



Airport Update Leelanau County July 21, 2020

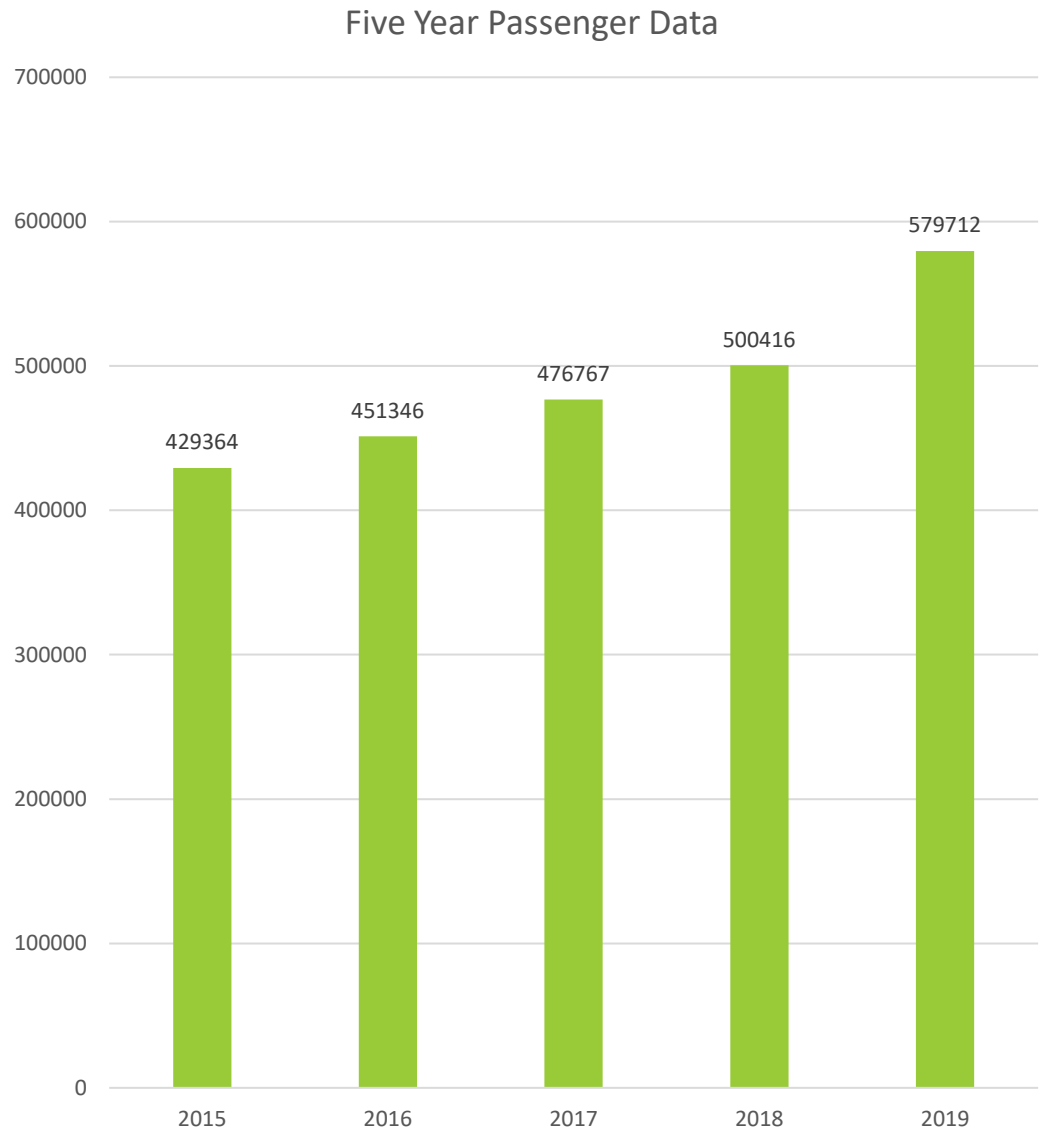


Goals

Northwestern Regional Airport Commission goals continue to be:

- Safe and secure – while promoting new health and wellness measures safety and security will not be compromised.
- Self Sufficient - The FAA's primary concern is that federally obligated airports remain safe and open to the traveling public and aircraft. Particularly during this public health emergency, airports play an essential role in transporting medical and emergency equipment and personnel. The FAA continues to expect all airports to operate safely and stay open.

