble are expressing real concerns about their ability to operate their national and international businesses out of a market with direct flights going to so few places. If you were to lose Kroger and Proctor & Gamble, you would lose 3CDC (Cincinnati Center City Development Corporation) (largely backed by these three companies) and that would absolutely cause you to lose Cincinnati. If you lost Cincinnati, you wouldn't necessarily lose Dayton, but you would slow its potential growth dramatically. P&G was able, in the end, to exert enough influence on airlines to provide the flights that they really needed so that they are currently sitting on the sidelines with the airport question. Nevertheless, the airport issue is the number one long term issue facing the Cincinnati Region. This is not about paying some other airline operator to come into Cincinnati. The reason is that no substantial operator will come in because there is not enough population to support a strong operation in Northern Kentucky, and there never has been. Building Cincinnati's airport in northern Kentucky was a bad idea from the start - born out of ignorance, political willfulness and ego.

No region in this nation can grow and thrive without the support of a strong transportation hub. (Charlotte, Atlanta, Denver, Chicago, Dallas, Los Angeles, etc.) Our Dayton airport is doing OK, but just OK. Traffic is picking up annually, and management is good. However, there is not enough traffic available to the Dayton airport to make for a strong transportation hub - similar to an Atlanta or Charlotte. This fact alone will keep a lot of potential new employers from picking Dayton as a corporate or regional headquarters. Even with a 1.3 million trade area population, Dayton is not large enough to support a truly large aviation hub. Airline operators are retailers. (See attached Exhibit 4) You cannot "force feed" them to locate operations to airports if there are not enough people to justify their expense. Also, Dayton is the only "municipal" airport in the state. The significance of this is that leases cannot be written for more than 40 years, and leases cannot be subordinated. Leases can be extended or written with options, but that is

not good enough for many companies. These two facts adversely affect the airports ability to attract large land and building users.

At this point, I think you could justify saying: "So what if Cincinnati spent millions on a facility south of town. It has failed. Dayton has not failed, but it is not situated appropriately to actually enhance regional growth – and there is a lot of regional growth to be had! So what do we do to fix the situation for the next generations?"

Consider this – just about the Dayton and Cincinnati Regions:

1. The Dayton Region: Over the last decade, the Dayton Region has lost the last of its old, industrial base - while still gaining modestly in population. Our region is now at 1.3 million people (No matter what Site Search Magazine says), and growing. Our region is poised to grow rapidly over the next decade. We already have over 2,400 manufacturing companies operating in our region, the air base, good hospitals, water - you know the story.
2. Due totally to the work of 3CDC and 33 large corporations, the City of Cincinnati, and thus its region, has all but recovered from years of stagnation. Local city officials have done just about all they can to derail growth, but have been largely unsuccessful. Cincinnati's second biggest problem now is the unbelievably bad deal the city made with the Bengals football team to build their new stadium - total costs in excess of $555 million (Per the Wall Street Journal). However, this should only be a stumbling block to success so long as 3CDC is in existence and backed by Cincinnati's largest corporations.
3. By any type of definition you want to use, the Dayton Region and the Cincinnati Region have now grown together and are a part of what is appropriately named the Southwest Ohio Megalopolis of 3.4 million people. There is no shorter word than megalopolis that truly describes what the two regions have become. (See Exhibit 1, which also includes the Columbus region) This is wonderful news for both regions and will, in itself, fuel the growth of both regions.

If you look at the map of the State of Ohio, you can see that geographically it makes perfect sense to create a regional airport hub that services the Dayton, Cincinnati and Columbus regions. The demographics of these three regions (See Exhibit 1) are staggering when compared to other major airports in the US – approximately 5,800,000 people. If you analyze all major population trade areas in the United States that support major airline hubs, you will see that 5.8 million people would catapult such a tri-region airport into the number 9 largest airport in the nation and the 7th largest airport trade area! Just ahead of Atlanta! (See Exhibit 3)

You continually hear that the Dayton, Cincinnati, Columbus tri-cities region are at the heart of the majority of all the population in the US. It is true. Within 600 miles of this

tri-cities area is 54% of all the population in the US. 27% of the population is in Florida, Texas and California – states that are too geographically dispersed to be of any real value to a company wanting to grow naturally – out in nice, neat concentric circles from their home base. The remaining 19% is disbursed all over the US. If, for example, you go 250 miles East or South of Atlanta, you will find yourself in the Atlantic Ocean.

