



**The College of Business  
University of Nevada, Reno  
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**<http://www.unr.edu/business/research-and-outreach/uced>**

# A Five-Year Strategic Plan for the Nevada Air Service Development Commission

A Proposal by the University Center for Economic Development

September 19, 2024

Prepared by: Nathan G. Strong  
Phone: 775.426.8434  
Email: [nathanstrong@unr.edu](mailto:nathanstrong@unr.edu)

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## PROJECT PROPOSAL

### SECTION 1: PROPOSAL INTRODUCTION

<b>Title:</b>	A Strategic Plan for the Nevada Air Service Development Commission for 2025 through 2029
<b>Primary Investigator:</b>	Nathan G. Strong, University Center for Economic Development
<b>Duration:</b>	Four Months
<b>Amount Requested:</b>	\$2,500

### SECTION 2: BACKGROUND

#### *Strategic Plan*

In September 2024, University Center for Economic Development faculty were contacted by representatives from the Nevada Air Service Development Commission to develop a new general organizational strategic plan for the Nevada Air Service Development Commission. In order to develop the goals, objectives, and actionable items for a Nevada Air Service Development Commission Strategic Plan. University Center for Economic Development faculty and staff would lead the Nevada Air Service Development Commission members in a strategic planning process. This strategic planning process would build upon any prior technical reports that the University Center for Economic Development had prepared for the Nevada Air Service Development Commission, existing Nevada Air Service Development Commission organizational resources, and would also include at least one strategic planning workshop, held virtually, with the Nevada Air Service Development Commission members. The purpose of the strategic planning process would be to develop a new five-year organizational strategic plan for the years 2025 to 2030, that includes the possible revision of the Nevada Air Service Development Commission mission statement and the development a vision statement, a set of strategic goals and objectives with accompanying actionable items and metrics for performance.

### SECTION 3: PROPOSAL OVERVIEW

#### *Strategic Plan*

- University Center for Economic Development faculty and staff will engage the Nevada Air Service Development Commission members, in the development of a new

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organizational strategic plan for the Nevada Air Service Development Commission for 2025 through 2030 that will consist of the following sections:

- A Strategic Mission Statement
  - A Strategic Vision Statement
  - A set of Key Priority Items
  - A set of Strategic Goals and Objectives
  - Development of a set of Actionable items
  - Development of a set of Metrics for Performance
  - Steps for Annual Evaluation of the Five-Year Strategic Plan
- University Center for Economic Development faculty will facilitate one virtual organizational strategic planning workshop with the Nevada Air Service Development Commission members. This workshop is designed to assess the current organizational assets, capabilities and future issues the Nevada Air Service Development Commission may have to address for the next five years.
    - Virtual Workshop: Tentatively scheduled for one day, this workshop will consist of the completion of several organizational assessment exercises including the completion a Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis, development of a list of Key Priority Items, Mission Statement, Vision Statement, a set of Strategic Goals and Objectives with accompanying Actionable Items and Metrics for Performance, and steps for Annual Evaluation of the strategic plan for the five-year 2025 through 2030 period for the Nevada Air Service Development Commission.
  - A draft Nevada Air Service Development Commission strategic plan for 2025 through 2030 will be prepared by University Center for Economic Development faculty. The University Center for Economic Development will make the draft Nevada Air Service Development Commission Strategic Plan for 2025 through 2030 available to the Nevada Air Service Development Commission as a University Center Technical Report. This draft Nevada Air Service Development Commission Strategic Plan for 2025 through 2030 will be developed using the input collected during the Virtual Workshop. An electronic copy and two hard copies of the draft Nevada Air Service Development Commission Strategic Plan for 2025 through 2030 will be provided.

### ***Travel and Presentations***

- In addition to the virtual workshop outlined above in this proposal, University Center for Economic Development faculty and staff assigned to this project agree to make themselves available for a total of two (2) separate informal virtual meetings, including, but not limited to the Nevada Air Service Development Commission members and other interested parties, in order to present the scope of work outlined in this proposal.

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- University Center for Economic Development faculty and staff assigned to this project will also make themselves available for up to two presentations, virtually or in person, to the Nevada Air Service Development Commission and other partners and stakeholder groups as determined by representatives of the Nevada Air Service Development Commission (may include additional public presentations, commission member organizational presentations, or other presentations as appropriate). These presentations will be limited to the resulting research and deliverables produced by the University Center for Economic Development and as outlined in this University Center for Economic Development proposal.
  - In consultation with Nevada Air Service Development Commission representatives, University Center for Economic Development faculty and staff will be responsible for making all arrangements associated with the proposed organizational strategic planning virtual workshop. University Center for Economic Development faculty and staff will be responsible for making all arrangements associated with any presentation of the resulting research and deliverables produced and as outlined in this University Center for Economic Development proposal.

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**PROPOSED BUDGET**

**SALARIES, WAGES, and BENEFITS:**

Nathan G. Strong	\$ 1,200
UCED Graduate/Undergraduate Student Assigned	\$ 700

**TOTAL SALARIES, WAGES, and BENEFITS** **\$ 1,900 (Includes Fringe)**

**OPERATIONS and TRAVEL**

Operations (Printing, Supplies, Travel, Materials, Misc.)	\$ 600
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**TOTAL OPERATIONS and TRAVEL** **\$ 600**

**TOTAL COST** **\$2,500**

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## **PRIMARY INVESTIGATOR and CO-INVESTIGATOR BIO**

**Nathan G. Strong (Primary Investigator):** Nathan is currently a Strategic Planning and Economic Development Program Coordinator at the University Center for Economic Development where he leads Native American, Tribal, and Indigenous community engagement efforts. Nathan has worked with multiple federally recognized tribes in Nevada and contributed to numerous successful strategic planning processes resulting in numerous planning and assessment technical reports, including the Statewide Nevada Native American Community and Economic Development Strategy, and he has worked on several Comprehensive Economic Development Strategies (CEDs) for several local municipalities, counties, and regional economic development authorities and economic development districts throughout Nevada. Previously, Nathan led the Churchill Economic Development Authority (CEDA) and has worked with the State of Nevada, for the Fallon Paiute-Shoshone Tribe, and as an instructor with Churchill County School District, Western Nevada College, and Northern Nevada Literacy Council. Nathan holds a BA in History with a Certificate in Computer Programming from Point Loma Nazarene University and is currently pursuing an MA in Anthropology at UNR.

### **ABOUT THE UNIVERSITY CENTER FOR ECONOMIC DEVELOPMENT**

The University Center for Economic Development (UCED) in the College of Business at the University of Nevada, Reno was established in the fall of 1992 in response to the growing need within the state for economic development research, technical assistance and educational services. UCED's primary objective is fostering economic development throughout Nevada by making the extensive resources of the University of Nevada, Reno available to organizations and areas that can benefit from job and income creation and job retention efforts.



2440 Deming Way  
Middleton, Wisconsin 53562  
608-273-6380  
meadhunt.com

July 30, 2024

Tina Iftiger  
Vice Chair  
C/O Nevada's Air Service Development Commission  
Nevada Governor's Office of Economic Development  
808 West Nye Lane  
Carson City, NV 89703

**Subject: Proposal and Agreement for Air Service Consulting Services**

Dear Tina.

Based on our discussion, Nevada's Air Service Development Commission is interested in Mead & Hunt assisting with air service development consulting services. Mead & Hunt is pleased to submit this proposal for your review, which includes a scope of services, compensation, and authorization.

**Scope of Services**

Mead & Hunt will complete an Air Service Assessment and Development Strategy for Nevada's Air Service Development Commission. The Assessment and Strategy will be the foundation for strengthening commercial air service initiatives throughout the State of Nevada. The deliverable will be divided into eight sections:

1. Trends and Issues - This section will identify national, regional, and local trends and issues related to air service development, the airline industry, fleet sizes, business models, airport systems, and passenger connectivity.
2. Market Penetration Analysis—This section will highlight the origin of domestic patrons who utilize the Elko Regional Airport (EKO), Harry Reid International Airport (LAS), Reno-Tahoe International Airport (RNO), and airports (e.g., St. George Regional Airport) immediately adjacent to Nevada's state line using GPS mobility data.
3. Gap Analysis – This section will analyze the air service gap between airports with commercial service and domestic and international air service, which will be used to prioritize and rank air service opportunities.
4. Benchmark Analysis—This section will analyze and compare demographic, economic, and performance indicators for the state's four primary statistical areas (Las Vegas-Henderson, NV; Reno-Carson City-Gardnerville Ranchos, NV-CA; Elko, NV; and Winnemucca, NV) and compare them to select peer markets and national averages.

5. Survey - This study phase will include a state-wide survey of economic development agencies (Nevada Governor's Office of Economic Development and the state's eight regional development authorities) and convention visitor bureaus to understand the challenges, demands, and opportunities for air service development.
6. Air Service Funding - This section will identify and explain funding initiatives and opportunities at the federal, state, local, and airport levels used to support air service development.
7. The study will provide a SWOT analysis and summarize key findings, recommendations, and conclusions.
8. The study will recommend initiatives, programs, and next steps for air service development at the state level and by primary statistical area.

The deliverable will identify Nevada's air service strengths, weaknesses, opportunities, and threats and recommend action items for retaining and increasing air service options throughout the State. Upon notice to proceed, Mead & Hunt will prepare, deliver, and present the completed Air Service Assessment and Development Strategy in PowerPoint within 180 days.

**Compensation**

Mead & Hunt will be compensated on a lump sum basis.

Air Service Assessment and Development Strategy ..... \$97,500

Additional services provided by Mead & Hunt not described above or in other supporting documentation will be accommodated by an amendment to this agreement or billed in accordance with the Standard Billing Rate Schedule, attached hereto and incorporated herein by reference. The following are Mead & Hunt's Standard Billing Rates for services billed on a time-and-materials basis.

<b>Standard Billing Rates</b>	
Clerical	\$90 / hour
Accounting/Administrative Assistant	\$110 / hour
Analyst	\$120 / hour
Senior Analyst	\$160 / hour
Consultant	\$190 / hour
Managing Director	\$235 / hour
Project Manager	\$255 / hour
Vice President	\$275 / hour
Company or Personal Car Mileage	IRS Rate
Air and Surface Transportation	Cost
Lodging and Subsistence	Cost
Out-of-Pocket Direct Job Expenses	Cost



**Authorization**

Signatures of authorized representatives of Nevada’s Air Service Commission and Mead & Hunt shall constitute an Agreement between the two parties, and receipt of one, signed electronic copy shall represent authorization to proceed with the work described in the Scope of Services. All services shall be performed in accordance with the *General Terms and Conditions for Air Service Consulting Services* included as Attachment A and which is made a part of this proposal.

Please send all correspondence to my attention including an electronic copy of the signed proposal to the following address:

Mead & Hunt, Inc.  
159 North Causeway Road  
Pawleys Island, SC 29585  
Phone: 843-655-7510 (M)  
Email: [kirk.lovell@meadhunt.com](mailto:kirk.lovell@meadhunt.com)

We appreciate the opportunity to submit this proposal to Nevada’s Air Service Development Commission.

Respectfully submitted,  
Mead & Hunt, Inc.



Kirk W. Lovell  
Project Manager

Accepted by: NEVADA’S AIR SERVICE  
DEVELOPMENT COMMISSION

Approved by: MEAD & HUNT, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*The above person is authorized to sign for Client  
and bind the Client to the terms hereof.*

