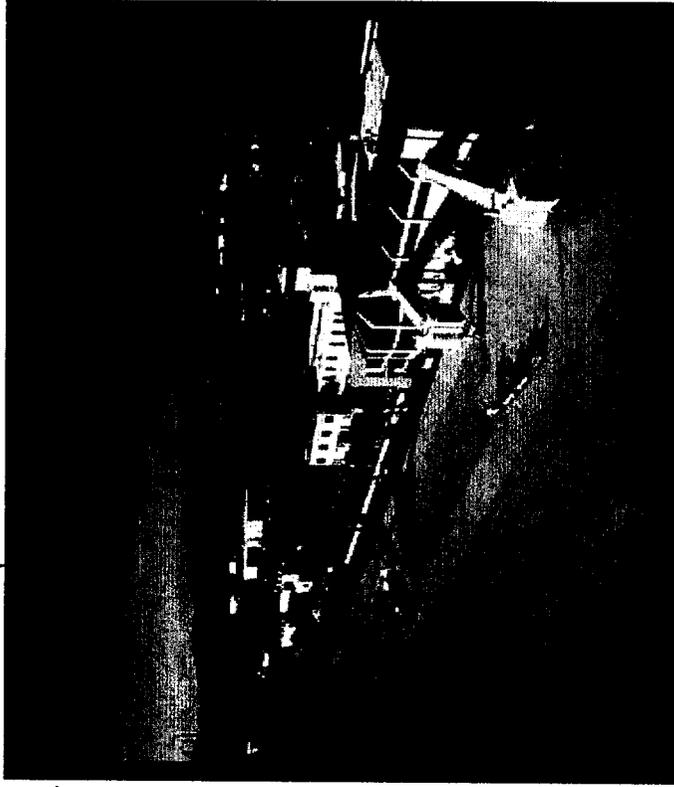
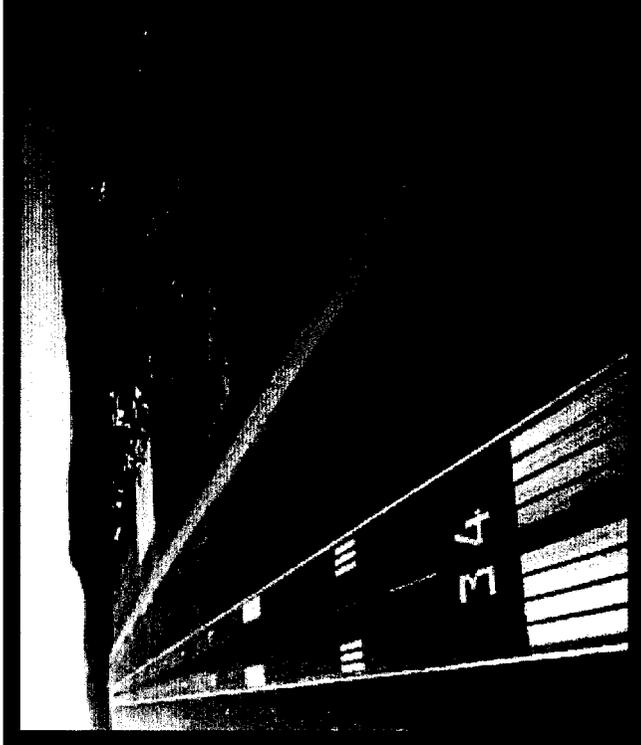


DEPT. OF TRANSPORTATION  
DOCKETS

Proposal under the Small  
Community Air Service  
Development  
Pilot Program  
Docket OST-2002-115 0



# Asheville Regional Airport



OST-02-11590-52

163856

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## Executive Summary

- Asheville, North Carolina serves a 12-county region of western North Carolina. There are roughly 620,000 people living in this region, yet air service has been characterized in recent years by rising prices, smaller aircraft, and poor service reliability.
- **Asheville (AVL) enplaned passenger volume has declined 19% since 1994.** This is primarily because departing seats are down over this same period of time and the average fare paid is up 5% as well.
- **About 40% of Asheville-ticketed passengers "leak" to originate air travel** at nearby airports (mostly ATL). This is due to the high relative air fares at AVL and a relative lack of air service.
- In order to stem the rising leakage of its passengers, and serve the needs of its community, the **Asheville Regional Airport must sustain competition.** This has become the focus of both the community and the airport in the past year, resulting in the formation of a strong public-private partnership. This partnership, in turn, successfully recruited new service by Continental Airlines.
- **Nothing is more fragile than new air service.** Having worked extremely hard to recruit this new service, Asheville must make its first priority the retention of Continental. The events of September 11th have had a negative impact on CO's ridership in the AVL market. The goal of the airport and the community in this process is to provide whatever support is necessary to invigorate this service and use it as a springboard for any new air service development efforts.
- With the funding available through the Small Community Air Service Development Program, authorized in the AIR 21 legislation, Asheville can dramatically improve its air service. Although airlines are generally cautious about initiating new service in today's environment, we firmly believe that the underlying strength of our market, combined with a committed business community, will allow us to **make a compelling case to retain our Continental service,** and to potentially **recruit one more network carrier to Asheville.**



# Section I: Community Contact Information



# Asheville Community Contact Information

## Program Sponsor

Asheville Regional Airport  
P.O. Box 817  
Fletcher, NC 2732

Mike Armour  
Director of Aviation  
(828) 684-2226



## Community Air Service Partners

Asheville Area Chamber of Commerce  
151 Haywood Street  
Asheville, NC 28801

Richard J. Lutovsky  
President & CEO  
(828) 258-6123

The Biltmore Estate  
One North Pack Square  
Asheville, NC 28801

Chris Cavanaugh  
Vice President of Marketing  
(828) 255-1713

The Grove Park Inn Resort  
290 Macon Avenue  
Asheville, NC 28804

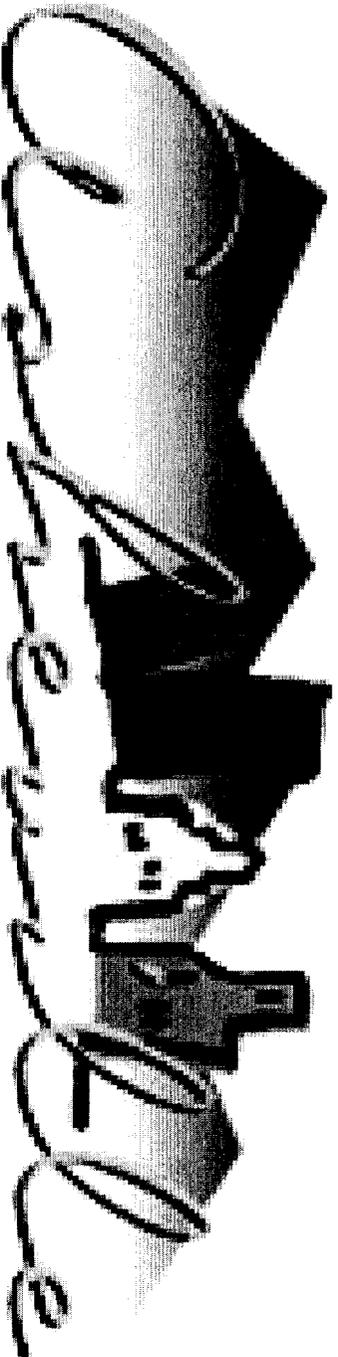
J. Craig Madison  
Vice President & General Manager  
(828) 252-2711

AdvantageWest, North Carolina  
3 General Aviation Drive  
Fletcher, NC 28732

Dale B. Carroll  
President & CEO  
(828) 687-7234



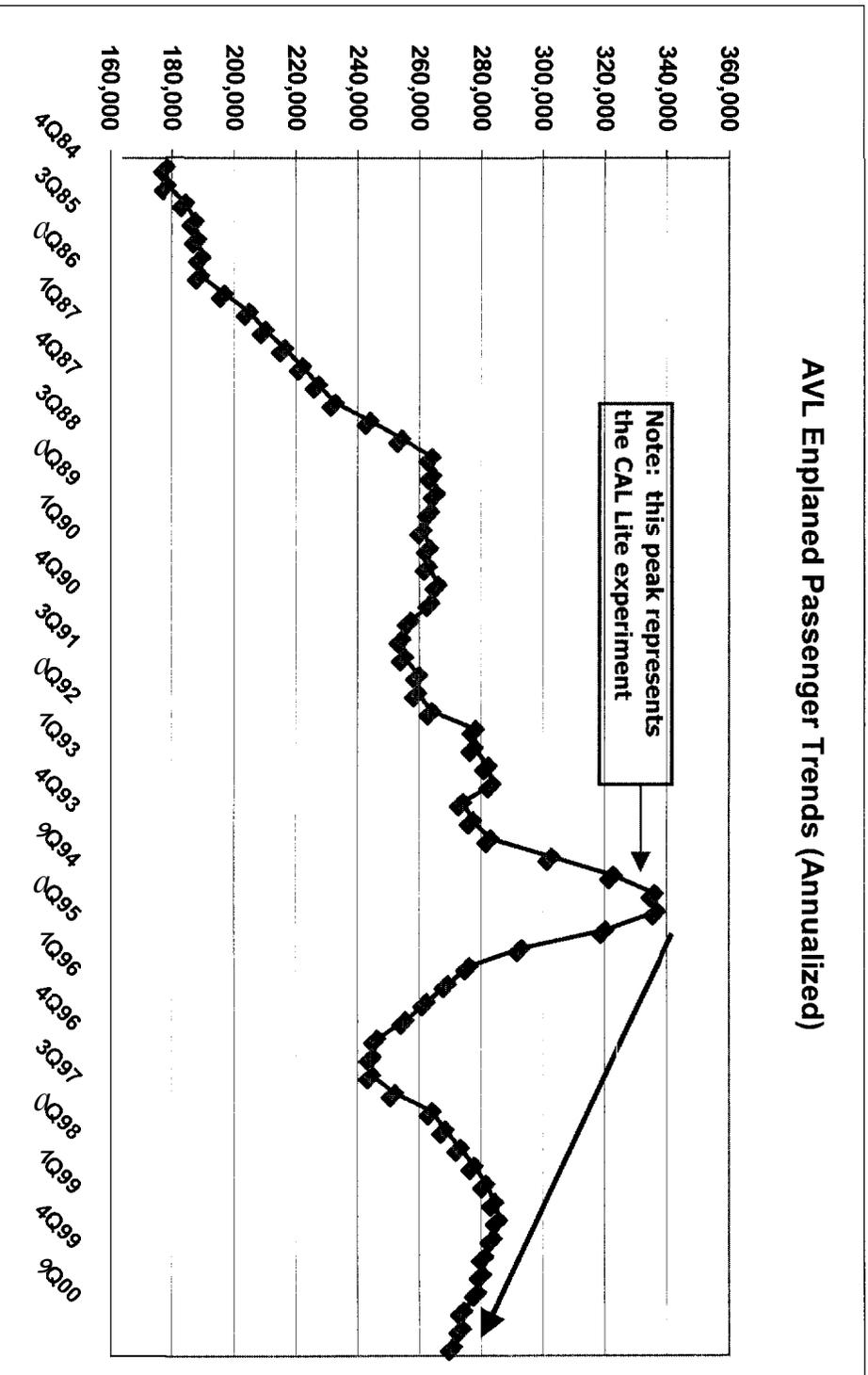
**Section II: Asheville's Insufficient Air  
Service & High Fares**