Passengers
2019 record
year
Each of the
last five years
has been
record setting
2020 COVID
has put an
end to that
run



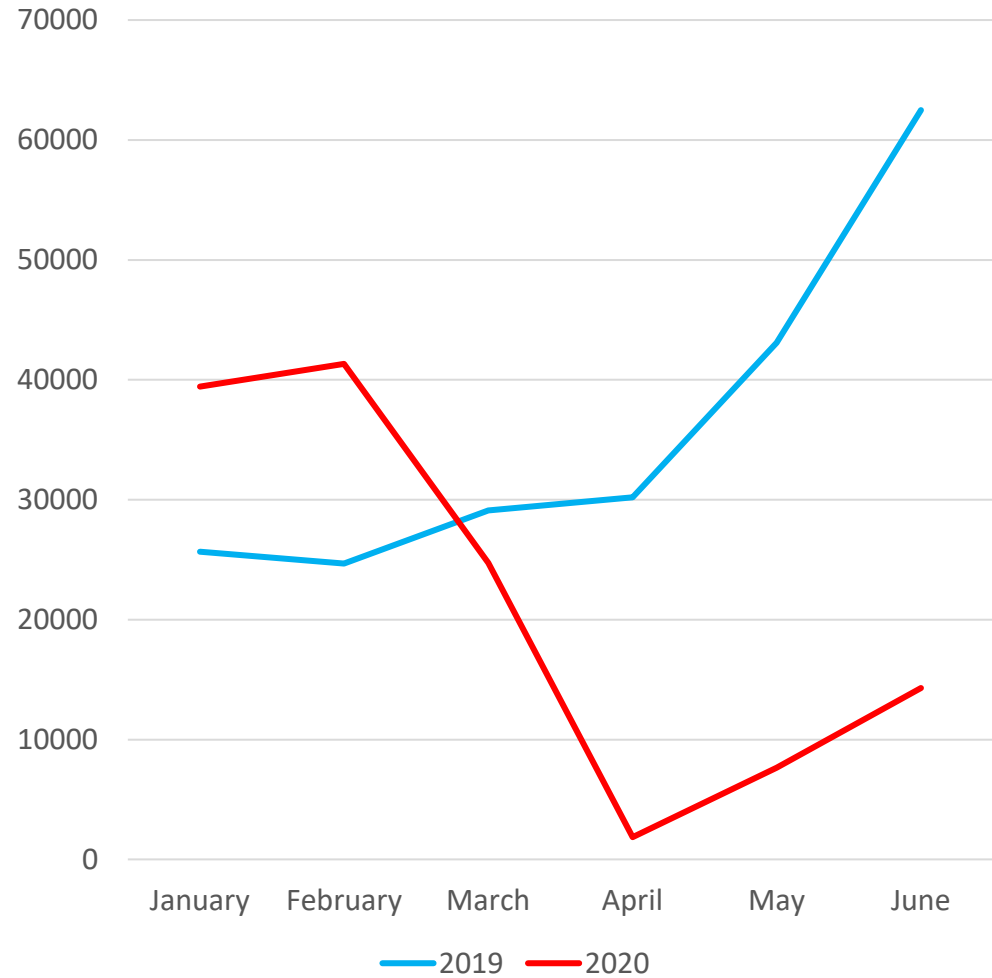
2019 vs. 2020 Total Passengers

2020 Started off with a 60.5% increase in passengers over the record in 2019.

