



**From:** Douglas DeYoung, Chair, Airport Governance Advisory Committee  
**To:** Bill Bunek, Chair, Leelanau County Board of Commissioners  
**Re:** Final AGAC Report and Recommendation  
**Date:** November 19, 2019

Dear Mr. Bunek:

As Chair of the Northwestern Regional Airport Commission, I hereby submit the enclosed report and recommendation to the Leelanau County Board of Commissioners for your review and consideration.

The AGAC was established on March 19, 2019 by the NRAC and was tasked to review the current governance model of the Cherry Capital Airport (TVC) and investigate other options, including the feasibility of transitioning to a regional Airport Authority.

The members of the AGAC were selected by the Chair of the NRAC and approved by the NRAC and included members that were recommended for appointment by Grand Traverse County and Leelanau County to research and review airport governance models, determine the optimal one, and assist with coordination among County governments and administrative bodies to advance any changes deemed necessary for the operation of the Cherry Capital Airport (TVC).

Over the past six months, the AGAC held monthly, open meetings where the Committee and community heard from industry professionals, airport administration officials, legal counsel, and community stakeholders on the topic of airport governance. At its September meeting, the AGAC invited members of the public and state and local officials to attend to provide feedback on the Airport's governance model. The AGAC's final report includes the culmination of research, stakeholder engagement, public feedback, and a final recommendation from the Committee members on the operation of the Cherry Capital Airport to move to an Authority governance model.

I ask that you please review the AGAC final report for consideration.

Sincerely,

Douglas DeYoung  
Chair

Northwestern Regional Airport Commission

# **Northwestern Regional Airport Commission Cherry Capital Airport**

## **Airport Governance Advisory Committee:**

### **Final Report of Governance Review and Recommendation for an Authority**

*Submitted by the AGAC to the NRAC*

**AGAC Members:**

- Mr. Douglas DeYoung, Chair, NRAC
- Mr. Mike Coco, Commissioner, NRAC
- Mr. Kevin Klein, Airport Director, NRAC
- Mr. Robert Hentschel, Chair, Grand Traverse County
- Mr. Gordon LaPointe, Commissioner, Grand Traverse County
- Mr. Nathan Alger, Administrator, Grand Traverse County
- Mr. William Bunek, Chair, Leelanau County
- Ms. Debra Rushton, Commissioner, Leelanau County
- Mr. Chet Janik, Administrator, Leelanau County

**October 29, 2019**



**Airport Governance Advisory Committee's  
Final Report to the Northwestern Regional Airport Commission  
Regarding  
Governance Review of the Cherry Capital Airport  
and Recommendation for an Authority**

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**Table of Contents**

<b>Executive Summary</b>	<b>1</b>
History and Background	1
Goal and Purpose	1
Summary of Meeting and Topics	2
Final Recommendation	4
<b>History &amp; Background</b>	<b>5</b>
<b>Purpose &amp; Goal of the Committee</b>	<b>6</b>
<b>AGAC Research and Key Findings</b>	<b>7</b>
Conditions of the Joint Operating Agreement	7
Current Agreement Deficiencies	8
Airport Governance in Michigan	9
Airport Governance Nationally	13
FAA Governance Process	16
Advantages and Disadvantages to Commission Model and Authority Model	17
General Benefits of a Regional Airport Authority	20
AGAC Meetings and Discussions - Summary	21
<b>Stakeholder Values Input/Feedback</b>	<b>23</b>
<b>Recommendation</b>	<b>26</b>



**Airport Governance Advisory Committee's  
Final Report to the Northwestern Regional Airport Commission:**

**Governance Review of the Cherry Capital Airport  
and Recommendation for an Authority**

**\*\*\*PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY\*\*\***

## **Executive Summary**

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This document represents the Final Report submitted to the Northwestern Regional Airport Commission (NRAC) from the Airport Governance Advisory Committee (AGAC), an ad-hoc committee formed by the NRAC for the explicit purpose of 1) reviewing the governance model of the Cherry Capital Airport (TVC or Airport), 2) researching and investigating the various models of governance available to TVC, and 3) recommending the governance model most beneficial to the Airport, its stakeholder community, and the region at large.

### **History and Background**

The Cherry Capital Airport is operated by the Northwestern Regional Airport Commission on behalf of the Airport's two (2) owners, Grand Traverse County and Leelanau County. Currently, the NRAC is undertaking an ongoing strategic planning process to review its operations, policies and procedures, and strategic goals. Part of the strategic planning process includes the review of the governance model of the Airport.

On September 25, 2018, the NRAC instructed its strategic planning consultant, Steven Baldwin Associates (SBA), to continue research on the Authority model of airport governance as part of the ongoing strategic planning initiative being undertaken by the Commission. In December of 2018, as part of the effort to evaluate a governance model appropriate for TVC, it was decided by the NRAC that an ad-hoc committee of the NRAC would be created to serve in an advisory capacity for this effort.

At the beginning of 2019, the NRAC decided to formally explore the feasibility and advisability of forming a regional Airport Authority under Public Act 95 of 2015 (Act 95) as the governing model for the Airport. As a result, Airport management requested that the two owner Counties appoint representatives to serve on an exploratory governance advisory committee. Subsequently, Grand Traverse County and Leelanau County each appointed three (3) members to serve on the TVC Airport Governance Advisory Committee (AGAC). At its meeting on March 19<sup>th</sup>, the NRAC voted to approve the County-submitted appointees, as well as three (3) representatives from the NRAC itself, and the AGAC was officially formed.

### **Goal and Purpose**

The Committee passed its governing Bylaws at its initial meeting in April. As stated in Section 1.1 of its Bylaws, the AGAC's purpose is as follows:

**Purpose.** The AGA Committee is organized as an advisory only committee as set forth by the NRAC at its regular meeting on March 19, 2019, for the following purposes:

- A. Examining whether the governance model for the Cherry Capital Airport should be (1) maintained as is; (2) modified within the framework of the current model; (3) amended to an Authority under Public Act 95 of 2015; or (4) whether to pursue state legislation to enable an authority model tailored specifically to meet the airport's needs.
- B. If changes are determined needed, to prepare a recommendation and report to the NRAC to present to Grand Traverse and Leelanau Counties as to what changes are needed and a recommendation on the necessary documents to accomplish any changes.

This document, the AGAC Final Report, represents the fulfillment of Section 1.1 of the Bylaws as stated above.

### **Summary of Meetings and Topics**

On April 30, 2019, the AGAC initiated its structured dialog to discuss governance models in the first of six (6) meetings. All meetings of the AGAC 1) took place in the administrative offices at the Cherry Capital Airport, 2) were open to the public, and 3) included opportunity for public comment. Furthermore, the slide deck from each presentation was placed on the TVC website, [www.TVCairport.com](http://www.TVCairport.com), under the "Public Notices" page. All presentations to the AGAC are on that page for public review and downloading, and there is also a comment mechanism for public feedback and input.

The presentations and ensuing dialog at the AGAC meetings have supported the Committee in developing a recommendation for the optimum governance model for the Cherry Capital Airport and the regional community it serves.

A comprehensive range of discussion topics was presented to the AGAC during its meetings, with the topics of the discussion at each meeting listed in Table 1 below:

**Table 1. AGAC Topics Reviewed and Discussed by Month**

Month	Discussion Topics
April	<ul style="list-style-type: none"> <li>• The Current Governance Model of NRAC</li> <li>• Governance History of the Airport</li> <li>• Conditions of the NRAC Governance Agreement</li> <li>• Michigan Act 327 of 1945 Chapter VII (specifically, Section 259.126 - 259.136)</li> </ul>
May	<ul style="list-style-type: none"> <li>• Airport Governance Models in Michigan</li> <li>• Governance Legislation in Michigan</li> <li>• Airport Governance Nationally</li> <li>• Governance Trends Nationally</li> <li>• Airport Transitions and FAA Sponsor Grant Assurances</li> </ul>
June	<ul style="list-style-type: none"> <li>• Stakeholder Values, Part 1: Community, NRAC, Grand Traverse County, Leelanau County, which was developed through a stakeholder survey</li> <li>• Values Discussion re: Zoning &amp; Property</li> <li>• Commissions &amp; Authorities, Advantages &amp; Disadvantages from the Airport's Perspective</li> </ul>
July	<ul style="list-style-type: none"> <li>• Stakeholder Values, Part 2</li> <li>• Values Discussion re: Liability, Legal, Debt, Regulatory, and Other Values</li> <li>• Commissions and Authorities, Advantages &amp; Disadvantages from the Counties' Perspectives</li> </ul>
August	<ul style="list-style-type: none"> <li>• TVC Governance Transfer Process</li> <li>• Key Documentation Supporting FAA Requirements</li> <li>• Process for Reporting Out Findings of AGAC Governance Research and Deliberations to Airport Commission and Counties</li> </ul>
September	<ul style="list-style-type: none"> <li>• Public Invitation to Comment</li> <li>• Outline of Governance Final Report</li> <li>• Schedule of Decision Making and FAA Transfer (if undertaken)</li> </ul>
October (anticipated)	<ul style="list-style-type: none"> <li>• AGAC Final Report &amp; Recommendation Submitted to NRAC</li> </ul>
November (anticipated)	<ul style="list-style-type: none"> <li>• NRAC Review and Resolution to Approve Report and Forward to Counties</li> </ul>
December (anticipated)	<ul style="list-style-type: none"> <li>• County Study Sessions to Review Final Report and Recommendation</li> </ul>

Over a seven-month period, the Committee reviewed the advantages and disadvantages of governance models allowed under Michigan Compiled Laws (MCL) Chapter 259 Aviation, Aeronautics Code of the State of Michigan. This chapter provides the statutory framework for local government bodies to operate an airport within the State of Michigan. NRAC, under MCL 259.126 through 259.136, is a joint board of Grand Traverse County and Leelanau County, and has the legal authority to operate TVC on behalf of the two Counties through a lease dated February 17, 1999 through September 30, 2040 and an operating agreement dated February 17, 1999 with a term of 50 years.

As a result of the meetings and dialogue, the AGAC has made significant progress in understanding the nature of the current governance model under a Commission and the other governance options

available to the Airport within the State of Michigan, particularly regarding the Regional Airport Authority model under MCL 259.137 through 259.149 of the Aeronautics Code of the State of Michigan.

Additionally, the AGAC has reviewed the advantages and disadvantages of various models, as well as provided input regarding the values the Committee holds as stakeholders related to key Airport management areas. As a result of robust discussions throughout the meetings on the governance discussion topics, many inquiries from the Committee have been fielded, explained, and answered.

#### **Final Recommendation**

After a comprehensive review of all governance models available to operate TVC, the Airport Governance Advisory Committee developed this report to detail its findings and offer its final recommendation that:

- the Cherry Capital Airport governance model should be transitioned to a regional Authority model in accordance with MCL 259.137 through 259.149 of the Aeronautics Code of the State of Michigan.

The Committee hereby submits this report to NRAC for adoption, and subsequently requests that the report and its recommendation to move to an Authority governance model be submitted to Grand Traverse County and Leelanau County for further consideration.

## History & Background

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The Cherry Capital Airport was founded in 1935 at its current location by the City of Traverse City. Since then, the Airport has changed operational oversight multiple times. The first was to the U.S. Government (specifically the Navy) in 1942 for WWII efforts. This was followed in 1949 by a transition back to Traverse City following the conclusion of the war.

By 1971, Traverse City identified the Airport as a regional asset and looked to work with Grand Traverse and Leelanau Counties to help make improvements to the Airport. Later that year, the Northwestern Regional Airport Commission (NRAC) was formed to operate the Airport independently from the City by a regional body with representation from all three public bodies on the Board. Each public body (i.e., the City, Grand Traverse County, and Leelanau County) had an investment in the Airport and agreed to provide support to keep the Airport operational.

In 1990, the City decided to leave the NRAC and conveyed the Airport property to the two Counties. The two Counties subsequently agreed to extend the Airport's operating lease for 50 years. In 1999, the two Counties and the NRAC entered into a lease and operating agreement. The lease expires on September 30, 2040 and the operating agreement is for a period of 50 years.

In 1995, Leelanau County inquired about alternative governance models (e.g., Authority, Commission, Money Contribution); however, no decision was made at that time to change. Since 1995, the Airport has in essence been operated independently from the Counties by means of an appointed Airport Commission Board (i.e., the NRAC).

In 2017, the NRAC commissioned a strategic planning process to evaluate the Airport on a number of measures to help set the strategic goals of the Airport. As part of that process, the Airport performed a preliminary review of the governance model. The result of this initial review identified that multiple governance options existed for the Airport which could benefit the efficiency and effectiveness of Airport operations.

As noted above, in 2019, the NRAC created a joint ad-hoc committee between Grand Traverse County, Leelanau County, and the NRAC to further explore the Airport's governance options; the committee was correspondingly named the "Airport Governance Advisory Committee" (AGAC).

Four alternative governance model options were identified for further research and consideration under the Committee:

1. **No Change:** Continue "as is" under the current Commission model with NRAC
2. **Modified Commission:** Keep the Commission model, but with specific changes
3. **Airport Authority:** Create an Authority under Michigan Act 95 of 2015 (MCL 259.137-149)
4. **New Legislation:** Create specific legislation for TVC to form an Airport Authority different from conditions in Act 95



## Purpose and Goal of the Committee

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The AGAC was formed by the NRAC to serve in an advisory capacity and discuss ongoing research into available governance models for the Airport and to assist with coordination among County governments and administrative bodies to advance any changes deemed necessary for the operation of TVC.

Furthermore, the Committee's role was to engage in a structured dialogue regarding the current model and the advantages and disadvantages of the Authority model and other models of governance, and ultimately to make a recommendation to the NRAC as to whether it should recommend to the Counties that an Authority model of governance should be adopted.

Per the Committee's Bylaws passed at the initial NRAC meeting in April, the AGAC's purpose (as stated in the Bylaws Section 1.1) is as follows:

**Purpose.** The AGA Committee is organized as an advisory only committee as set forth by the NRAC at its regular meeting on March 19, 2019, for the following purposes:

- C. Examining whether the governance model for the Cherry Capital Airport should be (1) maintained as is; (2) modified within the framework of the current model; (3) amended to an Authority under Public Act 95 of 2015; or (4) whether to pursue state legislation to enable an authority model tailored specifically to meet the airport's needs.
- D. If changes are determined needed, to prepare a recommendation and report to the NRAC to present to Grand Traverse and Leelanau Counties as to what changes are needed and a recommendation on the necessary documents to accomplish any changes.

As stated above, this Final Report document represents the fulfillment of Section 1.1 of the Bylaws.

Members of the Committee included:

- Mr. Douglas DeYoung, Chair, NRAC
- Mr. Mike Coco, Commissioner, NRAC
- Mr. Kevin Klein, Airport Director, NRAC
- Mr. Robert Hentschel, Chair, Grand Traverse County
- Mr. Gordon LaPointe, Commissioner, Grand Traverse County
- Mr. Nathan Alger, Administrator, Grand Traverse County
- Mr. William Bunek, Chair, Leelanau County
- Ms. Debra Rushton, Commissioner, Leelanau County
- Mr. Chet Janik, Administrator, Leelanau County

The Committee meetings were held on a monthly basis from April – October 2019, were open to the public, and included opportunity for public comment at each meeting, including an invitation to the public and state and local government authorities to provide public input at its September 2019 meeting. Additionally, the presentations given at the AGAC meetings have been placed on the [www.TVCairport.com](http://www.TVCairport.com) website, on the "Public Notices" page, along with an Airport administrative email address for feedback.

## AGAC Research & Key Findings

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Since its formation, the Committee has followed a structured dialog process to review the current governance model and alternative options available within the State of Michigan. The information below summarizes the research and findings that were presented to the AGAC, and which the AGAC conducted robust discussions about.

### Conditions of the Joint Operating Agreement

The current governance model is an Airport Commission model under Michigan Aeronautics Code 327 of 1945, Section 126. Using this Section of the Aeronautics Code, the City of Traverse City, Grand Traverse County, and Leelanau County established a Joint Operating Agreement forming the Northwestern Regional Airport Commission (NRAC). By establishing a Joint Operating Agreement under Section 126, the parties have delegated their airport governing authority to the NRAC. Subsequently, the City withdrew from the operating agreement and the two Counties entered into an updated Lease and Operating Agreement with the NRAC in 1999. The NRAC is provided the privilege of managing, maintaining, and operating the Airport through these agreements.

