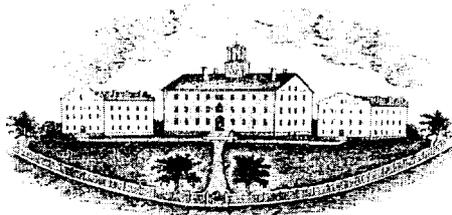


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OHIO UNIVERSITY
Athens, OH 45701-2979

DEPT. OF TRANSPORTATION
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April 18, 2002

Honorable Read C. Van de Water
Assistant Secretary for Aviation and International Affairs
U. S. Department of Transportation
400 7th Street, SW
Washington, D. C. 20590

Re: Proposal under the Small Community Air Service
Development Pilot Program, Docket OST-2002-11590 - 31

Dear Madam Secretary:

Attached is a proposal being filed this date in Docket OST-2002-11590 by Ohio University and the County of Athens, Ohio, and Morgantown, West Virginia, for a grant under the Small Community Air Service Development Pilot Program.

Grant of this application will benefit two severely underserved communities. It will provide the Ohio University/Athens community with direct access to the national air transportation system for the first time, and will restore service between Morgantown and its primary community of interest, Washington/Baltimore. As is described in the application, the parties have already invested substantial funds to develop the strategic plan and infrastructure to accommodate the proposed service.

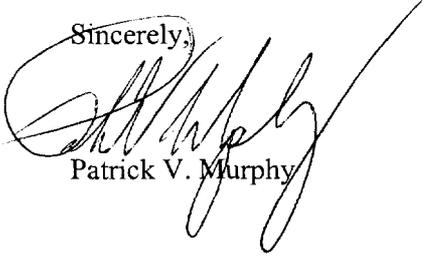
The total grant requested is \$2.585 million, to be authorized as a single grant and disbursed over a three-year period. Service will be performed by Boston-Maine Airways, d/b/a Pan Am Clipper Connection, which will stress affordable fares and quality performance. The parties project that the proposed service will attain self-sufficiency by the end of the three-year timeframe.

Ohio University will serve as the legal sponsor. It will be responsible for implementation of the service contemplated under the grant, including monitoring performance and serving as the clearinghouse for disbursements under the grant.

Should Ohio University and Morgantown be fortunate enough to be selected, we would be anxious to discuss with the Department the advantages and responsibilities of being designated an Air Service Development Zone. We believe there could be many advantages to such a project, and the universities located at each community could play a significant role.

We stand ready to respond promptly to any questions or suggestions that the Department may have.

Sincerely,


Patrick V. Murphy

Enclosure

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D. C.**

Application of

**Ohio University, the County of Athens, OH,
And Morgantown, WV**

Docket OST-2002-11590

For a Grant-in-Aid under the Small Community Air Service
Development Pilot Program, under 49 U.S.C. 41743 *et seq.*

**APPLICATION OF OHIO UNIVERSITY, THE COUNTY OF ATHENS, OH,
AND MORGANTOWN, WV, AND PROPOSAL OF BOSTON-MAINE
AIRWAYS, INC., d/b/a PAN AM CLIPPER CONNECTION**

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DATED: April 17, 2002

**APPLICATION OF OHIO UNIVERSITY, THE COUNTY OF ATHENS, OH,
AND MORGANTOWN, WV, AND PROPOSAL OF BOSTON-MAINE
AIRWAYS, INC, d/b/a PAN AM CLIPPER CONNECTION**

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**APPLICATION OF OHIO UNIVERSITY, THE COUNTY OF ATHENS, OHIO
AND MORGANTOWN, WEST VIRGINIA, AND PROPOSAL OF BOSTON-
MAINE AIRWAYS, INC., d/b/a PAN AM CLIPPER CONNECTION**

Ohio University, the County of Athens, Ohio and Morgantown, West Virginia (the Joint Applicants) respectfully submit this application for a grant-in-aid of \$2.585 million under the Small Community Air Service Development Pilot Program, 49 U.S.C. 41743 *et seq.*, to enable the inauguration of scheduled air service between Athens and a major hub, Baltimore/Washington International (BWI), via Morgantown, that will for the first time directly connect Athens with the national air transportation system and will restore direct service between Morgantown and the Baltimore/Washington area. The Joint Applicants submit this proposal in response to Order 2002-2-11, "Order Soliciting Community Proposals", served February 19, 2002.

Ohio University/Athens and Morgantown are joined in their application by Boston-Maine Airways, d/b/a Pan *Am* Clipper Connection (BMA). BMA would provide three round trips a day (slightly reduced on weekends) over the routing Athens-Morgantown-BWI with 19-seat Jetstream 31 aircraft. Ohio University will act as the legal sponsor for the application.

Ohio University has already invested substantially from its own financial resources to develop a strategic plan and the necessary infrastructure to accommodate scheduled commercial air service at Athens; and Morgantown has maintained an infrastructure that for many years accommodated a substantially greater level of service than it now receives. \$2.485 million of the subsidy requested in this application represents the Joint Applicants' and Boston-Maine Airways' best estimate of the need for an aggressively promoted commuter operation to achieve economic self-sufficiency within a three-year period from the date the carrier inaugurates service. The remaining \$100,000 will assist the communities in their imperative marketing initiatives that will be vital to the success of the pilot project.

Grant of the joint parties' proposal will bring substantial benefits to not one but two small communities, precisely in accordance with the goals that are clearly reflected in the underlying legislation. It will directly connect one community, Athens, with the national air transportation system for the first time; it will restore service to a major community of interest for another underserved non-hub community, Morgantown; it will bring low-fare benefits to both communities; and it will materially benefit two separate communities, each of whose diverse traveling public includes major educational institutions, a priority consideration that is expressly highlighted in the enabling legislation.

The joint applicants submit that there is a demonstrable traffic base which, with the assistance of short-term seed money, will support long-term air transportation in the BWI market. Ohio University/Athens' airport facilities, as recently expanded, will conveniently accommodate a regional air carrier and its passengers; the university has demonstrated, through the commitment of its own substantial resources, a major vested interest in the long-term success of its proposal; and the community's circumstances

uniquely qualify its application for priority consideration. Similarly, the Morgantown Municipal Airport is fully equipped to accommodate expanded air service, as indeed it has in the past. Its current scheduled air service is limited to a single market, Pittsburgh, notwithstanding its history that shows that Baltimore/Washington is a primary community of interest. Grant of this proposal will enable the restoration of direct service in that critical market. And, like Athens, Morgantown's status as the home of a large educational institution, West Virginia University, commands priority consideration under the specified decisional provisions of the statute.

I. B CKGROUND

Ohio University/Athens

Athens County, Ohio, is situated at the northernmost edge of Appalachia, at the core of a nine-county market area. Notwithstanding Appalachia's history of economic difficulties, the nine-county area surrounding Athens in southeastern Ohio has experienced a rate of growth over the past decade that is greater than the overall rate for the state of Ohio.¹ The combined population of the nine-county Athens catchment area now exceeds 300,000. As noted in a July 2001 issue of Ohio Magazine,² Appalachia enjoys a simpler lifestyle and less congestion than the big cities, characteristics that have prompted both a population growth and heightened business activity. In 2001 a new venture capital fund was capitalized at \$25 million for investment in emerging, high-growth businesses throughout Appalachian Ohio and West Virginia. This fund is likely to invest in multiple young businesses in the southeastern Ohio market area, resulting in hundreds of new jobs and a further increase in the unmet demand for airline services.

At the heart of the nine-county area is Ohio University. That major institution is the area's largest employer, and is the largest university in the United States without commercial air service. It has a six-campus enrollment of 28,000 students and 3,000 employees. Its need for accessible air service is dramatized by the geographic diversity of its student enrollment, which represents all 50 states and more than 100 countries throughout the world. For access to their nearest scheduled air service, students, faculty, staff, visitors and residents must drive 80 miles to Columbus, substantially over a span of two-lane highways that includes 29 traffic lights. Average driving time is two hours, which is exacerbated by the additional time entailed in finding parking space, shuttling to the terminal, and passing through security stations.

Ohio University is not unlike Penn State University in terms of their comparative populations and isolation from other scheduled air service. Penn State's on-campus student body numbers about 40,000, and it is situated in the small town of State College, approximately 90 miles from the nearest major-airline scheduled service at Harrisburg,

¹ The nine counties are Athens, Gallia, Hocking, Jackson, Meigs, Morgan, Perry, Vinton, and Washington. The nine-county market area within a 40-mile radius of Athens is now larger than Mahoning County (Youngstown), which enjoys scheduled air service from both Continental and Northwest Airlinck.

² That issue of Ohio Magazine featured a 16-page special section, entitled "Discover the New Appalachia: Appalachia as You've Never Seen It Before."

Pennsylvania. The Penn State/State College community currently enjoys financially self-sufficient scheduled air service by commuter affiliates of both USAirways (to Pittsburgh and Philadelphia with DeHavilland Dash 8 aircraft) and United (to Washington Dulles with Jetstream 41 aircraft).

Commuter airlines have acknowledged that major-university communities typically generate higher volumes of traffic than many other communities of comparable size. Ohio University, the County of Athens, and the proximate business community believe that commercial air service between their local airport and a major hub is equally viable, and they are firmly committed to be full partners with a qualified air carrier and the federal government to achieve the successful implementation of such service.

Morgantown

Like Athens, Morgantown is the home of a major institute of higher learning, West Virginia University, which has an on-campus enrollment of 22,000 students and is the largest employer in the Morgantown marketing area. Morgantown is located in northern West Virginia, approximately 70 highway miles south of Pittsburgh and 200 miles west of Washington, D.C. Its current air service consists of three round trips a day to Pittsburgh, with 19-seat Beech 1900 aircraft, at roundtrip fares ranging from \$207 (21-day advance purchase) to \$472 (unrestricted walk-up fare). In calendar year 2001 Morgantown generated over 32,000 O&D passengers, an average of nearly 90 a day. For a number of years, until September 2001, it also enjoyed nonstop service to Reagan Washington National Airport. During that period it generated as many as 52,860 passengers, a level it achieved in 1997.³ Air travel between Morgantown and Baltimore/Washington today requires a connection at Pittsburgh or Philadelphia and entails total elapsed time of approximately four and a half hours or more. Published roundtrip fares for such service range from \$198 to \$1,104.

Notwithstanding the absence of direct air service to Baltimore/Washington, that area remains one of Morgantown's largest communities of interest. For the twelve months ended September 2001, DOT O&D statistics show that Morgantown passengers' travel patterns are highly diverse. Only two city-pair markets constituted as much as seven percent each of the city's total O&D traffic. The larger of the two was Washington and Baltimore, which together generated eight percent of Morgantown's total O&D traffic during that period. In calendar year 2000, the last full calendar year in which it received direct service, the Morgantown-Baltimore/Washington market generated 6,042 passengers, an average of 17 per day.⁴

Morgantown has exerted intensive efforts to acquire restored direct air service to the Baltimore/Washington area to no avail. The mutually strengthening effect of combining Morgantown on a scheduled routing with a point such as Athens now presents the opportunity to achieve that important goal.

³ DOT O&D Survey.

⁴ From Morgantown Municipal Airport internal records.

Boston-Maine Airways, d/b/a/ Pan Am Clipper Connection

Attachment 3 contains details of Boston-Maine Airways' history and that of its parent, Pan American Airlines, Inc. In summary, Boston-Maine Airways (BMA) operates a fleet of two Casa 212-200 cargo aircraft and ten Jetstream 3100 aircraft with 19-seat configuration. The Casa equipment is deployed in Part 135 on-demand cargo services, while the Jetstreams are used in both scheduled and charter services under FAR Part 121. Although the airline, as now certificated, was only recently formed (in March 1999), the airline's owners have long and successful experience in transportation as the owners of the Boston & Maine and Maine Central Railroads.

BMA began scheduled airline services in December 2001, pursuant to its selection by the Maryland Aviation Authority to operate between BWI and two communities in the state of Maryland, Cumberland and Hagerstown. In March 2002 it expanded its route system by adding scheduled service to Atlantic City, NJ, White Plains, **NY**, and Portsmouth, **NH**.

With its presence at BWI already established and its fleet of ten Jetstream 31 aircraft in place and available for further utilization, BMA is well positioned to undertake the Athens-Morgantown-BWI scheduled services contemplated in this proposal.

Development of the Proposal

The seeds of this proposal were sown through the initiative of Ohio University. In developing a strategic plan to acquire scheduled air service, the university looked first to its own resources. It commissioned studies (*see* Attachment 4, "Flying into our Third Century") to ascertain the level of unmet travel demand, both from the university and from businesses and residents of the nine-county area surrounding it. Through alumni funding and revenues generated by the airport, it has erected a \$1.5 million modern 6,500-square foot terminal, designed to accommodate a regional airline office and counter.⁵ The university has partnered with the FAA and the Ohio Department of Transportation Aviation Division on a \$5 million airport expansion project which includes extension of the runway and taxiway at the Ohio University Regional Airport from 4,200 feet to 5,600 feet and installation of an Instrument Landing System. The premise for this major initiative was to facilitate cargo planes, corporate jets, private aircraft, and - - most significantly - - commuter aircraft.

Following completion of studies that demonstrated the feasibility of commuter air service at Athens, discussions were initiated with interested air carriers and with possible sister communities. Those talks culminated in the decisions of BMA and Morgantown to join in the instant application.

⁵ In addition to the office and counter space for an air carrier and a large passenger waiting room, the David Snyder Terminal includes a weather station, baggage and security areas, a car rental counter, **Airport** Director's office, Transportation Coordinator's office, space for the Chief Pilot, staff pilots and aircraft attendants, and a sleeping lounge for visiting pilots.

The university, in partnership with the community, has committed to erect a hangar so that BMA can base an aircraft overnight for an early morning departure from Athens, and the parties have already begun discussions on the dimensions for the facility and a timetable for its construction. The university is also prepared to rely on alumni, internal financing, and AIP funds for any additional airport facilities that may be needed to accommodate the highest level of safety and reliability in a commercial airline operation.

Thus, the university has already accomplished much of its strategic plan through its own efforts and those of the FAA. Unfortunately, the next critical stage of the plan, acquiring the services of a reliable air carrier, did not escape the adverse impact on the airline industry from the tragedy of September 11. Costs throughout the airline industry have increased and traffic has dramatically decreased. Consequently, securing the firm commitment of a commuter air carrier to institute scheduled service to the Athens airport must necessarily involve sufficient financial guarantees to enable the carrier to build its service to an economically self-sufficient level.

Notwithstanding that setback, airline traffic is recovering, and with the addition of Morgantown to BMA's proposed routing, we estimate that a pattern of three round trips a day to BWI with 19-seat aircraft will generate over 30,000 O&D passengers a year by the third year of operations (See Attachment 2, Exhibit B), and will be self-sufficient thereafter. However, in order to reach that status, subsidy support under the Small Community Pilot Program will be imperative.

II. PROPOSAL

Schedule

BMA's proposed schedule, displayed in Attachment 1, is unequivocally endorsed by the Ohio University/Athens and Morgantown parties. It will consist of three round trips over an Athens-Morgantown-BWI and return routing with 19-seat Jetstream 31 aircraft. One of the round trips will operate seven days a week; one will operate daily except Saturday; and one will operate daily except Sunday. BMA will fully dedicate one of its ten Jetstream 31 aircraft to the route, with the availability of a backup Jetstream 31 aircraft in support of this proposed route and the carrier's existing BWI operations to Cumberland and Hagerstown, Maryland.⁶

A key feature of the proposed schedule is the availability of an early morning outbound departure for both Athens and Morgantown, which will arrive at BWI at 8:00 a.m. and thus enable travelers to meet connecting banks at that hub airport. Return flights, departing BWI at 8:00 p.m., will enable business travelers and travelers arriving on late afternoon flights at BWI to complete their travel to either Morgantown or Athens in the evening. Similarly, business travelers to Athens or Morgantown will have the availability of morning departures at BWI (9:30 a.m.) and late-afternoon return service (departing Athens at 5:25 p.m. and departing Morgantown at 6:30 p.m.).

⁶ In addition, BMA's fleet of ten Jetstream 31 aircraft afford added flexibility to assure the maintenance of high completion rates and quality performance.

Traffic Base

Regarding Athens, Ohio University has conducted surveys of travel agencies, license plates at the Columbus airport parking areas, representatives of the nine-county area surrounding Athens, and leading businesses in southeastern Ohio. Largely from those sources it has produced a study in which it concludes that there exists a solid traffic base of 23,000 to 26,000 air travelers per year to and from Athens. A heavy majority of the traffic originates at or is destined to points in the east, northeast and southeast. We project that a reliable service pattern of three round trips a day, coupled with aggressive promotion and attractive fares, should comfortably achieve a traffic-generation target of somewhat greater than half of the 23,000 to 26,000 range within three years. More specifically, as shown in Attachment B to this application, we project traffic to grow from 9,130 O & D passengers the first year, to 12,781 the second year, and 14,607 the third year; averages of approximately 25 O & D passengers a day the first year, 35 the second year, and 40 the third year.