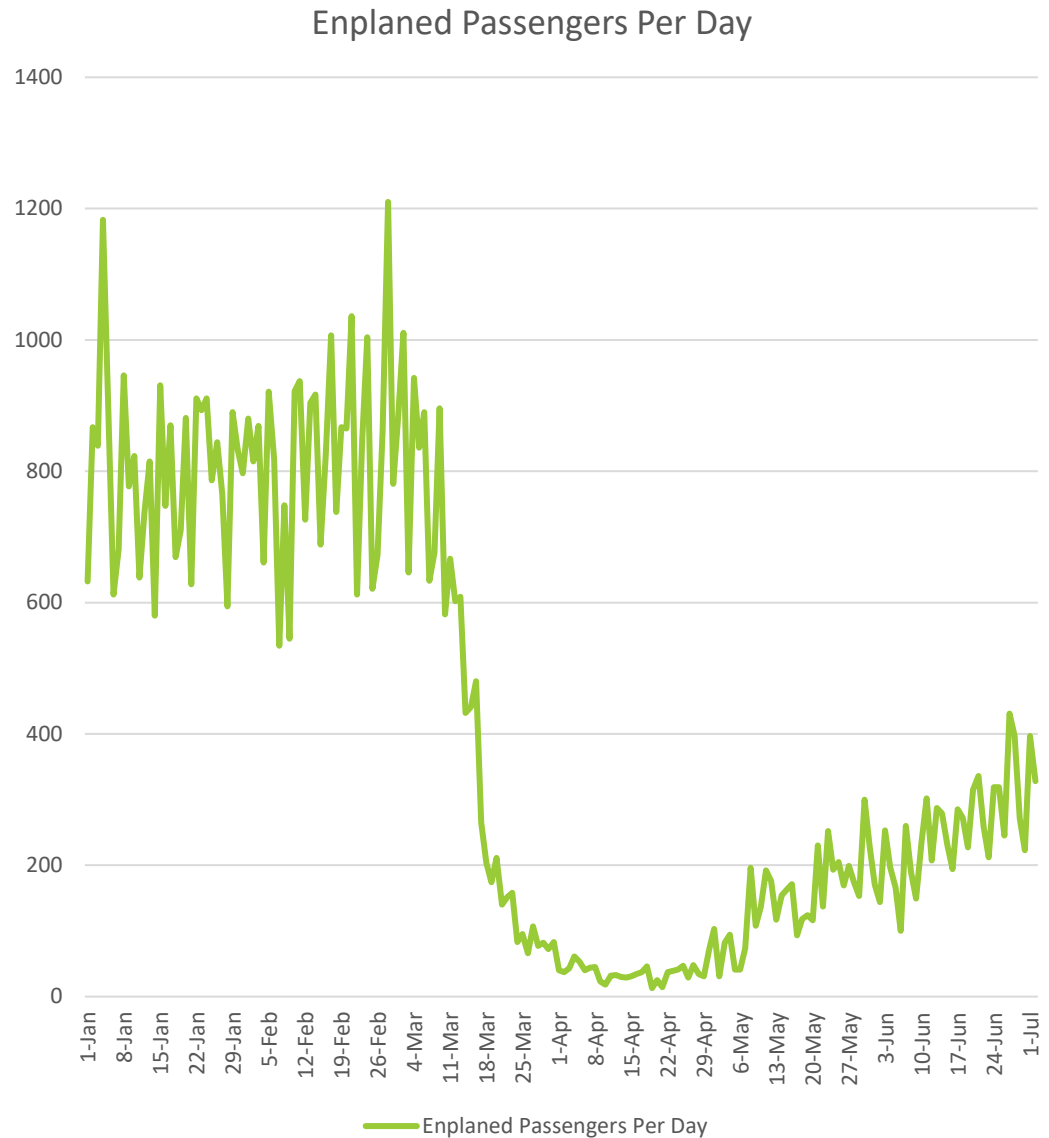
Airfare decreased in 1Q 2020 by over 14%

COVID hit March

2019 vs. 2020 Monthly total passengers



2020 Enplaned
Passengers per
day
February 26,
2020 - 1210
high
April 19, 2020
– 13 low
Normal
average this
time of year is
1110 but today
is 327 or a
decrease of
71%



