



AGENDA

Committee on Intergovernmental Relations Tuesday, June 7, 2016 @ 3:30 p.m. City Hall, Council Conference Room; 10th Floor

Councilmember Adam Hussain, Chair
Councilmember Judi Brown Clarke, Vice Chair
Councilmember Tina Houghton, Member

1. Call to Order

2. Public Comment

3. Approval of Minutes

- February 9, 2016

4. Discussion/Action:

- A.) RESOLUTION – Appointment of DeYeya Jones as a City of Lansing Representative to the Capital Area District Library Board for a term to expire April 15, 2020

- B.) UPDATE – Capital Region Airport Authority (Robert Selig and Nicole Noll-Williams, CRAA)

- C.) DISCUSSION – Wake Policy and Safe Boating on the Grand River (Brett Kaschinske, Parks and Recreation Director)

5. Other

6. Adjourn



MINUTES
Committee on Intergovernmental Relations
February 9, 2016 @ 3:30 p.m.
Tenth Floor Conference Room – Lansing City Hall

CALL TO ORDER

The meeting was called to order at 3:34 p.m.

ROLL CALL

Councilmember Adam Hussain, Chair
Councilmember Judi Brown Clarke, Vice Chair
Councilmember Tina Houghton, Member

OTHERS PRESENT

Joseph Abood, Deputy City Attorney
Samantha Harkins, Applicant
Greg Ward, Applicant
Jessica Yorke, City Council Vice President – arrived at 4:25pm
Courtney Vincent, Administrative Assistant

Minutes

MOTION BY COUNCILMEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM JULY 16, 2015 IN GOOD FAITH AS PRESENTED. MOTION CARRIED 3-0.

Public Comment on Agenda Items

There was no one present who wished to address the Committee at this time.

Discussion/Action:

RESOLUTIONS – Appointment of Samantha Harkins and Greg Ward; City Representatives to the Capital Region Airport Authority

Councilmember Hussain welcomed Ms. Harkins and Mr. Ward to the meeting and thanked them for their willingness to serve on the Capital Region Airport Authority Board. He asked for the applicants to introduce themselves.

Mr. Ward stated that he grew up in Detroit before coming to Lansing to attend Michigan State University. He started working for Consumers Energy in 1994 and continues to work there, currently as the Director of Strategic Integration – Shared Services. He mentioned that until 2013 he had also served on the EDC Board. He commented that he and his wife try to fly out of the Capital Region International Airport when they travel, adding that it is a good airport with easy access and good security. He said that he is looking to support the strategic plan the airport has in place.

Ms. Harkins stated that she grew up in West Virginia before moving to Lansing ten years ago; she and her husband live in the downtown area. She mentioned that she is the Director of Policy Initiatives and Federal Affairs at the Lansing Office of the Michigan Municipal League Foundation. She commented that she is excited for the challenge of working with the Capital Region Airport Authority, opining that the airport is a great opportunity for Lansing and that there needs to be more discussion on “middle transportation” options such as air travel.

Councilmember Brown Clarke suggested that the Capital Region Airport Authority should look at other methods of growth such as increasing cargo transportation, bringing in a flight school, and/or renting out hangar space in order to expand their vision beyond the limited market of passenger travel.

Councilmember Houghton suggested that the Capital Region Airport Authority should also look at developing business inside the airport as well as marketing and branding opportunities to increase the positive image of the airport.

MOTION BY COUNCILMEMBER BROWN CLARKE TO APPROVE THE RESOLUTION TO APPOINT SAMANTHA HARKINS AS THE CITY REPRESENTATIVE TO THE CAPITAL REGION AIRPORT AUTHORITY; TERM TO EXPIRE SEPTEMBER 30, 2016. MOTION CARRIED 3-0

MOTION BY COUNCILMEMBER HOUGHTON TO APPROVE THE RESOLUTION TO APPOINT GREG WARD AS THE CITY REPRESENTATIVE TO THE CAPITAL REGION AIRPORT AUTHORITY; TERM TO EXPIRE SEPTEMBER 30, 2017. MOTION CARRIED 3-0

Councilmember Hussain thanked Ms. Harkins and Mr. Ward for coming in and invited them to attend the City Council Meeting scheduled for Monday, February 22, 2016 where the Council would review the recommendation of the Committee and vote to approve the appointments.

Open Discussion Regarding Vision/Direction of Committee

Councilmember Hussain discussed the direction the Committee took in 2015, commenting that the Committee had mainly worked with the Lansing School Board during that time. He suggested reaching out to the Lansing School Board again, and to work to repair relationships with them and other intergovernmental entities.

The Committee discussed ways they could collaborate with the Lansing School Board to help address issues such as increasing enrollments, increasing student retention, the use of vacant and active school buildings, and a possible joint maintenance agreement between the City and the School Board. Councilmember Hussain said he would reach out to the Lansing School Board.

Councilmember Brown Clarke suggested that they should bring in representatives from the Lansing Police Department, the Ingham County Health Department, and Community Mental Health Authority of Clinton, Eaton, and Ingham Counties to address the heroin and synthetic drug problem in the City. She also suggested looking in the City Charter or possibly creating a task force to help take action against the problem.

The Committee discussed other intergovernmental entities to approach including the Lansing Park Board regarding shared services; the Lansing Housing Commission and the Greater Lansing Housing Coalition regarding affordable housing, senior housing, statistics on vacancies in the City, and following up on approved rezoning and abatement properties; and the Greater Lansing Homeless Resolution Network.

OTHER

ADJOURN

The meeting was adjourned at 4:28 p.m.
Submitted by,
Courtney Vincent, Administrative Assistant
Lansing City Council
Approved: _____



OFFICE OF THE MAYOR

9th Floor, City Hall
124 W. Michigan Avenue
Lansing, Michigan 48933-1694
(517) 483-4141 (voice)
(517) 483-4479 (TDD)
(517) 483-6066 (Fax)

Virg Bernero, Mayor

TO: City Council President Judi Brown Clarke and Councilmembers

FROM: Mayor Virg Bernero

DATE: 4-22-16

RE: Resolution – Appointment of DeYeya Jones of 1710 Moores River Drive in Lansing, MI, 48910, as a City of Lansing Representative to the Capital Area District Library Board for a term to expire April 15, 2020

The attached correspondence is forwarded for your review and appropriate action.

VB/rh
Attachment

Date: 12/15/2015

Full name: *: DeYeya Earl Jones

Other name(s) by which you have been known, including maiden names: :

Date of Birth: *: 02-08-1977

Address*: 1710 Moores River Drive
Lansing, Michigan 48910

Email*: deyeya@me.com

Gender*: Male

Ward (1,2,3,4 or Regional)*: Regional

Precinct::

Best number to contact you: *: 517-483-3143

Last four digits of Social Security #: 
*:

In what year did you move to Lansing?*: 1982-83

Additional Youth Advocate & Youth Motivational Speaker

information regarding experience and credentials: : 15 Year Youth Coach & Mentor
Executive Board Member for Lansing Football League (MMYFL)
Vice Chair - Lansing Kappa Alpha Psi Foundation

Occupational Background: : 2013 - Present SuttonAdvisors, PLC; Wealth Protection Specialist
2002-2012 - Garb-Ko 7-Eleven; Regional Manager

Educational Background: : 2001 Northwood University; BBA in Banking and Finance
2010 Devos Graduate School; MBA

Please attach a resume if available: :

First choice for board to serve on:* Police Commissioners

Second choice of a board to serve on: :

Third choice of a board to serve on: :

Fourth choice of a board to serve on::

Please comment briefly on why you wish to serve on a particular board or commission.

I wish to serve on this board because there is a pressing importance to bridge the gap between our police force and the community. There is no limit to the need; but most important is what can be done immediately. We need more diversity on the police force, more involvement in the community, more involvement with youth endeavors etc. There is also a need to fix the stigma clouding the perception of the police force. They are here to protect and serve, the community needs to feel that.

Please be specific as to your goals and ideas about how you wish to contribute to the work of the board or commission: :

Qualifications and Eligibility – At this time, if you do not meet one or more of the qualifications or eligibility requirements listed at the top, please state here the requirement to be met and explain how you will be qualified or eligible before you would be sworn in to an appointed office::

N/A

Please type your name in this box to signify that you can serve on a board or commission and the information in this application is accurate to the best of your knowledge. *:

DeYeya E. Jones

Date Time : 12/15/2015

Consent and
Certification: I agree

BY THE COMMITTEE ON INTERGOVERNMENTAL RELATIONS
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the Mayor made the appointment of DeYeya Jones of 1710 Moores River Drive in Lansing, MI, 48910, as a City of Lansing Representative to the Capital Area District Library Board for a term to expire April 15, 2020; and

WHEREAS, the nominee has been vetted and meets the qualifications as required by the City Charter; and

WHEREAS, the Committee on Intergovernmental Relations met on June 7, 2016 and took affirmative action;

NOW, THEREFORE, BE IT RESOLVED, that the Lansing City Council, hereby, confirms the appointment of DeYeya Jones of 1710 Moores River Drive in Lansing, MI, 48910, as a City of Lansing Representative to the Capital Area District Library Board for a term to expire April 15, 2020.



Capital Region Airport Authority

City of Lansing - Ingham County
UPDATE
2016

Robert F. Selig, AAE
President - CEO

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Authority Organizational Structure

- Capital Region Airport Authority is a regional governmental agency established by State Statute in 1971.
- Ingham County and the City of Lansing are the founding members.
- Owns and operates Capital Region International Airport and Mason Jewett Field.
- Has a six (6) member Board of Directors:
 - Three (3) appointed by the City of Lansing
 - Three (3) appointed by Ingham County
- Two (2) Ex-Officio Members:
 - One (1) Eaton County
 - One (1) Clinton County

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Executive Overview

- The Capital Region Airport Authority is financially sound.
- The operating costs of the Authority's airports are generally funded through airport user fees.
- Costs related to airport development, debt service, and capital improvements are funded through the Authority's .75 mill levy on Ingham County and City of Lansing residents.
- Federal Grants remain the principal funding source for large airport capital improvements.
- The establishment of a US Port of Entry, and a Foreign Trade Zone, is projected to diversify airport revenues away from being principally dependent on airline revenues.
- As the airline industry continues its consolidation, effectively competing for airline services will be critical to the future economic viability of the Greater Lansing Region.

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The Airport Authority Core Management Principles . . .

- **Core Organizational Focus**: The Authority culture is one that:
 - Is oriented towards [speed](#), [accuracy](#), and [innovation](#).
 - Is oriented to be [proactive](#).
 - [Anticipates](#) the future.
 - Effectively [responds to industry trends](#).
 - Makes well justified, [fast decisions](#).
 - Stays close and [responsive to the customer](#).
 - Minimizes [bureaucracy](#).
- **Development is focused upon using a *Regional Air Service Management* process with the following steps:**
 - Define [Community Needs](#).
 - [Solicit changes in services](#) provided to meet defined community needs.
 - [Solicit Community Support](#) for the new services when provided.

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Staffing and Financial Overview



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Staffing Summary (2016)

Total Airport Authority Employees = 43

- Authority Administration: 8 employees
- Airport Maintenance Department: 13 employees
- Airport Public Safety Department: 11 employees
(Police – Fire – Emergency Medical)
- Airport Operations: 11 employees
(Daily Airfield Management)

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FY2017 Budget Summary

(As approved by the Board in April 2016)

<u>2016 - 2017 Budget:</u>	\$13,403,894
• Operating Revenues	\$ 7,874,064
• Operating Expenses	\$ 8,254,216
• Capital Development	\$ 4,866,500
• Current Mill Levy Requirement	\$ 4,693,652
• Bond Debt: 2014 Annual Payment	\$ 1,764,206
○ Bond Issue 2012 - \$8,630,000 – Payoff 7/1/21	
○ Bond Issue 2008 - \$4,965,000 – Payoff 7/1/18	

Note: The above are total amounts that are not intended to be cumulative.

