WAYNE COUNTY AIRPORT AUTHORITY

2013 BUDGET

APPROVED BUDGET FISCAL YEAR 2013

WAYNE COUNTY AIRPORT AUTHORITY

BOARD MEMBERS

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Vice Chairperson

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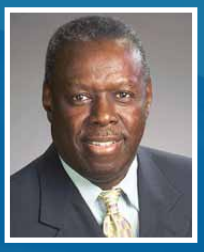
Michael J. Jackson, Sr.
Board Member

Samuel A. Nouhan
Board Member

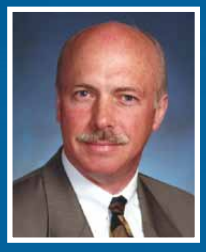
Kevin M. McNamara
Board Member



Charlie J. Williams
Board Member

WAYNE COUNTY AIRPORT AUTHORITY

CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER



Thomas Naughton
Chief Executive Officer

Terry Teifer
Chief Financial Officer

DETROIT METRO • WILLOW RUN

WAYNE COUNTY AIRPORT AUTHORITY

Fiscal Year 2013 Budget

Adopted by the Wayne County Airport Authority Board on September 19, 2012

MISSION

To operate safe, secure and dynamic air transportation facilities for our customers, creating economic vitality by providing global travel, cargo and business opportunities.

VISION

Making the world available

OUR VALUES

Teamwork
Accountability
Customer Satisfaction
Employee Respect
Integrity
Diversity

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the Wayne County Airport Authority for its annual budget for the Fiscal Year beginning October 1, 2011.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another year.

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Financial Planning & Analysis Department

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www.metroairport.com

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CHIEF EXECUTIVE OFFICER'S MESSAGE

I am pleased to present to you the adopted Fiscal Year 2013 Budget and Five-Year Capital Improvement Plan (CIP) for Detroit Metropolitan Airport (the Airport), Willow Run Airport and the Airport Westin Hotel. The annual budget is prepared in accordance with the Aeronautics Code of the State of Michigan, known as Public Airport Authority Public Act 90 of 2002. Along with the CIP, the FY 2013 Budget outlines the numerous efforts and initiatives that support the Authority's vision, mission and goals.

Thomas Naughton
Chief Executive Officer

As the Authority enters the new fiscal year, there is positive news to report:

- The FY 2012 Budget included a $20 million cost saving plan and it has been implemented without diminishing the service levels or quality at the Airport.
- Customer service scores among the Airport's passengers remain high and the Westin Hotel continues to exceed expectations. The Airport's overall customer satisfaction score is 4.2 out of 5 according to the Airport Service Quality (ASQ) survey. Benchmarking the Westin to comparable hotels, it out performs its peers in terms of occupancy rate, revenue per available room and average daily rate.
- The Airport has fared well in relation to other Delta hubs in the period since the Delta/Northwest merger was completed at the end of 2009. While the Airport has experienced capacity reductions in-line with Delta's system-wide capacity cutbacks since the merger, it has not experienced the significant reductions in scheduled departing seats that have been experienced at other Delta hubs.
- Since FY 2011, both enplanements and landed weights are relatively flat year over year. For FY 2013 enplanements and landed weights are estimated to be 16.2 million and 20.7 million, respectively.
- The Authority has completed significant capital projects and has modernized its terminal facilities over the last decade. The competitively moderate CPE combined with the modern facilities and capacity for growth, strategically positions the Airport as a strong competitor for new business.
- The Airport's financial health is strong as evident from improved credit ratings in FY 2012. Moody's credit outlook improved from "Negative" to "Stable." The improved outlook lowered the borrowing rates and spurred investor interest when the Authority issued $278.1 million in General Airport Revenue Bonds (GARBs) in August 2012.

Goals & Initiatives for the Coming Year

The Authority's Strategic Plan and Long Range Financial Plan drive the Authority's budget process and methodology. The goal of the Fiscal Year 2013 Budget process is to maintain a cost competitive structure while improving customer service for the Authority's stakeholders which includes the traveling public, the Airlines and numerous enterprises operating at the Airport and Willow Run Airport. The budget's key initiatives are centered on three key objectives: Process Improvement, Economic Development and Learning and Growth. Highlights of new and on-going initiatives contained in the budget are grouped and summarized by objective in the following pages.

Process Improvement

On-going process improvement is an essential component of improving customer service while maintaining or lowering costs. For the Authority, process improvement has two elements: operating a safe and secure Airport and improving business processes.

Capital Investment – Operating a safe and secure Airport is an essential component of the Authority's mission and maintaining sound infrastructure is the foundation. In FY 2012, the Authority issued $202.7 million in bonds to finance airfield, public safety and other capital projects. The debt was structured to even out costs to the airlines over time and prevent a spike in debt service.

The Five-Year CIP calls for an investment of $561.7 million for capital projects which includes $366.1 million, or 65.1 percent, dedicated to runway and taxiway reconstructions and improvements. The CIP includes the reconstruction of Runway 4R/22L, the Airport's longest and only runway suited for aircraft making long-range international flights. It also includes the $16.2 million for construction of a new Public Safety facility to replace existing facilities and consolidate all police, dispatch, command and emergency operations.

The CIP includes an additional $185.0 million in capital projects for Willow Run Airport. Willow Run's infrastructure is aged and in need of runways, taxiways and apron reconstruction to address pavement deterioration and ensure safety. Airfield reconstruction, public safety and other qualifying projects on Willow Run's CIP are funded by FAA grants ranging from 90 to 95 percent of total project costs. The Authority has pledged an annual contribution from discretionary funds of $3.0 million to pay the local share of these projects.

Process Engineering – Since the Authority's inception, the compounded annual growth rate of operating expenses at the Airport is 1.3 percent – an astoundingly low figure given the opening of two new world-class terminals and numerous increases in core operating expenses categories despite health care inflation, volatility of energy and fuel costs and commodity price fluctuations especially for de-icing fluid. Over that same span, the Authority has lowered its full-time employee count from a high of 797 employees in FY 2004 to 586 budgeted for FY 2013. By continued focus on process improvement, total Airport operating costs have remained steady while improving customer service.

The Authority has engaged an outside consultant to analyze targeted business processes and develop a roadmap for improvements. Analysis for Human Resources, Purchasing and Technology Services were completed in FY 2012. The budget funds the continuation of this initiative and the core processes of Airfield Operations and Maintenance are the next departments to be reviewed.

Technology Solutions – Investing in information technology is an essential component of improving processes. The FY 2013 Budget provides funding for the following technology solutions:

- **Strategic Performance Software** acquisition to expand the Authority's use of the balanced score card. Since its adoption, the Balanced Score has measured performance at Authority-wide level. The new software will facilitate the development and measurement of goals and objectives down into the division and department level.
- **MUNIS Bid & Contract Management Modules** are being implemented to improve the Authority's purchasing processes. Acquired in FY 2012, implementation continues in FY 2013, including adding two modules onto the Authority's existing financial management software, MUNIS, in order to leverage existing technology and data.
- **PASSUR Airport Operations Portal** enables the Airfield Operations Department to improve its management of airfield movements by consolidating data sources and creating efficiencies in disseminating information.

- **E-Discovery Software** improves compliance and expedience with FOIA Requests.

Economic Development

Airport economic development encompasses three components: growing passenger and cargo service, diversifying and increasing non-airline revenue and fostering regional economic growth. We believe the numerous business development opportunities exist in these areas and the Authority is well positioned to grow.

The Airport's current configuration and size of both the airfield and terminals were planned with passenger growth rate assumptions that have not come to fruition due to the attacks of September 11, 2001 which changed the aviation industry. The McNamara Terminal was designed with pre-9/11 assumptions for passenger growth. The North Terminal airlines have not yet generated the aircraft operations or passengers required for the efficient utilization of the 26 North Terminal gates. As a result, the Airport has significant excess terminal capacity and in terms of average operations per gate, is one of the most underutilized airports in North America.

The Airport currently has excess airfield and terminal capacity and can readily accommodate future expansion. However, current inefficient utilization places pressure on the Airport's unit costs, or Cost per Enplaned Passenger (CPE). Having a non-competitive CPE can be a deterrent to new entrants and potentially inhibits the future growth of our existing carriers. As stated earlier, maintaining a cost competitive structure without lowering service levels was the goal for FY 2013 Budget's development. Listed below are several new and on-going initiatives that are funded in the budget to promote passenger, cargo and non-airline revenue growth.

Cargo Handling & Screen Facilities – The Five-Year Capital Improvement Plan includes $5.7 million for planning and design services of a passenger aircraft cargo handling and screening facility on the southern end of the Airport and two new cargo facilities on the northern end. Combined, these facilities will total approximately 290,000 square feet in size.

Concessions Growth – In FY 2013, all of the McNamara Terminal food and beverage concessions contract will expire. Rebidding these contracts represents an opportunity to increase revenue. The budget provides funding for professional consulting services to assist the Airport's bidding process to attract a mix of new concessions concepts and brands that will maximize revenues.

Attraction and Retention of Tenants – The Authority has reorganized its real estate management functions and adjusted staffing levels to integrate the leasing and management of on-airport facilities rented to the Airlines and other business enterprises. Under one umbrella, the Planning and Development Division oversees both the attraction and retention of tenants, in addition to the oversight of maintenance and capital improvements to existing facilities they occupy.

Economic Impact Study – The budget provides funding for the Planning and Development Division to perform a Detroit Metropolitan Airport Economic Impact Study aimed at attract investors and regional economic grants.

Aerotropolis Support – Continued financial support for Aerotropolis efforts coordinated by regional economic development agencies is funded in the FY 2013 Budget.

Learning and Growth

The Authority's Learning and Growth goal focuses on the internal skills and capabilities of employees that are required to support the organization's vision, mission and values. Additionally, the goal encompasses succession planning to develop existing employees for futures roles of leadership and career transitions. People, technology and organizational culture combine to support the strategy. The FY 2013 Budget provides funding for new and on-going initiatives to equip employees with the tools and skills necessary to implement the Strategic Plan.

Learning & Performance Management System – The Authority has implemented Cornerstone OnDemand a technology solution to manage employee performance appraisals and track personal development goals. The FY 2013 Budget provides funding for the Human Resources Department to expand the use of the system by adding additional user licenses to include all Authority staff. Additionally, the budget enhancement will be used to implement a succession planning module which automates career profiling, internal recruiting and team building.

On-Going Professional Development – The Authority budgets approximately $850,000 per year for professional development expenses. These include:

- A dedicated staff member in Human Resources for Authority-wide training coordination
- Travel and training allocations to each department for professional conference sand seminars, continuing education credits and specialized off-site training
- On-site instructor-led training services and internal eLearning resources
- Tuition reimbursement benefits for employees

Honoring our Partnership

Maintaining a world-class airport for passengers requires the joint effort and strong partnership between the Authority and the airlines, concessionaires, contracted-service providers and communities collectively served. The FY 2013 Budget and CIP were developed to maintain a cost competitive structure while improving customer service – the strategy we believe serves all of our stakeholders.

The Authority also acknowledges that it's our employees who make all of these accomplishments possible. The Airport would not have emerged from challenging and turbulent times were it not for their dedication and commitment to cost competiveness and customer service.

We all look forward to a productive and successful FY 2013 as we strive to achieve excellence for the Airport, Willow Run and the Westin Hotel.

Respectfully yours,

Thomas Naughton
Chief Executive Officer

READER'S GUIDE

The Budget Book represents the Authority's best effort to provide a thorough summary of the financial, strategic and operational information for Fiscal Year 2013. The summary below describes each section of the book to help you find and understand the information contained within.

Organization of the Budget Book

Chief Executive Officer's Message – The Chief Executive Officer's budget message illustrates management's vision, critical issues, recommended policy and operational changes for the year ahead.

Wayne County Airport Authority at a Glance – This section describes the organization and its leadership, information about the communities served and supplemental statistical data.

Budget Process & Financial Policies – The process for preparing, reviewing and adopting the budget is outlined in this section along with a summary of all financial policies and guidelines.

Strategic Plan – A summary of the Authority's strategic plan provides a cohesive statement of organization-wide priorities and the Authority's Balanced Score Card approach to measuring success.

Budget in Brief – This section presents financial summaries, schedules of revenues and expenditures beginning with a consolidated operating budget for all budgeted funds. Revenue and expenditure profiles are illustrated for each entity along with a discussion of the assumptions used to develop the budget. Detroit Metropolitan Airport's budget is broken-out by cost centers with financial metrics and balanced scorecard measures.

Department & Division Summaries – Three-year financial schedules, charts and lists of responsibilities are provided for each department and division.

Capital Improvement Program – This section provides a summary of the authority's Capital Improvement Plan and a comprehensive listing of all the capital needs of the organization for the next five years.

Debt Profile – This section provides an overview of Detroit Metropolitan Airport's indebtedness alongside schedules of outstanding principal and debt service requirements.

Quick Reference

Table of Contents – A comprehensive Table of Contents is provided to help readers locate information in this document.

Glossary – The glossary includes descriptions of the terminology that is either technical in nature, commonly used in the aviation industry or unique to the organization.

IATA Airport Codes – Throughout the budget book are charts and graphs that use the three-letter International Air Transport Association (IATA) Airport Codes. A comprehensive list of all IATA codes used in the document may be found in Appendix A on page 206.

Index of Figures – The Budget Book includes numerous charts and graphs to convey information. An index of figures is included as an appendix for quick reference.

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THE WAYNE COUNTY AIRPORT AUTHORITY AT A GLANCE

The Ten-County Air Trade Area at a Glance

Demographics

Population by County Since 1990

County	1990	2000	2010
Genesee	430,459	436,141	424,926
Lapeer	74,768	87,904	88,210
Lenawee	91,476	98,890	99,763
Livingston	115,645	156,951	180,972
Macomb	717,400	788,149	841,126
Monroe	133,600	145,945	151,932
Oakland	1,083,592	1,194,156	1,203,012
St. Clair	145,607	164,235	162,789
Washtenaw	282,937	322,895	345,290
Wayne	2,111,687	2,061,162	1,815,734
Air Trade Area	5,187,171	5,456,428	5,313,754

Median Age **38.9 years**

Percent of Population from 35-54 years **29.3%**
(age range most likely to travel)

Per Capital Personal Income (2011)	
Air Trade Area	$41,433
State of Michigan	$39,101
United States	$43,881

World Region of Birth of Foreign-Born Population In Air Trade Area (2010)

Asia	210,905	50.5%
Europe	102,410	24.5%
Latin America	59,233	14.2%
North America	28,082	6.7%
Africa	15,402	3.7%
Oceana	1,371	0.3%
Total	417,403	100.0%

Economics

Gross Regional/Domestic Product
(millions of 2005 dollars)

Year	Air Trade Area	State of Michigan	United States
2002	$239,708	$378,959	$11,400,525
2003	$242,702	$382,395	$11,692,365
2004	$236,299	$376,014	$12,138,374
2005	$235,406	$375,260	$12,554,535
2006	$227,952	$366,627	$12,958,093
2007	$227,905	$366,910	$13,241,193
2008	$212,244	$344,617	$13,099,013
2009	$199,269	$325,715	$12,701,843
2010	$198,475	$324,458	$12,644,089
2011	$198,317	$325,667	$12,679,745
2002-2011 Compounded Annual Growth Rate	-2.1%	-1.7%	1.2%

Air Trade Area Nonagricultural Employment by Sector 2011

	Amount (000's)	Percent
Construction	64	2.9%
Manufacturing	237	10.9%
Trade	333	15.3%
Transportation/Utilities	68	3.1%
Information	34	1.6%
Financial	113	5.2%
Services	1,022	47.0%
Government	303	13.9%
Total	2,174	100.0%

Non-Seasonally Adjusted Unemployment Rates
May 2012

Air Trade Area	11.0%
State of Michigan	10.3%
United States	8.9%

Detroit Metropolitan Airport at a Glance

Aviation Activity

	FY 2011	FY 2012	FY 2013 Budget
Enplaned Passengers			
Domestic			
South Terminal	11,794,216	11,676,717	11,519,000
North Terminal	3,130,656	3,140,450	3,305,000
Total	14,924,872	14,817,167	14,824,000
International			
South Terminal	1,189,864	1,235,743	1,251,000
North Terminal	111,465	116,674	125,000
Total	1,301,329	1,352,417	1,376,000
Grand Total	16,226,201	16,169,584	16,200,000
Aircraft Operations	447,045	432,181	461,212
Landed Weight (1,000 lbs)	20,923,713	20,605,421	20,700,000

Airport Operations Area

Airfield (Acres)	
Runways	225
Taxiways	405
Shoulder & Blast Pad	250
Ramps/Aprons	375
Overall Airport	6,130

Runway Length	
North-south runways in the primary wind direction	
Runway 4R - 22L	12,003 ft.
Runway 4L - 22R	10,000 ft.
Runway 3L - 21R	8,501 ft.
Runway 3R - 21L	10,001 ft.
East-west crosswind runways	
Runway 9L - 27R	8,708 ft.
Runway 9R - 27L	8,500 ft.

Terminals

Gates	
South Terminal	
Concourse A	63
Concourse B	17
Concourse C	41
Total	121
North Terminal	26
Grand Total	147

Square Footage of Concession Space	
South Terminal	113,360
North Terminal	50,233
Total	163,593

Public Parking

On-Airport Parking Spaces	
McNamara Deck	9,840
Blue Deck	5,788
Surface Lots	2,546
Total	18,174
Off-Airport Parking Spaces	13,875

Finances

Net Assets $459,942,000
as of October 1 2011

Credit Ratings		
Standard & Poor's	A	Outlook Stable
Fitch	A-	Outlook Stable
Moody's	A2	Outlook Stable

The Wayne County Airport Authority (the Authority) is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (Wayne County) for the purposes of federal and state laws, but is not subject to any county charter requirements or the direction or control of either the Wayne County Executive or Commission. Pursuant to Public Act 90 (the Authority Act), Michigan Public Acts of 2002 (effective March 26, 2002), the Authority has operational jurisdiction of the Detroit Metropolitan Wayne County Airport (the Airport), the Willow Run Airport (Willow Run) and the Airport Westin Hotel (the Westin), with the exclusive right, responsibility and authority to occupy, operate, control and use them. The financial statements of the Authority include the operations of the Airport, Willow Run and the Westin. The Authority is included in the County's Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit, in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Reporting Entity.

GOVERNANCE & MANAGEMENT OF THE AUTHORITY

Wayne County Airport Authority Fiscal Year 2013 Board Members

Mary L. Zuckerman is Chairperson of the Wayne County Airport Authority Board. Zuckerman is Executive Vice President and Chief Operating Officer for the Detroit Medical Center (DMC). Before joining the DMC in January 2004, she spent ten years with Wayne County. During her tenure, Zuckerman held various executive level positions, including Deputy County Executive. Additionally, Zuckerman served as Wayne County's project manager for the Tigers and Lions stadium development teams and oversaw the opening of the McNamara Terminal at the Airport. Zuckerman earned her master's degree in Public Administration from Northern Illinois University and a bachelor's degree from Winona State University. Zuckerman is a resident of Livonia and was appointed to a six-year term by Governor Jennifer Granholm on the Wayne County Airport Authority Board, which expires October 1, 2014.

Alfred R. Glancy III is Vice Chairperson of the Wayne County Airport Authority Board. Glancy is Executive Chairman of Unico Investment Company and Unico Investment Group, LLC and retired Chairman and Chief Executive Officer of MCN Energy Group, Inc. MCN Energy Group, including its principal subsidiary Michigan Consolidated Co. (MichCon), was an integrated energy company with nearly $5 billion in assets and $2.8 billion in annual revenues that merged with DTE Energy Co. in 2001. Glancy is Chairman Emeritus and Chairman of the Finance Committee of the Detroit Symphony Orchestra and past chairman of Detroit Renaissance, Inc., Detroit Medical Center, New Detroit, Detroit Economic Growth Corp. and MLX Corp. Glancy is a graduate, cum laude, of Princeton University and earned a MBA from Harvard Business School. He was appointed by Wayne County Executive Robert Ficano to complete the remainder of a term ending October 1, 2014.

Suzanne K. Hall is Secretary of the Wayne County Airport Authority Board. Hall is a private consultant specializing in public administration. Hall retired from Wayne County in 2009 after 23 years of service during which time she held various executive level positions including Director of Administration for the Sheriff's Office, Assistant County Executive for Administration and Deputy Director for the Department of Health and Community Services. For 18 years, Hall was an elected official for the City of Southgate – four years as Mayor and 14 years as a Councilwoman. Hall holds a master's degree in Public Administration from the University of Michigan and a bachelor's degree in Local Government Administration from Central Michigan University. She is also a graduate of Leadership Michigan and Leadership Detroit. Hall is a resident of Southgate and was appointed to a six-year term by Governor Jennifer Granholm. Her term on the Wayne County Airport Authority Board expires October 1, 2016.

Michael J. Jackson, Sr. is Executive Secretary/Treasurer of the Michigan Regional Council of Carpenters and Millwrights. In this role, he serves as chief operating officer for the organization representing more than 20,000

carpenters, millwrights, resilient floor layers and pile drivers in public and private workplaces through ten locals across Michigan. Prior to his election to the union's highest state office in 2009, he served as the Council's Political Director. Jackson began his career as a Journeyman Field Carpenter in 1989 and has since held a number of progressively responsible positions within the organization from organizer and business agent to office manager. Throughout his career, Jackson has become a nationally recognized labor and civic leader. He has been honored with the Spirit of Detroit Award by Detroit City Council in recognition of outstanding achievement and service to the City. He served as president of a Central Labor Council of the AFL-CIO and on the boards of the Robert Ficano Hope Foundation and Wayne County Business Development Corporation. He is a resident of Dearborn and is appointed to a six-year Wayne County Airport Authority Board term by Wayne County Executive Robert A. Ficano expiring October 1, 2017.

Samuel A. Nouhan is an attorney in private practice. Previously, he was a partner in the national law firm of Bowman and Brooke LLP's Detroit office, where his practice areas included product liability, commercial and municipal litigation. Prior to entering private practice, Nouhan served in the office of the Wayne County Corporation Counsel and as a clerk to two federal judges. Nouhan is a graduate of the University of Detroit-Mercy School of Law and previously served on the Grosse Pointe Park City Council. Nouhan is a resident of Dearborn Heights and was appointed to a six-year term by Wayne County Executive Robert A. Ficano. His term on the Wayne County Airport Authority Board expires October 1, 2014.

Kevin M. McNamara was appointed to the Airport Authority Board by the Wayne County Commission in September 2012. As a Wayne County Commissioner representing the 11th District, McNamara focuses on roads, parks, youth services and senior programs as chair of the Committee on Public Services. He serves on the Board of Head Start, overseeing preschool programs for 3,700 children and serves as Finance Chair for the Southeast Michigan Council of Governments (SEMCOG). Prior to his election to the County Commission in 2006, McNamara worked as a sales executive for a major infrastructure development company and served as a trustee of Schoolcraft College. McNamara is the son of the late, former Wayne County Executive Edward H. McNamara, who transformed Detroit Metropolitan Airport into one of the finest facilities and airfields in the world during his term of office from 1987-2002 and for whom the Airport's award-winning McNamara Terminal is named. Commissioner McNamara's term on the Wayne County Airport Authority Board expires October 1, 2018.

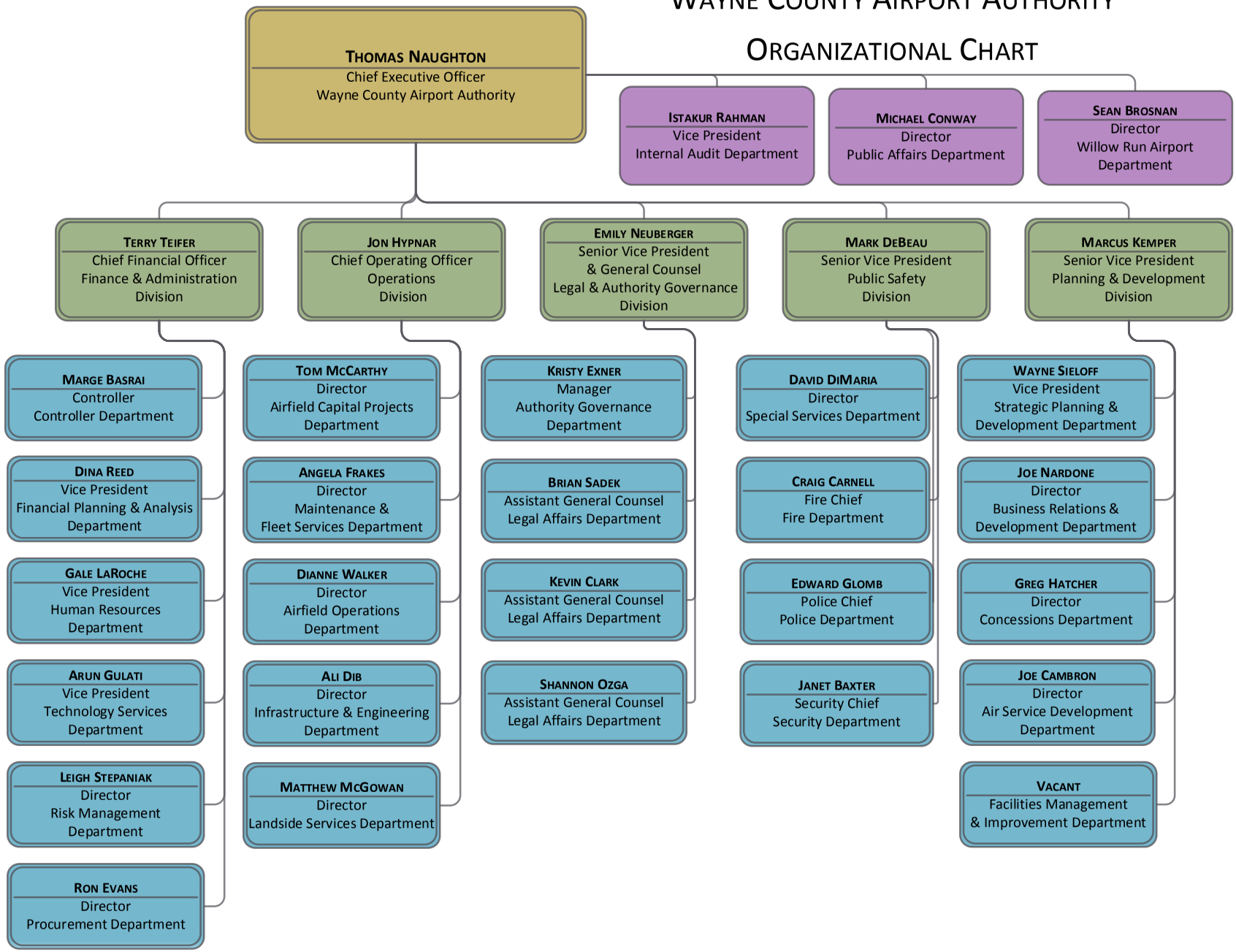
Charlie J. Williams has served in Wayne County Executive Robert A. Ficano's administration, as well as the administrations of the late Edward H. McNamara and the late Coleman A. Young. During his years of public service, Williams has served in various positions including Deputy County Executive, Assistant County Executive, Director of Personnel (Wayne County and Detroit), Chief of Staff (Detroit) and Director of the Detroit Water and Sewerage Department. Williams currently is President and Chief Executive Officer of MPS Group, Inc., a certified minority business enterprise specializing in resource management, total facilities management and total waste management. Williams is a resident of Detroit and was appointed to a six-year term by Wayne County Executive Robert A. Ficano. His term on the Wayne County Airport Authority Board expires October 1, 2012.

Board Members who Approved the Budget but Terms Expired

Bernard F. Parker has been a Wayne County Commissioner for District 2 on Detroit's east side since 1990. In 1971, Mr. Parker co-founded Operation Get Down (OGD), a grassroots community-service organization located on the eastside of Detroit. Commissioner Parker sits on numerous boards of directors, some of which include New Detroit, NAACP and St. Johns Hospital. Mr. Parker is a resident of Detroit and was appointed to a four-year term by the Wayne County Commission. His term on the Board expires in October, 2012.

Wayne County Airport Authority

Organizational Chart



DETROIT METROPOLITAN AIRPORT

The Role of the Airport

The Airport is the primary air carrier airport serving Southeast Michigan, including Detroit and the ten-county surrounding area. Furthermore, as a hub airport in Delta's route network, the Airport serves a key role as a domestic connection point and an international gateway and attracts passengers from beyond its primary catchment area due to the level of airline service offered at the Airport. The Airport is Delta's second busiest hub in terms of its total enplaned passengers, scheduled departing seats and scheduled departures behind only Hartsfield-Jackson Atlanta International Airport (ATL), the busiest airport in the world and home to Delta's headquarters. In addition, reflecting the Airport's role as an Asian gateway, based on actual and scheduled departure data for CY 2012, the Airport has more Delta departures to Asian destinations than any other airport in the Delta route network, including each of its other major hubs.

National Perspective

In CY 2011, the Airport ranked 17th nationwide in total passengers, enplaning and deplaning approximately 32.4 million passengers. Also in CY 2011, the Airport ranked 11th nationwide in total aircraft operations, with 443,028 takeoffs and landings. According to FAA preliminary statistics for CY 2011, the Airport ranked 17th in the U.S. in enplaned passengers, with approximately 16.2 million enplaned passengers.

Reflecting the Airport's role as a major hub airport, it serves both origin and destination (O&D) and connecting passengers. As shown in Figure 1 for CY 2011, 45.4 percent of the Airport's total domestic enplanements were O&D passengers and the remaining 54.6 percent were connecting passengers. Delta, which completed its merger with Northwest Airlines at the end of 2009, is the primary hub carrier at the Airport and serves almost all of the connecting passengers at the Airport.

Figure 1: Domestic Originating & Connecting Enplanements (CY)

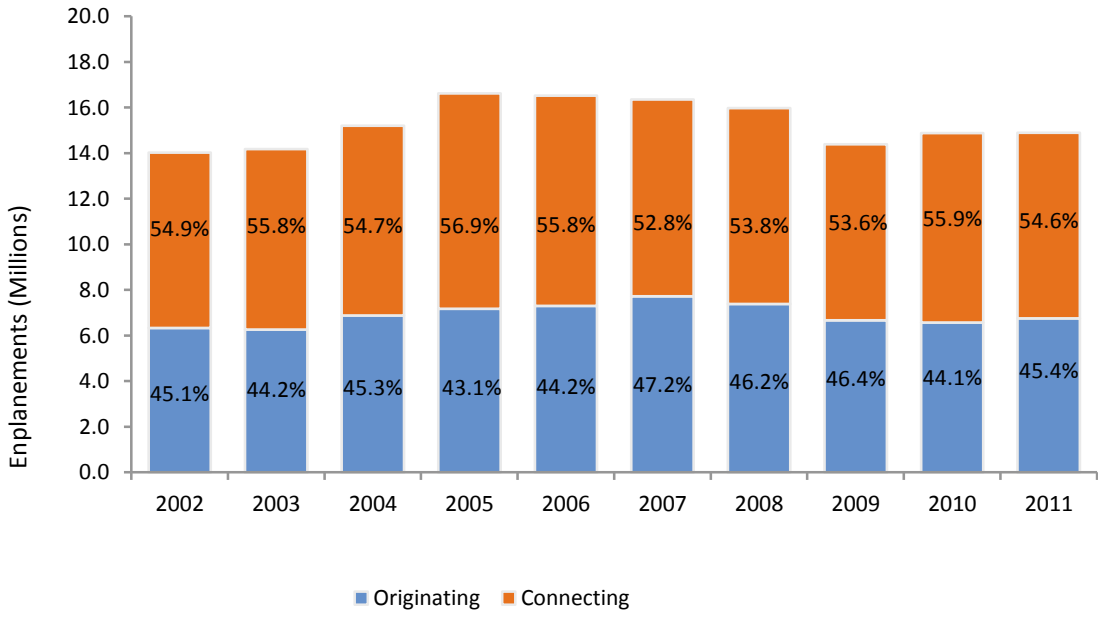
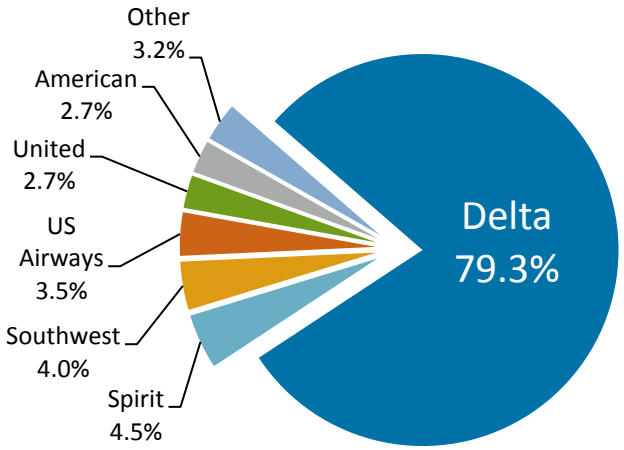


Figure 2: Airline Enplanement Market Share at the Airport FY 2012



Delta and the Delta Connection Carriers carried approximately 79.3 percent of total Airport enplanements in FY 2012. Spirit Airlines, Southwest Airlines and US Airways were the only other carriers at the Airport to enplane more than three percent of the Airport's market share during this period. Although Delta and the Delta Connection Carriers account for more than three-quarters of the passenger activity at the Airport, other air carriers operating at the Airport, including low cost carriers, foreign flag carriers, one charter carrier and other legacy and regional carriers, also provide service to many of the Airport's top O&D markets.

In the Delta system, the Airport plays the role of an international gateway. In FY 2012, international enplanements equaled 1.2 million.

Local Perspective

Air Trade Area

Not only is the Airport a key component of the U.S. air transportation system but it's also the primary air carrier airport serving the City of Detroit and the ten-county Air Trade Area, which includes the counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw and Wayne.

Based on available information from OAG Aviation Solutions, the airlines serving the Airport are scheduled to average approximately 670 daily domestic and international departures from the Airport during the month of July 2012, with nonstop service to 115 domestic destinations. For the 12-month period ending July 2012, the Airport offered nonstop service to 29 international destinations, including some markets on a seasonal basis. The Airport's nonstop domestic and international destinations are depicted in Figure 4 and Figure 5, respectively. In addition to the nonstop domestic destinations shown in Figure 4, other domestic destinations are served with non-stop service on a seasonal basis.

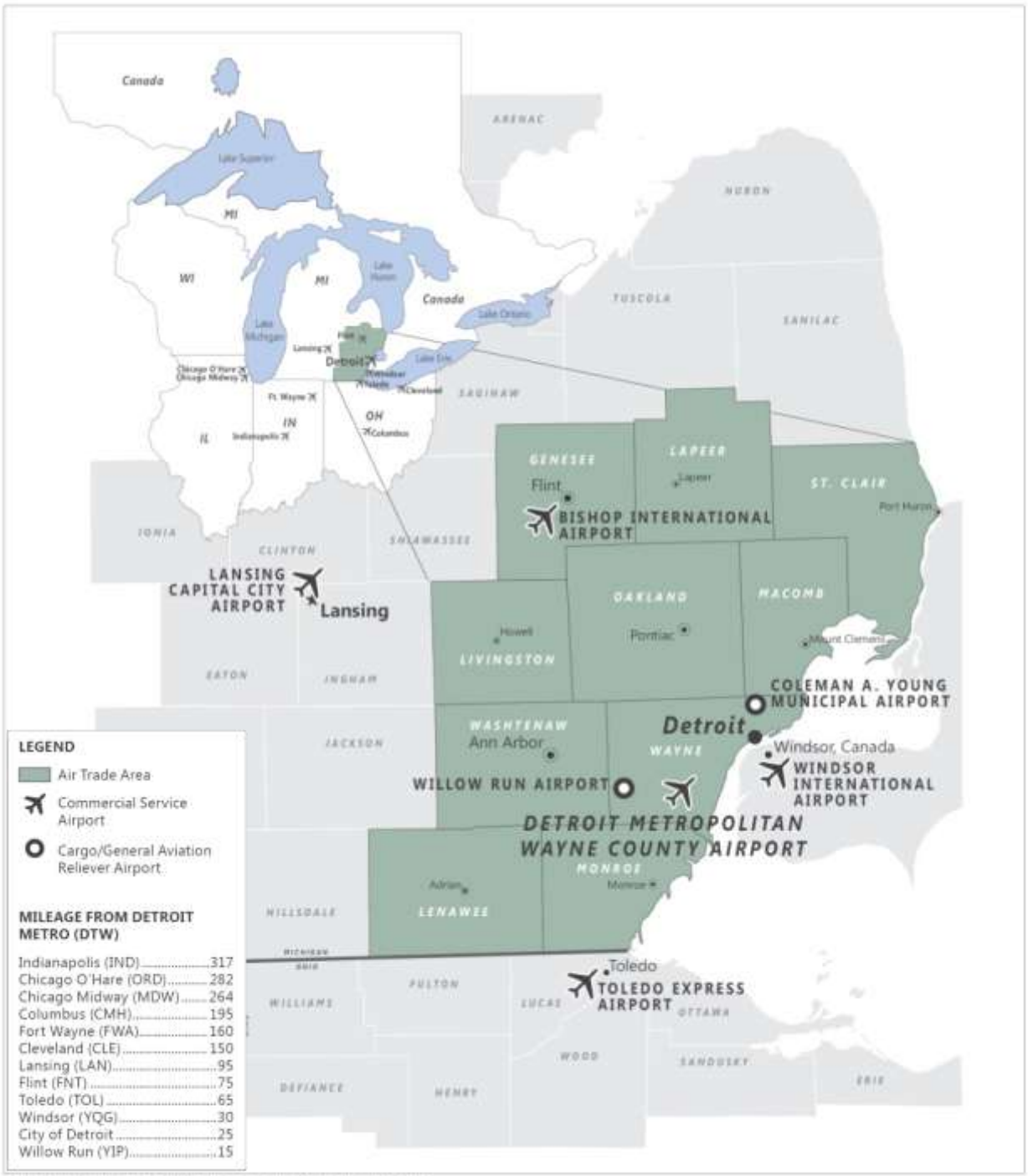
The number of non-stop domestic and international destinations served from the Airport and the frequency with which those destinations are served, tends to attract passengers from a broader geographic region who may prefer to use the Airport instead of an airport located closer to their residence.

The primary air trade area is accessible and within close geographical-proximity to Canadian cities (e.g., Windsor, Ontario), which serve as an extended secondary air trade area. It is the economic strength of the ten counties encompassing the primary air trade area, however, that provides the principal base for supporting O&D air travel at the Airport.

Based on location, accessibility and services available at other commercial service airports within nearby service areas, the borders of the Air Trade Area are generally established by Toledo Express Airport (TOL) to the south, Fort Wayne International Airport (FWA) to the southwest, Lansing Capital City Airport (LAN) to the west and Bishop International Airport (FNT) to the north. The closest large hub airport to the Air Trade Area is Cleveland-Hopkins

International Airport (CLE), which primarily serves its own air trade area approximately 150 miles southeast of the Airport across Lake Erie.

Figure 3: Map of the Air Trade Area



SOURCE: Map Resources, 2007 (vector map graphics); Ricondo & Associates, Inc., May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 4: Scheduled Nonstop Domestic Destinations

Figure 5: Scheduled Nonstop International Destinations

The level of air carrier service (measured in terms of scheduled departing seats) at commercial service airports within the Air Trade Area and in nearby service areas are significantly lower than at the Airport. CLE is the closest large hub airport in the region with approximately 6.2 million seats in CY 2011, representing approximately 30.4 percent of the scheduled departing seat capacity at the Airport. Among the remaining airports in the Air Trade Area or nearby, FNT had the most scheduled departing seats in CY 2011, approximately 598,000 seats, or approximately 3.0 percent of the total scheduled departing seat capacity at the Airport in the same period.

Having enplaned approximately 6.8 million domestic O&D passengers in CY 2011 (the most recent estimate available) and approximately 1.3 million international passengers in FY 2011, the Airport serves the diverse travel needs of its Air Trade Area including activity associated with business, leisure and international travelers. Furthermore, some of those travelers utilizing other airports that border the Air Trade Area connect through the Airport to access Delta's route system and reach their ultimate destination. Based on factors such as its role as the second largest hub in Delta's route network, the breadth and frequency of air carrier service provided at the Airport, its total passenger and enplanement levels and the demographic and economic characteristics of its local market, the Airport is considered the primary air carrier airport in the Air Trade Area and one of several major airline connecting hubs in the Midwest region. As the scheduled departing seat data indicates, the Airport has a dominant position for providing air travel in its geographical area.

Role within Delta Airline's System

As discussed earlier, Delta and its affiliated the Delta Connection carriers accounted for 79.5 percent of the Airport's total enplanements in FY 2012. Due to Delta's major presence, the role that the Airport serves in the Air Trade Area is determined, in part, by the Airport's role within the Delta system network.

Delta acquired Northwest as a wholly-owned subsidiary in October 2008 and on December 31, 2009, Northwest was merged into Delta and the merged entity received under a single operating certificate from the FAA on December 31, 2009. Prior to the acquisition and merger, Northwest operated three U.S. hubs: the Airport, Minneapolis-St. Paul International Airport (MSP) and Memphis International Airport (MEM). Delta has retained all of its pre-merger hubs and Northwest's pre-merger hubs, although some have seen significant reductions in terms of total activity; therefore, Delta's current system network consists of the following domestic hub airports: the Airport (DTW), Cincinnati/Northern Kentucky International Airport (CVG), Hartsfield-Jackson Atlanta International Airport (ATL), John F. Kennedy International Airport (JFK), MSP, MEM and Salt Lake City International Airport (SLC).

Overall, when measured based on activity by Delta and Delta Connection Carriers, the Airport was Delta's second busiest airport in terms of total enplaned passengers, scheduled departing seats and scheduled departures behind ATL in CY 2011. The Airport was the third busiest hub in Delta's system in terms of international passengers enplaned by Delta and Delta Connection Carriers in CY 2011, behind ATL and JFK. For CY 2012, based on actual and scheduled departure data, the Airport has more Delta departures to Asian destinations than any other airport in the Delta route network, including each of its other major hubs.

A comparison of Official Airline Guide (OAG) data for Delta hubs before and after the merger helps provide perspective on how the Delta/Northwest merger has impacted activity level at the hubs and/or changed the roles of these hubs within Delta's current system. Total scheduled departing seat data for the Delta/Northwest system and for the current Delta hubs for a representative pre-merger period (Delta and Northwest for first half of CY 2008) and for the current period (Delta for the first half of CY 2012) is presented in the table below.

- On a system-wide basis, Delta's total scheduled departing seats were approximately 11.3 percent lower in the current period than for the combined totals of Delta and Northwest during the pre-merger period.

- ATL (+7.9 percent) and JFK (+0.4 percent) were the only Delta hubs to experience an increase in scheduled departing seats when compared to the pre-merger period.
- The Airport (-13.8 percent), SLC (-13.6 percent) and MSP (-16.6 percent) experienced decreases in scheduled departing seats that were comparable to, though slightly greater than, system-wide decreases.
- For the period referenced, both MEM (-39.4 percent) and CVG (-65.0 percent) experienced significant decreases in scheduled departing seats, representative of changes in the manner in which Delta is currently utilizing those hubs within its system. In June 2012, Delta announced additional service reductions to be implemented at both MEM and CVG in the second-half of 2012 that will further reduce frequencies and/or eliminate service to certain destinations from both airports.

Departing Seats at Delta Hubs	Pre-Merger (H1 2008)	Current (H1 2012)	Change
Atlanta (ATL)	19,764,958	21,326,860	7.9%
Detroit (DTW)	8,818,078	7,601,595	-13.8%
Minneapolis - St. Paul (MSP)	8,821,657	7,358,700	-16.6%
Salt Lake City (SLC)	4,751,790	4,103,236	-13.6%
New York (JFK)	3,494,086	3,509,460	0.4%
Memphis (MEM)	3,149,533	1,909,185	-39.4%
Cincinnati (CVG)	4,362,857	1,528,532	-65.0%
Total at Delta Hubs	**53,162,959**	**47,337,568**	**-11.0%**

In the most recent period, the Airport ranked second among the Delta hubs (behind ATL) in terms of total scheduled departing seats, approximately 7.6 million seats, and share of total departing seats, approximately 16.1 percent. Whereas activity levels at the Airport and at MSP were roughly equal in the pre-Northwest merger period (each with 8.8 million scheduled departing seats representing a 16.6 percent share), the Delta capacity reductions experienced at MSP since the merger have been greater than those experienced at the Airport.

Share of Total Departing Seats at Delta Hubs	Pre-Merger (H1 2008)	Current (H1 2012)	Change
Atlanta (ATL)	37.2%	45.1%	7.9%
Detroit (DTW)	16.6%	16.1%	-0.5%
Minneapolis - St. Paul (MSP)	16.6%	15.5%	-1.0%
Salt Lake City (SLC)	8.9%	8.7%	-0.3%
New York (JFK)	6.6%	7.4%	0.8%
Memphis (MEM)	5.9%	4.0%	-1.9%
Cincinnati (CVG)	8.2%	3.2%	-5.0%
Total at Delta Hubs	**100.0%**	**100.0%**	**0.0%**

Since the merger, Delta expanded its international service at the Airport with considerable additional international destinations such as Sao Paulo, Brazil, Seoul (Incheon), South Korea, Hong Kong and Shanghai, China. In the Trans-Atlantic market, Delta provides nonstop service from the Airport to SkyTeam hubs in Amsterdam, Paris and Rome. As a result, these markets not only feed traffic from beyond Detroit but also feed traffic from SkyTeam members' flights beyond their respective hubs in Europe. Delta also serves London–Heathrow (the number one European market for the Airport's O&D passengers) and Frankfurt from the Airport.

As a result of synergies created from the merger that provide for more growth opportunities and help mitigate impacts of economic downturns, the combined airline is better positioned to expand more effectively at the Airport than Northwest could have achieved without the benefit of the merger. Delta expects to continue modest growth in overall service at the Airport in the future.

Existing Airport Facilities

Airfield

The major airfield facilities at the Airport consist of six air carrier runways, four of which are north/south parallels for prevailing wind conditions and two of which are east/west crosswind parallels, an extensive taxiway system which provides aircraft access to terminal areas, aircraft parking aprons and other cargo, maintenance and hangar areas. The Authority has invested over $125 million in airfield reconstruction/rehabilitation costs at the Airport over the last five years.

Primary characteristics of each runway are as follows:

Runway 4L/22R – This runway is 10,000 feet long by 150 feet wide and is equipped with high intensity runway edge lights (HIRL) and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 4L end having Category III instrument landing system (ILS) capability and the Runway 22R end having ILS capability with a medium intensity approach lighting system (MALSR). Runway 4L/22R is the newest runway at the Airport, opening in December 2001.

Runway 4R/22L – This runway is 12,003 feet long by 200 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 4R end having Category III instrument landing system (ILS) capability and the Runway 22L end having ILS capability with a MALSR. Reconstruction for Runway 4R/22L began in FY 2012.

Runway 3L/21R – This runway is 8,501 feet long by 200 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have non-precision runway markings. The south portion of Runway 3L/21R was rehabilitated in FY 2009.

Runway 3R/21L – This runway is 10,001 feet long by 150 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 3R end having Category III instrument landing system (ILS) capability and the Runway 21L end having ILS capability with a MALSR. Runway 3L/21R was reconstructed in FY 2006 and 2007.

Runway 9L/27R – This crosswind runway is 8,708 feet long by 150 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 27R end having ILS capability with a MALSR. The majority of Runway 9L/27R was reconstructed in OY 2009 and reconstruction of the remaining portions is a component of the Series 2012 Projects and is planned for OY 2012 to OY 2013.

Runway 9R/27L – This crosswind runway is 8,500 feet long by 150 feet wide and is equipped with HIRL and in-pavement centerline lights. Both runway ends have precision runway markings with the Runway 27L end having ILS capability with a MALSR.

Terminal Facilities

The Airport currently has 147 aircraft gates within its two passenger terminal facilities: the North Terminal and the Edward H. McNamara Terminal (also referred to as the McNamara Terminal or, for the purposes of Authority cost center accounting the South Terminal). The McNamara Terminal opened on February 24, 2002 and currently serves Delta, the Delta Connection Carriers and other SkyTeam partners. The North Terminal opened on September 17, 2008 and replaced the Smith and Berry Terminals, which were retired as passenger facilities on the same date. The North Terminal is used for non-hubbing carrier operations at the Airport. The Authority has invested over $2.1 billion in terminal development since FY 2000. With the McNamara Terminal and the North Terminal, the Airport has two of the most modern and efficient terminal facilities of any airport in the U.S. with ample capacity to accommodate future growth.

In February 2010, J.D. Power and Associates ranked the Airport first in overall customer satisfaction among U.S. airports accommodating 30 million or more passengers per year. Factors used in the survey to determine overall customer satisfaction include airport accessibility, check-in/baggage claim, security check, terminal facilities, food and beverage, retail services, baggage claim and immigration customs/control. In November 2010, Zagat Airline Survey, a survey of frequent fliers and travel professionals awarded the Airport fourth place for “Best U.S. Airport in Overall Quality”.

McNamara Terminal – The McNamara Terminal currently serves Delta, the Delta Connection Carriers and other SkyTeam partners. The airline space in the terminal is leased by Delta under an Airline Agreement which extends through 2032. The McNamara Terminal was opened in February 2002 and expanded in FY 2005 to include Concourses B and C adding 25 additional gates to accommodate increased mainline and regional aircraft activity. Included as part of the expansion were luggage handling systems modifications, additional moving walkways, escalators and hydrant fueling pits. The McNamara Terminal has approximately 2.4 million square feet of gross building space and includes 121 aircraft gates in three concourses (i.e., Concourses A, B and C) and an FIS facility of approximately 105,000 square feet, which can process up to 3,200 passengers per hour. The centralized passenger terminal has over 100 ticket counter positions and an automated passenger train that travels across the mile-long Concourse A. Additionally, the terminal includes over 80 shops and restaurants encompassing over 150,000 square feet of concessions space and four Delta Sky Clubs. There is an underground tunnel that provides access between the concourses and serves as a utility and luggage handling system corridor.

North Terminal – The North Terminal was opened on September 17, 2008 and replaced the Smith and Berry Terminal facilities for non-hubbing carrier operations at the Airport, including international operations by non-SkyTeam airlines. The North Terminal includes over 850,000 square feet of new gross building space including a central terminal facility, a 26-aircraft gate attached airside concourse, approximately 50,200 square feet of concessions space and a FIS facility of approximately 26,000 square feet with facility capacity to process up to 800 passengers per hour. Five of the gates are common use and four of the five common use gates can serve both international and domestic flights. The facility is designed to be expandable by another five gates as demand warrants. Key features of the facility include related airside apron, dual taxi lanes, hydrant fueling, luggage handling facilities, loading bridges with 400 Hz power and preconditioned air. Internal features include numerous ticket counters, airline offices, an airline club for Lufthansa German Airlines and a pedestrian bridge connecting the terminal to the adjacent parking structure. The facility includes a fully-inline explosive detection system (EDS) for improved luggage security screening operations. Upper and lower level roadways provide access to the “arrivals” and “departures” levels of the terminal and encompass a ground transportation facility for public transportation.

The North Terminal serves all domestic and foreign flag passenger airlines at the Airport except Delta, the Delta Connection Carriers and its SkyTeam partners.

Public Parking

Public parking at the Airport currently consists of 18,174 spaces, including structured facilities and surface lots. The structured parking facilities are located near each of the terminals to allow for convenient pedestrian access. Shuttle bus service is also available for transportation to and from the longer-term and/or economy areas. Additionally, the Ground Transportation Center, located east of the North Terminal at the end of the pedestrian bridge (in between the North Terminal and the Blue Parking Deck), is a two level facility of approximately 12,000 square feet which allows passengers to access the Blue Parking Deck and all commercial vehicles (car rental, hotel shuttles, on and off site shuttles parking shuttles, taxis, luxury sedans, etc.) that serve the North Terminal.

Other surface lots located along Dingell and Rogell Drives also provide additional economy service parking for the Airport. In addition, the Authority reopened the Green Lot on November 8, 2010, as an economy lot offering, at that time, the lowest daily parking rate of any parking facility on or off the Airport.

In addition to the above parking facilities, approximately 13,875 additional parking spaces are estimated to be available off-airport through third-party operators.

Other Ancillary/Support Facilities

General Aviation – General aviation and corporate aviation facilities are generally located on the southern portion of the Airport with one facility on the northern end. The fixed base operators (FBO) at the Airport are ASIG General Aviation Services and Metro Flight Services, which accommodate aircraft parking, fuel, hangars, catering and other flight support services.

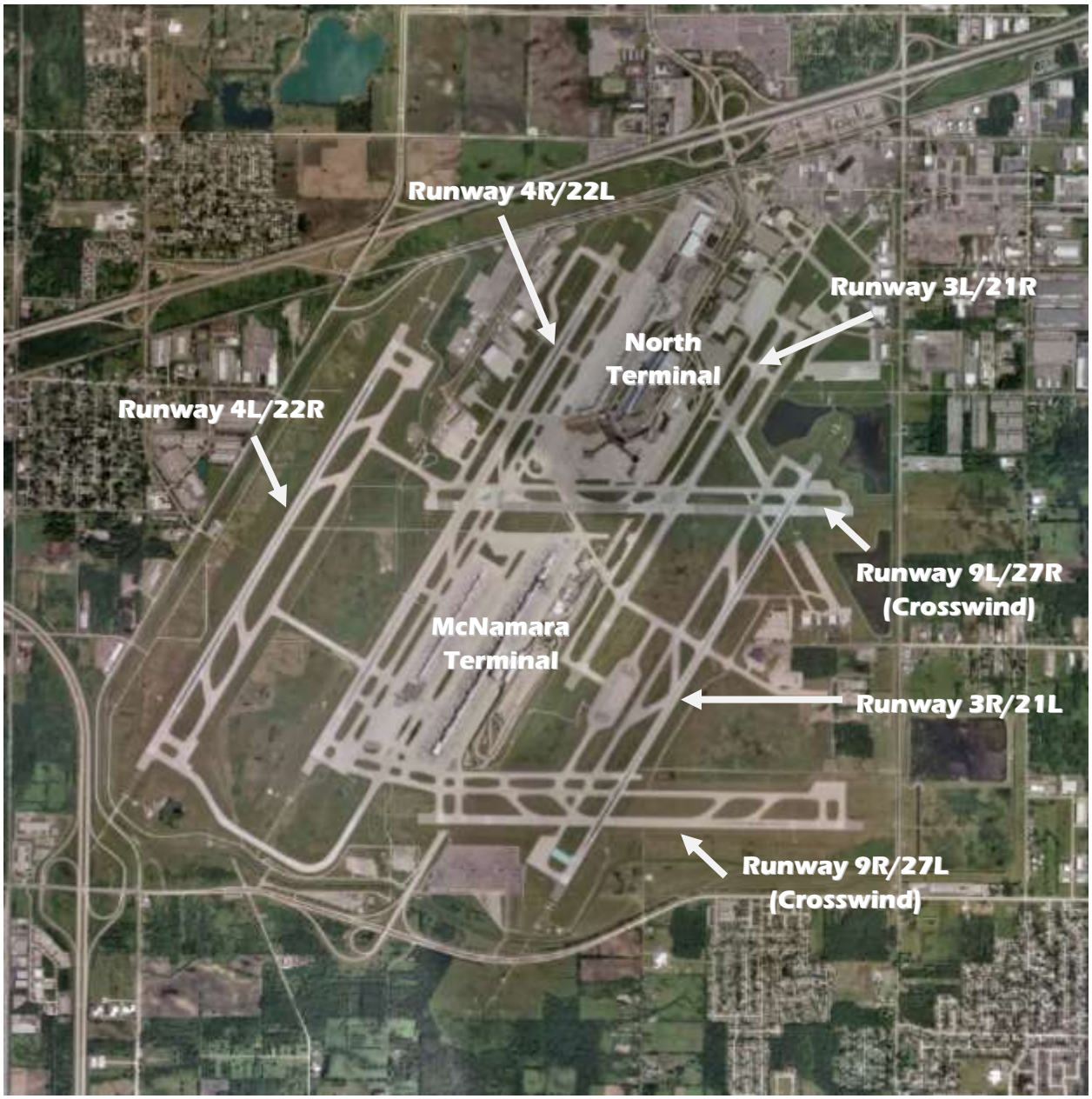
Air Cargo/Mail Facilities – Air cargo facilities at the Airport are located in three general areas of Airport property. The largest air cargo tenants, FedEx and United Parcel Service, are located in different areas of the airfield. FedEx is located in the northwest area of the Airport adjacent to Taxiway Z. United Parcel Service's facility is located on the southern portion of the Airport between the Runway 27R and 27L ends. Several passenger airline and smaller cargo facilities are also located in the northern area of the Airport with access from Merriman Road.

Aircraft Maintenance Facilities – Several aircraft maintenance operation facilities are based at the Airport. These facilities are located in various areas of the Airport; however, several are located north of the North Terminal core area. Some of these include facilities for Delta Air Lines, United Parcel Service and FedEx. Aircraft serviced at these facilities include large wide-body aircraft (i.e., Boeing 747s) to smaller general aviation type aircraft.

Fuel Farm – The fuel farm at the Airport is located in the northwestern section of the airfield and consists of four 20,000-barrel fuel storage tanks and two 65,000-barrel fuel storage tanks. The fuel farm has a capacity of over four million gallons, an estimated five days of storage capacity. The fuel facilities at the Airport also include a truck load rack, underground pipelines and underground hydrant systems that serve the McNamara Terminal and North Terminal. Delta is the lessee of the entire fuel system at the Airport, which it operates for its benefit as well as the benefit of the other air carriers at the Airport, under an Operating Agreement with Shell/Servisair.

Other Airport support facilities include, but are not limited to, aircraft rescue and firefighting (ARFF) facilities, flight kitchens and an airport traffic control tower (ATCT). The primary ARFF station is located just north of the McNamara Terminal and south of Runway 9L/27R. The Airport also has a smaller secondary facility located near Taxiway V adjacent to the FedEx cargo apron. Additionally, the Airport has a landside ARFF station serving the roadways and terminals located along Rogell Drive to the north of the Smith and Berry Buildings (retired as

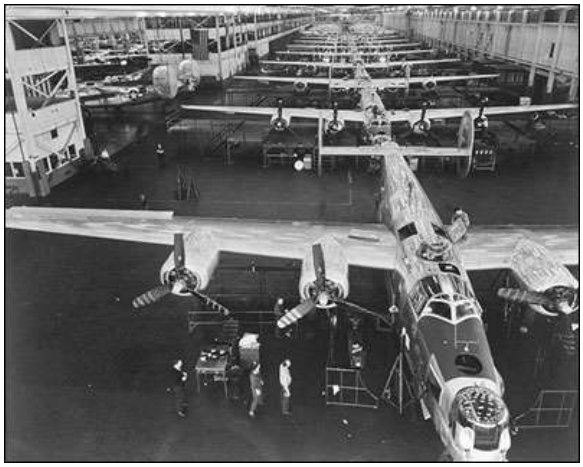
passenger facilities). LSG Sky Chefs prepares meals for flights departing from the Airport and operates out of the one flight kitchen facility at the Airport (Building 505), which is leased to Delta and subleased to LSG Sky Chefs. The ATCT is located north of the McNamara Terminal and it also houses the Terminal Radar Approach Control (TRACON) facility that serves the Airport and other regional airports.



Ariel Photograph of the Airport, September 2011

WILLOW RUN AIRPORT

Willow Run has a rich history, dating back to 1941 when Henry Ford and Charles Lindbergh built the world's largest bomber facility at the airport. During World War II, nearly 8,700 B-24 "Liberator" bombers were built at Willow Run. During its peak production, the plant employed 42,000 people including "Rosie the Riviter." After the war, the bomber plant was converted into a luxury passenger terminal. Commercial airline traffic was transferred from Detroit City Airport and Willow Run became Detroit's principal airport.



Photograph 1: B-24 Final Assembly, Willow Run Plant, 1944

In 1947, the federal government sold Willow Run to the University of Michigan for $1.00. Soon after, commercial air traffic began moving from Willow Run to Detroit Metropolitan Airport. By 1966, all commercial airline operations at Willow Run ceased. It has been a cargo, general and executive aviation airport since. In 1977, the University of Michigan sold Willow Run to Wayne County for $1.00.

Willow Run Airport offers four runways, 24-hour FAA Tower and U.S. Customs operations, to provide ease of access for its users. Willow Run's runways include ILS all-weather and crosswind runways. The airport accommodates small private planes as well as international 747 cargo jets. In FY 2011, Willow Run had more than 67,000 operations and transferred approximately 251.6 million pounds of cargo through the airport, making it the third largest airport in Michigan.

Aviation Activity

	FY 2011	FY 2012	FY 2013 B
Air Craft Operations	67,275	74,692	77,300
Cargo Landings	5,184	4,445	4,500
Fuel Sold (Gallons)	7,871,410	7,074,566	7,100,000
Landed Weight (in thousand pounds)			
Cargo Tonnage	251,593	218,680	223,000
General Aviation	115,834	118,112	120,500
Total	367,427	336,792	343,500

Airport Operations Area

Airfield Size in Acres	
Runways	127
Taxiways	22
Ramps/Aprons	91
Overall Airport	2,600

Runway Length	
Runway 5R - 23L	7,526 ft.
Runway 5L - 23R	6,655 ft.
Runway 9 - 27	7,294 ft.
Runway 14/32	6,914 ft.

Photograph 2: Willow Run Airport Hangar 1

THE AIRPORT WESTIN HOTEL

The Westin is a 404-room and ten-suite luxury-class hotel. The amenities within the hotel include a gym, an indoor pool, a restaurant and bar. It is connected to both Concourse A and the ticket lobby of the McNamara terminal. The hotel is accessible from the curb front roadway, the McNamara Terminal ticket lobby and also offers a security checkpoint for direct access to Concourse A.

Westin Hotel Lobby

The Westin Hotel was the top-rated airport hotel in the Starwood system and guest satisfaction was rated in the top ten of all hotels in North America for 2010.

In March 2001, the County of Wayne issued $110.9 million in Airport Hotel Revenue Bonds, Series 2001A and Series 2001B. The 2001A Bonds, $99.6 million, were issued for the purpose of paying the cost of acquiring, constructing, equipping and furnishing an airport hotel (the Westin) and related improvements at the new McNamara Terminal. In addition, these bonds will pay capitalized interest and certain costs of issuance for this series. The 2001B Bonds, $11.3 million, were issued for the purpose of paying the County Credit Enhancement Fee, funding the Operation and Maintenance Reserve Fund, paying capitalized interest and certain costs of issuance related to this series.

The Authority has pledged all net Airport Hotel revenues solely for the payment of the Bonds and the Parity Obligations and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose. In addition, the County has pledged its limited tax full faith and credit as additional security for payment of the principal, premium, if any and interest on the bonds, subject to constitutional, statutory and charter tax rate limitations.

Hotel Operating Metrics

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget
Average Daily Rate	$126.06	$136.10	139.56	$143.61
Revenue Per Available Room	$99.26	$108.19	$108.19	$113.15
Occupancy	78.7%	79.5%	79.5%	78.8%
Operating Margin	41.4%	40.9%	40.9%	39.5%

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BUDGET PROCESS & FISCAL POLICIES

This section contains an overview of the operating budgets for the Authority's main operating funds (the Airport, Willow Run and the Westin) and the Capital Improvement Program, along with a discussion of the process, policies and guidelines used to develop the budget.

The first section details the budget process, including other planning processes which coincide with the development of the budget. Following that is a discussion of the Authority's fund structure and a schedule of fund balances.

The final section details the financial policies of the Authority, upon which all budgeting decisions are made. Any policies that impact the budget, including reserve policies, surplus policies, capital and debt management and fixed asset policies immediately follow this overview.

BUDGET PROCESS OVERVIEW

Budgeting serves as an important management tool to plan, control and evaluate the operations of the Authority. The Airport and Willow Run operations and maintenance (O&M) budgets and the Westin Hotel's budget are the Authority's annual financial plan. These budgets must be sufficient to cover the operation and maintenance expenses of the airports, the debt service payable on bonds and other known financial requirements for the ensuing fiscal year. The Capital Improvement Plan is the Authority's plan for the design and construction of major improvements and new facilities at the airports with a five year horizon.

The Airport Signatory Use and Lease Agreement provides for cost recovery for the operation of the Airport and provides for directly expensing O&M capital equipment and facility projects and recovering the bond-financed capital improvements through specified requirements from funding of debt service.

Budget Process for Fiscal Year 2013

Developing the Proposed Budget

The Financial Planning & Analysis Department (FP&A) began the FY 2013 Budget process by forecasting airline activity, a key driver of earned revenue at the Airport. The FP&A forecast started with an analysis of landed weights and enplanement projections provided by the airlines. Actual and projected airline schedules in the Official Airline Guide (OAG), current and projected load factors, Federal Aviation Administration (FAA) forecasts and historical actual levels were compared to the airline provided data before the activity forecasts were finalized.

To communicate the current economic and operational conditions based on factual research collected, FP&A prepared a white paper that analyzed the state of the aviation industry and the challenges for the year ahead. The paper was presented to the Authority Board and Senior Management Team in April as a primer to the Fiscal Year 2013 Budget.

Cooperatively, FP&A and the Authority's operating divisions developed a base budget to estimate revenues and expenses for FY 2013. The base budget:

- Assumed all WCAA Departments would provide a level of service consistent with the current fiscal year;
- Provided for known contractual changes and any inflation adjustments where appropriate;
- Removed all Fiscal Year 2012 one-time expenses;
- Provided funding for positions as indicated in the WCAA staffing plan; and
- Forecasted non-airline revenues (e.g. parking rates, rental car and concession minimum annual guarantees, etc.) on the assumption that rates, charges and fees were consistent with the current fiscal year.

Once the revenue and expense requirements were determined for the base budget, initiatives that would

increase or decrease services levels are either added or subtracted. The initiatives were submitted by the divisions to accomplish goals and objects stated by the CEO. Each initiative was vetted by FP&A and reviewed by the Senior Management Team. The product of this process is a preliminary budget presented to the Board for review.

The Five-Year Capital Improvement Plan

Concurrently, the Five Year Plans for the Capital Improvement Programs at the Airport and Willow Run Airport were analyzed and updated. The Five Year Plans report active capital projects, as well as all projects that are scheduled to begin within the next five years. The Five Year Plans are an important tool used for formulating future bond issues, maximizing federal and state grant opportunities, pro-actively planning for the replacement or reconstruction of essential infrastructure components that are nearing the end of their service life and scheduling and coordinating execution of multiple projects to minimize operational impact and maximize fiscal efficiency.

