



CHERRY CAPITAL AIRPORT
ANNUAL REPORT
September, 2022

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The **Cherry Capital Airport (TVC)** - Owned and operated by the Northwest Regional Airport Authority (NRAA), TVC is the gateway to Northern Michigan. Providing passenger air service since 1938, TVC connects travelers from across the globe to a wide variety of businesses and leisure activities throughout the area.



A MESSAGE FOR OUR NORTHERN MICHIGAN COMMUNITY



Kevin Klein – CEO, A.A.E.
Northwest Regional
Airport Authority

The nation's recovery from the COVID pandemic and the recent economic effects of inflation will compel airlines to change how they provide service in the coming years. Overall industry traffic and capacity trends have been improving, but the rate of recovery does vary by region, airline, and airport size.

Fortunately for *Cherry Capital Airport*, Northern Michigan remained a highly sought-after leisure destination over the past year as domestic travel returned to pre-pandemic levels. After a record year in 2021, we are anticipating 2022 to come in slightly behind 2019, the Airport's second-best year for total passenger traffic. TVC remains committed to our airline partners, and this shows as we continued to service 17 non-stop destinations.

As we look ahead, economic growth and sustainability objectives continue to serve as integral components of the Airport's vision. Forthcoming strategic initiatives include remain overnight ramp expansion, general aviation private hangar development and ramp upgrades, and the next phase of our terminal expansion project.

Various studies related to green energy alternatives will continue as well, including the evaluation of alternate power generating ideas and the addition of more electric powered vehicles to our fleet.

The NRAA will continue to strive to meet the objectives of its recently adopted mission statement, which reads:

The mission of the Northwest Regional Airport Authority is to be a major driver in the economic growth of Northern Michigan. The Northwest Regional Airport Authority will be a leading-edge innovator to create global access and world class customer service to build prosperity for its stakeholders.

Our vision is to be the airport of choice for all residents and visitors of Northwest Michigan. We look forward continuing to serve our community as *Northern Michigan's Favorite Way to Fly*.



Tom Kern - Chairman
Northwest Regional
Airport Authority

HIGHLIGHTS

Passenger Traffic

Passenger activity was back on track in 2021, as TVC set a new record for annual passenger counts with 602,606 travelers passing through the gates. Leisure travel was a huge contributor to this increase, as reductions in COVID restrictions allowed the community to once again travel abroad. Business travel remained down, as the ability to meet remotely continues to curtail certain travel needs for in-person meetings.

17 Non-Stop Flight Destinations

TVC's airline partners continued to recognize Northern Michigan as a highly sought-after travel destination for those wanting to escape the confines of COVID and get away. As a result, the number of direct flight opportunities from TVC remained at 17, with hot spots such as Boston, Denver and Philadelphia showing strong passenger numbers throughout the summer months.

Airport Governance

Completed transition to an airport authority on October 1, 2021.

Safety and Security Enhancements:

Continued COVID-19 safety protocols.
Streamlined badge training process.

Ongoing Future Initiatives

PFAS impact studies related to federally mandated use of AFFF for fire suppression; Completion of GBAC Star Facility Accreditation; Continued efforts in renewable and green energy options in conjunction with future airport growth.



Construction & Expansion

New terminal expansion concept review completed. Financial planning and environmental review to be conducted in 2022-2023.

Long Term Parking Lot Expansion with an additional 424 spaces

Partnered with TSA to expand security checkpoint to (3) lanes, which included TSA investing \$3.2 million in new screening technology.

NORTHWEST REGIONAL AIRPORT AUTHORITY

Change in Airport Governance

On October 1, 2021, the Cherry Capital Airport transitioned from an airport commission, jointly owned by Grand Traverse and Leelanau counties, to an independent airport authority governance model.

This change will enable the newly formed Northwest Regional Airport Authority (NRAA) to streamline its management of the airport and become more operationally efficient, all while better serving the needs of travelers and the communities that surround the airport.

