The Cherry Capital Airport (TVC)—owned by Grand Traverse and Leelanau Counties and operated by the Northwestern Regional Airport Commission (NRAC)—is the gateway to Northern Michigan. Providing passenger air service since 1938, TVC connects with over 500,000 travelers each year to a wide variety of businesses and leisure activities throughout the area.

A 2017 Michigan Department of Transportation study found that TVC contributes nearly $1 billion annually to the state and local economy, supporting 1,377 on-site jobs and an additional 3,169 off-site jobs. The Airport also generates more than $53 million in state sales tax and more than $6 million in state income tax through its aviation-related activity.
**Passenger Growth**

After recording passenger traffic in excess of 500K for the first time ever in 2018, growth was even more robust in 2019. Total passenger traffic increased to 579K, or roughly 15.7% year over year. Passenger activity continued to be strong into 2020 through February, after which time there was a significant reduction due to COVID-19.

**New Air Service & Destinations**

*Allegiant* arrived at TVC in October 2019. Three new Florida destinations were added to the airport’s service offerings including Orlando/Sanford, Tampa/St. Pete, and Ft. Myers/Punta Gorda, with a fourth destination to Phoenix/Mesa being added in November 2019. Also, *American* added Washington DC (DCA) to its list of non-stop service destinations in 2020.

**Construction & Expansion**

Projects include: New terminal jet bridge addition (scheduled for completion in early 2021); undertaking a study for a terminal expansion; and updating TSA safety equipment.

**New Safety Technology for Runway**

FAA has approved a study for the addition of ILS (Instrument Landing System) for runway 10 which uses radio beams to guide pilots landing during difficult weather.

**Ongoing Future Initiatives**

TVC prepares for its future with 1) the development of a new Airport governance model and 2) sustainability initiatives to bring the Airport to its full potential.

“TVC is an important and convenient way to connect Mackinac Island to the rest of the world.”

— Tim Hygh, Executive Director, Mackinac Island Tourism
We are pleased to present our passengers, stakeholders, and all of Northern Michigan with Cherry Capital Airport’s first annual report. Although unforeseen and unique challenges have been put before us in 2020 related to Covid-19, Cherry Capital Airport has continued to meet the call for additional airline services and destinations to accommodate the growing demands of those we are here to serve. This annual report charts our recent progress, achievements, and initiatives for the future.

Cherry Capital Airport has embarked on many exciting projects recently to enhance its future growth. These include the extension of our primary runway, new hangar construction, along with conducting a terminal expansion study to accommodate increasing air service and passenger traffic. We have also undertaken an in-depth strategic planning process review, to strengthen our position as the gateway to Northern Michigan, and explore benefits related to a change in our governance model.

Robust increases in passengers related to new air services from new carriers to new destinations has resulted in passenger traffic increasing on an annual basis since 2014. More recently, total passenger traffic has exceeded 1.3 million since 2018, with over 1 million passengers passing through the gates of Cherry Capital Airport prior to the onset of Covid-19 in March of 2020. As would be expected, traffic has reduced substantially since this time. However, the decrease in passenger traffic on a percentage basis is significantly less than that of our peers, highlighting the resiliency of the Airport.

We continue to be excited about the activity and growth opportunities here at TVC and invite you to explore it in our inaugural annual report. Inside you will see the wide range of activities accomplished by our dedicated team of professionals who make it all this possible. We also thank our Commission Board who guides our vision and strategies. This talented team works as hard as they do with dedication and expertise to provide you, our customers and community, the finest experience and the most robust service possible in Northern Michigan.

We look forward to continuing to serve you and our community, moving forward together, to make Cherry Capital Airport Northern Michigan’s favorite way to fly.
It has been extremely remarkable to watch the Cherry Capital Airport, our region’s largest economic driver, work through recent challenges associated with Covid-19, and continue to be a source of expanded transportation options while sustaining its significant economic impact for our region.

Since joining the Northwestern Regional Airport Commission (NRAC), the governing body of the Cherry Capital Airport, and accepting the position of Commission Chair, I have had the pleasure and privilege of working with a great team of professionals.

