Appendix D

COMMERCIAL AIR SERVICE TECHNICAL REPORT

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INTRODUCTION

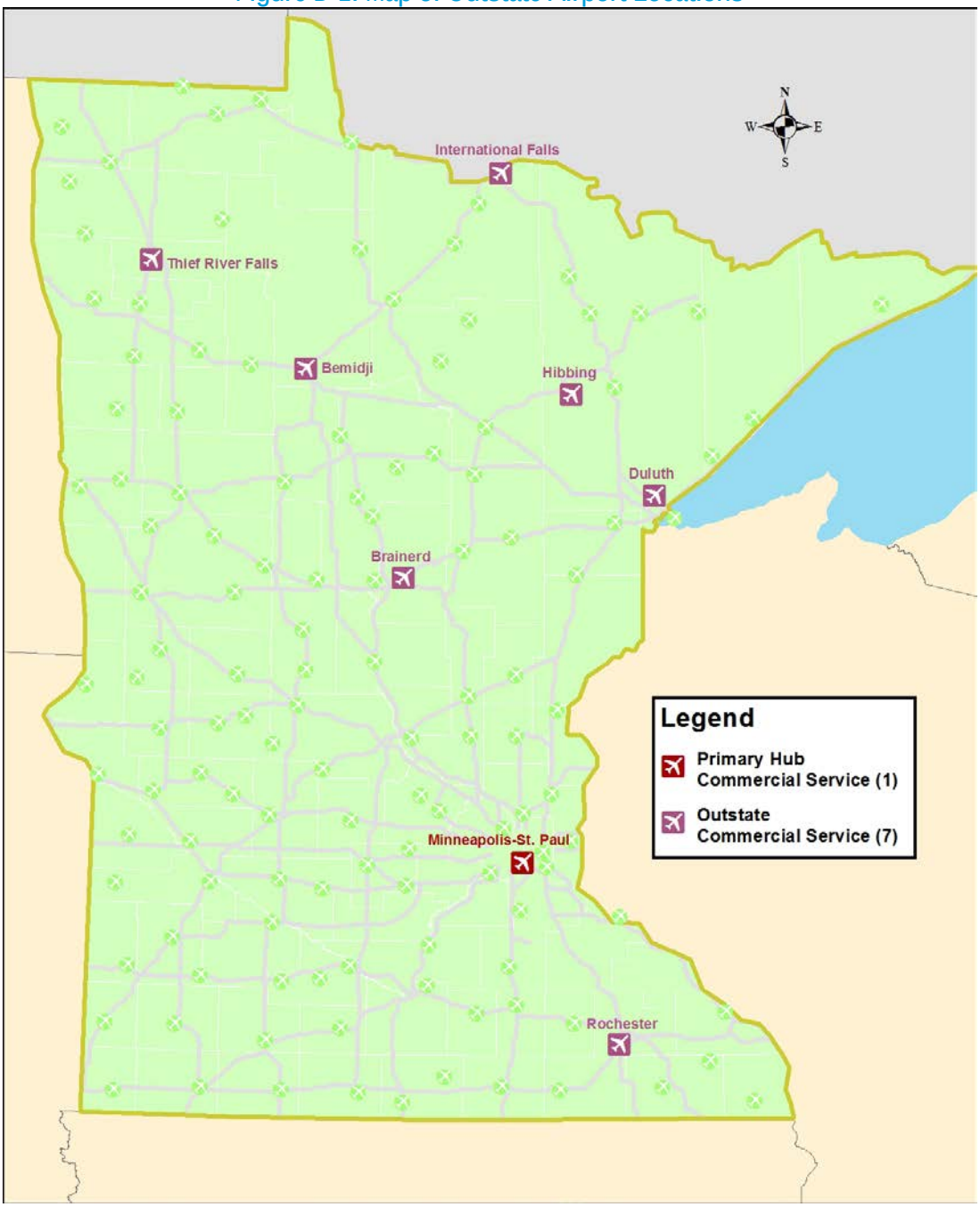
The purpose of the Assessment of Commercial Air Service (the "Plan") in Minnesota (the "State") is to provide an overview of the current air service conditions in the State and recommend overall strategies for their enhancement. The Plan includes an overview of airline trends, risk factors associated with the changing airline business and operating models and potential future elimination of the Essential Air Service program, airport profiles, and general strategies for retention of air service including community involvement. Concurrent studies are underway by others that are also looking at commercial air service in MN. The primary purpose of this study is to identify from a system perspective any major changes that are likely to occur in commercial service in MN that could require a change in focus for the goals and funding priorities for the state aviation system plan.

Air service characteristics in Minnesota can be divided into two broad categories of the Minneapolis-St. Paul or Twin Cities metropolitan area ("The Cities"), and Greater Minnesota ("Outstate"). In turn, Outstate airports can be further divided into two major categories. The first centers on commercial airports with less than 100,000 enplanements per year and scheduled commercial air service by one or no air carriers. These will be referred to as small Outstate airports. The second points to airports enplaning more than 100,000 annual passengers and served by multiple air carriers flying to at least two major domestic hubs. These will be referred to as large Outstate airports. Pease refer to Table D-1 for the list of Outstate airports included in this study. Please refer to Figure D-1 for a map of the Outstate airport locations.

Table D-1: List of Outstate Airports[i, ii]

Airport	City/County	IATA[1] Code	2010 Enplaned Passengers[2]
Airports with less than 100,000 Enplaned Passengers			
Bemidji Regional Airport	Bemidji/Beltrami	BJI	21,498
Brainerd Lakes Regional Airport	Brainerd/Crow Wing	BRD	16,404
Falls International Airport	International Falls/Koochiching	INL	14,051
Range Regional Airport	Chisholm/St. Louis	HIB	11,227
St. Cloud Regional Airport	St. Cloud/Stearns	STC	0
Thief River Falls Regional Airport	Thief River Falls/Pennington	TVF	2,482
Airports with more than 100,000 Enplaned Passengers			
Duluth International Airport	Duluth/St. Louis	DLH	150,556
Minneapolis-St. Paul International Airport	Minneapolis and St. Paul/Hennepin	MSP	15,512,487
Rochester International Airport	Rochester/Olmsted	RST	120,063

Figure D-1: Map of Outstate Airport Locations



Source: MnDOT Office of Aeronautics 2011 Inventory Survey and Airport Database & HNTB analysis

Appendix D

COMMERCIAL AIR SERVICE TECHNICAL REPORT

FACTOR AFFECTING AVIATION DEMAND AT OUTSTATE AIRPORTS

The Economics of Air Service

The airline industry is a major economic force, both in terms of its own operations and its impacts on related industries such as aircraft manufacturing and tourism. The US airline industry has approximately 100 certificated passenger airlines operating over 11 million flight departures per year and carrying over one-third of the world's total air traffic. The economic impacts of the airline industry range from its direct effects on airline employment, the aircraft manufacturing industry, airports, support functions such as maintenance, catering, FBO's etc. and tourism. It is also impacts every other industry relying on commercial air transportation on a daily basis. Commercial aviation contributes approximately 8.0 percent of the U.S. Gross Domestic Product (U.S. GDP).

In the U.S., the airline industry has been in a financial crisis for over a decade. The industry crisis escalated in the aftermath of the events of 9/11, which resulted in layoffs and spending cutbacks. The airlines, however, were in serious trouble before that point as the start of an economic downturn already had negatively affected the volume of business travel and average fares. At the same time, airline labor costs and fuel prices were increasing yearly with aging fuel inefficient fleet. To make matters worse, airlines were faced with deteriorating labor/management relations, aviation infrastructure constraints that led to increasing congestion, flight delays and dissatisfied customers due to perceptions of poor service in general.
The growth of low-fare air travel options combined with a reduced willingness by business travelers to pay higher air fares charged by the network carriers played a major role in contributing to the poor financial performance of traditional network airlines. To address these financial pressures airlines have adjusted their business models and operating approaches. Ancillary fees such as baggage check-in fees and reservation change fees have provided some relief but the volatility of jet fuel prices in the past few years continue to place pressures on airline profitability. In response to these financial pressures, US airlines have made substantial reductions and shifts in the level of seating capacity that carriers are flying into various airports.

In the State, the evidence of the airline industry's financial crisis is evident. On an aggregate basis, total passengers at Outstate airports have been declining at an average annual rate of -2.5 percent per year. Despite a decline in seat capacity across the national air transportation system, load factors at some Outstate airport are critically low. Most airports are served commercially via flights paid through federal grants subsidizing the cost of their operations and rely on one carrier and their business decisions to carry their passengers. However, with a significant threat that the Essential Air Service program will be eliminated or greatly reduced in the long-term, air service demand needs to increase at Outstate airports and reach a level where these facilities can be self-sustaining both financially and operationally.

Driving Distance to Minneapolis/St. Paul International Airport

Driving distances between Minneapolis/St. Paul International Airport (MSP) and most Outstate airports are long. Excluding traffic, the travel times can range from one and a half to six hours. However, with a lack of competition and exceedingly high fares at the Outstate airports, the population outside of the Twin Cities area is increasingly willing to drive long distances for lower fares and more convenient travel schedules. The leakage rate at some Outstate airports exceeds 80.0 percent. in part due, given the ease of access to the The Cities through an efficient system of Interstates and Highways. Table D-2 details the driving distance and travel time between Outstate airports and MSP. Additionally, the driving distance and travel time from Outstate airports to the closest airport with service by multiple

airlines (excluding MSP) is also included. In many instances, these airports may provide lower fares on certain markets and more convenient access.