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Airport Authority Mill Levy Allocation Detail

(FY2017 Budget)

- Total Certified Mill Levy: .6990 Mills
- Projected Tax Revenues: \$4,693,652
 - Capital Purchases – Projects: \$1,000,000
 - Airport Development: \$1,300,000
 - MERS Contribution: \$500,000
 - Debt Service Payments (2008): \$685,206
 - Operating Shortfall Coverage: \$1,208,446
- Regional Funding Participation Breakdown:
 - Ingham County Residents: 61% (\$2,863,128)
 - City of Lansing Residents: 27% (\$1,267,286)
 - City of East Lansing Residents: 12% (\$563,238)
 - 100% (\$4,693,652)

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Capital Region International Airport 2013 Regional Economic Impact Study Update

(2004 results adjusted for inflation and Airport traffic changes)

- Total Airport Generated Jobs: 7,400 (direct and indirect)
- Income (Salaries / Wages) \$283 million
- Business (Sales/Purchases) \$772 million
- Total Economic Impact:
\$1.055 Billion Annual Regional Impact
- Tri-County Impact Share:
 - 57% Ingham County = \$601 million
 - R.O.I. Ingham Out County (61%) = \$366.6 million
 - R.O.I. City of Lansing (27%) = \$162.27 million
 - R.O.I. East Lansing (12%) = \$ 72.12 million
 - 25% Eaton County = \$264 million
 - 18% Clinton County = \$190 million
- A positive return on investment of **\$225 for each tax dollar invested** in the Airport annually.

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Capital Region International Airport **A Top 20 Employer in Mid-Michigan**

<u>Total</u>	<u>Employment at the Airport</u>	<u>745 Jobs</u>
• Adams Outdoor Advertising		26
• Amy Foundation		1
• AvFlight		29
• Avis Budget Group		11
• Best Friends Pet Care		15
• Compu-Link Corp (dba Celink)		171
• Capital Region Airport Authority		41
• Dejavu		7
• Delta/United		43
• EMA Enterprises		11
• Lansing Community College		10
• FAA – ATO		30
• FAA Tech Ops		7
• Hertz		7
• Jackson National Life		12
• Martinaire		10
• Mead & Hunt		22
• Michigan State Police		10
• National Car Rental/Enterprise Rent-A-Car		8
• QoE Consulting		8
• Standard Parking		6
• State of MI (Aeronautics)		70
• Sun Country		1
• Transportation Security Administration		70
• United Parcel Service		119

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Regional Market Development



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The Gateway to Michigan *A New Generation of International Airport*

International Status:

Only FULL SERVICE international airport outside of Detroit & Chicago.

Strategic Mission:

Provide the highest level of comprehensive aviation and logistics services in the state of Michigan outside of Detroit.

Domestic Development Objectives:

Promote the retention and expansion of [passenger and cargo services](#).

International Development Objectives:

- Promote the development of [international passenger and cargo and logistics facilities and services](#).
- Promote the [use of Port Lansing instead of Detroit and Chicago](#).
- Offer same or next day cargo deliveries [within 500 miles of Lansing](#).
- Promote the development of [Port Lansing Foreign Trade Zone #275](#).

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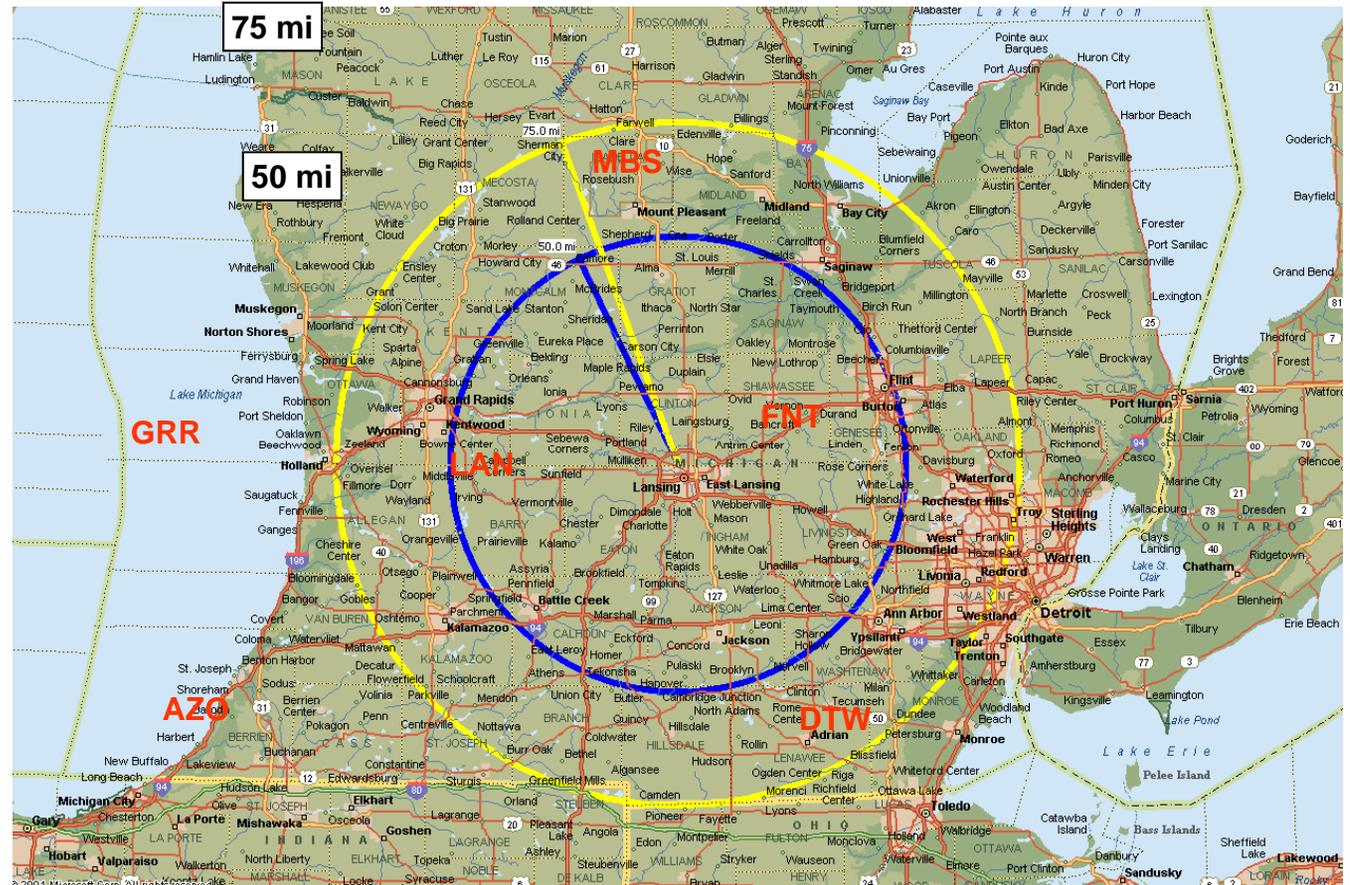
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Passenger Market Service Area

75 Mile = 5.7 Million People

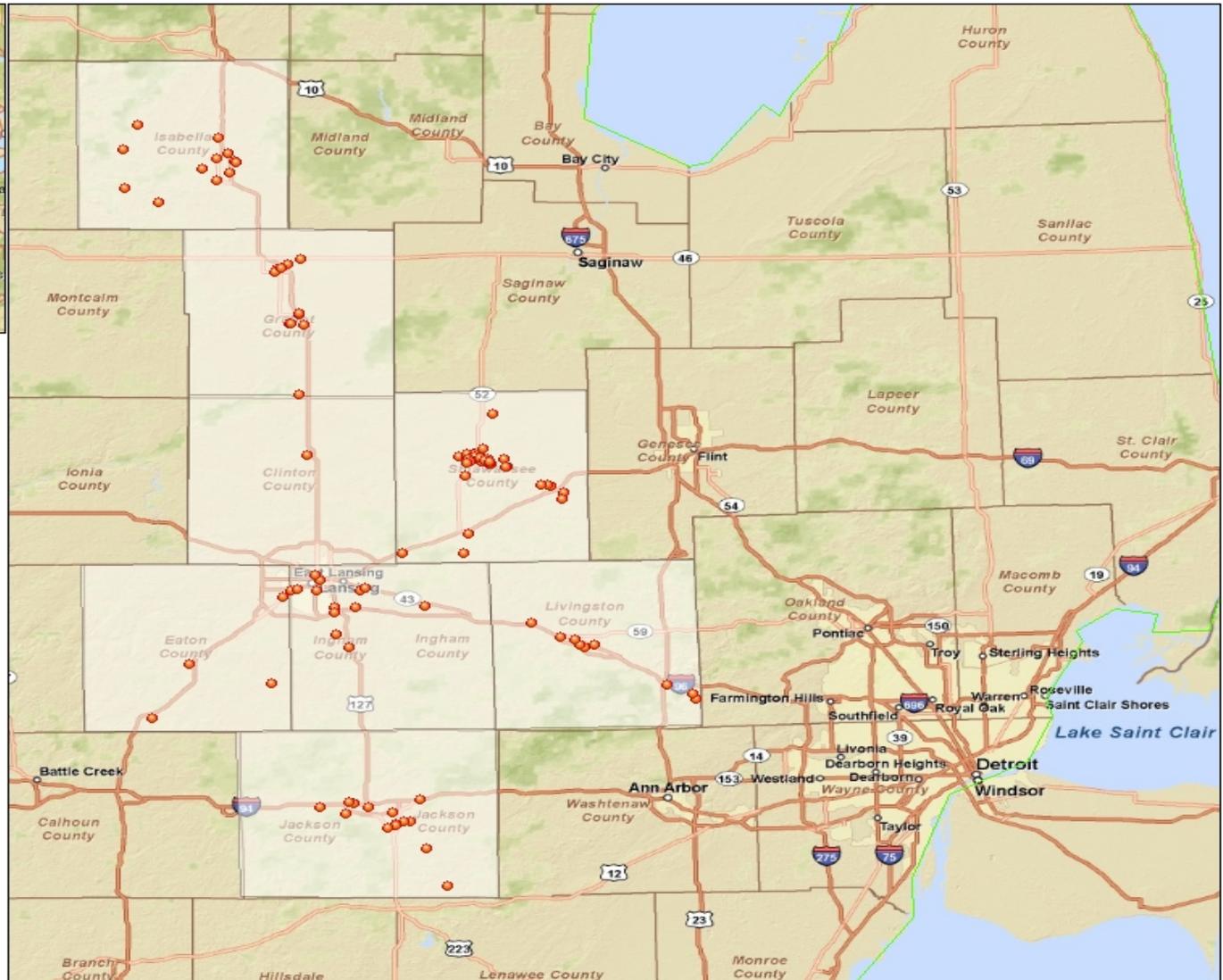
60 Mile = 3.6 million People



Foreign Trade Zone Development Area



● Business Location



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2016 – 2017 Passenger Flight Schedule

- **Delta**: Detroit – Minneapolis
- **United**: Chicago
- **American**: Washington DC – Chicago (begins July 5th)
- **AppleVacations (International)**: 6 flights weekly.
 - December 2016 – April 2017
 - Cancun, Mexico;
 - Punta Cana, Dominican Republic;
 - Puerto Vallarta, Mexico.
- **2016-17 Passenger Development Objectives**:
 - Expand Delta service to Atlanta
 - Expand United service to Chicago
 - Restore Florida service Year Around
 - Restore International destinations (accomplished above):
(Punta Cana, Puerto Vallarta)

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Passenger & Cargo Market Quick Facts

- Market Service Area Population = 3.6 million
[\(60 mile radius around Lansing\)](#)
 - Student Population = 100,000+
 - Total Passengers Processed in 2015 = 329,494
 - Total Airport Visitors Annually = 1 to 1.2 million
[\(Estimate of 2 people accompanying each passenger\)](#)
- Total Cargo in 2015 = 48.5 million pounds

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Significant Airline Industry Changes

Overview: There are significant changes in the airline industry that will be effecting the retention of air service in communities throughout the nation:

1. Retirement of the RJ 50 seat aircraft:

- The majority of Michigan communities are served by 50 seat airline jet aircraft.
- RJ50 seat aircraft are no longer being manufactured.
- Over the next three - five years the majority of the 50 seat aircraft will be retired.
- 50 seat aircraft will be replaced with 100+ seat aircraft.
- Only those communities having the demonstrated ability to support the larger aircraft will retain air service.

