

MINUTES

Monday, October 11, 2010
12:00 Noon

Manistee County Blacker Airport
Conference Room

Members Present: Ervin Kowalski, Chairperson; Paul Schulert, Vice-Chairperson; Glenn Lottie; Ross Spencer; Ed Haik; and Bob Wilson

Members Absent: Dale Picardat

Others Present: Barry Lind, Airport Manager; George Saylor, Airport Legal Counsel; Russ Pomeroy, Airport Authority Treasurer; Ken Grabowski, Manistee News Advocate; and Rachel Nelson, Airport Authority Secretary

Ervin Kowalski, Chairperson, called the meeting to order at 12:00 P.M. Roll was taken by the Secretary.

The Chairman confirmed that each member had received a copy and had an opportunity to review the minutes from the regular meeting of the Airport Authority held on Monday, September 20, 2010.

There was a motion by Mr. Wilson, supported by Mr. Schulert to approve the Airport Authority regular meeting minutes of Monday, September 20, 2010, as presented. Motion carried by unanimous vote.

The Authority next reviewed the September 2010 Accounts Payable Report (APPENDIX A). The NAPA payment is two invoices that were for supplies to get ready for the winter months. The State of Michigan payment is for the annual boiler inspections. There are two small boilers at the airport that operate the in-floor radiant heat and are the backup for the geothermal. The Forbes Sanitation payment is for pumping the septic tank. The Manistee County payment is the annual payment for Mr. Pomeroy and Ms. Nelson's time. The Fastenal payment is for paper product supplies. The Blue Globes payment is for runway and taxiway lights. The Blarney Castle payment is for equipment diesel fuel.

There was a motion by Mr. Haik, supported by Mr. Wilson to approve the September 2010 Accounts Payable Report and authorize payment of the outstanding invoices totaling \$29,542.55.

A roll call vote was taken:

Yeas: 6 (Kowalski; Schulert; Lottie; Spencer; Haik; Wilson)

Nays: 0

Absent: 1 (Picardat)

Motion carried.

The Authority next reviewed the September 2010 Financial Statement (APPENDIX B) which includes a Balance Sheet, a Statement of Revenue and Expenses, and a running account of the Passenger Facility Charges collected. Mr. Pomeroy noted that the year-to-date totals will change because there are still bills and payments coming in. A final revised year end statement will be provided next month. The revised statement will also include the amount of money in the Public Improvement Fund, which was left after paying off the fuel farm loan to Manistee County.

There was a motion by Mr. Schulert, supported by Mr. Spencer to approve the September 2010 Financial Statement. Motion carried by unanimous vote.

Mr. Lind informed the Authority that Charter Air Transport's bid for service had been rejected by the DOT based on the definition of "scheduled air transportation" (APPENDIX C). A request for new bids has been issued, with bids due on October 18, 2010. The Airport Authority has three options - to appeal the decision; to wait for the next round of bids; or to try something different (Alternate EAS Pilot Program). An appeal (petition to apply for a waiver) would need to be filed by the end of the week. The EAS has a definition of "basic minimum service" to be provided, however, a community can waive their right to certain minimums. The waiver would no longer apply if the airline or contract changes. After discussions with Mr. Saylor, Ironwood and Charter Air Transport, Mr. Lind feels the best option would be to accept the definition of "scheduled air transportation" and request a waiver for this part of the "basic minimum service".

There was a motion by Mr. Schulert, supported by Mr. Wilson to adopt the following resolution:

- 1. It is hereby resolved that Manistee Blacker Airport join with Ironwood Airport and Charter Air Transport in a Petition for Reconsideration of the September 27, 2010 decision of the U.S. Department of Transportation regarding Essential Air Service (EAS) for Manistee Blacker Airport.**
- 2. It is further resolved that Manistee Blacker Airport request/authorize the issuance of a waiver to Charter Air Transport relating to the requirement for EAS airlines to provide "scheduled air service".**
- 3. It is further resolved to authorize Barry Lind as Airport Manager to execute all documents necessary to carry out the provisions of this resolution.**

A roll call vote was taken:

Yeas: 6 (Wilson; Haik; Spencer; Lottie; Schulert; Kowalski)

Nays: 0

Absent: 1 (Picardat)

Motion carried.

If the Authority waits for the new bids to come in, Mr. Lind expects that there would probably be four bids - Gulf Stream; Air Choice One; Sea Port Airlines; and Charter Air Transport. Gulf Stream would use a 19 seat aircraft and fly to Milwaukee, however, they have been close to bankruptcy. Air Choice One would use a 9 seat aircraft and fly to Chicago O'Hare. Representatives from Air Choice One will meet with any interested Airport Authority members at the airport on Wednesday, October 27, 2010 at 11:00 A.M. Sea Port Airlines would use a 9 seat aircraft and Mr. Lind was unsure of their destination city. Charter Air Transport would submit the same proposal with a 30 seat aircraft flying to Milwaukee.

The third option for the Airport Authority would be looking into the Alternate EAS Pilot Program (APPENDIX D). This is a program that was created in 2004, however, no one has applied to be in the program yet. At first glance the program is confusing because the statute is actually describing two different programs. It allows any community to apply to the DOT for a subsidy and then the community can do what they see fit to provide regional air transportation. The risks and certain aspects are unknown, but if the Airport Authority did decide to explore this option, they could return to the current EAS service at any time, however, there may be a gap in service.

Mr. Lind has still not received the results from the energy audit that was performed through a grant. Mr. Lind will attend the verbal presentation meeting this evening for the Revenue Sharing grant that was submitted to help cover the costs of the annual firefighter training. Grants will be awarded at the Revenue Sharing Board meeting on December 13, 2010. The taxiway lighting project has been completed and a final inspection will take place on October 12, 2010. The deadline for completing the Airport Emergency Plan has been postponed until June 30, 2011. The new Great Lakes contract has been sent, but not returned yet. Billing under the new contract starts this month, which will be an increase of approximately \$4,000 per month. Mr. Lind made a presentation at the Regional Summit which was held on September 23, 2010.

There was no report from the Promotion Committee.

Sheets were handed out showing airplane passenger numbers for 2010 as well as the previous five years (APPENDIX E), and the Orchard Beach Aviation rent information (APPENDIX F). There were no Airport incidents to report.

With there being no further business to come before the Authority, the meeting was adjourned at approximately 1:40 P.M.

Respectfully submitted,

Rachel Nelson, Airport Authority Secretary

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to view Calendar of Events, County Board Agendas and Minutes, Committee meeting reports (under Board of Commissioners); Airport Authority Minutes, link to Manistee Airport website, etc.

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MANISTEE COUNTY BLACKER AIRPORT

SEPTEMBER 2010 ACCOUNTS PAYABLE

CHECK #	VENDOR NAME	AMOUNT
	BARRY LIND	\$ 3,000.00
	CONSUMERS ENERGY	\$ 2,717.62
	A T & T	\$ 16.75
	MICHCON (DTE ENERGY)	\$ 54.55
	GOCKERMAN, WILSON, SAYLOR	\$ -
	GALAXY ELECTRIC	\$ 105.25
	WEATHER SERVICES INTERNATIONAL	\$ -
	NAPA AUTO PARTS	\$ 1,074.77
	ACE HARDWARE	\$ 6.05
	FASTENAL	\$ 442.15
	DIRECT TV	\$ 83.99
	WAHR HARDWARE	\$ -
	BLARNEY CASTLE	\$ 1,135.09
	PECKHAM ENGINEERING	\$ 50.00
	STATE OF MICHIGAN	\$ 250.00
	FORBES SANITATION	\$ 160.00
	BLUE GLOBES, LLC	\$ 250.39
	MANISTEE COUNTY	\$ 3,000.00
	TOTAL	\$ 12,346.61
	ADVERTISING INVOICES	
	MS CREATIVE SERVICES	\$ -
	TOTAL	\$ -
	ORCHARD BEACH AVIATION	\$ 17,195.94
	REGULAR HOURS 330 @ 15.00	4,950.00
	MAINTENANCE HOURS 105 @ 15.00	1,575.00
	PART 139 LABOR	10,467.14
	INTERNET	150.00
	SUPPLIES	53.80
	GRAND TOTAL	\$ 29,542.55
	PUBLIC IMPROVEMENT FUND	
	TOTAL PUBLIC IMPROVEMENT FUNDS	\$ -