Table D-2: Driving Distances from Small Outstate Airports to MSP and Alternative Airports

From:	To:	Preferred Route	Driving Distance (in miles)	Travel Time (in hours)
Bemidji Regional Airport	MSP	MN-64 S and US-10 E	233	4:00
Alternative	DLH	US-2 E	150	2:55
Brainerd Lakes Regional Airport	MSP	US-169S	143	3:00
Alternative	DLH	MN-210 E	117	2:20
Falls International Airport	MSP	US-53 S and I-35 S	296	5:00
Alternative	DLH	US-53 S	156	2:45
Range Regional Airport	MSP	I-35 S	205	4:00
Alternative	DLH	US-53 S	66	1:10
St. Cloud Regional Airport	MSP	I-94 E and I-494 S	77	1:30
Alternative	RST*	US-10 E and US-52 S	155	2:50
Thief River Falls Regional Airport	MSP	US-59 S and US-10 E	310	6:00
Alternative	DLH	US-2 E	238	4:30

** The driving distance between St. Cloud Regional Airport and Duluth International Airport (DLH) is closer in mileage (148 miles), however, Rochester International Airport (RST) offers a shorter drive time.*

Regional Jets: The 50-Seater

High jet-fuel prices and a depressed demand for air travelers are reversing the trend of scheduling 50-seat regional jets (RJs) to supplement services on mainline jets on trunk routes across the U.S. RJs were never huge profit makers in the best of times throughout the 1990s. They were promoted as economical substitutes for 110- to 140-seat jetliners on thin-demand routes because their ownership and operating costs were lower per mile flown. They were also marketed as more consumer-friendly than smaller, noisier, slower and less comfortable turboprop planes. Airlines invested heavily in them starting in the late 1990s, primarily to feed more travelers from small markets into their hubs and onto their more profitable mainline flights.

In 2009, one in four commercial takeoffs was made by a 50-seat or smaller RJ. But the number of small RJs in service has begun to drop given economic conditions. Since these aircraft are no longer manufactured, as the average age of this fleet advances, retirements and groundings are inevitable. Also, with the advent of more efficient and comfortable RJ's with 70-110 seating configurations, airlines are able to fly these jets more economically on a

per-seat-mile basis. Some of these jets are configured to allow passengers to store rolling hand luggage in upper head bins. Airlines are capitalizing on their increased range and fuel efficiency.

Delta Air Lines (Delta) halted the operations of 70 50-seat RJs from its Delta Connection fleet in 2011 and more reductions are likely. Outstate airports are currently served by 50-seat RJs in addition to 34-seat turboprops. The RJs are slowly being phased out and service on the 34-seat Saab 340B type has been retired.. As these aircraft form the backbone of Delta's fleet serving Outstate airports, it is important to understand the risks posed by Delta's fleet plans in the short-to-medium term.

ASSESSMENT OF AIR SERVICES: CURRENT CONDITIONS

Small Outstate Airports

Background

Minnesota's small Outstate airports are a lifeline connecting these small communities and their businesses to the Cities, the U.S. and the world. These airports include Bemidji Regional Airport (BJI), Brainerd Lakes Regional Airport (BRD), Falls International Airport in International Falls (INL), Range Regional Airport in Hibbing (HIB), St. Cloud Regional Airport (STC) and Thief River Falls Regional Airport (TVF). Combined, these airports offered 10,000 departures and served approximately 142,000 passengers in 2010. Also in common, they all have a single non-stop scheduled destination with MSP on one carrier, Delta operated by Delta Connection utilizing either Mesaba Airlines (Mesaba) or Pinnacle Airlines (Pinnacle) to provide services. Additionally, all of these markets are served by two fleet types: the Saab 340B with 34 seats and the Canadair CRJ-200 with 50-seats.

Grants from the federal Essential Air Service Program (EAS) help pay for flying to three of the six small Outstate airports: TVF, HIB and INL. Nationwide, currently 153 communities, many of them rural, are served via the EAS program which provides subsidies to airlines incentivizing them to fly to airports which would otherwise be bypassed under normal market conditions and help connect them to the national air transportation system. EAS was created after the airline industry was deregulated in 1978 and has a current annual budget of $188 million. Through the process of the debates leading up to the most recent FAA Reauthorization bill major changes were proposed to both the funding and overall size and scope of the EAS program. While many of the reductions were avoided for the FAA Reauthorization Act of 2012, industry experts anticipate major reductions or elimination of the EAS program in the continental US within the next 15 – 20 years.

Small Outstate airports, on an aggregate level, have been steadily losing capacity (measured in seats) as well as total passengers. Since 2005, both of these measures have been declining annually except for 2007 when there was a rise in total passenger levels of 4.1 percent. Thereafter, total passengers declined in the year-over-year periods ending in 2008, 2009 and 2010 by -9.0 percent, -16.9 percent and -10.2 percent, respectively. Recent years have been especially volatile due to a fall in demand in response to a recessionary economic period beginning in 2008 and the reduction in capacity in response to the rise in fuel prices. These percentages are weighted heavily with the loss of commercial air service at St. Cloud. For example, the decline in total passengers in the period ending in 2010 would have measured -3.9 percent if STC was excluded from the calculation.

The reduction in passengers and the loss in seating capacity becomes a downward spiral. Given the passenger numbers and overall market conditions at the small Outstate airports, Delta responded accordingly by scheduling

seat capacity at a decreased level. For the year-over-year periods ending in 2008, 2009 and 2010, Delta reduced seats at the small Outstate airports (excluding STC in 2010) by -5.8 percent, -12.2 percent and -2.6 percent respectively. In turn passengers will travel to larger airports in order to get the destinations, fares, and frequencies desired, thereby further reducing demand at the small Outstate airports.

Load Factors are a measure of the number of seats occupied by passengers on a percentage basis for a market or group of markets. For the small Outstate airports (excluding STC in 2010), load factors on an aggregate level have slightly declined over five years at 49.8 percent in 2005, 46.6 percent in 2006, 46.1 percent in 2007, 42.9 percent in 2008, 42.3 percent in 2009 and 46.4 percent in 2010. BJI recorded the highest load factor of the small Outstate airports in 2010 with 59.3 percent of its seats filled. Airlines look at load factors as an important measure of a market's success. An airline's ability to schedule flights to attract the most customers can have a deep effect on passenger volume and consequently on load factors.

Despite federal subsidies under the EAS grant, there is a minimum load factor threshold which airlines such as Delta deem the difference between breaking even and losing money on these markets. With high operating costs, low frequency, alternative airports for passengers at a driving distance and high fares, airlines have recently vocalized the possibility of dropping EAS services unless funding is increased to match market conditions. Delta has publicly stated that it will drop all the small Outstate airports it serves unless there are increases in federal subsidies under the EAS program.

Please see Table D-3 for detailed 2010 air service statistics for individual small Outstate airports. In addition, Sub-Appendix A and Sub-Appendix B show historical air service data for individual small Outstate airports as follows:

- 1997 – 2010 Total Departures
- 1997 – 2010 Total Seats
- 1997 – 2010 Total Passengers
- 1997 – 2010 Total Load Factors
- 1997 – 2010 Available Seat Miles (ASMs) (000)
- 1997 – 2010 Revenue Passenger Miles (RPMs) (000)
- 1990 -2010 Origin-Destination Passengers
- 1990 – 2010 Average Fares
- 1990 -2010 Yield

Table D-3: Small Outstate Airports 2010 Air Service Statistics

Metric	BJI	BRD	HIB	INL	STC	TVF
Departures	2,037	1,769	3,166	1,614	0	1,206
Seats	73,253	63,769	111,238	56,715	0	41,004
On-Board Passengers	42,754	33,791	32,856	27,902	0	5,004
Available Seat Miles (ASMs)(000s)	14,559	9,298	21,680	15,498	0	6,742
Revenue Passenger Miles (RPMs)(000s)	8,504	5,752	8,183	8,153	0	826
Load Factors	58%	62%	38%	53%	0%	12%
Average Fares	$242	$213	$212	$249	$0	$216
Yield (cents $)	0.21	0.19	0.17	0.22	0.00	0.19

Source: DOT T-100; DOT 10% Ticket Sample Survey

Delta Air Lines Announced Service Cuts in the State

Delta notified the U.S. Department of Transportation (DOT) on July 15, 2011, that it plans to adjust flying in 24 small markets in conjunction with the retirement of its Saab 340B fleet. According to the airline, this move would help them stop $14.0 million in annual losses achieved through services to these markets. Five of the markets on the list are airports in the State including TVF, HIB, INL, BRD and BJI.

According to Delta, flights in these markets on average depart with a 52.0 percent load factor with some locations as low as 12.0 percent. The carrier compared these to a U.S. domestic system load factor of 83.0 percent in 2010. The carrier went on to state that weak demand in some markets had led to flights occasionally operating with no passengers on board. Please see Table D-4 for detailed information regarding markets and load factors planned for adjustment.

Table D-4: Delta Air Lines Essential Air Service Market Change Summary (2010 Load Factors)

Thief River Falls, MN TVF	EAS subsidized	12.0% load factor
Greenville, MS GLH	EAS subsidized	27.6% load factor
Devils Lake, ND DVL	EAS subsidized	30.3% load factor
Watertown, SD ATY	EAS subsidized	35.0% load factor
Muscle Shoals, AL MSL	EAS subsidized	35.7% load factor
Fort Dodge, IA FOD	EAS subsidized	39.1% load factor
Hibbing, MN HIB	EAS subsidized	39.2% load factor
Alpena, MI APN	EAS subsidized	39.5% load factor
Tupelo, MS TUP	EAS subsidized	41.0% load factor
Jamestown, ND JMS	EAS subsidized	42.1% load factor
Mason City, IA MCW	EAS subsidized	45.9% load factor
Pierre, SD PIR	Not EAS subsidized	47.4% load factor
Iron Mountain, MI IMT	EAS Subsidized	48.7% load factor
Sioux City, IA SUX	Not EAS subsidized	51.4% load factor
International Falls, MN INL	EAS subsidized	52.5% load factor
Brainerd, MN BRD	Not EAS subsidized	52.6% load factor
Hattiesburg, MS PIB	EAS subsidized	53.7% load factor
Escanaba MI ESC	EAS subsidized	55.2% load factor
Aberdeen, SD ABR	Not EAS subsidized	55.6% load factor
Pellston MI PLN	Not EAS subsidized	58.5% load factor
Bemidji, MN BJI	Not EAS subsidized	59.3% load factor
Sault Ste Marie MI CIU	EAS subsidized	60.0% load factor
Waterloo, IA ALO	Not EAS subsidized	61.4% load factor
Butte, MT BTM	Not EAS subsidized	65.3% load factor

Source: Delta Air Lines

The carrier stated in their website that numerous measures have been implemented system-wide to reduce costs including their intention to decrease seat capacity by 4.0 percent and retire 140 airplanes from their mainline fleet and their recent reduction in properties costs at airport and cargo markets equaling $80 million.