The point is that we live in one of the most populous states in the nation and we are right square in the middle of the majority of the population in the US, and we do not have the airline hub to service this huge potential and demand.

Additionally, the Kiplinger Washington Letter (Vol. 88, No. 43) just stated that more companies are planning to expand on our soil rather than overseas. Manufacturing costs in some US cities are now cheaper than in parts of China – with shipping figured in. We need to be ready.

THE PROPOSAL

We close the Cincinnati, Columbus and Dayton facilities as we open a new, modern facility somewhere between the three cities. Denver did this about 15 years ago. The ideal location would appear to be at the intersection of Interstate 71 and Highway 35. Interstate 71 would give the populations of Columbus and Cincinnati direct interstate access to the new facility and Highway 35 is already four lanes. Relatively minor improvements to this roadway could facilitate shorter driving times from Dayton to the facility.   The combined population trade areas of these three markets would catapult a new regional airport into the 9th largest airport trade area population in the US, and generate roughly 30 to 45 million passengers annually! (See Exhibit 3) This trade area population is approximately 5.9 million people strong. (See Exhibit 1) If this location was utilized, driving distances from the three cities would be as follows:

From I-675 in Dayton: 25 Miles
From I-275 in Cincinnati   45 Miles
From I-270 in Columbus   40 Miles

Note: 1 . Wilmington, Ohio already has an airport that could just be expanded. The potential problem is that it is about 52 miles, as a crow flies, from Columbus. This could be a problem. However, can you imagine how willing the residents of Wilmington would be to allow their airport to be expanded? Interstates already exist between Cincinnati and Wilmington (almost), and about the same from Dayton (Out Hwy 35 & to I-71). 2. It should be noted that in early 2014, a plan was approved to build overpasses on Highway 35 to eliminate traffic lights between I-675 and Xenia. This is, in effect, the work that would need to be done to prepare the road for new airport travel.

Proposing any new regional airport would be a bold move. Elected officials could come under fire. If Kroger and Proctor & Gamble stay put, then the only thing that happens is that growth will not be nearly as fast in the three regions as it could have been. If these two corporations leave - or substantially leave or leave Cincinnati in spirit only (Let alone others), we have likely "bought the farm".

For future generations, no greater potential for growth exists than building this facility.

Ohio does not have a single major airport transportation hub. See Exhibit 5.

TRI-REGION POPULATION ANALYSIS
REGIONAL AIRPORT HUB
(Dayton, Cincinnati & Columbus)
Exhibit 1

DAYTON REGION

COUNTY	COUNTY POPULATION	% OF COUNTY POPULATION IN DAYTON REGION TRADING AREA	COUNTY POPULATION IN THE DAYTON REGION
Montgomery	537,601	100%	537,602
Greene	162,846	100%	162,846
Miami	102,857	100%	102,857
Clark	137,691	90%	123,921
Champaign	39,795	60%	23,877
Darke	52,809	60%	31,685
Preble	42,083	70%	29,458
Shelby	49,307	70%	34,515
Warren	214,910	40%	85,964
Butler	369,999	35%	129,499
Clinton	41,927	40%	16,770
Logan	45,688	25%	11,422
Auglaize	45,838	50%	22,919

Approximate Total Dayton Region Population   **1,313,335**

CINCINNATI REGION

Ohio

Preble	42,184	30%	12,655
Hamilton	824,212	100%	824,212
Clermont	195,746	100%	196,746
Warren	217,022	70%	151,916
Brown	43,796	100%	43,796
Highland	43,636	100%	43,636
Clinton	44,493	75%	33,369
Butler	360,759	75%	270,570
Adams	28,607	70%	20,025

Ohio Total   1,596,925

COUNTY	COUNTY POPULATION	% OF COUNTY POPULATION IN DAYTON REGION TRADING AREA	COUNTY POPULATION IN THE DAYTON REGION
Kentucky			
Boone	120,556	100%	120,556
Kenton	155,532	100%	155,532
Campbell	84,556	100%	84,556
Galatin	7,995	100%	7,995
Grant	25,484	50%	12,742
Pendleton	15,140	40%	6,056
Bracken	8,552	100%	8,552
		Kentucky Total	395,989
Indiana			
Switzerland	9,951	50%	4,975
Dearborn	50,082	100%	50,082
Ohio	5,705	100%	5,705
Ripley	27,752	60%	16,651
Franklin	32,218	60%	13,930
		Indiana Total	91,343