Morgantown currently has no direct service to any of the Baltimore/Washington airports. As noted above, in the last full year of Morgantown-Washington Reagan National service (CY 2000), that market generated 6,042 passengers, or 17 per day. During the four prior years the market generated as many as 31 per day.⁷ BMA estimates that, with aggressive marketing and lower fares, its service will similarly generate an average of 25 O&D passengers a day in the first year, growing to about 35 a day by the third year.⁸ In total, therefore, this application, as implemented by BMA, will bring the benefit of direct access to the Baltimore/Washington area to an estimated 27,388 O&D passengers, or an average of 76 a day, by the third year of service.

Financial Forecast

Service assumptions: The size and nature of the subject markets suggest an initial service pattern of three round trips a day with commuter aircraft to a major hub that will satisfy the communities' need for connecting services to multiple destinations, principally to the east, northeast and southeast, as well in international markets. BMA currently serves BWI and is positioned to expand its operations at that hub. Its proposed Athens-Morgantown-BWI itinerary, with early morning, midday and late afternoon flights in both directions, will be ideally suited to the needs of Ohio University, West Virginia University, and their surrounding communities, connecting them to the national and international air transportation system, with multiple connecting opportunities, including many low-fare services.

⁷ Morgantown Municipal Airport records show the following traffic between Morgantown and Washington:

| | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|
| Total O&D | 6,749 | 8,983 | 11,239 | 8,034 | 6,042 |
| Avg./day | 19 | 25 | 31 | 22 | 17 |

⁸ In addition, we anticipate a modest volume of traffic between the university communities of Athens and Morgantown, averaging five to eight O&D passengers a day over the three-year forecast period.

Fares: Survey responses for Ohio University's traffic base study reflect a strong concern for fare levels. Similarly, as one of the numerous communities whose loss of service and experience with increasingly high fares prompted Congress's enactment of the Small Community Pilot Program legislation, Morgantown is most receptive to the prospect of both the restoration of service in one of its most important markets and the availability of fares below the average for most smaller communities. Thus, in order to generate sufficient traffic to build toward self-sufficiency by the end of a three-year period, BMA and the Joint Applicants recognize that the availability of attractive local and through fares will be crucial. BMA's proposal features the availability of low fares, as reflected in the revenue projections in Attachment 2, Exhibit B.

Marketing: Obviously, for any new air service proposal to succeed, it is imperative that it be adequately marketed. The civic parties have taken it upon themselves to assume that responsibility. Ohio University, for example, will fully avail itself of its own in-house media facilities, including print and radio, and will absorb the costs of that initiative. In addition, however, as provided in 49U.S.C.41743(d)(3), the parties are also requesting assistance of \$50,000 for each of the first two years to be specifically earmarked for public-media marketing programs.

Subsidy requirements: As stated above, the Joint Applicants request a total of \$2.585 million in subsidy assistance. Of that amount, \$100,000 would be allocated to the communities explicitly for marketing purposes.'

An estimate of BMA's subsidy requirements for this proposal is contained in Attachment 2, Exhibit B. Expense estimates are based on unit costs derived from BMA's own operating experience and a ten percent return on expenses. There are no inflation factors built into the estimates for the second and third years. With service of three daily round trips, we project BMA's subsidy requirements at \$1.4 million the first year, \$860,000 the second year, and \$225,000 the third year, for a three-year total of \$2,485,000.

We propose that the marketing-support element of the subsidy request be allocated at \$50,000 for each of the first two years. All of the parties recognize that the success of the proposal will depend upon not only the reliable performance of BMA but also upon the quality and intensity of the parties' marketing efforts. **As** the legal sponsor for the proposal, Ohio University will assume the responsibility of providing the Department verified monthly lists of all such expenditures as a prerequisite for subsidy reimbursement.

⁹ The Joint Applicants note the Department's comment in Order 2002-2-11, page 2, that funds from the new program are not intended "to shift existing costs from the local or state level to the federal level." Ohio University/Athens and Morgantown are submitting with this application copies of their current budgets (*see* Attachments 7 and 8), and attest that the \$100,000 portion of the grant requested herein for local marketing will be used solely for that purpose.

In summary, therefore, the Joint Applicants' subsidy request consists of amounts not to exceed \$1.45 million for the first twelve-month period of operation, \$910,000 for the second twelve months, and \$225,000 for the third, for a total of \$2.585 million.

In concert with the Department's comment in the solicitation order that "applicants should not assume a multi-year award" (Order 2002-2-11, page 3) we are proposing that the full \$2.585 million be authorized as a single-year grant from the Department's FY 2002 appropriation. We assume that the Department's admonition reflects the uncertainty over whether Congress will authorize further funding for the program for FY 2003. At the same time, it seems clear from the legislative language of P.L. 106-181 that Congress contemplated that typical cases would require a three-year period to achieve economic self-sufficiency, and indeed that is our expectation here." We submit that it would be unreasonable and contrary to the congressional intent to penalize an otherwise fully eligible and deserving applicant because it cannot assure that its proposal will become self-sufficient in a single year. We also note that funds appropriated for the program for any fiscal year remain available until expended (section 41743(e)(2)). Thus, we believe it is fully consistent with the spirit and letter of the pilot program to authorize a single grant with disbursements to be made on the basis of actual performance over a three-year period. Such award would be subject, of course, to the proposal's satisfying all other relevant criteria, including a credible expectation that the procured air transportation benefits "can be expected to continue after the initial expenditures." (Order 2002-2-11, page 2)

Airport Facilities

The Ohio University Regional Airport is conveniently located nine miles west of the campus in Athens. It is owned and operated by the university, and is currently used for university and corporate aircraft operations. As an integral element of the university's initiative to obtain scheduled regional air service, the airport facilities have been undergoing important upgrades. Construction of the new 6,500-square foot David Snyder Terminal building, which includes space for a regional airline office and counter, was completed in March 2002. The new terminal will conveniently accommodate a commuter air carrier and its passengers, and will be equipped to satisfy all baggage and security requirements." The university held a grand opening of the new terminal on April 12, 2002. That \$1.5 million project was financed by the combination of internal funding and a major donation by a university alumnus. A federally funded \$5 million airport expansion is also in progress, including extension of the runway from 4,200 feet to 5,600 feet and installation of a new Instrument Landing System. Those improvements are scheduled for completion in September 2002 and, in conjunction with completion of the terminal building, will enable commencement of the first commercial airline operation serving southeast Ohio. And, in conjunction with BMA's schedule proposal, which

¹⁰ Section 41743(d)(1) states that "The Secretary may use amounts made available under this section to provide assistance to an air carrier to subsidize service to and from an underserved airport *for a period not to exceed three years.*" (Emphasis added).

¹¹ BMA's parent, Pan American, will provide deicing equipment at Athens.

includes a vitally important early morning outbound flight from Athens, the university has committed to the construction of an additional hangar, which it will fund internally.

Morgantown Municipal Airport has been in operation since 1937. Its facilities include two runways, the longer of which is 5,199 feet, a modern terminal building, and complete security facilities for the scheduled services now in place. Details concerning planned improvements at the airport are described in Attachment 6, the 2001 Annual Report for Morgantown Municipal Airport. As most relevant to this application, the added services entailed in BMA's proposal will place no strain on the airport's ability to accommodate all resulting operations and traffic.

Ohio University's Aviation Academic Program and Ownership of the Airport

As the owner of the airport and its new terminal building, Ohio University is in a position to offer facilities and services at free or reduced rates to a regional air carrier. In addition, its academic curricula include a major aviation program, located at the airport, in which it trains students for careers as pilots and in aviation management. Students in that field will thus be available to assist in ground functions at the airport for a commercial airline as part of their educational program; and the program will provide an excellent opportunity for the airline to recruit entry level pilots and management trainees, not only at the Athens airport but throughout its system. Finally, its capacity as a major institution gives the university in-house print and radio media, which it will use to mount and maintain an aggressive marketing campaign for the proposed commercial air service.

11. DECISIONAL FACTORS

This proposal squarely conforms with the intent and spirit of the pilot program as Congress envisioned. Viewed in the context of section 41743(c), "Criteria for Participation", we believe it merits the highest priority consideration.

Eligibility

Ohio U./Athens and Morgantown meet the eligibility criteria for participation in the Small Community Air Service Development Pilot Program, as set forth in section 41743(c), subsections (1) and (2).¹²

The Ohio University Regional airport has never enjoyed scheduled commercial air service, and thus meets the statutory requirement that an applicant may not be larger than a small hub airport. The university's traffic studies demonstrate that there is a significant demand for air transportation to and from Athens and that the community's reliance on air transportation at the nearest alternative airport, Columbus, some 80 highway miles and two hours distant, is clearly insufficient for its needs. As we noted above, the

¹² Subsections (3) and (4) limit grants to no more than four per State and no more than 40 in the overall program. We are not aware of other proposals that may be submitted by other Ohio parties. More importantly, we believe that in order for the grant program to have real value, the overall number of awards must be limited to a number far smaller than 40.

geographic diversity of its student body, with residents of all 50 states and over 100 nations throughout the world, are unique evidence of the need for direct access to the national air transportation system.

Morgantown is also a non-hub airport, served by only one airline, USAirways Express, to only one destination, Pittsburgh. Its loss of air service to a primary community of interest, Baltimore/Washington, has severely denigrated the sufficiency of its air service, and qualifies it for special consideration under the Small Community Pilot Program.

Priorities

We believe that the circumstances underlying the Ohio U/Athens/Morgantown proposal warrant the highest consideration under the “Priorities” provisions of Section 41743(c)(5).

Paragraph (A) assigns priority consideration to communities where “air fares are higher than the average air fares for all communities.”

It is difficult to ascertain the average fares paid by Morgantown passengers from available published data. The Department’s “Domestic Airline Fares Consumer Report” published October 2001 provides some guidance, based on existing fare levels by distance categories for the nation’s top 1,000 O&D markets. That report shows that average roundtrip fares in 24 markets between 151 and 200 miles averaged \$268 for the period observed, the first quarter of 2001.¹³ Travelers between Morgantown and BWI today must use connecting services via Pittsburgh, at roundtrip fares ranging from \$198 (highly restricted) to \$1,104 (unrestricted) - - or one-way fares ranging up to \$552. While we do not have access to data to derive the average fares now being paid in the market, it would appear to be in the range of \$300 or higher per round trip, well above the national average. In fact, of the 24 city-pair markets shown in the Department’s report, only eight have average roundtrip fares higher than \$300, and 14 have average roundtrip fares below \$200.

Moreover, the cost burden on Morgantown travelers is exacerbated by the total elapsed time required to complete their connecting services, in most cases about four and a half hours. That consideration makes it virtually impossible to make single-day business trips out and back, and adds substantially to their costs.

BMA recognizes the Morgantown community’s emphasis on the need for reasonable fares, and is proposing an average Morgantown-BWI fare of \$75 one-way, \$150 round trip, for the first two years of service. That element of the Joint Applicants’ presentation, coupled with the already higher-than-average fares in the Morgantown-BWI connecting market, require priority consideration pursuant to paragraph A of the statutorily enumerated priority factors.

¹³ Data displayed in the report show one-way fares. For the sake of consistency in our comparisons we have doubled those average fares to derive the assumed average roundtrip fares cited here.

Because Athens does not now have its own air service, this consideration is more difficult to quantify in its case. It is relevant, however, that this is a community that has no access at all to the national air transportation system, except via distant alternative airports. Thus, it is clearly pertinent that the full cost of air travel that any Athens area traveler now incurs is inflated significantly by the necessity of a substantial ground journey. Such costs include the value of lost time as well as each traveler's direct out-of-pocket expenses. By comparison, the competitive-fare proposal underlying this application will represent very substantial savings for a significant number of consumers.

Paragraph (B) assigns priority to a community that “will provide a portion of the cost of the activity to be assisted under the program from local sources other than airport revenues.” As we have described earlier in this paper, Ohio University has already expended \$1.5 million for construction of a new terminal, and significant amounts for studies and the development of a strategic plan. Both Ohio U/Athens and Morgantown have pledged to undertake aggressive marketing campaigns, the substantial portion of which they will finance themselves. Ohio University has also committed to fund the construction of additional hangar facilities, as well as any other groundside facilities to afford maximum accommodation for a scheduled regional air service operation.

We have also described in this pleading the academic program at Ohio University, which will provide a ready source of personnel for immediate and long-term assistance for a commuter airline. That unique aspect of this proposal offers substantial value that would otherwise require added subsidy support.

Paragraph (C) assigns priority to a community that “has established, or will establish, a public-private partnership to facilitate air carrier service to the public.” This application is the end product of intense cooperative efforts of numerous parties: two communities in two different states, universities located in each of the communities, state aviation officials, the congressional delegations of two states, and a dedicated commuter air carrier. These parties have, either individually or in partnership with each other, accomplished significant airport development projects, the necessary surveys and consulting services to demonstrate the feasibility of the proposed service, and ultimately the cooperative dedication to assure the successful facilitation of the proposal. The parties are pledged to maintain this public-private partnership throughout the implementation of the proposed airline operations.

Paragraph (D) assigns priority to a community where “the assistance will provide material benefits to a broad segment of the traveling public, including business, educational institutions, and other enterprises, whose access to the national air transportation system is limited.”

In this respect, the Athens/Morgantown proposal is indeed unique. Each community is home to a large university, Ohio University in Athens and West Virginia University in Morgantown. That consideration alone commands priority weight as a factor expressly cited in the statute. Moreover, Ohio University is heavily engaged in multiple facets in

the field of aviation, which strengthens its ability to work cooperatively with its new air carrier and with federal agencies in the implementation of BMA's proposed commercial operations.¹⁴

The projected traffic that will benefit from the proposed schedules will also reflect the broadest segment of the traveling public, as contemplated by the program's statutory underpinnings. Ohio University's surveys reveal that air travel demand in southeastern Ohio is unusually diverse, both geographically and institutionally. University students, faculty and visitors represent every state in the nation and more than 100 other countries, and travel agency responses indicate that non-university business and private travel interests are similarly diverse. In addition to the university, which is the largest employer in southeastern Ohio, there are nearly 6,000 other businesses with at least ten employees.

The Morgantown community, including a WVU student/faculty population of 28,000, is similarly diverse, as especially typified by large educational institutions. In brief, the concentration of educational facilities, as well as widespread business interests, in the two applicant communities is a factor that clearly warrants priority consideration for grant of the aid requested in this application.

IV. OTHER ISSUES

Achievement Standards

The applicant recognizes and fully agrees with the Department's comment that "The core objective of the pilot program is to secure enhancements that will be responsive to a community's air transportation needs and whose benefits can be expected to continue after the initial expenditures." (Order 2002-2-11, page 2) We suggest as tentative milestones a total of at least 6,000 Athens O&D passengers the first year and at least 8,000 the second year; and totals of at least 6,000 Morgantown O&D passengers the first year and 7,000 the second year. As the legal sponsor for this application, Ohio University will monitor whether those standards are being met and both Ohio University/Athens and Morgantown are willing to commit that failure to meet them would be grounds for the Department to undertake discussions with the parties to determine the efficacy of continuing federal subsidy support for the scheduled operations.

Type of Assistance

Section 41743(d), *inter alia*, provides that the Secretary "may use amounts made available under this section - - (1) to provide assistance to an air carrier to subsidize service to and from an underserved airport for a period not to exceed 3 years...(and) (3) to provide assistance to an underserved airport to implement such other measures as the Secretary, in consultation with such airport, considers appropriate to improve air service

¹⁴ Its academic programs include an Aviation Management curriculum and an Avionics Engineering Center. The latter is the premier facility of its kind in the United States, and specializes in research, development and evaluation of communication, navigation and surveillance systems for the FAA, NASA, the Department of Defense, state governments and private industrial organizations.

both in terms of the cost of such service to consumers and the availability of such service, *including improving air service through marketing and promotion of air service and enhanced utilization of airport facilities.*” (Emphasis added) The Joint Applicants have invoked these provisos in the design of their proposal. Ohio University has expended substantial monies in developing its strategic plan, erecting terminal facilities, and working with the FAA for needed airport upgrades, and has committed to fund further construction of hangar facilities. The communities are not seeking Pilot Program funding for these or any other infrastructure requirements. Rather, the subsidy need estimate on which this application is based reflects the breakeven need and return that will be necessary for three years of a commuter air carrier’s scheduled operations at Athens and Morgantown, and support for the communities’ intensive marketing efforts that will be vital for the project’s ultimate success.

200-year-old Ohio University will serve as the clearinghouse for subsidy disbursements and as the non-federal party responsible for monitoring service performance and checkpoint standards. As a major institution with an annual budget in excess of \$400 million, Ohio University routinely participates in large federal grant programs, averaging \$50 million in annual federal research funds, including an average of \$7 million per year in FAA-funded research. The university is highly qualified to manage the funds requested here.

We would propose a monthly disbursement formula, similar to the Department’s EAS subsidy claim system. *I.e.*, the carrier would be required to report monthly completions to Ohio University and the Department, which the university would verify. In addition, Ohio University would collect, verify and submit to the Department monthly lists of marketing expenditures. However, the parties would be amenable to an alternative system that the Department may prefer.