Board Review & Approval

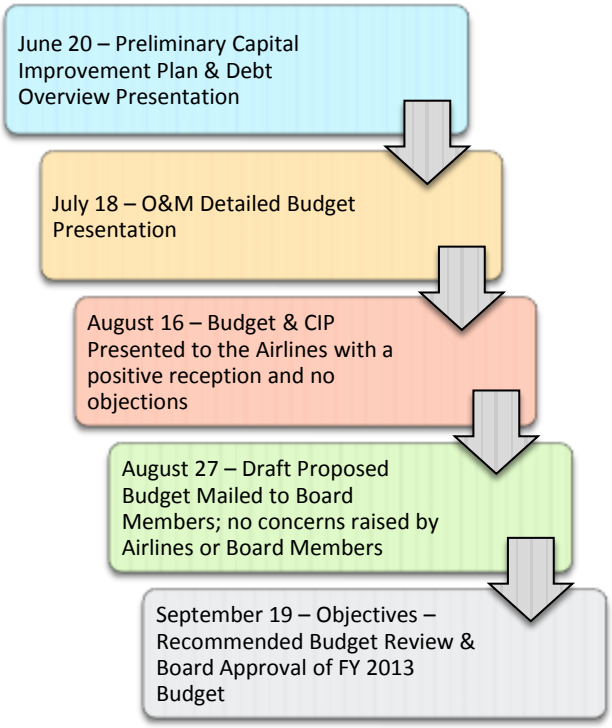
The Board conducted two Budget Study Sessions to review the FY 2013 Budget and CIP.

The first was June 20 at which the CFO and FP&A presented the preliminary CIP, highlighting major construction projects and a overview of the FY 2013 debt profile. At the second meeting on July 18, the CEO and FP&A presented the Board with a draft FY 2013 Budget.

Pursuant to the Airport Use and Lease Agreement, the Authority sent the Signatory Airlines the draft Fiscal Year 2013 Budget and Signatory Airline rentals, fees and charges for the use of the terminals and airfield on August 1. Details of the budget were then discussed at an August 16 meeting of the Detroit Airline Airport Affairs Committee (DAAAC).

After reviewing the FY 2013 Budget and CIP, the Board provided direction for management. The budget was revised according to their guidance and submitted to for adoption at the September 19 Board meeting.

Budget Process Calendar



April-May 2012

Chief Executive Officer and Senior Management Team deliberate and communicate the organization's Fiscal Year 2013 priorities

- Circulation of a White Paper outlining the challenges and opportunities to the aviation industry to the Authority's Board and Senior management Team
- Activity data request from airlines
- Divisions submit their budget and Fiscal Year 2013 initiatives to FP&A

June 2012

- Preparation of initial revenue projections
- Payroll and benefits calculated
- Base budget reviews meetings with divisions
- First Board Study Session

July 2012

- FP&A due diligence review
- CEO and Senior Management Team Budget Study Session and initiative deliberations
- Second Board Study Session

August 2012

- FY 2013 Proposed Budget sent to the Airlines and the Board
- Preliminary FY 2013 rates and charges disseminated to the Airlines
- Review meeting conducted with DAAAC
- FP&A due diligence review
- Second Board Study Session to review the preliminary budget

September 2012

- Proposed final adjustments reviewed with Senior Management Team
- FY 2013 Recommended Budget presented to and adopted by the Board

October 2012

- FY 2013 starts October 1
- Activity Fees based on the approved budget communicated to the airlines

GFOA Distinguished Budget Award

The Fiscal Year 2013 Budget has been prepared in conformance with the guidelines recommended by the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award program. The Authority has received the GFOA's award for Fiscal Years 2005 through 2012.

FINANCIAL POLICIES & PROCEDURES

Fund Structure & Balances

There are three separate operating funds used to manage the Authority's finances: the Airport Fund, the Willow Run Airport Fund and the Westin Hotel Fund. The largest fund covers the operations of the Airport and accounts for about 90 percent of the Authority's estimated O&M expenses for Fiscal Year 2013. The approved budget includes all three funds.

The Authority manages separate designated and construction funds to account for specific activities and projects. As described above, the entire Authority is reported as an enterprise fund of the County of Wayne. The terms "designated" and "construction funds" are categories used internally for the management and operation of the Authority. The matrix chart below illustrates the relationship between the Authority's Departments and Terminals and the funds managed and utilized

.

	Operating Funds			Non-Operating Funds	
	Detroit Metropolitan Airport	Willow Run Airport	Westin Hotel	Designated Funds	Construction Funds
Office of the CEO	✈			✈	
Finance	✈		✈	✈	✈
Procurement, Strategy Management & Authority Affairs	✈				
Airport Operations	✈			✈	
Facilities, Maintenance & Planning	✈			✈	✈
Public Safety	✈			✈	
Business Development	✈			✈	
North Terminal	✈				✈
McNamara (South) Terminal	✈				✈
Willow Run Airport		✈		✈	✈

Basis of Accounting & Budgeting

Accounting Basis

The Authority's basis of accounting is on an accrual basis: revenues are recorded when earned and expenses are recorded as incurred. The enactment of Act 90, which created the Authority, transferred all operations and management of the Airport and Willow Run Airport from the County of Wayne. However, the County of Wayne retained all title to real property, including buildings and improvements, so the

Comprehensive Annual Financial Report (CAFR) is reported as a discrete component of the County.

As allowed by Government Accounting Standards Boards (GASB) Statements No. 20 and No. 34, the Authority follows all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The Authority has the option to apply FASB pronouncements issued after November 30, 1989 but has chosen to follow the GASB guidelines.

Budget Basis

The Airport's basis of budgeting is in accordance to the terms of the Signatory Lease & Use Agreements (the Agreements) with the Airlines which differs from generally accepted accounting principles – the Authority's accounting basis. The Airport has additional funds that are audited but only the Operations & Maintenance (O&M) Fund is budgeted.

The O&M is budget is predicated upon the stipulations the Agreements between the Authority and most of the airlines operating at the Airport. The Agreements set forth the terms of the business relationship between the Authority and the airlines. Once an airline signs a Signatory Agreement, it is designated a Signatory Airline.

The Agreements set forth the agreed upon methodology for calculating airline rates and charges (landing fee and terminal rental rates) and the prescribed budget process. The budget estimates all revenues and expenditures of the O&M fund. Essentially, the rates & charges assessed to the Signatory Airlines equal debt service plus operating expenses less non-airline revenue. Separate calculations are made for landing fees and terminal rental rates.

Following the end of each fiscal year, the Authority must provide the Signatory Airlines with a report of terminal rentals and landing fees actually chargeable for such year based on actual data for the year. The Signatory Airlines are required to pay additional amounts owed and the Authority is required to refund airline overpayments, if the rates on which Signatory Airline activity fee and terminal rent payments during the year were either too low or too high based on actual data.

The Authority defines a balanced budget as current revenues equal to current expenditures. By the residual nature of the Agreements, the Airport's budget balances each fiscal year with the true-up to/from the Signatory Airlines.

For consistency, the basis of budgeting for the Airport, Willow Run and the Westin Hotel is the same. Only the O&M budget for each entity is adopted. Willow Run Airport is a compensatory airport; it does not have signatory agreements so there is no year-end true-up. The definition of a balanced budget is the same: current revenues are equal to current expenditures.

Net Assets

Net assets are the difference between a fund's assets and liabilities. A positive balance is necessary for several purposes:

- To have funds available for an emergency or unexpected event
- To maintain or enhance the Authority's financial position and bond ratings
- To provide cash flow for operations prior to the receipt of airline and non-airline revenues

In Figure 6: FY 2013 Estimated Change in Net Assets, the Authority estimates a decrease of $12.5 million, 2.9 percent less than the beginning balances. The Willow Run Airport fund is estimated to experience a 51.5 percent increase in net assets which is primarily driven by the estimated capital contribution from the FAA Airport Improvement Program towards the reconstruction of Runway 5R/23L. An additional $5.5 million is transferred from the Airport Development Fund to pay the local share for Runway 5R/23L and fund other capital improvements.

Please note, Figure 6 includes all funds in the Authority's audited financial statements including, but not limited to, the O&M funds for the Airport, Willow Run and Westin Hotel.

Figure 6: FY 2013 Estimated Change in Net Assets

($ in thousands)	Detroit Metropolitan Airport Fund	Willow Run Airport Fund	Airport Westin Hotel Fund	Wayne County Airport Authority Total
Net Assets - Beginning of the Year (10/1/2012)	$ 435,191	$ 50,837	$ (51,574)	$ 434,455
Airline Revenue				
Landing Fees	65,519	630	-	66,149
Airline Rents and Other Fees	91,216	720	-	91,936
Facility Use Fee	6,879	400	-	7,279
Non-Airline Revenue				
Utility Service Fee	5,042	122	-	5,163
Rent	2,550	1,150	-	3,700
Other Revenue	1,089	33	-	1,122
Charges For Services	1,917	655	27,524	30,096
Total Operating Revenue	287,744	3,709	27,524	318,977
Operating Expenses by Category				
Salaries & Wages	40,157	772	-	40,929
Employee Benefits	22,370	458	-	22,828
Materials & Supplies	6,914	95	-	7,009
Parking Management	6,531	-	-	6,531
Shuttle Bus	6,350	-	-	6,350
Janitorial	11,616	22	-	11,638
Security	2,248	-	-	2,248
Contractual Services	18,882	846	-	19,727
Hotel Expenses	-	-	20,597	20,597
Insurance	2,357	30	-	2,387
Utilities	27,476	805	-	28,281
Buildings & Grounds	16,048	243	-	16,291
Equipment Repair	15,974	229	-	16,203
Other Operating Expense	3,993	442	-	4,434
Depreciation	134,000	2,704	5,233	141,937
Total Operating Expenses	**314,915**	**6,645**	**25,830**	**347,390**
Operating Income (loss)	**(27,171)**	**(2,936)**	**1,694**	**(28,413)**
Non-Operating Revenue (Expenses)				
Passenger facility charges	61,539	-	-	61,539
Interest Income	1,859	8	47	1,914
Interest Expenses	(88,427)	(38)	(6,047)	(94,511)
Federal and State Grants	955	1,380	-	2,335
Amortization of bond insurance costs	(1,915)	-	314	(1,601)
Total Non-Operating Revenues (Expenses)	(25,988)	1,350	(5,686)	(30,325)
Capital Contributions	24,000	22,228	-	46,228
Transfers in (out)	(5,547)	5,547	-	-
Change in Net Assets	**(34,707)**	**26,189**	**(3,992)**	**(12,510)**
Estimated Net Assets - End of Year (9/30/2013)	**$ 400,484**	**$ 77,026**	**$ (55,566)**	**$ 421,945**

Schedule encompasses all funds in the Authority's audited financial statements including, but not limited to, the O&M funds.

May not sum to total due to rounding.

Revenues & Expenditures

The Authority has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as revenues from landing and related fees, concession fees and expenses paid to employees and vendors.

Non-operating – Non-operating revenues and expenses include activities that have the characteristics of non-exchange transactions that are defined as non-operating by GASB No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, such as revenue from federal and state grants and contributions and investment income and expenses for capital debt.

Revenue Recognition

Operating revenues are recorded as revenues at the time services are rendered. Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and capital contributions. Federal and state grants and capital contributions are recognized as revenues when the eligibility requirements, if any, are met.

CAPITAL IMPROVEMENT PLAN GUIDELINES

Alignment

The Authority coordinates the development of the Capital Improvement Plan (CIP) with the development of the 20-year Master Plan, Strategic Plan and Operating Budget. Projects are selected based on their alignment to the long-term goals and strategic priorities.

Capital Budget Development

The proposed CIP is developed by the Capital Improvement Committee, which is chaired by the Chief Financial Officer and includes representatives from selected divisions. The committee:

- Affirms the linkage between proposed capital projects and the Authority's Master Plan and strategic goals and objectives
- Reviews the qualitative and quantitative (including financial analysis) evaluation of capital projects to determine the priority of projects
- Recommends funding sources for projects
- Ensures compliance with the Signatory Airline Agreements, the Authority's Master Bond Ordinance and other obligations

Capital Replacement Programs

The Authority develops equipment replacement and maintenance needs for at least a five-year period and will update this plan each year. The following replacement programs have been established:

- Five-Year Fleet & Equipment Replacement
- Five-Year Plan of Non-Routine Maintenance Projects
- Five-Year Information Technology Replacement

Weighted Majority Approval

The Airline Agreements contain Authority covenants with regard to capital expenditures. One such covenant allows the Authority to issue b to finance the cost of capital projects (including all reasonable costs incidental to the issuance and sale of the GARBs) and include debt service and coverage requirements in Signatory Airline fees, only after first receiving a Weighted Majority approval for such capital projects. The Airline Agreements define Weighted Majority as either (1) Signatory Airlines which, in the aggregate, landed 85 percent or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available, or (2) all but one of the Signatory Airlines regardless of landed weight.

The Authority has received Weighted Majority approval for some, but not all, of the projects in the current CIP.

DEBT FINANCING PRINCIPLES

Issuance

The Authority issues GARBs to finance a major portion of its Capital Improvement Program (CIP). The Bonds are revenue obligations of the Authority and do not constitute indebtedness to the County of Wayne or the State of Michigan within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor the taxing power of the County or the State is pledged for the payment of principal, premium, if any, or interest on the Bonds. The Authority pledges its net revenues, as defined in the Authority's Master Airport Revenue Bond Ordinance toward the repayment of the Bonds.

The Authority has established the following guidelines for managing its long-term debt program:

- Debt financing is undertaken for required capital projects after all reasonable financing alternatives, including the use of PFCs and grants are considered.
- Pay-as-you-go mode of financing is utilized to fund capital improvement projects to the extent feasible.
- Long-term debt is not used to finance current non-capital expenditures.
- Debt issues are structured based on attributes of the types of projects financed and market conditions at the time of issuance.
- Financial advisors are retained for advice on debt structuring.
- Policy on required continuing disclosure is maintained, including filing certain financial information and operating data with Nationally Recognized Municipal Securities Information Depositories and with the relevant State Information Depository.
- Bond issuance costs are amortized over the period the bond is outstanding based on the ratio of debt outstanding to original debt issued.
- The Authority defers the difference between the reacquisition price and the net carrying amount of the old debt in refundings in accordance with the provisions of GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities. The deferred amount is amortized and recorded as a component of interest expense in accordance with the standard.

Debt Limits

The Authority has no legal debt limit; however, GARBs cannot be issued without Weighted Majority approval of the signatory airlines.

FINANCIAL RESERVE POLICIES

Working Capital

Net assets are the difference between a fund's assets and liabilities. A positive balance is necessary for several purposes:

- To have funds available for an emergency or unexpected event
- To maintain or enhance the Authority's financial position and bond ratings
- To provide cash flow for operations prior to the receipt of airline and non-airline revenues

The Airport

The Detroit Metropolitan Airport Operating Fund is required (ordinance 319 of the County of Wayne, Michigan) to maintain an operating reserve equal to one-twelfth of operating expenses. The reserve must be funded quarterly as needed and based on budgeted operating expenses.

Willow Run Airport

The Willow Run Airport Operating fund is not required to maintain any operating reserve.

Airport Westin Hotel

The Westin Hotel Operating Fund is required (ordinance 334 of the County of Wayne, Michigan) to maintain an operating reserve of $3,000,000, a reserve for centralized services fees equal to one-twelfth of the fixed centralized services fee for any year and a reserve for replacement of furniture, fixtures and

equipment equal to 5 percent of hotel gross revenue for the year.

Surplus & Deficit Procedures

The Airport Fund

The residual funding methodology stipulates that Signatory Airlines are required to fund any deficit of the Airport and the Authority is required to refund any surplus each fiscal year.

Willow Run Airport Fund

Excess operational surpluses may be used to pay down debt, fund capital improvement projects, or support ongoing operations. If need be, operational deficits are made whole by transfers from the Authority's discretionary.

Airport Westin Hotel

After the Airport Hotel Fund's operating needs, Furniture, Fixtures & Equipment (FF&E) investments, reserve requirements and debt obligations have been meet, excess proceeds may be transferred to the Airport Development Fund (ADF). The Airport Hotel Fund draws on reserve balances to manage cash short-falls and operations.

INVESTMENT POLICIES

Cash & Investments

Cash resources of the individual funds of the Authority, except as specifically stated by ordinance, are pooled and invested. Interest on pooled investments is allocated monthly among the respective funds based on average investment balances. Interest earned, but not received, at year end is accrued. Investments are stated at fair market value, which is based on quoted market prices.

Michigan Compiled Laws Section 129.9 1 (Public Act 20 of 1943, as amended), authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Authority in accordance with Public Act 20 of 1943, as amended, authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities (date specific maturities only), non-negotiable certificates of deposits, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest in overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, 1 MCL 129.111 to MCL 129.118 or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512. For mutual funds, the treasurer may invest in no-load fixed income mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan, either taxable or tax-exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of $1.00 per share.

Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. All pooled investments qualify as cash equivalents.

FIXED ASSET ACCOUNTING PROCEDURES

Definition of a Fixed Asset

Capital assets are stated at the estimated historical cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets as follows:

- Buildings & Improvements 10 – 50 years
- Equipment & Vehicles 3 – 12 years
- Infrastructure 10 – 40 years

Expenditures with a cost of $5,000 or more for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. All costs relating to the construction of property and equipment owned by the Authority are capitalized, including salaries, employee benefits and interest costs during construction. At the time fixed assets are sold, retired, or disposed of, the costs of such assets and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the results of operations.

Acquisition of Fixed Asset

Assets may be acquired through many methods including: purchases, project construction, capital leases, donations, exchanges, fabrication, loans, trials, grants, contract receipts, or rent credits.

Capital items (fixed assets) are identified as either:

- **New**. Through the initiative of the approved budget and/or the Capital Improvement Plan that justifies its purchase and alignment with the Authority's strategic plan.
- **Replacement**. Through capital asset maintenance programs, or as budgeted funds allow, for items already in the inventory.
- **Emergency**. Ad hoc needs are addressed at the discretion of the Chief Executive Officer.

The procedures for purchasing fixed assets are:

- New and replacement capital items must be identified in the approved budget.
- The departments must coordinate with the Department of Finance to ensure that funding is secured before initiating the procurement sequence.
- The departments initiate the purchase of an item in accordance with the Authority's procurement ordinance.

Once the item has been ordered or received, the departments forward any invoices to Accounts Payable. The capitalization and subsequent addition to the inventory is made on payment date.

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STRATEGIC PLAN & LONG RANGE FINANCIAL PLANNING

This section outlines the elements of our long-range financial planning process, with the current Five-Year Projection. First, we recap our **Mission Statement, Core Values and Strategic Objectives**, which describe our vision for the future and how we intend to achieve that vision.

Next, we provide a **Demographic and Economic Analysis** that describes the economic base of the geographical area served by an airport (i.e., the Air Trade Area). To a large degree, demand for air transportation is dependent upon the demographic and economic characteristics of, particularly for the origin and destination (O&D) portion of an airport's passenger traffic. Although O&D passengers are less than a majority of the Airport's total traffic, primarily as a result of hubbing activity by Delta, the strength and characteristics of the Airport's underlying economic base remain significant with regard to expectations of continued growth in its O&D demand.

Defining stakeholder wants and needs is the most critical part of our planning. The next section reviews an analysis of **Passenger Demand and the Airlines Provision of Air Service**. The Authority generates the majority of its operating revenues from commercial airlines, private aircraft operators, fees and rents assessed to concessionaires and rental car operators and charges for public parking and commercial vehicle access to Airport facilities. These revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of national and local economic conditions and the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand.

The **Financial Analysis** section, presents the results of an analysis undertaken by the Financial Planning & Analysis Department in coordination with the Airport's consultant Ricondo & Associates. Analysis and the financial projections presented in section address the Airport's ability generate sufficient revenue to support future capital needs and meet debt service requirements while maintaining competitive airline rates and charges that will remain reasonable on a cost per enplanement (CPE) basis as compared to other large-hub U.S. airports through the projection period.

The final section of this chapter presents the results of the **Five-Year Projection** of aviation activity, revenues, expenditures and CPE.

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STRATEGIC PLAN

Overview

Since the creation of the Airport Authority, two strategic plans have been developed and implemented. Fiscal Year 2008 represented the first full year of implementing the most recent strategic plan. During Fiscal Year 2012, the Authority began a third strategic plan update. This most recent update focused on revisiting the organization's strategic objectives and Authority-level balanced scorecard of customer satisfaction, financial, process improvement and people measures.

In Fiscal Year 2013, senior management will finalize the scorecard measures, develop current and 5-year targets for each measure, create a comprehensive five-year business plan and begin a regular business review process to track progress against the Authority's strategic objectives.

Mission, Vision, Values

OUR MISSION is to operate safe, secure and dynamic air transportation facilities for our customers, creating economic vitality by providing global travel, cargo and business opportunities.

OUR VISION is making the world available.

OUR VALUES

Teamwork – Work across functional areas to achieve our common goals through trust, sharing information and open discussion of ideas

Accountability – Follow-through on commitments, take ownership and accept responsibility for all outcomes

Customer Satisfaction – Commit ourselves to understand our customers' needs and deliver services and facilities that exceed expectations

Employee Respect – Treat each other fairly, listen to all opinions and recognize a job well done

Integrity – Adhere to a high ethical standard while doing our job with honesty and professionalism

Diversity – Foster a welcoming environment for all airport users

Updated Strategic Objectives

To support its mission and vision, the Airport Authority has established the following strategic objectives:

Customer Satisfaction

- Provide a world-class passenger experience
- Build business partnerships with airlines and tenants
- Grow air service

Financial

- Maintain a competitive cost structure
- Diversify and grow non-airline revenue
- Foster regional economic growth

Process Improvement

- Operate safe and secure airports
- Improve business and operating processes

People

- Live our core values
- Equip employees with the critical tools and skills to support the strategy
- Develop employees for future roles

These objectives were created with the participation of the CEO, senior management team and key employees. In addition, the updated strategic objectives provided a framework for budget initiatives and were presented to the Board as a part of the Fiscal Year 2013 budget discussion and approval process.

Tracking Our Progress – The Balanced Scorecard

The Balanced Scorecard methodology was developed in the early 1990's by Harvard professor Robert Kaplan and Boston-area consultant David Norton. It was originally devised as a performance measurement system that encompassed not only financial metrics, but also non-financial measures such as customer service, process improvement and learning and growth. The Balanced Scorecard has evolved to become a widely-used method of linking an organization's vision to its day-to-day operations.

General Benefits

The key benefits of using the Balanced Scorecard include aligning the organization on implementing the strategy, encouraging cross-functional dialogue and implementation and communicating clear and objective performance measures and expectations.

Airport Authority Approach

The Airport Authority's approach is to use the Scorecard to make the strategy relevant for all levels of the organization and to reinforce its values, particularly teamwork, accountability and customer satisfaction. As such, the Authority takes a holistic "program-oriented" view of performance measurement, instead of grouping measure by departments.

During Fiscal Year 2013, senior management will develop targets not only for the current fiscal year, but also for the 5-year business planning horizon.

New Balanced Scorecard Measures

Customer Satisfaction

- Airport Service Quality survey: Overall satisfaction rating
- Business partner survey: Overall responsiveness rating
- Number of non-stop destinations

Financial

- Operating cost per enplanement (DTW)
- Total outstanding debt per enplanement
- Gross non-airline revenue per enplanement
- Economic impact*

Process Improvement

- Airport Authority employee OSHA incident rating
- Number of airfield incidents
- Key process measures*

People

- Employee survey: Overall satisfaction rating
- Percent execution on critical skill development plans
- Percent of positions with succession plans
- Time spent per employee on competency development

** Measures to track progress for economic impact and process improvement are to be determined.*

Business Planning Process

To achieve the Authority's long-term targets and to further support the successful implementation of the Authority's strategic plan, a comprehensive 5-year business plan will be established in Fiscal Year 2013. The business plan will encompass key initiatives and the associated workforce requirements, financial commitments, technology needs and facility and infrastructure improvements. This process is intended to provide guidance for organizational initiatives and budget requirements in Fiscal Year 2014.

DEMOGRAPHIC ANALYSIS

The demographic analysis presents data and summarizes trends with respect to population, population diversity and age distribution in the Air Trade Area. In addition to providing a general overview of the Air Trade Area, these factors, to varying degrees, also impact the demand for air travel in the Air Trade Area.

Population

Wayne and Oakland counties are the Air Trade Area's two most populous counties. According to the U.S. Census Bureau, the state of Michigan is ranked 8th most populous state in the nation for 2010. Wayne and Oakland counties are ranked as the 15th and 32nd-largest counties, respectively, in the nation for population in 2010. Historical population for the Air Trade Area, Michigan and the United States is presented in Figure 7.

Figure 7: Historical & Projected Population

AREA	HISTORICAL			PROJECTED	COMPOUNDED ANNUAL GROWTH RATE			
	1990	2000	2010	2020	1990-2000	2000-2010	1990-2010	2010-2020
Genesee County	430,459	436,141	424,926	426,196	0.1%	-0.3%	-0.1%	0.0%
Lapeer County	74,768	87,904	88,210	94,911	1.6%	0.0%	0.9%	0.7%
Lenawee County	91,476	98,890	99,763	102,717	0.8%	0.1%	0.5%	0.3%
Livingston County	115,645	156,951	180,972	206,796	3.1%	1.6%	2.4%	1.2%
Macomb County	717,400	788,149	841,126	850,607	0.9%	0.7%	0.8%	0.1%
Monroe County	133,600	145,945	151,932	162,422	0.9%	0.4%	0.7%	0.6%
Oakland County	1,083,592	1,194,156	1,203,012	1,223,528	1.0%	0.1%	0.6%	0.2%
St. Clair County	145,607	164,235	162,789	172,682	1.2%	-0.1%	0.6%	0.5%
Washtenaw County	282,937	322,895	345,290	378,928	1.3%	0.7%	1.1%	0.8%
Wayne County	2,111,687	2,061,162	1,815,734	1,698,968	-0.2%	-1.4%	-0.8%	-0.6%
Air Trade Area	5,187,171	5,456,428	5,313,754	5,317,755	0.5%	-0.3%	0.1%	0.0%
State of Michigan	9,295,297	9,938,444	9,877,574	10,140,364	0.7%	-0.1%	0.3%	0.2%
United States	248,709,873	281,421,906	309,349,689	341,069,539	1.2%	1.1%	1.2%	0.9%

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data* Source (CEDDS), June 2012.

PREPARED BY: Ricondo & Associates, Inc., June 2012.

As shown, population in the Air Trade Area increased from 5,187,171 people in 1990 to 5,456,428 people in 2000, then decreased to 5,313,754 people in 2010. Expansion in the Air Trade Area between 1990 and 2010 resulted in eight of the ten counties in the Air Trade Area experiencing positive population growth. The overall population in the Air Trade Area between 1990 and 2010 grew at a CAGR of 0.1 percent, slightly below Michigan's CAGR of 0.3 percent and below the United States' CAGR of 1.2 percent, during this same period.

Figure 7 also presents population projections for the Air Trade Area, Michigan and the United States for 2020. As shown, population in the Air Trade Area is expected to remain flat between 2010 and 2020, from 5,313,754 people in 2009 to 5,317,755 in 2020. Projected population for Michigan is expected to increase at a CAGR of 0.2 percent between 2010 and 2020, greater than the Air Trade Area, yet lower than the 0.9 percent CAGR projected for the United States during this same period.

Population Diversity

The Air Trade Area has an ethnically diverse population, a characteristic that contributes to demand for air travel. In a global economy, ethnic diversity within a region's labor force is a distinct economic advantage because employees with cultural and linguistic ties to international markets give companies an edge in establishing trade and investment opportunities. This immigrant influx from various parts of the world has been and continues to be,

a significant component of the economy of the Air Trade Area. Key sectors in the Air Trade Area's regional economy – manufacturing, technology and R&D - are impacted by the contribution of labor and investment from immigrant communities and entrepreneurs. An ethnically diverse population also retains family ties that create demand for air travel services to and from homeland countries.

As shown in Figure 8, according to U.S. Census Bureau data, approximately half of the foreign-born population residing in the Air Trade Area comes from Asia, while a quarter were born in Europe. India is the most represented country of birth of the Air Trade Area's foreign-born residents, followed by Iraq and Mexico.

Figure 8: World Region of Birth of Foreign-Born Population In Air Trade Area (2010)

REGION	POPULATION	PERCENT
Asia	210,905	50.5%
Iraq	*41,888*	*10.0%*
India	*44,153*	*10.6%*
China	*20,433*	*4.9%*
Europe	102,410	24.5%
Germany	*12,397*	*3.0%*
United Kingdom	*8,543*	*2.0%*
Poland	*9,602*	*2.3%*
Latin America	59,233	14.2%
Mexico	*38,920*	*9.3%*
Jamaica	*3,325*	*0.8%*
Guatemala	*2,727*	*0.7%*
North America	28,082	6.7%
Africa	15,402	3.7%
Oceana	1,371	0.3%
Total	417,403	100.0%

SOURCE: U.S. Department of Commerce, Bureau of the Census, *American Community Survey 2010* .
PREPARED BY: Ricondo & Associates, Inc., June 2012.

The presence of major educational institutions in and around the Air Trade Area also contributes to population diversity and air travel demand. For example, the University of Michigan, located in the Air Trade Area, has the sixth-largest amount of international students among all U.S. universities. International enrollment at three of the largest universities in the Air Trade Area (University of Michigan in Ann Arbor and Eastern Michigan University is Ypsilanti) and nearby (Michigan State University) is summarized as follows:

- In its fall 2011 semester, the University of Michigan had 5,472 international students enrolled from 124 countries
- Eastern Michigan University has an international student enrollment of 1,000 students from 87 countries
- Michigan State has enrolled international students from 130 countries

The faculty and visitors to these and the other institutions of higher learning in and around the Air Trade Area generate additional travel demand, which is likely accommodated in many cases by the Airport due to the breadth and frequency of service provided by air carriers.

Age Distribution

Figure 9 shows that the median age in the Air Trade Area in 2010 (38.9 years) was similar to Michigan (39 years) and higher than the United States (37.2 years).

According to the U.S. Travel Association, air travel frequency in the United States varies by age group and persons between the ages of 35 and 54 tend to travel the most by air. Persons between the ages of 35 and 54 account for 28.1 percent of air trips, while persons between the ages of 18 and 34 account for 23.5 percent of air trips and persons 55 years and older account for 24.1 percent of air trips.

Figure 9: Age Distribution (2010)

	AIR TRADE AREA[2/]	STATE OF MICHIGAN	UNITED STATES
Total Population	5,213,991	9,877,574	309,349,689
By Age Group			
17 and Under	24.0%	23.7%	24.0%
18 - 34	21.2%	21.5%	23.3%
35 - 54[1/]	29.3%	28.2%	27.8%
55+	25.5%	26.6%	24.9%
Total	100.0%	100.0%	100.0%
Median Age	38.9 years	39.0 years	37.2 years

NOTES:
1/ Data from the Travel Industry Association of America shows that this age group travels more frequently by air than other age groups.
2/ Data only available for Detroit-Warren-Flint Combined Statistical Area (excludes Lenawee County).

SOURCE: U.S. Department of Commerce, Bureau of the Census, *American Community Survey 2010* .

PREPARED BY: Ricondo & Associates, Inc., June 2012.

Data in Figure 9 shows that in 2010, Air Trade Area residents between the ages of 35 and 54 made up approximately 29.3 percent of the population, compared with 28.2 percent of the population of Michigan and 27.8 percent of the population of the United States. The Air Trade Area's greater percentage of the population in the age category that travels most frequently nationwide represents an important source of demand for air service at the Airport.

BUSINESS CLIMATE

Overview

State of Michigan

In a June 2012 report, the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) identified Michigan as the sixth fastest growing state in the United States in 2011 based on percentage change in real gross domestic product (GDP). Texas was the only state that experienced a greater increase in GDP in 2011 and also had a larger total output than Michigan. Michigan's total output of approximately $385.2 billion current dollars was between approximately two times (Oregon) to 10 times (North Dakota) greater than the total outputs of the other states, excluding Texas, that that experienced greater GDP growth in 2011.

The BEA report noted that growth in durable-goods manufacturing accounted for approximately half of the 2.3 percentage point growth in Michigan GDP in 2011, contributing 1.17 percentage points to growth. The growth in durable-goods manufacturing experienced in Michigan in 2011 is an indicator of the improving condition of major automobile manufacturers. Complementing growth in the durable-goods manufacturing sector and illustrating the diversity of statewide economy, other sectors contributing significantly to GDP growth in Michigan in 2011 included the following:

- Professional, scientific and technical services – contributing 0.54 percentage points to growth
- Wholesale trade – contributing 0.27 percentage points to growth
- Administrative and waste services – contributing 0.22 percentage points to growth

- Non-durable goods manufacturing; management of companies; and health care and social assistance – each contributing 0.17 percentage points to growth
- Construction – contributing 0.13 percentage points to growth

Growth in these sectors, among others, was partially offset by notable decreases experienced in the government (-0.36 percentage points to growth); real estate, rental and leasing (-0.19 percentage points to growth; and utilities (-0.17 percentage points to growth) sectors.

With over 50 percent of Michigan's population residing in the Air Trade Area, it's reasonable to conclude that a significant portion of the growth in production that occurred on a statewide basis is directly or indirectly tied to activities occurring within the Air Trade Area.

Air Trade Area

According to the Detroit Regional Chamber, the Air Trade Area has approximately 247,000 existing businesses. With its high concentration of Fortune 500 companies, high-capacity transportation infrastructure, skilled workforce and research and development (R&D) facilities, the Air Trade Area has been gaining recognition as one of the best places in the nation for new and expanded business according to the Detroit Regional Chamber. This optimistic assessment was echoed by an October 2010 article in Inc. magazine, entitled "Five Reasons to Start a Business in Detroit." In particular the article noted the Air Trade Area's strong support network for new businesses (including government support) and access to space and capital. More recently, in May 2012, Site Selection magazine included the Wayne County Economic Development Growth Engine on its honorable mention list of the top-performing economic development groups nationwide in 2011.

In its March 2012 MetroMonitor report, the Brookings Institution included Detroit in its list of the top 20 metropolitan areas with the strongest economic recoveries. In addition to growth in manufacturing activity, including the production of automobiles, automobile parts and related durable goods as noted in the Brookings report, the technology sector is a growing contributor to the Air Trade Area's recovery. This growth in the technology sector has occurred as automobile makers and their suppliers are recruiting, often in competition with Silicon Valley, computer programmers and other workers with the technological skills necessary in the modern automobile making environment.

The relocation of major high-tech operations of Quicken Loans and CompuWare, among others, to downtown Detroit has also attracted high-tech workers to the Air Trade Area. The Air Trade Area's technology sector growth is illustrated in a 2011 report Dice.com, a career website serving information technology and engineering professions, identifies Detroit as the fastest growing metropolitan area for technology jobs. In that report, the Detroit metropolitan area was cited as having more than 800 available technology positions on any given day and that technology professionals in the Detroit metropolitan area have an average annual income of $71,445.

Automotive Industry

Detroit and the surrounding area is well known as "The Automotive Capital of the World," as it is home to three of the world's largest automakers: Chrysler Group LLC, Ford Motor Company and General Motors Company. In addition to the "Big Three" U.S. automakers, the Air Trade Area is home to important facilities of foreign manufacturers including R&D centers of Toyota Motor North America Inc., Hyundai Motor Company and Kia Motors America Inc. Furthermore, approximately 20 of the 100 largest global automotive suppliers are headquartered in the Air Trade Area, with approximately another 70 of the largest suppliers having an office presence in the region. Historically, Michigan's automotive factories account for approximately 20.5 percent of total US vehicle production6, more than any other state in the nation. Furthermore, over four-fifths of the state's

car and truck production is located within the Air Trade Area which produces more vehicles than any other metropolitan area in the United States.

Due to the major presence of automakers, suppliers, R&D facilities and a vast network of support industries in Detroit and the surrounding area, trends impacting vehicle sales and production have a significant impact on the regional economy. While the period 2006 through 2009, coinciding with the national economic recession, provided many challenges to the automakers and the Detroit region, the rebound that has occurred since 2009 has made Michigan and by extension Detroit and the Air Trade Area, one of the fastest growing economies in the nation based on the BEA's June 2012 news released described above. The following sections describe the impacts of the recession on vehicle production and the automakers as well as the rebound that has occurred since 2009.

Impacts of the Recession to the Automotive Industry (2006 through 2009)

The significant presence of the auto industry in southeastern Michigan exposes the Air Trade Area economy to fluctuations depending on how economic conditions impact vehicle sales across the nation and the world. U.S. vehicle sales had peaked (for the period shown) in 2006 at an annualized rate of 18.1 million units and remained relatively strong through the first half of 2007. As illustrated in Exhibit 4-2, U.S. vehicle sales began to wane in the last half of 2007 and continued to weaken into 2009, when sales reached a low point of 9.3 million annualized in February as the national economy experienced a significant recession. Vehicle sales experienced a sharp increase in July and August of 2009, when sales reached an annualized rate of 14.3 million due to the federal government's "Cash for Clunkers" program, but quickly retreated to a 9.4 million annualized rate in September as the program expired. With the downturn in sales, production rates also declined from a peak of approximately 12.0 million annually in early 2006 to a low of approximately 5.7 million annual in October 2010. Production in Michigan showed a similar trend, declining from approximately 2.4 million vehicles annually in early 2006 to 1.15 million vehicles annually at the end of 2009.

The financial ramifications of the national economic recession in the 2007 through 2009 period for the Big Three automakers were profound. On April 30, 2009, Chrysler LLC filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code (Chapter 11). The corporation was reorganized as a new entity, Chrysler Group LLC, which acquired the most valuable assets of the original corporation and emerged from the bankruptcy process on June 10, 2009. Chrysler emerged from bankruptcy with ownership comprised of a United Auto Workers' retiree trust owning 55 percent, Italy's Fiat S.p.A. owning 20 percent and the United States and Canadian governments holding minority stakes. Fiat was given management control over Chrysler as part of an agreement that called for Fiat to provide technical expertise and build at least one vehicle line in a Chrysler plant. In October 2011, Fiat had increased its share of Chrysler's ownership to 53.5 percent. As part of the reorganization process, Chrysler closed approximately one quarter of its U.S. dealerships8 and closed five plants throughout the country affecting approximately 4,800 workers.

On June 1, 2009, General Motors Corporation followed Chrysler by filing for protection from creditors under Chapter 11. With federal assistance, General Motors emerged from bankruptcy on July 10, 2009 having been reorganized as a new entity, General Motors Company, which acquired the most valuable assets of the original corporation. The U.S. Department of the Treasury retained a 61 percent stake in the "new" General Motors, having invested approximately $50 billion to ensure the viability of the company during the bankruptcy process. Through its restructuring General Motors eliminated approximately 3,600 of its 6,000 dealerships, closed 14 plants and shed approximately 20,000 employees in the United States during 2009. Furthermore, General Motors sold the Saab brand to Netherlands' Spyker Cars (which located Saab's North American headquarters in the Air Trade Area in April 2010) and phased out the Hummer, Pontiac and Saturn brands. On November 18, 2010, General Motors

successfully completed an initial public offering (IPO) of its stock, allowing the U.S. Department of the Treasury to reduce its ownership stake in the company.

While Ford managed to avoid the Chapter 11 process, its finances were severely strained with the company losing $12.7 billion in 2006. The company borrowed more than $23 billion, for which it pledged nearly all of its U.S. assets including its blue oval logo. Ford instituted a restructuring program dubbed the "Way Forward" through which it offered its 30,000 hourly workforce buyouts or early retirement packages, which approximately 40 percent accepted, shed approximately 14,000 salaried positions and closed approximately nine plants. Ford also divested several assets, including the sale of the Jaguar and Land Rover brands to India's Tata Motors, the sale of the Volvo brand to China's Geely Automobile and the phase out of the Mercury brand.

Recent Automaker Trends

As the national economy began to improve in late 2009 and 2010, nationwide vehicle sales increased as well to reach a rate of 12.7 million annually in December 2010. The upward trend in sales continued through 2011, with the December annualized rate reaching 13.8 million and has extended into 2012 with annualized sales of approximately 14.1 million in June. Production rates, both in Michigan and the U.S. as a whole, have trended upward during this period as well.

While sales rates have yet to reach the peaks experienced in 2005, the restructurings undertaken by the Big Three auto companies allowed them to return to profitability even at these lower sales levels. For example, Moody's estimates that as a result of the restructuring since 2009 Ford's North American breakeven level declined by 45 percent to 1.8 million units of production from 3.4 million units. Ford reported a pre-tax profit of $8.8 billion for 2011, while General Motors reported net income of $7.6 billion for the year. Chrysler reported a modest profit of $183 million and announced it had achieved three performance events that allowed Fiat to increase its ownership share to 58.5 percent with the United Auto Workers' retiree trust owning the remaining 41.5 percent.

Based on second quarter 2012 financial results, the automakers' profitable operations have extended through 2012 with Ford reporting a pre-tax profit of $1.8 billion for the quarter, General Motors reporting net income of $1.5 billion for the quarter and Chrysler reporting a profit of $755 million for the quarter (and a profit of approximately $1.5 billion for the first half of 2012), significantly higher than the annual profit of $183 million reported by Chrysler for the year 2011.

The improved financial performance of the automakers has resulted in an upward trend in their credit ratings, with the most notable achievement being the restoration of Ford to investment grade by both Fitch Ratings and Moody's Investor Service. With the upgrade to investment grade by the two firms, Ford regained control of the assets it had pledged as collateral in 2006, including its iconic corporate logo. In addition to the improved financial performance, the strong demand for new vehicles has led the automakers to hire new workers, add shifts and reopen shuttered plants. The New York Times reports that employment at the nation's automakers and suppliers increased 6 percent in the first three months of 2012 compared to the same period in 2011, to 644,000. Ford expects to hire 6,500 workers over the course of the year and is adding shifts at its Chicago, Kansas City, MO, Louisville, KY and Wayne, MI plants, while Chrysler announced it would add a third crew and 1,100 new jobs at its Jefferson North Assembly Plant in Detroit and General Motors is hiring at plants across the country.

Figure 10: Gross Regional Product

	GROSS REGIONAL PRODUCT (millions of 2005 dollars)		
YEAR	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Historical			
2002	$239,708	$378,959	$11,400,525
2003	$242,702	$382,395	$11,692,365
2004	$236,299	$376,014	$12,138,374
2005	$235,406	$375,260	$12,554,535
2006	$227,952	$366,627	$12,958,093
2007	$227,905	$366,910	$13,241,193
2008	$212,244	$344,617	$13,099,013
2009	$199,269	$325,715	$12,701,843
2010	$198,475	$324,458	$12,644,089
2011	$198,317	$325,667	$12,679,745
Projected			
2020	$232,252	$381,366	$15,536,576
Compound Annual Growth Rate			
2002-2011	(2.1%)	(1.7%)	1.2%
2011-2020	1.8%	1.8%	2.3%

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data* Source (CEDDS), June 2012.
PREPARED BY: Ricondo & Associates, Inc., June 2012.

ECONOMIC ANALYSIS

Data presented in the economic analysis section provide a general description of the Air Trade Area economy and its characteristics. As shown in the following sections, the Air Trade Area is home to a number of Fortune 500 companies, has seen significant recent improvement in employment rates and has a high percentage of households in the highest income categories when compared to Michigan and the nation.

Gross Domestic Product

Gross domestic product, for the U.S. as a whole and its state and MSA equivalent, gross regional product, are a measure of the market value of all final goods and services produced within a particular area for a particular period of time. These indicators are one of the broadest measures of the economic health of a particular area and consequently, the area's potential inbound air travel demand. However, gross regional product, particularly at the MSA level, is somewhat more difficult to accurately estimate than gross domestic product and is relatively new concept. The BEA did not introduce this concept on a MSA level of detail until 2007.

Figure 10 presents historical gross regional/domestic product for the Air Trade Area, Michigan and the nation between 2002 and 2011, presented in real 2005 dollars. As shown, Air Trade Area gross regional product decreased from $239,708 million in 2002 to $198,317 million in 2011. As also shown, gross regional product for the Air Trade Area decreased at a compounded annual rate of 2.1 percent between 2002 and 2011, compared to a 1.7

percent decrease for Michigan and an increase of 1.2 percent for the nation for its equivalent measure during this same period.

Figure 10 also presents projections of gross regional/domestic product for 2022. According to data from Woods and Poole Economics, Inc. (Woods and Poole) gross regional product for the Air Trade Area is projected to increase from $198,317 million in 2011 to $232,252 million in 2022. This increase represents a CAGR of 1.8 percent during this period, compared to a 1.8 percent CAGR for Michigan and 2.3 percent for the nation for its equivalent measure.

Per Capital Personal Income

Another key indicator regarding demand for air travel is air trade area wealth, which can be measured by assessing levels of personal income. Personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income and transfer payments less personal contributions for government social insurance. Personal income is a composite measurement of market potential; and indicates the general level of affluence of local residents, which corresponds to an area's ability to afford air travel, as well as an area's attractiveness to business and leisure travelers (lower income areas often have weaker business ties to the rest of the nation and a less developed tourism infrastructure).

Figure 11 presents historical per capita personal income between 2002 and 2011 for the Air Trade Area, Michigan and the United States. As shown, between 2002 and 2011, per capita personal income for the Air Trade Area was higher than equivalent measures for Michigan but, for the most recent years, slightly lower than equivalent measures for the United States. Per capita personal income for the Air Trade Area increased at a CAGR of 2.3 percent between 2002 and 2011, compared with a 2.9 percent CAGR for Michigan and a CAGR of 3.8 percent for the United States during this same period.

Figure 11 also presents projections of per capita personal income for 2020. According to data from Woods and Poole per capita personal income for the Air Trade Area is projected to increase at a CAGR of 4.4 percent, from $41,433 in 2011 to $61,200 in 2020. Projected growth for the Air Trade Area is higher than projections for Michigan, which is expected to grow at a 3.9 CAGR and the United States as a whole, which is projected to grow at a slightly slower 3.8 percent CAGR. The projected greater growth of the Air Trade Area compared to Michigan and the United States as a whole is partly due to the resurgence of activity in the automobile manufacturing industry, the increase of higher income individuals, the relative stability of the higher-wage health and education sectors and the historical lower values associated with incomes in the Air Trade Area.

An additional indicator of wealth and thus a market's potential to generate demand for air transportation, is the percentage of households in the higher income categories. An examination of this indicator is important in that as household income increases, air transportation becomes more affordable and, therefore, is used more frequently. Figure 11 also presents percentages of households in selected household income categories for 2011. As shown, 41.3 percent of households in the Air Trade Area had household incomes of $60,000 or more in 2011, which was significantly higher than the 37.1 percent of households in this income category for Michigan and the 36.9 percent of households in this income category nationwide.

Figure 11: Per Capita Personal Income

YEAR	PER CAPITA PERSONAL INCOME (CURRENT DOLLARS) AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Historical			
2002	$33,732	$30,262	$31,481
2003	$35,012	$31,300	$32,295
2004	$35,204	$31,768	$33,909
2005	$35,930	$32,409	$35,452
2006	$36,838	$33,365	$37,726
2007	$38,007	$34,419	$39,506
2008	$39,043	$34,551	$39,665
2009	$37,580	$35,753	$40,778
2010	$39,000	$37,975	$42,702
2011	$41,433	$39,101	$43,881
Projected			
2020	$61,200	$55,394	$61,607
Compounded Annual Growth Rate			
2002-2011	2.3%	2.9%	3.8%
2011-2020	4.4%	3.9%	3.8%

INCOME CATEGORY (IN 2000 DOLLARS)	PERCENTAGE OF HOUSEHOLDS IN INCOME CATEGORIES (2010) AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Less than $29,999	28.8%	30.4%	30.7%
$30,000 to $59,999	29.8%	32.4%	32.4%
$60,000 to $74,999	11.8%	11.9%	11.7%
$75,000 to $99,999	13.1%	12.0%	11.5%
$100,000 or More	16.4%	13.2%	13.7%

NOTE: As household income increases, air transportation becomes more affordable and, therefore, is used more frequently.

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data* Source (CEDDS), June 2012.

PREPARED BY: Ricondo & Associates, Inc., June 2012.

Labor Force Trends and Unemployment Rates

A significant rebound from the high unemployment rates experienced in the Air Trade Area between 2009 and 2011 is underway. Based on data presented in the U.S. Department of Labor's Bureau of Labor Statistics (BLS) report titled "Over-the-Year Change in Unemployment Rates for Metropolitan Areas", released on May 30, 2012, three of the MSA's included in the Air Trade Area were ranked in the top-20 MSAs nationally (there are 372 MSAs in the United States) for year-over-year change in unemployment rates, based on preliminary data for April 2012.

Data presented in the BLS report can be summarized as follows:

- The Detroit-Warren-Livonia MSA ranked first nationally (tied with El Centro, CA) having experienced a 2.4 percentage point drop in the non-seasonally adjusted unemployment rate over the 12-month period, compared to a 1.0 percentage point decrease for the United States.

- The Flint MSA ranked fourth nationally (tied with three other MSAs) with a 2.2 percentage point drop in the unemployment rate
- The Monroe MSA ranked 19th nationally (tied with nine other MSAs including the Battle Creek and Holland-Grand Haven MSAs which are also located in Michigan) with a 1.9 percentage point decrease in the unemployment rate.

The Ann Arbor MSA, which is also included in the Air Trade, experienced at 1.1 percentage point decrease in the unemployment rate, decreasing from 6.1 percent in April 2011 to 5.0 percent in April 2012. While the percentage point change experienced in the Ann Arbor MSA ranked 135th nationally, the MSA's unemployment rate of 5.0 percent was the 15th lowest nationally in April 2012. As this BLS data indicates, each MSA included in the Air Trade Area has either experienced a significant decrease in unemployment over the 12-month period referenced, or as in the case of the Ann Arbor MSA, continues to experience a very strong labor market. MSA rankings and percent changes fluctuate on a month-to-month basis (for example the Detroit MSA ranked 44th nationally based on May 2012 data with a 1.5 percentage point decrease in unemployment as compared to the 0.8 point decrease experienced by the nation), but the April 2012 to April 2011 comparison provides a good indication of the improvement in unemployment rates that had been experienced in the Air Trade Area as compared to the prior year period at that time.

Employment trends since 2002 for the Air Trade Area, Michigan and the United States are presented in Figure 12. As shown, the Air Trade Area's civilian labor force decreased from approximately 2,751,000 workers in 2002 to approximately 2,495,000 workers in 2011. During that period, Air Trade Area and Michigan civilian labor forces decreased at compounded annual rates of 1.1 percent and 0.9 percent, respectively, whereas the civilian labor force of the United States experienced positive growth during this same period with a CAGR of 0.7 percent.

As also shown in Figure 12, annual non-seasonally adjusted unemployment rates for the Air Trade Area were below or equal to those for Michigan from 2002 to 2004, but have been above those for Michigan since 2005. Annual non-seasonally adjusted unemployment rates for the Air Trade Area were above those for the United States throughout the period since 2002. The Air Trade Area's non-seasonally adjusted unemployment rate was 9.4 percent in May 2012, having improved by 5 percentage points since its 2009 peak. The improvement in the Air Trade's Area's unemployment rate is greater than the improvement experienced by the State of Michigan (4.8 percentage point improvement) and significantly better than the United States (1.7 percentage point improvement) since their peaks in 2009 and 2010, respectively.

Major Corporate Headquarters & Employers in the Air Trade Area

Major employers in the Air Trade Area, as measured by the number of employees, are presented in Figure 13. As shown, each of these organizations in the Air Trade Area had 3,000 or more employees as of December, 2011. The largest employer in the Air Trade Area is the automobile manufacturer, Ford Motor, with 38,000 employees; followed by the University of Michigan (27,754 employees); automobile manufacturers General Motors (24,867 employees) and Chrysler Group (21,927 employees); and the Henry Ford Health System (19,951 employees).

Figure 14 presents the 14 Fortune 500 companies headquartered in the Air Trade Area. Nine of the Air Trade Area's Fortune 500 companies are part of the automotive industry. Consistently appearing near the top of the rankings, Ford Motor is ranked ninth and General Motors, who was ranked fifteenth in 2009, is currently ranked fifth with approximately $136.3 billion and $150.3 billion in revenues, respectively, in 2011.

Figure 12: Civilian Labor Force & Unemployment Rates

	CIVILLIAN LABOR FORCE (000's)		
YEAR	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
2002	2,751	5,040	144,863
2003	2,733	5,033	146,510
2004	2,724	5,043	147,401
2005	2,721	5,063	149,320
2006	2,710	5,071	151,428
2007	2,682	5,034	153,124
2008	2,636	4,959	154,287
2009	2,605	4,851	154,142
2010	2,545	4,747	153,889
2011	2,495	4,658	153,617
Compounded Annual Growth Rate			
2002-2011	-1.1%	-0.9%	0.7%
	NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATES		
YEAR	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
2002	6.2%	6.2%	5.8%
2003	7.0%	7.1%	6.0%
2004	7.0%	7.1%	5.5%
2005	7.1%	6.8%	5.1%
2006	7.1%	6.9%	4.6%
2007	7.4%	7.1%	4.6%
2008	8.6%	8.3%	5.8%
2009	14.5%	13.4%	9.3%
2010	13.4%	12.7%	9.6%
2011	11.0%	10.3%	8.9%
May 2012	9.4%	8.6%	7.9%
Change from Peak	-5.0 pts.	-4.8 pts.	-1.7 pts.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

Figure 13: Major Employers

EMPLOYER[1]	NUMBER OF EMPLOYEES	PRODUCT OR SERVICE
Ford Motor Co.	38,000	Automobile Manufacturer
University of Michigan	27,754	Public University and Health System
General Motors Co.	24,867	Automobile Manufacturer
Chrysler Group L.L.C.	21,927	Automobile Manufacturer
Henry Ford Health System	19,951	Health Care System
U.S. Government	18,900	Federal Government
Trinity Health	13,123	Health Care System
St. John Providence Health System	13,004	Health Care System
Beaumont Health System	12,437	Health Care System
Detroit Medical Center	12,121	Health Care System
City of Detroit	11,396	City Government
U.S. Postal Service	11,110	Postal Service
Detroit Public Schools	10,951	Public School System
State of Michigan	9,851	State Government
DTE Energy Co.	6,342	Energy and Energy-Technology Company
Wayne State University	6,272	Public University
Blue Cross Blue Shield of Michigan/Blue Care Network	6,141	Health Care Insurer
Oakwood Healthcare Inc.	5,933	Health Care System
Comerica Bank	5,338	Financial Services Provider
Johnson Controls - Automotive Experience	4,198	Automotive Supplier, Building Control Systems and Facilities Management
Wayne County Government	3,636	County Government
Ann Arbor Public Schools	3,578	Public School District
Botsford Health Care	3,525	Health Care System
Oakland County	3,243	Government
Utica Community Schools	3,195	Public School District

NOTES:
[1]Includes the most current (December 2011) and comprehensive list of largest employers in Livingston, Macomb, Oakland, Washtenaw, and Wayne counties. These five counties represent approximately [83] percent of the Air Trade Area's population.

SOURCE: Crain's Detroit Business, *2012 Book of Lists.*
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 14: Fortune 500 Companies Headquartered in the Air Trade Area

COMPANY	RANK	2011 REVENUES ($ millions)	INDUSTRY
General Motors	5	$150,276.0	Motor Vehicles & Parts
Ford Motor	9	$136,264.0	Motor Vehicles & Parts
TRW Automotive Holdings	161	$16,244.0	Motor Vehicles & Parts
Lear	189	$14,156.5	Motor Vehicles & Parts
Ally Financial[1]	201	$13,642.0	Financial Services
Penske Automotive Group	222	$11,869.5	Motor Vehicles & Parts
DTE Energy	287	$8,897.0	Utilities: Gas & Electric
Autoliv	313	$8,232.4	Motor Vehicles & Parts
Visteon	321	$8,047.0	Motor Vehicles & Parts
Masco	338	$7,560.0	Home Equipment, Furnishings
BorgWarner	355	$7,114.7	Motor Vehicles & Parts
Kelly Services	441	$5,551.0	Workforce Solutions
Con-way	459	$5,290.0	Transportation and Logistics
Meritor	481	$4,990.0	Motor Vehicles & Parts

NOTES:
[1]In May 2010, the former GMAC corporate entity became known as Ally Financial, Inc..
SOURCE: 2012 Fortune 500 (published May 21, 2012).
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Employment by Major Industrial Sector

An analysis of nonagricultural employment trends by major industry sector is presented in Figure 15 which compares the Air Trade Area's employment trends to those for the nation for 2005 and 2011. As shown, nonagricultural employment in the Air Trade Area decreased from approximately 2.5 million workers in 2005 to approximately 2.2 million workers in 2011. This trend represents a compounded annual decrease of 2.2 percent during this period, compared to a decrease of 0.3 percent nationwide.

Services

In 2010, the services sector accounted for approximately 1.02 million employees in the Air Trade Area, which accounted for 47.0 percent of total nonagricultural employment, the highest employment level among all sectors. Key components of the services sector within the Air Trade Area include travel and tourism, health services and higher education.

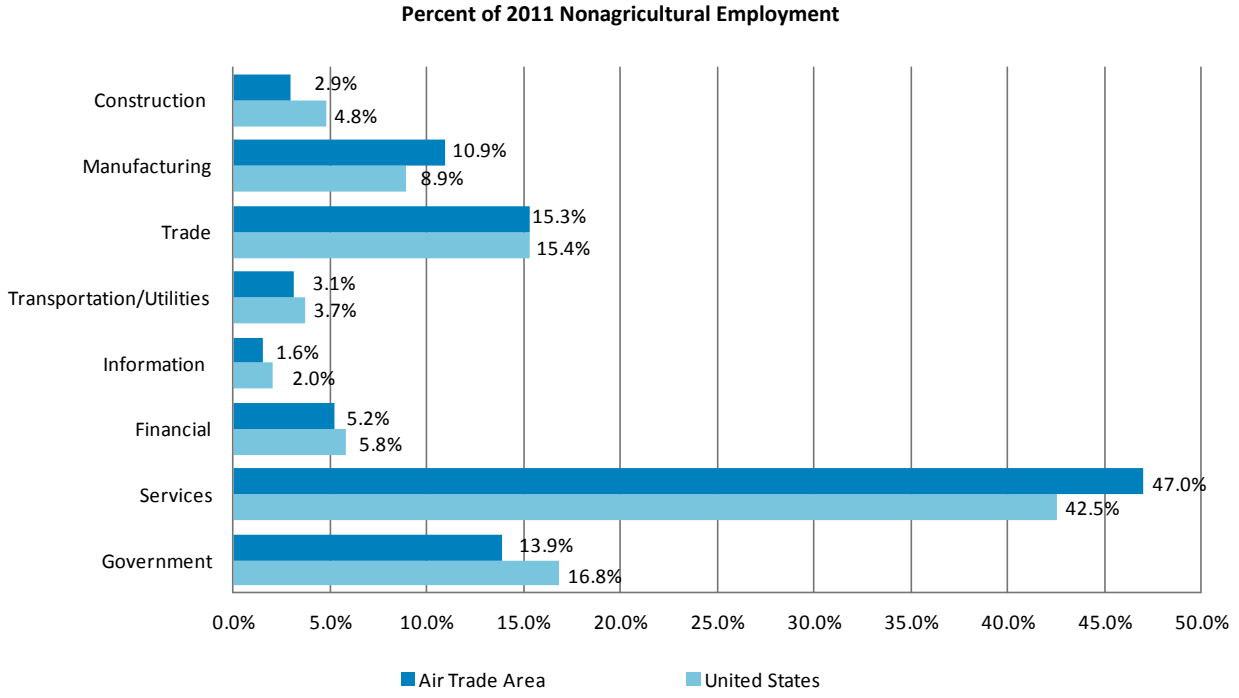
Travel and Tourism

According to the Detroit Metro Convention and Visitors Bureau, approximately 15 million people visit the metropolitan Detroit area annually, which includes Wayne, Oakland and Macomb counties, spending roughly $5 billion in the process. Of the total visitors to the metropolitan Detroit area, approximately 16 percent are for business travel, conventions and events.

There are approximately 35,000 hotel rooms in the metropolitan Detroit area and the central business district of Detroit offers approximately 5,115 hotel rooms. According to STR, a hotel research information company, in each year 2010 and 2011, Detroit experienced the largest hotel occupancy rate increase of the 25 largest U.S. markets. In 2010, the average occupancy rate rose 14.2 percent and in 2011 the average occupancy rate increased another 10.2 percent, ending the year at 59.8 percent comparable to the U.S. overage occupancy rate of 60.1 percent.

Figure 15: Employment Trends by Major Industry Sector

INDUSTRY	AIR TRADE AREA NONAGRICULTURAL EMPLOYMENT (000's) 2005	2011	COMPOUNDED ANNUAL GROWTH RAT	UNITED STATES NONAGRICULTURAL EMPLOYMENT (000's) 2005	2011	COMPOUNDED ANNUAL GROWTH RAT
Construction[1]	101	64	(7.5%)	7,964	6,288	(3.9%)
Manufacturing	348	237	(6.2%)	14,227	11,733	(3.2%)
Trade	378	333	(2.1%)	21,044	20,172	(0.7%)
Transportation/Utilitie	77	68	(1.8%)	4,915	4,847	(0.2%)
Information[2]	39	34	(2.4%)	3,061	2,659	(2.3%)
Financial	133	113	(2.6%)	8,153	7,681	(1.0%)
Services[3]	1,068	1,022	(0.7%)	52,537	55,877	1.0%
Government	338	303	(1.8%)	21,804	22,104	0.2%
Total	2,481	2,174	(2.2%)	133,705	131,361	(0.3%)



NOTES:

[1] Includes mining employment.

[2] The information sector includes communications, publishing, motion picture and sound recording, and on-line services.

[3] The nonagricultural employment for the services sector includes outsourcing from the manufacturing sector.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

Health Services

The Air Trade Area offers 64 hospitals with over 11,000 physicians working in more than 80 specialty and sub-specialty areas. Four Air Trade Area hospitals earned a "Best Hospitals" ranking in 2010-2011 by U.S. News and World Report, with numerous hospitals earning top rankings in multiple categories. The Air Trade Area offers a wide range of advanced healthcare facilities and is recognized internationally for its expertise in such areas as

heart disease, stroke, cancer, trauma and pediatrics. Major medical facilities and systems in the Air Trade Area include:

- **Henry Ford Health System** employs 19,951 employees in the Air Trade Area (the fifth-largest employer in the Air Trade Area) and has approximately 2,275 licensed beds. Henry Ford Hospital, the health system's flagship facility, has been recognized by U.S. News and World Report as one of the top hospitals in the nation for six different specialty areas.
- **William Beaumont Hospitals** employs 12,437 employees in the Air Trade Area (the ninth-largest employer in the Air Trade Area), has more than 3,700 affiliated physicians and approximately 1,744 licensed beds.
- **St. John Providence Health System** is comprised of seven hospitals plus more than 125 medical facilities in southeast Michigan. In total, St. John Providence Health System employs approximately 13,000 employees in the Air Trade Area (the eighth-largest employer in the Air Trade Area) and has approximately 1,981 licensed beds.
- **The Detroit Medical Center** employs 12,121 employees in the Air Trade Area (the 10th-largest employer in the Air Trade Area), has more than 1,800 licensed beds and has more than 3,000 affiliated physicians with hundreds of who are regularly included in the list of "America's Best Doctors."
- **Trinity Health System** is the fourth-largest Catholic health system in the United States. In total, the heath system employs 13,123 employees in the Air Trade Area (the sixth-largest employer in the Air Trade Area).

Higher Education

Higher education in the Air Trade Area is provided by numerous universities, colleges and community colleges. The largest universities, based on the number of enrolled students, include:

- **University of Michigan**. Founded in 1817, this university was the nation's first state university. With three campuses that include approximately 45,000 enrolled students, the University of Michigan's undergraduate program was recently ranked in the top 20 by U.S. News and World Report's annual list of top universities. The University of Michigan is the second-largest employer in the Air Trade Area with 27,754 employees.
- **Wayne State University**. Established in 1868, this university has approximately 31,000 enrolled students. The University offers more than 400 undergraduate, post-bachelor's, master's, doctoral, professional, specialist and certificate programs in 13 schools and colleges. Wayne State University is a major employer in the Air Trade Area with approximately 6,272 employees.
- **Eastern Michigan University**. This public institution was established in 1849 and offers programs in arts and sciences, business, education, health, human services and technology. The University is located on a 400-acre campus east of Ann Arbor and has approximately 23,000 enrolled students.
- **Oakland University**. Founded in 1957, this public university consists of six schools and a new School of Medicine whose inaugural class matriculated in 2011. With approximately 15,000 enrolled students, this liberal arts and professional institution primarily serves commuter students. The campus is approximately 1,400 acres and is located north of Detroit.

The Air Trade Area and the demand for air carrier activity at the Airport are also impacted by major universities located outside the Air Trade Area. Michigan State University, located approximately 90 miles from the Airport in East Lansing, has a total enrollment of approximately 48,000 students and ranks in the top ten nationally in terms of total undergraduate enrollment. The University of Toledo is located approximately 60 miles from the Airport and has a total enrollment of approximately 23,000 students. Although these universities are located outside the

Air Trade Area, it is likely that because of the breadth and frequency of air service offered at the Airport that their students, faculty and visitors often use the Airport when travelling to the area.

Trade

In 2011, the trade sector accounted for approximately 333,000 employees in the Air Trade Area, which accounted for 15.3 percent of total nonagricultural employment. Of the Air Trade Area employees in the trade sector, approximately 72 percent were engaged in retail trade.

One indicator of growth in the trade sector is retail sales, defined as all net sales (gross sales minus refunds and allowances for returns) for establishments engaged primarily in retail trade. Figure 16 presents total retail sales for the Air Trade Area, Michigan and the United States between 2002 and 2011. As shown in Table 4-10, between 2002 and 2007 total retail sales in the Air Trade Area grew at a CAGR of 1.3 percent, similar to Michigan's CAGR at 1.5 percent and less than the CAGR the United States experienced during this period, 2.5 percent. Between 2007 and 2011, as the recession took hold, Air Trade Area retail sales decreased at a compounded annual rate of 3.6 percent, greater than the decrease that both Michigan and the United States experienced during this period (3.2 and 1.0 percent decreases, respectively).