APPENDIX B

MANISTEE COUNTY BLACKER AIRPORT

	SEPTEMBER 2010 REVENUE & EXPENSES		BUDGET REMAINING		0%
	CURRENT MONTH	YEAR-TO DATE	ANNUAL BUDGET	BALANCE \$	%
INCOME:					
HANGER RENTAL	\$ 1,375.00	\$ 18,604.80	\$ 17,940.00	\$ (664.80)	-4%
LANDING FEES - GREAT LAKES	\$ 13,290.24	\$ 159,483.08	\$ 184,320.00	\$ 24,836.92	13%
LANDING FEES - GENERAL AVIATION	\$ 216.00	\$ 1,278.00	\$ 1,500.00	\$ 222.00	15%
AUTO RENTAL SPACE	\$ 1,421.49	\$ 3,492.81	\$ 4,600.00	\$ 1,107.19	24%
OFFICE RENT	\$ 955.00	\$ 11,460.00	\$ 11,700.00	\$ 240.00	2%
COUNTY OF MANISTEE	\$ 9,625.00	\$ 115,500.00	\$ 115,500.00	\$ -	0%
FUEL SALES	\$ 714.77	\$ 6,159.76	\$ 6,500.00	\$ 340.24	5%
SIGN LEASE	\$ -	\$ 3,400.00	\$ 3,400.00	\$ -	0%
MISCELLANEOUS	\$ -	\$ 5,283.63	\$ 1,000.00	\$ (4,283.63)	-428%
TOTAL INCOME	\$ 27,597.50	\$ 324,662.08	\$ 346,460.00	\$ 21,797.92	6%
EXPENSES:					
PERSONNEL - MANAGEMENT	\$ 3,000.00	\$ 36,000.00	\$ 36,720.00	\$ 720.00	2%
PERSONNEL - OPERATIONS & MAINTENANCE	\$ 16,992.14	\$ 200,722.68	\$ 203,440.00	\$ 2,717.32	1%
DUES & MEETINGS	\$ -	\$ 795.00	\$ 500.00	\$ (295.00)	-59%
SUPPLIES	\$ 495.95	\$ 1,665.57	\$ 1,500.00	\$ (165.57)	-11%
UTILITIES	\$ 3,006.16	\$ 30,581.37	\$ 35,000.00	\$ 4,418.63	13%
FUEL	\$ 1,135.09	\$ 6,703.63	\$ 5,000.00	\$ (1,703.63)	-34%
REPAIRS & MAINTENANCE	\$ 1,596.46	\$ 14,629.21	\$ 9,500.00	\$ (5,129.21)	-54%
TERMINAL IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	0%
CONTRACTED SERVICES	\$ -	\$ 1,428.00	\$ 2,000.00	\$ 572.00	29%
LEGAL	\$ -	\$ 2,777.25	\$ 5,000.00	\$ 2,222.75	44%
AUDIT	\$ -	\$ 1,500.00	\$ 1,500.00	\$ -	0%
ADVERTISING	\$ -	\$ -	\$ -	\$ -	0%
TELEPHONE	\$ 16.75	\$ 272.97	\$ 300.00	\$ 27.03	9%
INSURANCE	\$ -	\$ 19,234.86	\$ 26,000.00	\$ 6,765.14	26%
TRAINING (FIRE FIGHTER)	\$ -	\$ -	\$ 8,500.00	\$ 8,500.00	0%
EQUIPMENT	\$ -	\$ -	\$ -	\$ -	0%
BOOKKEEPING	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ -	0%
NOTES PAYABLE	\$ -	\$ 3,348.87	\$ 6,500.00	\$ 3,151.13	48%
TRANSFER OUT/FUND BALANCE	\$ -	\$ -	\$ -	\$ -	100%
MISCELLANEOUS	\$ 300.00	\$ 7,090.92	\$ 2,000.00	\$ (5,090.92)	-255%
	\$ 29,542.55	\$ 329,750.33	\$ 346,460.00	\$ 16,709.67	5%
EXCESS REVENUE OVER/(UNDER) EXPENDITURES	\$ (1,945.05)	\$ (5,088.25)			
BALANCE ON HAND - AIRPORT FUND					
BEGINNING BALANCE 09/01/10	\$ 32,035.80				
SEPTEMBER RECEIPTS	\$ 14,808.17				
AUGUST DISBURSEMENTS	\$ (25,160.65)				
	\$ 21,683.32				

