

163064



MANHATTAN REGIONAL AIRPORT

April 8, 2002

Docket Operations and Media Management Division
SVC-124, Room PL-401
Department of Transportation
400 7th Street, SW
Washington, DC 20590

Attn: Mr. Matthew C. Harris
Special Assistant to the Assistant Secretary for Aviation and International Affairs

RE: DOCKET OST-2002-11590 - 15
Small Community Air Service Development Pilot Program

DEPT. OF TRANSPORTATION
02 APR 16 AM 11:12

Dear Sir:

This proposal from the City of Manhattan and Manhattan Regional Airport is respectfully submitted to the Department of Transportation to request financial and non-financial assistance under 49 U.S.C. 41743 et seq. in accordance with DOCKET OST-2002-11590.

As you review this proposal, it should be evident that the Manhattan Airport Catchment Area (ACA) is under served. Furthermore, consumers in this market pay higher than average airfares for flights between Manhattan and Kansas City. Competitive barriers imposed through code sharing prevent most consumers from utilizing this primary, commercial service airport to enter the National Air Transportation System.

This project will be administered through a public-private partnership. The City of Manhattan as the owner and sponsor of Manhattan Regional Airport will serve as the project sponsor to facilitate the receipt and disbursement of project funds from the Federal government. The partnership will be known as the *Flinthills Air Service Coalition*, and it will be composed of stakeholders within the Manhattan ACA.

As you review this proposal you will see that other partners could potentially benefit from this proposal. Most notably the Salina Airport Authority could ultimately team with the *Flinthills Air Service Coalition* regarding both improvements to existing service and air service development to a westbound hub airport like Denver International. However, the current list of stakeholders only includes groups within the Manhattan ACA.

As required by the Docket, Manhattan Regional Airport budgets for the years 2000, 2001, and 2002 are attached to this letter. All other information regarding this proposal can be found in the project proposal. Your initial point-of-contact for this proposal is the City Manager, Mr. Ron Fehr.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Snead". The signature is fluid and cursive, with the first name "Bruce" being larger and more prominent than the last name "Snead".

Bruce Snead
Mayor

Enclosures

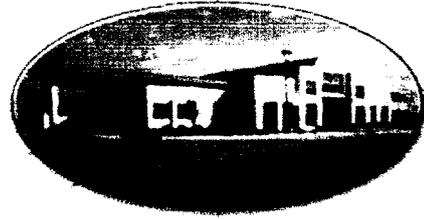
1. Manhattan Regional Airport Budgets: 2000; 2001; 2002
2. Flinthills Regional Air Service Development Proposal

Manhattan Regional Airport
Actual Revenue and Expenditures

	Revenue	Expenditure
2000	\$781,979	\$781,957
2001	\$743,905	\$743,874
2002*	\$52,459	\$177,579

• as of end of March 2002

Manhattan Regional Airport



***FLINTHILLS
REGIONAL AIR SERVICE
DEVELOPMENT PROPOSAL***

***Presented to:
United States of America
Department of Transportation
Office of the Secretary
Docket **OST-2002-11590*****

***Presented by:
City of Manhattan, Kansas***

TABLE OF CONTENTS

1 Existing Service Levels

BACKGROUND

2 Historical Air Service

3 Air Service Analysis

4 Project Goals and Objectives

STRATEGIC PLAN

5 Project Elements

6 Project Costs

(DETAILS

7 Project Administration

8 Proposal Summary

Flinthills Regional Air Service Development Proposal

EXISTING SERVICE LEVELS -- CURRENT SITUATION

THE AIRLINE.

For the past 10 years, Manhattan has been served by one regional airline. Air Midwest Inc has provided this service under their operating certificate. They are owned by Mesa Air Group Inc. Air Midwest currently has two code share partners: US Airways and Midwest Express Airlines.

FREQUENCY.

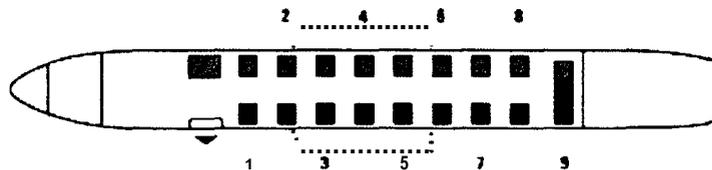
As of April 1, 2002 Air Midwest operated five daily departures from Manhattan to Kansas City International Airport. The current schedule provides adequate frequency for connecting flights with Air Midwest code share partners in Kansas City. However, with no dominant airline in the Kansas City market, many flights originating from Kansas City on other airlines cannot be accessed with this schedule. The current flight schedule is shown in the following table.

Arrival Times	Departure Time	Operating Days	Exceptions
06:10 (from SLN)	06:20	Monday – Saturday	Sunday
09:05	09:15	Monday – Saturday	Sunday
11:35	13:00 (11:45 to SLN on Sat)	Sunday – Friday (11:35 fm SLN on Sun)	Saturday (arrival only)
14:45	15:00	Sunday – Friday	Saturday
17:15	17:25	Sunday – Friday	Saturday
21:30	21:40 (to SLN)	Sunday – Friday	Saturday

EQUIPMENT.

Air Midwest operates the Beechcraft 1900D airliner with 19 passenger seats configured as shown below:

Beechcraft B1900D



Flinthills Regional Air Service Development Proposal

DIRECT AND CONNECTING DESTINATIONS.

Kansas City International Airport advertises 290 daily departures to the following cities:

Albuquerque	Dodge City	New Orleans	Sacramento
Atlanta	Garden City	New	Saint Louis
Austin	Great Bend	York/LaGuardia	Salina
Baltimore	Houston	New York/JFK	Salt Lake City
Boston	Indianapolis	Newark	San Antonio
Buffalo	Las Vegas	N.W. Arkansas	San Diego
Cedar Rapids	Lincoln	Oakland	San Jose
Charlotte	Little Rock	Oklahoma City	Seattle
Chicago/Midway	Los Angeles	Omaha	Springfield
Chicago/O'Hare	Manchester	Orlando	Tampa
Cincinnati	Manhattan	Philadelphia	Topeka
Cleveland	Memphis	Phoenix	Toronto
Dallas	Milwaukee	Pittsburgh	Tulsa
Denver	Minneapolis	Portland	Washington, D.C.
Des Moines	Moline	Providence	Washington-Dulles
Detroit	Nashville	Raleigh/Durham	Wichita

The following airlines operate at Kansas City International Airport:

Air Canada	Midwest Express
American	Northwest
America West	Southwest
Continental	United
Delta	US Airways
Delta Express	US Airways Express
Delta Connection/Comair	Vanguard
Frontier	

From Kansas City International Airport, the two Air Midwest code share partners, US Airways and Midwest Express, offer service to a variety of destinations with some overlap. US Airways offers non-stop service from Kansas City to Charlotte, Pittsburgh, and Philadelphia with through connections at these three hubs to other cities. US Airways Express (Air Midwest) can connect in Kansas City to other cities in its system. Midwest Express airlines offers connecting service through its Milwaukee hub to several cities and non-stop service from Kansas City to Atlanta, Boston, New Orleans, New York La Guardia, Omaha, San Antonio, and Washington Dulles.

Connecting service and/or reasonable airfares to the majority of the destinations listed above through Kansas **City** are not accessible or available through Air Midwest because of the current code share agreements.

Flinthills Regional Air Service Development Proposal

AVAILABLE FARES.

Sixel, Boggs & Associates, Inc reported the most recent ticket lift survey for Manhattan Regional Airport in January 2001. This section addresses airfares paid by air travelers in the survey. This analysis also includes a discussion of fare codes and the advance purchase (days in advance of travel) of airline tickets by local air travelers. Airfares shown were for round-trip or one-way travel and do not include zero fare or frequent-flyer travelers.

Roundtrip Fares. The following table provides a perspective on the average airfares to the Top 25 destinations from Manhattan Regional Airport and Kansas City. These averages were not adjusted for outliers. Manhattan's average airfares were \$166 higher than Kansas City for the Top 25 destinations and \$175 higher for the Top 50 destinations.

Average Airfares for Top 25 Destinations
(Round-trip, Domestic Only)

Rank	Destination	Originating Airport			
		Kansas City		Manhattan	
		Pax	Av. Airfare	Pax	Av. Airfare
1	Washington National	112	\$365.54	54	\$591.26
2	Atlanta	100	\$243.26	21	\$566.19
3	New York LaGuardia	97	\$260.14	8	\$439.52
4	Orlando	96	\$266.49	3	\$405.67
5	Kansas City	0	\$311.33	80	\$263.56
6	Minneapolis	77	\$204.42	3	\$403.50
7	San Antonio	69	\$312.31	7	\$533.00
8	Los Angeles	75	\$272.49		
9	Chicago O'Hare	67	\$143.97	4	\$447.88
10	Chicago Midway	61	\$139.96		
11	Baltimore	54	\$290.26	3	\$314.29
12	San Diego	55	\$289.59		
13	Dallas Ft. Worth	43	\$298.15	11	\$564.59
14	Phoenix	53	\$303.29		
15	Las Vegas	49	\$264.27		
16	Philadelphia	41	\$304.02	5	\$383.30
17	Seattle	44	\$348.25	1	\$438.00
18	San Francisco	43	\$325.44		
19	Raleigh/Durham	34	\$255.06	8	\$433.38
20	Boston	31	\$286.65	10	\$441.75
21	Nashville	40	\$123.63		
22	New Orleans	35	\$227.77		
23	Denver	32	\$307.75	3	\$533.33
24	Tampa	27	\$254.05	5	\$365.35
25	Washington Duties	26	\$254.53	3	\$529.17
Total Top 25		1,361	\$266.10	229	\$431.34
Total Top 50		1,909	\$272.72	275	\$447.40

Flinthills Regional Air Service Development Proposal

One-way Airfares. There were **346** one-way tickets tabulated in the survey. This is an unusually large number of one-way tickets for an Airport Catchment Area (ACA) of this size. The large number of one-way tickets reflects military personnel traveling on orders. Seattle was the number one destination for one-way tickets. The average one-way ticket price from Manhattan was \$105 higher than Kansas City.

Average One-way Airfares for Passengers Originating Manhattan and Kansas City Airports

(All Destinations and All One-way Airfares)

Rank	Destination	Kansas City		Manhattan	
		Pax	Av Airfare	Pax	Av Airfare
1	Seattle	42	\$115.36	15	\$228.20
2	Baltimore	18	\$141.89	15	\$242.33
3	Kansas City			17	\$128.18
4	Atlanta	8	\$296.38	4	\$355.25
5	Louisville	11	\$77.18		
6	Manhattan	11	\$126.09		
7	Columbus	9	\$237.67	2	\$347.00
8	Norfolk	8	\$123.38	1	\$219.00
9	Chicago O'Hare	8	\$224.88		
10	St. Louis	5	\$120.80	2	\$202.50
Total Top 10		120	\$146.13	56	\$213.86
Total all destinations		255	\$169.38	91	\$274.29

International Travel

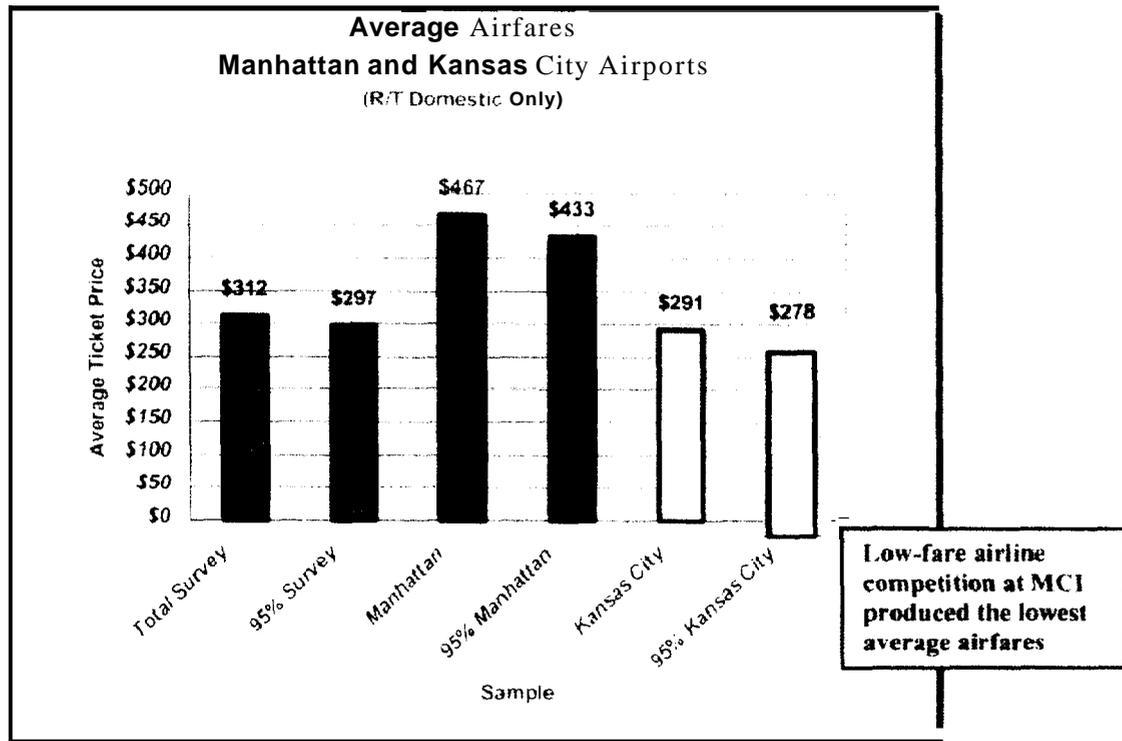
6.8% of the survey travel was for international itineraries. This is a relatively high percentage of international travel for most Airport Catchment Areas. Kansas City, with its international connections, originated the bulk of the survey's international travel. The few international tickets that originated at Manhattan Regional Airport were very expensive. Travel to Frankfurt and San Juan is a function of Ft. Riley military activity.