# Asheville Has Insufficient Air Service

Our traffic is down 19% since a peak in 1995

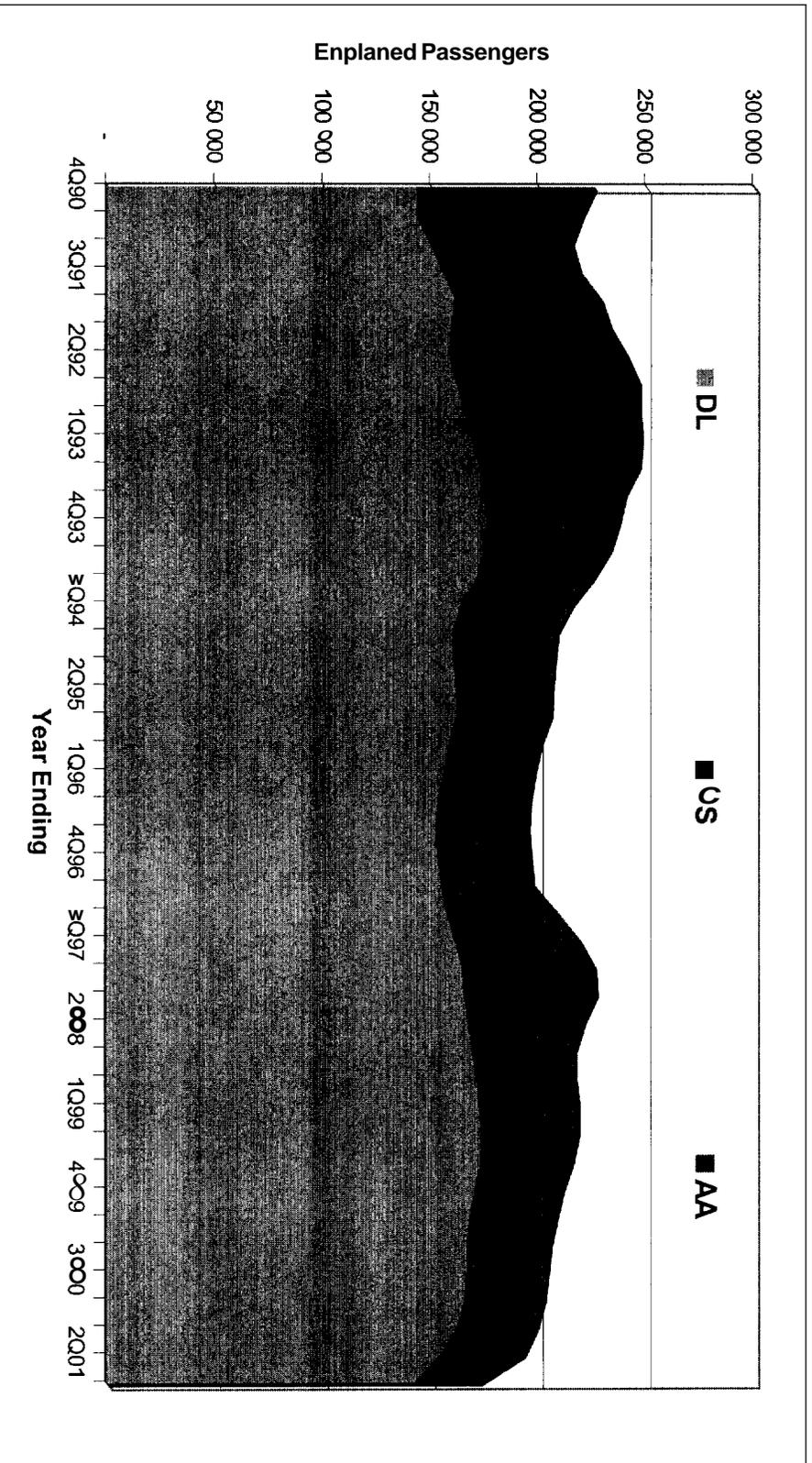
AVL Enplaned Passenger Trends (Annualized)



Source: D.O.T. Report T-100

# Delta (DL) has put pressure on all of its competitors, and today garners 82% of the AVL market

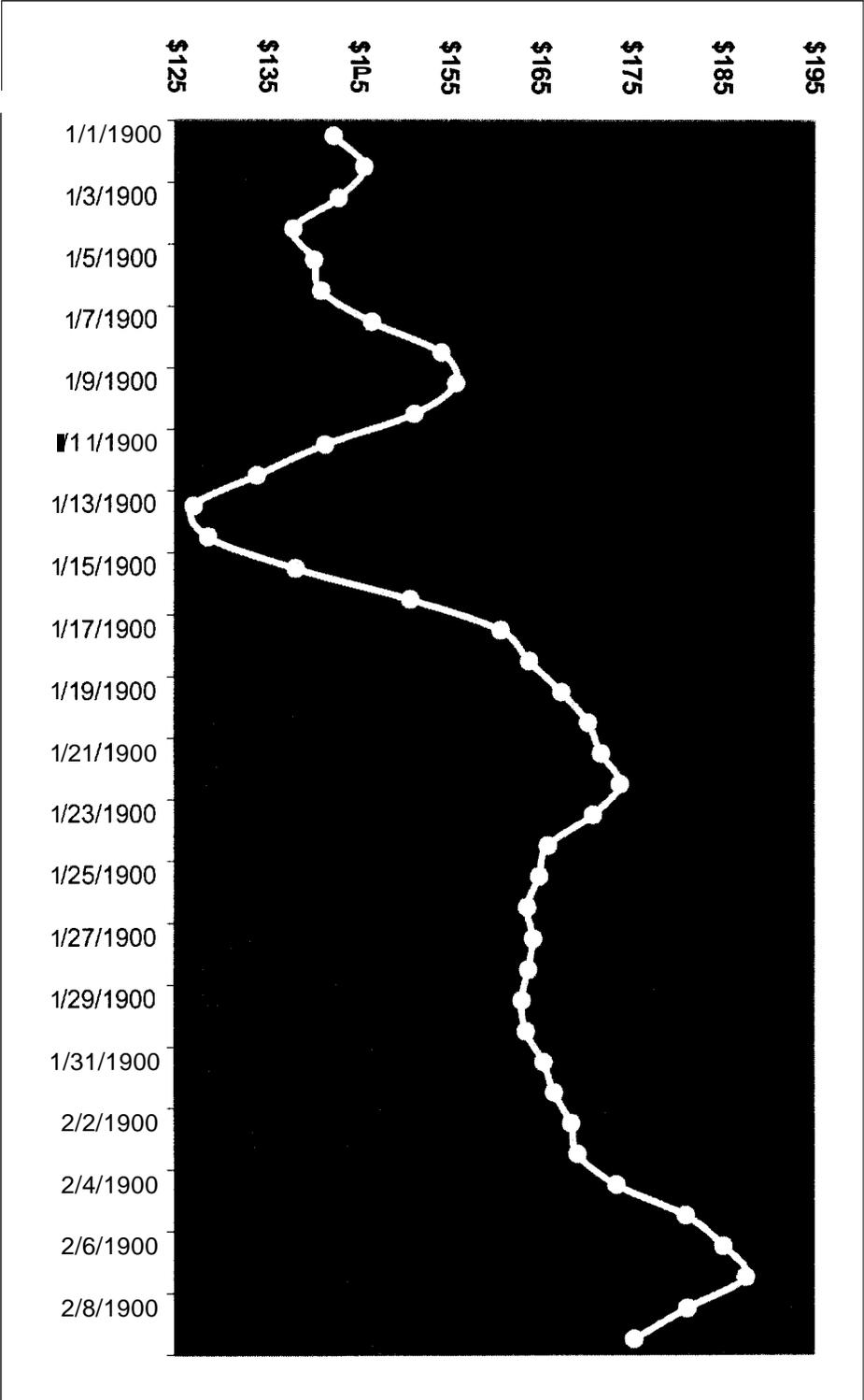
Enplaned Passengers by Carrier (Annualized)