Date: \_\_\_\_\_

By: Joseph R. Pickering  
Joseph Pickering  
Vice President

Date: July 30, 2024

**Mead & Hunt, Inc.**  
**General Terms and Conditions for Air Service Consulting Services**

1. Client and Mead & Hunt, Inc. hereby mutually agree to the terms and conditions contracted in this Master Service Agreement, including these General Terms and Conditions for Air Service Consulting Services, and any and all documents incorporated by reference into this Agreement (together, this "Agreement"). This Agreement constitutes this Agreement between Client and Mead & Hunt, Inc. as pursuant to which Services are to be performed by Mead & Hunt, Inc. Receipt by Client of the executed Agreement shall be considered written authorization for Mead & Hunt, Inc. to proceed. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in this Agreement.
2. Mead & Hunt, Inc. will bill Client monthly, according to the payment method set forth in this Agreement, with net payment due within thirty (30) days of Client receiving a billing invoice from Mead & Hunt, Inc. Past due balances shall be subject to an interest charge at a rate of 1% per month. In addition, Mead & Hunt, Inc. may, after giving ten (10) days' written notice, suspend the Services under this Agreement until Client has paid in full all amounts due it for services rendered and expenses incurred, including the interest charge on past due invoices. The fees or rates stated in this Agreement does not include any applicable state and local sales or use taxes or gross receipts taxes; such taxes shall be the sole responsibility of Client.
3. The fees, Services and Scope of Services stated in this Agreement constitute an estimate of the fees and tasks required to perform the Services. Should the Project involve conceptual or process development services, Services often cannot be fully defined during the initial planning stages. As the Project progresses, facts uncovered may also reveal a change in direction which may alter the Scope of Services. If Client requests modifications or changes in the Scope of Services related to the Project, the time of performance of the Services by Mead & Hunt, Inc. and the fees associated therewith shall be revised and accepted by both parties in writing before Mead & Hunt, Inc. undertakes any additional work beyond the Scope of Services. Mead & Hunt, Inc. is not acting as a Municipal Advisor as defined by the Dodd Frank Act.
4. To the fullest extent permitted by law, Client shall indemnify and hold harmless Mead & Hunt, Inc. and its officers, agents, representatives and employees from and against liabilities, claims, losses, damages, expenses, including but not limited to attorney's fees and disbursements, arising out of or resulting from (i) delays caused in whole or in part by Client's interference with Mead & Hunt, Inc.'s ability to provide the Services, including, but not limited to, Client's failure to provide facilities or information specified in this Agreement, (ii) inaccuracies in documents or other information provided by Client to Mead & Hunt, Inc., or (iii) failure to perform under this Agreement, caused by or that arise in whole or in part by any negligent acts, errors or omissions of Client. Mead & Hunt, Inc. reserves the right to renegotiate this Agreement due to any unforeseen delays caused by events beyond Mead & Hunt, Inc.'s control, such as Force Majeure events as described in Section 25 or other events beyond Mead & Hunt, Inc.'s control, like funding for the Project. If any word or clause of this Agreement is determined not to be in compliance with Wisconsin Statutes § 895.447, including any amendments thereto, it shall be stricken and replaced and the remaining word, clause and provisions shall remain in full force and effect.
5. Client agrees to provide such legal, accounting and insurance counseling services as may be required for the Project.
6. Mead & Hunt, Inc. will maintain insurance coverage for worker's compensation, general liability, automobile liability, and professional liability. Mead & Hunt, Inc. will provide information as to specific limits upon written request. If Client requires coverages or limits in addition to those that Mead & Hunt, Inc. currently has in effect as of the date of this Agreement, premiums for additional insurance shall be paid by Client.
7. **MEAD & HUNT, INC. (INCLUDING ITS CURRENT AND FORMER EMPLOYEES, OFFICERS, DIRECTORS OR SHAREHOLDERS) AND OWNER ARE NOT LIABLE, IN CONTRACT OR TORT OR OTHERWISE, FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR LIQUIDATED DAMAGES INCLUDING SPECIFICALLY, BUT WITHOUT LIMITATION, LOSS OF PROFIT OR REVENUE, LOSS OF CAPITAL, DELAY DAMAGES, LOSS OF GOODWILL, CLAIM OF THIRD PARTIES, OR SIMILAR DAMAGES ("DAMAGES"). NOTWITHSTANDING THE FOREGOING, CLIENT SHALL BE LIABLE HEREUNDER TO THE EXTENT THAT MEAD & HUNT, INC. IS HELD LIABLE BY ITS SUBCONSULTANTS OR A THIRD-PARTY FOR DAMAGES CAUSED BY OWNER OR ITS EMPLOYEES, INDEPENDENT CONTRACTORS, OR AGENTS. IN NO EVENT SHALL MEAD & HUNT, INC.'S OR ITS SUBCONSULTANTS' LIABILITY ARISING OUT OF OR RELATED TO ANY BREACH OF THIS AGREEMENT EXCEED THE AMOUNT OF FEES BILLED BY MEAD & HUNT, INC. TO CLIENT FOR SERVICES PERFORMED PURSUANT TO THIS AGREEMENT.**
8. Mead & Hunt, Inc.'s (including its current or former employees, officers, directors, or shareholders) liability to Client for any damages shall not exceed the amount of fees billed by Mead & Hunt, Inc. to Client for services performed pursuant to this Agreement within the last twelve (12) months from the date that the last invoice was submitted to Client by Mead & Hunt, Inc., regardless as to whether Client paid such invoice
9. Mead & Hunt, Inc. and Client agree that the ultimate liability for contaminants or pollutants regardless of its source, and for the actual, alleged, or threatened discharge, dispersal, release, or escape of pollutants, mycotoxins, spores, smoke, vapors, soot, fumes, mold, acids, alkalis, toxic chemicals, mildew, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, buildings, the atmosphere, or body of water shall remain with Client; and the responsibility and/or liability for any of the foregoing and for the ownership and maintenance of any toxic, hazardous, or asbestos materials relating to the project shall remain with Client.
10. Client and Mead & Hunt, Inc. shall not, during the term of this Agreement or after the termination of this Agreement for a period of one (1) year disclose any Confidential Information to any person or entity or use any Confidential Information for the benefit of Client or Mead & Hunt, Inc., as the case may be, or any other person or entity, except with the prior written consent of Mead & Hunt, Inc. or Client, as the case may be, or as required by law. The term "Confidential

Information” means information marked or designated by Mead & Hunt, Inc. or Client as confidential. Confidential Information includes, but is not limited to, the purpose, duration, or extent of studies, surveys, and tests conducted by Mead & Hunt, Inc. or its subconsultants during the term of this Agreement, ideas, specifications, techniques, models, data, programs, documentation, processes, know-how, and financial and technical information. Notwithstanding the foregoing, Confidential Information shall not include information or material that (i) is publicly available or becomes publicly available through no action or fault of receiving party, (ii) was already in receiving party’s possession or known to receiving party prior to being disclosed or provided to receiving party by or on behalf of disclosing party, provided that the source of information or material was not bound by a contractual, legal or fiduciary obligation of confidentiality to disclosing party or any other party with respect thereto, (iii) was or is obtained by receiving party from a third party, provided that such third party was not bound by a contractual, legal or fiduciary obligation of confidentiality to disclosing party or any other party with respect to such information or material, or (iv) is independently developed by receiving party without reference to the Confidential Information. Except as required by law or court order, the provisions of this clause shall apply to Client’s communications with members of the public, governmental agencies, and all other individuals or organizations. The restrictions set forth in this section shall remain in full force and effect (a) with respect to the Confidential Information, for a period of six (6) years following the earlier of the termination of this Agreement or the completion of services under this Agreement; and (b) with respect to the Trade Secrets, which shall have the meaning set forth under applicable law, until the Trade Secrets no longer retain their status or qualify as trade secrets under applicable law.

11. Mead & Hunt, Inc. shall retain ownership and property interest in all documents prepared or furnished by Mead & Hunt, Inc. and its independent professional associates and consultants, in connection with the Project, which include, but are not limited to, models, plans, sketches, designs, drawings details, specifications, all data and image files, both electronic and hard copy, as applicable (hereinafter “files”), and such files are part of Mead & Hunt, Inc.’s Instruments of Services. Mead & Hunt, Inc. may release files to any other party involved in the Project; and if such release is not provided for in the Scope of Services, fees may be adjusted before the documents are prepared for electronic submittal. Client is not permitted to use Mead & Hunt, Inc. files for any other project without express written permission from Mead & Hunt, Inc., and Mead & Hunt, Inc. may request Client to return or destroy such files at any time. Mead & Hunt, Inc. makes no representation as to compatibility of electronic files with Client’s hardware or software and assumes no liability with respect to any use or reuse of the files by Client. Mead & Hunt, Inc. will have no liability to Client or any third party for any material in or transmitted with the files, including without limitations any virus, worm, trap door, back door, tracker, or other illicit code or program that may result from such use or reuse of files. Client hereby indemnifies and holds harmless Mead & Hunt, Inc. against any and all claims related to any use or reuse of the files. Differences may exist between these electronic files and corresponding hard-copy documents prepared by Mead & Hunt, Inc. and the electronic files, the signed or sealed hard-copy documents shall govern. Because information presented on the electronic files can be modified, unintentionally or otherwise, Mead & Hunt, Inc. reserves the right to remove all indicia of ownership and/or involvement from each electronic display. MEAD & HUNT, INC. PROVIDES THE FILES “AS IS,” “WITH ALL FAULTS” AND “AS AVAILABLE.” TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. UNDER NO

CIRCUMSTANCES SHALL DELIVERY OF THE FILES FOR USE OR REUSE BE DEEMED AS SALE BY MEAD & HUNT, INC. AND MEAD & HUNT, INC. MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR ANY PARTICULAR PURPOSE. IN NO EVENT SHALL MEAD & HUNT, INC. BE LIABLE FOR ANY LOSS OF PROFIT, DIRECT OR INDIRECT DAMAGES, OR ANY CONSEQUENTIAL DAMAGES AS A RESULT OF THE USE, REUSE OR CHANGES TO FILES OR ANY DATA THEREIN.

12. Termination of this Agreement by Client or Mead & Hunt, Inc. with or without cause, shall be effective upon ten (10) days’ written notice to the other party. The written notice may or may not include the reasons and details for termination. Mead & Hunt, Inc. will prepare a final invoice showing all charges incurred through the date of termination; all outstanding payments are due and payable as stated in Section 2. If Client breaches this Agreement, Mead & Hunt, Inc. may, upon ten (10) days’ written notice, suspend Services without further obligation or liability to Client.
13. Mead & Hunt, Inc. will provide the Services in accordance with ordinary generally accepted standards of professional practices. Mead & Hunt, Inc. disclaims all warranties and guarantees, express or implied. The parties agree that this is an agreement for professional services and is not subject to any Uniform Commercial Code. Similarly, Mead & Hunt, Inc. will not accept any general terms or conditions offered by Client in its purchase order, requisition, notice of authorization to proceed, or any other contractual document except as set forth herein or expressly agreed to in writing. Written acknowledgment of receipt or the actual performance of Services subsequent to receipt of such other contractual document is specifically deemed not to constitute acceptance of any terms or conditions contrary to those set forth herein. Nothing in this Agreement is intended to create, nor shall it be construed to create, a fiduciary duty owed by either party to the other party.
14. Mead & Hunt, Inc. cannot and does not guarantee that proposals, bids or actual project or construction costs will not vary from the actual and/or final project or construction costs or that the Project or construction costs will not vary from the final costs of the Project. Client agrees to indemnify and to hold Mead & Hunt, Inc. harmless for any claim arising out of or related in any way to the Project or construction costs even if such claim arises out of and/or has been caused in whole or in part by negligence on the part of Mead & Hunt, Inc.
15. If Client is a municipality or state authority or any government authority/agency, Client agrees to indemnify and hold harmless Mead & Hunt, Inc. for all claims arising out of or related in any way to acts done by Mead & Hunt, Inc. in the exercise of legislative or quasi-legislative functions.
16. Nothing contained in this Agreement shall create a contractual relationship with a third party or a cause of action in favor of a third party against Mead & Hunt, Inc. Mead & Hunt, Inc.’s Services under this Agreement are being performed solely for Client’s benefit, and no other party or entity shall have any claim against Mead & Hunt, Inc. because of this Agreement or the performance or nonperformance of Services hereunder.

17. This Agreement shall not be construed as imposing upon or providing to Mead & Hunt, Inc. the responsibility or authority to direct or supervise construction means, methods, techniques, sequence, or procedures of construction selected by the parties or subcontractors or the safety precautions and programs incident to the work of the parties or subcontractors.
18. This Agreement contains the entire understanding between the parties on the subject matter hereof and no representations, inducements, promises or agreements not embodied herein shall be of any force or effect, and this Agreement supersedes any other prior understanding entered into between the parties on the subject matter hereof. Any amendments to this Agreement shall be agreed upon in writing by both parties. No waiver of compliance with any provision or condition hereof shall be effective unless agreed in writing duly executed by the waiving party. Nothing contained in this Agreement shall create a contractual relationship with a third party or a cause of action in favor of a third party against Mead & Hunt, Inc. This Agreement may be executed in any number of counterparts with the same effect as if all Parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.
19. If any term or provision of this Agreement is held unenforceable, then such provision will be modified to reflect the parties' intention. All remaining provisions of this Agreement shall remain in full force. The various terms, provisions, and covenants herein contained shall be deemed to be separable and severable, and the invalidity or unenforceability of any of them shall in no manner affect or impair the validity or enforceability of the remainder hereof.
20. None of the rights and/or obligations of either party hereunder may be assigned except with the prior written consent of the other party, and any attempted assignment without such consent shall be void.
21. In an effort to resolve any conflicts that arise during the design or construction of the Project or following the completion of the Project, Mead & Hunt, Inc. and Client agree to discuss any material disputes between them during the 90 days after notice of disputes given by either party. If discussions are unsuccessful in resolving the dispute, then the dispute shall be mediated unless the parties mutually agree otherwise. Any claim not resolved by mediation shall be resolved by arbitration in Wisconsin with the American Arbitration Association or by litigation in the state of Wisconsin.
22. The parties agree that Mead & Hunt, Inc.'s Services in connection with this Agreement shall not subject any of Mead & Hunt, Inc.'s current or former employees, officers, directors or shareholders to any personal legal liability for any breaches of this Agreement or for any negligence in performing any Services in connection with this Agreement even if such claim arises out of and/or has been caused in whole or in part by negligence on the part of Mead & Hunt, Inc.'s current or former employees, officers, directors or shareholders. Therefore, notwithstanding anything to the contrary contained herein, Client agrees that Client's sole and exclusive remedy for any breach of contract or any negligent performance of Services in connection with this Agreement shall be a claim against Mead & Hunt, Inc. Client further agrees that any claim, demand, suit, or judgment shall be asserted only against Mead & Hunt, Inc.'s corporate entity, and not against any of Mead & Hunt, Inc.'s current or former employees, officers, directors, or shareholders, and Client covenants not to sue these individuals. Each of Mead & Hunt, Inc.'s current and former employees, officers, directors or shareholders are made express beneficiaries of this section.
23. The limitations and indemnity provided herein shall not apply to the willful or intentional acts of Mead & Hunt, Inc. or its employees, shareholders, officers, or directors. Client acknowledges and agrees that it has had an opportunity to negotiate with respect to the limitations of these General Terms and understands and agrees that if those sections were not included herein the fees for the Services provided in connection with this Agreement would be significantly higher. Client further acknowledges that it is a sophisticated party with experience in the acquisition of design services.
24. To the extent permitted by law, Mead & Hunt, Inc. disclaims any duty to defend Client. Client agrees that it shall not tender the defense of any claim arising out of or related to this Agreement to Mead & Hunt, Inc.
25. Neither party shall hold the other responsible for damages or delays in performance caused by Force Majeure or other events beyond the control of the other party and which could not reasonably have been anticipated or prevented. For purposes of this Agreement, Force Majeure shall include, but not necessarily be limited to, adverse weather conditions, floods, epidemics, pandemics, war, riot, civil unrest, strikes, lockouts and other industrial disturbances; unknown site conditions, accidents, sabotage, fire, loss of permits, failure to obtain permits; court orders; acts of God; acts, orders, laws or regulations of any governmental agency. Should such acts or events occur, the parties to this Agreement shall mutually agree on the terms and conditions upon which the Services may be continued. Failing achievement of such an agreement, either party may terminate this Agreement in accordance with Section 12.
26. Nothing contained in this Agreement shall create a contractual relationship with a third party or a cause of action in favor of a third party against Mead & Hunt, Inc. Mead & Hunt, Inc.'s Services under this Agreement are being performed solely for Client's benefit, and no other party or entity shall have any claim against Mead & Hunt, Inc. because of this Agreement or the performance or nonperformance of Services hereunder.
27. This agreement shall be construed and interpreted in accordance with the laws of the state of Wisconsin. No action may be brought except in the state of Wisconsin.