Despite cost cutting announcements, on August 22, 2011, Delta announced the purchase 100 Boeing 737-900ER aircraft in a bid to replace its ageing 757-200/300 fleet, but the carrier has delayed a decision on 100 additional narrowbody aircraft. This selection will be pushed to 2012 or 2013 as the carrier opted to continue operating its fleet of Airbus A319s, A320s and Boeing 737-700/800s. Delta issued a request for proposal to airframers in January 2011 for up to 200 narrowbody aircraft to replace its older narrowbody fleet of 757-200s, A319/A320s and DC-9 types

starting in 2013. None of these aircraft will be utilized for regional services to Outstate airports and are unrelated to Delta's decision to retire their Saab 340B turboprop airplanes or decrease service from CR200's.

Impact of Delta Air Lines' Announcement to EAS Subsidized Communities

The notification provides the DOT the opportunity to select a new carrier to begin service in affected EAS communities within a 90-day period. Delta will continue to serve the affected communities through its Delta Connection partners until the DOT selects a replacement carrier and appropriate funding is available. According to Delta, in some cities, the carrier is coordinating with other carriers to bid on the routes. In addition, Delta will continue service in some subsidized and non-subsidized markets, but the subsidy rate must be higher in order for Delta to fly larger regional jets on the routes in question.

Given that Delta serves INL, HIB and TVF exclusively on Saab 340B aircraft operated by Delta Connection, these markets will lose Delta service as their EAS funding dates expire or when a new carrier is found as stated above. For BRD and BJI, Delta is expected to keep service on 50-seat Canadair CRJ-200 aircraft. These airports do, however, have a mixed schedule of CRJ-200s and Saab 340Bs depending on the season. Whether Delta backfills the Saab 340B services in these markets with additional CRJ-200s remains to be addressed by the carrier. If they do not, the risk is high as a limited schedule of flights will likely cause a reduction in demand sought by business traffic accustomed to frequency and may lead to a reduction in load factors. A market-by-market assessment of small Outstate airports follows this section and looks at markets individually.

AIRPORT PROFILES: SMALL OUTSTATE AIRPORTS

Bemidji Regional Airport

BJI is a public use airport located three miles northwest of the central business district of the City of Bemidji (Bemidji). The airport has a single terminal and two active asphalt runways, the longest measuring 7,002 feet. Amenities include free overnight parking, Wi-Fi access throughout the terminal facility, in-terminal rental car agencies, access to taxi cab services and access to county transit. BJI also houses a full-service Fixed Base Operator (FBO) called *Bemidji Aviation*. Services provided include fuel, maintenance, hanger rental, plane rental, flight training, car rental, pilot supplies and a pilot lounge.

In 2009, BJI transitioned from being jointly owned and operated by the city of Bemidji and Beltrami County to ownership and operation by an Airport Authority, with its own tax levy and funding responsibilities. This provides more transparency to the airport's financial structure and costs. BJI has undergone some major capital improvements in the past five years, including the complete reconstruction or rehabilitation of all runways and taxiways. Recently, the airport has completed a ramp rehabilitation project as a part of the Federal Recovery Act program; and the rehabilitation and modernization of the 20 year old terminal and aircraft rescue and firefighting facility (ARFF) are underway.

Bemidji is located close to the Mississippi River and offers access to the Minnesota north woods region. Bemidji is situated on the shores of Lake Bemidji and is the county seat of Beltrami County. According to the 2010 Census, Bemidji had a city population of 13,431; and Beltrami County had a population of 44,442. Four-lane U.S. Route 2, U.S. Route 71 and State Highway 197 are three of the main routes into the city. State Highways 89 and 371 are also in close proximity.

Bemidji is home to various private and public colleges and universities and has an active park and recreation community, given its proximity to 400 lakes (within 25 miles), 500 miles of snowmobile trails, and 100 miles of cross country ski trails. Some of the larger employment sectors in the region include state and local government, education and related services and retail.

BJI offers service to MSP three times daily, a portion of the year, and utilizes that hub as a connecting point to other U.S. and international destinations. U.S. DOT Origin-Destination (O-D) survey data from 2010 indicate the top five largest markets from BJI to be Chicago, Minneapolis/St. Paul, Denver, Phoenix and Orlando. From 1999 to 2010, BJI's total O-D passengers have ranged from approximately 40,000 to 55,000 (see Sub-Appendix A-5 for more details). BJI's commercial air service is provided by two carriers, Mesaba and Pinnacle (seasonally), both operating as Delta Connection. Equipment includes 34-seat Saab/Fairchild 340 aircraft and 50-seat Canadair CRJ-200 regional jets. See Table D-5 for detailed schedule information.

Table D-5: Daily Week Day Bemidji Regional Airport Schedule (effective July 1, 2011)

Flight No.	Origin	Dest	Dep/Arr	Frequency	Carrier	Operator	Eqpmnt	Seats
Departures								
2518	BJI	MSP	6:15	7 Days/Wk	DL	XJ	CRJ	50
2589	BJI	MSP	13:02	7 Days/Wk	DL	XJ	SF3	34
2504	BJI	MSP	17:08	7 Days/Wk	DL	XJ	CRJ	50
Arrivals								
2518	MSP	BJI	12:40	7 Days/Wk	DL	XJ	SF3	34
2589	MSP	BJI	14:40	7 Days/Wk	DL	XJ	CRJ	50
2504	MSP	BJI	23:27	7 Days/Wk	DL	XJ	CRJ	50

Source: Bemidji Regional Airport

Please refer to Sub-Appendix A (A-1 through A-7) and Sub-Appendix B (B-1) for BJI historical air service data and metrics.

Brainerd Lakes Regional Airport

BRD is a public airport located three miles northeast of the central business district of Brainerd. The airport covers 1,560 acres and has three runways and one helipad. Two of the airport's runways measure 6,500 feet. Airport amenities include free parking (located steps from the terminal door), a restaurant, free Wi-Fi, in-terminal rental car agencies, access to taxi cab services and access to county transit. General aviation (GA) plays a major role at the airport with seven 10-unit T-hangars and 11 private hangers. *Airmotive Enterprises* is the airport's FBO. BRD actively promotes availability of land within its premises for private hangar construction and aviation-related business development. Existing hangar space is also available for lease.

Brainerd is the county seat of Crow Wing County and had a population of 13,590 according to the 2010 census. Brainerd straddles the Mississippi River several miles upstream from the confluence with the Crow Wing River, founded as a site for a railroad crossing above the confluence. Brainerd is the principal city of the Brainerd Micropolitan Area that covers Cass and Crow Wing counties (combined population of 91,067) as per the 2010

census. The Brainerd area is a major tourist destination for nature enthusiasts, golfers, and other recreationalists and in close proximity, Baxter is a regional retail center.

Brainerd is the home to one of five *MedEvac* helicopter flight stations in Minnesota for "AirCare," operated by North Memorial Medical Center, a Level 1 trauma center. The city is also known for the Brainerd International Raceway, which hosts races frequently throughout the year and has an annual national drag racing meet. Some of the city's major employers include Essential Healthcare, the Cuyuna Regional Medical Center, Ascensus and the Grand View Lodge.

The majority of BRD's air service in the past 10 years has been to MSP, as a connecting hub to other U.S and international destinations. U.S. DOT O-D survey data from 2010 indicates the top five largest markets from BRD to be Phoenix, Denver, Chicago, Dallas and Atlanta. From 1999 until 2010, BRD total O-D passengers have ranged from approximately 36,000 to 40,000 (please refer to Sub-Appendix A-5 for detailed information). BRD currently offers three daily departures to MSP on Mesaba, operating for Delta Connection. Equipment includes 34-seat Saab 340B aircraft and 50-seat Canadair CRJ-200 regional jets, depending on season. Additionally, Sun Country flies Boeing 737-800 aircraft on a charter basis to leisure destinations throughout the year. See Table D-6 for detailed schedule information.

Table D-6: Daily Week Day Brainerd Lakes Regional Airport Schedule (effective July 1, 2011)

Flight No.	Origin	Dest	Dep/Arr	Frequency	Carrier	Operator	Eqpmnt	Seats
Departures								
4272	BRD	MSP	5:25	7 Days/Wk	DL	XJ	CRJ	50
4153	BRD	MSP	12:49	7 Days/Wk	DL	XJ	CRJ	50
2513	BRD	MSP	15:37	Sun-Fri	DL	XJ	SF3	34
Arrivals								
4153	MSP	BRD	12:19	7 Days/Wk	DL	XJ	CRJ	50
2513	MSP	BRD	15:16	Sun-Fri	DL	XJ	SF3	34
3997	MSP	BRD	23:17	7 Days/Wk	DL	XJ	CRJ	50

Source: Brainerd Lakes Regional Airport

Please refer to Sub-Appendix A (A-1 through A-7) and Sub-Appendix B (B-2) for BRD historical air service data and metrics.

Range Regional Airport

HIB, formerly known as Chisholm-Hibbing Municipal Airport, is a public facility located four miles southeast of the City of Hibbing (Hibbing) in St. Louis County. The airport has two active runways, the longest of which measures 6,760 feet. The airport offers free parking and recently opened a new aircraft maintenance facility. In addition to aeronautical activities, the airport actively markets a 150 acre parcel of land designated by Hibbing as the *Airport Industrial Park*. Various buildings are open for leasing to qualified businesses with incentives and grants available.

The population of Hibbing is 16,361 according to the 2010 census. The city was built on the iron ore mining business, and it is in close proximity to the Mesabi Iron Range. Employers in Hibbing are involved in taconite production and

related industries, regional health care services, electronics manufacturing and education. Access to Hibbing is provided by U.S. Highway 169, State Highway 37 and State Highway 73.

Most commercial air service from HIB have been within Minnesota, predominantly to MSP as a connecting hub to other U.S. and international destinations. U.S. DOT O-D survey data from 20010 indicated the top five largest markets from HIB to be Bullhead City[iii] (AZ), Phoenix, Denver, Minneapolis/St. Paul and Seattle. From 1999 until 2010, HIB total O-D passengers have ranged from approximately 14,000 to 29,000 (please refer to Sub-Appendix A-5 for detailed information). HIB currently offers three daily departures to MSP on Mesaba, operating for Delta Connection. Equipment includes a 34-seat Saab 340B. Sun Country flies Boeing 737-800 aircraft on a charter basis to leisure destinations throughout the year. See Table D-7 for detailed schedule information.

Please refer to Sub-Appendix A (A-1 through A-7) and Sub-Appendix B (B-3) for HIB historical air service data and metrics.

Table D-8: Daily Week Day Range Regional Airport Schedule (effective July 1, 2011)

Flight No.	Origin	Dest	Dep/Arr	Frequency	Carrier	Operator	Eqpmnt	Seats
Departures								
2583	HIB	MSP	7:11	7 Days/Wk	DL	XJ	SF3	34
2515	HIB	MSP	12:50	Mon-Fri	DL	XJ	SF3	34
2618	HIB	MSP	17:01	7 Days/Wk	DL	XJ	SF3	34
Arrivals								
2515	MSP	HIB	12:29	Mon-Fri	DL	XJ	SF3	34
2617	MSP	HIB	14:14	7 Days/Wk	DL	XJ	SF3	34
2461	MSP	HIB	23:09	7 Days/Wk	DL	XJ	SF3	34

Source: Range Regional Airport

Falls International Airport

INL is a public facility located just south of the City of International Falls (International Falls). The airport covers 681 acres and has two runways, the longest of which measures 7,400 feet. Amenities include free parking and Wi-Fi internet access for passengers. Since International Falls is a designated international Port of Entry to the U.S., U.S. Customs provides services at INL as well as other points of entry within the city.

International Falls is the county seat for Koochiching County with a city population of 6,424 as per the 2010 census. INL serves residents in northern Minnesota including those in the cities of Littlefork, Big Falls, Ranier, Ash River, Kabetogama, Baudette, Warroad, Rainy River, Emo, Kenora and Dryden. INL's catchment area in Koochiching County is approximately 13,000 as per the 2010 census. INL also draws passengers from locations in northwestern Ontario, Canada. Some of the larger employers in the region include state and local government, Boise Inc. and United Healthcare. International Falls also hosts US and international manufacturers who conduct cold-weather testing in automobile, industrial and recreational equipment. Koochiching County has a substantial wood products industry and the county's location along the US border offers Foreign Trade Zone benefits to companies.

The majority of INL's air service in the past 10 years has been to MSP as a connecting hub to other U.S. and international destinations. U.S. DOT O-D survey data from 2010 indicated the top five largest markets from INL to be Minneapolis/St. Paul, Chicago, Bullhead City [iv](AZ), Atlanta and Dallas. From 1999 until 2010, INL total O-D passengers have ranged from approximately 26,000 to 42,000 (please refer to Sub-Appendix A-5 for detailed information). INL currently offers three daily departures to MSP on Mesaba, operating for Delta Connection. Equipment includes 34-seat Saab 340B aircraft, and during high season, on 50-seat Canadair CRJ-200 regional jets. See Table D-8 for detailed schedule information.

Table D-8: Daily Week Day Falls International Airport Schedule (effective July 1, 2011)

Flight No.	Origin	Dest	Dep/Arr	Frequency	Carrier	Operator	Eqpmnt	Seats
Departures								
2558	INL	MSP	6:40	7 Days/Wk	DL	XJ	SF3	34
2587	INL	MSP	10:57	7 Days/Wk	DL	XJ	SF3	34
2597	INL	MSP	16:57	7 Days/Wk	DL	XJ	SF3	34
Arrivals								
2587	MSP	INL	10:35	7 Days/Wk	DL	XJ	SF3	34
2562	MSP	INL	16:32	7 Days/Wk	DL	XJ	SF3	34
2597	MSP	INL	21:00	7 Days/Wk	DL	XJ	SF3	34

Source: Falls International Airport

The Town of Fort Frances (Fort Frances), Ontario, Canada, is located opposite International Falls on the north end of the Rainy River. Fort Frances has an airport with commercial air service provided by Bearskin Airlines to and from Winnipeg, Manitoba and Thunder Bay, Ontario. For the purposes of this analysis, we are assuming these two airport facilities are independent, each meet distinct market demands.

Please refer to Sub-Appendix A (A-1 through A-7) and Sub-Appendix B (B-4) for STC historical air service data and metrics.

St. Cloud Regional Airport

STC is located four miles east of the central business district of the City of St. Cloud (St. Cloud) and 60 miles northwest of downtown Minneapolis. The airport is a public facility operated by St. Cloud and has two active runways, the longest measuring 7,000 feet. The airport has a single terminal building, covers over 1,400 acres of land and offers amenities which include free parking and Wi-Fi internet access for passengers.

St. Cloud is the county seat for Stearns County with a population of 65,842 as per the 2010 census. STC's catchment area, however, includes the population within St. Cloud's Metropolitan Statistical Area (MSA) comprising of Stearns and Benton counties with a combined population of 185,555 as per the 2010 census. Some of the larger employers in the region include state and local government, *CentraCare Health System, Electrolux*, *Gold'n Plump*, *Wolters Kluwer* and *ING Direct*.

Since the mid-1990s, commercial services at STC have been predominantly intrastate and primarily to MSP as a connecting hub to other U.S. and international destinations. U.S. DOT O-D survey data from 2009 indicated the top five largest markets from STC to be Bullhead City[v] (AZ), Chicago, Phoenix, Dallas, and Washington DC. From 1999 until 2009, STC total O-D passengers have ranged from approximately 27,000 to 49,000 (please refer to Sub-Appendix A-5 for detailed information). On December 31, 2009, STC lost all commercial air service when Mesaba, operating for Delta Connection, ended service to MSP. The airport, however, continues to be served by Sun Country Airlines on a charter basis, with services to leisure destinations for approximately 3,000 annual passengers.

Table D-9: Daily Week Day St. Cloud Regional Airport Schedule (effective July 1, 2011)

Flight No.	Origin	Dest	Dep/Arr	Frequency	Carrier	Operator	Eqpmnt	Seats
Departures								
	No Scheduled Service							
Arrivals								
	No SchedulesService							

Source: St. Cloud Regional Airport

In July 2010, STC launched a pledge drive to secure scheduled regional jet air service referred to as “Fly St. Cloud”. The mission of this pledge drive is to regain scheduled commercial air service and to foster economic growth in the region. STC identified Chicago O’Hare as the target destination and an analysis by an independent transportation firm estimated the cost of operating two daily round-trip flights at $4.4 million. STC’s goal is to secure pledges totaling $5.0 million in annual ticket purchases by companies and individuals in the region, effectively organizing a purchasing cooperative.

Please refer to Sub-Appendix A (A-1 through A-7) and Sub-Appendix B (B-5) for STC historical air service data and metrics.

Thief River Falls Regional Airport

TVF is a public airport located three miles south of the central business district of the City of Thief River Falls (Thief River Falls). The airport covers 916 acres and has two runways, the longest which measures 6,503 feet. The airport is housed in a single terminal unit and offers free short and long-term parking with car plug-in service available.

The airport currently has two major construction projects underway. The first is a 19,800 square foot multi-purpose hangar to provide a controlled environment for loading and housing freight. The second is a terminal remodeling project consisting of cosmetic improvements and a new HVAC system.

The airport also has additional amenities including an FBO called Thief River Aviation providing maintenance and fuel and a Hertz Rent-A-Car agency. Access to taxi and public transportation are also readily available.

Thief River Falls takes its name from a geographic feature, the falls of the Red Lake River at its confluence with the Thief River. The city is the county seat of Pennington County and had a population of 8,573 according to the 2010 U.S. Census. The town is the home of snowmobile manufacturer Arctic Cat and electronic parts distributor Digi-Key, one of the largest employers in the region. The total population for Pennington and adjacent counties (Marshall, Red Lake, Polk and Clearwater) was 67,753 according to the 2010 U.S. Census.

Commercial services at TVF are intra-state with two daily flights to MPS via HIB. The services are subsidized by an EAS grant and are flown by Delta Connection on 34-seat Saab 340Bs. U.S. DOT O-D survey data from 2010 indicated the top five largest markets from TVF to be Minneapolis/St. Paul, Chicago, Denver, Phoenix, and Fort Myers. From 1999 until 2009, TVF total O-D passengers have ranged from approximately 17,000 to 4,000 (please refer to Sub-Appendix A-5 for detailed information). See Table D-10 for detailed schedule information.

Please refer to Sub-Appendix A (A-1 through A-7) and Sub-Appendix B (B-6) for TVF historical air service data and metrics.

Table D-10: Daily Week Thief River Falls Regional Airport Schedule (effective July 1, 2011)

Flight No.	Origin	Dest	Dep/Arr	Frequency	Carrier	Operator	Eqpmnt	Seats
Departures								
2583	TVF	MSP-HIB	6:00	7 Days/Wk	DL	XJ	SF3	34
2618	TVF	MSP-HIB	15:51	7 Days/Wk	DL	XJ	SF3	34
Arrivals								
2461	MSP-HIB	TVF	12:17	7 Days/Wk	DL	XJ	SF3	34
2317	MSP-HIB	TVF	15:26	7 Days/Wk	DL	XJ	SF3	34

Source: Thief River Falls Regional Airport

OVERALL AIR SERVICE MAINTENANCE RECOMMENDATIONS

- *Essential Air Service* - Even with Delta's announcement of flight reductions in the State, the EAS program will continue for the foreseeable future with no impacts to the State's airports. Small Outstate airports should continue to pursue services through this program and call on their local and state legislators to lobby on their behalf for continued support in these efforts as a new and smaller type of regional carriers (in addition to Great Lakes and Cape Air) begin to emerge willing to create business plans that cater to small regional airports and their communities.

- *Multimodalism* – Multimodalism is the idea that transportation should be looked as one integrated system versus independent sectors. As gas prices rise, communities, counties and states should consider mitigating the impacts of oil prices and regaining control of their mobility. Creating a plan integrating different modes of transportation is key to the future movement of people and goods in a more effective and price-effective manner.

    - With multimodalism as a focal point, the State should consider a system or network of buses that serve small communities and link them with the large airports in the State with high frequency and reasonable pricing. State legislators should consider subsidizing such a system and integrate this network into the

national air transportations system through codeshare agreements with the major airlines and the ability of passengers to purchase tickets through their websites and other Global Distribution System (GDS) channels.

- *Local Airline Service Action Committee* - All small Outstate airports should continue supporting the Local Airline Service Action Committee (LASAC) to communicate, promote and negotiate on behalf of their constituents. Strategies include supporting cities efforts to attract airline service, investment in creating more secure and passenger friendly terminal buildings, the development of potential for Greater Minnesota airports and the continuation of the air service marketing program. Additionally, the organization should pursue joint marketing efforts, lobbying efforts to State law makers, joint efforts on multi-modal initiatives, joint meeting and procurement of air carriers and information sharing. If reaching out to carriers such as Great Lakes and Cape Air, a group of this size could have an increased amount of leverage when negotiating service, schedules and other services.

- *Outstate Airport Ground-Handling Coalition* – Ground handling a carrier can add high costs to operating routes, especially for regional and small airlines. Customer service staff, ramp personnel and space rentals for operations and baggage claim all add to an already highly elastic business model with thin margins and low volumes. Outstate airport should lobby as a single entity for state grants subsidizing ground handling services in their airports and removing this cost from the airlines, particularly small independent airlines free from union contracts which could determine the rates for third-party ground handling services for their regional affiliates.

- *Small Community Air Service Development Program Grants* – As legacy carriers continue facing challenging financial conditions and low cost carriers continue to attract passengers away from small community airports, the DOT responded by having Congress establish the Small Community Air Service Development Program in 2000. To help small communities improve air service, the DOT implemented the program to educate them on the goals and strategies used in the past and what results were obtained by the grants provided. The grants are awarded at the discretion of the Secretary of Transportation.

    - *Approach New Carriers* – Approaching new carriers for air service is an effective and accepted practice in the industry. Most carriers have an open door policy when communicating with airports and welcome presentations and the exchange of information to educate them on a market's growth.

ASSESSMENT OF AIR SERVICES: CURRENT CONDITIONS

Large Outstate Airport

Background

Minnesota's large Outstate airports offer scheduled flights with destinations which span from small Outstate Airports within the State to major hubs in the U.S., North America, Europe and Asia. These airports include MSP, DLH and Rochester International Airport (RST). Combined, these airports served approximately 15.8 million passengers in 2010, the majority enplaning and deplaning at MSP.

Minneapolis/St. Paul International Airport (MSP)

In terms of passengers, MSP is the 15th busiest airport in the U.S. (2010)[vi] and 33rd busiest airport in the world in 2010[vii]. A joint civil-military airport, MSP is also home to the MSP Joint Air Reserve Station, supporting both Air Force Reserve Command and Air National Guard flight operations. Airlines out of Minneapolis/St. Paul International airport serve 134 nonstop markets from MSP, including 120 domestic and 14 international markets.

MSP is the third largest hub for Delta and Delta Connection partners Compass, Mesaba and Pinnacle. It also serves as the home base for Sun Country. Delta accounts for more than 80% of the airport's passenger traffic. MSP is operated by the Metropolitan Airports Commission (MAC), which also handles operation of six smaller airports in the region.

Duluth International Airport (DLH)

DLH is a city-owned, public-use airport located five miles northwest of the central business district of Duluth, located in St. Louis County. It serves the Duluth-Superior area in the State's northeastern region including Superior, Wisconsin. The airport is served by Allegiant, Delta Connection (operated by Mesaba, Pinnacle and SkyWest) and United Express. Destinations from DLH include Las Vegas, Orlando (Sanford), Phoenix (Mesa), Detroit, MSP and Chicago (O'Hare). Services are provided primarily by regional jets including the 50-seat Canadair CRJ-200 and Embraer 145 aircraft. Allegiant serves DLH with 150-seat Douglas MD-83s. Additionally, the airport has cargo services operated by *FedEx* Feeder and Bemidji Airlines. The Minnesota Air National Guard's 148th Fighter Wing, equipped with F-16 aircraft is based at the Duluth Air National Guard Base.

DLH covers an area of 3,020 acres and has 2 runways, the longest which measures 10,162 feet. A new terminal is under construction to replace the old terminal. The new terminal will be able to handle more passengers.

Rochester International Airport (RST)

RST is a non-hub primary airport located seven miles southwest of the central business district of Rochester, located in Olmsted County. RST is the second busiest commercial airport in the State. The airport covers 2,400 acres and has two runways, the longest which measures 9,033.

Commercial air service is provided by American and Delta. American's regional affiliates, AmericanConnection and American Eagle, both serve Chicago O'Hare and are operated by Chautauqua. Delta Connection serves Detroit and MSP operated by Pinnacle and Mesaba. Sun Country operated services to Bullhead City, AZ, on a seasonal basis. Services are provided primarily by regional jets including the 50-seat Canadair CRJ-200 and Embraer 145. Sun Country serves RST with 162-seat Boeing 737-800s. The airport also has a large *FedEx* terminal, a small ABX Air station as well as a GA terminal.

Mn/DOT and RST are currently planning a new runway and terminal. The new runway, would be located parallel to the primary runway and a new midfield terminal will be built between the two runways.

Socio-Economic Background on Duluth and Rochester

Duluth

Duluth is a port city in the U.S. state of Minnesota and is the county seat of Saint Louis County. The fourth largest city in Minnesota, Duluth had a total population of 86,265 in the 2010 census. Duluth is also the second largest city located on Lake Superior after Thunder Bay, Ontario, and has the largest metropolitan area on Lake Superior. The Duluth MSA had a population of 279,771 in 2010. Situated at the westernmost point of the Great Lakes on the north shore of Lake Superior, Duluth is deep-water accessible to the Atlantic Ocean 2,300 miles away via the Great Lakes and Erie Canal/New York State Barge Canal or Saint Lawrence Seaway passages.

Duluth is the regional hub not only of its own immediate area but also of a larger area encompassing northeastern Minnesota, northwestern Wisconsin and the western Upper Peninsula of Michigan. It is a major transportation center for the transshipment of coal, taconite, agricultural products, steel, limestone, and cement and in recent years it has seen strong growth in the transshipment of wind turbine components from manufacturers in Europe. Duluth is also a center for aquatic biology and aquatic science. The city is home to the EPA's Mid-Continent Ecology Division Laboratory and the University of Minnesota-Duluth. Businesses that support Duluth's economy include ERA laboratories, LimnoLogic, the ASci Corporation, Environmental Consulting and Testing and Ecolab.

The city is also a popular center for tourism and a convenient base for trips to the North Shore via Highway 61 and to fishing and wilderness destinations in Minnesota's far north, including the Superior National Forest and the Boundary Waters Canoe Area.

Rochester

Rochester is a city in the U.S. state of Minnesota and is the county seat of Olmsted County. Located on both banks of the Zumbro River, Rochester is home to the Mayo Clinic, a prestigious hospital and medical research facility. The city had a population of 106,769 according to the 2010 U.S. Census making it Minnesota's third-largest city.

The Mayo Clinic forms the core of Rochester's economy, employing about 30,000 people and drawing over 2 million visitors to the city each year. The clinic's many facilities, along with hotels, restaurants and retail stores comprise of nearly all the city's downtown. Another healthcare provider, the Rochester Federal Medical Center, is also a significant employer in the city.

IBM is also a major employer in Rochester and houses a large manufacturing center in charge of producing many of their major prototype computer components. The city is also home to Think Mutual Bank, a chain of banks operating in the State and founded by IBM employees.

RECOMMENDED STRATEGIES: LARGE OUTSTATE AIRPORTS

Design and implementation of incentive policies

Incentives are clearly a double-edged sword, and can present risk if not properly designed and executed. However, they are also an accepted (and often required) element of airline negotiations, particularly as the competition for new airline services has intensified over the past several years. Well-designed policies should reward high-priority targets, avoid any appearance of discrimination and should offer both up-front support for a new service and continuing assistance.

Airline Partnerships I: Incentive Policies – Develop a package of support for operational expenditures incurred during an initial promotional period consistent with Federal rules which includes:

- Waive air carrier fees for a period between 12 and 24 months including rent payment for all landing fees, holdroom and loading bridge fees, bag make-up fees and aircraft parking fees for each eligible market.
- Require a 2-year contract commitment.
- Offer of an initial marketing campaign with a set amount of funds per eligible market in advertising dollars (funded by city or local municipality) for pre-service launch ads.
- Offer an additional set amount of funds (funded by city or local municipality) for a follow up ad campaign targeting business and leisure travelers post-service launch.
- Provide promotional sales and support after the service launches included but not limited to local media coverage, in-airport advertising, airport web-site space, travel agent seminars and other initiatives.

Airport Partnerships II: the Tag Team" Approach - Just as DLH and RST are well-informed about the local market, so are the airports on the other side of the proposed route. Tag Team is a strategy in which State airports engage "other" airports in the route proposal to jointly participate in a presentation to a targeted carrier. This is a leveraging technique where by both airports present all incentives, support and market data thereby building airline confidence in the proposed route which results in risk mitigation. For DLH and RST, these Tag Team targets would not include major hubs, instead they would encompass leisure destinations such as Phoenix (Mesa), Palms Springs and Orlando (Sanford).

Leakage Analysis – A comprehensive leakage analysis can calculate how many passengers living in the catchment area of an airport are driving to another nearby airport for their travel needs. Through the use of Marketing Information Data Tapes (MIDT), International Air Transport Association (IATA) PAXis data and other accurate sources of data pinpointing travelers at the zip code level, a leakage analysis can provide a detailed map showing areas in a region where passengers are clearly showing a preference to an alternate airport. In the case of both DLH and RST (particularly RST), good access and competitive fares drive passengers to MSP daily given the regions proclivity to large corporations and their employees with high travel propensities. A leakage analysis can identify those passengers and provide a target for direct marketing campaigns.

Sustainability of Existing Service - It is paramount to demonstrate existing carrier performance to potential new entrants. Therefore, supporting incumbent airlines with co-operative marketing, sales leads, market data and other means is critical to sustainability.

RECOMMENDED STRATEGIES FOR COMMUNITY RELATIONS

Proactive use of conference opportunities

It is important to maintain a market presence at key airline-airport events. These meetings enhance the effectiveness of on-site presentations, and maintain dialog and top-of-mind awareness among airline executives. Several events are staggered throughout the calendar year:

a) Network Airline Conference – March of each year
b) ACI Marketing and Jump Start – June of each year
c) ROUTES Conference – September of each year
d) Others – many other worthwhile events are held throughout the year, including the National Air Service Conference, FAA Forecasting Conference, AAAE Annual, and ACI Annual events.

