Finding Ways to Bring People & Money to your Airport

AIERTAP Fall Forum
October 7-8, 2010

Brian Ryks, Executive Director
DULUTH INTERNATIONAL AIRPORT
Closer to everywhere.
Airport Operating Expenses are Increasing Faster than Revenue

- All hub airports, 2001-2008
  - 30 large
  - 38 medium
  - 68 small
  - Non hubs reporting
- Includes aeronautical and non-aeronautical operating revenue
- Operating expenses include depreciation

<table>
<thead>
<tr>
<th>All Hub Airports</th>
<th>Annual Growth Rate 2001-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenue</td>
<td>5.5%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>7.4%</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>-13.6%</td>
</tr>
</tbody>
</table>

Source: FAA CATS 127 Reports
### DULUTH AIRPORT AUTHORITY
Operating Budget for FY 2010

**Revenues**

<table>
<thead>
<tr>
<th>Service</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space Rental</td>
<td>$1,093,200</td>
</tr>
<tr>
<td>Parking Lot Fees</td>
<td>$725,000</td>
</tr>
<tr>
<td>Landing Fees</td>
<td>$335,000</td>
</tr>
<tr>
<td>Car Rental Commissions</td>
<td>$350,000</td>
</tr>
<tr>
<td>State Aid for Maintenance &amp; Operation</td>
<td>$188,900</td>
</tr>
<tr>
<td>TSA Fees - Law Enforcement</td>
<td>$89,400</td>
</tr>
<tr>
<td>Fuel Flowage Fees and Fuel Sales</td>
<td>$207,000</td>
</tr>
<tr>
<td>Utility Sales</td>
<td>$124,500</td>
</tr>
<tr>
<td>Marketing Grant</td>
<td>$50,000</td>
</tr>
<tr>
<td>Concession Fees</td>
<td>$60,500</td>
</tr>
<tr>
<td>Other . Misc</td>
<td>$35,000</td>
</tr>
</tbody>
</table>

**Expenses**

<table>
<thead>
<tr>
<th>Expense</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>$964,700</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$530,700</td>
</tr>
<tr>
<td>Utilities</td>
<td>$500,000</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>$415,900</td>
</tr>
<tr>
<td>Airport Security</td>
<td>$180,000</td>
</tr>
<tr>
<td>Operating Supplies</td>
<td>$190,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>$60,000</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$140,000</td>
</tr>
<tr>
<td>Other - Admin Fee-City</td>
<td>$47,500</td>
</tr>
<tr>
<td>- Travel</td>
<td>$25,000</td>
</tr>
<tr>
<td>- Cost of Goods Sold</td>
<td>$65,000</td>
</tr>
<tr>
<td>- Marketing / Advertising</td>
<td>$71,400</td>
</tr>
</tbody>
</table>

**Summary**

- **Total Revenues**: $3,258,500
- **Total Expenses**: $3,190,200

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**Pie Charts**

- **Revenues**
  - Space Rental: 34%
  - Landing Fees: 10%
  - Fuel Flowage Fees and Sales: 6%
  - TSA Fees: 3%
  - Utility Sales: 4%
  - Parking: 22%
  - Car Rental: 11%

- **Expenses**
  - Operating Supplies: 6%
  - Professional Services: 4%
  - Security: 6%
  - Utilities: 6%
  - Repairs & Maintain: 13%
  - State Aid: 8%
  - Insurance: 6%
  - Other: 22%
Airport Response

- Reduce expenditures
- Postpone capital projects
- Freeze or reduce staffing
- Rely on increased productivity
- Increase, solidify and diversify revenue streams
- Create activity & prepare for new opportunities
North Business Development Area

Funding Partners:
QFederal EDA
QMnDOT Aeronautics
QMonaco Air
QMN DEED
QSt. Louis County
QDuluth Airport Authority
Cirrus Design Annual Migration

COPA migration brings 625 guests to Duluth for a three day event.

Cirrus hosts annual “Supplier Symposium” 140 suppliers visit Duluth for a three day session.
Local Impact: Duluth

July COPA migration brings 625 guests to Duluth for a three day event.
July & August Cirrus hosted our annual “Supplier Symposium” 140 suppliers visit Duluth for a three day session.
Constant supplier and vendor negotiations.

