

Order 2010-2-28
Served February 26,
2010



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

Issued by the Department of Transportation
on the 26th day of February, 2010

Essential Air Service at

**ALTOONA, PENNSYLVANIA
JOHNSTOWN, PENNSYLVANIA**

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

**Docket DOT-OST-2002-11446
Docket DOT-OST-2002-11451**

ORDER REQUESTING PROPOSALS

Summary

By this order, the Department is requesting proposals from carriers interested in providing essential air service (EAS) at Altoona and Johnstown, Pennsylvania, for the two-year period beginning July 1, 2010, with or without subsidy. Proposals are due by March 24, 2010. (See Appendix A for a map.)

Background

By Order 2008-6-10, the Department selected Colgan Air Inc., operating as United Express (Colgan), to provide each community 18 weekly nonstop or one-stop round trips to, at an annual subsidy of \$2,788,785, for the two-year period from June 15, 2008, through June 30, 2010.

Request for Proposals

As the end of the current contract approaches on June 30, we are here requesting proposals for a new two-year period beginning June 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, we anticipate that negotiation or rejection will remain only occasional exceptions to the rule.

We are here providing interested carriers with some basic information to assist them as they prepare their proposals, but we will not prescribe a precise format for their preparation. We expect proposals to adequately describe the service being proposed and the annual amount of subsidy being requested. 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 community and the Department.¹

With specific respect to Altoona and Johnstown, if carriers propose to serve both communities on shared flights, we expect proposals consisting of three round trips on weekdays and weekends with 34-seat aircraft, or four round trips with 19-seat aircraft, or five round trips with 9-seat aircraft, to Washington Dulles, Philadelphia, Pittsburgh, Cleveland, Detroit, or another suitable hub where connections to the national air transportation system can be made. If the communities are served independently, we would expect proposals for two round trips a day with 34-seat aircraft, three round trips a day with 19-seat aircraft or four round trips with 9-seat aircraft.

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.

Historical Traffic

In order to assist prospective applicants in making traffic and revenue forecasts, we have included historical passenger data from 2005 through October 31, 2009, in Appendix B.

¹ In selecting a carrier to provide subsidized essential air service, 49 U.S.C. 41733(c)(1) directs us to consider four factors: (1) scheduled service reliability; (2) contractual and marketing arrangements with a larger carrier to ensure service beyond the hub; (3) interline arrangements that the applicant has made with a larger carrier at the hub; and (4) community views, giving substantial weight to the views of the elected officials representing the users. 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 essential air service 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.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.¹ 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 expected to complete the required certifications. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-5903.²

Community and State Comments

The communities and the state are welcome to submit comments at any time. We encourage prospective applicants to contact the community before they submit their proposals in order to tailor them to the community's needs. As noted earlier, we will provide a copy of the proposals to the civic parties and ask them to submit their final comments shortly after March 4, the deadline for filing carrier proposals.

This order is issued under authority delegated in 49 CFR 1.56a(f) and re-delegated to the Director, Office of Aviation Analysis.

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Altoona and Johnstown, Pennsylvania, submit their proposals, with or without subsidy requests, no later than March 24, 2010. The proposals should be e-mailed to EAS@dot.gov, with the title: "Proposal to Provide Essential Air Service at Altoona and/or Johnstown, Pennsylvania, Docket OST-2002-11446 and DOT-OST-2002-11451";³
2. These dockets will remain open until further order of the Department; and

¹ 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).

² The certifications are also available on the World Wide Web at <http://ostpxweb.dot.gov/aviation/index.html>.

³ Questions regarding filings in response to this order may be directed to Michael Martin at (202) 366-6494, and proposals should be emailed to EAS@dot.gov, no later than March 24, 2010.

3. We will serve copies of this order on the Mayors of Altoona and Johnstown, the airport managers of the Altoona and Johnstown Airport, the governor of Pennsylvania, Colgan Air Inc., and the carriers listed in Appendix D.

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR Part 385.50, must file such petitions within ten (10) days after the date of service of this order.

This order will be effective immediately, and the filing of a petition for review shall not preclude its effectiveness.

By:

TODD M. HOMAN
Director
Office of Aviation Analysis

(SEAL)

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

AREA MAP



Historical Passenger Traffic at Altoona, Pennsylvania¹

Enplanements at Altoona					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1Q	1,443	1,415	1,186	1,713	1,944
2Q	1,621	1,550	1,179	3,161	1,709
3Q	1,891	1,668	838	2,431	1,426
4Q	<u>1,766</u>	<u>1,685</u>	<u>948</u>	<u>2,401</u>	<u>1,351</u>
Totals	6,721	6,318	4,151	9,706	6,430

Deplanements at Altoona					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1Q	1,407	1,379	1,180	1,115	1,871
2Q	1,620	1,586	1,192	2,476	1,680
3Q	2,013	1,513	904	1,624	1,449
4Q	<u>1,796</u>	<u>1,511</u>	<u>947</u>	<u>2,293</u>	<u>1,388</u>
Totals	6,836	5,989	4,223	7,508	6,388

Total Origin and Destination Passengers					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1Q	2,850	2,794	2,366	2,828	3,815
2Q	3,241	3,136	2,371	5,637	3,389
3Q	3,904	3,181	1,742	4,055	2,875
4Q	<u>3,562</u>	<u>3,196</u>	<u>1,895</u>	<u>4,694</u>	<u>2,739</u>
Totals	13,557	12,307	8,374	17,214	12,818

¹ Source: Department of Transportation, Bureau of Transportation Statistics, T-100 Market data.

Historical Passenger Traffic at Johnstown, Pennsylvania¹

Enplanements at Johnstown					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1Q	2,722	2,376	2,094	1,957	1,500
2Q	3,171	2,656	2,938	1,535	2,237
3Q	3,832	3,009	2,673	2,577	2,252
4Q	<u>2,934</u>	<u>2,587</u>	<u>2,012</u>	<u>1,517</u>	<u>1,967</u>
Totals	12,659	10,628	9,717	7,586	7,956

Deplanements at Johnstown					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1Q	2,434	2,344	1,912	1,387	1,322
2Q	3,070	2,915	2,714	999	2,235
3Q	3,352	2,961	2,513	1,789	2,273
4Q	<u>2,780</u>	<u>2,473</u>	<u>1,878</u>	<u>1,608</u>	<u>2,000</u>
Totals	11,636	10,693	9,017	5,783	7,830

Total Origin and Destination Passengers					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1Q	5,156	4,720	4,006	3,344	2,822
2Q	6,241	5,571	5,652	2,534	4,472
3Q	7,184	5,970	5,186	4,366	4,525
4Q	<u>5,714</u>	<u>5,060</u>	<u>3,890</u>	<u>3,125</u>	<u>3,967</u>
Totals	24,295	21,321	18,734	13,369	15,786

¹Source: Department of Transportation, Bureau of Transportation Statistics, T-100 Market data.

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 September 30, 2010. The Department's obligation for performance under this solicitation beyond September 30, 2010, 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 September 30, 2010, until funds are made available to the Department for performance. If funds are not made available for performance beyond September 30, 2010, 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.

Scheduled Air Carriers, Contiguous US and Puerto Rico

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 Rinkenberger	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 Holloway	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	