



DUPAGE AIRPORT AUTHORITY

DUPAGE AIRPORT AUTHORITY | 2012



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MESSAGE



FROM THE CHAIRMAN

We've all heard the expression, "Run government like a business." It sounds simple enough: apply sound management principles, cut the fat and maximize return on investment. Yet, how many governments actually do run like a business?

The DuPage Airport does, and the results are paying dividends for DuPage County taxpayers. The DuPage Airport Authority has reduced reliance on tax dollars while eliminating 100 percent of our debt, even as we enhanced operations at this region's world class airport.

In 1993, the airport's annual tax levy stood at a whopping \$18 million. The airport levy has been reduced to \$5.5 million, and those dollars are dedicated solely for capital expenditures and reserve funds. Operations are funded by fees charged only to those who use the airport. The airport also had \$23.47 million in debt in 2001, but is now debt free.

Adopted business practices include:

- The purchasing policy for the DuPage Airport Authority was rewritten to encourage open competitive bidding, attracting many new vendors and suppliers and resulting in lower costs. The entire procurement process is now completely transparent. As a result, the airport has won the coveted National Excellence in Procurement Award from the Airport Consultants Council.
- The DAA was the first to adopt an ordinance requiring all persons and businesses bidding on work to disclose political contributions.
- The staff is now trained to perform much of the work that previously was contracted out.
- Unlike most government entities, the DAA controls professional fees such as legal, accounting, architectural and engineering services by routinely comparing fees.
- Under the leadership of DAA's Executive Director, David Bird, our executive staff has set the standard for professionalism, and the airport's business activities have become completely transparent.
- The DAA passed a modern Ethics Ordinance six years before DuPage County's recent Ethics Ordinance.

The DuPage Airport Authority accomplished all of this because we run the airport like a successful and ethical business, which could be replicated by other government agencies in the future.

"What has been accomplished at the DuPage Airport under Chairman Goodwin's leadership is truly remarkable. As a direct result of your strategic planning and business practices, you have reduced the property tax levy from \$18 million to \$6 million. That is really an accomplishment!"

Gayle Franzen, Former DuPage County Board Chairman



"We are very pleased that this airport has become a profitable entity... this is an example on how to do things right."

Dan Cronin, DuPage County Board Chairman

MISSION STATEMENT

To provide general aviation facilities and services to the suburban Chicago area, including corporate aviation service, recreational aviation, charter service, local commuter service and air cargo while fostering aviation related business on the field; and to develop and lease or sell surplus vacant land in a manner compatible with airport uses in order to generate significant long-term income which, along with increased aviation revenues, will stimulate the local economy; provide for the creation of jobs; bring outside revenues to local businesses; increase tax revenues for local communities; and reduce the airport's reliance upon property tax levies until the airport operates profitably without using revenue from taxpayers.

"Goodwin has done an impressive job in a short period of time. He refocused improvements and accomplishments. He eliminated job patronage, instituted bid procedures for all contractors and vendors and hired professional and experienced management. As a result of these changes, the Airport showed a profit for the first time."

Robert J. Schillerstrom, Former DuPage County Board Chairman
DuPage County Website

AN AIRPORT TRANSFORMED

The DuPage Airport Authority has applied sound business management principles, reduced expenses and minimized return on investment for DuPage County taxpayers. Success is measured through:

- Turned annual loss into an annual profit
- Eliminated all debt
- Permanently reduced property tax levy by over 80%
- Assumed control and reorganized business park; savings of \$500,000 a year
- Reduced staffing by eliminating upper and middle-management positions
- Rewrote all policies and procedures to incorporate best management practices
- Developed long-range Capital Improvement Plan with supporting Financial Plan
- Instituted rigorous, transparent financial oversight by Board to monitor performance
- Developed an award-winning organization, which has been recognized by elected officials and by the aviation industry at the local, state and national levels.

“DuPage County residents have been, and will continue to be, well served by your leadership as Chairman of the DuPage Airport Authority.”