Source: D.O.T. Report T-100

# Our average fares are up significantly in the past 10 years

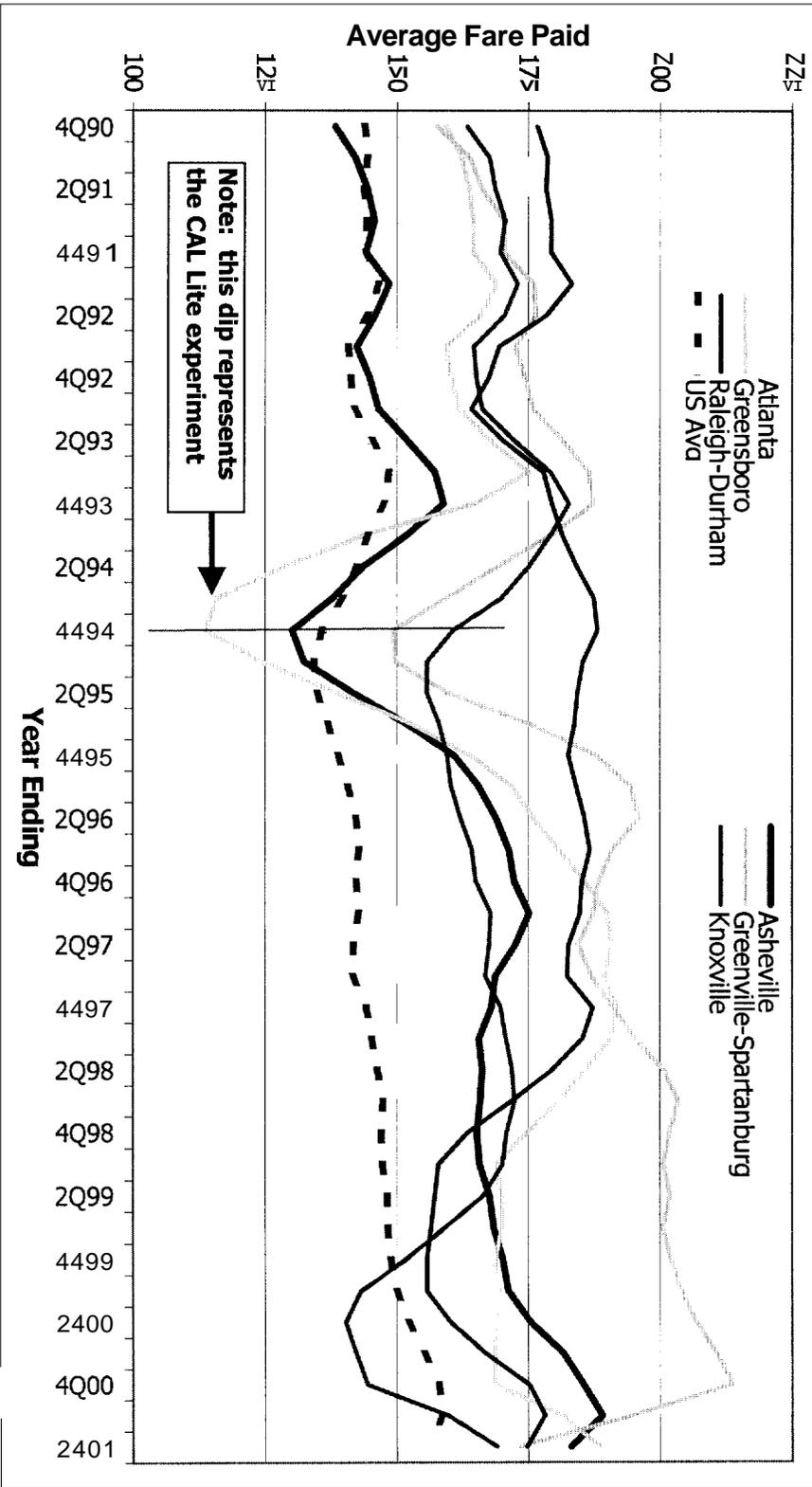
## Average Air Fares (Annualized)



Source: D.O.T. 10% Coupon Sample

# Asheville's Fares are among the highest in the region

**Average Annual Fare Paid by Airport**



Source: D.O.T. 10% Coupon Sample

## Current Published Leisure Fares: AVL vs. Nearby Airports

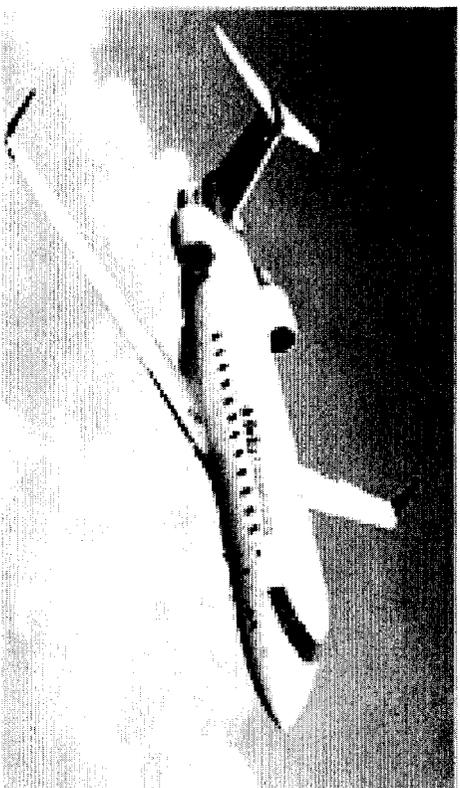
Our fares are much higher than Atlanta or Raleigh-Durham

<u>Dest.</u>	<u>AVL</u>	<u>GSP</u>	<u>CLT</u>	<u>RDU</u>	<u>ATL</u>
<b>MCO</b>	\$247	\$250	\$214	\$111	\$146
<b>LAS</b>	\$532	\$428	\$372	\$251	\$179
<b>SAN</b>	\$489	\$450	\$413	\$359	\$304
<b>LAX</b>	\$500	\$445	\$376	\$283	\$252
<b>SFO</b>	\$465	\$429	\$382	\$358	\$277
<b>MIA</b>	\$280	\$322	\$203	\$170	\$157
<b>TPA</b>	\$272	\$290	\$204	\$112	\$146
<b>PHX</b>	\$503	\$516	\$373	\$266	\$276

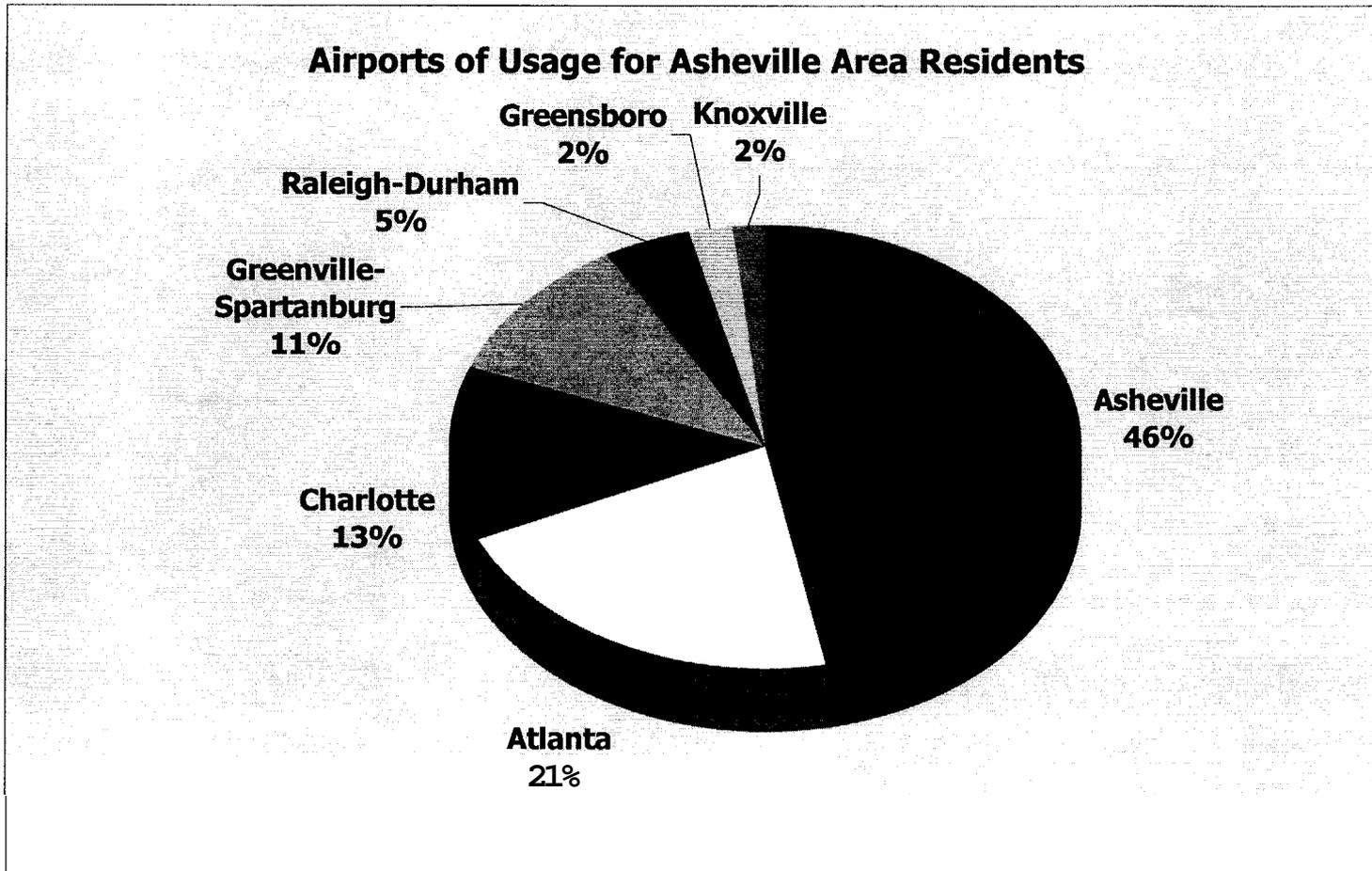
Sidestep - travel May 9,2002 through May 12,2002