B-2

MANISTEE COUNTY BLACKER AIRPORT

SEPTEMBER 2010 BALANCE SHEET

ASSETS	9/30/2010	8/31/2010
CASH	\$ 21,683.32	\$ 32,035.80
ACCOUNTS RECEIVABLE		
GREAT LAKES AIRLINES	\$ 26,580.48	\$ 13,290.24
STATE OF AUTO RENTAL	\$ -	\$ -
MISC.	\$ 1,430.77	\$ 1,931.68
TOTAL ASSETS	\$ 49,694.57	\$ 47,257.72

LIABILITIES	9/30/2010	8/31/2010
ACCOUNTS PAYABLE - TRADE	\$ 29,542.55	\$ 25,160.65
ACCOUNTS PAYABLE - COUNTY	\$ -	\$ -
PREPAID HANGER RENT	\$ -	\$ -
TOTAL LIABILITIES	\$ 29,542.55	\$ 25,160.65

FUND BALANCE	\$ 20,152.02	\$ 22,097.07
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TOTAL LIABILITIES AND FUND BALANCE	\$ 49,694.57	\$ 47,257.72
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PASSENGER FACILITY CHARGES COLLECTED THROUGH 09/30/2010	\$ 29,539.09
STATE OF MICHIGAN - TAXIWAY LIGHTING PROJECT	\$ (475.00)
STATE OF MICHIGAN - PAVEMENT MARKING PROJECT	\$ (1,400.00)
STATE OF MICHIGAN - TAXIWAY LIGHTING PROJECT	\$ (5,900.00)

PFC FUNDS AVAILABLE **\$ 21,764.09**

BALANCE DUE TO MANISTEE COUNTY ON THE FUEL FARM AS OF:

9/30/2009	\$ 19,577.36
9/30/2010	\$ -

Order: 2010-9-26
Served: September 30, 2010



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

Issued by the Department of Transportation
on the 27th day of September, 2010

Essential Air Service at

**IRONWOOD, MICHIGAN/ASHLAND, WISCONSIN
MANISTEE/LUNDINGTON, MICHIGAN**

**Docket DOT-OST-1996-1266
Docket DOT-OST-1996-1711**

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

ORDER REJECTING AND RESOLICITING PROPOSALS

Summary

By this order, the Department is again requesting proposals from carriers interested in providing essential air service (EAS) at Ironwood, Michigan/Ashland, Wisconsin (Ironwood), and/or Manistee/Ludington, Michigan (Manistee), for a new two-year term. (See Appendix A for a map.) Carriers should file their proposals no later than October 18.

Background

By Order 2008-4-10, April 7, 2008, the Department selected Great Lakes Aviation, Ltd. (Great Lakes), to provide subsidized EAS at Ironwood and Manistee 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 with two daily one-stop (at Rhinelander, Wisconsin) round trips to Milwaukee for an annual subsidy rate of \$1,492,865. Great Lakes also provides Manistee with two daily nonstop round trips to Milwaukee for an annual subsidy of \$1,799,395, or a combined annual subsidy rate of \$3,292,260. Great Lakes commenced service at the two communities on May 5, 2008, meaning that the contract was originally scheduled to expire on May 31, 2010.

In anticipation of the end of the rate terms and in order to attract as many applicants as possible, the Department issued Order 2010-2-18 on February 19 synchronizing the contract end dates at the two communities with two additional EAS communities in Michigan – Iron Mountain/Kingsford and Escanaba.

On June 4, by Order 2010-6-4, the Department selected Mesaba Airlines to serve Iron Mountain/Kingsford and Escanaba and requested proposals from carriers interested in providing EAS at Ironwood and/or Manistee *only*, for a new two-year term.