CONCLUSION

For the reasons explained in this application, Ohio University/Athens and Morgantown firmly believe that their circumstances and the merits of BMA’s proposed services warrant priority consideration of this application for a subsidy grant not to exceed \$2.585 million, to be disbursed over a 3-year period, in support of scheduled air transportation and related marketing activities as envisioned by congressional action in the Small Community Air Service Development Pilot Program, 49 U.S.C. 41743 *et seq.* The applicant is prepared to respond promptly to any questions the Department may have in order to achieve expedited approval of the application.

Respectfully submitted,

Patrick V. Murphy

Attachments

ATTACHMENT #1

Boston-Maine Airways Proposed Schedules

**BOSTON-MAINE AIRWAYS
PROPOSED SCHEDULES FOR
ATHENS, OH, AND MORGANTOWN, WV
19-seat Jetstream 31 Aircraft**

Athens to Baltimore/Washington

| | | | | |
|------|---|------|--------|--------|
| 0600 | - | 0800 | Ex Sun | 1-stop |
| 1200 | - | 1405 | Daily | 1-stop |
| 1725 | - | 1930 | Ex Sat | 1-stop |

Athens to Morgantown

| | | | | |
|------|---|------|--------|---------|
| 0600 | - | 0645 | Ex Sun | Nonstop |
| 1200 | - | 1245 | Daily | Nonstop |
| 1725 | - | 1810 | Ex Sat | Nonstop |

Morgantown to Baltimore/Washington

| | | | | |
|------|---|------|--------|---------|
| 0700 | - | 0800 | Ex Sun | Nonstop |
| 1305 | - | 1405 | Daily | Nonstop |
| 1830 | - | 1930 | Ex Sun | Nonstop |

Baltimore/Washington to Athens

| | | | | |
|------|---|------|--------|--------|
| 0930 | - | 1130 | Ex Sun | 1-stop |
| 1435 | - | 1640 | Daily | 1-stop |
| 2000 | - | 2205 | Ex Sat | 1-stop |

Baltimore/Washington to Morgantown

| | | | | |
|------|---|------|--------|---------|
| 0930 | - | 1030 | Ex Sun | Nonstop |
| 1435 | - | 1535 | Daily | Nonstop |
| 2000 | - | 2100 | Ex Sat | Nonstop |

Morgantown-Athens

| | | | | |
|------|---|------|--------|---------|
| 1045 | - | 1130 | Ex Sun | Nonstop |
| 1555 | - | 1640 | Daily | Nonstop |
| 2120 | - | 2205 | Ex Sat | Nonstop |

ATTACHMENT #2

Traffic, Expense & Subsidy Need Forecasts

Exhibit A: Estimated Expenses and Revenue Need

**Exhibit B: Proposed Fare Structure and Subsidy
Support**

**ESTIMATED EXPENSES AND REVENUE NEED FOR
THREE DAILY ROUND TRIPS
ATHENS-MORGANTOWN-BALTIMORE/WASHINGTON**

Calculation of Revenue Need

| | <u>Athens-BWI/ Morgantown</u> | <u>Morgantown- BWI</u> | <u>Total</u> |
|--|-----------------------------------|----------------------------|--------------|
| Total Expense and Return (from page 1) | | | \$2,860,110 |
| Total 1-way flts. per year | | | 1,922 |
| Available seats per year on each flight leg | | | 36,518 |
| <u>Traffic & Revenue requirement @ 50% critical-leg load factor:</u> | | | |
| Athens-BWI psgrs @ 25 % of available seats | 9,130 | | |
| Athens-BWI rpm @ 294 miles | 2,684,220 | | |
| MGW-BWI psgrs @ 25 % of available seats | | 9,130 | |
| MGW-BWI rpm @ 176 miles | | 1,606,880 | |
| Athens-MGW psgrs @ 5% of available seats | 1,826 | | |
| Athens-MGW rpm @ 118 miles | <u>215,468</u> | | |
| Total rpm | | | 4,506,568 |
| Round Trip Revenue Need per rpm | | | \$.63 |
| Imputed One-way Fare requirement: | | | |
| Athens-BWI (\$.63 x 294 miles) | | | \$185 |
| Morgantown-BWI (\$.63 x 176 miles) | | | \$111 |
| Athens-Morgantown (\$.63 x 118 miles) | | | \$ 74 |
| <u>Traffic & Revenue requirement @ 65% critical-leg load factor:</u> | | | |
| Athens-BWI psgrs @ 35 % of available seats | 12,781 | | |
| Athens-BWI rpm @ 294 miles | 3,757,614 | | |
| MGW-BWI psgrs @ 30 % of available seats | | 10,955 | |
| MGW-BWI rpm @ 176 miles | | 1,928,080 | |
| Athens-MGW psgrs @ 5 % of available seats | 1,826 | | |
| Athens-MGW rpm @ 118 miles | <u>215,468</u> | | |
| Total rpm | | | 5,901,162 |
| Round Trip Revenue Need per rpm | | | \$.48 |
| Imputed One-way Fare requirement: | | | |
| Athens-BWI (\$.48 x 294 miles) | | | \$141 |
| Morgantown-BWI (\$.48 x 176 miles) | | | \$ 84 |
| Athens-Morgantown (\$.48 x 118 miles) | | | \$ 57 |

**ESTIMATED EXPENSES AND REVENUE NEED FOR
THREE DAILY ROUND TRIPS
ATHENS-MORGANTOWN-BALTIMORE/WASHINGTON**

| | <u>Athens-BWI</u> | <u>Morgantown-</u> | <u>Total</u> |
|--|-------------------|--------------------|--------------|
| | <u>Morgantown</u> | <u>BWI</u> | |
| <u>Traffic & Revenue Requirement @ 75% critical-load factor:</u> | | | |
| Athens-BWI psgrs @ 40 % of available seats | 14,607 | | |
| Athens-BWI rpm @ 294 miles | 4,294,458 | | |
| MGW-BWI psgrs @ 35 % of available seats | | 12,781 | |
| MGW-BWI rpm @ 176 miles | | 2,249,456 | |
| Athens-MGW psgrs @ 8 % of available seats | 2,921 | | |
| Athens-MGW rpm @ 118 miles | <u>344,678</u> | | |
| Total rpm | | | 6,888,592 |
| Round Trip Revenue Need per rpm | | | \$.42 |
| Imputed One-way Fare requirement: | | | |
| Athens-BWI (\$.42 x 294 miles) | | | \$123 |
| Morgantown-BWI (\$.42 x 176 miles) | | | \$ 74 |
| Athens-Morgantown (\$.42 x 118 miles) | | | \$ 50 |

**ATHENS, OHIO AIR SERVICE TO BALTIMORE/WASHINGTON INTL AIRPORT
VIA MORGANTOWN, WEST VIRGINIA:
PROPOSED FARE STRUCTURE AND AIR 21 SUBSIDY SUPPORT**

| | <u>Athens- BWI</u> | <u>Morgantown- BWI</u> | <u>Athens- Morgantown</u> | <u>Total</u> |
|--|------------------------|----------------------------|-------------------------------|---------------------------------------|
| <u>First Year</u> | | | | |
| Proposed One-way Fare | \$80 | \$70 | \$50 | |
| Total Operating Exp. & Return ⁴ | | | | \$2,860,110 |
| Projected O&D psgrs: | | | | |
| Assumed critical-leg load factor | | | | 50% |
| Estimated psgrs. | 9,130 | 9,130 | 1,826 | 20,086 |
| Projected Revenue | \$730,400 | \$639,100 | \$91,300 | \$1,460,800 |
| Subsidy Need | | | | \$1,399,310 |
| Proposed Air 21 Support | | | | \$1,400,000 |
| <u>Second Year</u> | | | | |
| Proposed One-way Fare | \$85 | \$75 | \$50 | |
| Total Operating Exp. & Return | | | | \$2,860,110 |
| Projected O&D psgrs: | | | | |
| Assumed critical-leg load factor | | | | 65% |
| Estimated psgrs. | 12,781 | 10,955 | 1,826 | 25,562 |
| Projected Revenue | \$1,086,385 | \$821,625 | \$91,300 | \$1,999,310 |
| Subsidy Need | | | | \$ 860,800 |
| Proposed Air 21 Support | | | | \$ 860,000 |
| <u>Third Year</u> | | | | |
| Proposed One-way Fare | \$95 | \$85 | \$55 | |
| Total Operating Exp. & Return | | | | \$2,860,110 |
| Projected O&D psgrs: | | | | |
| Assumed critical-leg load factor | | | | 75% |
| Estimated psgrs. | 14,607 | 12,781 | 2,921 | 30,309 |
| Projected Revenue | \$1,387,665 | \$1,086,385 | \$160,655 | \$2,634,705 |
| Subsidy Need | | | | \$ 225,405 |
| Proposed Air 21 Support | | | | \$ 225,000 |
| <u>Total 3-Year Subsidy</u> | | | | <u>\$2,485,000⁵</u> |

⁴ Exhibit A, page 1.

⁵ In addition to the \$2.485 million derived above, the applicants are requesting \$100,000 in marketing subsidy as explained in the application.

ATTACHMENT #3

**History of Boston-Maine Airways & Pan Am
Clipper Connection**



Boston-Maine Airways

&



CLIPPER 
CONNECTION



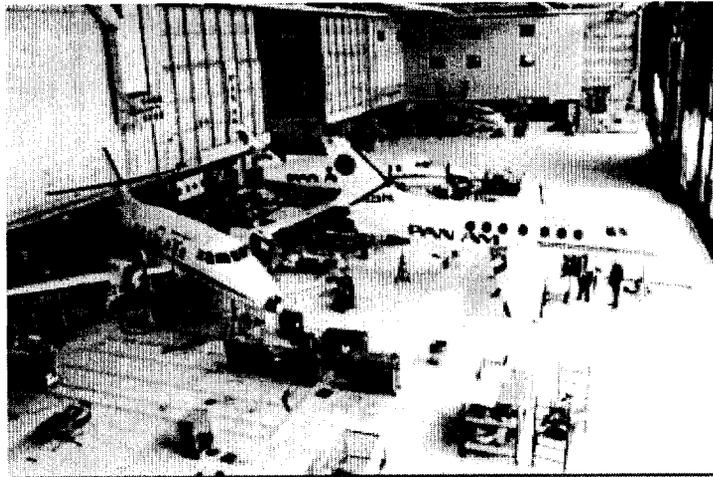
Boston-Maine Airways – The Organization

Boston-Maine Airways is a wholly owned subsidiary of Pan American Airlines Inc. and is located at the former Pease Air Force Base in Portsmouth, New Hampshire.



PAN AMERICAN AIRWAYS' MAINTENANCE & OPERATIONS FACILITY

Our maintenance / operations facility encompass over 220,000 square feet of hanger floor space. Large enough to house 3 wide body aircraft (DC-10, B-757) or 5 narrow body type aircraft (B-727, B-737). In addition to the hanger floor, we have over 100,000 square feet of office and back shop work areas.



MAINTENANCE ON JETSTREAM 31 'SATPORTSMOUTH FACILITY

Pan American Airlines is privately owned company and a holding company for:

- Pan American Airways Corp., which operates scheduled and charter service utilizing seven (7) Boeing 727 aircraft.
- Pan Am Services, which operates the general aviation fixed based operation at Pease International Airport (KPSM) in Portsmouth, NH. In addition, Pan **Am** Services is also certificated by the Federal Aviation Administration as a FAR Part 145 repair station with numerous capabilities.



ONE OF PAN AMERICAN AIRWAYS' 727 AIRCRAFT

- Boston-Maine Airways Corp., which operates two type of aircraft
 - Two each CASA 212-200 aircraft in cargo configuration. The CASA's are operated under FAR Part 135 for on-demand cargo service.
 - 10 Jetstream 3100 aircraft in 19 seat passenger configuration. The Jetstream aircraft are operated under FAR Part 121 scheduled and charter service.



ONE OF BOSTON-MAINE AIRWAYS' JETSTREAM 31 AIRCRAFT

History

The Boston-Maine Airways name has its roots in the earliest days of American commercial aviation. In the late 1920's and early 1930's, the Boston & Maine Railroad and the Maine Central Railroad jointly operated an airline that provided international mail and passenger service throughout the Northeastern United States and Canadian Maritimes. Aviation legend Amelia Earhart was a Vice President of the original Boston-Maine Airways. Seventy years later, the owners of today's Boston & Maine and Maine Central Railroads have put Boston-Maine Airways back in the skies, as an affiliate of Pan **Am** dedicated to providing comfortable and convenient air service to markets which larger carriers have either overlooked or abandoned.

Time-Line:

- Boston-Maine Airways Corp. was formed in March of 1999.
- Received FAR Part 135 on-demand operating authority from the Federal Aviation Administration in June, 1999, utilizing the CASA 212-200 in cargo configuration.
- Received the authority from the FAA to utilize the Jetstream 3100 aircraft in on-demand passenger charter service in April, 2000.
- May 9, 2001, Maryland Aviation Authority selects Boston-Maine Airways to provide scheduled passenger air service within the state of Maryland.
- September 6, 2001 Boston-Maine Airways is awarded a 5 year contract with the Federal Aviation Administration to provide passenger air service between Atlantic City, NJ and Washington DC.
- December 18, 2001 Boston-Maine Airways is awarded FAR Part 121 operating authority to provide scheduled passenger service utilizing the Jetstream 3100 aircraft.
- December 28, 2001 Boston-Maine Airways initiates scheduled air service between Cumberland, Hagerstown and Baltimore, Maryland.
- March 4, 2002 Boston-Maine Airways adds Atlantic City, NJ, White Plains, **NY** and Portsmouth, NH to its list of cities for scheduled air service.

The Aircraft: British Aerospace Jetstream 3100

History

The Jetstream was developed from the earlier designed aircraft, the Handley Page Jetstream, which first flew in the 1960's. The British Aerospace Jetstream 31 features the AlliedSignal TPE-331-10 turboprop engine. The first Jetstream flew in March 1980. The Jetstream received US Federal Aviation Administration certification in November 1982.



BOSTON-MAINE AIRWAYS JETSTREAM 31

The Jetstream 31 Airliner, offers many advantages when compared to other 19 seat regional airliners:

- 5 ft. 11 in stand-up headroom in spacious pressurized cabin.
- Competitive 260 knots maximum cruising speed.
- Extensive fatigue testing of at least 150,000 cycles.
- Standard large dual-pane cabin windows for a quieter cabin.
- Sturdy passenger stairway. *Can* take several passengers at once, speeding passenger loading.
- Both ground heating and cooling systems.

The Jetstream 31 Airliner, in its standard configuration, is offered with 3-abreast seating for 19 passengers, together with a large aft-cabin baggage compartment with a capacity of 98.0 cubic feet/661 lbs. Seat pitch is approximately 3 1/32 inches. Individual reading lights, air vents and passenger service units are available at each seat position.



CABIN OF A BOSTON-MAINE AIRWAYS JETSTREAM 31

The Jetstream 31 Airliner is powered by twin AlliedSignal TPE-331-10UG turboprop engines. Each engine develops 940 shaft horsepower. The TPE-331-10UG engine is a single-shaft design, providing near instantaneous power response (flight idle to maximum power in approximately one second), a built-in characteristic of the design, which provides an extra margin of safety in all flight modes. The “straight through” engine design yields 99% ram recovery, and the rear, axial jet exhaust supplies up to 44 pounds of additional thrust during takeoff. Low frontal areas and compact dimensions minimize engine drag to maximize performance. Each engine is equipped with either an automatic performance reserve (APR) or water-methanol injection system to enhance higher temperature performance. The TPE-331-10 engine has an integral air inlet duct located on top of the engine and has a two-stage centrifugal compressor whose geometry and ruggedness provides high FOD resistant qualities. These features provide for a higher power to weight ratio and excellent fuel efficiency.

