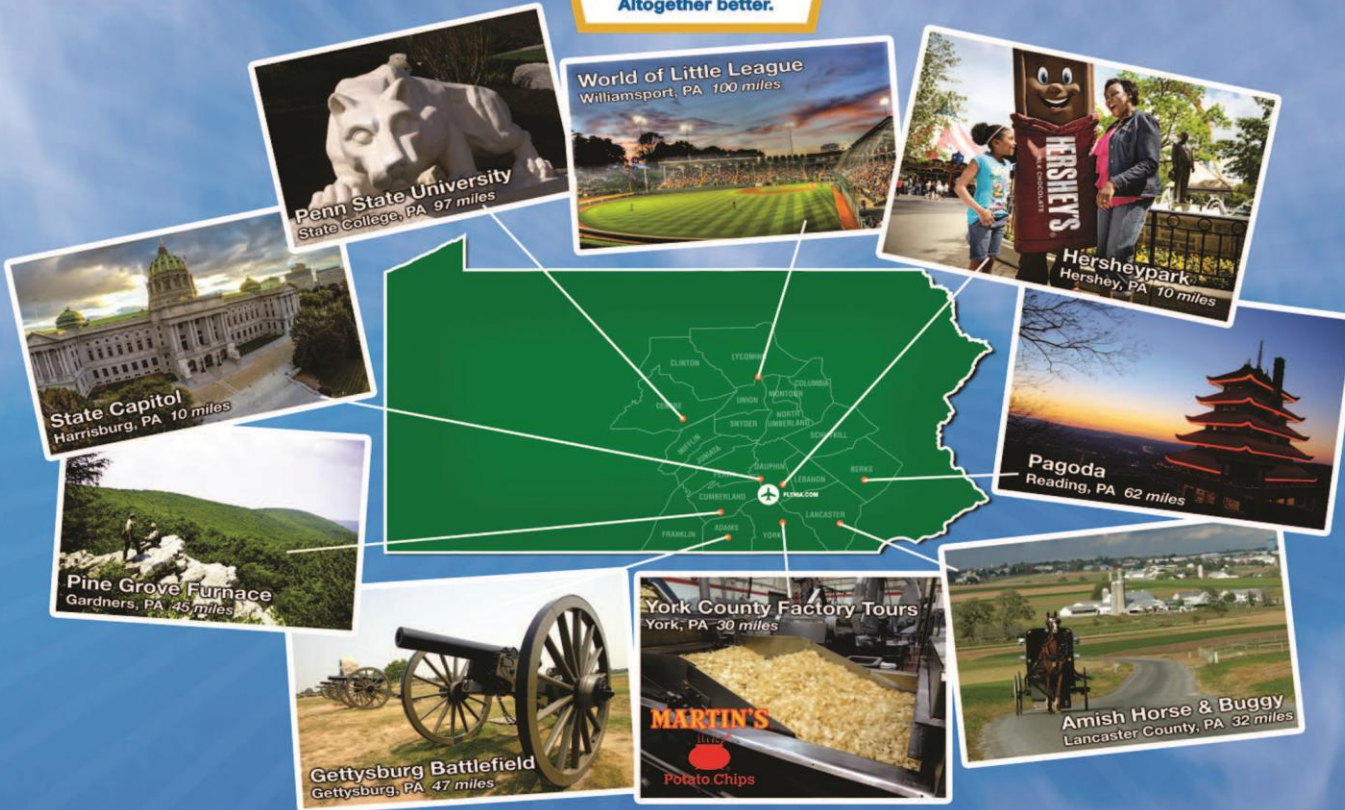


Welcome to

# The Core of PA



# Providing our region access to the Global Economy



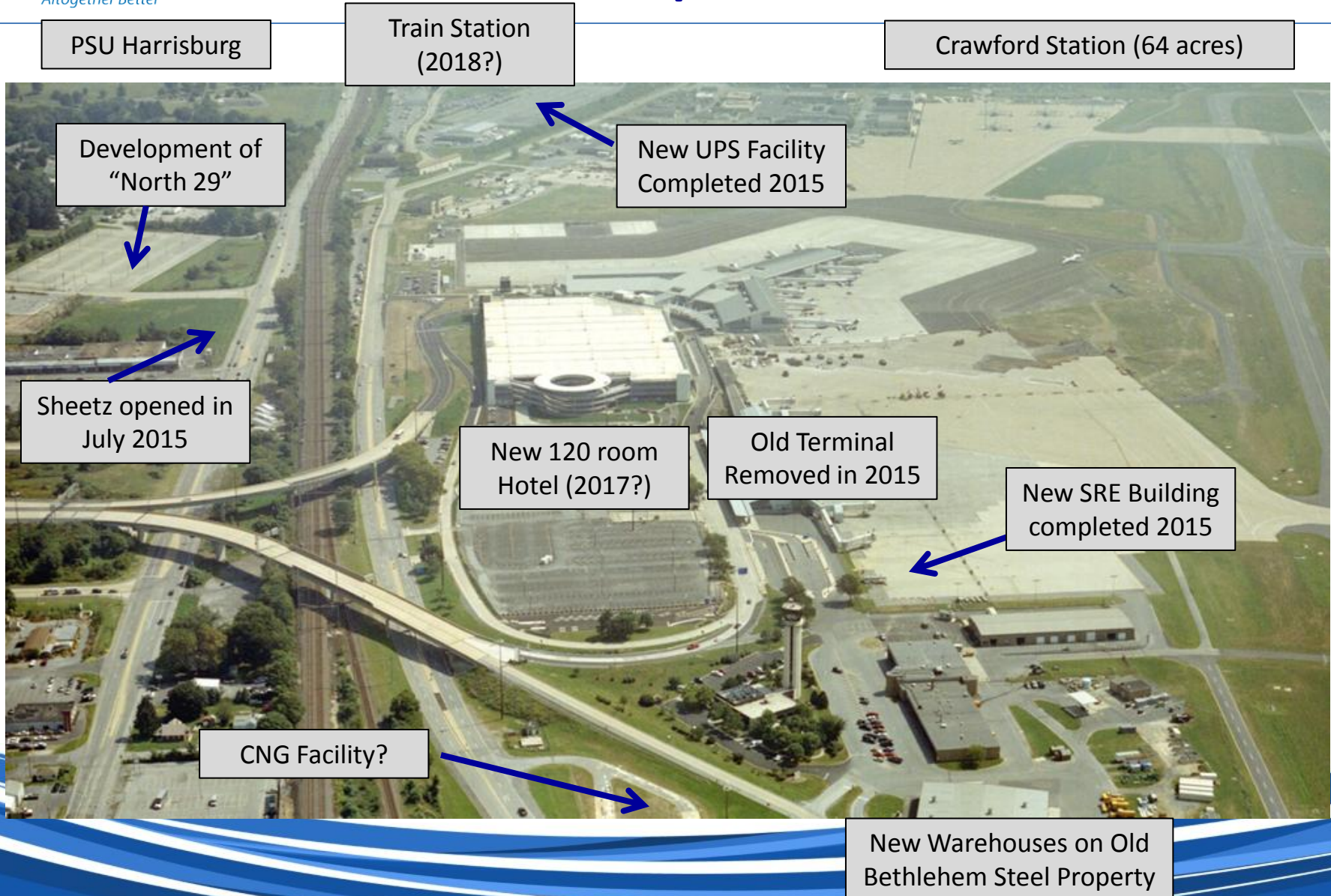


# Generating nearly \$1B in economic activity

- ▶ ***Unlike Amtrak and regional transit organizations, HIA is a self-sustaining entity that does not rely on any state or federal subsidies to operate***
- ▶ There are 60 businesses that support about 1,500 jobs on the HIA campus
- ▶ Nearly \$3 million in local property, school and PA sales taxes are generated annually
- ▶ Airline crews alone generate 10,000 hotel room nights annually = \$50,000 hotel taxes