Results in local economies?

Customer Deliveries (additional local impact)
650 aircraft deliveries – Average of 1.5 guests per delivery – Average of four days in delivery and training

3,900 Room nights in local lodging
550 to 600 car rentals
10,000 to 11,000 meals
Other entertainment / tourism options for guests
2008 Cirque de la Symphony Event

Performers, Entertainers
Aircraft Displays
1,000 in Attendance
Jefferson Bus Lines

QLease Revenue
QParking & Concessions
QAirline Customer Options
QPublic Exposure
JULY 17-18, 2010

DULUTH AIR AND AVIATION EXPO
Featuring the USAF Thunderbirds

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Airshow Promoter
Airport Authority Receives:
  Q Ticket Concession
  Q Reimbursement for assistance provided
  Q Aviation/Airline Promotion

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Evening Airshow & Hangar Dance
Sky Harbor Airport

QLSC Aviation Day
Q2009 National Cessna 170 Fly-In
QPark Point 5K Run
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Local Media Can Be Your Best Friend

Price of Duluth airfares dropping

United Airlines’ entry into the Duluth market profits travelers, with the average price down $78.50.

John Lundy
jlundy@duluthnews.com

Ten months after it started, the air link between Duluth and Chicago is meeting expectations, local airport and airline officials say.

And it seems to be helping the pocketbooks of Duluth air travelers.

United Airlines has flown round trips twice a day between Duluth and Chicago since Dec. 17, 2009. The flights are operated by SkyWest, a regional carrier based in St. George, Utah.

“I see all the performance statistics,” said Don Monaco, a Chicago businessman who owns Monaco Air Duluth, the fixed-base operator for the airport. “They’ve provided excellent service, and they’re on time.”

See Airfares, Page A3

Air fare changes

Changes in average round-trip air fares from the first quarter 2009 to the first quarter 2010 for a sampling of Upper Midwest airports.

<table>
<thead>
<tr>
<th>City</th>
<th>2009</th>
<th>2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duluth</td>
<td>$485.27</td>
<td>$406.77</td>
<td>$78.50</td>
</tr>
<tr>
<td>Bismarck, N.D.</td>
<td>$427.06</td>
<td>$435.07</td>
<td>$8.01</td>
</tr>
<tr>
<td>Fargo, N.D.</td>
<td>$422.26</td>
<td>$371.76</td>
<td>$50.50</td>
</tr>
<tr>
<td>Grand Forks, N.D.</td>
<td>$482.39</td>
<td>$412.62</td>
<td>$69.77</td>
</tr>
<tr>
<td>Green Bay</td>
<td>$408.61</td>
<td>$357.72</td>
<td>$50.89</td>
</tr>
<tr>
<td>La Crosse, WI</td>
<td>$498.28</td>
<td>$503.44</td>
<td>$15.16</td>
</tr>
<tr>
<td>Madison</td>
<td>$375.45</td>
<td>$365.19</td>
<td>$10.26</td>
</tr>
<tr>
<td>Milwaukee</td>
<td>$300.36</td>
<td>$250.47</td>
<td>$49.89</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>$377.00</td>
<td>$379.23</td>
<td>$2.23</td>
</tr>
<tr>
<td>Rochester, MN</td>
<td>$344.78</td>
<td>$389.99</td>
<td>$45.21</td>
</tr>
<tr>
<td>Sioux Falls, S.D.</td>
<td>$428.69</td>
<td>$419.48</td>
<td>$9.21</td>
</tr>
<tr>
<td>National average</td>
<td>$313.30</td>
<td>$328.12</td>
<td>$14.82</td>
</tr>
</tbody>
</table>

Source: Research and Innovative Technology Administration, Bureau of Transportation Statistics

www.skywestvirtual.net

With an extra $3 million coming its way from the federal government, construction of a new terminal at the Duluth International Airport is on track to be finished in fall 2012. Read more in Business Monday on Page B1.
Thank You!

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