# Industry Trends & Recent Developments

September 25<sup>th</sup>, 2024



# ASDC @ M&H



**Joseph Pickering**



**Doug Blissit**



**Margaret Muir**



**Mike Lopez**

- Network Planning experience at some of the world's largest airlines
- Influencing communities' air service growth
- ASD work from Large- to Non-Hub airports, DMOs and EDCs



**Jay Richardson**



**Ron McNeill**



**Kirk Lovell**

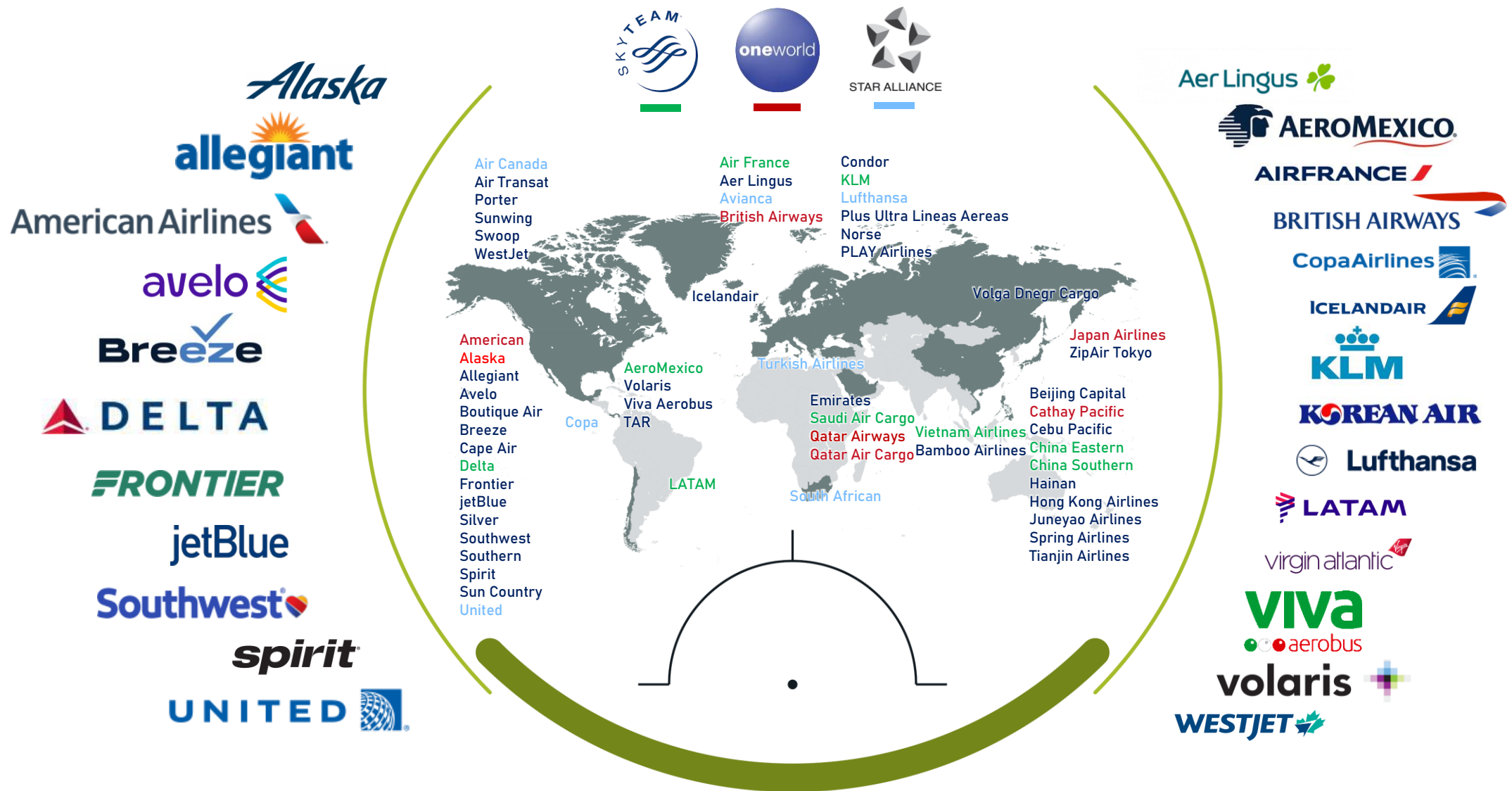


**Jeffrey Hartz**



**Gemma Hooper**

# Global Airline Meetings and Relationships



# ASD Related Work and Data Sources

## MARKET ANALYSIS

- Market performance and Air Service Risk Assessment
- Analysis and recommendations
- Economic impact study
- Catchment Area Demand Analysis (i.e., leakage analysis)
- Second property ownership analysis
- Visitation/destination analyses (location-based data)

## AIR SERVICE PRO FORMAS (I.E., ROUTE FORECASTS)

- Projections of passengers, revenue, cost and profitability
- Proprietary traffic forecasting and route profitability sensitivity analysis

## AIRLINE PRESENTATIONS

- Community and demographics
- Market research
- Peer/proxy market comparisons
- Route and schedule analysis
- Unique information important to the airlines

## COMMUNITY INVOLVEMENT/SUPPORT PROGRAMS

- Air service development strategies and incentive program development
- Air service marketing strategies
- Assistance with airline-business partnerships
- Business travel surveys
- Community outreach and education
- Small Community Air Service Development Program (SCASDP) grant applications

## AIRLINE PLANNING-RELATED DATA & SOFTWARE

- Business and socioeconomic data (Esri Business Analyst Online, Bureau of Economic Analysis, Nielsen, Woods & Poole Economics, Inc.)
- Domestic and international origin and destination data (Diio Mi)
- Domestic booking/ticketed data (Marketing Information Data Tapes [MIDT], Airline Reporting Corporation [ARC], Official Airline Guide [OAG])
- Flown/published airfares (Computer Reservation System [CRS], Diio Mi)
- Global Distribution System booking data (OAG)
- Location-based data (Global Positioning System [GPS])
- Schedule, Onboard, and Form 41 data (Diio Mi)



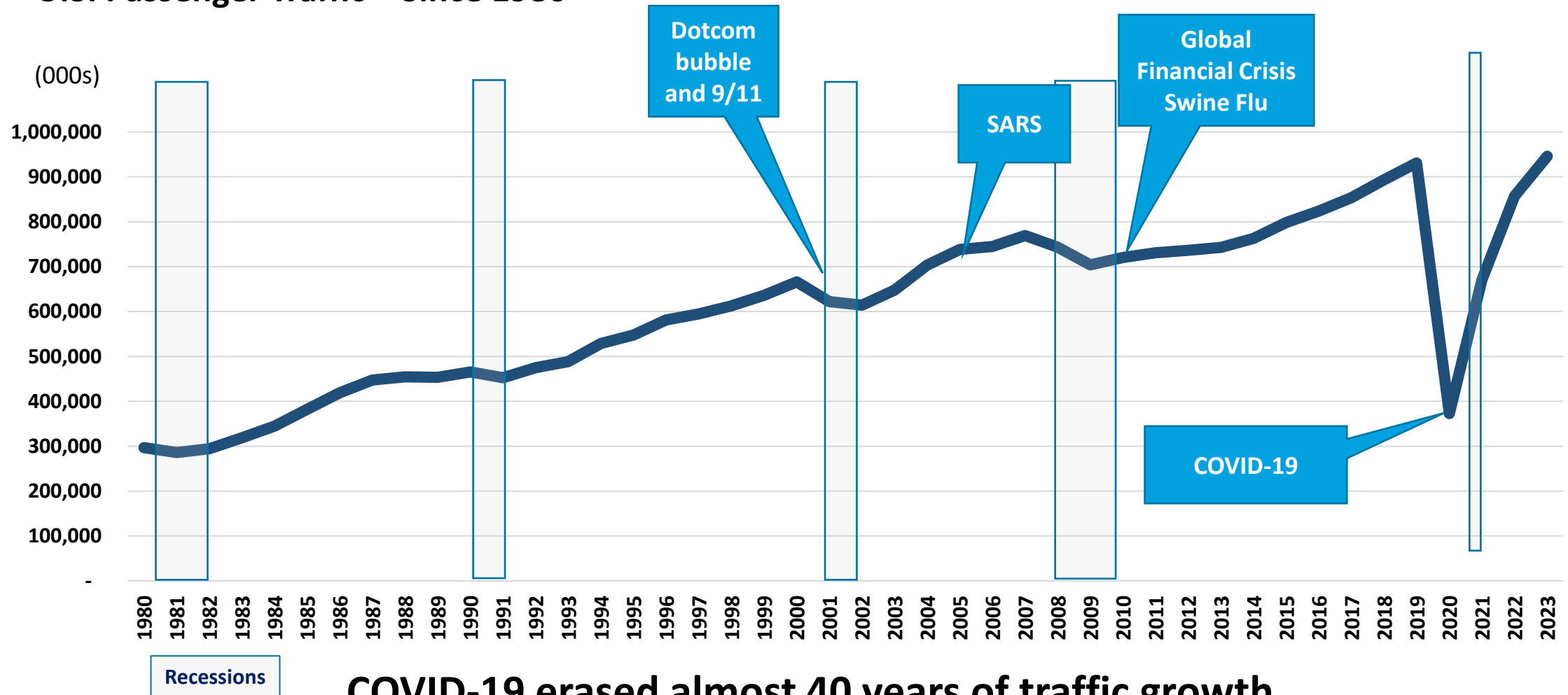
# US Industry Trends

- Overall demand has recovered.
  - Traffic and capacity trends are finally back above 2019 levels.
  - Fares have stabilized but are significantly higher than five years ago.
- The U.S. industry in total is once again profitable.
  - But airline profitability falls far short of other U.S. industries.
- But 2024 seems to be a turning point for the industry.
  - Growth over the last 10 years has been primarily by low-cost airlines.
  - But performance by the ULCCs and select others is deteriorating.
  - As a result, growth for those airlines is slowing.
  - Rising unit costs across the airlines are narrowing the cost advantages enjoyed by the low-cost models.
  - These rising costs (new labor agreements) are continuing to push airlines toward larger aircraft.
  - Low-cost models are making major changes to adapt to the current environment.



