



CHERRY CAPITAL AIRPORT
ANNUAL REPORT
September 2023

TABLE OF CONTENTS

| | |
|---------------|---|
| 3: | COMMUNITY MESSAGE |
| 4-6: | HIGHLIGHTS |
| 7-8: | PASSENGER TRAFFIC |
| 9-10: | FINANCIAL HIGHLIGHTS |
| 11: | AIRPORT INVESTMENT |
| 12: | ONGOING & FUTURE INITIATIVES |
| 13-14: | COMMUNITY & EVENTS |
| 15-16: | NRAA BOARD & STAFF |

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 C. Klein
CEO, A.A.E.
Northwest Regional
Airport Authority

The Northwest Regional Airport Authority (NRAA) continues to build upon its recent infrastructure success with capital investments such as expansions to the airport's parking lot, TSA checkpoint and airline terminal ramp, in addition to the initiation of construction of an Instrument Landing System (ILS) for Runway 10. Along with these improvements, Cherry Capital Airport continues to see interest in development on airport from private investors and our tenants, including the construction of a new \$5 million hangar.

Cherry Capital Airport remains Northern Michigan's primary access to the global transportation network. Our airline partners continue to add seats and larger aircraft to our market. The newest of these partners is Sun Country, who announced in late 2022 new service to Minneapolis (MSP) for the summer of 2023. This addition brings the total number of airlines operating out of TVC to five. Our airline partners continue to be a driving force in our success, as the return of business travelers and capacity increases has resulted in a significant growth of passenger activity which has eclipsed pre-pandemic levels.



Steve Palmondon
Chairman
Northwest Regional
Airport Authority

Looking at what lies ahead for the remainder of 2023 and early 2024, the completion of the Runway 10 ILS will be our top priority, providing increased reliability and safety to our travelers. In addition, planning will continue for the expansion of the terminal complex, which incorporates additional gates for future airline growth opportunities and an improved passenger experience.

The NRAA will continue to be Northern Michigan's Favorite Way to Fly, as emphasized in our Vision Statement:

The Cherry Capital Airport is to be the airport of choice for all residents and visitors of Northwest Michigan.

Our Mission is to *strive to be a major driver of economic growth in Northern Michigan, by providing world-class service to build prosperity.*

We look forward to seeing you at the airport. It is time to fly!

HIGHLIGHTS

Passenger Traffic

- Passenger activity remained strong in 2022, as TVC reported its second-best year ever with 582,908 travelers passing through the gates.
- Leisure travel continued to be a strong contributor to the numbers, while business travel increased slightly. Air carrier staffing challenges had a minimal impact on travel to and from TVC.

Safety & Security Enhancements

- Full Scale Exercise conducted with local agencies and first responders.
- Installation of new credentialing authentication technology (CAT) for use at the TSA checkpoint at TVC.
- The addition of an Instrument Landing System (ILS) was approved for runway 10, with the system scheduled to go online in November of 2023.

17 Non-Stop Flight Destinations

- TVC maintained its 17 non-stop destinations to key seasonal cities such as Boston, Denver, Dallas-Fort Worth and Philadelphia.
- **Sun Country Airlines** announced new non-stop air service between Minneapolis-St. Paul and TVC for the summer of 2023.

Construction & Expansion

- General Aviation Obstruction Removal/Apron Expansion
- Commercial Terminal Ramp Overnight Expansion
- Awarded \$5.2M in FAA funding for passenger boarding bridge replacements in 2023-2024
- Upcoming environmental and financial planning for terminal expansion

Ongoing Future Initiatives:

- Growth in private hangar investment
- Continue work with the FAA related to the roll out of new fluorine free aircraft fire fighting foam
- Continue efforts in renewable and green energy options in conjunction with future airport growth

HIGHLIGHTS



New Air Service

Sun Country Airlines announced in November of 2022 their intent to provide additional non-stop seasonal service between Minneapolis-St. Paul (MSP) and TVC. Sun Country's inaugural flight arrived in TVC on June 16, 2023, with scheduled service through October 15.



HIGHLIGHTS

Full Scale Exercise

In accordance with federal regulations, TVC conducted its tri-annual full-scale fire & emergency planning exercise.