# Section III: Overview of Asheville's Leakage Situation



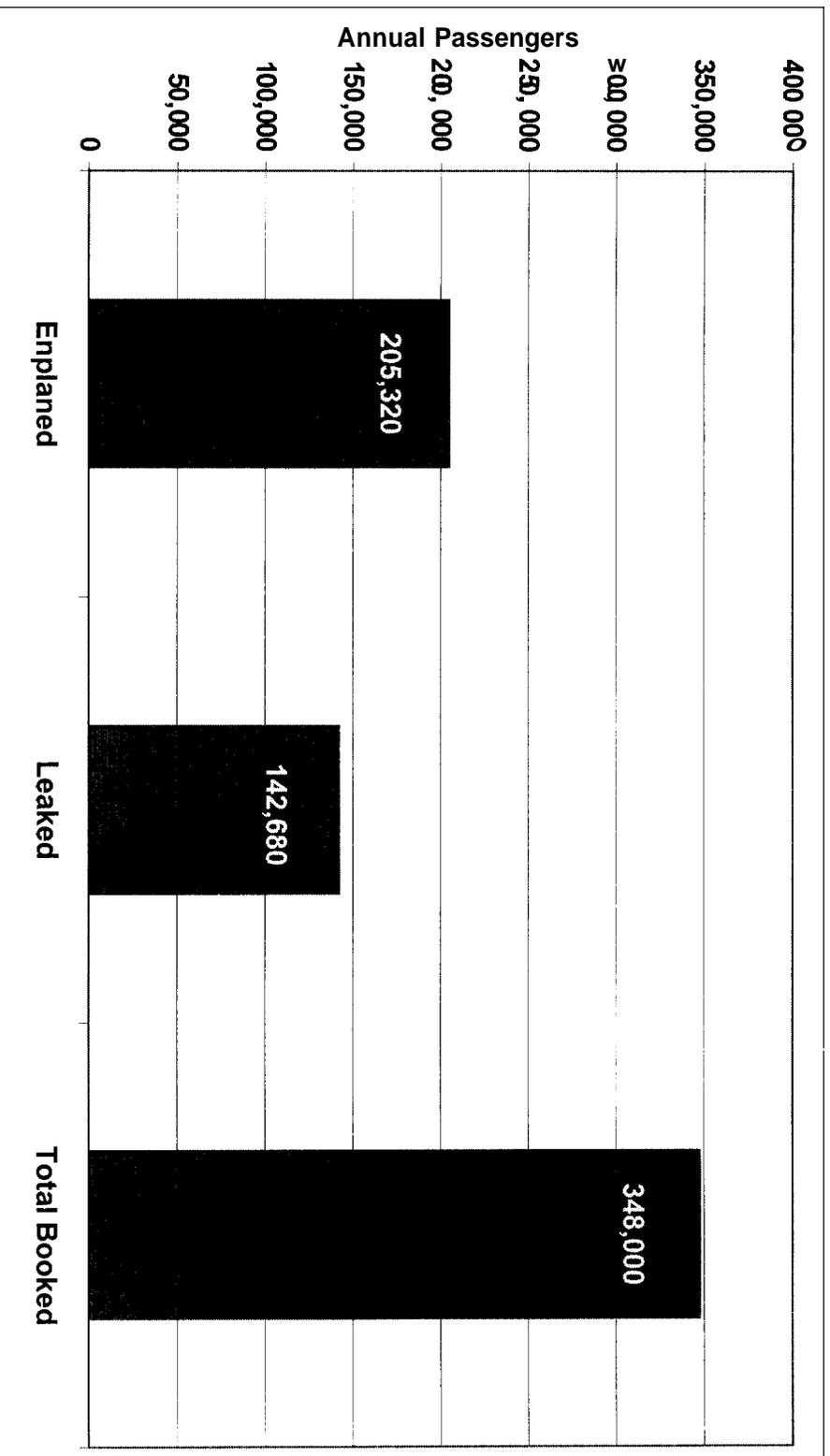
**Over 50% of our customers "leak" to other airports in the region**



Source: AVL Ticket Lift Survey (October 2000 Tickets)

# Asheville Air Travel: Booked, Enplaned, & "Leaked" Passengers

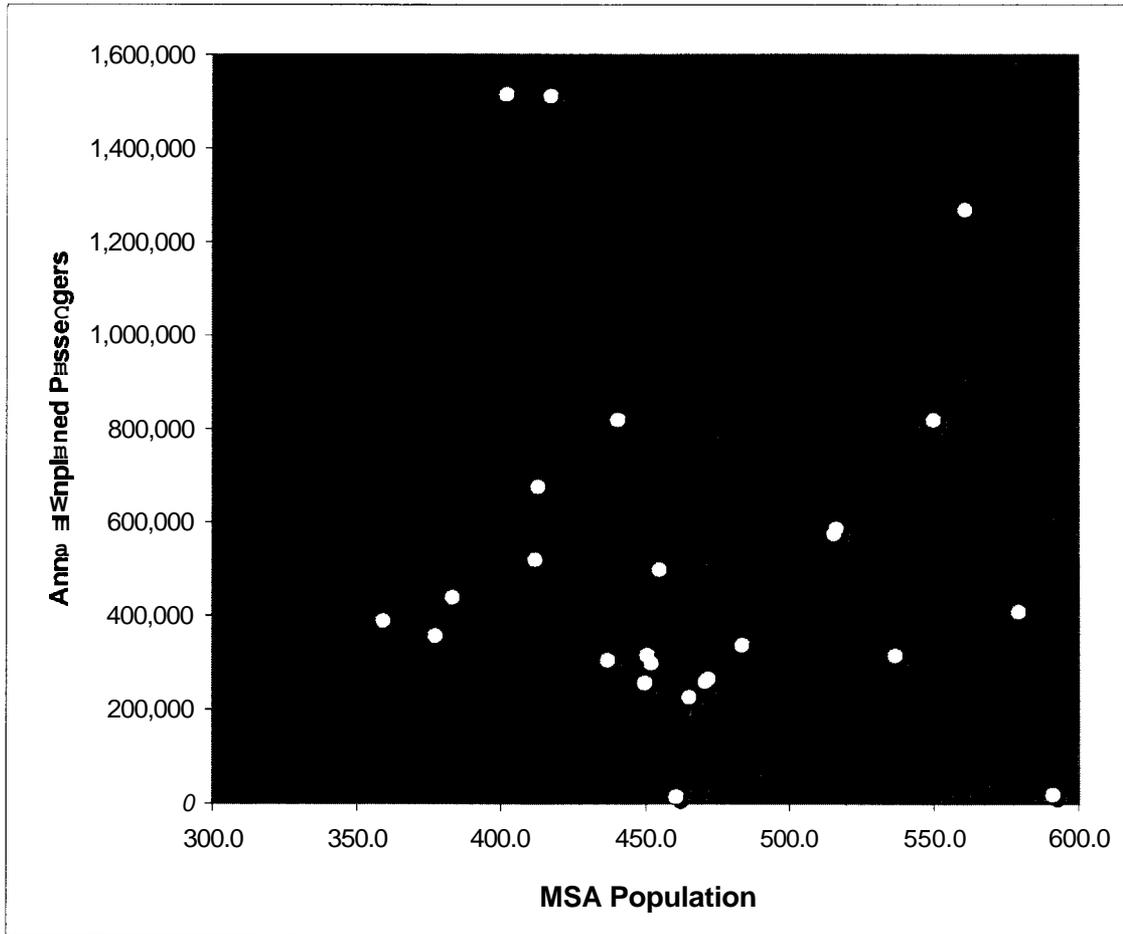
Almost 150,000 passengers annually purchase tickets in Asheville and drive to another airport to fly



Source: D.O.T. Report T-100 and AVL Ticket Lift Survey (October 2000 Tickets)