# 2023 Passenger Traffic Was Back Above 2019

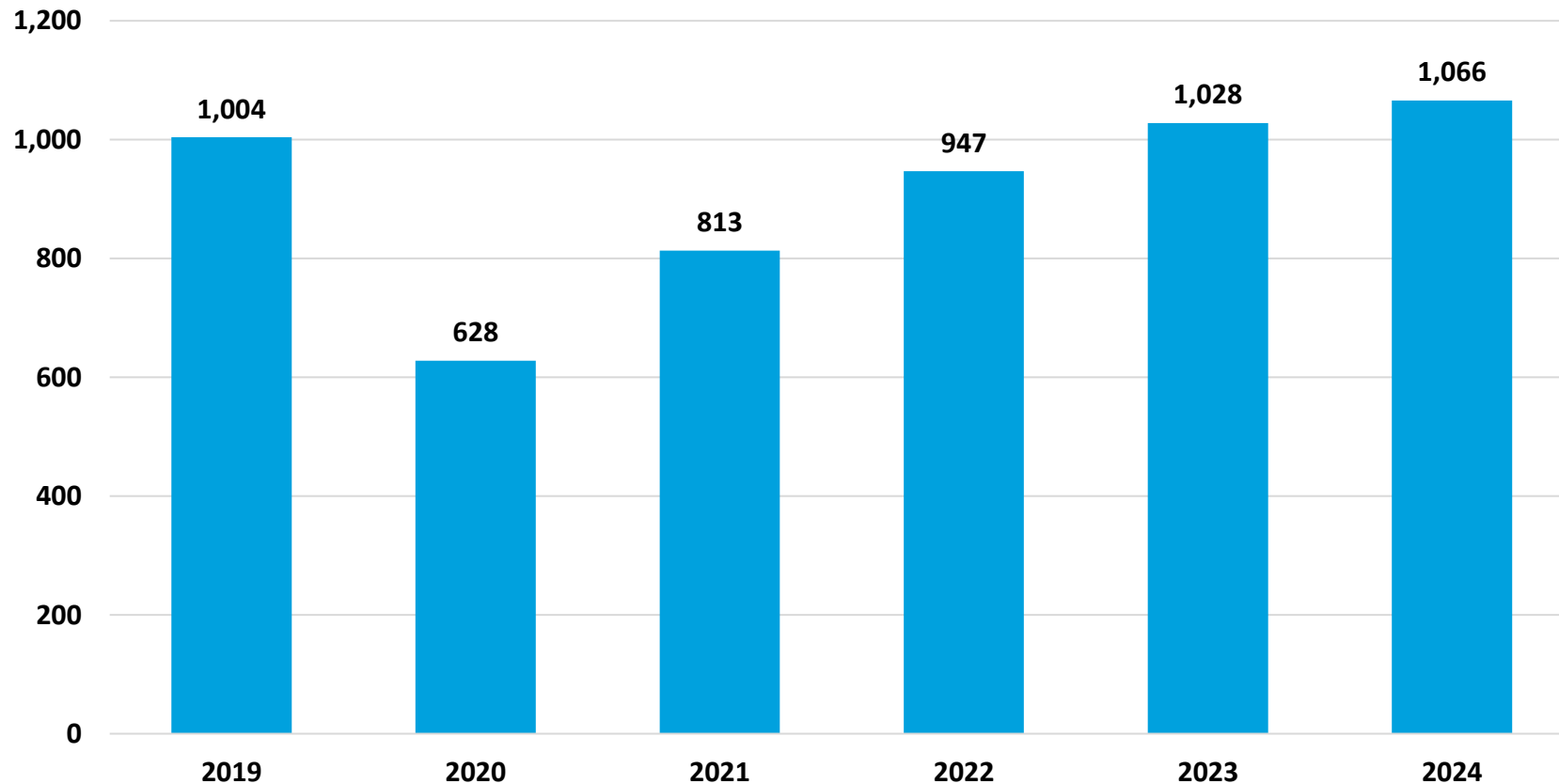
## U.S. Passenger Traffic – Since 1980



**COVID-19 erased almost 40 years of traffic growth.**

# 2024 Domestic Seat Capacity Back Above 2019 and Growing

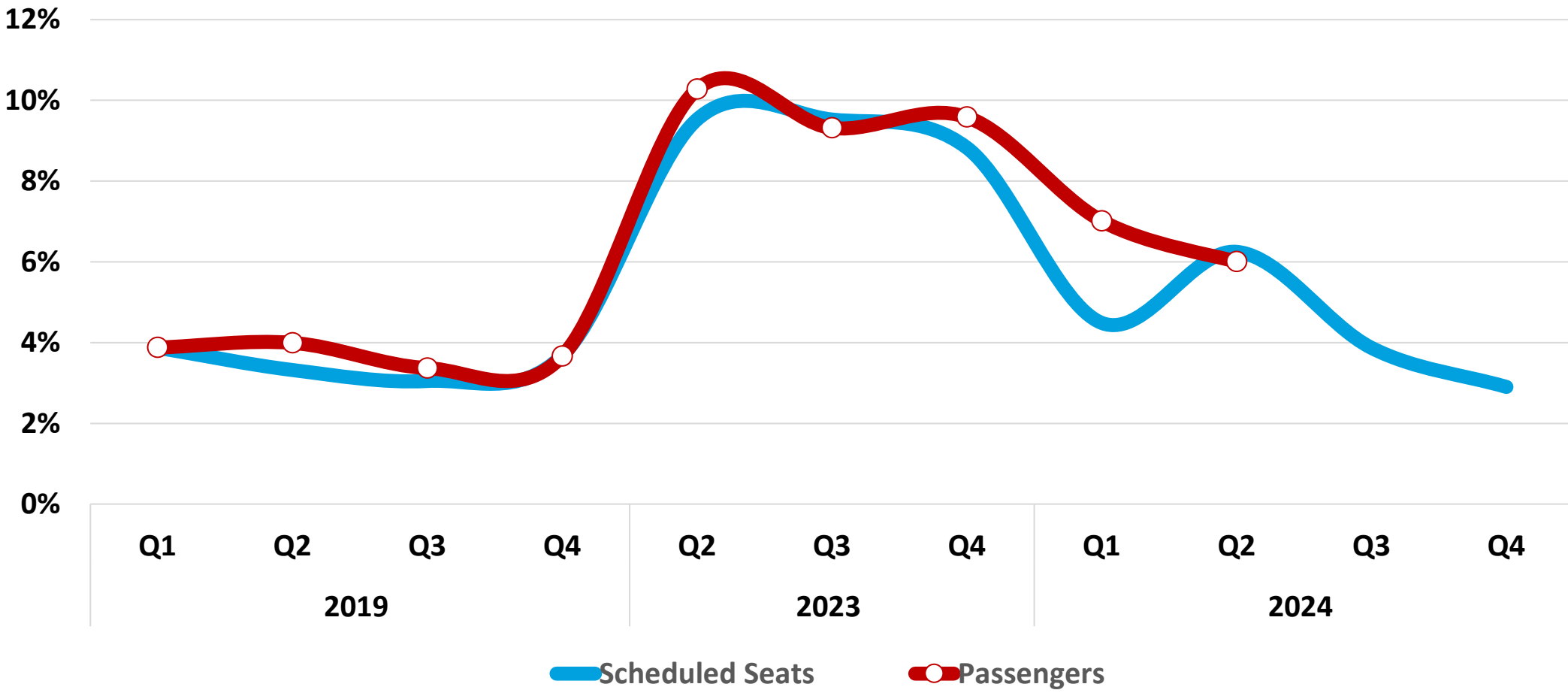
Domestic Seat Capacity  
(Millions)



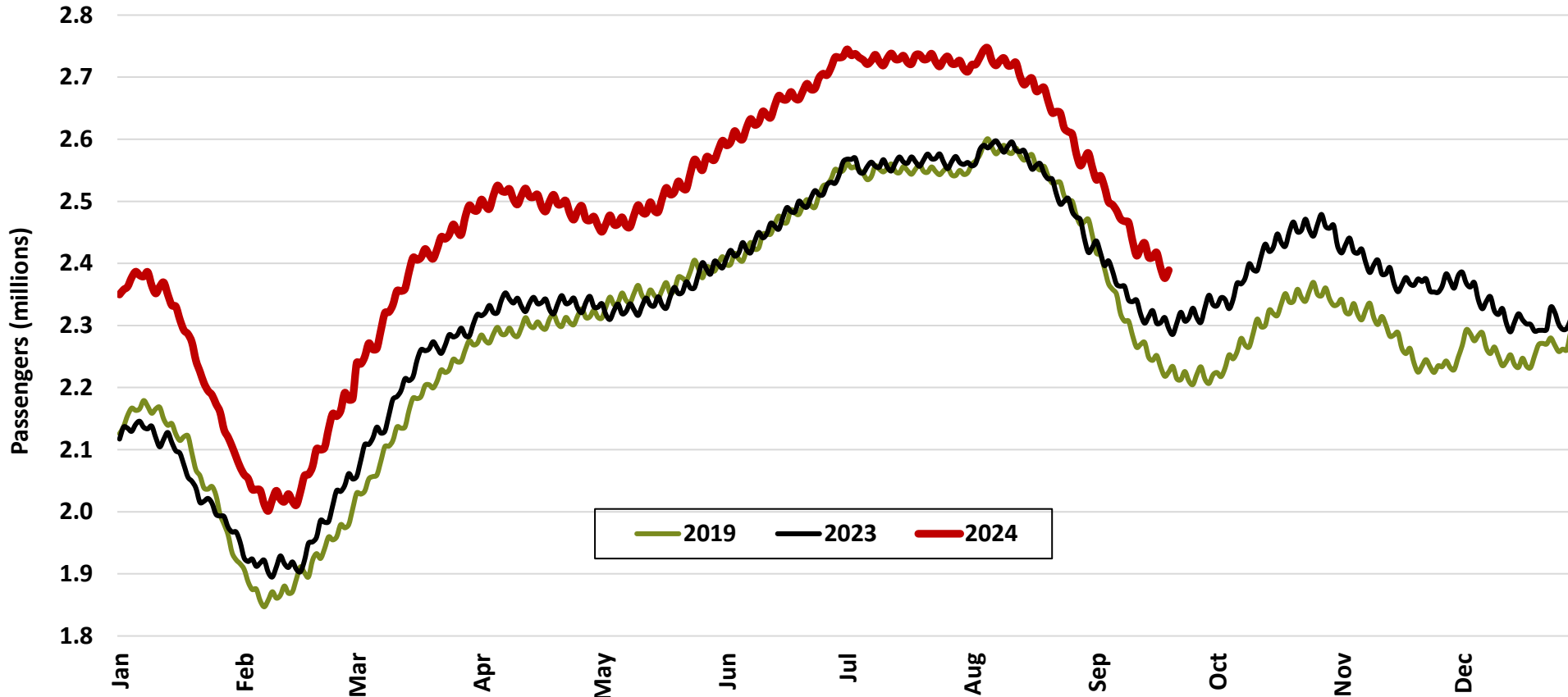
- Scheduled 2024 domestic seat capacity is 4% above 2023 and now **6% above pre-pandemic levels.**
- Average aircraft size continues to grow = seats up/flights down.
- Growth in the 2<sup>nd</sup> half of the year is slowing.

# U.S. Airport Seat/Passenger YOY Growth

- Airlines slowed seat growth in 2024 as air travel demand slowed.



# TSA Throughput (30-day ending)

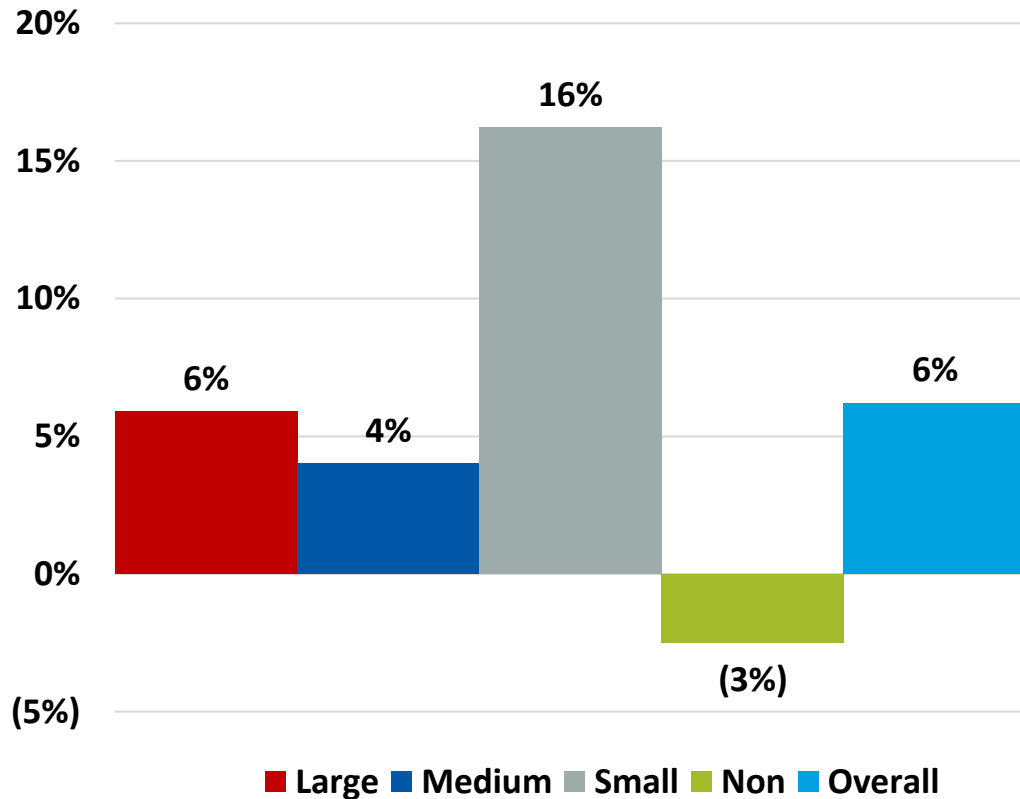


2024 Yr/Yr % Growth	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
% Growth	7%	6%	7%	6%	7%	6%	6%	5%	2%

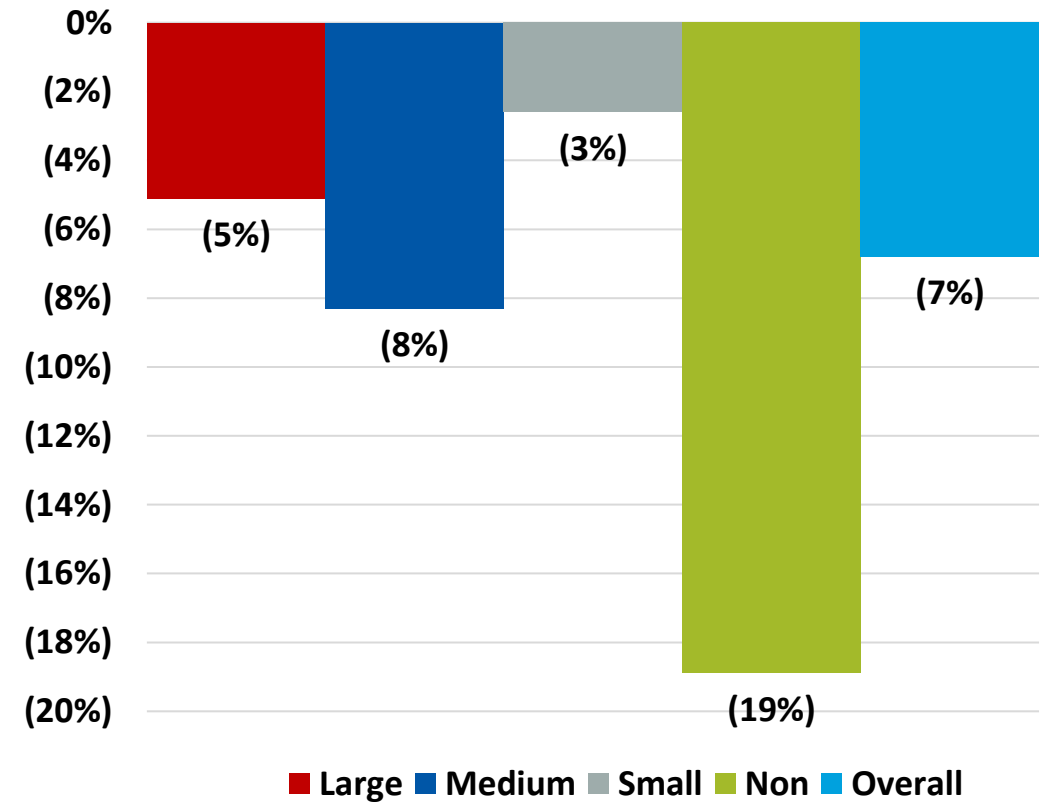
- 2024 air travel remains > last year and 2019.
- The growth in August and beyond is narrowing though.