Executive-level involvement and proactive support

Outstate airports and the presiding members of their staff should continue the existing practice of meeting regularly with their airline(s). These meetings are very important, and the principal of "every airline, every year" is indicative of the priority they should obtain. Participation of the highest levels is tangible proof of their commitment. Other staff such as public affairs and air service specialists should handle most ongoing activities.

Board, community, and business leadership participation and support

Support of community and business leaders can be a crucial success factor in any meetings with airlines, especially for discussing new service. Community support is vital for new or expanded service, and airlines can benefit from any and all tangible evidence.

Locally hosted networking and appreciation events

Picnics, golf outings or other airline appreciation events can be a testament to the benefits of working directly with local airline staff. Such events should become an integral element of the overall strategic development process. The events should recognize local airline personnel and encourage attendance by headquarter executives.

Proactive partnerships for cooperative marketing and advertising

As airline marketing resources dwindle under cost pressures, airports and communities must assume a growing responsibility. In-kind or cooperative marketing/advertising with local media outlets can range from general advertising to specially targeted ads for the launch of new service or other events. Partnerships could provide, for example, fare comparisons between those at Oustate airports and other regional hubs at a driving distance to foster ongoing awareness.

(Potential) proactive engagement of local press, including editorial boards

Regular interviews or "Industry Updates" can build strong partnerships with media representatives, and foster mutual communication and awareness. Some media outlets discourage this type of activity as a threat to their independence, but efforts are often worthwhile. Data, and its interpretation, can be attractive to news reporters.

Survey/monitoring of customer satisfaction and competitive results

Regular surveys of consumers can provide competitive feedback as well as input on many customer satisfaction issues. Survey results can be included in airline meetings, and could be useful in rate and fee negotiations for Outstate airports.

Greater Involvement of other Airport Entities

Many businesses at Outstate airports have a low visibility but play a vital role in their operations. They have a large vested interest in its growth. Such entities include freight forwarders, customs brokers, FBOs, automobile rentals and the FAA. All contribute to making Outstate airports a good environment for passengers, shippers and airlines and any, if functioning poorly, could detract from it. Events such as "Appreciation Days", articles on airport websites, brochures or other events could encourage input from these organizations and help them understand how they contribute to the Airport's perceived level of service.

Ongoing web site updates and enhancements

Web sites provide excellent opportunities to give and collect information and feedback from the user community. Outstate airports should share website design and content tips and survey other noteworthy sites for ideas and opportunities for enhancement.

RISK ANALYSIS

The FAA Reauthorization bill, when passed after the new January 31, 2012 deadline, could have significant changes in the AIP and airport funding sources with the length of reauthorization and the level of authorization yet to be determined. As previously mentioned, questions regarding the long-term future of the EAS program continue and it is important to note that the outcome of how air services will be shaped in the State for the medium-to-long term are dependent on the outcome of a final Reauthorization Bill. Regular updates to this plan and other commercial air service assessments whether at the State or local levels are recommended to identify and address the needs of airports as new laws and regulations continue changing and taking effect.

Appendix D

COMMERCIAL AIR SERVICE TECHNICAL REPORT

HNTB

SUB-APPENDIX A

Appendix A-1
Total Departures (Historical) 1997 - 2010

Calendar Year	BJI	BRD	DLH	HIB	INL	RST	STC	TVF
1997	2,195	2,345	4,626	1,624	1,323	8,083	3,186	1,040
1998	4,426	4,392	7,420	4,352	2,992	8,986	5,996	1,914
1999	5,278	4,491	10,570	4,778	3,332	9,101	6,915	2,017
2000	5,591	5,599	9,282	3,412	3,487	8,646	4,999	1,577
2001	5,010	4,798	7,474	2,063	3,079	7,999	4,815	1,402
2002	4,592	3,933	8,190	1,824	2,596	8,361	4,680	1,443
2003	3,914	3,029	5,761	2,434	2,703	8,128	5,294	1,377
2004	4,463	3,054	7,917	2,249	3,091	9,470	3,700	1,418
2005	4,534	3,532	6,096	2,166	2,725	10,146	3,886	1,380
2006	3,207	3,565	5,714	2,769	2,127	9,424	3,340	1,232
2007	2,842	3,467	7,107	2,707	2,079	9,734	3,211	1,202
2008	2,629	2,984	5,573	2,661	2,009	10,141	2,785	1,225
2009	1,998	2,450	5,315	2,632	1,805	8,979	2,457	1,204
2010	2,037	1,769	7,720	3,166	1,614	8,315	37	1,206
	Average Annual Compound Growth Rate (AACGR %)							
1997 - 2010	-0.6%	-2.1%	4.0%	5.3%	1.5%	0.2%	-29.0%	1.1%

Source: DOT T-100

Appendix A-2
Total Seats (Historical) 1997 - 2010

Calendar Year	BJI	BRD	DLH	HIB	INL	RST	STC	TVF
1997	75,464	80,466	403,064	50,650	38,808	689,430	97,639	37,160
1998	154,084	152,988	485,288	150,317	102,244	658,942	204,020	67,026
1999	179,452	152,694	675,905	162,452	113,288	667,523	235,110	68,578
2000	190,094	190,366	600,764	116,008	118,558	635,820	169,966	53,618
2001	170,340	163,132	506,779	70,278	104,702	590,690	163,710	47,668
2002	156,128	134,266	570,727	62,016	88,264	613,672	159,120	49,062
2003	133,076	103,248	455,693	82,756	91,902	526,692	180,258	46,818
2004	151,806	104,092	520,247	76,722	105,094	521,932	126,100	48,212
2005	154,220	120,228	453,627	73,644	94,512	508,868	132,124	46,920
2006	112,478	121,210	448,243	94,146	77,216	506,755	114,072	41,888
2007	100,308	118,050	528,445	92,038	78,556	548,255	112,974	40,868
2008	94,162	101,644	464,435	90,474	76,786	548,380	102,818	41,650
2009	73,008	83,384	387,634	89,488	68,458	481,267	89,718	40,936
2010	73,253	63,769	440,209	111,238	56,715	411,570	5,974	41,004
	Average Annual Compound Growth Rate (AACGR %)							
1997 - 2010	-0.2%	-1.8%	0.7%	6.2%	3.0%	-3.9%	-19.3%	0.8%

Source: DOT T-100

Appendix A-3
Total Onboard Passengers (Historical) 1997 - 2010

Calendar Year	BJI	BRD	DLH	HIB	INL	RST	STC	TVF
1997	38,967	43,876	200,910	23,980	14,538	307,683	40,922	4,772
1998	76,818	68,758	237,572	61,537	35,392	336,434	79,801	13,326
1999	92,779	59,148	292,982	68,087	48,976	323,339	100,612	26,250
2000	95,583	79,448	283,133	42,888	50,501	302,324	70,450	15,295
2001	87,487	71,703	273,783	22,643	42,746	273,516	69,264	10,524
2002	78,485	62,488	298,113	18,125	37,689	289,651	73,180	8,847
2003	66,453	42,357	238,084	38,842	38,606	276,033	83,074	8,164
2004	72,490	45,552	301,472	35,926	42,210	276,397	49,007	9,064
2005	75,847	54,237	295,701	37,898	42,951	285,429	48,251	9,341
2006	59,587	50,305	284,983	42,322	36,183	300,978	48,591	6,657
2007	52,127	49,462	345,137	40,146	35,253	330,192	50,537	6,795
2008	49,192	39,312	294,504	35,308	32,925	310,550	41,177	6,248
2009	43,121	33,340	252,206	28,114	32,768	261,023	29,468	5,436
2010	42,754	33,791	302,189	32,856	27,902	242,033	3,377	5,004
	Average Annual Compound Growth Rate (AACGR %)							
1997 - 2010	0.7%	-2.0%	3.2%	2.5%	5.1%	-1.8%	-17.5%	0.4%

Source: DOT T-100

Appendix A-4
Average Load Factors (%) (Historical) 1997 - 2010

Calendar Year	BJI	BRD	DLH	HIB	INL	RST	STC	TVF
1997	58%	57%	52%	54%	44%	47%	39%	14%
1998	57%	48%	49%	48%	39%	54%	36%	26%
1999	58%	43%	44%	48%	48%	49%	37%	45%
2000	56%	44%	47%	41%	49%	48%	39%	31%
2001	58%	44%	56%	35%	48%	47%	39%	23%
2002	56%	47%	56%	34%	49%	50%	42%	19%
2003	54%	43%	54%	52%	48%	54%	44%	18%
2004	54%	44%	60%	52%	44%	57%	40%	19%
2005	56%	43%	67%	55%	50%	60%	36%	21%
2006	60%	35%	70%	48%	52%	64%	46%	16%
2007	59%	35%	73%	46%	53%	66%	58%	18%
2008	57%	33%	74%	40%	48%	70%	67%	14%
2009	59%	36%	76%	32%	52%	68%	58%	13%
2010	58%	62%	76%	38%	53%	62%	90%	12%

Source: DOT T-100

Appendix A-5
Origin-Destination Passengers (Historical) 1990 - 2010

Calendar Year	BJI	BRD	DLH	HIB	INL	RST	STC	TVF
1990	48,770	30,950	236,910	31,670	51,400	287,940	0	12,950
1991	56,790	27,210	215,890	27,310	43,030	249,390	0	13,640
1992	43,840	34,930	257,130	32,280	46,380	275,530	0	11,190
1993	42,110	30,980	243,160	30,350	39,170	273,480	8,840	8,410
1994	37,340	28,590	227,190	28,810	34,750	267,940	19,670	5,780
1995	33,840	23,930	230,240	26,130	38,200	271,710	18,870	7,420
1996	34,140	25,000	223,740	23,410	34,130	259,490	18,250	7,850
1997	49,530	32,050	219,820	30,290	35,580	284,610	30,630	8,390
1998	50,370	32,820	212,220	28,180	33,120	286,660	41,080	10,980
1999	53,950	36,030	254,610	28,870	40,550	274,980	49,210	16,720
2000	53,550	38,140	255,070	23,900	42,170	262,840	43,580	13,470
2001	51,140	37,140	245,660	18,000	39,380	260,660	41,180	10,230
2002	50,640	35,800	261,400	13,930	36,270	256,950	40,660	8,630
2003	52,370	33,600	220,950	17,260	36,820	245,770	37,700	8,310
2004	54,130	35,340	279,710	18,390	39,620	242,660	39,700	8,840
2005	55,430	40,420	265,820	20,850	40,850	248,150	46,620	8,710
2006	49,690	34,990	262,870	17,180	34,440	260,700	47,120	6,120
2007	41,880	34,960	318,740	16,010	33,810	285,220	48,710	6,120
2008	40,680	31,490	267,220	15,820	29,840	270,030	37,250	6,240
2009	40,140	28,700	230,910	17,160	28,750	228,000	26,770	5,600
2010	39,760	30,650	275,080	20,310	25,810	203,780	2,300	4,350
	Average Annual Compound Growth Rate (AACGR %)							
1990 - 2010	-1.0%	0.0%	0.7%	-2.2%	-3.4%	-1.7%	n/a	-5.3%