Responding agencies included Cherry Capital Airport personnel, Traverse City Police Department, Traverse City Fire Department, Grand Traverse County Sheriff's Office, Grand Traverse Metro Fire Department, Grand Traverse County Central Dispatch, Grand Traverse Emergency Management, MMR, Transportation Security Administration, Munson Hospital, Allegiant Air, American Airlines, Delta Airlines, and United Airlines. The Salvation Army, Red Cross, and TCAPS also provided support for the training.

After the exercise had concluded, personnel were debriefed together to discuss what worked, what didn't, and where improvements or changes could be made.

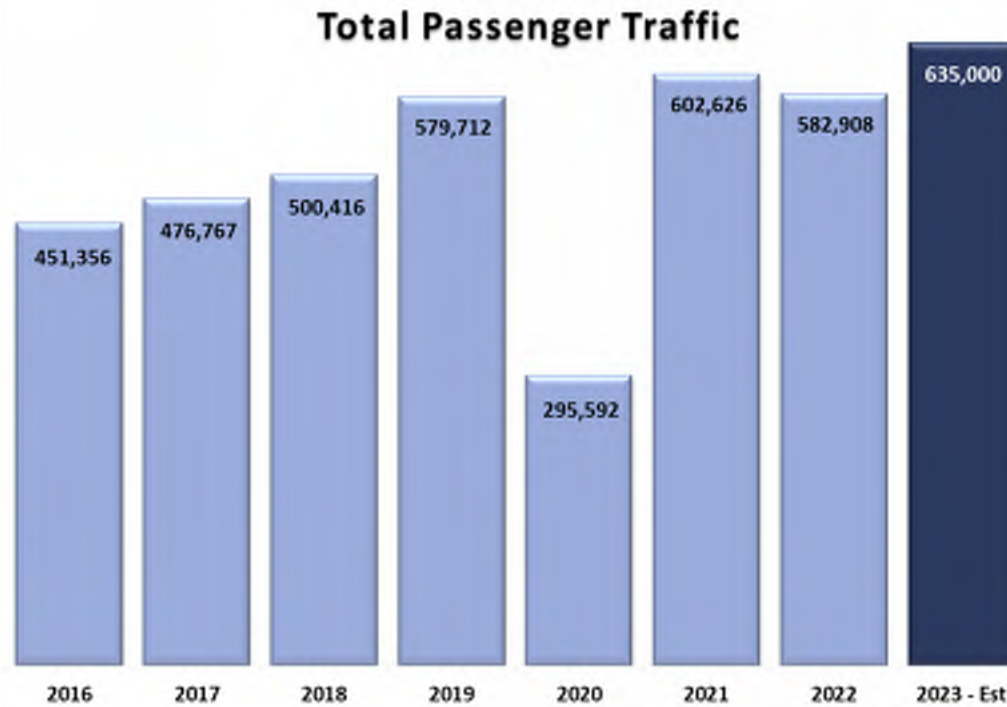


PASSENGER TRAFFIC

By the Numbers

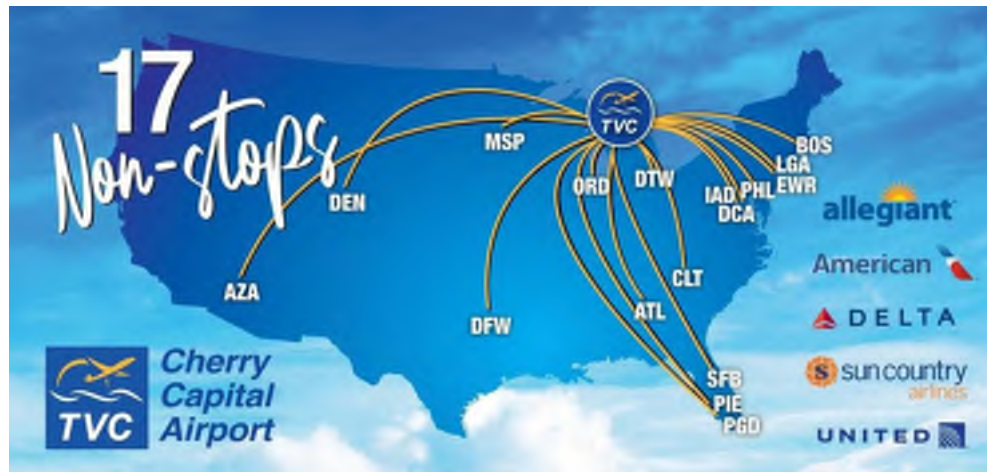
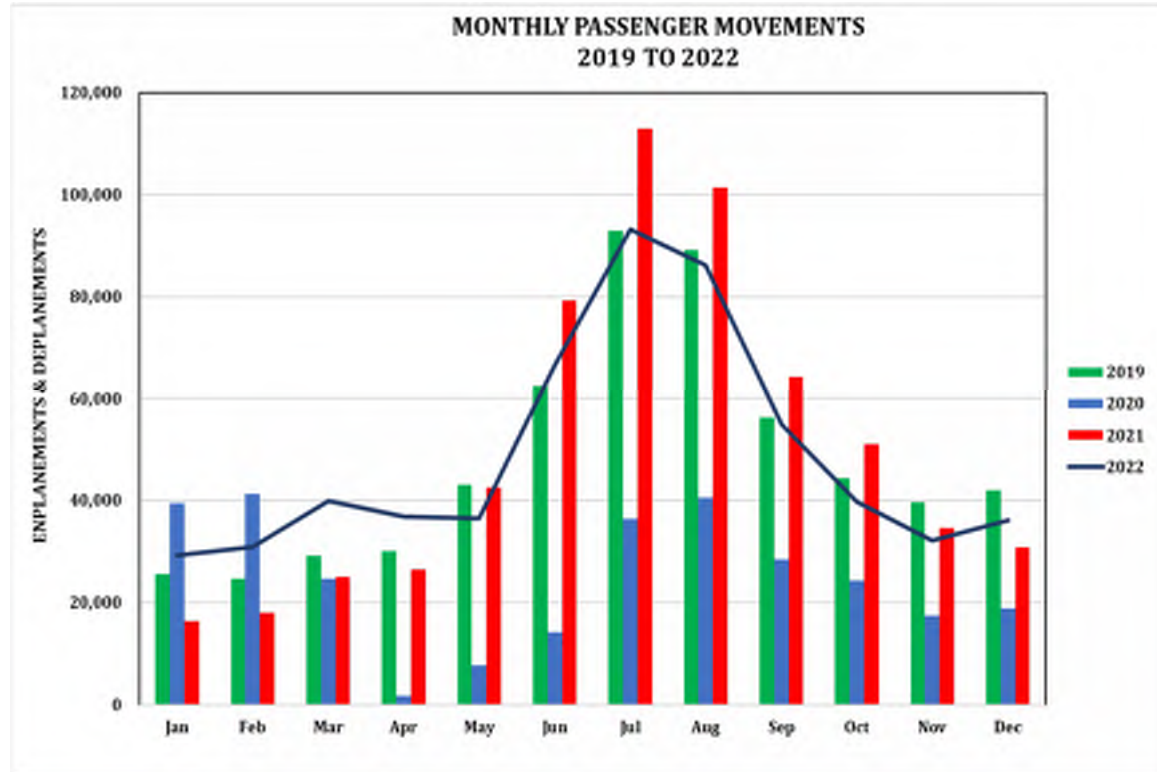
For 2022, passenger traffic was down slightly compared to 2021 due to reductions in seat availability and our airline partners working through crew and staff shortages. However, TVC still recorded its second-best year ever with 582,908 passengers passing through the gates of Cherry Capital Airport, as carriers continued to serve 17 non-stop destinations.

2023 is projected to be a record year for TVC, as the combination of expanded mainline flights and the addition of summer seasonal service to Minneapolis via new carrier Sun Country will push TVC once again over the 600K threshold.



PASSENGER TRAFFIC

With the exception of 2020, when COVID restrictions significantly impacted air travel, TVC has been able to consistently expand and enhance air service with the assistance of its air carrier partners. TVC continues to offer 17 non-stop flights to cities across the United States from **Allegiant, American, Delta, United and its newest partner, Sun Country**. 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).