# Recovery Varies by Airport Size

2024 Seats vs. 2019



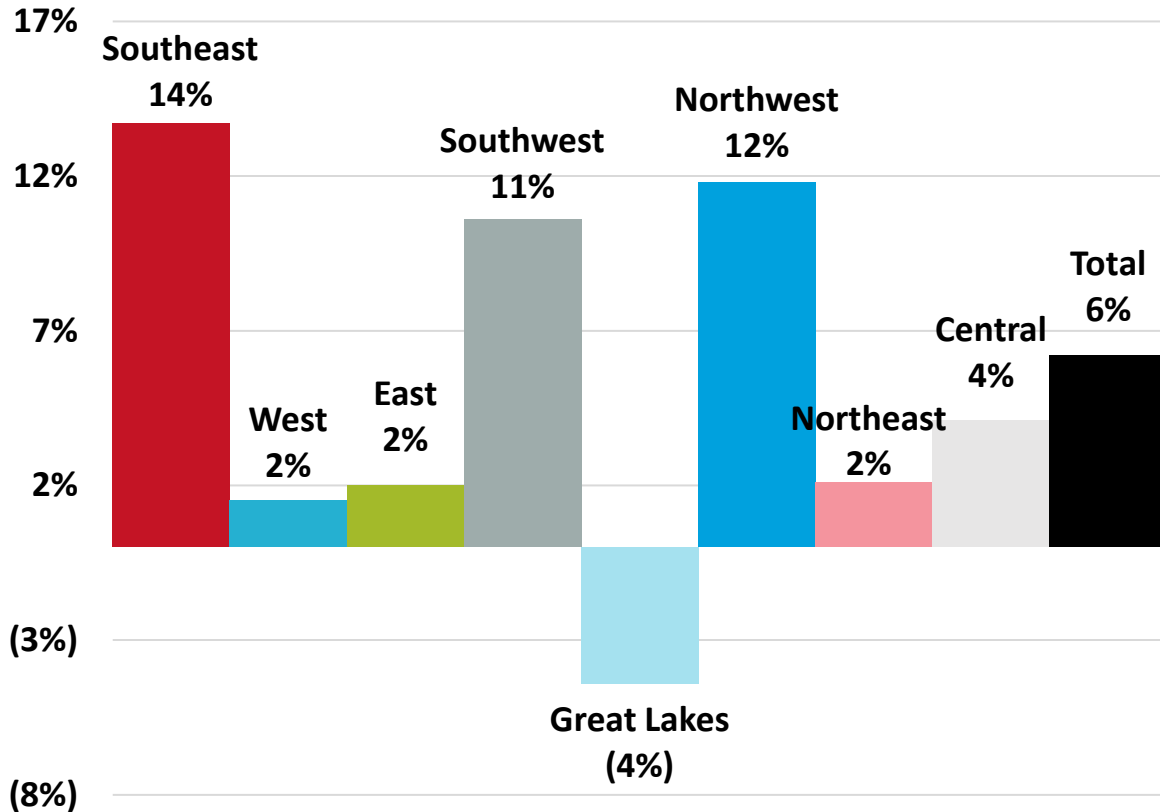
2024 Flights vs. 2019



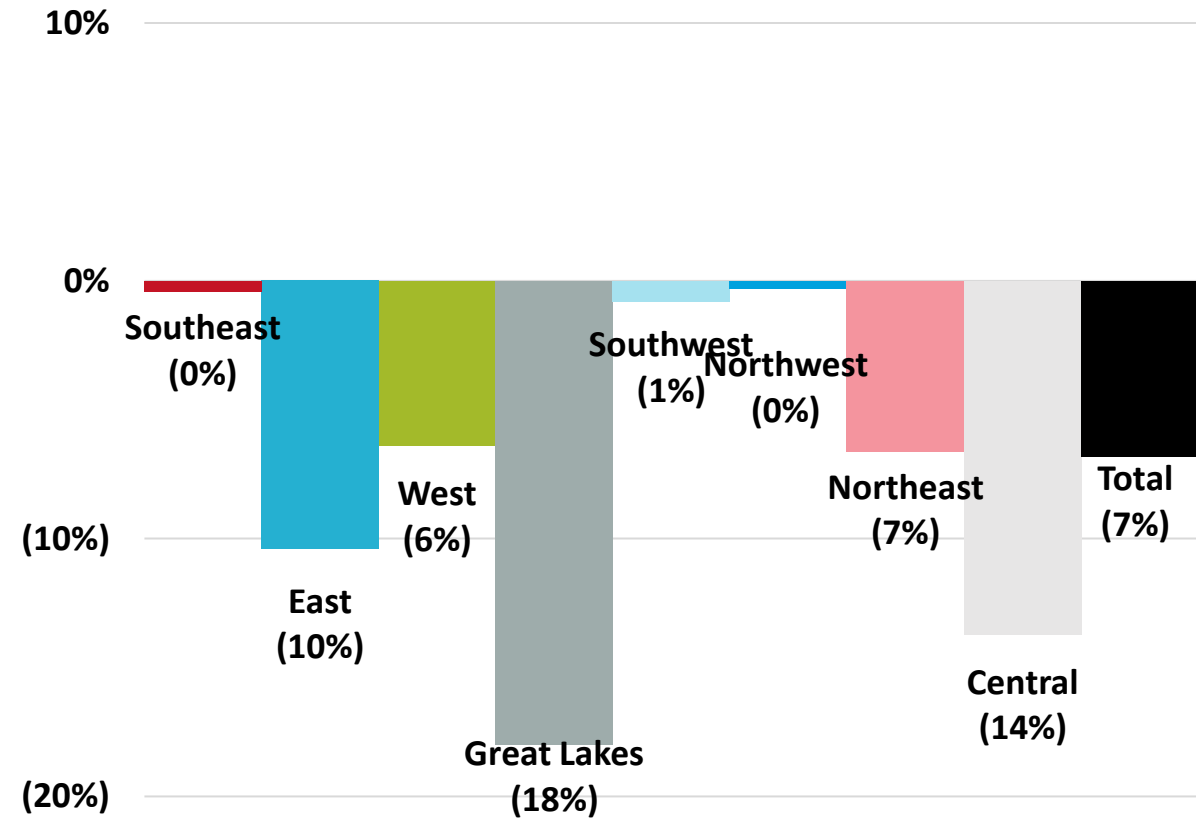
While the overall industry is scheduled to be up 6% in seats, non-hub airports are still down.

# And by Region

## 2024 Seats vs. 2019



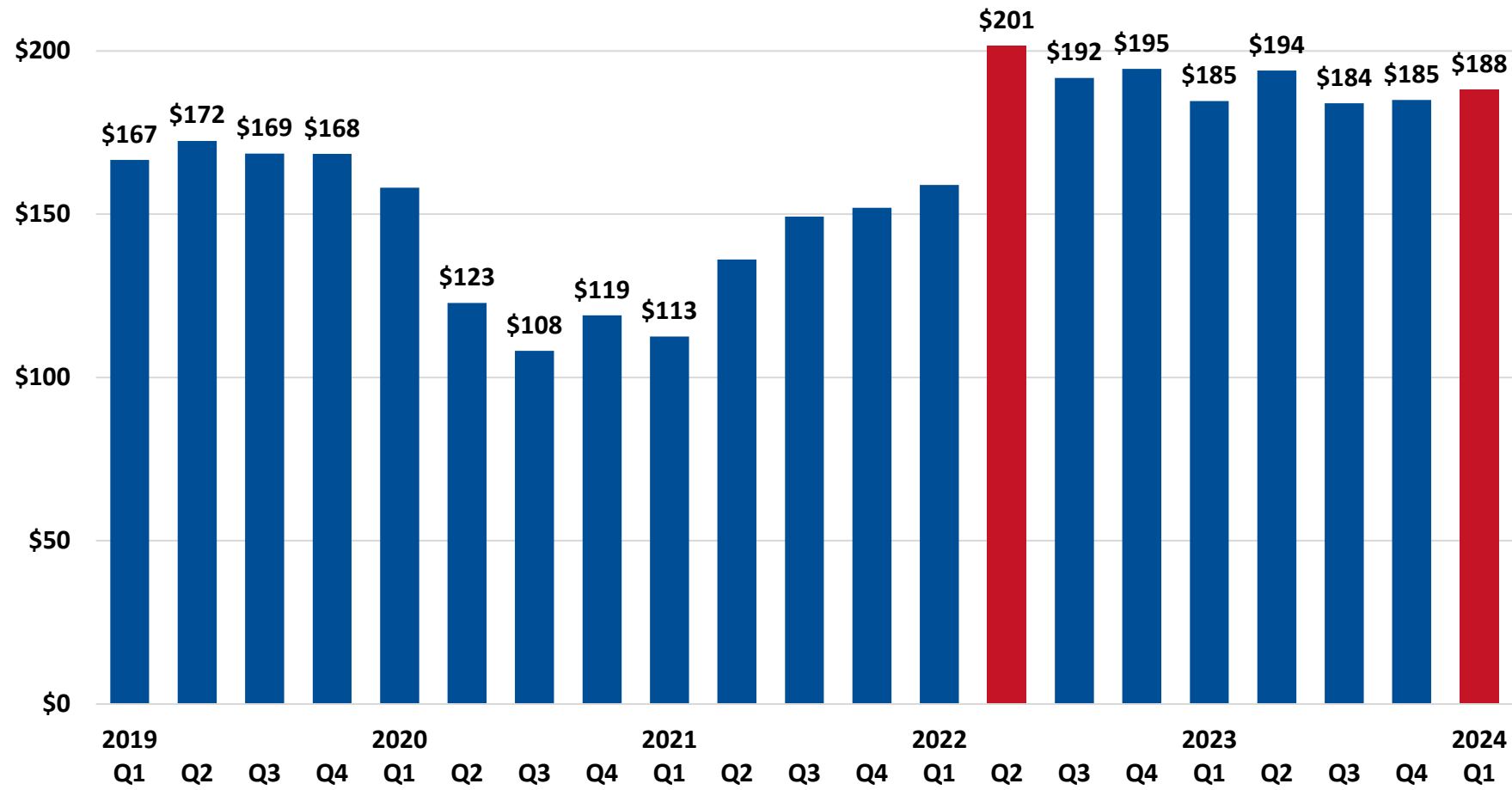
## 2024 Flights vs. 2019



The Great Lakes region is the only region down in seats in 2024, but all regions are down in departures.

# Robust Growth of Average Fares has Slowed Considerably

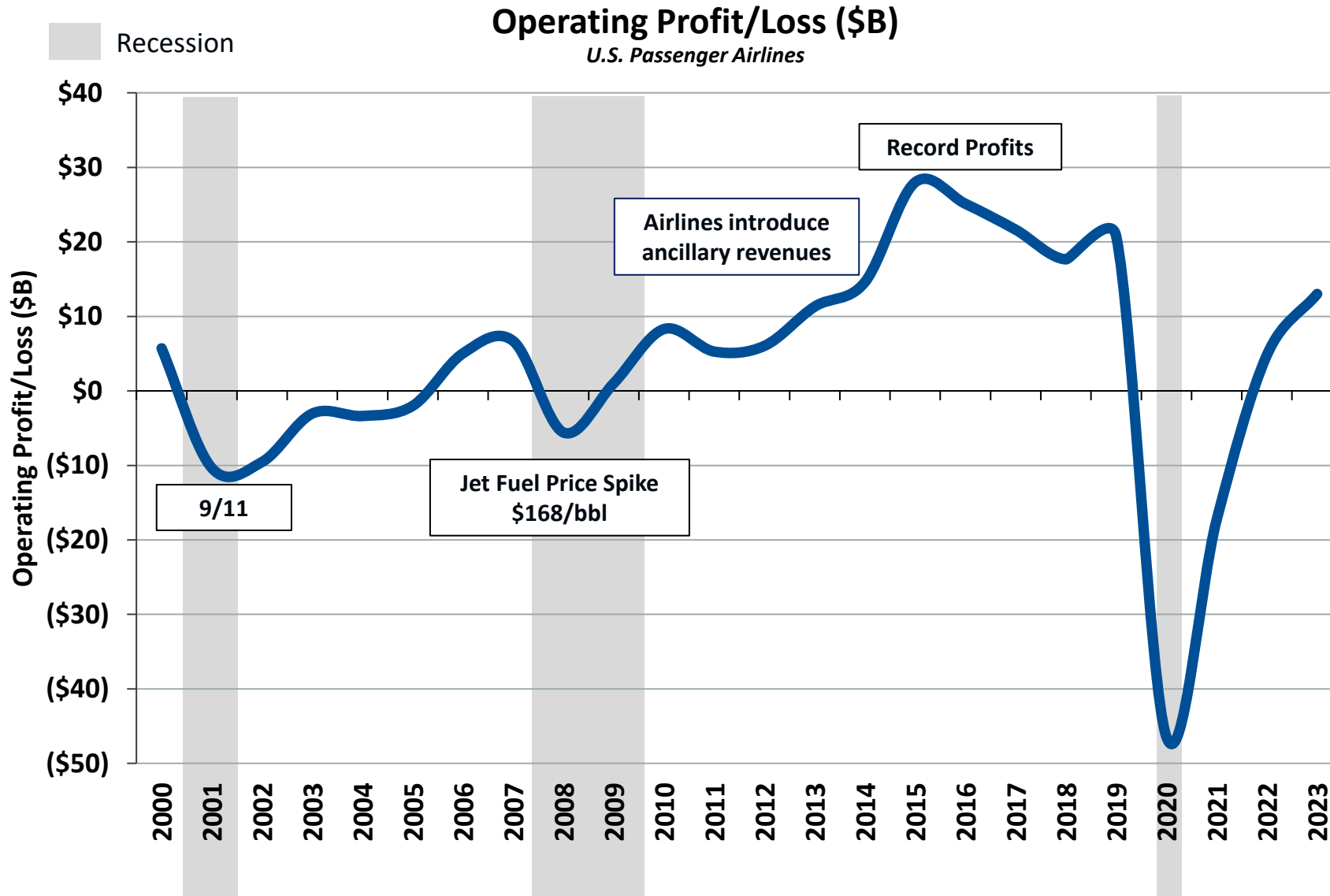
## Average Domestic Fare



- Domestic fares dropped dramatically during the pandemic in an attempt to lure travelers back onto planes.
- In Q2 2022, fares increased to unprecedented levels, 17% higher than Q2 2019.
- Since then, fares have moderated but are still significantly higher than pre-pandemic levels.