### Title to Property

The two Counties own the Airport property equally.

### Appointments

The Commission has seven (7) Airport Commissioners; five (5) appointments are made by Grand Traverse County, and two (2) by Leelanau County. Appointed members serve staggered terms of three (3) years.

### Employment of Personnel

Terms of the agreement set the NRAC's ability to appoint an Airport manager and establish other positions to operate and maintain the Airport.

### Expansion of Commission

The terms also allow the two appointing bodies to approve additional government entities to join the NRAC.

### Purpose of the Premises to Be Used

The purpose for which the Airport property is to be used is also set forth in the terms of the Joint Operating Agreement and Lease. The Airport is to be used for the following purposes by the NRAC:

- Operate the Airport in the interest of the public and the air-transportation needs of the area served
- Encourage the use of the Airport by the general public
- Develop and arrange for the continued and best use of the Airport, including updating land use master plans, construction of facilities, and the protection of the navigation approach corridors to the Airport
- Charge fair, reasonable, and non-discriminatory rates and charges

**Improvements**

NRAC may arrange for the financing of improvements on the Airport by placing a mortgage to secure loans. NRAC shall notify the Counties, in writing, of the terms of the mortgage at least 10 days prior.

**Assignments and Subletting**

The NRAC, under the terms of the Agreement, may lease space, area, or improvements and grant concessions for aeronautical purposes or purposes incidental to the operation of the Airport.

**Default and Termination**

Should NRAC default in the performance or compliance with the Agreement for a period of 30 days, and after notice from the Counties, all rights of NRAC shall expire and terminate as provided for in the Agreement.

**Quiet Enjoyment**

Upon NRAC's observing and performing all the terms, covenants, and conditions on NRAC's part to be performed and observed, NRAC may peaceably and quietly enjoy the Airport premises.

**Operating Budget**

Under the Operating Agreement, the Counties have agreed that the costs for operating the Airport shall be shared by the Counties, with Grand Traverse County being responsible for 85% of the costs of operating the Airport and Leelanau County being responsible for 15% of the costs of the operating of the Airport. Since the transfer of the Airport by the City to the two Counties, the Airport has been self-sustaining and neither County has contributed any costs to the Airport.

Although the Agreement does provide that any net proceeds over and above the costs related to the operation and capital improvement of the Airport are shared by the Counties on the same percentage basis as set forth above, this would be considered revenue diversion and would not be allowed under Federal law and grant assurances.

**Current Agreement Deficiencies**

A review of the agreements which establish the NRAC was performed by the NRAC's legal counsel and consultants. The documents included the Amended and Original Joint Operating Agreement, the Lease Agreement, the Transfer Agreement, and the Deed. A number of items during the review were considered deficient, as outlined below:

**Terms**

The term ending dates of the Joint Operating Agreement and the Lease Agreement are different. The Joint Operating Agreement terminates on February 17, 2049 and the Lease Agreement terminates on September 30, 2040. A difference between the term ending dates provides confusion for developing agreements with tenants and other Airport users and the required processes. The Lease Agreement's ending term year of 2040 also limits the ability of NRAC to effectively approve new tenant agreements using normal agreement terms (i.e., typically 20 years or more). This subsequently limits the NRAC's ability to operate the Airport without potentially getting additional approvals from both Counties and therefore creating an inefficient process.

**Dispute Resolution**

The current agreement(s) contain provisions for the cost-sharing of financial liabilities that may exceed offsetting Airport revenue (i.e., 85% Grand Traverse County; 15% Leelanau County). However, the agreements do not contain processes for resolving disputes including means and methods for 1) getting both Counties to accept liability of the proposed dispute and associated financial payment; or 2) for any non-financial related disputes between the parties that may occur.

**Property**

Grand Traverse County and Leelanau County are equal owners of the property that is leased to NRAC and have a direct interest in ensuring that all property identified within the Exhibit A property map maintains good title. A recent review of the Airport's Exhibit A property map has found matters related to the historical property transactions that will need to be addressed through coordination with the two Counties.

**Board Membership**

The Joint Operating Agreement does not require minimum qualifications for individuals to serve on the Board. It also does not provide an agreed-upon methodology for appointing or removing members of the Board.

**Profits**

The Joint Operating Agreement calls for the distribution of Airport profits to the two Counties. This is in violation of FAA policy as profits are required to be reinvested into the Airport to help offset user fees.

**Zoning**

The Property Transfer Agreement between the Counties and the City states that the Counties agree that the Airport property is subject to the City of Traverse City zoning ordinance. This provision conflicts with State law. *See Capital Region Airport Auth v Charter Twp of DeWitt*, 236 Mich App 576, 601 NW2d 141 (1999) (airports are exempt from local zoning regulations as applied to aeronautical uses). Moreover, this provision could impact the ability of NRAC to meet the Federal grant obligations.

**Deed**

Certain provisions of the Deed do not comply with FAA requirements. For example, under the Deed, if the property were not to be used for public airport purposes, the property would transfer to the City. This is in error. The Property should actually revert to the two Counties. Thus allowing for their retention for the continued operation of an airport pursuant to Federal and State law or final disposal. Other provisions, such as the blanket easement, are inconsistent with FAA policy.

**Airport Governance in Michigan**

There are a total of 17 commercial airports within the State of Michigan. All of the commercial airports in the State fall under Michigan Compiled Laws (MCL) Chapter 259 which establishes the forms of airport governance that are available to public bodies within the State. The sections that relate to Airport governance are summarized below:

**MCL 259.101-107: State Airports**

Sections 101-107 are exclusively for the use of the State to acquire and operate airports. Section 101 is not currently used at any commercial service airport in Michigan. The State currently has four General

Aviation airports that it owns and operates using Section 101. Airports under Section 101 are managed through the Aeronautics branch of the Michigan Department of Transportation.

**MCL 259.108-125c: Public Airport Authorities**

Sections 108-125c directs airports greater than 10,000,000 enplanements to become an authority as defined in the chapter—in Sec. 109(n)—for “qualified airports.” Other airports smaller than 10,000,000 enplanements may, by resolution, elect to use the provisions as outlined in Section 110 of the Aeronautics Code. Airports that elect to use Section 108 are required to follow all the terms of the chapter. The appointment of the seven required board members for qualified airports is made by the Governor of Michigan, the legislative body that owns the airport, and the CEO of the local government that owns the airport. Terms of airport board members for qualified and non-qualified airports are for six years under Section 108. The only “qualified airport” within Michigan is the Detroit Metropolitan Wayne County Airport.

**MCL 259.126-136: Political Subdivisions of this State**

Sections 126-136 establishes the powers granted by the State to acquire and operate an Airport by Political Subdivisions of the State. Section 134 allows two or more political subdivisions to act jointly by creating a Board to oversee airport operations using a Joint Operating Agreement. A Board established under Section 134 shall exercise the powers of the political subdivisions given by the act. NRAC was formed using a Joint Operating Agreement between Grand Traverse County and Leelanau County and now operates the Airport following Sections 126-136.

**MCL 259.137-149: Regional Airport Authorities**

Sections 137-149, known as the Regional Airport Authority Act, is the most recent Act that was established to operate airports within Michigan after the passing of Public Act 95 of 2015. Act 95 amended Michigan Act 327 of 1945 and added Sections 137 through 149. The legislation was established to be open to all sizes of commercial service airports operating within Michigan and to allow them to streamline the formation of an airport authority. Kent County was the first to pursue an airport authority under Act 95, creating the Gerald R. Ford International Airport Authority.

**MCL 259.621-631: Community Airports**

An act to allow two or more counties, cities, townships, villages, or any combination thereof to form an airport authority. An authority under Section 621 is granted the ability to assess a millage with the approval of the local unit of government up to one mil. Appropriations from the local units of government must also be made in equal shares based upon the state equalized valuation of such local unit of government to meet their respective shares of the amount of the airport budget in excess of the estimated revenues.

**MCL 259.801-823: Airport Authorities**

An act to provide for the creation of airport authorities by certain counties within 10 miles of State-owned airports. Section 801 is used to transfer state-owned airports to an authority governance model whereby a city in such county has a population of 100,000 or more. Appointments are made from both the county with two (2) appointments and the city with three (3) appointments. This form of governance is not available to the Cherry Capital Airport based upon the requirements of the Act.