Proposals

In response to Order 2010-6-4, Charter Air Transport, Inc. (Charter Air) and Sovereign Air, Inc. (Sovereign) submitted proposals.

Copies of the proposals and community comments may be accessed online through the Federal Docket Management System at: <http://www.regulations.gov>, by doing a search on the docket numbers listed on the first page. Each carrier's proposal is briefly summarized below.

Charter Air

Charter Air submitted an inseparable two-city package (due to aircraft routing) bid for service to Milwaukee with 30-passenger Embraer 120 aircraft. Specifically, Charter Air would provide each community 12 one-stop or nonstop round trips a week for an annual subsidy of \$3,491,513. Charter Air would operate the service as public charters under 14 CFR Part 380 of the Department's aviation regulations, in conjunction with Public Charters, Inc., a public charter operator, which would provide ticketing, reservations, and other customer services.

Sovereign

Sovereign's proposal comprises two options, both with service to Chicago-O'Hare. The first option would utilize 8-seat King Air C90 aircraft and provide each community with 21 one-stop or nonstop round trips a week for an annual subsidy of \$2,551,725. The second option would provide each community 14 one-stop or nonstop round trips a week, utilizing 9-seat King Air 200 aircraft, for an annual subsidy of \$2,053,759.

Community Comments

On July 7, the Department solicited the views of the civic officials of both communities, and the Michigan State Department of Transportation.

The Manistee County Blacker and Gogebic-Iron County Airport Boards (representing Ironwood/Ashland), in a unanimous vote, endorsed Charter Air. In follow-up correspondence, both airport managers acknowledged Charter Air's lack of code-share and marketing agreements, but restated their preference for Charter Air.

The Air Service Specialist, Aviation Services Division, Bureau of Aeronautics & Freight Services, Michigan Department of Transportation, supported the community preferences as summarized above, stating "we support the selection of Charter Air Transport as we believe their proposal offers the highest possibility of long-term success."

Decision

After careful consideration, we have decided to re-solicit proposals for EAS at Ironwood and/or Manistee by October 18.

When Congress established the EAS program in 1978, it established certain minimum standards. “Basic essential air service provided under [49 U.S.C.] section 41733 of this title is *scheduled air transportation* of passengers and cargo.” 49 U.S.C. § 41732 (emphasis added). In order to provide *scheduled* air transportation under the EAS program, carriers must hold (1) the necessary operating authority from the Department to conduct *scheduled* air transportation and (2) the necessary safety authority from the FAA that is consistent with the carrier’s operating authority. Scheduled operations means “any common carriage passenger-carrying operation for compensation or hire conducted by an air carrier...for which the certificate holder or its representative offers in advance the departure location, departure time, and arrival location. It does not include any passenger-carrying operation that is conducted as a public charter operator under [14 CFR] [P]art 380...”¹

With respect to Sovereign, the carrier does not have the necessary operating authority from the Department to conduct *scheduled* air transportation and therefore does not meet the requirements of the EAS program. Sovereign currently holds exemption authority under Part 298 of the Department’s rules (14 CFR Part 298) to conduct on-demand charter operations. Charter air transportation is not *scheduled* air transportation.² Further, Sovereign has not received any community support.

Regarding Charter Air, the carrier also fails to meet the EAS Program requirements because it does not hold authority from the Department and the FAA to operate 30-seat aircraft in scheduled operations. The company currently holds (1) economic authority from the Department to conduct charter air transportation and economic authority from the Department to conduct scheduled air transportation as a commuter air carrier pursuant to 14 CFR Part 135,³ and (2) safety authority from the FAA in the form of an air carrier certificate authorizing it to operate under the on-demand rules of 14 CFR Part 135.

Although Charter Air has the appropriate form of economic authority to undertake the operations it proposes using 30-seat Embraer Brasilia aircraft, it seeks to conduct these pursuant to a 14 CFR Part 380 public charter program.⁴ Public charter operations are not considered, by definition, scheduled operations.⁵ In addition, under 49 U.S.C § 41732, essential air service must be conducted as scheduled air transportation, and charter air transportation is not *scheduled* air transportation. Moreover, the Department limited Charter Air’s economic authority to operations conducted pursuant to 14 CFR Part 135. Under 14 CFR Part 135, carriers can conduct on-demand operations with 30-seats or less aircraft

¹ 14 CFR § 119.3.

