FINAL REPORT

COORDINATION OF AIRPORT ROLES
San Antonio International Airport, Stinson Municipal Airport, and Kelly Field

Prepared for
The City of San Antonio and Port San Antonio

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INTRODUCTION

In November 2000, LeighFisher prepared an Aviation Industry Strategy Plan for the City of San Antonio that, among other things, laid out opportunities for San Antonio International Airport (SAT), Stinson Municipal Airport (Stinson) and Kelly Field (Kelly). The City of San Antonio, through the Economic Development Department, had requested that LeighFisher undertake a strategic level analysis of the Aviation Industry within the City, particularly related to four facilities of that time; SAT, Stinson, Kelly and Brooks Air Force Base, to determine how to maximize the economic development potential of the Aviation Industry in the City.

In September 2014, LeighFisher was retained jointly by the City of San Antonio (the City) and Port San Antonio (the Port) to conduct an independent review of the roles of SAT, Stinson and Kelly. This initiative follows Kelly Field’s acceptance into the National Plan of Integrated Airport Systems (NPIAS), and discussion of how Kelly might best meet future facility demands of the aerospace community as the Port fulfills its role of economic development and job creation, without undermining or competing with the established roles played by SAT and Stinson. In this context, the spirit of and objective for this engagement is to help coordinate future development of these facilities to maximize economic contribution to the City and the region.

Aviation and the aerospace industry are major contributors to the region’s economy, providing an annual economic impact of over $9 billion. To ensure that future aviation and aerospace economic development is optimized, the City and the Port wish to develop synergistic relationships between aviation facilities through coordination of missions, roles and responsibilities. In particular, coordination between facilities is to forestall competition, both perceived and real, for business, resources and investment, and to promote a mutually supportive relationship between the facilities for the benefit of the community.

This report documents the results of the review under the following headings:

- Background
- Current Airport Roles
- Issues Emerging from Current Roles and Operations
- Proposed Coordination Strategy

BACKGROUND

Three primary aviation facilities serve the city of San Antonio and the surrounding region. San Antonio International Airport (SAT) is the primary commercial service airport serving the region. Stinson Municipal Airport (Stinson) is a general aviation reliever airport and Kelly Field (Kelly) is an industrial airport operated as part of the Port Authority of San Antonio (the Port).

SAT and Stinson are operated by the City. The Port is an independent Authority created under State of Texas legislation, with Board members appointed by the City of San Antonio.

In an increasingly competitive global aviation and aerospace industry marketplace, concerns have developed that because the roles of the three airports are not formally defined or coordinated, and are managed by two independent entities, there is potential for commercial competition between the facilities, particularly for aerospace business, general aviation and air cargo, and that such competition may not be in the best
interest of the region. This concern is particularly significant in the context of recent shrinkage in the military maintenance, repair and overhaul (MRO) sector (a key element of Kelly’s current revenue base), and the extreme competitiveness and price sensitivity of the commercial MRO marketplace (a key element of Kelly’s future revenue base).

In addition to concerns about commercial competition between San Antonio’s aviation facilities, concerns have also developed about competition between facilities for resources and funds. Commencing in 2004, the Port has pursued acceptance into the National Plan for Integrated Airport Systems (NPIAS) as a means of obtaining Federal funding to support needed capital improvements at Kelly Field, and to mitigate the burden of infrastructure costs currently recovered from Port customers and tenants through rates and charges. The Port’s NPIAS application was made on the assumption that any NPIAS funding would be in addition to NPIAS funding of City airports, rather than a reallocation of funds between airports. The Port was notified of its acceptance into NPIAS by the Federal Aviation Administration (FAA) on July 17, 2014.

Acceptance of the Port into NPIAS has raised a specific concern by the City that its airports (SAT and Stinson) may now have to “compete” with Kelly Field for increasingly scarce federal funding, and that since federal grant applications will be submitted independently by the City and the Port, resulting grant allocations may be optimized for the benefit of individual facilities, rather than for the overall benefit of the system of airports serving San Antonio. In addition, there are concerns that acceptance of federal grants by the Port may impose restrictions on development strategies resulting from the non-discrimination certifications associated with NPIAS participation.

In response to these concerns and others, in August 2013, the Mayor of San Antonio appointed an Aerospace Working Group, charged to develop strategies to bolster the long-term prosperity of the aerospace industry in San Antonio. The Working Group submitted its report in January 2014. Recommendation #4 in the Report was to “Establish a working group with representatives from the City of San Antonio, its Aviation Department and Port San Antonio to analyze the benefits associated with Port San Antonio joining NPIAS, to include any negative funding impacts to San Antonio International Airport and Stinson Field.”

The Working Group established to address this recommendation subsequently recommended, among other actions, that a workshop should be convened to evaluate and clarify the respective primary roles and missions of SAT, Stinson and Kelly and to develop strategies to better coordinate the funding, operation and development of the three facilities.

In response to this recommendation, LeighFisher was engaged to facilitate a series of workshops with representatives from the City and the Port, which were duly held over the period October 6 – 8, 2014. This report documents the conclusions reached during the workshop discussions.

**CURRENT AIRPORT ROLES**

At present, the primary roles of the three airports are largely complementary and are principally defined by the facilities and amenities that they offer. However, there is overlap between the facilities with regard to secondary roles that they are capable of supporting. The characteristics and current roles of the three airports are summarized below.

**San Antonio International Airport (SAT)**

SAT is the primary air carrier airport serving San Antonio, and is located 9 miles from downtown San Antonio. The Airport has two runways, the longest of which is 8,500 feet long.
The Airport is categorized as a Medium-Hub airport, and accommodated 4.1 million passenger enplanements and a total of 176,666 aircraft operations in 2013. Of the total operations, 54% were air carrier operations, 30% were general aviation, and the remaining 16% were other operations including military, air taxi, etc. The Airport is served by 10 scheduled airlines, offering direct daily departures to 33 destinations. Southwest Airlines is the primary air carrier serving SAT, with approximately 41% of total passenger traffic. The Airport is also served by Alaska Airlines, American Airlines, Delta Airlines, United Airlines, and US Airways, as well as four foreign flag carriers, primarily serving destinations in Mexico.

In addition to its primary role as an air carrier airport, SAT accommodates substantial air cargo, general aviation and aerospace business. SAT serves as the primary air cargo airport serving San Antonio, with integrated carriers including FedEx, UPS and DHL operating significant-scale facilities at the Airport.

SAT also accommodates a significant volume of corporate and general aviation activity, served by six fixed base operators (FBOs). Most of the “high-end” corporate aviation traffic visiting San Antonio uses SAT, attracted by both the comprehensive airfield facilities and the high-quality customer facilities provided by the FBOs.

SAT also accommodates significant industrial aerospace activities, including maintenance, repair and overhaul (MRO) facilities operated by nine current tenants.

**Stinson Municipal Airport (Stinson)**

Stinson is a general aviation reliever airport, and is located 7 miles from downtown San Antonio. The Airport has two runways, the longest of which is 5,000 feet long. The Airport accommodated 91,000 aircraft operations in 2012.

The Airport accommodates primarily mid-range corporate aviation and recreational general aviation activity. The Airport has two fixed base operators and accommodates numerous general aviation maintenance, flight training and support businesses. Approximately 116 general aviation aircraft are based at the Airport.

**Kelly Field (Kelly)**

Kelly is primarily an industrial airport, and is located 7 miles from downtown San Antonio. Kelly is used jointly by the United States Air Force and Port San Antonio, based on a recently revised Joint Use Agreement, which became effective in December 2013. Kelly Field has one runway which is 11,500 feet long. Kelly Field accommodated a total of 26,400 aircraft operations in 2013, of which 17,000 were military operations (65% of the total), and the remaining 9,400 operations were civilian (general aviation and MRO-related) operations (35% of the total).

Port San Antonio is a 1,900 acre industrial complex, which accommodates some 80 private and public organizations and generates approximately 12,000 jobs centered on aerospace, logistics, manufacturing and military support. Large-scale industrial aerospace activities form the core of the activities at the Port, with Boeing, Lockheed Martin, GDC Technics, Chromalloy, and Standard Aero all operating large-scale facilities.

In addition to the core aerospace business, Kelly accommodates general aviation activity, which is supported by a single FBO. The United States Air Force Reserves operates the 433rd Airlift Wing (flying C-5 aircraft), and the Texas Air National Guard operates the 149th Fighter Wing (flying F-16 aircraft) from Kelly Field. The Port has a considerable amount of undeveloped land and property (including 400 acres with direct airfield access) which is available for further aviation and non-aviation related business development.
ISSUES EMERGING FROM CURRENT ROLES AND OPERATIONS

The primary objective shared by all three airports is to maximize the economic benefit to the San Antonio region, derived from air service, aviation and aviation-related industry.