Jim Ryan, former Illinois Attorney General
In letter to Dan Goodwin



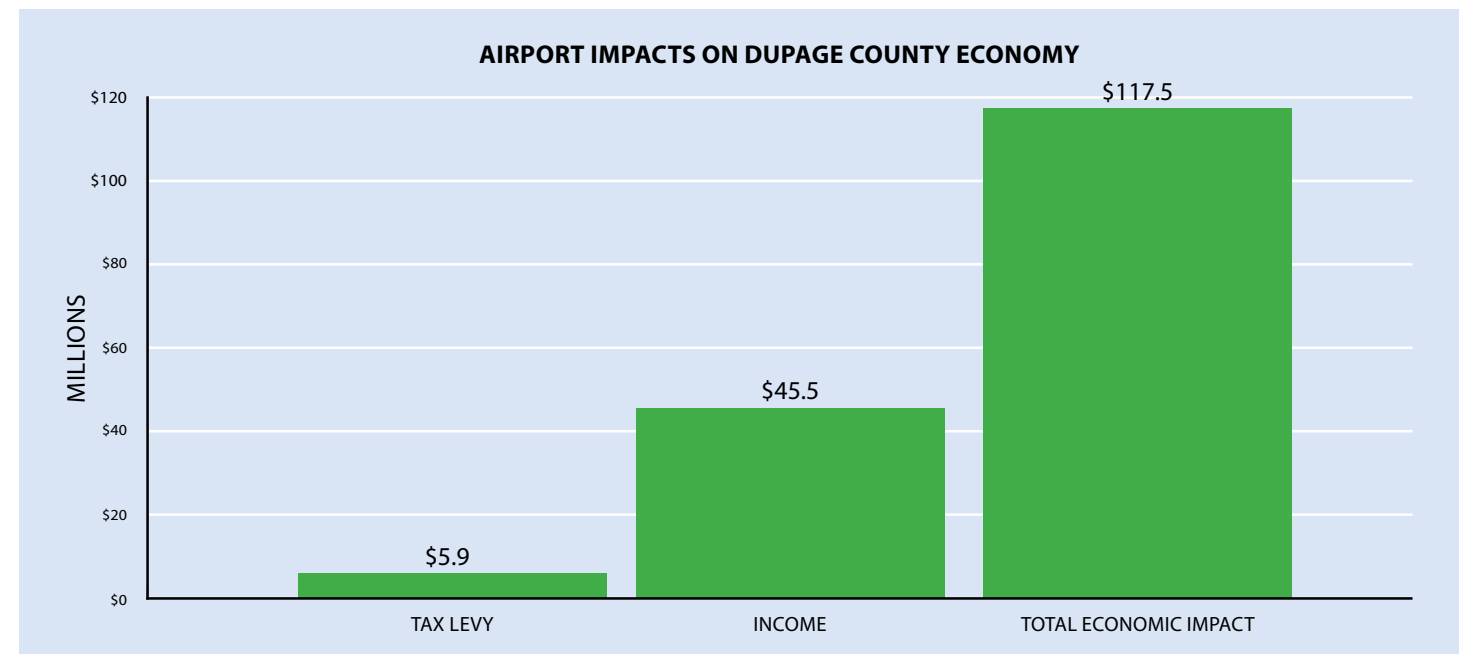
“In recent years, the DuPage Airport Authority has transformed the airport into a model for the nation. They have eliminated the airport’s debt and made it profitable enough to run without a public operating subsidy. All public revenue is now used to upgrade the airport’s facilities and generate more business. Today, DuPage County taxpayers enjoy improved services, greater economic development and lower property tax bills.”

Ray LaHood,
U.S. Secretary of Transportation

AIRPORT IMPACTS DUPAGE COUNTY ECONOMY



- DuPage Airport is the largest general aviation airport in Illinois
- Total Annual Economic Impact \$117.5 million
- Airport activity generates 963 jobs in DuPage County
- \$47,000 of impact per job
- \$45.5 million in income
- For every 10 directly supported jobs, an additional 4.5 jobs are indirectly
- \$117 million economic benefits - 2012 Economic Study by Gruen + Gruen and Associates



“Careful planning has helped make the airport one of the key economic engines in the Chicago area.”

General Aviation News

AIRPORT DEBT-FREE SINCE 2007

- Developed a pay-as-you-go financial plan for necessary capital improvements instead of the customary method of selling bonds and raising taxes
- Smaller remaining tax levy monies are targeted for capital improvements and equipment
- Annual operating profits are transferred to capital reserves each year for necessary runway improvement and maintenance in order to eliminate future needs to borrow