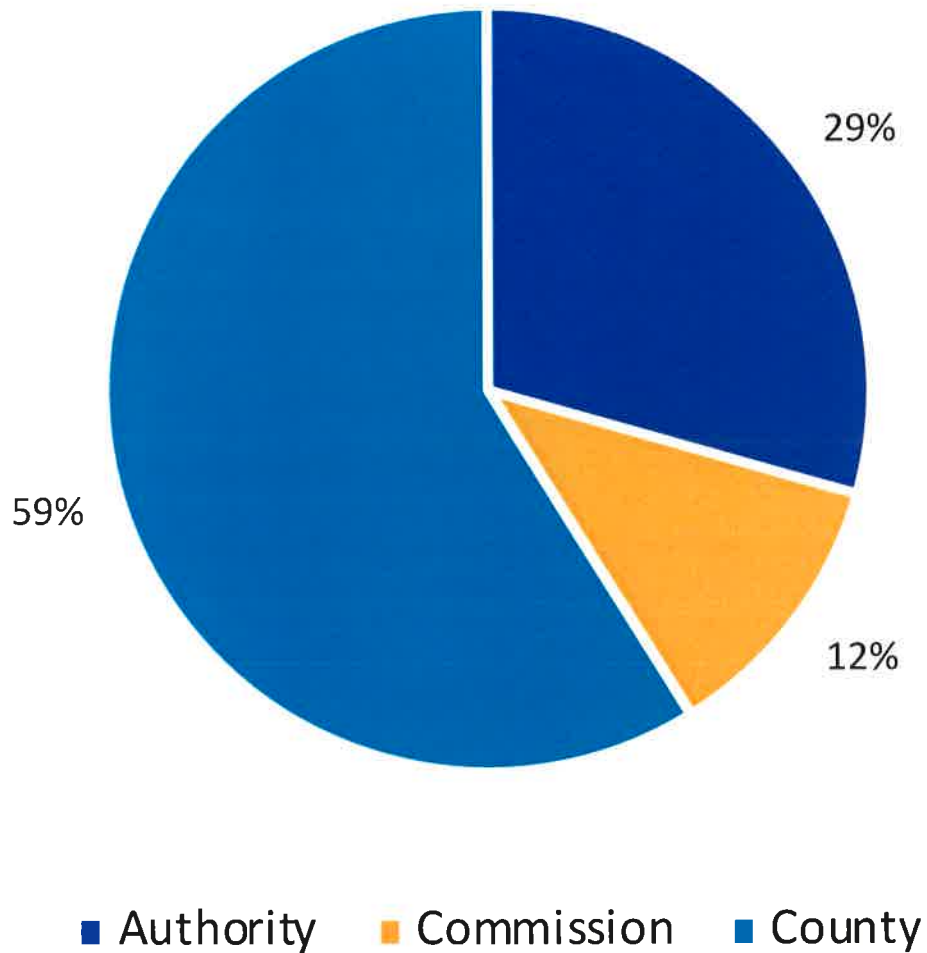
Table 2 below lists the commercial airports in Michigan and their associated governance model.

**Table 2. Commercial Airports in Michigan**

<b>Code</b>	<b>Commercial Airports (listed from largest enplanements to smallest)</b>	<b>Governance Model</b>	<b>Legislative Authority Under MCL Chapter 259</b>
DTW	Detroit Metropolitan Wayne County Airport	Authority	Sec. 108
GRR	Gerald R. Ford International Airport	Authority	Sec. 137
FNT	Bishop International Airport	Authority	Sec. 621
TVC	Cherry Capital Airport	Commission	Sec. 126
LAN	Capital Region International Airport	Authority	Sec. 801
AZO	Kalamazoo/Battle Creek International Airport	County	Sec. 126
MBS	MBS International Airport	Commission	Sec. 126
SAW	Sawyer International Airport	County	Sec. 126
PLN	Pellston Regional Airport of Emmet County	County	Sec. 126
CMX	Houghton County Memorial Airport	County	Sec. 126
CIU	Chippewa County International Airport	County EDC	Sec. 126
MKG	Muskegon County Airport	County	Sec. 126
ESC	Delta County Airport	County	Sec. 126
IMT	Ford Airport	County	Sec. 126
APN	Alpena County Regional Airport	County	Sec. 126
IWD	Gogebic–Iron County Airport	County	Sec. 126
MBL	Manistee County-Blacker Airport	Authority	Sec. 621

A representation of the governance models as a percentage within the State of Michigan is provided in Figure 1 below. The majority (59%) of airports within Michigan are operated with a County-run model; this is followed by the Authority model at 29%, and the Commission model at 12%.

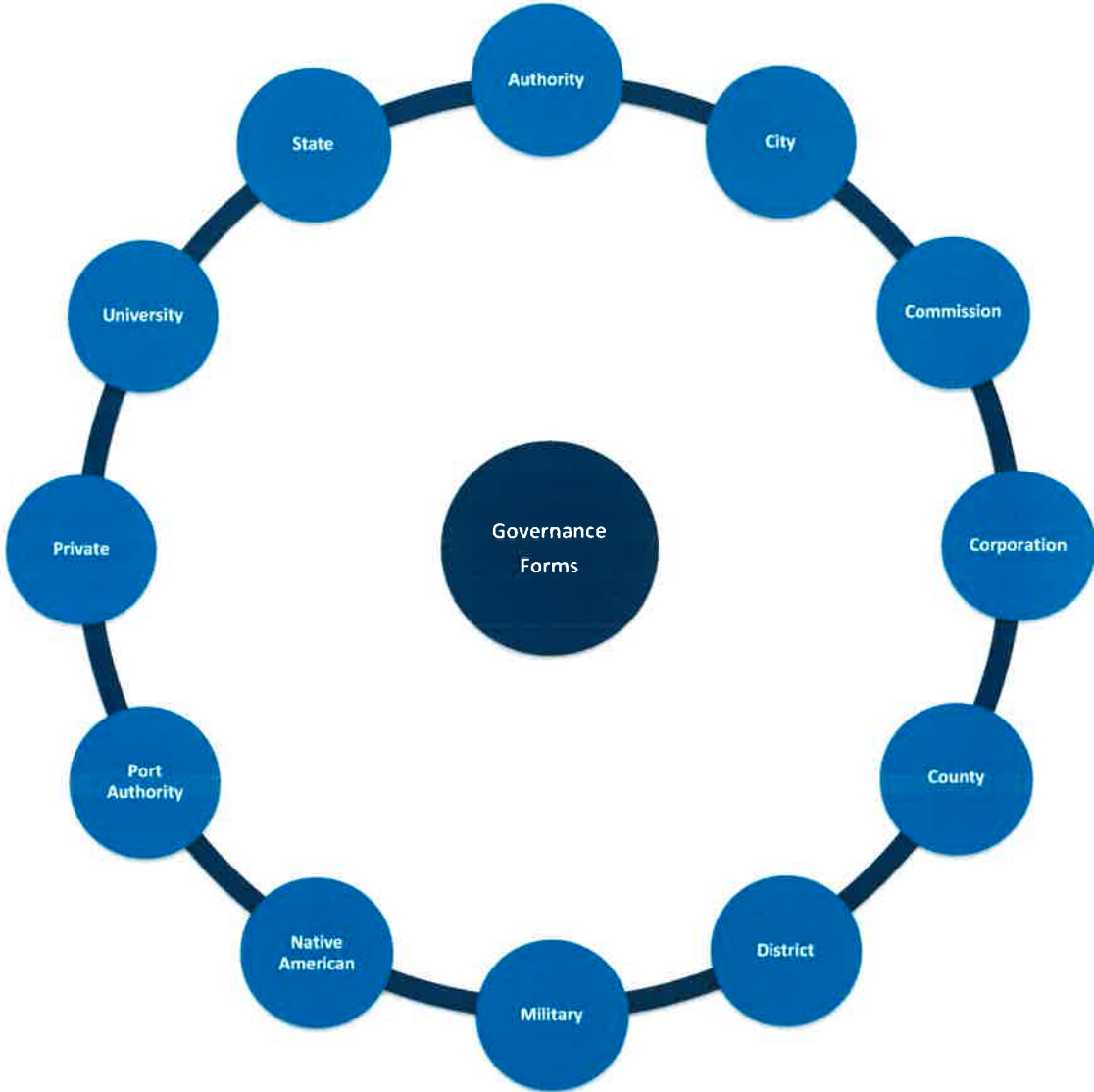
**Figure 1. Michigan Commercial Airports by Governance Model**



**Airport Governance Nationally**

Nationally, airport governance includes many different types of models. The models range from university airport governance to multi-modal Port Authorities. Figure 2 below lists 12 example governance models that exist throughout the nation.