Jetstream 31- Basic Aircraft Data

Weights

| | |
|------------------------|-------------|
| Maximum Ramp Weight | 15,322 lbs. |
| Maximum Takeoff Weight | 15,312 lbs. |
| Maximum Landing Weight | 14,900 lbs. |
| Standard Payload | 3,850 lbs. |

Engines

| | |
|--------------------|---------------------------|
| Model (Turbo Prop) | AlliedSignal TPE 331-10UG |
| Take-off Rating | 900 Flat Rated |

Propellers

| | |
|-----------------|---------------------|
| Model | Dowty Rotol 4-Blade |
| Diameter | 106 inches |
| Propeller Speed | 1591 rpm |

External Dimensions

| | |
|----------------|--------------|
| Overall Length | 47 ft. 2 in. |
| Overall Height | 17 ft. 6 in. |
| Wingspan | 52 ft. 0 in. |

Cabin Dimensions

| | |
|------------------------|------------------|
| Length | 24 ft. 3 in. |
| Height | 5 R. 11 in. |
| Width | 6 ft. 1 in. |
| Passenger Door Height | 4 ft. 8 in. |
| Passenger Door Width | - 2 ft. 10 in. |
| Internal Baggage | 98.0 ft/661 lbs. |
| Baggage Pod (External) | 49.0 ft/435 lbs. |

Operational Parameters

| | |
|----------------------------|------------|
| Maximum Operating Altitude | 25,000 ft. |
| Maximum Cruise Speed | 260 Knots |
| Normal Cruise Speed | 220 Knots |
| Typical Landing Speed | 110 Knots |

Performance

| | |
|----------------------------|-------------|
| Climb Performance | |
| 2 engines | 2080 ft/min |
| 1 engine | 390 ft/min |
| Range Performance | |
| Seats Full (19 Passengers) | 500 miles |
| Tanks Full | 1050 miles |
| Runway Performance | |
| Takeoff Field Length | |
| Max Gross Weight | 4,500 ft |
| 19 Passengers | |
| 150 fuel range | |
| 600 lbs. Fuel reserve | 4,050 ft. |
| Landing Field Length | 3,825 ft. |

ATTACHMENT #4

**Study on Commuter Airline Market Feasibility at
the Ohio University Airport, “Flying Into Our
Third Century”**



GORDON K. BUSH
OHIO UNIVERSITY AIRPORT
C. DAVID SNYDER TERMINAL
SCHORR & ASSOCIATES
ARCHITECTS, LTD

Date: 07/09/01

**“Flying into Our Third Century”
Commuter Airline Market Feasibility at the
Ohio University Airport**

Prepared for: Office of External Relations
Ohio University

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INTRODUCTION

Nestled in the foothills of the Appalachian Mountains, Ohio University cherishes its idyllic setting and the environment for learning that it provides.

Founded in 1804, Ohio University is the oldest land-grant college in the Northwest Territory. Representing all 50 states and more than 100 countries around the world, Ohio University’s 28,000 students and 3,000 employees make it the fifth largest rural university in the country.

| UNIVERSITY | UNDERGRAD ENROLLMENT | NEAREST MAJOR AIR-PORT | MILES TO AIRPORT |
|-------------------------|-----------------------------|-------------------------------|-------------------------|
| Virginia Tech | 21,812 | Richmond, VA | 112 |
| Auburn | 18,669 | Montgomery, AL | 57 |
| Southern Illinois | 17,829 | St. Louis, MO | 94 |
| Washington State | 17,087 | Spokane, WA | 64 |
| Ohio university | 16,554 | Columbus, OH | 62 |
| Bowling Green | 15,444 | Toledo, OH | 17 |
| Miami university (Ohio) | 15,277 | Cincinnati, OH | 32 |
| Clemson | 13,526 | Greenville, SC | 38 |
| SE Louisiana | 13,476 | New Orleans, LA | 37 |

However, with the picturesque scenery comes one barrier to Ohio University’s continuing emergence as one of the finest public universities in the nation – isolation.

In our first century, the University had to overcome underdeveloped railroads and waterways in order to grow. And we did. In our second century, the University had to overcome underdeveloped roads and highways in order to grow. And we did. In our third century, the University will have to overcome underdeveloped airports in order to grow. And we will.

Because the quality and capacity of our facilities must keep pace with the excellence of our students and staff, Ohio University has embarked on an aggressive and unprecedented capital campaign including but not limited to the expansion of C. David Snyder Field at the Gordon K. Bush Ohio University Airport (“the Airport”).

Located ten miles west of campus in Albany, Ohio, the Airport is in the midst of the construction of a new 7,000 square foot terminal, installation of a new ILS (Instrument Landing System), and extension of the runway from 4,200 feet to 5,600. The University expects these projects to be completed by the second quarter of 2002.

EXECUTIVE SUMMARY

In anticipation of the runway extension and terminal construction, the University commissioned this objective analysis of the viability of commuter airline service from the Airport to a regional hub. Is market demand sufficient to support commercially successful service in the nine counties of southeastern Ohio that are the Airport’s market area?

From all that we know about travel in southeastern Ohio, it is likely that 23,296—25,843 people fly in and out of the region on an annual basis.

Anecdotally, we know that professionals and residents in the region consistently complain about the ninety minute drive to the Columbus airport. Once there, passengers also complain about the paucity of direct flights to their destinations. We know that the region is growing — both in the number of people who call it home and in the strength of the local economy. The challenge has been to collect useful and reliable data to project a likely number of potential commuter passengers per year. No one perfect data source exists, but several sources were mined to allow for reasonable and conservative projections.

Port Columbus has conducted a license plate survey of vehicles in its parking lots for several years. Although there are some gaps in the data because of new garage construction, the license plate survey offers a baseline for likely annual travelers from the region. Accounting for some growth at the airport, off-airport parking, and multiple passengers per vehicle, the license plate survey projects more than 17,000 outbound passengers per year from southeastern Ohio.

From the University’s own records, we know that nearly 4,000 faculty, staff and students took commercial flights in fiscal year 2000 (July 1999 to June 2000). But even more revealing than the number of passengers is the destinations to which they are flying. In addition to the popular and distant domestic destinations of Florida, New York, Boston, Las Vegas and California, more than 12% of all flights on University business are international.

Although the University is the single largest institution in the region, the collective non-university business community is larger. Of five major travel agents in the region, one gave us annual aggregate passenger figures. Without considering travelers who purchase tickets online, extrapolating for all five travel agencies, these non-university travelers added to known University travelers support the conclusion of the Port Columbus license plate survey — we can expect more than 13,000 fliers per year from southeastern Ohio.

Lastly, whatever the likely travel of residents and professionals from the region, commuter service could only be successful with broad university and public support for the service. To gauge that support, we performed a comprehensive survey. The results tell us that although public opinion can never be monolithic, people are excited about the prospect of new access to the world through new commuter airline service from the Ohio University Airport in Albany.

**MARKET AREA
DEMOGRAPHICS**

The most likely customers for new commuter airline service from the Airport will come from Athens County and the eight adjacent counties of southeastern Ohio. All within a forty mile radius of the Airport, Gallia, Hocking, Jackson, Meigs, Morgan, Perry, Vinton and Washington counties are characterized rural settings and low population densities.

However, according to the 2000 United States Census, population growth in these nine counties of southeastern Ohio outpaced the state of Ohio. Today, the Airport's market area is larger than Mahoning County (Youngstown) and only slightly smaller than Stark County (Canton).

In its July 2001 issue, Ohio Magazine featured a 16-page special section entitled "Discover the New Appalachia: Appalachia as you've never seen it before." Attracted to a simpler lifestyle and less pollution and congestion than the big cities, people are moving to southeastern Ohio in numbers not seen in a generation.



| County | 2000 Population | 1990 Population | Population Growth |
|--------------------|-----------------|-----------------|-------------------|
| Athens | 62,223 | 59,549 | 4.5% |
| Gallia | 31,069 | 30,954 | 0.4% |
| Hocking | 28,241 | 25,533 | 10.6% |
| Jackson | 32,641 | 30,230 | 8.0% |
| Meigs | 23,972 | 22,987 | 4.3% |
| Morgan | 14,897 | 14,194 | 5.0% |
| Perry | 34,078 | 31,557 | 8.0% |
| Vinton | 12,806 | 11,098 | 15.4% |
| Washington | 63,251 | 62,254 | 1.6% |
| Nine-County Region | 303,178 | 288,356 | 5.1% |

**MARKET AREA
BUSINESS
ACTIVITY**

Just as the population of the Airport's market area is increasing, so too is the amount of business activity. Although some evidence of economic depression remains, the seeds of new growth and prosperity in the region are being planted. Perhaps the best gauge of a business community's vitality is the number of businesses of ten employees or more. In southeastern Ohio, those numbers are strong and getting stronger. (See table below)

One company in particular, Sun Power, has indicated that they would expect to use commuter service from the Airport fifty to one hundred times per year mostly to connect to international flights. While not projecting a likely number of flights per year, several other companies (Wackenhut, Global Cooling, Zeus Robotics, and External Power) have expressed interest in new service from the Airport to have greater access to their national and international clients/suppliers. Additionally, local economic development officials have indicated that several companies would have been inclined to locate new facilities in the area if it was more accessible from major markets. New service would reduce that concern from interested businesses.

To further catalyze new business growth, a new venture capital fund has been capitalized at \$25 million in **2001** to invest in emerging, high-growth businesses throughout Appalachian Ohio and West Virginia. It is likely that the fund will invest in multiple young businesses in the Airport's market area creating hundreds of new jobs and hundreds of new airline passengers.

| County | Total Businesses | Businesses by Number of Employees | | | | |
|-----------------------|---------------------|-----------------------------------|---------|---------|--------------|----------------|
| | | 10 — 19 | 20 — 49 | 50 — 99 | 100 — 250 | 250 or more |
| Athens | 1,159 | 165 | 88 | 28 | 9 | 4 |
| Gallia | 656 | 89 | 40 | 17 | 5 | 8 |
| Hocking | 547 | 64 | 35 | 7 | 8 | 3 |
| Jackson | 645 | 91 | 56 | 13 | 3 | 7 |
| Meigs | 367 | 34 | 24 | 6 | 3 | 1 |
| Morgan | 205 | 23 | 11 | 2 | 2 | 2 |
| Perry | 473 | 59 | 26 | 7 | 7 | 1 |
| Vinton | 147 | 14 | 15 | 4 | 1 | 1 |
| Washington | 1,604 | 209 | 129 | 40 | 25 | 9 |
| Nine-County Region | 5,803 | 74x | 424 | 124 | 63 | 36 |

LICENSE PLATE SURVEY



PORT COLUMBUS INTERNATIONAL AIRPORT

Because all Ohio license plates include the county in which a car is registered, Port Columbus officials are able to track the passengers who park in their lots. Although there are some variables that are difficult to quantify such as the number of airline passengers per car or the number of airline passengers who park in privately owned lots off of the airport (both of which will be discussed further on the next page), this license plate data is the most revealing glimpse into the airline travel habits of people in the OU Airport's potential service area. More than **95%** of southeastern Ohio airline passengers fly out of Port Columbus. At minimum, it indicates the base level of travel that might be anticipated.

In **1997**, **7,866** cars from the OU Airport's nine-county market area parked in the Port Columbus lots. In **1998**, **7,442** cars from southeastern Ohio parked in the Port Columbus lots. (For complete data tables for **1997** and **1998** showing license plate counts by county and by month, see Appendix A.)

Because only three months of data are available **for 2000**, we have projected the rest of the year based on the historical percentages of the annual total that those three months represent.

In **1997**, January, August and September accounted for **25.1%** of the total cars parked in Port Columbus lots. In **1998**, January, August and September accounted for **26.9%** of the total cars parked in Port Columbus lots.

If we use **1998** data and assume that **26.9%** of all cars parked in Port Columbus lots in **2000** were counted in the three available months, we find that approximately **9,319** cars from southeastern Ohio would have been parked at Port Columbus in **2000**. If we base our assumptions on the **1997** percentage, we find **9,988** vehicles in **2000**.

| Year | Vehicles Counted |
|---|------------------|
| 1997 | 7,866 |
| 1998 | 7,442 |
| 2000* | 9,319 — 9,988 |
| * 2000 estimate based on 3 months counted | |

LICENSE PLATE SURVEY



In addition to the **8,692 — 9,319** vehicles estimated to have parked in the Columbus Airport's parking lots in **2000**, there are two other variables that need to be accounted for — the percentage of travelers who parked in off-airport lots AND the average number of travelers per vehicle.

According to Port Columbus, approximately **10%** of all of their airport travelers park off-airport. However, Port Columbus officials hastened to add that given the distance people from southeastern Ohio are driving, it is likely that they will park in less expensive off-airport lots more frequently. Taking that travel cost into account, Port Columbus officials believe that **15%** off-airport parking is a reasonable estimate. Taking this likely range of vehicles from southeastern Ohio that park at Port Columbus and using the airport's own estimate of **1.5** travelers per vehicle, we find

| % of total vehicles parking off-airport | Total Estimated Vehicles from Southeastern Ohio at 3 Levels of On-Airport Parking | | |
|---|---|------------------|------------------|
| | 9,319 On-Airport | 9,653 On-Airport | 9,988 On-Airport |
| 10% | 10,354 | 10,618 | 10,986 |
| 15% | 10,716 | 11,100 | 11,486 |

as many as **17,229** airline passengers from the OU Airport's market area. In seeking a complete picture of travel in southeastern Ohio, it is also important to note that these projections are for outbound travel and do not consider inbound

| Estimated Travelers from Southeastern Ohio in 2000 assuming 1.5 travelers per vehicle | |
|---|-----------------|
| Vehicles | Total Travelers |
| 10,354 | 15,531 |
| 11,486 | 17,229 |

travel. According to a prominent airline consultant, inbound travel in small communities tends to be half as great as outbound travel. Applying that assumption to the OU Airport's market, it is likely that **23,296—25,843** people travel to and from the area via commercial airlines on an annual basis.

UNIVERSITY-PAID TRAVEL Typically, Ohio University employees purchase their airline tickets in one of three ways. They can charge their travel directly to a University-provided purchasing card (P-Card). They can charge their travel on personal credit cards and then have that expense reimbursed. They can have their travel processed by one of a handful of local travel agents (this method is most typical for group travel).

Because there is not one uniform data source for university travel and because group tickets can be purchased in blocks without recording the actual number of travelers, it is likely that some university airline passengers have not been counted in this analysis.

However, we know that during Ohio University's 2000 fiscal year (July 1999 — June 2000), the University purchased at least **3,871** airline tickets.

NON-UNIVERSITY-PAID TRAVEL Although Ohio University is the largest employer in southeastern Ohio, there are nearly 6,000 other businesses with at least 10 employees in the region. There are also more than 250,000 people in the region who are not directly affiliated with the University. While it is safe to assume that these other people and businesses fly less frequently than the University community, it is also safe to assume that many of these people do fly commercially. Unfortunately, putting a number on this travel has been difficult.

The best potential source for non-University paid travel is local travel agents — AAA, Travel Advantage, Uniglobe, Washburn, and Weisenbach.

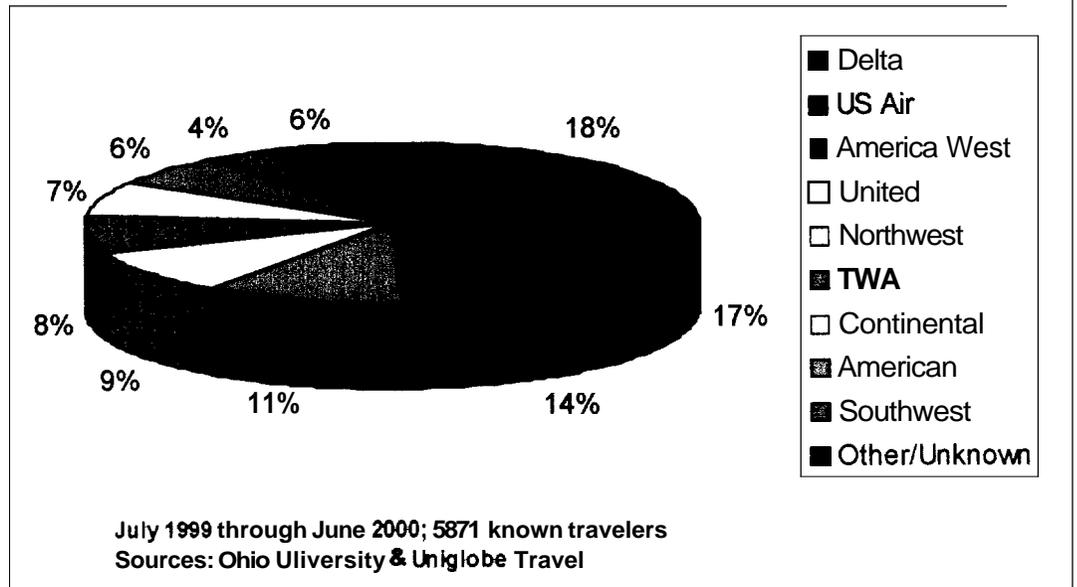
One of the challenges in developing accurate projections for the number of airline travelers in the Airport's nine-county market area was that local travel agents were hesitant to share their data with us. Although we stressed the all records would remain strictly confidential and that we were only interested in aggregates, most of the local travel agents refused to provide this study with any useful data.

In spite of these shortcomings, we *can* make conservative assumptions for the non-university booking activity of the five travel agents based on the records of the one travel agent who did share aggregate traveler data with us.

