

# **A Business Case for the Muskegon County Airport**





## PURPOSE

Globalization and technology are changing the way we do business. The change has impacted all industries especially travel, manufacturing, and aviation. It is important for us to develop a long-term view of the Muskegon County Airport's role in developing our local and regional economy. The following information was gathered to create a guide for the Muskegon County Government in its responsibility of owning and managing the Muskegon County Airport.

## THE CASE

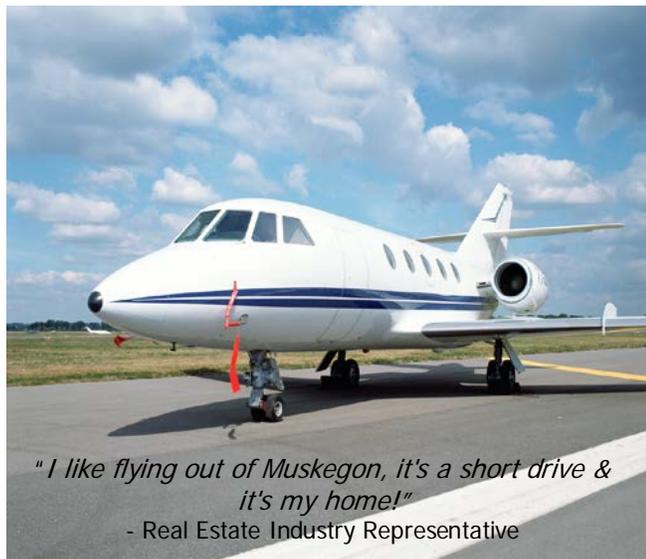
Aircraft operations can be divided into two groups: General Aviation (GA) and Commercial Air Carriers. GA includes privately own aircraft, business aircraft, charter flights, etc. The value of an airport needs to consider both GA and Commercial activity. The Muskegon County Airport has nearly 60,000 aircraft operations each year (An aircraft operation is defined as a landing or a take off). **GA is responsible for almost 49,000 aircraft operations in Muskegon County.** *Although much of the public attention focuses on Commercial Air Carriers, it is the GA that has the greatest economic impact on our local economy.*

**The total economic impact of the Muskegon County Airport on Muskegon County is currently estimated to be \$56,000,000 annually.**

## FACTS ABOUT MUSKEGON COUNTY AIRPORT

The Muskegon County Airport has an economic impact on its service area of nearly \$56,000,000 million annually. The airport ranks eighth out of 32 airports statewide in total airport operations. Companies located at the airport employ over 200 jobs and generate an additional 400 jobs in the area indirectly.

The Airport has 95 based aircraft (80 single engine, 12 multi engine, and 7 jet), plus 3 helicopters. Total aircraft operations in an average year is 59,488 (air carrier 6,890: general aviation 48,984 and military 3,614).



## The number of business aircraft visiting the Muskegon County Airport by month

|              | 2006        | 2007            |
|--------------|-------------|-----------------|
| JAN          | 125         | 149             |
| FEB          | 124         | 126             |
| MAR          | 165         | 159             |
| APR          | 167         | 161             |
| MAY          | 176         | 174             |
| JUN          | 192         | 153             |
| JULY         | 205         | 177             |
| AUG          | 193         | 212             |
| SEPT         | 158         | 167             |
| OCT          | 165         | 181             |
| NOV          | 127         | 132             |
| DEC          | 122         | 126             |
| <b>TOTAL</b> | <b>1919</b> | <b>1917 YTD</b> |



**List of frequent business users of the Muskegon County Airport, commercial, private, charter and/or cargo services. Although there are many Lakeshore companies that are frequent users of the airport; these companies pay taxes to Muskegon County and should be considered financial supporters of the airport.**