# Compared to similar-sized cities, our service is insufficient

Population vs. Enplaned Passengers: AVL and Similar-sized Cities

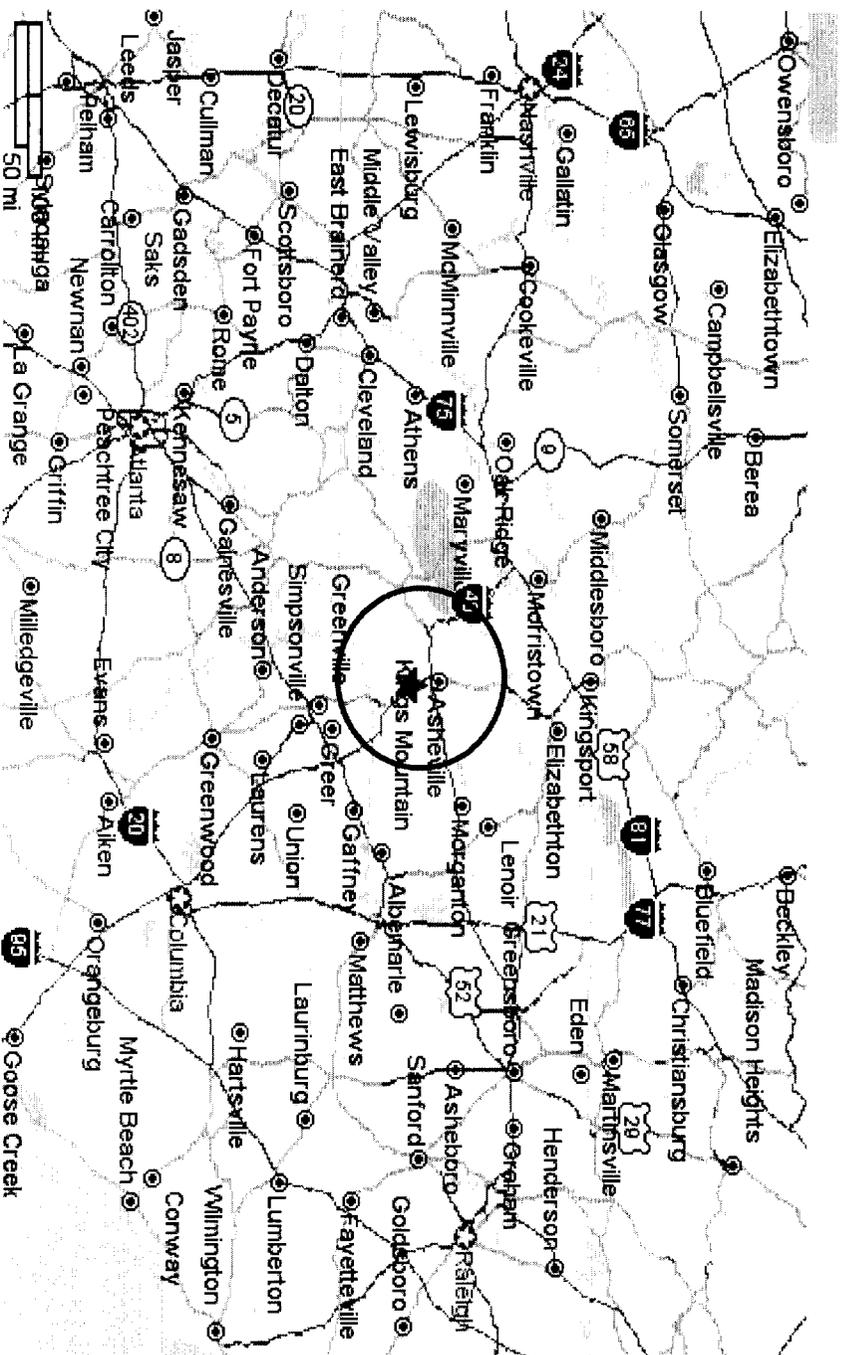


Source: D.O.T. Report T-100 (YE1Q01) and Demographics U.S.A.

	MSA	Enplanements (YE1Q01)	Per Capita Demand
<b>MLI</b>	359.2	388,485	1.08
<b>SHV</b>	377.3	356,328	0.94
<b>CRP</b>	383.3	438,467	1.14
<b>BOI</b>	402.0	1,515,239	3.77
<b>PNS</b>	411.8	518,625	1.26
<b>MSN</b>	412.8	674,893	1.63
<b>GEG</b>	417.3	1,511,394	3.62
<b>FNT</b>	436.9	304,079	0.70
<b>DSM</b>	440.3	819,067	1.86
<b>AZO</b>	449.6	255,229	0.57
<b>LAN</b>	450.4	315,131	0.70
<b>CHA</b>	451.9	297,540	0.66
<b>LEX</b>	454.6	497,500	1.09
<b>AVL</b>	459.7	198,547	0.43
<b>LNS</b>	460.5	13,400	0.03
<b>TRI</b>	464.9	225,198	0.48
<b>DAB</b>	470.6	259,132	0.55
<b>MLB</b>	471.7	264,361	0.56
<b>FWA</b>	483.4	335,888	0.69
<b>ICT</b>	515.4	574,599	1.11
<b>CAE</b>	516.2	585,090	1.13
<b>MFE</b>	536.6	313,350	0.58
<b>CHS</b>	549.8	818,420	1.49
<b>LIT</b>	560.7	1,268,588	2.26
<b>BTR</b>	579.2	407,204	0.70
<b>YNG</b>	591.0	17,487	0.03
	12,107	13,173,241	1.09

# AVL Competes with airports in Charlotte, Atlanta, Greenville-Spartanburg and even Raleigh-Durham

As seen earlier, nearly 25% of Asheville-purchased tickets are being used from ATL--a particularly long drive



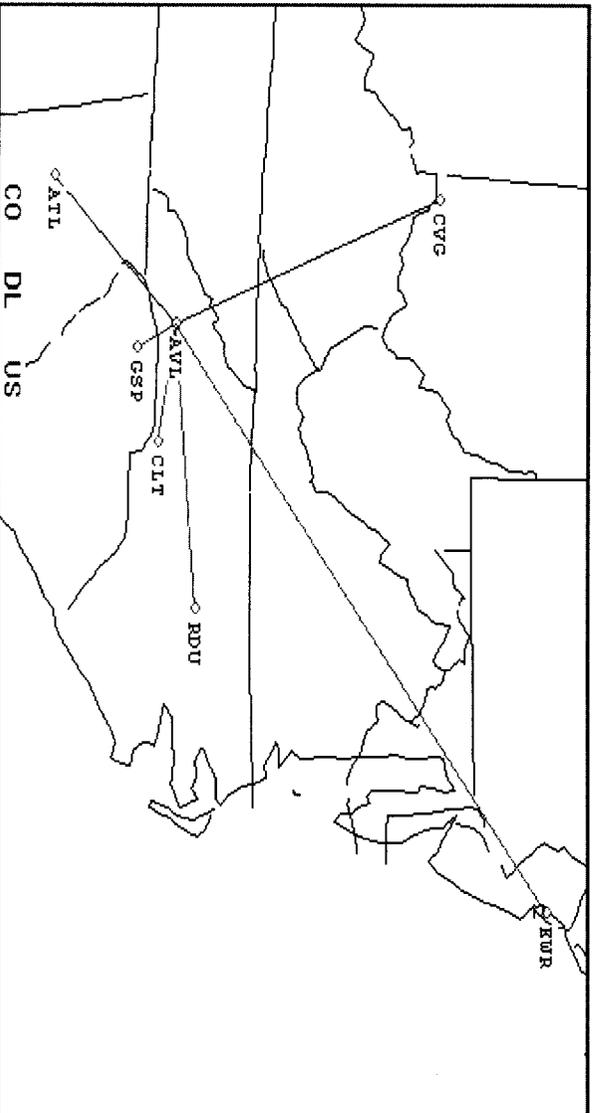
# Where AVL's rates are competitive, our traffic retention is good

Rank	Dest.	Avg. Fare	Airport of Usage							
			Asheville		Atlanta		Charlotte		Greenville	
			Share	Fare	Share	Fare	Share	Fare	Share	Fare
1	New York-LaGuardia	\$304	54%	\$354	20%	\$223	2%	\$305	10%	\$302
2	Orlando	\$271	47%	\$313	17%	\$235	16%	\$210	15%	\$278
3	London-Gatwick	\$548	7%	\$958	19%	\$534	72%	\$512	1%	\$465
4	Denver	\$303	29%	\$424	55%	\$226	6%	\$363	8%	\$352
5	Miami	\$351	54%	\$381	13%	\$225	12%	\$328	3%	\$819
6	Las Vegas	\$499	56%	\$551	13%	\$522	14%	\$402	10%	\$428
7	Washington, D.C.-National	\$427	78%	\$446	7%	\$506	2%	\$590	10%	\$234
8	Newark	\$356	58%	\$400	11%	\$200	1%	\$273	11%	\$259
9	Atlanta	\$275	49%	\$230			17%	\$269	12%	\$312
10	Boston	\$351	52%	\$382	15%	\$255	13%	\$314	10%	\$506
11	Dallas-Ft. Worth	\$456	60%	\$490	21%	\$304	4%	\$688	8%	\$648
12	Tampa	\$309	48%	\$362	27%	\$245	13%	\$266	7%	\$350
13	Chicago-O'Hare	\$423	56%	\$491	8%	\$241	9%	\$489	18%	\$357
14	Los Angeles	\$491	61%	\$513	16%	\$475	4%	\$813	14%	\$357
15	New Orleans	\$309	48%	\$371	10%	\$180	21%	\$271	9%	\$344
16	Phoenix	\$475	56%	\$467	19%	\$349	10%	\$801	7%	\$684
17	San Francisco	\$575	68%	\$549	12%	\$544	11%	\$817	7%	\$577
18	Minneapolis-St. Paul	\$471	50%	\$591	27%	\$234	8%	\$792	11%	\$347
19	San Diego	\$459	58%	\$480	23%	\$385	8%	\$444	6%	\$778
20	Philadelphia	\$393	73%	\$425	12%	\$200	4%	\$767	9%	\$262
21	Charlotte	\$434	75%	\$390	12%	\$731			4%	\$321
22	Salt Lake City	\$441	48%	\$537	37%	\$303	7%	\$530	8%	\$434
23	Fort Lauderdale	\$356	45%	\$440	25%	\$244	17%	\$354	3%	\$408
24	Seattle	\$433	47%	\$511	17%	\$387	25%	\$380	4%	\$182
25	Paris-Charles De Gaulle	\$750	44%	\$740	19%	\$665	26%	\$932	7%	\$540
Total			60%		260.8		174.4	435.2		

Source: AVL Travel Agency Ticket Survey (October 2000 tickets) 'D.O.T. 10% Coupon Sample YE2Q00