The Airport is key to making the Traverse City area and the entire Northern Michigan region a celebrated destination. TVC provides reliable, affordable air transportation to the beautiful community we call home—serving business and leisure travelers alike and offering a record 15 destinations on four carriers.

We have seen the need for increased air service because of the growth of the area and the ever-popular events and amenities that makes this region so desirable. The professional administration make sure that the Airport meets our present needs while continually planning for the future.

On behalf of the Commission, I invite you to explore our achievements of the recent past and look forward to our initiatives in the coming days ahead.
More flights to more places mean more travelers. Increased air service and growing passenger totals go hand-in-hand. In part because of expanded air service, TVC has experienced almost eight years of constant growth in passenger traffic:
— The number of total passengers has increased by at least 2.5% each year since 2010.
— Since 2014, total passengers have increase at least 5% each year.
— In 2018 & 2019, more than half a million people boarded or deplaned from commercial flights at TVC, making the Airport the fourth busiest in the state (following Detroit, Grand Rapids, and Flint, respectively, according to FAA figures).

In 2020, passenger traffic has been significantly impacted by Covid-19, as TVC estimates a drop in total passenger traffic to be roughly 48.6% when compared to 2019. That being said, pandemic-related decreases in passenger traffic at Cherry Capital Airport were significantly less on a percentage basis than that of our peers over the same timeframe.

**KEY ACCOMPLISHMENTS**

**PASSENGER TRAFFIC GROWTH**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Passenger Traffic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>397,649</td>
</tr>
<tr>
<td>2015</td>
<td>429,364</td>
</tr>
<tr>
<td>2016</td>
<td>451,356</td>
</tr>
<tr>
<td>2017</td>
<td>476,767</td>
</tr>
<tr>
<td>2018</td>
<td>500,416</td>
</tr>
<tr>
<td>2019</td>
<td>579,712</td>
</tr>
<tr>
<td>2020 Est</td>
<td>298,000</td>
</tr>
</tbody>
</table>
EXPANDED AIR SERVICE

Cherry Capital Airport is Northern Michigan’s convenient connection—now more so than ever with new airlines going to more destinations. TVC now has four airlines (American, Delta, United, and Allegiant) going to 15 destinations, both seasonal and year-round, including: Phoenix/Mesa; Denver; Minneapolis; Dallas; Chicago; Detroit; Atlanta; Charlotte; NYC – LaGuardia; NYC – Newark; Washington, DC’s Reagan National and Dulles International; Orland/Sanford; St. Petersburg/ Tampa; and Punta Gorda/Ft. Myers.

UNITED

In June of 2019, United expanded its service offerings by adding Washington Dulles (IAD) to their list of destinations. The aircraft utilized for this route is a CRJ700, which seats 66 passengers. United is dedicated to growing service at TVC and our community is well served by their commitment.

AMERICAN

American expanded its seasonal summer schedule at TVC offering additional non-stop flights to Ronald Reagan Washington National Airport (DCA). The aircraft utilized for this route is an Embraer E175, which seats 76 passengers.

ALLEGIAN

Allegiant is building a robust presence at TVC, bringing Michigan travelers to three new non-stop sunny destinations in Florida as well as expansion of the flight to Arizona to year-round status:

- Orlando/Sanford, FL (SFB)
- Punta Gorda/Ft. Myers, FL (PGD)
- St. Pete/Clearwater/Tampa, FL (PIE)
- Phoenix/Mesa, AZ (AZA)

The new flights to Florida began in October 2019 and operate twice weekly. The expanded service to Mesa began in November 2019 and operates twice weekly year-round.

“It's not surprising to see the surge in visitors from the D.C. area and east coast, since the region boasts dune-edged shorelines, wineries, and picturesque small towns. There are world class sporting and cultural events, and now our acclaimed region can be reached via a robust and convenient flight schedule.”

— Trevor Tkach, CEO and President, Traverse City Tourism
AIRPORT IMPROVEMENTS

TERMINAL GATE AREA ENHANCEMENTS
The addition of Allegiant in 2019 brought with it additional passenger demand. To support these growing needs, the Airport is currently constructing a new walkway and jet bridge at Gate 6 for use by the carrier. In addition, modifications are being made to existing aircraft parking at Gates 1 & 3 to increase the Airport’s ability to accommodate for larger size aircraft, which provides more flexibility for its carriers. Both of these projects are expected to conclude by the end of March, 2021.