Figure 16: Total Retail Sales

(In 2005 Dollars, Amounts in Millions)

YEAR	AIR TRADE AREA	STATE OF MICHIGAN	UNITED STATES
Historical			
2002	$74,688	$129,053	$3,642,407
2003	$75,848	$131,215	$3,726,425
2004	$78,048	$135,158	$3,869,229
2005	$79,638	$138,059	$3,991,081
2006	$80,449	$139,673	$4,083,924
2007	$79,787	$138,819	$4,112,059
2008	$75,229	$131,213	$3,945,107
2009	$68,640	$119,849	$3,651,659
2010	$70,917	$123,969	$3,818,137
2011	$74,197	$129,978	$4,033,925
Projected			
2020	$81,426	$143,767	$4,810,490
Compounded Annual Growth Rate			
2002 - 2007	1.3%	1.5%	2.5%
2007 - 2011	-3.6%	-3.2%	-1.0%
2011 - 2020	1.0%	1.1%	2.0%

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data Source (CEDDS), June, 2012.*
PREPARED BY: Ricondo & Associates, Inc., June 2012.

Figure 16 also presents projections of total retail sales for 2020. According to data from Woods and Poole total retail sales for the Air Trade Area are projected to increase from approximately $74.2 billion in 2011 to approximately $81.4 billion in 2020. This increase represents a CAGR of 1.0 percent, compared to a similar CAGR for Michigan at 1.1 percent and a 2.0 percent CAGR for the United States.

International trade is a vital component of the Michigan and the Air Trade Area economies. According June 2012 data from the U.S. Department of Commerce's International Trade Administration, over one quarter (26.9 percent) of Michigan manufacturing jobs are dependent upon international trade. Export-supported jobs linked to manufacturing account for approximately 6.4 percent of Michigan's total private-sector employment. Michigan's export shipments of merchandise totaled $51.0 billion in 2011, eighth most of any state in the nation. While transportation equipment accounted for approximately $23.6 billion, or approximately 46.3 percent, of Michigan's export shipments in 2011, more than half of the state's total merchandise exports came from among a range of categories the most significant of which were machinery ($4.6 billion), chemicals ($4.1 billion), primary metal manufacturers ($3.0 billion) and computers and electronic products ($2.6 billion).

Similarly, businesses in the Air Trade Area have taken advantage of overseas markets and expanded their operations internationally. Many of the Air Trade Area's top companies (e.g., Ford Motor) depend on offshore plants and suppliers for manufacturing and assembly as well as raw materials. This expanding international business activity generates demand for both international air travel and air freight services. The decision to restructure GM has resulted in an increase in both job levels, now ranked third in the state, as well as the requirement for international business importing and exporting as production of vehicles ramps up.

Government

Government employment in the Air Trade Area decreased at a compounded annual rate of 1.8 percent between 2005 and 2011, compared to a CAGR of 0.2 percent for the nation. In 2011, this sector accounted for approximately 302,000 employees in the Air Trade Area, which accounted for 13.0 percent of total nonagricultural employment.

As shown in Figure 13, six governmental agencies are among the major employers in the Air Trade Area, including: the United States Government (18,900 employees); the City of Detroit (11,396 employees); the United States Postal Service (11,110 employees); the State of Michigan (9,851 employees); the Wayne County Government (3,636 employees) and the Oakland County Government (3,243 employees).

Selfridge Air National Guard Base is an Air National Guard installation located in the Air Trade Area. The host organization is the 127th Wing of the Michigan Air National Guard, but a variety of Air Force, Navy, Marine Corps, Coast Guard and Army reservists and national guardsmen use the facility as well.

Both Macomb County and Washtenaw counties have significant defense industry clusters. In Macomb County there are nearly 500 companies performing defense contract business including General Dynamics, BAE Systems and Burtek Incorporated. The U.S. Army Tank Automotive Research, Development and Engineering Center (TARDEC) is also located in Macomb County.

Manufacturing

Although manufacturing employment in the Air Trade Area decreased significantly between 2005 and 2011, which also occurred nationwide to a far lesser extent during the same period, manufacturing continues to be an important component of the Air Trade Area's economy. In 2011, the manufacturing sector accounted for approximately 237,000 employees in the Air Trade Area, which accounted for 10.9 percent of total nonagricultural employment.

The Air Trade Area's continues to be known as "The Automotive Capital of the World" due to the significant amount of automobile manufacturing that occurs. In 2011, the Air Trade Area produced 1.56 million vehicles, accounting for 82 percent of all Michigan production and approximately 18 percent of the overall United States production. Nearly 20 of the top 100 global automotive suppliers are headquartered in the Air Trade Area, with approximately 90 of them having an office presence in the Air Trade Area. As shown in Table 4-7, the three of the top four major employers in the Air Trade Area are automobile manufacturers: Ford Motor with 38,000 employees; General Motors with 24,867 employees; and Chrysler Group with 21,927 employees. The automotive supplier Johnson Controls also appears on this list of major employers in the Air Trade Area with 4,198 employees.

In recent years, the Air Trade Area has experienced a shift in emphasis from automobile manufacturing to testing facilities and R&D. Michigan ranks second in the nation for total R&D spending and is the leading state for automotive-related R&D activity, which accounts for approximately $12.4 billion annually. According to the Detroit Regional Chamber, each of the Global Six automotive manufacturers have major research and development facilities in the Detroit Region, namely General Motors Technical Center (located in Warren), Ford Motor Company (Dearborn), Chrysler Group LLC (Auburn Hills), Toyota Technical Center (Ann Arbor), Honda Technical Center (Southfield) and Nissan USA (Farmington Hills). In total, there more than 375 automotive-related R&D, technology, or engineering facilities in the Air Trade Area, which is evolving the Air Trade Area into a global "think tank" for new technology in the automotive industry.

Financial

The financial sector comprises financial, insurance and real estate services. Financial employment in the Air Trade Area decreased at a compounded annual rate of 2.6 percent between 2005 and 2011, compared to a decrease of -1.0 percent for the nation. In 2011, the financial sector accounted for approximately 113,000 employees in the Air Trade Area, which accounted for 5.2 percent of total nonagricultural employment.

As shown in Figure 13, two financial sector companies are among the major employers in the Air Trade Area: the insurance provider Blue Cross Blue Shield of Michigan/Blue Care Network, with approximately 6,141 employees and the banking institution Comerica, with approximately 5,338 employees.

Based on Federal Deposit Insurance Corporation data, JPMorganChase is the largest banking institution in the Air Trade Area with approximately $22.7 billion in deposits and 22 percent of the deposits in the Air Trade Area as of June 30, 2011. Other institutions with a significant portion of the Air Trade Area bank deposit market share include: Comerica (19.4 percent), Bank of America (12.4 percent) and PNC Bank (10.8 percent).

Construction

In 2011, the construction sector accounted for approximately 64,000 employees in the Air Trade Area, which accounted for 2.9 percent of total nonagricultural employment.

Both building permits and housing prices are indirect indicators of employment in the construction sector. From 2005 through 2009, the Air Trade Area's residential building permit units decreased at a compounded annual rate of -45.1 percent (compared to a decrease of -27.9 percent for the United States) and building permit valuation decreased at a compounded annual rate of -42.0 percent (compared to a decrease of -26.6 percent for the United States). However, from 2009 to 2011, residential building permit units and valuation have shown a resurgence following the low in 2008. Between 2009 and 2011, the Air Trade Area has experienced a 46.4 percent growth in building permit units compared with 3.5 percent for the United States as a whole. The building permit valuation also experienced resurgence during the period 2009 to 2011, with the Air Trade Area increasing at a rate of 45.5 percent compared to a 5 percent growth for the whole United States.

In June 2012, Michigan and Canada entered into an agreement to build the New International Trade Crossing (NITC), a $2 billion bridge spanning the Detroit River and connecting Detroit and Windsor, Ontario. This project, if constructed, would be one of the largest construction projects in the region and would be expected to have significant economic benefits to the Detroit and the Southeastern Michigan. The Center for Automotive Research (CAR) released a study in June 2012 that used an economic model to estimate the economic benefits that would accrue to the region as a result of building the NITC, which will provide a second crossing between Michigan and Canada. The CAR analysis estimates that the construction of the NITC would have the following impacts:

- Create approximately 6,000 jobs in each of the first two years of construction and 5,100 jobs for each of the final two years of construction in Michigan
- Increase Michigan gross state product by $1.5 billion over four years
- Increase Michigan personal income by $1.5 billion over four years
- Michigan state revenues increase by $150 million over four years

In addition, the CAR study estimates that the operation of the NITC will create approximately 1,400 permanent jobs and that new private investment spurred by the project will create an additional 6,800 permanent jobs.

Transportation / Warehousing

In 2011, the transportation/utilities sector accounted for approximately 68,000 employees in the Air Trade Area, which accounted for 3.1 percent of total nonagricultural employment. The well-developed transportation infrastructure in the Air Trade Area is diversified and is a significant catalyst for attracting new and expanded businesses to the region. The Air Trade Area is home to one of the largest foreign trade zones in North America and offers seven international border crossings. According to the Foreign Trade Division of the U.S. Department of Commerce's Bureau of the Census, the Detroit Customs District is ranked third when compared with all freight gateways (land, air and sea) in the United States for the value of its exports and imports with approximately $219.3 billion in 2009.

Air transportation demand in the Air Trade Area is primarily serviced by the Airport. Freight rail service is also a significant component of the Air Trade Area's infrastructure as the Area is served by four of the seven national Class I railroads in the United States. According to the United States Department of Transportation's Bureau of Transportation Statistics, the Port of Port Huron ranked third and the Port of Detroit ranked fourth nationally in total loaded rail container border crossings 2011 with approximately 232,000 and 155,500 loaded rail containers, respectively. Limited passenger rail service is provided by Amtrak. In addition, the Air Trade Area maintains a vast integrated highway and freeway infrastructure that consists of six interstates, 24 highways, four United States routes and 21 state routes. Michigan's highway infrastructure was built and maintained for industrial use and is toll-free. According to the Michigan Department of Transportation's 2010-2014 Transportation Program, approximately $3.8 billion will be invested into the highway infrastructure for improvements over the next five years.

The Air Trade Area's utilities infrastructure is also well-developed and capable of supporting the demanding needs of the region's economy, particularly in the automotive industry. In order to keep utility rates affordable, the Air Trade Area's utilities market is open to alternative providers for electricity, natural gas and telephone. As shown earlier in Figure 13, DTE Energy, a diversified energy company headquartered in the Air Trade Area, is the largest employer in the transportation/utilities sector of the Air Trade Area with approximately 6,642 employees.

The Air Trade Area is also a leader in alternative energy research. There are more than 100 corporations in the Air Trade Area focused on alternative energy and power generation. One prominent organization, NextEnergy, was

founded in 2002 to serve as a research and federal grant catalyst, business incubator and accelerator for clean-energy technologies. Since its founding, NextEnergy has been awarded more than $50 million in grants (which flow through NextEnergy to tenants and subcontractors) and has helped local alternative-energy companies find more than $90 million in funding.35

Information

The information sector combines traditional publishing, motion picture and sound recording, broadcasting, software, online services and data processing. In 2011, the information sector accounted for approximately 34,000 employees in the Air Trade Area, which accounted for 1.6 percent of total nonagricultural employment.

In order to promote the growth of information and technology based companies and jobs, Michigan created "SmartZones," which is a designated cluster of new and emerging businesses primarily focused on commercializing ideas, patents and other opportunities. This collaboration consists of universities, industry, research organizations, government and other community institutions. The Air Trade Area offers six SmartZones. The Air Trade Area's most prominent research and technology park, TechTown, is located within the Woodward Technology Corridor SmartZone. This 12-square-block entrepreneurial village was created in partnership with Wayne State University, a major research institution and is an incubator that provides support and access to the capital needed to build high-technology based companies and also serves as a developer that facilitates commercial and residential projects.

A recent, related Air Trade Area initiative to reposition the local economy around new information and technology-related businesses is the formation of the Business Accelerator Network for Southeast Michigan. Comprised of the region's four key business accelerators - Ann Arbor SPARK, Automation Alley, Macomb-OU INCubator and the TechTown initiative discussed above - these business accelerators have invested in 339 start-up companies, having investing more than $18 million to-date, created more than 1,000 jobs and secured more than $101.2 million in additional capital for the companies.

One aspect of the Air Trade Area's information sector that has received particular attention in recent years is the film industry. According to the Michigan Film Office, producers have spent nearly $1 billion in the state since the tax rebates began in 2008. Tax rebates paid out to date, as of March 2012, is approximately $160 million, with a further $230 million eligible for payout. About 80 percent of these shoots take place in and around the Air Trade Area. In 2011 alone, the key projects for film production in Michigan resulted in spending somewhere in the region of $200 million, creating approximately 3,350 Michigan jobs alone.

Other Regional Considerations

The Air Trade Area's travel and tourism industry is served by a variety of cultural centers, museums, theaters, historical sites, attractions and annual events. In addition, numerous sports and recreational activities are available throughout the Air Trade Area. These regional attractions and activities not only complement the quality of life of Air Trade Area residents but also attract visitors to the region generating economic activity and additional travel demand.

Travel and Tourism

The Air Trade Area offers more than 30 cultural centers and museums, including: the recently renovated Detroit Institute of Arts, which is the sixth-largest fine arts museum in the nation; the Charles H. Wright Museum of African American History, which houses the largest collection of African American art and artifacts in the world; the Holocaust Memorial Center, which was the first of its kind; The Henry Ford Museum and Greenfield Village, an American history museum; and the Motown Historical Museum that includes displays of album covers, gold records and other Motown music memorabilia.

With 18 professional, 21 community and eight student/university theaters, music and theater are an important component of the Air Trade Area. Some of the most popular venues for theater and entertainment in the Air Trade Area include: the Fox Theater, a venue that stages Broadway plays, movies and entertainers; the Fisher Theatre, which also presents Broadway plays; the Masonic Temple that serves the area Masons and features concerts; the Detroit Opera House, the venue of the Michigan Opera Theater; and the Max M. Fisher Music Center where the highly acclaimed Detroit Symphony Orchestra usually performs.

The history of the Air Trade Area can be experienced at the Crossroads Village and Huckleberry Railroad, a 51-acre village featuring 34 historical structures, the Genesee Belle (a replica of the paddle wheel boats from the Mark Twain era) and other time period aspects of the 1800's. The Air Trade Area also offers tours of the automobile baron's homes, including the Edsel and Eleanor Ford House, a Cotswold-style home on 87-acres that preserves architecture from the 16th, 17th and 18th centuries; the Henry Ford Estate, the final home of the pioneer of the Ford Motor Company; and the Meadow Brook Hall estate, an 88,000 square foot Tudor-style mansion that is the fourth-largest historic house museum in the United States.

The North American International Auto Show (NAIAS) is an annual event held in the Air Trade Area that attracted more than 770,000 visitors in 2012. The NAIAS includes world-class vehicle unveilings, media coverage and unique exhibits from leading manufacturers in the automotive industry. Generating an economic impact in the Air Trade Area of approximately $325 million, the 2012 NAIAS featured more than 40 vehicle unveilings before approximately 5,200 members of the media from more than 60 countries.

Sports and Recreational Activities

The Air Trade Area offers four professional sports teams: Major League Baseball's (MLB) Detroit Tigers, the National Basketball Association's (NBA) Detroit Pistons, the National Football League's (NFL) Detroit Lions; and the National Hockey League's (NHL) Detroit Red Wings. Collegiate sports in the Air Trade Area are represented by the University of Michigan Wolverines, whose National Collegiate Athletic Association's (NCAA) football games generate crowds of more than 100,000 for home games. University of Detroit-Mercy, Oakland University, Eastern Michigan University and Wayne State University also offer competitive NCAA sports in the Air Trade Area.

In addition to sports teams based in the area, the Air Trade Area also hosts national and international sporting events generating travel demand and regional economic benefits. The Air Trade Area hosted the 2004 Ryder Cup golf tournament, MLB's All-Star Game in 2005, the NFL's Super Bowl XL in 2006, World Wrestling Entertainment's WrestleMania in 2007, the 2008 Professional Golfers' Association's PGA Championship, the NCAA Division I Men's Basketball 2009 Final Four Tournament and the 2010 NCAA Division I Men's Hockey Frozen Four Tournament. An analysis conducted by Crain's Detroit Business estimated that these events combined to generate a cumulative economic impact in the Air Trade Area of approximately $221 million.

Outdoor recreation opportunities in the Air Trade Area include golfing, boating, skiing, snowmobiling and a variety of parks. Michigan has more public golf courses than any other state in the nation. In the Air Trade Area, there are approximately 170 public golf courses, 75 private golf courses and 35 driving ranges. With the close proximity to water throughout the state, boating is a popular source of recreation in the Air Trade Area. Michigan ranks among the top states in the nation in the number of registered boats. The annual hydroplane boat races, held on the Detroit River, attract more than half a million spectators. With the location of the Great Lakes, lake-effect snow makes skiing and snowmobiling a significant recreational activity in the Air Trade Area. Approximately 450,000 cross-country skiers and 400,000 snowmobilers visit Michigan each year. For other outdoor recreation, including swimming, biking, hiking, fishing and skating, the Air Trade Area provides 13 metro parks, three state parks, nine state recreation areas, three state game area and hundreds of municipal and county parks. Encompassing 1,000-

acres, the Belle Isle Park is the largest city island park in the nation. This park features a variety of facilities including the Anna Scripps Whitcomb Conservatory, the Belle Isle Nature Zoo and The Dossin Great Lakes Museum.

The gaming industry has been a significant source of entertainment and employment in the Air Trade Area since casinos began operating in the Air Trade Area in 1999. In Michigan there are 21 casinos. For 2011, the Michigan Gaming Control Board reported that the three Detroit commercial casinos recorded revenue of $1.4 billion. The recently renovated Caesars Windsor casino, located across the Detroit River in Windsor, Ontario (Canada), also provides gaming opportunities to Air Trade Area residents.

ECONOMIC OUTLOOK

State of Michigan

Despite the severe economic stress experienced by Michigan and the Air Trade area for most of the past decade, it appears that the Michigan economy and by implication the Air Trade Area economy, is in the process of recovering. As noted in the May 2012 economic forecast from economists at the University of Michigan:

> The Michigan economy is partway through its third year of recovery, with employment on the rise since the end of 2009 and the higher-wage segment growing more rapidly than the economy overall. The revival has been typical of the earlier stages of most past Michigan recoveries in that job growth was led by manufacturing and was more robust than the nation's. We see continuing job additions in 2012 and 2013, at a somewhat more subdued pace.

After significant job growth in 2011 and at the beginning of 2012, the University of Michigan economists are projecting more moderate and sustainable job growth in 2013. Michigan is projected to gain 57,400 jobs for the full year of 2012, below the 63,800 jobs added in 2011. Job growth in 2013 is projected at 49,800 jobs. As noted in the forecasts, the average job gain of 57,000 jobs per year over the four-year recovery period from the 4th quarter of 2009 to the 4th quarter of 2013 is comparable to the average change per year from 1971 to 2000, prior to the downturn of the 2000s

Air Trade Area – Forecast of Key Economic Variables

The methodologies employed in analyzing and developing projections of enplaning passengers at the Airport included (among other methodologies) statistical linear regression modeling that utilized local socioeconomic factors as the independent variable and enplanements as the dependent variable. Socioeconomic factors utilized in these analyses included gross regional product, population, employment and per capita income. For each of the socioeconomic factors, the regression modeling produced a coefficient that was applied to the projection of the corresponding socioeconomic factor to provide an estimate of future enplanements.

Projections of Air Trade Area socioeconomic factors as developed by Woods and Poole were utilized by the Airport's consultant Riconco & Associates to analyze and develop passenger enplanement projections for the Airport for the period FY 2012 through FY 2020. Woods and Poole's projections for the Consolidated Detroit MSA, which includes 9 of the 10 counties in the Air Trade Area comprising approximately 98 percent of the Air Trade Area's total population, are summarized in Figure 17 and discussed in the following sections.

Figure 17: Summary of Demographic & Economic Characteristics

POPULATION	HISTORICAL 2010	PROJECTED 2020	CAGR
Air Trade Area	5,313,754	5,317,755	0.0%
State of Michigan	9,877,574	10,140,364	0.2%
United States	309,349,689	341,069,539	0.9%

GDP/GRP (millions of 2005 dollars)	HISTORICAL 2011	PROJECTED 2020	CAGR
Air Trade Area	$ 198,317	$ 232,252	1.8%
State of Michigan	$ 325,667	$ 381,366	1.8%
United States	$ 12,679,745	$ 15,536,576	2.3%

PER CAPITA PERSONAL INCOME (current dollars for the period shown)	HISTORICAL 2011	PROJECTED 2020	CAGR
Air Trade Area	$ 41,433	$ 61,200	4.4%
State of Michigan	$ 39,101	$ 55,394	3.9%
United States	$ 43,881	$ 61,607	3.8%

NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATES	AIR TRADE AREA	UNITED STATES	VARIANCE
2002	6.2%	5.8%	0.4%
2009[1]	14.5%	9.3%	5.2%
May 2012	9.4%	7.9%	1.5%

OTHER DEMOGRAPHC CHARACTERISTICS	AIR TRADE AREA	MICHIGAN	UNITED STATES
Popuation between ages 35 - 54[2]	29.3%	28.2%	27.8%
Households with income $60,000 or greater	41.4%	37.2%	36.9%

NOTES:

[1]The Air Trade Area's non-seasonally adjusted unemployment rate peaked in 2009.

[2]Data from the Travel Industry Association of America shows that this age group travels more frequently by air than other age groups.

SOURCE: Woods and Poole Economics, Inc., *2012 Complete Economic and Demographic Data Source (CEDDS)* , June 2012 (Population, GDP/GRP, Income); U.S. Department of Labor, Bureau of Labor Statistics, June 2012 (Unemployment); U.S. Department of Commerce, Bureau of the Census American Community Survey 2010 (Age Ranges).

PREPARED BY: Ricondo & Associates, Inc., June 2012.

Population

Projected changes to population in the U.S. and for the Consolidated Detroit MSA per Woods & Poole's most recent forecasts for 2020 are illustrated in Figure 17. As shown, population growth in the Consolidated Detroit

MSA is projected to be flat over the period and U.S. population is projected to experience annual increases of approximately 0.9 percent per year.

Gross Domestic/Regional Product

Implied growth rates in Woods and Poole's projections of gross domestic product (GDP) for the nation and gross regional product (GRP) for the Consolidated Detroit MSA are summarized in Figure 17. As shown above, Woods and Poole projects annual growth in GDP to outpace growth in the GRP. Over the period 2011 through 2020, GDP and GRP are projected to experience CAGRs of 2.3 percent and 1.8 percent, respectively. While the projected growth in domestic product for the Consolidated Detroit MSA is lower than the projected growth for the nation, it significantly outpaces the actual growth in GRP experienced in the Consolidated Detroit MSA over the period 1990 through 2011, a CAGR of approximately 0.7 percent.

Per Capital Personal Income

Woods and Poole projects that PCPI in the Consolidated Detroit MSA will experience a CAGR of approximately 1.3 percent over the period 2011 through 2020, as compared to a 1.1 percent CAGR projected for the nation. Woods and Poole's projected annual changes to PCPI are summarized in Figure 17.

Employment

Woods and Poole projects total employment in the Consolidated Detroit MSA to increase from approximately 2.7 million in 2011 to approximately 3.0 million in 2020, representing a CAGR of approximately 1.0 percent. Over the same period, U.S. employment is projected to experience a CAGR of approximately 1.3 percent. Projected annual changes in employment for the U.S. and for the Consolidated Detroit MSA are presented in Figure 17.

AIR TRAFFIC

Airlines Serving the Airport

As of July 2012, the Airport had scheduled passenger service provided by 21 U.S. flag scheduled passenger air carriers, including four legacy/mainline carriers, four low-cost carriers and 13 regional carriers providing service for various legacy/mainline carriers. In addition, as of July 2012, four foreign flag carriers provided scheduled passenger service and one charter/other carrier provided non-scheduled passenger service at the Airport. Two all-cargo carriers provide scheduled cargo service at the Airport. Figure 18 lists the airlines serving the Airport as of July 2012.

Figure 18: Airlines Serving the Airport

As of July 2012

LEGACY/MAINLINE CARRIERS (4)	LOW COST CARRIERS (4)	REGIONAL CARRIERS (13)
American Airlines *	AirTran Airways [2] *	Air Wisconsin (d/b/a US Airways Express)
Delta Air Lines *	Frontier Airlines	American Eagle
United Airlines* [1]	Southwest Airlines *	Chautauqua (d/b/a Delta Connection)
US Airways *	Spirit Airlines *	Comair (d/b/a Delta Connection) [3]
		Compass (d/b/a Delta Connection)
FOREIGN FLAG CARRIERS (4)	**ALL-CARGO CARRIERS (2)**	ExpressJet (d/b/a Delta Connection & United Express)
Air Canada		GoJet (d/b/a Delta Connection & United Express)
Air France *	Federal Express *	Mesa (d/b/a US Airways Express & United Express)
Lufthansa German Airlines	United Parcel Service *	Pinnacle Airlines (d/b/a Delta Connection) *
Royal Jordanian		PSA (d/b/a US Airways Express)
		Republic Airlines (d/b/a US Airways Express)
CHARTER/OTHER CARRIERS (1)		Shuttle America (d/b/a Delta Connection & United Express)
Allegiant		SkyWest (d/b/a Delta Connection & United Express)

NOTES:

* Signatory Airline.

[1] United and Continental merged on October 1, 2010. The FAA issued a Single Operating Certificate for the merged airlines on November 30, 2011.

[2] Southwest and AirTran merged on May 1, 2011. The FAA issued a Single Operating Certificate for the merged airlines on March 1, 2012, naming both airlines on the certificate. It will take several years before both airlines are fully integrated.

[3] On July 27, 2012, Delta announced that Comair, a Delta subsidiary, would cease operations after September 29, 2012. It is anticipated that other Delta Connection Carriers will replace Comair operations at the Airport.

SOURCES: Wayne County Airport Authority; Official Airline Guide, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

Figure 19 presents the scheduled passenger air carrier base at the Airport since FY 2002. Specific points concerning the scheduled passenger air carrier base at the Airport are provided below:

- Delta and the Delta Connection Carriers operate at the Airport as a single carrier. The Airport is a major hub in its route network.
- Delta acquired Northwest as a wholly-owned subsidiary on October 29, 2008. On December 31, 2009, Delta and Northwest merged and the FAA granted a single operating certificate to the merged Delta entity. Delta and the Delta Connection Carriers enplaned an estimated 12.9 million passengers or 79.5 percent of the Airport's enplaned passengers in FY 2011.

- The Airport has had the benefit of a large and relatively stable scheduled passenger air carrier base during the years shown. All of the four primary legacy airlines and several of the low-cost carriers have operated at the Airport throughout this period.
- Spirit Airlines (Spirit), a low-cost carrier, has the second highest market share of Airport enplanements behind Delta and the Delta Connection Carriers. In FY 2011, Spirit enplaned approximately 719,000 passengers at the Airport or 4.4 percent of total Airport enplanements. Southwest Airlines (Southwest), another low-cost carrier, enplaned 3.8 percent of the Airport's enplanements in FY 2011. Other low-cost carriers providing scheduled passenger service at the Airport include AirTran Airways (AirTran) and Frontier Airlines (Frontier). Independence Air operated at the Airport from FY 2004 to FY 2006; however, this carrier has since ceased operations.
- Eight scheduled passenger carriers shown in Figure 19 provided service at the Airport over the entire period FY 2002 through FY 2012 (as of July 2012). Since FY 2005, three additional scheduled passenger carriers have initiated service and continue to serve the Airport.

Figure 19: Historical Scheduled Passenger Air Carrier Base

For the Airport's full Operating Year, a twelve-month period ending September 30.

AIR CARRIER[1]	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012[2]
American	●	●	●	●	●	●	●	●	●	●	●
Delta	●	●	●	●	●	●	●	●	●	●	●
Lufthansa	●	●	●	●	●	●	●	●	●	●	●
Royal Jordanian	●	●	●	●	●	●	●	●	●	●	●
Southwest	●	●	●	●	●	●	●	●	●	●	●
Spirit	●	●	●	●	●	●	●	●	●	●	●
United	●	●	●	●	●	●	●	●	●	●	●
US Airways	●	●	●	●	●	●	●	●	●	●	●
Air Canada	●	●	●	●	●	●	●	●	●	●	●
Air France				●	●	●	●	●	●	●	●
Frontier				●	●	●	●	●	●	●	●
AirTran[3]					●	●	●	●	●	●	●
Airlines No Longer Serving the Airport											
Ryan International	●	●	●	●	●	●	●	●			
KLM	●	●					●	●			
Aeromexico							●	●			
British Airways	●	●	●	●	●	●					
Independence Air			●	●	●						
Trans Meridian	●	●	●	●							
American Trans Air	●	●	●								

NOTES:

[1]Where applicable, includes affiliated carriers.

[2]As of July 2012.

[3] Southwest and AirTran merged on May 1, 2011. The FAA issued a Single Operating Certificate for the merged airlines on March 1, 2012, naming both airlines on the certificate. It will take several years before both airlines are fully integrated.

SOURCE: Wayne County Airport Authority, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

Historical Passenger Activity

This section identifies historical trends in enplaned passengers at the Airport and the major factors influencing these trends, as well as historical market shares of enplanements by airline.

Enplaned Passengers

Figure 20 presents historical data for enplaned passengers at the Airport and for the nation. As shown, passenger activity at the Airport has experienced patterns generally comparable to those of the nation. Both the Airport and the nation experienced a decrease in enplaned passengers in FY 2002 from FY 2001 levels, an increase in enplaned passengers from 2002 to 2005, another decrease in enplaned passengers from 2005 to 2009 and over a 2.0 percent increase in FY 2011 from FY 2010 levels. For the entire period presented, FY 2002 to FY 2011, enplaned passengers for the Airport increased at a compound annual growth rate (CAGR) of 0.4 percent, while enplaned passengers for the nation increased at a CAGR of 1.7 percent.

Figure 20: Historical Enplanements

(Operating Years Ending September 30)

OPERATING YEAR	AIRPORT ENPLANEMENTS	AIRPORT GROWTH	U.S. TOTAL ENPLANEMENTS	U.S. GROWTH	MARKET SHARE
2002	15,592,557	(8.7%)	626,300,000	(8.2%)	2.5%
2003	16,278,233	4.4%	641,200,000	2.4%	2.5%
2004	17,316,780	6.4%	689,000,000	7.5%	2.5%
2005	18,286,282	5.6%	737,000,000	7.0%	2.5%
2006	17,799,932	(2.7%)	740,000,000	0.4%	2.4%
2007	18,108,090	1.7%	765,300,000	3.4%	2.4%
2008	17,831,231	(1.5%)	759,100,000	(0.8%)	2.3%
2009	15,941,132	(10.6%)	704,400,000	(7.2%)	2.3%
2010	15,876,381	(0.4%)	712,600,000	1.2%	2.2%
2011	16,226,201	2.2%	730,700,000	2.5%	2.2%
Compound Annual Growth Rate					
2002 - 2005	5.5%		5.6%		
2005 - 2007	(0.5%)		1.9%		
2007 - 2010	(4.3%)		(2.4%)		
2010 - 2011	2.2%		2.5%		
2002- 2011	0.4%		1.7%		

SOURCES: Wayne County Airport Authority, July 2012; Federal Aviation Administration (U.S. total enplanements), July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

Further details concerning enplaned passengers at the Airport and comparisons with national trends between FY 2000 and Fiscal Year-to-Date (FYTD) 2012 are discussed below:

- **FY 2002.** Passenger activity at the Airport decreased in FY 2002, experiencing a year-over-year enplanement decrease of 8.7 percent, compared to the 8.2 percent decrease nationwide during this same period. For both the Airport and the nation, these significant decreases in activity were primarily

attributable to the terrorist attacks of September 11, 2001 (hereinafter September 11) and the nationwide economic slowdown that began earlier in 2001. Additionally, slowdowns affecting Asian economies and the bird flu epidemic during this period likely impacted international traffic to Asia – including Northwest's international flights to Japan.

- **FY 2003 - FY 2005.** Following the decrease in FY 2002, passenger activity at the Airport rebounded, increasing from approximately 16.0 million enplanements in FY 2002 to approximately 18.3 million enplanements in FY 2005. This increase represents a CAGR of 5.5 percent over the period, compared to 5.6 percent nationwide. In concert with national trends, enplanement levels at the Airport had recovered from the impacts of September 11 and the nationwide economic slowdown by FY 2005 and surpassed the prior record annual enplanement level experienced in FY 2000 (17.7 million enplaned passengers).
- **FY 2006 – FY 2007.** Northwest and Delta both filed for bankruptcy on September 14, 2005 (immediately prior to the beginning of FY 2006) and Mesaba filed for bankruptcy on October 13, 2005. In FY 2006, the capacity reductions associated with the bankruptcies impacted the Airport more than the nation, because, at that time, the Airport served as a major connecting hub for Northwest's system network. In FY 2006, the Airport experienced a decrease in enplanements of 2.7 percent compared to the nation's slow growth of 0.4 percent. Northwest and Delta emerged from bankruptcy protection in the second half of FY 2007 (May 2007) and enplanements at the Airport and for the nation increased from their FY 2006 levels by 1.7 percent and 3.4 percent, respectively.
- **FY 2008 - FY 2009.** The global economic slowdown, higher fuel prices and capacity cuts by airlines in FY 2008 and FY 2009 resulted in decreases in enplanements for the Airport and the nation. Airport enplanements decreased by approximately 1.5 percent in FY 2008 as compared to FY 2007 (U.S. total enplanements decreased by 0.8 percent over the same period) and decreased by approximately 10.6 percent in FY 2009 as compared to FY 2008 (by comparison, U.S. total enplanements decreased by 7.2 percent over the same period). On a percentage basis, the enplanement decreases experienced by Delta and Northwest between FY 2008 and FY 2009, when combined (a decrease of 9.2 percent), was lower than the enplanement decreases experienced by all other airlines operating at the Airport, when combined (a decrease of 15.7 percent).
- **FY 2010.** Total Airport enplanements decreased 0.4 percent in FY 2010 as compared to FY 2009. For this same period, Delta enplanements at the Airport increased by approximately 0.6 percent while the other airlines serving the Airport, when combined, experienced a 4.5 percent decrease in enplanements.
- **FY 2011.** Recovering from the global economic slowdown, total enplanements at the Airport increased from 15.9 million in FY 2010 to 16.2 million in FY 2011, an increase of 2.2 percent during this period, compared to 2.5 percent nationwide. Delta increased by approximately 100,000 enplaned passengers in FY 2011 from FY 2010 levels, while Spirit and Southwest increased by a combined 200,000 enplaned passengers during this same period.
- **FYTD 2012.** Based on seven nine months of data, total enplanements at the Airport are 0.5 percent higher in FY 2012 compared to a similar period in FY 2011 (11,878,804 and 11,819,268 enplanements, respectively). With domestic enplanements representing approximately 92 percent of total enplanements at the Airport, domestic enplanements are also 0.1 percent higher in FYTD 2012 compared to FYTD 2011, while international enplanements at the Airport are 4.5 percent higher in FYTD 2012 compared to FYTD 2011.

As previously described, the Airport is a major connecting hub in Delta's system network. As such, millions of passengers each year use the Airport as an intermediate transfer stop on their way to their final destination, while local traffic uses the Airport to originate or end their travel. Figure 21 presents historical domestic enplanement data identifying originating passenger and connecting passenger components for the Airport. As shown,

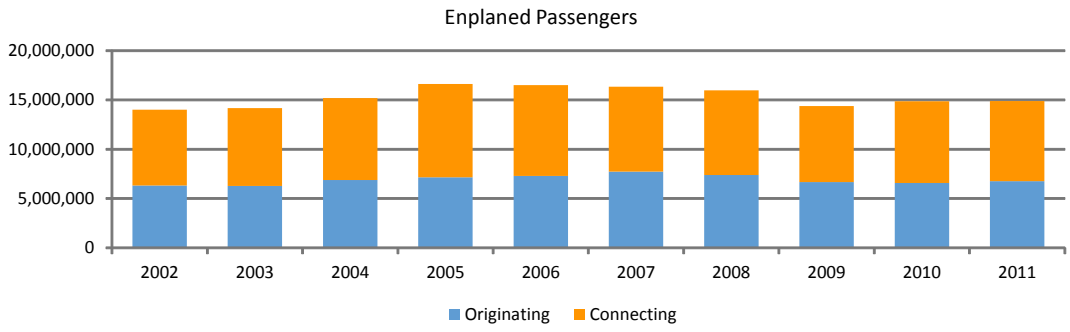
connecting passenger enplanements outnumbered originating enplanements in each year between CY 2002 and CY 2011. The share of connecting enplaned passengers at the Airport has ranged between 52.8 percent and 56.9 percent for the period described. The connecting percentage for CY 2011, the most recent calendar year available, was 54.6 percent.

Data presented in Figure 21 illustrates that originating and connecting passenger trends at the Airport do not necessarily move in tandem and have a low correlation. For example, domestic connecting passenger enplanements at the Airport increased annually by 13.8 percent in CY 2005, as compared to the annual increase of 4.1 percent for domestic originating passengers. Conversely, annual domestic connecting enplaned passengers decreased year-over-year in CY 2006 and CY 2007 by 2.6 percent and 6.4 percent, respectively, while domestic originating enplaned passengers at the Airport increased by 1.8 percent in CY 2006 and 5.8 percent in CY 2007. As such, traffic fluctuations at the Airport are not only locally driven, but are also influenced by the overall trends nationwide and the specific hubbing decisions made by Delta given the significant share of connecting traffic at the Airport.

Figure 21: Historical Domestic Originating and Connecting Enplanements

(Calendar Years)

YEAR	DOMESTIC ORIGINATING ENPLANEMENTS	ANNUAL GROWTH	DOMESTIC CONNECTING ENPLANEMENTS	ANNUAL GROWTH	TOTAL DOMESTIC ENPLANED PASSENGERS	ANNUAL GROWTH	ORIGINATING ENPLANEMENT SHARE	CONNECTING ENPLANEMENT SHARE
2002	6,327,890	(6.1%)	7,695,118	5.1%	14,023,008	(0.3%)	45.1%	54.9%
2003	6,266,720	(1.0%)	7,907,501	2.8%	14,174,221	1.1%	44.2%	55.8%
2004	6,884,460	9.9%	8,316,272	5.2%	15,200,732	7.2%	45.3%	54.7%
2005	7,165,770	4.1%	9,464,995	13.8%	16,630,765	9.4%	43.1%	56.9%
2006	7,297,730	1.8%	9,216,455	(2.6%)	16,514,185	(0.7%)	44.2%	55.8%
2007	7,721,720	5.8%	8,629,815	(6.4%)	16,351,535	(1.0%)	47.2%	52.8%
2008	7,386,420	(4.3%)	8,591,640	(0.4%)	15,978,060	(2.3%)	46.2%	53.8%
2009	6,671,730	(9.7%)	7,718,609	(10.2%)	14,390,339	(9.9%)	46.4%	53.6%
2010	6,566,987	(1.6%)	8,310,099	7.7%	14,877,086	3.4%	44.1%	55.9%
2011	6,761,125	3.0%	8,139,173	(2.1%)	14,900,298	0.2%	45.4%	54.6%
Compound Annual Growth Rate								
2002 - 2005	4.2%		7.1%		5.8%			
2005 - 2011	(1.0%)		(2.5%)		(1.8%)			
2002 - 2011	0.7%		0.6%		0.7%			



NOTE: Figures may not add due to rounding.

SOURCES: Wayne County Airport Authority, May 2012; US DOT Origin & Destination Survey of Airline Passenger Traffic, 298c Commuter Data, and Airport Activity Statistics of Certificated Route Air Carriers, Schedule T100, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

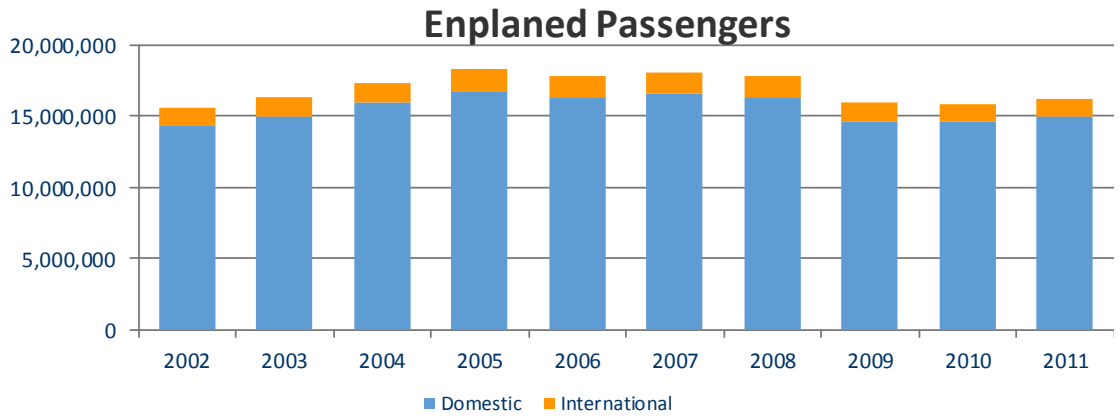
Figure 22 presents historical trends related to the domestic and international passenger activity split at the Airport. Generally, international passenger activity has been more volatile than domestic passenger activity at the Airport. International enplanements changed to a greater extent than domestic enplanements changed for FY 2000 to FY 2002, FY 2002 to FY 2005 and FY 2005 to FY 2011 by negative 18.1 percent, positive 6.5 percent and negative 2.5 percent, respectively. Also, the highest international share of total Airport enplanements for the presented period occurred in FY 2008 at 8.7 percent and the lowest share occurred in FY 2010 at 8.0 percent. For FY 2002 through FY 2011, the international share of total Airport enplanements was relatively stable between 8.1 and 8.7 percent.

Figure 22: Historical Domestic and International Enplanements

(Operating Years Ending September 30)

YEAR	DOMESTIC ENPLANEMENTS	ANNUAL GROWTH	INTERNATIONAL ENPLANEMENTS	ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	ANNUAL GROWTH	INTERNATIONAL ENPLANEMENT SHARE
2002	14,327,856	(6.3%)	1,264,701	(29.7%)	15,592,557	(8.7%)	8.1%
2003	14,917,141	4.1%	1,361,092	7.6%	16,278,233	4.4%	8.4%
2004	15,914,882	6.7%	1,401,898	3.0%	17,316,780	6.4%	8.1%
2005	16,758,421	5.3%	1,527,861	9.0%	18,286,282	5.6%	8.4%
2006	16,321,812	(2.6%)	1,478,120	(3.3%)	17,799,932	(2.7%)	8.3%
2007	16,581,322	1.6%	1,526,768	3.3%	18,108,090	1.7%	8.4%
2008	16,271,128	(1.9%)	1,560,103	2.2%	17,831,231	(1.5%)	8.7%
2009	14,622,391	(10.1%)	1,318,741	(15.5%)	15,941,132	(10.6%)	8.3%
2010	14,614,045	(0.1%)	1,262,336	(4.3%)	15,876,381	(0.4%)	8.0%
2011	14,912,532	2.0%	1,313,669	4.1%	16,226,201	2.2%	8.1%

Compound Annual Growth Rate			
2002 - 2005	5.4%	6.5%	5.5%
2005 - 2011	(1.9%)	(2.5%)	(2.0%)
2002 - 2011	0.4%	0.4%	0.4%



SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Enplaned Passengers by Airline

Figure 23 presents the historical share of enplanements by airline at the Airport between FY 2008 and FY 2011. In each year, Delta and Northwest combined maintained a market share of at least 78.5 percent and was the highest for FY 2010 at 80.6 percent. In each of these years, Spirit had the second highest market share, although Spirit's market share steadily decreased from a peak of 4.6 percent in FY 2008 to a low of 3.6 percent in FY 2010 and then increased to 4.4 percent in FY 2011. Other carriers (including their regional affiliates, as applicable) enplaning more than one percent of total Airport enplanements in each year of the period, presented in a descending order based on FY 2011 market share, include Southwest, US Airways, United, American and AirTran.

Figure 23: Historical Total Enplaned Passengers by Airline

Includes regional affiliated carriers, as applicable.

(Operating Years Ending September 30)

	2008		2009		2010		2011	
	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
Delta/Northwest[1]								
Northwest Airlines	13,603,857	76.3%	12,047,782	75.6%	6,989,549	44.0%	-	-
Delta Air Lines	398,929	2.2%	664,705	4.2%	5,804,439	36.6%	12,907,512	79.5%
Subtotal Delta/Northwest	**14,002,786**	**78.5%**	**12,712,487**	**79.7%**	**12,793,988**	**80.6%**	**12,907,512**	**79.5%**
Other Airlines								
Spirit Airlines	821,888	4.6%	608,078	3.8%	570,870	3.6%	718,914	4.4%
Southwest Airlines	595,944	3.3%	523,304	3.3%	553,612	3.5%	611,582	3.8%
US Airways	547,702	3.1%	524,457	3.3%	526,828	3.3%	568,390	3.5%
United Airlines [2]	610,876	3.4%	519,625	3.3%	485,259	3.1%	461,505	2.8%
American Airlines	527,649	3.0%	472,541	3.0%	446,625	2.8%	430,126	2.7%
AirTran	216,149	1.2%	219,356	1.4%	207,513	1.3%	213,598	1.3%
Frontier Airlines	126,580	0.7%	117,396	0.7%	117,173	0.7%	140,291	0.9%
Air France	45,947	0.3%	55,233	0.3%	70,685	0.4%	76,568	0.5%
Lufthansa	102,121	0.6%	72,884	0.5%	65,568	0.4%	67,952	0.4%
Royal Jordanian	16,434	0.1%	14,822	0.1%	15,258	0.1%	14,051	0.1%
Air Canada (Jazz)	13,678	0.1%	5,965	0.0%	6,875	0.0%	12,340	0.1%
USA 3000	79,304	0.4%	19,823	0.1%	11,775	0.1%	153	0.0%
Other[3]	124,173	0.7%	75,161	0.4%	4,352	0.0%	3,219	0.0%
Subtotal Other Airlines	**3,828,445**	**21.5%**	**3,228,645**	**20.2%**	**3,082,393**	**19.4%**	**3,318,689**	**20.5%**
Airport Total	**17,831,231**	**100.0%**	**15,941,132**	**100.0%**	**15,876,381**	**100.0%**	**16,226,201**	**100.0%**

NOTES: Figures may not add due to rounding.

[1]Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009.

[2]United Airlines and Continental Airlines merged in October 2010, historical enplanements for these carriers are combined in this table.

[3] Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2012.

SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

On May 2, 2011, Southwest announced the closing of its acquisition of AirTran Holdings, Inc., the former parent company of AirTran. The FAA granted the airline a single operating certificate on March 1, 2012, allowing Southwest to work toward full integration. The single operating certificate lists both Southwest and/or AirTran as the named airline. As a result, passengers will see little difference in brand names, reservation systems, livery, etc. until full integration occurs in two to three years. For purposes of this Report, they are shown separately in Figure

23; however, if their respective enplaned passengers are combined over the years presented, they would have the second-highest share of Airport enplanements in FY 2009, FY 2010 and FY 2011.

Figure 24: Top 20 Domestic O&D Markets

(Passengers in thousands for Calendar Year 2011)

RANK	MARKET	TOTAL O&D PASSENGERS	PERCENTAGE OF O&D PASSENGERS	PRIMARY CARRIER	MARKET SHARE	SECONDARY CARRIER	MARKET SHARE
1	New York[1]	970	7.2%	Delta	56.0%	Spirit	22.4%
2	Orlando	870	6.4%	Delta	63.4%	AirTran	17.3%
3	Florida South[2]	723	5.3%	Delta	60.5%	Spirit	26.4%
4	Las Vegas	712	5.3%	Delta	56.8%	Spirit	30.4%
5	Los Angeles[3]	695	5.1%	Delta	55.0%	Spirit	12.4%
6	Washington D.C.[4]	680	5.0%	Delta	68.0%	Southwest	22.4%
7	Chicago[5]	558	4.1%	Delta	45.7%	Southwest	23.0%
8	Atlanta	473	3.5%	Delta	69.7%	AirTran	26.9%
9	Tampa	464	3.4%	Delta	67.1%	Spirit	19.9%
10	Phoenix	440	3.3%	Delta	52.6%	US Airways	21.9%
11	Fort Myers	436	3.2%	Delta	58.8%	Spirit	37.6%
12	San Francisco[6]	387	2.9%	Delta	62.5%	Southwest	12.9%
13	Denver	369	2.7%	Delta	43.6%	Frontier	26.5%
14	Dallas[7]	319	2.4%	American	46.7%	Delta	35.0%
15	Boston	243	1.8%	Delta	75.3%	US Airways	13.6%
16	Houston[8]	237	1.8%	United	37.4%	Delta	33.2%
17	Philadelphia	220	1.6%	Delta	50.1%	US Airways	45.7%
18	Minneapolis	217	1.6%	Delta	88.9%	Southwest	5.7%
19	Seattle	205	1.5%	Delta	72.7%	Frontier	8.0%
20	St. Louis	187	1.4%	Delta	63.4%	Southwest	35.1%
Other O&D Markets		**4,117**	**30.4%**				
Domestic O&D Passengers		**13,522**					
O&D % of Domestic Passengers		**45.4%**					

NOTES: Figures may not add due to rounding.

[1] Includes John F. Kennedy (JFK), LaGuardia (LGA), and Newark, NJ (EWR).

[2] Includes Fort Lauderdale International Airport (FLL) and Miami International Airport (MIA).

[3] Includes Los Angeles International (LAX), Burbank (BUR), Ontario International (ONT), Santa Ana/Orange County (SNA), and Long Beach Municipal (LGB).

[4] Includes Baltimore/Washington International Airport (BWI), Washington Dulles International Airport (IAD), and Washington National Airport (DCA).

[5] Includes Chicago/O'Hare (ORD) and Chicago/Midway (MDW).

[6] Includes San Francisco International (SFO), Oakland International (OAK) and San Jose International (SJC).

[7] Includes Dallas-Ft. Worth Airport (DFW) and Dallas Love Field (DAL).

[8] Includes Houston Intercontinental (IAH) and Houston Hobby (HOU).

SOURCES: US DOT Origin & Destination Survey of Airline Passenger Traffic, Domestic, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Historical Air Service

The following discussion of historical air service at the Airport incorporates data related to top domestic and international O&D markets, average airfares, the share of low-cost carrier activity occurring at the Airport and shifts in the air carrier fleet operating at the Airport. Future activity at the Airport will likely be impacted by these

factors and historical trends therein, as well as assumptions regarding future changes impacting air service at the Airport.

O&D Markets

An important airport characteristic is the distribution of its O&D markets, which is a function of air travel demands and available services and facilities. Figure 24 presents historical data on the Airport's top 20 domestic O&D markets for CY 2011, as measured by the number of passengers. As shown, the top 20 markets accounted for approximately 45 percent of total domestic O&D passengers at the Airport. As of July 2012, each of the top 20 markets had nonstop service from the Airport. Although Delta is the primary carrier in 18 of the 20 top markets, the secondary airlines have a significant market share in most of these 18 markets. The two markets in which Delta is not the primary carrier are Dallas and Houston, markets that serve as major hubs for other airlines.

Figure 25: Top 25 International O&D Markets

(Calendar Year 2011)

RANK	MARKET	CODE	TOTAL INTERNATIONAL O&D PASSENGERS	NON-STOP SERVICE
1	Cancun, Mexico	CUN	81,514	●
2	London (Heathrow), England	LHR	38,237	●
3	Nagoya, Japan	NGO	31,293	●
4	Frankfurt, Germany	FRA	29,287	●
5	Shanghai, China	PVG	28,082	●
6	Mexico City, Mexico	MEX	27,775	●
7	Montego Bay, Jamaica	MBJ	24,637	●
8	Seoul, South Korea	ICN	22,990	●
9	Tokyo (Narita), Japan	NRT	20,953	●
10	Rome, Italy	FCO	18,932	●
11	Punta Cana, Dominican Republic	PUJ	18,558	●
12	Sao Paulo, Brazil	GRU	16,378	●
13	Amsterdam, Netherlands	AMS	15,457	●
14	Monterrey, Mexico	MTY	14,204	●
15	Los Cabos, Mexico	SJD	13,845	●
16	Nassau, Bahamas	NAS	13,688	●
17	Montreal, Canada	YUL	12,108	●
18	Aruba, Aruba	AUA	11,890	
19	Puerto Vallarta, Mexico	PVR	11,684	●
20	Beijing, China	PEK	11,426	●
21	San Jose, Costa Rica	SJO	11,353	
22	Mumbai, India	BOM	9,856	
23	Paris, France	CDG	9,541	●
24	Vancouver, Canada	YVR	9,203	●
25	Delhi, India	DEL	8,080	

SOURCES: US DOT Origin & Destination Survey of Airline Passenger Traffic, Domestic via Sabre ADI, Adjusted for Foreign Flag Carriers, May 2012; Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 25 presents data on the Airport's top 25 international markets for O&D passengers. Nonstop including seasonal service is provided to 21 of these markets. Based on this data, Cancun is the most popular international destination for the Airport's O&D passengers, serving approximately 81,500 passengers in CY 2011. The data presented in Figure 25 captures only those passengers beginning and ending their trips at the Airport, it does not include data for passengers connecting through the Airport to reach or return from international destinations.

Airfare & Airline Yields

In addition to the availability of service to meet the domestic and international O&D demand of the market area, air service at an airport can also be characterized by the availability of competitive air fares and airline yields. At airports where hubbing carriers maintain a significant market share of activity, such as at the Airport, service provided by low-cost carriers can complement overall air service and also stimulate demand. Figure 26 below provides a comparison of average domestic one-way airfares at the Airport and other airports located within or near its Air Trade Area. As presented, the Airport compares relatively favorably with these airports, as it is the third lowest average domestic fare, while Bishop International Airport (Flint) has the lowest domestic fare and Toledo Express Airport (Toledo) has the second lowest domestic fare of the comparison group. Contributing to the relatively competitive airfares at the Airport, as compared to the other airports presented in the chart, is the growth in low-cost carrier activity and airline competition on several of the major O&D routes.

Figure 26: Average Outbound Domestic Fares CY 2011

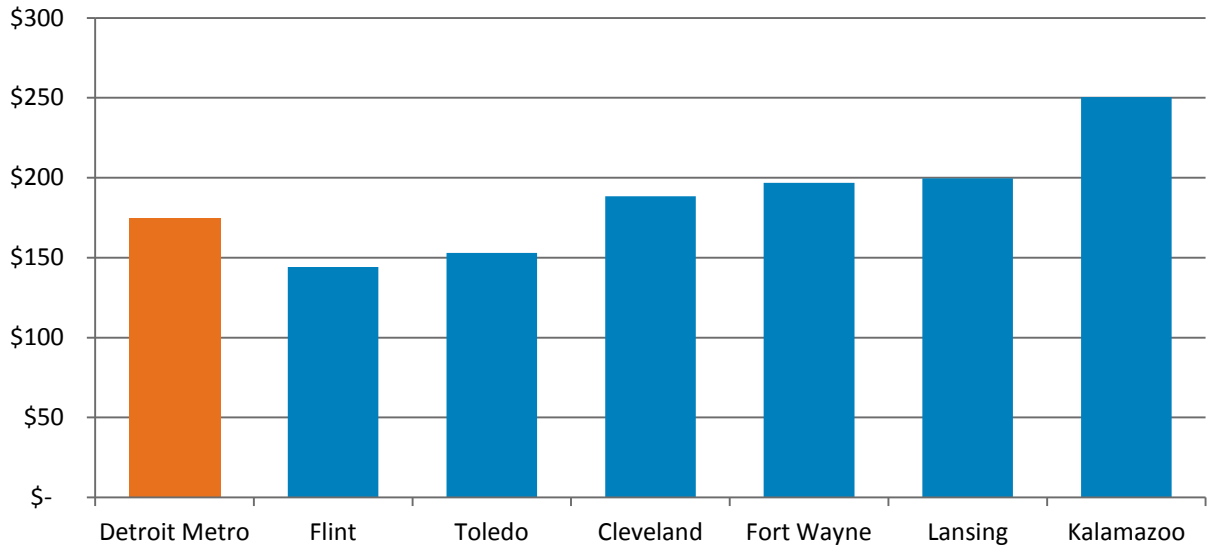


Figure 27 provides a comparison of average outbound domestic fares and yields for CY 2011 for U.S. East/West airline hub airports identified as peer airports. As shown, the Airport has the fourth lowest average outbound domestic fare behind Denver, Atlanta and Salt Lake City. Based on these comparisons, competitive airfares are offered at the Airport as compared to airports both in the local region and peer connecting hub airports

throughout the U.S. Being the largest airport in the region with a high degree of nonstop air service and competitive fares, the Airport appears to be price competitive for both local and connecting passengers. The Airport also compares similarly in terms of domestic yield per coupon mile which considers trip length. In this comparison, the Airport is also the fourth lowest among the airports in Figure 27, with three western U.S. hubs of Denver, Salt Lake City and Phoenix having lower domestic yields.

Figure 27: Comparison of U.S. East/West Airline Hub Airports CY 2011

AIRPORT	AVERAGE OUTBOUND DOMESTIC FARE[1]	OUTBOUND DOMESTIC YIELD PER COUPON MILE
Denver	$149.58	$0.1420
Atlanta	$165.44	$0.1840
Salt Lake City	$173.81	$0.1510
Detroit Metropolitan Airport	**$174.38**	**$0.1630**
Phoenix	$174.65	$0.1520
Chicago - O'Hare	$176.57	$0.1710
Charlotte	$184.70	$0.2030
Minneapolis - St. Paul	$187.63	$0.1710
Cleveland	$188.34	$0.1820
Dallas - Fort Worth	$193.42	$0.1790
Cincinnati	$213.90	$0.2180
Memphis	$217.48	$0.2330
Houston - George Bush	$219.58	$0.1920

NOTE:

[1] Includes zero-fares, but excludes non-revenue passengers.

SOURCE: US DOT Origin & Destination Survey of Airline Passenger Traffic, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 28: Delta/Northwest Average Yields - Pre-Merger and Current

AIRPORT	PRE-MERGER (H1 2008)	CURRENT (H1 2012)	CHANGE[1]
Delta/Northwest Average Yield per Coupon Mile for Outbound Domestic O&D Travelers at Delta Hubs			
ATL	$0.185	$0.201	8.6%
DTW	$0.146	$0.189	**29.5%**
MSP	$0.206	$0.197	-4.4%
SLC	$0.143	$0.159	11.2%
JFK	$0.113	$0.121	7.1%
MEM	$0.239	$0.248	3.8%
CVG	$0.261	$0.210	-19.5%

NOTE:
[1]Percentage change in average yield per coupon mile.

SOURCE: US DOT Origin & Destination Survey of Airline Passenger Traffic, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

As shown in Figure 28, when comparing pre-merger (the first half of CY 2008) and post-merger (the first half of CY 2012) periods, Delta's average yield per coupon mile for outbound domestic O&D travelers at the Airport has increased by approximately 29.5 percent, significantly more than at any of the other Delta hubs. Based on this metric, Delta appears to be operating domestic flights more profitably out of the Airport as compared to the pre-merger period. Given that international flights tend to be more profitable than domestic flights, it is also reasonable to assume that Delta's international yields from the Airport have increased at a similar or greater rate.

Low Cost Carriers

Figure 29 presents historical data on enplanements by low-cost carriers at the Airport between FY 2002 and FY 2011. As shown, from FY 2002 to FY 2007, low-cost carrier enplanements increased by a CAGR of 9.8 percent, while total Airport enplanements increased by a CAGR of 3.0 percent. As a result of the higher low-cost carrier enplanement growth rates compared to the growth rates of total Airport enplanements experienced from FY 2002 to FY 2007, the share of low-cost carrier enplanements at the Airport increased from 7.7 percent in FY 2002 to 10.6 percent in FY 2007. Growth in low-cost carrier enplanements at the Airport for this period was primarily attributable to growth in Spirit and Southwest enplanements and the initiation of service by Frontier and AirTran. From FY 2008 to FY 2010, the low-cost carrier market share retrenched from the peak in FY 2007, but increased to 10.4 percent in FY 2011, well above the FY 2002 level of 7.7 percent. Overall, from FY 2002 to FY 2011, low-cost carrier enplanements increased at a CAGR of 3.8 percent, while total Airport enplanements increased at a CAGR of 0.4 percent.

The Air Trade Area's relatively large O&D passenger base and its geographical position are two major factors in the Airport's appeal to low-cost carriers. In general, low-cost carriers are more prone to operate on a point-to-point basis (as opposed to a hub-and-spoke network); therefore, local passenger demand is key to determining route decisions, as low-cost carriers generally do not have the added support of connecting traffic. Additionally, the

Airport's generally central geographic position within the U.S. contributes to it being able to support several medium-to-short haul routes to other large O&D areas domestically, which is relatively compatible for typical low-cost carrier fleet types.

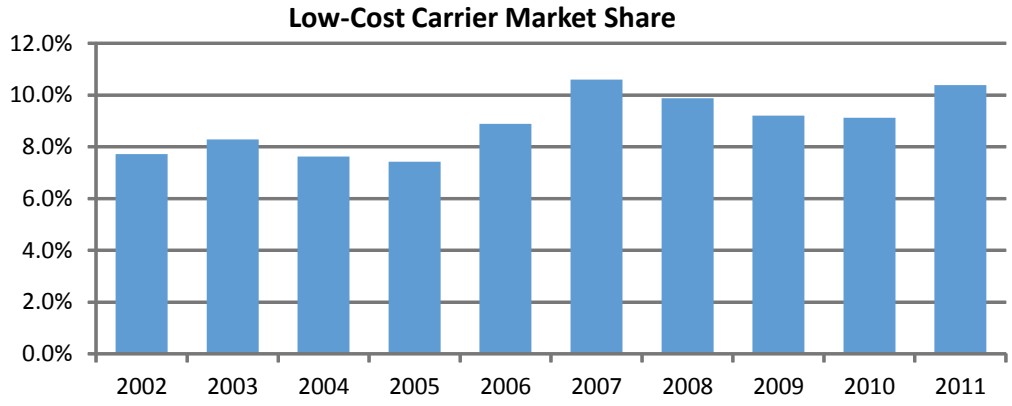
Mainline & Regional Traffic

In addition to the recent growth in low-cost carrier enplanements at the Airport, historical data illustrates a shift in the makeup of the air carrier fleet operating at the Airport. Figure 30 presents air carrier enplanements by mainline aircraft, those aircraft having greater than 90 seats and regional aircraft for the period of FY 2002 through FY 2011. As shown, regional enplanements increased at a CAGR of 14.0 percent over the period, while mainline enplanements decreased at a compound annual rate of 3.1 percent. Regional enplanements at the Airport increased in every year of the period, experiencing year-over-year increases ranging from 0.9 percent in FY 2007 as compared to FY 2006 to 29.9 percent in FY 2005 as compared to FY 2004. Higher regional enplanement growth rates over the period resulted in the share of regional enplanements at the Airport increasing from 11.5 percent in FY 2002 to 36.0 percent in FY 2011. Regional enplanement growth at the Airport reflects a similar nationwide trend in which legacy mainline carriers are increasing the amount of service provided by affiliated regional carriers operating regional aircraft, such as 50 to 70-seat regional jet aircraft.

Figure 29: Historic Low-Cost Carrier Market Share

(In Thousands for Operating Years ending September 30)

YEAR	LOW COST CARRIER ENPLANEMENTS	ANNUAL GROWTH	TOTAL AIRPORT ENPLANEMENTS	TOTAL AIRPORT GROWTH	LCC MARKET SHARE
2002	1,203	(2.2%)	15,593	(8.7%)	7.7%
2003	1,349	12.2%	16,278	4.4%	8.3%
2004	1,320	(2.1%)	17,317	6.4%	7.6%
2005	1,358	2.8%	18,286	5.6%	7.4%
2006	1,583	16.6%	17,800	(2.7%)	8.9%
2007	1,920	21.3%	18,108	1.7%	10.6%
2008	1,761	(8.3%)	17,831	(1.5%)	9.9%
2009	1,468	(16.6%)	15,941	(10.6%)	9.2%
2010	1,449	(1.3%)	15,876	(0.4%)	9.1%
2011	1,684	16.2%	16,226	2.2%	10.4%
Compound Annual Growth Rate					
2002 - 2007	9.8%		3.0%		
2007 - 2011	(3.2%)		(2.7%)		
2002 - 2011	3.8%		0.4%		



NOTES: Figures may not add due to rounding.

Low-Cost Carriers Include AirTran, American Trans Air, Frontier, Independence Air, Southwest, and Spirit Airlines.

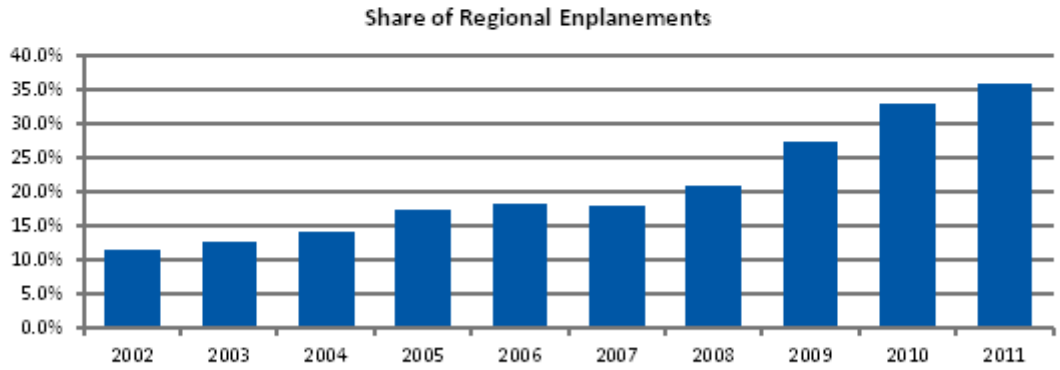
SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 30: Historical Air Carrier Enplanements - Mainline vs. Regional

(In Thousands for Operating Years ending September 30)

YEAR	MAINLINE ENPLANEMENTS	ANNUAL GROWTH	REGIONAL ENPLANEMENTS	ANNUAL GROWTH	TOTAL ENPLANEMENTS	ANNUAL GROWTH	REGIONAL SHARE
2002	13,793	(10.5%)	1,799	7.5%	15,593	(8.7%)	11.5%
2003	14,200	0.0%	2,079	15.5%	16,278	4.4%	12.8%
2004	14,884	4.8%	2,432	17.0%	17,317	6.4%	14.0%
2005	15,126	1.6%	3,161	29.9%	18,286	5.6%	17.3%
2006	14,570	(3.7%)	3,230	2.2%	17,800	(2.7%)	18.1%
2007	14,848	1.9%	3,260	0.9%	18,108	1.7%	18.0%
2008	14,127	(4.9%)	3,705	13.6%	17,831	(1.5%)	20.8%
2009	11,567	(18.1%)	4,375	18.1%	15,941	(10.6%)	27.4%
2010	10,651	(7.9%)	5,225	19.4%	15,876	(0.4%)	32.5%
2011	10,390	(2.5%)	5,836	11.7%	16,226	2.2%	36.0%
Compounded Annual Growth Rate							
2002 - 2007	1.5%		12.6%		3.0%		
2007 - 2011	(8.5%)		15.7%		(2.7%)		
2002 - 2011	(3.1%)		14.0%		0.4%		



NOTE: Figures may not add due to rounding.