In this regard, the airports should be working collaboratively to promote economic development for San Antonio as their primary mission (“to grow the size of the pie”), with considerations related to the interests of the individual airports (“to grow their share of the pie”) a secondary objective. Review of the current roles and operation of the three airports reveals that collective effort towards the common goal of promoting regional economic development may be compromised by three issues:

- Potential for commercial competition between the airports
- Potential for funding competition between the airports
- Governance of the airports by two independent entities

Potential for Commercial Competition Between the Airports

Although the primary roles of the three airports are informally defined by their physical and operational characteristics, management of SAT and Stinson by the City, and Kelly by the Port creates an environment where both the City and the Port are incentivized to optimize their individual facilities. As a result, the Port and the City can find themselves competing for the same commercial opportunities. This is particularly the case with regard to general aviation, air cargo, and MRO business.

Although primarily an air carrier airport SAT is incentivized to seek general aviation, air cargo and aerospace business because all revenues obtained from non-airline sources serve to reduce the costs that have to be passed on to the airlines serving SAT. A key factor in marketing a community to the airlines is the ability to offer competitive airline rates and charges, so the more SAT can reduce airline costs by generating revenues from other (non-airline) sources, the more competitive the Airport becomes, and the easier it is to generate incremental air service. Increasing the level of air service to SAT provides substantial direct and indirect economic contribution to the City and the region, so business strategies to support this objective are clearly legitimate and in the interest of the community.

At the same time, the Port offers large tracts of developable land and faces the need to fund a substantial capital program. In this context the Port is incentivized to pursue the aviation business interests that are available to it – even if these opportunities are also available to SAT. In this regard, the Port is actively seeking to expand both its air cargo and general aviation business, and to retain and grow its MRO business. Given the Port’s obligation to fund its capital program and to maximize its economic contribution, these business development initiatives are clearly legitimate, even if they do, at some level, involve competition with the City’s airports – with SAT for air cargo and MRO and with SAT and Stinson for general aviation. From the perspective of marketing the greater San Antonio area to potential aviation and aerospace business, Kelly offers significant available airport capacity, large-scale infrastructure available for development, and general aviation access for larger, international corporate aircraft that have business interests within the southern sectors of San Antonio and south Texas.

Looking ahead at the markets served by the three airports, it is likely that the commercial forces creating an environment of local competition will tend to intensify, unless some formal basis for coordination can be implemented. The Port in particular, faces a significant financial challenge in funding its capital program, in an environment where its primary aviation-related revenue base (from MRO activity) is under pressure as a result of industry dynamics.
While the Kelly’s industrial business mix remains generally strong, certain aerospace firms have reduced their workforce as Department of Defense (DoD) projects are scaled-back faster than commercial MRO projects can be secured. Significantly reduced military budgets, the introduction of new defense systems that require significantly less maintenance and reduced reliance by DoD on contractors all create pressure on the Port’s primary aerospace revenue base.

Declining military MRO activity necessarily shifts the Port’s business development focus towards commercial MRO activity and other aviation market sectors. Whereas DoD MRO business is secured by long-term contracts, the commercial MRO business is fiercely competitive and volatile, and cost-competitiveness becomes the key factor in securing business. In this context, the Port is somewhat at a disadvantage. The Port has leveraged most of its current borrowing capacity, and its operating income is insufficient to cover debt service without levying an infrastructure charge for current tenants. While the charge may be reasonable given the financial realities of the Port, it does not place the Port in a strong cost-competitive position for the pursuit of commercial MRO activity. Capital funding from sources other than Kelly tenants, therefore, is increasingly important.

Given the financial realities facing the Port, and uncertainties facing the MRO market, there is clearly a strong and legitimate incentive for the Port to diversify revenue sources by aggressively pursuing other aviation business including aviation manufacturing opportunities and by securing all possible commercial and defense MRO business. Non-aeronautical business opportunities in adjacent sectors such as energy are an additional area for potential economic and job growth at the Port. In this context, it is essential that the strategic growth plans of the three aviation units in the City be fully coordinated in order to avoid the potential for competition between the facilities, as the City’s airports pursue in parallel their legitimate interest in many of the same aviation business opportunities as the Port, with the goal of maximizing the cost-competitiveness of SAT to the airlines.