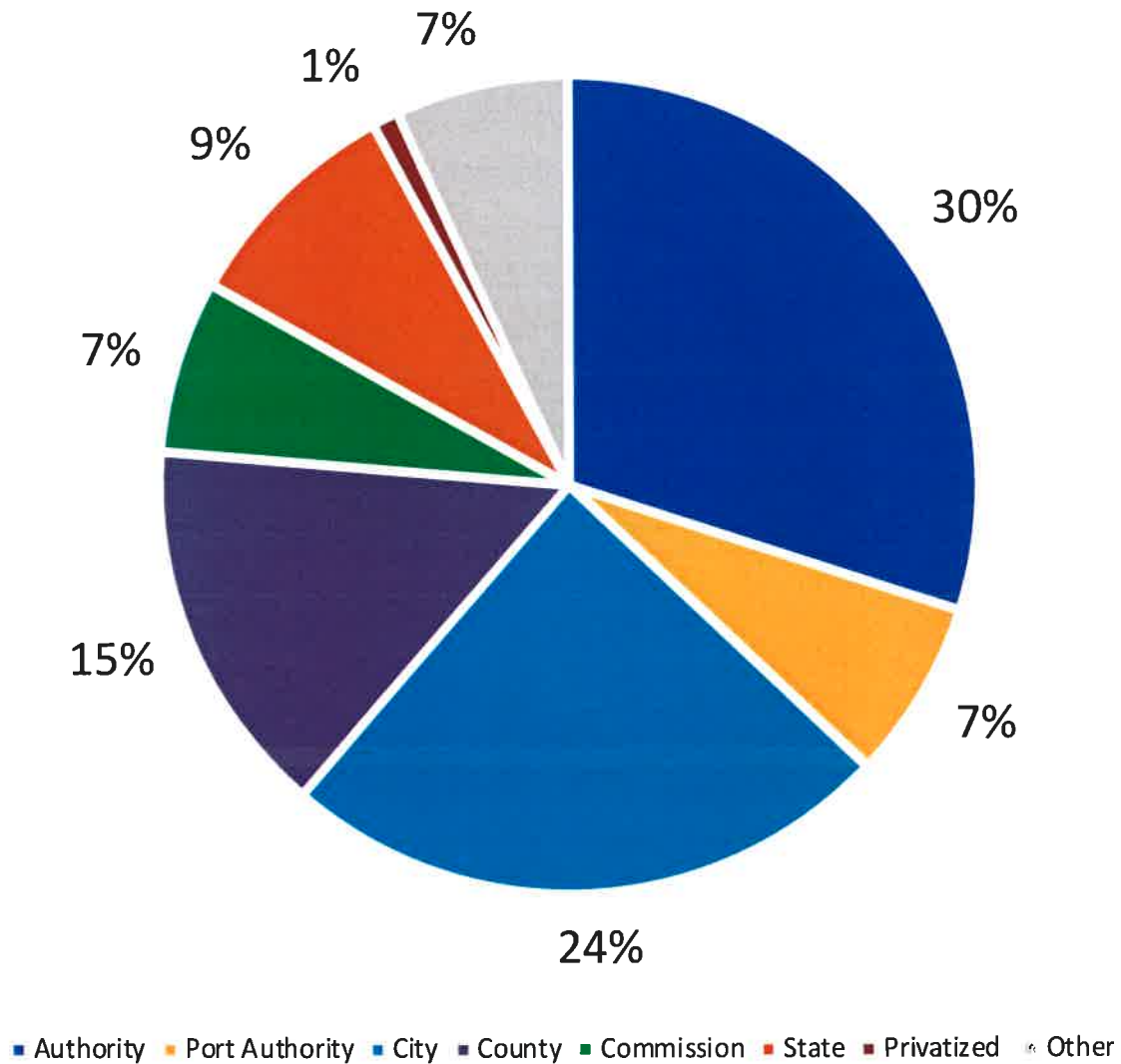
**Figure 2. Governance Forms Nationally**





Of the governance models that are in place throughout the country, the largest percentage is the Authority governance model representing 30% of all commercial service airports greater than 10,000 enplanements. The breakdown of the other models is as follows: 24% City, 15% County, 9% State, 7% Commission, 7% Port Authority, 1% Privatized, and 7% are combined as other. See Figure 3 below for the airport governance models nationally by percentage.

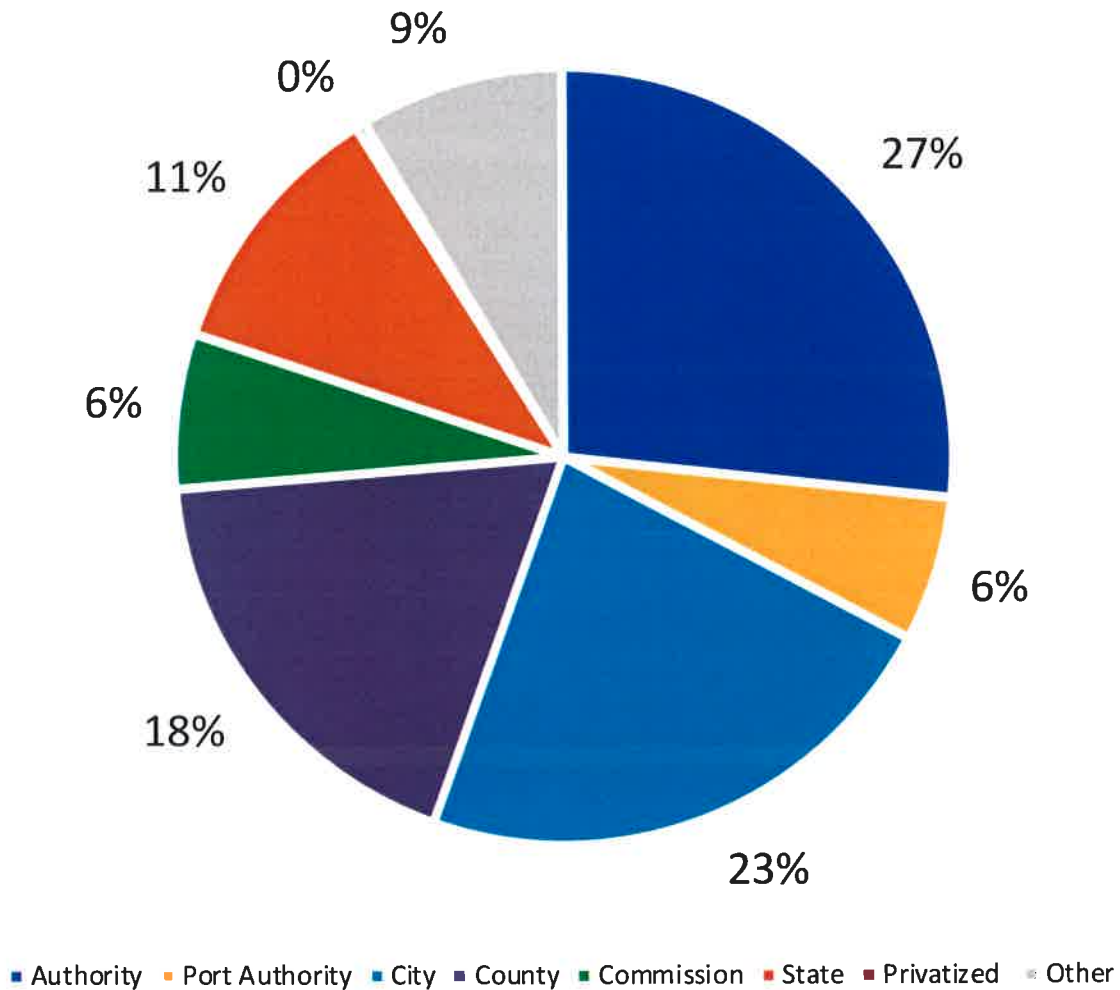
Figure 3. Airport Governance Models Nationally by Percentage



Note: The figure above represents all commercial service airports greater than 10,000 enplanements

The breakdown of governance models can be further evaluated by airports of size similar to that of TVC, which is classified as a non-hub primary airport. Of airports that fall within the non-hub primary classification, or approximately 10,000 to 413,000 enplanements, 27% are an Authority governance model. This compares to 6% of non-hub primary airports operating as an airport Commission. Figure 4 provides a breakdown of governance models nationally for non-hub primary airports.