Approximate Total Cincinnati Region Population **2,084,257**

COLUMBUS REGION

COUNTY	COUNTY POPULATION	%	COUNTY POPULATION
Franklin	1,119,012	100%	1,119,012
Madison	41,742	100%	41,742
Fayette	28,362	100%	28,362
Pickaway	54,101	100%	54,101
Fairfield	146,875	100%	146,875
Licking	159,434	100%	159,434
Delaware	178,220	100%	178,220

COUNTY	COUNTY POPULATION	% OF COUNTY POPULATION IN DAYTON REGION TRADING AREA	COUNTY POPULATION IN THE DAYTON REGION
Union	49,030	100%	49,030
Marion	65,304	60%	39,182
Morrow	35,133	50%	17,566
Knox	60,530	50%	30,265
Ross	76,195	50%	38,097
Champaign	40,117	40%	16,046
Perry	35,377	40%	14,150
Muskingum	86,108	40%	34,443
Logan	46,501	30%	13,950
Hocking	29,325	20%	5,863
Clark	140,971	10%	14,097
Clinton	44,493	10%	4,449

Approximate Total Columbus Region Trading Area: **2,004,884**

Three Region Total Population: 5,402,476

PERIPHERAL COUNTIES: Because of the "drawing power" of such a large, regional airport, the facility will draw passengers from counties beyond the boundaries of the regional trade area. The statistics on those counties are as follows:

Adams	28,607	30%	8,582
Scioto	75,105	100%	75,105
Pike	28,478	100%	28,478
Jackson	33,700	100%	33,700
Gallia	30,798	100%	30,798
Lawrence	63,485	100%	63,485
Meigs	22,819	100%	22,819
Vinton	13,733	100%	13,733
Ross	76,195	50%	38,097
Hocking	29,315	80%	23,452
Morgan	14,696	100%	14,696

COUNTY	COUNTY POPULATION	% OF COUNTY POPULATION IN DAYTON REGION TRADING AREA	COUNTY POPULATION IN THE DAYTON REGION
Washington	61,446	100%	61,446
Noble	14,575	100%	14,575
Muskingum	86,108	60%	51,664
Perry	35,377	60%	21,226

PERIPHERAL COUNTIES TOTAL: 501,856

**AIRPORT HUB TRADE AREA POPULATION TOTAL: 5,904,332
THREE REGIONS)**

EXECUTIVE SUMMARY

NORTHEAST OHIO AIRPORTS ANALYSIS

CLEVELAND, AKRON/CANTON, YOUNGSTOWN/WARREN/ MASSILLON
TRI-REGION REPORT
THE NEED FOR A TRI-REGION AIRPORT HUB

Currently, this tri-region is serviced primarily by Cleveland Hopkins International Airport. This facility was built in 1925. Regardless of renovations, this age factor alone is cause for concern about the airports competitiveness for the region, and its ability to attract additional flights and carriers. For 2010, Cleveland Hopkins had 9,492,000 passenger boardings. Year-to-date for 2011, passenger boardings are down 2.72%. This made them the busiest airport in Ohio. However, this fact does not tell the full story. Cleveland Hopkins can only make this claim because the mid-state and Southwest Ohio markets (Cincinnati, Dayton, Columbus) are so split up with three, underperforming, international airports. The issue is, how well is Cleveland Hopkins serving Northeast Ohio.

Currently, Cleveland Hopkins, and Northeast Ohio lose hundreds of thousands of passengers a year to Pittsburgh International Airport. This facility was built in 1992, which makes it a much more modern facility than Cleveland Hopkins. In 2010, this facility saw approximately 8 million passengers pass through their doors. Because airports/airlines are retail businesses, and customers like new and shiny facilities, the regional draw for the Youngstown/Warren area is toward Pittsburgh and not toward Cleveland. This affects the decision-making process of the roughly 560,000 residents of Trumbull, Mahoning and Columbiana Counties, and to a lesser degree, the 155,000 residents of Portage County. Additionally the Akron-Canton Regional Airport unnecessarily diverts approximately 350,000 passengers a year away from Cleveland Hopkins and through their doors. Also, Cleveland Hopkins is on the wrong side of Cleveland – making it a far too easy decision for many travelers to drive to Pittsburgh.