**Potential for Funding Competition Between the Airports**

The Port was recently notified of its acceptance into the NPIAS program, which now makes the Port eligible to receive federal grants to help fund qualified capital projects. Eligibility of Port projects for federal funding has raised concerns by some that, in the prevailing context of limited federal funding, Kelly might compete with the City’s airports for federal funding.

There is also concern that receipt of federal grants may impose restrictions on the Port’s economic development options, as a result of the non-discrimination certifications associated with NPIAS participation. While NPIAS grant assurances do impose certain conditions which would have to be recognized in the commercial development of the Port’s aviation property, it is the case that most of Kelly’s peer airports participate in NPIAS, and have developed effective strategies to optimize commercial development while simultaneously meeting federal grant assurances. NPIAS provides a new source of funding for Kelly’s capital program, which will potentially serve to abate the capital funding burden which at present must be met exclusively through airport rates and charges. The potential for such abatement could serve to improve the competitiveness of Kelly. Legal interpretation of federal grant assurances, and Port development strategies based on such legal interpretations, will ultimately influence the extent to which federal grant funding is pursued by the Port, which is outside the scope of this review.

With regard to the potential for competition for federal funding, federal grants are awarded exclusively on the merits of individual projects, rather than on competitive factors between airports serving a common region. The Port is likely to qualify for funds from the Military Airport Program (MAP), which is a grant set-aside within the Airport Improvement program (AIP), specifically designed to assist airport sponsors with the conversion of former military airfields to civilian use. Funds available through MAP may be available to the Port, but not to the City’s airports, so there is no potential for competition between the airports for these
funds. In addition to MAP funding, Kelly is eligible to receive non-primary entitlement funds allocated through the Texas Department of Transportation’s Department of Aviation.

The Port will also qualify for discretionary funds through the AIP program, which are also pursued by the City’s airports. While, in a general sense, funding requests from two airports serving the same area are not directly considered by the FAA as being in competition with one another, airports collectively compete for a share of limited federal funds on a national level, the pool of which invariably falls short of the requests from qualified airport sponsors.

Competition for funding could potentially be perceived in a case where both the City and the Port propose projects of a similar nature for discretionary funding. However, in such cases coordination of grant applications and clear prioritization of projects eligible for NPIAS funding could avoid the potential for any competition for Federal aviation funds afforded through NPIAS. Further, differentiation between airport infrastructure investment to support industrial aerospace at Kelly versus air service or general aviation at SAT or Stinson would be useful in articulating the justification for airport investment in San Antonio. Maximizing federal investment in all three airports presents choices to the aviation community, and presents a stronger competitive offering for private investment in facilities, and aviation-induced commerce within the City. To this end, it has been suggested that any perceived competition for funding could be deferred to the City Council for prioritization based on the best value to the City. However, this approach could prove impractical and ineffective in optimizing grant funding for capital projects. In particular, it is probably unreasonable to expect City Council members to adjudicate between the relative merits of individual projects taking into full and informed account the complex technical analyses and justification developed to support each project.

While admittance of the Port into NPIAS will not lead to direct competition for funding, it is possible that without close coordination between the management of the airports, some level of competition for discretionary funding may exist in cases where projects of a similar nature are simultaneously proposed for federal funding by the City and the Port, which may not be in the overall best interests of the City and the region.

**Governance of the Airports by Two Separate Entities**

Review of the current operation of the City’s Airports and Kelly Field reveals that some level of competition between the airports is inherently the result of the sponsorship and management of the facilities by two separate entities. Both entities are legitimately pursuing aviation business development opportunities, and understandably strive to optimize outcomes for their respective facilities.

It is concluded that for as long as the facilities are managed, operated and developed in a completely separate and un-coordinated manner, by two separate and unconnected entities, some level of competition will exist between them, and that outcomes will tend to be optimized for individual facilities rather than for the “system” of airports serving San Antonio.

**PROPOSED COORDINATION STRATEGY**

It is recommended that a four-point strategy be jointly adopted by the City and the Port with the objective of constraining the potential for competitive conflict and transitioning to *a coordinated program of collaboration*, with the aim of promoting aviation and aerospace economic development for San Antonio first, and for the individual facilities second. The four elements of the program are as follows:

1. Airport primary role definition
2. Active City and Port Coordination
3. Joint strategic planning
4. Operations and governance coordination

1. Airport Primary Role Definition

It has been suggested that competition between the facilities could be eliminated, or at least mitigated, by assigning specific roles to each aviation facility, and channeling business development opportunities to the facilities based on these pre-determined roles. Implementation of specific and separate roles for multiple airports serving the same region is impractical, and in fact could inappropriately constrain economic development and job growth opportunities at the respective facilities.