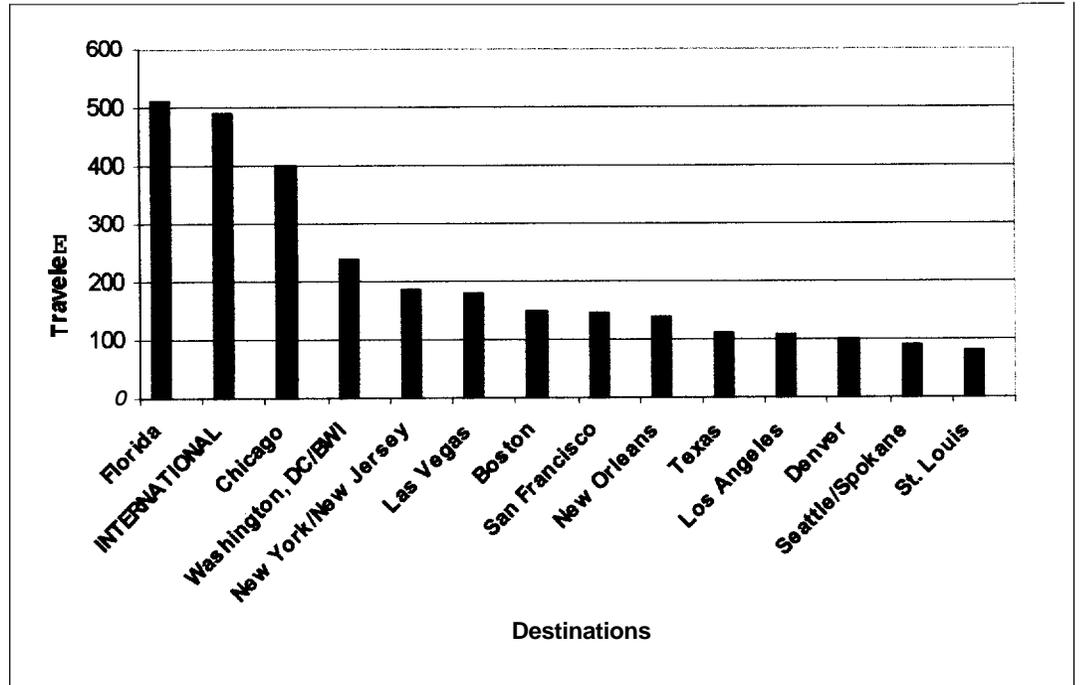
From July 1999 through June 2000, one travel agent in southeastern Ohio booked **1,900** flights. Assuming that each of the other four travel agents booked comparable numbers of travelers, we find that travel agents booked approximately **9,500** flights for people not flying on University businesses.

| Source | Travelers |
|----------------|-----------|
| University | 3,871 |
| Non-university | 9,500 |
| Total | 13,371 |

AIRLINES FLOWN, UNIVERSITY & NON-UNIVERSITY TRAVELERS



MOST POPULAR DESTINATIONS



“International” does not include Mexico and Canada
 “Florida” includes Orlando, Miami, Ft. Lauderdale, and Tampa
 “Texas” includes Dallas/Ft. Worth, San Antonio, Houston, and El Paso

PUBLIC OPINION SURVEYS — University employees, students, and community-at-large

Because the available data do not paint a complete picture of commuter air service viability in Athens and surrounding communities, Ohio University conducted a web-based survey of its faculty, staff and students. Nearly 22,000 messages were sent to individuals with email accounts on the OU system. (See below for email copy) Recipients were directed to an internet page on which they could register electronically their interest in commuter airline service from the OU airport. (See Appendices A & B to for employee and student surveys in their precise wording.)

Additionally, paper surveys were distributed throughout the broader business communities via county and local chambers of commerce. (See Appendix C to read the community survey in its precise wording.) Because the burden of distribution was placed on the various chambers of commerce, it is not possible to determine the exact number of surveys that reached chamber members. However, it is reasonable to assume that approximately **3,000** chamber members received the survey and had an opportunity to complete it. In the community survey and their results, it is worth noting that substantially more effort was required for individuals to register their responses. Most notably, respondents had to pay **\$0.34** first class postage to return their completed surveys to the University.

RESPONSE RATE

The most prima facie evidence of substantial interest in new commuter airline service from the OU Airport in Albany is the response rates.

By any standard of gauging public opinion, nearly **4,000** responses must be viewed as a sizable sample and must be indicative of the general interest in the subject.

| | Emails/ Letters Sent | Responses | Response Rate |
|------------------|---------------------------------|------------------|--------------------------|
| Employees | 3,972 | 1,065 | 26.8% |
| Students | 17,835 | 2,669 | 15.0% |
| Community | ~ 3,000 | 183 | 6.1% |
| Total | 24,807 | 3,917 | 15.8% |

The email sent to employees said, "Would commuter airline service to and from the OU airport in Albany be of interest to you? Please help us gauge the level of faculty/staff interest in such service by following this web link and filling out a survey. Thanks so much for your time. Enjoy the rest of Spring Quarter." The email sent to students said, "Please follow this link to an important survey. As you may know, Ohio University will be expanding its airport in Albany, OH with the extension of the runway, the construction of a new terminal, and hopefully the introduction of new commercial airline service starting next year. This will make the university and our surrounding communities more accessible to students, faculty and businesses. It has the potential to have a dramatic economic development impact, but in order to attract a commuter airline, we need to be able to show substantial market demand for it. The level of student interest will be absolutely crucial as we make our case. So, please take a couple of minutes to fill out this survey. And please take it seriously and answer honestly. All responses will remain anonymous. Thanks so much for your time. Enjoy the rest of Spring Quarter!"

SURVEY ERROR In any survey of public opinion, there will be some error. In these surveys to gauge public interest in the introduction of new commuter airline service from the OU Airport in Albany, samples were not controlled.

Perhaps the survey variable most likely to create inaccurate impressions of public opinion is multiple survey submissions from individual respondents. Because of the price of postage, it seems highly unlikely that any of the community respondents would have returned more than one completed survey. However, on the online survey, a respondent who wanted to flood the system with multiple entries could do so.

In deriving meaning from survey responses, consideration has been given to these potential sources of error. Obviously false surveys have been discarded and care was taken to look for outliers and blocks of identical or nearly identical responses. Fortunately, the incidence of these errors seems to be extremely low and high confidence should be given to the survey's findings.

EMPLOYEES WHO DID NOT COMPLETE THE SURVEY Although the rate of response from faculty and staff was strong, there were 2,907 university employees who did not register their opinions of expanded service from the university airport.

There could be any number of reasons why these employees did not complete the survey – technical difficulties, privacy concerns, lack of interest in new commercial airline service. Whatever the reason, the challenge is to project a number of flights for these employees. Can we say that these employees would fly as frequently as the 1,065 employees who did complete the survey? Probably not. Can we say that these employees would never fly from Snyder Field for university or personal reasons? No, common sense would not support that either.

Instead of projecting a number of annual flight on these 2,907 university employees, and including that number in an overall estimate of market viability, this reports does not consider these employees. Any travel they would take would be added to the conservative estimates in this report.

FACULTY/STAFF OPINION The importance of University employee support for the commercial viability of potential commuter airline service from the OU Airport is clear and cannot be overestimated. They will travel more frequently than the general public and to more distant destinations. For that reason, the overwhelming support found in our survey bodes well for market viability. 77% of University employees indicated that they were very or somewhat likely to use commuter airline service from the Airport.

**FACULTY/STAFF
OPINION**

| Likelihood to Use Commuter Airline Service from the Ohio University Airport | | |
|--|----------------------------------|--------------------------------------|
| | Number of Respondents | Percentage of Respondents |
| Very Likely | 512 | 48.1% |
| Somewhat Likely | 308 | 28.9% |
| Somewhat Unlikely | 61 | 5.7% |
| Very Unlikely | 95 | 8.9% |
| No Opinion/Not Sure | 89 | 8.4% |

If we assume the fewest flights indicated in the employees' response ranges (i.e. those who said they would fly 1 to 3 times per year would actually only fly once; those who said 4 to 6 times per year would fly 4 times; etc.), we can project that these 1,065 university employees will fly from Snyder Field 2,974 times per year.

| Airline Travel Frequency | | |
|---------------------------------|----------------------------------|--------------------------------------|
| Flights Per Year | Number of Respondents | Percentage of Respondents |
| None | 92 | 8.6% |
| 1 to 3 | 484 | 45.4% |
| 4 to 6 | 270 | 25.4% |
| 7 to 9 | 98 | 9.2% |
| 10 or More | 121 | 11.4% |

If we assume the high end of the response ranges (1 to 3 means 3, 4 to 6 means 6, 7 to 9 means 9, and 10 or more means 10), we would project that these 1,065 university employees would fly from Snyder Field 4,552 times per year.

| Likely Airline Travel Frequency from OU Airport | | |
|--|----------------------------------|--------------------------------------|
| Flights Per Year | Number of Respondents | Percentage of Respondents |
| None | 167 | 15.7% |
| 1 to 3 | 495 | 46.5% |
| 4 to 6 | 223 | 20.9% |
| 7 to 9 | 71 | 6.7% |
| 10 or More | 109 | 10.2% |

However, the more likely projection is the mid-range between these two points – 3,763 flights per year. Recalling university records for FY2000 that at least 3,971 airline tickets were reimbursed on the university system, this middle estimate seems reasonable.

**FACULTY/STAFF
DRIVING HABITS**

Understanding that commuter air **traffic** would not have to be limited necessarily to people picking up larger commercial flights at regional hub airports, we asked employees about their driving habits and the likelihood that they would choose to fly to one of these major cities in lieu of driving.

Although more University employees drive to Columbus than any other major city, its relative proximity (70 miles) makes it unlikely that a substantial number of employees would choose to fly instead of drive to Columbus for activities in Columbus.

Cleveland are at least three hours away by car, it is likely that a certain percentage of employees, if however small, would choose the convenience of flying to those cities for meetings, weekend

| Approximately how many times per year do you drive to and from... | | | |
|---|------------|-----------|------------|
| | Cincinnati | Cleveland | Pittsburgh |
| Total Trips | 3,133 | 2,266 | 1,021 |
| Mean | 2.94 | 2.13 | 0.96 |
| Median | 2 | 1 | 0 |

| If commuter service became available from Albany to the cities listed below, how frequently would you choose to fly instead of drive? | | | |
|---|------------|-----------|--------------|
| | Cincinnati | Cleveland | Pittsburgh |
| Every Trip | 8.8% | 13.1% | 11.2% |
| Most Trips | 19.6% | 20.2% | 15.1% |
| Occasionally | 19.5% | 13.4% | 10.9% |
| Rarely | 27.3% | 23.3% | 21.6% |
| Never | 24.7% | 30.0% | 41.1% |

occasionally choose to fly to Cincinnati and Cleveland instead of drive. If we assume the median number of driving trips to both cities per year and apply that number to the respondents who would at least occasionally fly instead of drive, we find that as many as 3,007 and **1,058** employees would fly to Cincinnati and Cleveland respectively for activities in those two cities.

**FACULTY/STAFF
OPINION —
TICKET PRICES**

It would be one thing to introduce new commuter airline service to the Airport. But if ticket prices are higher than people in the region are willing to pay, what would we have accomplished.

In an attempt to get at least some sense of what people are willing to pay for the convenience of service from the Airport, we asked, "Keeping the cost of gasoline and airport parking in mind, how much more money would you be willing to add to the cost of a round trip ticket for the convenience of flying from Albany instead of having to drive to Columbus or another airport?"

A roundtrip from Athens to the Columbus airport is approximately **140** miles. At **\$0.31/mile**, the cost to the traveler — and in the case of faculty, ultimately the University — is **\$44.80**. If we add the price of airport parking — averaging **\$8** per day — and assume three days per trip, the total cost of driving to and from the Columbus airport comes to **\$68.80**.

Understanding these driving costs, we find that the first **\$60—\$75** added to the price of a commercial flight for commuter service from Albany to a major hub airport would not add to travelers' costs.

From the responses at right, it seems apparent that there is some disconnect between the true cost of driving to the Columbus airport and the amounts that University employees are willing to pay for commuter service. More than **57%** of respondents indicated that they would pay less than **\$60** for the convenience of flying from Albany to catch a larger commercial flight in Columbus.

Although some ambiguity in the question could have created some of this disconnect, it is more likely that respondents chose to understate their true willingness to pay. That having been said, more than **22%** of respondents said they would pay **\$100** or more for commuter service from the Airport.

| Ticket Price | Number of Respondents | % of Respondents |
|--------------|-----------------------|------------------|
| \$0 | 95 | 8.9% |
| \$10 | 10 | 0.9% |
| \$15 | 5 | 0.5% |
| \$20 | 53 | 5.0% |
| \$25 | 55 | 5.2% |
| \$30 | 43 | 4.0% |
| \$35 | 8 | 0.8% |
| \$40 | 32 | 3.0% |
| \$45 | 10 | 0.9% |
| \$50 | 295 | 27.7% |
| \$55 | 3 | 0.3% |
| \$60 | 32 | 3.0% |
| \$65 | 10 | 0.9% |
| \$70 | 11 | 1.0% |
| \$75 | 105 | 9.9% |
| \$80 | 15 | 1.4% |
| \$90 | 2 | 0.2% |
| \$95 | 1 | 0.1% |
| \$100 | 179 | 16.8% |
| \$110 | 2 | 0.2% |
| \$120 | 5 | 0.5% |
| \$125 | 5 | 0.5% |
| \$130 | 1 | 0.1% |
| \$150 | 36 | 3.4% |
| \$200 | 10 | 0.9% |
| \$250 | 1 | 0.1% |
| \$300 | 2 | 0.2% |

**STUDENT
OPINION**

While the professional community in the Airport's market area will represent the lion share of likely commuter customers, students may fill a significant number of seats and represent the difference between break-even and profitability. For this reason, we attempted to gauge student interest in commuter service as well.

| Type of Students | Number of Respondents | Continent/Region | Number of Respondents |
|------------------|-----------------------|-----------------------------|-----------------------|
| In State | 3,038 | Asia | 87 |
| Out of State | 431 | Europe | 30 |
| International | 210 | Africa | 19 |
| TOTAL | 2,669 | Canada/Mexico/ Caribbean | 17 |
| | | Southeast Asia/Australia | 15 |
| | | Middle East | 12 |
| | | South America | 12 |

* 192 of 210 international students who responded to the survey indicated a home city or country

Of the 2,669 students who responded to the survey, more than **57%** of them said that they or their parents would be "very" or somewhat likely to use commuter airline service from the Airport.

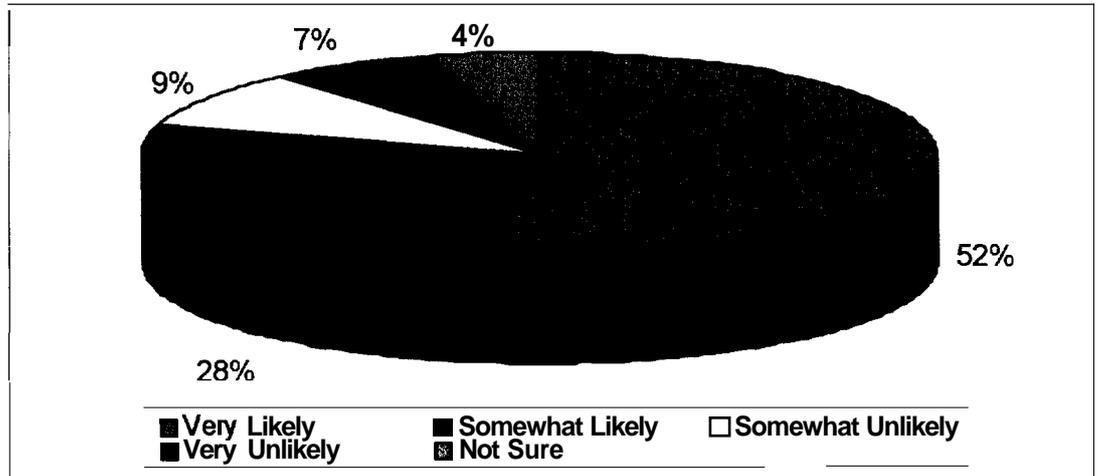
As stated earlier, although the incidence of false, repetitive, or misleading responses seems to be low, the projected number of flights that students and their families might be expected to take has been substantially discounted. If we limit projections exclusively to the responses of out-of-state and international students, we would expect more than 1,600 student-related market demand each year.

| Frequency of Travel among Students "very" or "somewhat likely" to fly from the Ohio University Airport in Albany | | | | | | |
|--|-------------------|---------------|----------|-------|------------------|--|
| Flights per Year | Types of Students | | | TOTAL | Projected Trips* | |
| | Out of State | International | In State | | | |
| 1 to 3 | 161 | 110 | 736 | 1007 | 503 | |
| 4 to 6 | 114 | 43 | 200 | 357 | 714 | |
| 7 to 9 | 47 | 7 | 45 | 99 | 346 | |
| 10 or More | 24 | 9 | 48 | 81 | 405 | |
| Total | 346 | 169 | 1029 | 1544 | 1968 | |

* projections assuming low end of respondents' range of flights and a 50% discount of that total

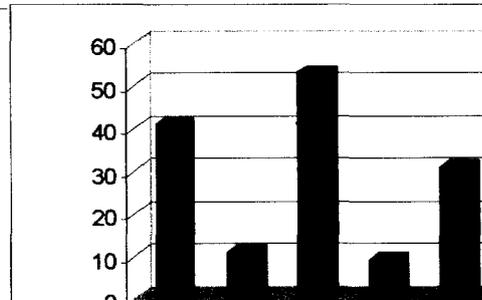
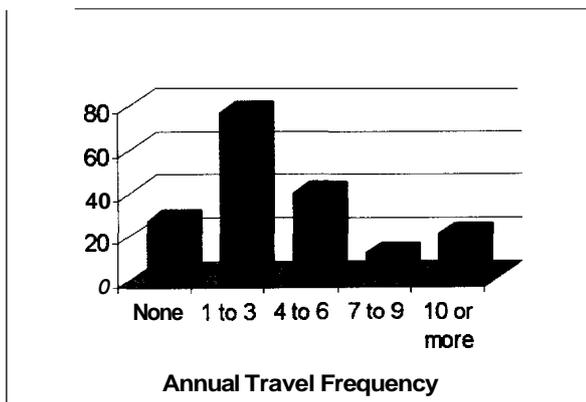
CHAMBERS OF COMMERCE OPINION

Even more significant to the viability of commuter airline service in southeastern Ohio will be the support of it and demand for it from the regional business community at large. In order to measure that level of support and demand, we distributed a survey through various Chambers of Commerce in the area. Although those Chamber members are not fully representative of the community-at-large, they are more likely customers for commuter airline service than any other population segment.