If Cleveland, Akron, Canton, Massillon, Youngstown and Warren want to maximize their growth over the coming decades, there would be no better way than to build a new airport facility that adequately services all of these markets and allows for significant growth of existing companies and acts as a magnet to draw new companies to this area of the state. How could a new airport facility do this? Because with one facility servicing a greatly increased trade area, more airlines will take an interest in locating there and increasing their number of direct flights. Once corporations see this (or even know that such a facility is on the way), they will be much more willing to locate a factory, headquarters or regional office in the area.

THE PROPOSAL

Close the current Cleveland Hopkins facility as well as the Akron-Canton facility at the same time as a new, modern facility opens somewhere between the six cities (Cleveland, Akron, Canton, Massillon, Youngstown, Warren).

The ideal location appears to be the intersection of Interstate 80 and Highway 44. This would allow for direct interstate access between Youngstown/Warren and Cleveland. This would also open up the possibility of attracting some passengers from as far away as Sandusky and even Toledo. It also gives Akron, Canton and Massillon direct interstate access via I-77 to I-80. If this location was utilized, driving distances (as a crow flies) from regional cities, would be as follows:

From the center of the City of Cleveland	25 miles
Warren	20 miles
Youngstown	27 miles
Akron	22 miles
Canton/Massillon	35 miles
Alliance	32 miles
Sharon, PA	40 miles

Looking at Exhibit 3, you can see that given the population trade area of such a regional airport hub, this would become the 11th largest airport region in the US, and with approximately 20 to 25 million passengers annually!

Looking at Exhibit 2, you can see that the trade area population of this new airport hub would be approximately 4.4 million – roughly equal to Boston and larger than San Francisco, Minneapolis, Seattle San Diego and St. Louis.

For future generations, no greater potential for growth exists than building this facility.

NORTHEAST OHIO POPULATION ANALYSIS
REGIONAL AIRPORT HUB
(Cleveland, Akron, Canton, Youngstown/Warren)
Exhibit 2

COUNTY	COUNTY POPULATION	% OF COUNTY POPULATION IN NORTHEAST OHIO TRADING AREA	COUNTY POPULATION IN NORTHEAST OHIO TRADING AREA
Cuyahoga	100%	1,265,304	1,265,304
Lorain	100%	311,078	311,078
Medina	100%	176,042	176,042
Geauga	100%	96,318	96,318
Lake	100%	234,722	234,722
Ashtabula	100%	101,641	101,641
Wayne	100%	115,238	115,238
Trumbull	100%	211,428	211,428
Mahoning	100%	241,223	241,223
Columbiana	100%	108,790	108,790
Stark	100%	379,537	379,537
Summit	100%	541,863	541,863
Portage	100%	155,421	155,421
Huron	50%	60,426	30,213
Erie	20%	77,609	15,521

NORTHEAST OHIO TRADE AREA POPULATION TOTAL: **3,984,339**

PERIPHERAL COUNTIES: Because of the "drawing power" of such a large regional airport, the facility will draw passengers from counties beyond the boundaries of the regional trade area. The statistics on those counties are as follows:

Jefferson	100%	67,443	67,443
Harrison	100%	15,470	15,470
Carroll	100%	28,484	28,484
Tuscarawas	100%	92,235	92,235
Holmes	100%	42,657	42,657
Ashland	100%	55,869	55,869
Richland	100%	124,921	124,921

PERIPHERAL COUNTIES TOTAL: **427,079**

AIRPORT HUB TRADE AREA POPULATION TOTAL: **4,414,418**
(All of Northeast Region)

US AIRPORTS ANALYSIS
BY SIZE
(2010 Statistics)
Exhibit 3

New York Region: 18,943,000 population

      JFK International   46.5 million passengers annually
      Newark   33.1 million passengers annually
      LaGuardia   24 million passengers annually

Los Angeles: 13,312,000 population

      Los Angeles International   61 million passengers annually
      Note: LA/Ontario International relieves some pressure off LAX

Chicago: 9,801,000 population

      O'Hare   66.7 million passengers annually
      Note: Gary-Chicago and Midway relieve some pressure off O'Hare

Dallas: 6,500,000 population

      Dallas/Ft. Worth International   56.9 million passengers annually

Houston: 6,000,000 population

      George Bush International   40.5 million passengers annually

Philadelphia   5.9 million population

      Philadelphia International Airport   30.8 million passengers annually

Southwest Ohio Tri-Region   5,800,000 population

    Estimated Annual Passengers   **<u>30 to 45 million passengers annually</u>**

Atlanta   5,600,000 population

    Harts Field   89 million passengers annually
    Note: Busiest airport in the world.