International Destinations Average Airfares

Rank	Destination	Originating Airport				Total
		Kansas City		Manhattan		
		Pax	Av. Airfare	Pax	Av. Airfare	
1	Frankfurt	53	\$424.68	3	\$443.33	56
2	San Juan	27	\$606.33			27
3	Sao Filipe	6	\$881.00	13	\$1,572.08	19
4	Montreal	14	\$466.42	2	\$561.86	16
5	Toronto	7	\$298.28			7
6	Puerto Vallarta	7	\$697.86			7
7	Guadalajara	6	\$673.50			6
8	Amsterdam	3	\$859.47	2	\$1,832.94	5
9	Mexico City	5	\$806.21			5
10	Lima	5	\$775.78			5
Top 10 Intl. destinations		133	\$542.83	20	\$1,327.83	153
Total all destinations		203	\$684.78	26	\$1,219.33	229

Flinthills Regional Air Service Development Proposal

Average Airfare. The following figure includes the total average airfare calculated for the two originating airports. This graph includes an adjustment for statistical outliers that distort the average. The adjusted calculation is shown below as 95% of the respective survey sample. Kansas City's *adjusted average* ticket price (\$278) is \$155 below the 95% Manhattan Regional Airport *adjusted average* ticket price (\$433). The lower average ticket prices at Kansas City reflect the low-fare airline competition at that airport.



Flinthills Regional Air Service Development Proposal

Range of Airfares. The following table groups average airfares by price for each originating airport. 12.0% of the air trips originating from Manhattan Regional Airport cost less than \$300. For Kansas City, the comparable percentage was **48.7%**. **77.8%** of air travelers starting trips at Kansas City paid less than \$500 for their tickets. Manhattan Regional Airport's percentage for this price range was 39.9%.

Airfare Ranges for Manhattan and Kansas City Airports (Round-trip, Domestic Only)

<i>Airfare Range</i>		<i>Kansas City</i>	<i>Manhattan Total</i>	
\$1-\$199	<i>Pax</i>	499	2	501
	<i>%</i>	8.4%	0.1%	6.8%
\$200-\$299	<i>Pax</i>	1194	85	1279
	<i>%</i>	40.3%	71.9%	34.8%
\$300-\$399	<i>Pax</i>	407	75	482
	<i>%</i>	20.6%	15.8%	19.7%
\$400-\$499	<i>Pax</i>	126	43	169
	<i>%</i>	8.5%	12.1%	9.2%
\$500-\$599	<i>Pax</i>	102	47	149
	<i>%</i>	8.6%	16.5%	10.1%
\$600-\$699	<i>Pax</i>	41	36	77
	<i>%</i>	4.2%	15.2%	6.3%
\$700-\$799	<i>Pax</i>	22	34	56
	<i>%</i>	2.6%	16.7%	5.3%
\$800-\$999	<i>Pax</i>	21	15	36
	<i>%</i>	2.8%	8.4%	3.9%
\$1,000-\$1,199	<i>Pax</i>	9	3	12
	<i>%</i>	1.4%	1.9%	1.5%
\$1,200-\$1,399	<i>Pax</i>	2	2	4
	<i>%</i>	0.3%	1.4%	0.5%
\$1,400-\$1,999	<i>Pax</i>	9		9
	<i>%</i>	1.7%	0.0%	1.3%
\$2,000+	<i>Pax</i>	3		3
	<i>%</i>	0.6%	0.0%	0.5%

Advance Ticket Purchase. The number of days prior to travel that an airline ticket is purchased has a significant affect on the price of the ticket. The nature of business often prevents long-range planning and business flyers typically purchase tickets closer to their departure date than do travelers that are flying for personal reasons. From an airline perspective, the higher yield business flyers are more valuable customers. Therefore it is relevant for this study to investigate the type of travelers (business vs. leisure) that utilize the local airport.

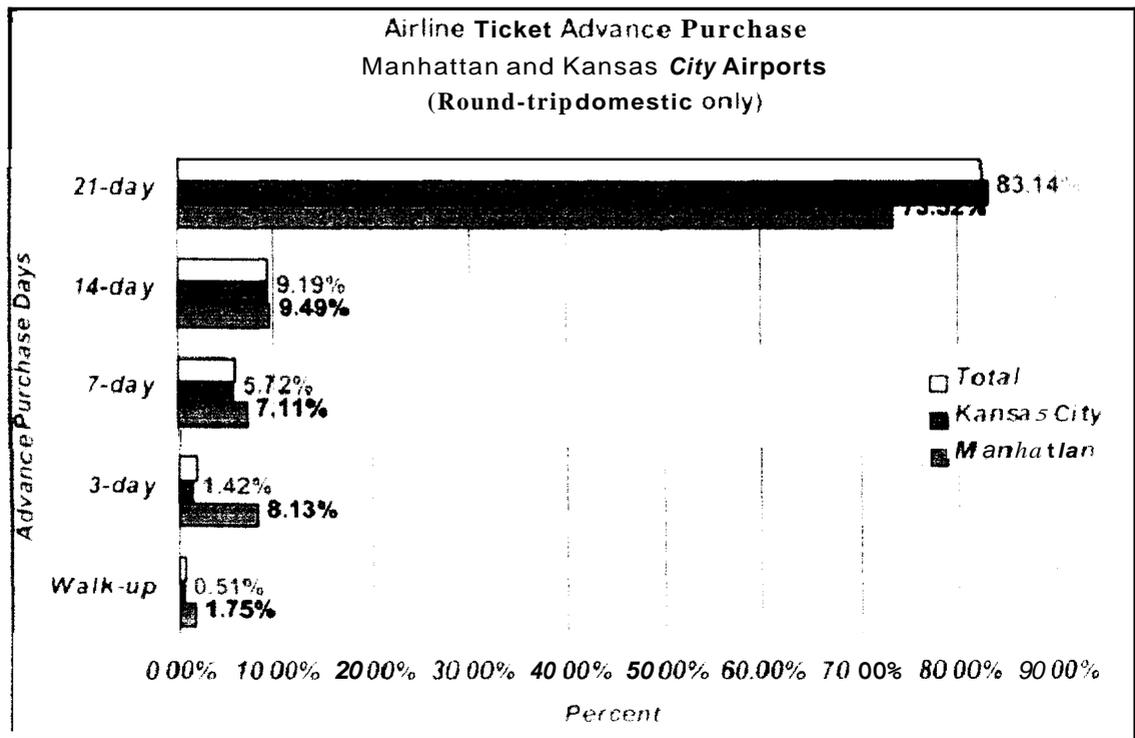
The next figure below indicates that the bulk of all ticket purchases are made well in advance of the intended date of travel. Typically people traveling for leisure/personal reasons book flights earlier to take advantage of advance purchase discounts. Business related travel is usually purchased closer to the departure date due to the short notice nature of many business related trips. The reader will note that travel from Manhattan

Flinthills Regional Air Service Development Proposal

Regional Airport has a higher percentage of walk-up, 3-day, 7-day, and 14-day travelers than travel from Kansas City.

Another indication of leisure versus business travel is the percent of tickets purchased that require a Saturday night stay. Most business related travel does not include a Saturday night stay. 61.2% of the round-trip, domestic travel from the Manhattan Regional Airport ACA included a Saturday night stay. However, 70.0% of all round-trip domestic travel in this survey included a Saturday night stay. This indicates that the local demand for air service is shifted more toward personal/leisure travel rather than business related travel.

Another method for quantifying business versus personal/leisure travel involves the use of airfare codes. Airfare codes determine the conditions and restrictions associated with the sale of a specific airline ticket. For example, an airfare code may require 14 days advance purchase and a Saturday night stay. Unfortunately, the nature of the airfare codes for Kansas City originating passengers did not allow for an analysis of these airfare codes. Because of the low-fare competition at Kansas City the airfare codes did not require a Saturday night stay for the purchase of *business* fares. As a consequence, survey *business* and *excursion* airfare codes could not be effectively segregated to determine the split between business and personal/leisure travel in the ACA.



Flinthills Regional Air Service Development Proposal

Advance Purchase Days	US Airways (MHK-MCI)	
	One-way	Roundtrip
21-day	\$164	\$227
14-day	\$164	\$227
7-day	\$164	\$227
3-day	\$164	\$227
Walk-up	\$164	\$227

An average airfare comparison between Manhattan and Kansas City is not possible without updated through fare information, but it should be noted that the pro-ration of airfares on **US Airways** or **Midwest Express** through fares originating from Manhattan skews the true cost of air travel for the consumer between Manhattan and Kansas City.

Leakage to Kansas City International Airport accounts for 86% of the tickets sold in the Manhattan ACA. Given the limited number of destinations available from Kansas City via **US Airways** or **Midwest Express**, only 14% of the customers in the ACA benefit from the code share agreements and the associated prorated airfares. Passengers paying the lowest add-on fare from Manhattan to connect on other airlines in Kansas City are paying \$0.89 per seat mile to travel roundtrip. The average price per seat mile nationally among regional airlines is between \$0.40 and \$0.50 per seat mile.

Conclusion. **US Airways** is getting a premium airfare for Manhattan-Kansas City service, and the vast majority of travelers will drive 2-1/2 to 3 hours one-way to avoid paying these fares. Furthermore, the flight schedule is dictated by the code share mainline schedule in Kansas City. The regional business community and area travel agents all agree that greater access to all of the airlines in Kansas City and lower airfares would significantly increase the demand for air service from Manhattan.

Flinthills Regional Air Service Development Proposal

HISTORICAL AIR SERVICE

A service history was prepared in 1997 to document how service has changed in the Manhattan market in the years since deregulation. From the service history, it is also possible to determine how passenger demand levels may have responded to various service changes. By reviewing the different components that comprise the air service system at an airport, changes can be reviewed and estimates can be made related to how service improvements might affect demand in a particular market. The components of an air transportation system include airline and airport classifications, airlines serving the market, destinations served, passenger enplanement levels, and other indicators. The primary data sources used for this portion of the study were the Official Airline Guide (OAG), the United States Department of Transportation (USDOT) database, and Airport management records.

It is important to note that any airport's commercial airline route structure may constantly change. The deregulated airline environment, ongoing airline mergers, seasonal schedule changes, and financial decisions of the airlines all contribute to these ongoing changes.

The following table presents an overview of service and enplanement levels at Manhattan Regional Airport for four specific years (1981, 1986, 1991, and 1996). As shown, enplanements over those 15 years ranged from approximately 40,000 (1986) to the 1991 level of 17,700. Overall, enplanements during the period declined almost 51 percent. On an annual basis, the average annual rate of decrease has been approximately **4.6** percent.