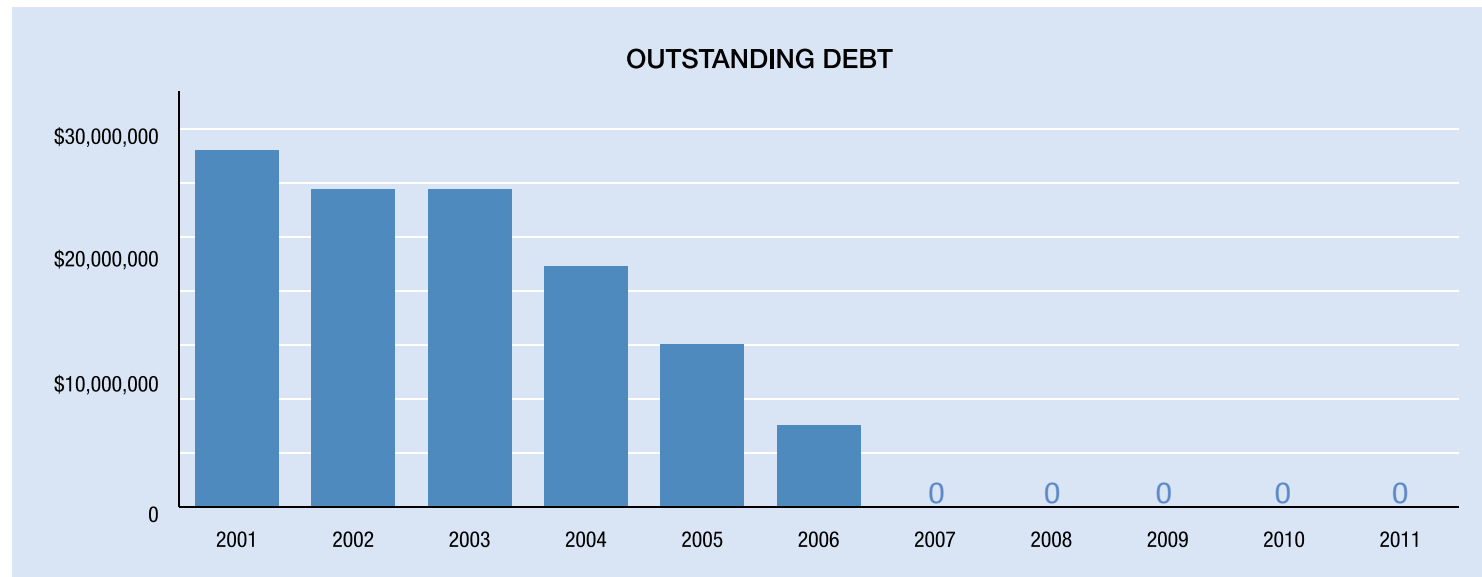
“Even in these tough economic times, you have completely eliminated all of the airport debt, saving taxpayers millions of dollars in interest per year. You have increased revenues, and at the same time, reduced expenses. Although this was not an easy task you and the Board rose to the challenge and deserve thanks from all the residents of DuPage County. . .

. . . the remarkable story of the DAA is that it systematically developed a well-deserved reputation as a reliable steward of the public trust . . .”

Lee Daniels, former Speaker of the Illinois House of Representatives

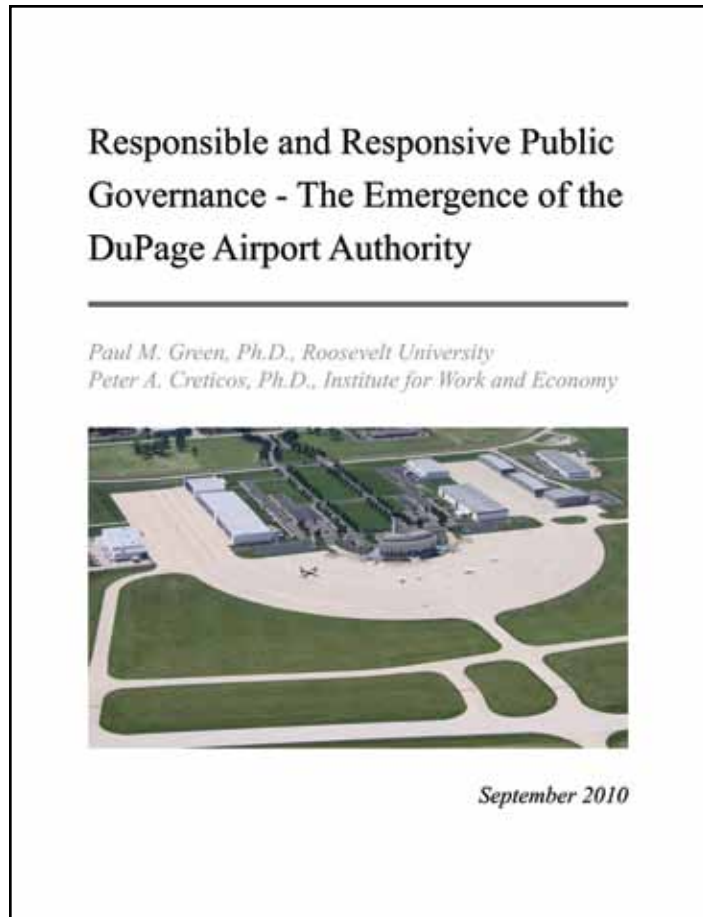
**Airport Motto:
“Spend only what you earn.”**