# HIA is generating economic growth for Lower Swatara Township and Middletown





## Nonstop Service Profile - Cargo

- ▶ Harrisburg serves as a Fed Ex mini-hub for cargo from Williamsport and Scranton
- ▶ Federal Express and UPS fly about 100,000 tons of air cargo to destinations around the world via their global hubs in Memphis, Indianapolis, Louisville and New York
  - ▶ HIA ranked 76<sup>th</sup> in the nation in 2014—larger than San Jose, Oklahoma City and Norfolk
- ▶ Nearly 60% of total cargo is outbound from HIA which limits opportunities for increased cargo service
- ▶ December 2015 record cargo month – 5,722 tons of cargo flown to/from region
  - ▶ 283 cargo departures new monthly record at HIA
  - ▶ Nineteen 747 departures – up from eight in 2011



# UPS Growth at HIA



- ▶ 2015 UPS built a “Hub in a Box” near HIA’s long term parking lot for package sorting
  - ▶ \$168,000 per year in new revenue for the airport
  - ▶ Created approx. 100 new jobs

# Real Estate Development

**Proposed Hotel next to HIA parking garage slated to open in 2017**



- ▶ Shaner Hotel Holdings
- ▶ 120 Rooms
- ▶ Meeting space, restaurant, bar



**Sheetz on Rt. 230 –  
North 29 Property**

- ▶ Opened July 2015
- ▶ Drive-Thru ordering
- ▶ Car Wash



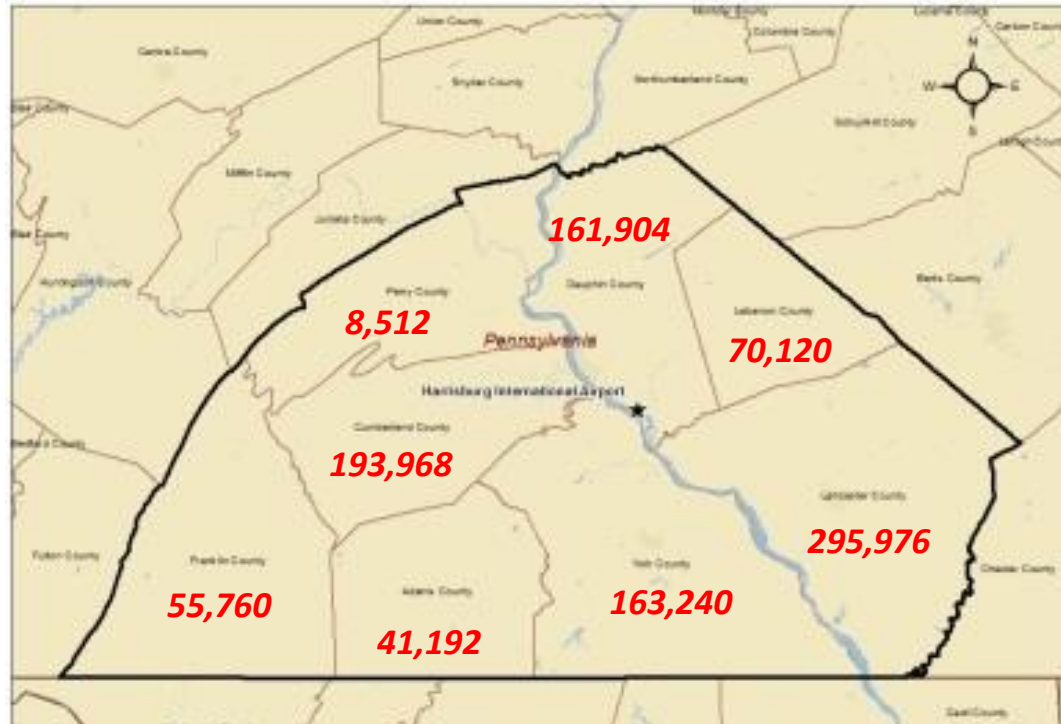
# Nonstop Service Profile - Passenger



- ▶ 70% of HIA traffic originates within 2 hours of the airport
- ▶ Air Canada, Allegiant, American, Delta and United offer nonstop service to 11 destinations with connections worldwide
  - ▶ New! Punta Gorda starting 2/18/16
- ▶ 2015 - an average of 3,290 passengers use the airport each day – 1.2 million annually
  - ▶ Top 5: Chicago, Orlando, Atlanta, Charlotte, Tampa Bay
- ▶ 2015 – an average of 250 people each day fly to/from an International destination
  - ▶ Top 5: Toronto, Cancun, San Juan, London, Shanghai