TRAFFIC AND SERVICE SUMMARY				
Mea				
Total Enplaned Passengers	38,700	40,000	17,700	19,108
No. of Departures	6,306	7,823	2,948	2,340
No. of Seats	254,231	129,429	60,705	44,460
Average Aircraft Size	40.3	16.5	20.6	19
No. of Certificated Carriers	1	0	0	0
No. of Commuter Carriers	1	2	3	1
No. of Nonstop Markets 1/	3	5	4	2
Average Fare	\$164.51	\$171.63	\$187.77	\$194.81
Average Haul 2/	971	1,067	1,076	1,144
<p>1/ The number of nonstop markets includes service on continuing flights. For instance, in 1996, nonstop service was available to Kansas City and Topeka because some flights are routed from Manhattan to Topeka to Kansas City.</p> <p>2/ The average haul represents the total distance traveled from the airport to the final destination.</p>				
Sources: Airport Management Records, Official Airline Guide, USDOT 10 Percent Ticket Survey				

Flinthills Regional Air Service Development Proposal

Capital Airlines and Frontier Airlines provided Service to Manhattan Regional Airport in 1981. This service was provided primarily to Kansas City, with stops in Topeka and Salina. The service was provided with Boeing 737 (Frontier), Dash 6-Twin Otter, Convair, and Cessna aircraft. By 1986, Capital Airlines continued to serve the market and was joined by Air Midwest, another regional/commuter carrier. The average seat size for the market as measured by seats per departing aircraft dramatically decreased with the departure of Frontier Airlines and its Boeing 737 aircraft, although annual enplanements in 1986 were actually higher than in 1981. Nonstop service in 1986 was provided to Kansas City, Topeka, Salina, Wichita, and Great Bend, joining these Kansas cities on routes that originated and concluded in Kansas City. In 1991, Air Midwest continued to provide service, while Capital was no longer operating. Operating as Trans States and USAir Express, Air Midwest provided new service and changed nonstop destinations to Kansas City, St. Louis, Wichita, and Salina. The number of departures declined significantly, but the average seat size increased with service provided by Swearingen Metro and Saab 340 aircraft. In 1996, USAir Express (now US Airways Express) remained the sole carrier providing service to Manhattan Regional Airport. Nonstop service was available to Kansas City and Topeka with Beech 1900 aircraft.

As shown in the previous table, enplanements, departures, seats, average aircraft size, and the number of carriers serving the Manhattan market have all decreased over the 15-year period. The only increases in the market's service indicators that have been experienced have been in average fare and average haul. A notable decrease in service has been realized in the Manhattan market over those 15 years, resulting in fewer enplanements. These changes in service are not a phenomenon exclusive to Manhattan Regional Airport; many similar markets have experienced this trend since deregulation of the airline industry.

The final factor reviewed as part of the service indexing for the Manhattan Regional Airport was top origin and destination (O&D) markets. The U. S. Department of Transportation's (USDOT's) 10 Percent Ticket Survey was used to examine reported O&D markets for Manhattan. The 10 Percent Ticket Survey is an ongoing, continuously expanding database, in which every airline ticket with a ticket number ending in zero is turned over to the USDOT. Relevant information regarding the origin and destination of these passengers is then recorded in the database. This database gives an estimate of travel patterns to all domestic destinations *only* for the passengers who enplane at Manhattan Regional Airport.

The top 10 O&D markets for the Airport for the four benchmark years are depicted in the following table. As shown in this table, Washington, D.C. has been a top market for two of the four-benchmark years, and was the number two market in 1986. It is important to note that due to carrier reporting requirements and the more limited nature of regional/commuter carriers prior to 1990, the top O&D markets shown for both 1981 and 1986 do not reflect the commuter carrier data of independent carriers. In 1986, for instance, Kansas City does not appear as a top O&D point due to the lack of reporting by the carrier. In reality, however, over 85 percent of the passengers flew to Kansas City on Air Midwest, a commuter carrier who served the Airport during this time frame.

Flinthills Regional Air Service Development Proposal

O&D MARKET SUMMARY				
Rank	1981	1986	1991	1996
1	Kansas City, MO	Chicago, IL	Washington (Nat'l), DC	Washington (Nat'l), DC
2	Chicago, IL	Washington (Nat'l), DC	Philadelphia, PA	New York, NY
3	Denver, CO	Denver, CO	Los Angeles (Int'l), CA	Philadelphia, PA
4	Los Angeles (Int'l), CA	Atlanta, GA	New York, NY	Baltimore, MD
5	Dallas\Ft. Worth, TX	New York, NY	San Francisco, CA	Los Angeles (Int'l), CA
6	St. Louis, MO	St. Louis, MO	St. Louis, MO	Boston, MA
7	Minneapolis\St. Paul, MN	Newark, NJ	Baltimore, MD	San Francisco, CA
8	Atlanta, GA	Dallas\Ft. Worth, TX	Chicago, IL	Orlando, FL
9	Philadelphia, PA	San Antonio, TX	Seattle, WA	Charlotte, NC
10	Washington (National), DC	Detroit, MI	Indianapolis, IN	Detroit, MI

Source: USDOT 10 Percent Ticket Survey

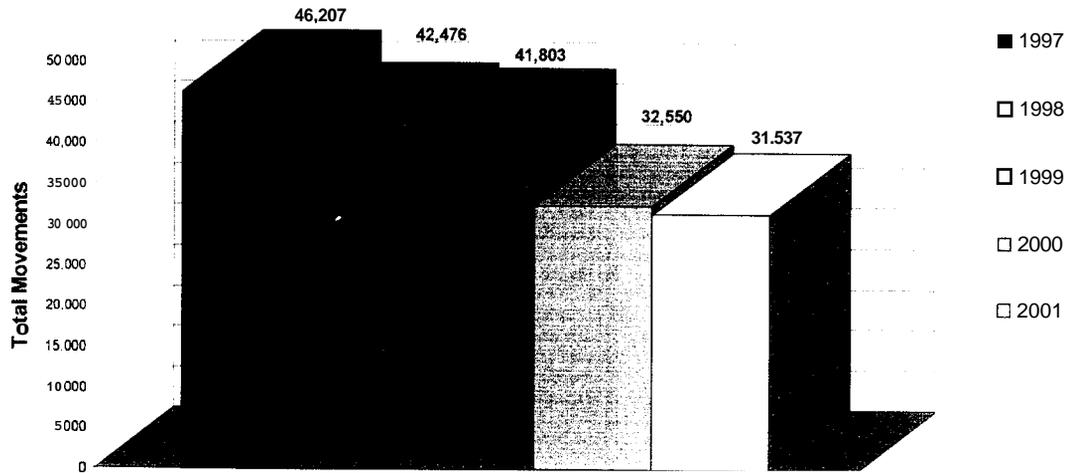
As shown in the last table, the only market that has been within the top 10 reported destinations for all four years was Washington, D.C. (Reagan Airport). In 1996, there were five eastern markets, two southeastern markets, and two western markets in the top 10 markets identified through the USDOT 10 Percent Ticket Survey.

It is, however, important to note that the O&D information from the USDOT database represents only passenger travel patterns for those passengers associated with the market area who actually board at Manhattan Regional Airport. Travel patterns linked to travelers associated with the Manhattan market area who routinely use a competing airport are not reflected in the USDOT database of O&D patterns for Manhattan Regional Airport. The true O&D travel markets for the Manhattan Regional area will be more accurately reflected in the regional travel patterns presented in the Air Service Analysis section of this proposal.

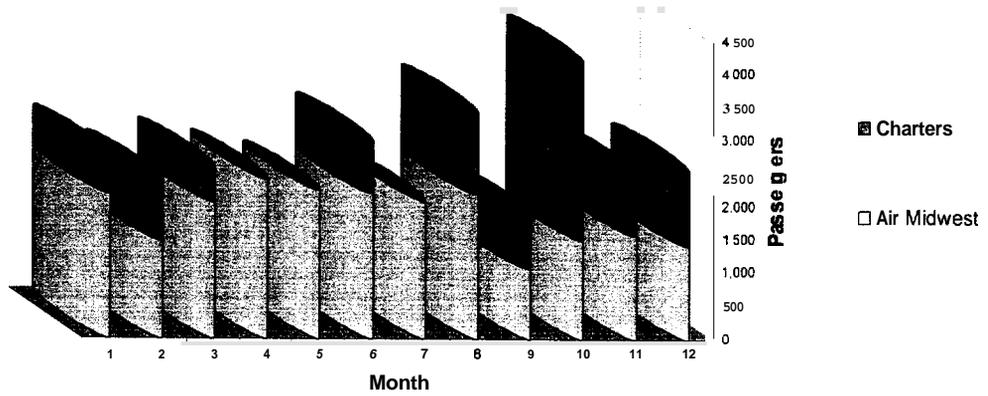
Since 1996, Manhattan Regional Airport passenger movements (enplanements and deplanements) have fluctuated upward and downward as shown in the figure below. The most notable fact about these changes is the increased level of charter activity and the decreasing level of scheduled air service by Air Midwest (as can be seen in the second figure for 2001).

Flinthills Regional Air Service Development Proposal

Passenger Movements



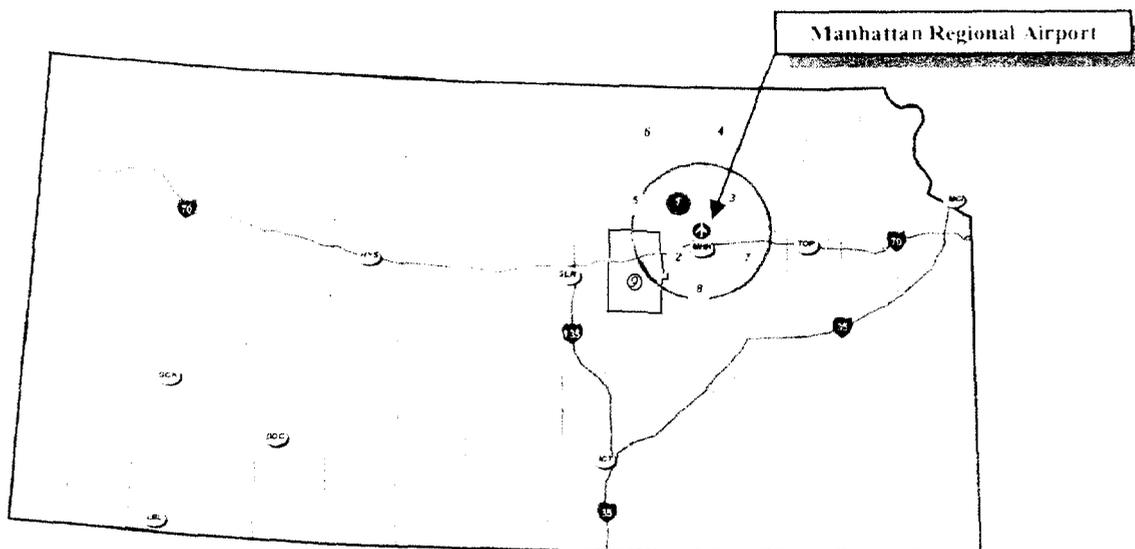
Airline Passenger Movements 2001



Flinthills Regional Air Service Development Proposal

AIR SERVICE ANALYSIS

Airport Catchment Area (ACA) And Airport Activity. The ACA is the geographic area from which an airport can reasonably expect to draw commercial air service passengers. However, airport use by the ACA population is affected by a variety of factors, including the proximity to competing airport(s), airfares, destinations offered and flight frequency. Manhattan Regional Airport's ACA includes nine counties. Within these counties resides an estimated population of 167,602. Riley County is the largest county within the ACA, with a population of 62,843.



Manhattan ACA Population		
<i>Year 2000 KS State Summary</i>		
Rank	County	Population
1	Riley	62,843
2	Geary	27,947
3	Dickinson	19,344
4	Pottawatomie	18,209
5	Marshall	10,965
6	Clay	8,822
7	Washington	6,483
8	Wabaunsee	6,885
9	Morris	6,104
ACA Total		167,602

[Note: Dickinson County is included in the list. Because of its proximity to Salina, it may be included in the Salina ACA also. However, with only eastbound air service by the same airline in Salina and Manhattan, it is more cost effective for residents of this county to use Manhattan Regional Airport.]

