Airport Governance Advisory Committee Meeting

April 30, 2019
Today’s Discussion

• Welcome & Introductions
  – Mr. DeYoung
  – Mr. Baldwin

• Establish Rules of Order
  – Ms. Zeits

• Establish Committee Schedule
  – Mr. DeYoung

• Current Governance Model
  – Mr. Baldwin

• Open Discussion
Introduction

• Committee Purpose

  – Discuss ongoing research into airport governance models

  – Assist with coordination among County governments and administrative bodies to advance any changes deemed necessary for the NRAC

  – Provide input to required Airport governance documents
Establish Rules of Order

- **Airport Governance Advisory Committee Rules of Order**
  - Action item: Adopt Rules of Order for Committee
Committee Schedule

• Proposed Committee Schedule
  – May 28
  – June 25
  – July 30
  – August 20
  – September 24
  – October 29
  – November 19
  – December 17
  – 12:00 PM Meeting Times
Current Governance Model
Governance History 1935 - 1971

1935
- Traverse City opens current airport location

1942
- Airport transfers to the U.S. Government (Navy) for WWII efforts

1949
- U.S. Government transfers the Airport back to Traverse City

1971
- Traverse City identifies the Airport as a regional asset and wants to work with the Counties to help make improvements to the Airport
- Northwestern Regional Airport Commission (NRAC) is formed, includes Traverse City, Grand Traverse County, and Leelanau County
Governance History 1972 - 2019

1990
- Traverse City leaves the NRAC and conveys the property to Grand Traverse and Leelanau Counties
- Grand Traverse County and Leelanau County remain with NRAC

1995
- Leelanau County inquires about alternative governance models (e.g., Authority, Commission, Money Contribution)

1995 – 2019
- In essence, NRAC has operated the Airport independently from the Counties by means of an appointed Airport Commission Board
Current Governance Model

• **Airport Commission**
  – MI Aeronautics Code 327 of 1945, Chapter VII

• **Commission Appointments**
  – Grand Traverse County, 5 members
  – Leelanau County, 2 members

• **Term of Appointments**
  – 3 years

• **Joint Operating Agreement**
  – 50 year agreement ending September 30, 2040
Conditions of Agreement

- Northwestern Regional Airport Commission
  - Formation of Commission

- Employment of Personnel
  - Appoint an Airport Manager
  - Create positions

- Expansion of Commission
  - Existing bodies may approve additional government entities to join
Conditions of Agreement

• **Grant and Premises**
  – NRAC is provided the privilege of managing, maintaining, and operating the Airport

• **Term**
  – 50 years ending September 30, 2040

• **Purpose for Which Premises are to be Used**
  – Carry on the operations of the Airport in the interest of the public and the air-transportation needs of the area served
  – To encourage the use of the Airport by the general public
  – To 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
  – To charge fair, reasonable, and non-discriminatory rates & charges
Conditions of Agreement

• **Improvements**
  – NRAC may arrange for the financing of improvements 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

• **Assignment and Subletting**
  – NRAC shall not transfer the Agreement without written consent and approval of the Counties
  – NRAC may lease space, area, or improvements and grant concessions for aeronautical purposes incidental to the operation of the Airport
Conditions of Agreement

• Default and Termination
  – If NRAC defaults 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
• **Chapter VII**
  - Powers granted within sections 126 to 136

• **Section 134 Joint Operation**
  - 2 or more political subdivisions
  - Create a Board
  - Joint Operating Agreement
  - Exercise powers of the political subdivisions given by the act
Current Governance Model

NRAC Can:

• Accept Federal or other assistance (However, FAA has issued to NRAC independently and Grand Traverse & Leelanau Counties as operated by NRAC)
• Mortgage to secure loans
• Lease property and grant concessions
• Operate, maintain, and improve Airport
• Appoint an Airport manager, hire employees

NRAC Can Not:

• Issue bonds without both Counties approval
• Buy and sell property
• Appoint board members who are not inhabitants of the two Counties
• Enter contract agreements past term of NRAC operating agreement
• Tax
Governance Models

- City: 36%
- County: 12%
- State: 7%
- Port Authority: 9%
- Airport Authority: 35%
- Privatized: 1%

NRAC
Thank You

Discussion