SOURCE: Wayne County Airport Authority, May 2012.
PREPARED BY: Ricondo & Associates, Inc., May 2012.

Historical Aircraft Operations & Landed Weight

Figure 31 presents historical aircraft operations at the Airport between FY 2002 and FY 2011. The categories of aircraft operations shown conform to categories compiled by the FAA. Overall, total aircraft operations have decreased at the Airport at a compound annual rate of 0.9 percent over the period presented. More specifically, air carrier operations peaked at 337,817 operations in FY 2002 and have since decreased each year, equaling 191,893 operations in FY 2011. A recent trend in the airline industry has been to decrease capacity to attempt to better match overall demand and profitability, which has resulted in higher load factors throughout the national aviation system. This capacity reduction has also contributed to recent decreases in the Airport's aircraft operations.

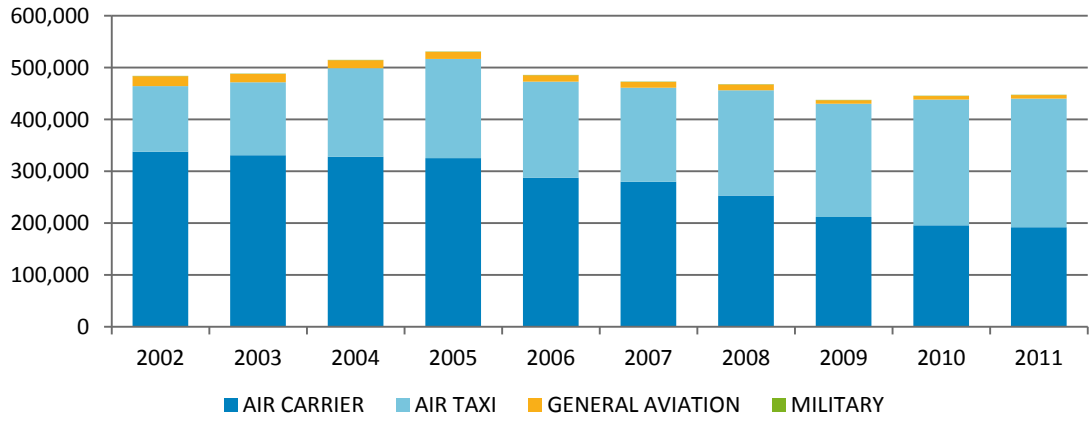
Two all-cargo carriers operate at the Airport: FedEx and United Parcel Service. DHL, an all-cargo carrier previously operated at the Airport, but ceased operations in June 2009. Additionally, passenger airlines also carry "belly

cargo" to and from the Airport. Figure 32 presents the historical airline cargo tonnage at the Airport for the period FY 2002 through FY 2011. As shown, total airline cargo over this period has decreased at a compound annual rate of 1.6 percent. Contributing to this decrease in cargo tonnage are the restrictions the Federal government has imposed after September 11 to address potential security issues and the recent global economic recession. As also shown in Figure 32, total airline cargo at the Airport decreased 30.4 percent in FY 2009 from FY 2008 levels, primarily due to Delta's corporate decision to decrease Northwest Cargo activity system-wide following their merger.

Figure 31: Historical Aircraft Operations

(Operating Years ending September 30)

YEAR	AIR CARRIER[1]	AIR TAXI[2]	GENERAL AVIATION	MILITARY	TOTAL	GROWTH
2002	337,817	126,821	18,915	290	483,843	(10.8%)
2003	330,757	140,783	16,222	207	487,969	0.9%
2004	327,682	171,268	15,526	184	514,660	5.5%
2005	325,415	191,394	13,599	229	530,637	3.1%
2006	287,793	185,109	12,280	91	485,273	(8.5%)
2007	280,062	181,025	11,335	100	472,522	(2.6%)
2008	253,024	203,629	10,580	153	467,386	(1.1%)
2009	211,998	218,172	7,006	140	437,316	(6.4%)
2010	195,916	242,697	6,777	110	445,500	1.9%
2011	191,893	248,390	6,662	100	447,045	0.3%
Compound Annual Growth Rate						
2002 - 2005	(1.2%)	14.7%	(10.4%)	(7.6%)	3.1%	
2005 - 2011	(8.4%)	4.4%	(11.2%)	(12.9%)	(2.8%)	
2002 - 2011	(6.1%)	7.8%	(10.9%)	(11.2%)	(0.9%)	



NOTES:

[1]Aircraft with seating capacity of more than 90 seats or a maximum payload capacity of more than 18,000 pounds carrying passengers or cargo for hire or compensation.

[2]Aircraft designed to have a seating capacity of 90 seats or less or a maximum payload capacity of 18,000 pounds or less carrying passengers or cargo for hire or compensation.

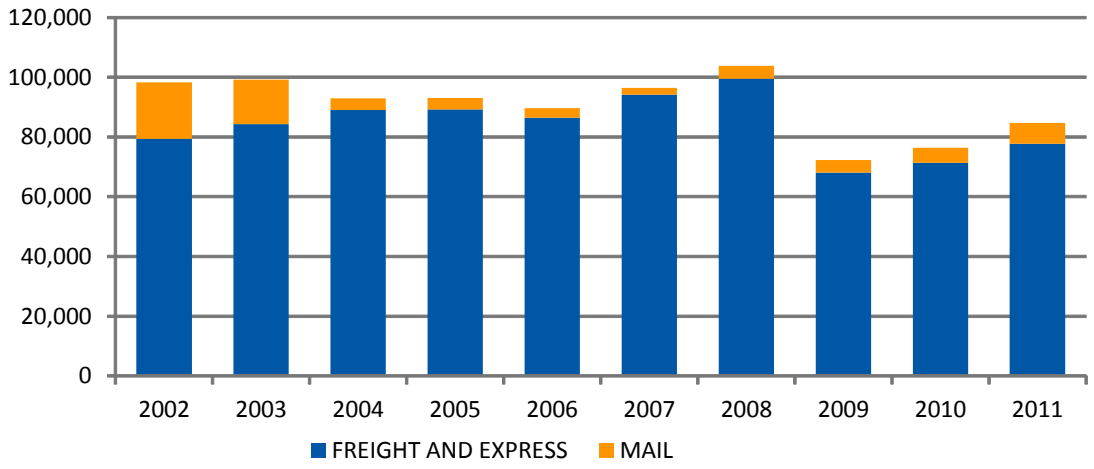
SOURCE: Wayne County Airport Authority (FAA ATADS), May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 32: Historical Airline Cargo

(Tons of Cargo for Operating Years ending September 30)

YEAR	FREIGHT AND EXPRESS	MAIL	TOTAL	GROWTH
2002	79,367	18,935	98,302	(19.0%)
2003	84,354	14,909	99,263	1.0%
2004	88,994	3,949	92,943	(6.4%)
2005	89,223	3,866	93,089	0.2%
2006	86,515	3,186	89,701	(3.6%)
2007	94,226	2,253	96,479	7.6%
2008	99,578	4,225	103,803	7.6%
2009	68,021	4,264	72,285	(30.4%)
2010	71,409	4,950	76,359	5.6%
2011	77,756	6,973	84,729	11.0%
Compound Annual Growth Rate				
2002 - 2005	4.0%	(41.1%)	(1.8%)	
2005 - 2011	(2.3%)	10.3%	(1.6%)	
2002 - 2011	(0.2%)	(10.5%)	(1.6%)	



NOTE:

Lufthansa Airlines' cargo was reported for the first time in October 2007 covering the period from February 2007 to September 2007. Prior year data is unavailable for comparison.

SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 33: Historical Landed Weight by Airline & Affiliates

(Weight in 1,000-Pound Units for Operating Years ending September 30)

	2007		2008		2009		2010		2011	
	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
Delta/Northwest[1]										
Northwest	17,674,478	72.6%	17,194,532	73.6%	15,482,220	73.7%	8,742,400	43.3%	-	-
Delta	453,284	1.9%	481,637	2.1%	786,203	3.7%	7,155,870	35.5%	16,322,310	78.0%
Subtotal Delta/Northwest	**18,127,762**	**74.4%**	**17,676,169**	**75.7%**	**16,268,423**	**77.5%**	**15,898,270**	**78.8%**	**16,322,310**	**78.0%**
Other Airlines										
Spirit Airlines	1,116,697	4.6%	925,981	4.0%	690,048	3.3%	637,083	3.2%	752,623	3.6%
Southwest Airlines	883,222	3.6%	833,750	3.6%	706,040	3.4%	668,576	3.3%	732,074	3.5%
US Airways	659,987	2.7%	629,708	2.7%	606,233	2.9%	616,576	3.1%	668,751	3.2%
United	818,942	3.4%	774,952	3.3%	664,531	3.2%	576,334	2.9%	571,845	2.7%
American	655,051	2.7%	614,370	2.6%	554,695	2.6%	505,541	2.5%	499,700	2.4%
Federal Express	525,479	2.2%	477,212	2.0%	374,202	1.8%	361,807	1.8%	409,567	2.0%
AirTran	302,472	1.2%	240,128	1.0%	240,496	1.1%	225,504	1.1%	241,608	1.2%
United Parcel Service	204,976	0.8%	195,473	0.8%	171,687	0.8%	171,234	0.8%	171,832	0.8%
Lufthansa	229,272	0.9%	243,753	1.0%	174,062	0.8%	142,243	0.7%	147,477	0.7%
Air France	116,552	0.5%	114,617	0.5%	122,641	0.6%	138,582	0.7%	146,476	0.7%
Frontier Airlines	152,353	0.6%	147,774	0.6%	140,742	0.7%	126,776	0.6%	143,844	0.7%
Royal Jordanian	40,698	0.2%	41,895	0.2%	42,294	0.2%	41,097	0.2%	40,698	0.2%
Air Canada	28,960	0.1%	28,994	0.1%	21,049	0.1%	14,506	0.1%	20,334	0.1%
Other[2]	494,280	2.0%	414,134	1.8%	227,503	1.1%	43,134	0.2%	54,574	0.3%
Subtotal Other Airlines	**6,228,941**	**25.6%**	**5,682,741**	**24.3%**	**4,736,223**	**22.5%**	**4,268,995**	**21.2%**	**4,601,403**	**22.0%**
Total Airlines	**24,356,703**	**100.0%**	**23,358,910**	**100.0%**	**21,004,646**	**100.0%**	**20,167,265**	**100.0%**	**20,923,713**	**100.0%**

NOTES:

[1]Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009.

[2]Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2012.

SOURCE: Wayne County Airport Authority, May 2012.

PREPARED BY: Ricondo & Associates, Inc., May 2012.

Figure 33 presents the historical share of landed weight by commercial airlines at the Airport between FY 2007 and FY 2011. As shown, total landed weight for the commercial airlines has decreased over this period from 24.4 million thousand-pound units to 20.9 million thousand-pound units. Similar to the enplanement share, Delta and Northwest along with their regional affiliates consistently accounted for over 74 percent of the Airport's total landed weight over the period presented. The all-cargo carriers accounted for approximately 3 percent of the Airport's total landed weight between FY 2007 and FY 2011.

Factors Affecting Aviation Demand

This section discusses qualitative factors that could influence future aviation activity at the Airport.

National Economy

Air travel demand is directly correlated to consumer income, business profits and U.S. Gross Domestic Product (GDP). As consumer income, business profits and GDP increase, so does demand for air travel. Econometric research by the International Air Transport Association and the MIT International Center for Air Transportation found that demand for air passenger service is responsive to changes in GDP with a very high correlation coefficient.

The nation experienced an economic recession between December 2007 and June 2009, which was marked by a combination of declines in construction activity, falling home prices, rising oil prices and a falling stock market. Following annual year-over-year increases between 2003 through 2007, demand for air travel weakened nationwide in 2008, registering a 3.1 percent decline during that year, followed by an additional 5.2 percent decline nationwide in 2009. In 2010 and 2011, air travel demand rebounded and scheduled passenger totals increased 2.6 and 1.8 percent, respectively, from the previous year's level. The 2011 passenger total still remained 4.0 percent below the level of 835.4 million in 2007, the peak level for passenger totals nationwide between 2000 and 2011.

Similar to air travel demand weakening nationwide in 2008, U.S. GDP decreased 0.3 percent in 2008 from 2007 levels (the first annual decrease in U.S. GDP since 1991), followed by a 3.5 percent decrease in 2009. Trends in U.S. GDP thereafter have improved, with the nation recording an increase of 3.0 percent in 2010 and a 1.7 percent increase in 2011. Recently, according to the "second" estimate released by the BEA, U.S. GDP increased 1.9 percent in the first quarter of 2012 from the fourth quarter of 2011. The rise in real GDP in recent years is reflective of positive contributions from stronger consumer spending, private inventory investment, residential and nonresidential fixed investment and exports during these periods. In September 2010, the National Bureau of Economic Research determined that a trough in business activity occurred in the U.S. economy in June 2009, thus officially marking the end of the recession that began in December 2007 and the beginning of an expansion. The recession lasted 18 months, which makes it the longest of any recession since World War II.

The most recently published surveys of leading economists by the National Association for Business Economics (NABE) and the Blue Chip Economic Indicators indicate consensus for modest U.S. annual real GDP growth through 2013 – roughly consistent with the latest forecast by the U.S. Federal Reserve Open Market Committee (FOMC). The May 2012 NABE forecast projects U.S. real GDP growth of 2.4 percent for 2012 and 2.8 percent in 2013. The June 2012 Blue Chip Economic Indicators forecast has a similar outlook, projecting 2.1 percent growth in U.S. real GDP for 2012 and 2.6 percent growth in 2013.7 According to the latest FOMC forecast, U.S. real GDP is projected to grow between 1.4 to 2.9 percent in 2012, 2.2 to 2.8 percent in 2013, 3.0 to 3.5 percent in 2014 and 2.3 to 2.5 percent beyond the 2014 period, which suggests the upward trend in nationwide air travel should continue.8 However, should the economy stall, or again trend downward (e.g., encounter a "double-dip" recession), aviation demand nationwide would likely be negatively impacted.

State of the Airline Industry

In the aftermath of the events of September 11, the U.S. airline industry saw a material adverse shift in the demand for air travel. The result was five years of reported industry operating losses between 2001 and 2005, totaling more than $28 billion (excluding extraordinary charges and gains). Following the restructuring years after the events of September 11, the airline industry finally gained ground in 2007 with virtually every U.S. airline posting profits. In 2008 and through the first half of 2009, the combination of record high fuel prices, weakening economic conditions and a weak dollar resulted in the worst financial environment for U.S. network and low-cost carriers since the September 11, 2001 terrorist attacks. In 2008, many of the domestic network competitors announced significant capacity reductions, increases in fuel surcharges, fares and fees and other measures to address the challenges.

Whereas the capacity reductions following the events of September 11 were the direct results of reduced demand due to perceived terror threats targeting the traveling public, the industry reductions starting in late 2008 and continuing through the first half of 2009 were primarily driven by significant increases in fuel costs over a span of two and a half years, a weak dollar exacerbating the impact of increased fuel costs for U.S. airlines and the contraction of the U.S. economy. After nearly $8 billion in profits for the global airline industry in 2011, the International Air Transport Association (IATA) is predicting a $3.0 billion profit for the global industry in 2012. Globally, passenger traffic increased 5.9 percent in 2011 over 2010. Even though recovery is uneven across different regions, North American airlines profits are projected to be $1.4 billion in 2012, compared to the $1.3 billion profit in 2011. The increase in profit is due to North American carriers' strict control on capacity.

Factors Directly Affecting the Airline Industry

Cost of Aviation Fuel

The price of fuel is one of the most significant forces affecting the airline industry today. In 2000, jet fuel accounted for nearly 14 percent of airline industry operating expenses and, historically, fuel expense was the second highest operating expense for the airline industry behind labor. In 2008, jet fuel surpassed labor as an airline's largest operating expense and, according to the ATA, fuel comprised approximately 30.6 percent of an airline's total operating costs while labor represented approximately 20.3 percent of the total. As oil prices fell in the first quarter of 2009, fuel expenses retreated and labor once again became the airline industry's largest operating expense representing 25.8 percent of total operating expenses while fuel was at 21.3 percent.

The average price of jet fuel was $0.82 per gallon in 2000 compared to $2.87 per gallon in 2011, an increase of 250 percent. According to the ATA, every one-cent increase in the price per gallon of jet fuel increases annual airline operating expenses by approximately $190 million to $200 million.

If jet fuel prices approach or surpass their mid-2008 peak (July 2008's average price was $3.84), aviation demand nationwide may be negatively impacted due to potential route reductions the airlines might make or higher ticket prices the airlines might impose in efforts to remain profitable. The average price of jet fuel in April 2012 was $3.13 per gallon, a 5.4 percent increase over the April 2011 average price ($2.97).

Airline Scheduled Seat Capacity

The airlines continue to restrain growth in capacity due to the weak economy and relatively high fuel prices, keeping in place reductions they implemented beginning in 2008. The height of the industry capacity decline occurred in the first quarter of 2009, as domestic seat-capacity declined by 11.0 percent versus the first quarter of 2008. Demand for domestic air travel, as measured by revenue passenger miles (RPMs), slipped at a similar rate of 11.6 percent during this period. According to usatoday.com, scheduled domestic capacity was down 1.6 percent in May 2012 compared to the same month in 2011.

The business model for airlines has changed due, in part, to recent soaring oil prices, as the airlines now focus on better matching supply (seats) with demand (passengers). This capacity "right-sizing" and discipline has resulted in higher yields (as measured by revenue passenger miles) in recent years. Domestic mainline passenger yields (per coupon mile) increased from $0.1195 in 2009 to $0.1359 in 2011, a compound annual growth rate of 6.6 percent during this period. Domestic passenger yields for regionals/commuters decreased at a compound rate of 4.1 percent between 2009 and 2011; however, this decrease was more a function of longer trip lengths due to a growing number of larger and faster regional jet aircraft rather than failing to "right-size" capacity.

Threat of Terrorism

As has been the case since September 11, the recurrence of terrorism incidents against either domestic or world aviation during the Projection Period remains a risk to achieving the activity projections contained herein. Tighter security measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. Any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

Airline Mergers and Acquisitions

In recent years airlines have experienced increased costs and industry competition both domestically and internationally. As a result, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. In 2009, Delta fully completed its merger with Northwest Airlines (discussed in detail below), which initiated a wave of airline mergers and acquisitions within the U.S. That same year, Republic Airways Holdings, a regional airline, bought Frontier Airlines of Denver and Midwest Airlines of Milwaukee. In October 2010, United Airlines and Continental Airlines merged, creating the world's largest airline in terms of operating revenue and revenue passenger miles.

On May 2, 2011, Southwest announced the closing of its acquisition of AirTran Holdings, Inc., the former parent company of AirTran. The acquisition will extend Southwest's route network and add new markets, such as Atlanta (the largest domestic market Southwest currently does not serve) and Reagan National Airport (Washington, D.C.) and provides access to international leisure markets in the Caribbean and Mexico.

Southwest plans to integrate AirTran into the Southwest brand by transitioning the AirTran fleet to the Southwest's livery and consolidating corporate functions into its Dallas headquarters. The FAA granted the airline a single operating certificate on March 1, 2012, allowing Southwest to work toward full integration.

AMR Corporation (AMR), the parent company of American Airlines, filed for bankruptcy protection on November 28, 2011. In January 2012, US Airways Group publicly expressed interest in merging with AMR. AMR plans to emerge from bankruptcy protection at the end of 2012 and has publicly stated that a range of strategic options for the future of the company will be examined, including potential mergers.

Delta Air Lines

Given that the Airport is a major hub in the Delta route network and that Delta along with Delta Connection Carriers enplanes approximately 80 percent of the Airport's enplaned passengers, Delta's business decisions regarding its system network are likely to impact activity at the Airport. While it is impossible to accurately predict all changes that may occur in Delta's route network, an examination of the recent merger between Delta and Northwest and Delta's plans for the future are important considerations in this analysis.

Delta and Northwest Merger

On April 14, 2008, Delta and Northwest announced the merger of the two companies, subject to regulatory review and approval and on October 29, 2008, Delta acquired Northwest as a wholly owned subsidiary. The FAA granted a single operating certificate to Delta on December 31, 2009 and Northwest merged into and with Delta and by January 2011 the Northwest brand disappeared. At the time, the merger created the world's largest airline. Following the initial merger announcement, Delta often indicated that it expected to retain its existing hub airports, stating that the Airport would serve as the premier hub in the Great Lakes region. As a result of the Airport's competitive assets including (1) its central geographic position, (2) substantial airfield and terminal processing capability, (3) the benefits of its local market, (4) limited local airport competition and (5) its competitive airline cost structure, the Airport has remained and should remain an attractive location for a major airline hub and an important O&D market. An appropriate metric to examine the Airport's role in the Northwest system network pre-merger compared to its role in the Delta system network post-merger is the Airport's share of Delta and Northwest hub airports' scheduled departing seats before and after the merger.

The Airport and Delta's System

The Airport primarily functions as an important Midwest connecting hub and is a primary connector for Delta's international operations, including Asia, Europe and Latin America. Because of the Airport's large O&D base and ideal geographic location, Delta is able to move passengers from the U.S. Midwest to anywhere in the world, as well as move passengers travelling from the U.S. East Coast to U.S. West Coast or vice versa. Turning the Airport into an Asian gateway is the result of combining Delta's and Northwest's respective route strengths and available fleet mix. For example, Delta, with its significant presence from the U.S. East Coast, enhanced the Airport as a central connecting point within Delta's system network. Whereas Northwest, pre-merger, did not have the domestic strength to effectively feed its international operations, the combined carrier has additional resources and thus the ability to expand to other regions of the world that Northwest could not do alone. Since the merger, Delta has expanded operations at the Airport with considerable additional international services, such as Seoul (Incheon), South Korea, Hong Kong, Sao Paulo, Brazil, Shanghai, China, Rome, Italy and Paris, France.

The combined airline will be able to expand more effectively at the Airport than Northwest could do on its own prior to the merger. Synergies created from the merger provide for more growth opportunities and mitigate impacts of economic downturns. Because of Delta's long-term terminal and Airport investments, the Airport is a strong connecting hub for Delta, with significant amounts of growth potential arising from gate resources.

Delta currently serves top Asian destinations from the Airport demonstrating the airline's commitment to utilize the Airport as an Asian gateway. Over the past year, Delta has expanded Shanghai service at the Airport from less than daily to daily year-round service. Delta also plans to expand Seoul (Incheon) and Beijing service to daily year-round service. In the Trans-Atlantic market, Delta provides nonstop service from the Airport to SkyTeam hubs in Amsterdam, Paris and Rome. As a result, these markets not only feed traffic from beyond Detroit but also feed traffic from SkyTeam members' flights beyond their respective hubs in Europe. Delta also serves London–Heathrow (the number one European market) and Frankfurt from the Airport. In October 2010, Delta inaugurated twice-weekly nonstop flights from the Airport to Sao Paulo, South America's largest business market, creating a new gateway to Brazil from the Midwest. In January 2012, this nonstop service was increased to seven-weekly flights.

The Airport is Delta's second busiest hub in terms of CY 2011 and mid-year CY 2012 seats and departures and its busiest hub in the Midwest. Delta generally uses the Airport to capture east – west traffic flows (i.e. from the U.S. Northeast and U.S. Midwest regions to the U.S. West Coast) and funnels this traffic more efficiently than its Atlanta hub because of the Airport's central-U.S. location. While Cincinnati is also a Midwest hub for Delta, Cincinnati has a

smaller O&D market compared to the Airport which is why the company places a greater emphasis on the Detroit market, having decreased total scheduled departing seats from Cincinnati by approximately 65 percent since the merger. Delta's Minneapolis hub also handles east – west traffic flows, however, focuses more on serving U.S. Pacific Northwest and Western Canada, while also serving certain U.S. West Coast destinations that may also be served from the Airport.

Regarding post-merger impacts, the Airport has been the most stable of all Delta hubs with regard to number of flights and seats, with overall slight growth since the merger was completed in 2008. Delta has seen a shift towards connecting passengers system-wide. As a result, Delta has placed a greater emphasis on the Airport as a connecting facility due in large part to its geographic location. Delta's current composition of traffic at the Airport is approximately 30 percent local (O&D) and approximately 70 percent connecting due to an increase in connecting traffic as opposed to a decrease in O&D traffic. This is on par with other U.S. major connecting hubs. Delta expects its ratio of O&D to connecting passengers at the Airport in the future to remain consistent with present levels. Five years prior, the composition of Delta/Northwest traffic at the Airport was approximately 60 percent connecting; however, as described above, that share has now stabilized at approximately 70 percent.

In the last two years, Delta has seen an increase in market share capture and revenue generation from its corporate clients based in the Detroit region, especially from the auto industry as major manufacturers have emerged from bankruptcy and returned to profitability. Through the downturn and ongoing recoveries of the national and local economies, the Airport has performed very well as a hub. As the auto industry has restructured and returned to profitability, Delta has benefitted at the Airport as corporate travel needs have evolved with the growing international presence in the auto industry in the Air Trade Area.

Regarding its competitive position in the Detroit market, Delta views Southwest and Spirit Airlines as smaller yet relevant competitors. These carriers operate 25 and 15 flights per day from the Airport, respectively, whereas Delta operates approximately 550 flights per day.

Delta expects the company to continue modest growth in overall service at the Airport in the future, at least partly attributable to system-wide changes that it is making to its fleet. Over time, Delta expects to retire many of its less fuel-efficient 50-seat regional jet aircraft and replace them with larger, more fuel-efficient aircraft, such as dual class 76-seat regional jets and 117-seat Boeing 717 aircraft. This is likely to result in fewer flights to some destinations currently served by these smaller aircraft, but a similar number or slight increase in available seats for those destinations. While the specific routes that will experience fleet changes haven't been identified, it is reasonable to assume that scheduled seat capacity at the Airport will experience a net increase as these changes take place.

Projections of Aviation Demand

Projections of aviation demand were analyzed on the basis of local socioeconomic and demographic factors; the Airport's historical shares of U.S. enplanements; the impacts of the factors described previously; and anticipated trends in air carrier usage of the Airport by Delta and other airlines. As such, a market share methodology and socioeconomic regression analyses were used to project Airport enplanements.

The following provides a general overview of the market share and socioeconomic regression methodologies used to project enplanements at the Airport:

- **Market Share Approach.** In this methodology, judgments are made as to how and to what extent the Airport's rate of growth in enplanements will differ from that projected for the nation by the FAA. The FAA's activity projections contained in FAA Aerospace Forecasts, Fiscal Years 2012-2032, were used as a

basis for the market share analysis. On a macro scale, the FAA's U.S. projection provides a growth base reflecting how industry traffic in general is anticipated to grow in the future. The FAA's U.S. forecast considers factors such as the nation's economic health, aviation industry trends, airline fuel and fare pricing trends. In the absence of significant local influences, activity at an airport would be expected to increase at a rate comparable to the national rate. The growth rate used for the Airport can be reflected as an increase or decrease in its future share of the market.

- **Socioeconomic Regression Approach.** A regression analysis compares proven relationships between various socioeconomic variables for the Airport's market area to O&D aviation activity. Regression models were developed to correlate the past relationship of these variables to the Airport's enplanements and then to project this relationship using the independent forecasts of these economic/demographic variables. Independent variable inputs were tested and a simple trend line was also determined to test the resulting projections. Of interest in the analyses, among other factors, was how well each socioeconomic variable and trend analysis explained the annual variations in enplaned passengers at the Airport (i.e., the model's coefficient of determination R^2).

The Airport's demand for O&D air service is generally driven by factors directly related to the Air Trade Area's demographic and economic characteristics. As such, five socioeconomic variables were analyzed separately as the independent variable for the regression analysis: population, income, per capita income (PCPI), employment and gross regional product. Historical and projected data for these independent variables were provided by Woods & Poole.

Activity Projection Assumptions

The projections are based on a number of underlying assumptions, including:

- The underlying economic conditions of the Air Trade Area are anticipated to drive future demand for O&D air travel at the Airport. The recent restructuring of the "Big 3" U.S. automakers inside and outside of the bankruptcy process has not diminished the Air Trade Area's status as the "Automotive Capital of the World". The Air Trade Area produces more vehicles than any other metropolitan area in the United States and continues to be a global leader in the automotive industry due to the large number of R&D facilities located throughout the region. The rapid globalization of the automobile industry will continue to drive demand for air transportation in the Air Trade Area.
- The Airport will continue its role of serving both O&D passengers and as a major connecting hub for Delta. The Airport will continue to serve as a connecting point for Delta to primarily short- to medium-haul markets in the eastern half of the U.S. and will continue to be one of Delta's major international gateways for both European and Asian traffic. The Airport will also continue to serve all major O&D markets in the U.S.
- Regional competition with other airports in or near the Air Trade Area is currently and is expected to remain relatively limited, given the Airport's major advantage of air service as compared to other regional airports.
- Airline consolidation/mergers that may occur during the Projection Period (e.g., American/US Airways) are not likely to negatively impact passenger activity levels at the Airport. New airline alliances, should they develop, will be restricted to code sharing and joint frequent flyer programs and will not reduce airline competition at the Airport.
- The Airport's competitive assets including (1) its central geographical position, (2) substantial airfield and terminal processing capability, (3) the benefits of its local market, (4) limited local airport competition and

(5) its competitive airline cost structure will maintain the Airport as an attractive location for a major airline hub and an important O&D market.

- For these analyses and similar to the FAA's nationwide projections, it is assumed that there will not be terrorist incidents during the Projection Period that have significant, negative and prolonged impacts on aviation demand.
- Economic disturbances will occur during the Projection Period causing year-to-year traffic variations; however, long-term increases in nationwide and Airport traffic are expected to occur.
- It is assumed no major "Acts of God" which may disrupt the national and/or global airspace system, such as the 2010 volcanic eruption in Iceland, will occur during the Projection Period that negatively impact aviation demand.

Many of the factors influencing aviation demand cannot necessarily or readily be quantified; and any projection is subject to uncertainties. As a result, the projection process should not be viewed as precise. Actual future traffic levels at the Airport may differ from projections presented herein because events and circumstances do not occur as expected and these differences may be material.

Enplanement Projections

Figure 34 presents historical and projected enplaned passengers at the Airport. Specific assumptions and points regarding projected enplanements for the near-term (FY 2012) and the longer-term (FY 2013 to FY 2020) are discussed below.

Near-Term Projected Enplaned Passengers (FY 2012)

Based on nine months of FY 2012 data (October 2011 through June 2012), total domestic enplaned passengers were 0.5 percent higher in FYTD 2012 than for a similar period in FY 2011. Based on scheduled seat data from the Official Airline Guide and assumptions of load factors for May 2012 and September 2012, total enplaned passengers at the Airport are projected to increase from 16.2 million in FY 2011 to 16.3 million in FY 2012, a CAGR of 0.6 percent during this period.

Longer-Term Projected Enplaned Passengers (FY 2013 to FY 2020)

To develop longer-term projections of domestic enplaned passengers at the Airport, socioeconomic regression and trend analyses were conducted on domestic originating passengers to determine their usefulness in predicting future passenger trends. As discussed earlier, five socioeconomic regression models and a trend model were used in the analyses. Based on these analyses, the Income and PCPI regression models provided the highest coefficient of determination (R^2) - approximately 75 percent – and once their respective originating passengers were converted to enplaned passengers, would provide a reasonable target for longer-term projected domestic enplaned passengers. To convert these models' projected domestic originating passengers to domestic enplaned passengers, it was assumed that the FY 2011 connecting passenger percentage of 54.6 percent would remain constant through the Projection Period. Although year-to-year variations in this connecting percentage would be expected to occur during the Projection Period, this percentage has remained relatively stable over time and tested through the Delta/Northwest merger (see Figure 28 on page 77). Discussions with Delta indicated that increases to enplaned passengers at the Airport during the Projection Period would be more the result of up-gauging of equipment rather than increases in aircraft operations with similar aircraft fleet in place (e.g., introduction of B-717 aircraft expected to be purchased from Southwest, eventual elimination of 50-seat regional jets with 67-seat and 76-seat regional jets, etc.). Based on these analyses and assumptions, it is expected that domestic enplaned passengers at the Airport will increase from 14.9 million in FY 2011 to 17.1 million in FY 2020. This increase represents a CAGR of 1.5 percent during this period, compared to 2.3 percent projected nationwide by the FAA. Based on conversations with Delta, their regional/commuter mix is fully developed at the Airport and,

therefore, no additional affiliates are expected during the Projection Period. It was assumed that, following the slight increase in the regional/commuter's share of total domestic enplaned passengers at the Airport in FY 2012, that its share would remain constant at approximately 41 percent between 2013 and 2020.

Figure 34: Enplanement Projections

(In Thousands for Operating Years ending September 30)

OPERATING YEAR	DOMESTIC MAJORS/ NATIONALS	DOMESTIC REGIONALS/ COMMUTERS	DOMESTIC TOTAL	INTERNATIONAL	AIRPORT TOTAL	ANNUAL GROWTH
Historical						
2002	12,595	1,733	14,328	1,265	15,593	(8.7%)
2003	12,855	2,062	14,917	1,361	16,278	4.4%
2004	13,485	2,430	15,915	1,402	17,317	6.4%
2005	13,779	2,980	16,758	1,528	18,286	5.6%
2006	13,191	3,131	16,322	1,478	17,800	(2.7%)
2007	13,346	3,236	16,581	1,527	18,108	1.7%
2008	12,591	3,680	16,271	1,560	17,831	(1.5%)
2009	10,314	4,309	14,622	1,319	15,941	(10.6%)
2010	9,533	5,081	14,614	1,262	15,876	(0.4%)
2011	9,111	5,801	14,913	1,314	16,226	2.2%
2012	8,275	6,512	14,787	1,383	16,170	(0.3%)
Projected						
2013	8,789	6,108	14,897	1,376	16,273	0.6%
2014	8,956	6,224	15,180	1,417	16,597	2.0%
2015	9,108	6,330	15,438	1,453	16,891	1.8%
2016	9,275	6,446	15,721	1,492	17,213	1.9%
2017	9,470	6,581	16,051	1,531	17,582	2.1%
2018	9,669	6,719	16,388	1,569	17,957	2.1%
2019	9,882	6,867	16,749	1,610	18,359	2.2%
2020	10,099	7,018	17,117	1,652	18,769	2.2%
Compound Annual Growth Rate						
2002 - 2011	(3.5%)	14.4%	0.4%	0.4%	0.4%	
2011 - 2020	1.2%	2.1%	1.5%	2.6%	1.6%	

NOTE: Figures may not add due to rounding.

SOURCES: Wayne County Airport Authority (Historical), October 2012; Ricondo & Associates, Inc. (Projected), July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

As discussed earlier, it is assumed that the Airport will continue to be one of Delta's major international gateways for both European and Asian traffic. Delta has signaled its commitment to building its presence at the Airport in the wake of its merger with Northwest, with several service enhancements since the merger, including (1) expanded service to Shanghai, (2) new nonstop services to Hong Kong and Seoul, South Korea, (3) returned its seasonal service to Rome with daily flights, (4) commenced daily service to Sao Paulo, (5) initiated nonstop service to Tokyo-Haneda to complement its existing Tokyo-Narita nonstop service and (6) initiated five times weekly nonstop Detroit-Beijing service. These enhancements to Asian and European markets, the integration of Delta's pre-merger Latin American presence to the Detroit market and the continued focus on the more profitable international markets will provide growth in international activity at the Airport during the Projection Period.

Discussions with Delta, however, indicated that while growth is expected in this sector, it will be steady but slow. No major increases in international activity at the Airport are expected during the Projection Period. As a result, international enplaned passengers at the Airport are expected to increase from 1.3 million in FY 2011 to 1.7 million in FY 2020. This increase represents a CAGR of 2.6 percent during this period, compared to 3.9 percent projected nationwide by the FAA.

Aircraft Operations and Landed Weight Projections

Projections of annual aircraft operations activity at the Airport are presented in Figure 35 for FY 2012 through 2020. Passenger airline operations projections are essentially based on assumptions regarding future decisions on how airlines will accommodate demand. For these projections, the overall industry shift from mainline aircraft equipment to regional affiliates was assessed. Additionally, the projections assume further increases in regional aircraft fleet mix as mainline legacy carriers retire older less-fuel efficient aircraft with larger regional jet aircraft. Compound annual growth in domestic passenger aircraft operations is projected at approximately 0.8 percent for this period, with international passenger aircraft operations increasing at a slightly higher rate than domestic activity.

Figure 35: Aircraft Operations Projections

(Operating Years ending September 30)

OPERATING YEAR	TOTAL DOMESTIC	INTERNATIONAL CARRIERS	PASSENGER AIRLINE TOTAL	ALL-CARGO	GENERAL AVIATION	MILITARY	TOTAL
Projected							
2012	410,400	27,400	437,800	3,360	6,700	120	447,980
2013	411,600	27,600	439,200	3,430	6,700	120	449,450
2014	413,200	28,000	441,200	3,500	6,700	120	451,520
2015	416,200	28,400	444,600	3,600	6,700	120	455,020
2016	420,400	28,800	449,200	3,700	6,700	120	459,720
2017	424,800	29,400	454,200	3,770	6,700	120	464,790
2018	429,600	29,800	459,400	3,840	6,700	120	470,060
2019	435,000	30,200	465,200	3,880	6,700	120	475,900
2020	441,000	30,600	471,600	3,950	6,700	120	482,370
Compound Annual Growth Rate							
2012 - 2020	0.8%	1.2%	0.8%	1.8%	0.0%	0.0%	0.8%

SOURCE: Ricondo & Associates, Inc. (Projected), July 2012.
PREPARED BY: Ricondo & Associates, Inc., July 2012.

As discussed earlier, discussions with Delta indicate that increases to enplaned passengers at the Airport during the Projection Period would be more the result of up-gauging of equipment rather than increases in aircraft operations with similar aircraft fleet in place. As a result, increases in aircraft scheduled seats at the Airport during the Projection Period are assumed to be more aggressive than that projected nationwide by the FAA.

Despite the relatively high increases in projected average seats per departure during the Projection Period, it is expected that the airlines at the Airport will continue to better match supply (seats) with demand (passengers) and, as such, load factors will continue to be maintained at or increased slightly from current levels.

Increased all-cargo activity at the Airport, typical of the industry overall, will also be more the result of up-gauging equipment rather than increasing aircraft operations with similar aircraft fleet in place. As shown, all-cargo activity at the Airport is projected to increase from 3,360 operations in FY 2012 to 3,950 operations in FY 2020. This

increase represents a CAGR of 1.8 percent during this period, compared to 2.3 percent projected for air carriers nationwide by the FAA.

General aviation and military activity represent a minor share of total operations at the Airport (1.5 percent of total aircraft operations at the Airport in FY 2011). For purposes of this Report, their activity was held constant at 6,700 and 120 operations, respectively, each year during the Projection Period. Total aircraft activity at the Airport, therefore, is projected to increase from 447,980 operations in FY 2012 to 482,370 operations in FY 2020. This increase represents a CAGR of 0.8 percent during this period, compared to 1.1 percent projected nationwide by the FAA.

Figure 36 presents landed weight projections for the Airport. Total landed weight is projected to increase at a CAGR of 1.7 percent for the period of FY 2011 through 2020, from 20.9 million thousand-pound units to 24.4 million thousand-pound units during this period. Similar to aircraft operations, landed weight projections are primarily based on assumptions regarding airline decisions for accommodating passengers.

Figure 36: Landed Weight Projections

(in Thousand-Pound Units for Operating Years ending September 30)

OPERATING YEAR	PASSENGER AIRLINES	ALL-CARGO CARRIERS	AIRPORT TOTAL
Historical			
2002	24,127,849	655,048	24,782,897
2003	24,040,565	664,199	24,704,764
2004	24,621,285	686,425	25,307,710
2005	25,212,269	674,986	25,887,255
2006	23,309,518	800,122	24,109,640
2007	23,626,248	730,455	24,356,703
2008	22,686,225	672,685	23,358,910
2009	20,458,757	545,889	21,004,646
2010	19,634,224	533,041	20,167,265
2011	20,342,314	581,399	20,923,713
Projected			
2012	20,210,141	582,589	20,792,730
2013	20,485,743	595,940	21,081,683
2014	20,812,733	609,342	21,422,074
2015	21,198,831	628,026	21,826,857
2016	21,652,684	646,781	22,299,465
2017	22,134,444	660,352	22,794,796
2018	22,607,957	673,973	23,281,931
2019	23,109,948	682,367	23,792,315
2020	23,655,158	696,077	24,351,235
Compound Annual Growth Rate			
2002 - 2011	(1.9%)	(1.3%)	(1.9%)
2011 - 2020	1.7%	2.0%	1.7%

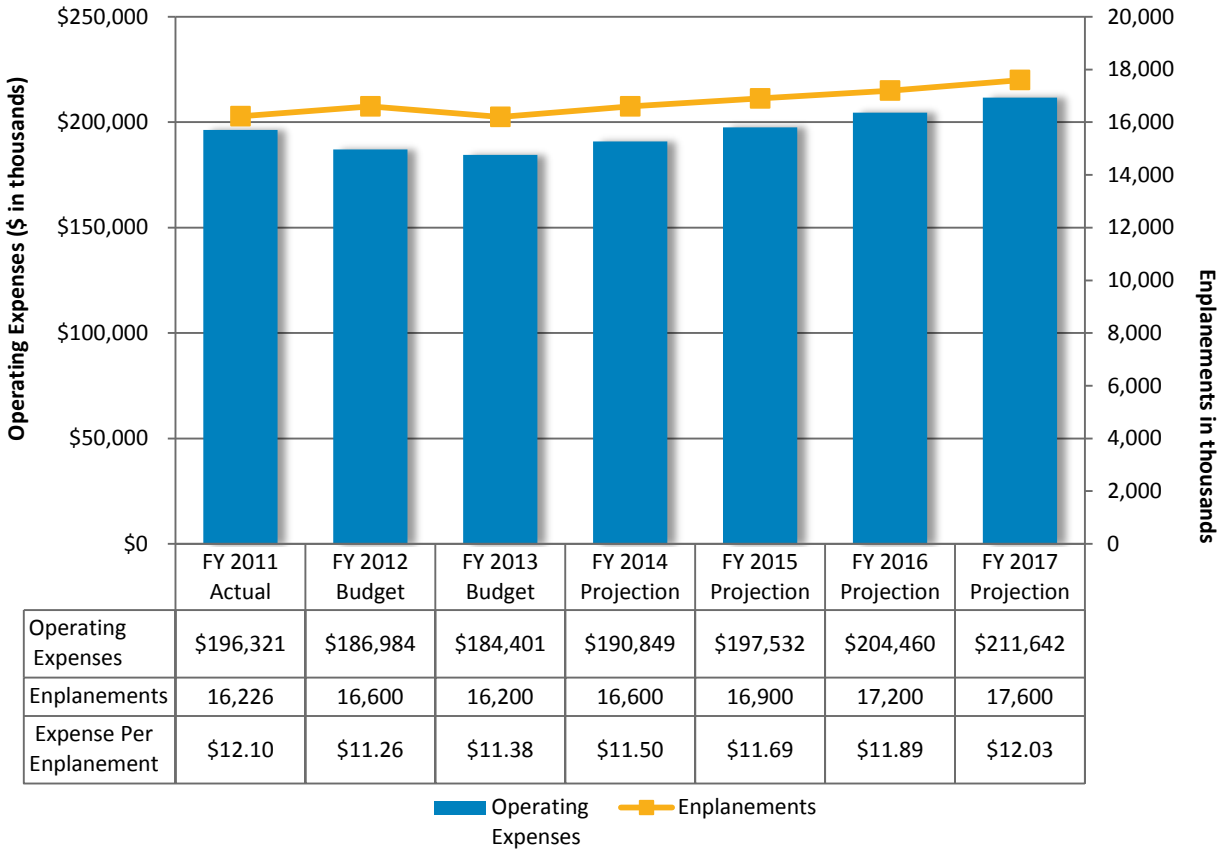
SOURCES: Wayne County Airport Authority (Historical), May 2012; Ricondo & Associates, Inc. (Projected), July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2012.

Operating Expenses

O&M expenses were approximately $196.3 million in FY 2011. The FY 2012 budget decreased to $187.0 million as the result of deliberate reductions in operating expenses as guided by the Airport's management. With respect to the FY 2013 operating budget, O&M expenses are projected to further decrease to approximately $184.4 million in FY 2013. The increase in O&M Expenses projected between FY 2013 and FY 2020 represents a CAGR of approximately 1.26 percent, with total O&M Expenses projected to increase to approximately $211.6 million.

Figure 37: Operating Expenses per Enplanement Five-Year Projection

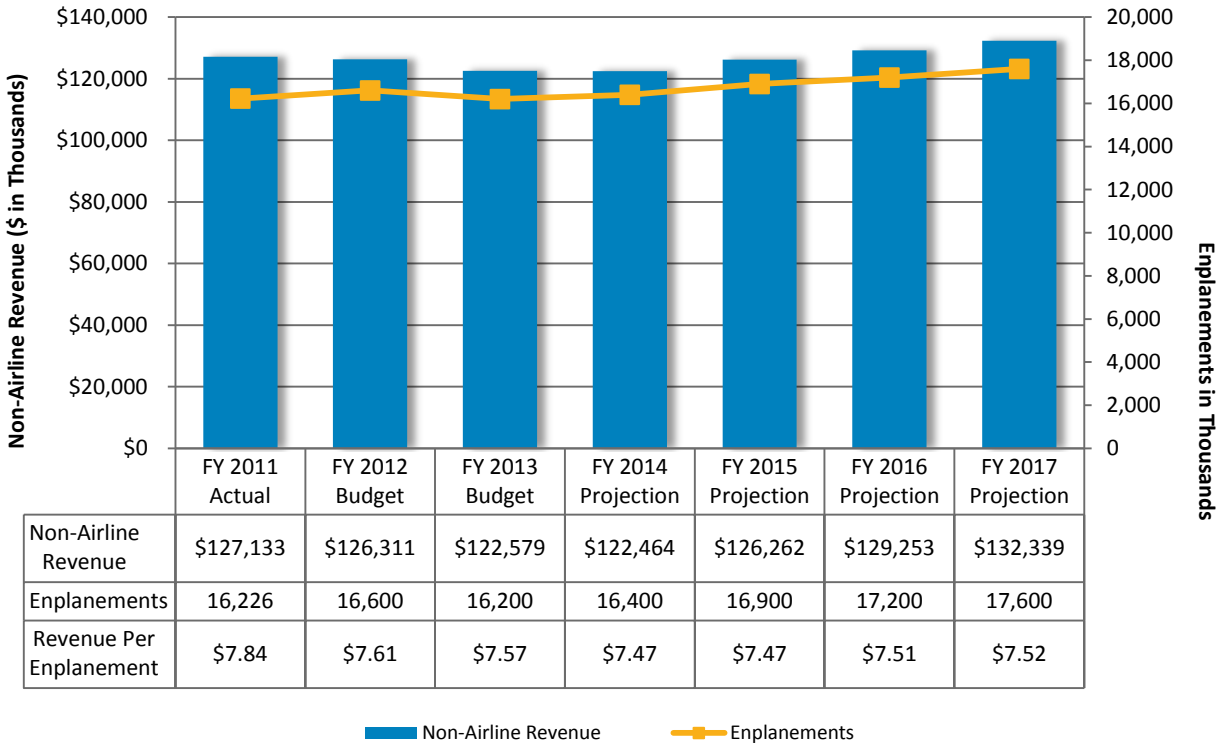


	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Operating Expenses	$196,321	$186,984	$184,401	$190,849	$197,532	$204,460	$211,642
Enplanements	16,226	16,600	16,200	16,600	16,900	17,200	17,600
Expense Per Enplanement	$12.10	$11.26	$11.38	$11.50	$11.69	$11.89	$12.03

Non-Airline Revenue

Non-airline revenues were approximately $127.1 million in FY 2011 and were budgeted at $126.3 million in FY 2012, a decrease of 0.6 percent. The decline is primarily attributable to decreases in non-airline terminal rent. Based on the Authority's FY 2013 operating budget, nonairline revenues are projected to decrease to approximately $122.6 million in FY 2013, primarily attributable to a change in shuttle bus operations at the Airport and a corresponding reduction to shuttle bus operating revenues and operating expenses. The increase in non-airline revenues projected between FY 2013 and FY 2017 represents a CAGR of approximately 1.9 percent, with total non-airline revenues projected to increase to approximately $132.3 million.

Figure 38: Non-Airline Revenues per Enplanement Five-Year Projection



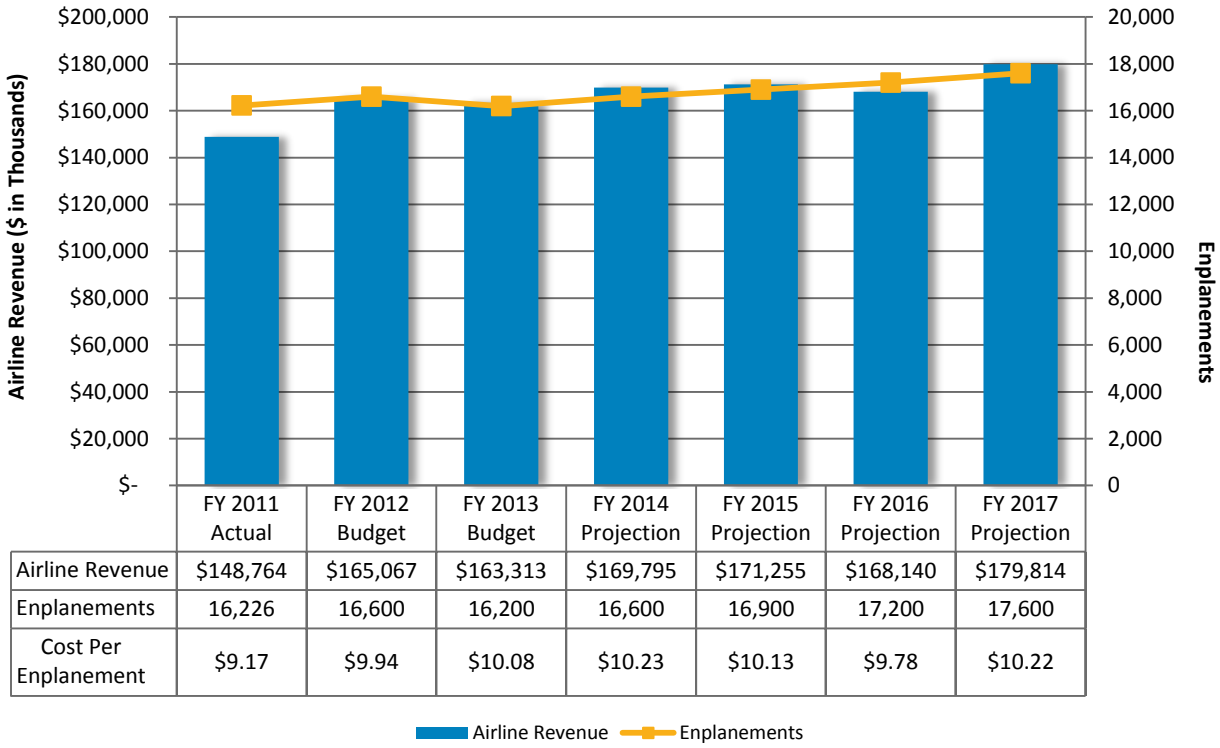
	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Non-Airline Revenue	$127,133	$126,311	$122,579	$122,464	$126,262	$129,253	$132,339
Enplanements	16,226	16,600	16,200	16,400	16,900	17,200	17,600
Revenue Per Enplanement	$7.84	$7.61	$7.57	$7.47	$7.47	$7.51	$7.52

Airline Revenue

Airline revenues calculated based on an Airport-wide residual methodology pursuant to the terms of the Airline Agreements are projected to increase from approximately $148.8 million in FY 2011 to $163.3 million in the FY 2013 Budget. The growth in airline revenues is primarily attributed to $19.8 million increase in debt service requirement since FY 2011. As previously discussed, the FY 2013 operating expense budget is $11.9 million or 6.1 percent less than FY 2011 actual. The five-year projection for airline revenue is $179.8 million, an increase of $16.5 million to the FY 2013 budget which represents a CAGR of 2.4 percent.

The Airport's estimated average Airline CPE is projected to increase from approximately $9.17 in FY 2011 and $10.08 in FY 2013 Budgeted to approximately $10.22 in FY 2017.

Figure 39: Cost to the Airlines per Enplanement Five-Year Projection

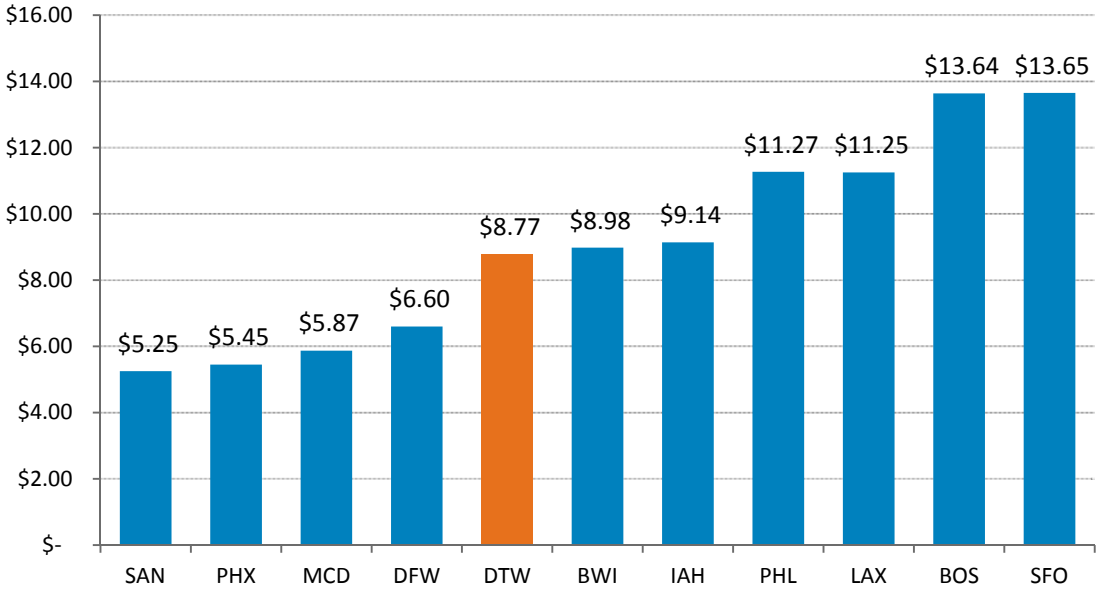


	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Airline Revenue	$148,764	$165,067	$163,313	$169,795	$171,255	$168,140	$179,814
Enplanements	16,226	16,600	16,200	16,600	16,900	17,200	17,600
Cost Per Enplanement	$9.17	$9.94	$10.08	$10.23	$10.13	$9.78	$10.22

Cost per Enplaned Passenger

Figure 40 presents the Airport's CPE relative to other airports in the U.S participating in ACI's Preliminary FY 2011 Benchmarking Survey. As the chart illustrates, the Airport's CPE is reasonable as compared to other large-hub U.S. airports, especially when noting that the Authority has completed a significant capital program that has modernized its facilities. As such, the Authority has been able to keep its costs to the airlines low while investing significant capital into the facility. The comparatively low CPE combined with the modern facilities strategically positions the Airport well into the foreseeable future.

Figure 40: Airline Cost per Enplanement Comparison



Note: Benchmark CPE includes landing fees, terminal rents and federal inspection station charges. Cargo airline landing fees and non-terminal rent is excluded from the calculation.

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BUDGET IN BRIEF

AIRPORT AUTHORITY CONSOLIDATED BUDGET

($ in thousands)	Detroit Metropolitan Airport	Westin Hotel Hotel	Willow Run Airport	Authority Total
Airline Revenue				
Landing Fees	$ 65,519	$ -	$ 630	$ 66,149
Airline Rents and Other Fees	91,216	-	720	91,936
Facility Use Fee	6,879	-	400	7,279
Total	**163,613**	**-**	**1,750**	**165,363**
Non-Airline Revenue				
Parking	56,488	-	-	56,488
Car Rental	18,950	-	-	18,950
Concessions	30,310	-	-	30,310
Ground Transportation	5,010	-	-	5,010
Shuttle Bus	2,385	-	-	2,385
Utility Service Fee	5,042	-	122	5,163
Rent	2,550	-	1,150	3,700
Other Revenue	860	-	33	893
Charges For Services	1,917	27,524	655	30,096
Total	**123,511**	**27,524**	**1,959**	**152,995**
Non-Operating Revenue				
Interest Income	305	45	2	352
Grants	955	-	-	955
Total	**1,260**	**45**	**2**	**1,307**
Total Revenue	**288,385**	**27,569**	**3,711**	**319,665**
Operating Expenses by Category				
Salaries & Wages	40,157	-	772	40,929
Employee Benefits	22,370	-	458	22,828
Materials & Supplies	6,659	-	95	6,754
Parking Management	6,531	-	-	6,531
Shuttle Bus	6,350	-	-	6,350
Janitorial	11,616	-	22	11,638
Security	2,248	-	-	2,248
Contractual Services	18,842	-	846	19,687
Hotel Expenses	-	18,808	-	18,808
Insurance	2,357	-	30	2,387
Utilities	27,876	-	805	28,681
Buildings & Grounds	15,571	-	243	15,814
Equipment Repair	15,954	-	229	16,183
Other Operating Expense	3,863	-	442	4,304
O&M Capital	4,008	-	125	4,133
Total	**184,401**	**18,808**	**4,066**	**207,275**
Non-Operating Expenses				
Net Debt Service	90,701	7,910	38	98,649
Fund Requirements	13,282	1,789	(393)	14,678
Total	**103,983**	**9,699**	**(355)**	**113,327**
Total Expenses	**288,385**	**28,507**	**3,711**	**320,602**
Change in Net Assets	**$ -**	**$ (938)**	**$ -**	**$ (938)**

May not sum to total due to rounding.

Wayne County Airport Authority: Three-Year Consolidated Financial Summary

($ in thousands)	Detroit Metropolitan Airport			Willow Run Airport			Westin Hotel			Total		
	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
REVENUES												
Airline Revenues												
Landing Fees	$ 68,473	$ 67,796	$ 65,519	$ 626	$ 630	$ 630	$ -	$ -	$ -	$ 69,100	$ 68,426	$ 66,149
Rent	73,652	90,638	91,216	696	720	720	-	-	-	74,348	91,358	91,936
Facility Use Fee	6,638	6,633	6,879	506	455	400	-	-	-	7,144	7,088	7,279
Total	**148,764**	**165,067**	**163,613**	**1,827**	**1,805**	**1,750**	**-**	**-**	**-**	**150,591**	**166,872**	**165,363**
Non-Airline Revenues												
Parking	54,145	56,488	56,488	-	-	-	-	-	-	54,145	56,488	56,488
Car Rental	18,984	18,350	18,950	-	-	-	-	-	-	18,984	18,350	18,950
Concessions	31,261	31,089	30,310	-	-	-	-	-	-	31,261	31,089	30,310
Ground Transportation	4,944	4,808	5,010	-	-	-	-	-	-	4,944	4,808	5,010
Shuttle Bus	5,869	5,745	2,385	-	-	-	-	-	-	5,869	5,745	2,385
Utility Service Fee	4,879	4,327	5,042	132	122	122	-	-	-	5,010	4,449	5,163
Rent	2,761	2,522	2,550	1,383	1,150	1,150	-	-	-	4,145	3,672	3,700
Other Revenue	2,183	800	860	34	31	33	-	-	-	2,217	831	893
Charges For Services	2,107	2,182	1,917	658	655	655	-	-	-	2,765	2,837	2,572
Hotel Operating Revenue	-	-	-	-	-	-	29,372	27,162	27,524	29,372	27,162	27,524
Total	**127,133**	**126,311**	**123,511**	**2,207**	**1,957**	**1,959**	**29,372**	**27,162**	**27,524**	**158,712**	**155,429**	**152,995**
Non-Operating Revenues												
Grants	1,185	915	955	-	-	-	-	-	-	1,185	915	955
Capital Contribution	56	-	-	-	-	-	-	-	-	56	-	-
Interest Income	293	305	305	1	2	2	33	36	45	327	343	352
Total	**1,533**	**1,220**	**1,260**	**1**	**2**	**2**	**33**	**36**	**45**	**1,567**	**1,258**	**1,307**
Total Revenues	**$ 277,430**	**$ 292,597**	**$ 288,385**	**$ 4,036**	**$ 3,764**	**$ 3,711**	**$ 29,405**	**$ 27,198**	**$ 27,569**	**$ 310,871**	**$ 323,559**	**$ 319,665**
EXPENSES												
Operating Expenses												
Salaries & Wages	$ 44,225	$ 41,670	$ 40,157	$ 795	$ 712	$ 772	$ -	$ -	$ -	$ 45,020	$ 42,382	$ 40,929
Employee Benefits	25,840	22,298	22,370	476	392	458	-	-	-	26,315	22,690	22,828
Materials & Supplies	6,457	7,274	6,659	110	106	95	-	-	-	6,567	7,380	6,754
Parking Management	6,794	6,300	6,531	-	-	-	-	-	-	6,794	6,300	6,531
Shuttle Bus	8,750	8,400	6,350	-	-	-	-	-	-	8,750	8,400	6,350
Janitorial	11,143	11,101	11,616	21	25	22	-	-	-	11,165	11,126	11,638
Security	2,401	2,524	2,248	-	-	-	-	-	-	2,401	2,524	2,248
Contractual Services	19,358	18,170	18,842	1,167	901	846	-	-	-	20,525	19,071	19,687
Hotel Expenses	0	0	0	-	-	-	22,635	18,876	18,808	22,635	18,876	18,808
Insurance	2,294	2,687	2,357	35	32	30	-	-	-	2,329	2,719	2,387
Utilities	24,524	26,237	27,876	741	1,100	805	-	-	-	25,264	27,337	28,681
Buildings & Grounds	18,141	15,365	15,571	246	304	243	-	-	-	18,387	15,669	15,814
Equipment Repair	17,193	15,498	15,954	251	250	229	-	-	-	17,443	15,748	16,183
Other Operating Expense	1,757	3,978	3,863	454	442	442	6	-	-	2,217	4,419	4,304
O&M Capital	7,444	5,482	4,008	-	-	125	-	-	-	7,444	5,482	4,133
Total	**196,321**	**186,984**	**184,401**	**4,295**	**4,263**	**4,066**	**22,641**	**18,876**	**18,808**	**223,256**	**210,123**	**207,275**
Non-Operating Expenses												
Net Debt Service	70,944	92,294	90,701	37	38	38	7,224	7,380	7,910	78,205	99,712	98,649
Funding Requirements	10,165	13,319	13,282	(551)	(537)	(393)	-	1,766	1,789	9,614	14,548	14,678
Total	**81,109**	**105,614**	**103,983**	**(514)**	**(499)**	**(355)**	**7,224**	**9,146**	**9,699**	**87,819**	**114,260**	**113,327**
Total Expenses	**$ 277,430**	**$ 292,597**	**$ 288,385**	**$ 3,781**	**$ 3,764**	**$ 3,711**	**$ 29,865**	**$ 28,022**	**$ 28,507**	**$ 311,076**	**$ 324,383**	**$ 320,602**
Change in Net Assets	**$ -**	**$ -**	**$ -**	**$ 254**	**$ -**	**$ -**	**$ (459)**	**$ (824)**	**$ (938)**	**$ (205)**	**$ (824)**	**$ (938)**

May not sum to total due to rounding.