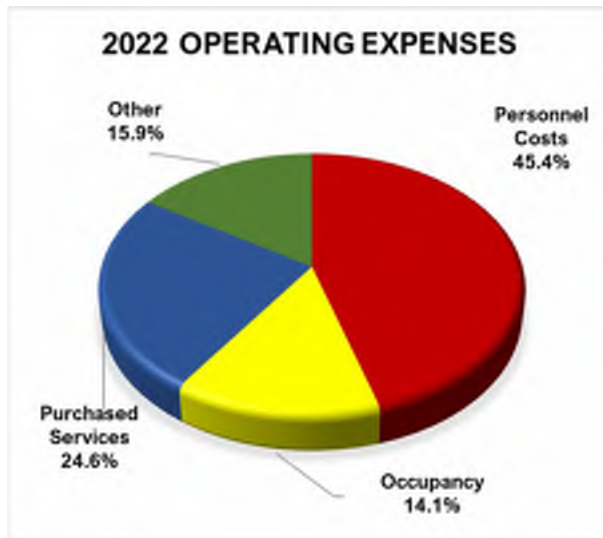


2022 FINANCIAL HIGHLIGHTS



Operating Revenues:

| | \$ | % |
|---------------|----------------------|-------------|
| Rental Income | \$ 2,327,245 | 17.8% |
| Parking | 2,330,248 | 17.8% |
| Rent-A-Car | 1,732,716 | 13.2% |
| Landing | 618,794 | 4.7% |
| Aviation Fuel | 281,192 | 2.1% |
| Other | 544,452 | 4.2% |
| CARES Act | 5,257,005 | 40.2% |
| | <u>\$ 13,091,652</u> | <u>100%</u> |



Operating Expenses:

| | \$ | % |
|--------------------|---------------------|-------------|
| Personnel Costs | \$ 3,561,966 | 45.4% |
| Occupancy | 1,104,283 | 14.1% |
| Purchased Services | 1,931,527 | 24.6% |
| Other | 1,251,400 | 15.9% |
| | <u>\$ 7,849,176</u> | <u>100%</u> |

2022 FINANCIAL HIGHLIGHTS

- The NRAA's total Net Position increased by \$5.8M for the annual audit period ending December 31, 2022.
- For the year ended December 31, 2022, the assets of the Authority exceeded its liabilities by \$80.4M.

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|---------------------|
| OPERATING REVENUE: | | | |
| Rental Income | \$ 2,327,245 | \$ 2,432,209 | \$ 1,997,061 |
| Parking | 2,330,248 | 1,578,892 | 980,476 |
| Rent-A-Car | 1,732,716 | 1,658,529 | 814,398 |
| Landing | 618,794 | 665,059 | 460,166 |
| Aviation Fuel | 281,192 | 276,627 | 181,638 |
| Other | 544,452 | 484,918 | 326,745 |
| CARES Act | <u>5,257,005</u> | <u>8,065,595</u> | <u>3,928,509</u> |
| Total Operating Revenue | \$ 13,091,652 | \$ 15,161,829 | \$ 8,688,993 |
| OPERATING EXPENSES: | | | |
| Personnel Costs | \$ 3,561,966 | \$ 2,833,923 | \$ 2,530,652 |
| Occupancy | 1,104,282 | 921,847 | 770,957 |
| Purchased Services | 1,931,527 | 1,922,948 | 1,631,953 |
| Other | <u>1,251,401</u> | <u>1,046,098</u> | <u>892,603</u> |
| Total Operating Expenses | \$ 7,849,176 | \$ 6,724,816 | \$ 5,826,165 |
| OPERATING INCOME (LOSS) | <u>\$ 5,242,476</u> | <u>\$ 8,437,013</u> | <u>\$ 2,862,828</u> |
| Depreciation | 3,536,750 | 3,541,609 | 3,486,206 |
| Non-Operating Expenses/(Revenue) | (369,845) | 50,016 | 46,546 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | <u>\$ 2,075,571</u> | <u>\$ 4,845,388</u> | <u>\$ (669,924)</u> |
| CAPITAL CONTRIBUTIONS & CHARGES | 3,718,572 | 2,597,819 | 1,741,058 |
| CHANGE IN NET POSITION | <u>\$ 5,794,143</u> | <u>\$ 7,443,207</u> | <u>\$ 1,071,134</u> |

AIRPORT INVESTMENT & IMPROVEMENTS

TSA Enhanced Authentication Technology

The Transportation Security Administration installed a Credential Authentication Technology (CAT) unit for use at the TSA checkpoint at Cherry Capital Airport. This technology enhances the TSA's detection capabilities for identifying fraudulent ID documents and improves the passenger's experience by increasing efficiency during the checkpoint experience.