Source: DOT 10% Ticket Sample Survey

Appendix A-6
Nominal Average Fares ($) (Historical) 1990 - 2010

Calendar Year	BJI	BRD	DLH	HIB	INL	RST	STC	TVF
1990	$143	$170	$170	$178	$196	$181		$151
1991	$138	$173	$178	$178	$182	$191		$140
1992	$146	$158	$153	$154	$168	$172		$160
1993	$166	$196	$170	$175	$193	$193	$46	$201
1994	$190	$214	$185	$179	$204	$199	$192	$236
1995	$197	$210	$186	$186	$203	$201	$189	$225
1996	$210	$227	$209	$214	$233	$226	$218	$233
1997	$169	$201	$208	$194	$211	$221	$197	$229
1998	$169	$193	$200	$185	$200	$211	$189	$180
1999	$163	$196	$197	$169	$174	$215	$192	$159
2000	$176	$195	$200	$174	$182	$213	$207	$176
2001	$184	$190	$189	$171	$185	$197	$197	$178
2002	$182	$188	$184	$166	$190	$179	$187	$183
2003	$181	$192	$204	$175	$193	$183	$191	$178
2004	$191	$194	$182	$182	$200	$197	$196	$189
2005	$198	$194	$181	$181	$191	$181	$186	$176
2006	$218	$213	$201	$222	$244	$182	$201	$216
2007	$236	$215	$184	$215	$247	$174	$197	$220
2008	$265	$242	$228	$268	$266	$200	$214	$265
2009	$227	$199	$192	$200	$219	$166	$188	$212
2010	$242	$213	$191	$212	$249	$184	$130	$216
	Average Annual Compound Growth Rate (AACGR %)							
1990 - 2010	2.7%	1.1%	0.6%	0.9%	1.2%	0.1%	n/a	1.8%

Source: DOT 10% Ticket Sample Survey

Appendix A-7
Nominal Yield ($) (Historical) 1990 - 2010

Calendar Year	BJI	BRD	DLH	HIB	INL	RST	STC	TVF
1990	$0.16	$0.16	$0.16	$0.18	$0.22	$0.19		$0.17
1991	$0.20	$0.17	$0.17	$0.18	$0.21	$0.19		$0.18
1992	$0.15	$0.16	$0.14	$0.16	$0.17	$0.17		$0.16
1993	$0.16	$0.19	$0.16	$0.16	$0.19	$0.19	$0.75	$0.20
1994	$0.17	$0.20	$0.17	$0.16	$0.19	$0.19	$0.18	$0.22
1995	$0.19	$0.20	$0.17	$0.17	$0.20	$0.19	$0.19	$0.22
1996	$0.19	$0.22	$0.19	$0.20	$0.23	$0.22	$0.23	$0.24
1997	$0.16	$0.20	$0.18	$0.18	$0.21	$0.21	$0.21	$0.21
1998	$0.16	$0.18	$0.18	$0.17	$0.19	$0.20	$0.19	$0.17
1999	$0.15	$0.19	$0.18	$0.15	$0.17	$0.21	$0.19	$0.16
2000	$0.16	$0.18	$0.17	$0.15	$0.18	$0.20	$0.20	$0.16
2001	$0.16	$0.17	$0.16	$0.15	$0.18	$0.19	$0.19	$0.15
2002	$0.15	$0.17	$0.16	$0.14	$0.17	$0.17	$0.18	$0.16
2003	$0.16	$0.17	$0.17	$0.15	$0.17	$0.17	$0.19	$0.15
2004	$0.16	$0.18	$0.16	$0.15	$0.18	$0.19	$0.19	$0.16
2005	$0.17	$0.18	$0.16	$0.15	$0.18	$0.17	$0.18	$0.15
2006	$0.19	$0.19	$0.17	$0.19	$0.21	$0.18	$0.19	$0.18
2007	$0.20	$0.19	$0.16	$0.18	$0.22	$0.17	$0.19	$0.19
2008	$0.22	$0.21	$0.19	$0.23	$0.22	$0.19	$0.20	$0.22
2009	$0.19	$0.18	$0.16	$0.16	$0.19	$0.16	$0.18	$0.19
2010	$0.21	$0.19	$0.16	$0.17	$0.22	$0.19	$0.10	$0.19
	Average Annual Compound Growth Rate (AACGR %)							
1990 - 2010	1.2%	0.7%	-0.1%	-0.3%	0.0%	0.0%	n/a	0.5%

Source: DOT 10% Ticket Sample Survey

SUB-APPENDIX B

Appendix B-2
2010 BRD Top 20 Origin-Destination Passengers & Average Fares

Rank	Destination	Code	Passengers	Average Fare ($)	Passengers Per Day Each Way
1	Phoenix International Airport	PHX	1,640	$185.46	2.2
2	Denver International Airport	DEN	1,380	$143.25	1.9
3	Chicago O'Hare International Airport	ORD	1,230	$146.65	1.7
4	Dallas/Ft. Worth International Airport	DFW	1,110	$226.38	1.5
5	Atlanta Hartsfield-Jackson International Airport	ATL	1,060	$213.60	1.5
6	Orlando International Airport	MCO	960	$193.24	1.3
7	Minneapolis/St. Paul International Airport	MSP	930	$100.38	1.3
8	Laughlin Bullhead International Airport	IFP	900	$149.23	1.2
9	Los Angeles International Airport	LAX	900	$237.71	1.2
10	Las Vegas McCarran International Airport	LAS	820	$223.98	1.1
11	Ft. Myers/Southwest Florida International	RSW	740	$172.12	1.0
12	Washington National Airport	DCA	720	$216.97	1.0
13	Seattle/Tacoma International Airport	SEA	700	$295.30	1.0
14	Tampa International Airport	TPA	670	$171.07	0.9
15	Kansas City International Airport	MCI	510	$221.71	0.7
16	San Francisco International Airport	SFO	470	$187.72	0.6
17	Chicago Midway Airport	MDW	450	$151.67	0.6
18	San Diego International Airport	SAN	450	$230.04	0.6
19	Boston Logan International Airport	BOS	430	$228.00	0.6
20	Detroit Metro Wayne County Airport	DTW	420	$215.07	0.6
	Other Markets		*14,160*		*19.4*
	Total		**30,650**	**$213.23**	**42.0**

Source: DOT 10% Ticket Sample Survey

Appendix B-3
2010 HIB Top 20 Origin-Destination Passengers & Average Fares

Rank	Destination	Code	Passengers	Average Fare ($)	Passengers Per Day Each Way
1	Laughlin Bullhead International Airport	IFP	1,560	$164.72	2.1
2	Phoenix International Airport	PHX	1,260	$182.88	1.7
3	Denver International Airport	DEN	1,010	$173.58	1.4
4	Minneapolis/St. Paul International Airport	MSP	820	$110.76	1.1
5	Seattle/Tacoma International Airport	SEA	720	$250.82	1.0
6	Orlando International Airport	MCO	630	$174.51	0.9
7	Ft. Myers/Southwest Florida International	RSW	610	$167.89	0.8
8	Los Angeles International Airport	LAX	510	$217.04	0.7
9	Atlanta Hartsfield-Jackson International Airport	ATL	470	$238.28	0.6
10	Milwaukee Mitchell International Airport	MKE	460	$148.37	0.6
11	Las Vegas McCarran International Airport	LAS	450	$177.09	0.6
12	Dallas/Ft Worth International Airport	DFW	420	$222.55	0.6
13	Washington National Airport	DCA	410	$258.78	0.6
14	Portland International Airport	PDX	390	$273.26	0.5
15	Chicago O'Hare International Airport	ORD	370	$184.00	0.5
16	Tampa International Airport	TPA	330	$241.91	0.5
17	Houston Intercontinental Airport	IAH	320	$166.41	0.4
18	San Francisco International Airport	SFO	290	$221.62	0.4
19	Chicago Midway Airport	MDW	280	$143.89	0.4
20	Boston Logan International Airport	BOS	270	$209.93	0.4
	Other Markets		*8,730*		*12.0*
	Total		**20,310**	**$211.85**	**27.8**

Source: DOT 10% Ticket Sample Survey

Appendix B-4
2010 INL Top 20 Origin-Destination Passengers & Average Fares

Rank	Destination	Code	Passengers	Average Fare ($)	Passengers Per Day Each Way
1	Minneapolis/St. Paul International Airport	MSP	1,740	$179.67	2.4
2	Laughlin Bullhead International Airport	IFP	1,320	$157.61	1.8
3	Chicago O'Hare International Airport	ORD	1,180	$210.14	1.6
4	Atlanta Hartsfield-Jackson International Airport	ATL	990	$246.19	1.4
5	Dallas/Ft. Worth International Airport	DFW	920	$247.67	1.3
6	Phoenix International Airport	PHX	920	$212.17	1.3
7	Denver International Airport	DEN	750	$174.75	1.0
8	St. Louis Lambert International Airport	STL	660	$206.06	0.9
9	Chicago Midway Airport	MDW	550	$186.47	0.8
10	Las Vegas McCarran International Airport	LAS	530	$250.25	0.7
11	Orlando International Airport	MCO	510	$237.88	0.7
12	Boise International Airport	BOI	480	$363.88	0.7
13	Port Columbus International Airport	CMH	460	$293.07	0.6
14	Detroit Metro Wayne County Airport	DTW	450	$258.71	0.6
15	Los Angeles International Airport	LAX	450	$275.78	0.6
16	Nashville International Airport	BNA	420	$248.98	0.6
17	Tampa International Airport	TPA	400	$208.85	0.5
18	Houston Intercontinental Airport	IAH	390	$351.15	0.5
19	Indianapolis International Airport	IND	390	$236.00	0.5
20	Washington National Airport	DCA	370	$241.05	0.5
	Other Markets		*11,930*		*16.3*
	Total		**25,810**	**$248.98**	**35.4**