Airport Finance

Capital Budget

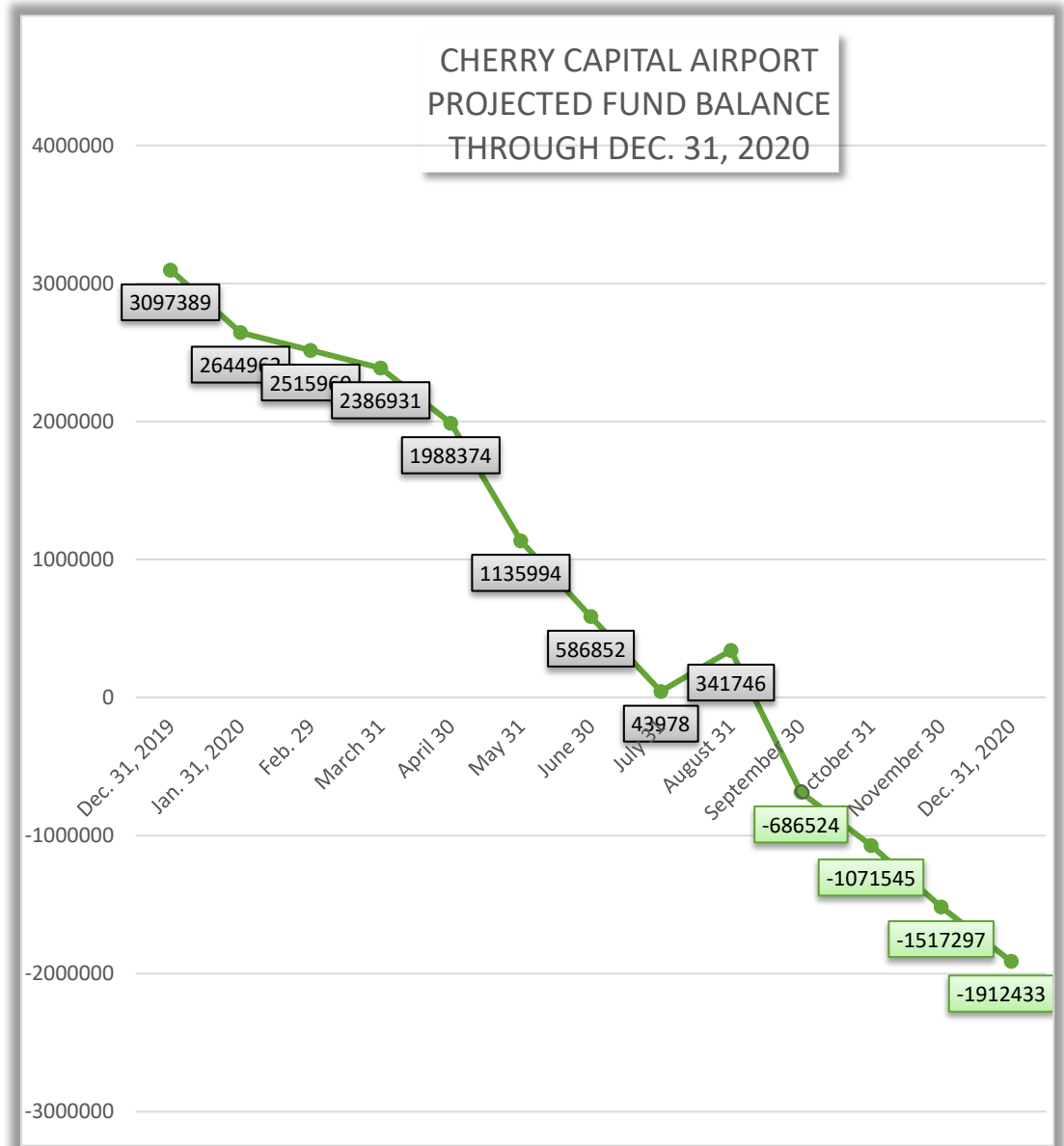
- Airport Improvement Program (AIP) money is made up from the tax on an airline ticket - \$2.0 million
- Passenger Facility Charges - \$4.50 per passenger
- Funding is from the users of the airport system, no local tax dollars are used to support Cherry Capital Airport
- Some airports receive local tax dollars - Cherry Capital Airport does not!!!!