AIRPORT AUTHORITY STAFFING SUMMARY

Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Detroit Metropolitan Airport						
Chief Executive Officer Division						
Chief Executive Officer	2	2	2	2	1	-12.9%
Public Affairs	6	6	6	7	5	-3.6%
Internal Audit	3	2	3	3	3	0.0%
North Terminal Redevelopment Project	4	-	-	-	-	-100.0%
Chief Executive Office Total	**15**	**10**	**11**	**12**	**9**	**-9.7%**
Legal & Authority Governance Division						
Legal Affairs	7	5	5	6	5	-6.5%
Authority Governance	4	4	4	4	2	-12.9%
Government Relations	3	3	2	1	-	-100.0%
Legal & Authority Governance Total	**14**	**12**	**11**	**11**	**7**	**-12.9%**
Finance & Administration Division						
Office of the Chief Financial Officer	2	2	2	2	2	0.0%
Controller	23	22	24	23	21	-1.8%
Financial Planning & Analysis	8	5	7	7	6	-5.6%
Human Resources	15	11	14	14	11	-6.0%
Purchasing	23	19	18	18	13	-10.8%
Risk Management	3	2	2	2	2	-7.8%
Technology Services	14	14	14	13	13	-1.5%
Finance & Administration Total	**88**	**75**	**81**	**79**	**68**	**-5.0%**
Operations Division						
Chief Operating Officer	5	3	3	3	2	-16.7%
Airfield Operations	47	44	44	44	40	-3.2%
Infrastructure & Engineering	28	27	30	31	29	0.7%
Maintenance	193	176	173	175	161	-3.6%
Airfield Capital Projects	-	-	-	-	7	N/A
Landside Services	32	22	23	23	23	-6.4%
Operations Total	**305**	**272**	**273**	**276**	**262**	**-3.0%**
Public Safety						
Public Safety Administration	6	5	5	5	3	-12.9%
Police	139	112	112	113	107	-5.1%

Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Fire	66	60	60	60	60	-1.9%
Security	33	27	29	29	30	-1.9%
Special Services	3	3	3	3	3	0.0%
Public Safety Total	**247**	**207**	**209**	**210**	**203**	**-3.8%**
Planning & Development Division						
Planning & Development Administration	6	6	2	2	1	-30.1%
Strategic Planning & Development	2	1	1	1	9	35.1%
Planning, Design & Construction	14	16	19	20	3	-26.5%
Business Relations & Development	5	2	2	2	3	-9.7%
Concessions and Quality Services	8	6	6	6	4	-12.9%
Air Service Development	1	1	1	1	1	0.0%
Facilities Management & Development	-	-	-	-	5	N/A
Planning & Development Total	**36**	**32**	**31**	**32**	**26**	**-6.3%**
Detroit Metropolitan Airport Total	**705**	**608**	**616**	**620**	**575**	**-4.0%**
Willow Run Airport						
Administration	3	3	3	3	3	0.0%
Operations	4	1	1	1	1	-24.2%
Maintenance	16	7	7	7	7	-15.2%
Willow Run Airport Total	**23**	**11**	**11**	**11**	**11**	**-13.7%**
Airport Authority Total	**728**	**619**	**627**	**631**	**586**	**-4.2%**

DETROIT METROPOLITAN AIRPORT

Summary of Revenues & Expenses by Category

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
REVENUES					
Airline Revenues					
Landing Fees	$ 68,473	$ 67,796	$ 65,519	$ (2,278)	- 3.4%
Rent	73,652	90,638	91,216	579	0.6%
Facility Use Fees	6,638	6,633	6,879	246	3.7%
Total Airline Revenues	148,764	165,067	163,613	(1,453)	- 0.9%
Non-Airline Revenues					
Parking	54,145	56,488	56,488	-	0.0%
Car Rental	18,984	18,350	18,950	600	3.3%
Concessions	31,261	31,089	30,310	(779)	- 2.5%
Ground Transportation	4,944	4,808	5,010	202	4.2%
Shuttle Bus	5,869	5,745	2,385	(3,360)	- 58.5%
Utility Service Fee	4,879	4,327	5,042	714	16.5%
Rent	2,761	2,522	2,550	28	1.1%
Other Revenue	2,183	800	860	60	7.5%
Charges For Services	2,107	2,182	1,917	(265)	- 12.1%
Total Non-Airline Revenues	127,133	126,311	123,511	(2,799)	- 2.2%
Non-Operating Revenues					
Grants	1,185	915	955	40	4.4%
Interest Income	255	305	305	-	0.0%
Other	93	-	-	-	n/a
Total Non-Operating Revenues	1,533	1,220	1,260	40	3.3%
TOTAL REVENUES	**$ 277,430**	**$ 292,597**	**$ 288,385**	**$ (4,213)**	**- 1.4%**
EXPENSES					
Operating Expenses					
Salaries & Wages	$ 44,225	$ 41,670	$ 40,157	$ (1,513)	- 3.6%
Employee Benefits	25,840	22,298	22,370	73	0.3%
Materials & Supplies	6,457	7,345	6,659	(686)	- 9.3%
Parking Management	6,794	6,300	6,531	231	3.7%
Shuttle Bus	8,750	8,400	6,350	(2,050)	- 24.4%
Janitorial	11,143	11,101	11,616	515	4.6%
Security	2,401	2,524	2,248	(276)	- 10.9%
Contractual Services	19,354	18,170	18,842	671	3.7%
Hotel Expenses	4	-	-	-	n/a
Insurance	2,294	2,687	2,357	(330)	- 12.3%
Utilities	24,524	26,237	27,876	1,639	6.2%
Buildings & Grounds	18,141	15,365	15,571	205	1.3%
Equipment Repair	17,193	15,498	15,954	456	2.9%
Other Operating Expense	1,757	3,978	3,863	(115)	- 2.9%
O&M Capital	7,444	5,411	4,008	(1,402)	- 25.9%
Total Operating Expenses	196,321	186,984	184,401	(2,582)	- 1.4%
Non-Operating Expenses					
Interest & Financing	197	303	280	(24)	- 7.8%
Debt Service & Coverage	70,944	91,991	90,701	(1,290)	- 1.4%
Funding Requirements	9,968	13,319	13,003	(317)	- 2.4%
Total Non-Operating Expenses	81,109	105,614	103,983	(1,630)	- 1.5%
TOTAL EXPENSES	**$ 277,430**	**$ 292,597**	**$ 288,385**	**$ (4,213)**	**- 1.4%**

May not sum to total due to rounding.

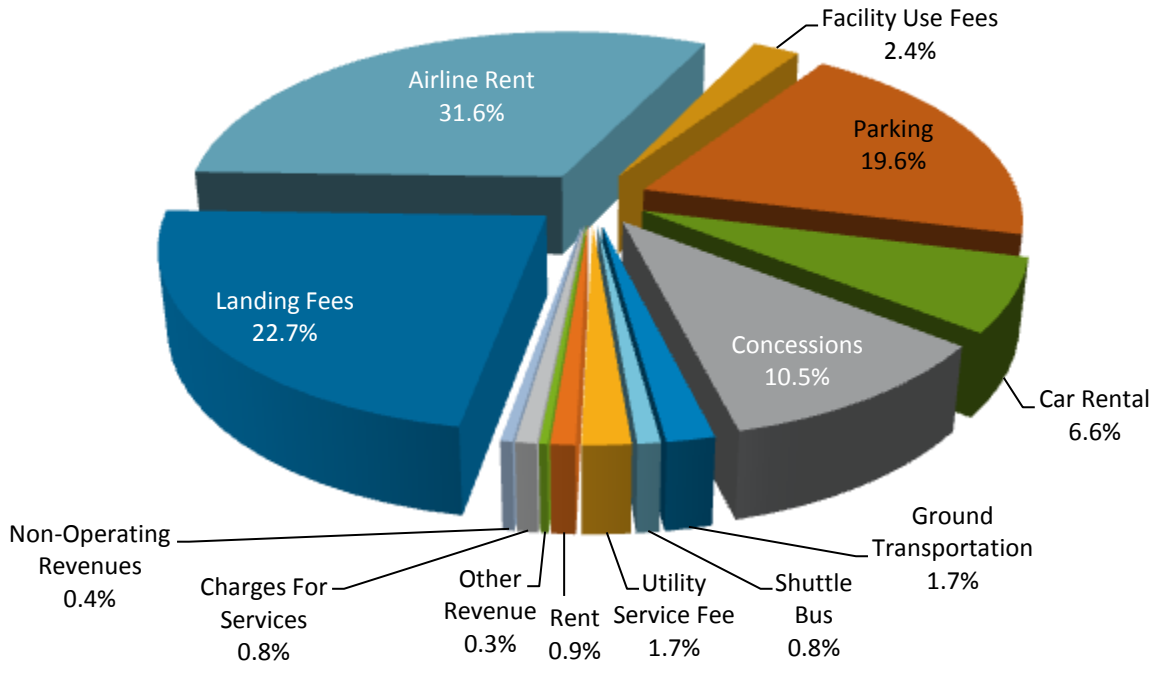
Revenue Profile

Budgeted revenues for FY 2013 are $288.4 million, 1.4 percent less than budget for FY 2012.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
REVENUES					
Airline Revenues					
Landing Fees	$ 68,473	$ 67,796	$ 65,519	$ (2,278)	- 3.4%
Rent	73,652	90,638	91,216	579	0.6%
Facility Use Fees	6,638	6,633	6,879	246	3.7%
Total Airline Revenues	148,764	165,067	163,613	(1,453)	- 0.9%
Non-Airline Revenues					
Parking	54,145	56,488	56,488	-	0.0%
Car Rental	18,984	18,350	18,950	600	3.3%
Concessions	31,261	31,089	30,310	(779)	- 2.5%
Ground Transportation	4,944	4,808	5,010	202	4.2%
Shuttle Bus	5,869	5,745	2,385	(3,360)	- 58.5%
Utility Service Fee	4,879	4,327	5,042	714	16.5%
Rent	2,761	2,522	2,550	28	1.1%
Other Revenue	2,183	800	860	60	7.5%
Charges For Services	2,107	2,182	1,917	(265)	- 12.1%
Total Non-Airline Revenues	127,133	126,311	123,511	(2,799)	- 2.2%
Non-Operating Revenues					
Grants	1,185	915	955	40	4.4%
Interest Income	255	305	305	-	0.0%
Other	93	-	-	-	n/a
Total Non-Operating Revenues	1,533	1,220	1,260	40	3.3%
TOTAL REVENUES	**$ 277,430**	**$ 292,597**	**$ 288,385**	**$ (4,213)**	**- 1.4%**

May not sum to total due to rounding.

Where the money comes from....



Revenue Assumptions

Airline Revenues

Landing Fees

As a residual airport, landing fee revenue is determined by the total budgeted expenses of the airport less rent, non-airline and non-operating revenues.

Airline Rent

Rent paid by the airlines includes lease agreements in the terminal and non-terminal facilities. Terminal rent is paid on a residual basis. Rental rates are based on the total expense to operate each terminal and debt service requirements, less facility use fees and other non-airline revenues. The rental requirements for the south and north terminals are $57.7 million and $27.0 million, respectively.

Budget assumptions for non-terminal airline revenue, primarily the facilities rented by the airlines for cargo, maintenance and other operational need, are based on known rental space lease agreements in place for fiscal 2013.

Facilities Use Fees

The airlines pay a Facility Use Fee of $5.00 for each international passenger who deplanes at the Airport for use of the Federal Inspection Station (FIS), the holding area that includes customs processing. No change in the fee is planned for fiscal 2013. Revenue budgeted for Facility Use Fees is estimated by multiplying the fiscal 2013 forecast of international deplanements by $5.00.

Non-Airline Revenue

Parking

The parking revenue assumption is based on a forecast for parking transactions, average length of stay and rates at the parking facilities located at the Airport. The State of Michigan parking tax is 27 percent of revenues collected. Parking revenues budgeted are net taxes. The budget assumes that credit card transaction fees are three percent of gross revenues and an offsetting expense is budgeted in Other Operating Expenses.

The Fiscal Year 2013 Budget assumes no rate increases for parking. Parking transactions and average length of stay is assumed to be consistent with fiscal year 2012 for all parking locations. Total revenue growth is expected to remain flat year over year.

Car Rentals

All car rental agencies operating at the Airport pay ten percent of gross revenue or a minimum annual guarantee (MAG), whichever is greater. The Fiscal Year 2013 Budget increases car rental revenue by $0.6 million, or 3.3 percent, under the assumptions that (1) enplanement will remain at the current level of 16.2 million and (2) the trend of the rental agencies charging higher rates will positively influence sales. Of the $19.0 million budgeted for car rental revenue, MAGs represent $11.2 million (59.0 percent of the total) and excess revenue above the MAGs is $7.8 million (41.0 percent of the total).

Concessions

For concessions space, the percentage paid or a MAG for each concessionaire varies based on the contract location, square footage and concept. MAGs account for 90 percent of the budgeted revenues; ten percent of concession revenue is excess above the MAG. The Fiscal Year 2013 Budget assumes the following assumptions:

- Enplanement remain at current levels
- In February 2013 - 95 percent of all McNamara Terminal retail contracts expire and that new contracts will bring in fresh concepts that will increase sales by 15 percent
- The MAGs paid to the Authority for new retail contracts will average 16.5 percent which is the industry trend
- All new McNamara Terminal retail locations will be closed 60 days for construction. As a result, it's assumed that 67.0 percent of passengers will make purchases at an alternate location and 33.0 percent will forego any purchase resulting in lost revenue.

Therefore, the Fiscal Year 2013 Budget for concession revenue will decrease slightly from the current fiscal year. In total $30.3 million is budgeted for concessions revenue of which MAGs account for $27.1 million and excess revenues equal $3.2 million.

Ground Transportation

Ground transportation revenues are comprised of the concession fees and permits paid by taxi and limousine services. The "courtesy vehicles" of off-airport parking and hotel shuttles buses pay a monthly access fee. Taxi and limousine revenues are budgeted at current contractual levels which expire in FY 2014 and 2015, respectively.

Shuttle Bus

The Authority operates shuttle bus service to transport airline and other on-airport employees from designated employee parking lots to their work location. Revenue is collected from the purchase of decals by employers for employees whom require shuttle bus service. The rates charged per decal are expected to remain the unchanged at $45 each. Based on change in service level shuttle bus where the Authority will no-longer shuttle bus service to Delta employees to airfield locations, a decrease of 58.5 percent in revenue is expected for Fiscal Year 2013.

Utility Service Fees

Utility services fees are collected from concessionaires, tenants and other parties who operate on airport property for utility consumption. The budget assumes no change in utility consumption and that rates charged will increase during fiscal 2013 consistent with commodity price changes.

Non-Airline Rent

Non-airline rent includes rental revenue collected from non-airline tenants on airport property including, but not limited to, hangars, cargo facilities, rental car locations and office space. Non-airline rent revenue is budgeted for existing leases and any known changes to become effective in fiscal 2013, based on existing contracts.

Other Revenues & Charges for Service

Other Revenue includes any other funds collected by the Authority, for example revenues from employee credential fees and traffic violation ticket revenue. Charges for Services are reimbursements from third-parties for the provision of service from Authority resources. Examples include Fire Department services provided to Willow Run Airport, maintenance work orders and ambulance services. For both categories, the budget assumes no change in existing rates and that volume will be consistent with historic trends.

Grants

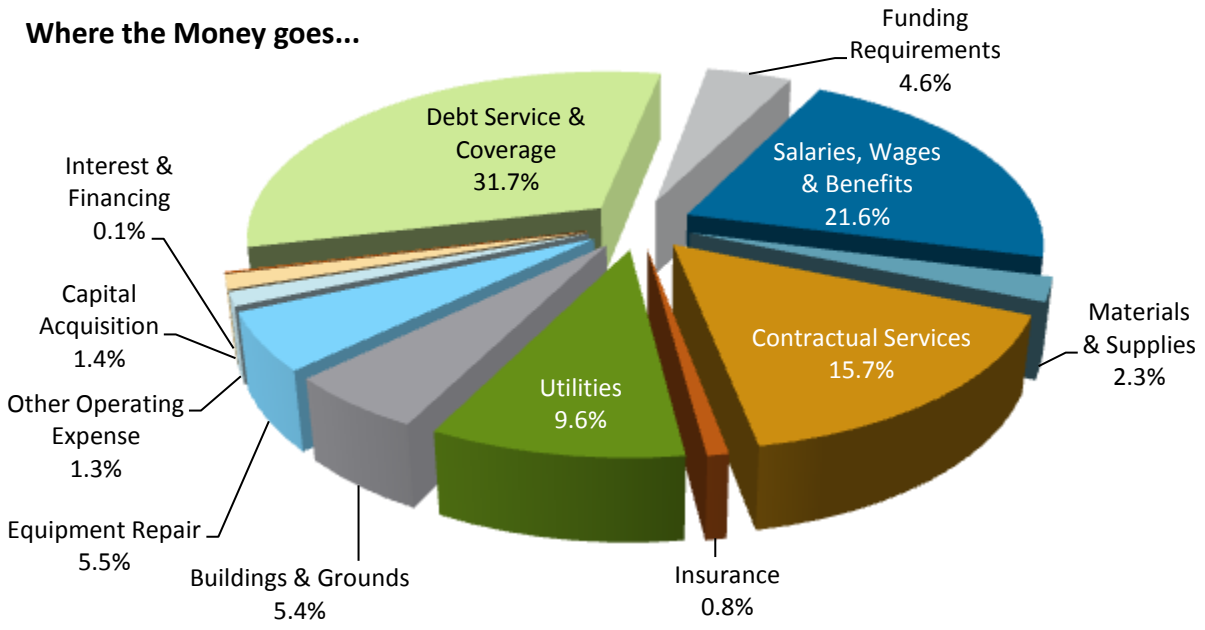
Grant revenue is a conservatively estimated for only grants which the Authority has received commitments from federal, state or other granting entities. For FY 2013 these include two grants from the U.S. Transportation Security Administration (TSA), the National Explosives Detection Canine and Law Enforcement Office programs.

Expenditure Profile

Budgeted Expenses for FY 2013 are $288.4 million or 1.4 percent less than FY 2012. As illustrated below, debt service accounts for 31.7 percent of the budget.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
EXPENSES					
Operating Expenses					
Salaries & Wages	$ 44,225	$ 41,670	$ 40,157	$ (1,513)	- 3.6%
Employee Benefits	25,840	22,298	22,370	73	0.3%
Materials & Supplies	6,457	7,345	6,659	(686)	- 9.3%
Parking Management	6,794	6,300	6,531	231	3.7%
Shuttle Bus	8,750	8,400	6,350	(2,050)	- 24.4%
Janitorial	11,143	11,101	11,616	515	4.6%
Security	2,401	2,524	2,248	(276)	- 10.9%
Contractual Services	19,354	18,170	18,842	671	3.7%
Hotel Expenses	4	-	-	-	n/a
Insurance	2,294	2,687	2,357	(330)	- 12.3%
Utilities	24,524	26,237	27,876	1,639	6.2%
Buildings & Grounds	18,141	15,365	15,571	205	1.3%
Equipment Repair	17,193	15,498	15,954	456	2.9%
Other Operating Expense	1,757	3,978	3,863	(115)	- 2.9%
O&M Capital	7,444	5,411	4,008	(1,402)	- 25.9%
Total Operating Expenses	196,321	186,984	184,401	(2,582)	- 1.4%
Non-Operating Expenses					
Interest & Financing	197	303	280	(24)	- 7.8%
Debt Service & Coverage	70,944	91,991	90,701	(1,290)	- 1.4%
Funding Requirements	9,968	13,319	13,003	(317)	- 2.4%
Total Non-Operating Expenses	81,109	105,614	103,983	(1,630)	- 1.5%
TOTAL EXPENSES	**$ 277,430**	**$ 292,597**	**$ 288,385**	**$ (4,213)**	**- 1.4%**

May not sum to total due to rounding.



Expenditure Assumptions

At the direction of the Board and Chief Executive Officer, the FY 2013 Budget provides funding for several initiatives as outline in the CEO's message starting on page 1. Aside from initiative funding, operating expenses are budgeted with an assumption that all Departments will provide a level of service consistent with the current fiscal year. The budget is adjusted for:

- All known contractual increases or decreases
- Economic enhancements specified in bargaining unit contracts
- Shifting trends in the consumption or rates for goods and services; and
- Removal of funding for one-time expenses.

The financial impact of changes to the level of service provided by the Authority – be they enhancements, modifications, or discontinuations – are added or subtracted after the base budget is established.

Operating Expenses

Salaries & Wages

The base salary & wage budget for fiscal 2013 is based on the current staffing plan and the actual salaries for incumbent positions as of August 1, 2012. The budget provides for economic enhancements in accordance with existing collective bargaining agreements. Overtime is budgeted as a percent of total salaries of classified employees who are eligible for overtime pay.

In the current fiscal year, the Authority launched a workforce reduction program that offered early retirement and voluntary exit incentives; 68 employees took advantage of the program. The full financial impact of the workforce reduction was not experienced in Fiscal Year 2012 because employees separated five months into the fiscal year and most received leave-time payouts. Therefore, the full financial savings from the workforce reduction will occur in fiscal year 2013.

Employee Benefits

Employee benefits includes expenses for active and retired employee health care, pension contributions, Federal Insurance Contributions Act (FICA) taxes, workers compensation insurance, disability insurance, unemployment insurance and tuition reimbursements.

Health care insurance costs for the Authority, which is self-insured, is budgeted based on the results of an actuarial analysis. The budget takes into account cost saving measures, including active employee co-pays. The budget assumes health insurance inflation will increase costs by approximately 9.0% above FY 2011 costs.

Assumptions for the employee benefits budget include:

Pursuant to Public Act 54 of 2011 effective June 8, 2011, municipal employees are now obliged to pay for 100% of the increase in their health insurance benefit cost upon the expiration of a collective bargaining agreement. With few exceptions (Local 3317 and Local 324), most Authority collective bargaining agreements expire before the end of this calendar year.

The budget assumed that the Authority would implement 20% premium sharing for all non-represented employees. These employees currently pay for 10% of the cost of their insurance program. Further, the same change has been incorporated for all represented employees whose collective bargaining agreements have expired or will expire before December 1, 2011 in accordance with State law. (Senate Bill 7 is enrolled and has been

presented to the Governor for signature.) The total reductions related to the changes in benefits cost sharing in the Fiscal Year 2012 budget amounts to $795,000.

The Authority is also implementing additional plan design changes that will result in savings on health insurance and prescription drugs. Any changes to wages or benefits, as recommended above, will necessarily have to be negotiated with individual bargaining units and approved by the Authority Board.

Pension obligations are budgeted based on an actuarial study that estimates the Authority's required contribution.

Materials & Supplies

The materials and supplies budget assumes the Authority will provide a level of service consistent with the current year. A significant component of the materials and supplies budget is expenses for snow removal bulk chemicals (deicing fluid and rock salt) and gasoline and diesel fuel. The budget for deicing fluid and rock salt for snow removal on the airfield and roads is based on a three-year average of consumption and a forecast of pricing trends. The budget assumes that de-icing fluid costs will increase from $4.18 per gallon paid in the current fiscal year to $4.50. The cost per gallon for de-icing fluid is an 18 percent decrease from the FY 2012 Budget assumption of $5.50 per gallon.

Gasoline and diesel fuel are budgeted on a three-year average of consumption. The Producer Price Index (PPI) for fuel is flat year-over-year from May 2011 to May 2012. The Authority currently pays $3.09 and $3.08 per gallon for gasoline and diesel fuel, respectively. The budget estimate assumes the rates currently being charged.

Contractual Services

Parking Management

Operation of all public parking facilities is contracted to a vendor who provides professional services, janitorial and some maintenance functions. The budget provides for annual increases for salary and wages as agreed to in the terms of the current contract. Further, the budget for parking management services assumes the full-year operation of the Blue Parking Deck, McNamara Parking Deck, the Green Lot and seasonal use of the Yellow Lot.

Shuttle Bus

Shuttle bus services include transportation for employees, airside and landside and for passenger transportation between parking locations, terminals and the Westin Hotel. The Authority reduced the scope of service for shuttle buses in 2012. Delta Airlines now provides shuttle services to approximately 7,000 of its employees whereas the Authority previously provided this service. The budget is reduced accordingly.

Under the terms of the current contract, the Authority provides fuel to the shuttle bus operator outside of the contract and the budget assumes that this practice will continue.

Security Guard Services

Security guard services are budgeted at the contracted rate. In Fiscal Year 2012, the Authority reduced security guard services by closing two checkpoints (#1 and #34) reducing the hours open at Checkpoint Blue 1 (at the North Terminal). The Fiscal Year 2013 Budget reflects the full-impact of the change in service.

Snow Removal

Authority staff is responsible for snow removal on the runways, taxiways and public roadways. Snow clearing and removal responsibilities for the ramps and aprons are provided by an external contractor. Snow removal at parking facilities is contracted separately to the vendor who all provides maintenance and repair services to parking locations.

The snow removal service budget is estimated using a five-year average of snowfall and ice events. The aforementioned contract was rebid in fiscal 2012 and awarded to the existing contractor. The rates in the new contract are not substantially different from the previous contract. The budget for snow removal is flat as a result.

Utilities

Utility expenses for electricity, gas, water and sewer are budgeted at the rate and volume of historic trends. The Fiscal Year 2013 Budget assumes that utility consumption will be consistent with utilization since the opening of the North Terminal.

Electricity rates for interruptible service have increased approximately 15% over the rates budgeted for fiscal 2012. Gas rates have trended downward 14% over the past year. Water & sewer rates increase are increasing by 2%.

Buildings & Grounds and Equipment Repair

Corrective maintenance expenses are budgeted at amounts consistent with historic spending trends. Adjustments to corrective maintenance budgets are made for one-time expenses or projects. Preventative maintenance expenses are budgeted at known contractual amounts.

Other Operating Expenses

The other operating expenses category includes miscellaneous expenses not specified in the aforementioned categories. Among these expenses are property taxes, telephone charges, travel and professional development and rentals costs. The greatest expense included in the other operating expenses category is fees charged for credit card transactions at parking facilities. The budget assumes that credit card transaction fees are three percent of gross revenue.

Capital Acquisition

The capital acquisitions category includes expenditures to either (1) buy fixed assets with an individual unit value of $5,000 or greater and a useful life beyond one year or (2) add to the value of an existing fixed asset with a useful life that extends beyond one year. The capital acquisition budget is developed through the estimated cost of specific projects or fixed asset acquisitions, including routine life cycle replacements.

The Fiscal Year 2013 Budget includes funding for:

- Improvements to the McNamara terminal submitted by Delta Air Lines - $1.7 million
- Fleet acquisition for the replacement of light vehicles - $500,000; Installment payments for fleet & heavy equipment leases - $700,000
- Lease payments for assets that have been previously capitalized and will become the property of the Authority at the end of the lease - $260,000
- Information technology life cycle replacement - $450,000
- Installation of air handler units - $130,000
- Life cycle replacement of public safety equipment - $60,000

Nothing is budgeted for capital acquisition for the North Terminal which opened September 2008. As it approaches its fifth year of operation, equipment replacements and building renovations are anticipated for the coming fiscal years.

Non-Operating Expenses

Net Debt Service

Debt service expenses budgeted in the O&M fund represents the transfer requirement, from airline rates and charges to the Bond Fund for payment of interest and principal on existing debt. The O&M requirement is calculated by subtracting other sources of funding from the gross debt service obligation. The greatest among these other sources of funding are Passenger Facility Charges (PFCs) which are collected on a per-enplanement basis by the airlines, who pass the funds through to the Authority less an administrative fee.

Funding Requirements

The annual transfer from the O&M Budget to Airport Development Fund (ADF) is adjusted annually by the producer price index (PPI). Based on current trending, the budget assumes the PPI will increase from September 2011 of 191.5 to 197.2 in September 2012. The corresponding impact to the ADF transfer is an increase of $213,000 for an annual contribution of $7.4 million.

Funding for Other Post-Employment Benefits (OPEB) is now included in funding requirements whereas it was previously charged to employee benefits. The budgeted contribution for fiscal 2013 is $2.5 million.

The contribution to ADF from Automated Vehicle Identification (AVI) revenues is assumed to be flat from the current fiscal year, $2.3 million. Transfers for the Renewal & Replacement Fund and the Discretionary Fund are fixed annually at $500,000 and $350,000, respectively.

Operating Expenses by Cost Center

A cost center is any unit of activity, group of employees or machines, line of products, etc., isolated or arranged in order to allocate and assign costs more easily. Responsibility accounting attempts to reports results (actual performance) in such a way that:

- Significant variances from planned performance can be identified
- Reasons for variances can be determined
- Responsibility can be fixed
- Timely action can be taken to correct problems

The five basic components of cost center accounting are:

1. Labor (personnel)
2. Contractual Services
3. Materials & Supplies
4. Equipment Expenses
5. Overhead or Indirect Costs

Financial summaries and balanced scorecard measures for all cost centers begin on the next page.

Detroit Metropolitan Airport Cost Centers

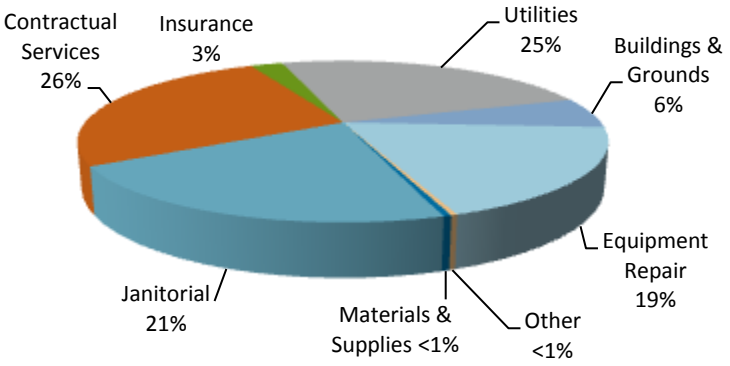
- North Terminal
- South Terminal
- Airfield
- Facilities & Maintenance
- Utilities Management
- Cargo & Hangar
- Ground Transportation
- Public Safety
- Fire & EMS
- Administration

North Terminal Cost Center

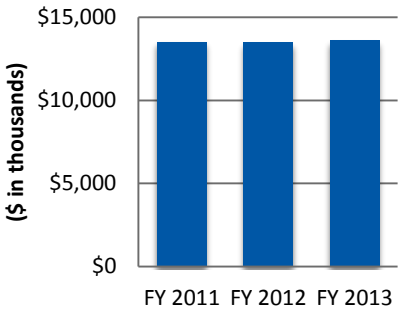
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Materials & Supplies	$ 76	$ 53	$ 55	$ 2	3.8%
Janitorial	2,940	3,033	2,911	(122)	- 4.0%
Security	0	0	0	-	0.0%
Contractual Services	3,499	3,456	3,583	127	3.7%
Insurance	341	374	334	(40)	- 10.8%
Utilities	3,212	3,216	3,342	126	3.9%
Buildings & Grounds	920	827	826	(1)	- 0.1%
Equipment Repair	2,486	2,490	2,514	24	1.0%
Other Operating Expense	27	53	42	(11)	- 20.5%
O&M Capital	12	-	-	-	n/a
Total Operating Expenses	$ 13,514	$ 13,503	$ 13,608	$ 105	0.8%

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Balanced Scorecard: North & South Terminal Cost Centers

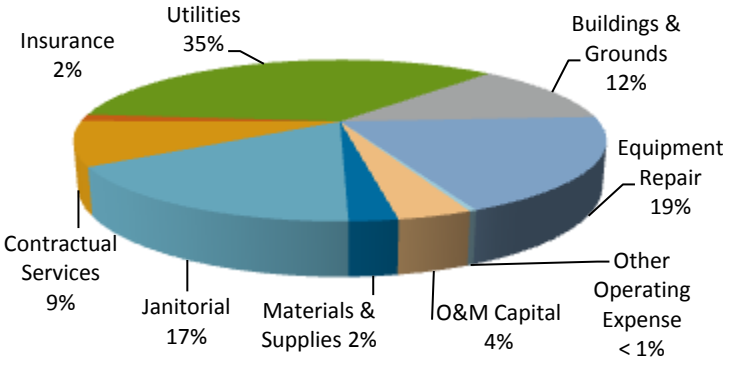
Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Provide an Exciting and Friendly Airport Experience (CS)					
Airport Service Quality (ASQ) Survey: Overall Customer Satisfaction Rating	CS 1.1				
McNamara Terminal	CS 1.1	4.23	4.20	4.19	4.26
North Terminal	CS 1.1	4.21	4.29	4.16	4.16
DTW	CS 1.1	4.23	4.21	4.18	4.24
Terminal Food & Beverage/Retail Revenue per Enplanement (reported to Authority)	CS 1.3	$ 1.60	$ 1.52	$ 1.56	$ 1.57

South Terminal Cost Center

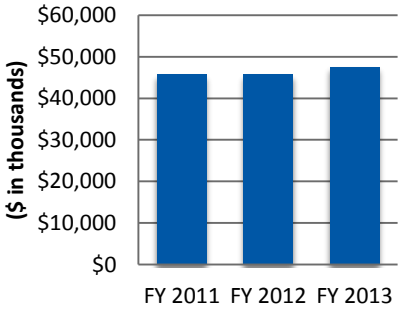
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Materials & Supplies	$ 1,568	$ 1,240	$ 1,133	$ (107)	- 8.6%
Janitorial	7,458	7,278	7,916	638	8.8%
Contractual Services	3,850	3,343	4,228	886	26.5%
Insurance	666	810	665	(145)	- 17.9%
Utilities	14,638	15,977	16,812	835	5.2%
Buildings & Grounds	5,571	6,474	5,837	(638)	- 9.9%
Equipment Repair	10,328	8,781	9,160	380	4.3%
Other Operating Expense	175	188	161	(27)	- 14.4%
O&M Capital	1,538	1,701	1,731	31	1.8%
Total Operating Expenses	$ 45,791	$ 45,792	$ 47,643	$ 1,851	4.0%

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



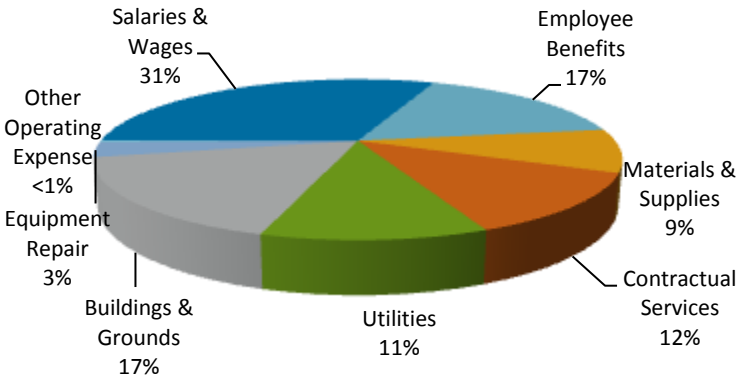
The Balanced Scorecard measures for the South Terminal are included with the North Terminal measures on page 112.

Airfield Cost Center

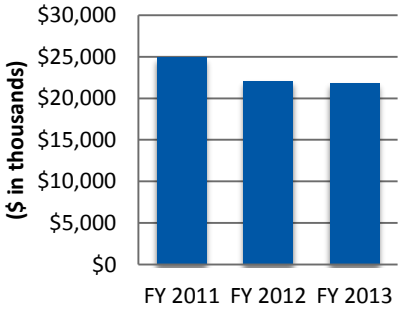
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 7,573	$ 7,227	$ 6,753	$ (474)	- 6.6%
Employee Benefits	4,358	3,798	3,663	(135)	- 3.6%
Materials & Supplies	1,677	2,296	1,912	(384)	- 16.7%
Contractual Services	4,734	2,486	2,686	200	8.0%
Utilities	1,994	2,235	2,433	198	8.9%
Buildings & Grounds	3,794	3,349	3,707	357	10.7%
Equipment Repair	720	673	652	(21)	- 3.2%
Other Operating Expense	32	50	75	25	50.0%
O&M Capital	50	-	-	-	n/a
Total Operating Expenses	$ 24,931	$ 22,114	$ 21,879	$ (234)	-1.1%

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Balanced Scorecard: Airfield Cost Center

Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Ensure Fiscal Responsibility (F)					
Airfield Operations and Maintenance Cost per Acre (on Airfield)	F 2.3	$ 2,378	$ 1,925	$ 2,617	$ 1,712
Improve Business and Operating Processes (IP)					
Impact of Runway Closures on Airfield Availability	IP 1.1	10.0%	7.9%	8.2%	11.6%

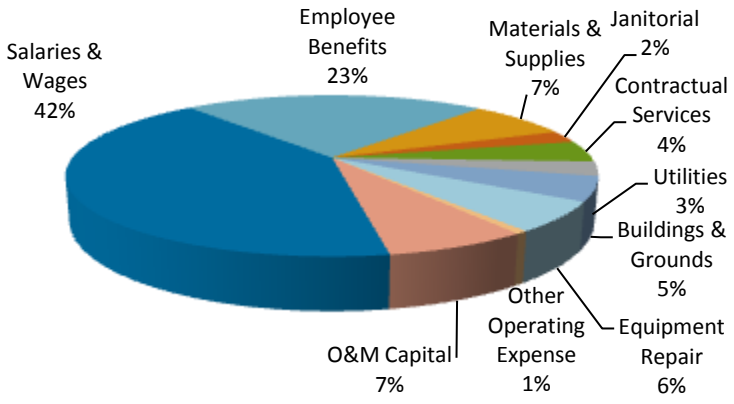
Facilities & Maintenance Cost Center

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 8,293	$ 8,168	$ 7,972	$ (196)	- 2.4%
Employee Benefits	4,907	4,309	4,354	45	1.0%
Materials & Supplies	1,321	1,494	1,442	(52)	- 3.5%
Janitorial	462	468	468	-	0.0%
Contractual Services	1,334	625	817	192	30.7%
Utilities	514	562	555	(7)	- 1.2%
Buildings & Grounds	2,848	793	932	139	17.5%
Equipment Repair	1,483	1,183	1,135	(48)	- 4.1%
Other Operating Expense	38	73	117	44	60.0%
O&M Capital[1]	4,579	2,444	1,369	(1,075)	- 44.0%
Total Operating Expenses	$ 25,779	$ 20,118	$ 19,159	$ (959)	-4.8%

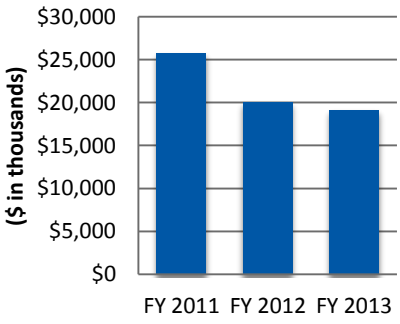
[1]The budget reduction from FY 2012 to FY 2013 is largely attributed to a capital leasing plan for heavy equipment rather than outright purchase.

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Balanced Scorecard: Facilities Maintenance Cost Center

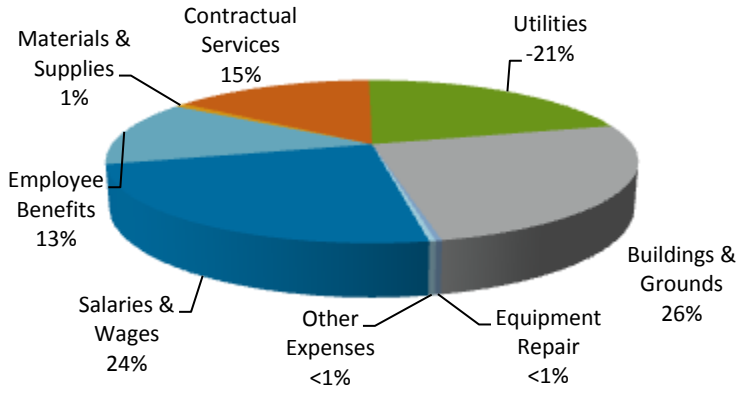
Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Ensure Fiscal Responsibility (F)					
North Terminal Maintenance Cost per Square Foot	F 2.2	$ 11.87	$ 11.75	$ 11.70	$ 11.76
Improve Business and Operating Processes (IP)					
% Change Construction Contract Cost Due to Change Orders	IP 1.2	2.5%	2.8%	-0.6%	N/A
% Maintenance Labor Hours Spent on Scheduled Maintenance	IP 1.4	95.7%	91.5%	90.1%	92%

Utilities Cost Center

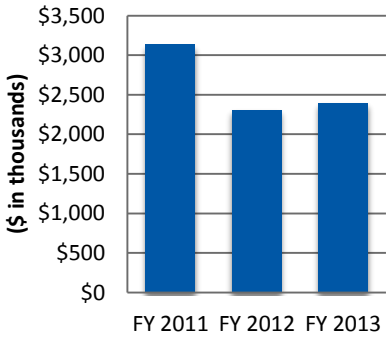
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 1,137	$ 989	$ 994	$ 5	0.5%
Employee Benefits	624	531	544	13	2.4%
Materials & Supplies	56	32	33	1	2.8%
Contractual Services	651	549	620	71	12.8%
Utilities	(896)	(885)	(885)	-	0.0%
Buildings & Grounds	1,355	1,063	1,065	2	0.2%
Equipment Repair	4	17	13	(5)	- 26.4%
Other Operating Expense	6	13	14	1	4.7%
O&M Capital	203	-	-	-	n/a
Total Operating Expenses	$ 3,139	$ 2,309	$ 2,396	$ 87	3.8%

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Balanced Scorecard: Utilities Management Cost Center

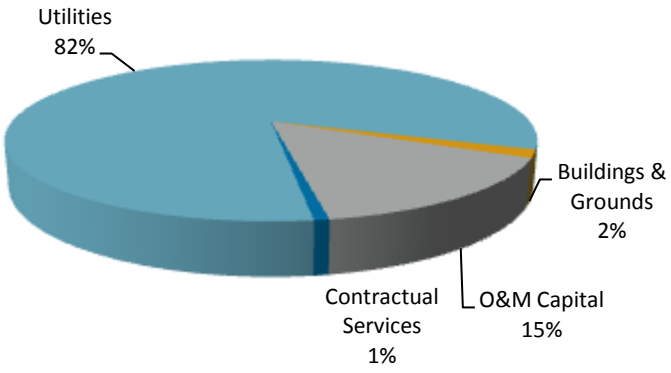
Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Ensure Fiscal Responsibility (F)					
Cost to Produce 1,000 lbs Steam	F 2.7	N/A	$ 12.17	$ 9.58	$ 11.36
Improve Business and Operating Processes (IP)					
Total Electric Consumption - All Facilities and Infrastructure (in millions)	IP 1.8	212.2 KwH	210.1 KwH	205.8 KwH	202.4 KwH
Total Gas Consumption - All Facilities and Infrastructure (in millions)	IP 1.8	3.2 CCF	2.9 CCF	3.0 CCF	2.6 CCF

Cargo & Hangar Cost Center

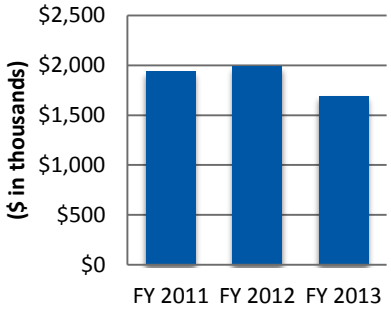
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Contractual Services[1]	$ 7	$ 413	$ 13	$ (400)	- 96.9%
Utilities	1,204	1,297	1,398	101	7.8%
Buildings & Grounds	62	27	27	-	0.0%
Equipment Repair	125	-	-	-	n/a
Other Operating Expense	244	-	-	-	n/a
O&M Capital	296	256	256	-	0.0%
Total Operating Expenses	$ 1,938	$ 1,993	$ 1,693	$ (299)	-15.0%

[1]FY 2012 included for a cargo development study initiative.
Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Balanced Scorecard: Cargo & Hangar Cost Center

Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Grow Non-Airline Revenue (F)					
Overall Cargo Tonnage Handled by Metric Ton (DTW)	F 1.2	161,368	184,394	206,344	216,090
Overall Cargo Landed by Metric Ton (YIP)	F 1.2	41,172	84,092	120,743	99,168

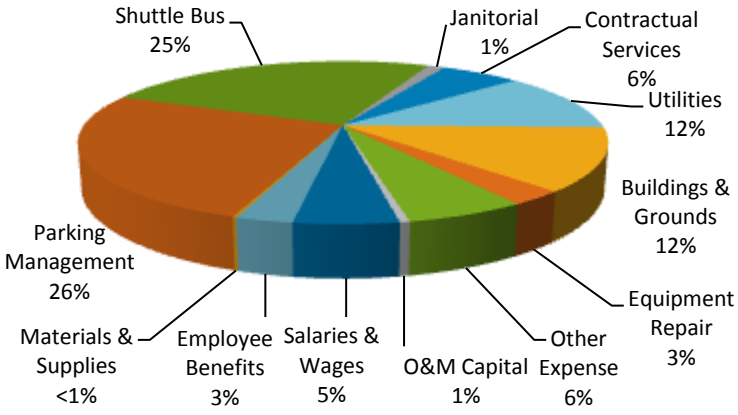
Ground Transportation Cost Center

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 1,235	$ 1,249	$ 1,324	$ 75	6.0%
Employee Benefits	737	651	723	72	11.1%
Materials & Supplies	22	41	50	9	21.0%
Parking Management	6,794	6,300	6,531	231	3.7%
Shuttle Bus[1]	8,750	8,400	6,350	(2,050)	- 24.4%
Janitorial	284	322	322	-	0.0%
Contractual Services	419	814	1,488	674	82.7%
Utilities	2,623	2,652	2,976	324	12.2%
Buildings & Grounds	3,574	2,811	3,147	336	11.9%
Equipment Repair	390	709	713	4	0.6%
Other Operating Expense	1,661	1,535	1,535	-	0.0%
O&M Capital	-	450	125	(325)	- 72.2%
Total Operating Expenses	$ 26,489	$ 25,933	$ 25,282	$ (650)	-2.5%

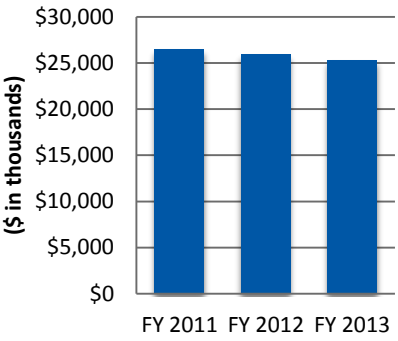
[1]In FY 2012 The responsibility for providing shuttle bud services shifted from Airfield Operations to Landside Services; in FY 2013, shuttle bus service for Delta Airline employees was discontinued

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



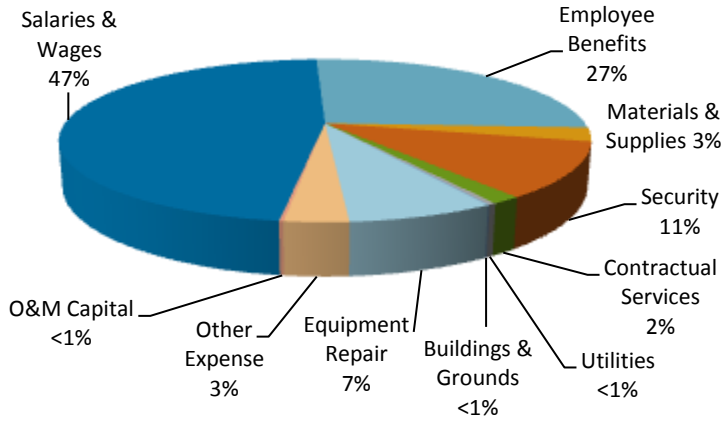
There are no balanced scorecard measures for the Ground Transportation cost center at this time.

Public Safety Cost Center

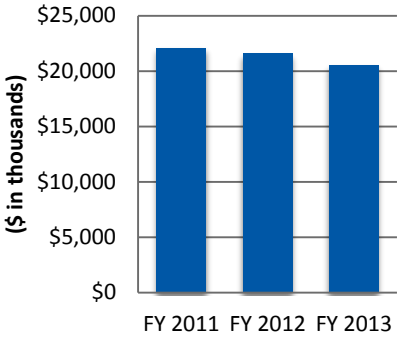
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 10,400	$ 10,263	$ 9,701	$ (562)	- 5.5%
Employee Benefits	6,169	5,523	5,448	(75)	- 1.3%
Materials & Supplies	487	687	562	(125)	- 18.2%
Security	2,401	2,524	2,248	(276)	- 10.9%
Contractual Services	313	332	307	(25)	- 7.6%
Utilities	74	70	75	5	7.0%
Buildings & Grounds	13	14	25	10	72.0%
Equipment Repair	1,420	1,441	1,510	69	4.8%
Other Operating Expense	672	714	657	(57)	- 8.0%
O&M Capital	122	7	44	37	502.7%
Total Operating Expenses	$ 22,073	$ 21,576	$ 20,576	$ (999)	-4.6%

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013

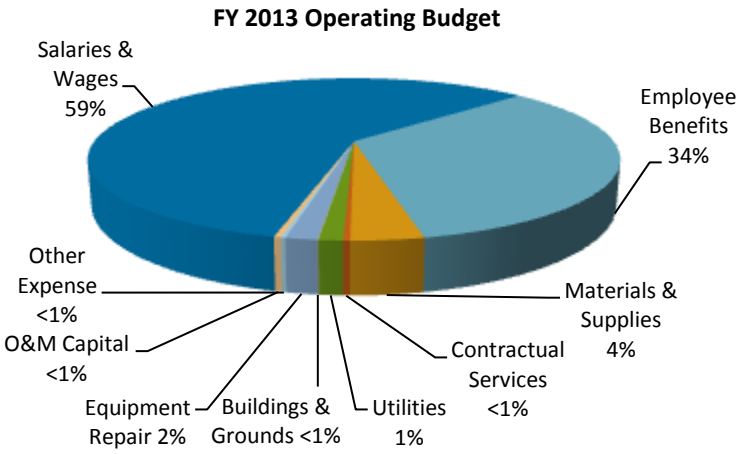


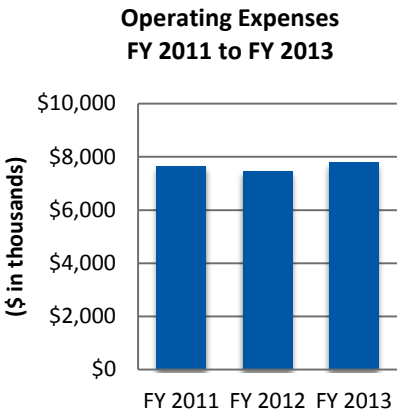
Balanced Scorecard: Public Safety and Fire & EMS Cost Centers

Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Improve Business and Operating Processes (IP)					
Emergency Response Time Above Industry Standard	IP 1.5				
% Dispatch Response Less Than 60 seconds	IP 1.5	96.0%	98.1%	98.4%	98.2%
% Police Response Less Than 5 Minutes	IP 1.5	94.8%	94.6%	98.0%	95.6%
% Fire Response Less Than 3 Minutes	IP 1.5	100.0%	100.0%	100.0%	100.0%
% EMS Response Less Than 4 Minutes	IP 1.5	95.4%	91.5%	91.9%	94.1%

Fire & EMS Cost Center

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 4,493	$ 4,471	$ 4,611	$ 140	3.1%
Employee Benefits	2,510	2,389	2,611	223	9.3%
Materials & Supplies	219	310	280	(30)	- 9.8%
Contractual Services	10	42	27	(15)	- 36.5%
Utilities	88	92	92	-	0.0%
Buildings & Grounds	1	6	6	-	0.0%
Equipment Repair	92	114	120	6	5.1%
Other Operating Expense	12	25	18	(7)	- 29.1%
O&M Capital	231	22	27	5	22.7%
Total Operating Expenses	$ 7,657	$ 7,471	$ 7,791	$ 320	4.3%
Total may not sum due to rounding					





The Balanced Scorecard measures for the Fire & EMS cost center are included with the Public Safety measures on page 119.

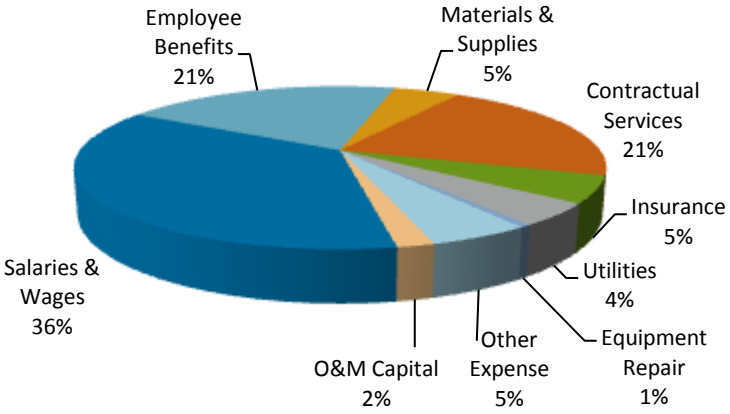
Administration Cost Center

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 10,595	$ 9,304	$ 8,803	$ (501)	- 5.4%
Employee Benefits	6,535	5,097	5,027	(70)	- 1.4%
Materials & Supplies	1,032	1,193	1,194	1	0.1%
Contractual Services	4,507	6,110	5,073	(1,037)	- 17.0%
Insurance	1,231	1,503	1,300	(203)	- 13.5%
Utilities	1,073	1,021	1,078	57	5.6%
Equipment Repair	142	90	138	48	53.0%
Other Operating Expense[1]	(1,112)	1,327	1,246	(82)	- 6.1%
O&M Capital	413	531	456	(75)	- 14.1%
Total Operating Expenses	$ 24,414	$ 26,177	$ 24,316	$ (1,861)	-7.1%

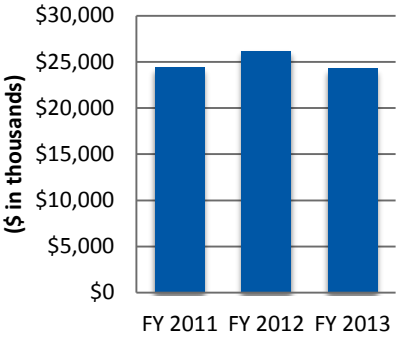
[1]Accural reversals in FY 2011 resulted in a net credit for the Other Operating Expenses category.

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Balanced Scorecard: Administration Cost Center

Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Provide an Exciting and Friendly Airport Experience (CS)					
Westin Hotel Survey: Guest Experience Composite Rating	CS 1.2	8.89	8.88	8.96	N/A
Internal Support Services Survey: Overall Customer Satisfaction Rating	CS 2.1	3.79	3.83	3.61	3.90
Ensure Fiscal Responsibility (F)					
Non-Airline, Passenger Related Revenue per Enplanement	F 1.1	$ 7.60	$ 7.42	$ 7.83	$ 7.87
Operating Cost per Enplanement (DTW)	F 2.1	$ 11.42	$ 11.35	$ 11.58	$ 11.11
Operating Cost per 1,000 lbs Landed Weight (YIP)	F 2.1	$ 27.23	$ 14.41	$ 10.02	$ 11.68
Westin Hotel EBITDA	F 2.4	$ 4,501,444	$ 7,878,130	$ 8,566,971	$7,241,820
Average Cost per Healthcare Contract	F 2.5	N/A	$ 9,190	$ 10,850	$ 11,797
Net Debt Service per Enplanement	F 2.6	$ 3.68	$ 3.96	$ 4.22	$ 5.46
Improve Business and Operating Processes (IP)					
Number of Days from Requisition to Purchase Order	IP 1.3				
Formal Competitive	IP 1.3	129 days	111 days	98 days	85 days
Informal Competitive	IP 1.3	28 days	28 days	30 days	34 days
Non-Competitive	IP 1.3	7 days	11 days	15 days	23 days
Time to Fill Vacancy / Time to Start New Employee	IP 1.6	55 days	99 days	65 days	74 days
# of days from Contract Award Recommendation to executed contract	IP 1.7	N/A	N/A	15 days	8 days
Build a Healthy Organization (LG)					
Employee Survey:Overall Employee Satisfaction Rating	LG 1.1	N/A	3.35	3.23	N/A
% of Employees Successfully Completing Probation Period	LG 1.3	97.4%	100.0%	90.0%	92.3%
Training Survey: Overall Satisfaction Rating	LG 2.1	4.68	4.67	4.82	4.79
Training Test: Overall Effectiveness Rating	LG 2.2	92.2%	96.3%	94.2%	92.7%

WILLOW RUN AIRPORT

Summary of Revenues & Expenses by Category

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2013 vs. FY 2012 $	FY 2013 vs. FY 2012 %
Revenues					
Landing Fees	$ 626	$ 630	$ 630	$ -	0.0%
Airline Rentals	696	720	720	-	0.0%
Customs Inspection Fees	506	455	400	(55)	-12.1%
Utility Service Fee	132	122	122	-	0.0%
Non-Airline Rentals & Other	1,418	1,183	1,185	2	0.2%
Fuel Flow Fee	658	655	655	-	0.0%
Total Revenues	**$ 4,036**	**$ 3,764**	**$ 3,711**	**$ (53)**	**-1.4%**
Expenses					
Salaries, Wages and Benefits	$ 1,271	$ 1,104	$ 1,231	$ 127	11.5%
Materials and Supplies	110	106	95	(11)	-10.4%
Contractual Services	1,188	926	868	(58)	-6.3%
Insurance	35	32	30	(2)	-6.3%
Utilities	741	1,100	805	(295)	-26.8%
Repair & Maintenance	496	554	472	(82)	-14.8%
Other Operating Expense	454	442	442	-	0.0%
Capital Acquisition	-	-	125	125	n/a
Total Operating Expenses	4,296	4,264	4,068	(196)	-4.6%
Total Non-Operating Expenses	(514)	(499)	(356)	143	-28.7%
Total Expenses	**$ 3,781**	**$ 3,764**	**$ 3,711**	**$ (53)**	**-1.4%**

Balances Scorecard Measures

Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Improve Business and Operating Processes (IP)					
Impact of Runway Closures on Airfield Availability	IP 1.1	12.6%	5.4%	5.6%	6.4%
Ensure Fiscal Responsibility (F)					
Operating Cost per 1,000 lbs Landed Weight (YIP)	F 2.1	$ 27.23	$ 14.41	$ 10.02	$ 9.98

AIRPORT WESTIN HOTEL

Summary of Revenues & Expenses

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2013 vs. FY 2012 $	FY 2013 vs. FY 2012 %
Revenues					
Operating Revenues					
Rooms	$ 15,954	$ 16,735	$ 16,685	$ (50)	-0.3%
Food & Beverage	9,037	9,086	9,579	493	5.4%
Minor Operating Departments & Other	1,272	1,341	1,260	(81)	-6.0%
Total Operating Revenues	26,263	27,162	27,524	362	1.3%
Non-Operating Revenues	34	36	45	9	24.4%
Total Revenues	**$ 26,297**	**$ 27,198**	**$ 27,569**	**$ 733**	**2.7%**
Expenses					
Operating Expenses					
Department Operating Expenses	$ 10,180	$ 10,704	$ 10,665	$ (39)	-0.4%
Administrative & General	1,957	1,988	1,949	(39)	-2.0%
Marketing	1,769	2,008	2,456	448	22.3%
Repair & Maintenance	853	848	841	(7)	-0.8%
Energy	772	720	752	32	4.4%
Management Fee Base	1,742	1,913	1,942	29	1.5%
Rent Taxes & Insurance	245	256	204	(52)	-20.2%
Total Operating Expenses	17,518	18,436	18,809	372	2.0%
Non-Operating Expenses	8,549	9,586	9,699	113	1.2%
Total Expenses	**$ 26,067**	**$ 28,022**	**$ 28,507**	**$ 372**	**1.3%**
Change in Net Asset	**$ 229**	**$ (824)**	**$ (938)**	**$ (114)**	**13.9%**

Balances Scorecard Measures

Objectives & Measures	Scorecard Code	FY 2009	FY 2010	FY 2011	FY 2012
Provide an Exciting and Friendly Airport Experience (CS)					
Westin Hotel Survey: Guest Experience Composite Rating	CS 1.2	8.89	8.88	8.96	N/A
Ensure Fiscal Responsibility (F)					
Westin Hotel EBITDA	F 2.4	$ 4,501,444	$ 7,878,130	$ 8,566,971	$ 7,241,820

DIVISIONS & DEPARTMENTS SUMMARIES

ABOUT THIS CHAPTER

Within this chapter are summaries of all Authority Divisions and the Department sub-divisions. Each Division summary includes an organization chart and historical FTE chart by Department. Department summaries follow, which include the following elements:

- Overview of functions and responsibilities
- Description of resource allocation
- Three-year financial table with budget to budget variance explanations
- Operating expense pie chart by budget category
- Three-year bar chart of total operating expenses

Willow Run Airport is treated like an operating division and is also illustrated in this chapter of the Budget Book. The Westin Airport Hotel is not included in this chapter. Management of the Hotel is contracted by the Authority the Starwood Hotels & Resorts, the corporation that owns the Westin brand. The contract and relationship with Starwood is managed by the Finance & Administration Division. Its budget is located on page 124.

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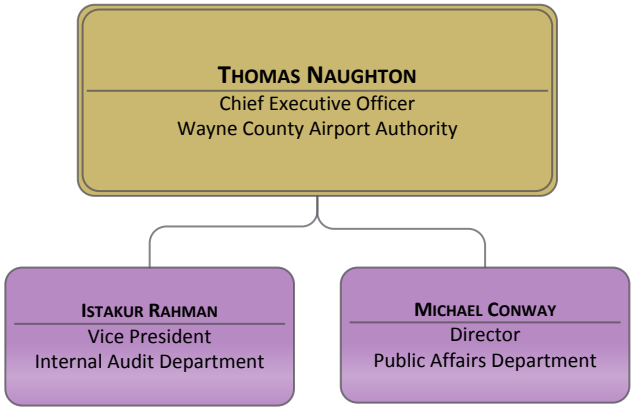
CHIEF EXECUTIVE OFFICER DIVISION



Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Chief Executive Officer Division						
Chief Executive Officer	2	2	2	2	1	-12.9%
Internal Audit	3	2	3	3	3	0.0%
Public Affairs	6	6	6	7	5	-3.6%
North Terminal Redevelopment Project	4	-	-	-	-	-100.0%
Chief Executive Office Total	**15**	**10**	**11**	**12**	**9**	**-9.7%**

CHIEF EXECUTIVE OFFICER

Overview

The Office of the Chief Executive Officer (CEO) consists of the CEO and several staff functions that report directly to the CEO. These functions consist of Internal Audit, General Counsel, Public Affairs, Government Affairs and Human Resources.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of one full-time employee.

Funds budgeted for **Materials & Supplies** are primarily used for membership dues and other subscriptions. The Airport's membership to the Airports Council International – North America (ACI-NA) costs approximately $140,000 per year.

The **Contractual Services** budget provides for consulting services for process improvement efforts and support for regional aerotroplis marketing.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 318	$ 552	$ 266	$ (286)	- 51.7%
Employee Benefits[1]	182	274	136	(137)	- 50.2%
Materials & Supplies	167	226	227	1	0.4%
Contractual Services[2]	84	178	330	153	85.9%
Other Operating Expense	17	23	20	(3)	- 11.4%
Total Operating Expenses	$ 768	$ 1,252	$ 980	$ (272)	-21.7%
Operating Expenses by Cost Centers					
North Terminal[3]	$ 7	$ 10	$ -	$ (10)	- 100.0%
South Terminal[3]	11	14	-	(14)	- 100.0%
Administration	750	1,228	980	(248)	- 20.2%
Total	$ 768	$ 1,252	$ 980	$ (272)	- 21.7%

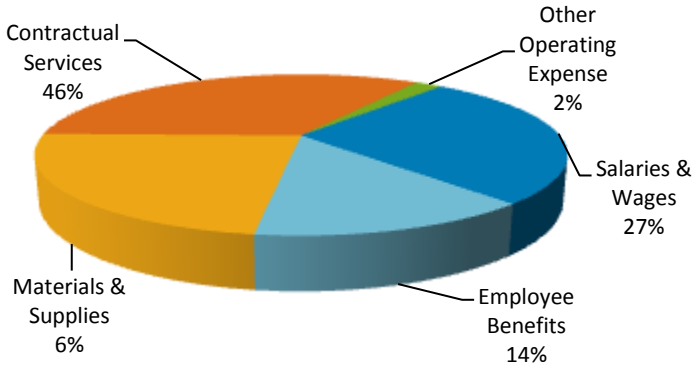
[1]The Department's staff was reduced by two FTEs.

[2]Additional funds budgeted for process re-engineering efforts.

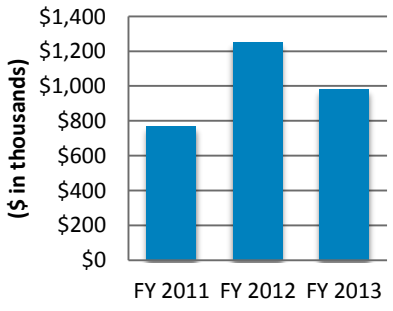
[3]The responsibilty of arranging for terminals holiday decorations reassigned to Public Affairs.

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



PUBLIC AFFAIRS

Overview

Public Affairs is responsible for managing the Authority's communication with the public including providing the public and airport users with accurate and helpful information, managing media relations, managing the public's involvement in Authority-related projects (e.g., airfield and terminal improvements, special events, etc.) improving community relations and facilitating excellent customer service.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of five full-time employees.

Funds budgeted for **Contractual Services** provide for:

- Passenger assistance services provided by the Travelers Aid Society of Detroit
- Holiday decoration expenses
- Graphic design, marketing and public relations as needed

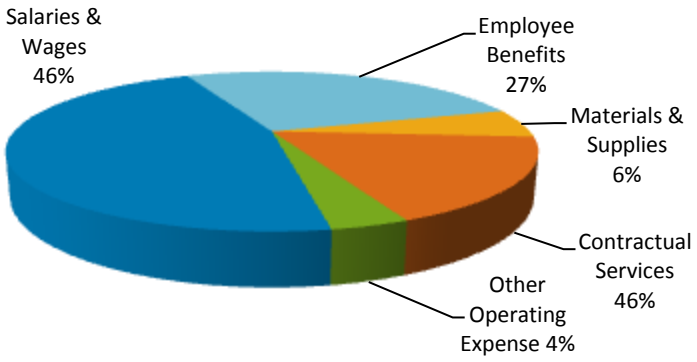
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 518	$ 473	$ 391	$ (82)	- 17.3%
Employee Benefits[1]	342	263	229	(34)	- 13.1%
Materials & Supplies	22	39	49	11	27.1%
Contractual Services[2]	90	33	147	114	344.8%
Other Operating Expense	45	22	32	10	47.5%
Total Operating Expenses	$ 1,016	$ 829	$ 848	$ 19	2.2%
Operating Expenses by Cost Centers					
North Terminal	$ -	$ -	$ 15	$ 15	n/a
South Terminal	-	-	20	20	n/a
Administration	1,016	829	813	(16)	- 2.0%
Total	$ 1,016	$ 829	$ 848	$ 19	2.2%

[1]The Department's staff was reduced by two FTEs.

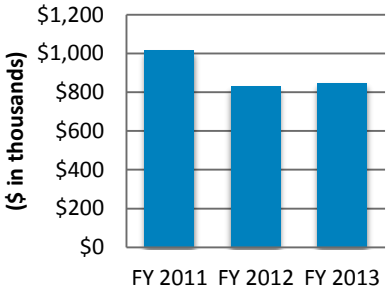
[2]The responsibilties of arranging for terminals holiday decorations and managing the Traveler's Aid Society of Detroit contract were transfer from Chief Executive Officer's Department.

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



INTERNAL AUDIT

Overview:

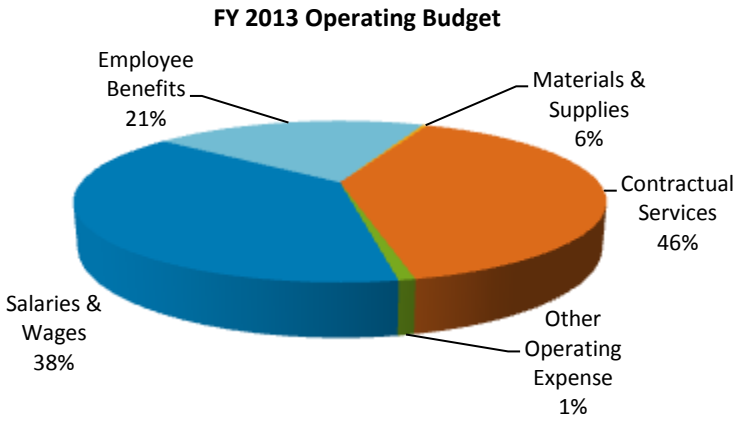
Internal Audit is charged with providing independent, objective assurance services. This includes performing audits and consulting projects, reporting findings and implementation status to the Audit Committee and managing a comprehensive three year rolling risk based internal audit plan.