REDUCING FLIGHT CANCELLATIONS: ILS
The FAA has approved the Airport’s request to move to an Instrument Landing System (ILS) for Runway 10 to increase all-weather capability at the Airport. The system will help with visibility issues when landing from west to east and works well in times of heavy rains and winds. This added safety feature will help reduce an estimated 100 flight cancellations per year, cutting them in half. This will improve reliability, support air service, and enhance customer service.

WATER BOTTLE REFILLING STATION
As part of its efforts to increase customer satisfaction and convenience, as well as support a commitment to sustainability, the Airport recently installed a water bottle refilling station in the gate area of the terminal after passing through security. As a result, travelers are able to fill bottles they bring with them or refill bottles bought at the Airport while waiting for flights, thus reducing waste and costs for passengers.

TVC MOBILE APP
Travelers to Cherry Capital Airport can now make their trip easier by using the new TVC mobile app. The app can be used to check flight status, weather, parking and rental car information, Airport news updates, security and travel tips, and other important and convenient information. Available for both iPhone and Android devices, the app can be downloaded from the Apple app store or Google Play, respectively.

Additional improvements:
- Gate 6 jet bridge/walkway addition
- Terminal expansion study
- TSA safety equipment updates
COMMUNITY EVENTS

Each year, the Cherry Capital Airport participates in, sponsors, and helps connect people to dozens of exciting community events. Here is just a sample:

— The Airport partners with the annual National Cherry Festival for all its events, but especially as a sponsor of the Air Show and the high-flying performances by the U.S. Air Force Thunderbirds and the U.S. Navy Blue Angels.

— We also work with the annual Great Lakes Equestrian Festival held by the U.S. Equestrian Federation each July and August.

— The annual Traverse City Film Festival, also held each July, brings many filmmakers and film buffs to the area.

— The IRONMAN 70.3 event offers athletes and spectators the perfect combination of scenic beauty, fun winery experiences, and family-friendly outdoor recreation. This event will be moving to Frankfort in 2021, with the competition taking place on September 12.

— The TVC5K, also known as Run the Runway, first took place in 2019. This event allows participants to run and walk 5K on the TVC runways to benefit local organizations. Although the second annual race was cancelled in 2020 due to COVID-19, we look forward to this event restarting in the late summer of 2021, benefiting Wings of Mercy and the Grand Traverse Bay YMCA.

— Each year, TVC participates with our airlines to ensure the safety of unaccompanied minor students on their way to the Interlochen Center for the Arts, where students experience world-class educational and cultural opportunities.

We are proud and honored to be a part of this amazing community and support a wide variety of community events.
“TVC is our closest regional airport and we look to it for support in bringing in folks from a wider geography.”

— Peter Fitzsimons, Executive Director, Petoskey Area Convention and Visitor’s Bureau

Staff of the Cherry Capital Airport
L to R Kneeling: Trevor Goudey, Airport Maintainer; Tom Looks, Operations Supervisor; Brian Edwards, Operations Supervisor; Lin Marolf, Airport Maintainer
L to R Middle Row: Chris Sieklucki, Operations Manager; Kevin Klein, Airport Director; Lori Jones, Alternate ASC Security/Clerical; Luanne Zak, Assistant Director Finance and Administration; Heather Sexton, Account Specialist
L to R Back Row: Tyler Webber, Operations Supervisor; Gary Flores, Airport Maintainer; Craig Neu, Airport Maintainer; Dan Sal, Assistant Director Operations and Maintenance; Kellen McElrath, Operations Supervisor; Matt Hinkle, Airport Maintenance Supervisor; Jon Shively, Airport Maintainer; Charlie Day, Airport Maintainer
Members of the Northwestern Regional Airport Commission (NRAC) Board

Top: Robert Hentschel (Vice-Chair) Doug DeYoung (Chair), and Tom Kern (Treasurer),
Bottom: Mike Coco, Doug Ahrns, Debra Rushton, and Steve Plamondon