Flinthills Regional Air Service Development Proposal

Airport Use. It is important to understand where travelers from the larger communities in the ACA access commercial air service. 13.7% of the air travelers in the January 2001 ticket lift survey sample originated their trips at Manhattan Regional Airport. Manhattan Regional Airport is "leaking" 86.3% of local air travel passengers to Kansas City. Manhattan Regional Airport's share of air travelers in the four communities shown in the table below ranges from 38.0% of the travelers ticketed by the Ft. Riley Government Travel Office to 1.8% of the air travel ticketed by the Ft. Riley Leisure Travel Office. Manhattan and Kansas City were the only airports used by air travelers in the survey.

Airport Use by Community

Community		Originating Airport		
		Kansas City	Manhattan	Total
Manhattan	Passengers	1,468	160	1,628
	Percent	90.2%	9.8%	
Ft. Riley Government Office	Passengers	436	267	703
	Percent	62.0%	38.0%	
Junction City	Passengers	546	24	570
	Percent	95.8%	4.2%	
Ft. Riley Leisure Office	Passengers	442	8	450
	Percent	98.2%	1.8%	
Total passengers		2,892	459	3,351
Percent of total		86.3%	13.7%	100.0%

Flinthills Regional Air Service Development Proposal

Top Destinations for Local Air Travelers. This section of the **January 2001** ticket lift survey investigated destinations of air travel from the ACA and destinations from each originating airport. Additionally, the air travel destinations are grouped into geographic regions to further understand the flow of air travel for the ACA. 54.2% of air travelers from the Manhattan Regional Airport ACA are destined for the Top 25 destinations and 73.2% of the total survey traffic is included in the Top 50 destinations. These percentages are typical for air service markets. The top ten destinations represent approximately 31.4% of the total market and include cities from coast to coast.

Passengers • Top 25 Destinations

(Total Sample)

<u>Rank</u>	<u>Destination</u>	<u>Passengers</u>	<u>% of Sample</u>
1	Washington Reagan	169	5.0%
2	Atlanta	133	4.0%
3	New York La Guardia	106	3.2%
4	KansasCity	103	3.1%
5	Seattle	102	3.0%
6	Orlando	102	3.0%
7	Baltimore	90	2.7%
8	Minneapolis	83	2.5%
9	San Antonio	83	2.5%
10	Los Angeles	82	2.4%
11	Chicago O'Hare	79	2.4%
12	Chicago Midway	63	1.9%
13	Phoenix	58	1.7%
14	Dallas/Ft. Worth	58	1.7%
15	San Diego	57	1.7%
16	Frankfurt	56	1.7%
17	Las Vegas	51	1.5%
18	Raleigh-Durham	48	1.4%
19	Philadelphia	48	1.4%
20	San Francisco	45	1.3%
21	Boston	45	1.3%
22	Nashville	43	1.3%
23	New Orleans	40	1.2%
24	Denver	37	1.1%
25	Detroit	34	1.0%
Total Top 25		1,815	54.2%
Tot Top 50		2,452	73.2%

Flinthills Regional Air Service Development Proposal

Originating Airport for the Top 50 Destinations. 15.4% of the survey passengers who traveled to the Top 25 destinations began their trip at Manhattan Regional Airport, while **84.6%** started the air portion of their travel at Kansas City. Washington Reagan Airport is the number one destination, capturing 9.0% of the survey sample destined for the Top 25 markets.

Originating Airport for Top 25 Destinations

Rank Destination	Originating Airports					
	Kansas City		Manhattan		Total	
	Pax	%	Pax	%	Pax	% of Total Sample
1 Washington Reagan	115	68.0%	54	32.0%	169	5.0%
2 Atlanta	108	81.2%	25	18.8%	133	4.0%
3 New York La Guardia	98	92.5%	8	7.5%	106	3.2%
4 Kansas City	6	5.8%	97	94.2%	103	3.1%
5 Seattle	86	84.3%	16	15.7%	102	3.0%
5 Orlando	99	97.1%	3	2.9%	102	3.0%
7 Baltimore	72	80.0%	18	20.0%	90	2.7%
8 Minneapolis	80	96.4%	3	3.6%	83	2.5%
9 San Antonio	74	89.2%	9	10.8%	83	2.5%
10 Los Angeles	82	100.0%			82	2.4%
11 Chicago O'Hare	75	94.9%	4	5.1%	79	2.4%
12 Chicago Midway	63	100.0%			63	1.9%
13 Phoenix	58	100.0%			58	1.7%
14 Dallas/Ft. Worth	45	77.6%	13	22.4%	58	1.7%
15 San Diego	57	100.0%			57	1.7%
16 Frankfurt	53	94.6%	3	5.4%	56	1.7%
17 Las Vegas	51	100.0%			51	1.5%
18 Raleigh-Durham	40	83.3%	8	16.7%	48	1.4%
19 Philadelphia	42	87.5%	6	12.5%	48	1.4%
20 San Francisco	45	100.0%			45	1.3%
21 Boston	35	77.8%	10	22.2%	45	1.3%
22 Nashville	43	100.0%			43	1.3%
23 New Orleans	40	100.0%			40	1.2%
24 Denver	34	91.9%	3	8.1%	37	1.1%
25 Detroit	34	100.0%			34	1.0%
Total Top 25	1,535	84.6%	280	15.4%	1,815	54.2%
Total Top 50	2,097	85.5%	355	14.5%	2,452	73.2%

Flinthills Regional Air Service Development Proposal

Top 10 Destinations by Originating Airport. The following table shows the Top 10 destinations from Manhattan and Kansas City. Five of the Top 10 destinations for local passengers enplaning at Manhattan are also in Kansas City's Top 10.

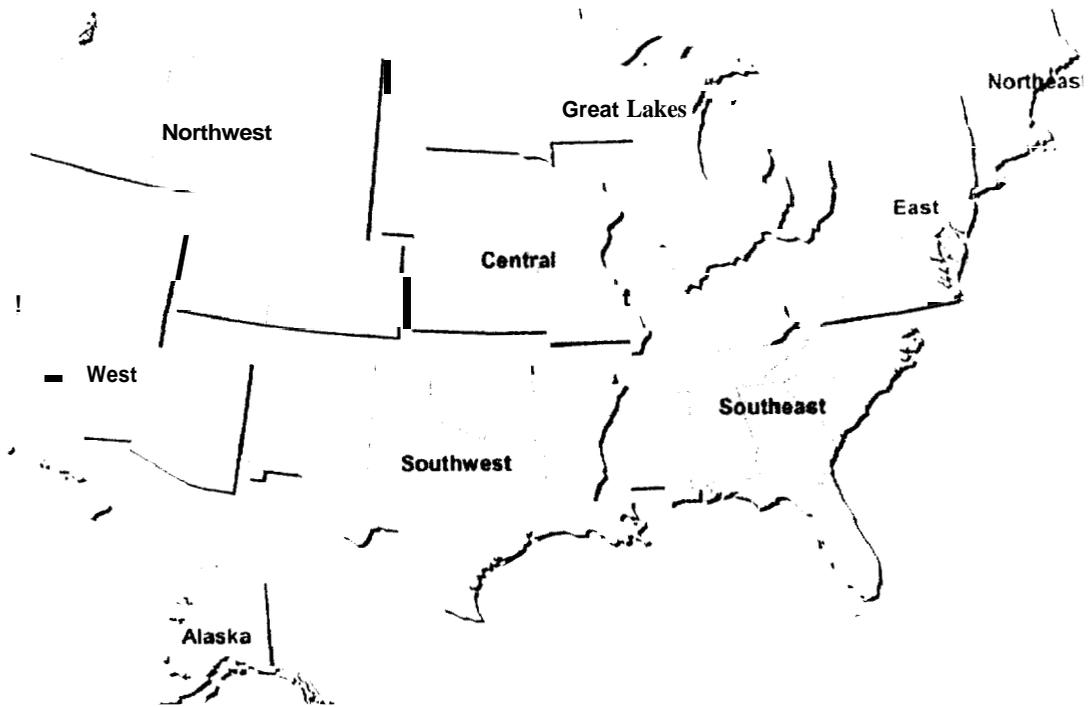
Top 10 Destinations for Kansas City and Manhattan Airports

Rank	Manhattan		Kansas City	
	Destination	Pax	Destination	Pax
1	Kansas City	97	Washington Reagan	115
2	Washington Reagan	54	Atlanta	108
3	Atlanta	25	Orlando	99
4	██████████	18	New York La Guardia	98
5	Seattle	16	Seattle	86
6	Columbia	14	Los Angeles	82
7	Sao Filipe	13	Minneapolis	80
8	Dallas/Ft. Worth	13	Chicago O'Hare	75
9	Boston	10	██████████	74
10	██████████	9	██████████	72

Flinthills Regional Air Service Development Proposal

Distribution of Air Travel. It is important to identify and quantify air travel destinations, but it is also important to measure air travel to specific geographic regions. Generally, airlines operate route systems that serve geographic areas. Additionally, most airline hubs are directional and flow passenger traffic to and from geographic regions, not just destinations within the region. Therefore, air service analysis exercises consider the regional flow of passenger traffic as well as passenger traffic to a specific city.

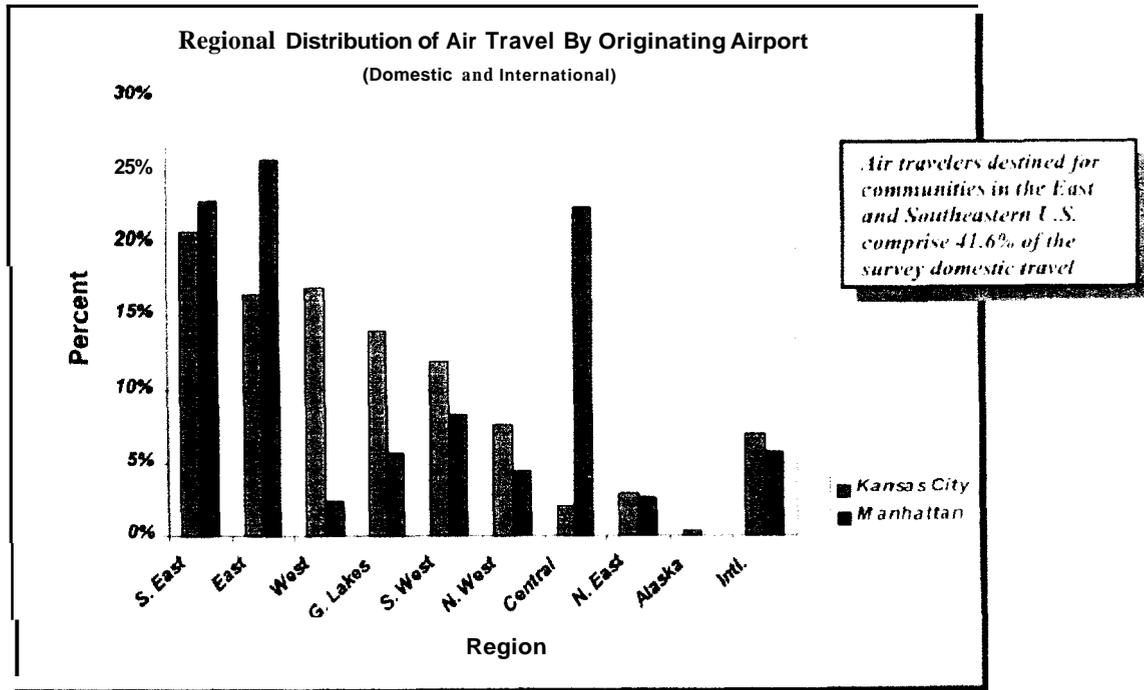
Accordingly, this section analyzes the regional distribution of air travelers from the ACA. For this exercise the Federal Aviation Administration's (FAA) geographic breakdown of the United States has been used.