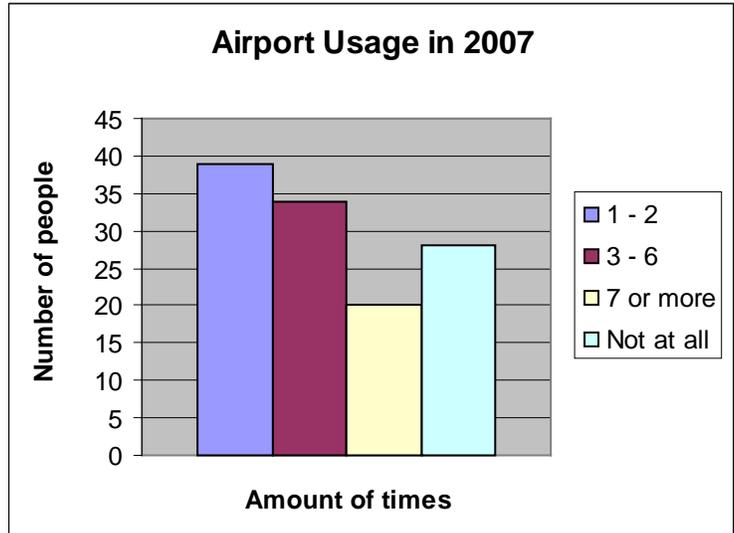
|                                 |                                |                                   |
|---------------------------------|--------------------------------|-----------------------------------|
| Acermco                         | Erickson Crane                 | Muskegon Area Chamber of Commerce |
| ADAC                            | ESCO                           | Muskegon Brake                    |
| Aero Visions International      | Flower Girls—Product           | Muskegon Chronicle                |
| Alcoa (Howmet)                  | General Dynamics               | Nichols Paper & Supply            |
| AMG Business Center             | GMI Composites                 | Pamida Stores                     |
| AmStore                         | Great Lakes Marina             | Port City Group                   |
| Andre Inc.                      | Hackley Hospital               | Pratt & Whitney                   |
| Art Van                         | Harbor Steel                   | PRP Industries                    |
| Automated Industrial Motion     | Hines Corporation              | Quality Tool & Stamping           |
| Baker College Flight Department | Holiday Inn Muskegon Harbor    | R.A. Miller                       |
| Betten Auto Group               | Holland USA                    | RC Productions                    |
| Brunswick                       | HS Die & Engineering           | Reid Entities                     |
| Cannon Muskegon                 | Johnson Technologies           | Sappi                             |
| CBL & Associates (mall)         | Kaydon Corporation             | ScenitLok                         |
| Coles Quality Foods             | KL Industries                  | Skipper Buds Marina Group         |
| Consumers Power                 | Knoll Group                    | Snook, Inc.                       |
| CWC Textron                     | L-3 Communications             | Stewart Engineering Co.           |
| D.C. Russell Consulting         | Lorin Industries               | Structural Concepts               |
| Diversified Machines            | Mahle (Dana)                   | Target                            |
| Eagle Alloy                     | MCHP                           | UPS                               |
| EarthTronics                    | Menards                        | Wacker Corporation                |
| Emerson Electric                | Metal Technologies             | Wal-Mart                          |
| Engine Power Components         | Michigan Adventure/Cedar Point | Wasserman's -Product              |
| Erdman Machine                  | Michigan Spring                |                                   |

List provided by the Muskegon County Airport

## SURVEY CONDUCTED BY THE MUSKEGON AREA CHAMBER OF COMMERCE

In the beginning of 2008 the Muskegon Area Chamber of Commerce surveyed the business community to gather the following information. Over 125 business representatives completed the survey.

**Of the people surveyed, most responses indicate that people use the airport 1-2 times per year.** This demonstrates that there is a large potential market locally.



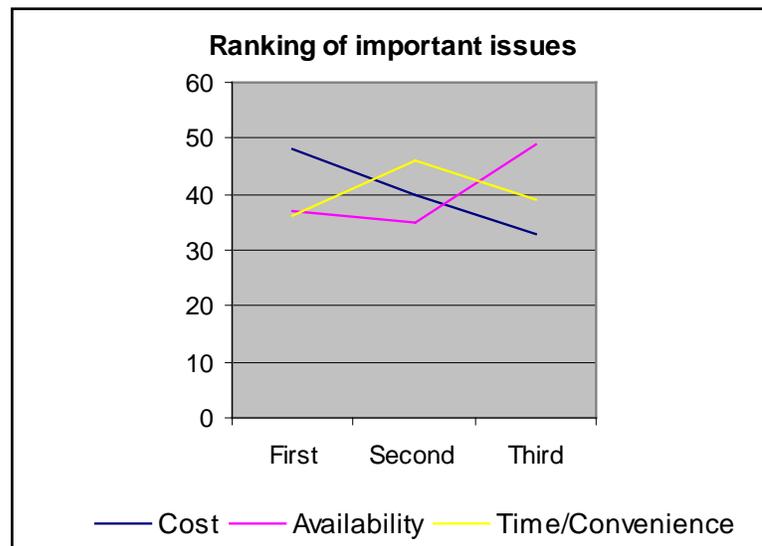
**When asked what their preferred airport for business or pleasure was:**