For that reason, the fact that 80% of 183 respondents said they would be “very” or “somewhat” likely to use new service from the Airport is substantial.

If we assume the low range of travel for these respondents, some of whom indicated they would fly as frequently as fifty times per year, we find at least 531 flights for these 183 chamber members. Extrapolated for chamber membership in Athens (360 members) and considering that 46.4% of survey responses came from non-Athens chamber members, we would conservatively expect nearly 2,000 annual flights from



APPENDIX A — COLUMBUS AIRPORT PARKING SURVEYS

| 1997 Port Columbus License Plate — By County and Month | | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|-------|------|------|------|------|-------|
| County | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| Athens | 154 | 225 | 187 | 230 | 257 | 349 | 267 | 360 | 260 | 264 | 288 | 349 | 3190 |
| Gallia | 26 | 31 | 20 | 31 | 41 | 63 | 45 | 69 | 42 | 40 | 43 | 54 | 505 |
| Hocking | 31 | 46 | 24 | 46 | 61 | 35 | 45 | 98 | 44 | 40 | 64 | 56 | 590 |
| Jackson | 45 | 62 | 40 | 51 | 43 | 33 | 32 | 52 | 24 | 34 | 43 | 49 | 508 |
| Meigs | 18 | 24 | 15 | 25 | 32 | 28 | 31 | 52 | 27 | 51 | 51 | 48 | 401 |
| Morgan | 15 | 17 | 8 | 17 | 26 | 10 | 36 | 32 | 16 | 18 | 21 | 27 | 243 |
| Perry | 38 | 45 | 34 | 48 | 61 | 36 | 68 | 74 | 67 | 57 | 45 | 63 | 636 |
| Vinton | 6 | 6 | 3 | 21 | 24 | 16 | 16 | 20 | 11 | 29 | 14 | 22 | 188 |
| Washington | 81 | 110 | 83 | 143 | 149 | 170 | 133 | 162 | 144 | 159 | 163 | 108 | 1605 |
| TOTAL | 414 | 565 | 414 | 612 | 694 | 740 | 673 | 918 | 635 | 692 | 732 | 776 | 7866 |
| % of Total | 5.3% | 7.2% | 5.3% | 7.8% | 8.8% | 9.4% | 8.6% | 11.7% | 8.1% | 8.8% | 9.3% | 9.9% | |

| 1998 Port Columbus License Plate Survey — By County and Month | | | | | | | | | | | | | |
|---|------|------|------|------|------|-------|------|-------|------|-------|-------|------|-------|
| County | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| Athens | 176 | 222 | 208 | 230 | 243 | 291 | 113 | 390 | 250 | 279 | 311 | NA | 2713 |
| Gallia | 37 | 23 | 46 | 31 | 37 | 74 | 20 | 42 | 44 | 58 | 75 | 49 | 536 |
| Hocking | 37 | 62 | 23 | 46 | 69 | 81 | 37 | 55 | 58 | 68 | 66 | 50 | 652 |
| Jackson | 23 | 54 | 34 | 59 | 47 | 30 | 31 | 44 | 41 | 34 | 39 | 57 | 493 |
| Meigs | 26 | 33 | 30 | 25 | 20 | 29 | 14 | 35 | 33 | 41 | 22 | 28 | 336 |
| Morgan | 24 | 27 | 12 | 17 | 16 | 20 | 11 | 12 | 15 | 20 | 18 | 12 | 204 |
| Perry | 53 | 53 | 74 | 48 | 72 | 84 | 48 | 69 | 66 | 71 | 66 | 45 | 749 |
| Vinton | 11 | 19 | 18 | 21 | 14 | 9 | 23 | 17 | 23 | 26 | 30 | 14 | 226 |
| Washington | 100 | NA | 130 | 143 | 164 | 167 | 62 | 179 | 146 | 201 | 145 | 96 | 1533 |
| TOTAL | 487 | 493 | 575 | 620 | 682 | 785 | 359 | 843 | 676 | 798 | 772 | 352 | 7442 |
| % of Total | 6.5% | 6.6% | 7.7% | 8.3% | 9.2% | 10.5% | 4.8% | 11.3% | 9.1% | 10.7% | 10.4% | 4.7% | |

| 2000 Port Columbus License Plate Survey — By County and Month | | | | |
|---|-----|-----|------|-------|
| County | Jan | Aug | Sep | Total |
| Athens | 258 | 479 | 285 | 1022 |
| Gallia | 30 | 61 | 65 | |
| Hocking | 57 | 83 | 98 | 238 |
| Jackson | 35 | 76 | 49 | 160 |
| Meigs | | 22 | 29 | 86 |
| Morgan | | 23 | 30 | 73 |
| Perry | | 36 | 90 | 224 |
| Vinton | | 36 | 16 | 69 |
| Washington | | 136 | 183 | 479 |
| TOTAL | | 633 | 1047 | 2507 |

**APPENDIX B —
FACULTY/STAFF
QUESTIONNAIRE**

1. At which OU Campus do you work?
a. Athens; b. Chillicothe; c. Eastern (Belmont); d. Lancaster; e. Southern (Ironton); f. Zanesville
2. For business or personal reasons, how many times per year do you travel via airplane?
a. 1 – 3; b. 4 – 6; c. 7 – 9; d. 10 or more; e. None
3. **When** you fly, from which airport do you depart most often?
a. Columbus; b. Pittsburgh; c. Cincinnati
d. Parkersburg; e. Other
4. If commercial air service became available **from** the Ohio University Airport in Albany, OH, how likely would you be to use it?
a. **Very** likely; b. Somewhat likely;
c. Somewhat unlikely;
d. **Very** unlikely; e. No opinion/not sure
5. How many times in a given year would you or your business associates be likely to use commuter air service **from** the OU airport?
a. None; b. 1 – 3; c. 4 – 6; d. 7 – 9;
e. 10 or more;
6. Name three places **to** which you would be most likely to fly.
7. Keeping the cost of gasoline and airport parking in mind, how much more money would you be willing to add to the cost of a round trip ticket for the convenience of flying from Albany instead of having to drive to Columbus or another airport?
8. Approximately how many times **per** year do you drive to and from Columbus?
9. If commuter air service became available from Albany to Columbus, how frequently would you choose to fly instead of drive?
a. Every trip; b. Some trips;
c. Occasionally; d. Rarely; e. Never
10. Approximately how many times per year do you drive to and from Cincinnati?
11. If commuter air service became available from Albany to Cincinnati, how frequently would you choose to fly instead of drive?
a. Every trip; b. Some trips;
c. Occasionally; d. Rarely; e. Never
12. Approximately how many times per year do you drive to and from Cleveland?
13. If commuter air service became available from Albany **to** Cleveland, how frequently would you choose to fly instead of drive?
a. Every trip; b. Some trips;
c. Occasionally; d. Rarely; e. Never
14. Approximately how many times per year do you drive to and from Pittsburgh?

**APPENDIX C —
STUDENT
QUESTIONNAIRE**

1. Which OU campus do you attend?
 - a. Athens; b. Chillicothe; c. Eastern;
 - d. Lancaster; e. Southern; f. Zanesville
2. My home is...
 - a. In state;
 - b. Out of State but in the U.S.;
 - c. Canada or Mexico;
 - d. International not Canada or Mexico
3. My hometown is. ..
4. How often do you go home during the year?
 - a. 1 to 3; b. 4 to 6; c. 7 to 9;
 - d. 10 or more
5. When you go home, what is your usual mode of travel?
 - a. Always by **car**; b. Usually by **car**, sometimes by plane; c. Usually by plane, sometimes by **car**; d. Always by plane
6. **When** you fly, from which airport do you fly?
 - a. Columbus; b. Pittsburgh; c. Cincinnati
 - d. Parkersburg; e. Other
7. If commercial air service became available from the Ohio University airport in Albany, OH, how likely would you be to use it?
 - a. **Very** likely; b. Somewhat likely;
 - c. Somewhat unlikely; d. Very unlikely; e. No opinion/not sure
8. How many times in a given year would you (or your parents) be likely to use commuter air service from the OU Airport?
 - a. 1 to 3; b. 4 to 6; c. 7 to 9;
 - d. 10 or more; e. none
9. Name three places other than your hometown to which you would be likely to fly (i.e. for Spring Break, an internship, job interview, etc.)
10. Approximately how many times per year do you drive to and from Columbus?
- 10a. If commuter air service became available from Albany to Columbus, how frequently would you choose to fly instead of drive?
 - a. Every trip; b. Most trips;
 - c. Occasionally; d. Rarely; e. Never
11. Approximately how many times per year do you drive to and from Cincinnati?
- 11a. If commuter air service became available from Albany to Cincinnati, how frequently would you choose to fly instead of drive?
 - a. Every trip; b. Some trips;
 - c. Occasionally; d. Rarely; e. Never

**APPENDIX D —
CHAMBER OF
COMMERCE
QUESTIONNAIRE**

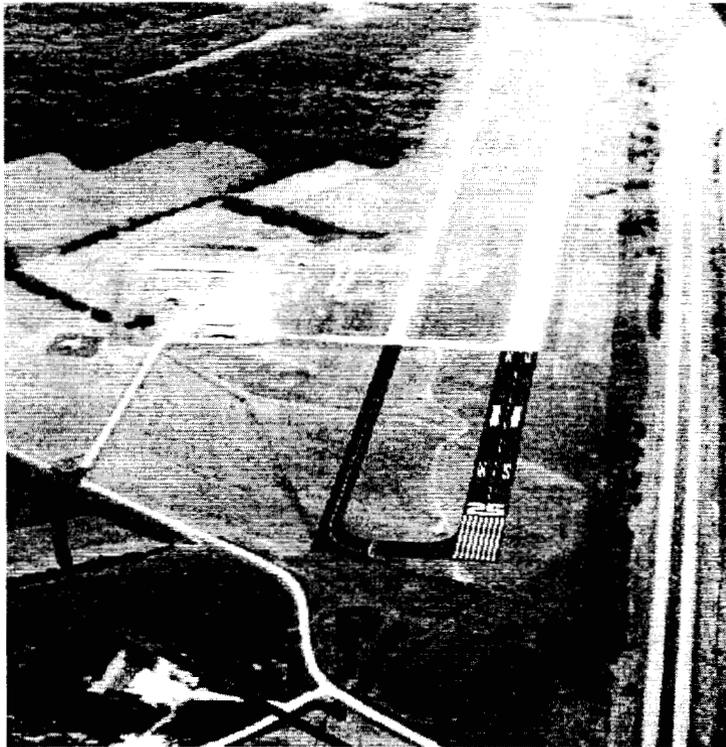
As you may know, Ohio University will be expanding its airport in Albany, OH this summer with the extension of the runway, the construction of a new terminal, and hopefully the introduction of new commercial airline service starting next year. This will make the university and our surrounding communities more accessible to students, faculty and businesses. It **has** the potential to have a dramatic economic development impact throughout the region and make **all** our lives easier. But in order to **attract** a commuter airline, we need to be able to show substantial market demand for it. The level of community **and** business interest will be absolutely critical **as** we make our case. So, please take a couple of minutes to fill out **this** survey. All responses will remain anonymous. **Thank** you for your assistance in this effort. We all have much to gain by providing greater **access** to southeastern Ohio. To return a completed survey, please tri-fold this page, add postage and seal it with Pam Parker's address showing. You **can** also **fax** the completed survey to Pam's attention at **(740) 593-0762**. If you have further questions, feel free to call Pam at **(740) 593-1244**. Additional comments **can** be emailed to Pam at parkerp@ohio.edu.

1. In which county do you live?
2. In which county do you work?
3. For business or personal reasons, how many times per year do you travel via airplane?
a. 1 to 3; b. **4 to 6**; c. **7 to 9**; d. 10 or more; e. None
4. When you fly, from which airport do you usually fly?
a. Columbus; b. Pittsburgh; c. Cincinnati; d. Parkersburg; e. Other
5. If commercial air service became available from the Ohio University Airport in Albany, OH, how likely would you be to use it?
a. Very likely; b. Somewhat likely; c. Somewhat unlikely; d. Very unlikely; e. No opinion/not sure
6. How many times in a given year would you or your business associates be likely to use commuter air service **from** the OU Airport?
a. 1 to 3; b. **4 to 6**; c. **7 to 9**; d. 10 or more; e. None
7. Name three places to which you would most likely fly.
8. Keeping the cost of gasoline and airport parking in mind, how much more money would you be willing to **add** to the cost of a round trip ticket for the convenience of flying **from** Albany instead of having to drive to Columbus or another airport?

ATTACHMENT #5

**Ohio University Regional Airport and Academic
Center Expansion**

Ohio University Regional Airport and Academic Center Expansion



GORDON K. BUSH
OHIO UNIVERSITY AIRPORT
C. DAVID SNYDER TERMINAL
SCHORR & ASSOCIATES
ARCHITECTS, LTD



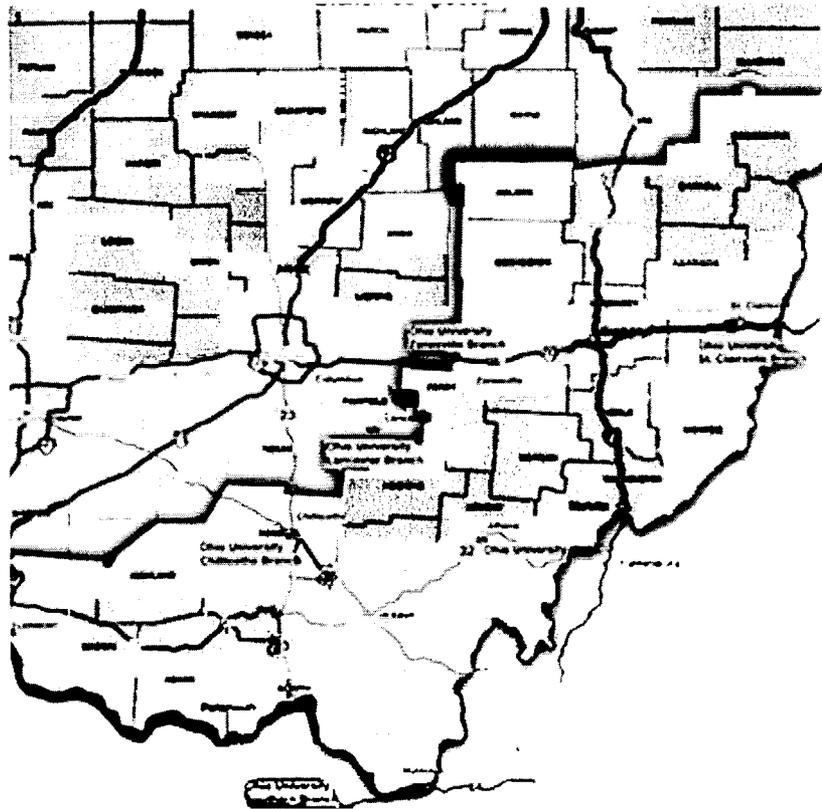
Ohio University

Founded in 1804



- 28,000 students
- 1,703 faculty
- 2,953 staff
- 276 majors
- 201 buildings on 1,700 acres (Athens Campus)
- \$450 million annual budget
- \$250 million endowment