Washington-Arlington   5,600,000 population

    Washington National   18.5 million passengers annually
    Dulles   23 million passengers annually
    Baltimore-Washington   21.9 million passengers annually

Boston   4,500,000 population

    Logan International   25 million passengers annually

Northeast Ohio Region   4,400,000 population

    Estimated Annual Passengers   **<u>20 to 25 million passengers annually</u>**

<u>CURRENT HISTORY FOR OHIO HUB AIRPORTS</u>
Note: Using 2010 numbers unless specified

Columbus   6,200,000 passengers in 2009.   A 9.8% decrease from
                                                  previous year

Dayton   1,264,000 passengers in 2010

Cincinnati   Estimating 3,200,000 passengers in 2011

     Note: Passenger boardings have been decreasing since 2006.

     2006: - 28.7%
     2007: -   3.1%
     2008: - 13.4%
     2009: - 22.1%

     2010: There were 7.9 million passengers in 2010. The airport is now estimating a 60% reduction in passenger count which would place the adjusted 2011 number at approximately 3.2 million.

Cleveland   9,500,000 passengers in 2010

Note: In late 2013, because of regional airline consolidations, Cleveland lost an airline and has now abandoned one complete concourse. The attrition due to airline consolidation continues at all airports that are not listed by the US Department of Transportation as being among the top 27 airport hubs in the nation. Remember, none of these 27 hubs are in the State of Ohio.

Akron   Estimating 350,000 in 2011

Youngstown/Warren   Negligible passengers

THE NATURE OF THE AIRLINE INDUSTRY

AIRLINE COMPANIES ARE RETAILERS
Exhibit 4

1. Airlines sell a service

2. Airlines advertise their services on television, in newspapers and through direct mail.

3. Airlines promote with special deals and discounts.

4. Airlines stress customer service.

5. Airlines have special programs for loyal shoppers (the Frequent Flyer Program).

6. Airlines compete with each other for customers and for airport space.

7. Airlines have customer service representatives. They have sales men and women at the airport. You can make purchases over the phone. They have a web based business where you can purchase their products.

As retailers, the airlines are influenced by all the factors that affect every other retailer:

1. First and foremost, they want to be located where the most people are.
2. Like other retailers, they do best in the newest and most modern outlets for their services.
3. All retailers would consolidate two or more operations into one if they could expect to do the same business. Whatever the cost of moving would be quickly offset by the savings in personnel and "bricks & mortar" expense.

UNITED STATES LARGE AIRPORT HUBS
EXHIBIT 5

The Research and Innovation Technology Administration (RITA), a division of the US Department of Transportation has rated the following airports in the US as "large". Another way of stating this would be that the following airport hubs are the only significant airport hubs in the US:

Seattle, WA
San Francisco, CA
Los Angeles, CA
San Diego, CA
Phoenix, AZ
Las Vegas, NV (2,800 acres)
Salt Lake City, UT (7,700 acres)
Denver, CO (33,000 acres)
Dallas, TX (18,076 acres)
Houston, TX
Minneapolis, MN
Chicago, IL (7,627 acres)
Atlanta, GA (4,700 acres)
Tampa, FL
Orlando, FL
Ft. Lauderdale, FL
Miami, FL
Charlotte, NC (5,000 acres)
Washington, DC (13,000 acres)
Baltimore, MD
Philadelphia, PA   (2,302 acres)
New York, NY (3)
Boston, MA   (4,284 acres)
Detroit, MI
Portland, OR

The traffic at these 27 major airport hubs (Within 25 markets) is forecast to grow by 70% over the next 15 years. (C u r r e n t l y t h e s e 2 7 h u b s d a c c o u n t f o r 6 9 . 6 % o f a l l e n p l a n e m e n t s i n t h e U . S . A v e r a g e a n n u a l r e v e n u e p e r y e a r p e r m a j o r h u b i s c u r r e n t l y a t $ 4 2 3 . 2 m i l l i o n) For comparison purposes and to help determine Ohio's needs, the total acreage at some of the above airports has been included.

None of Ohio's airports are considered to be major hubs! They are in fact all considered to be "medium" sized hubs.

Cleveland (1,402 acres); Dayton (4,200 acres); Columbus (2,221 acres)
Cincinnati (acreage not found)

Note: The only reason to include acreage on any of these airports is to give the reader an idea of how many acres we might need to construct new airport facilities. Acreage alone does not translate into quality of airport – only available people do.