- 61% of the participants claimed Muskegon
- 36.5% Grand Rapids
- 1% Detroit and
- 2% Chicago

**When asked how they routinely flown, meaning commercial, private plane, charter plane, or a combination of:**

- 92.6% commercial
- 5.8% a combination of the three
- 1.6% private plane
- 0% charter

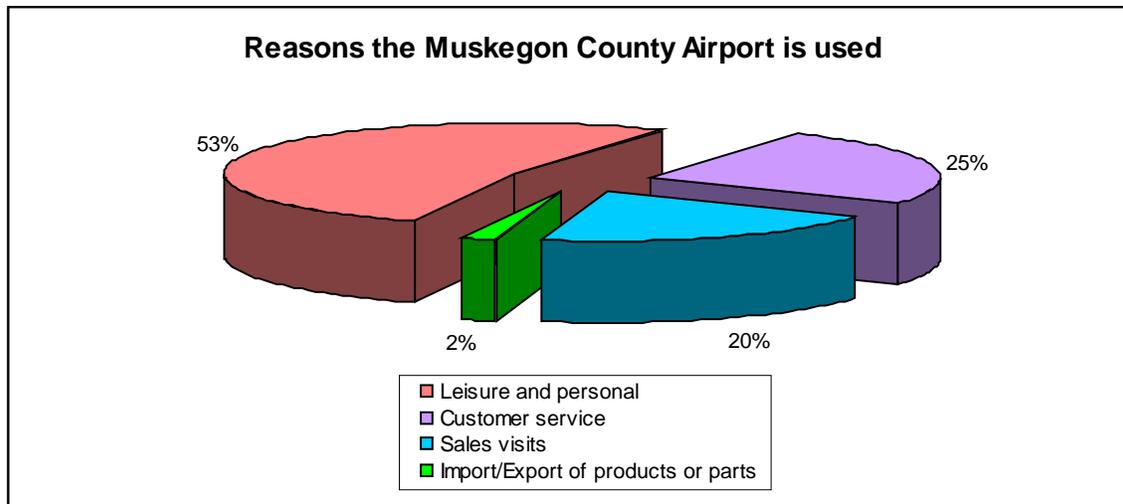
**Cost, availability of connections, and time/convenience were the three most important reasons given for selecting an airport or airline.** The following survey reflects how important these issues are to the traveler.



**When asked to select the respondents top destination.** The survey concluded that the most popular destinations are:

- Florida
- Las Vegas, Nevada
- California/West Coast
- Washington DC
- New York/East Coast

The number one reason the people surveyed chose to use the Muskegon County airport was for leisure and personal purposes followed by customer service visits, then sales visits, and import or export of products or parts.



When asked how important the Muskegon County Airport is to making their businesses more competitive **nearly half of the business community participating in the survey indicated that the Muskegon County Airport is somewhat to very important to making their business competitive.**

Along the same line 5.9% of the people surveyed said they were very interested in partnering with other businesses for limited destination chartered flights, 24.4% said they were somewhat interested, and 69.7% were not interested.

### **CHANGES IN TRAVEL PATTERNS**

**A survey of 500 top U.S. firms indicated that 80% would not locate a new plant or expand where there is no viable airport facility.** And the internet now allows people to manage organizations from any location in the world. This is increasing the demand for business air travel options and accessibility. Globalization has created new air travel patterns from remote/rural locations to large cities, to global cities, to remote/rural international destinations and back again. Since the large urban hub airports can access only 10% of American cities, smaller regional airports are vital to attracting business and talent to those communities.