## HIA's eight county core market region purchases nearly 1 million departing airline tickets annually



- ▶ However, just 41% of these tickets are on a flight from Harrisburg
- ▶ Nearly 60% are on flights from other airports led by PHL (19.8%), BWI (19.5%) and IAD (8.9%)

## The reason, airlines view the Harrisburg-Carlisle MSA—the nation's 77<sup>th</sup> largest economy ranked by 2014 Gross Metropolitan Product—as well served

- ▶ Unlike many other cities in the U.S., government data sources break our region into many smaller entities
- ▶ Airlines do not consider Lancaster, York and Lebanon—all located within 45 minutes of the airport—part of our economy/region
- ▶ ***In reality, our combined region should rank as the nation's 44<sup>th</sup> largest economy which is forecast to grow 11% by 2016***
- ▶ Our region produces 60% of what the Pittsburgh region does

2014 Rank	Metro Area	State	2013 GMP	2014 GMP	2015 GMP	2016 GMP	2016-2013 Change
8	Philadelphia-Camden-Wilmington	PA/MD/DE/NJ	383.4	393.8	406.6	425.5	11.0%
19	Baltimore-Columbia-Towson	MD	168.9	174.3	180.9	189.4	12.1%
23	Pittsburgh	PA	131.3	135.3	139.5	145.7	10.9%
75	Allentown-Bethlehem-Easton	PA	34.3	35.5	36.7	38.3	11.7%
76	Charleston-North Charleston	SC	32.7	34.2	35.8	37.8	11.3%
<b>77</b>	<b>Harrisburg-Carlisle</b>	<b>PA</b>	<b>31.8</b>	<b>32.8</b>	<b>33.9</b>	<b>35.4</b>	<b>11.3%</b>
78	Wichita	KS	31.5	32.3	33.3	34.8	10.3%
<b>101</b>	<b>Lancaster</b>	<b>PA</b>	<b>23.2</b>	<b>24.1</b>	<b>24.9</b>	<b>25.9</b>	<b>11.6%</b>
<b>132</b>	<b>York-Hanover</b>	<b>PA</b>	<b>16.7</b>	<b>17.2</b>	<b>17.8</b>	<b>18.6</b>	<b>11.4%</b>
<b>329</b>	<b>Lebanon</b>	<b>PA</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>	<b>4.8</b>	<b>9.1%</b>

Source: 2015 IHS Global Insight—June 2015 US Conference of Mayors



# Facing the changing landscape of the US airline industry

- ▶ Multiple mergers have reduced options
  - ▶ In 2015, there are only 9 national airlines remaining (14 in 2008)
- ▶ Airlines are currently major market focused
  - ▶ Mergers have reduced flights thus increasing ticket pricing power
  - ▶ All charge “optional” fees for seats, bags, early boarding, food and drink, etc.
  - ▶ Most generating record profits serving larger populations—no reason to lower fares
- ▶ International Revenue is key
  - ▶ Region’s that generate foreign travel keep and grow service levels
- ▶ Lower fuel prices mean fewer people mind driving to far away airports

# A new airline industry....again

► Doug Parker, CEO, America Airlines

“There’s a transformation that’s happened in our industry that I know that everyone hasn’t embraced or figured out is that this industry is now capable of standing on its own two feet. We have a business model that can work.

...it’s really hard to get people to let go, realize the world’s changed, and move forward. ***A big part of the challenge is just trying to convince people that everything they’ve learned up until now isn’t going to [be the case] in the future.***”