“Kevin Klein and the Airport Commission are some of the finest people we have worked with. Mining new business opportunities would not be possible without the caliber of the TVC airport.”
—Paul Beachnau, Executive Director, Gaylord Area Convention and Tourism Bureau
Financial Overview
Trending Up: The Numbers at a Glance
Financial Overview
The NRAC’s total Net Position increased by $1.1M for the annual audit period ending December 31, 2019. As of this same date, total assets of the NRAC exceeded its total liabilities by $66.1M.
ONGOING & FUTURE INITIATIVES

STRATEGIC PLANNING PROCESS

Since 2017, TVC has been undergoing a strategic planning process, looking at the fundamentals of the Airport and how to strengthen its position as the gateway to Northern Michigan and the third largest aviation economic driver in the state.

In July, the “Strategic Business Plan 2020 – 2025: Initiatives and Priorities” was released as the culmination of this process. The NRAC Board worked with Steven Baldwin Associates, a national aviation management consulting firm, to incorporate the overall goals of the Board and create a plan to ensure that aeronautical needs are met (e.g., hangar development, concessions, parking, and air service development) as well as non-aeronautical development, including developing existing land parcels, especially the area around Costco. The plan creates a path for the Airport to maximize the best revenue opportunities and sustain continued growth.

The comprehensive process entailed a wide variety of analyses including stakeholder interviews, an organizational review, a comparative benchmarking analysis, an analysis of onsite Fixed Base Operators, an air service development analysis, a land development analysis, a governance model review, and surveys on customer preferences for parking rates, covered parking, and concessions offerings. The Board will now work with airport management to implement the specifics of the plan.

GOVERNANCE MODEL REVIEW

One focus point that Steven Baldwin Associates helped to evaluate as part of the strategic planning process is whether the Airport might benefit from transitioning to an airport authority governance model. The Airport is currently owned by Grand Traverse and Leelanau Counties and is operated through the Northwestern Regional Airport Commission, where the counties appoint the Board members.

To review this focus point, the NRAC created an Airport Governance Advisory Committee which 1) explored the issue for nearly a year, researching and investigating the various models of governance available to TVC under Michigan law, and 2) was charged to recommend a governance model deemed as most beneficial to the Airport, its stakeholder community, and the region at large. The Committee produced a final report at the end of its deliberations, recommending transition to an authority model. At the end of 2019, the NRAC accepted the recommendation from the Committee and released the final report to the Counties to deliberate if they agreed with the recommendation.

Since that time, the Counties have reviewed the matter and conducted several community input sessions as well as other due diligence efforts. In December 2020, the NRAC anticipates that both Counties will formally deliberate the resolution to move to an authority. If approved, the next step would be to proceed with submitting an application to the State of Michigan and the FAA for final transition to an authority. A final transition could be anticipated for the third quarter of 2021.
The Cherry Capital Airport is leading the way in sustainability in Northern Michigan by conducting an “Energy Assessment and Renewable Energy Roadmap” sustainability project. Airport officials have contracted with C&S Companies for the initiative. C&S, a full-service aviation firm with local offices in Livonia, Michigan, are experts within the field of airport sustainability and renewable energy.

Currently, the consultant is working with the Northwestern Regional Airport Commission and key stakeholders to develop a strategy for renewable energy generation and supply that aligns with community goals. C&S is reviewing existing energy consumption data to establish a baseline and assess potential renewable energy technologies, appropriate sites, financial arrangements, and associated energy and cost savings. The Airport is uniquely positioned to help the community meet its sustainability objectives because of available land that could support renewable energy generation.

The roadmap, when finalized, will offer a path to reliable, affordable, and sustainable energy to support the Airport’s growing passenger volume.

The study and scope of this effort includes several phases. The first phase, recently completed, consisted of an energy assessment and recommendations; subsequent phases will focus on project development and implementation.

Airport Director Kevin Klein noted, “The Airport offers a great natural resource—abundant, readily available land uniquely suitable for long-term sustainable energy projects. While the Airport must protect the safety of flight for our community by preventing obstructions, the Commission is willing to utilize available land to provide green energy to benefit our community.”
Cherry Capital Airport
727 Fly Don’t Drive, Traverse City, MI
Phone: 231.947.2250 | Fax: 231.947.4329
Email: admin@tvcairport.com
Web: www.TVCairport.com