Source: DOT 10% Ticket Sample Survey

Appendix B-5
2009 STC Top 20 Origin-Destination Passengers & Average Fares

Rank	Destination	Code	Passengers	Average Fare ($)	Passengers Per Day Each Way
1	Laughlin Bullhead International Airport	IFP	2,600	$119.73	3.6
2	Phoenix Sky Harbor International Airport	PHX	1,190	$153.39	1.6
3	Dallas/Ft Worth International Airport	DFW	850	$180.89	1.2
4	Washington National Airport	DCA	810	$234.26	1.1
5	Chicago O'Hare International Airport	ORD	810	$149.74	1.1
6	Chicago Midway Airport	MDW	760	$113.37	1.0
7	Las Vegas McCarran International Airport	LAS	740	$166.78	1.0
8	Atlanta Hartsfield-Jackson International Airport	ATL	730	$247.40	1.0
9	Orlando International Airport	MCO	710	$138.70	1.0
10	Detroit Metro Wayne County Airport	DTW	700	$194.20	1.0
11	Denver International Airport	DEN	690	$122.58	0.9
12	Seattle/Tacoma International Airport	SEA	630	$170.06	0.9
13	St. Louis Lambert International Airport	STL	570	$185.95	0.8
14	New York LaGuardia Airport	LGA	530	$170.36	0.7
15	Philadelphia International Airport	PHL	530	$180.40	0.7
16	Los Angeles International Airport	LAX	480	$224.46	0.7
17	Tampa International Airport	TPA	470	$124.32	0.6
18	Kansas City International Airport	MCI	410	$274.98	0.6
19	Madison Dane County Regional Airport	MSN	410	$225.88	0.6
20	Boston Logan International Airport	BOS	370	$193.62	0.5
	Other Markets		*11,780*		*16.1*
	Total		**26,770**	**$187.55**	**36.7**

Source: DOT 10% Ticket Sample Survey

Appendix B-6
2010 TVF Top 20 Origin-Destination Passengers & Average Fares

Rank	Destination	Code	Passengers	Average Fare ($)	Passengers Per Day Each Way
1	Minneapolis/St. Paul International Airport	MSP	770	$208.92	1.1
2	Chicago O'Hare International Airport	ORD	280	$208.64	0.4
3	Denver International Airport	DEN	150	$191.27	0.2
4	Phoenix International Airport	PHX	140	$208.86	0.2
5	Ft. Myers/Southwest Florida International	RSW	140	$105.43	0.2
6	Atlanta Hartsfield-Jackson International Airport	ATL	120	$266.58	0.2
7	Los Angeles International Airport	LAX	120	$171.25	0.2
8	Baltimore/Washington International Airport	BWI	100	$270.90	0.1
9	Orlando International Airport	MCO	100	$202.00	0.1
10	Chicago Midway Airport	MDW	90	$186.22	0.1
11	St. Louis Lambert International Airport	STL	90	$181.67	0.1
12	Washington National Airport	DCA	80	$191.63	0.1
13	Las Vegas McCarran International Airport	LAS	80	$107.13	0.1
14	Savannah International Airport	SAV	80	$341.13	0.1
15	Tampa International Airport	TPA	70	$247.57	0.1
16	Boise International Airport	BOI	60	$180.67	0.1
17	Boston Logan International Airport	BOS	60	$305.17	0.1
18	Dallas/Ft. Worth International Airport	DFW	60	$368.17	0.1
19	Fort Lauderdale International Airport	FLL	60	$299.17	0.1
20	Manchester International Airport	MHT	60	$312.00	0.1
	Other Markets		*1,640*		*2.2*
	Total		**4,350**	**$218.95**	**6.0**

Source: DOT 10% Ticket Sample Survey

SUB-APPENDIX C

Appendix C-1
2010 DLH Top 20 Origin-Destination Passengers & Average Fares

Rank	Destination	Code	Passengers	Average Fare ($)	Passengers Per Day Each Way
1	Las Vegas McCarran International Airport	LAS	34,790	$130.56	47.7
2	Orlando Sanford International Airport	SFB	22,460	$86.65	30.8
3	Chicago O'Hare International Airport	ORD	10,080	$106.66	13.8
4	Phoenix International Airport	PHX	8,490	$185.89	11.6
5	Denver International Airport	DEN	7,200	$160.17	9.9
6	Orlando International Airport	MCO	6,450	$166.14	8.8
7	Detroit Metro Wayne County Airport	DTW	5,990	$271.47	8.2
8	Seattle/Tacoma International Airport	SEA	5,760	$204.44	7.9
9	Atlanta Hartsfield-Jackson International Airport	ATL	5,740	$228.06	7.9
10	Washington National Airport	DCA	5,690	$221.86	7.8
11	Los Angeles International Airport	LAX	5,620	$209.76	7.7
12	New York LaGuardia Airport	LGA	4,880	$204.33	6.7
13	Boston Logan International Airport	BOS	4,830	$195.73	6.6
14	Dallas/Ft. Worth International Airport	DFW	4,820	$196.17	6.6
15	San Francisco International Airport	SFO	4,780	$212.36	6.5
16	Ft. Myers/Southwest Florida International	RSW	3,880	$160.97	5.3
17	Houston Intercontinental Airport	IAH	3,820	$260.67	5.2
18	Portland International Airport	PDX	3,510	$220.99	4.8
19	San Diego International Airport	SAN	3,240	$216.96	4.4
20	Baltimore/Washington International Airport	BWI	3,220	$210.77	4.4
	Other Markets		*119,830*		*164.2*
	Total		**275,080**	**$190.51**	**376.8**

Appendix C-2
2010 RST Top 20 Origin-Destination Passengers & Average Fares

Rank	Destination	Code	Passengers	Average Fare ($)	Passengers Per Day Each Way
1	Chicago O'Hare International Airport	ORD	27,250	$127.29	37.3
2	Washington National Airport	DCA	7,940	$170.46	10.9
3	Dallas/Ft. Worth International Airport	DFW	6,410	$160.06	8.8
4	New York LaGuardia Airport	LGA	6,010	$187.96	8.2
5	Phoenix International Airport	PHX	5,840	$177.53	8.0
6	Las Vegas McCarran International Airport	LAS	5,790	$133.54	7.9
7	Detroit Metro Wayne County Airport	DTW	5,490	$188.60	7.5
8	Boston Logan International Airport	BOS	5,480	$178.87	7.5
9	Atlanta Hartsfield-Jackson International Airport	ATL	5,220	$171.67	7.2
10	Orlando International Airport	MCO	5,100	$151.87	7.0
11	Denver International Airport	DEN	4,430	$139.08	6.1
12	Los Angeles International Airport	LAX	3,250	$210.35	4.5
13	San Francisco International Airport	SFO	3,140	$230.34	4.3
14	Philadelphia International Airport	PHL	2,810	$201.18	3.8
15	Tampa International Airport	TPA	2,620	$165.39	3.6
16	Seattle/Tacoma International Airport	SEA	2,600	$222.92	3.6
17	Raleigh/Durham International Airport	RDU	2,480	$215.00	3.4
18	Houston Intercontinental Airport	IAH	2,410	$211.28	3.3
19	Austin International Airport	AUS	2,390	$215.06	3.3
20	Westchester County Airport	HPN	2,350	$146.37	3.2
	Other Markets		*94,770*		*129.8*
	Total		**203,780**	**$183.80**	**279.2**

Source: DOT 10% Ticket Sample Survey

SUB-APPENDIX D

Background on the Reauthorization Bill

- $188.0 million for the Essential Air Service (EAS) program through FY 2013. Under current law, $77 million is authorized to be appropriated for the EAS program each year. The new proposal phases the program by providing an authorization of $98 million for the program in FY 2011, $60 million in 2012, and $30 million in 2013. No appropriations would be authorized after 2013. The bill would save $302 million over the 2011-2016 period. Alaska and Hawaii would be exempt.

- Eliminating $188.0 million in annual EAS program funding.

- House bill's repeal of the National Mediation Board's decision last year to change air and rail labor group voting rules to lower the threshold for unionization.

In terms of EAS, the FAA funding breakdown was attributed to a House Republican attempt to eliminate $16.5 million in EAS subsidies by requiring a 90-mile driving minimum to the nearest airport with commercial air service. The proposal cut 13 airports out of the program including Morgantown, WV, Athens, GA, Glendive, MT, Alamogordo, NM, Ely, NV, Jamestown, NY, Bradford, PA, Hagerstown, MD, Jonesboro, AR, Johnstown, PA, Franklin/Oil City, PA, Lancaster, PA, and Jackson, TN. House Republicans also wanted to eliminate any airport that was receiving subsidies of more than $1,000 per passenger.

Republicans achieved the subsidy cuts in the final law, but with a major caveat: Transportation Secretary Ray LaHood has the authority to continue subsidized service to the 13 communities in question if he decides it is necessary.

As expected, the Transportation Secretary waived the cuts subsidizing the 13 aforementioned airports in exchange for the Senate passing the House version of the funding bill that included them. The House Transportation and Infrastructure Committee Chairman John Mica and other Republican leaders, were of the opinion that the Transportation Secretary should only waive airports where "geographic characteristics" make it difficult to drive to another airport within 90 miles, as the law was written. They also called for complete transparency as waivers are requested with written justification. More debate on this subject is expected in the fall when multi-year reauthorization bill is debated.

[i] An IATA airport code, also known an IATA location identifier, is a three-letter code designating many airports around the world, defined by the International Air Transport Association ("IATA").
[ii] Passenger boarding (enplanement) data for U.S. Airports is extracted from the Air Carrier Activity Information System ("ACAIS"), a database that contains revenue passenger boarding and all-cargo data from the Federal Aviation Administration (the "FAA")
[iii] Bullhead City, AZ, is a market served seasonally from INL by Sun Country Airlines on a charter basis.
[iv] Bullhead City, AZ, is a market served seasonally from INL by Sun Country Airlines on a charter basis.
[v] Bullhead City, AZ, is a market served seasonally from INL by Sun Country Airlines on a charter basis.
[vi] Airports Council International-North America (ACI-NA)
[vii] Airports Council International (ACI)