General Aviation Apron Redesign

With TVC continuing to see growth in larger aircraft from the general aviation (GA) community, improvements were undertaken to expand available GA parking outside of the Runway Visibility Zone (RVZ). The project included the removal of the former general aviation terminal building and existing blast wall to accommodate for reconfiguration of the GA apron. This project also required the relocation of Airport Access Road, which previously resided within the RVZ.



ONGOING & FUTURE INITIATIVES

Terminal Expansion

The NRAA has completed its initial design study for terminal expansion and is ready to head into the next phase which includes financial planning and environmental assessment. Projected commencement of construction is late 2025 or early 2026.



Instrument Landing System (ILS) Installation Runway 10

To enhance safety and improve commercial service reliability at TVC, the Airport will install an ILS for the Runway 10 approach. This install includes an ILS antenna, localizer, and a localizer shelter on the existing airfield, within the limits of the existing Airport property. This installation provides the same approach minimums as the existing Global Positioning System (GPS) Localizer Performance with Vertical (LPV) approach and will reduce the need for commercial aircraft to circle, thus reducing delays and cancellations.

Airport Sustainability Initiatives

TVC will continue its focus on renewable and green energy opportunities. These include Airport investment in electric vehicles and vehicle charging stations for passengers, in addition to exploring energy efficient alternatives associated with the upcoming terminal expansion.





Cherry Wings Award Recipient

TVC was honored to receive the **Cherry Wings Award** from the United States Coast Guard Air Station Traverse City. This award recognizes TVC's *"unwavering support and selfless dedication to the USCG Air Station Traverse City's operations, missions, members and families."*

Air Station Traverse City presents the Cherry Wings Award each year during the National Cherry Festival to a member of the local community who has gone above and beyond to assist members of USCG Air Station Traverse City.



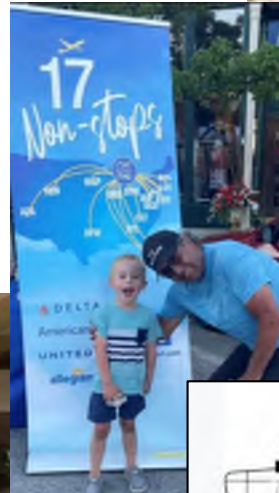
"I am humbled by your outstanding support of the men and women of Air Station Traverse City and their families. It is truly individuals such as you all that make it a pleasure to live and serve in this great city."

Andrew G. Schanno
Commanding Officer
U.S. Coast Guard Air Station Traverse City

COMMUNITY & EVENTS

The Cherry Capital Airport prides itself on participating in, sponsoring and supporting an array of community partners and exciting events. These include:

- National Cherry Festival Air Show
- TVC 5K - Run the Runway
- Interlochen Center for the Arts
- Traverse City Horse Shows
- Elk Rapids Evening on River Street
- Honor Flight to Washington D.C.



NRAA BOARD



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

Top: Steve Plamondon (Chair), Rob Hentschel (Vice-Chair), Paul Beachnau (Secretary)

Middle: Doug DeYoung, Darryl Nelson, Dan Jonkhoff

Bottom: Will Bunek, Jim O'Rourke and Wayne Schmidt



Staff of the Cherry Capital Airport:

Front Row:

Shane Rembold, Supervisor; **Cole Johnson**, Maintainer; **Mike Todorow**, Maintainer; **Andrew Dike**, Supervisor; **Kevin Klein**, Chief Executive Officer; **Jon Bragenzer**, Maintainer; **Heather Sexton**, Accounting Manager; **Ray Platts**, Maintainer; **Mark Bishop**, Chief Financial Officer

Second Row:

Ron Shutler, Administrative Assistant; **Gary Flores**, Maintainer; **Mike Chandler**, Maintainer; **Andrew Chemosky**, Maintainer; **Guy Lund**, Maintainer; **Nick Raupp**, Maintainer; **Fred Scherf**, Maintainer; **Bob Nelesen**, Airport Engineer; **Dan Sal**, Chief Operating Officer

Back Row:

Kellen McElrath, Supervisor; **John Shively**, Maintainer; **Tom Looks**, Sr. Operations Supervisor; **Mike Rankens**, Supervisor; **Lori Jones**, Airport Security Operations Supervisor; **Charlie Day**, Maintainer; **Chris Sieklucki**, Operations Manager



Northern Michigan's Favorite Way to Fly

CHERRY CAPITAL AIRPORT

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