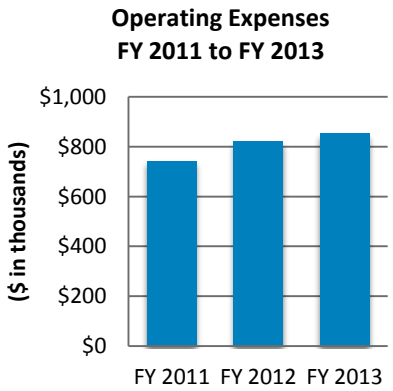
Resource Allocation

Salaries & Wages and Employee Benefits support a staff of three full-time employees.

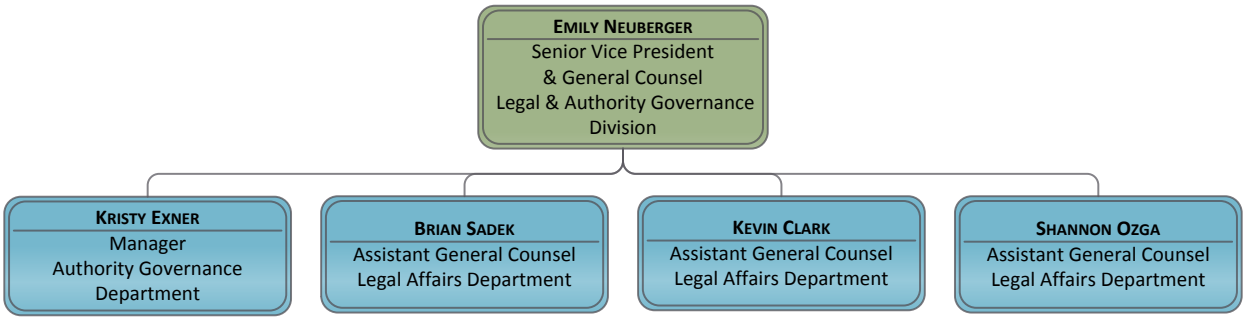
Funds budgeted for **Contractual Services** are used for both external and internal audit services. External independent audit services are an essential requirement for the Authority's financial reporting. Internal audit services are used to supplement the Authority's staff with special expertise as may be required by a project.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 241	$ 311	$ 328	$ 17	5.5%
Employee Benefits	146	165	177	12	7.2%
Materials & Supplies	2	3	3	1	20.0%
Contractual Services	346	336	338	2	0.6%
Other Operating Expense	8	7	7	-	0.0%
Total Operating Expenses	$ 743	$ 821	$ 852	$ 31	3.8%
Operating Expenses by Cost Centers					
Administration	$ 743	$ 821	$ 852	$ 32	3.8%
Total	$ 743	$ 821	$ 852	$ 32	3.8%
Total may not sum due to rounding					





LEGAL & AUTHORITY GOVERNANCE DIVISION



Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Legal & Authority Governance Division						
Legal Affairs	7	5	5	6	5	-6.5%
Authority Governance	4	4	4	4	2	-12.9%
Government Relations	3	3	2	1	-	-100.0%
Legal & Authority Governance Total	**14**	**12**	**11**	**11**	**7**	**-12.9%**

LEGAL AFFAIRS

Overview

Legal Affairs serves all Authority Departments by preparing all contracts, operating agreements and leases between the Authority and third parties; providing legal counsel to all Divisions when requested; handling litigation and other legal proceedings against or by the Authority; coordinating the legal services provided by outside counsel; managing federal legislative consulting services; and handling all legal matters related to the governance of the Authority.

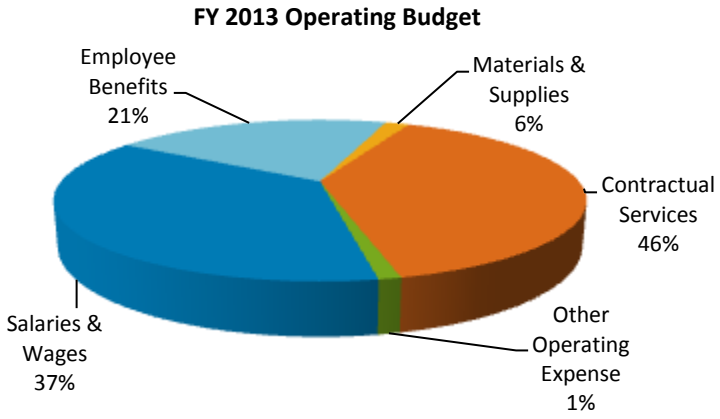
Resource Allocation

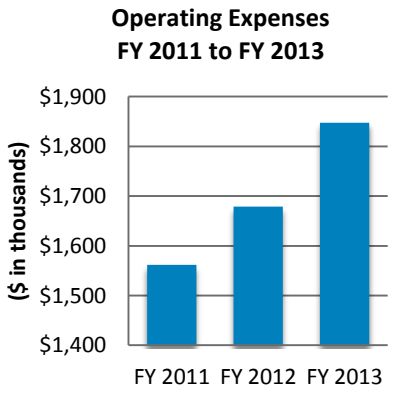
Salaries & Wages and Employee Benefits support a staff of five full-time employees.

Funds budgeted for **Contractual Services** are used for outside legal counsel and federal and state government affairs services.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 598	$ 601	$ 680	$ 79	13.1%
Employee Benefits	358	299	388	89	29.7%
Materials & Supplies	28	36	33	(2)	- 5.9%
Contractual Services	563	725	725	-	0.0%
Other Operating Expense	15	18	21	3	15.2%
Total Operating Expenses	$ 1,562	$ 1,679	$ 1,847	$ 168	10.0%
Operating Expenses by Cost Centers					
Administration	$ 1,562	$ 1,679	$ 1,847	$ 168	10.0%
Total	$ 1,562	$ 1,679	$ 1,847	$ 168	10.0%

Total may not sum due to rounding





AUTHORITY GOVERNANCE

Overview

Coordinate Authority Board and committee meeting logistics and planning (including details of locations, schedules, agendas, correspondence, creation of resolution and minutes and follow up to the Board, management and staff) while supporting the CEO on a variety of matters in advance of meetings to ensure effective communication to all involved. Coordinate Freedom of Information Act (FOIA) compliance activities by working with appropriate divisions to provide the required documents within prescribed deadlines

Resource Allocation

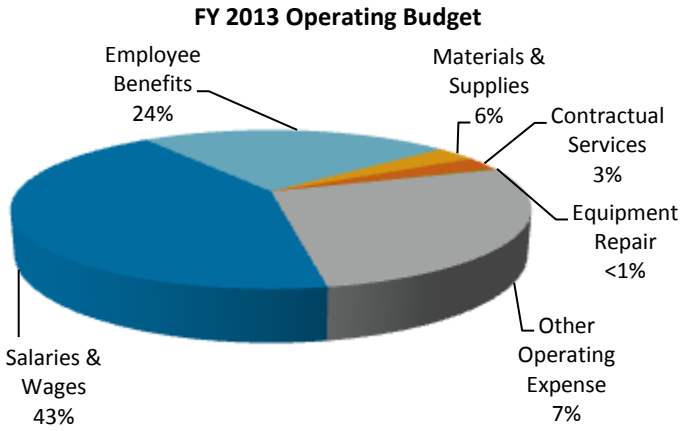
Salaries & Wages and Employee Benefits support a staff of two full-time employees.

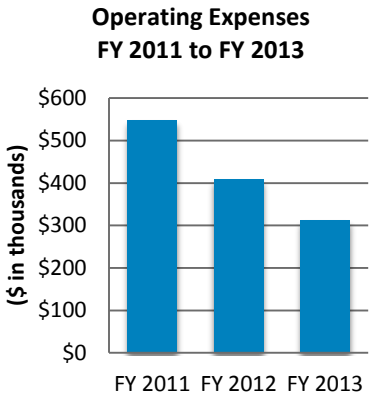
Funds budgeted for **Other Operating Expenses** are used for monthly room rental expenses for Board meetings.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 225	$ 192	$ 134	$ (59)	- 30.4%
Employee Benefits[1]	151	109	74	(34)	- 31.6%
Materials & Supplies	64	17	10	(7)	- 41.6%
Contractual Services	56	12	9	(3)	- 26.8%
Equipment Repair	0	2	0	(1)	- 80.0%
Other Operating Expense	52	77	85	8	10.4%
Total Operating Expenses	$ 548	$ 408	$ 312	$ (96)	-23.6%
Operating Expenses by Cost Centers					
Administration	$ 548	$ 408	$ 312	$ (96)	- 23.6%
Total	$ 548	$ 408	$ 312	$ (96)	- 23.6%

[1]The Department's staff was reduced by two FTEs.

Total may not sum due to rounding





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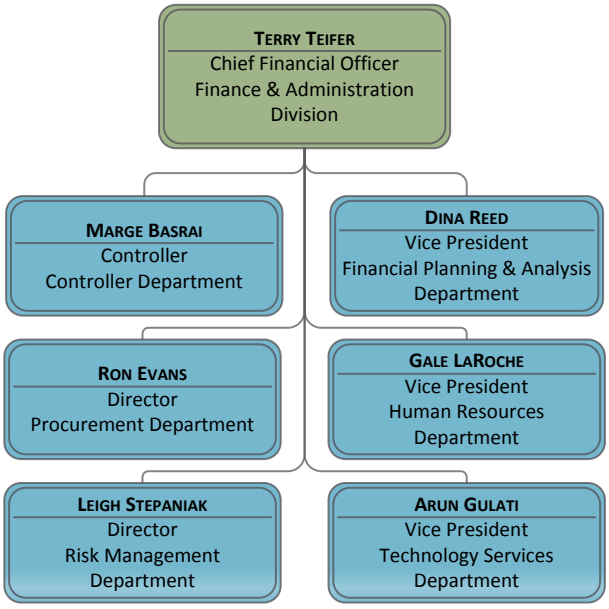
FINANCE & ADMINISTRATIVE SERVICES DIVISION



Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Finance & Administration Division						
Office of the Chief Financial Officer	2	2	2	2	2	0.0%
Controller	23	22	24	23	21	-1.8%
Financial Planning & Analysis	8	5	7	7	6	-5.6%
Human Resources	15	11	14	14	11	-6.0%
Purchasing	23	19	18	18	13	-10.8%
Risk Management	3	2	2	2	2	-7.8%
Technology Services	14	14	14	13	13	-1.5%
Finance & Administration Total	**88**	**75**	**81**	**79**	**68**	**-5.0%**

CHIEF FINANCIAL OFFICER

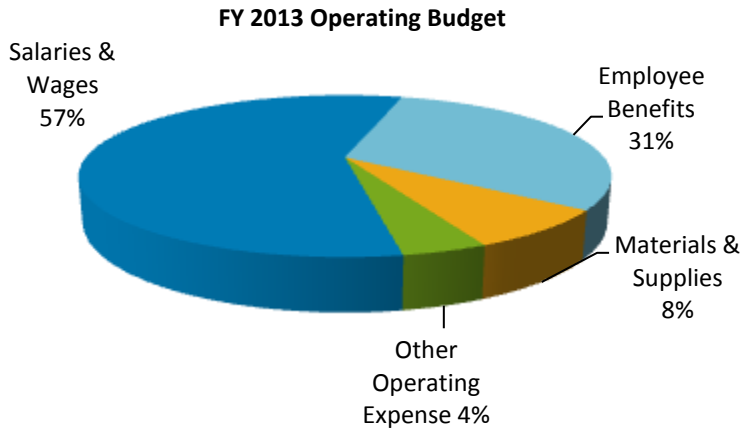
Overview

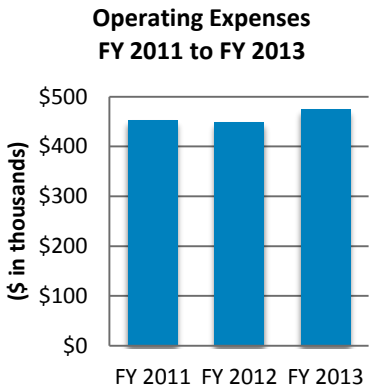
As head of the Finance & Administration Division, the Chief Financial Officer is responsible for the overall budgetary, fiscal and financial management of the Authority's activities, including financial administration of the Capital Improvement Program (CIP), the annual operating budget, cash and debt management, risk management and payroll. Further, the CFO oversees the management of human resources, purchasing, technology services and the management of Airport Westin Hotel.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of two full-time employees.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 255	$ 255	$ 271	$ 16	6.2%
Employee Benefits	168	137	146	9	6.6%
Materials & Supplies	19	36	37	1	2.8%
Contractual Services	2	-	-	-	n/a
Other Operating Expense	10	20	20	-	0.0%
Total Operating Expenses	$ 453	$ 448	$ 474	$ 26	5.8%
Operating Expenses by Cost Centers					
Administration	$ 453	$ 448	$ 474	$ 26	5.8%
Total	$ 453	$ 448	$ 474	$ 26	5.8%
Total may not sum due to rounding					





CONTROLLER

Overview

The Controller Department is responsible for providing concise, accurate and timely financial information through accounting activities (e.g., general ledger, fixed asset, accounts receivable, accounts payable and grant management), disbursement management, billing and collection management and coordination of the annual financial audit with the Authority's external auditors. As the result reorganization in FY 2012, the Controller's office has assumed some responsibilities previously managed by Treasury which include cash and debt management and payroll.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 21 full-time employees.

Funds budgeted for **Contractual Services** include for payment to the County of Wayne retirement healthcare administration fees and actuary information services.

Other Operating Expenses includes funding for property tax expenses.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 1,676	$ 1,612	$ 1,543	$ (70)	- 4.3%
Employee Benefits	1,080	897	892	(5)	- 0.5%
Materials & Supplies	42	66	74	8	11.7%
Contractual Services	186	248	258	11	4.2%
Equipment Repair	1	1	1	-	0.0%
Other Operating Expense	261	398	313	(85)	- 21.4%
Total Operating Expenses	$ 3,246	$ 3,221	$ 3,080	$ (142)	-4.4%
Operating Expenses by Cost Centers					
Administration	$ 3,246	$ 3,221	$ 3,080	$ (142)	- 4.4%
Total	$ 3,246	$ 3,221	$ 3,080	$ (142)	- 4.4%

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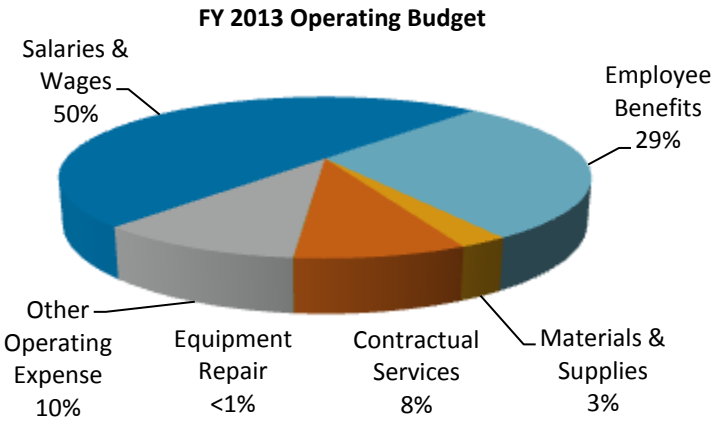
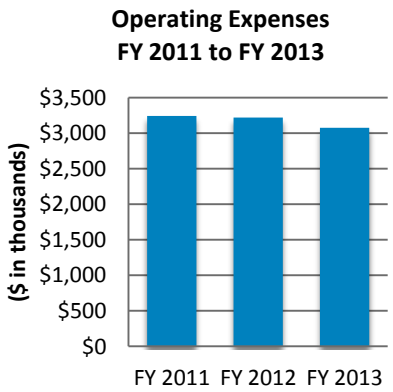




Financial Planning & Analysis

Overview

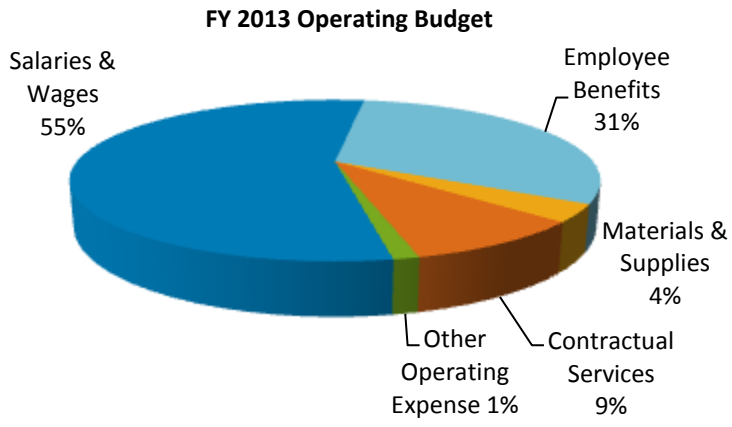
Financial Planning & Analysis is responsible for development and administration of the Authority's budget and CIP. The group routinely provides detailed financial and operational information to the Senior Leadership Team and the Authority Board, including the annual operating budget, monthly management report, aviation industry statistical reports, financial analysis and special studies and analyses. The group also helps maximize the operational and financial performance of the Westin Hotels.

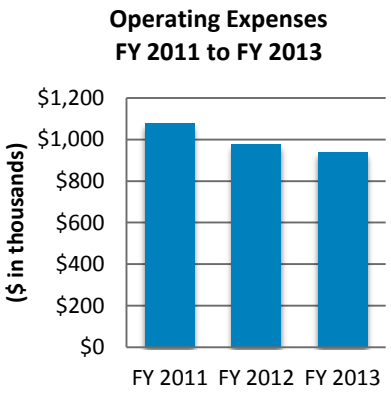
Resource Allocation

Salaries & Wages and Employee Benefits support a staff of six full-time employees.

The **Contractual Services** budget is primarily used for financial feasibility consulting services from the airport consultant.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	%
Operating Expenses by Category					
Salaries & Wages	$ 569	$ 538	$ 516	$ (22)	- 4.1%
Employee Benefits	345	305	291	(14)	- 4.6%
Materials & Supplies	62	33	33	-	0.0%
Contractual Services	96	87	87	-	0.0%
Other Operating Expense	6	12	12	-	0.0%
Total Operating Expenses	$ 1,078	$ 975	$ 938	$ (36)	-3.7%
Operating Expenses by Cost Centers					
Administration	$ 1,078	$ 975	$ 938	$ (36)	- 3.7%
Total	$ 1,078	$ 975	$ 938	$ (36)	- 3.7%





HUMAN RESOURCES

Overview

Human Resources is responsible for providing recruiting and promotional opportunity services, facilitating labor contract negotiations, administering grievance and arbitration procedures, interpreting collective bargaining agreements and coordinating training of employees in matters of customer service, computer software and professional development.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 11 full-time employees.

Funds budgeted for **Contractual Services** are used for:

- Legal and associated services with labor negotiations
- New-employee occupational health services and the employee assistance hotline
- Professional development software (Cornerstone OnDemand) hosting and technical support
- Compensation and benefits analysis and other related studies

Professional development manuals and supplies are included in the **Materials and Supplies** category.

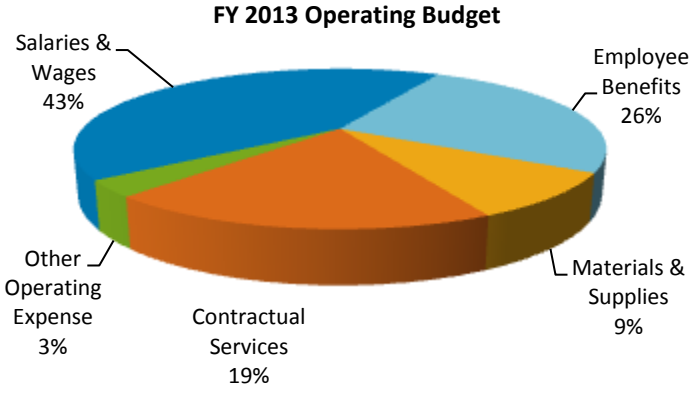
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 997	$ 904	$ 894	$ (10)	- 1.1%
Employee Benefits	610	544	542	(2)	- 0.4%
Materials & Supplies[1]	70	141	190	49	34.6%
Contractual Services[2]	331	286	400	114	39.9%
Other Operating Expense[3]	34	25	68	43	170.0%
Total Operating Expenses	$ 2,042	$ 1,900	$ 2,092	$ 193	10.1%
Operating Expenses by Cost Centers					
Administration	$ 2,042	$ 1,900	$ 2,092	$ 193	10.1%
Total	$ 2,042	$ 1,900	$ 2,092	$ 193	10.1%

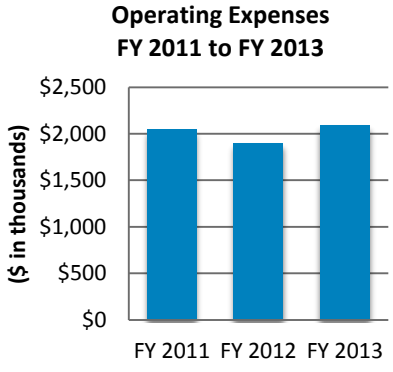
[1]The Department is now responsible for postage; expense previously in Authority Governance's budget.

[2]Increase partially attributed to the expansion of the Authority's professional development software

[3]Off-site professional development increases in FY 2013.

Total may not sum due to rounding





PURCHASING AND BUSINESS DIVERSITY

Overview

Purchasing is responsible for purchasing goods, services and construction, providing oversight of contract compliance, surplus property disposal and managing the business diversity programs related to Authority contracts.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 13 full-time employees.

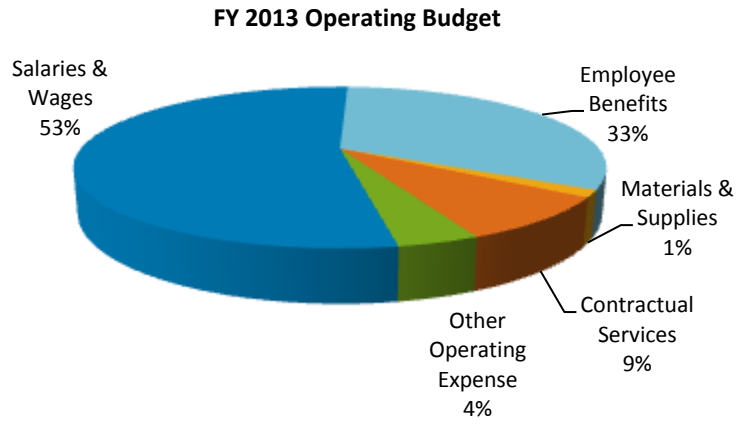
The greatest expense budgeted in **Contractual Services** is payment to the County of Wayne for Disadvantage Business Enterprise (DBE)/Small Business Enterprise (SBE) Certification.

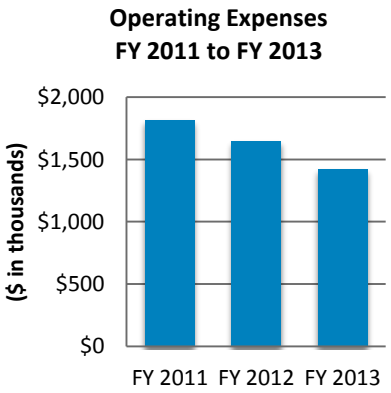
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 1,203	$ 889	$ 761	$ (128)	- 14.4%
Employee Benefits[1]	699	507	463	(44)	- 8.7%
Materials & Supplies	21	16	20	4	24.8%
Contractual Services[2]	46	191	125	(66)	- 34.4%
Other Operating Expense	40	47	57	10	21.6%
Total Operating Expenses	$ 2,009	$ 1,650	$ 1,427	$ (223)	-13.5%
Operating Expenses by Cost Centers					
Administration	$ 2,009	$ 1,650	$ 1,427	$ (223)	- 13.5%
Total	$ 2,009	$ 1,650	$ 1,427	$ (223)	- 13.5%

[1]The Department's staff was reduced by five FTEs.

[2]FY 2013 budget removes funding for process improvement projects completed in FY 2012.

Total may not sum due to rounding





RISK MANAGEMENT

Overview

Risk Management is responsible for the planning, organizing and administration of risk and insurance programs to safeguard the DTW's & YIP's assets from the risk of accidental loss through the use of recognized risk management techniques.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of two full-time employees.

The **Contractual Services** budget provides for professional services contract for general liability legal and claims services.

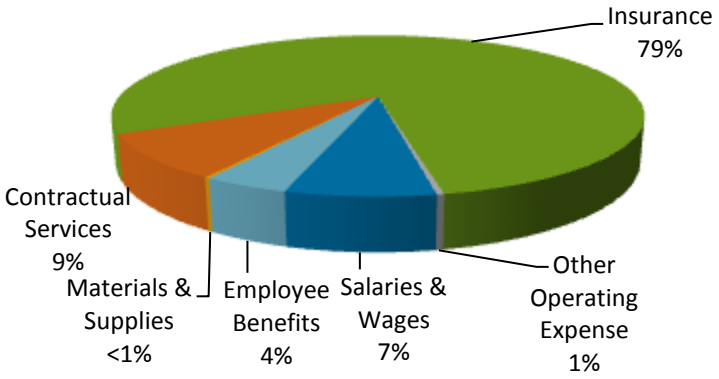
The budget includes property and liability insurance for the entire Airport.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 202	$ 194	$ 203	$ 10	5.0%
Employee Benefits	127	108	117	9	8.5%
Materials & Supplies	8	7	8	0	5.6%
Contractual Services[1]	185	190	247	57	30.2%
Insurance	2,155	2,543	2,223	(320)	- 12.6%
Other Operating Expense	9	9	10	1	13.6%
Total Operating Expenses	$ 2,687	$ 3,051	$ 2,808	$ (242)	-7.9%
Operating Expenses by Cost Centers					
North Terminal	$ 203	$ 230	$ 200	$ (30)	- 13.0%
South Terminal	666	810	665	(145)	- 17.9%
Administration	1,762	2,011	1,885	(125)	- 6.2%
Westin Hotel	56	-	58	58	n/a
Total	$ 2,687	$ 3,051	$ 2,808	$ (242)	- 7.9%

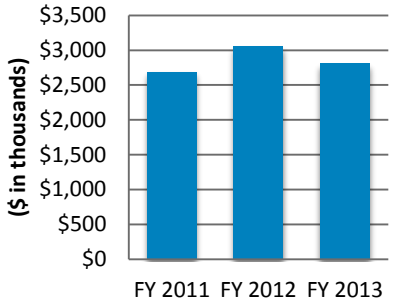
[1]The FY 2013 budget increase is attributed to on-going litigation.

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



TECHNOLOGY & TELECOMMUNICATIONS SERVICES

Overview

Technology Services is responsible for providing computer application system services, developing software solutions, implementing technology products, maintaining the technology infrastructure and providing technical support 24 hours, 7 day schedule for all technology and communications systems.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 13 full-time employees.

Computer equipment life-cycle replacement purchases less than $5,000 are funded in the **Materials & Supplies** budget.

Contractual Services includes help desk and computer support services, management of the Authority's financial management system (MUNIS), administration services for the Airport's parking management system and on-call staffing for special projects and other technology needs.

Expenses for all telephone and associated telecommunications circuitry is funded through the Department's **Other Operating Expenses** category.

Funds budgeted for **O & M Capital** are used for lifecycle replacement management of hardware and software acquisitions over $5,000.

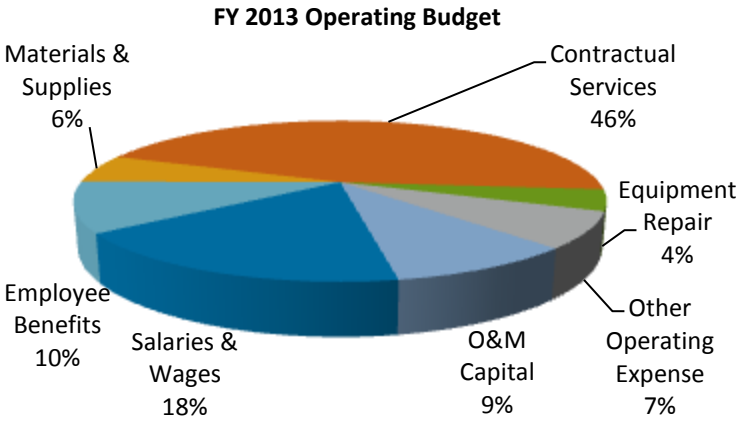
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 1,035	$ 1,058	$ 1,109	$ 51	4.8%
Employee Benefits	679	578	627	49	8.4%
Materials & Supplies[1]	477	519	358	(161)	- 30.9%
Contractual Services[2]	1,920	2,549	2,837	288	11.3%
Equipment Repair	232	249	266	17	6.8%
Other Operating Expense[3]	(454)	549	444	(105)	- 19.1%
O&M Capital[1]	413	731	581	(150)	- 20.5%
Total Operating Expenses	$ 4,302	$ 6,231	$ 6,221	$ (10)	-0.2%
Operating Expenses by Cost Centers					
Facilities & Maintenance	$ 61	$ 44	$ -	$ (44)	- 100.0%
Ground Transportation[2]	12	985	1,125	140	14.2%
Administrative	4,115	4,954	4,848	(106)	- 2.1%
Public Safety	112	245	248	3	1.0%
Fire & EMS	2	3	-	(3)	- 100.0%
Total	$ 4,302	$ 6,231	$ 6,221	$ (10)	- 0.2%

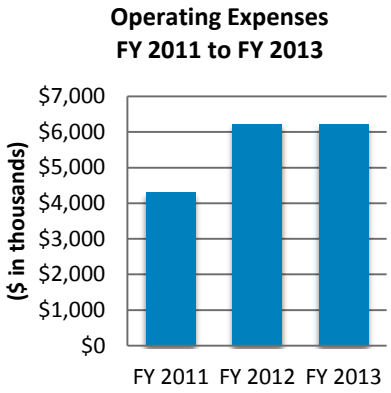
[1] One-time expenses for equipment eliminated from FY 2013 Budget

[2] The Department assumed responsibility for the the Airport's Parking Management System in FY 2012

[3] Telephone expenses decreasing from the implementation of VOIP technology

Total may not sum due to rounding


FY 2013 Operating Budget
Materials & Supplies 6%
Contractual Services 46%
Equipment Repair 4%
Other Operating Expense 7%
O&M Capital 9%
Salaries & Wages 18%
Employee Benefits 10%


Operating Expenses
FY 2011 to FY 2013
($ in thousands)
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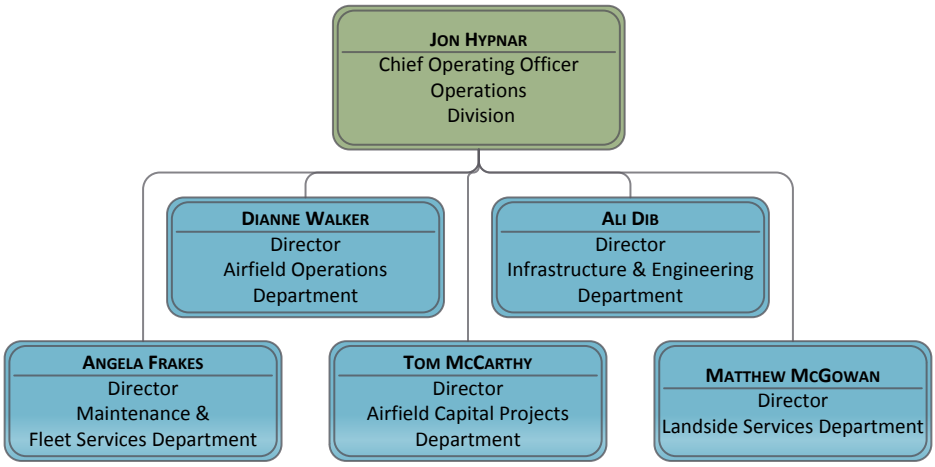
OPERATIONS DIVISION



Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Operations Division						
Chief Operating Officer	5	3	3	3	2	-16.7%
Airfield Operations	47	44	44	44	40	-3.2%
Infrastructure & Engineering	28	27	30	31	29	0.7%
Maintenance	193	176	173	175	161	-3.6%
Airfield Capital Projects	-	-	-	-	7	N/A
Landside Services	32	22	23	23	23	-6.4%
Operations Total	**305**	**272**	**273**	**276**	**262**	**-3.0%**

Chief Operating Officer

Overview

The Chief Operating Officer provides management, oversight and support for the Airfield Capital Projects, Airfield Operations, Infrastructure & Engineering, Maintenance and Landside Services departments.

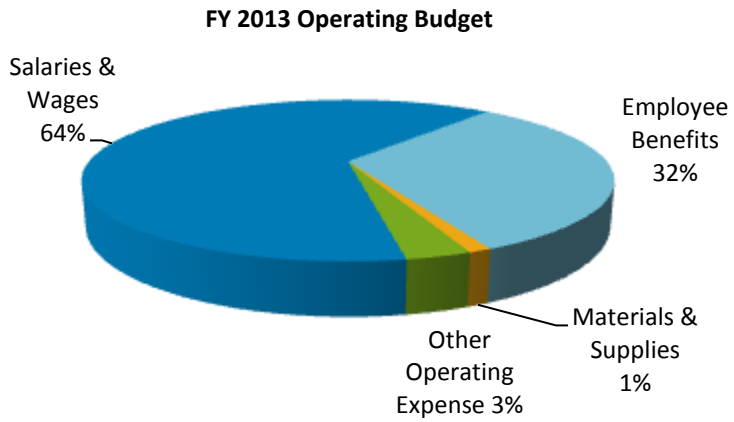
Resource Allocation

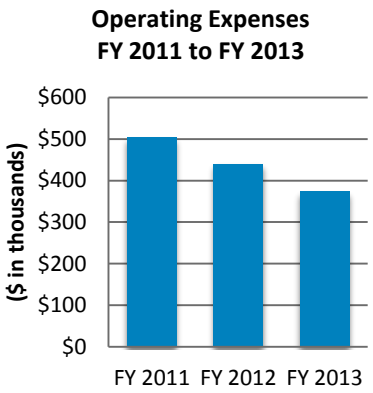
Salaries & Wages and Employee Benefits support a staff of 2 full-time employees.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 306	$ 283	$ 238	$ (45)	- 15.7%
Employee Benefits[1]	181	142	119	(22)	- 15.6%
Materials & Supplies	3	4	4	-	0.0%
Contractual Services	3	-	-	-	n/a
Other Operating Expense	10	12	12	-	0.0%
Total Operating Expenses	$ 504	$ 440	$ 374	$ (67)	-15.1%
Operating Expenses by Cost Centers					
Facilities & Maintenance	$ 504	$ 440	$ 374	$ (67)	- 15.1%
Total	$ 504	$ 440	$ 374	$ (67)	- 15.1%

[1]The Department's staff was reduced by one FTEs.

Total may not sum due to rounding





AIRFIELD OPERATIONS

Overview

Airfield Operations is responsible for administering a safe airfield operating environment, maintaining the Authority's Operating Certificate through compliance with and enforcement of FAR Part 139, coordinating emergency response activities, enforcing FAA rules and regulations and coordinating North Terminal common use gates.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 40 full-time employees.

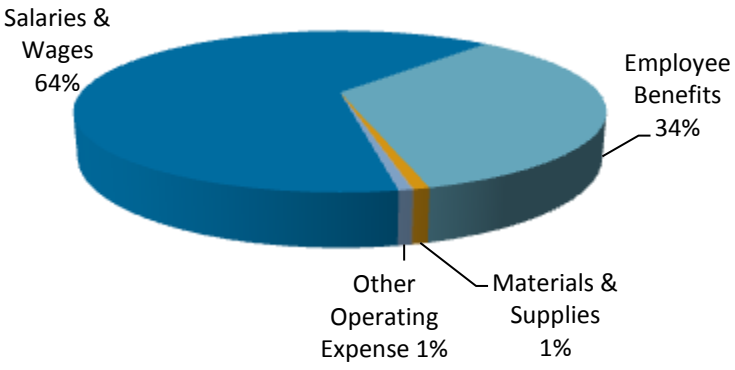
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 2,980	$ 2,939	$ 2,683	$ (256)	- 8.7%
Employee Benefits[1]	1,746	1,537	1,425	(112)	- 7.3%
Materials & Supplies	45	51	33	(18)	- 35.0%
Shuttle Bus[2]	7,980	-	-	-	n/a
Contractual Services	8	-	-	-	n/a
Equipment Repair	4	5	4	(1)	- 16.0%
Other Operating Expense	16	13	26	13	102.3%
Total Operating Expenses	$ 12,780	$ 4,544	$ 4,171	$ (374)	-8.2%
Operating Expenses by Cost Centers					
Airfield	4,800	4,544	4,171	(374)	- 8.2%
Ground Transportation	7,980	-	-	-	n/a
Total	$ 12,780	$ 4,544	$ 4,171	$ (374)	- 8.2%

[1]The Department's staff was reduced by four FTEs.

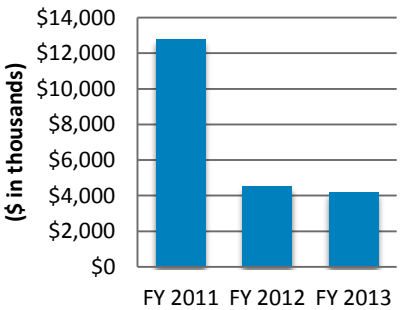
[2]Shuttle Bus management responsibilities reassigned to Landside Services in FY 2012

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



INFRASTRUCTURE & ENGINEERING

Overview

The Infrastructure & Engineering Department is comprised of three units: Infrastructure, Environmental and Utilities. The **Infrastructure Unit** is responsible for the Authority's pavement management programs, both airfield and landside. Further, this unit provides all facets of engineering services for parking structures, surface lots, roadways and management of the Authority's 22 bridges, as well as transportation engineering oversight at the Airport and Willow Run. The **Environmental Unit** oversees environmental activities including de-icing fluid collection, recycling and disposal, hazardous material testing and abatement, wetlands mitigation, air quality permits management, oversight of the Airport's Wildlife Management Plan and managing the impact of aircraft generated noise on residents living nearby. The Airport's two power plants are managed by the **Utilities Unit**. This unit monitors utility distribution networks, access and consumption including the Authority's drinking water, natural gas, electrical and fiber distribution systems. The group also procures and sells utility commodities to ensure reliability and compliance with all utility-related codes and regulations.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 29 full-time employees.

Funds budgeted for **Contractual Services** include the following responsibilities:

- Preventative maintenance, repair and snow removal for the Airport's parking deck structures
- Biennial bridge inspections and repairs and contracted roadway paving
- Engineering Survey for Airfield pavement condition index conducted every three years as require by Federal Aviation Administration
- Utility meter inventory , billing and repairs
- Management of the apogee system which controls utility consumption at Airport facilities
- Collection and removal of deicing fluid

Costs associated with the purchase of all **Utilities** including water and sewer, electricity and natural gas.

Funds budgeted for **Buildings and Grounds** are used for the preventative and corrective maintenance of:

- Bridges, roadway pavement and roadway structures
- Parking facilities
- Utilities infrastructure
- Crosswinds Marsh and retention pond

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 2,433	$ 2,228	$ 2,133	$ (96)	- 4.3%
Employee Benefits[1]	1,451	1,203	1,182	(21)	- 1.8%
Materials & Supplies	80	60	74	14	23.6%
Contractual Services[2,3]	2,512	1,428	2,370	942	65.9%
Utilities[4]	24,524	26,237	27,876	1,639	6.2%
Buildings & Grounds	8,522	5,568	5,737	169	3.0%
Equipment Repair	677	449	445	(5)	- 1.0%
Other Operating Expense	24	65	73	8	13.0%
O&M Capital	2,056	250	-	(250)	- 100.0%
Total Operating Expenses	$ 42,279	$ 37,489	$ 39,890	$ 2,400	6.4%
Operating Expenses by Cost Centers					
North Terminal	$ 3,447	$ 3,486	$ 3,616	$ 131	3.7%
South Terminal	14,655	16,018	16,868	850	5.3%
Airfield	4,885	4,737	5,144	407	8.6%
Facilities & Maintenance	$ 7,087	$ 2,778	$ 2,649	$ (129)	- 4.6%
Utilities Management	3,139	2,309	2,396	87	3.8%
Cargo & Hangar	1,398	1,337	1,437	101	7.5%
Ground Transportation[2]	6,390	5,613	6,521	908	16.2%
Administration	$ 1,073	$ 1,021	$ 1,078	$ 57	5.6%
Total	$ 42,279	$ 37,489	$ 39,890	$ 2,400	6.4%

[1]The Department's staff was reduced by two FTEs.

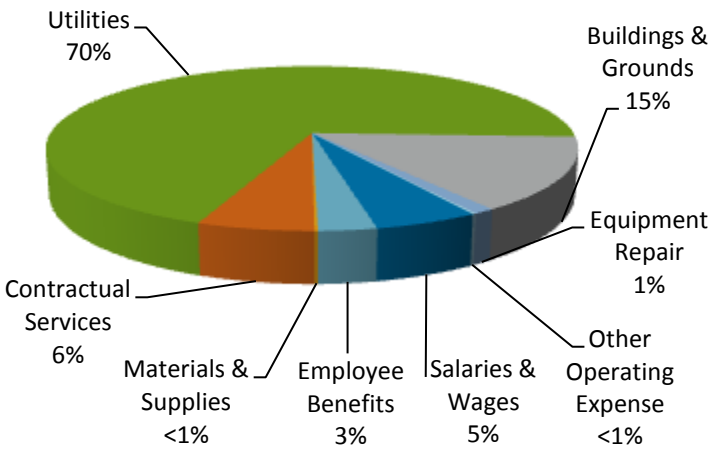
[2]FY 2013 budget increase partially attributed to snow removal expenses for parking decks

[3]The Airport is required to perform an Airfield Pavement Index Study in FY 2013 as required by the FAA once every three years.

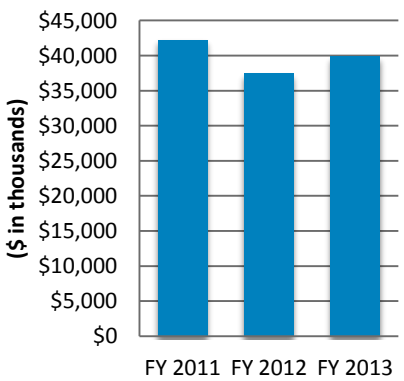
[4]Electricity rates for interruptible service have increased approximately 15% in FY 2012

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



FACILITIES, FIELD & FLEET MAINTENANCE

Overview

Facilities, Field & Fleet Maintenance is responsible for ensuring the airfield, landside grounds and Authority buildings and property are clean, safe and compliant with federal, state and local standards by maintaining signage for a safe traverse of the airfield, roadways and facilities; delivering core trades services (e.g., electrical, plumbing, carpentry, painting); and maintaining the Authority's vehicles and equipment.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 161 full-time employees.

Funds budgeted for **Materials and Supplies** are used for:

- Bulk chemicals for liquid runway deicer, road salt and runway rubber remover
- Miscellaneous supplies that include tools, bolts, screws, nails, hoses, drill bits, saw blades and etc.
- Gasoline and diesel fuel for all airport vehicles

The **Janitorial Services** budget provides for all scheduled and unscheduled janitorial service for ground transportation and the North Terminal.

The largest components of the Department's **Contractual Services** budget are snow removal services for the airfield ramps and landscaping services of all property owned by airport.

The **Buildings and Grounds** budget covers, but is not limited to, funding for the following responsibilities:

- Re-lamping for the North Terminal, L.C. Smith Administration, parking decks and other facilities
- Reflective glass beads, runway latex fast dry marking paint, airfield runway signs and electrical supplies required to maintain the runways and taxiways
- Airfield joint maintenance, removal and replacement
- Spray sealant for asphalt surfaces
- General building supplies for the maintenance and repair of roofing, plumbing, HVAC, fencing, glass and fire alarm systems as performed by the Airport's trades personnel

The Department's **Equipment Repair** budget provides for:

- Parts and supplies for the preventative and corrective maintenance of heavy equipment and vehicles
- Maintenance for elevators and escalators in the ground transportation center

Capital acquisitions budgeted for FY 2013 in **O&M Capital** includes:

- Light vehicles replacements
- Lease purchase payments for heavy equipment
- Installation of four air handlers on top of Building 705
- Robotic camera system for internal visual inspection of piping, conduit and duck work

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 11,283	$ 10,933	$ 10,293	$ (641)	- 5.9%
Employee Benefits[1]	6,511	5,757	5,626	(130)	- 2.3%
Materials & Supplies[2]	2,925	3,707	3,267	(441)	- 11.9%
Janitorial[3]	2,916	3,025	2,407	(618)	- 20.4%
Contractual Services	4,899	2,509	2,387	(122)	- 4.9%
Buildings & Grounds[4]	3,741	2,967	3,588	621	20.9%
Equipment Repair[3]	2,104	2,180	1,963	(218)	- 10.0%
Other Operating Expense	19	50	84	34	68.5%
O&M Capital	3,038	2,444	1,369	(1,075)	- 44.0%
Total Operating Expenses	$ 37,437	$ 33,572	$ 30,984	$ (2,588)	-7.7%
Operating Expenses by Cost Centers					
North Terminal	$ 2,843	$ 2,693	$ 2,567	$ (127)	- 4.7%
South Terminal	(10)	-	-	-	n/a
Airfield	15,246	12,832	12,564	(268)	- 2.1%
Facilities & Maintenance[3]	18,127	16,806	14,552	(2,254)	- 13.4%
Ground Transportation	873	1,129	1,121	(9)	- 0.8%
Total	$ 37,437	$ 33,572	$ 30,984	$ (2,588)	- 7.7%

[1]The Department's staff was reduced by fourteen FTEs.

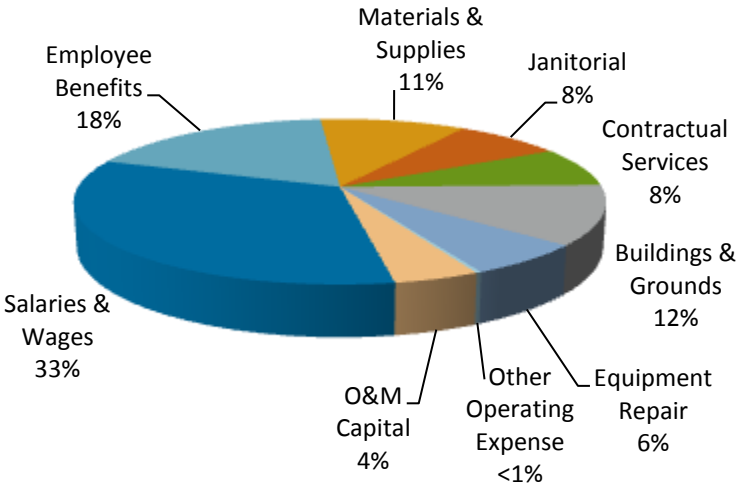
[2]The budget for de-icing fluid has been reduced to reflect declining commodity prices

[3]The responsibility for janitorial, elevator/escalator maintenance and other facility management services has shifted to the newly created Facilities Management & Improvement Department

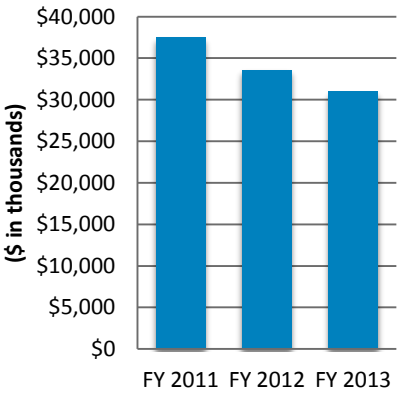
[4]Addition funds for airfield joint removal and seal replacement budgeted for FY 2013

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



LANDSIDE SERVICES

Overview

Landside Services is responsible for delivering on-airport parking and ground transportation services to airport patrons through overseeing the Airport's parking contractor, managing the airport's parking facilities and enforcing ground transportation customer service standards.

Resource Allocation

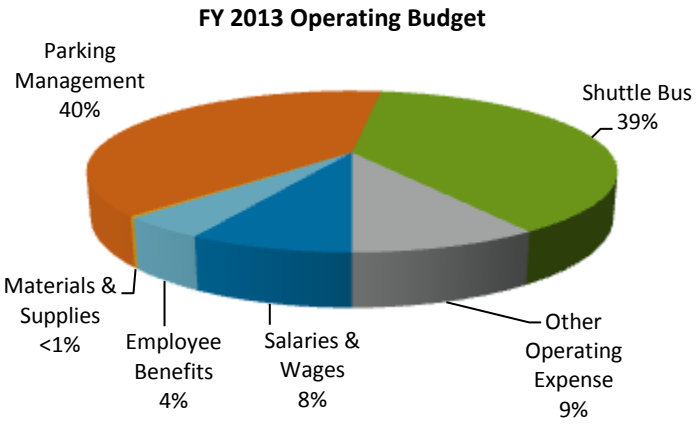
Salaries & Wages and Employee Benefits support a staff of 23 full-time employees.

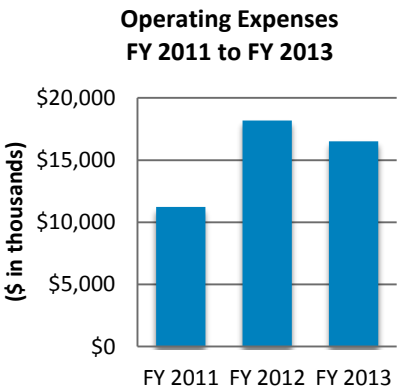
The **Parking Management** and **Shuttle Bus** services are operations contracted to third parties. The parking management contractor operates all parking decks and lots. The shuttle bus service contractor transports passengers between terminals and on-Airport parking locations.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 1,235	$ 1,249	$ 1,324	$ 75	6.0%
Employee Benefits	737	651	723	72	11.1%
Materials & Supplies	22	41	46	5	11.0%
Parking Management[1]	6,794	6,300	6,531	231	3.7%
Shuttle Bus	770	8,400	6,350	(2,050)	- 24.4%
Other Operating Expense	1,661	1,535	1,535	-	0.0%
Total Operating Expenses	$ 11,219	$ 18,175	$ 16,508	$ (1,667)	-9.2%
Operating Expenses by Cost Centers					
Ground Transportation	$ 11,219	$ 18,175	$ 16,508	$ (1,667)	- 9.2%
Total	$ 11,219	$ 18,175	$ 16,508	$ (1,667)	- 9.2%

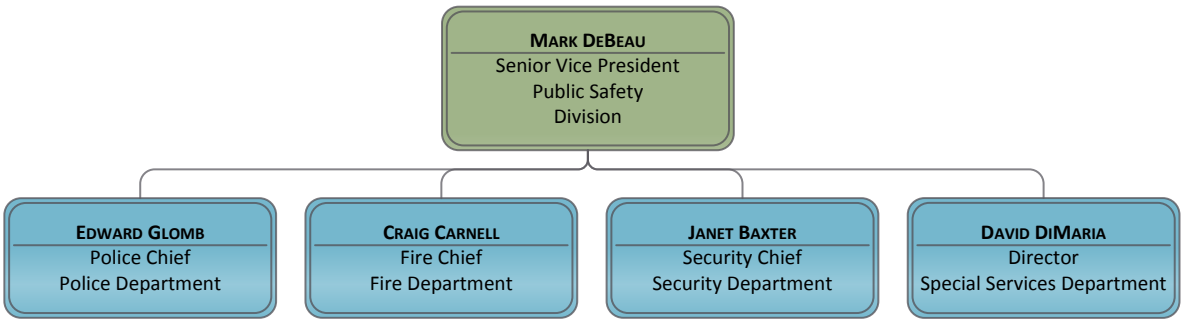
[1]In FY 2012 The responsibility for providing shuttle bud services shifted from Airfield Operations to Landside Services; in FY 2013, shuttle bus service for Delta Airline employees was discontinued

Total may not sum due to rounding





PUBLIC SAFETY DIVISION



Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Public Safety						
Public Safety Administration	6	5	5	5	3	-12.9%
Police	139	112	112	113	107	-5.1%
Fire	66	60	60	60	60	-1.9%
Security	33	27	29	29	30	-1.9%
Special Services	3	3	3	3	3	0.0%
Public Safety Total	**247**	**207**	**209**	**210**	**203**	**-3.8%**

PUBLIC SAFETY ADMINISTRATION

Overview

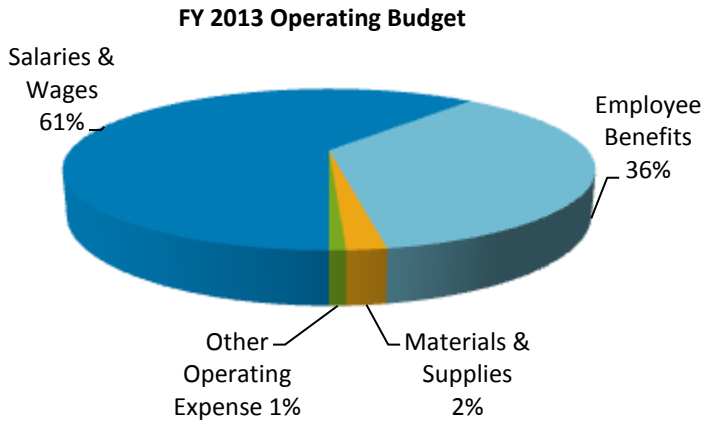
The Public Safety Division is responsible for providing for the safety and security of all airport users and for preserving Authority assets through deployment of police, fire, security and emergency management resources.

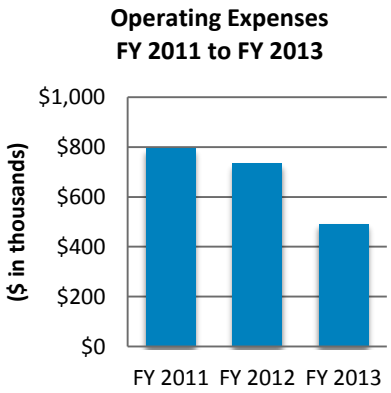
Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 3 full-time employees.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 442	$ 440	$ 301	$ (139)	- 31.6%
Employee Benefits[1]	297	254	178	(76)	- 30.0%
Materials & Supplies	35	27	10	(18)	- 64.6%
Contractual Services	16	-	-	-	n/a
Other Operating Expense	5	13	4	(9)	- 69.7%
Total Operating Expenses	$ 795	$ 734	$ 493	$ (242)	-32.9%
Operating Expenses by Cost Centers					
Public Safety	795	734	493	(242)	- 32.9%
Total	$ 795	$ 734	$ 493	$ (242)	- 32.9%

[1]The Department's staff was reduced by two FTEs.
Total may not sum due to rounding





POLICE

Overview

Police Department is responsible for ensuring the safety and protection of the Airport community through accredited law enforcement and providing professional police and fire dispatch services.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 107 full-time employees.

Funds budgeted for **Materials and Supplies** are used for uniform and dry cleaning services for officers, patrol firearms allowance, vest and ammunition.

On-site professional development services and veterinary services for police dogs are the greatest expenses included in **Contractual Services**.

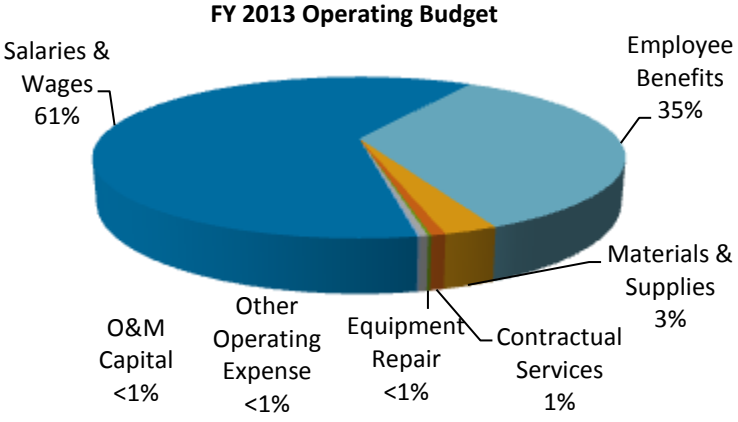
Police Department expenses are off-set by $1.0 million in federal grants for law enforcement activities.

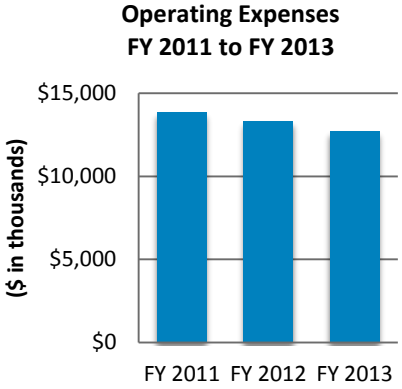
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 8,412	$ 8,243	$ 7,796	$ (447)	- 5.4%
Employee Benefits[1]	4,960	4,429	4,389	(40)	- 0.9%
Materials & Supplies[1]	273	429	335	(93)	- 21.8%
Contractual Services	62	89	88	(1)	- 1.0%
Equipment Repair	4	31	21	(10)	- 31.8%
Other Operating Expense[2]	60	87	48	(40)	- 45.4%
O&M Capital	56	7	16	9	119.2%
Total Operating Expenses	$ 13,827	$ 13,315	$ 12,693	$ (622)	-4.7%
Operating Expenses by Cost Centers					
Public Safety	13,827	13,315	12,693	(622)	- 4.7%
Total	$ 13,827	$ 13,315	$ 12,693	$ (622)	- 4.7%

[1]The Department's staff was reduced by six FTEs; materials and supplies budget adjusted accordingly.

[2]Budget reduction for off-site training; on-site training is funded in Professional Services

Total may not sum due to rounding





SECURITY

Overview

Security Department is responsible for the systems and procedures that Public Safety uses to keep the passengers and employees using or working at the Airport safe while maintaining compliance with Federal regulations and the Authority Security Program.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 30 full-time employees.

Security Guard Services are contracted out to a private security firm.

FBI fingerprinting services are the greatest expense in the **Contractual Services** line.

Funds budgeted for **Equipment Repairs** are used for maintenance and changes to the Security Card Access System (SCAS).

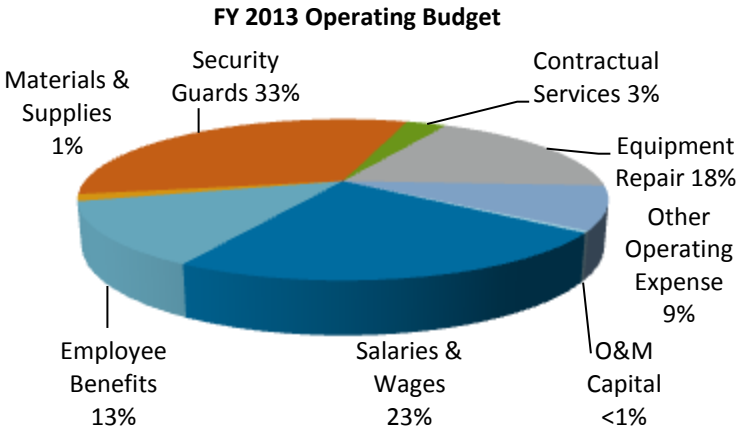
The Credentials Office is located in the North Terminal and the cost recovery to the terminal for the space occupied by Security is budgeted in **Other Operating Expenses.**

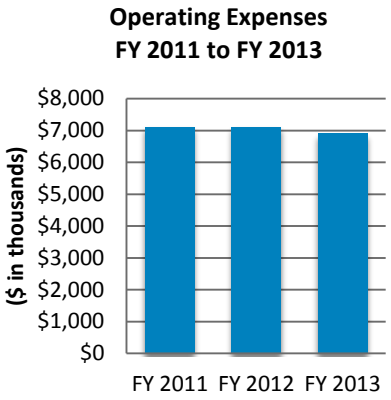
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 1,545	$ 1,580	$ 1,604	$ 24	1.5%
Employee Benefits	913	840	882	42	5.0%
Materials & Supplies	94	116	95	(21)	- 18.0%
Security[1]	2,401	2,524	2,248	(276)	- 10.9%
Contractual Services	235	236	212	(24)	- 10.2%
Equipment Repair	1,336	1,217	1,238	21	1.7%
Other Operating Expense	596	603	601	(2)	- 0.4%
O&M Capital[2]	-	-	28	28	n/a
Total Operating Expenses	$ 7,121	$ 7,116	$ 6,907	$ (209)	-2.9%
Operating Expenses by Cost Centers					
Public Safety	7,121	7,116	6,907	(209)	- 2.9%
Total	$ 7,121	$ 7,116	$ 6,907	$ (209)	- 2.9%

[1]FY 2013 budget reduction attributed closings to check points and reduced hours.

[2]The acquisition of a new fingerprint machine is budgeted for FY 2013.

Total may not sum due to rounding


FY 2013 Operating Budget
Materials & Supplies 1%
Security Guards 33%
Contractual Services 3%
Equipment Repair 18%
Other Operating Expense 9%
O&M Capital <1%
Salaries & Wages 23%
Employee Benefits 13%


Operating Expenses
FY 2011 to FY 2013
($ in thousands)
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
FY 2011
FY 2012
FY 2013

FIRE

Fire Department is responsible for delivering aircraft rescue/firefighting, structural fire suppression, emergency medical services, fire prevention and education in order to maintain the safest environment possible for travelers and airport employees.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 60 full-time employees.

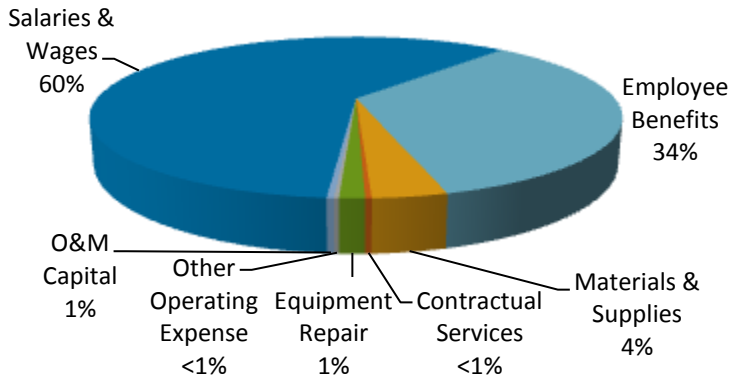
Funds budgeted for **Materials and Supplies** are primarily used to purchases portable propane for the ARFF simulator, extinguishing agents and uniforms.

Under **Equipment Repairs** are expenses associated with the maintenance stretchers, water rescue equipment, hydraulic tools and other of emergency equipment.

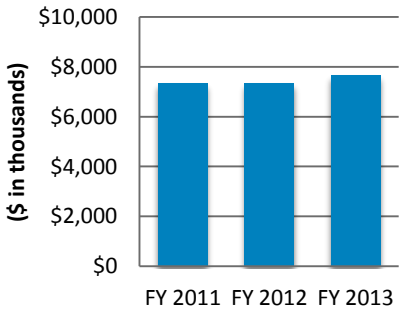
The FY 2013 **O&M Capital** budget plan includes the replacement of self-contained breathing apparatus (SCUBA) gear replacement.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 4,493	$ 4,471	$ 4,611	$ 140	3.1%
Employee Benefits	2,510	2,389	2,611	223	9.3%
Materials & Supplies	219	310	280	(30)	- 9.8%
Contractual Services	9	24	24	-	0.0%
Equipment Repair	66	90	95	5	5.9%
Other Operating Expense	12	25	18	(7)	- 29.1%
O&M Capital	35	22	27	5	22.7%
Total Operating Expenses	$ 7,344	$ 7,331	$ 7,666	$ 335	4.6%
Operating Expenses by Cost Centers					
Fire & EMS	7,344	7,331	7,666	335	4.6%
Total	$ 7,344	$ 7,331	$ 7,666	$ 335	4.6%
Total may not sum due to rounding					

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



SPECIAL SERVICES

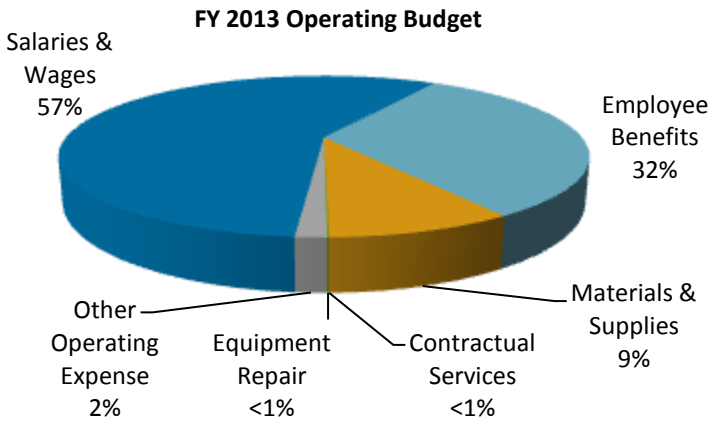
Special Services Department (formerly known as Emergency Management) is responsible for providing preparedness, response and recovery in an Airport emergency. Special Services also oversees professional standards and accreditation for the Public Safety Division for the coordination and integration of professional standards and public safety procedures in addition to all emergency management activities to mitigate against, prepare for, respond to and recover from a natural disaster, act of terrorism or an aircraft emergency.

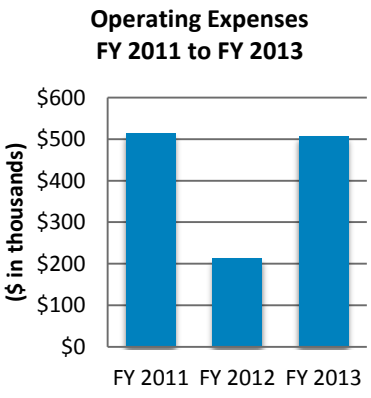
Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 3 full-time employees.

The greatest expenses in **Materials and Supplies** are for memberships, dues, subscription for Mutual Aid Dues, the Commission on Accreditation for Law Enforcement Agencies (CALEA) and Commission on Fire Accreditation International (CFAI) Accreditation.