2. Severe Airline Pilot Shortage:

- Vietnam era pilots are retiring.
- New rule requires all airline pilots have a minimum 1500 flight hours of experience (from previous 250 hour requirement).
- This requirement increase, and the retirements, are creating a severe pilot shortage.
- Even if a community can support the use of larger aircraft, there may not be pilots to fly the planes.

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Strategic Development Overview



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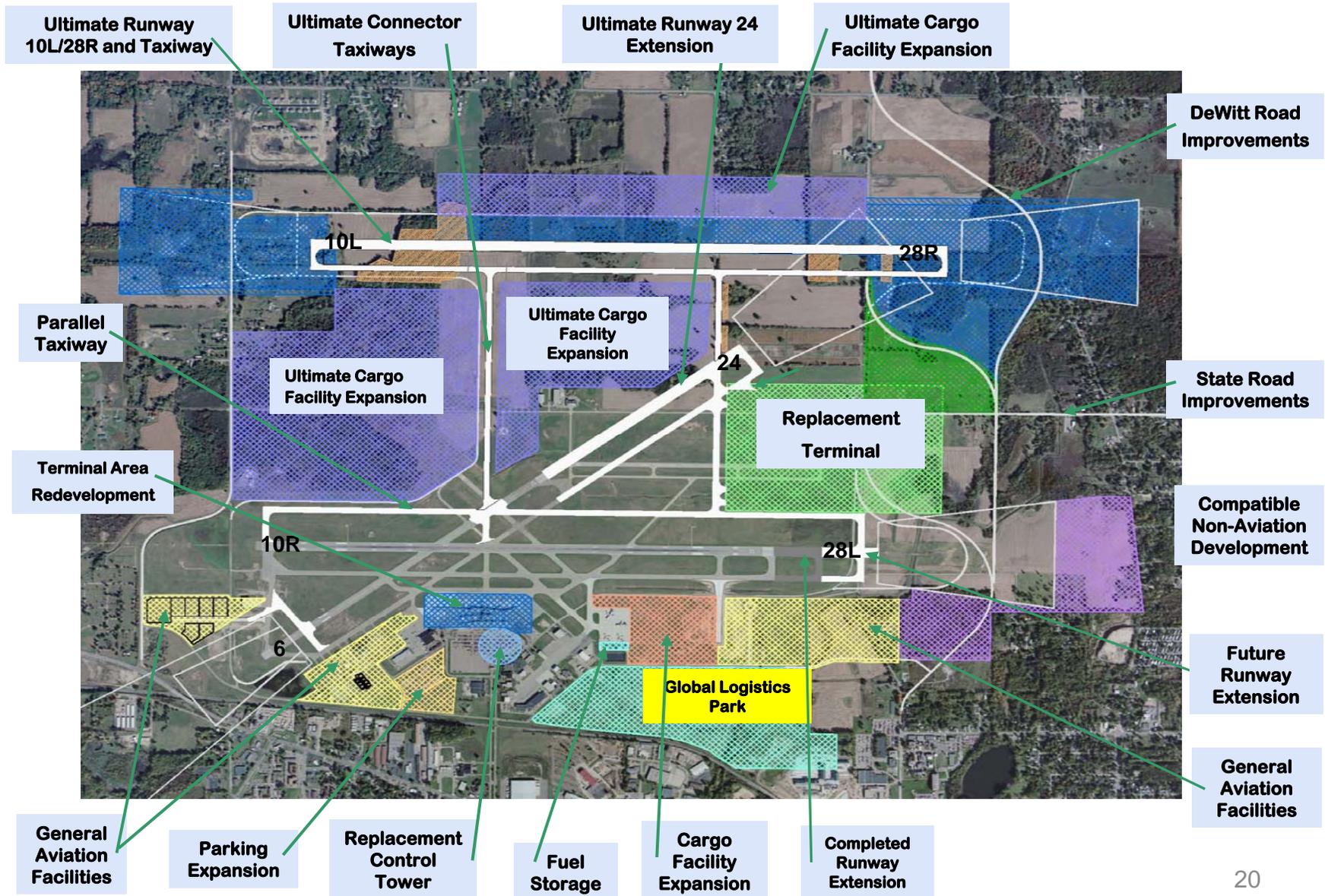
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Airport Facilities are sufficient to support development.

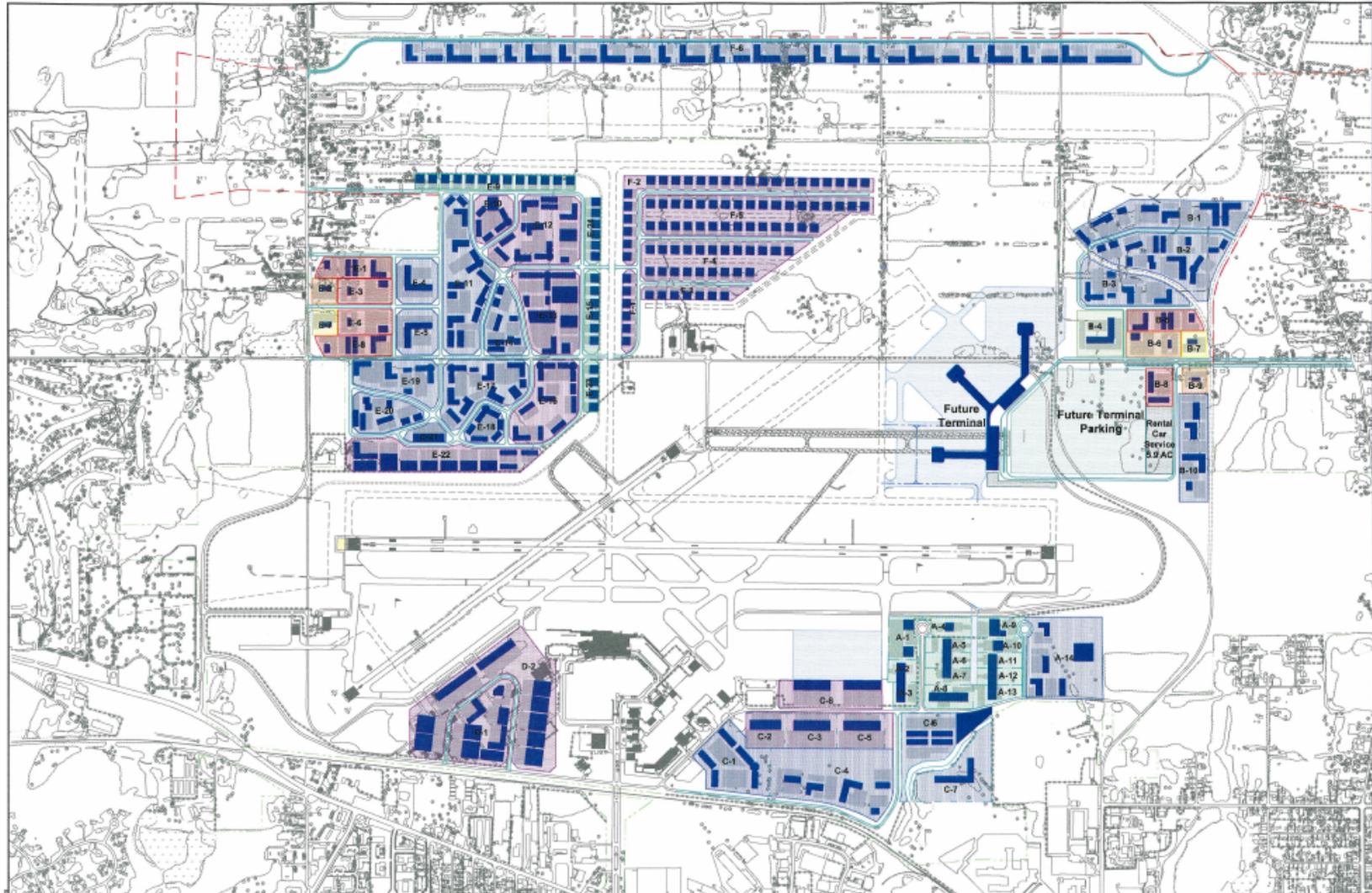
- Terminal Building:
 - 168,000 square feet
 - Nine boarding gates (5 Jetways, 4 regional jet)
- Parking: 1,500 spaces
- Primary Runway:
 - 8,500 Feet
 - Parallel Runway 3,600 Feet
 - Diagonal Runway 5,000 Feet
- U. S. Customs – Federal Inspection Station
 - International Passenger & Cargo Clearance
 - Foreign Trade Zone
- Global Logistics FTZ Warehouse: 48,000 sq. ft.
- Developable Land: 582 acres

Airport Master Plan - Ultimate Development Composite



Ultimate Airport Development

(582 Acres Developable – Not currently on the tax rolls)