AIRPORT FINANCIAL SINCE 2007



In a 2012 Economic Impact Study performed by Gruen + Gruen and Associates, showed that the DuPage Airport Authority annually generates \$117 million of economic benefits to the region. Therefore, when compared to the property tax assessment of \$5.5 million, the DAA is providing a huge return on investment to the taxpayers of DuPage County. Ironically, the Airport also pays property taxes on a portion of its land, which further reduces its net property tax.

Tax levy funds are no longer used for operations.



In 2010, the DuPage Airport Authority opened up its books and operations for a major study by respected political scientist Paul Green, PhD and Director of the Institute for Politics at Roosevelt University, and Peter Creticos, PhD, President and Executive Director of the Institute for Work and the Economy. The authors outlined the DAA's good government efforts in the September 2010 report "Responsible and Responsive Public Governance – The Emergence of the DuPage Airport Authority." The study concluded that the DuPage Airport has earned "a well-deserved reputation as a reliable steward of the public trust."

**STUDY CONCLUSIONS
"CHANGING THE CULTURE OF EXCEPTIONALISM"**

- Mandated transparency
- Eliminated political patronage
- Implemented ethics policies
- Established competitive bidding for all purchases and contracts free from political influence
- Advancement based on qualifications rather than political influence



U.S. Chamber of Commerce invited Dan Goodwin to address the U.S. Aviation Conference regarding the DAA's outstanding accomplishments

"In addition to getting its operational house in order, the DAA board is also keenly aware of its role as a steward of public funds."

Paul Green Ph.D. and Peter Creticos, Ph. D. -Roosevelt University "Responsible and Responsive Public Governance – The Emergence of the DuPage Airport Authority," September 13, 2010



In 2001 the State of Illinois appropriated funds to develop land owned by the airport south of Route 38. The State of Illinois grant called for the land to be developed as a technology park. The development of the land as a technology park was not something that DuPage Airport had asked for or desired. Instead, the concept was the product of a decision made by elected officials without concurrence by experienced developers or expert consultants. In fact, when a study was ordered, it actually raised issues regarding the feasibility of a technology park in this location, and did not actually recommend a technology park use over other alternatives.

As a result, the airport board was a reluctant participant, but with the grant issued, and the grant money already appropriated, the board felt it had no choice. However, the majority of current board members, including the chairman, joined the board subsequent to the technology park grant, but inherited responsibility for it.

The new board was comprised of some individuals with development expertise, such as Dan Goodwin who understood that the location had major drawbacks: for example, a lack of public transportation, lack of close access to an interstate, lack of supporting business and retail infrastructure, and a lack of participation of a major university, advantages that competing technology parks had.

After the development of the park was completed in 2006, it became evident that the intended technology use was not feasible at this location. Frankly, technology companies had

better alternatives. Accordingly, the Airport Board began to institute changes.

Upon hearing of the airport's plan to take control from the separate Technology Park board, Warren Ribley, the Director of the Illinois Department of Commerce and Economic Opportunity, which issued the grant, endorsed the airport's plan for change, and said: "Given the history of the park and the separate Technology Park Board's inability to attract investment for the exclusive purpose of its original intent, the time has come to consider other alternatives to enhance its chances of attracting development and begin providing a positive return on the public investment."

As soon as the airport board was free from the restrictions of the grant and with the elimination of a separate Technology Park Board, which was draining \$500,000 a year in airport funds, the airport began a process to change the use of the land to a more compatible business and industrial park.

Since the change in use, the airport was able to sell two parcels of land for \$2,526,093.00 and was able to sell additional land to IDOT for a price of \$2,722,000.00. These three recent transactions represent the first sales of park land.

A new business plan is in place, and we expect to see continued land sales and leasing activity as we move forward.