In cases where the airports are subject to common management, there is theoretical potential to define and enforce airport roles by, for example, policy and financial incentives which encourage certain types of tenant to locate at a particular airport. In the case of common management, the financial implications to the airport system of a business locating at one airport or another are typically neutral (because the revenue associated with the business is retained within a common system). However, even in such cases, prospective tenants will always prefer to make airport location choices based on their own commercial assessment, rather than sponsor-imposed airport role policy factors, so enforcement of role policy tends to be ineffective in practice, regardless of the governing structure.

In cases where the airports in question are subject to separate management, diversion of business from one airport to another, based on roles defined by policy, may result in a penalty to one airport and a benefit to the other, which will, in almost all cases, be conceptually and commercially unsustainable as a policy. Further, development of robust airport role policies acceptable to all parties is likely unattainable, since there is no meaningful way to evaluate the relative economic trade-offs and consequences of fixed airport role policies.

As evidence of this conclusion, there is no known case in the United States where multiple airport sponsors have negotiated binding or enforceable airport roles as a means of resolving competition for air service or aviation business serving a common region. Even in cases where multiple airports are operated by a common sponsor, airport roles are effectively defined by their physical and commercial characteristics rather than by policy. For example, The Houston Airport System (operator of George Bush Intercontinental and William P Hobby Airports and Ellington Field), and Los Angeles World Airports (operator of Los Angeles International, Ontario International and Van Nuys Airports) both operate multiple airports, each with unique location and facility characteristics.

While these airport operators have defined generalized “planning” roles for their airports, actual development is almost exclusively defined by the market in response to the particular attributes of each airport, rather than by policy. The same is likely to be true in San Antonio, where the physical characteristics of the three airports are much more likely to define the core roles they play within the local aviation community than any policy could.

If the primary objective is to attract aviation-related economic development to a particular region irrespective of which airport the prospective tenant chooses (and this should be the primary objective), the most effective strategy is to allow commercial and market forces to make airport-location decisions, based on the prospective tenant’s own assessment of which airport’s physical facilities, location, amenities and costs best match their needs. It can also be argued that retaining a range of alternate aviation facilities, with some degree of competition between them, actually promotes regional economic development, by giving potential tenants choice.
In recognition of the foregoing, it is recommended that:

- Definitive roles should not be established for the three airports, as this approach is impractical and counter to the concept of marketing San Antonio to potential tenants and customers first, and the individual facilities second

- Instead, generalized or primary roles should continue to articulate the identity of the three facilities, with the understanding that these primary roles will be interpreted flexibly to respond to market conditions

- The development, marketing and management of the facilities should be proactively coordinated to pursue development opportunities for the region (see subsequent recommendations)

Primary roles for the airports should be understood as follows:

- **SAT** – Primary air carrier airport serving the San Antonio region, with secondary roles as an air cargo, business aviation and MRO facility

- **Stinson** – General Aviation reliever to SAT, primarily focused on mid-market business aviation, recreational aviation, flight training, and general aviation maintenance and support

- **Kelly** – Industrial airport, primarily focused on aerospace business and MRO, with secondary roles as an air cargo and business aviation facility

These roles should not be used as a means of directing commercial opportunities between the facilities, but instead be actively coordinated between the City and the Port to maximize development opportunity for the San Antonio region. Effective coordination to maximize economic development potential for the region should be achieved by (1) cooperative strategic planning, and (2) regular management communication and coordination.

**2. Joint Strategic Planning**

Coordination of the roles and pursuit of aviation-related economic development between the airports is at present substantially compromised because there is no mutual strategic understanding of the long-term vision, development priorities, goals and objectives of each facility.

In the absence of formal strategic plans to direct and focus economic development and marketing, the individual airports have pursued development opportunistically. Independent marketing of individual facilities minimizes the opportunity for synergy and strategic cooperation between the facilities, and maximizes the potential for conflict and tension, as similar opportunities are on occasion pursued in parallel.

It is therefore recommended that the Port undertake a Strategic Planning exercise which establishes a clear vision for the future development of both its aviation and non-aviation facilities, and the financial and operational relationship between them. In parallel, the City should update its aviation Strategic Plan to establish a clear vision for the development of the City’s aviation facilities, along with quantification of their respective capacities for development, with strategic goals and objectives to implement the vision.