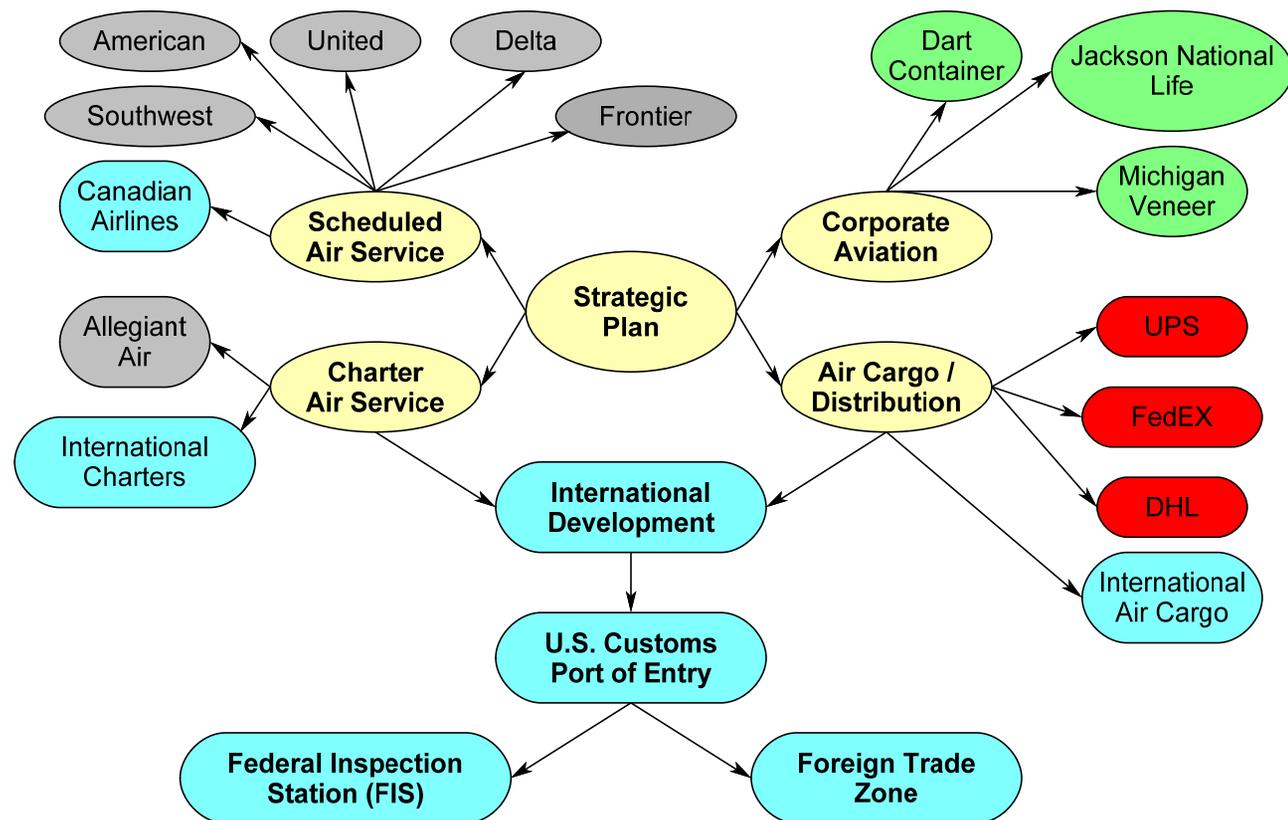


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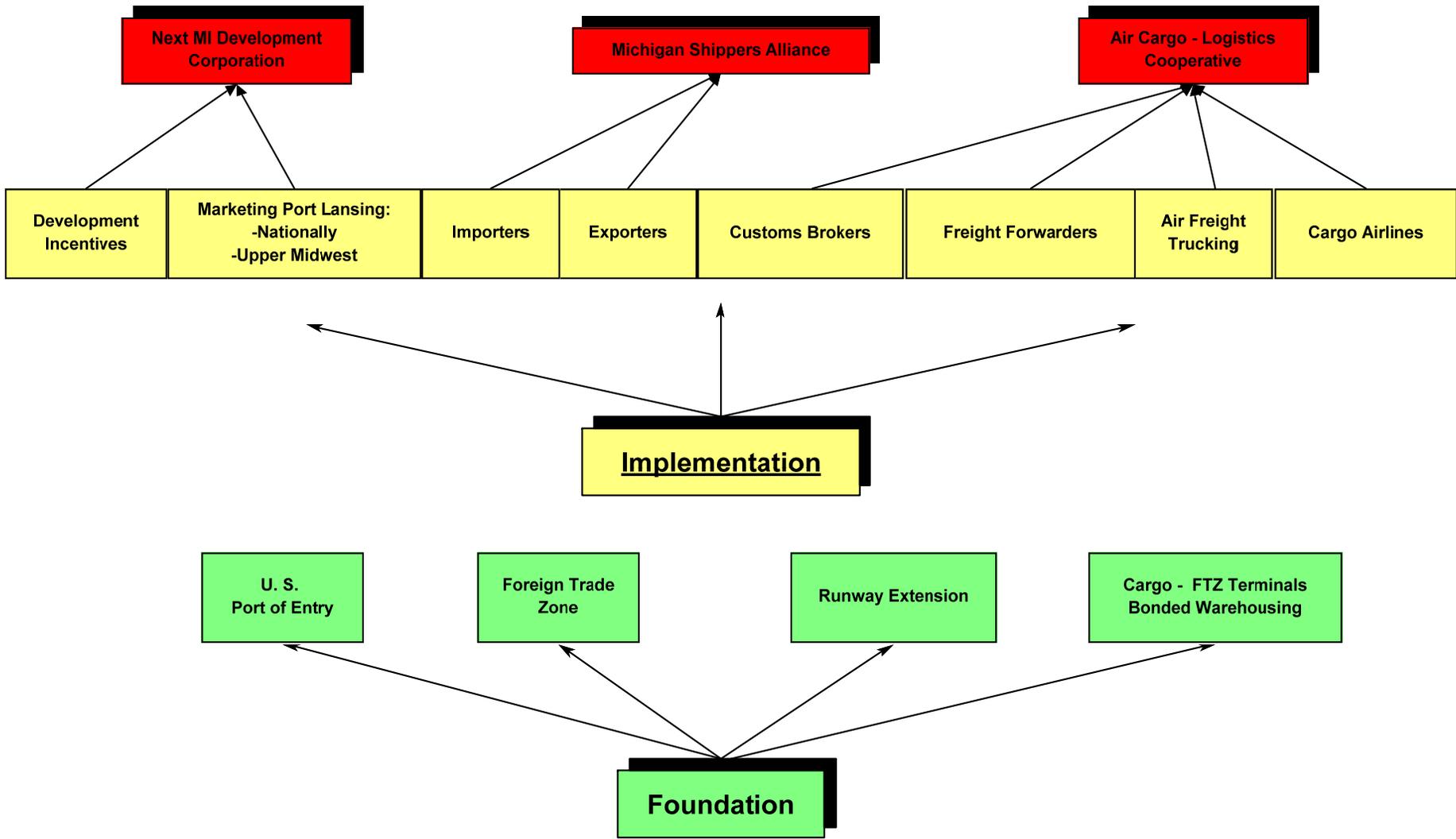
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Expanded Strategic Plan



Port Lansing Global Logistics Development 2012



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Total Facility Investments

2005 - 2012

- Runway extension to 8,500 feet \$15 million
 - Enables flights to long distance destinations
 - Expanded air cargo aircraft parking \$1.5 million
 - Federal Inspection Station \$5 million
 - Customs, Immigration, Agriculture clearance, FTZ
 - Enables Customs clearance of passengers & cargo
 - International Solid Waste Incinerator
 - FTZ – Logistics Warehouse \$4 million
 - FTZ inventory storage & management
 - Air cargo processing (imports - exports)
 - General warehousing and distribution
 - Logistics Park Water System – Roadway Expansion \$1.9 Million
- TOTAL Authority Regional Investment = \$27.4 Million

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Closing Summary

- **The Airport Authority remains financially sound.**
- **The Capital Region International Airport has a \$1 Billion economic impact on the Tri-County Region.**
- **The Airport Authority has active international and domestic development program.**
- **The Airport Authority has successfully developed services, and the related support facilities necessary, to advance regional economic growth.**

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Robert F. Selig, AAE

President - CEO

Capital Region Airport Authority

4100 Capital City Boulevard

Lansing, MI 48906

Phone: 517-886-3711

Email: rfselig@craa.com



LAN

Capital Region Airport Authority
Airline Industry Changes – Tri County Impact
January 2016



Mid-Michigan - Historic Air Service Impact Summary

- **In 2004, Mid-Michigan was served by 6 major airlines with service to 7 connecting hub airports:**
 - Northwest Airlines – Detroit / Minneapolis
 - Delta Air Lines – Cincinnati (*began serving Atlanta too in 2006*)
 - US Airways - Pittsburg.
 - Midwest Airlines – Milwaukee
 - United Airlines – Chicago
 - Continental Airlines – Cleveland

- **On January 1, 2016, after 10 years of airline mergers, Mid-Michigan was served by:**
 - Delta – Detroit / Minneapolis
 - United – Chicago

- **Total passengers processed declined 50%.**
- **Total airline landings declined 55%.**
- **The Capital Region Airport Authority was able to meet a balance budget annually by:**
 - Developing international charter program to Mexico & Caribbean.
 - Developing less than daily service to Florida & Las Vegas
 - Developing scheduled service to Washington DC.

Historic Mid-Michigan Air Service Activity

10 Year Industry Decline

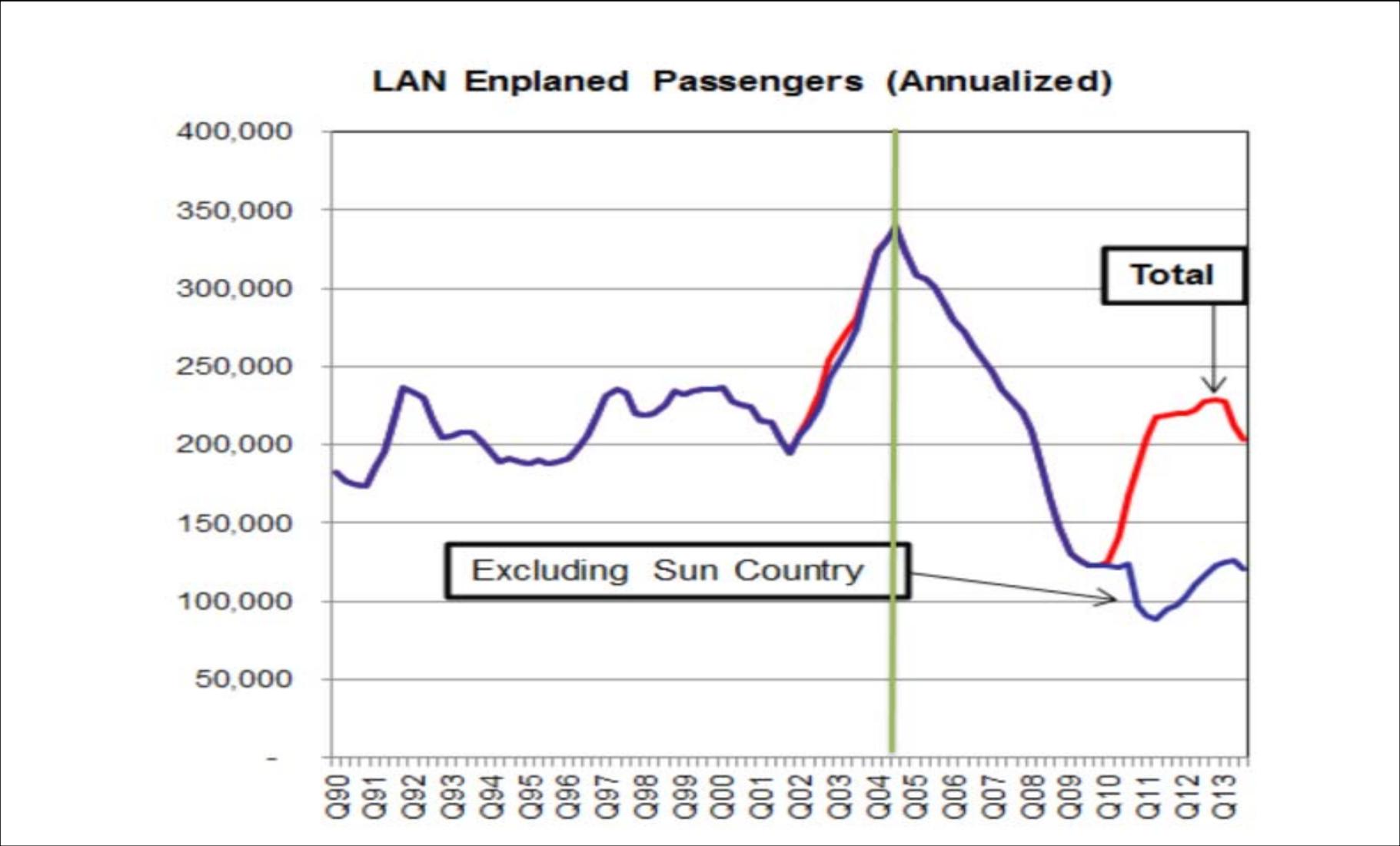
Total Airport Passengers

2004	650,915		
2005	609,901		
2006	558,365		
2007	497,824		
2008	429,639	<u>Difference (compared to 2004)</u>	
2009	265,967	(384,948)	-59.1%
2010	264,083	(386,832)	-59.4%
2011	365,992	(284,923)	-43.8%
2012	395,368	(255,547)	-39.3%
2013	425,010	(225,905)	-34.7%
2014	385,174	(265,741)	-40.8%
2015	329,494	(321,421)	-49.4%

Total Airport Landings

2004	8,869		
2005	7,320		
2006	5,718		
2007	5,107		
2008	4,393	<u>Difference (compared to 2004)</u>	
2009	3,623	(5,246)	-59.1%
2010	4,191	(4,678)	-52.7%
2011	4,761	(4,108)	-46.3%
2012	4,578	(4,291)	-48.4%
2013	4,794	(4,075)	-45.9%
2014	4,535	(4,334)	-48.9%
2015	3,941	(4,928)	-55.6%