($ in thousands)	Actual	Budget	Budget	$	%
Operating Expenses by Category					
Salaries & Wages	$ 302	$ 113	$ 291	$ 178	157.1%
Employee Benefits	191	63	162	99	158.2%
Materials & Supplies	17	33	47	14	43.4%
Contractual Services	1	-	-	-	n/a
Equipment Repair	0	1	1	-	0.0%
Other Operating Expense	2	5	8	3	50.0%
Total Operating Expenses	$ 513	$ 214	$ 508	$ 294	137.1%
Operating Expenses by Cost Centers					
Administration	$ 513	$ 214	$ 508	$ 294	137.1%
Total	$ 513	$ 214	$ 508	$ 294	137.1%
Total may not sum due to rounding					





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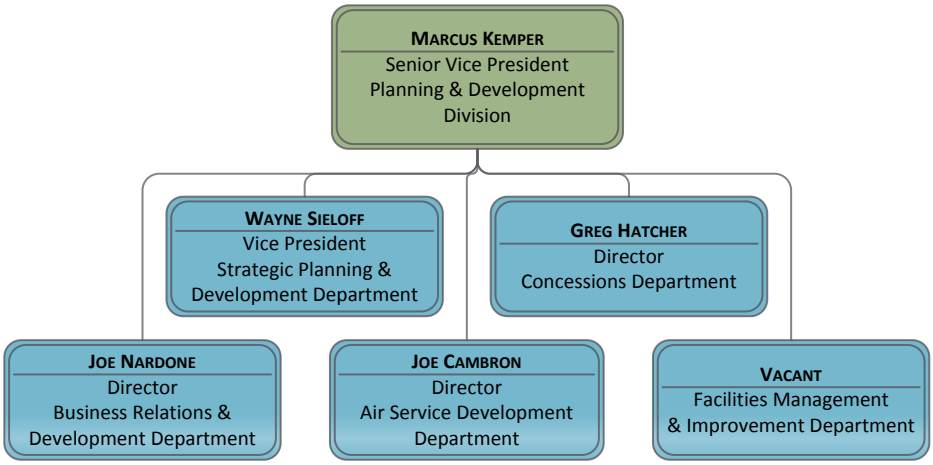
PLANNING & DEVELOPMENT DIVISION



Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Planning & Development Division						
Planning & Development Administration	6	6	2	2	1	-30.1%
Business Relations & Development	5	2	2	2	3	-9.7%
Strategic Planning & Development	2	1	1	1	9	35.1%
Planning, Design & Construction	14	16	19	20	3	-26.5%
Concessions and Quality Services	8	6	6	6	4	-12.9%
Air Service Development	1	1	1	1	1	0.0%
Facilities Management & Development	-	-	-	-	5	N/A
Planning & Development Total	**36**	**32**	**31**	**32**	**26**	**-6.3%**

PLANNING & DEVELOPMENT ADMINISTRATION

Overview

Illustrated in this section is the budget for both the Planning & Development Administration and Business Relations & Development departments. The Administration unit is the office of the Senior Vice President who oversees the air service development, business relations, concessions, facilities management & improvement and strategic planning. The Authority's recent reorganization created a new department for Business Relations and Development that plans, organizes and manages off-terminal non-airline revenue-generating functions. The new Department also absorbs all the responsibilities previously held by Real Estate Services. The combined budgets of both divisions are presented below.

Resource Allocation

Salaries & Wages and Employee Benefits for both Departments support a staff of four full-time employees.

Professional appraisal services are budgeted under **Contractual Services**.

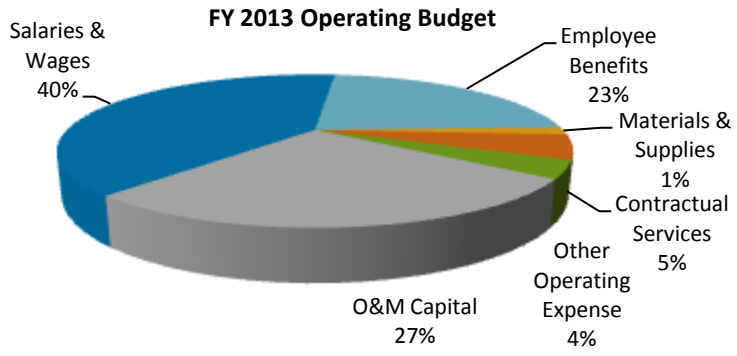
Funds budgeted for **O&M Capital** for rent credit charges for improvements made to facilities by tenants.

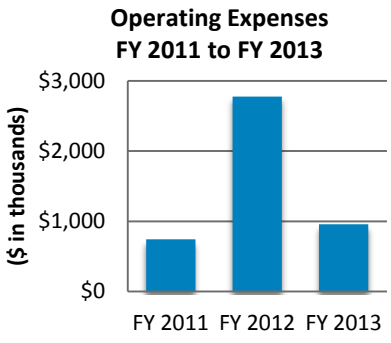
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 239	$ 364	$ 383	$ 19	5.2%
Employee Benefits	145	206	219	13	6.1%
Materials & Supplies	5	-	15	15	n/a
Contractual Services[1, 2]	41	1,950	50	(1,900)	- 97.4%
Other Operating Expense	18	-	36	36	n/a
O&M Capital	296	256	256	-	0.0%
Total Operating Expenses	$ 744	$ 2,776	$ 959	$ (1,817)	-65.5%
Operating Expenses by Cost Centers					
Cargo & Hangar[2]	$ 296	$ 656	$ 256	$ (400)	- 61.0%
Administration[1]	448	2,120	703	(1,417)	- 66.8%
Total	$ 744	$ 2,776	$ 959	$ (1,817)	- 65.5%

[1]The FY 2012 Budget included $1.5 million for on-going airport development contractual services. These functions have remained in-house and are being performed by Authority staff.

[2]The FY 2012 Budget included $400,000 for one-time cargo development projects.

Total may not sum due to rounding





Strategic Planning & Development

Overview

Strategy Management is responsible for overseeing the overall strategy of the Authority, including managing the Authority's Balanced Scorecard, leading the initiative and business planning process, improving customer satisfaction, developing and implementing organization-wide performance improvement programs and benchmarking performance against peer airports.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of 12 full-time employees.

Acquisition for new strategic planning and performance management software is budgeted in **Material & Supplies**.

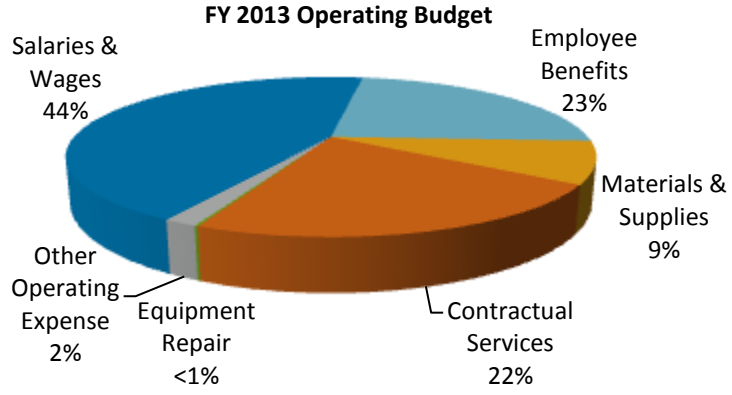
The **Contractual Services** budget includes funding for participation in annual ACI-Airport service quality survey, an Airport economic impact study and professional service for Airport zoning ordinance initiative.

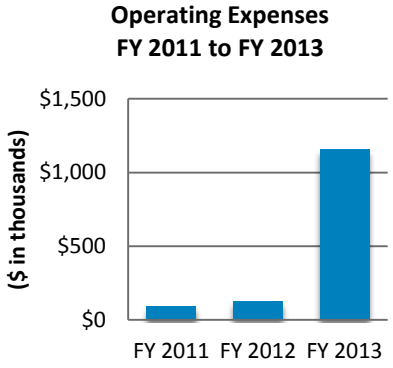
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget[1]	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[2]	$ 33	$ 90	$ 510	$ 420	469.7%
Employee Benefits[2]	8	36	270	234	651.8%
Materials & Supplies	1	-	98	98	n/a
Contractual Services	49	-	256	256	n/a
Equipment Repair	-	-	2	2	n/a
Other Operating Expense	0	-	19	19	n/a
Total Operating Expenses	$ 91	$ 125	$ 1,155	$ 1,030	821.4%
Operating Expenses by Cost Centers					
Administration	$ 91	$ 125	$ 1,155	$ 1,030	821.4%
Total	$ 91	$ 125	$ 1,155	$ 1,030	821.4%

[1] The authority's reorganization in FY 2012 expanded the Department's (formerly known as Strategy Management) responsibilities and moved staff and associated expenses from Planning, Design & Construction.

[2] The Department's staff was increased by eight FTEs.

Total may not sum due to rounding





CONCESSIONS

Overview

Concessions is responsible for delivering a variety of services to the traveling public, airlines and visitors (including food, beverage, retail, duty-free, car rental, in-flight kitchen and fixed-based operator services). The group oversees the design of new and existing venues, manages all related construction and contractual obligations, conducts plan reviews of renovations, and monitors and evaluates existing concession performance.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of four full-time employees.

Funds budgeted for **Contractual Services** are used for:

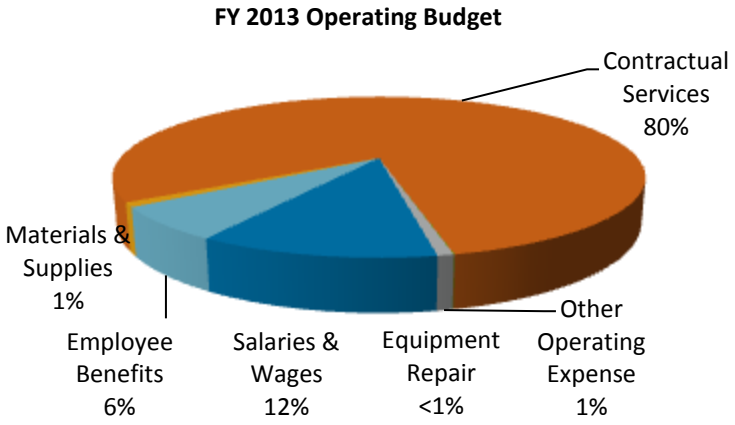
- Consulting services for preparing and reviewing the FY 2013 Food & Beverage Concessions request for proposals (RFPs)
- Dock Master services for both terminals
- Complimentary luggage carts at both terminal for all international passengers

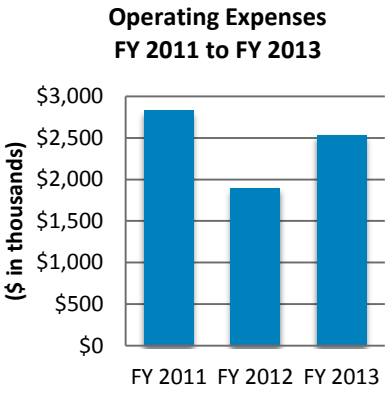
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages[1]	$ 550	$ 488	$ 298	$ (190)	- 38.9%
Employee Benefits[1]	341	261	166	(94)	- 36.2%
Materials & Supplies	6	23	24	1	2.2%
Contractual Services[2]	1,711	1,108	2,031	923	83.3%
Equipment Repair	-	1	1	-	0.0%
Other Operating Expense	221	20	20	(0)	- 1.5%
Total Operating Expenses	$ 2,829	$ 1,901	$ 2,539	$ 639	33.6%
Operating Expenses by Cost Centers					
North Terminal	$ 1,104	$ 1,008	$ 1,132	$ 124	12.3%
South Terminal	511	-	574	574	n/a
Administration	970	843	784	(59)	- 7.0%
Total	$ 2,829	$ 1,901	$ 2,539	$ 639	33.6%

[1]The Department's staff was reduced by two FTEs.

[2]Complimentary luggage carts for international passengers was cut from the FY 2012 budget and restored in FY 2013; includes funding for consulting services for preparing and reviewing the FY 2013 Food & Beverage Concessions RFPs

Total may not sum due to rounding


FY 2013 Operating Budget
Contractual Services 80%
Materials & Supplies 1%
Employee Benefits 6%
Salaries & Wages 12%
Equipment Repair <1%
Other Operating Expense 1%


Operating Expenses
FY 2011 to FY 2013
($ in thousands)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
FY 2011
FY 2012
FY 2013

Air Service Development

Overview

Air Service Development is responsible for improving air service through the development and implementation of research, marketing and media outreach programs. The group focuses on air service development and marketing strategies for the Airport by analyzing aviation industry data and trends which result in recommendations for new and/or improved air service. The group identifies positive air service trends that can be used to enhance the Airport's image in the local community and with connecting passengers.

Resource Allocation

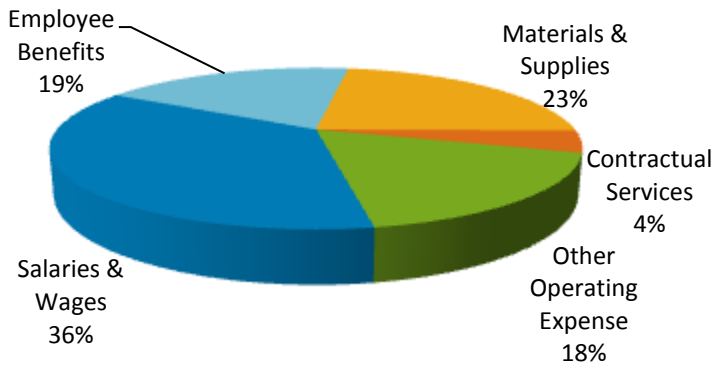
Salaries & Wages and Employee Benefits support a staff of one full-time employee.

Funds budgeted for **Materials & Supplies** are used for industry data subscriptions and software for DIIO and Sabre to support air service development.

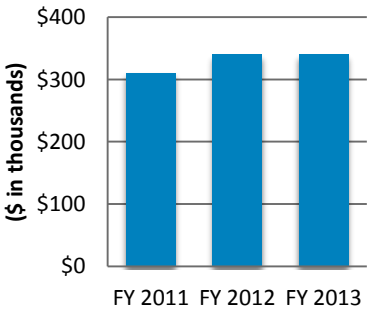
($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ 117	$ 117	$ 123	$ 6	5.3%
Employee Benefits	75	62	65	4	5.7%
Materials & Supplies	75	78	78	-	0.0%
Contractual Services	-	24	15	(9)	- 37.5%
Other Operating Expense	43	60	60	(0)	- 0.7%
Total Operating Expenses	$ 311	$ 340	$ 341	$ 0	0.1%
Operating Expenses by Cost Centers					
Administration	$ 311	$ 340	$ 341	$ 0	0.1%
Total	$ 311	$ 340	$ 341	$ 0	0.1%

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Facilities Management & Improvement

Overview

Facilities Management and Improvement manages existing facilities related project planning, design and construction phases. This also includes environmental testing, bidding, contract award and project initiation processes. The group also administers engineering, construction contracts and facilities maintenance contracts, while establishing and overseeing preventive and corrective facilities maintenance plans. They also provide construction oversight, inspection and material testing.

Resource Allocation

Salaries & Wages and Employee Benefits support a staff of five full-time employees.

Funds budgeted for **Janitorial Services** are used for the janitorial service contract for non-terminal airport facilities and waste removal.

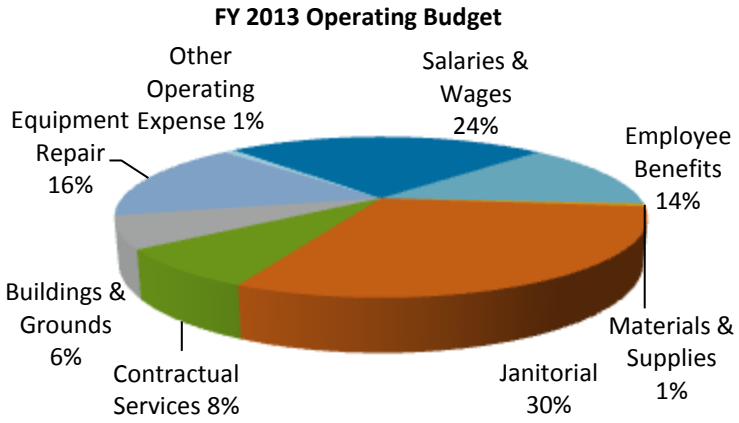
Funds budgeted for **Buildings and Grounds** are used for maintenance and repairs on airport facilities buildings.

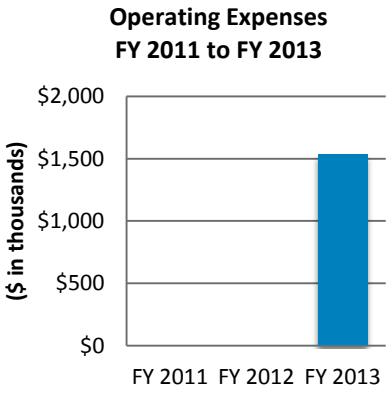
The maintenance and repairs of elevator, escalators and automatic doors for non-terminal facilities are budgeted in the **Equipment Repairs** line.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget[1]	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses by Category					
Salaries & Wages	$ -	$ -	$ 371	$ 371	n/a
Employee Benefits	-	-	209	209	n/a
Materials & Supplies	-	-	9	9	n/a
Janitorial	-	-	468	468	n/a
Contractual Services	-	-	122	122	n/a
Buildings & Grounds	-	-	100	100	n/a
Equipment Repair	-	-	244	244	n/a
Other Operating Expense	-	-	13	13	n/a
Total Operating Expenses	$ -	$ -	$ 1,535	$ 1,535	n/a
Operating Expenses by Cost Centers					
Facilities & Maintenance	$ -	$ -	$ 1,535	$ 1,535	n/a
Total	$ -	$ -	$ 1,535	$ 1,535	n/a

[1]The Department was created in FY 2012; a staff of seven and non-salary resources were reallocated from other departments.

Total may not sum due to rounding


FY 2013 Operating Budget
Other Operating Equipment Repair 16%
Expense 1%
Salaries & Wages 24%
Employee Benefits 14%
Buildings & Grounds 6%
Contractual Services 8%
Janitorial 30%
Materials & Supplies 1%

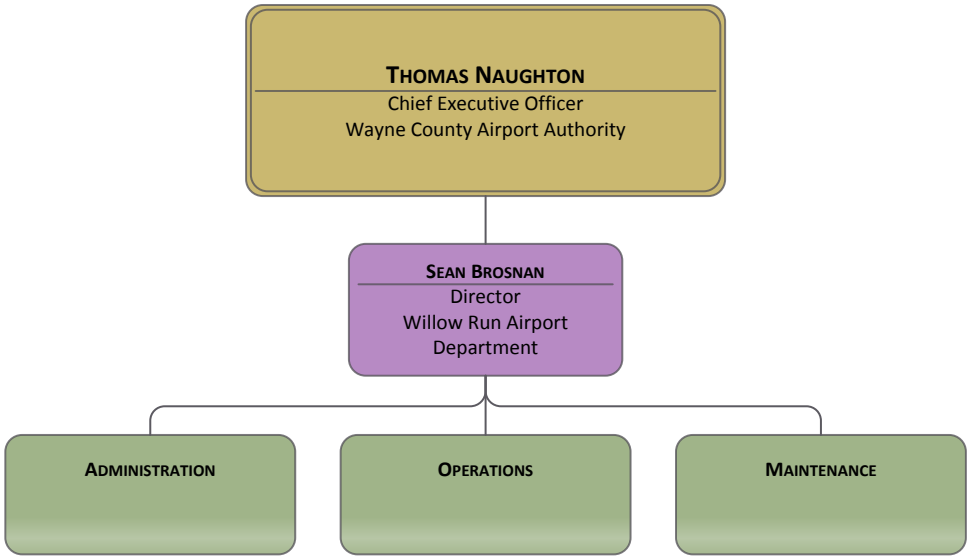

Operating Expenses
FY 2011 to FY 2013
($ in thousands)
$2,000
$1,500
$1,000
$500
$0
FY 2011
FY 2012
FY 2013

WILLOW RUN AIRPORT

Managed by the Wayne County Airport Authority, Willow Run Airport is located seven miles west of the Airport. Occupying 2,600 acres, Willow Run serves cargo, corporate and general aviation clients. The airport offers four runways, 24-hour FAA Tower and U.S. Customs inspections to provide ease of access for its users. Willow Run's runways include ILS all-weather and a crosswind runway. The airport accommodates small private planes, as well as international 747 cargo jets. Cargo, corporate and general aviation clients prefer Willow Run, as it provides the advantages of a larger airport with the conveniences of a smaller facility.

In its National Plan of Airport Systems (NPIAS), the FAA classifies the airport as a reliever. Reliever airports are high-capacity general aviation airports in major metropolitan areas that provide an alternative to more congested commercial service airports. There are 260 airports listed in the NPIAS.

Willow Run Airport handles over 65,000 operations per year. Approximately 200 million pounds of cargo are transferred through the airport annually, making Willow Run the third largest airport in the State of Michigan.



Full Time Employees (FTEs)	FY 2009 Budget	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	Five-Year CAGR
Willow Run Airport						
Administration	3	3	3	3	3	0.0%
Operations	4	1	1	1	1	-24.2%
Maintenance	16	7	7	7	7	-15.2%
Willow Run Airport Total	**23**	**11**	**11**	**11**	**11**	**-13.7%**

WILLOW RUN ADMINISTRATION

Overview

The administration division manages the airport's business affairs, including finance, data collection, leases, procurement, billings and receivables. It develops and implements of Willow Run's Capital Improvement Program, including grant development, plan reviews, construction oversight, master plan updates and environmental assessments. Responsibilities include expanding the marketing reach of airport facilities and services.

RESOURCE ALLOCATION

Salaries & Wages and Employee Benefits support a staff of three full-time employees.

Major expenses budgeted in the **Contractual Services** include the environmental collection of deicing fluid and environmental assessments.

Utilities for all of Willow Run Airport are budgeted in this Department which includes expenses for electricity, water and sewer, gas and steam.

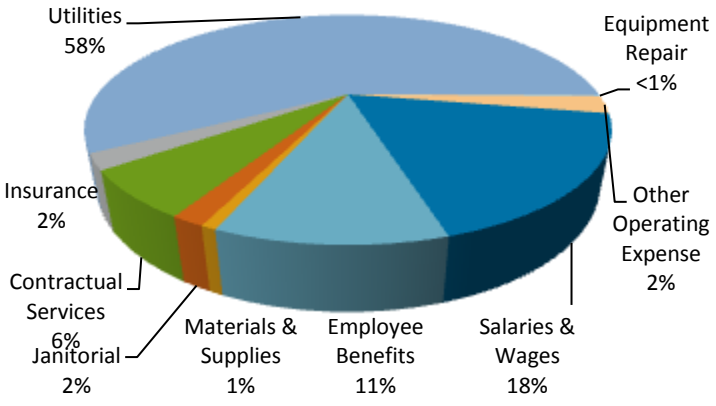
Funds budgeted for **O & M Capital** Acquisition are for a rent credit to National Airline.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses					
Salaries & Wages	$ 198	$ 197	$ 245	$ 47	23.9%
Employee Benefits	125	106	148	42	39.7%
Materials & Supplies	10	12	10	(2)	- 15.0%
Janitorial	21	25	22	(3)	- 12.0%
Contractual Services	98	88	88	-	0.0%
Insurance	35	32	30	(2)	- 6.3%
Utilities[1]	741	1,100	805	(295)	- 26.8%
Equipment Repair	1	3	2	(1)	- 20.0%
Other Operating Expense	14	35	35	-	0.0%
O&M Capital	-	-	125	125	n/a
Total Operating Expenses	$ 1,243	$ 1,597	$ 1,509	$ (88)	-5.5%

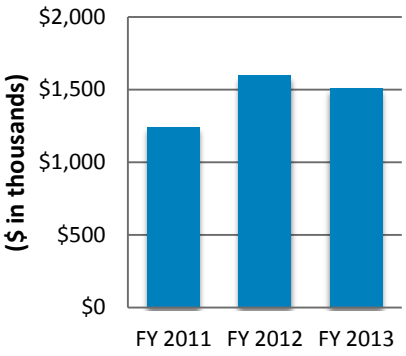
[1]The Airport started to produce its own steam heat in FY 2012; the budget for was lowered according to trend.

Total may not sum due to rounding

FY 2013 Operating Budget



Operating Expenses FY 2011 to FY 2013



Willow Run Operations

Overview

The Department ensures the safety, security and protection of the traveling public and Willow Run community through coordinating the enforcement of all applicable federal and Airport rules and procedures. The Operations Department is responsible for responding to incidents and emergencies (e.g. fire, security, snow removal, construction, special occasions and dignitary details). U.S. Customs inspections of inbound and outbound international aircraft are performed by the Department.

Resource Allocation

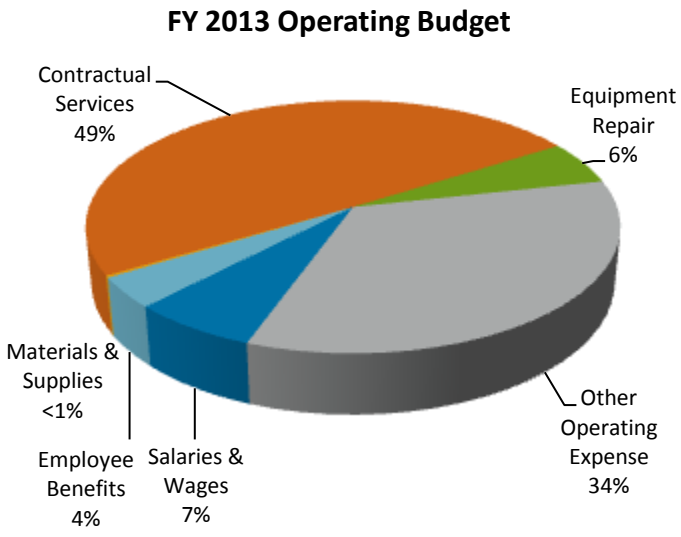
Salaries & Wages and Employee Benefits support a staff of one full-time employee.

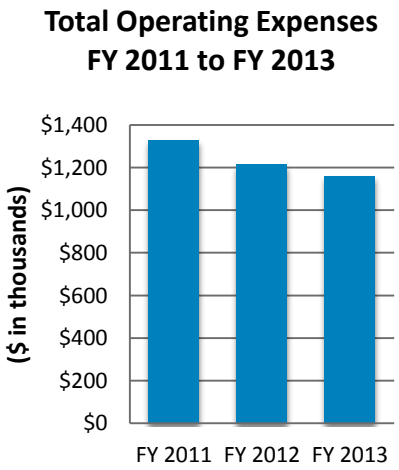
Funds budgeted for **Contractual Services** are used for a chargeback to Detroit Metropolitan Airport for airfield fire fighting services.

U.S. Customs fees are charges to the **Other Operating Expense** budget.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses					
Salaries & Wages	$ 75	$ 62	$ 78	$ 17	26.8%
Employee Benefits	48	33	46	13	38.2%
Materials & Supplies	2	6	3	(3)	- 45.7%
Contractual Services	712	641	576	(65)	- 10.1%
Equipment Repair	66	80	65	(15)	- 18.8%
Other Operating Expense	427	396	396	-	0.0%
Total Operating Expenses	$ 1,331	$ 1,216	$ 1,163	$ (54)	-4.4%

Total may not sum due to rounding





Willow Run Maintenance

Overview

The department is responsible for maximizing the safety, cleanliness and overall quality of the Willow Run Airport grounds, optimizing vendor performance through effective contract management, and performing snow removal and landscaping services.

Resource Allocation

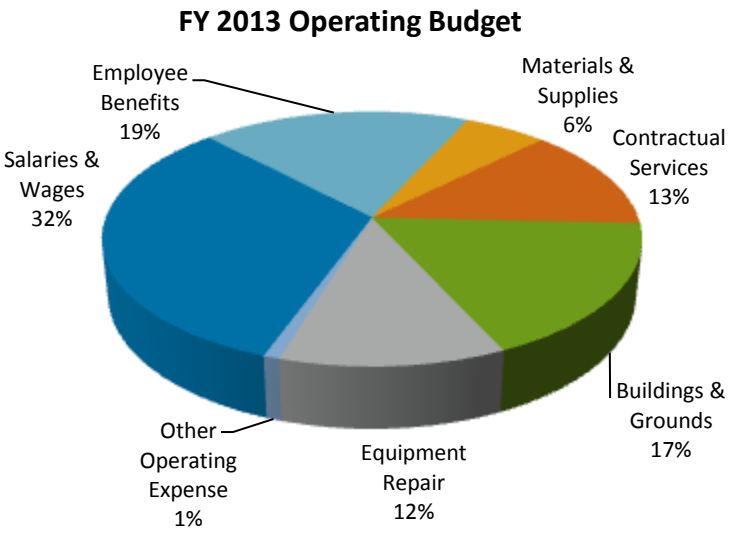
Salaries & Wages and Employee Benefits support a staff of seven full-time employees.

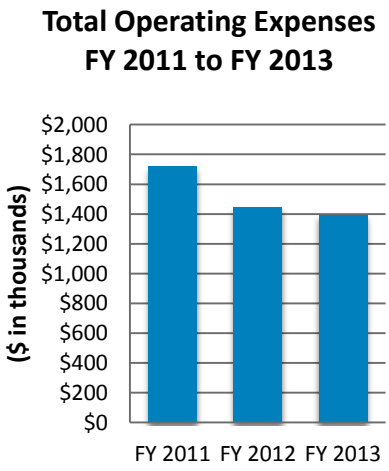
Gasoline and diesel fuel for Willow Run vehicles represent the greatest expense in the **Material and Supplies** budget.

Funds budgeted for **Contractual Services** are used for snow removal and landscaping services.

($ in thousands)	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2012 to FY 2013 Change $	FY 2012 to FY 2013 Change %
Operating Expenses					
Salaries & Wages	$ 522	$ 453	$ 452	$ (2)	- 0.3%
Employee Benefits	302	253	264	10	4.1%
Materials & Supplies	98	89	82	(7)	- 7.9%
Contractual Services	357	173	183	10	5.8%
Buildings & Grounds	246	304	243	(61)	- 20.1%
Equipment Repair	184	167	162	(5)	- 3.0%
Other Operating Expense	13	12	12	-	0.0%
Total Operating Expenses	$ 1,721	$ 1,450	$ 1,396	$ (54)	-3.7%

Total may not sum due to rounding





CAPITAL IMPROVEMENT PROGRAM

OVERVIEW

Major Construction Program

The Authority manages the capital projects at the Airport under a Capital Improvement Program (CIP). The plans for current and future capital projects at the Airport are summarized in a Five Year Plan.

The Five Year Plan is an important tool used for formulating future project financing plans, maximizing federal and state grant opportunities, pro-actively planning for the replacement or reconstruction of essential infrastructure components that are nearing the end of their service life and scheduling and coordinating execution of multiple projects to minimize operational impact.

Definition of Capital Projects

Capital projects are defined as assets with an individual unit cost of $5,000 or greater, with an estimated service life of longer than one year. Capital projects are not consumed by their use. However, they do lose their usefulness over time from age, technical obsolescence and use. The majority of the capital projects in the Five Year Plan are considered "routine" projects for a major airport, including reconstruction of runways and taxiways, rehabilitation of parking decks and roadway improvements. In general, routine capital projects do not affect the annual operating budget. As an example, if a runway is taken out of service to be reconstructed, the maintenance efforts that would have been expended on that runway are reassigned to maintain other portions of the airfield pavement that require attention.

Funding Sources

The Authority's funding sources for the CIP are airport revenue bonds, Passenger Facility Charges (PFCs), federal grants and Authority discretionary funds. Given the multiple funding sources that comprise this plan, board approval of the CIP does not imply that the source of funding has been determined.

The Authority's funding sources for the CIP include, but are not limited to, airport revenue bonds, Passenger Facility Charges (PFCs), grants and discretionary funds. Given the multiple funding sources that comprise this plan, board approval of the CIP does not imply funding as many of the revenues come from grants the Authority anticipates receiving. The Finance Department is responsible for recommending and determining the proper source of funding for capital projects. Interest income earned in a particular capital fund will remain in the same fund where the interest was earned.

Airport Revenue Bonds

The Authority issues airport revenue bonds to finance the cost of capital projects at the Airport and includes the debt service on such bonds in the fees and charges of the airlines, subject to receiving the approval of a weighted majority of signatory airlines for such capital projects as outlined in the airline agreements. Airport revenue bonds have already been issued to fund many of the projects in the Authority's CIP. Other capital projects will require weighted majority approval before the Authority may issue bonds to fund any portion of the costs of these projects.

The Authority is required from time to time to establish borrowing capacity by publishing a notice of intent to issue bonds pursuant to Act 94. Act 94 provides that prior to the issuance of revenue bonds a notice of intent to issue bonds shall be published in a newspaper which has general circulation in the territory of the borrower.

Prior Bonds - The Authority expects to use proceeds totaling approximately $50.0 million from these previous bond sales to fund certain costs of the CIP.

Series 2012 Bonds - The Authority expects to fund approximately $201.9 million in CIP costs with proceeds from the Series 2012A Bonds and Series 2012B Bonds.

Future Bonds - A total of approximately $206.5 million in 2013-2017 CIP project costs are currently anticipated to be funded with the proceeds of future bonds expected to be issued in FY 2014 and FY 2016.

Passenger Facility Charges

Under the Aviation Safety and Capacity Expansion Act of 1990 (the "PFC Act"), the FAA may authorize a public agency, such as the Authority, that controls an airport to impose a PFC of up to $4.50 for each qualifying enplaned passenger at such airport to be used to finance eligible airport-related projects. In order to receive authorization to impose a PFC and use the PFC revenue, the Authority must submit an application requesting that the FAA approve the imposition of a PFC for and the use of PFC revenues on, specific eligible projects described in such application. PFCs are collected on behalf of airports by air carriers and their agents (the "Collecting Carriers") and remitted to the public agency.

Grants

The Federal Aviation Administration (FAA) Airport Improvement Program (AIP) provides federal entitlement and discretionary grants to eligible airport projects. The Authority receives AIP entitlement grants based on (1) levels of funding authorized and appropriated by Congress for the program, (2) the number of passengers and amount of cargo at the Airport and (3) and 75 percent reduction in entitlement grants resulting from the Authority's $4.50 PFC level. The Authority also receives AIP discretionary grant awards for specific projects pursuant to grant applications for such funding and FAA discretionary grant awards, which are a function of amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects. AIP grants are distributed to airport operators on a reimbursement basis.

From time to time the Authority also receives grants from other federal, state and other sources. The Authority expects to apply approximately $66.1 million in federal, state and other grants towards CIP project costs. In June 2012, the Authority received an AIP grant of approximately $20.5 million for a portion of the costs of the reconstruction of Runway 4R/22L and a grant of approximately $3.7 million for a portion of the costs of reconstructing Taxiways F, H and V.

Other Authority Funds

Per the Master Bond Ordinance and in accordance with provisions in the Airline Agreements, amounts from the Airport Development Fund, Airport Renewal and Replacement Fund and the Airport Discretionary Fund and to a lesser degree certain other sources, can be used to fund the costs of capital improvement projects at the Airport. The Authority currently expects to fund approximately $22.9 million in CIP project costs from these sources, with approximately $18.0 million coming from the Airport Development Fund. The remainder of funding from these sources, approximately $4.9 million, is associated with project costs expected to be included in Authority operating budgets and funded through airline rates and charges.

Airport Development Fund

Per the Master Bond Ordinance, a fixed amount in accordance with the Signatory Airline Agreements is transferred from the Operating & Maintenance fund to the Airport Development Fund and applied, at the discretion of the Chief Executive Officer, for any capital to the payment of any capital cost or expense incurred by the Authority for any lawful purpose.

Airport Renewal & Replacement Fund

Per the Master Bond Ordinance, an amount of $500,000 is transferred annually into the Airport Renewal & Replacement Fund (R&R) from the Operating & Maintenance fund. R&R funds may be used for the purpose of paying (a) the costs of completing or replacing capital improvements at the Airport and (b) making repairs, replacements or renovations.

Airport Discretionary Fund

Per the Master Bond Ordinance, an amount of $350,000 is transferred annually into the Airport Discretionary Fund from the O&M fund. Monies received from the sale of assets will be deposited into the Airport Discretionary Fund. Discretionary funds may be used by the Authority for any lawful purpose.

CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2013-2017

Estimated Project Cost & Timing

Figure 41 presents a summary of Airport CIP projects including total estimated project costs by category and anticipated project timing. As shown, approximately $66.6 million of the estimated total cost of the CIP are expected to be spent as of September 30, 2012. FY 2013 estimated CIP expenditures total approximately $137.3 million, including approximately $78.0 million in Airfield project costs. Approximately $123.3 million in CIP expenditures are anticipated to occur in FY 2017 or beyond. Figure 42 presents a summary of the Willow Run CIP which is estimated to cost $185.0 million of which $26.4 is to be spent in FY 2013.

Figure 41: Airport CIP FY 2013 - FY 2017 Estimated Expenditures

($ in thousands)	Total Cost	Estimated Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
Airfield	$ 366,120	$ 51,388	$ 78,020	$ 82,582	$ 7,430	$ 37,400	$ 109,300
Cargo, Hangar & Commercial Development	5,736	-	5,736	-	-	-	-
Bridges & Roadways	15,825	337	850	8,650	1,914	774	3,300
Fleet & Equipment Five-Year Plan	13,400	68	5,867	3,899	3,567	-	-
Heating, Ventilating & Air Conditioning	14,065	3,380	4,685	4,800	450	750	-
Noise Mitigation	11,125	9,925	1,200	-	-	-	-
Parking Decks & Lots	34,060	553	8,145	18,352	7,010	-	-
Power Plant & Electrical	18,025	-	850	10,950	4,575	1,650	-
Roofing	2,030	-	2,030	-	-	-	-
Security & Communications	27,125	34	4,091	3,700	4,800	4,800	9,700
Storm Water System	3,700	-	100	1,550	550	500	1,000
Support Facilities	34,825	875	19,800	12,050	2,100	-	-
Terminals	11,662	-	3,212	2,450	5,000	1,000	-
Water Distribution System	4,000	-	2,750	700	550	-	-
Total	**$ 561,698**	**$ 66,560**	**$ 137,336**	**$ 149,682**	**$ 37,946**	**$ 46,874**	**$ 123,300**

Figure 42: Willow Run CIP FY 2013 - FY 2017 Estimated Expenditures

($ in thousands)	Total Cost	Estimated Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
Airfield	$ 121,027	$ 1,942	$ 17,285	$ 10,250	$ 7,650	$ 2,300	$ 81,600
Fleet & Equipment Five-Year Plan	2,005	28	115	730	680	452	-
Noise Mitigation	42,000	-	-	3,000	3,000	3,000	33,000
Security & Communications	2,000	-	-	-	-	-	2,000
Support Facilities	17,955	25	9,010	5,630	290	-	3,000
Total	**$ 184,987**	**$ 1,995**	**$ 26,410**	**$ 19,610**	**$ 11,620**	**$ 5,752**	**$ 119,600**

Anticipated Funding Sources

Figure 43 and Figure 44 summarize the anticipated funding sources of the CIP for the Airport and Willow Run, respectively. As a result of the forward-looking nature of the program, some of the anticipated funding sources for the projects may not be approved, are subject to future conditions, or are otherwise subject to change.

Figure 43: Airport CIP FY 2013 – FY 2017 Estimated Sources of Funding

($ in thousands)	Total Cost	AIP & Other Grants	Authority Funds	Existing GARBs	Future Bonds	TBD
Airfield	$ 366,120	$ 40,686	$ -	$ 155,259	$ 170,175	$ -
Cargo, Hangar & Commercial Development	5,736	-	5,736	-	-	-
Bridges & Roadways	15,825	-	250	7,575	6,250	1,750
Fleet & Equipment Five-Year Plan	13,400	-	-	13,400	-	-
Heating, Ventilating & Air Conditioning	14,065	1,850	11,215	-	-	1,000
Noise Mitigation	11,125	8,899	-	2,226	-	-
Parking Decks & Lots	34,060	-	2,950	31,110	-	-
Power Plant & Electrical	18,025	-	250	6,000	-	11,775
Roofing	2,030	-	-	2,030	-	-
Security & Communications	27,125	2,125	-	3,100	21,900	-
Storm Water System	3,700	-	2,500	1,200	-	-
Support Facilities	34,825	-	5,650	22,575	5,400	1,200
Terminals	11,662	5,250	3,000	662	2,750	-
Water Distribution System	4,000	-	-	4,000	-	-
Total	**$ 561,698**	**$ 58,810**	**$ 31,551**	**$ 249,137**	**$ 206,475**	**$ 15,725**

Figure 44: Willow Run CIP FY 2013 – FY 2017 Estimated Sources of Funding

($ in thousands)	Total Cost	AIP Grants	MDOT Grants	Authority Funds	Other	TBD
Airfield	$ 121,027	$ 114,643	$ 3,017	$ 1,697	$ -	$ 1,670
Fleet & Equipment Five-Year Plan	2,005	-	-	2,005	-	-
Noise Mitigation	42,000	39,900	1,050	1,050	-	-
Security & Communications	2,000	1,900	50	50	-	-
Support Facilities	17,955	2,850	75	4,119	2,310	8,601
Total	**$ 184,987**	**$ 159,293**	**$ 4,192**	**$ 8,921**	**$ 2,310**	**$ 10,271**

Significant Non-Routine Projects with Impact to Future Operating Budgets

As previously stated, the majority of capital projects in the Five Year Plan are considered routine projects for a major airport and are unlikely to result in material changes to the annual operating budget. Below are descriptions of the non-routine projects that will have an impact on current or future operating budgets, along with a discussion of the expected impact. (Project descriptions for all CIP items start on page 185.)

Cargo, Hangar & Commercial Development Projects (Items Nos. 16-18) – The CIP includes planning and limited design for three economic development projects: South Cargo Handling and Screening Facility, North Cargo Freighter Redevelopment and the Gateway Airport Business/Commercial Development. All three projects are designed to grow cargo, concession and other non-airline revenues. At the moment, these projects are all conceptual and the CIP only provides funding for further analysis and limited planning. The extent of revenue generation to the operating budget is under review.

Parking Deck LED Lighting Installation (Item No. 43) – By installing a Light-Emitting Diode (LED) system in each parking deck, the Authority estimates electricity consumption to reduce by 41 percent. The estimated savings in electrical costs to the Ground Transportation cost center is $877,200 per year by FY 2016.

Building 530 Roof Replacement (Item No. 51) – Building 530 is a hangar previously leased to General Motors. The hangar has been vacant since General Motors' lease expired in 2009. Replacing the roof is a key component of rehabilitating the facility for attracting a new tenant which would increase non-airline revenues by approximately $500,000 per year.

Airport Administration Building (Item No. 64) – The Authority management and administrative staff are currently still housed at the Smith Terminal, occupying only approximately 30 percent of the building. The space not being used requires budget expenditures for heating, cooling, lighting and nominal maintenance. Plans are being developed to provide management and administrative spaces that are both operationally efficient and cost effective. The exact impact to the operating budget cannot be determined at this time as the new facility has not yet been designed but preliminary estimates are as much as $800,000 in annual savings to the O&M Budget.

Demolition of the L.C. Smith & Berry Terminals (Item No. 75) – Both the L.C. Smith and Berry terminals have been de-commissioned since the opening of the North Terminal in 2008. The L.C. Smith Terminal currently houses the Authority's administrative offices, however, is only 30 percent utilized. The Berry Terminal serves no routine function and the Authority is required to maintain the building for life-safety issues. Demolishing both facilities will result in maintenance and utility cost savings.

Runway 14/32 Decommission & Removal (Item No. 83) – The decommissioning and removal of the runway is intended to reduce the airport's size for lower maintenance expenses and future capital needs.

Willow Run Hangar 1 Rehabilitation Projects (Items Nos. 95-105) – Eleven rehabilitation projects to Hangar 1 seek to boost revenue by retaining existing tenants, improve the marketability of unutilized space and lower operational costs.

THE AIRPORT MASTER PLAN

The Authority completed a new 20-year Master Plan for the Airport in 2008 and the FAA accepted the Master Plan on June 18, 2009. The Master Plan's Preferred Development Plan reflects all airfield, terminal, landside/ground access and support facility projects necessary to meet the anticipated demand for air travel over the planning horizon, identified as 2008-2027 in the Master Plan. Master Plan projects not already in the current CIP will be added to the CIP on a phased development basis as demand materializes and funding sources are identified. However, certain projects included in the Master Plan's Preferred Development Plan could be deferred or not otherwise undertaken by the Authority if they are not required or economically justified.

Item No.	Project Description	Estimated Total Cost	Estimate Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
Detroit Metropolitan Airport								
Major Runway Projects								
1	Runway 4R/22L, Western Portion of Runway 9L/27R & Adjacent Taxiways Reconstruction (includes Taxiways Y-11, Y-16 & Y-17)	$ 137,000	$ 48,213	$ 64,000	$ 24,787	$ -	$ -	$ -
2	Airfield Service Road West of Taxiway M Improvements	2,100	200	1,900	-	-	-	-
3	Berry Apron/Remain Over Night Stands & Zipper Road Rehabilitation	620	500	120	-	-	-	-
4	Displacement of Runway 4R Threshold	13,500	105	7,000	6,395	-	-	-
5	Runway 3L/21R & Associated Taxiways Reconstruction (Planning, Environmental Processing and Design only)	8,000	-	2,000	4,000	2,000	-	-
6	Runway 3L/21R Enhancements Planning	700	-	300	400	-	-	-
7	Balance of Taxiway W Reconstruction	27,300	2,370	1,300	22,000	1,630	-	-
8	Eastern Taxiways Reconstruction (includes Taxiways S, S-4, S-5, W-5 and portions of Taxiways F, PP-1, PP-2 and V)	28,400	-	1,400	24,800	2,200	-	-
9	Airfield Pavement Surface Monitoring System Improvements	1,000	-	-	200	800	-	-
10	Southern Portions of Runway 3L/21R & Taxiway M Reconstruction	45,000	-	-	-	-	30,000	15,000
11	Western Portion of Taxiway H Reconstruction	1,800	-	-	-	300	1,200	300
12	Northern Portion of Taxiway G Reconstruction	5,700	-	-	-	500	4,200	1,000
13	Runway 4L/22R Reconstruction - Planning & Design	6,000	-	-	-	-	2,000	4,000
14	Northern Portions of Runway 3L/21R & Taxiways M, P and P-4 Reconstruction (includes M-3, M-4, M-5 & P-5)	75,000	-	-	-	-	-	75,000
15	Southern Portion of Taxiway Z Reconstruction & Relocation	14,000	-	-	-	-	-	14,000
	Airfield Total	**366,120**	**51,388**	**78,020**	**82,582**	**7,430**	**37,400**	**109,300**
Cargo, Hangar & Commercial Development Projects								
16	South Cargo Handling and Screening Facility Development - Planning & Design Only	5,236	-	5,236	-	-	-	-
17	North Cargo Freighter Redevelopment (Buildings 1 & 2) - Planning Only	400	-	400	-	-	-	-
18	Gateway Airport Business/Commercial Development - Planning Only	100	-	100	-	-	-	-
	Total Cargo, Hangar & Commercial Development	**5,736**	**-**	**5,736**	**-**	**-**	**-**	**-**
Power Plant & Electrical Distribution System								
19	Utility Command Center & Remote Metering	6,000	-	250	4,000	1,750	-	-
20	High Voltage Transmission Lines for Primary Service to the North Campus	5,400	-	250	5,150	-	-	-

Item No.	Project Description	Estimated Total Cost	Estimate Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
21	Primary Cable & Switchgear Replacement - Line Up #2 Breaker #1 at North Powerhouse	350	-	350	-	-	-	-
22	Primary Cable & Switchgear Replacement - Centrifugal Chiller & Line Up #1	300	-	-	300	-	-	-
23	North Powerhouse Substation	2,000	-	-	1,500	500	-	-
24	Building 358 & McNamara Deck Substation	1,000	-	-	-	1,000	-	-
25	South Tunnel & Substation	1,000	-	-	-	1,000	-	-
26	Primary Loops 1, 2 & 3 Upgrade & Expansion - Design Only	325	-	-	-	325	-	-
27	Primary Loop No. 1 Expansion	1,650	-	-	-	-	1,650	-
	Electrical Distribution System Total	**18,025**	**-**	**850**	**10,950**	**4,575**	**1,650**	**-**
Fleet & Equipment								
28	Heavy Equipment Acquisitions FY 2013 to FY 2015	10,700	-	3,567	3,567	3,567	-	-
29	Fueling Facility Improvements (Building 703)	1,500	28	1,300	172	-	-	-
30	Replacement of Fuel Tanks & Installation of Fueling Island Canopies near Building #703	1,200	40	1,000	160	-	-	-
	Fleet & Equipment Total	**13,400**	**68**	**5,867**	**3,899**	**3,567**	**-**	**-**
Heating, Ventilating & Air Conditioning (HVAC)								
31	Boilers, Fuel Tanks, Control Room	7,065	3,380	3,685	-	-	-	-
32	Chillers 2 & 4, Rebuild Cooling Tower	2,000	-	400	1,600	-	-	-
33	Secondary Pump Replacement & Condensation Pump Upgrade	2,000	-	300	1,700	-	-	-
34	Powerplant HVAC / Air Handler Replacements	2,000	-	300	1,500	200	-	-
35	Combined Cycle, Waste Heat Boiler, Steam Condenser	1,000	-	-	-	250	750	-
	Heating, Ventilating & Air Conditioning (HVAC) Total	**14,065**	**3,380**	**4,685**	**4,800**	**450**	**750**	**-**
Noise Mitigation								
36	Ground Run-up Facility	11,125	9,925	1,200	-	-	-	-
	Noise Mitigation Total	**11,125**	**9,925**	**1,200**	**-**	**-**	**-**	**-**
Parking Decks & Lots								
37	Automated Vehicle Identification (AVI) System	2,000	148	1,000	852	-	-	-
38	Public Parking Lots & Decks ADA Modifications	1,950	405	1,545	-	-	-	-
39	Green Lot Rehabilitation	3,300	-	300	3,000	-	-	-
40	South Employee Parking Lot Reconstruction	9,300	-	400	6,000	2,900	-	-
41	Blue Parking Deck Rehabilitation - Phase 3	4,140	-	1,200	1,750	1,190	-	-
42	McNamara Parking Deck Rehabilitation	7,750	-	3,500	4,250	-	-	-
43	Parking LED Lighting Installation	5,620	-	200	2,500	2,920	-	-
	Parking Decks & Lots Total	**34,060**	**553**	**8,145**	**18,352**	**7,010**	**-**	**-**

Item No.	Project Description	Estimated Total Cost	Estimate Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
Bridges & Roadways								
44	Dingell Drive Retaining Wall Reconstruction	5,000	-	250	4,750	-	-	-
45	West Service Drive Relocation near Runway 22L Object Free Area	1,500	-	200	1,200	100	-	-
46	East Service Drive Reconstruction (1-94 South Service Drive to Green Lot)	1,800	-	200	1,600	-	-	-
47	West Service Drive Rehabilitation (Checkpoint No. 1 to Fire Station 200)	900	-	100	800	-	-	-
48	West Service Drive Relocation (South of 1-94 South Service Drive)	2,300	311	100	300	1,589	-	-
49	Berry Terminal Roadways Modifications	825	16	-	-	225	584	-
50	Rogell Drive-Dingell Drive Connector	3,500	11	-	-	-	189	3,300
	Bridges & Roadways Total	**15,825**	**337**	**850**	**8,650**	**1,914**	**774**	**3,300**
Roofing								
51	Hangar 530 Roof Replacement	1,430	-	1,430	-	-	-	-
52	Fire Station 100 Roof Replacement	600	-	600	-	-	-	-
	Roofing Total	**2,030**	**-**	**2,030**	**-**	**-**	**-**	**-**
Security & Communications								
53	Advanced Surveillance Program	2,125	34	2,091	-	-	-	-
54	Security System & Network Upgrades - Phase 1	3,100	-	2,000	1,100	-	-	-
55	Security System & Network Upgrades - Phases 2 through 5	21,900	-	-	2,600	4,800	4,800	9,700
	Security & Communications Total	**27,125**	**34**	**4,091**	**3,700**	**4,800**	**4,800**	**9,700**
Storm Water System								
56	Replace Outfall Structure at Pond 4	1,200	-	-	1,200	-	-	-
57	Primary Pump Station 6 Replacement	200	-	100	100	-	-	-
58	Pond 6 Structural Upgrade	2,200	-	-	200	500	500	1,000
59	Pump Station 6 Switchgear Replacement	100	-	-	50	50	-	-
	Storm Water System Total	**3,700**	**-**	**100**	**1,550**	**550**	**500**	**1,000**
Support Facilities								
60	Interim LC Smith Building Improvements	250	50	200	-	-	-	-
61	Control, Dispatch & Emergency Centers Consolidation	8,400	700	6,200	1,500	-	-	-
62	Police Operations Facility Replacement	7,800	125	5,500	2,175	-	-	-
63	Replace & Consolidate Airport Equipment Maintenance & Storage Facilities - Planning Only	400	-	400	-	-	-	-
64	Airport Authority Administration Building	11,000	-	6,000	5,000	-	-	-
65	Building 278 and 280 Demolition	1,575	-	1,300	275	-	-	-
66	Former Flight Kitchen Building 534 Demolition	1,500	-	100	1,400	-	-	-
67	Former Hangar 715 Demolition	400	-	100	300	-	-	-
68	Equipment and Buildings 355, 466 and	100	-	-	100	-	-	-

Item No.	Project Description	Estimated Total Cost	Estimate Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
	507 Demolition							
69	Former Hangar 538 Demolition	400	-	-	300	100	-	-
70	Building 358 (Police Station) Demolition	3,000	-	-	1,000	2,000	-	-
	Support Facilities Total	**34,825**	**875**	**19,800**	**12,050**	**2,100**	**-**	**-**
Terminals								
71	Additional Flight Displays at North Terminal	110	-	110	-	-	-	-
72	Announcement System Improvements at North Terminal	75	-	75	-	-	-	-
73	Westin Interior Public/Valet Public Access Ramp ADA Modifications	3,000	-	2,100	900	-	-	-
74	Interior Wall Replacement at North Terminal	477	-	427	50	-	-	-
75	Demolition of LC Smith & Berry Terminals	8,000	-	500	1,500	5,000	1,000	-
	Terminals Total	**11,662**	**-**	**3,212**	**2,450**	**5,000**	**1,000**	**-**
Water Distribution System								
76	Master Pit 3 to Checkpoint 2 Watermain Replacement	1,750	-	1,750	-	-	-	-
77	Master Meter Pit #1 Area Watermain Replacement	1,000	-	1,000	-	-	-	-
78	Master Meter Pit #4 Area Watermain Replacement	700	-	-	700	-	-	-
79	Legacy Romulus Watermain System Replacement	550	-	-	-	550	-	-
	Water Distribution System Total	**4,000**	**-**	**2,750**	**700**	**550**	**-**	**-**
Detroit Metropolitan Airport Total		**$ 561,698**	**$ 66,560**	**$ 137,336**	**$ 149,682**	**$ 37,946**	**$ 46,874**	**$ 123,300**

Item No.	Project Description	Estimated Total Cost	Estimated Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
Willow Run Airport								
Airfield								
80	Part 150 Study	$ 789	$ 754	$ 35	$ -	$ -	$ -	$ -
81	Taxiway "D" Electrical Improvements	188	188	-	-	-	-	-
82	Runway 5R/23L Design & Reconstruction	30,800	1,000	15,000	7,900	6,900	-	-
83	Runway 14/32 Decommission & Removal	2,200	-	2,100	100	-	-	-
84	Runway 5L/23R Reconstruction	2,400	-	150	2,250	-	-	-
85	Airport Layout Plan Update	350	-	-	-	350	-	-
86	Taxiways "E1" & "E2" Rehabilitation	7,000	-	-	-	150	1,550	5,300
87	Taxilane "B" Rehabilitation	8,000	-	-	-	250	250	7,500
88	Runway 9/27 Reconstruction	31,800	-	-	-	-	500	31,300
89	New Taxiway Parallel East of Runway 5R/23L Construction	17,500	-	-	-	-	-	17,500
90	Taxiway "H" (Former Runway 9R/27L) Narrowing & Reconstruction	20,000	-	-	-	-	-	20,000
	Airfield Total	**121,027**	**1,942**	**17,285**	**10,250**	**7,650**	**2,300**	**81,600**
Fleet & Heavy Equipment Plan								
91	Five Year Fleet & Heavy Equipment Plan	2,005	28	115	730	680	452	-
	Fleet & Heavy Equipment Plan Total	**2,005**	**28**	**115**	**730**	**680**	**452**	**-**
Noise Mitigation								
92	Noise Mitigation Program (5 Year)	30,000	-	-	3,000	3,000	3,000	21,000
93	Ground Run-Up Enclosure Construction	12,000	-	-	-	-	-	12,000
	Noise Mitigation Total	**42,000**	**-**	**-**	**3,000**	**3,000**	**3,000**	**33,000**
Security & Communications								
94	Wildlife Fence Replacement	2,000	-	-	-	-	-	2,000
	Security & Communications Total	**2,000**	**-**	**-**	**-**	**-**	**-**	**2,000**
Support Facilities								
Hangar 1 Rehabilitation								
95	Hangar 1 Non-Office Areas Upgrade	1,540	-	1,000	540	-	-	-
96	Hangar 1 Center Section Air Handler Rebuild	150	-	150	-	-	-	-
97	Hangar 1 4th Floor Air Handler Replacement	450	-	450	-	-	-	-
98	Hangar 1 Floor Drain Lift Station Upgrade	25	-	25	-	-	-	-
99	Hangar 1 Water & Sanitary	1,050	-	500	550	-	-	-
100	Hangar 1 Electrical/Lighting Rehabilitation	2,000	-	1,000	1,000	-	-	-
101	Hangar 1 Ramp Oil/Water Separator Upgrade	35	-	35	-	-	-	-

Item No.	Project Description	Estimated Total Cost	Estimated Spent to 9/30/12	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 through Completion
102	Hangar 1 Office Air Conditioning Replacement	230	-	230	-	-	-	-
103	Hangar 1 Miscellaneous Rehabilitation	120	-	60	60	-	-	-
104	Hangar 1 Fire Suppression System Installation	650	-	650	-	-	-	-
105	Hangar 1 Parking Lot Overlay	800	-	-	800	-	-	-
East Complex Infrastructure Improvements								
106	East Side Obsolete Transformer & Electric Lines Decommissioning	100	-	100	-	-	-	-
107	East Side Water Extension to West Side	500	-	500	-	-	-	-
108	Eastside Water & Sanitary Improvements	1,400	-	900	500	-	-	-
109	Fire Pump Upgrade, East Airfield Buildings	50	-	50	-	-	-	-
110	Install Sanitary Line to DWSD (Ecorse Road)	250	-	-	-	250	-	-
Other Support Facilities								
111	Fuel Farm Improvements	200	-	170	30	-	-	-
112	Maintenance Storage & Snow Equipment Facility Improvements	1,500	-	1,460	40	-	-	-
113	Hangar 2 Demolition	3,250	-	1,600	1,610	40	-	-
114	ARFF Station 700 Improvements	55	25	30	-	-	-	-
115	Oil-Water Separator Installations	600	-	100	500	-	-	-
116	Replacement ARFF Station Design & Construction	3,000	-	-	-	-	-	3,000
Support Facilities Total		**17,955**	**25**	**9,010**	**5,630**	**290**	**-**	**3,000**
Willow Run Airport Total		**$ 184,987**	**$ 1,995**	**$ 26,410**	**$ 19,610**	**$ 11,620**	**$ 5,752**	**$ 119,600**

PROJECT DESCRIPTIONS

Item No.	Project	Description
Detroit Metropolitan Airport		
Major Runway Projects		
1	Runway 4R/22L, Western Portion of Runway 9L/27R & Adjacent Taxiways Reconstruction (includes Taxiways Y-11, Y-16 & Y-17)	This project consists of the construction related efforts necessary to address the deteriorated pavement of Runway 4R/22L and its connector taxiways and associated systems. In addition, this project consists of construction related efforts to fully reconstruct the western end Runway 9L and its associated taxiways.
2	Airfield Service Road West of Taxiway M Improvements	This project consists of the planning, design and construction efforts necessary to improve the airfield service road located west of Taxiway M between Taxiway F and Taxiway J. The project includes construction of an asphalt pavement road in the general location of the existing gravel road, drainage improvements and geometry improvements in order to improve ARFF access to the center of Runway 9R/27L.
3	Berry Apron/Remain Over Night Stands & Zipper Road Rehabilitation	This project consists of the planning, design and construction efforts necessary to address the airfield pavement and aircraft parking located west of the Berry Terminal. This rehabilitation project will mill and pave this existing airfield pavement to allow for its continued use for remain over night (RON) aircraft parking.
4	Displacement of Runway 4R Threshold	This project will provide all necessary planning, engineering and construction services to displace the Runway 4R/22L Threshold north by approximately 509 linear feet. The project includes reconfiguration of Taxiways Y-1, Y-2, J and T pavement requiring taxiing and queuing aircraft for Runway 4R/22L.
5	Runway 3L/21R & Associated Taxiways Reconstruction (Planning, Environmental Processing and Design only)	This project involves completion of the necessary environmental study and related efforts required by the National Environmental Policy Act (NEPA) and related to the selected aspects of the enhancement of Runway 3L/21R planning project.
6	Runway 3L/21R Enhancements Planning	This project consists of conducting a feasibility study of possible enhancements to Runway 3L/21R. This study includes examination of the operational benefit of improving the runway by evaluating alternatives for extending Runway 3L/21R. The study also includes examination of improvements to centerline lighting, navigational aids of at least CAT I at both ends of the runway, drainage, lighting, shoulders, pavement markings, signs, and blast pads. The addition of a hold pad northeast of Runway 21R is also included in the study.
7	Balance of Taxiway W Reconstruction	This project consists of the design and construction efforts to complete the reconstruction of Taxiway W.

		This project includes approximately 7,600 linear feet of the northerly portion of Taxiway W.
8	Eastern Taxiways Reconstruction (includes Taxiways S, S-4, S-5, W-5 and portions of Taxiways F, PP-1, PP-2 and V)	This project consists of the design and construction efforts necessary to address the deteriorated Taxiway S, S-4, S-5, W-5 and portions of Taxiways F, PP-1, PP-2 and V pavement and associated systems.
9	Airfield Pavement Surface Monitoring System Improvements	This project consists of the planning, design and construction efforts necessary to upgrade and expand the airfield pavement surface monitoring system. This project will replace the system's hardware and software as well as install additional pavement sensors within critical areas of airfield pavement. Once complete, the system will provide improved and additional real-time data to assist in the snow and ice treatment of airfield pavement.
10	Southern Portions of Runway 3L/21R & Taxiway M Reconstruction	This project consists of construction related efforts required for the reconstruction of the Southern Portion of Runway 3L/21R and Taxiway M located south of Runway 9L/27R and Taxiway F east of Runway 3L/21R.
11	Western Portion of Taxiway H Reconstruction	This project consists of the design and construction efforts necessary to address the remaining deteriorated concrete pavement of Taxiway H near Runway 4R/22L.
12	Northern Portion of Taxiway G Reconstruction	This project consists of the design and construction efforts necessary to address the deteriorated Taxiway G pavement and associated systems between Runway 9L/27R and Taxiway V and Taxilane G north of Taxiway V. Necessary geometry modifications of this taxiway connector are also included in this project.
13	Runway 4L/22R Reconstruction - Planning & Design	This project consists of planning and design related efforts required for the reconstruction of the Runway 4L/22R and its associated taxiways.
14	Northern Portions of Runway 3L/21R & Taxiways M, P and P-4 Reconstruction (includes M-3, M-4, M-5 & P-5)	This project consists of the planning, design and construction efforts necessary for the reconstruction of Runway 3L/21R, Taxiways M, P and P-4 which are located north of Runway 9L/27R.
15	Southern Portion of Taxiway Z Reconstruction & Relocation	This project consists of the planning and construction related efforts necessary to reconstruct existing shoulder pavement and relocate the portion of Taxiway Z south of the FedEx facility to allow for the simultaneous operations of Taxiway Z south of FedEx and Runway 4R/22L in Cat II/III conditions.
Cargo, Hangar & Commercial Development Projects		
16	South Cargo Handling and Screening Facility Development - Planning & Design Only	This project will provide all necessary planning and design services to develop a new passenger aircraft cargo handling and screening facility north of Eureka Road and west of Dingell Drive. This project includes construction of a 90,000 square foot building with 20 truck docks and 18,000 square yards of AOA exterior cargo staging ramp, 30,000 square feet of covered

		exterior storage, utilities, three new culverts over existing drains to allow for construction of truck access roads and improvements to the non-AOA and AOA service drives. Included in this project are Eureka Road improvements such as additional road width for left turn queuing, relocation of an EB to WB road crossover, traffic signal improvements, etc.
17	North Cargo Freighter Redevelopment (Buildings 1 & 2) - Planning Only	This project will provide all necessary planning to develop two new cargo facilities up to 200,000 square feet in size, rehabilitate the aircraft apron pavement to accommodate up to two (2) ADG V aircraft. The development of the proposed site currently occupied by Airport maintenance and storage facilities will require development of a new AOA service road, relocation of the West Service Drive and other necessary site improvements. The replacement of dislocated maintenance and storage facilities is listed as a separate project (Item No. 63).
18	Gateway Airport Business/Commercial Development - Planning Only	This project will provide all necessary planning to develop up to 75,000 square feet of single-story offices and commercial facilities, utility modifications and expansions, parking pavement and other necessary site improvements such as landscaping. This project also includes the relocation of the SB Rogell Drive, construction of a new bridge over Rogell Drive to connect the East and West Service Drives, reconstruction and relocation of the portion of the West Service Drive between Checkpoint No. 1 and Burton Drive and modifications of the Berry Terminal roadway in order to maintain access to the North Terminal truck docks.
Power Plant & Electrical Distribution System		
19	Utility Command Center & Remote Metering	This project is includes all planning, engineering and construction services to develop a Utility Command Center and Remote Metering system with the capability of electronically monitoring consumption of electrical power, steam, chilled and drinking water.
20	High Voltage Transmission Lines for Primary Service to the North Campus	This project includes all planning, engineering and construction services required to replace the primary electricity medium voltage (40,000V) feeders that supply the Airport's North Campus with high voltage (120,000V) transmission lines.
21	Primary Cable & Switchgear Replacement - Line Up #2 Breaker #1 at North Powerhouse	This project will replace worn and vulnerable sections of our primary electrical distribution systems electrical cables which are at or beyond their rated service life and renovate McNamara parking deck switchgear. This project addresses approximately 35,000 feet of primary cable and renovation of the 12 year-old McNamara Parking Deck switchgear.
22	Primary Cable & Switchgear Replacement - Centrifugal Chiller & Line Up #1	This project consists of the design and construction efforts necessary to replace the electrical cable and

		switchgear at Centrifugal Chiller & Line Up #1 at North Powerhouse.
23	North Powerhouse Substation	This project includes all planning, design and construction efforts necessary to complete required improvements to the North Powerhouse electrical substation.
24	Building 358 & McNamara Deck Substation	This project consists of the design and construction efforts necessary to complete required improvements to the Building 358 and McNamara Deck electrical substation.
25	South Tunnel & Substation	This project includes all planning, engineering and construction efforts necessary to complete required improvements to the South Tunnel and its electrical substation.
26	Primary Loops 1, 2 & 3 Upgrade & Expansion - Design Only	This project includes all necessary engineering consulting services to develop the scope of work, specifications and drawings, schedules and detailed construction cost estimates in support of the electrical loop serving the Airport's North Campus.
27	Primary Loop No. 1 Expansion	This project consists of the construction efforts necessary to complete the replacement and expansion of electrical Primary Loop 1.
Fleet & Equipment		
28	Heavy Equipment Acquisitions FY 2013 to FY 2015	This item is the Airport's five-year fleet and equipment replacement program. Fiscal years 213 to 2015 have been funded through GARBs.
29	Fueling Facility Improvements near Building 703	This project will provide all necessary planning, environmental, design/engineering and construction efforts necessary to replace the gasoline and diesel fuel tanks at the Airport's central vehicular and equipment fueling facility located near Building #703.
30	Replacement of Fuel Tanks & Installation of Fueling Island Canopies	This project is coordinated with the project listed above. It provides all necessary planning, environmental, design/engineering and construction efforts necessary to as well as install canopy structures over the fueling islands at the Airport's central vehicular and equipment fueling facility located near Building #703. Removal of the existing underground fuel storage tanks also will be completed within this project.
Heating, Ventilating & Air Conditioning (HVAC)		
31	Boilers, Fuel Tanks, Control Room	This project consists of updates to the North Complex Power Plant that include the replacement of boilers, condensate tank, de-aerating, fuel oil tanks and associated pumps, controls and indicators.