Most importantly, the strategic planning exercise undertaken by the Port should include close coordination with the City, and the strategic planning exercise undertaken by the City should include close coordination with the Port. In both cases, the resulting strategic plans should explicitly include coordinated initiatives and joint marketing efforts to promote San Antonio’s aviation facilities to prospective developers, tenants and customers. Such joint initiatives should form the basis of ongoing coordination and cooperation between the City and the Port.
3. Active City and Port Coordination

While coordinated strategic planning between the City and the Port will provide an important integrated foundation for cooperation and pursuit of joint economic development initiatives, the key to optimizing the potential offered by the three aviation facilities is the establishment of an ongoing process of management cooperation and coordination, so that continuous communication can be sustained, initiatives can be proactively and jointly pursued, and any conflicts can be resolved.

To this end, it is recommended that an Airport Economic Development Committee (AEDC) be established with the express aim of promoting and coordinating economic development based on the three aviation facilities operated by the City and the Port. The AEDC should meet monthly, and should include the Port’s General Manager and the City’s Aviation Director, senior planning and financial staff representatives, a representative from the City’s Economic Development Department, and others as deemed appropriate by the City and the Port (for example, a representative from the Chamber of Commerce Airport, Air Service and Aviation Committee).

The AEDC agenda should include at least the following:

- An accounting of demand and interest in San Antonio aviation facilities
- Coordinated management action in pursuit of joint economic development initiatives
- Discussion of current marketing and business development issues, including resolution of conflicts, if they occur
- Coordination of capital improvement programs to ensure development of aviation infrastructure at the three airports is consistent with aviation and aerospace development opportunities and initiatives
- Review of federal and State grant applications, resolution of potential conflicts, and coordination of submissions
- Such other business as may be necessary to ensure the coordinated development, management and operation of the three facilities is achieved for the greater benefit of San Antonio and the surrounding region.

It is further recommended that the first meeting of the AEDC should be a one – two day joint planning workshop designed to identify and evaluate all of the current opportunities and issues facing the City’s aviation facilities, to serve as a foundation for the strategic planning exercises to be undertaken by the City and the Port, and to develop the agenda for subsequent AEDC meetings.

4. Operations and Governance

While coordinated strategic planning and monthly coordination meetings will serve as a basis for improving collaborative promotion and management of the three aviation facilities, for as long as the facilities remain subject to separate management, fully coordinated development will require constant, active management priority, and the potential will exist for competition rather than optimization of individual facilities.

In this context, over the long-term, the economic development potential of the three facilities could potentially be optimized by adoption of more closely integrated management structures and practices, or by migration to management of all three facilities by a single entity. In the shorter term, it is possible that potential for operating efficiencies may exist by sharing resources between the Port and the City’s aviation facilities.
It is understood that consideration of closer integration of management and/or governance change is a sensitive subject, but a wide array of options is available, which do not necessarily involve loss of autonomy or local control of facilities. Review of governance structures for the top 100 airports in the United States shows that once community objectives for airport development are clearly established, governance models can be developed to achieve these objectives via numerous alternative strategies, including multi-jurisdictional (City, County, State) models, airport commissions, airport-specific authorities or regional authorities. It is therefore recommended that consideration should be given to the objective evaluation of alternative strategies which would provide for structurally integrated management and development of the three aviation facilities, including, but not necessarily limited to the following:

**Short-term Initiatives**

Review of integrated management options to maximize synergy and cost efficiency, within the existing governance structure, including:

- Operational mutual-aid programs designed to deliver cost efficiencies
- Joint funding and staffing of aviation and aerospace economic development initiatives

**Longer-term Governance Alternatives**

Collaborative review of alternative governance models which would enable fully coordinated development of aviation facilities, balanced by appropriate local representation and control. Options that could be considered might include, among others:

- Continued separate governance, but with development of airport assets within the San Antonio MSA formally coordinated by a regional aviation development board
- Formation of a new independent authority to develop, manage and operate the three aviation facilities, in a fully coordinated manner
- Integration of Kelly Field into the City’s airport system, or integration of SAT and Stinson into the Port

In an increasingly competitive marketplace, particularly for air service and for industrial aerospace business, it is considered essential that the recommendations outlined above, in relation to strategic planning and formal monthly management coordination, be commenced immediately, and that review of opportunities for operational and governance coordination be commenced sometime within the next six months.