

Kent County Testimony
Roger Morgan

Michigan House of Representatives
Committee on Transportation and Infrastructure
Anderson House Office Building
124 North Capitol Avenue
Lansing, MI 48909
Tuesday, April 28, 2015 – 10:30 a.m.

Good morning, I am Roger Morgan, a member of the Kent County Board of Commissioners and Chair of the Board of Directors of the Gerald R. Ford International Airport. I am here with Mary Swanson, Assistant County Administrator; Tom Dempsey, Kent County Corporate Counsel; and Brian Ryks, Executive Director of the Kent County Department of Aeronautics. Collectively, we are offering Kent County's support of House Bill 4468 as sponsored by Representatives VerHeulen, Yonker, Victory, Hooker, Dillon, Afendoulis, Lyons, and Brinks.

HB 4468 amends the Aeronautics Code of the State of Michigan (MCL 259.1 to 259.208) by adding Chapter VIIA, which will enable Kent County to form an Airport Authority to develop, operate, and maintain the Gerald R. Ford International Airport (GRFIA), located in Kent County. This would effectively transfer the operation of the Airport from a County department, where it now stands, to a new Authority. The County Board of Commissioners and the Airport Board support the passage of legislation that will allow the County to create an Airport Authority board with a singular airport enterprise focus to support the air service and economic development needs of the Region and to respond to the needs of the traveling public, and every business that relies on GFIA as a gateway to world commerce.

According to a recent economic impact study prepared by the Airport this year, GFIA generated more than \$3.1B in direct and indirect economic impact to the Region and supports more than 40,000 jobs. The Airport is Kent County's most valuable economic and transportation asset. Legislation which will enable the airport to operate as closely as a business enterprise as possible, while still maintaining public accountability will assist in ensuring that the Airport can respond to changing business conditions efficiently and effectively.

An overview of our three main points for supporting HB 4468 include:

- **To Provide a Singular Airport Enterprise Focus** – The proposed legislation would allow GRFIA to be able to have more flexibility to develop policies and procedures specifically attuned to meet the needs of an increasingly competitive environment, as opposed to trying to comply with the County's broad-based general fund policies and procedures.
- **To Strengthen Regional Coordination and Economic Contribution** – GFIA is a regional economic asset, and being governed by an Authority Board with regional representation and participation will reinforce and strengthen its position as such.

- **To Create a Stronger Platform for Economic Development** – A singularly business-focused Board with commercially-oriented policies will encourage a more entrepreneurial, business, and hospitality management focus that is more conducive to customer service and air service development.

Existing law does not allow the County to appoint representation from other counties to an Airport Authority Board; the proposed legislation would allow for that. Thus, passage of HB 4468 will provide for regional representation on the Authority. The County believes this will better enable the Airport to address and serve the needs of the Region, as well as increase awareness of the importance of the GRFIA to the Region. Passage of the Bill to enable creation of the Airport Authority will allow representatives to share efforts and work collaboratively to bring together the resources necessary to leverage the Airport for attracting new air services, as well as positioning the Airport as a driver for economic development. Under an Authority structure, the Airport will be guided by a Policy Board that will develop industry-oriented policies, encourage a more business and hospitality management focus on the Airport, and create a stronger platform for regional economic growth and regional collaboration.

Over the course of the last two years, Kent County has openly participated in a policy analysis and discussion regarding the best governance model for GFIA to ensure the Airport is best-positioned in an increasingly competitive marketplace. Nationally, other Airports have also been moving to an Authority-based governance structure, rather than a municipal-, county-, city- or state-based structure. Today, of the top 100 airports nationally, approximately 70% are operated by stand-alone Airport Authorities, or multi-modal transportation authorities, while only 12% are operated through a County governance model. The remaining 18% are operated by cities or states.

There are many reasons for this, but, as an illustration, just consider the process of adding additional airlines or flights. In order to attract new airline services, airports must now vigorously market themselves to current and prospective airlines, actively engaging the airlines with the presentation of current and projected market trends and demands, data that demonstrates community support, and working collaboratively with multiple public and private sector partners. In order to be successful in these pursuits, management decision-making has to be more nimble and streamlines than the County governance model allows.

In addition to creating a structure that allows for more robust economic development and commerce-oriented management and oversight, HB 4468 also provides for public accountability.

Airport Authorities created under HB 4468 can only be created by the Airport's owner after passage of a resolution by the local government. In addition, the local government must also hold a public hearing on the proposed Airport Authority structure and adopt articles of incorporation.

Once incorporated and seated, Authorities created by virtue of HB 4468 will be subject to state and Federal laws, including FAA policies and procedures, just as an airport's current governance structure is. Airport Authorities resulting from HB 4468 must also conduct business in accordance with the open meetings laws, as well as meet at least quarterly, maintain an audit committee, produce an annual audit, adopt procurement policies, and take other measures that are consistent with good government.

HB 4468 also requires Authority board members to hold qualifications in business or aviation as a prerequisite to serving on the Board. The bill provides for staggered terms, and also limits participation by elected officials, so as to help insulate board decision-making from politics.

Finally, Mr. Chair, we find no provisions in HB 4468 that would negatively impact our ability to move forward in establishing a regional authority governance structure for the GRFIA . If the Bill is passed into law, Kent County will be able to establish an Airport Authority to further develop, operate, and maintain the Gerald R. Ford International Airport effectively and efficiently, and to contribute to the achievement of our regional transportation and economic development goals.

We respectfully request passage of the bill.

Thank you.



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April 24, 2015

Representative Peter Pettalia
Chair, Transportation and Infrastructure Committee
Anderson House Office Building
124 North Capitol Avenue
PO Box 30014
Lansing, MI 48909-7514

Dear Representative Pettalia,

On behalf of the Right Place Board of Directors, as well as the Regional Air Alliance (RAA), please let this letter serve as being in full support of HB 4468 for the creation of an Airport Authority governance model for the Gerald R. Ford International Airport.

Our airport has experienced tremendous growth and is now truly a regional hub for air transportation in west Michigan. It reflects the growth and connectivity of our region. An authority would be able to provide better opportunities for continued regional growth and representation.

The Board of the Right Place as well as the RAA believe that an authority model will be a positive step for the airport and our region and urges the Transportation and Infrastructure Committee to support HB 4468 for creation of an airport authority.

Sincerely,

Birgit M. Klohs
President & CEO

cc: Mr. Richard Breon – Chair, Right Place Board of Directors
Mr. Bill Payne – Chair, Regional Air Alliance
Mr. Brian Ryks – Gerald R. Ford International Airport