**Conclusion: Smaller regional airports provide businesses with easy access to global markets and will keep smaller communities competitive with larger cities in their quest for business attraction.**

Research also shows that individuals now choose a “quality of life” destination before choosing an employer or a location for a business. For example, internet access allows one to live in Muskegon and work for an employer in Chicago or Cleveland. A small business owner can have an international customer base even if they are located in a rural community. This allows individuals more flexibility in deciding where to live and work. **Conclusion: More people will choose Muskegon as a business and residential location if we have a modern, safe, and convenient airport.**

Under the current hub and spoke airport system, if business travelers are spending more time in airports and on planes than on the ground making deals and conducting business operations. According to the National Business Aviation Association, middle managers, sales people, IT, legal professionals, accountants and technicians are now using air service for business. It is no longer a travel option for just the CEO.

**Conclusion: The easy access and convenient air service of Muskegon County Airport gives all Muskegon employers and their employees a competitive edge over businesses where there is no airport.**

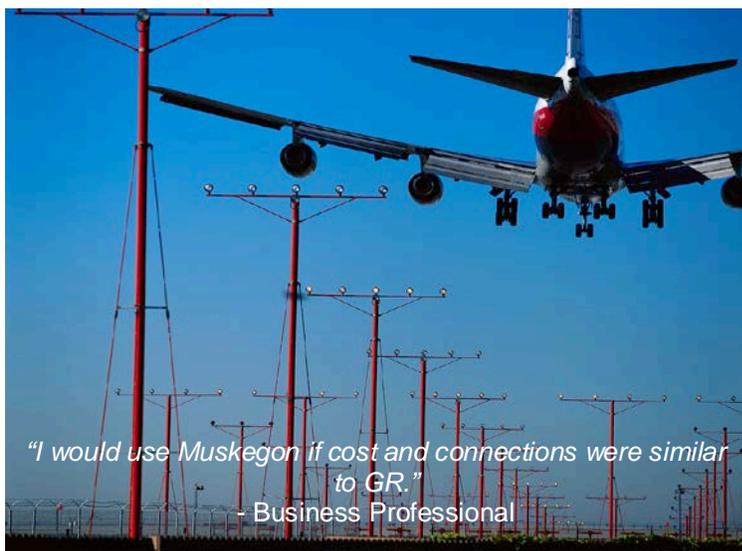
## ADVANCES IN AIRPLANE TECHNOLOGY

Advances in technology are revolutionizing airplane design and efficiency. This technology has resulted in products becoming faster, more comfortable and more cost effective. These product improvements are now allowing the introduction of more airplanes into the GA marketplace. Some of these new designs included the “very light jet”, the “advanced light jet”.

The new “air taxi” business model makes it more feasible for small planes to make routine flights from airport to airport. This has opened up new GA markets for business and leisure travelers because costs and schedules are more flexible. The lower price tag on light jets allows more organizations to own their planes or participate in shared ownership. This association creates an opportunity for traditional charter plane services to offer air service management contracts to companies who now own the more affordable jets.

**Conclusion: The General Aviation jet-owner market is no longer a service for only the elite. GA now becomes an affordable tool to help grow small businesses. Thus, increasing the**

**demand for small plane ownership and charter activity.**



## CHANGES IN PERSONAL TRAVEL

Prior to the internet, it was not affordable for a small community to market itself globally for tourism or residential living. Now, international visitors can find out about places like Muskegon and identify them as a vacation destination. The internet allows individuals to easily make travel plans and arrangements to locations such as Muskegon County.

Economic globalization is empowering individuals from distant countries to travel for the first time in history to any location in the world regardless of distance.

**Conclusion: The tourism industry is a primary sector that is also an economic driver in the Muskegon economy and a local, regional airport opens markets for international travelers to visit Muskegon.**

## CHANGES IN AIRPORT INFRASTRUCTURE

Commercial Air Carriers continue to operate in turmoil. Fuel costs, speed, scheduling, safety, comfort and price complicate this important industry. Deregulation and airport safety issues have made traveling more stressful, time consuming and costly. Some communities now subsidize Commercial Air Carriers for their services. Commercial Air Carriers can generate income and add to the economy. Unfortunately, it is still a very competitive game even for the larger airports.

New technology will improve the overall airline system over the next few years. The airlines will become more high tech, more global and more competitive which should lead to an affordable and pleasurable commercial air travel experience.