**Figure 4. Non-Hub Primary Airport Governance Models Nationally**



### FAA Governance Process

The Federal Aviation Administration (FAA) looks to airport sponsors to successfully operate the airport under the regulations, guidelines, and assurances provided to them. Accordingly, there are many requirements that pertain to airport governance, and those requirements that are paramount to any governance transfer are FAA airport sponsor grant assurances.

The FAA maintains 39 airport sponsor grant assurances as conditions for accepting Federal grants. The assurances were established to help preserve the national airport system for use by the public and to protect the public's interest regarding the use of Federal funds. The assurances that are most relevant to governance are generally:

- Grant Assurance 4 - Good Title
- Grant Assurance 5 - Preserving Rights and Powers
- Grant Assurance 22 - Economic Discrimination
- Grant Assurance 23 - Exclusive Rights
- Grant Assurance 24 - Fee and Rental Structure
- Grant Assurance 25 - Airport Revenues

Each grant assurance is explained below.

#### **Grant Assurance 4 - Good Title**

This grant assurance ensures the airport sponsor holds Good Title on all property associated with the airport. Good Title of property is defined as being free of all claims against it and allows the airport sponsor to sell, transfer, or use the property without restriction.

#### **Grant Assurance 5 - Preserving Rights and Powers**

Under this grant assurance, airport owners shall not surrender by contract its capability to sufficiently control the airport in order to carry out its commitments to the Federal government. Identification of any terms and conditions in agreements which could prevent the realization of the full benefits for which the airport was constructed, or which could develop into a restriction on the owner's ability to meet its obligations to the Federal government, is required by Grant Assurance 5.

#### **Grant Assurance 22 - Economic Discrimination**

Economic discrimination protections are provided within the grant assurances. Grant Assurance 22 assures that the airport is available for public use without unjust discrimination to all types, kinds, and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport. All agreements, contracts, leases, or other arrangements must have language to 1) furnish services on a reasonable, and not unjustly discriminatory, basis to all users, and 2) charge reasonable, and not unjustly discriminatory, prices for each unit or service.

#### **Grant Assurance 23 - Exclusive Rights**

The grant assurance promotes fair and equal competition between aeronautical providers at the airport. The airport sponsor shall permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public.

**Grant Assurance 24 - Fee and Rental Structure**

Under this grant assurance, a fee and rental structure for each airport shall be established to make the airport as self-sustaining as possible under the circumstances existing at the airport. The assurance prevents airports from using the Federal share of AIP funded development projects in the rate basis establishing fees, rates, and charges for users of the airport.

**Grant Assurance 25 - Airport Revenues**

This grant assurance requires that all revenues generated by the airport and any local taxes on aviation fuel be expended by the airport for 1) the capital or operating costs of the airport, 2) the local airport system, 3) noise mitigation, or 4) other local facilities which are owned or operated by the airport. This assurance specifically prevents airports from the diversion of revenue back to the local governing body for non-airport related projects or services, as well as to other organizations and individuals for non-airport related projects or services. As a requirement of this assurance, an Annual Audit under the Single Audit Act of 1984 shall be performed to ensure compliance.

**Advantages and Disadvantages to Commission and Authority Models**

Each form of governance model is capable of operating an airport. Different governance models, however, can be better suited to meet specific goals of airport stakeholders related to the efficiency and effectiveness of airport operations. Selection of any governance model should take into consideration the advantages and disadvantages associated with a model specific to the airport and its strategic goals, as well as the community and region it serves.

The characteristics associated with governance models are based upon legislation, agreements, and policies that an airport is held to. The collective documents direct the operation of an airport including board appointments, provided powers, decision making abilities, and liabilities.

MCL 259.126-136 (Commission) and MCL 259.137-149 (Regional Authority) are used as a basis for comparison as the primary options considered by the AGAC for the operation of TVC.

One of the benefits of an authority vs. dual-county oversight, is that the authority structure helps minimize lobbying and political influence over policy outcomes. This is because authorities, in general, are able to make policy decisions based on the best interest of the airport and the community it serves. All discussion and debate on policy matters is conducted in open forum and at the authority's singular governing body.

A breakdown of the advantages and disadvantages of the Commission and Authority models is provided below. Tables 3 and 4 reflect the advantages and disadvantages from the Airport's perspective. Tables 5 and 6 reflect the advantages and disadvantages from the Counties' perspective. Please note that various stakeholders could interpret advantages and disadvantages differently.

**Table 3. Commission Advantages & Disadvantages — Airport’s Perspective**

Airport: Commission Advantages	Airport: Commission Disadvantages
<ul style="list-style-type: none"> <li>– Liability shared with Counties</li> <li>– Legal/professional services can be supplied by Counties</li> <li>– Can more easily rely on Counties for financial support</li> <li>– Political connections and support</li> <li>– Provides direct oversight and accountability by Counties</li> </ul>	<ul style="list-style-type: none"> <li>– Cannot buy and sell property on its own</li> <li>– Cannot enter leases past term of Operating Agreement</li> <li>– No direct control of Airport zoning</li> <li>– Political influence</li> <li>– Less efficient</li> <li>– Sponsors have other priorities besides the Airport’s best interests</li> <li>– Legislation &amp; Agreements not as clear</li> <li>– Lack of dispute resolution</li> </ul>

**Table 4. Authority Advantages & Disadvantages — Airport’s Perspective**

Airport: Authority Advantages	Airport: Authority Disadvantages
<ul style="list-style-type: none"> <li>– Airport business focus</li> <li>– Zoning control</li> <li>– Buy &amp; sell property</li> <li>– Clear legislation</li> <li>– Regional requirement</li> <li>– Efficient &amp; effective actions</li> <li>– Reduces political influence &amp; conflicts of interest</li> <li>– Industry best practices</li> <li>– Criteria of expertise for Board members</li> <li>– No more than 45% of elected officials on Board</li> <li>– More transparent, more public accountability</li> </ul>	<ul style="list-style-type: none"> <li>– Liability held by Authority</li> <li>– Cannot impose a millage</li> <li>– Financial &amp; operational support from Counties is harder to gain</li> </ul>

**Table 5. Commission Advantages & Disadvantages — Counties’ Perspective**

Counties: Commission Advantages	Counties: Commission Disadvantages
<ul style="list-style-type: none"> <li>– Political connections and support</li> <li>– Counties approve buying and selling of land</li> <li>– Counties’ priorities can be reflected more easily</li> <li>– Control over some long-term lease agreements past Operating Agreement</li> </ul>	<ul style="list-style-type: none"> <li>– Airport liability shared with Counties</li> <li>– Legal/professional services can be supplied by Counties</li> <li>– Airport can more easily rely on Counties for financial support</li> <li>– No direct control of Airport zoning</li> <li>– Less efficient</li> <li>– Legislation &amp; Agreements not as clear</li> <li>– Lack of dispute resolution</li> </ul>

**Table 6. Authority Advantages & Disadvantages — Counties’ Perspective**

Counties: Authority Advantages	Counties: Authority Disadvantages
<ul style="list-style-type: none"> <li>– Liability held by Authority</li> <li>– Cannot impose a millage</li> <li>– Airport business focus</li> <li>– Zoning control</li> <li>– Not required to provide airport financial &amp; operational support from Counties</li> <li>– Clear legislation</li> <li>– Efficient &amp; effective actions</li> <li>– Industry best practices</li> <li>– Criteria of expertise for Board members</li> <li>– Reduces the potential of political influence</li> <li>– More transparent, more public accountability</li> </ul>	<ul style="list-style-type: none"> <li>– Buying &amp; selling of property is more autonomous for Airport</li> <li>– Eminent domain</li> <li>– Regional requirement</li> <li>– May reduce Counties’ control over decision making and long-term agreements</li> <li>– Limitation of 45% of elected officials serving on Board</li> </ul>

### **General Benefits of a Regional Airport Authority**

Within the past 25 years, the clear trend in governance model transitions has been from legacy systems of city/county/state owners and operators to regional airport authorities. There are many reasons for this, as authorities can provide the autonomy and business-focused operations that often cannot be achieved through the more bureaucratic legacy systems. Listed below are some of the primary advantages that regional airport authority governance models bring to most airport operations.