--from an Interview with the Cranky Flier, 2/2/16

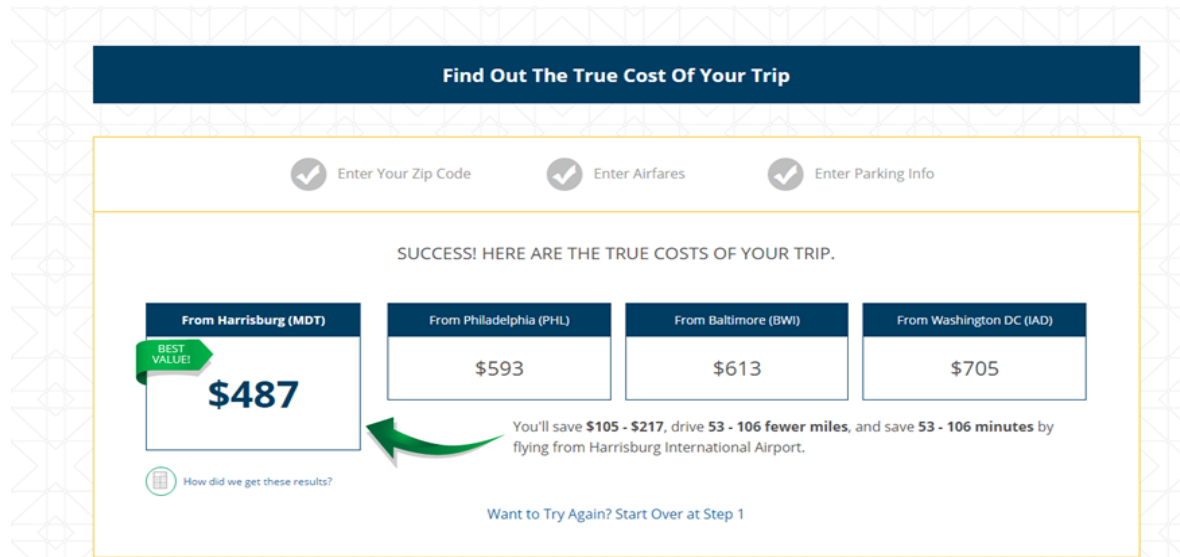


## Top priorities moving forward....

- ▶ **Maintain and expand Air Service options**
  - ▶ Need to build partnerships with regional organizations to gather corporate travel data to document revenue opportunities at Harrisburg vs those at BWI, PHL and others
  - ▶ Identifying organizations that regularly produce International traffic and ticket revenue
  - ▶ Targeting new service to markets that make financial sense for our region and the airline
  - ▶ Explore unique opportunities...the Bahamas
  
- ▶ **Provide outstanding customer service and an altogether better experience**
  - ▶ Travelers will pay a reasonable premium for HIA—convenient, clean, friendly, shorter lines
  - ▶ Working to keep terminal complex “opening day” fresh—terminal opened in 2004
  
- ▶ **Develop Staff and Organization**
  - ▶ Own and operate Capital City, Gettysburg and Franklin County Regional airport to service corporate and general aviation needs
  - ▶ Develop partnership with local officials to expand economic impact of the airport system
  
- ▶ **Improve the financial position of the Authority**
  - ▶ Develop non airline related sources of revenue

## How you can help us grow

- ▶ Think Money, Distance and Time when booking airline tickets. Use our Travel Cost Calculator at [www.flyhia.com](http://www.flyhia.com). Below is a \$400 fare from zip code 17601....



The screenshot shows a web interface titled "Find Out The True Cost Of Your Trip". It has three steps: "Enter Your Zip Code", "Enter Airfares", and "Enter Parking Info", all marked with checkmarks. Below the steps, it says "SUCCESS! HERE ARE THE TRUE COSTS OF YOUR TRIP." and displays four options for flight origins:

From Harrisburg (MDT)	From Philadelphia (PHL)	From Baltimore (BWI)	From Washington DC (IAD)
<b>BEST VALUE!</b> <b>\$487</b>	\$593	\$613	\$705

A green arrow points from the Harrisburg option to the text: "You'll save \$105 - \$217, drive 53 - 106 fewer miles, and save 53 - 106 minutes by flying from Harrisburg International Airport." Below this, there is a link "How did we get these results?" and a button "Want to Try Again? Start Over at Step 1".

- ▶ Let us know where you need to fly domestically and internationally
- ▶ Become a member of our HIA Flyer Rewards program at [www.flyhia.com](http://www.flyhia.com)





# Thank You!

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**Marie Byers**

marie.byers@saraa.org

717-948-3900 ext. 4636

[www.flyhia.com](http://www.flyhia.com)