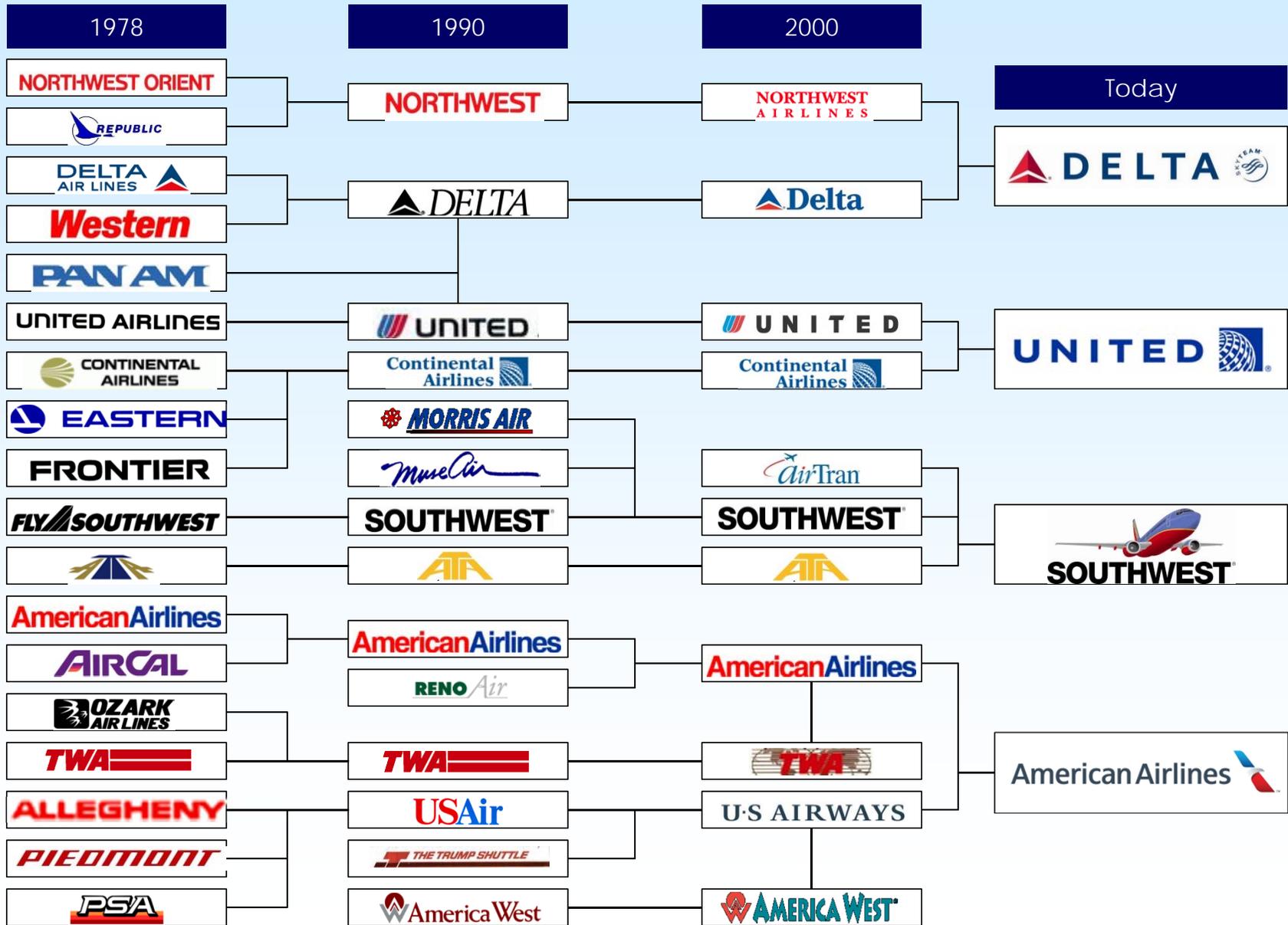
Lansing Passenger Activity Experience Since 2006



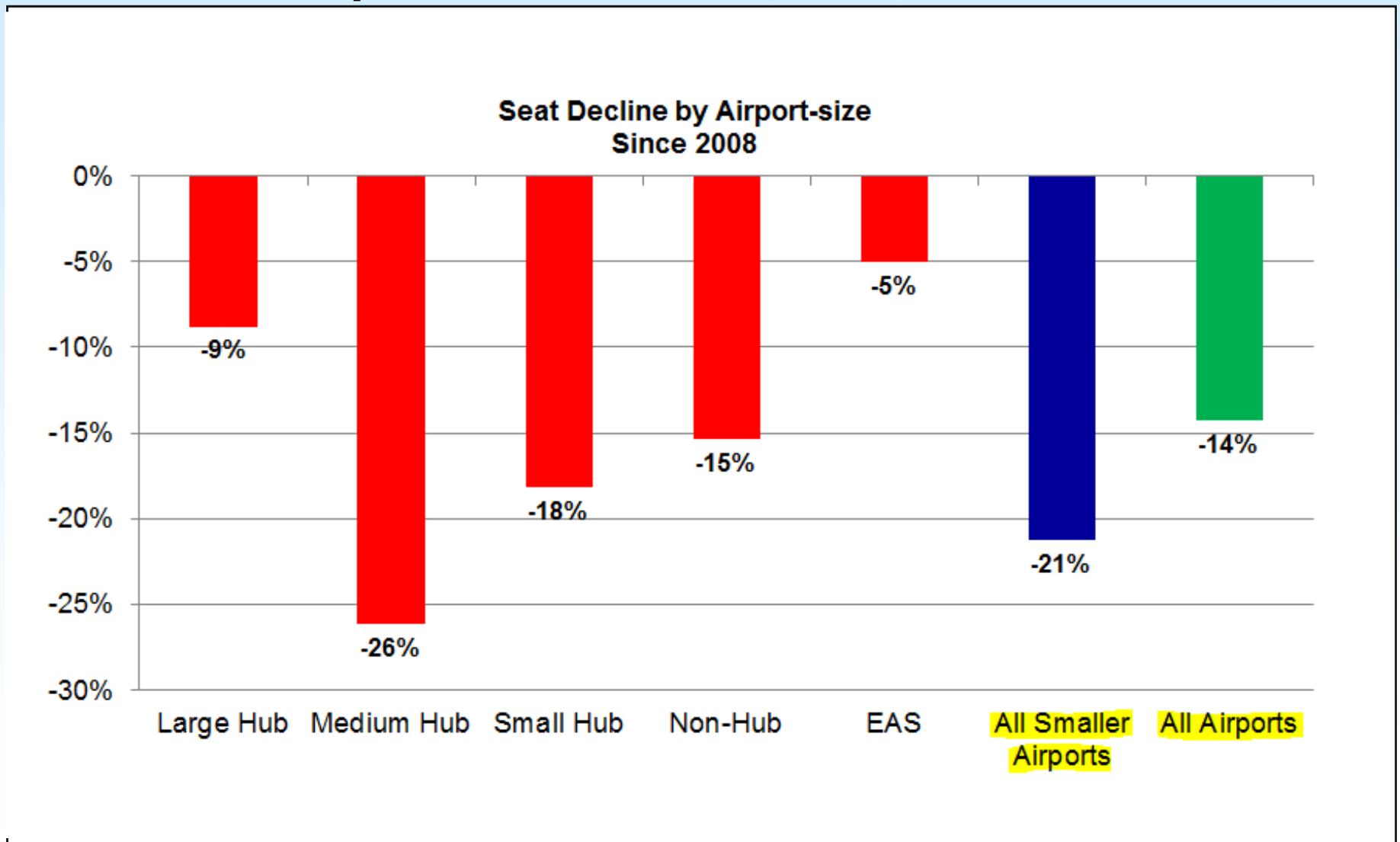
Airline Industry Capacity Trends



Historic Airline Consolidation – How we got to where we are today.

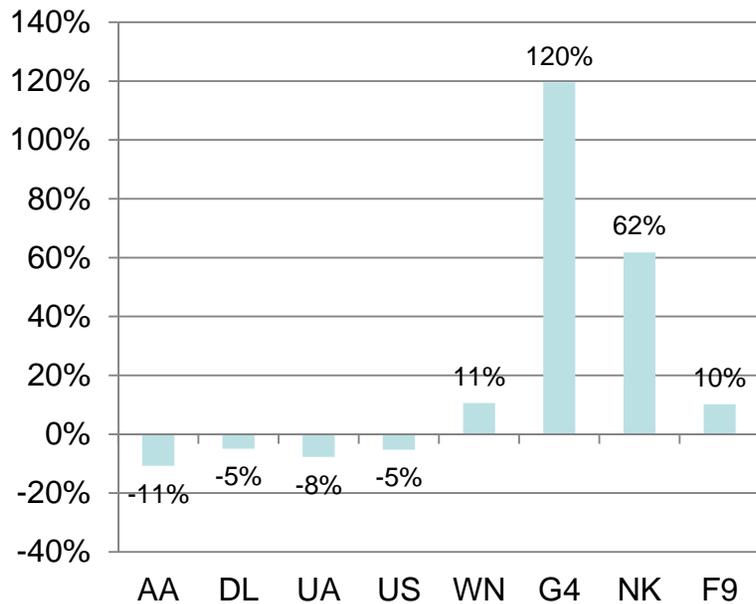


Nationally, Scheduled Airline capacity reductions have hit smaller airports the hardest (Lansing = Non-Hub Category)

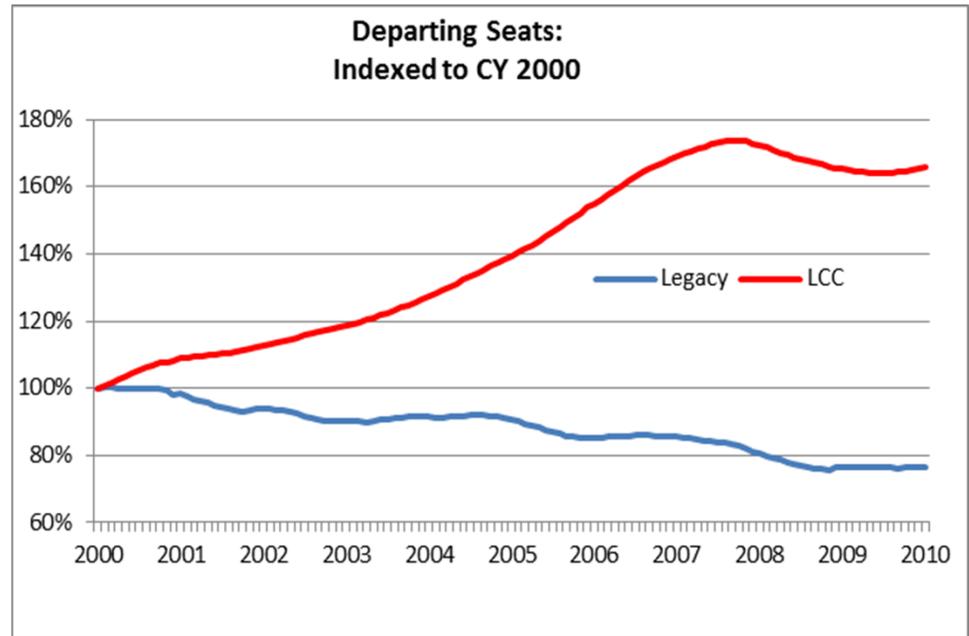


These trends were masked by Low Cost Carriers (LCCs)

5-Year Capacity Growth



Departing Seats: Indexed to CY 2000



While there will be more growth in 2016, it is limited to the largest airports and mostly (again) from LCCs...