Airport Finance

Operating Budget

- Supported by landing fees, aircraft and vehicle parking fees, rental fees, land rent fees, non aeronautical rent, and concessionaire fees
- \$7.0 million –annual budget
- Cash reserves \$3.0 million at the start of 2020
- COVID
 - Projected loss of all cash reserves and additional \$1.9 million due to COVID for 2020 for a total loss of nearly \$5 million
 - Projected cash needed from the Counties for 2020 and 2021 to operate the NRAC - \$8.5 million (County split 85/15 Grand Traverse County \$7,225,000 and Leelanau \$1,275,000)



Airport Tenant Struggles

All Airlines requested rent abatement

Car Rental all requested rent abatement

All private t hangars requested rent abatement

Hertz Car Rental filed for bankruptcy protection

NRAC provided relief by offering rent deferments for (April, May, June) if paid back in 2020 no interest but if paid back after January 1, 2021 interest will be applied as per current federal rates.

Dear Airport Sponsors:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act Airport Grant Program's \$10 billion in emergency resources are intended to help fund the continued operations of our nation's airports during this public health emergency and save workers' jobs. We encourage sponsors to consider the impact the public health emergency has on all aeronautical and non-aeronautical businesses that make up the airports' community. These businesses are dependent on passengers and aeronautical activity to generate revenue, employ workers, and sustain airport operations.

We are aware that these businesses have also experienced unprecedented losses in revenue and have laid off thousands of workers. While small disadvantaged firms are particularly vulnerable during these uncertain times, large international firms may also find the reduction of revenue to be disruptive to continued operations.

Some sponsors have taken the lead to ensure the businesses that make up their airport community will be able to continue operations and bring back workers when operations resume. Unfortunately, we have heard others may not be fully considering the desirability of having viable businesses as tenants that can bring workers back when normal operations resume.

Temporary rent abatement and minimum annual guarantee waivers for tenants, as referenced in the April 4, 2020 FAA Office of Airports Guidance, *Information for Airport Sponsors on Considering COVID-19 Restrictions or Accommodations*, are tools that sponsors can use to assist businesses. Rent deferments, rather than abatements, and unjustified hurdles for consideration of relief are not as supportive of the "we are all in this together" approach sponsors should take during this public health emergency.

We encourage sponsors to use available tools to mitigate adverse impacts on large and small businesses to ensure the airport community emerges from these trying times stronger than ever.

Sincerely, Kirk Shaffer, Associate Administrator, Office of Airports John P. Benison, Assistant Administrator, Office of Civil Rights

Airport Finance CARES ACT \$14.8 million

- CARES Act
 - Keep airports in reliable, safe operation to serve the aviation industry, the travelling public, and support the economy
 - Keep airport and aviation workers employed
 - Keep airport credit ratings stable
 - Available for any purpose for which airport revenues may lawfully be used
 - Generally available for expenditures allowed by the FAA's Policy and Procedures Concerning the Use of Airport Revenue (Revenue-Use Policy)
 - Additional requirements for new contracts for airport development, (construction or real property acquisition), such as safety and security, Davis Bacon Act, Buy American, National Environmental Policy Act (NEPA) and other specific requirements for new airport development under CARES Act

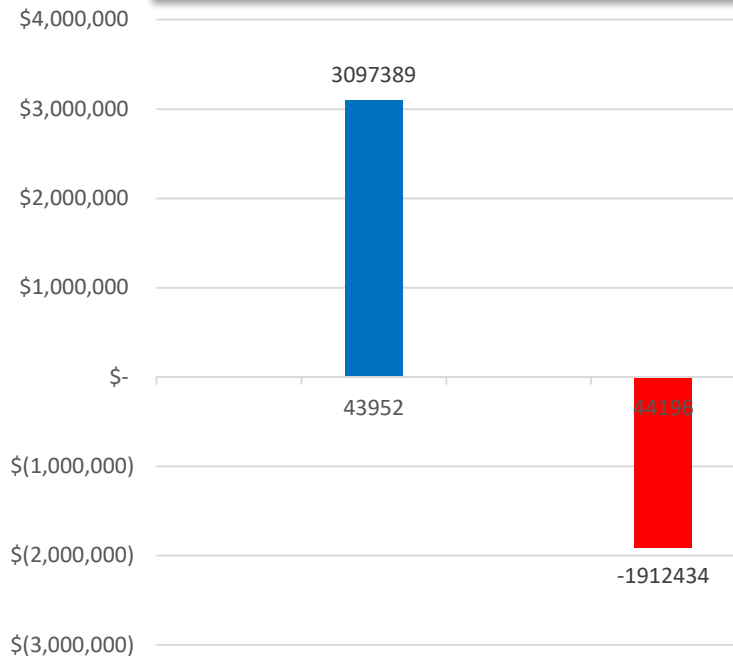
TVC received \$14.8 million This changes our cash position from using our cash reserves and a negative \$1.9 million deficit to a positive \$5.8 million for 2020.