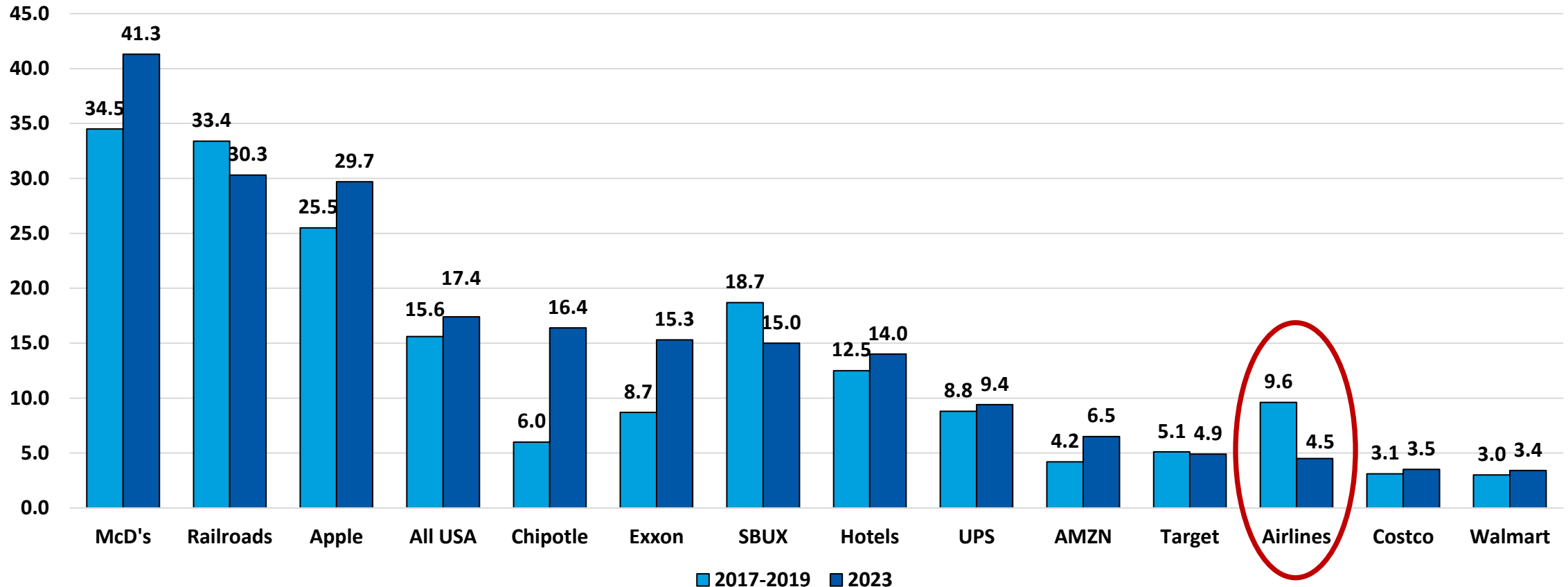
# Industry is Profitable Once Again



- The U.S. airline industry enjoyed over 10 years of profitability before COVID-19.
- 2023 operating profits were ~\$13 billion, a big improvement from the ~\$47B loss in 2020.
- Through the 1<sup>st</sup> half of 2024, the industry has generated \$5.5 billion in profits, a significant slowdown from 2023 so far.
- Pre-tax margins for the 1<sup>st</sup> half of 2024 were less than 3%.

# Airline Profitability Pales in Comparison to Other Industries

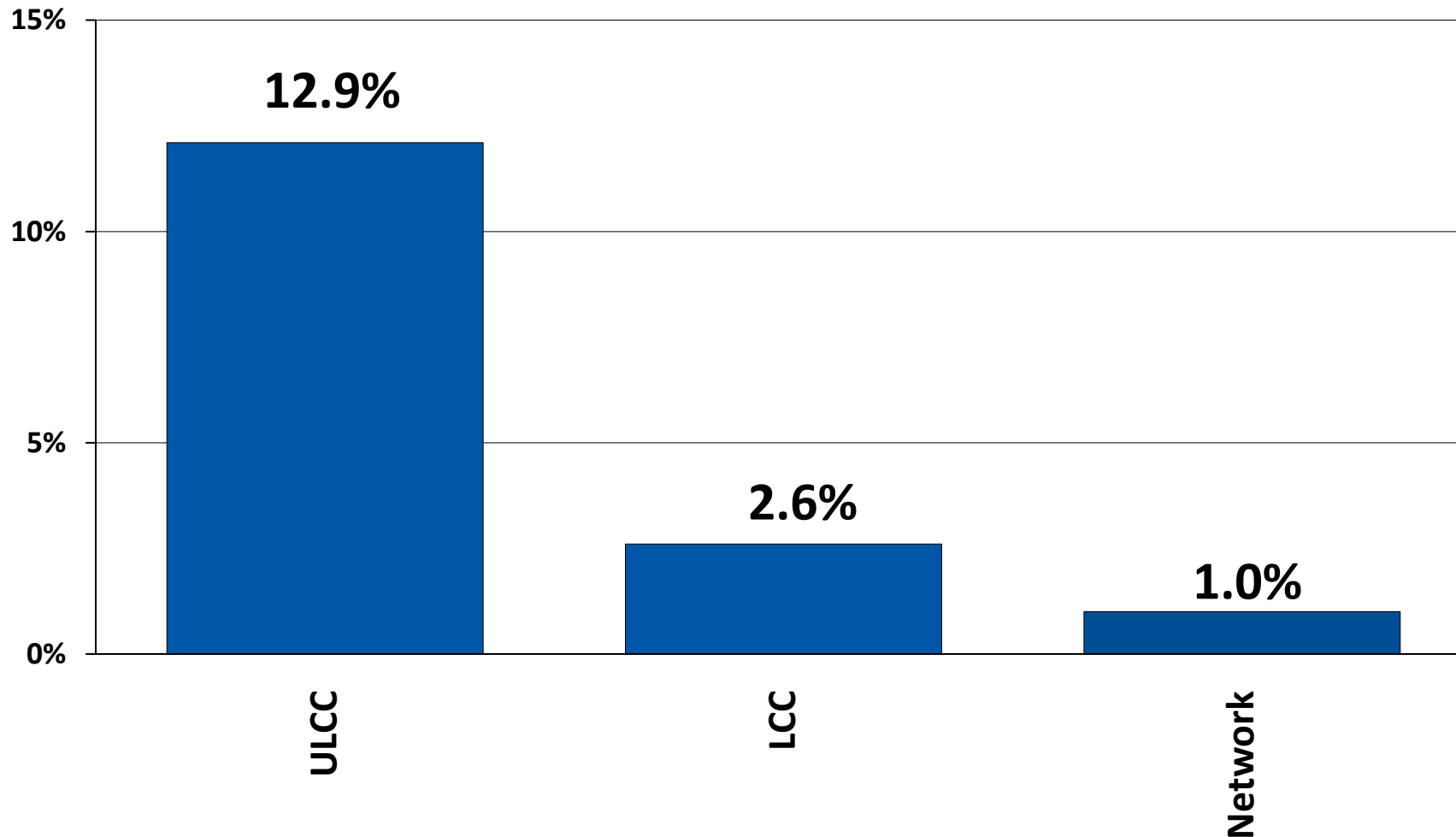
Pre-Tax Profit Margin (%) for Selected U.S. Companies and Industries



In 2023, the average U.S. corporation was almost four times as profitable as U.S. airlines.

# Ultra Low-Cost Carriers Led the Industry's Growth

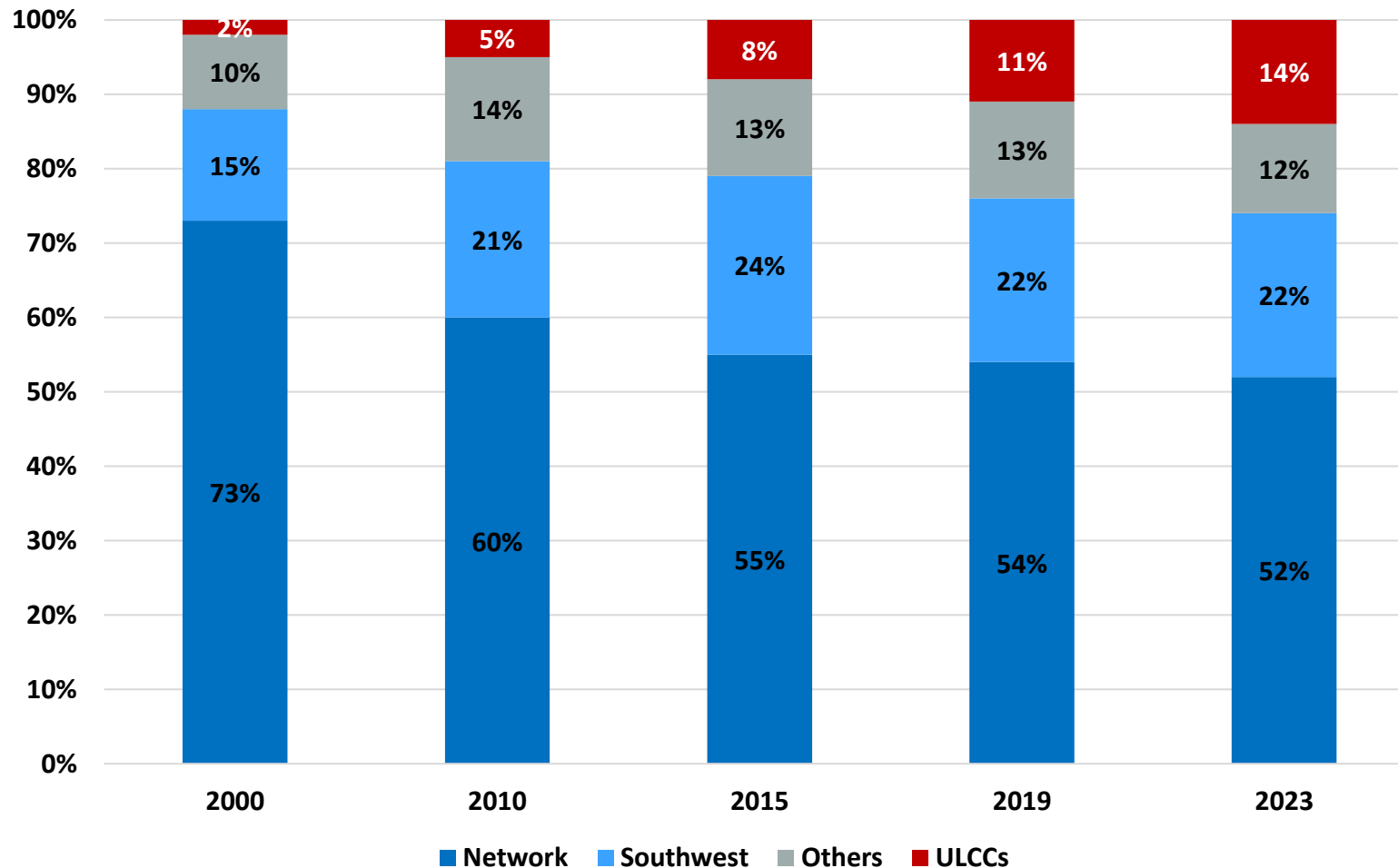
Domestic Seat Capacity Growth by Business Model  
2023 10-Year CAGR



- Over the 10 years leading to 2023, the network airlines grew an average of only 1% per year.
- Low-cost airlines, dominated by Southwest, grew 2.6%.
- While the Ultra-low-cost airlines grew almost 13% per year.

# U.S. Domestic O&D Passengers by Airline Business Model

## Share (%) of U.S. Domestic O&D Passengers by Airline Business Model



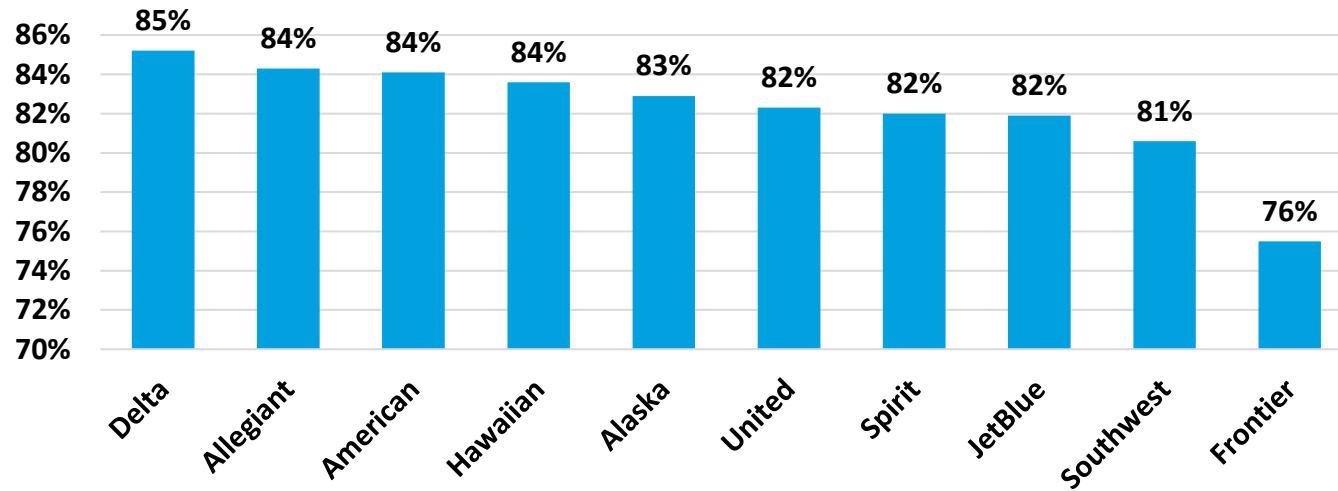
- Global network carrier share fell from 73% in 2000 to 52% in 2023.
- Southwest gained share through 2015 but has lost share since.
- The ULCC business model has risen from virtually nothing 20 years ago to 14% of the U.S. industry in 2023.