² See 14 CFR §§ 119.3, 380.2. A charter flight is defined as “a flight operated under the terms of a charter contract between a direct air carrier and its customer. It does not include scheduled air transportation...” 14 CFR § 380.2.

³ See Order 2010-3-8, issued March 8, 2010, in Docket DOT-OST-2009-0187. The Department imposed limitations on Charter Air based on the operating plans it described in its application for economic authority. Those plans included the use of aircraft with passenger seating capacity ranging from 9 to 30 seats in operations conducted as a public charter pursuant to 14 CFR Part 380. Operations conducted as public charters are considered on-demand operations and not scheduled operations. See 14 CFR §§ 119.3, 380.2.

⁴ We note that performing the proposed operations in this manner, *i.e.*, as a public charter, would allow Charter Air to continue to operate under its current form of FAA safety authority. In addition, our determination in this case does not impact the carrier’s ability to provide service under Part 380 in a context other than EAS.

⁵ See 14 CFR §§ 119.3, 380.2.

and scheduled operations with non turbojet aircraft having no more than 9 passenger seats. However, Charter Air's proposal seeks to use 30-seat Embraer Brasilia aircraft, for which it does not possess the requisite FAA safety authority to use in scheduled air transportation.

In light of the above, we have determined it necessary to reject the proposals received and to re-solicit proposals.

We appreciate Charter Air's and Sovereign's interest in participating in the EAS program, and we note that Charter Air has at least two remedies at its disposal. If Charter Air wants to pursue opportunities in the EAS program, one course of action is to pursue full FAA Part 121 authority as all other EAS providers operating 10-seat aircraft or larger have done. The second option is to propose service with nine-seat or smaller non-turbojet aircraft, for which it currently has all the requisite authority from the FAA and Department. Similarly, Sovereign could also pursue obtaining full scheduled operating authority.

Compensation for Interim-Period Service

During this long carrier-replacement case, we will require the incumbent carrier, Great Lakes, to continue providing service until replacement service begins. Great Lakes is eligible to be compensated for the provision of EAS at the two communities until a replacement carrier inaugurates full EAS operations at the communities. Thus, pursuant to U.S.C. 41734(d), the Department will continue to compensate Great Lakes the subsidy amounts set in Order 2008-4-10.

Request for Proposals

As noted above, we are re-soliciting proposals from all carriers interested in providing service at Ironwood/Ashland and/or Manistee/Ludington with or without subsidy, for the two-year period beginning when the carrier inaugurates full service. Carriers should file their proposals no later than October 18. Staff will then docket the 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.⁶

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

⁶ 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.

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.⁷

With specific respect to Ironwood/Ashland and Manistee/Ludington, the Department expects proposals consisting of service with 19-passenger or larger aircraft and offering two round trips a day (12 a week) between each community and Milwaukee, Detroit, Minneapolis, or any other hub that provides good access to the national air transportation system. We would also entertain proposals with smaller aircraft, offering three round trips a day (18 a week), subject to the concurrence of the communities. 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 their proposals are for both Ironwood/Ashland and Manistee/Kingsford as an inseparable package, or whether they would serve either community individually.

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 Ironwood/Ashland and Manistee/Ludington is detailed in Appendix C. During the year ended December 31, 2009, Ironwood/Ashland averaged 3.1 enplanements a day, and Manistee/Ludington 7.5.

⁷ 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.

APPENDIX D

-MISC1-

AMENDMENTS

2003 - Subsec. (b). Pub. L. 108-176 struck out "(as defined in section 41731)" after "large hub airport".

EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108-176 applicable only to fiscal years beginning after Sept. 30, 2003, except as otherwise specifically provided, see section 3 of Pub. L. 108-176, set out as a note under section 106 of this title.

EFFECTIVE DATE

Section applicable only to fiscal years beginning after Sept. 30, 1999, see section 3 of Pub. L. 106-181, set out as an Effective Date of 2000 Amendments note under section 106 of this title.