## Current AVL Air Service

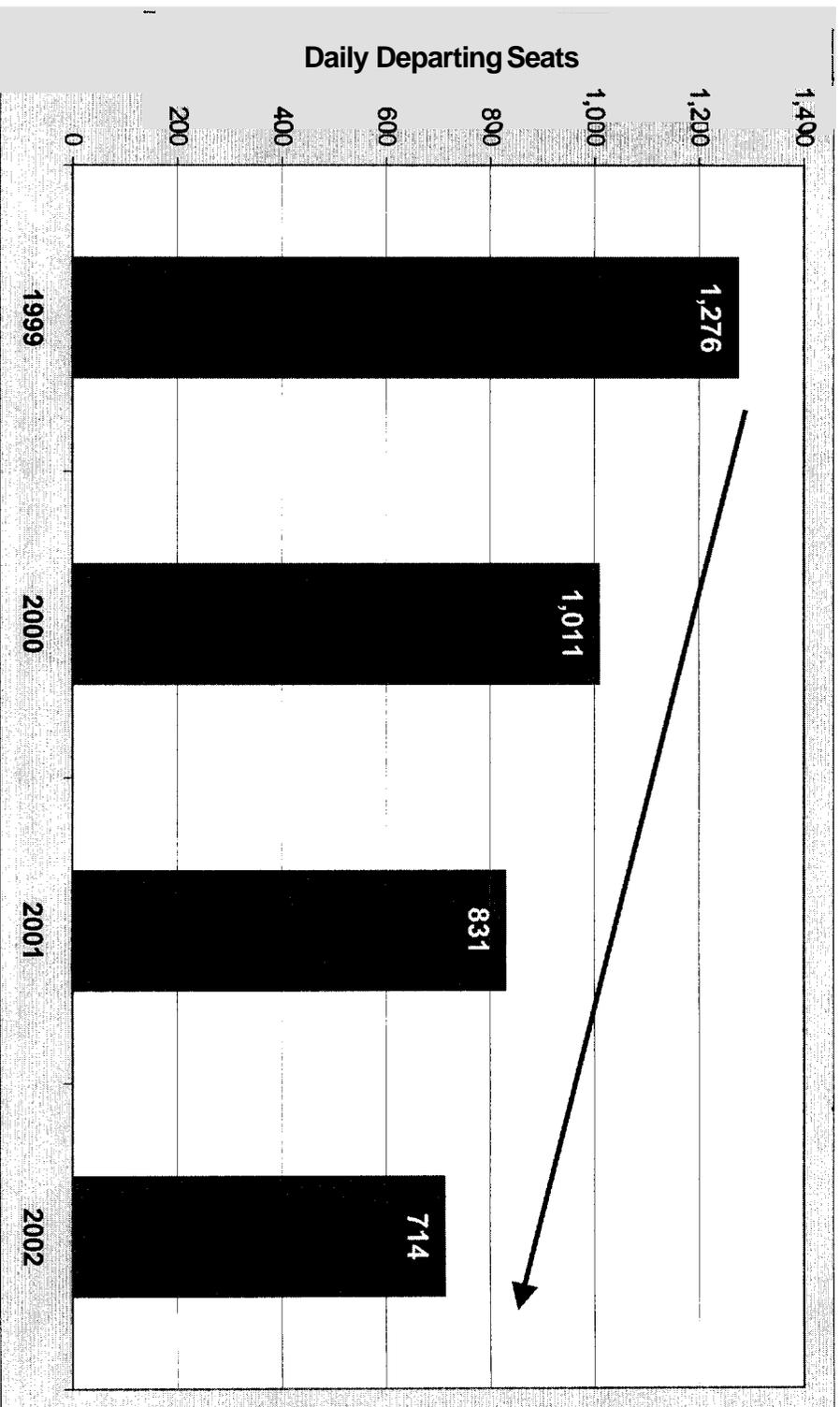
AVL is currently served by a mix of regional jet and turbo-prop equipment, all at reasonably high load factors. Asheville has service to four hubs (ATL, CLT, EWR and CVG)



<u>Carrier</u>	<u>Non-Stop Destination</u>	<u>Aircraft Type</u>	<u>Seats</u>	<u>Avg. Daily Departures</u>
DL (ASA)	ATL	Non-Jet	66	5.0
US (CCAir)	CVG	Regional Jet	50	4.0
	CLT	Non-Jet	37	2.7
	RDU	Non-Jet	19	1.9
CO (Express)	EWR	Regional Jet	50	1.0

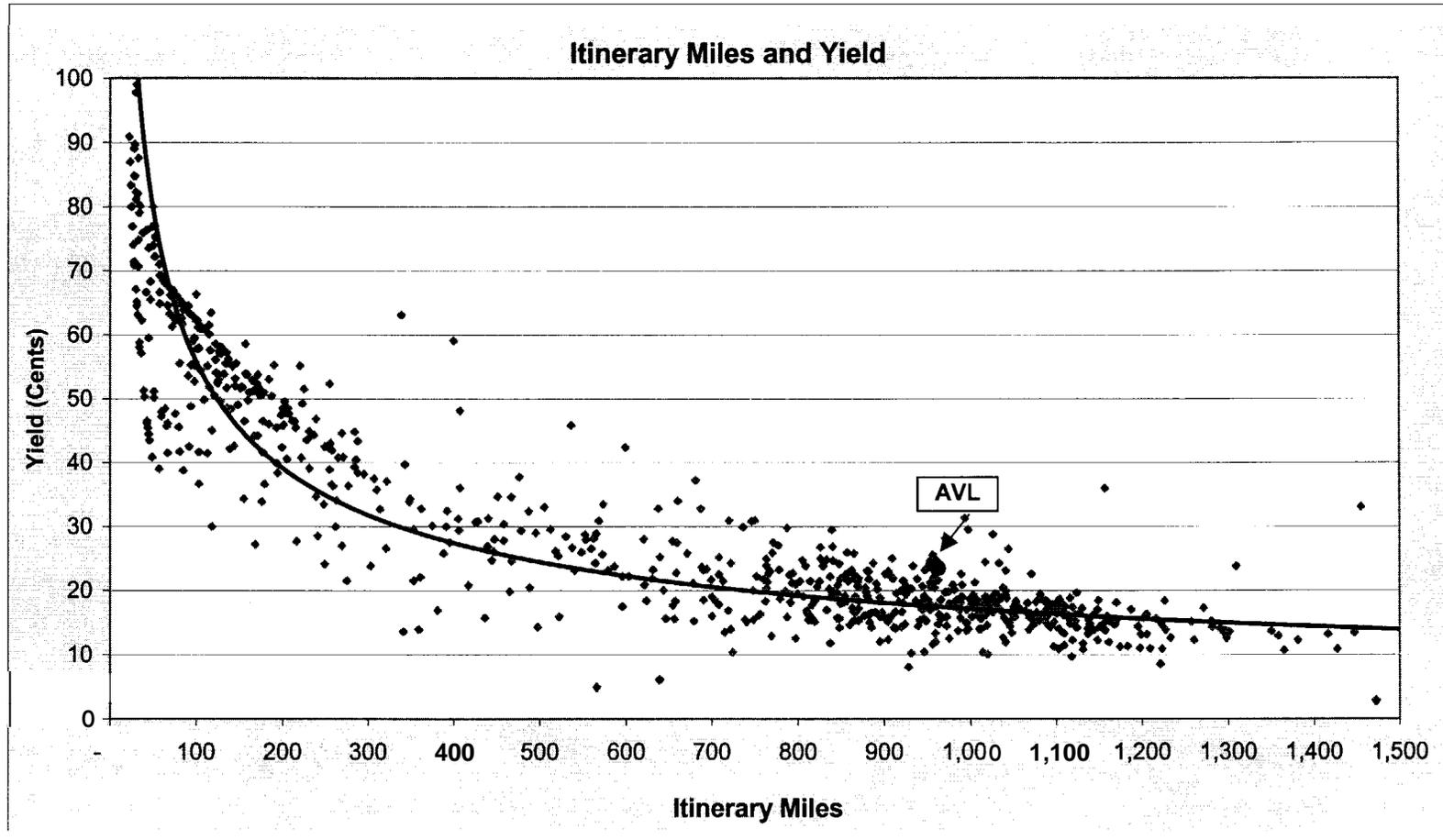
Source: Innovata Schedule Tapes: February 2002

# AVL capacity has dropped 41% since 1999



Source: Industry Schedules (March 1999, 2000, 2001, 2002)

# AVL yields (prices) are 21% higher than the U.S. average



Source: D.O.T. 10% Coupon Sample (YE2Q01)



## Section IV: Summary of Past Air Service Development Efforts



## How has the Asheville community responded to the problem of high fares and insufficient service?

- e We realized that **competition** is the **only way** to effectively put pressure on air fares in the market. The airport needed to join with the community in order to attract airline competition to the Asheville market. This, in turn, would raise ridership and begin to reverse the leakage to Atlanta and other regional airports.
- The airport wanted to involve all of the local stakeholders in air service: business, tourism, hospitality and local government. Through a series of meetings, a coalition was formed to promote Asheville to the airlines.
- e We created a Campaign to raise awareness ... and named it "Land the Big Apple". Local leaders from the hospitality industry stepped up to endorse the plans, and to raise awareness in the community.
- e Hotels, resorts, conference centers and other businesses pledged advertising dollars to support the campaign. Local businesses pledged a certain travel volume to the new service. The airport committed not only advertising support, but waived certain fees and charges in order to create a low cost of market entry.



## The Top Markets were Identified

Rank	Destination Market	Retention Rate	O & D Passengers D.E.W.		
			Asheville Usase	Leaked	Total Booked
1	New York-LaGuardia	54%	26.2	22.4	48.6
2	Orlando	47%	29.5	33.1	62.6
3	London-Gatwick	7%	2.5	33.3	35.8
4	Denver	29%	10.0	24.9	34.9
5	Miami	54%	17.6	15.2	32.8
6	Las Vegas	56%	8.9	6.9	15.8
7	Washington, D.C.- DCA	78%	18.9	5.4	24.3
8	Newark	58%	26.8	19.7	46.5
9	Atlanta	49%	18.2	18.9	37.1
10	Boston	52%	15.6	14.7	30.3
11	Dallas-Ft. Worth	60%	17.1	11.4	28.5
12	Tampa	48%	25.1	27.4	52.5
13	Chicago-O'Hare	56%	21.2	16.6	37.8
14	Los Angeles	61%	15.0	9.8	24.8
15	New Orleans	48%	7.2	7.8	15.0
16	Phoenix	56%	8.6	6.7	15.3
17	San Francisco	68%	12.9	6.0	18.9
18	Minneapolis-St. Paul	50%	8.5	8.6	17.1
19	San Diego	58%	5.9	4.4	10.3
20	Philadelphia	73%	16.1	5.8	21.9

***The top market prospects were the metro areas of New York, Chicago and Washington, DC***

**Airline Prospects were Selected**

**Continental**



**AA** American  
Airlines

*Midway.*  
AIRLINES

**UNITED**  
*U* EXPRESSES

## **An Incentive Plan was Developed**

### **The Airport:**

- Agreed to waive landing fees and terminal rental fees**
- Agreed to build out ticket counter and office space**
- Committed to develop counter and hold room signage**
- Pledged advertising dollars to promote any new service**

### **The Business Community:**

- Pledged travel dollars to support new jet service to New York**
- Provided data on its travel budgets and top destinations**
- Provided data on visitors from out of state**

## **Airline Prospects were Targeted and Approached**

The Airport approached both the incumbent carriers and the prospect airlines regarding the possibility of new service to AVL.

Continental was the only airline at the time that expressed an interest in the near term (Summer of 2001).

Success depended upon a clear commitment of travel dollars to support new R.J service to Newark.

A Campaign was designed, to "Land the Big Apple."

# **Land the Big Apple**

## **What were the key factors to our success?**

**The Asheville community committed itself to raising \$500,000 in the form of a cooperative advertising program, plus the sponsorship of local events.**

**Broad based support from both individuals and institutions within the community made this possible.**

**Continental Airlines was impressed with the depth and breadth of community support; they made a decision to initiate service in July of 2001.**

**The service started off well, and traffic was building on the route, ahead of projections.**

So What Happened?

# The Attacks of September 11th

New Service is extremely fragile...Continental traffic has fallen off greatly since the attack. Continental was forced to eliminate one of the two daily flights to Newark.

## The Asheville Partnership's ACTION Plan

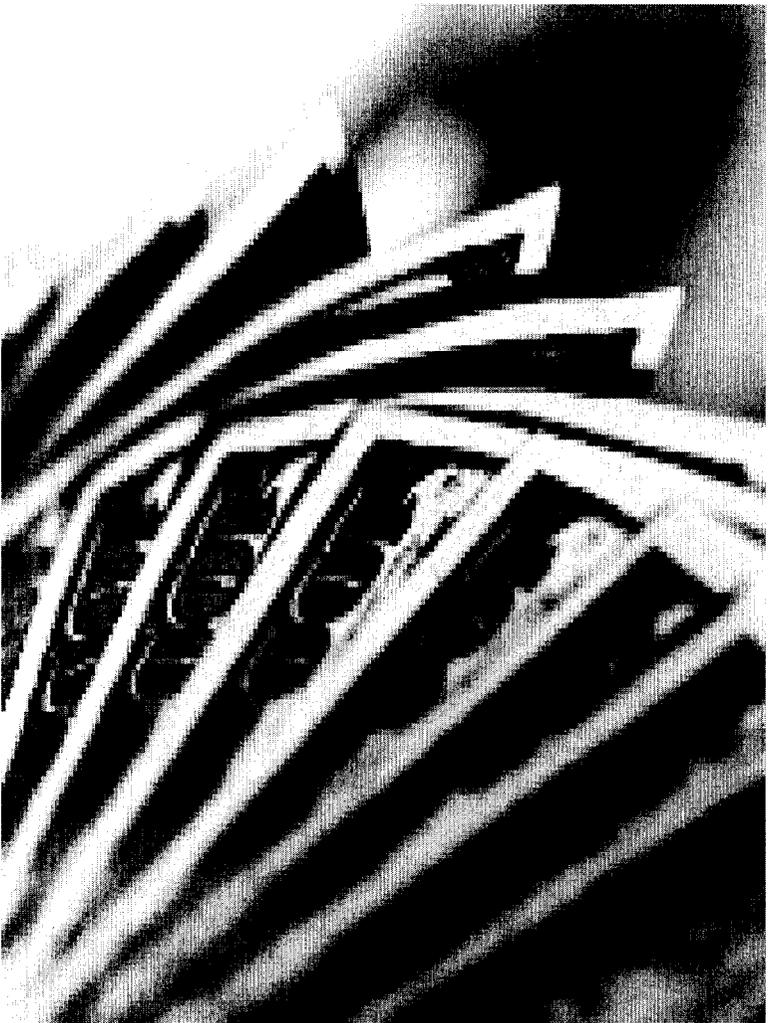
### We MUST save our New York service at all costs...

- e Initiate new advertising to promote our New York service
- e Review the status of business travel pledges to use the service
- e Induce the local "Champions" to call upon our businesses, to make sure they understand the importance of action to preserve our service
- e Reinstitute cooperative advertising with the airlines
- e Extend the incentive program to encourage new hub service
- e Be certain that any new service recruited does not diminish market share from the New York flights. Service to Chicago or another hub in the Midwest or Texas should add net passengers to the AVL market





# **Section V: Use of Grant Funds & Program Administration**



# Budget for Near-Term Air Service Improvement Plan

## Source of Funds

<b>Local Share Invested in Continental Service</b>	
Business Community Advertising Component	<b>\$75,000</b>
Hospitality Industry Commitment	<b>\$75,000</b>
Airport Advertising/Promotion Commitment	<b>\$100,000</b>
Airport In-Kind Services/Waiver of Fees	<b>\$78,000</b>
<b>Business Community Pledge of Travel Dollars</b>	<b>\$250,000</b>
<b>Anticipated Federal Share</b>	<b>\$500,000</b>
<b>Total Program Budget</b>	<b>\$1,078,000</b>

## How will Asheville use the AIR 21 funds?

### Advertising

- \* Advertising and Promotion will be necessary to support the very fragile new service of Continental in the market, in addition to any new air service we can successfully recruit to this market.
- \* Entrenched habit patterns are hard to overcome. The only sure way to overcome frequent flyer loyalty and old travel patterns is to educate the public through repetition...i.e., advertising.
- \* Asheville intends to use \$200,000 of the funding through this grant to advertise new jet service in the market. Specifically, the ads will encourage use of the service among the target population in the 11-county area of North Carolina served by the Asheville Regional Airport.

### Promotion

- \* One way to promote use of the Asheville Regional Airport and reverse the leakage to other airports is to promote the use of the airport through hosted events for travelers, travel agents, and hospitality industry planners. The airport will host a series of events to maintain the focus on increasing support for the new service.
- \* Additional radio promotions will be undertaken in conjunction with both the new and incumbent airlines in the market in order to maintain a high level of awareness regarding the air service offerings in the market.
- \* Asheville will use \$100,000 of grant funding for these promotions.

## How will Asheville use the AIR 21 funds? (continued)

### Airline Recruitment / Incentives

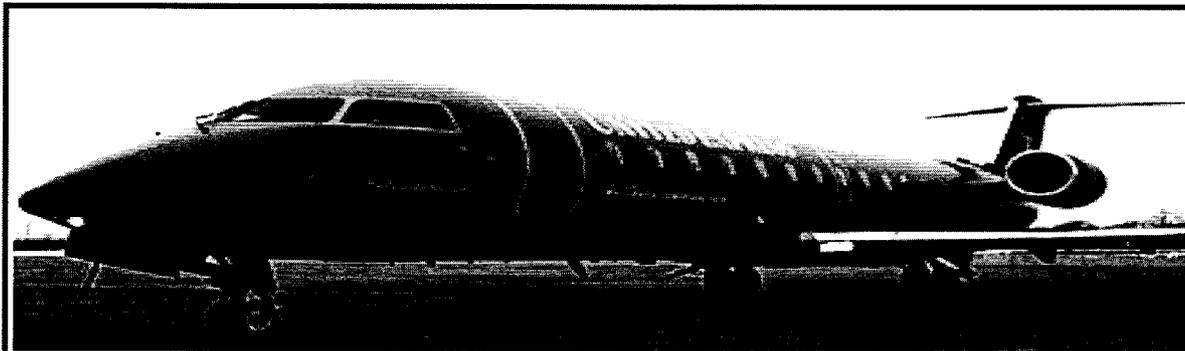
- \* While one new carrier will make a discernible difference in the AVL market, competition will be enhanced even more by another carrier.
- \* Asheville intends to use the remaining \$200,000 of the funding to create a separate Campaign to attract new jet service to the market, providing nonstop service to a major airline hub not currently served from AVL.
- \* Incentives for new service will be the same or substantially similar to those offered in the "Land the Big Apple" campaign.

**NOTE:** The airport, as the sponsor of this grant application, will be responsible for overall administration of this program. The Asheville Regional Airport Authority will provide monthly reports to US DOT regarding the progress of our ACTION PLAN, as well as an accounting of funds used in pursuit of our objectives. The Authority will also advise US DOT as the objectives of the program are achieved. If and when the service becomes self-sufficient, the airport will advise that program funds are no longer needed.

## Additional Air Service Development Efforts

### One Airline Prospect Asheville met with is United Express

- They represent a major airline brand not currently in the market.
- They hub in two of Asheville's top three markets: Washington, DC and Chicago.
- They operate regional jets, which the AVL market can support while building ridership.