Ohio University Branch Campuses

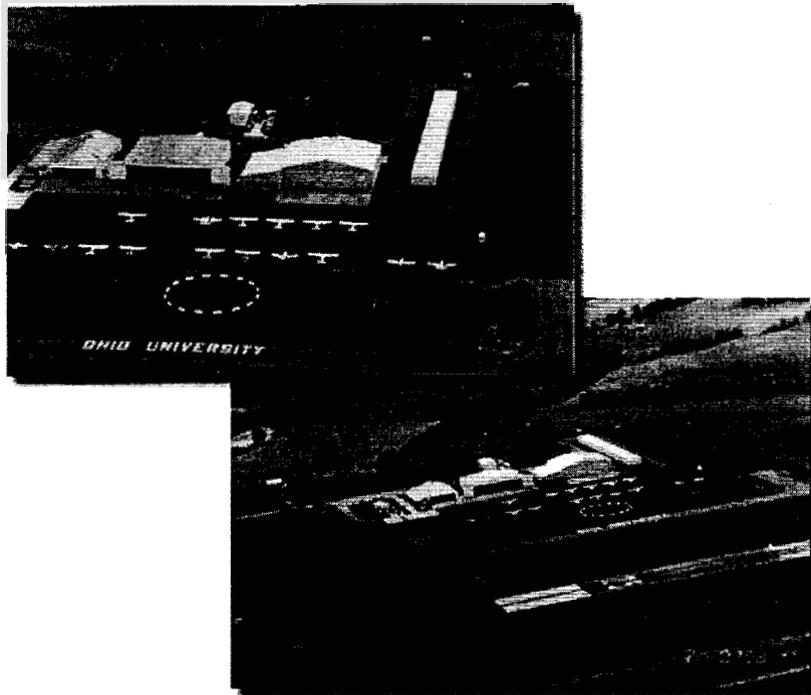


Five Branch Campuses

- Chillicothe
- Lancaster
- Zanesville
- Eastern
- Southern

Ohio University

Snyder Field



- Athens County
Southeastern Ohio
- University Transportation
 - Aviation Training & Management Programs
 - Avionics Engineering Research
 - Private Hangars
 - Aircraft Maintenance

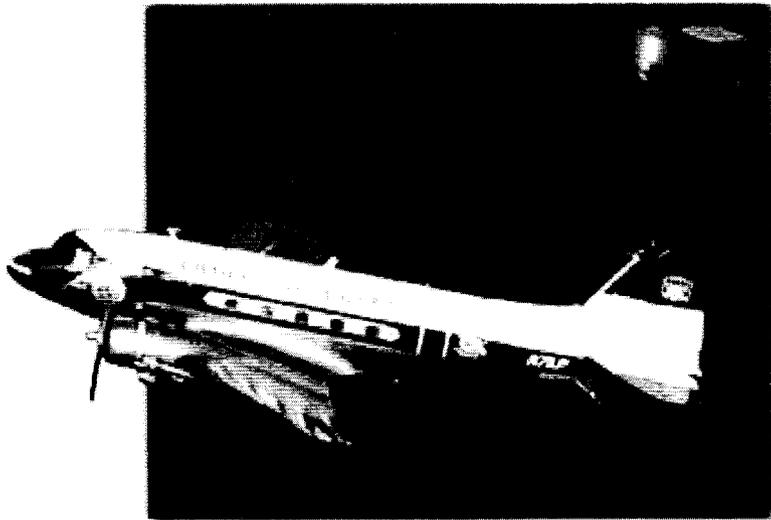
Ohio University Aviation Training



- 200 students
- BS in Aviation
- AAS in Aviation Technology
- Pilot Training
- Aviation Management
- Internships
- Cessnas (152's & 172's)
- Beech (Bonanza complex and Baron multi-engine)
- Co-pilot and PIC opportunities to fly in King Airs & Navajo Chieftain

Ohio University

Avionics Engineering Research Center



- GPS, ILS, LAAS & WAAS installations
- Specialize in navigation & landing systems communication and data links
- More the \$7 million annually in transportation research
- Unique flight test capabilities
- Flying research laboratories (DC3 and King Air 90)

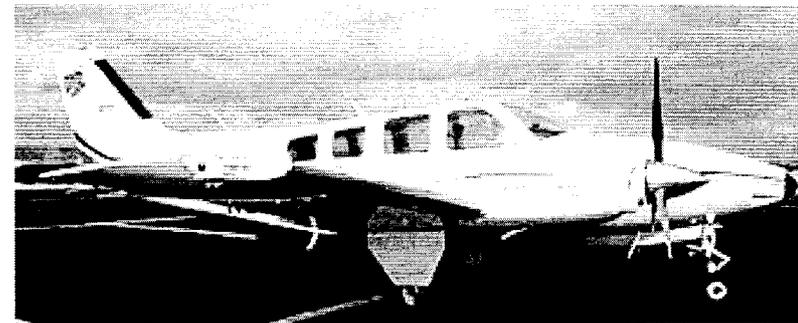
Ohio University Airport Operations

Current (part 91)

- Transportation services for Ohio University faculty and staff
- Maintenance for university aircraft & private aircraft owners
- Private hangars
- Management of airport facilities
- Oversight and management of new terminal construction & runway expansion
- Support services for academic centers (Aviation & Avionics)

Future (part 139)

- Regional airline service
- Industrial tenants
- Expanded academic facilities and programs



Ohio University Gordon K. Bush Runway Expansion

Growth:

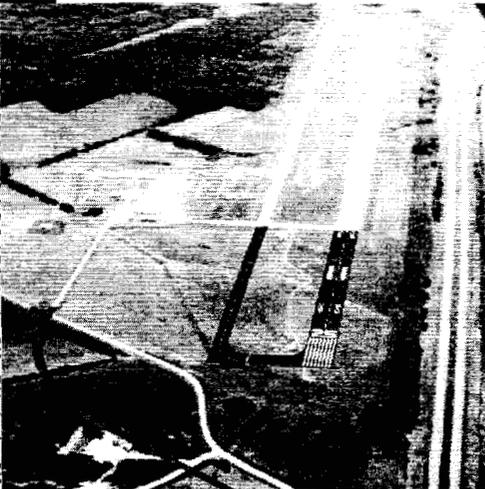
- Expanding runway and taxiway by 1,400 ft to 5,600 ft
- Largest general aviation airport in Ohio south of Columbus
- Cargo planes, corporate jets, private aircraft, commuter airlines able to land
- Construction began November 2001; expected completion date, fall 2002

Benefits to university and entire region:

- Increased accessibility
- Economic growth; jobs
- Additional tax based revenue
- Increase tourism
- Expanded educational opportunities
- Better accessibility to health care

Funding:

- \$5 million project funded by the FAA, Ohio Department of Transportation Aviation Division, and Ohio University



Ohio University

C. David Snyder Terminal



GORDON K. BUSH
OHIO UNIVERSITY AIRPORT
C. DAVID SNYDER TERMINAL
SCHORR & ASSOCIATES
ARCHITECTS . LTD

- New building will accommodate increased airport traffic
- Size 6,500 sq ft (2 ½ times the size of current facility)
- Will house:
 - Airport Director
 - Chief Pilot & Staff Pilots
 - Transportation Coordinator
 - Aircraft Attendants
 - Visiting pilot's lounges (sleeping room)
 - Weather station
 - Baggage and security areas
 - Regional airline counter
 - Car rental counter
 - Large passenger waiting area
 - Room for growth
- Completion date of March 15, 2002

The new terminal is named for C. David Snyder, 1974-alumnus and Cleveland businessman who helped fund the new building

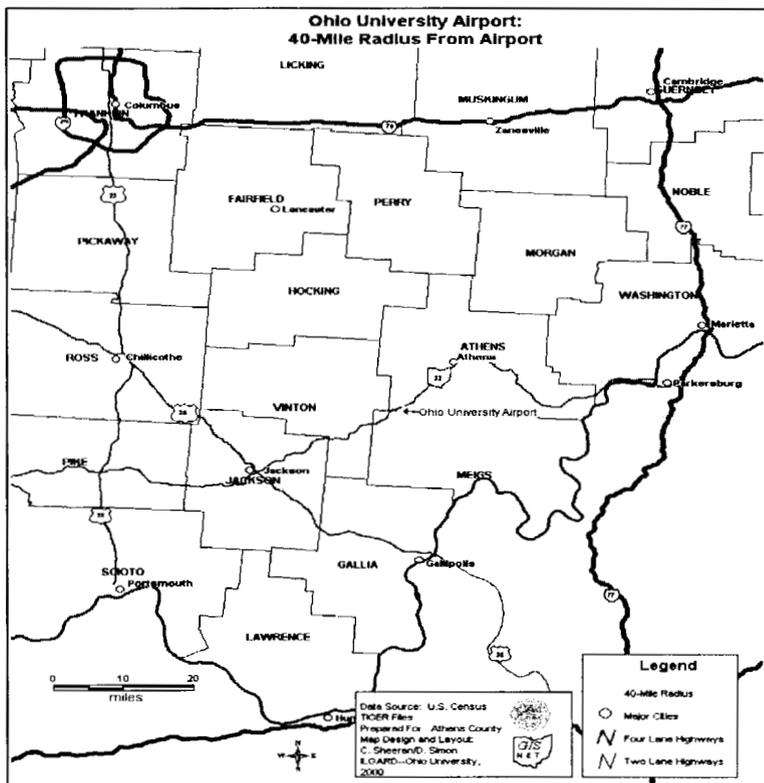
Distance to Commercial Airports by automobile



From Athens:

- Cincinnati: 3 hours
- Columbus: 2 hours
- Cleveland: 4 hours
- Pittsburgh, **PA**: 4 hours
- Charleston, **WV**: 2 hours
- Parkersburg, **WV**: 1 hour

Demographics



- 9 counties within a 40 mile radius of Ohio University Regional Airport
- Population: 245,000
- Active businesses: 3,942
- Including:
 - Smead Manufacturing
 - GE
 - TS Trim
 - Wal-Mart
 - Southern Ohio Coal
 - Pillsbury (General Mills, Inc.)
 - Luigino's
 - Merillat Industries
- Colleges/universities
 - Ohio University
 - Hocking College
 - Rio Grande
 - Marietta
 - Shawnee State

Contact Information

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ATTACHMENT #6

Morgantown Municipal Airport Data

MORGANTOWN MUNICIPAL AIRPORT – 2001 ANNUAL REPORT

AIRPORT DIRECTOR'S SUMMARY

A flurry of activity will begin in January 2002 that will continue Morgantown Municipal Airport's soaring flight into the future.

The Airport's Master Plan contract was awarded to HNTB Corporation in Charleston. In January, the company will begin its process ultimately to provide our Airport and the City of Morgantown with a comprehensive response and unbiased Master Plan that will be sensitive to the needs of our community. Estimated cost is \$156,000, with an expected completion date within 12 months. Our hope for this program is to keep our focus on continued progress in developing our Airport to its fullest potential. We want to set goals that are realistic and achievable.

We also have several other strong initiatives at work. Beginning in March, Mark's Construction Company in Clarksburg will begin construction of the Aircraft Rescue and Fire Fighting building. Also, Laurita Excavating in Morgantown will begin work on the Taxiway A extension. Expected completion date is near year's end. Cost of these two projects equals close to \$2.7 million.

We also are focusing heavily on safety and security at our Airport by installing security cameras where needed and a new electronic gate card system for access to the airside of the Airport.

The perimeter fencing project at the Airport is approximately 35 percent complete, with an anticipated completion in July 2002.

The most important progress the Morgantown Municipal Airport has experienced **in the past 15 years** is controlling the fuel for its customers.

The term "Fixed Base Operation" originated following World War I to describe the first aviation businesses that developed a permanent base of operations to deliver services at airports.

The Morgantown Municipal Airport acquired the Fixed Base Operation on Nov. 1, 2000, and began implementing a management system to build a strong foundation with results that, in the first month alone, greatly surpassed our expectations. Gross profit for the FBO's first year of operation was \$503,973.16, and the net income totaled \$215,963.72, according to the attached financial statement prepared by the Finance Department. This clearly shows our projected \$57,845 profit for the first year of operation was significantly low compared to actual figures.

A large portion of the FBO's profits to date have been reinvested in Airport

improvements, such as refurbishing the pilot and customer lounges with new furniture, carpeting and bathroom fixtures; purchasing radio headsets for safer, more efficient communications; a fuel dispenser pump for the Fuel Farm; fuel testing equipment to insure the purity of the fuel; safety equipment such as reflective belts, vests, and raingear; and hazardous materials training for staff.

The well-trained, conscientious FBO staff provides routine aviation services to more than 100 customers daily. Among these services are fueling private, corporate, military and commercial aircraft. In the first year of operation, the FBO staff refueled over 3,500 corporate, private and military aircraft, pumping over a half-million gallons of aviation fuel.

In addition to our individualized catering services, i.e., food, hotel reservations, car rentals and personalized transportation to and from nearby restaurants and hotels, the staff provides faxing and copying services for pilots and crew; aircraft supplies, such as oil, batteries, sectional charts and pilot logs. A computerized weather service is available for pilots and crew for pre-flight planning as well as area maps. In winter, deicing services are performed as required. The staff also directs pilots in safely parking aircraft on the apron, and loads and unloads baggage. In the past 12 months, the FBO arranged for catered meals, rental cars and hotel rooms for over 200 passengers and crew. Pilots and crew awaiting their passengers can relax in the comfortable, fully-furnished waiting area with satellite TV and assorted reading materials.

Currently, we are preparing for a new aviation fuel contract that we anticipate having out to bid in early February 2002.

SEPTEMBER 11, 2001 – SECURITY AND ECONOMIC IMPACT

Security levels on September 11, 2001 were heightened to level IV following the terrorist attacks on the World Trade Center and the Pentagon and this had a broad security and economic impact on the Morgantown Municipal Airport and its tenants.

Beginning that date, air space was closed nationally at approximately 10:30 a.m. The Morgantown Municipal Airport was closed from Sept. 11-13, with reopening for commercial traffic occurring on Friday, Sept. 14. Two flights daily from Reagan Airport in Washington, D.C. were discontinued as was one flight to Pittsburgh. General aviation travel was limited. Instrument Flight Rules (IFR) was reinstated slowly while the FAA increased security. Visual Flight Rules (VFR) remained closed until mid-October.

Actions taken on Sept. 11 by the Morgantown Municipal Airport required halting construction work on the perimeter fence project that only began that morning; closing and locking all access to the airside limiting all access to pilots, T-hangar tenants and employees of the Airport and Air Corps; shutting down and evacuating the terminal; doing a security sweep of all levels and rooms; and inspecting all rental cars recently delivered to the Airport.

Meanwhile, the FAA Security Office in Pittsburgh required a number of measures be implemented prior to certifying our Airport to reopen.

The Airport had to eliminate parking within 300 feet of the terminal or take action to acquire a waiver. We applied for and received a waiver. Access to the Airport by the main entrances was limited to the entrance off Hartman Run Road because the north entrance near the Mileground was barricaded. The Airport spent \$7,000 on concrete barriers and an additional \$1,500 to place them in front of the terminal building. Gate access to the airside was limited to the south gate and the entrance code was changed. As security concerns increased with the FAA, National Guardsmen and Morgantown Police maintained the sterile area at the airlines, and photo ID cards were issued to Airport employees and tenants. A city police officer is required to be present during commercial operation hours. Also, a security checkpoint was established on the south access road and required a visual search of all vehicles accessing the Airport, and a dusk-to-dawn spotlight was installed at that location at a cost of \$2,700.

As a result of the Sept. 11 events, air travel at the Morgantown Municipal Airport decreased 42 percent in September and 15 percent in October. Passenger Facility Charge (PFC) revenue, used to match the local share of FAA grants, was down respectively in the same percentages.

In November 2001, the FAA relaxed the limiting of parking within 300 feet of the terminal for category IV Airports. Also, both access roads to the Airport now are open. Current security measures include concrete barriers in front of the terminal building, National Guardsmen and city police at the commercial airline screening area, and photo ID cards.

Work on the perimeter fence construction project previously mentioned has resumed and it has taken on new meaning for airport security. Additional changes to increase security at the three access gates around the terminal and General Aviation ramp are being implemented.

Most importantly, the friendly atmosphere always enjoyed by the traveling public at the Morgantown Municipal Airport will still be there – and the Airport will be safer.

RESOURCES

MGW's staff reached full strength this year with 13 full-time personnel following the hiring of Jackie Marhefka as the Airport Secretary. Former secretary Mary Lou Baker now serves as the FBO liaison for customer support and financial management. In addition to the Airport Director and Assistant Director, there also are two skilled laborers, one laborer, a maintenance superintendent and five Airport laborers that work as fuel line staff that manage, maintain and service the Airport and FBO. Airport personnel provide maintenance for the main terminal, airfield and grounds, hangars, all other buildings, and the equipment and vehicles necessary to provide maintenance and repairs. The employees also provide assistance to the Airport tenants and their operations.

- The Airport's Operating Budget for FY 2001-2002 is \$1,361,704.
- Revenues are estimated to be \$1,361,704.
- The Airport Improvement Fund subsidy is zero.
- FAA Grants total \$1,375,007.
- WV Aeronautics Commission Grants total \$38,194.
- Estimated PFC income is \$44,400.
- Estimated net income from the vending machines and parking meters is \$12,000.