#### **Singular Airport Enterprise Focus**

The Authority form of governance gives an airport more flexibility to develop policies and procedures attuned specifically to the needs of the airport, and it also allows for and fosters the business-focused nimbleness needed to stay relevant in an extremely competitive aviation sector.

#### **Strengthens Regional Coordination and Economic Contribution**

An Authority can help foster stronger regional participation in airport affairs by establishing a governance structure which explicitly includes a non-resident outside the bounds of the local appointing governments on the Board. This helps enhance the airport's ability to function as a full partner in regional economic development initiatives regardless of geographic lines. In general, airports are regional economic assets and being governed by an Authority Board with regional representation and participation will reinforce and strengthen its position as such.

#### **Creates a Stronger Platform for Economic Development**

An Authority facilitates a greater emphasis on proactive commercial revenue development, innovative financing, and closer coordination with broader regional economic development organizations and initiatives fostered by a business-orientated leadership. This emphasis typically will 1) diversify and strengthen the airport revenue base, especially when in the context of declining Federal Airport Improvement Program (AIP) grants, 2) reduce reliance on airline rates as a primary revenue source, 3) lower airline costs by creating more funding from non-airline sources, which in turn will help attract new airline service and potentially lower airfares, and 4) improve the airport's competitiveness.

#### **Enhanced Decision Making**

Authority Board members have as their sole responsibility a singular focus on the best interests of the airport. This targeted purpose helps to enhance knowledge of airport operations which is not normally acquired by elected officials who have a multitude of political priorities and responsibilities.

#### **Lower Operating Costs**

Operational cost savings are inherent with an Authority model through greater efficiency and higher productivity found by reducing the time to educate, gain approval, and process business agreements.

#### **Air Service Development**

As authorities help facilitate operational cost savings as well as greater revenue earned through airport-focused strategic initiatives, the airport can use these additional funds to more easily market and attract new air service.

#### **Coordination with Local Governments**

The Authority model helps alleviate pressures with local governments (e.g., Traverse City as the residing entity, or Grand Traverse & Leelanau Counties as operators) now and into the future, especially regarding: 1) meeting the needs of operating funding in an increasingly competitive environment, and 2)

the need for consistency and compliance with general policies, procedures, and systems with local government bodies. Moreover, the Authority model facilitates an airport's ability to serve the entire region, as opposed to trying to comply with multiple—and possibly contradictory—broad-based policies and procedures of various local governments.

#### **Fostering a Business & Customer Service Driven Focus**

An explicitly business-focused Authority Board that creates commercially-orientated policies and procedures will encourage a greater emphasis on developing an entrepreneurial and proactive business and hospitality focus. This focus is more conducive to improved customer service and air service development.

#### **Uphold Leadership Standards**

Transitioning to an Authority strengthens leadership capability by 1) establishing a Board whose selection is based on a stronger emphasis of business-related credentials and qualifications, 2) establishing nationally competitive compensation programs for staff in order to attract and retain top talent going forward, 3) strengthening the ability to solve looming management succession issues, and 4) helping forge stronger links with the local and regional business communities.

#### **Checks and Balances**

Authority control is maintained by the manner in which it is structured through the law (i.e., Michigan Public Act No. 95 of 2015) and its articles of incorporation, as well as by the process stipulated for making appointments to the Board. In addition, the authority is required to conduct business in an open and transparent fashion, in accordance with the Michigan open meetings act, as well as meet at least quarterly, maintain an audit committee, adopt procurement policies, and take other measures that are consistent with good government. In addition to these legislative requirements, the articles of incorporation can stipulate other requirements desired for the authority not specifically mandated by Michigan law, if desired.

In summation, transitioning to a regional Airport Authority as its owner/operator will position the Cherry Capital Airport to maintain and strengthen its growth and vitality, all while providing the nimbleness needed to enhance commercial and customer service activities as well as regional economic development.

#### **AGAC Meetings and Discussions - Summary**

Below is a list of the meetings held of the Airport Governance Advisory Committee and a summary of the activities of each meeting.

**NOTE:** All meetings began with a roll call of member participation, a public comment period, and a vote to approve/amend the minutes from the previous meeting.

#### **April 30, 2019**

The initial meeting of the Committee started the discussion on governance by formally establishing the Committee, its purpose and rules of order (i.e., Bylaws), and the Committee's schedule. Structured dialog included a review of 1) the Airport's governance history, 2) information on TVC's current governance model, and 3) the contents and conditions of the current governance Joint Operating Agreement between the Counties.



**May 28, 2019**

The second meeting of the AGAC provided the Committee and members of the public in attendance an opportunity to take a tour through the Airport to better understand its operations. The meeting also included a structured dialog focused on a review of governance models within Michigan and nationally, a review of the Michigan laws regarding airport governance, trends in governance model transitions, and the FAA Grant Assurances specifically related to governance models.

**June 25, 2019**

The third meeting focused upon stakeholder values from members of the community, NRAC, Grand Traverse County, and Leelanau County. Previous stakeholder input, gathered from the beginning of the strategic planning process, was reviewed. Also, more recent stakeholder input regarding the values held regarding the Airport and its operations, that had been gathered by survey, were reviewed. This review of recent stakeholder values took place over two meetings (i.e., the June and July meetings), with the June meeting focusing on issues related to 1) zoning and 2) the buying and selling of Airport property. In addition, the advantages & disadvantages of commissions and authorities, from the perspective of the Airport, were presented.

**July 30, 2019**

The July meeting followed-up with Part 2 of the stakeholder values, specifically covering the topics of liability, issuing debt, legal services, regulatory requirements, and other values such as quality of service, competitive ticket prices, the Airport as an important regional asset, the need to operate like a business, and acknowledging the value of the Airport's relationship with the Counties regardless of the governance model. In addition, the advantages & disadvantages of commissions and authorities, from the perspective of the Counties, were presented. At the end of the meeting, a straw poll (i.e., ad-hoc or unofficial vote) was taken of Committee members to gauge the level of interest in moving to an Authority. At that time, there was a unanimous voicing for either affirming outright support for an authority or leaning toward an authority.

**August 20, 2019**

At the August meeting of the AGAC, the governance transfer process was presented to the Committee as well as a list of key documentation and supporting FAA requirements for airport transitions. At the end of the presentation, the reporting process regarding the activities of the AGAC to NRAC and Counties was outlined.

**September 24, 2019**

The sixth meeting of the AGAC covered the outline of the final report and an overview of the research and recommendations that will be included within the final report. Following the presentation, the AGAC hosted a public invitation to comment to gather additional feedback from the community on the topic of airport governance. The public invitation was posted in the local newspaper, the *Traverse City Record Eagle*, and specific invitations were sent out to local and state government representatives.

**October 29, 2019 (anticipated)**

The schedule anticipates that at the seventh meeting of the AGAC, the Committee will approve its final report and recommendation (i.e., this document) and submit it to the NRAC for review and consideration of passing the AGAC's report and recommendation to the Counties.

**November 2019 (anticipated)**

The schedule anticipates that in this month, the NRAC will review the report and recommendation from the AGAC; the NRAC will subsequently submit a resolution on whether to approve the report and recommendation and forward it to the Counties for consideration.

**December 2019 (anticipated)**

The schedule anticipates that in this month, the Counties will conduct study sessions as part of its formal process to review the AGAC final report and recommendation.

**Stakeholder Values and Input/Feedback**

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**Overview**

During the June and July AGAC meetings, stakeholder input and feedback regarding governance was presented. This feedback included a summary of initial feedback given from NRAC Board members gathered at the beginning of the strategic planning initiative in 2017, followed up by a survey of AGAC members in May and June 2019. Below are summaries of both sets of feedback on stakeholder values regarding governance and Airport operations.

**Initial NRAC Stakeholder Input on Governance and Values**

When the TVC strategic planning initiative began, stakeholders, including all NRAC Board members, were interviewed to solicit input on a variety of Airport topics, including governance. Below is a summary of stakeholder input regarding governance from that time.