-End-

Alternate Essential Air Service Pilot Program

-CITE-

49 USC Sec. 41745

01/05/2009

-EXPCITE-

TITLE 49 - TRANSPORTATION
SUBTITLE VII - AVIATION PROGRAMS
PART A - AIR COMMERCE AND SAFETY
subpart ii - economic regulation
CHAPTER 417 - OPERATIONS OF CARRIERS
SUBCHAPTER II - SMALL COMMUNITY AIR SERVICE

-HEAD-

Sec. 41745. Community and regional choice programs

-STATUTE-

- (a) Alternate Essential Air Service Pilot Program. -
 - (1) Establishment. - The Secretary of Transportation shall establish an alternate essential air service pilot program in accordance with the requirements of this section.
 - (2) Assistance to eligible places. - In carrying out the program, the Secretary, instead of paying compensation to an air carrier to provide essential air service to an eligible place, may provide assistance directly to a unit of local government having jurisdiction over the eligible place or a State within the boundaries of which the eligible place is located.
 - (3) Use of assistance. - A unit of local government or State receiving assistance for an eligible place under the program may use the assistance for any of the following purposes:
 - (A) To provide assistance to air carriers that will use smaller equipment to provide the service and to consider increasing the frequency of service using such smaller equipment if the Secretary determines that passenger safety would not be compromised by the use of such smaller equipment and if the State or unit of local government waives the minimum service requirements under section 41732(b).
 - (B) To provide assistance to an air carrier to provide on-

demand air taxi service to and from the eligible place.

(C) To provide assistance to a person to provide scheduled or on-demand surface transportation to and from the eligible place and an airport in another place.

(D) In combination with other units of local government in the same region, to provide transportation services to and from all the eligible places in that region at an airport or other transportation center that can serve all the eligible places in that region.

(E) To purchase aircraft to provide transportation to and from the eligible place or to purchase a fractional share in an aircraft to provide such transportation after the effective date of a rule the Secretary issues relating to fractional ownership.

(F) To pay for other transportation or related services that the Secretary may permit.

(b) Community Flexibility Pilot Program. -

(1) In general. - The Secretary shall establish a pilot program for not more than 10 eligible places or consortia of units of local government.

(2) Election. - Under the program, the sponsor of an airport serving an eligible place may elect to forego any essential air service for which compensation is being provided under this subchapter for a 10-year period in exchange for a grant from the Secretary equal in value to twice the compensation paid to provide such service in the most recent 12-month period.

(3) Grant. - Notwithstanding any other provision of law, the Secretary shall make a grant to each airport sponsor participating in the program for use on any project that -

(A) is eligible for assistance under chapter 471 and complies with the requirements of that chapter;

(B) is located on the airport property; or

(C) will improve airport facilities in a way that would make such facilities more usable for general aviation.

(c) Fractionally Owned Aircraft. - After the effective date of the rule referred to in subsection (a)(3)(E), only those operating rules that relate to an aircraft that is fractionally owned apply when an aircraft described in subsection (a)(3)(E) is used to provide transportation described in subsection (a)(3)(E).

(d) Applications. -

(1) In general. - An entity seeking to participate in a program under this section shall submit to the Secretary an application in such form and containing such information as the Secretary may require.

(2) Required information. - At a minimum, the application shall include -

(A) a statement of the amount of compensation or assistance required; and

(B) a description of how the compensation or assistance will be used.

(e) Participation Requirements. - An eligible place for which compensation or assistance is provided under this section in a fiscal year shall not be eligible in that fiscal year for the essential air service that it would otherwise be entitled to under

this subchapter.

(f) Subsequent Participation. - A unit of local government participating in the program under this subsection (a) in a fiscal year shall not be prohibited from participating in the basic essential air service program under this subchapter in a subsequent fiscal year if such unit is otherwise eligible to participate in such program.

(g) Funding. - Amounts appropriated or otherwise made available to carry out the essential air service program under this subchapter shall be available to carry out this section.

-SOURCE-

(Added Pub. L. 108-176, title IV, Sec. 405, Dec. 12, 2003, 117 Stat. 2544.)