**Conclusion: The current state of the commercial airline industry is no indication of what the future holds in 5 to 10 years. We should preserve and maintain Muskegon Airport infrastructure until technology dictates the potential of the industry.**

## FUNDING THE AIRPORT

Part of the funding come from grants and fees for services and part of the funding is from the County of Muskegon general fund. Some questioned how much should come from the general fund. Others say the general fund contribution is an investment in the economic stability of Muskegon County. Communities with full service airports are significantly larger than communities with no airport.

**Conclusion: Investments in the airport should be perceived as investments in the local economy to insure a solid business and commercial market exists locally. Many businesses are dependent on easy airport access and would otherwise relocate if air services were not available.**



## COMPETITION

Some have argued that the Grand Rapids airport can meet the needs of Muskegon Lakeshore region. It is important to understand that the Muskegon County Airport serves not just Muskegon County but North Ottawa County and regions north and north east of Muskegon. Muskegon County is a full service airport with security and customs processes already in place. The lack of these services has been a serious issue for the smaller private and community airports, even in Ottawa County.

The location of the Grand Rapids airport is more convenient for travelers from the south and west of Muskegon but limits easy access from the north. The only other option for northern Michigan communities is Traverse City. Another issue: At the current time there is no ground transportation to and from the Muskegon Lakeshore to the Grand Rapids airport.

**Conclusion: Even if the Grand Rapids airport increases its commercial options and services, the distance of that location will always put the Lakeshore economy at a disadvantage.**



## RECOMMENDATIONS FOR MOVING FORWARD

**We recommend that the Muskegon County Board of Commissioners reinstate the Airport Advisory Committee. Representatives on this committee should be appointed by the County Board of Commissioners and the Muskegon Area Chamber of Commerce. Positions should be reserved for frequent airport users as well as representatives from the Aviation Industry. We recommend the committee develop a mission statement focusing on both GA and Commercial activity and be responsible for doing the following:**

1. Developing a long term development strategy for the airport.
2. Continue efforts to recruit more commercial service for the future.
3. Continue to promote the advantages of using the Muskegon County Airport.
4. Creating an awareness of the importance and Muskegon services available for General Aviation.
5. Review annual revenues and operational budget.
6. Work in partnership with the Lakeshore Chambers of Commerce and Muskegon Area First to market the airport, industrial park and its services to the business community.
7. Look for further partnerships on the Lakeshore for support and potential customers.

*Respectfully, submitted by the Muskegon Area Chamber of Commerce Board of Directors and the Airport Task Force.*

Chamber Board of Directors

Wes Eklund, *Fleet Engineers*

Robert McCarthy, *Muskegon Commerce Bank*

Brianna Scott, *Drake & Scott, PLLC*

Robert Cutler, *Muskegon Brake*

Cindy Larsen, *Muskegon Area Chamber of Commerce*

Raj Grewal, *Famous India*

Michael Hagan, *The Lakes Mall*

Amy Heisser, *Alcoa Howmet Castings*

Camille Jourden-Mark, *Michigan's Adventure Amusement Park*

Mary Kaye, *Details & Designs*

Sue Pemberton, *Norton Pines Athletic Club*

Gary Post, *Port City Construction Development Services, LLC*

Bill Sidock, *Sidock Group, Inc.*

Steve Wisneski, *Creative Benefit System*

Airport Task Force

David Farhat, *Farhat and Associates*

Ed Garner, *Muskegon Area First*

Gary Post, *Port City Construction Develop. Services, LLC*

Jim Duncan, *Harborfront Interiors, Inc.*

John Workman, *Eagle Alloy*

Joy Gaasch, *The Chamber of Commerce*

Marty Piette, *Muskegon County Airport*

Mary Chistman, *Christman's Vacation Home*

Mike Pepper, *Alcoa Howmet Castings*

Pete Gibson, *Pratt & Whitney Component Solutions*

Rex VanderLinde, *Executive Air Transport, Inc.*

William Cooper, *AMG Business Center*

Resources used for this paper and its recommendations include the National Air Transportation Association, National Business Aviation Association, Forbes Business Magazine, USA Today Business Section, Muskegon County Airport, and Local Industry Experts.