32	Chillers 2 & 4, Rebuild Cooling Tower	This project rebuilds the chillers and the cooler tower that furnish HVAC service at the North Power Plant.
33	Secondary Pump Replacement & Condensation Pump Upgrade	This project rebuilds pumps that furnish HVAC service at the North Power Plant.
34	Powerplant HVAC / Air Handler Replacements	This project will provide all design, engineering and construction necessary to replace air handlers, air conditioners and exhaust fans serving the North Power Plan and Utility tunnels connecting to the Blue Deck, North Terminal and LC Smith Building. The project scope includes the installment of DDC controlled units with variable frequency driven fans to conserve energy and tied into the Siemens Apogee system for monitoring and control.
35	Combined Cycle, Waste Heat Boiler, Steam Condenser	The acquisition of equipment to recycle steam and improve the efficiency of HVAC production at the North Power Plant.
Noise Mitigation		
36	Ground Run-up Facility	This project consists of the design and construction of a Ground Run-Up Enclosure (GRE) Facility. This project will develop a structure that uses acoustical dampening principles to reduce the noise impacts of aircraft engine ground run-ups. Aircraft engine ground run-ups are routine aircraft engine maintenance tests which require the operation of an engine at high power for extended periods of time generating continuous elevated noise levels.
Parking Decks & Lots		
37	Automated Vehicle Identification (AVI) System	This project includes the design and installation efforts necessary to provide an automatic commercial vehicle tracking system to monitor and document commercial vehicle utilization of the Airport's roadway system. This allows WCAA to more accurately charge commercial vehicles for using the Airport's roadways.
38	Public Parking Lots & Decks ADA Modifications	This project consists of the design and construction efforts necessary to modify and improve the pavement, existing emergency lighting and associated systems of the parking decks and lots to provide greater accessibility for its users.
39	Green Lot Rehabilitation	This project consists of the planning, design and construction efforts necessary to improve this existing public parking lot pavement and associated systems. This project will be engineered as full depth reclamation which will grind and mix the existing pavement with cement and asphalt emulsion, grading and compacting prior to installation of a surface asphalt course.

40	South Employee Parking Lot Reconstruction	This project consists of the planning, design and construction efforts necessary to improve this existing employee parking lot pavement and associated systems. This project will be engineered as full depth reclamation which will grind and mix the existing pavement with cement and asphalt emulsion, grading and compacting prior to installation of a surface asphalt course.
41	Blue Parking Deck Rehabilitation - Phase 3	This project consists of the design/engineering and construction efforts necessary to replace the metal deck roofs, restore eight stair towers and improve emergency lighting within the deck.
42	McNamara Parking Deck Rehabilitation	This project consists of the design/engineering and construction efforts necessary to replace expansion joints throughout this parking structure and install a roof coating on the portions of parking garage levels 6, 7, 8, 9 and 10 that are exposed to the weather. This project also includes restoration of the public stair towers.
43	Parking LED Lighting Installation	This project consists of the design/engineering and construction services necessary to install approximately 7,000 Light Emitting Diode (LED) fixtures and remove the existing high-pressure sodium (HPS) light fixtures at both the Blue and McNamara Parking structures. Once complete, this project will provide better illumination, provide longer lamp service life and consume approximately half of the energy utilized by existing fixtures. Necessary improvements to the light fixture components (wiring, conduit, etc.) also will be completed within this project.
Bridges & Roadways		
44	Dingell Drive Retaining Wall Reconstruction	This project consists of the design, engineering and construction services necessary to address concrete deficiencies in the retaining walls along Dingell Drive.
45	West Service Drive Relocation near Runway 22L Object Free Area	This project consists of the design and construction efforts necessary relocate portions of the West Service Drive. The existing concrete and asphalt if the roadway has exceeded its useful life. Rather than rebuild the existing sections, the roadway is being relocated to provide for future cargo facilities development.
46	East Service Drive Reconstruction (1-94 South Service Drive to Green Lot)	This project consists of the design and construction efforts necessary to address portions of the deteriorated concrete and asphalt roadways of the East Service Drive.
47	West Service Drive Rehabilitation (Checkpoint No. 1 to Fire Station 200)	This project consists of the design and construction efforts necessary to address portions of the deteriorated concrete and asphalt roadways of the West Service Drive.
48	West Service Drive Relocation (South of 1-94 South	This project consists of the design and construction

	Service Drive)	efforts necessary to address portions of the deteriorated concrete and asphalt roadways of the West Service Drive.
49	Berry Terminal Roadways Modifications	This project consists of the design and construction efforts necessary to modify and improve the roads near the Berry Terminal.
50	Rogell Drive-Dingell Drive Connector	This project consists of the design and construction of a vehicular access ramp from northbound Rogell to southbound Dingell Drive.
Roofing		
51	Hangar 530 Roof Replacement	This project consists of roof replacement of Building 530 (formerly the General Motors hangar) required to extend the useful life of the property.
52	Fire Station 100 Roof Replacement	This project will provide all necessary planning, environmental, design/engineering and construction efforts necessary to remove and replace the roofing components and systems at Fire Station 100.
Security & Communications		
53	Advanced Surveillance Program	This project consists of the design and installation efforts necessary to provide an advanced security surveillance system.
54	Security System & Network Upgrades - Phase 1	This project will provide all necessary field investigation, surveying and testing of security network system components and the development of a comprehensive conceptual master plan and probable cost projections for systematic phased upgrade of the security systems and network throughout the airport's campus. Additionally, this project includes all necessary design/engineering and construction services necessary to improve network switching capability at the McNamara and North Terminals in order to support improvements/upgrades of the camera system and other systems. Fiber optic network improvements and installation of additional ductbanks in the central area of the Airport and connection of the terminals to the primary security system also are included this project.
55	Security System & Network Upgrades - Phases 2 through 5	This project is the continuation of Item No. 54. It will provide all necessary field investigation, surveying and testing of security network system components as identified in the security system master plan to be undertaken in Phase 1.

Storm Water System		
56	Replace Outfall Structure at Pond 4	This project consists of the design and construction of a replacement storm system outfall structure at Pond 4.
57	Primary Pump Station 6 Replacement	This project consists of the replacement of equipment and pumps at Pond 6 that have reached their useful life.
58	Pond 6 Structural Upgrade	This project rebuilds the perimeter dam surrounding Pond 6 which is periodically required due to erosion of the existing asset.
59	Pump Station 6 Switchgear Replacement	This project consists of the replacement of electrical equipment for pumps at Pond 6 that have reached their useful life.
Support Facilities		
60	Interim LC Smith Building Improvements	This project consists of the design and construction efforts necessary to make interim improvements for safety and security to LC Smith Building.
61	Control, Dispatch & Emergency Centers Consolidation	This project consists of the planning, environmental, engineering and construction efforts necessary to replace and consolidate the police dispatch center, the airfield operation's dispatch center, the security control center and the emergency management centers located at the Airport into a single facility. The project includes the construction of a replacement facility, installation of associated systems, infrastructure and equipment to allow for continued operation of the existing centers until commissioning of the consolidated center is complete.
62	Police Operations Facility Replacement	This project consists of the planning, environmental, engineering and construction efforts necessary to replace the existing Police Building #358, which was originally constructed in 1949. The project includes the construction of a replacement facility as well as installation of associated systems, infrastructure and equipment to allow for continued operation of the existing police building until commissioning of the new facility is complete.
63	Replace & Consolidate Airport Equipment Maintenance & Storage Facilities - Planning Only	This project will provide all necessary planning services to develop a new 180,000 square foot Airport Maintenance Equipment Storage Facility, renovate and expand the existing maintenance offices, stores, and trade shops facility (Building 703) to allow for consolidation of maintenance equipment storage and repair functions. This project includes the relocation of the West Service Drive to a location west of the former North Employee Parking Lot, removal of former Goddard Road Extension, relocation of a portion of the existing fuel line near the West Service Drive, expansion and extension of utilities, vehicle and equipment paving and other site improvements

		including providing a new access point to the AOA for snow removal equipment. Demolition of Buildings 704, 705 and 711 will be completed within this project, after operations have been moved to the new facilities.
64	Airport Authority Administration Building	This project consists of the planning, design and construction of the Authority's Administrative Building adjacent to the North Terminal. The Authority management and administrative staff are currently still housed at the de-commissioned LC Smith Terminal, occupying only approximately 30 percent of the building. The space not being used requires budget expenditures of heating, cooling, lighting and nominal maintenance.
65	Building 278 and 280 Demolition	This project consists of the demolition and environmental remediation efforts to address the removal of building 278 & 280. In addition, this project includes the design and construction efforts necessary to restore the area with asphalt pavement and appropriate drainage.
66	Former Flight Kitchen Building 534 Demolition	This project consists of the demolition efforts related to demolition of Building 534.
67	Former Hangar 715 Demolition	This project consists of the demolition efforts related to demolition of Building 715.
68	Equipment and Buildings 355, 466 and 507 Demolition	This project consists of the demolition efforts related to demolition of Building 355, 466 and 507.
69	Former Hangar 538 Demolition	This project consists of the demolition efforts related to demolition of Hangar 538.
70	Building 358 (Police Station) Demolition	This project consists of the demolition efforts related to demolition of Building 358 (Police Station).
Terminals		
71	Additional Flight Displays at North Terminal	This project consists of the planning, design and construction efforts necessary to install Flight Information Displays in the concourse near the passenger security checkpoints.
72	Announcement System Improvements at North Terminal	This project consists of the planning, design, and construction efforts to improve the announcement system at the North Terminal to provide visual paging service.
73	Westin Interior Public/Valet Public Access Ramp ADA Modifications	This project includes the evaluation and design necessary to modify the existing interior public/valet public access ramp to comply with current ADA requirements.
74	Interior Wall Replacement at North Terminal	This project consists of the planning, design and construction efforts necessary to replace the deteriorating panel system with a more durable wall finish system.
75	Demolition of LC Smith & Berry Terminals	This project consists of the demolition and environmental remediation efforts to address the

		removal of the L.C. Smith and Berry Terminal Buildings. In addition, this project includes the design and construction efforts necessary maintain appropriate drainage.
Water Distribution System		
76	Master Pit 3 to Checkpoint 2 Watermain Replacement	This project consists of the design/engineering and construction services necessary to replace portions of 12-inch watermains that tie into the meter pits and completes the loop system to provide volume demands driven by the Power Plant, North Terminal, Cargo and Maintenance facilities.
77	Master Meter Pit 1 Area Watermain Replacement	This project consists of the design/engineering and construction services necessary to replace portions of various sizes of watermain that tie to Master Meter Pit 1 which provides over 50% of high-demand volume for the North segment of the Airport's every day load. This includes buildings such as the North Terminal, Power Plant, Parking Deck, Flight Kitchen, L. C. Smith and all Cargo and Maintenance Hangars.
78	Master Meter Pit 4 Area Watermain Replacement	This project consists of the design/engineering and construction services necessary to replace portions of various sizes of watermain critical to future development and additional volume and pressure for the Southern portions of the Airport.
79	Legacy Romulus Watermain System Replacement	This project consists of the design/engineering and construction services necessary to replace the remainder of the old Romulus distribution system loop between the four Master Meters as well as adding shutoff valves to properly serve facilities throughout the campus.
Willow Run Airport		
Airfield		
80	Part 150 Study	This project consists of a noise evaluation that will determine noise level contours surrounding the airport. The noise contours will assist in identifying noise mitigation project requirements.
81	Taxiway D Electrical Improvements	This project includes the design and construction efforts to modify the electrical system associated with Taxiway D.
82	Runway 5R/23L Design & Reconstruction	This project consists of the design and construction efforts required to reconstruct Runway 5R/23L.
83	Runway 14/32 Decommission & Removal	This project involves completion of the necessary environmental study and related efforts required by the National Environmental Policy Act (NEPA) and related to the decommissioning of Runway 14/32.

84	Runway 5L/23R Reconstruction	This project includes the design and construction efforts to reconstruct Runway 5L/23R and replace its associated systems.
85	Airport Layout Plan Update	This project includes the necessary services to update the Airport Layout Plan documents.
86	Taxiways E1 & E2 Rehabilitation	This project includes the design and construction efforts to rehabilitate and improve the aircraft apron on the east side of the airport.
87	Taxilane B Rehabilitation	This project consists of the design and construction efforts required to rehabilitate Taxiway B.
88	Runway 9/27 Reconstruction	This project consists of the design and construction efforts required to reconstruct Runway 9/27.
89	New Taxiway Parallel East of Runway 5R/23L Construction	This project consists of the design and construction efforts required to install a new Taxiway parallel and east of Runway 5R/23L.
90	Taxiway H (Former Runway 9R/27L) Narrowing & Reconstruction	This project consists of the design and construction efforts required to rehabilitate Taxiway H.
Fleet & Heavy Equipment Plan		
91	Five Year Fleet & Heavy Equipment Plan	This item is the Airport's five-year fleet and equipment replacement program. Fiscal years 213 to 2015 have been funded through GARBs.
Noise Mitigation		
92	Noise Mitigation Program (5 Year)	Following the completion of the Part 150 Noise Study, the noise mitigation recommendations developed in the Study will be implemented. Mitigation techniques will be prioritized to meet the objectives of the noise program as well as the development of the airport. The mitigation program will be a phased program based on the availability of Federal Aviation Administration funding.
93	Ground Run-Up Enclosure Construction	This project consists of the design and construction of a Ground Run-Up Enclosure (GRE) Facility. This project will develop a structure that uses acoustical dampening principles to reduce the noise impacts of aircraft engine ground run-ups. Aircraft engine ground run-ups are routine aircraft engine maintenance tests which require the operation of an engine at high power for extended periods of time generating continuous elevated noise levels.

Security & Communications		
94	Wildlife Fence Replacement	This project involves replacement of approximately 10,000 linear feet of fence on the east side of the Airport. The project includes concurrent removal of old 8-foot high fence with installation of new 10-foot high chain link fence, replacement of obstruction lighting to alert pilots to the presence of the fence, as well as associated automatic gates and gate operators.
Support Facilities		
Hangar 1 Rehabilitation		
95	Hangar 1 Non-Office Areas Upgrade	This project will provide all necessary planning, environmental, engineering and construction efforts to upgrade non-office building components which include the replacement and upgrade various building components such as stairs, emergency lighting systems, signage, etc.
96	Hangar 1 Center Section Air Handler Rebuild	This project will provide all necessary planning, environmental, engineering and construction efforts necessary to upgrade the building system controls to to enhance energy monitoring and consumption. Further, this phase of the project will rebuild air handling unit servicing the central core of the hangar center and all associated ductwork.
97	Hangar 1 4th Floor Air Handler Replacement	This project will provide all necessary planning, environmental, engineering and construction efforts necessary to replace the air handling unit servicing the fourth floor of the hangar.
98	Hangar 1 Floor Drain Lift Station Upgrade	Starting with an analysis of the existing condition of floor drains and related drainage components, this project will include the engineering and construction of drain lift stations to accommodate on-going and future building modifications.
99	Hangar 1 Water & Sanitary	This project will provide all necessary planning, environmental, engineering and construction efforts to upgrade components to meet current building codes to Hangar 1 water & sanitary systems.
100	Hangar 1 Electrical/Lighting Rehabilitation	This project will provide all necessary planning, environmental, engineering and construction efforts necessary to replace outdated components electrical system.

101	Hangar 1 Ramp Oil/Water Separator Upgrade	This project will provide all necessary planning, environmental, engineering and construction efforts to upgrade the existing oil/water separator, which is not large enough to adequately handle the drainage area it serves.
102	Hangar 1 Office Air Conditioning Replacement	This project will provide all necessary planning, environmental, engineering and construction efforts necessary to replace the air handling unit servicing the office areas of the hangar.
103	Hangar 1 Miscellaneous Rehabilitation	The scope of this project includes rehabilitations to th exterior façade including the removal and replacement of exterior windows. The existing windows are 50 years old and will require new glazing systems which will be more energy efficient and maintain historical features of the building façade to be in compliance with relative historical requirements. The project will require approval from the Michigan State Historical and Preservation Office (SHPO).
104	Hangar 1 Fire Suppression System Installation	This project consists of the design and construction efforts related to improve the fires suppression system in Hangar 1. The existing fire suppression system does not allow full maintenance activities to take place within the hangar bays. A new fire suppression system will allow these activities to take place in accordance with applicable State of Michigan Building Codes as well as requirements outlined by the National Fire Protection Association.
105	Hangar 1 Parking Lot Overlay	This project consists of the planning, design and construction efforts necessary to improve this existing parking lot pavement and associated systems.
East Complex Infrastructure Improvements		
106	East Side Obsolete Transformer & Electric Lines Decommissioning	This project consists of removing an electrical distribution system that is not in use or necessary for Willow Run's operation.
107	East Side Water Extension to West Side	This project extends water mains that feed the eastern side of Willow Run to supply a secondary feed to the western side.
108	Eastside Water & Sanitary Improvements	This project upgrades various sized water and sanitary mains that serves the eastern side of Willow Run Airport.
109	Fire Pump Upgrade, East Airfield Buildings	This project includes the design and construction efforts necessary to replace water and sanitary infrastructure on the east side of the airport.

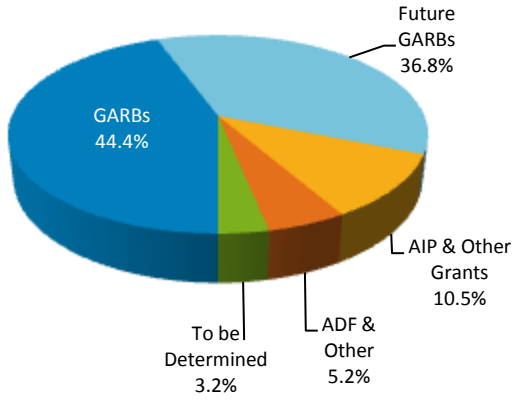
110	Install Sanitary Line to DWSD (Ecorse Road)	This project includes the design and construction efforts necessary to construct sanitary lines to connect with existing Detroit Water and Sewerage Department (DWSD) sanitary lines that run along Ecorse Road on the Airport's north side.
Other Support Facilities		
111	Fuel Farm Improvements	This project consists of the design and construction efforts related to improve fuel farm facilities.
112	Maintenance Storage & Snow Equipment Facility Improvements	This project consists of the design and construction efforts required to replace the maintenance storage and snow removal equipment facilities at Willow Run Airport.
113	Hangar 2 Demolition	This project consists of the design and construction efforts required to demolish Hangar 2.
114	ARFF Station 700 Improvements	This project consists of the design and construction efforts necessary to widen the station's center bay to accommodate larger equipment.
115	Oil-Water Separator Installations	This project consists of the design and construction for the installation of an oil/water separator on the southeast ramp stormwater pipe to contain possible spills before reaching the Begole Drain. Installation of this separator will improve compliance with the YIP NPDES stormwater permit.
116	Replacement ARFF Station Design & Construction	This project consists of the design and construction efforts required to replace the ARFF at Willow Run Airport.

DEBT PROFILE

AIRPORT INDEBTEDNESS

Capital improvements at the Airport are financed through the issuance of Senior Lien Bonds, Junior Lien Bonds and Special Facilities Revenue Bonds. Other sources of funding include and Passenger Facility Charges (PFCs), U.S. FAA Airport Improvement Program (AIP) and other grants and other discretionary funds. The primary source of debt issued by the Authority, for purposes of capital improvements at the Airport, is General Airport Revenue Bonds (GARBs). The chart below illustrates the percentages of current funding sources for the current Five-Year CIP.

Figure 46: Airport CIP by Funding Source



GARBs are secured by a lien on net revenues of the Authority from the operation of the Airport on parity with all outstanding Senior Lien Bonds and any additional Bonds. As illustrated in Figure 45, the total principal amount of outstanding bonds is nearly $2.1 billion. The Authority's indebtedness includes bonds that were issued in August of 2012 and included funding for a full reconstruction of the Airport's longest runway. Additionally, it is notable that the Airport completed new construction of two passenger terminals which were completed in 2002 and 2008. As indicated in the CIP section, near future needs for additional debt will be moderate. The next issuance of new debt is anticipated to be pursued in FY 2014.

The strategy for the Authority's debt portfolio is to maintain 80 percent fixed-rate and 20 percent variable-rate credit, which allows for a certain amount of hedge protection against market trends.

For the Authority's portfolio, a change in interest rates on variable rate debt would be offset by the adverse

Figure 45: Outstanding Principal by Series

Senior Lien Bonds	Outstanding Principal Amount
Series 2002C	$350,833
Series 2002D	1,153,333
Series 2005	467,600,000
Series 2007	115,385,833
Series 2008A	120,585,000
Series 2010A	177,814,167
Series 2010B	4,800,000
Series 2010C	158,986,667
Series 2010D	24,392,500
Series 2010E-1	75,289,167
Series 2010E-2	74,912,500
Series 2010F	124,640,000
Series 2010G	115,800,000
Series 2011A	152,465,000
Series 2011B	16,965,000
Series 2012A	177,565,000
Series 2012B	25,090,000
Series 2012C	3,885,000
Series 2012D	71,525,000
Total	$1,909,205,000

Junior Lien Bonds	Outstanding Principal Amount
Series 2007	174,175,000
Grand Total	2,083,380,000

change in interest income and provide a natural hedge against increases in interest cost. The Authority has $391 million of variable rate tender option bonds secured by a bank letter of credit or held as a bank direct placement. If amounts are paid under a letter of credit, the obligation of the Authority to repay such amounts would constitute "Reimbursement Obligations" under the Master Bond Ordinance and would be accorded equal standing with the Bonds.

Figure 47: Gross Debt Service FY 2013 - FY 2043

($ in Thousands)

Fiscal Year	Principal	Interest	Total
2013	$ 82,233	$ 88,427	$ 170,660
2014	85,069	83,852	168,921
2015	88,561	79,699	168,260
2016	91,258	75,261	166,519
2017	88,338	70,659	158,996
2018	91,091	66,212	157,303
2019	96,808	61,734	158,543
2020	97,153	56,916	154,069
2021	98,183	52,195	150,378
2022	95,361	47,260	142,620
2023	99,346	42,512	141,858
2024	103,490	39,426	142,916
2025	107,031	36,530	143,561
2026	111,114	33,504	144,619
2027	115,528	30,346	145,873
2028	118,366	27,058	145,424
2029	69,985	22,707	92,692
2030	62,483	19,856	82,340
2031	65,273	17,261	82,533
2032	68,136	14,549	82,685
2033	65,344	11,715	77,059
2034	55,686	9,052	64,738
2035	26,189	6,376	32,565
2036	21,513	5,068	26,580
2037	22,593	3,992	26,586
2038	11,858	2,863	14,721
2039	10,071	2,270	12,340
2040	10,583	1,766	12,349
2041	11,112	1,237	12,349
2042	11,667	681	12,348
2043	1,960	98	2,058
Total	**$ 2,083,380**	**$ 1,011,082**	**$ 3,094,462**

MANAGING THE COST OF DEBT TO THE AIRLINES

As illustrated in Figure 47, the Airport's FY 2013 gross debt service is $170.7 million of which $90.7 million is charged to the Airlines through rates and charges. Figure 48 lists the estimates of other monies available to the Airport to offset the cost of debt service. Net debt service costs are a calculation of "Bond Debt Service" for a fiscal year less "Other Available Moneys" in a corresponding fiscal year.

Figure 48: FY 2013 Debt Service Airline Requirment

($ in thousands)		Amount
Principal	$	82,233
Interest		88,427
Gross Debt Service		170,660
Variable Rate Liquidity & Remarketing Fees		3,229
Less Other Monies Avialable		
Avaialble Passenger Facility Charges (PFCs)		(62,539)
Capitalized Interest		(13,251)
Bond Reserve Income		(2,239)
Bond Payment Income		(316)
Discreationary Funds		(4,843)
Net Debt Service/Airline Requirement	**$**	**90,701**

While managing the total amount of debt and the total cost of debt, "Debt Service," is the purest form of managing costs associated with debt at the Airport, the cost of "Net Debt Service" that gets charged to the Airlines through the annual budget is critical to maintaining competitiveness. The Authority monitors total debt per enplanement as well as net debt service costs per enplanement. The net debt service costs are the costs charged to the airlines as a non-operating expense in the annual operating budget.

BOND RATINGS

To attain the lowest possible interest rates and to be sure it has the widest market for its bonds, the Authority obtains credit ratings from all of the major rating agency services, of which there are three. Although it is not required that all three be used, the Authority solicits responses from all three because each credit rating agency has a different way of evaluating the creditworthiness of an obligor with respect to debt security or other financial obligations. Over the years credit ratings have achieved wide investor acceptance as convenient tools for differentiating credit quality. The stronger the rating, the lower the interest rate and cost of Bond Debt Service. The table below describes the rating agencies' credit rating scores.

Standard & Poor's	Fitch	Moody's*	Description from the Rating Agency
The Airport's Credit Rating (2012)			
A	A-	A2	Bonds which possess many favorable investment attributes and are to be considered as upper-medium-grade obligations. They are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligations is strong.
All Credit Rating Tiers			
Aaa	AAA	AAA	Bonds which are judged to be of the best quality. They carry the smallest degree of investment risk. The obligor's capacity to meet its financial commitment on the obligations is extremely strong.
Aa	AA	AA	Bonds which are judged to be of high quality by all standards and only differ in small degree to the highest graded bonds. The obligor's capacity to meet its financial commitment on the obligations is very strong.
A	A-	A2	The Airport's credit rating as illustrated above.
Baa	BBB	BBB	Bonds which are considered as medium-grade obligations (i.e., they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate; however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
Ba and lower	BB and lower	BB and lower	Obligations which are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, they may be outweighed by large uncertainties or major exposures to adverse conditions.

* Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

APPENDIX A: SUPPLEMENTAL AVIATION STATISTICS

DETROIT METROPOLITAN AIRPORT & PEER AIRPORTS

Figure 49: Peer Airports Scheduled Daily Departures September 2012

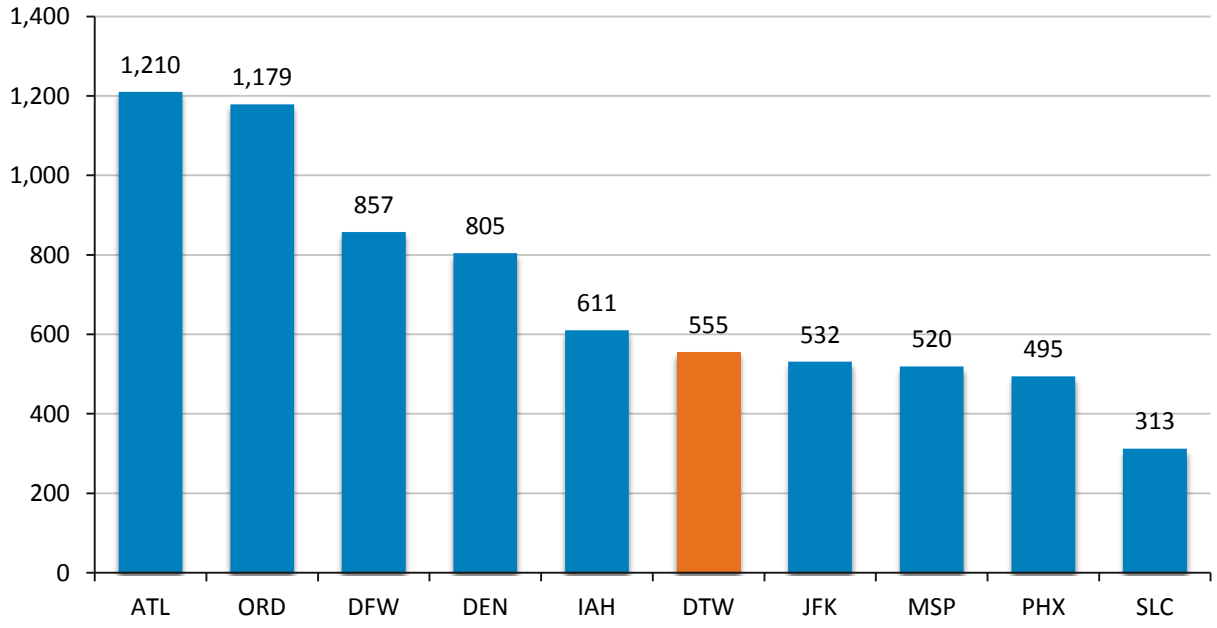


Figure 50: Peer Airports Scheduled Daily Departures Percentage Change

September 2012 vs. September 2011

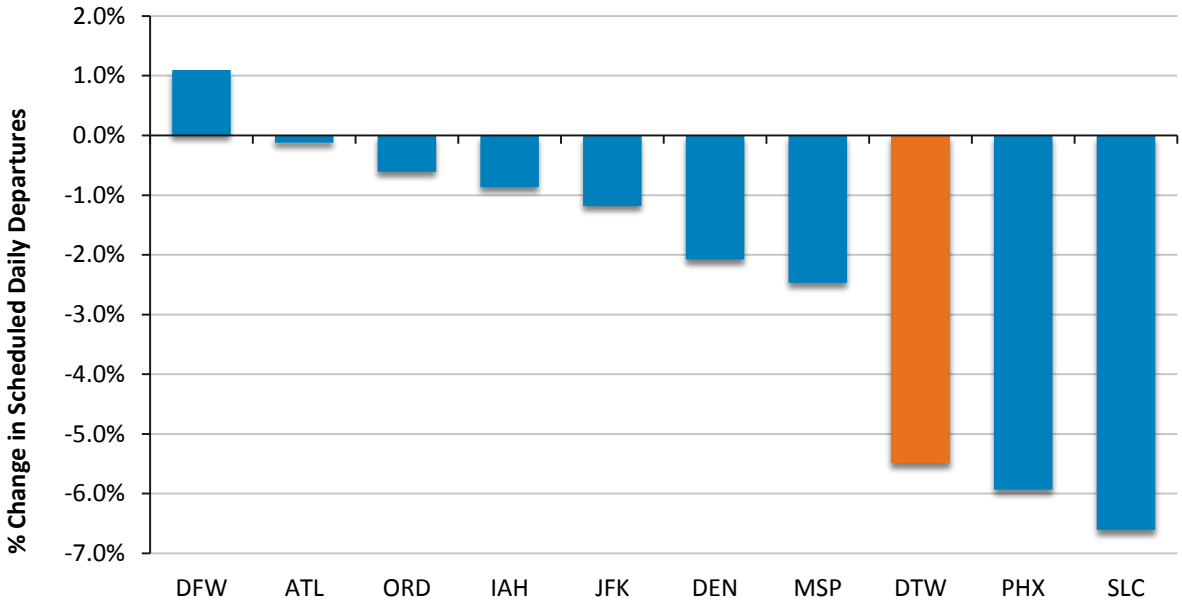


Figure 51: Delta Hubs Scheduled Departures September 2012

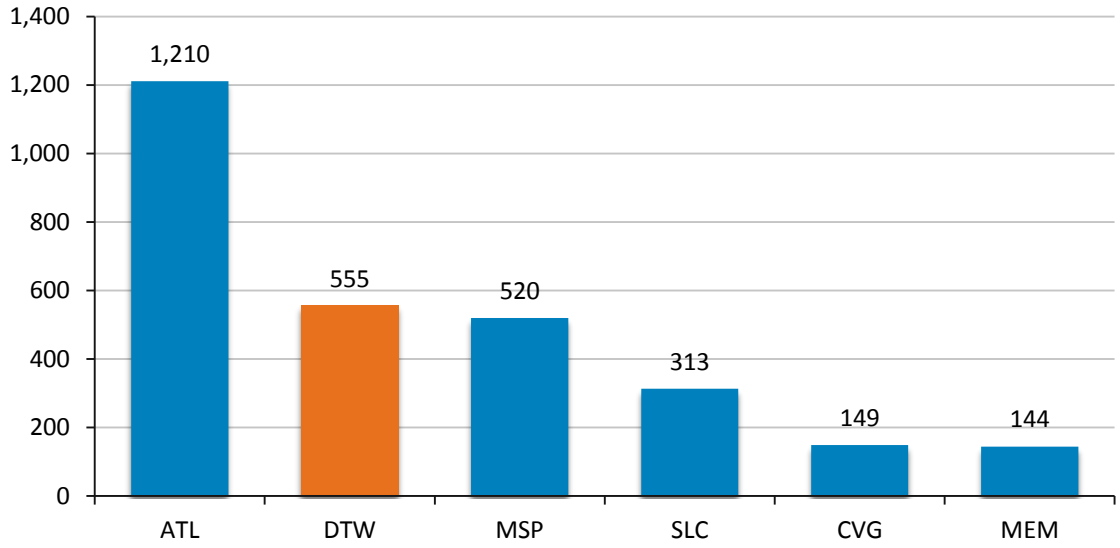


Figure 52: Top 20 North American Airports Total Passenger Traffic CY 2011

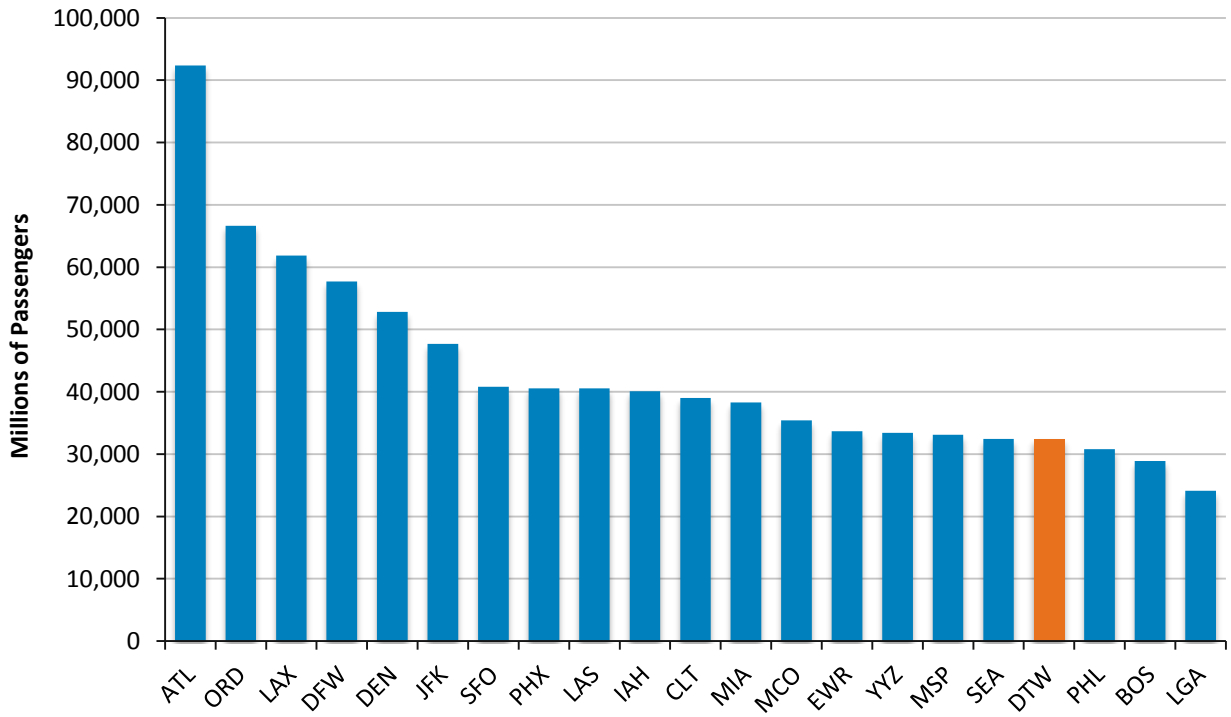


Figure 53: Peer Airports Total Operations CY 2011

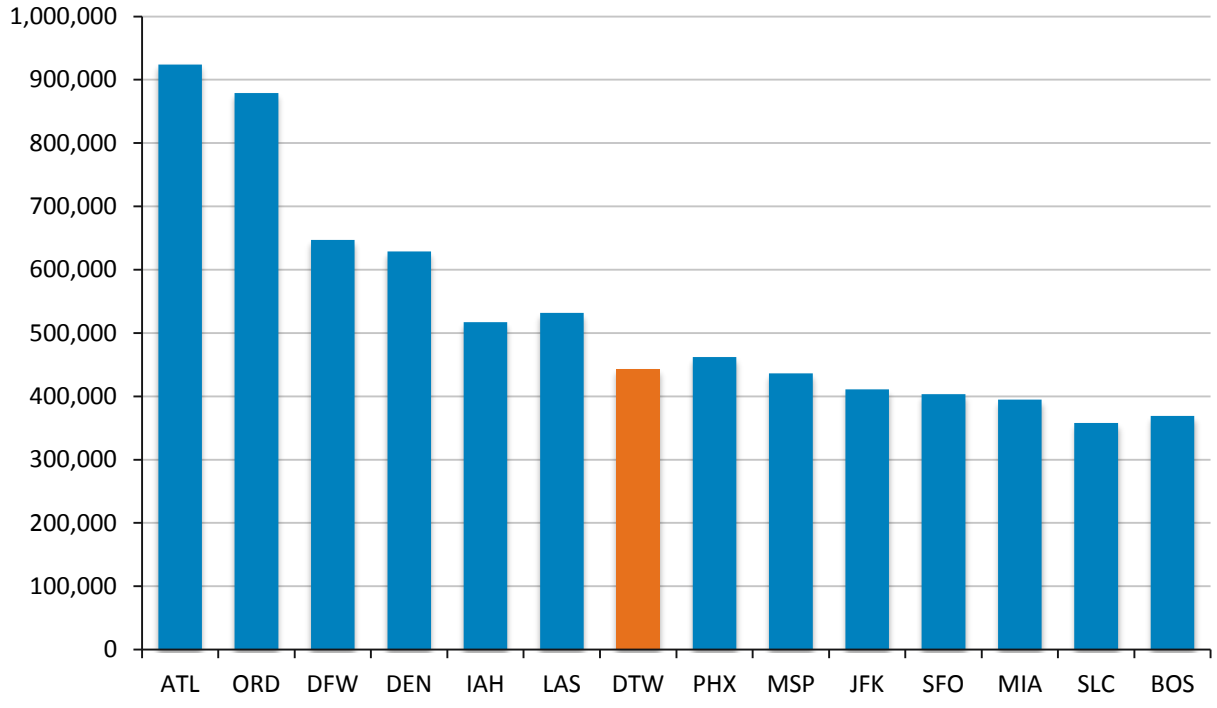
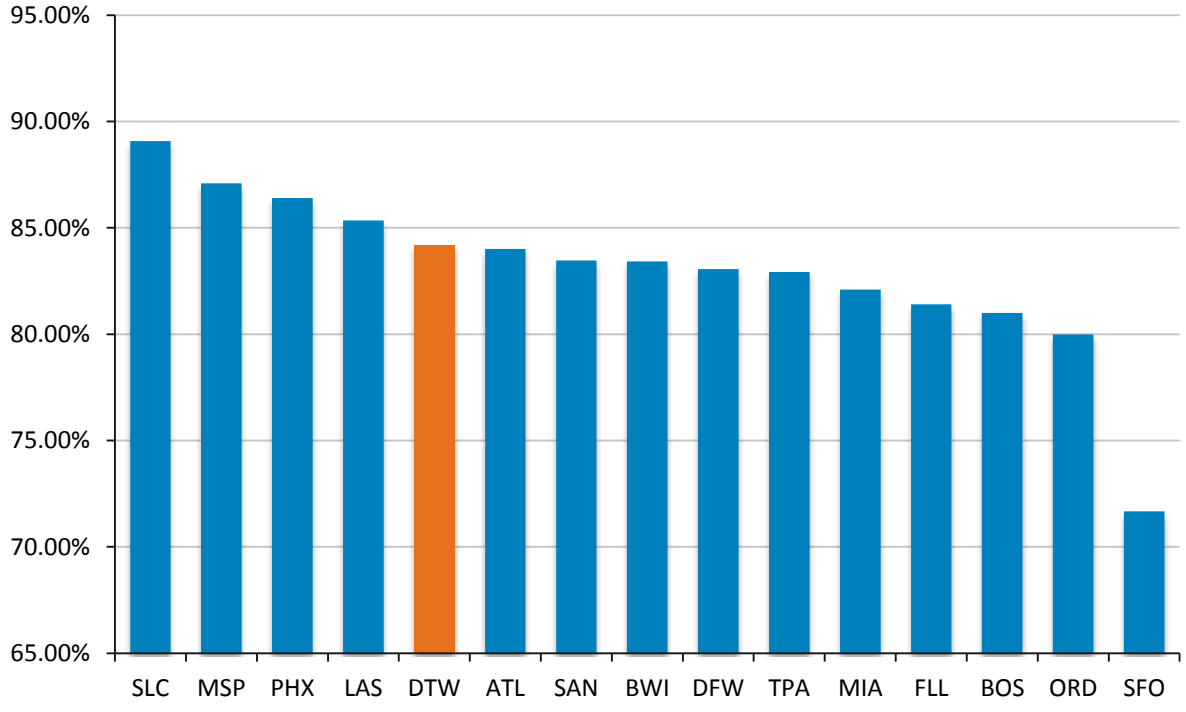


Figure 54: Peer Airports On-Time Percentage CY 2011



AIRPORT CODES

Code	City / Airport Name
ATL	Atlanta, GA: Hartsfield-Jackson
BOS	Boston, MA: Logan International
BWI	Baltimore, MD: Baltimore/Washington International Thurgood Marshall
CLT	Charlotte, NC: Charlotte Douglas International
CVG	Cincinnati, OH: Cincinnati/ Northern Kentucky International
DEN	Denver, CO: Denver International
DFW	Dallas/Ft. Worth, TX: Dallas/Ft. Worth International
DTW	Detroit, MI: Detroit Metro Wayne County
EWR	Newark, NJ: Newark Liberty International
FLL	Fort Lauderdale, FL: Fort Lauderdale International
IAH	Houston, TX: Houston Intercontinental
JFK	New York, NY: Kennedy International
LAS	Las Vegas, NV: McCarran International
LAX	Los Angeles, CA: Los Angeles International
MCO	Orlando, FL: Orlando International
MEM	Memphis, TN: Memphis International
MIA	Miami, FL: Miami International
MSP	Minneapolis/St. Paul, MN: Minneapolis St Paul International
ORD	Chicago, IL: O'Hare
PHL	Philadelphia, PA: Philadelphia International
PHX	Phoenix, AZ: Sky Harbor International
SAN	San Diego, CA: San Diego International Lindbergh Field
SEA	Seattle, WA: Seattle/Tacoma International
SFO	San Francisco, CA: San Francisco International
SLC	Salt Lake City, UT: Salt Lake International
TPA	Tampa, FL: Tampa International
YYZ	Toronto, Canada: Pearson International

APPENDIX B: AIRPORT RATES & CHARGES

	FY 2012		FY 2013
	Approved Budget	Mid-Year Projection	Approved Budget
Airfield Activity and Fees			
Enplanements	16,600,000	16,200,001	16,200,000
Airline Cost per Enplanement	$9.94	$10.04	$10.10
Landed Weights (thousands of pounds)	21,600,000	20,800,000	20,700,000
Signatory Landing Fee	$ 3.13	$ 3.30	$ 3.16
Non-Signatory Landing Fee	$ 3.91	$ 4.13	$ 3.95
South Terminal Activity and Fees			
Terminal Rental Rates			
Signatory Airline	$ 62.00	$ 61.00	$ 63.00
Non-Signatory Airline	$ 72.00	$ 71.00	$ 73.00
International Facility Use Fee	$ 5.00	$ 5.00	$ 5.00
North Terminal Activity and Fees			
Terminal Rental Rates			
Signatory Airline	$ 128.00	$ 120.00	$ 127.00
Non-Signatory Airline	$ 148.00	$ 138.00	$ 147.00
International Facility Use Fee	$ 5.00	$ 5.00	$ 5.00
Shared Use Per Enplaned Passenger (Sig)	$ 4.91	$ 4.61	$ 4.55
Shared Use Per Enplaned Passenger (Non-Sig)	$ 5.65	$ 5.31	$ 5.24
Common Use Gate Fee*			
Signatory Airline	$ 349.00	$ 327.00	$ 346.00
Non-Signatory Airline	$ 402.00	$ 377.00	$ 398.00
Overnight Aircraft Parking			
Common Use Gates**			
Signatory Airline - Overnight	$ 200.00	$ 200.00	$ 200.00
Non-Signatory Airline - Overnight	$ 230.00	$ 230.00	$ 230.00
Signatory Airline - Hourly Rate	$ 40.00	$ 40.00	$ 40.00
Non-Signatory Airline - Hourly Rate	$ 50.00	$ 50.00	$ 50.00
Remote Hardstand Aircraft Parking			
Signatory Airline - Overnight	$ 100.00	$ 100.00	$ 100.00
Non-Signatory Airline - Overnight	$ 125.00	$ 125.00	$ 125.00
Signatory Airline - Hourly Rate	$ 20.00	$ 20.00	$ 20.00
Non-Signatory Airline - Hourly Rate	$ 25.00	$ 25.00	$ 25.00

Notes:

* Common Use Gate Fee is for Narrow Body Equivalent aircraft. Fee is adjusted based on actual aircraft size; refer to "Definitions Section" of Airport Use & Lease

** Please refer to WCAA Gate Access Procedures for North Terminal Common

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APPENDIX C: GLOSSARY

ABBREVATIONS

Appendix A provides a glossary of abbreviations and key terms that are referenced in the budget document. In addition, some abbreviations and terms not referenced in the budget document are provided as a reference for commonly used terminology as it relates to the aviation industry.

AAAE American Association of Airport Executives

ACH Automatic Clearing House (Standard Bank Wire Transfer)

ACI Airports Council International of North America

ACM Airport Certification Manual

ADF Airport Development Fund (also Aircraft Deicing Fluid)

ADO FAA Airport District Office

A/E Architecture/Engineering

AED Automated External Defibrillator

AIP Airport Improvement Program

ALO Airline Liaison Office

ALP Airfield Layout Plan (or Airport Layout Plan)

AOA Aircraft Operations Area

APO Aviation Policy and Plans Office

AR Airport Revenue Bonds

ARFF Aircraft Rescue and Firefighting

ASAP Airport Safety and Program Preservation

ASDEIII Airport Surface Detection System Program

ASQ Airport Service Quality-worldwide customer satisfaction survey sponsored by ACI

ATA Air Trade Area (also Air Transportation Association)

ATMS Advanced Traffic Management System

ATC Air Traffic Control

AVI Automatic Vehicle Identification

BGR Boarding Gate Readers

BLS U.S. Department of Labor Bureau of Labor Statistics

C/A Construction/Alteration

CAD Computer Aided Design

CAR Center for Automotive Research

CASM Cost per Available Seat Mile

CBA Collective Bargaining Agreement

CEO Chief Executive Officer

CFO Chief Financial Officer

CFR Code of Federal Regulations

CIP Capital Improvement Plan

CLEMIS Courts Law Enforcement Management Information Systems

CM Construction Manager

CMMS Computerized Maintenance Management System

CMRS Concessions Management Revenue System

COBRA Consolidated Omnibus Budget Reconciliation Act

CPE Cost Per Enplanement

CUPP Common Use Passenger Processing

CUPPS Common Use Passenger Processing System

CUSS Customer Use Self-Service (for kiosks in airports)

CUTE Common Use Terminal Equipment

CY Calendar Year

DAAAC Detroit Airline Airport Affairs Committee

DANTeC Detroit Airlines North Terminal Consortium

Davis-Bacon The Davis-Bacon Act of 1931 is federal legislation which established the requirement for paying "prevailing wages"

DBE Disadvantaged Business Enterprise

DCS Departure Control System

DF Drug Forfeiture Fund

DTW Industry code for Detroit Metropolitan Airport

DWSD Detroit Water and Sewerage Department

EA Environmental Analysis

EEO Equal Employment Opportunity

EEOC Equal Employment Opportunity Commission

EDS Explosive Detection System

EIS Environmental Impact Study

EMS Emergency Medical Services

EOC Emergency Operations Center

EPAX Enplaned Passenger

ETDS Explosive Trace Detection System

FAA Federal Aviation Administration

FAQ Frequently Asked Questions

FAR Federal Aviation Regulation

FASB Financial Accounting Standards Board

FBO Fixed Based Operator

FF&E Furniture Fixtures & Equipment

FG Federal Grant (from the FAA)

FIS Federal Inspection Station

FHWA Federal Highway Administration Grant

FOD Foreign Object Debris (or Foreign Object Damage)

FOIA Freedom of Information Act (1966) pertains to fulfillment of requests for government records

FP&A Financial Planning & Analysis

FTE Full Time Equivalent

FTZ Free Trade Zone

FY Fiscal Year

FYTD Fiscal Year to Date

GA General Aviation

GARB General Airport Revenue Bond

GASB Government Accounting Standards Board

GFOA Government Finance Officers Association

GMP Guaranteed Maximum Price

GPRC Gate Planning and Review Committee (Applies to DTW – North Terminal)

GTC Ground Transportation Center

HAZMAT Hazardous Materials

HIPAA Health Insurance Portability and Accountability Act of 1996

HVAC Heating Ventilation and Air Conditioning System

HR Human Resources

IATA International Air Transportation Association

IFR Instrument Flight Rules

IFUF International Facility Use Fee

ILLWAS Low level wind shear alert system

ILS Instrument Landing System (radio-based guidance system)

IMS Inventory Management System

ISO International Organization for Standards

IT Information Technology

ITS Intelligent Transportation System

LAN Local Access Network

LED Light Emitting Diode

LOI Letter of Intent, a multiyear commitment or promise by the FAA to fund a large project at a particular airport

LTD Long Term Disability

MDCR Michigan Department of Civil Rights

MDEQ Michigan Department of Environmental Quality

MDOT Michigan Department of Transportation

MERC Michigan Employment Relations Commission

MII Majority-in-Interest

MIOSHA Michigan Occupational Safety and Health Administration

MITSC Michigan Intelligent Transportation System Center

MUFIDS Multi-User Flight Information Display System

MUNIS Financial management software used by the Authority

NBEG Narrow Body Equivalent Gates

NITC New International Trade Crossing

NCCI National Council on Compensation Insurance, Inc.

NOTAM Notice to Airmen

NPDES Natural Pollutant Discharge Elimination System

NTR North Terminal Redevelopment Project

NWA Northwest Airlines

OCC Operations Control Center

OIG Office of the Inspector General

O&D Origin & Destination

O&M Operating and Maintenance (generally refers to fund for operating expenses)

Order 5500.1 FAA order providing guidance and procedures to be used in the administration of the Passenger Facility Charge (PFC) program

OPEB Other Post-Employment Benefits

OSHA Occupational Safety and Health Administration (Federal)

PAE Public Affairs and the Environment Division

Part 77 Code of Federal Regulations – Title 14 (Aeronautics and Space): Objects Affecting Navigable Airspace

Part 139 Code of Federal Regulations – Title 14 (Aeronautics and Space): Certification of Airports

Part 150 Code of Federal Regulations – Title 14 (Aeronautics and Space): Airport Noise Compatibility Planning

Part 158 Code of Federal Regulations – Title 14 (Aeronautics and Space): Passenger Facility Charges

Part 1542 Code of Federal Regulations – Title 49 (Transportation): Airport Security

PAX Passengers

PCCS Procurement/Contract Compliance System

P-Card Procurement Charge Card

PFC Passenger Facility Charge

PM Preventative Maintenance (also Project Manager)

PMT Project Management Team

PRASM Passenger Revenue per Available Seat Mile

RASM Revenue per Available Seat Mile

RevPar Revenue Per Available Room

RFID Radio Frequency Identification

RFP Request for Proposal

RFQ Request for Qualifications

ROI Return on Investments

RON Rest Over Night (airplane parked at gate overnight)

R&R Renewal and Replacement Fund

RSA Runway Safety Area

RSIP Residential Sound Insulation Program

RW Runways

SCAN In-pavement Surface Sensor System

SCAS Security Card Access System

SCUBA Self-contained Breathing Apparatus

SG State Grant (Michigan)

SOP Standard Operating Procedure

SWPP Stormwater Pollution Plan

TBD To Be Determined

TIN Taxpayer Identification Number

Title VI Federal legislation (Civil Rights Act of 1964) that prohibits discrimination on the basis of race, color and national origin in programs and activities receiving federal financial assistance

Title 49 Code of Federal Regulations parts 23 & 26 – guidance providing for the inclusion of disadvantaged business enterprises for programs receiving federal financial assistance

TPA Third-Party Administration

TRACON Terminal Radar Approach Control (FAA Control Tower)

TSA Transportation Security Administration

TW Taxiways

USDOT United States Department of Transportation

VALE Voluntary Airport Low Emission

VEBA Voluntary Employee Beneficiary Association

VLJ Very Light Jet

WC Wayne County

WCAA Wayne County Airport Authority

WMD Weapons of Mass Destruction

WMP Wildlife Management Plan

WWTP Wyandotte Wastewater Treatment Plant

YIP Industry code for Willow Run Airport

KEY TERMS

The terms noted below were added to assist the unfamiliar reader to better understand certain aviation terminology or other terms used in the budget document.

Airline Revenues – Landing fee revenues and terminal rental revenues.

Airport Improvement Program (AIP) – The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program (AIP) to provide grants for airport improvement projects, including projects that would increase airport capacity. Increasing airport capacity is one way to reduce aircraft delays and better accommodate passenger and cargo traffic. AIP funds are provided through three categories: entitlement, set-aside and discretionary funds. Grants cannot extend beyond the AIP's authorization period. FAA distributes entitlement funds by formula to specific airports and states. Set-aside and discretionary funds are distributed by type of

project to any eligible airport sponsor. The airport sponsor is the public agency or private entity that owns or operates the airport. Set-aside subcategories include reliever airports, non-primary commercial service airports, airport noise compatibility programs, integrated airport system plans and the Military Airport Program. A congressionally mandated percentage of total AIP funds are allocated to each set-aside subcategory.

Airport Master Plan – A comprehensive study that describes short, medium and long-term plans for airport development.

Airport Service Region (ASR) – The primary geographical area served by an airport. In the case of Detroit Metro, the ten counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw and Wayne (the Detroit-Ann Arbor-Flint CMSA) constitute the Airport Service Region.

Air Trade Area (ATA) – See Airport Service Region

Aviation Trust Fund – Fund established by Congress to pay for improvements to the nation's airports and air traffic control system. Money in the fund comes solely from users of the system - primarily a tax on domestic airline tickets.

Balanced Budget – The Airport Authority defines a balance budget as current revenues equal to current expenditures plus available fund balance. The Airport has a residual funding structure. Under this structure the Signatory Airlines have guaranteed to pay the expenses of the airport therefore the operating fund is guaranteed to be balanced with current revenues always equaling expenditures. No reserve or fund balance is ever required.

Capital Improvement Program (CIP) – An ongoing program of major capital projects which are required to replace, reconstruct, or rehabilitate assets which have reached the end of their service life; or to add, expand, or improve facilities or infrastructure. The projects allow the airport to continue to meet the needs of the passengers, the airlines and the regulatory agencies that oversee it.

Cargo – Anything other than passengers, carried for hire, including both mail and freight.

Catchment Area – See Airport Service Region (ASR).

Compensatory – this refers to the rate-setting methodology employed under the airport's airline Use and Lease Agreement, whereby the airport operates "at risk" without any airlines ensuring to keep the airport financially sufficient. It is the airport's responsibility to budget conservatively to ensure payment of all of its costs and that certain revenues are sufficient to satisfy rate covenant coverage requirements.

Concession Revenues – Revenues collected from terminal concessions, public parking, on-airport and off-airport rental car companies, hotels and ground transportation operators.

Connecting Flight – A flight requiring passengers to change aircraft and/or airlines at an intermediate stop.

Deregulation – The term commonly used in referring to the Airlines Deregulation Act of 1978, which ended government regulation of airline routes and rates.

Department of Transportation (DOT) – Establishes the nation's overall transportation policy. Under its umbrella there are ten administrations whose jurisdictions include highway planning, development and construction; urban mass transit; railroads; aviation; and the safety of waterways, ports, highways and oil and gas pipelines. The Department of Transportation (DOT) was established by act of October 15, 1966, as amended (49 U.S.C. 102 and 102 note), "to assure the coordinated, effective administration of the transportation programs of the Federal

Government" and to develop "national transportation policies and programs conducive to the provision of fast, safe, efficient and convenient transportation at the lowest cost consistent therewith." The FAA is a unit of the DOT.

Domestic Passengers – Passengers flying into or out of the Airport on a flight with an origin or destination within the 50 states and all U.S. territories. (WCAA supplies this standard definition with one exception: passengers pre-clearing U.S. Customs at the originating airport, mostly certain Canadian cities, are counted as domestic arrivals and they do not utilize the Airport's FIS).

Enplanements – The number of passengers boarding a flight, including origination, stopovers and connections.

Federal Aviation Administration (FAA) – The government agency responsible for air safety and operation of the air traffic control system. The FAA also administers a program, which provides grants from the Airport and Airway Trust Fund for airport development. Formerly the Federal Aviation Agency, the Federal Aviation Administration was established by the Federal Aviation Act of 1958 (49 U.S.C. 106) and became a component of the Department of Transportation in 1967 pursuant to the Department of Transportation Act (49 U.S.C. app. 1651 note). The Administration is charged with: 1) regulating air commerce in ways that best promote its development and safety and fulfill the requirements of national defense; 2) controlling the use of navigable airspace of the United States and regulating both civil and military operations in such airspace in the interest of safety and efficiency; 3) promoting, encouraging and developing civil aeronautics; 4) consolidating research and development with respect to air navigation facilities; 5) installing and operating air navigation facilities; 6) developing and operating a common system of air traffic control and navigation for both civil and military aircraft; and 7) developing and implementing programs and regulations to control aircraft noise, sonic boom and other environmental effects of civil aviation.

Hybrid – this is the rate-setting methodology employed under the airport's airline Use and Lease Agreement, whereby an airport employs both residual and compensatory methodologies. In most cases, an airport sets rates on the airfield using a residual approach, while setting rates on the landside using a compensatory approach.

Impose Only PFC Approval – FAA approval to collect PFC funds for future use on a specific PFC-eligible project. A separate request to the FAA must then be submitted for the FAA to approve the spending of those PFCs (i.e. convert the PFCs to Impose and Use status).

Impose and Use PFC Approval – FAA approval to collect and spend PFC funds on a specific PFC-eligible project.

International Passengers – Passengers flying into or out of the Airport on a flight with an origin or destination outside the 50 states and all U.S. territories. (WCAA supplies this standard definition with one exception: passengers pre-clearing U.S. Customs at the originating airport, mostly certain Canadian cities, are counted as domestic arrivals and they do not utilize the Airport's FIS).

Itinerant Operations – All aircraft arrivals and departures, other than local operations.

Landing Fee Revenues – Revenues collected from aircraft landings.

Large Aircraft – Aircraft of more than 12,500 pounds maximum certificated takeoff weight. (FAR Part 1)

Large Hubs – Those airports that account for at least 1 percent of the total passenger enplanements

Local Operations – As pertaining to air traffic operations, aircraft operating in the local traffic pattern or within sight of the tower; aircraft known to be departing for, or arriving from, flight in local practice areas located within a 20-mile radius of the control tower; aircraft executing simulated instrument approaches or low passes at the airport.

Majority-in-Interest (MII) – "Majority-in-Interest of the air carriers" means either (1) 75 percent of the Signatory Airlines who together have landed 51 percent of the total landed weight of all such Signatory Airlines during the immediately preceding calendar year (as such weight is reflected by official Airport records), or (2) 51 percent of the Signatory Airlines who have together landed 75 percent of the total landed weight of all such Signatory Airlines during the immediately preceding calendar year (as such weight is reflected by official Airport records).

Majority-in-Interest Clauses – Found in some airport use agreements which give the airlines accounting for a majority of traffic at an airport the opportunity to review and approve or veto capital projects that would entail significant increases in the rates and fees they pay for the use of airport facilities.

Non-Signatory Carriers – Airlines that have not signed the Airport/Airline Lease and Use Agreement.

Origin & Destination (O&D) – Passengers who begin or end their trip at a specific airport.

Non-Airline Revenue – This is operating revenue strictly derived from non-aeronautical activities, such as automobile parking revenue, rental car revenue and concessions revenue. Operating revenue derived from passenger airline carriers, cargo airline carriers, lease revenues from aircraft maintenance facilities and fuel farm revenues would not be counted as part of non-airline revenues.

Passenger Airline Revenue – Refers to operating revenue strictly derived from passenger airline carriers; revenue derived from cargo airline carriers are excluded.

Passenger Facility Charges (PFCs) – A tax authorized by Congress, approved by the Federal Aviation Administration, assessed by airports and collected by airlines as an add-on to the passenger airfare. It is designed to help pay for airport improvements that enhance safety and capacity and is not revenue for airlines.

Pay-as-you-go – Refers to PFCs that are spent on project costs.

Rate Setting Methodology – There are three possible rate-setting methodologies typically found in an airport's airline Use and Lease Agreement:

Residual – airline tenants and users (the airlines) collectively assume financial risk by ensuring payment of all airport costs not covered by non-airline revenue sources; this obligation effectively ensures certain revenues sufficient to satisfy all operating and maintenance costs and rate covenant coverage requirements.

Compensatory – Airports operates at risk without any airlines ensuring to keep the airport financially sufficient; it is the airport's responsibility to set budget at a level to ensure payment of all costs and that certain revenues are sufficient to satisfy rate covenant coverage requirements.

Hybrid – Airport employs both residual and compensatory methodologies; in most cases, an airport sets rates on airfield usage using residual approach, while setting rates on the landside using a compensatory approach.

Residual – See Rate Setting Methodology.

Revenue Passenger Enplanement – The number of passengers boarding a flight, including origination, stopovers and connections, which actually paid for the flight. This does not include frequent flier awards, crew, or anyone who did not actually pay for the flight.

Sarbanes-Oxley – The Sarbanes-Oxley Act of 2002 is federal legislation which established requirements for annual assessment of the effectiveness of internal financial auditing controls.

Signatory Airlines – Airlines that have signed the Airport/Airline Lease and Use Agreement.

Terminal Rental Revenues – Revenues collected from airlines for terminal space rentals.

Through Passengers – Passengers flying into and out of the Airport without changing aircraft.

Total Cargo – Loaded and unloaded air freight, airmail and small air package shipments.

Total Passengers – Sum of domestic, international and through passengers.

Traffic Movements – Landings and takeoffs of an aircraft.

Unrestricted Cash and Investments from Audit – Audited cash and investments that are uncommitted, which can be used for anything. This means funds held in the operations and maintenance reserve and the debt service reserve would be excluded.

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APPENDIX E: FISCAL YEAR 2013 BUDGET RESOLUTION

RESOLUTION
No. 12 - 96

APPROVAL OF WAYNE COUNTY AIRPORT AUTHORITY FISCAL YEAR 2013 BUDGET

By Board Member Samuel Nouhan

WHEREAS, the Wayne County Airport Authority (the "Authority"), pursuant to the Aeronautics Code of the Michigan Public Airport Authority Act, being MCL 259.108 – 259.125c, (the "Aeronautics Code") is vested with the power and authority to undertake the management and operation of the Detroit Metropolitan Wayne County Airport and Willow Run Airport (the "Airports"); and

WHEREAS, the Wayne County Airport Authority is governed by the Wayne County Airport Authority Board (the "Board"); and

WHEREAS, the Aeronautics Code requires that prior to the beginning of each fiscal year, the Board shall prepare a budget containing an itemized statement of the estimated current operational expenses and the expenses for capital outlay including funds for the operation and development of the Airports under the jurisdiction of the Board, and the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the Authority maturing during the ensuing fiscal year or which have previously matured and are unpaid, and an estimate of the revenue of the Authority from all sources for the ensuing fiscal year; and

WHEREAS, the Aeronautics Code further requires that money of the Authority be deposited, invested, and paid by the Chief Financial Officer only in accordance with policies, procedures, ordinances or resolutions adopted by the Board; and

WHEREAS, the Aeronautics Code further requires that a vote of a majority of the members of the Board serving at the time of the vote is necessary to approve or amend the annual budget; and

WHEREAS, the Board desires to, among other things, approve the annual budget for fiscal year 2013;

NOW THEREFORE, BE IT RESOLVED, that the Wayne County Airport Authority Board hereby approves:

1. The annual operating budgets for the Detroit Metropolitan Airport Fund, the Willow Run Airport Fund and the Westin Hotel Fund for the fiscal year beginning October 1, 2012 and ending September 30, 2013, as prepared by the Chief

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Financial Officer of the Authority and reviewed by the Board, copies of which are attached to this Resolution;

2. The Wayne County Airport Authority Five-Year Capital Improvement Plan for Detroit Metropolitan Airport and Willow Run Airport for fiscal years 2013-2017, a copy of which is attached to this Resolution.

All prior Resolutions and parts of prior Resolutions insofar as they conflict with the provisions of this Resolution hereby are rescinded.

This Resolution was supported by Board Member Alfred Glancy and carried by the following vote:

AYES: Glancy, Hall, Jackson, Nouhan, Parker, Zuckerman

NAYS: None

DATE: September 19, 2012