-MISC1-

EFFECTIVE DATE

Section applicable only to fiscal years beginning after Sept. 30, 2003, except as otherwise specifically provided, see section 3 of Pub. L. 108-176, set out as an Effective Date of 2003 Amendment note under section 106 of this title.

-End-

-CITE-

49 USC Sec. 41746

01/05/2009

-EXPCITE-

TITLE 49 - TRANSPORTATION
SUBTITLE VII - AVIATION PROGRAMS
PART A - AIR COMMERCE AND SAFETY
subpart ii - economic regulation
CHAPTER 417 - OPERATIONS OF CARRIERS
SUBCHAPTER II - SMALL COMMUNITY AIR SERVICE

-HEAD-

Sec. 41746. Tracking service

-STATUTE-

The Secretary of Transportation shall require a carrier that provides essential air service to an eligible place and that receives compensation for such service under this subchapter to report not less than semiannually -

- (1) the percentage of flights to and from the place that arrive on time as defined by the Secretary; and
- (2) such other information as the Secretary considers necessary to evaluate service provided to passengers traveling to and from such place.

-SOURCE-

(Added Pub. L. 108-176, title IV, Sec. 407, Dec. 12, 2003, 117 Stat. 2545.)

Manistee County Blacker Airport

	<i>Enplaned/Deplaned</i>												
	2005		2006		2007			2008			2009		2010
	Out/In	Total	Out/In	Total	Out/In	Total	Out/In	Total	Out/In	Total	Out/In	Total	
Jan	MW 141/118	259	MW 150/101	251	MW 210/164	374	MW 234/169	403	GL 138/106	244	GL 212/145	357	
Feb	183/147	330	137/133	270	198/184	382	215/200	413	112/93	205	196/150	346	
Mar	168/199	367	197/203	400	224/229	453	213/200	413	149/139	288	216/231	447	
Apr	132/152	284	191/218	409	183/239	422	18/38	56	119/140	259	272/255	527	
May	162/152	314	200/217	417	238/251	489	0/0	0	184/180	364	263/302	565	
Jun	147/169	316	233/283	516	252/309	561	GL 94/113	207	166/213	379	311/366	677	
Jul	232/208	440	318/332	650	340/348	688	278/301	579	388/439	827	521/551	1072	
Aug	223/228	451	349/358	707	348/305	653	300/293	593	429/359	788	482/395	877	
Sep	171/158	329	268/267	535	278/217	495	219/190	409	285/293	578	240/233	473	
Oct	131/135	266	263/221	484	276/248	524	173/174	347	282/275	557			
Nov	159/148	307	210/205	415	275/280	555	168/166	334	257/269	526			
Dec	142/146	288	224/242	466	203/205	408	159/122	281	228/279	507			
Total		3951		5520		6004		4035		5522		5341	

	<i>On-time Performance</i>											
	2005		2006		2007		2008		2009		2010	
	Cancel/Delay	On-time	Cancel/Delay	On-time	Cancel/Delay	On-time	Cancel/Delay	On-time	Cancel/Delay	On-time	Cancel/Delay	On-time
Jan									13%/25%	62%	23%/22%	55%
Feb									18%/16%	66%	13%/32%	55%
Mar									8%/11%	79%	11%/19%	70%
Apr									10%/16%	74%	13%/17%	70%
May									2%/10%	88%	12%/10%	78%
Jun									7%/18%	75%	6%/26%	68%
Jul									4%/16%	80%	5%/19%	76%
Aug									2%/12%	86%	4%/5%	91%
Sep									0%/9%	91%	18%/16%	66%
Oct							11%/31%	57%	10%/8%	81%		
Nov							13%/32%	55%	3%/10%	87%		
Dec							36%/44%	20%	25%/39%	36%		

APPENDIX E

ORCHARD BEACH AVIATION

September 2010

RENT

OFFICE	\$325.00	
HANGER	\$175.00	
FUEL	\$714.77	
LANDING FEES		
TWIN	\$18.00	(2 @ \$9)
JET	\$198.00	(11 @ \$18)
TOTAL	\$1430.77	
100	1690.2 Gal	
JET	3074.9 Gal	
TOTAL	4765.1 Gal	