GRANT-FUNDED EQUIPMENT

The following equipment was purchased with grant funds:

- *6 100 John Deere Tractor, Sweepster broom head and Rhino rear plow
- *350 Diesel Ford Pickup, 1-ton dump bed, Myers snow plow and rear spreader
- Hali-Brite Rotating Beacon – medium intensity

TIMBER-FUNDED EQUIPMENT

The Airport completed the timbering of 175 acres of its property to remove obstructions and assist with wildlife control, and improve safety and security on the property. With a portion of the \$408,523 revenue from timber sales, the Airport paid for:

- *2001 Jeep Grand Cherokee
- *4100 John Deere Tractor with a mower deck and roof – also can be used to move planes
- Seal Coating of T-hangar driveways
- Rewiring of Hangar 17
- New GrayCo Paint Machine, used to repaint entire runways, taxiways and ramps with glass-beaded paint as the FAA required
- New uniforms for employees
- All employees to attend an 8-hour fire training course at the Pittsburgh International Airport Fire Training Academy

AIR TRAFFIC CONTROL TOWER

The Air Traffic Control Tower (ATCT) has been at the Morgantown Municipal Airport since 1971. Its staff of a manager and four controllers provides total aviation safety services to the aviation community and the City of Morgantown, and fosters a professional, friendly environment to aircraft owners and visitors to Morgantown.

The Air Traffic Controllers are the first and last contact that aircraft operators talk with and it has been said that first and last impressions are vital to the success of the visit to our community. Morgantown's controllers enjoy a well-earned reputation that Morgantown is the friendliest ATCT on the East Coast. Many flight schools in a 200-

mile radius of Morgantown prefer their student pilots fly into Morgantown on cross-country trips because they know our reputation. Many professional flight programs, presidential aircraft, military aircraft and medivac aircraft prefer Morgantown because of our provided service, which results in reduced cost to the flight program as well as a premium in flight instruction. This is not a reputation that is earned overnight. It has taken several years, if not decades, to nurture.

The entire staff has both military and FAA air traffic background – for the five controllers, a combined 150-plus years of experience. Three of the five controllers hold pilot licenses, two are multi-engine rated, and one currently is working on obtaining his instrument rating.

All the controllers are experienced professionals and have handled several aircraft accidents during their careers that include gear-up landings, fires, deer strikes and other incidents in which vigilance and experience by ATCT personnel have turned potentially serious situations into routine work.

In fact, the Morgantown Tower recently achieved the significant milestone of 1 million error-free operations and will be presented with the appropriate recognition from the Director of Air Traffic in the near future.

From Oct. 1, 2000 through Sept. 30, 2001 alone, we handled 41,659 airfield operations. (An airfield operation is one takeoff or landing.)

Also, local weather information provided on The Weather Channel originates at the Morgantown Municipal Airport. All the controllers hold certificates to take weather observations.

Since the Sept. 11 multiple terrorist attacks and potential follow-on attacks in the foreseeable future with new airport and aircraft security measures in place, local and military law enforcement, and flight restrictions effective until further notice, the Tower staff continues to remain vigilant and mindful of the situations around it as aviation changes.

ATTACHMENT #7

Ohio University Regional Airport Budget

OHIO UNIVERSITY
AIRPORT
 (IN THOUSANDS)

| | FY 2001 Budget | FY 2002 Budget | FY 2003 Budget |
|---|----------------|----------------|----------------|
| RESOURCES | | | |
| Transportation Service | 300 | 575 | 585 |
| University | 458 | 510 | 413 |
| Non-University | 187 | 209 | 314 |
| Other Resources | 20 | 123 | 235 |
| TOTAL REVENUE | 965 | 1,417 | 15471 |
| GENERAL FUND SUPPORT | 778 | 769 | 787 |
| TOTAL RESOURCES | 1,743 | 2,186 | 2334 |
| EXPENDITURES | | | |
| Wages & Benefits | 859 | 939 | 1069 |
| Supplies & Equipment | 237 | 371 | 436 |
| Maintenance & Repairs | 231 | 225 | 331 |
| Cost of Goods Sold | 33 | 122 | 114 |
| Other Expenditures | 177 | 285 | 266 |
| TOTAL EXPENDITURES | 1,663 | 1,942 | 22661 |
| DEBT SERVICE | 0 | 301 | 68 |
| TRANSFERS | 80 | -57 | 0 |
| TOTAL EXPENDITURES & TRANSFERS | 1,743 | 2,186 | 2334 |
| NET INCOME | | | 0 |

ATTACHMENT #8

Morgantown Municipal Airport Budget

Morgantown Municipal Airport Operating Budget

| Revenues | FY01 Actual As of 4/30/01 | FY02 Proposed | |
|-----------------------------|---------------------------------|---------------------|--|
| <u>Intergovernmental</u> | | | |
| 369.12 Gen. Fund | 0.00 | 0.00 | |
| 369.13 AIF | 5,317.00 | 0.00 | |
| <u>Miscellaneous</u> | | | |
| 380.00 Earned Interest | 54.45 | 100.00 | |
| 383.00 Sale of fixed assets | 0.00 | 0.00 | |
| 399.04 Misc. | 9,606.90 | 4,030.00 | |
| 399.06 Prior year carryover | 0.00 | 0.00 | |
| 399.18 BOPARC | 4,804.06 | 10,000.00 | |
| <u>Airfield</u> | | | |
| 346.05 Airline Landing | 28,144.56 | 31,262.00 | |
| <u>Terminal Bldg. B</u> | | | |
| 346.02 Hangar rent | 44,730.00 | 93,600.00 | 100 % now comes to |
| 346.04 Office Rent | 39,837.71 | 46,476.00 | airport |
| 346.06 Restaurant | 12,753.45 | 15,700.00 | |
| 346.07 Other rent | 0.00 | 0.00 | |
| 346.11 Interspace | 4,233.80 | 5,000.00 | |
| 385.01 Phone comm. | 281.32 | 350.00 | |
| 385.02 Car rental | 23,156.29 | 30,860.00 | |
| <u>Terminal Bldg. A</u> | | | |
| 342.12 Airport parking | 1,164.02 | 1,400.00 | |
| 342.15 Car rental parking | 3,040.00 | 3,840.00 | |
| 342.16 Airport vending | 9,727.00 | 12,800.00 | |
| <u>FBO Revenue</u> | | | |
| 345.10 Fuel-Jet-Retail | 462,498.47 | 961,459.00 | |
| 345.14 Fuel-Avgas-Retail | 55,174.75 | 112,667.00 | |
| 345.18 Oil | 24.00 | 50.00 | |
| 345.20 Catering | 1,205.78 | 2,000.00 | |
| 345.21 Pilot supplies | 113.25 | 500.00 | |
| 346.08 Landing/Parking fees | 5,655.00 | 11,310.00 | |
| 346.09 Deicing | 1,195.02 | 1,300.00 | |
| 399.04 Misc. | 43,096.73 | 6,300.00 | 2000 Budget line item |
| | | | includes revenues from old FBO line |
| | | | items for landing fees and fuel sales. |
| <u>Other Revenues</u> | | | |
| 345.02 Airport house | 250.00 | 0.00 | |
| 346.03 Byers hangar | 825.00 | 900.00 | |
| 399.07 Grant administration | 20,794.70 | 14,800.00 | Based on current |
| | | | grant revenues |
| Total Revenues | 777,683.26 | 1,366,704.00 | |

Morgantown Municipal Airport Operating Budget (Continued)

| | FY01 Actual | FY02 Proposed | |
|----------------------------|------------------------|--------------------------|---------------------------|
| Expenditures | | | |
| Personnel | | | |
| 3.00 Salaries | 181,268.16 | 159,465.00 | 2 positions transferred |
| 4.00 Social security | 12,567.09 | 10,259.00 | to FBO |
| 5.00 Group health | 87,452.28 | 43,270.00 | 1 new postions added |
| 7.00 Employees retirement | 10,555.42 | 8,703.00 | |
| 8.00 Medicare | 2,939.12 | 2,399.00 | |
| 10.00 Overtime | 24,022.19 | 6,000.00 | |
| <i>Contractual</i> | | | |
| 11.00 Telephone | 4,379.00 | 5,000.00 | |
| 13.01 Utilities/Electric | 35,179.00 | 45,000.00 | |
| 13.02 Utilities/Gas | 21,300.00 | 18,500.00 | |
| 13.03 Utilities/Water | 1,412.00 | 1,800.00 | |
| 14.00 Travel & Training | 4,897.00 | 4,800.00 | |
| 15.00 Bldg. Maint. | 13,693.00 | 14,000.00 | |
| 15.03 Airfield Maint. | 5,405.21 | 8,000.00 | dumpster and spring |
| 16.00 Equip. Maint. | 10,178.02 | 10,000.00 | clean up |
| 17.00 Vehicle Maint. | 5,722.15 | 2,650.00 | |
| 20.00 Advertising | 2,929.72 | 4,000.00 | |
| 22.00 Dues & Subscriptions | 744.95 | 800.00 | |
| 23.00 Professional fees | 0.00 | 200.00 | |
| 24.00 Audit costs | 2,000.00 | 2,000.00 | |
| 26.00 Workers Comp. | 4,064.00 | 4,012.00 | |
| 26.01 Liability | 17,074.39 | 18,038.00 | |
| 26.02 Unemployment | 0.00 | 0.00 | |
| 30.00 Contracted services | 5,054.59 | 3,500.00 | |
| 31.00 Fire service fees | 3,084.77 | 4,000.00 | |
| 32.00 Bank charges | 5,710.28 | 0.00 | Now under FBO exp line |

Morgantown Municipal Airport Operating Budget (Continued)

| | |
|------------------------|--------------------------|
| FY01 Actual | FY02 Proposed |
|------------------------|--------------------------|

**Morgantown Municipal Airport
Operating Budget
Prepared 6/23/00**

| | FY99 ACTUAL | FY00 BUDGET | FY00 ACTUAL 6/23/00 | FY01 PROPOSED | |
|---------------------------------|------------------------|------------------------|------------------------------------|--------------------------|----------------------|
| REVENUES | | | | | |
| <u>Intergovernmental</u> | | | | | |
| 369.13 Airport Improvement Fund | 35,600.00 | 50,172.00 | 106,000.00 | 4,317.00 | |
| <u>Charaes for Services</u> | | | | | |
| 346.02 FBO Fuel | 1,383.00 | 1,200.00 | 611.36 | 0.00 | |
| 385.00 Commissions | | | | | |
| <u>Miscellaneous</u> | | | | | |
| 380.00 Earned Interest | 241.00 | 400.00 | 97.89 | 200.00 | |
| 383.00 Sale of Fixed Assets | 650.00 | | 400.00 | | |
| 399.04 Miscellaneous | -197.00 | 4,600.00 | 1,093.30 | | |
| 399.06 Prior Year Carryover | | | | | |
| 399.18 BOPARC | 4,000.00 | 8,600.00 | 5,404.00 | 6,000.00 | |
| <u>Airfield</u> | | | | | |
| 345.04 FBO Fuel Commission | 82,557.00 | 100,296.00 | 86,794.96 | 90,000.00 | |
| 346.01 FBO "Other" | 38,462.00 | 38,300.00 | 36,636.84 | 38,300.00 | |
| 346.05 Airline Landing | 30,510.00 | 28,620.00 | 30,669.33 | 28,620.00 | |
| <u>Terminal Bldg. B</u> | | | | | |
| 346.00 Basement | 55,482.00 | 0.00 | 0.00 | 67,500.00 | 9 months |
| 346.04 Office Rent | 47,620.00 | 55,785.00 | 49,781.21 | 55,000.00 | |
| 346.06 Restaurant | 13,959.00 | 15,702.00 | 16,814.25 | 15,702.00 | |
| 346.07 Other Rent | 0.00 | | | 6,000.00 | Car rental & Airline |
| 346.11 Interspace | 3,230.00 | 4,000.00 | 7,243.85 | 5,400.00 | |
| 385.01 Phone Comm. | 785.00 | 1,500.00 | 504.12 | 400.00 | |
| 385.02 Car Rental | 27,807.00 | 28,430.00 | 27,317.95 | 28,430.00 | |
| 385.03 Byarsflight | 0.00 | | | | |
| <u>Terminal Bldg. A</u> | | | | | |
| 342.12 Airport Parking | 969.00 | 2,000.00 | 978.99 | 1,165.00 | |
| 342.15 Car Rental Parking | 3,840.00 | 3,840.00 | 3,840.00 | 3,840.00 | |
| 342.16 Airport Vending | 12,962.00 | 12,000.00 | 12,471.56 | 12,000.00 | |
| <u>Other Revenues</u> | | | | | |
| 345.02 Airport House | 2,400.00 | 5,100.00 | 350.00 | 0.00 | |
| 346.03 Byers Hangar | 75.00 | 900.00 | 825.00 | 900.00 | |
| 399.07 Grant Administration | | | | 23,000.00 | |
| TOTAL REVENUES | 362,335.00 | 361,445.00 | 387,834.61 | 386,774.00 | |

**Morgantown Municipal Airport
Operating Budget (Continued)**

| | FY99 ACTUAL | FY00 BUDGET | FY00 ACTUAL 6/23/00 | FY01 PROPOSED |
|---|------------------------|------------------------|------------------------------------|--------------------------|
| EXPENDITURES | | | | |
| <u>Personnel</u> | | | | |
| 3.00 Salaries | 143,465.00 | 158,418.00 | 150,231.89 | 164,740.00 |
| 4.00 Social Security | 9,225.00 | 10,194.00 | 9,500.70 | 10,590.00 |
| 5.00 Group Health | 37,038.00 | 37,380.00 | 39,726.24 | 43,524.00 |
| 7.00 Employees Retirement | 7,501.00 | 8,221.00 | 7,811.34 | 8,990.00 |
| 8.00 Medicare | 2,157.00 | 2,384.00 | 2,221.99 | 2,480.00 |
| 10.00 Overtime | 7,953.00 | 6,000.00 | 5,994.20 | 6,000.00 |
| <u>Contractual</u> | | | | |
| 11.00 Telephone | 3,626.00 | 3,200.00 | 5,111.83 | 5,500.00 |
| 13.01 Utilities/Electric | 39,912.00 | 35,000.00 | 46,743.75 | 41,000.00 |
| 13.02 Utilities/Gas | 13,798.00 | 12,000.00 | 14,813.33 | 15,000.00 |
| 13.03 Utilities/Water | 2,358.00 | 2,100.00 | 1,747.66 | 2,000.00 |
| 14.00 Travel & Training | 3,413.00 | 5,000.00 | 4,849.93 | 4,000.00 |
| 15.00 Bldg. Maint. | 36,623.00 | 18,000.00 | 18,649.73 | 16,000.00 |
| 15.03 Airfield Maint. | | 3,000.00 | 5,545.75 | 3,500.00 |
| 16.00 Equipment Maint | 6,408.00 | 5,000.00 | 10,427.19 | 7,500.00 |
| 17.00 Vehicle Maint. | 3,002.00 | 2,000.00 | 3,231.36 | 2,100.00 |
| 20.00 Advertising | 597.00 | 500.00 | 1,517.13 | 1,800.00 |
| 22.00 Dues & Subscriptions | | 800.00 | 1,183.00 | 600.00 |
| 23.00 Professional Fees | 398.00 | 400.00 | 45.00 | 200.00 |
| 24.00 Audit Costs | 3,000.00 | 3,000.00 | 1,385.00 | 1,385.00 |
| 26.00 Workers Comp. | 7,202.00 | 6,417.00 | 5,265.59 | 4,064.00 |
| 26.01 Liability | 25,207.00 | 13,131.00 | 14,247.62 | 14,890.00 |
| 26.02 Unemployment | | | | |
| 30.00 Contracted Services | 2,980.00 | 3,000.00 | 3,926.76 | 3,500.00 |
| 31.00 Fire Service Fees | 4,907.00 | 5,000.00 | 3,961.40 | 3,961.00 |
| 32.00 Bank Charges | 55.00 | 100.00 | 24.00 | 100.00 |
| <u>Commodities</u> | | | | |
| 40.12 Hand Tools | 441.00 | 500.00 | 35.12 | 250.00 |
| 41.01 Office Supplies | 3,849.00 | 2,000.00 | 3,363.92 | 3,000.00 |
| 41.05 Janitorial | 3,228.00 | 2,500.00 | 2,403.42 | 2,500.00 |
| 41.20 Concession Supplies | 9,026.00 | 4,000.00 | 7,216.46 | 7,500.00 |
| 43.00 Vehicle Supplies | 3,381.00 | 2,000.00 | 2,055.58 | 2,300.00 |
| 45.00 Uniform Costs | 990.00 | 900.00 | 1,153.42 | 1,000.00 |
| 48.00 Charges by General | 4,300.00 | 4,300.00 | 0.00 | 4,300.00 |
| <u>Capital Outlay</u> | | | | |
| 59.02 Capital Outlay | 16,478.00 | 5,000.00 | 5,621.52 | 2,500.00 |
| <u>Contributions</u> | | | | |
| 0.00 Contingencies | | | | 0.00 |
| TOTAL EXPENDITURES | 402,518.00 | 361,445.00 | 380,011.83 | 386,774.00 |
| Excess (Deficit) of Revenues Over (Under) Expenditures | -40,183.00 | 0.00 | 7,822.78 | 0.00 |
| Excess (Deficit) of Revenues Over (Under) Expenditures Without AIP Transfers | -75,783.00 | | -98,177.22 | -4,317.00 |