Declining passengers, stricter regulations prompt review of Iowa's regional airports

Five Iowa airports receive the subsidy
WATERLOO — With flights at Fort Dodge Regional Airport grounded due to a pilot shortage, the Warner family chose another small airport rather than hubs in Des Moines or Omaha.

The Warners drove to Waterloo Regional Airport where there are two flights a day, parking feels more like at a grocery store, and security lines run a few people deep instead of a few dozen. It’s easy, David Warner said.

“These airports provide an important role in keeping these regions from becoming isolated,” said Warner, who had just deplaned from a 50-passenger American Eagle Embraer ERJ-145 from Chicago O’Hare International Airport.

Iowa’s smaller commercial airports are vital to their local economy. But tightening federal funding, declining passengers, pilot shortages, and other factors threaten the future of service at airports such as Waterloo and Fort Dodge.

Iowa has eight airports, including Des Moines International, Eastern Iowa Airport and six single-carrier regionals. Five of the six — Waterloo, Sioux City, Burlington, Mason City, and Fort Dodge — rely on federal subsidies worth $10.9 million to support commercial carriers through the Essential Air Service (EAS) program.

Dubuque Regional Airport does not receive EAS money.

The threshold for EAS funding has become more restricted, and some fear it eventually could be shut off.

The new rules require airports have at least 10 enplanements, or passengers, per day; are no closer than 175 miles from a medium or large hub airport; and a $200 per passenger subsidy cap for the current federal fiscal year, which runs through September 2015.

Also, new Federal Aviation Administration rules increased pilots training to 1,500 hours of cockpit experience, which has limited the younger pilots common at regional airlines. Cash-strapped airlines are shifting to larger planes and question if a smaller airport can fill it.

The threats are coming from several fronts and prompted the Iowa Legislature to form a Commercial Air Service Retention and Enhancement Committee, headed by the Iowa Department of Transportation, to develop a game plan. The committee is finalizing a report due by the end of the month.

The six regional airports had a combined passenger total of 92,472 last year — only 5 percent of the total in Iowa. They are losing passengers and market share, according to Iowa DOT figures.
Cedar Rapids and Des Moines have 95 percent of the passengers, and their figures are growing.

Waterloo, which benefits from $945,546 in EAS subsidy, has seen a 36 percent decrease in passengers, or 32,880 in 2008 to 20,900 in 2013, and the portion of the local market using the airport declined from 16 percent to 10 percent.

“Our plan is to see what we can do to lessen dependence on the subsidy and enhance service going forward,” said Keith Kaspari, who became director of the Waterloo Airport in November.

He wants to boost advertising, establish relationships with the business community — including learning why some opt for other airports — and cut leakage to The Eastern Iowa Airport, said Kaspari, who had been an executive at Capital Region International Airport in Lansing, Mich.

Sioux City and Waterloo also are both looking to add a second airline.

The situation is more dire in Mason City.

The Mason City Airport saw a 50 percent decrease in passengers between 2008 and 2012, and in February 2014 the lone air carrier, Great Lakes Aviation, pulled out due to the pilot shortage.

The $3.7 million federal EAS subsidy for 6,030 passengers at Mason City in 2012 — the last year before pilot shortages began disrupting travel at the airport and pushed down its numbers — means more than $600 in aid per passenger, or three times the new limit.

Pam Osgood, airport manager, said inconsistent and canceled flights in 2012 and 2013 due to the pilot shortage, high airfare, and the perception of cheaper prices at larger airports are partly to blame for passengers turning elsewhere.

However, Mason City relaunched service on Nov. 17 with a new carrier, Air Choice One, which flies an eight-passenger Cessna Caravan in and out of Chicago. Osgood said the airport had a viable 12,000 passengers a year as recently as 2011, and she believes reliable service and viable passenger levels will return.

The airline helped turn around the Southeast Iowa Regional Airport in Burlington, which faced many of the same challenges, she noted.

“So far, the planes have been full, so we are optimistic,” Osgood said. “We feel we can get back to that (viable) status again. We need to demonstration they can be successful here, and we think we can.”

Osgood is serving on the enhancement and retention committee.

Among the recommendations being finalized, the committee proposes federal lobbying to stabilize the EAS program and to push for Dubuque to become eligible.
A draft of the recommendations also shows a request to increase state money for development and renovation of airport buildings and fuel facilities from $1.5 million to $2 million, and to stop a diversion of taxes on aircraft sales from the State Aviation Fund to the general fund, which would unlock about $3 million per year.

The recommendations include a local focus to increase demand and recruit new air service options.

The Iowa DOT estimates a $18.4 billion economic impact from aviation in Iowa, and in its draft report states a nearby airport is the third most important factor for a major employer selecting a location.

Committee member state Sen. Jeff Danielson, D-Waterloo, said it is important people see the numbers and understand the situation to protect air access to more rural parts of Iowa. It’s essential to economic development, he said.

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