There was a wide range of opinions of the Commission re: governance models and transferring to an authority, including:

- enthusiastic support
- neutral open-mindedness
- caution and concerns (e.g., regarding taxation, composition of Authority Board, etc.)

However, all Commission members were in favor of learning more about governance options and exploring the issue, especially what the specific benefits of a change in governance would be. Those Board members who would like to see the Airport become an Authority believed that the governance transfer would likely help the Airport become more nimble for business purposes in the future, especially in terms of land use and development.

Additionally, stakeholders understood that an Authority by definition would have the Airport and its best interests as its sole focus. All Commission members were interested in the ways to extricate the Airport from obstacles to future development. Moreover, stakeholders understood that the current operators (i.e., the Counties) would need to support any change in governance models. Regarding this, most thought that the Counties would be open to change, especially when issues of liability were considered.

Regardless of their pro, neutral, or cautious leanings, all Commissioners were interested in further education about the specifics of different models applied to the TVC situation, particularly around funding and taxation.

### **Current AGAC Stakeholder Input on Governance and Values**

For the current research into governance, all AGAC members were surveyed as to their input and feedback on what their primary values were in consideration of the Airport's operations and the possibility of transferring to an Authority. The major categories of concern and interest included:

- Zoning
- Property (buying and selling)
- Liability
- Issuing Debt
- Legal Services
- Regulatory
- And Other Values, including:
  - Transparency
  - Regional Input
  - Clear & Modernized Legislation
  - Business Focus
  - Misc.

Summaries of some of the key points that arose during structured dialog for each topic are below.

#### **Zoning**

Zoning was acknowledged as an important issue, noting that the Airport would benefit from a governing model best suited for management of its property through zoning. Under Michigan state law, all aeronautical uses are exempt from zoning (e.g., building hangars, noise, airport lighting related to aeronautical purposes, etc.). Zoning issues arise in regard to non-aeronautical development. Typically, the same entity that owns an airport also controls zoning. Issues arise when an entity other than the airport owner controls zoning, as is the case with the County-owned Airport subjected to City of Traverse City zoning laws. Through the City's zoning authority, a non-owner entity controls the economic development options of the Airport. Overall, the constraints and challenges of municipal control of zoning were discussed, as were the new options presented by an Authority. It was noted that most successful Airports control their own zoning. Under the Commission form of governance, municipal control of zoning is a constraint to Airport development. Under an Authority, TVC would have new zoning options and be able to better control its own fate economically.

#### **Property**

National trends were discussed regarding airports utilizing property to increase non-aeronautical revenue and thus helping create economic stability and offset airport operating costs. Commercial development was noted as preferable to increasing fees to passengers and airlines or taxation of the two Counties' residents as revenue sources. Other issues noted: non-aeronautical revenue will continue to grow as an important source of revenue for airports; the capitalization of assets allows for the long-term expansion and growth that the community demands. It was noted that the process of selling/leasing existing property consists of multiple steps under the Commission structure, but would be significantly streamlined both in process and time under an Authority.

**Liability**

Stakeholders would like to reduce the financial and operational liabilities for Grand Traverse and Leelanau Counties, both short-term and long-term. The governance model should also protect the regional community interest in the airport as much as possible. The model should help shield the Counties from risks associated with the operation of the Airport.

**Issuing Debt**

Discussion noted that the Airport's ability to issue debt can impact how future development at TVC takes place. Issuing debt from time-to-time could be used as one of the vehicles to meet the Airport's short- and long-term financial needs. Depending how an authority is structured, it may be permitted to issue debt with or without additional restrictions by the owner Counties. If the Airport needs to issue debt, Act 95 specifies: "the local government may establish conditions under which the regional airport authority may incur indebtedness pledging, on a parity basis, or other instrument of indebtedness for which the full faith and credit of the local government has been pledged." Having the ability to issue debt without the Counties can be beneficial to respond more quickly to financial needs as well as reduce the Counties' full faith and credit debt liability. However, one advantage under an Authority is the ability to enter into Installment Purchase Agreements (IPAs) for the acquisition of equipment, etc. IPAs allow the Airport to respond more quickly to financial needs. As a final note, Act 95 clearly states that an Authority cannot impose a millage/taxation.

**Legal Services**

It was noted that legal services are important for any business, but especially for the unique public/private enterprises of airports since there is heavy regulation for the industry. Some commissions utilize shared resources under their sponsors. Legal services are one of those shared resources. Other shared services can include fire, security/police, housekeeping, IT, HR, and other services that would otherwise need to be accomplished in-house. Currently, TVC is paying for all costs for legal services, HR, IT, etc.; the cost of these services is not being shared with the Counties. If TVC remains a Commission, the Airport would likely continue to pay the costs; however, the Airport could potentially seek to develop shared services with the Counties. If TVC moved to an Authority, then the Airport would continue to pay the costs for legal services as it is now.

**Regulatory**

The following was noted under discussion: The Airport exists within a heavily regulated environment, and many different agencies—spanning the local, state, and Federal levels—regulate it. Accordingly, different governance models affect compliance issues. To operate efficiently, it is necessary to have an experienced Board and a dedicated professional Airport management team that understands these regulatory constraints and obligations.

Regarding revenue diversion, Airport money sent to counties, cities, or other entities—for other than reimbursement for bona fide services supporting airport operations—is a violation of Federal regulations. There are potential civil and criminal penalties for actions of revenue diversion. An informed board focused solely on the Airport can help to prevent revenue diversion concerns.

Under the current model, Commission members, and to some extent County members, have a responsibility to have significant knowledge of regulations and compliance. The Commission and County both need continuous education on the specifics of the regulatory environment. Elected officials who frequently change, and have other focuses outside of the Airport, have less opportunity to develop

expertise in airport management. However, under an Authority model, Board members are chosen for their industry and business expertise and would be required to have this expertise. Minimum qualifications would be stipulated for member appointments to the Board. Membership make-up would be represented by the regional community through appointment. Per the Act, no more than 45% of Board members can be elected officials.

### **Transparency**

Public transparency, accountability, and input is highly important to stakeholders. They would like to see an airport governance model that has specific requirements related to community reporting. The model should also include an annual audit of the Airport's financial records that is shared with the community. A structure that can hold Board members accountable for their responsibilities on the Airport Authority Board should also be included within the selected form of governance.

### **Regional Input**

The Airport is a regional asset for the entire Northern Michigan community, and this should be recognized as such and reflected in the governance of the Airport. Promotion of the Airport as a regional asset is important to the stakeholders and was reflected by members of the Committee and the public.

### **Clear & Modernized Legislation**

Clear and modernized legislation, including airport zoning, would be best for the operation of the Airport. Act 95 provides clear legislation and includes specific legislation regarding airport zoning that would help to reduce existing friction points.

### **Business Focus**

Stakeholders suggested that the selected governance model provide a business focus that would lead to efficient and effective operations. Airports today are highly competitive and a level of autonomy for the airport board and management to make decisions should be given to allow TVC to compete for additional air service.

### **Other Values**

Additional values that were cited by stakeholders included airport operations such as maintaining a high level of quality of service and striving for competitive ticket prices. These operational values included the need to operate the Airport like a business even though it is largely a governmental function. Also, stakeholders emphasized the value of the Airport's relationship with the Counties regardless of the particular governance model in place.

## **Recommendation**

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At the conclusion of the governance review process undertaken by the Airport Governance Advisory Committee, AGAC members were polled and unanimously recommended that Grand Traverse County and Leelanau County join together and pass a resolution indicating their intent to form a regional Airport Authority under Michigan Compiled Laws Chapter 259 Sections 137 through 149, otherwise known as the Regional Airport Authority Act.

Thus, the AGAC submits this report to the NRAC to adopt and affirm our recommendation that the Airport governance be transitioned to an Authority model as stated above, and that the NRAC in turn make this recommendation to the Counties.

With this submission of its research, findings, and recommendation, the AGAC has completed its assignment and the purpose and goal of the work is deemed to be complete. The AGAC recommends that moving forward, the Counties act upon the recommendation herewith and go about creating the necessary documents needed to set up the Authority internally consistent with the recommendations set forth above and with the help and guidance of the NRAC and the outside governance consultants.

*NOTE: Additional technical information supporting this report is available upon request.*