Federal Aviation Administration Geographic Regions

Flinthills Regional Air Service Development Proposal

Regional Distribution of ACA Air Travelers. The next figure divides air travel from Manhattan Regional Airport's ACA into the FAA's nine geographic regions and one catchall international region. The associated table splits domestic travel into nine regions. International travel is further broken down in the second table. **41.6%** of the survey's total domestic air travelers are headed for cities in the East and Southeast. Destinations in the West, Southwest, and Northwest account for 36.0% of the total domestic survey travel. 75.3% of Manhattan Regional Airport's survey traffic is destined cities in the Southeast, East, and Central United States. It is noteworthy that Kansas City's distribution profile is similar to Manhattan's for Southeast and Eastern destinations, but significantly different for destinations in the West. This is not surprising given US Airways and Midwest Express concentration in markets east of Kansas City and the lack of service from Manhattan to a western hub.



Regional Distribution of Travel

(Domestic Only)

U.S. Geographic Region

Airport		S. East	East	West	G. Lakes	S. West	N. West	Central	N. East	Alaska	Total
Kansas City	Pax	599	477	492	406	344	219	59	84	9	2,689
	%	22.3%	17.7%	18.3%	15.1%	12.8%	8.1%	2.2%	3.1%	0.3%	100.0%
Manhattan	Pax	105	118	11	26	38	20	103	12		433
	%	24.2%	27.3%	2.5%	6.0%	8.8%	4.6%	23.8%	2.8%	0.0%	100.0%
Total pax		704	595	503	432	382	239	162	96	9	3,122
Total % of U.S.		22.5%	19.1%	16.1%	13.8%	12.2%	17.7%	15.2%	13.1%	10.3%	100.0%

Flinthills Regional Air Service Development Proposal

Distribution of International Travel. Approximately **6.8%** of the survey's travelers that initiated trips at Manhattan or Kansas City airports had international itineraries. **88.6%** of international travel reflected in the survey originated at Kansas City. 11.4% of all international travel originated at Manhattan. Kansas City captured the lion's share of travel to all regions except Asia.

Regional Distribution of International Passengers

Region	Data	Originating Airport		
		KansasCity	Manhattan	Total
Europe	Pax	78	9	87
	% of region	89.7%	10.3%	38.0%
Caribbean	Pax	38	1	39
	% of region	97.4%	2.6%	17.0%
Canada	Pax	30	2	32
	% of region	93.8%	6.3%	14.0%
Mexico & Central America	Pax	27		27
	% of region	100.0%		11.8%
Asia	Pax	14	13	27
	Yo of region	51.9%	48.1%	11.8%
South America	Pax	10	1	11
	% of region	90.9%	9.1%	4.8%
Australia & Oceania	Pax	4		4
	Yo of region	100.0%		1.7%
Africa	Pax	2		2
	% of region	100.0%		0.9%
Total pax		203	26	229
Percent of all international pax		88.6%	11.4%	100.0%

Flinthills Regional Air Service Development Proposal

Airlines Used at Kansas City Airport. The table below provides perspective on the airlines utilized by local air travelers that originate trips at Kansas City (**86.3%** of the survey). Based on survey data: Southwest Airlines captures **22.9%** of the passengers destined for the Top 25 cities and **23.2%** of the survey travelers destined for the Top 50 cities. It is interesting to note that when travelers originate at Kansas City, US Airways does not capture (with the exception of Washington Reagan and Philadelphia) the largest share of traffic to the Top 25 destinations. Eight other airlines that serve Kansas City captured a total of 317 survey passengers. Within this group of eight, TWA and Continental had 5.4% and 4.3% respectively of the total survey passengers originating at Kansas City.

Airlines Used at Kansas City International Airport

Destination	Southwest	Delta	US Airways	Northwest	American	United	Am. West	MW
1 Washington Nat.		2 1.7%	91 79.1%	8 7.0%	1 0.9%	6 5.2%		5 4.3%
2 Atlanta		95 91.3%	1 1.0%	3 2.9%	1 1.0%	3 2.9%		
3 Orlando	16 16.2%	73 73.7%	3 3.0%	3 3.0%	1 1.0%			
4 N.Y. La Guardia		5 5.2%	14 14.6%	8 8.3%				60 62.5%
5 Seattle	30 34.9%	12 14.0%		8 9.3%		7 8.1%	27 31.4%	
6 Los Angeles	50 61.7%			8 9.9%	3 3.7%	13 16.0%	6 7.4%	
7 Minneapolis				79 100.0%				
8 Chicago O'Ham		1 1.3%			48 64.0%	23 30.7%		
9 San Antonio	1 1.4%			11 14.9%	6 8.1%			49 66.2%
10 Baltimore	40 55.6%		24 33.3%	1 1.4%	2 2.8%	4 5.6%		
11 Chicago	63 100.0%							
12 San Diego	30 52.6%	11 19.3%			3 5.3%	8 14.0%	5 8.8%	
13 Phoenix	22 40.7%					3 5.6%	29 53.7%	
14 Frankfurt		1 1.9%	6 11.3%	1 1.9%	35 66.0%	7 13.2%		
15 Las Vegas	27 52.9%	1 2.0%				7 13.7%	16 31.4%	
16 Dallas/Ft. Worth		1 2.3%			43 97.7%			
17 San Francisco	1 2.3%	3 7.0%		1 2.3%	4 9.3%	23 53.5%	1 13%	
18 Nashville	37 86.0%	3 7.0%		1 2.3%				
19 Philadelphia		1 2.4%	33 78.6%	1 2.4%	3 7.1%	1 2.4%		1 2.4%
20 Raleigh-Durham	11 27.5%	3 7.5%	14 35.0%	8 20.0%		1 2.5%		2 5.0%
21 New Orleans	5 12.5%	1 2.5%	1 2.5%	15 37.5%	4 10.0%	1 2.5%		
22 Boston			6 17.1%	1 2.9%	2 5.7%	4 11.4%		21 60.0%
23 Detroit	10 29.4%			21 61.8%		3 8.8%		
24 Louisville	9 30.0%			12 40.0%				
25 Houston Intl.					1 3.3%			
Airline's % Top 25	352 22.9%	213 13.8%	193 12.5%	190 12.3%	157 10.2%	114 7.4%	84 5.5%	138 9.0%
Airline's % Top 50	487 23.2%	295 14.0%	268 12.8%	222 10.6%	188 8.9%	180 8.6%	131 6.2%	151 7.2%
Airline's % total	528 18.5%	448 15.7%	353 12.4%	329 11.5%	323 11.3%	258 9.0%	169 5.9%	167 5.9%

Flinthills Regional Air Service Development Proposal

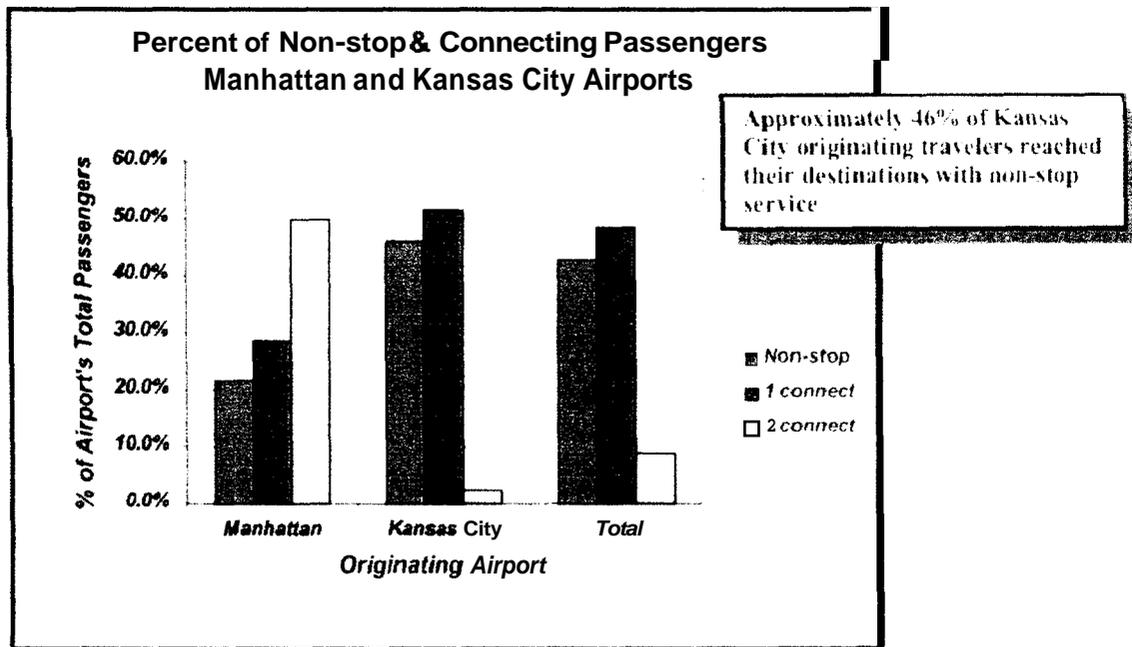
Connections. The domestic airline hub system utilized by all the major airlines, except Southwest Airlines, requires that a significant percentage of air travelers make an airline connection as opposed to traveling non-stop to their destination. Since Manhattan Regional Airport's air service is limited to Kansas City it is not surprising that **78.4%** of its traffic connected at Kansas City. **74.9%** of Kansas City originating passengers that used a connecting airport utilized one of the Top 10 connecting airports shown in the table below. **46.1%** of the travelers using Kansas City Airport were able to travel non-stop to their destination.

Top 10 Connecting Airports for Manhattan and Kansas City Originating Passengers

		Originating Airport		
Rank	Connecting Airport	Manhattan	Kansas City	Total
1	Kansas City	360		360
	pax			
	% of airports total connect	100.0%		18.8%
2	Dallas/Ft. Worth		156	156
	pax			
	% of airports total connect		10.0%	8.1%
3	Phoenix		145	145
	pax			
	% of airports total connect		9.3%	7.5%
4	Denver		145	145
	pax			
	% of airports total connect		9.3%	7.5%
5	St. Louis		137	137
	pax			
	% of airports total connect		8.8%	7.1%
6	Chicago O'Hare		135	135
	pax			
	% of airports total connect		8.7%	7.0%
7	Atlanta		129	129
	pax			
	% of airports total connect		8.3%	6.7%
8	Memphis		92	92
	pax			
	% of airports total connect		5.9%	4.8%
9	Pittsburgh		75	75
	pax			
	% of airports total connect		4.8%	3.9%
10	Salt Lake City		65	65
	pax			
	% of airports total connect		4.2%	3.4%
Total pax		360	1,079	1,439
	% of airport's total connecting pax	100.0%	69.2%	74.9%
Airport's total connecting pax		360	1,560	1,921
	connecting pax as a % of airport's total pax	78.4%	53.9%	57.3%

Flinthills Regional Air Service Development Proposal

Connecting Airports. Because of the high percentage of non-stop flights from Kansas City, a moderate percent (57.3%) of all survey trips included a connecting airport. Manhattan non-stop traffic is exclusively passengers who originated at Manhattan Regional Airport and traveled to Kansas City as a destination. 46.1% of the travelers who originated at Kansas City flew non-stop to their destinations and 51.6% of Kansas City originating travelers were required to make one connection before reaching their destination. Very few trips (2.4%) that originated at Kansas City required a second connection.



Flinthills Regional Air Service Development Proposal

True Market Estimate. This portion of the analysis is devoted to estimating the total number of trips generated by the population in the Airport Catchment Area (ACA). Based on the results of the January 2001 ticket lift survey, the Manhattan Regional Airport is serving an estimated 13.7% of the air travelers in the ACA. In order to estimate the size of the total market and the number of air passengers traveling to each destination, passenger leakage data is mathematically combined with U.S. Department of Transportation (DOT) airline report information. Domestic airlines report performance statistics to the DOT on a quarterly basis. Passenger data in these quarterly airline reports is airport specific, so by itself does not quantify the total size of an air service market. However, by combining passenger leakage information with passenger data contained in the DOT airline reports an estimate of the total air travel market can be calculated. Additionally, passenger estimates can be completed for each destination.

Appendix B provides an estimate of the "true market" for the Top 50 destinations for the Manhattan Regional Airport. The Top 50 destinations represent 76.6% of the total market. Within the local ACA there is an estimated pool of 165,145 total passengers. 56,058 total annual passengers are estimated for the Top 10 destinations (Table 15 below). However, even if local air service were to improve significantly, it is not reasonable to expect that all of these air travelers would use the local airport. The proximity of Kansas City will continue to draw air travelers from the local ACA. The total market is large enough that it is reasonable to expect that with air service improvements, a larger percentage of the local air travel population would use the Manhattan Regional Airport. Estimating the number of passengers that would use the local airport and the air service improvements required to serve these new customers are topics of further study.

True Market Estimate - Manhattan ACA

Top 10 Markets

(Enplanements + Deplanements)

Rank	Code	Airport	Reported O&D Paxs	Leaked O&D Paxs	ACA O&D Paxs	Percent of Total
1	DCA	Washington Reagan	1,774	7,911	9,707	4.6%
2	ATL	Atlanta	1,003	6,243	7,246	3.6%
3	LGA	New York La Guardia	799	4,976	5,775	2.9%
4	MCO	Orlando	731	4,788	5,557	2.8%
5	SEA	Seattle/Tacoma	769	4,788	5,557	2.8%
6	BWI	Baltimore	769	4,225	4,903	2.4%
7	MSP	Minneapolis	678	3,896	4,522	2.3%
8	SAT	San Antonio	626	3,896	4,522	2.3%
9	LAX	Los Angeles	626	3,849	4,467	2.2%
10	ORD	Chicago O'Hare	618	3,708	4,304	2.1%
					56,058	27.9%

Flinthills Regional Air Service Development Proposal

Appendix 8

ESTIMATE OF 'TRUE' MARKET SIZE

Local Enplanements & Total Passengers Generated by Manhattan ACA Residents Twelve Months Ended September 2000

Approximates 100% Sample - Enplaned + Deplaned Passengers

Rank	Code	Airport	Reported O&D Paxs	Manhattan Retention	Leaked O&D Paxs	ACA O&D Paxs Generated	Percent of Total
1	DCA	Washington National	1,274	13.8%	7,933	9,207	4.6%
2	ATL	Atlanta	1,003	13.8%	6,243	7,246	3.6%
3	LGA	New York La Guardia	799	13.8%	4,976	5,775	2.9%
4	MCO	Oriando	731	13.8%	4,788	5,557	2.8%
5	SEA	Seattle/Tacoma	769	13.8%	4,788	5,557	2.8%
6	BWI	Baltimore	769	13.8%	4,225	4,903	2.4%
7	MSP	Minneapolis	678	13.8%	3,896	4,522	2.3%
8	SAT	San Antonio	626	13.8%	3,896	4,522	2.3%
9	LAX	Los Angeles	626	13.8%	3,849	4,467	2.2%
10	ORD	Chicago O'Hare	618	13.8%	3,708	4,304	2.1%
11	MDW	Chicago Midway	595	13.8%	2,957	3,432	1.7%
12	DFW	Dallas/Ft worth	475	13.8%	2,723	3,160	1.6%
13	PHX	Phoenix	437	13.8%	2,723	3,160	1.6%
14	SAN	San Diego	437	13.8%	2,676	3,105	1.5%
15	LAS	Las Vegas	430	13.8%	2,394	2,778	1.4%
16	PHL	Philadelphia	384	13.8%	2,253	2,615	1.3%
17	RDU	Raleigh/Durham	362	13.8%	2,253	2,615	1.3%
18	BOS	Boston	362	13.8%	2,112	2,452	1.2%
19	SFO	San Francisco	339	13.8%	2,112	2,452	1.2%
20	BNA	Nashville	339	13.8%	2,018	2,343	1.2%
21	MSY	New Orleans	324	13.8%	1,878	2,179	1.1%
22	DEN	Denver	302	13.8%	1,737	2,016	1.0%
23	DTW	Detroit	279	13.8%	1,596	1,852	0.9%
24	TPA	Tampa	256	13.8%	1,549	1,798	0.9%
25	IAH	Houston Intercontinental	249	13.8%	1,455	1,689	0.8%
26	IND	Indianapolis	234	13.8%	1,408	1,634	0.8%
27	SDF	Louisville	226	13.8%	1,408	1,634	0.8%
28	STL	St Louis	226	13.8%	1,408	1,634	0.8%
29	CAE	Columbia, SC	226	13.8%	1,361	1,580	0.8%
30	CLE	Cleveland	219	13.8%	1,361	1,580	0.8%
31	IAD	Washington Dulles	219	13.8%	1,361	1,580	0.8%
32	ORF	Norfolk	219	13.8%	1,314	1,525	0.8%
33	HOU	Houston Hobby	211	13.8%	1,267	1,471	0.7%
34	SJU	San Juan, PR	204	13.8%	1,267	1,471	0.7%
35	SNA	Orange County	204	13.8%	1,267	1,471	0.7%

continued on next page...

Flinthills Regional Air Service Development Proposal

Appendix B - continued

ESTIMATE OF 'TRUE' MARKET SIZE

Local Enplanements & Total Passengers Generated by Manhattan ACA Residents Twelve Months Ended September 2000

Approximates 100% Sample -Enplaned + Deplaned Passengers

Rank	Code	Airport	Reported O&D Paxs	Manhattan Retention	Leaked O&D Paxs	ACA O&D Paxs Generated	Percent of Total
36	PIT	Pittsburgh	196	13.8%	1,220	1,416	0.9%
37	SLC	Salt Lake City	196	13.8%	1,220	1,416	0.9%
38	JAX	Jacksonville	188	13.8%	1,174	1,362	0.8%
39	BHM	Birmingham	173	13.8%	1,080	1,253	0.8%
40	TUS	Tucson	173	13.8%	1,080	1,253	0.8%
41	W M	Yuma	158	13.8%	906	1,144	0.7%
42	ABQ	Albuquerque	151	13.8%	939	1,090	0.7%
43	EWR	Newark	151	13.8%	939	1,090	0.7%
44	MYR	Myrtle Beach	151	13.8%	939	1,090	0.7%
45	POX	Portland, OR	151	13.8%	939	1,090	0.7%
46	ONT	Ontario	143	13.8%	892	1,035	0.6%
47	RIC	Richmond	143	13.8%	892	1,035	0.6%
48	GEG	Spokane	136	13.8%	845	981	0.6%
49	MIA	Miami	136	13.8%	845	981	0.6%
50	SJC	San Jose	136	13.8%	845	981	0.6%
<i>Total of Above</i>			<i>18,030</i>	<i>13.8%</i>	<i>108,995</i>	<i>126,498</i>	<i>76.6%</i>
Total of All Markets			23,480	14.2%	141,665	165,145	100.0%

Flinthills Regional Air Service Development Proposal

PROJECT GOALS AND OBJECTIVES

Goals. The primary goal of the Manhattan plan is to significantly improve access for the traveling public in the Manhattan ACA to the national air transportation system originating from Manhattan Regional Airport. The market share for Manhattan should range between **48,000** and **76,000** annual enplanements. Available seats with the current Air Midwest schedule provide only **29,640** seats annually, so the existing service falls well short of meeting the Airport's potential demand.

Objectives. To achieve this goal, several objectives should be met. They are listed as follows:

- Improve the airport's competitive position.

The air service analysis clearly indicates that Manhattan Regional Airport loses over **86% of** its market to the highway and Kansas City International Airport. The drive one-way from the farthest point (Abilene, Kansas) takes at least 3-½ hours to complete. This is excessive particularly when traveling in winter conditions.

- Maximize the utility of Air Midwest connecting service through Kansas City International Airport.

Air Midwest is the only regional/commuter airline feeding passengers to Kansas City International Airport. The service shortfalls in Manhattan are similar to all of the airports served by Air Midwest. The fundamental problem stems from the limitations imposed by code share agreements and the limited service provided by the codes share partners in Kansas City – US Airways and Midwest Express Airlines.

- Jump-start new service to true hub airports.

Westbound service to Denver International Airport is needed to accommodate over **36%** of the total demand from the market as identified in the most recent ticket lift survey. The issue associated with this objective is finding a healthy regional airline capable of providing this service given the 450 air miles between Manhattan and Denver. There is potential for a partnership with Salina Municipal Airport to share the benefits of this service.

Depending on the success of changes to Air Midwest service, there may be a need to pursue new service to other true hub airports such as Chicago, Minneapolis-St. Paul, Memphis, St. Louis, or Dallas-Ft. Worth. All of these airports are approximately equidistant from Manhattan.

- Minimize the barriers for new service to enter the market.

Existing travel patterns must be overcome. Frequent flyer programs must be competitive. Area travel agencies must have good relationships with a new entrant into the market. These barriers and others can be overcome through pro-active marketing and strong business support for the new service.

Flinthills Regional Air Service Development Proposal

- Promote existing and new service to assure long-term success.

Kansas City International Airport Will always dominate the regional market so long as discount air service is available there. Air Midwest could potentially feed many of the region's customers to that airport from Manhattan. Promoting a mechanism to fulfill that potential is the challenge. The success of new service will be its ability to exploit the limitations at Kansas City International Airport.

- Pursue regional jet service in the future to avoid the potential loss of all service when turboprop aircraft are no longer available to serve the market.

There is no replacement aircraft in design or production to replace the 19-seat turboprop Beech 1900. These aircraft will likely reach the end of their service life by 2010. With no changes to the status quo, air service from Manhattan Regional Airport could abruptly end with the demise of Air Midwest, Inc. Even though regional jets are primarily replacing larger jets on many domestic routes, regional jets with 37 to 50 passenger seats are still well suited to small community markets. Service to Kansas City International Airport from Manhattan may not be cost effective. Upgrading proven turboprop service to a true hub airport as listed above is not outside the realm of possibilities in the next five to seven years. Therefore, assuring long-term success for a regional airline connecting through a true hub airport becomes all the more important for Manhattan Regional Airport.

Flinthills Regional Air Service Development Proposal

PROJECT ELEMENTS

Existing Air Service. Meeting several of the plan objectives will require significant improvements to the service currently provided by Air Midwest, Inc. Financial and non-financial assistance will be needed from DOT for this effort to be successful.

The attraction for passengers in the Manhattan ACA to use Kansas City International Airport is more than just location. Southwest Airlines, Vanguard Airlines, and Frontier Airlines provide discount air service. While Southwest has had the greatest market share in recent years, it is not a dominant airline in Kansas City. However, the presence of Southwest and the other discount carriers greatly impact airfares in Kansas City. Therefore, many Manhattan ACA passengers are attracted to Kansas City by this low airfare environment.

As the only regional/commuter airline serving Kansas City, Air Midwest should be able in theory to transport passengers to Kansas City where they can connect to any airline of their choice. Of course, it doesn't work that way for reasons previously discussed. So, enter DOT and non-financial assistance.

Non-financial Assistance. DOT Docket OSST 2002- 11590 states: "Financial Assistance is not the only type of assistance under the program. For example, in appropriate situations, the Department can assist a community in trying to get joint ticketing and other "through" services from a network carrier at the connecting hub."

A key element in the Manhattan plan to improve existing air service is Federal assistance to facilitate Air Midwest passenger interlining at Kansas City International Airport. Two possible actions are readily apparent:

- DOT could take regulatory action to require all the airlines in Kansas City to accept Air Midwest passengers from/to Manhattan and other airports without additional charges being added to the Manhattan-Kansas City segment.
- DOT could arbitrate a standardized agreement between Air Midwest and all the other airlines in Kansas City to accept Air Midwest passengers from Manhattan and other airports for a nominal interline charge.

The first action would be preferable from the standpoint of the consumer, but it implies a partial re-regulation of the airline industry. If DOT has the authority to pursue such a policy, then this action should be considered. The passenger originating in Manhattan would then be no different than the passenger originating in Kansas City as he/she connects with a major carrier in Kansas City.

The second action should be possible without any significant regulatory policy. Joint fares already in existence "charge" the connecting passenger for the ability to interline in ~~Kansas~~ City. Unfortunately, this charge is seldom standardized, and it may also be excessive. Furthermore, the existence of joint fares between Air Midwest and a given airline in Kansas City are subject to the discretion of the major carrier. In fact, Southwest Airlines will not interline passengers.

Flinthills Regional Air Service Development Proposal

The interline charge should be applied on a cost basis only by all the Kansas City airlines including Southwest Airlines. It should reflect the cost of establishing and/or modifying codes in computer reservation systems to tag Air Midwest **as** the connecting carrier from/to Manhattan. Other interline costs should be identified to DOT so that the charge can be substantiated and standardized. Therefore, the customer would clearly see on his/her ticket the Manhattan-Kansas City segment price, the interline charge, the price for route segments from Kansas City and beyond, and applicable taxes and fees.

US Airways and Midwest Express Airlines should not be significantly affected by the application of the interline charge with the other airlines, because it should continue to have the competitive pricing advantage in many of the markets they currently serve from Kansas City. Furthermore, they can manipulate the Manhattan-Kansas City segment price as necessary.

However, for the consumer to choose Air Midwest as their originating airline in Manhattan, the route segment price from Manhattan to Kansas City should be competitive and affordable. This may be achievable with the assistance of Federal Financial Assistance.

Financial Assistance. The Manhattan plan to improve existing air service calls for a revenue guarantee program to increase ridership on Air Midwest. Discussions on this subject between the City of Manhattan and Mesa Air Group in 2001 were positive. Mesa Air Group indicated that Air Midwest would consider such a program if their revenue levels were guaranteed. Subsequent meetings with major employers and ticket agents in the Manhattan ACA also were positive.

The Manhattan-Kansas City segment price is generally acceptable to passengers who receive the benefit of a pro-rated price on US Airways or Midwest Express routes. That is not the issue here; the issue concerns the cost of the Manhattan-Kansas City segment for passengers connecting in Kansas City on airlines other than US Airways or Midwest Express.

The proposed revenue guarantee program would likely incorporate the following elements:

- Air Midwest monthly revenues would be guaranteed for a specific period of time.
- The program should increase ridership by establishing a standardized airfare that is both reasonable and affordable for the Manhattan-Kansas City route segment when it is applied only to **interlining passengers**.
- The agreement should control the number of seats available on all flights priced using the standardized airfare. Air Midwest should control pricing for the remainder of the seats.
- A marketing program will be necessary to establish a fundamental change to the existing travel pattern so more passengers in the ACA will habitually use the service from/to Manhattan.
- Once the travel patterns have changed, Air Midwest should begin to realize incremental revenue increases **as** their service becomes more accepted.
- Scheduling, mechanical, and weather related flight cancellations should be factored into the program.

Flinthills Regional Air Service Development Proposal

- A long-term, follow-on plan should be developed to sustain the gains realized by the revenue guarantee program.

An example of how this program may function is illustrated next. Mesa Air Group provided the following profit/loss table to the City of Manhattan.

	GRP	DEP	ASMS	RPMS	Enplaned		Total Rev	Avg. Rev	RASM
					PAX	LF	(000s)	per Pax	
May '00	MCI MHK	(267)	(567112)	(221312)	(1971)	(39.0%)	\$ (190305.4)	\$ (95.79)	\$ (0.336)
June '00	MCI MHK	(298)	(611876)	(241328)	(2109)	(39.4%)	\$ (188250.0)	\$ (88.38)	\$ (0.308)
July '00	MCI MHK	(291)	(614935)	(262851)	(2232)	(42.7%)	\$ (209097.8)	\$ (92.79)	\$ (0.340)
August '00	MCI MHK	(329)	(692607)	(249424)	(2206)	(36.0%)	\$ (208542.6)	\$ (93.13)	\$ (0.301)
September '00	MCI MHK	(308)	(633042)	(246868)	(2126)	(39.0%)	\$ (202285.6)	\$ (91.73)	\$ (0.320)
October '00	MCI MHK	(339)	(686584)	(280491)	(2507)	(40.9%)	\$ (232957.4)	\$ (91.31)	\$ (0.339)
November '00	MCI MHK	(288)	(587290)	(238140)	(2144)	(40.5%)	\$ (210838.9)	\$ (96.35)	\$ (0.359)
December '00	MCI MHK	(274)	(583072)	(253456)	(2114)	(43.5%)	\$ (176536.1)	\$ (81.74)	\$ (0.303)
January '01	MCI MHK	(303)	(644784)	(260400)	(2153)	(40.4%)	\$ (215028.2)	\$ 197.72	\$ (0.334)
February '01	MCI MHK	(224)	(476672)	(180880)	(1512)	(37.9%)	\$ (159733.4)	\$ (102.83)	\$ (0.335)
March '01	MCI MHK	(307)	(653239)	(262340)	(2082)	(40.2%)	\$ (198067.0)	\$ (92.33)	\$ (0.303)
April '01	MCI MHK	(304)	(647938)	(280672)	(2338)	(43.3%)	\$ (230194.7)	\$ (95.80)	\$ (0.355)
May '01	MCI MHK	(310)	(662397)	(294699)	(2370)	(44.5%)	\$ (210770.0)	\$ (87.61)	\$ (0.318)
	Average	(296)	(620119)	(251759)	(2143)	(40.6%)	\$ (202508.3)	\$ (92.89)	\$ (0.327)

<u>Type</u>	<u>Unit</u>	<u>Fee</u>
Passenger Service Fee (Marketing, signage, US Airways logo usage)	Per Pax	\$ (8.60)
Dividend Miles Program	Ttl. Pax x 43.2%	\$ (1.08)
System fee	Local Pax	\$ (4.00)
		\$ (13.68)

From the table above, between May 2000 and May 2001 the average monthly statistics for the Kansas City – Manhattan market were:

- 296 departures (DEP - departures from Manhattan to Kansas City and departures from Kansas City to Manhattan).
- The available seat miles (ASMS) were 620,119.
- Revenue passenger miles were 251,759.
- Passengers enplaned were 2,143 (total enplanements for both Manhattan to Kansas City and Kansas City to Manhattan).
- Load factor was 40.6% (8 seats per flight were occupied).
- Revenue received was \$202,508.30. (Air Midwest's share of the revenue)
- Revenue received per passenger was \$92.89. (Ditto)
- Revenue per available seat mile (RASM) was \$0.327.

Flinthills Regional Air Service Development Proposal

The average statistics for the actual program will be different from above since the schedule was reduced after September 11th. But, using the figures above as an example, the revenue guarantee program could function according to the following guidelines:

- Air Midwest is guaranteed monthly revenue in the amount of \$203,000 for 12 months.
- The standardized airfare for the Manhattan-Kansas City route segment that will apply **only** to interlining passengers will be \$125.00 per roundtrip or \$0.56 per seat mile. (Fees, interline charges, and taxes are extra.)
- The standardized airfare for the Manhattan-Kansas City route segment will apply to **8** of the 19 seats available on every flight.
 - Air Midwest will control the remaining 11 seats.
 - Interlining passengers must be sold seats at \$125.00 per roundtrip until the **8** seats are all sold.
 - The remaining seats can be sold at the discretion of Air Midwest.
- A marketing program will be established for the Manhattan ACA that primarily promotes the \$125.00 roundtrip airfare and Air Midwest service in general.
 - The program will openly identify the limited number of seats available with the standardized airfare and its associated restrictions.
 - The program will also promote the US Airways and Midwest Express options for travel.

Performance will be reported monthly by Air Midwest. Any number of performance scenarios are possible under this program. However, at a minimum, it seems likely that Air Midwest will continue to perform as it has historically. This assumption is based on the fact that the US Airways and Midwest Express products satisfy a limited niche in the marketplace that will likely be unaffected by travelers who interline with other carriers in Kansas City. Most interlining passengers are not flying from Manhattan now, so additional seats filled should provide incremental revenue for Air Midwest. Furthermore, **as** shown in the table above the average revenue received per passenger indicates that pro-rated US Airways or Midwest Express airfares for the Manhattan-Kansas City segment should remain competitive with the standardized airfare.

Fear of the unknown and no incentive to change the status quo are two possible reasons why Air Midwest has not ventured into this arena before now. However, the inability to effectively interline with other major carriers in Kansas City has been the biggest deterrent to change. Removal of this barrier should assure success of the revenue guarantee program. It is possible that it could succeed without the non-financial assistance from DOT, but the probability of success increases greatly with seamless travel through Kansas City.

Flinthills Regional Air Service Development Proposal

New Air Service. Financial assistance will be needed to develop and promote new air service as identified in the Air Service Analysis section. With over **36%** of the Manhattan ACA demand requiring westbound service, there is an obvious opportunity for a regional carrier to fill a void that has long existed for Manhattan. Frontier Airlines service to Denver was very well supported between **1964** and **1982**. Had Frontier not filed bankruptcy in **1982**, the air service story might be different now.

Funds will be needed to update and assess that demand. Potential regional airlines that can satisfy this demand are limited. Great Lakes Aviation and Air Wisconsin are the two primary regional carriers operating **as** United Express in this region. However, Great Plains and other new entrants may also be contenders to provide this service. A professional, detailed market analysis and presentation must be developed before approaching one or more of these airlines. In addition, incentives or a travel bank program may be necessary to ultimately attract an airline to Manhattan given the historical decline in service since **1982**.

Should the Air Midwest revenue guarantee program fail, then it's back to square one for eastbound service. Air service development to attract a regional airline such as American Eagle, Mesaba, or Northwest Airlink will follow the same path **as** the program above for service to Denver.

Elements of an air service development program will include the analysis, regional business support, an airline presentation, and follow-up. New air service support, assistance, incentives, or options will also require marketing, a revenue guarantee program, travel bank, contributions of equipment (such **as** jet bridges), or any combinations thereof. A recent example of a successful travel bank program brought Air Trans service to Wichita, Kansas. That kind of travel bank can be established in the Manhattan ACA on a smaller scale. Professional services will be required to develop any program.

Flinthills Regional Air Service Development Proposal

PROJECT COSTS

Existing Service – The Revenue Guarantee Program. Although there are a variety of possible scenarios with this program, three of these scenarios will be addressed here. The profit/loss table provided by Mesa Air Group in the previous section indicated an average load factor of 40.6% per flight. This number is 3 to 5% higher than the average load factor reported to Manhattan Regional Airport by Air Midwest in their monthly landings report over the past eight years. However, for the purposes of this program, the 40.6% load factor will serve as a point of departure.

The three scenarios to be discussed herein represent the best case, a conservative case, and the worst case (see the attached spreadsheet). For all three scenarios, the following assumptions are used:

1. Apply the existing Air Midwest schedule with 60 bi-directional flights (30 departures and 30 arrivals) per week between Manhattan and Kansas City.
 2. The standardized roundtrip fare for interlining passengers is \$125.00 (\$62.50 each way).
 3. The Air Midwest revenue per passenger for seats they control is the same average reported previously by Mesa (\$92.89 each way).
- The best-case scenario represents a successful revenue guarantee program wherein the public responds enthusiastically to a proactive marketing campaign. On average, the load factor increases from 40.6% to 84.2% with all eight of the standardized airfare seats sold and eight Air Midwest controlled seats sold every flight. With this scenario, no revenue guarantee payments are necessary and Air Midwest realizes an incremental increase in revenue of 73.49%.
- The conservative case also represents a successful revenue guarantee program wherein the public responds positively to a proactive marketing campaign. On average, the load factor increases from 40.6% to 57.9% with five of the eight standardized airfare seats sold and six Air Midwest controlled seats sold every flight. With this scenario, no revenue guarantee payments are necessary and Air Midwest realizes an incremental increase in revenue of 21.39%.
- The worst-case scenario represents an unsuccessful revenue guarantee program wherein the public does not respond to the proactive marketing campaign. On average, the load factor decreases from 40.6% to 36.8% with three of the eight standardized airfare seats sold and four Air Midwest controlled seats sold every flight. With this scenario, revenue guarantee payments of \$40,948.30 are necessary every month and Air Midwest realizes an incremental loss in revenue of 22%.

The conservative case represents the hopes and expectations of the Manhattan plan. To realize the best-case scenario would be exciting; however, it is too optimistic for planning purposes. It is unrealistic to expect the worst-case scenario to develop, because people should respond to aggressive marketing that presents a valued product in the marketplace. Having said that, it is necessary in planning for the program to be cautious. Therefore, a slice of the worst-case scenario should be used to arrive at a cost estimate for the revenue guarantee program.

Flinthills Regional Air Service Development Proposal

The cost of the revenue guarantee program will then be based on the worst-case scenario with a six-month cut-off in performance. That is to say, that the cost of conducting the revenue guarantee program unsuccessfully, with no public response over a six-month period is estimated at \$250,000 in round numbers. It will take a minimum of six months to begin to see the results of the program, achieve some consistency, and make a decision to continue or end the program. If the program is successful, then it will be reviewed every six months. It may also be revised as time progresses to encourage Air Midwest to add flights to improve the frequency of service.

Add to this cost the marketing component, which is estimated to run \$100,000. Given the costs of planning and executing a multimedia marketing campaign in the Manhattan ACA, it is likely that \$15,000 to \$20,000 would be expended on the planning for the campaign and \$80,000 to \$85,000 would be expended to conduct the campaign. Television, radio, and print media would all be employed in the campaign.

Therefore, the total estimated cost of improving existing air service through the implementation of a revenue guarantee program is \$350,000.

New Air Service. Funds will be needed to update and assess demand. A professional, detailed market analysis and presentation must be developed before approaching one or more airlines. In addition, incentives or a travel bank program may be necessary to ultimately attract an airline to Manhattan.

The following costs are estimated to develop new air service in the Manhattan ACA:

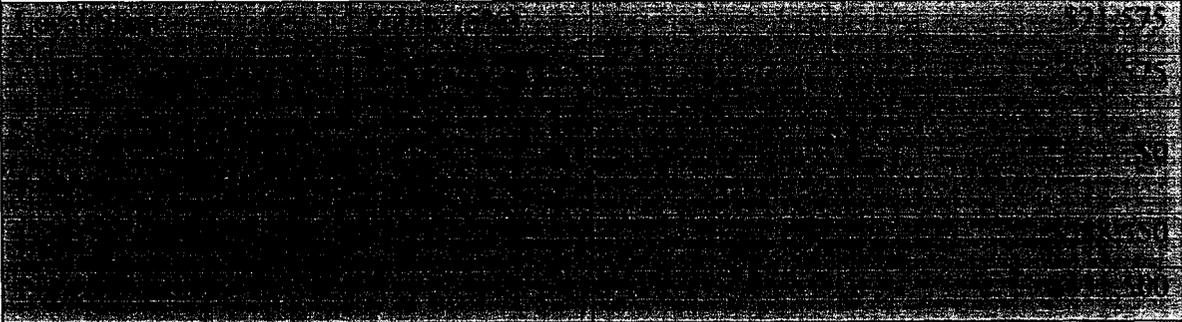
Near Term (2002)		Long Term (2003 – 2006)	
Ticket Lift/ Survey	\$5,000	Annual Ticket Lift/ Survey	\$20,000 (\$5,000/year)
Market Analysis	\$7,500	Annual Market Analysis	\$30,000 (\$7,500/year)
Airline Presentations (Westbound service: Great Lakes, Air Wisconsin, Great Plains)	\$24,000 (\$8,000/each)	Airline Presentations (Eastbound service: Mesaba, Northwest Airlink, American Eagle)	\$30,000 (\$10,000/each)
Administration	\$10,000	Administration (4-years)	\$40,000
Marketing (1-year)	\$10,000	Marketing (4-years)	\$40,000
Travel Bank Start-up	\$25,000		
Subtotal Near Term	\$81,500	Subtotal Long Term	\$160,000
Total Project Cost - New Air Service		\$241,500.00	

Flinthills Regional Air Service Development Proposal

Project Funding

Financing the project to improve existing air service and develop new air service will require a total of \$591,500. A breakdown of funding sources for both near term and long-term phases of the project are shown below.

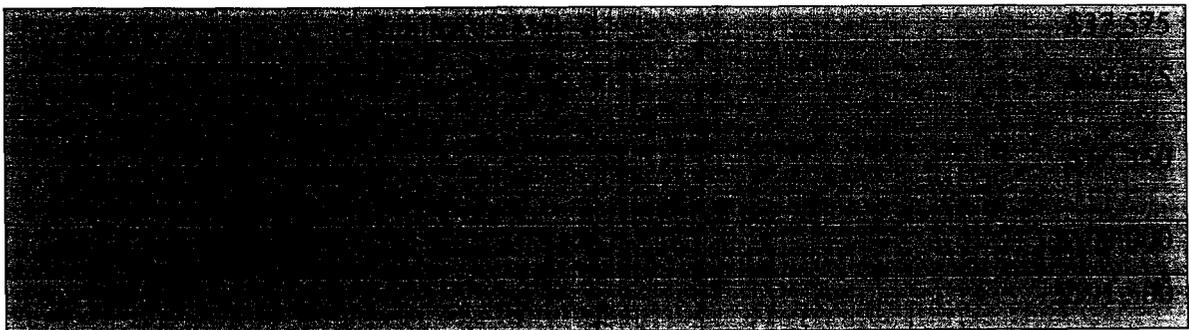
Near Term

Existing Service – Revenue Guarantee Program	\$350,000
New Air Service (Near Term)	\$8 1,500
	

Long Term

New Air Service (Long Term – (4-years))	\$160,000
	

Project Funding Summary



Participation in this project should then be 84.54% Federal. 12.7% local, and 2.76% state.

Flinthills Regional Air Service Development Proposal

Possible Scenarios	Available Seats Per Week (60 flts X 19 seats)	One-way Standardized Fare Seats Sold	Estimated Revenue Standard Seats (\$62.50/Seat)	Air Midwest Seats Sold	Estimated Revenue Air Midwest Seats (\$92.89/Seat)	Unsold Seats	Load Factor	Total Estimated Revenue All Seats Sold	Guaranteed Weekly Revenue	Payment to Air Midwest
Best Case	1,140	480	\$30,000.00	480	\$44,587.20	180	84.2%	\$74,587	\$42,993	\$ -
Conservative	1,140	300	\$18,750.00	360	\$33,440.40	480	57.9%	\$52,190	\$42,993	\$ -
Worst Case	1,140	180	\$11,250.00	240	\$22,293.60	720	36.8%	\$33,544	\$42,993	\$9,450
	Annualized Payment to Air Midwest	Annualized Air Midwest Revenue	Annualized Incremental Revenue Increase	Annualized Incremental Revenue Increase %						
Best Case	\$ -	\$3,878,534	\$ 1,642,887.60	73.49%						
Conservative	\$ -	\$2,713,901	\$ 478,254.00	21.39%						
Worst Case	\$491,380	\$1,744,267	\$ (491,379.60)	-21.98%						

AIR MIDWEST REVENUE GUARANTEE PROGRAM SCENARIOS

Flinthills Regional Air Service Development Proposal

PROJECT ADMINISTRATION

Public-Private Partnership. This project will be administered through a public-private partnership. The City of Manhattan **as** the owner and sponsor of Manhattan Regional Airport will serve **as** the project sponsor to facilitate the receipt and disbursement of project funds from the Federal government. The partnership will be known **as** the ***Flinthills Air Service Coalition***, and it will be composed of stakeholders within the Manhattan ACA. It is envisioned that initially the members of the coalition should include the following public and private entities:

<u>Public</u>	<u>Private</u>
1. City of Manhattan, Kansas	1. Manhattan Area Chamber of Commerce
2. Riley County	2. Geary County Economic Development Commission
3. City of Junction City, Kansas	3. Pottawatomie County Economic Development Department
4. Geary County	4. Junction City Chamber of Commerce
5. City of Wamego, Kansas	5. Wamego Chamber of Commerce
6. Pottawatomie County	6. Abilene Chamber of Commerce
7. Fort Riley, Kansas	
8. Kansas State University	
9. Kansas Department of Commerce	

Other municipalities, economic development organizations, and business coalitions will be invited to participate in the ***Flinthills Air Service Coalition***. All of these organizations share a common concern for economic development in the region, and they all realize that good air service promotes economic development.

The ***Flinthills Air Service Coalition*** Board of Directors may establish bylaws, elect officers, and designate an administrator to oversee the project. The administrator would assume responsibility for coordination and execution of the various elements of the project both **near** and long term **as** described in this proposal. He/she would report directly to the Board of Directors.

The Board of Directors may establish a project account for the purpose of controlling project funds. This account would then serve **as** the collection of contributions from coalition members to fund the project. A treasurer shall be elected to oversee the account. The City of Manhattan would disburse Federal contributions through the treasurer upon receipt. Other members of the coalition would also contribute funds through the treasurer to the account.

Flinthills Regional Air Service Development Proposal

Assurances and Accountability. It is assumed that DOT will issue a Federal Grant Agreement to the City of Manhattan should a grant be forthcoming. As the sponsor and recipient of Federal funds, the City of Manhattan is prepared to assure DOT that these funds will be used exclusively for the project herein. These funds will not be commingled with other City funds before they are forwarded for deposit into the *Flinthills Air Service Coalition* project account. Furthermore, the City of Manhattan will retain the right to audit the *Flinthills Air Service Coalition* project account at its discretion to monitor how these funds are utilized. The City of Manhattan would also suggest that the *Flinthills Air Service Coalition* project account also be included in the annual Federal audit that the City receives each year.

It is also assumed that periodic reporting will be required by DOT concerning progress with the project. The City of Manhattan can be the conduit for these reports, or it can be issued directly from the *Flinthills Air Service Coalition*. In any case, given the request in this proposal for non-financial assistance, it is hoped that a dialogue will be established with DOT to facilitate progress on this project.

Professional Services. As discussed in the Project Elements and Projects Cost sections of this proposal, professional services will be required during the life of the project. As the requirement for these services arises, the *Flinthills Air Service Coalition* will develop a request for qualifications to solicit these services. When proposals are received, a short list of candidates will be developed, and interviews will take place to identify the most qualified firm or individual for the task. This process will be open, competitive, and non-discriminatory.

Employment. Administrative costs should be kept to a minimum during this project. It is hoped that no full-time employee(s) will be required exclusively for this project. One or more employees may be hired on a part-time basis if required. Utilization of human resources from the *Flinthills Air Service Coalition* membership should preclude or minimize the need for hiring additional personnel.

Project Changes or Termination. Given the dependence of this project on economic conditions in the airline industry, it is logical that changes to the project will occur at one time or another. As such, DOT will be informed of pending major changes to this project. Also, should the *Flinthills Air Service Coalition* choose to terminate the project because of success or failure meeting the project goals and objectives, then DOT will be notified in advance of their intention to do so. Funds remaining in the project account at the time of termination will be returned on a prorated basis to project contributors after a final audit has been completed.

Flinthills Regional Air Service Development Proposal

PROPOSAL SUMMARY

This proposal from the City of Manhattan and Manhattan Regional Airport is respectfully submitted to the Department of Transportation to request financial and non-financial assistance under 49 U.S.C. 41743 et seq. in accordance with DOCKET OST-2002-11590.

As you review this proposal, it should be evident that the Manhattan ACA is under served. Furthermore, consumers in this market pay higher than average airfares for flights between Manhattan and Kansas City. Competitive barriers imposed through code sharing prevent most consumers from utilizing this primary, commercial service airport to enter the National Air Transportation System.

Implementation of the proposed project should improve existing air service and open the door for more consumers to utilize their airport. New air service to support westbound demand will greatly benefit the region as well. Should the problems with existing service or public travel patterns become too difficult to overcome, then steps must be taken to attract new air service to the region that feeds a true hub airport.

The ***Flinthills Air Service Coalition*** is the public-private partnership that will administer the program. This organization brings commitment from stakeholders in the region to work towards improved air service. The City of Manhattan will act as the sponsor of the project, and it is acting as the catalyst through this proposal to DOT.

The region should benefit significantly from the potential success this project offers. Businesses in the region need improved access to domestic and international markets. The highway is now the primary conduit for travel to an airport over 130 miles away. Business people and their customers should have reasonable access, and this project should open that door. Colleges and universities in the region will also benefit from improved air service. Kansas State University, Manhattan Christian College, and Cloud County Community College are three institutions that will benefit from improved service. Kansas State University is a Big 12 University with nationally recognized research programs and quality Division I athletic teams. It is also a leading university in food science and agriculture that is proactively addressing biological and chemical threats to America's food supply. Fort Riley, Kansas is known as "The Home of America's Army," and it is the biggest user of Manhattan Regional Airport. With military commitments worldwide, Fort Riley critically needs improved access to commercial air service. As headquarters to the 24th Infantry Division, Fort Riley hosts the only composite division (Active, Reserve, and National Guard combined) in the United States Army. The National Guard and Reserve components of this Division are major users of commercial air service but like everyone else operate on a budget. Therefore, a broad spectrum of business, education, and the military travelers will benefit from air service improvements at Manhattan Regional Airport.