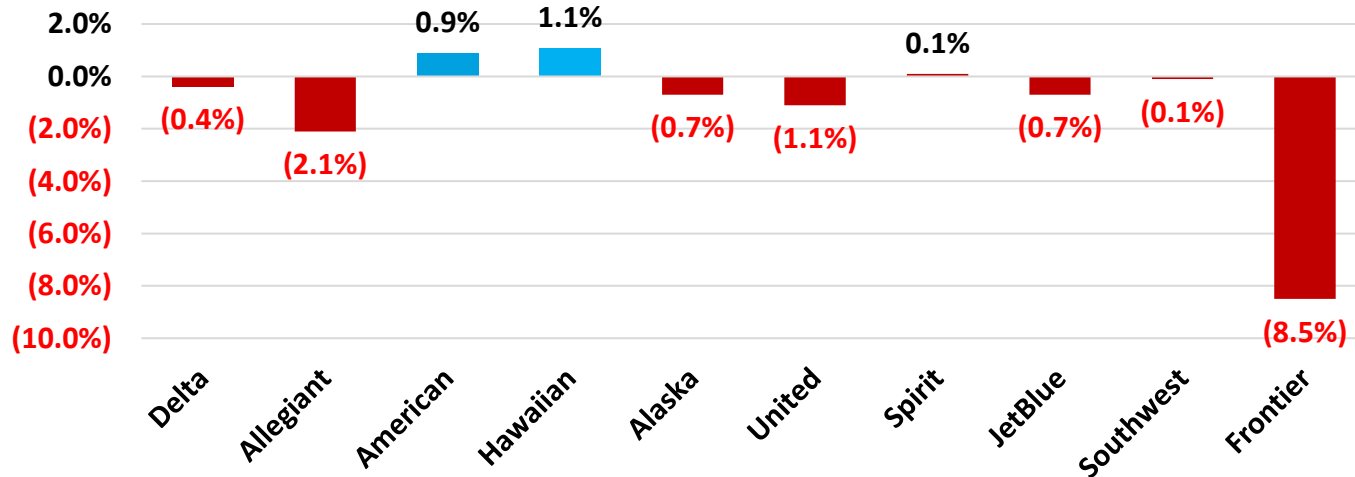
2024 Seems to be a Turning Point for the Industry

# U.S. Load Factors Fell for Select Airlines

## 1st Half 2024 System Load Factors

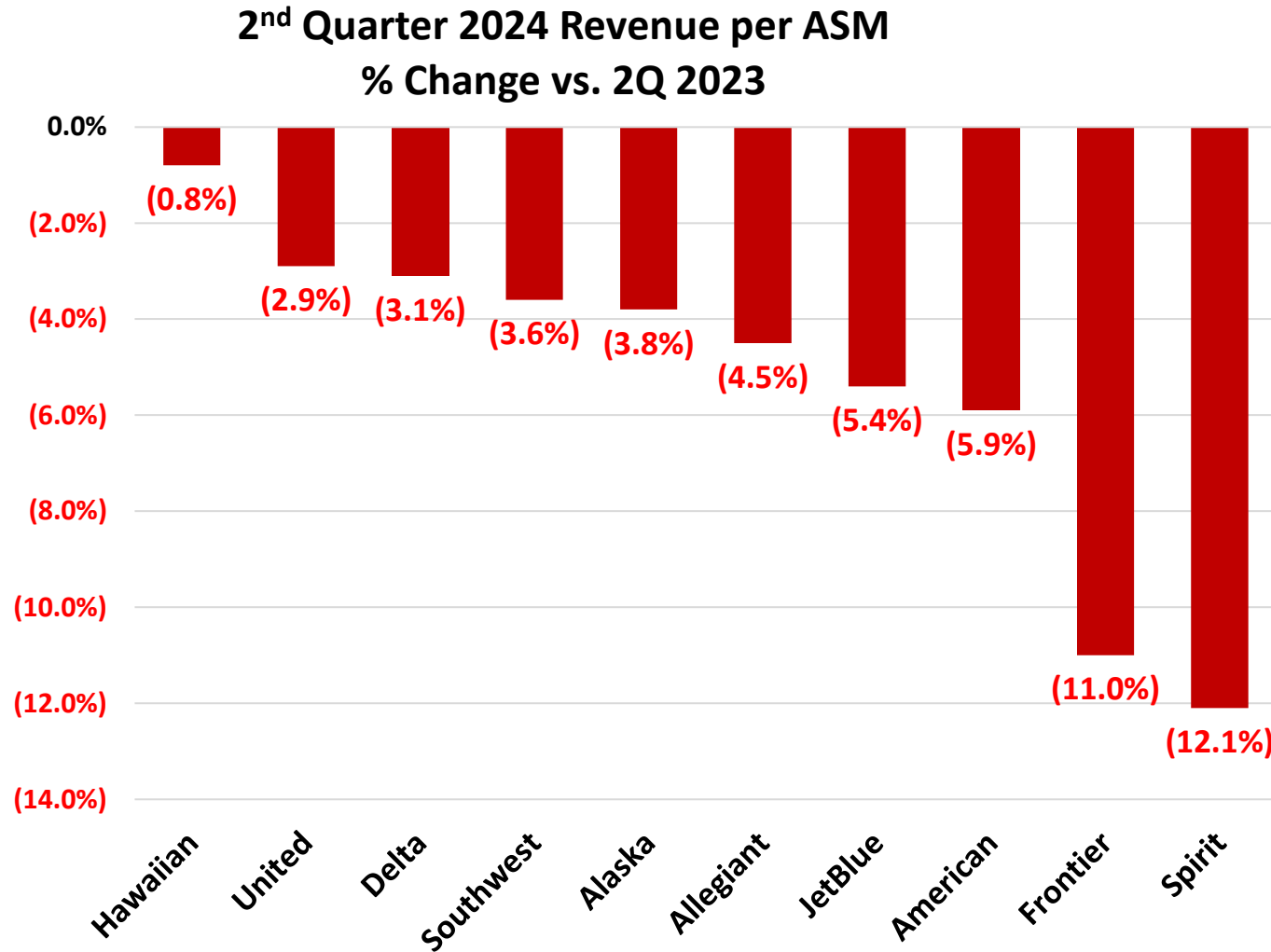


## Change vs 1st Half 2023



- System load factor for 1<sup>st</sup> half of 2024 averaged 83%.
- Load factors by airline ranged from 76% for Frontier to a high of 85% for Delta.
- 2024 load factors were similar to 2023 for most airlines.
- But the largest declines were by two of the three ULCC carriers, Allegiant (down 2 points) and Frontier (down over 8 points).

# But Unit Revenues Fell for Everyone



- Unit revenue (or revenue per available seat mile) is the industry's most meaningful measure of demand and revenue productivity.
- Unit revenue started falling significantly in the 2<sup>nd</sup> Quarter.
- Every major airline saw unit revenue fall year-over-year.
- The Ultra-low-cost airlines saw unit revenue fall by the highest percentages.

# Jet Fuel Prices Improving but Remain High

## 10 Year Jet Fuel Price Per Gallon

*U.S. Gulf Coast – Spot Price*

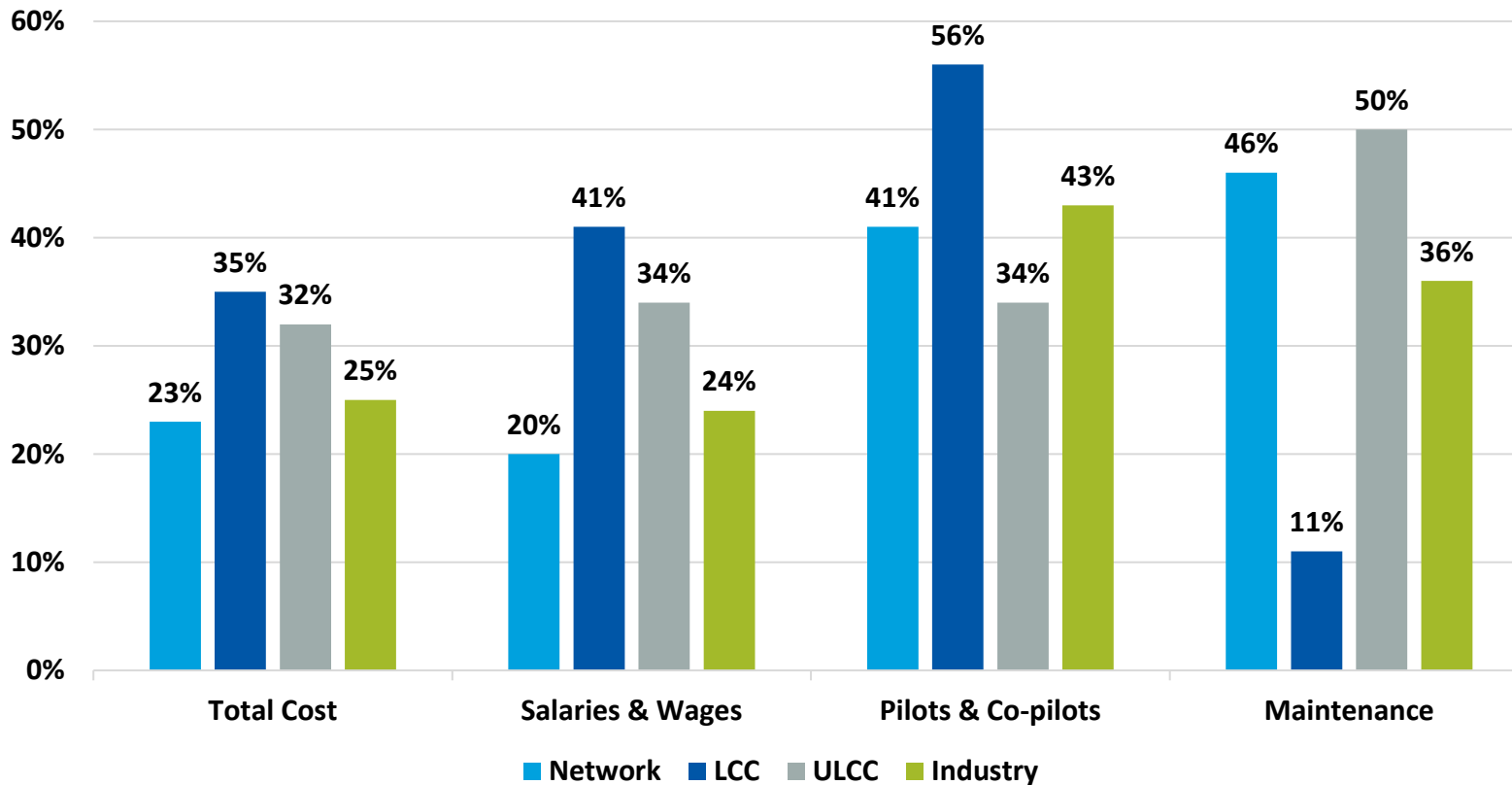


- In Spring 2022, Jet Fuel prices peaked at over \$5 per gallon.
- Average rates in 2024 have fallen 25% from the average 2022 rates.
- That still leaves them 34% higher than levels five years ago.
- Fuel cost increases cut across all airlines, regardless of business model.



# Unit Costs Increasing and Gap for LCCs is Narrowing

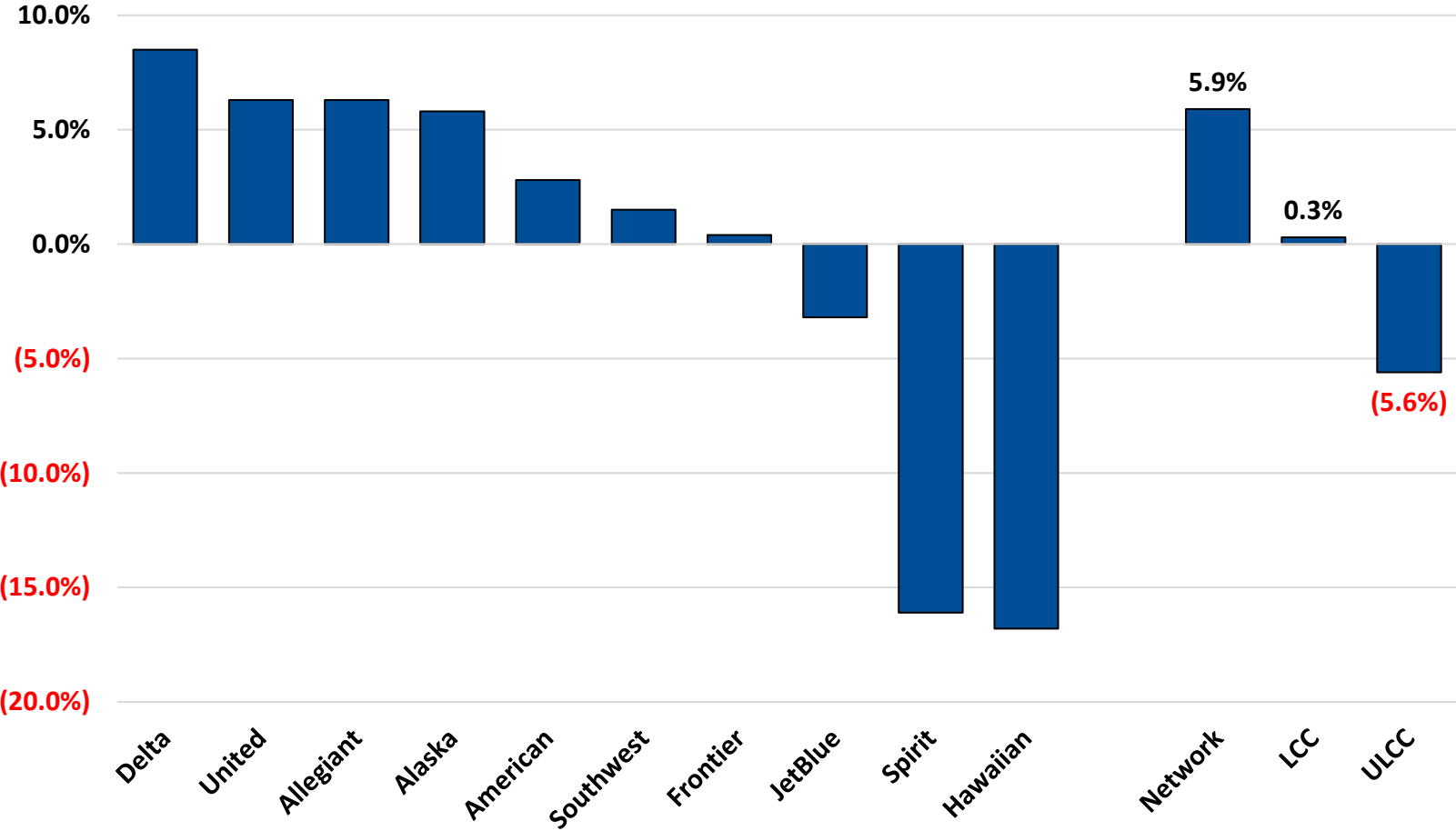
Major U.S. Airline % Change in Costs per Block Hour  
1Q 2019 to 1Q 2024



- Total unit costs for the industry are up 25% over the last five years.
- And the low-cost and ultra-low-cost airlines saw their advantage narrow.
- As the industry fought for pilots to grow back to pre-pandemic levels, unions negotiated huge salary increases.
- Those increases continue to make their way through the other labor groups.
- These costs are unlikely to ever go back down.

