



City of Grand Island

Tuesday, May 23, 2006

Council Session

Item I1

**#2006-172 - Approving Recommended Essential Air Service (EAS)
Proposal**

Staff Contact: Gary Greer

Council Agenda Memo

From: Gary D. Greer, City Administrator

Meeting: May 23, 2006

Subject: Essential Air Service Recommendation

Item #'s: I-1

Presenter(s): Mike Olson, AAE Central Nebraska Regional Airport
Executive Director

Background

The Department of Transportation developed a program entitled Essential Air Service (EAS) several years ago to assure that smaller rural communities would be provided with passenger air service. The program provides subsidies to commercial air carriers to offset the cost of offering such service in areas where ridership cannot be to the level to achieve profitability. This program is intended to help small communities in economic development, community development and population stabilization. Hall County has benefited from this program over the last few years by assuring that the area continued flight service for citizens and businesses.

Every two years the Department of Transportation asks for proposals from air carriers for the various EAS communities for the continuation of air service. Over the last two months proposals have been accepted and 11 proposals from 4 airlines were submitted for the Central Nebraska Regional Airport. A summary of the proposals is attached for City Council review.

Discussion

The Department of Transportation encourages public input into the process to secure EAS providers. Over the last few weeks the Central Nebraska Regional Airport Board has conducted several public meetings to seek input from citizens and businesses concerning air service. Additionally, input from local governing bodies is sought to strengthen the decision of which proposal is best for the community. Mike Olson, Executive Director will be on hand to present the outcome of the extensive public participation process and results of a recently completed air feasibility study for City

Council review. He will also present a recommendation from the Airport Authority Board concerning the #1 and # 2 recommended option for the community.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Move to deny

Recommendation

City Administration recommends that the Council accept the recommendation of the Hall County Airport Authority Board submitted by Big Sky Airlines and pass resolution #2006-172 to authorize the Mayor to send a letter to the Department of Transportation expressing support of such proposal.

Sample Motion

Motion to accept the recommendation of the Hall County Airport Authority Board submitted by Big Sky Airlines or Billings, Montana and pass resolution #2006-172 to authorize the Mayor to send a letter to the Department of Transportation expressing support of such proposal.

Hall County Airport Authority

May 16, 2006

Resolution 06-30

Essential Air Service (EAS) Agreement

AUTHORITY ACTION TAKEN: Resolved that the Hall County Airport Authority makes the following recommendations to the Department of Transportation (DOT) for air service for the Central Nebraska Regional Airport under the Essential Air Service (EAS) program listed in order of preference:

1. **Big Sky Transportation Co., d/b/a Big Sky Airlines**
EAS proposal Number 8
Kansas City / Denver
Aircraft – Beech 1900

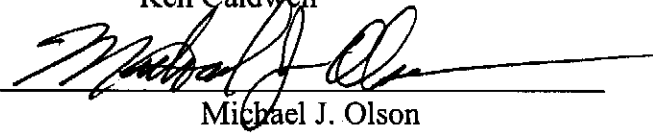
2. **Big Sky Transportation Co., d/b/a Big Sky Airlines**
EAS proposal Number 10
Minneapolis / Denver
Aircraft – Beech 1900

Chairman: _____



Ken Caldwell

Executive Director: _____



Michael J. Olson

ORIGINAL

Hall County Airport Authority

May 16, 2006

Resolution 06-31

Invitation for Community Support

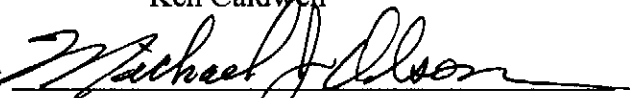
AUTHORITY ACTION TAKEN: Resolved that the Hall County Airport Authority invites the Hall County Board of Supervisors and the City of Grand Island to join with the Authority in sending a joint letter of recommendation to the Department of Transportation (DOT).

Chairman:



Ken Caldwell

Executive Director:



Michael J. Olson

ORIGINAL

EAS PROPOSAL RECOMMENDATION

To:

Hall County Airport Authority Board

From:

Mike Olson, AAE
Executive Airport Director
Central Nebraska Regional Airport

My Recommendation

Over the past 5 months, we have been on a long hard-fought journey to improve air service for the 2006-2008 Essential Air Service contract. With the EAS program hanging in the balance, I cannot stress enough how we need to make the right decision today to protect the longevity of our air service tomorrow. That is what this is all about. When I make my final recommendation, I will ask myself this very question. Our goal is at some point and time to wean ourselves off of the EAS program.