LAN Ranks #186 in Airport Size

June 2015 Year/Year Capacity Change

By Airport Size & Metric

Airport Size	Flights	Seats	ASMs
#1-#50	2.4%	5.4%	6.5%
#51-#100	(0.1%)	1.5%	3.0%
#101-#150	(4.8%)	0.6%	(0.2%)
#151-#200	0.5%	0.7%	0.0%
#201-#250	(1.0%)	1.6%	1.7%

Seat Capacity Growth by Airline: Year/Year

<u>Mktg AI</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Delta	4.6%	3.7%	3.1%	3.2%	4.5%
Southwest	-0.2%	1.3%	1.8%	1.9%	2.6%
United	-4.3%	-2.7%	2.2%	0.9%	-0.5%
American	1.9%	4.0%	6.3%	8.1%	8.5%
US Airways	-2.7%	-2.9%	-3.2%	1.5%	1.5%
jetBlue	7.2%	5.4%	5.4%	6.8%	7.0%
Alaska	9.9%	11.2%	12.5%	12.0%	6.5%
Spirit	26.9%	27.8%	31.6%	32.5%	32.2%
Hawaiian	13.0%	13.9%	18.6%	6.1%	11.5%
Frontier	11.1%	10.0%	9.2%	9.0%	-1.7%
Allegiant	11.2%	10.9%	19.3%	15.1%	12.7%
Virgin Am.	0.0%	3.6%	1.8%	6.8%	8.1%
Total	1.7%	2.4%	3.7%	4.3%	4.2%

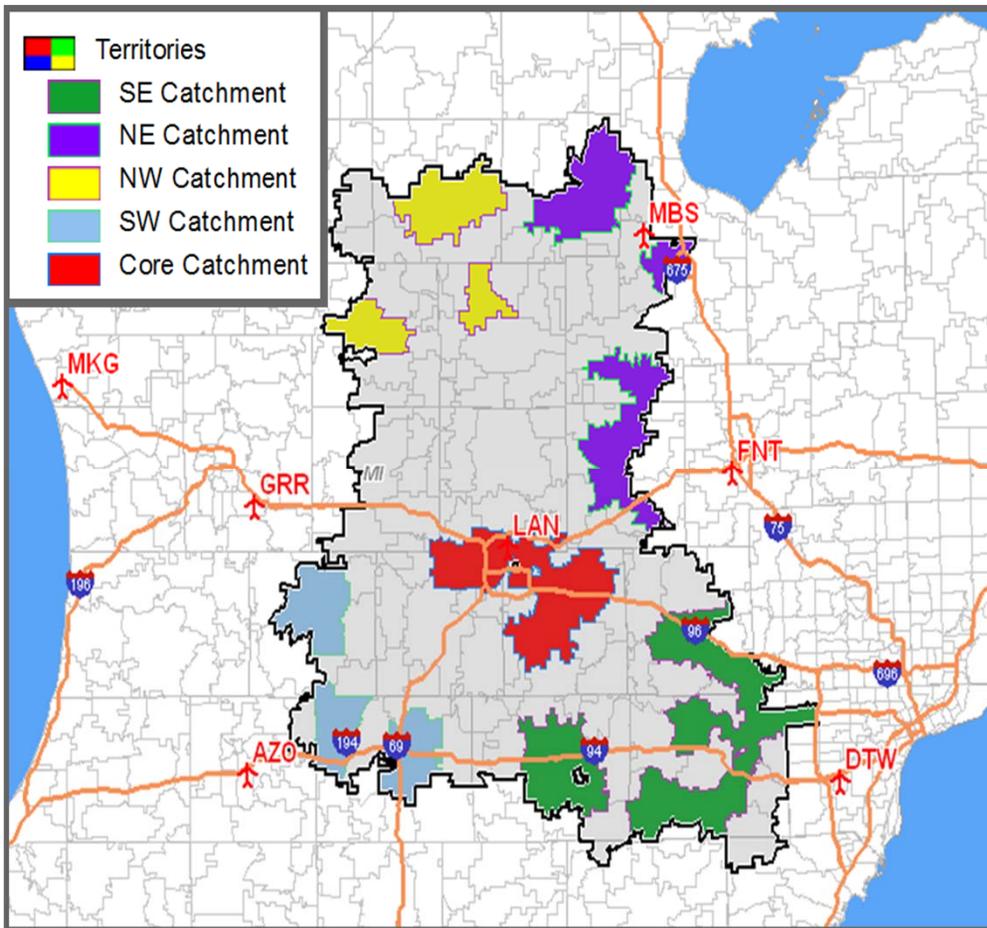
Pilot shortages are not expected to improve and may get much worse – Increasing Competition for Air Service

- **Four largest US carriers (American, Delta, Southwest and United), will need 14,000 additional pilots by 2022 just to continue providing the same level of flying as today.**
- **The majority of the scheduled air service in Michigan is provided by regional airlines. Regional airlines are also a primary source of pilots for large airlines. There are only 18,000 pilots within the regional airline sector. Any migration of pilots from the regional airlines will potentially reduce the level of air service provided to Michigan airports.**
- **The above pilot demand doesn't include the pilot needs generated by the fast-growing Low Cost Carrier segment of the industry (i.e. Allegiant, Frontier, Spirit).**
- **Roger Cohen, president of the Regional Airline Association. “*All of our members, large and small, are having trouble finding qualified 1,500-hour pilots* (increased from 250 hours). *Every community, large and small, if you're not concerned about losing some or all of your air service, you should be”.***

Mid-Michigan Leakage Analysis



Total Service Area: Definitions/Overview of Regions

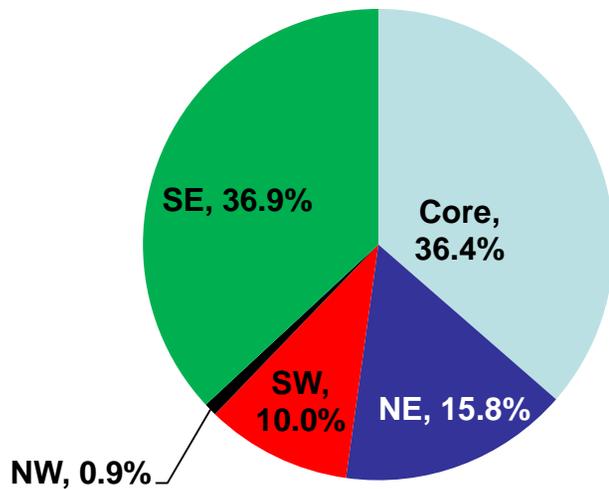


- **Area in red: Core Catchment Area; LAN should dominate booking retention from this area**
- **Area in Green: Southeast catchment area; Ann Arbor is largest generator of bookings from this area**
- **Area in light blue: Southwest catchment area**
- **Area in yellow: Northwest Catchment area**
- **Area in purple: Northeast catchment area**
- **This area in aggregate is LAN's Total Catchment Service Area**

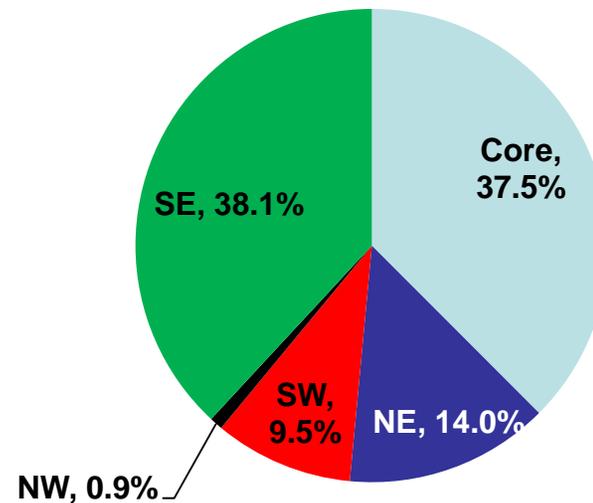
LAN Total Service Area Bookings (% of bookings by Segment)

The Southeast and Core areas generated similar shares of bookings, and together account for about three-quarters of total catchment area bookings.

% of Catchment Area Bookings
YE 1Q06



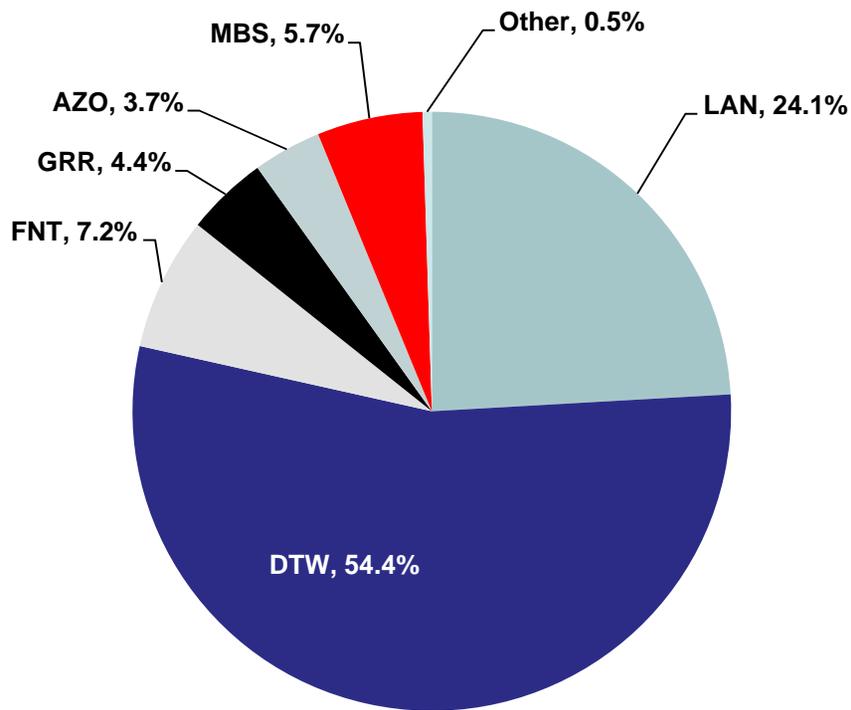
% of Catchment Area Bookings
YE 2Q14



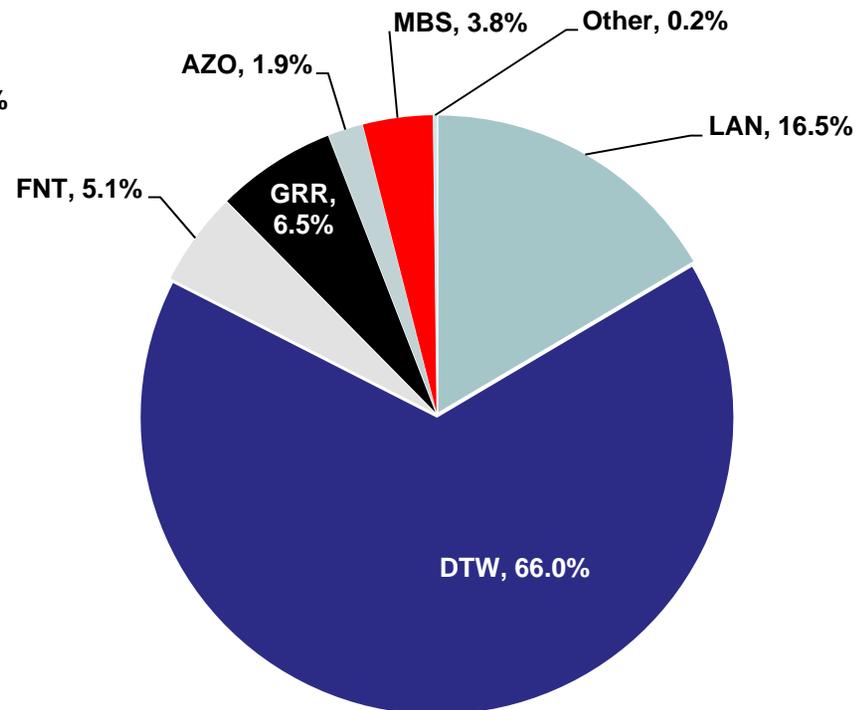
Airports Used by Passengers: (% of Total Service Area)

DTW has significantly increased their share of region. To a lesser degree, so has GRR. These gains have come at the expense of the relatively smaller airports from the region.

By Airport of Origin YE March 2006



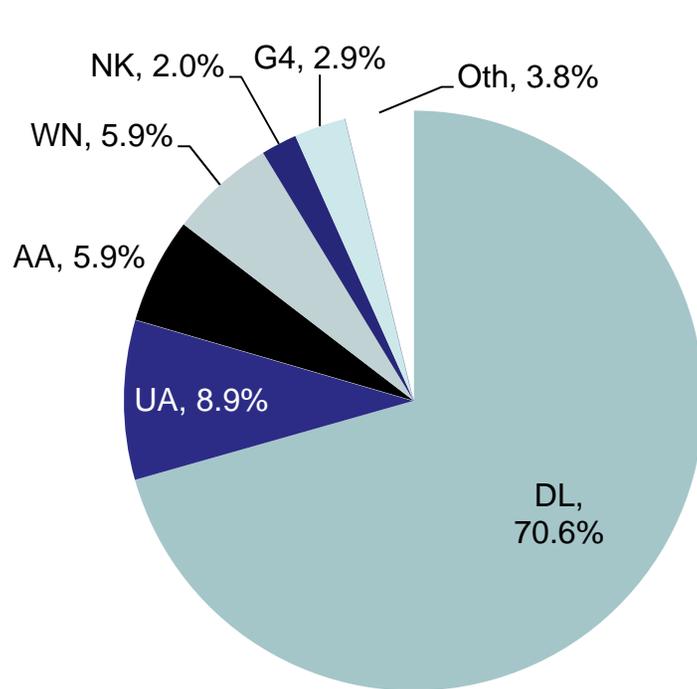
By Airport of Origin YE June 2014



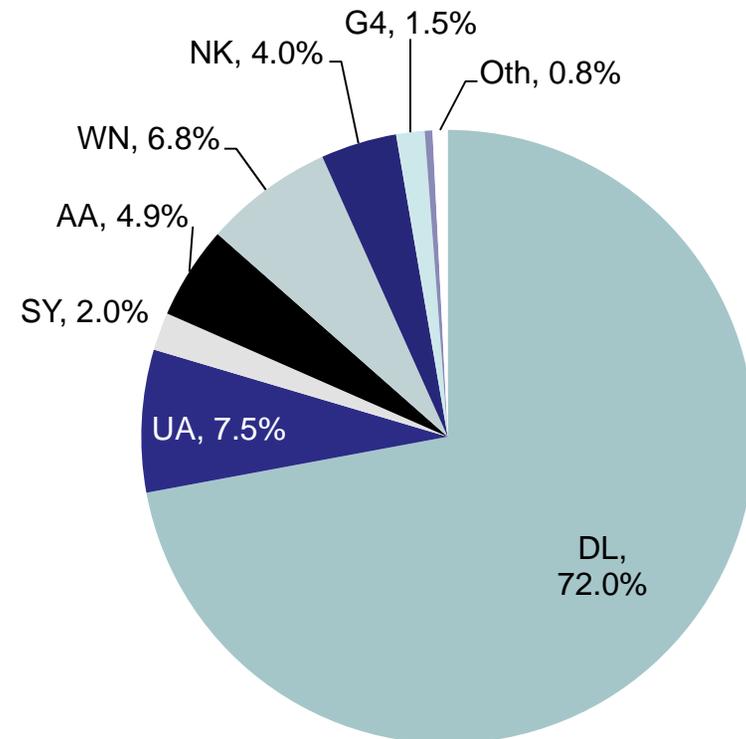
Airlines Used by Passengers: (%Total Service Area)

Delta Air Lines and LCCs in general have benefited from more traffic driving to GRR and particularly, DTW

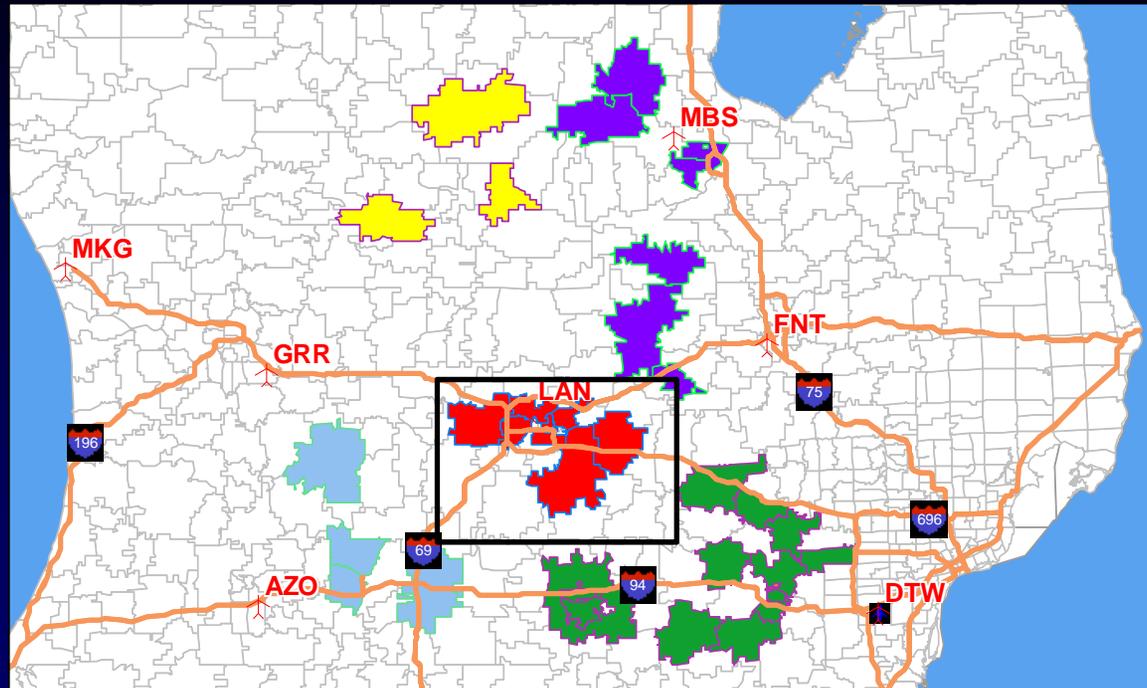
LAN Catchment YE March 2006



LAN Catchment YE June 2014



LAN Booking/Catchment Area Analysis: Core Service Area



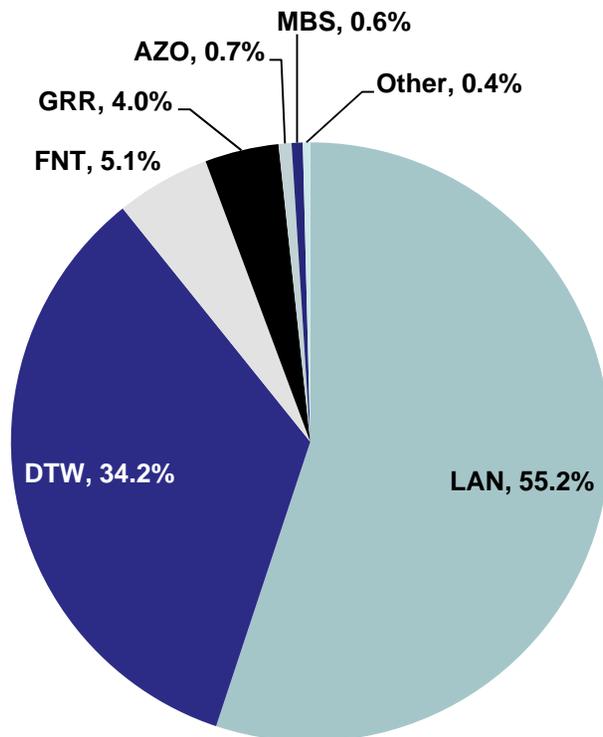
Summary: Core Service Area (Tri-County)

- The Core Service Area is the region surrounding LAN and extends out to a point half-way between LAN and the next nearest airport in a particular direction.
- LAN should attract the greatest number of its passengers from the Core Service Area.
- Yet, of the Total Service Area, LAN captures only 37.5% of the booked traffic.
- Three quarters of the bookings in the core catchment area come from the cities of Lansing and East Lansing.
- Retention of passengers from the Core Area have fallen from 55.2% in YE 1Q06 to 33.2% for YE 2Q14. Most of the lost passengers are driving to DTW and to a much lesser extent, GRR.
- The biggest beneficiaries of the Core Area increased passenger leakage are (primarily) Delta Air Lines and LCCs, such as Southwest and particularly Spirit Airlines, at DTW.

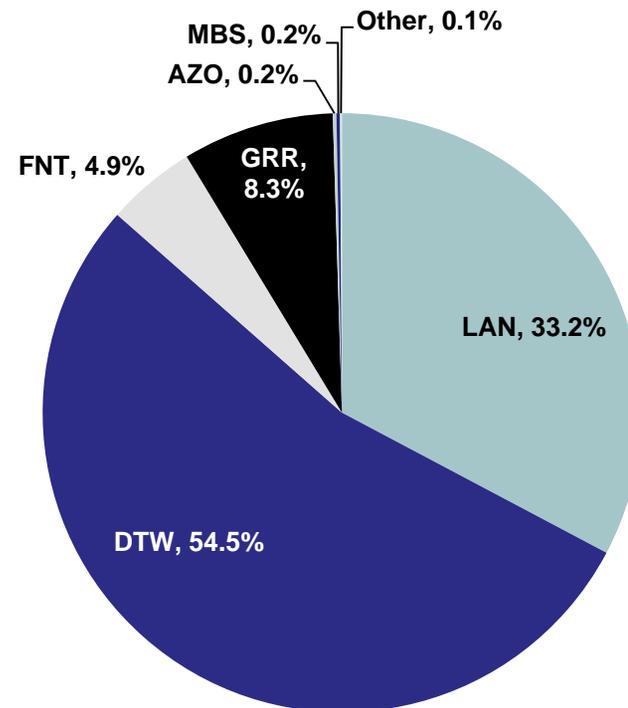
Airports Used by Passengers: % Core Service Area

During the past 8+ years, there has been a significant shift to airports with a heavier mix of better service and relatively lower air fares – particularly to DTW and a lesser extent, GRR. LAN experienced a 38% O&D traffic decline during this time period, while retention fell by 40%. The relative difference can be explained by the growth in LCC service from both DTW & GRR, which drove more LAN area bookings & subsequent leakage. It can also be explained by the relatively high loss of regionally dominant Delta Air Lines capacity (down 56%).

LAN Catchment YE March 2006



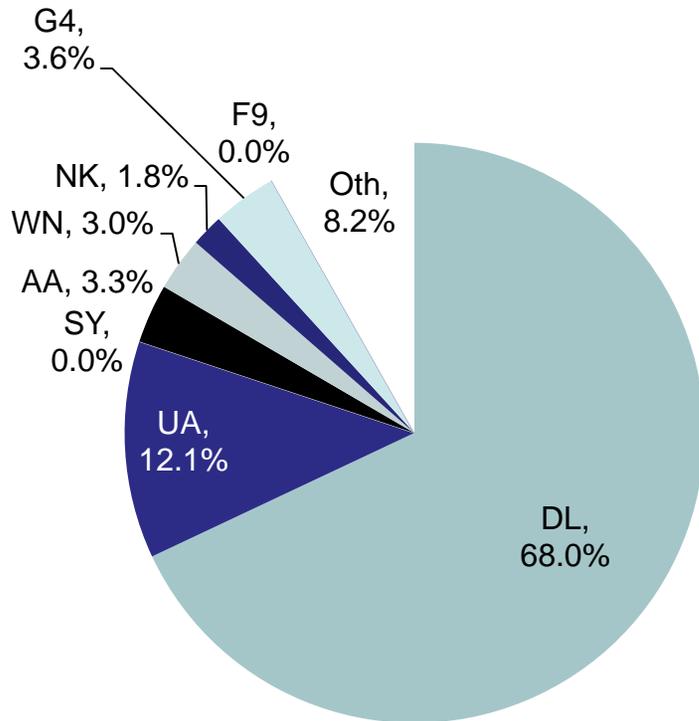
LAN Catchment YE June 2014



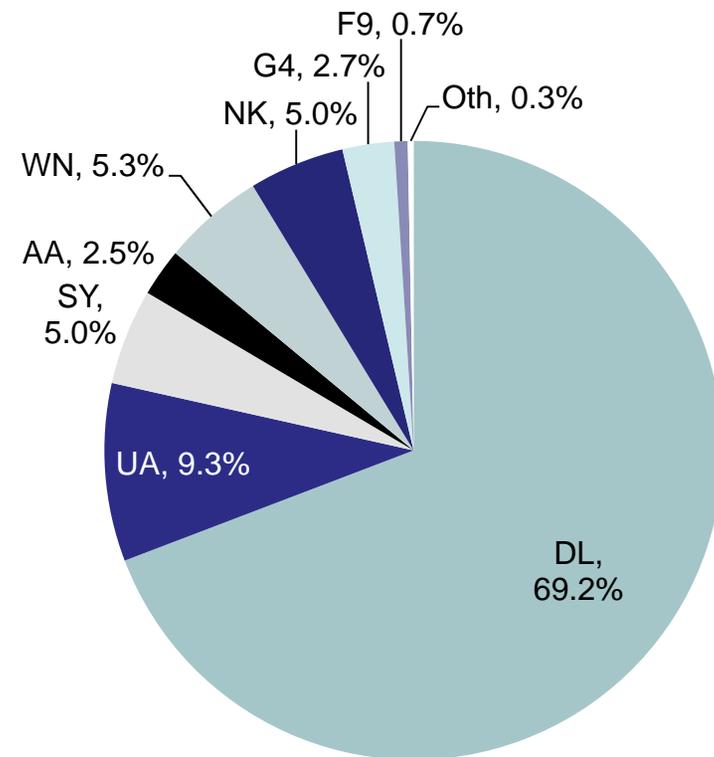
Airlines Used by Passengers: % Core Service Area

Results include merged airlines. Despite 58% seat capacity decline, DL's share of core service area bookings increased – traffic is (mostly) driving to DTW. Also note that key LCC carriers Southwest & Spirit's share of bookings increased from 4.8% in 2006 to 10.3% in 2014 – this is traffic driving to GRR & particularly DTW.

LAN Catchment YE March 2006



LAN Catchment YE June 2014



Passenger Leakage Economic Impact Summary

The total economic impact of “leaked” passengers from the Core Catchment is shown below. The cost per leaked passenger calculates to \$482. The number of leaked passengers from LAN’s core catchment would fill nearly 6 A320s every day. The total economic impact (loss) related to airline passenger leakage on Mid-Michigan has been measured to be \$183 million.

	Core Catchment	
	Annual	Daily
O&D Passengers	188,778	517
Core Retention Rate	33.2%	33.2%
Total Core Market	568,608	1,558
LAN "Leaked" Passengers	379,830	1,041
Average RT LAN Air Fare	\$442	\$442
Total "Leaked" LAN Airline Revenue	\$167,885,052	\$459,959
Lost LAN PFC Revenue	\$1,709,237	\$4,683
Lost LAN Parking Revenue	\$2,278,983	\$6,244
Lost LAN Concession Revenue	\$1,519,322	\$4,163
Lost Direct Airport Revenue (Airport Fees & Charges)	\$9,685,676	\$26,536
Est. LAN "Leakage" Induced Lost Revenue	\$183,078,269	\$501,584
Cost per "leaked" Passenger (Airline Rev + LAN Rev)	\$482	\$482

Assumptions:

PFC=\$4.50 per passenger

Average passenger spends \$6 on parking at LAN

Concessions are calculated at \$4 per passenger

Terms

PDEW: Passengers Daily Each Way

OW: One-Way

PFC: Passenger Facility Charge



Executive Highlights – Tri-County Leakage Analysis

- Lansing's retention of Core Service Area (Tri-County) passengers (1,558 booked daily) fell from 55.2% to 33.2% in just 8 years. (i.e. 67% of all Tri-County passengers use another MI airport.)
- Lansing is currently "leaking" 380,000 originating passengers annually from it's Core Service Area (Tri-County). At \$40/passenger in Airport revenue, this translates to \$15.2 million in lost Airport revenue to other MI airports due to "leakage" each year.
- Passenger leakage is shrinking airport revenues to the point of serious financial concern for the Airport Authority.
- Roger Cohen, president of the Regional Airline Association recently stated: "Every community, large and small, if you're not concerned about losing some or all of your air service, you should be".
- Regional Airline Incentives: Delta to ATL = \$1 million (proposed) ; Sun Country retention to DC – MSP = \$500,000. The Authority has no funding for additional guarantees at this time.

Examples: Air Service Development Incentives in other communities: (Revenue Guarantees)

Maximum Revenue Guarantees (MRGs): Selected Examples

Market	Annual Subsidy (\$Mil)	Airline	Service	Market	Annual Subsidy (\$Mil)	Airline	Service
St. Joseph, FL	\$26.0	Southwest	Numerous	St Cloud, MN	\$1.0	United	ORD
Pittsburgh, PA	\$9.0	Delta	CDG	Modesto, CA	\$1.0	SkyWest	LAX
DFW	\$8.0	TBD	International	Bozeman, MT	\$1.0	United	EWR
Wichita/St. of Kansas	\$6.5	Southwest	LAS,DAL,MDW	Elko, NV	\$0.9	Mauiva	RNO
Bermuda	\$3.6	WestJet	YYZ	Rocford, IL	\$0.8	Direct Air	Florida
Steamboat Springs, CO	\$3.4	Numerous	Numerous	Roswell, NM	\$0.8	American	PHX
DFW	\$3.0	TBD	Domestic	South Bend, IN	\$0.8	United	EWR
Huntsville, AL	\$3.0	AirTran	MCO/BWI	Lincoln, NE	\$0.8	Delta	ATL
Columbia, MO	\$3.0	American	DFW	Portland, OR	\$0.8	Asian	SEL
Rocford, IL	\$2.3	Numerous	DTW,DEN	Telluride-Montrose	\$0.7	Allegiant	PHX,OAK
Brownsville, TX	\$2.0	American	DFW	Sheridan, WY	\$0.5	TBD	TBD
Peoria, IL	\$2.0	Delta	ATL	Burlington, VT	\$0.5	Delta	ATL
Fort Wayne, IN	\$2.0	American	PHL,CLT	South Bend, IN	\$0.5	Frontier	DEN
Moline, IL	\$1.9	United	IAD	Oklahoma City, OK	\$0.5	TBD	TBD
Columbus, OH	\$1.7	Southwest	OAK	Bangor, ME	\$0.5	United	IAD,ORD
Nederland, TX	\$1.5	American	DFW, ORD	Raleigh-Durham, NC	\$0.5	TBD	CDG/FRA
Del Rio, NM	\$1.5	TBD	TBD	Charleston, WVA	\$0.5	PEOPLEExpress	MCO
Indianapolis, IN	\$1.5	United	SFO	Redding, CA	\$0.5	SkyWest	LAX
Newport News, VA	\$1.2	Frontier	DEN	Cedar Rapids, IA	\$0.4	Frontier	DEN
Youngstown, OH	\$1.2	TBD	TBD	Bermuda	\$0.4	American	JFK
Sun Valley, ID	\$1.1	United/Alaska	LAX/SEA	Daytona Beach, FL	\$0.3	JetBlue	JFK
Myrtle Beach, SC	\$1.0	WestJet	YYZ	Tulsa, OK	TBD	TBD	TBD
Missoula, MT	\$1.0	Frontier	DEN	Fayetteville, AR	TBD	TBD	TBD
Champaign, IL	\$1.0	Vision Air	PGD	Tampa, FL	TBD	TBD	TBD
Arcata-Eureka, WA	\$1.0	TBD	TBD	Reno, NV	NA	Thomas Cook	LGW

Leakage Analysis Observations / Recommendations

- 1. Encourage regional transportation, business development, and tourism organizations to identify air service development as a critical objective in their strategic plans.**
- 2. The PRIMARY Mid-Michigan focus must be on increasing retention of the Core Market airline users:**
 - Critical to regional economic impact
 - Essential for future air service retention
 - Reduces the Airport's dependence upon passengers from outside of the Core Service Area.
- 3. Increase collective regional incentive which will result in the ability to attract additional (Southwest / American) legacy airline service and expand the current United / Delta service.**
- 4. Increase regional investment in international service to support Core Air Service market development.**
- 5. Prepare for a significant increase in competition for overall air service due to:**
 - Pilot shortage
 - 50-passenger Region Jet retirements

For Additional Information

Capital Region Airport Authority

Robert F. Selig, AAE
President/CEO

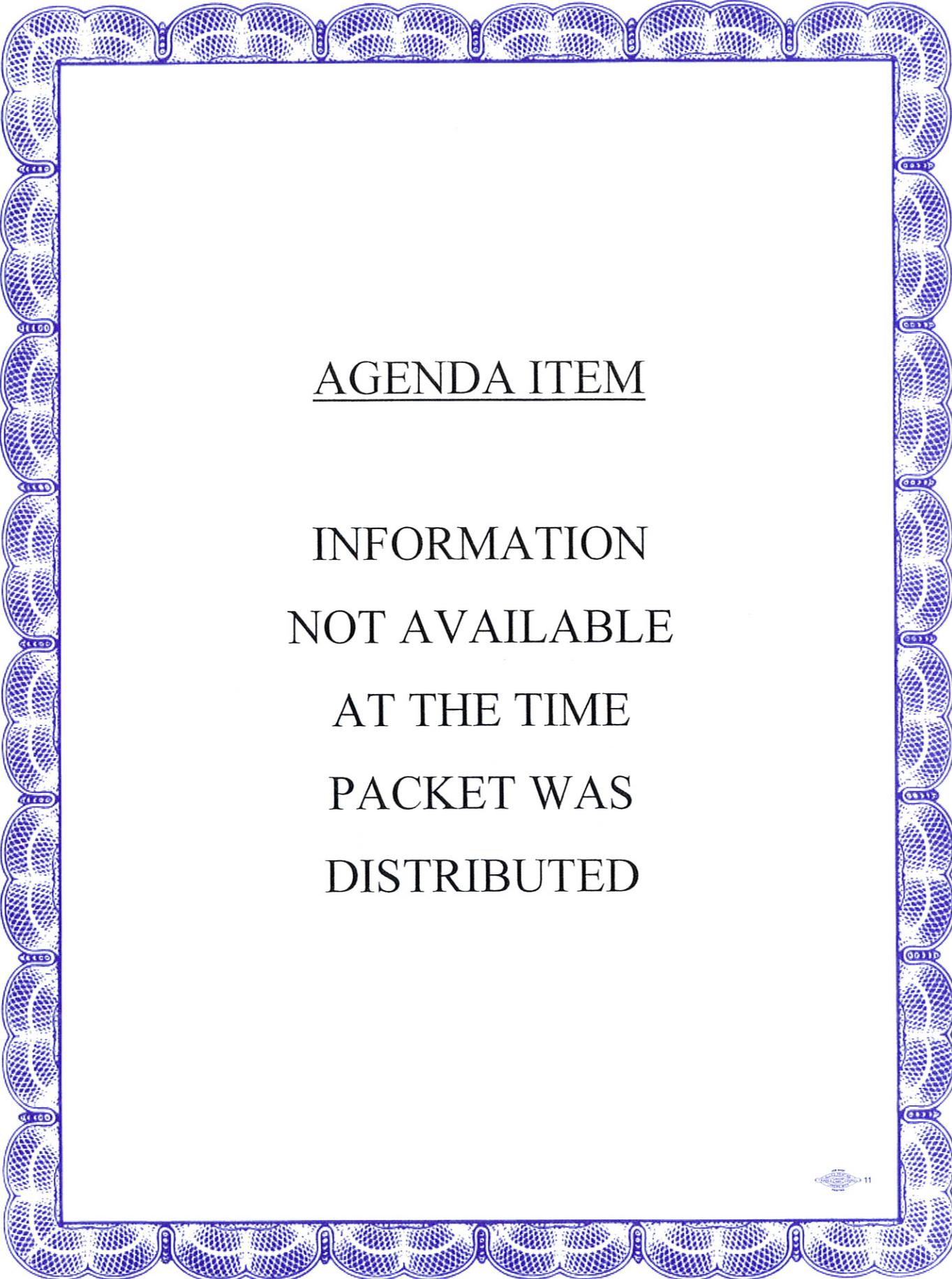
Phone: 517-886-3711

Email: rfselig@craa.com

Nicole Noll-Williams
Director, Marketing and Passenger
Development

Phone: 517-886-3728

Email: nnoll-williams@craa.com



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