AIP 2020 Grants were also funded at 100% Federal participation – no local or state participation required.

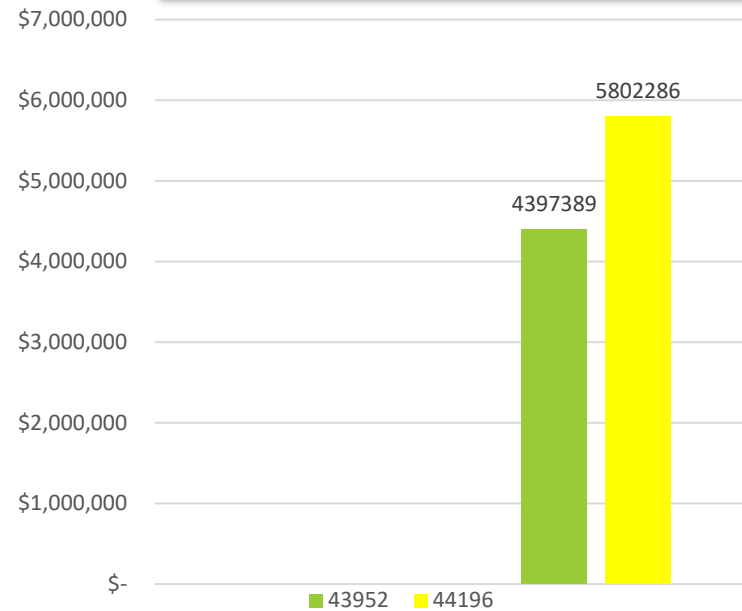
Because of the CARES Act the NRAC will not be requesting any money.

Fund Balance

CHERRY CAPITAL AIRPORT
2020 BUDGETED WORKING CASH FUND
- COVID-19



CHERRY CAPITAL AIRPORT
2020 BUDGETED WORKING CASH FUND
w/ CARES ACT GRANT



Summer Schedule

Allegiant

- Tampa/St. Pete
- Orlando/Sanford
- Punta Gorda – seasonal ended as planned – planned return in December
- Phoenix/Mesa struggling to survive only planned through November
- Has filed for DOT relief of schedule for late August through September – this is the normal slow period for Allegiant

American

- Chicago – reduced schedule
- Dallas – did return in May
- New York LGA did return in July was scheduled for June – Saturday only vs. weekend service last year
- Charlotte North Carolina – returned in June
- DCA – Washington DC – Reagan National new for summer 2020
- PHL – was planned but did not operate

Delta

- Minneapolis begins August – delayed start from May
- Atlanta and New York LGA did not return for summer of 2020
- Detroit – one flight a day later March to end of June – now three flights a day

United

- Washington Dulles and Newark will not operate this summer
- Chicago reduced schedule
- Denver will return in August

Airport Projects

Completing Airport Strategic and Business Plan- July 2020

Governance Structure – Study Session with NRAC and both Counties

ILS project – entering design phase

Solar project – entering final negotiations with TCLP

Passenger Board Bridge – Gate 6

Civil Air Patrol – Hangar Development

TSA/CTX recapitalization Project



TVC

Your Northern Michigan Connection

Northern Michigan's Favorite Way To
Fly