*Forging a Partnership with the*

*Asheville Regional Airport*



**United is very cautiously looking at any new markets at this point**

Another airline we discussed service with in 2001 was Midway

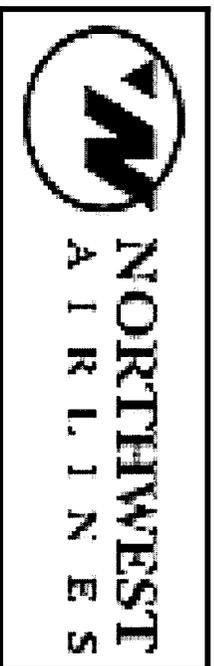


- Midway operated a Raleigh-Durham hub which fed many of Asheville's top business destinations in the East.
- Midway is interested in markets without competition from Southwest and AirTran.
- Midway operated regional jets, and was in talks to acquire cabin-class turboprops. Although they declared Chapter 11 immediately after 9/11, they have since resumed flight operations.

## Two Additional Airlines May Be Viable Candidates for Asheville



- American operates Regional Jets through its American Eagle subsidiary.
- American has hubs in both New York and Chicago



- Northwest operates Regional Jets through its regional partners.
- Northwest has a hub in Detroit as a major business market for Asheville
- Several area businesses have corporate ties to Detroit and travel frequently to Miami



## Appendix: Airport Budget



ASHEVILLE REGIONAL AIRPORT  
 OPERATIONS BUDGET FOR Y/E 06-30-2003

DESCRIPTION	FY-01 BUDGET	FY-02 BUDGET
<b>INCOME;</b>		
INTEREST INCOME	\$ 571,200	\$ 594,400
LAND USE FEES	87,400	98,600
SPACE RENT	648,600	509,800
RENTAL CAR	979,000	926,300
CONCESSIONAIRES	30,000	30,000
ADVERTISING	74,400	70,800
PARKING	1,082,600	1,252,200
MISC/LIMOUSINE	19,200	19,200
FAA LEASE	93,800	86,700
FIXED BASE OPERATOR	185,900	185,900
LANDING FEES	562,400	518,000
AIR FREIGHT	7,200	-
NON SCH.(CHARTERS)	3,000	3,000
SALE OF ASSETS	500	500
<b>TOTAL INCOME</b>	<b>\$ 4,355,200</b>	<b>\$ 4,295,400</b>
<b>EXPENSE</b>		
SALARIES	\$ 1,056,000	\$ 1,089,800
SALARY RELATED EXPENSE	363,300	387,000
PROFESSIONAL SERVICES	187,000	190,000
MARKETING PLAN	291,426	363,600
MEDIA ADVERTISING	130,900	209,900
TELEPHONE	24,000	24,000
TRAVEL	31,500	38,500
UTILITIES	196,900	224,800
MAINTENANCE AND REPAIR	269,500	286,900
VEHICLE FUEL	12,000	15,000
SUPPLIES	77,200	77,800
UNIFORMS	19,400	9,200
CONTRACTED SERVICES	459,200	495,400
INSURANCE	87,900	87,900
AIRPORT AUTHORITY	18,400	18,400
OTHER EXPENSES	10,800	10,800
<b>TOTAL EXPENSES</b>	<b>\$ 3,227,426</b>	<b>\$ 3,538,400</b>
<b>INCOME BEFORE DEPRECIATION</b>	<b>\$ 1,127,774</b>	<b>\$ 757,000</b>
DEPRECIATION EXPENSE	1,760,800	1,964,600
ADD-BACK DEPRECIATION	1,358,400	1,368,000

AND INVESTMENTS

PAGE2 DATE. 06/15/01

ASHEVILLE REGIONAL AIRPORT  
OPERATIONS BUDGET FOR Y/E 06-30-2003

DESCRIPTION	FY-01 BUDGET	FY-02 BUDGET
<b>ADMINISTRATIVE EXPENSE:</b>		
SALARIES	\$ 1,056,000	\$ 1,089,800
FICA TAX EXPENSE	80,800	83,400
UNEMPLOYMENT INSURANCE	8,800	-
GROUP INSURANCE	116,600	147,500
LOCAL GOV. RETIREMENT SYSTEM	82,700	87,200
SUPPLEMENTAL RETIREMENT (401k)	66,400	68,900
PROFESSIONAL SERVICES	187,000	190,000
MARKETING PLAN	291,426	363,600
MEDIA ADVERTISING	130,900	209,300
TELEPHONE	24,000	24,000
PRINTING	1,200	1,200
TRAVEL	31,500	38,500
MAINT. & REPAIR AUTOMOBILE	1,200	1,200
MAINT. & REPAIR EQUIPMENT	2,400	2,400
POSTAGE	3,600	3,600
ADVERTISING	1,200	1,200
OFFICE SUPPLIES	12,600	12,600
CONTRACTED SERVICES	6,000	6,000
DUES AND SUBSCRIPTIONS	2,400	2,400
INSURANCE	71,500	71,500
MISCELLANEOUS	2,400	2,400
AIRPORT AUTHORITY	18,400	18,400
DEPRECIATION	12,000	38,400
<b>TOTAL ADMININSTRIVE EXPENSE</b>	<b>\$ 2,209,026</b>	<b>\$ 2,469,500</b>
<b>TERMINAL EXPENSE:</b>		
UTILITIES	\$ 159,000	\$ 174,300
MAINT. & REPAIR BLDG/GROUNDS	112,800	119,000
SUPPLIES	16,000	22,000
UNIFORMS	12,600	2,000
CONTRACTED SERVICES	204,400	204,900
INSURANCE	11,000	11,000
DEPRECIATION	474,000	516,000
<b>TOTAL TERMINAL EXPENSE</b>	<b>\$ 989,800</b>	<b>\$ 1,049,200</b>

ASHEVILLE REGIONAL AIRPORT  
OPERATIONS BUDGET FOR Y/E 06-30-2003

DESCRIPTION	FY-01 BUDGET	FY-02 BUDGET
<b>AIRFIELD EXPENSE</b>		
UTILITIES	\$ 29,200	\$ 37,700
MAINT. & REPAIR BLDG/GROUNDS	88,000	68,200
MAINT. & REPAIR EQUIPMENT	18,600	26,200
MAINT. & REPAIR AUTO/TRUCKS	31,800	48,400
VEHICLE FUEL	12,000	15,000
SUPPLIES	45,600	38,200
UNIFORMS	6,800	7,200
CONTRACTED SERVICES	12,800	12,500
INSURANCE	5,400	5,400
DEPRECIATION	1,024,800	1,084,400
<b>TOTAL AIRFIELD EXPENSE</b>	<b>\$ 1,255,000</b>	<b>\$ 1,311,200</b>
<b>FIXED BASE OPERATION EXPENSE</b>		
DEPRECIATION	\$ 77,200	\$ 77,200
<b>ROADWAY/PK. LOT EXPENSE:</b>		
UTILITIES	\$ 7,300	\$ 8,100
MAINT. & REPAIR GROUNDS	20,900	21,900
MAINT. & REPAIR EQUIPMENT	1,200	3,000
MAINT. & REPAIR VEHICLES	5,600	9,800
SUPPLIES	1,000	3,000
CONTRACTED SERVICES	234,000	270,000
DEPRECIATION	148,400	242,400
<b>TOTAL ROADWAY/PK. LOT EXPENSE</b>	<b>\$ 416,400</b>	<b>\$ 568,000</b>
<b>LAND USE EXPENSE:</b>		
UTILITIES	\$ 3,400	\$ 4,700
MAINT. & REPAIR BLDG/GROUNDS	7,000	9,000
SUPPLIES	2,000	2,000
CONTRACTED SERVICES	2,000	2,000
DEPRECIATION	26,400	26,400
<b>TOTAL LAND USE EXPENSE</b>	<b>\$ 40,800</b>	<b>\$ 44,100</b>

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ASHEVILLE REGIONAL AIRPORT  
OPERATIONS BUDGET FOR Y/E 06-30-2003

DESCRIPTION	FY-01 BUDGET	FY-02 BUDGET
SUMMARY BY COST CENTER:		
TOTAL INCOME (NET OF ADD-BACK DEPRECIATION)	\$ 4,355,200	\$ 4,295,400
EXPENSE (NET OF DEPRECIATION)		
ADMINISTRATION	8 2,197,026	\$ 2,425,100
TERMINAL	615,800	533,200
AIRFIELD		248,800
ROADWAY/PK. LOT	270,000	316,600
LAND USE	14,400	17,700
TOTAL EXPENSE	<u>\$ 3,227,426</u>	<u>\$ 3,538,400</u>
INCOME BEFORE DEPRECIATION	\$ 1,127,774	\$ 757,000
DEPRECIATION (NET OF ADD-BACK)	<u>402,400</u>	<u>596,800</u>
NET INCOME FROM OPERATIONS AND INVESTMENTS	<u>\$ 725,374</u>	<u>\$ 160,200</u>
SALARIES AND SALARY RELATED EXPENSE TO TOTAL EXPENSE BEFORE DEPRECIATION	437%	41.7%



April 17, 2002

The Honorable Norman Mineta, Secretary  
US Department of Transportation  
400 Seventh Street, SW  
Washington, DC 20590

Dear Secretary Mineta:

On behalf of the Asheville Area Chamber of Commerce, I would like to register our support for the application of the Asheville Regional Airport for funding under the Small Community Air Service Development Program.

The Chamber has partnered with the Airport in an effort to bring additional air service to the Asheville and Western North Carolina area. We have been successful, but our new service is fragile, and we need help under this program.

As you move forward, we would encourage you to give due consideration to the Asheville Regional Airport and the Asheville and Western North Carolina area.

Sincerely,

Richard J. Lutovsky  
President & CEO

pdt