# Profitability is Very Inconsistent by Business Model

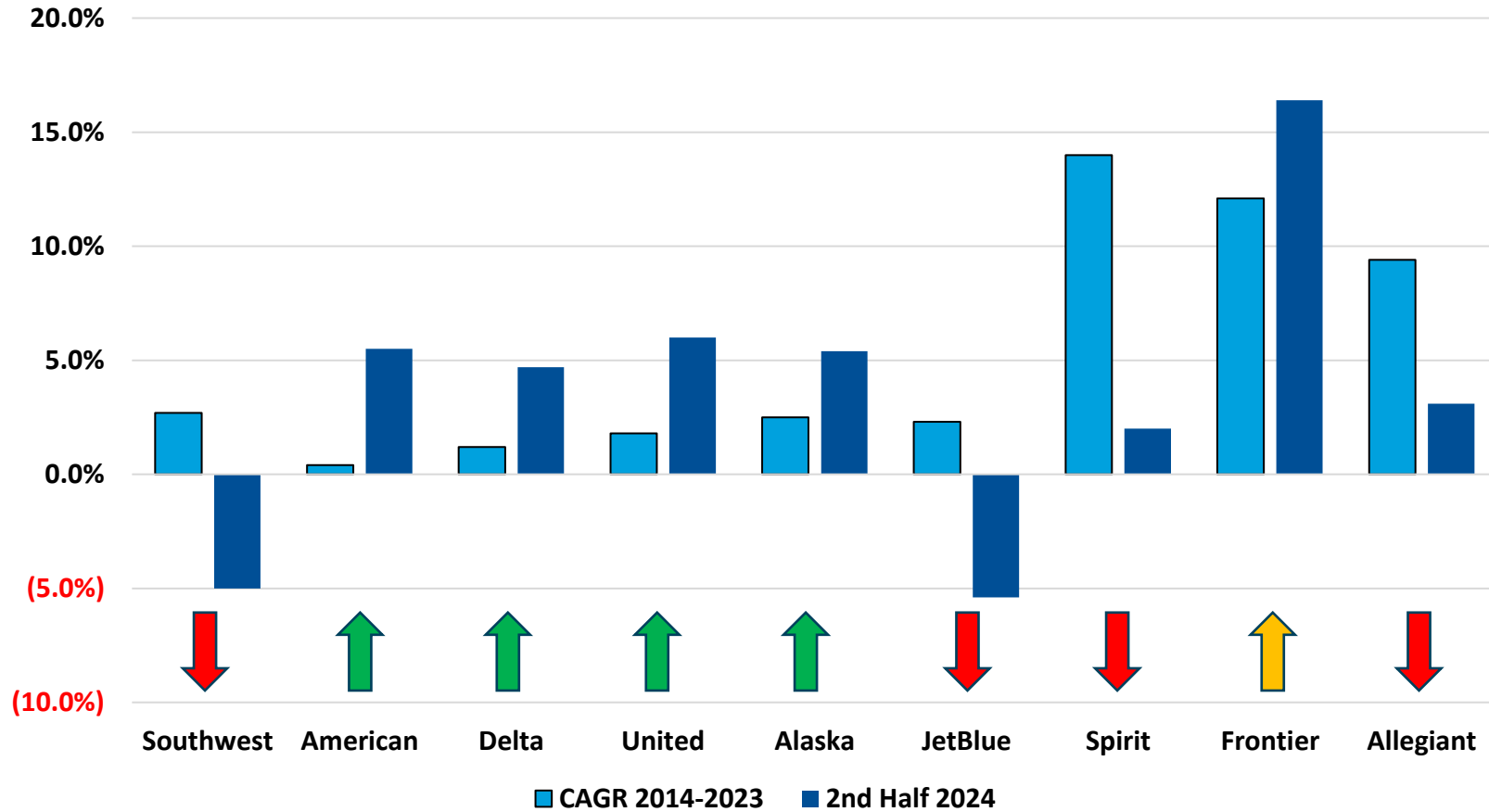
Adjusted Pre-Tax Margin – 1st Half 2024



- Over the 1<sup>st</sup> half of 2024, Delta and United had the strongest financial performance.
- American, because of its failed distribution strategy, generated less than a 3% pre-tax margin.
- Southwest and JetBlue had the worst margins of the biggest 6 airlines.
- Overall, the network airlines produced almost a 6% margin, the low-cost airlines broke even, and the ultra-low-cost airlines had a negative 5.6% margin.
- As a result, ULCCs are “evolving.”

# Domestic Growth Momentum Changing

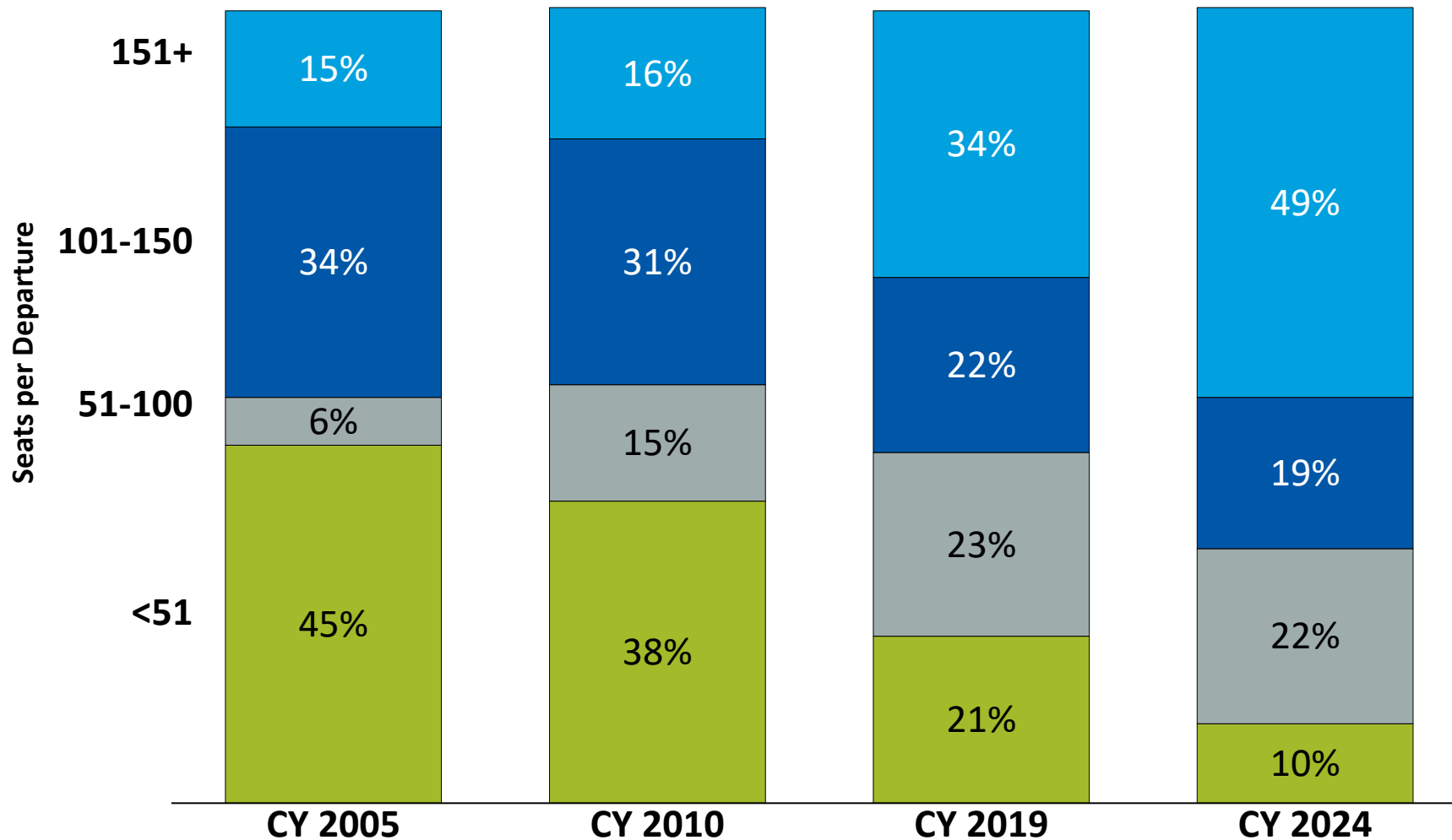
**Domestic Seat Growth  
2014 to 2023 CAGR Compared to 2nd Half 2024**



- Network carriers are accelerating growth rates.
- Southwest and JetBlue shrinking.
- ULCCs are generally slowing growth.
- Frontier is still growing total seats, but ASM growth has dropped from 11% to 3%.

# Economics Forcing Airlines toward Larger Aircraft

% of Domestic Departures by Aircraft Seats



- Aircraft economics are driving airlines toward larger aircraft.
- Larger aircraft have lower costs per seat-mile.
- But larger aircraft require more passengers per departure.
- 50-seat or smaller aircraft make up fewer than 10% of commercial departures today.
- Flights with more than 150 seats made up 15% of total departures 20 years ago. Now it's almost 50%.

# Lots of Aircraft on Order, but Some LCCs Deferring

Airline	Total Operating Aircraft	Total Orders	2024 Orders	2025 Orders	2026 Orders	2027 & Beyond Orders
American	1,576	451	23	51	58	319
United	1,416	766	49	94	72	551
Delta	1,285	314	29	61	61	163
Southwest	817	495	85	61	59	290
Alaska	326	78	9	21	3	45
JetBlue	284	117	13	24	20	60
Spirit	211	86	9	14	12	51
Allegiant	126	50	4	10	10	26
Frontier	148	198	9	21	22	146
Hawaiian	66	10	9	3	3	0
Sun Country	63	15	0	7	7	1
Breeze	41	62	4	12	12	34
Avelo	19	3	0	2	0	1
<b>Total</b>	<b>6,378</b>	<b>2,645</b>	<b>243</b>	<b>381</b>	<b>339</b>	<b>1,687</b>

- Over 2,600 new aircraft on order. (AA ordered 260 new aircraft in March).
- Several airlines have taken dramatic actions to adjust growth plans.
- Southwest is slowing Boeing deliveries.
- JetBlue deferred 44 A-321's for 2025-2029 to beyond 2030.
- Spirit deferred all Airbus deliveries for 2025-2026 to beyond 2030.
- Frontier deferred 54 deliveries for 2025-2028 to 2029 and beyond.
- Continuing Boeing delivery delays and Pratt & Whitney Airbus engine issues slowing fleet renewal and growth.

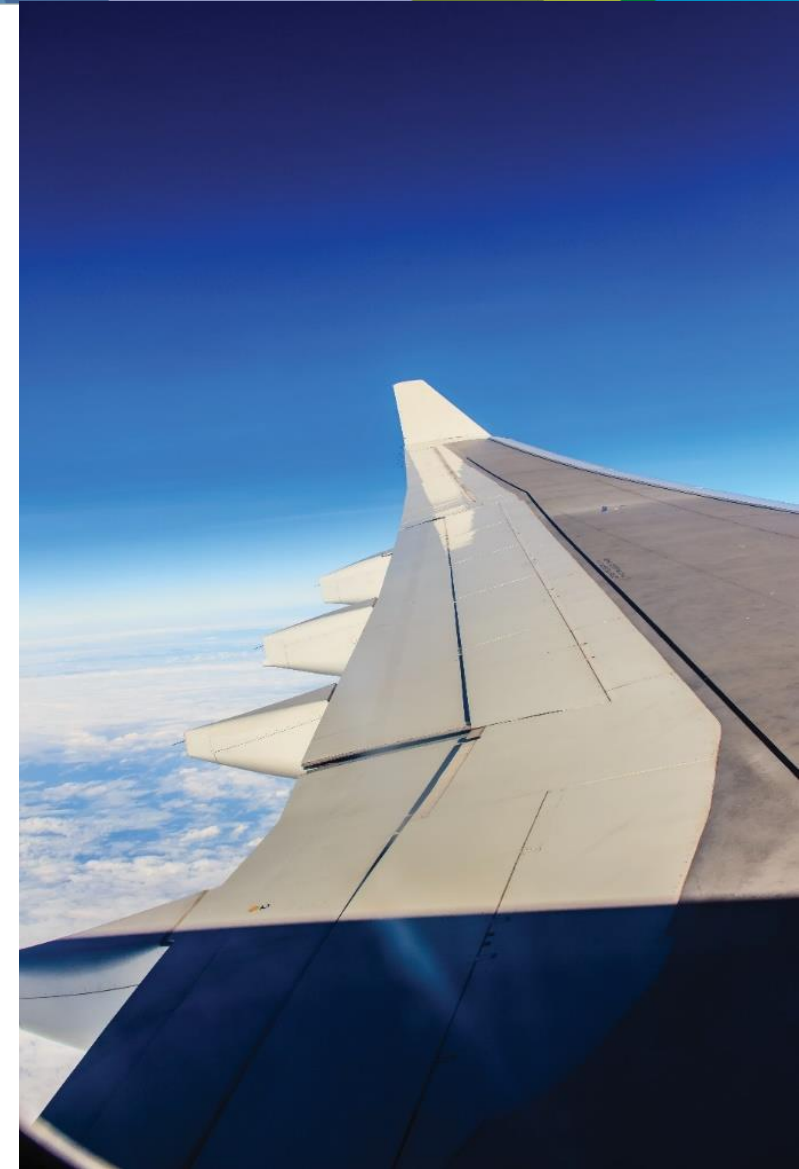
# Low-Cost Airlines Evolving their Business Models

**Low-cost airlines are trying to adjust their models to create more “premium” value:**

- **Southwest**
  - Announced assigned seating
  - Changing boarding process
  - Adding premium legroom for up to one-third of seats across the fleet
- **Spirit**
  - Adding bundled products and restructuring network and pricing structure
  - Blocking up to 6 middle seats per aircraft to provide more premium passenger space
  - Eliminating change fees
  - Adding priority check-in
  - Expanding baggage allowances
- **Frontier**
  - Moderating capacity growth/restructuring network
  - Tweaking ancillary fees into higher base fare

# Summary & Implications

- Traffic and capacity have largely recovered above pre-pandemic levels, but significant challenges still impede overall recovery.
- Average domestic fares have leveled off from the peaks in 2022 but remain high enough to help drive profits over the last two years.
- Airline profit levels continue to lag most industries and thus airlines have a hard time attracting new capital.
- The strongest growth airlines over the last 10 years are running into significant headwinds.
- Increasing industry costs continue to push airlines to shift toward larger aircraft to improve economics to regain previous profitability levels.
- The low-cost airlines are struggling the most and are evolving their business models while the traditional network airlines are accelerating growth.



# Questions and Discussion