The Airport partnered with the State of Illinois Division of Aeronautics on the first comprehensive Master Plan completed at the DAA in more than 50 years. After receiving comments from the public and the aviation community the airport adopted a Master Plan that:

- Establishes development priorities that maximize the airfield capacity while minimizing impacts to the surrounding communities
- Meets the needs of the current and forecasted aircraft fleet mix
- Maximizes the revenue producing capacity of our most valuable resources - land
- Establishes a financial plan for pay-as-you-go development by recommending reserve accounts be set up in order to dedicate funds for Capital projects contained in the recommendations
- Ensures the airport is positioned to sustain the economic impacts it contributes to DuPage County

In over 60 years of existence, all of the airport awards have been received in the last five years.

- 2011 U.S. Chamber of Commerce invited Dan Goodwin, Chairman of the DAA to Washington, D.C. to address the U.S. Aviation Conference regarding the DAA's outstanding accomplishments
- 2010 Rated the top Fixed Based Operator facility in Chicagoland
- 2009 Installation of Automated Access Control security system to control vehicle and pedestrian access to all parts of the airport

DAA AWARDS



Sole National
2012 Airport Consultants Council
Excellence in Procurement Award



State of Illinois
2011 Airport of the Year Award



Local
2012 Brilliance in Business Award

- 2012 Selected by the Airport Consultants Council as the only recipient of its annual Excellence in Procurement Award
- 2011 Selected by the United States Marine Corps as the Chicago base for the Presidential Helicopter operation (HMX1)
- 2011 Selected as Airport of the Year by the Illinois Department of Transportation, Aeronautics Division
- 2011 Ray LaHood, U.S. Secretary of Transportation, pays a personal visit to the Airport to recognize DuPage Airport's accomplishments
- 2009 Negotiated and executed an Intergovernmental Agreement with the West Chicago Fire Protection District for 24/7/365 coverage by trained emergency response personnel
- 2009 Selected by the Department of Defense as site for the United States Marine Corps Week
- 2008 Acquisition of larger state-of-the art Aircraft Rescue and Firefighting vehicle significantly upgrading emergency response capabilities
- 2007 All DAA debt paid off
- 2007 DuPage County Chairman Bob Schillerstrom recognizes Goodwin and the DAA for achieving profitability for the first time in airport history

SHARP BREAK FROM THE PAST

At the DuPage Airport Authority, we believe our executive staff must be thoroughly competent and that our business activities must be above board. Integrity and transparency are cornerstones of our business model.

In 2004, we recruited and hired David Bird, an aviation professional from Colorado Springs, to serve as our Executive Director. David brought his vast experience in both airport management and real estate development.

After obtaining a Bachelor's and Master's Degrees in economics from the University of Texas at El Paso, David began his career in aviation as a planner at El Paso International Airport, where he worked in a number of capacities for 14 years, including Interim Director of Aviation. He then moved to the Colorado Springs Airport as an Assistant Director of Aviation where he was responsible for operations, maintenance, planning, and construction. In 2003 David was selected as the Executive Director of the DuPage Airport Authority, one of the premiere general aviation facilities in the country, where he directs the operations of the airport.



INDEPENDENT AND SKILLED PROFESSIONALS



Among the many qualifications of David Bird was the fact that he was from out-of-state and independent of any local political influence. Under his leadership, the DuPage Airport Authority and the team of experienced and skilled professional staff have garnered national recognition for excellence.

The senior management staff possesses decades of knowledge in operations, business and finance. This group averages over 20 years of experience in their respective areas of expertise. The team managing the DuPage Airport Authority and the entire dedicated professional staff, coupled with the business oriented Board of Commissioners, have made DuPage Airport the premier aviation facility in the nation.

All of the accomplishments and recognitions are a direct result of operating the airport like a business.

"My experience dealing with Chairman Goodwin, and the entire team at the DuPage Airport Authority, reflects the paramount professionalism and fiscal responsibility of this unit of Government. I am extremely proud that not only business aviation, but all general aviation users, have such a well run airport to serve their current and future needs."

John Millner, former Illinois State Senator

THE DUPAGE AIRPORT AUTHORITY BOARD



Stephen Davis, Treasurer; Gina LaMantia; Perry Thompson; Dave Sabathne; Peter Huizenga, Dayle Gillett, Secretary; Dan Goodwin, Chairman; and Gerry Gorski, Vice Chairman (Chuck Donnelly not pictured)