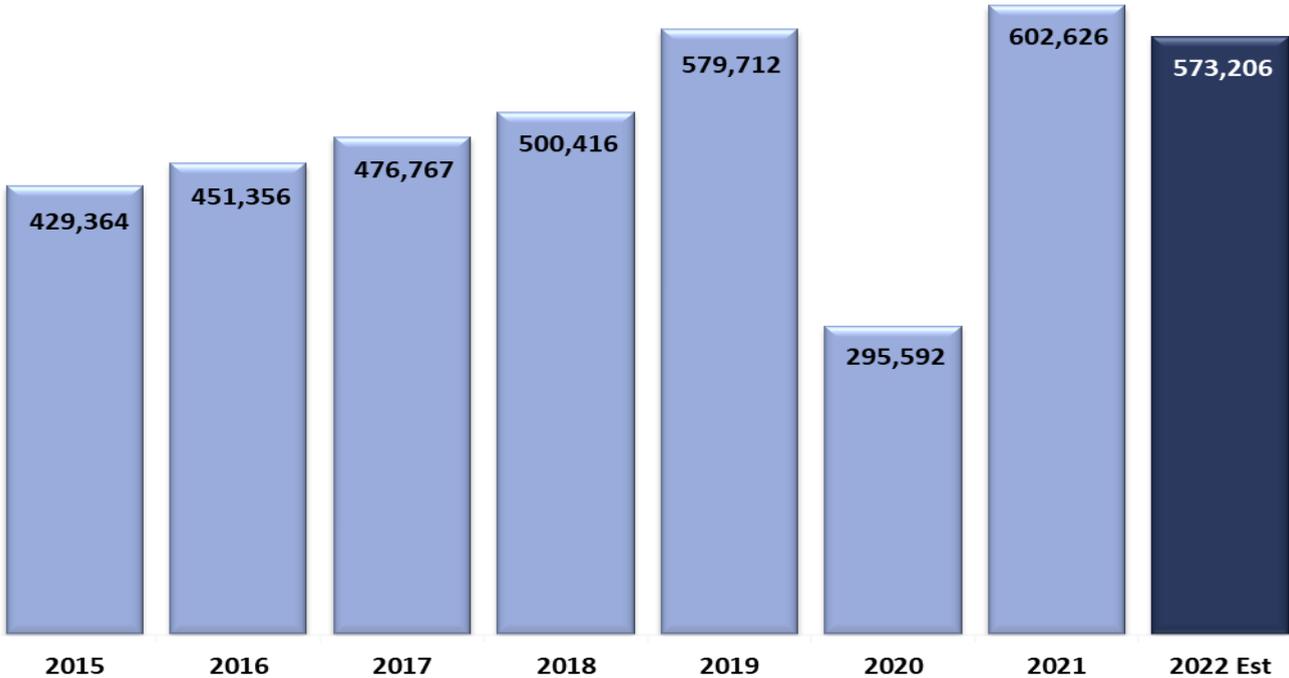


PASSENGER TRAFFIC

With 2020 reflecting a significant decrease in passenger traffic due to the COVID-19 pandemic, TVC was able to have a breakout year in 2021 with 602,626 passengers passing through the gates at Cherry Capital Airport. The combination of having 17 non-stop destinations in conjunction with the desire for leisure travelers to get back in the air enabled TVC to record its best year ever in 2021.

For 2022, passenger traffic is estimated to be down slightly from 2021 due to reductions in seat availability and our airline partners working through crew and staff shortages. However, TVC still anticipates numbers to be very close to 2019, which currently ranks second best in regard to annual passenger traffic.