Today, I will be making my recommendation based on 2 criteria: Public Input and by the numbers.

In looking at the public input received since last week, it is clear that the general consensus was/is, "Let's go East" as was portrayed in Friday's Independent news article. As a result of last Thursday night's public meeting, I have the following numbers:

Testimonials (13 people spoke)

East	6
Dual Hub	3
West	1
Uncommitted	2

Surveys (29 surveys completed and turned in)

MSP	14
DEN	7
MCI	7
OMA	0
Uncommitted	1

Emails (12 received)

MSP	4
DEN	2
MCI	2
OMA	1
Uncommitted	3

Phone Calls (4 received)

MSP	0
DEN	3
MCI	0
OMA	0
Both Directions	1

By the numbers:

In my evaluation of the proposals to the east, I think we can safely assume that the Mesaba proposal is too expensive for the DOT to consider.

The Mesa proposals are to Omaha we would be sharing seats with other communities. There has been very little if any support to go to Omaha

With the majority of the community wanting service to the east, I have eliminated those proposals that have 2 or more non-stops to DEN.

That leaves us with 3 viable proposals; Great Lakes #11. Big Sky #10 and Big Sky #8

The public is very supportive of MSP service (Big Sky #10) as you can see from the results above. However, considering the “dual hub” status and the cost of this proposal, it is not likely the DOT will consider this proposal.

Great Lakes #11 has proposed dual hub status with McCook and us. Flights going to MCI originate in McCook and flights going to DEN make a stop in McCook. We will be sharing all of our seats with McCook.

Big Sky #8 has proposed dual hub service to MCI and DEN. This proposal cost is below the baseline as I explained at Thursday night’s meeting.

My final recommendation:

Considering the public input and the numbers from the proposals, I recommend Big Sky proposal #8 as the service the Hall County Central Nebraska Regional Airport Authority should recommend to the Department of Transportation for the 2006-2008 Essential Air Service contract. I made my recommendation based on the following criteria:

- 1). Cost. The cost is below the baseline proposal of \$1,390,707 for dual hub status.
- 2). Public Input. Fulfills the need to capture eastbound traffic.
- 3). Projected passengers. Big Sky #8 is estimating a total of 15,000 passengers annually. By comparison, Great Lakes #11 is projecting 7,000 passengers for a similar service. Clearly, this proposal (Big Sky #8) will help us in offering service to the east and will help us get to less reliance on the EAS much quicker. Also noteworthy is the fact that Big Sky Airlines wants to partner with our community and be a part of our success as was evident last week when they came to visit us.

Since we have seen a great interest in service to MSP from the community, I would recommend we work with Big Sky (if they are the successful bidders) to get service to MSP.

I would also recommend we have Big Sky proposal #10 as our second priority.

R E S O L U T I O N 2006-172

WHEREAS, the Central Nebraska Regional Airport has been working diligently to improve the air service options available to central Nebraskans and to increase the number of enplanements from the local airport; and

WHEREAS, the Department of Transportation is presently accepting recommendations until May 25, 2006, to award a two-year contract for Essential Air Service; and

WHEREAS, on May 16, 2006, the Hall County Airport Authority Board approved a resolution authorizing a recommendation to the Department of Transportation to allow Big Sky Airlines of Billings, Montana to provide five (5) weekly round trip nonstop flights to Denver and thirteen (13) weekly round trip nonstop flights to Kansas City, Missouri; and

WHEREAS, the recommendation would serve more passengers in central Nebraska, and would be the best use of federal Essential Air Service subsidies; and

WHEREAS, the City of Grand Island supports the efforts to increase affordable, convenient options for air travel for central Nebraska; and

WHEREAS, the Big Sky Airlines of Billings, Montana offers the best proposal with the goal of reaching self sufficiency in a more timely manner from EAS; and

WHEREAS, increased air traffic to serve central Nebraska would be a valuable asset to the community.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor and City Council of the City of Grand Island hereby pledge their full support, endorsement, and cooperation with the efforts of the Hall County Airport Authority in submitting a recommendation to the Department of Transportation seeking Essential Air Service improvement funding to allow Big Sky Airlines of Billings, Montana to provide five (5) weekly round trip nonstop flights to Denver and thirteen (13) weekly roundtrip nonstop flights to Kansas City, Missouri.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized to send a letter to the Department of Transportation expressing support of such proposal.

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Adopted by the City Council of the City of Grand Island, Nebraska, May 23, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk