



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 19th day of February, 2010

Essential Air Service at

**IRON MOUNTAIN/KINGSFORD, MICHIGAN
IRONWOOD, MICHIGAN/ASHLAND,
WISCONSIN
MANISTEE/LUDINGTON, MICHIGAN
ESCANABA, MICHIGAN**

**Docket DOT-OST-1999-5175
Docket DOT-OST-1996-1266
Docket DOT-OST-1996-1711
Docket DOT-OST-2003-15128**

Under 49 U.S.C. 41731 *et seq.*

**ORDER REQUESTING PROPOSALS AND SYNCHRONIZING CONTRACT
EXPIRATION DATES**

Summary

By this order, the Department is requesting proposals, by March 25, from air carriers interested in providing essential air service (EAS) at: Iron Mountain/Kingsford, Michigan; Ironwood, Michigan/Ashland, Wisconsin; Manistee/Ludington, Michigan; *and/or* Escanaba, Michigan, for a new two-year period, beginning September 1, 2010, with or without subsidy. (See Appendix A for a service area map.)

To synchronize the current contract expiration dates at all the above captioned communities, we are also extending the rates at Ironwood/Ashland and Manistee/Ludington through August 31, 2010.

Background

By Order 2008-4-10, April 7, 2008, the Department selected Great Lakes Aviation, Ltd. (Great Lakes), to provide subsidized EAS at Ironwood/Ashland and Manistee/Ludington utilizing 19-seat Beech 1900D aircraft for a new two-year term beginning when it inaugurated full service. Under that order, Great Lakes provides Ironwood/Ashland with two daily one-stop (at Rhinelander, Wisconsin) round trips for an annual subsidy rate of \$1,492,865. Great Lakes also provides Manistee/Ludington with two daily nonstop round trips, for an annual subsidy of \$1,799,395. The combined annual subsidy rate of \$3,292,260. Great Lakes commenced service at the two communities on May 5, 2008, meaning that the contract expires on May 31, 2010.

Similarly, on August 14, 2008, the Department issued Order 2008-8-14, reselecting Mesaba Aviation, Inc., d/b/a Mesaba Airlines (Mesaba), operating as Northwest AirlinK, utilizing 34-seat Saab 340 aircraft to provide subsidized EAS at Iron Mountain/Kingsford and Escanaba for a new

two-year period, beginning August 15, 2008, through August 31, 2010. Under the order, Mesaba provides seven one-stop or nonstop round trips each week between each community and both Detroit and Minneapolis (28 weekly flights per community) for a combined annual subsidy rate of \$2,870,236.

Request for Proposals

In order to attract as many potential applicants as possible, we find that good cause exists to put all four communities on the same time cycle.

As the end of the current rate terms approach, we are here requesting proposals from carriers interested in providing service at: Iron Mountain/Kingsford; Ironwood/Ashland; Manistee/Ludington; *and/or* Escanaba, with or without subsidy, for the two-year period beginning September 1, 2010. Carriers should file their proposals no later than March 25, 2010. At the end of that period, our staff will docket proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Shortly afterwards, we will provide a summary of the proposals to the communities and ask them to submit their final comments. We will give full consideration to all proposals that are timely filed.¹

Interested carriers should prepare their proposals with every expectation that their initial proposals will represent their *final* and *only* proposals. However, we retain the discretion to negotiate proposals with carriers when we deem it desirable; in such cases, of course, we will give all applicants the same opportunity. We also retain the discretion to reject outright all unreasonable or unrealistic proposals and resolicit a new round of proposals. However, negotiation and rejection are only occasional exceptions to the rule.

We are here providing interested carriers with some basic information to serve as guidance when they prepare their proposals, but we will not prescribe a precise format for their proposals. We expect proposals to adequately describe the service being proposed and the annual amount of subsidy being requested. The applicants can make their own judgments as to the level of detail they wish to present; however, they might want to include proposed schedules as well as supporting data for their subsidy requests, such as projected block hours, revenues and expenses. We strongly encourage clear, well-documented proposals that will facilitate their evaluation by the affected communities and the Department.²

With specific respect to these four communities, the Department expects proposals consisting of service with 19-passenger aircraft and offering a mix of two or three round trips a day between

¹ Carriers should not expect the Department to accept late filings. In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not proceed with the carrier-selection case. Instead, we simply rely on that carrier's subsidy-free service as proposed.

² In selecting a carrier to provide subsidized essential air service, 49 U.S.C. 41733(c) (1) directs us to consider four factors: (1) service reliability; (2) contractual and marketing arrangements with a larger carrier at the hub; (3) interline arrangements with a larger carrier at the hub; and (4) community views. In addition, the Consolidated Appropriations Act, 2008, Public Law 110-161, provides that when selecting a carrier to provide EAS, the Department may consider the relative subsidy requirements, thus codifying a factor that we have considered since the inception of the program. Interested carriers should also be aware that our general provisions governing EAS will be included in the selection order as part of our authorization of subsidy for the selected service. Appendix C of this order contains those general provisions.

each community and Milwaukee, Detroit or Minneapolis, or any hub that provides good access to the national air transportation system. Larger aircraft, offering fewer daily trips may be substituted in lieu of the 19-passenger aircraft, higher frequency service so long as the number of available seats between the EAS community and the hub are approximately equivalent. Such service is generally consistent with what the communities currently receive, and fully satisfies their essential air service requirements.

Communities and air carriers are encouraged to work together in advance of the due date for proposals to craft a service pattern that is desirable to the community and meets the operational requirements of the airline interested in submitting a proposal. In addition, carriers should be very clear as to whether a specific community's proposal is a stand-alone option, or whether it is part of a larger, inseparable package and connected to other communities.

We encourage proposals that meet those requirements in an efficient manner. Carriers are also welcome to propose more than one service option, if they choose; they need not limit themselves to those requirements if they envision other, potentially more attractive service possibilities -- different hubs, for example -- with subsidy requirements that remain competitive.

New Filing Procedures

Carrier proposals should be submitted to the Department with all materials merged into a single document. In addition, because the document will be published on Regulations.gov, each page should be formatted to be viewed online.

Service and Traffic History

Historical traffic for Iron Mountain/Kingsford, Ironwood/Ashland, Manistee/Ludington and Escanaba is detailed in Appendix B. During the year ended December 31, 2009, Escanaba averaged 22.0 enplanements a day, Ironwood/Ashland 3.7, and Manistee/Ludington 8.7. For period January 1, 2009 through October 31, 2009, Iron Mountain/Kingsford generated an average of 18.3 enplanements per day.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.³ Consequently, all carriers receiving Federal subsidy for essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate-term must also certify that they are in compliance with the regulations governing lobbying activities. Because the Department is prohibited from paying subsidy to carriers that do not submit these documents, all carriers that plan to submit proposals involving subsidy should be aware that the selected carrier will be required to complete the required certifications. Interested carriers requiring more detailed information regarding these requirements should contact the Office of Aviation Analysis at (202) 366-5903.⁴

³ The regulations applicable to these areas are: (1) 49 CFR Part 20 -- New restrictions on lobbying; (2) 49 CFR Part 21 -- Nondiscrimination in federally-assisted programs of the Department of Transportation -- Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 --Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 - - Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 -- Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

⁴ The certifications are also available on the web at <http://ostpxweb.dot.gov/aviation/index.html>.

Community and State Comments

The communities and State are welcome to submit comments at any time. We encourage prospective applicants to contact the communities before they submit their proposals so that they can tailor them to the communities' needs, as they will not be able to amend them after the due date. As noted earlier, we will provide a summary of the proposals to the civic parties and ask them to submit their final comments shortly after, March 25, the end of the 30-day period for carrier proposals.

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at: Iron Mountain/Kingsford, Michigan; Ironwood, Michigan/Ashland, Wisconsin; Manistee/Ludington, Michigan; and/or Escanaba, Michigan, submit their proposals, with or without subsidy requests, no later than March 25, 2010. The proposals should be e-mailed to: EAS@dot.gov with the title with the title "Proposal to Provide Essential Air Service at Iron Mountain/Kingsford, Michigan; Ironwood, Michigan/Ashland, Wisconsin; Manistee/Ludington, Michigan; and Escanaba, Michigan," with the docket numbers corresponding to the communities as shown on the first page of this order;⁵
2. We extend the rates set by Order 2008-4-10 for Iron Mountain/Kingsford, Michigan; Ironwood, Michigan/Ashland, Wisconsin, that were due to expire on May 31, 2010, through August 31, 2010;
3. These dockets will remain open until further order of the Department; and
4. We will serve copies of this order on the parties listed in Appendix D.

By:

SUSAN L. KURLAND
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available
on the World Wide Web at <http://www.regulations.gov>*

⁵ Questions regarding filings in response to this order may be directed to Brian Swanson at (202) 366-5392 or brian.swanson@dot.gov.

AREA MAP



**Historical Enplanements
Ironwood/Ashland**

<u>Year Ended</u>	<u>Total Scheduled Passengers</u>	<u>Annual Enplanements²</u>	<u>Average Enplanements Per Service Day³</u>
31-Dec-03	4,574	2,287	7.3
31-Dec-04	5,769	2,885	9.2
31-Dec-05	6,405	3,203	10.2
31-Dec-06	6,622	3,311	10.6
31-Dec-07	5,826	2,913	9.3
31-Dec-08	2,905	1,453	4.6
31-Dec-09	2,290	1,145	3.7

**Historical Enplanements¹
Iron Mountain/Kingsford**

<u>Year Ended</u>	<u>Total Scheduled Passengers</u>	<u>Annual Enplanements²</u>	<u>Average Enplanements Per Service Day³</u>
31-Dec-03	10,383	5,192	16.6
31-Dec-04	14,567	7,284	23.2
31-Dec-05	16,860	8,430	26.9
31-Dec-06	15,485	7,743	24.7
31-Dec-07	12,927	6,464	20.7
31-Dec-08	8,042	4,021	12.8
1/1/2009 - 10/31/2009	9,522	4,761	18.3

Notes:

1. Source: <http://mdotwas1.mdot.state.mi.us/public/airportstats/>
2. Total scheduled passengers divided by two.
3. Average annual enplanements divided by 313 effective annual service days, except for annual periods ended 12/31/2004 and 12/31/2008 (314 effective annual service days).

**Historical Enplanements¹
Manistee/Ludington**

<u>Year Ended</u>	<u>Total Scheduled Passengers</u>	<u>Annual Enplanements²</u>	<u>Average Enplanements Per Service Day³</u>
31-Dec-03	2,917	1,459	4.7
31-Dec-04	3,941	1,971	6.3
31-Dec-05	3,951	1,976	6.3
31-Dec-06	5,551	2,776	8.9
31-Dec-07	6,004	3,002	9.6
31-Dec-08	4,044	2,022	6.4
31-Dec-09	5,472	2,736	8.7

**Historical Enplanements¹
Escanaba**

<u>Year Ended</u>	<u>Total Scheduled Passengers</u>	<u>Annual Enplanements²</u>	<u>Average Enplanements Per Service Day³</u>
31-Dec-03	16,223	8,112	25.9
31-Dec-04	17,856	8,928	28.4
31-Dec-05	19,029	9,515	30.4
31-Dec-06	18,485	9,243	29.5
31-Dec-07	17,216	8,608	27.5
31-Dec-08	10,277	5,139	16.4
31-Dec-09	13,779	6,890	22.0

Notes:

1. Source: <http://mdotwas1.mdot.state.mi.us/public/airportstats/>
2. Total scheduled passengers divided by two.
3. Average annual enplanements divided by 313 effective annual service days, except for annual periods ended 12/31/2004 and 12/31/2008 (314 effective annual service days).

Example of General Terms and Conditions for Essential Air Service

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plans outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the stipulated amounts or at the stipulated service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and carrier do not constitute a total or partial reduction or cessation of payment.

Funds are not currently available for performance under this solicitation beyond [DATE]. The Department's obligation for performance under this solicitation beyond [DATE], is contingent upon the availability of appropriated funds from which payment for services can be made. No legal liability on the part of the Department for any payment may arise for performance under this order beyond [DATE], until funds are made available to the Department for performance. If funds are not made available for performance beyond [DATE], the carrier will receive notice in writing by the Department.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

All claims for payment must be submitted within 60 days of the last day of service provided under this order.

SERVICE LIST

Air Greco, d/b/a Wings Air, Aaron Goerlich	Kenmore Air, Tim Brooks
Air Greco, d/b/a Wings Air, Charles Mintz	Mesa Air Group, Jonathan Ornstein
Air Greco, d/b/a Wings Air, Robert Rupard	Mesa Air Group, Michael Lotz
Air Sunshine, Mirmohammad Adili	Mesa Air Group, Mike Holcomb
Air Wisconsin, Barbara Jones	Mesaba, Max Shemesh
Alaska Airlines, Jeff Cole	Mesaba, John Spanjers
Alaska Airlines, Sandy Sinick	Midwest Airlines, Anthony Intravia
Allegiant Air, Robert Ashcroft	Midwest Airlines, David Reeve
Alliance Air, Paul Berliner	Midwest Airlines, Greg Aretakis
American Airlines, Carl Nelson	MN Aviation, Jose Maldonado
American Eagle, Jeff Hartz	Multi Aero, Darnea
Bemidji Aviation, Arlen Rinckenberger	Multi Aero, Shane Storz
Bemidji Aviation, Cori Rude	NYDC, Henok Araya
Cape Air, Andrew Bonney	Northwest, Aaron Murray
Cape Air, Dan Wolf	Northwest, Tim McDonald
Cape Air, J. Flaherty	OST, Dennis DeVany, Renee Williams,
Caribbean Sun Airlines, John Rupert	OST, Kevin Adams, Brian Swanson
Colgan Air, Mike Colgan	Pacific Wings, Frank Ford
Colgan Air, Kevin Scott	Pacific Wings, Greg Kahlstorf
CommutAir, Andy Price	Pinnacle Airlines, Joe Williams
CommutAir, Joel Raymond	Pinnacle Airlines, Phil Reed
Continental, Bruce Keiner	Public Charters, Jim Gallagher
Continental, Dan Weiss	Salmon Air, Dan Schroeder
Continental, Lorry Halloway	Salmon Air, JoAnn Wolters
Delta Air Lines Amy Martin	Scenic, Mary Schneider
Delta Air Lines, Jeff Morgan	Scenic, Mitzi Daines
Delta Air Lines, Dan Shuman	Seaborne Airlines, Wayne D'Amico
Delta Air Lines, Joe Esposito	SeaPort Airlines, Rob McKinney
Delta Air Lines, Sascha Vanderbellen	Shuttle America, Jerry Balsano
Delta, Karen Zachary	SkyWest, Eric Christensen
Executive Airlines, Kate Soled	SkyWest, Michael Thompson
Great Lakes Airlines, Chuck Howell	Sovereign Air, Bob Karns
Great Lakes Airlines, Doug Voss	Sovereign Air, Lois R. Barton
Great Lakes Airlines, Greg Stephens	Tradewind, Eric Zipkin
Gulfstream, Dave Hackett	Trans States, Bill Mishk
Gulfstream, Mickey Bowman	Trans States, Gerry Wigmore
Gulfstream, T. Cooper	United, Alicia Gabriel
Homeland Security, Michael Duffy	United, James Starnes
Homeland Security, Randy Webb	US Airways, Howard Kass
Horizon Air, Dan Russo	US Airways, Jason Reisinger
Horizon Air, Jennifer Thompson	US Airways, Benjamin Slocum
Horizon Air, Jeff Cole	Vintage Props and Jets, Nate Vallier
ICEPR, Luis Irizarry	Wings of Alaska, Bob Jacobsen
Island Air Charters, Linda House	Wings of Alaska, Michelle Donohue
Jet Air, Daniel Wolford	