Total Passenger Traffic



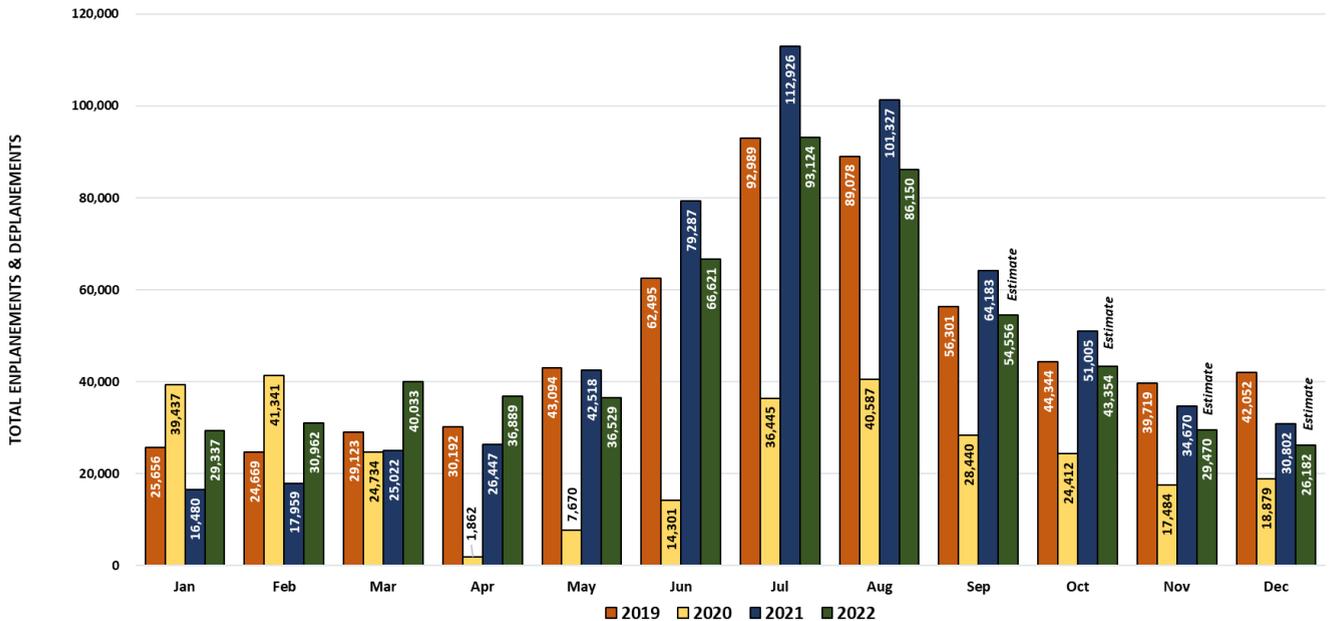
PASSENGER TRAFFIC

As the country worked its way free from COVID restrictions, travelers more than ever were looking for a way to escape from the solitude of being home. That was especially true for TVC's leisure air traveler.

TVC continued to offer 17 nonstop flights to cities across the United States from **Allegiant, American, Delta and United**. Destinations include Atlanta, Boston, Charlotte, Chicago, Dallas-Fort Worth, Denver, Detroit, Minneapolis-Saint Paul, Newark, New York (LaGuardia), Orlando, Philadelphia, Phoenix-Mesa, Punta Gorda, St. Pete-Clearwater, and Washington DC (Dulles and Reagan).



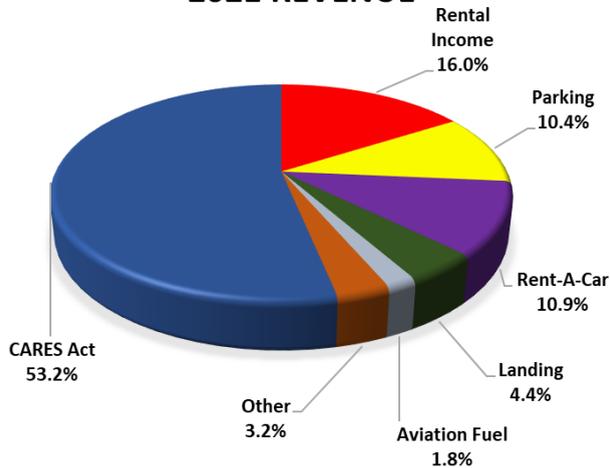
MONTHLY PASSENGER MOVEMENTS
2019 - 2022



2021 FINANCIAL HIGHLIGHTS

The NRAA's total Net Position increased by \$7.4M for the annual audit period ending December 31, 2021. As of this same date, total assets of the NRAA exceeded its total liabilities by \$74.6M.

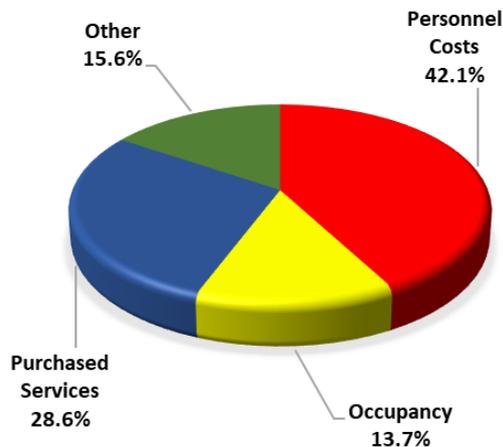
2021 REVENUE



Operating Revenues:

	\$	%
Rental Income	\$ 2,432,209	16.0%
Parking	1,578,892	10.4%
Rent-A-Car	1,658,529	10.9%
Landing	665,059	4.4%
Aviation Fuel	276,627	1.8%
Other	484,918	3.2%
CARES Act	8,065,595	53.2%
Total	\$ 15,161,829	100%

2021 EXPENSES



Expenses:

	\$	%
Personnel Costs	\$ 2,833,923	42.1%
Occupancy	921,847	13.7%
Purchased Services	1,922,948	28.6%
Other	1,046,098	15.6%
Total	\$ 6,724,816	100%

2021 FINANCIAL HIGHLIGHTS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUE:			
Rental Income	\$ 2,432,209	\$ 1,997,061	\$ 2,610,554
Parking	1,578,892	980,476	1,626,424
Rent-A-Car	1,658,529	814,398	1,267,991
Landing	665,059	460,166	613,451
Aviation Fuel	276,627	181,638	225,088
Other	484,918	326,745	394,583
CARES Act	8,065,595	3,928,509	-
Total Operating Revenue	\$ 15,161,829	\$ 8,688,993	\$ 6,738,091
OPERATING EXPENSES:			
Personnel Costs	\$ 2,833,923	\$ 2,530,652	\$ 2,474,516
Occupancy	921,847	770,957	792,292
Purchased Services	1,922,948	1,631,953	2,085,269
Other	1,046,098	892,603	1,215,323
Total Operating Expenses	\$ 6,724,816	\$ 5,826,165	\$ 6,567,400
OPERATING INCOME (LOSS)	\$ 8,437,013	\$ 2,862,828	\$ 170,691
Depreciation	3,541,609	3,486,206	3,312,948
Non-Operating Expenses/(Revenue)	50,016	46,546	54,419
INCOME (LOSS) BEFORE CONTRIBUTIONS	\$ 4,845,388	\$ (669,924)	\$ (3,196,676)
CAPITAL CONTRIBUTIONS & CHARGES	2,597,819	1,741,058	4,342,068
CHANGE IN NET POSITION	\$ 7,443,207	\$ 1,071,134	\$ 1,145,392

AIRPORT INVESTMENT & IMPROVEMENTS

PARKING LOT EXPANSION

Continued passenger growth coupled with a significant increase in vehicle traffic created a consistently full parking lot during the busy summer months. The constant need to find creative ways to make parking available between its short-term and long-term lots, as well as graveled areas necessitated the need for more parking space.

The current parking lot expansion to the east of the original long-term lot added an additional 424 parking space, a 43% increase in long-term parking capacity. The expansion also incorporated new EV charging stations, underground stormwater retention systems, and restriping of the existing lot. Updates to way-finding signage and enhanced LED lighting fixtures were also included, along with the planting of over 100 new trees.

TERMINAL CHECKPOINT

In an effort to better accommodate for heavy passenger traffic during the busy summer months, the Airport partnered with the TSA to expand and enhance our security check point. This expansion included a third checkpoint lane for passengers, while incorporating the latest screening technology available as part of a \$3.2 million investment.



SEASONAL CELL PHONE LOT

An expanded seasonal cell phone lot was constructed to ease congestion around the terminal during its busiest times. This area includes an additional 20 spaces to accommodate for those waiting to pick up incoming passengers.

EQUIPMENT UPGRADES

Oshkosh Stryker
4x4 Aircraft Rescue
& Firefighting Truck



MB2 Plow/Sweeper



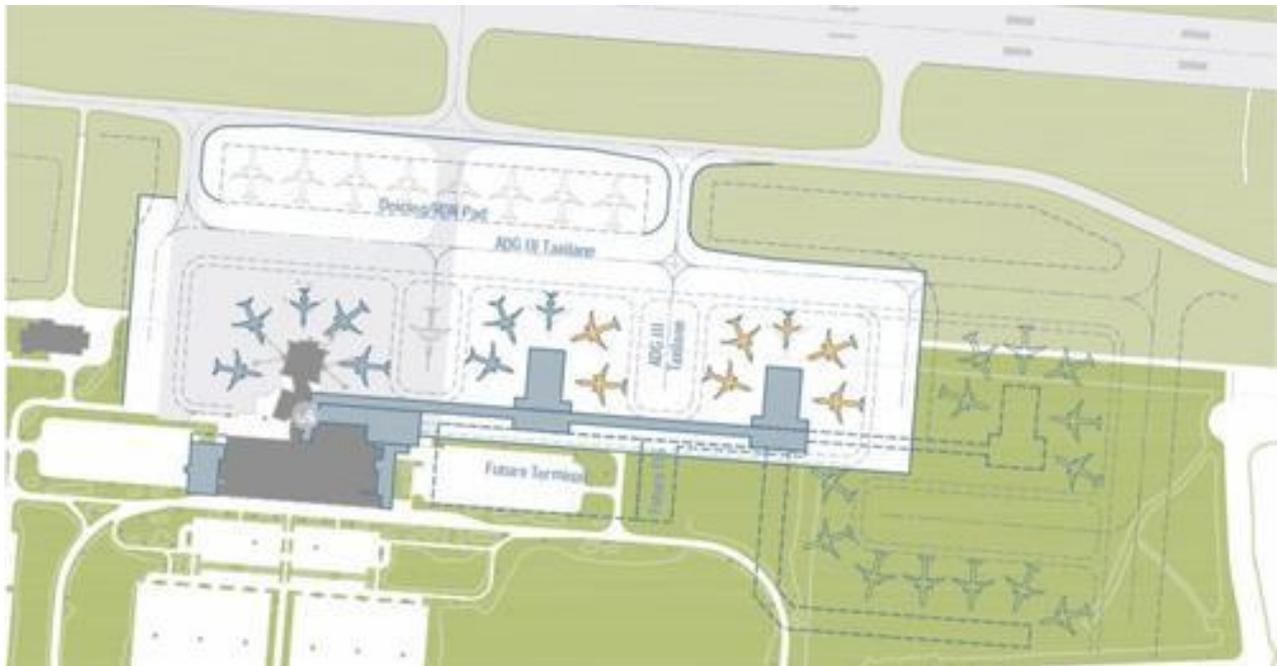
ONGOING & FUTURE INITIATIVES

NEW TERMINAL EXPANSION

After numerous years of sustained growth in passenger demand, Cherry Capital Airport is ready to head into the next phase of its terminal expansion plan. A recent terminal narrative plan concluded that based on forecasted passenger data, there will be a need to expand the Airport from its current (5) jet bridges and (2) ground-loading positions to (15) jet bridges by 2035.

The proposed design would take the current concourse design of the TVC terminal and essentially “replicate” it two more times. The resulting design would have three terminal concourses, each with five jet bridges.

Once the NRAA approved study is completed and reviewed by the FAA, the next steps will be completing the financing plan and environmental assessment for the terminal expansion, which will take about a year to complete. With an anticipated design completion of 2024, construction would begin in 2025.



ONGOING & FUTURE INITIATIVES

AIRPORT SUSTAINABILITY INITIATIVES

The Cherry Capital Airport continues to work in parallel with key stakeholders in the community in an effort to look at renewable energy alternatives and lowering its carbon footprint. Whether it be investment in electric vehicles or evaluating various options for alternate power generation, the Airport is uniquely positioned to help the community meet its sustainability objectives.

As TVC looks towards its terminal expansion, it will review differing green building certifications that are available to determine how these can align with or improve the Airport's long term sustainable strategies.



NRAA BOARD



Members of the Northwest Regional Airport Authority (NRAA) Board:

Top: Tom Kern (Chair), Debra Rushton (Vice-Chair), and Rob Hentschel (Secretary)

Middle: Doug DeYoung, Steve Plamondon, and Paul Beachnau

Bottom: Will Bunek, Dan Jonkhoff, and Darryl Nelson

STAFF



Staff of the Cherry Capital Airport

L to R Front Row:

Mike Rankens, Operations Supervisor; **Charlie Day**, Airport Maintainer; **Tom Looks**, Operations Supervisor; **Chris Sieklucki**, Operations Manager; **Dan Sal**, Chief Operating Officer

Back Row:

Mitchell Blinkiewicz, Operations Supervisor; **Kellen McElrath**, Operations Supervisor; **Andrew Chemosky**, Airport Maintainer; **Tyler Webber**, Operations Supervisor; **Gary Flores**, Airport Maintainer; **Andrew Dike**, Operations Supervisor; **Jon Bragenzer**, Airport Maintainer; **Kevin Klein**, Chief Executive Officer; **Mike Todorow**, Airport Maintainer; **Lori Jones**, Airport Security Operations Supervisor; **Mike Chandler**, Airport Maintainer; **Mark Bishop**, Chief Financial Officer; **Jon Shivley, Jr.**, Airport Maintainer; **Heather Sexton**, Accounting Manager; **Guy Lund**, Airport Maintainer; **Fred Scherf**, Airport Maintainer; **Ron Shutler**, Administrative Assistant; **Bob Nelesen**, Airport Engineer; **Raymond Platts III**, Airport Maintainer



Northern Michigan's Favorite Way to Fly