

# Committee on Air Service Report to the General Assembly

Submitted by:

Iowa Department of Transportation  
and  
Iowa Department of Economic Development

Committee on Air Service  
Report to the General Assembly  
September 1, 2000

*The Committee on Air Service was authorized by the 2000 General Assembly through HF 2458 and given the charge to examine and act upon air service issues in the state. Specifically, the committee was to focus on the unmet needs of business and leisure passengers, the total transportation network, and whether a permanent air service council is needed.*

**Committee Members**

Marty Dougherty – City of Sioux City  
Lynn Ewing – International Travel Associates (ITA) Group  
Steve Firman – Cedar Falls/Waterloo Chamber of Commerce  
Bill Flannery – Des Moines International Airport, Iowa Public Airport Association  
Ralph Heninger – Bi-State Regional Commission, Davenport  
Mike Henningsen – Southwest Iowa Coalition  
John Lowe – Iowa Business Aviation Association  
Arlo Meyer – Iowa State University  
Michelle McEnany – Iowa Department of Transportation  
Cheryle Mitvalsky – Eastern Iowa Airport Commission  
Harry Rasdal – Spencer Airport Commission  
Ron Redding – United Parcel Service  
Rick Schnoes – The Principal Financial Group  
Georgia Soliday – Iowa Department of Economic Development

Staffed by the Iowa Department of Transportation

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## **Background**

The Committee on Air Service was authorized by the General Assembly in HF 2458, and the legislation was signed by the Governor on May 11, 2000. The departments of Transportation and Economic Development were to establish a committee to examine and act on issues related to air service in the state. The committee was to include at least nine members who were geographically diverse and represented the business community and airports, and was to include representatives from the Iowa Department of Transportation (DOT) and the Iowa Department of Economic Development (DED). The committee was to be established by July 1, with a completed report to the General Assembly by September 1, 2000.

The committee was established to examine the commercial aviation needs of the state and provide recommendations including recommendations on each of the following:

- 1) current unmet needs of Iowa business and leisure travelers;
- 2) improvement of the total transportation network of highways, rail, and airports to better meet air service needs; and
- 3) whether a permanent air service council is needed to study issues related to air service in Iowa.

HF 2458, the legislation that created this committee, was the direct result of the legislative Aviation Transportation in Iowa study committee held during the 1999 interim.

The 1999 interim study committee made five recommendations.

- 1) Aviation should be given a higher visibility and an Aviation Division should be created within the DOT. HF 2458 contained language directing the DOT to give air service and aviation issues a high priority. It also directed the DOT to increase the emphasis on commercial air service, while continuing to support general aviation. The DOT reorganized in March 2000 and created the Modal Division, which includes an Office of Aviation. The Office of Aviation is in the process of identifying its roles and adjusting staffing levels to provide increased attention to air service.
- 2) The second recommendation directed DED to explore all possible sources of financial investment and assistance to Iowa-based airlines to encourage competition. DED prepared a report that reviewed funding sources and incorporated a marketing/incentive initiative in a \$10 million aviation proposed program developed by the DOT and DED.
- 3) DED and DOT were instructed to present a report to the General Assembly by December 15, 1999, which identified additional initiatives that would stimulate quality, affordable air service. The report was completed and served as the background for the \$10 million proposed program.
- 4) An Air Service Council should be formed to examine the commercial aviation needs of the state and provide recommendations on the current unmet needs of Iowa business and leisure travelers and to review how the total transportation system can be better networked to meet air service needs. HF 2458 also included this recommendation and created the Committee on Air Service.
- 5) The last recommendation of the study committee was to review the funding formulas for airports and revise the definition of the vertical infrastructure fund.

Both of these ideas are incorporated in Section 4 of HF 2458 directing the joint appropriations subcommittee on transportation to review existing and potential funding streams for aviation.

### **Unmet Needs of Business and Leisure Passengers**

The committee reviewed several sources to have a better understanding of the unmet needs, including: DOT's *Iowa in Motion*, a comprehensive review of Iowa's transportation needs including all modes of transportation; the *Intercity Passenger Study*, completed by a consultant for the DOT in 1999; the DOT's *Aviation System Plan*; the Legislative Study Committee Report, and published reports on competition.

The Committee on Air Service agreed the focus of the committee should be air service defined as: "passenger travel by air, for hire on a scheduled or charter basis." Although cargo and general aviation issues are important to the state, those issues are beyond the time allowed to review the issues.

The committee discussed in depth various unmet needs for business and leisure passengers. The committee agreed that, in most cases, the unmet needs for business and leisure passengers are the same, and no further distinction was made in the discussions or recommendations.

The most important unmet needs for Iowa's business and leisure travelers are:

- 1) insufficient air service choices;
- 2) air service through too few hub airports; and
- 3) lack of low fare service.

Additional unmet needs include leakage to other airports, lack of customer service, and schedule reliability. The complete list identified by the committee is found in the July 12 meeting minutes in the appendix.

The committee agreed the perception of the lack of affordable airfare was most likely a by-product of the lack of competition in Iowa's air service market. The committee also noted the lack of a low-cost carrier as a contributing factor to Iowa's perceived high airfare structure. Iowa's airfares are in fact comparable to other Midwest airports such as Minneapolis, but are noticeably higher when compared to certain markets influenced by low-cost carriers operating from Kansas City and Omaha.

Not having sufficient air service choices to locations without going through major airline hubs was also seen as an unmet need. Many airline hub airports are becoming increasingly congested, producing major airline schedule delays. With the increasing number of regional jets now coming into the airline fleets, there could be some additional direct service to new hubs and non-hubs. This would not only increase competition and reduce prices, but also provide better customer service if Iowa can attract more of these new aircraft.

To address these needs it was determined the state should play a role in improving air service by funding initiatives that create a more friendly business and political environment to help

promote increased service and competition. It is also important to nurture the current relationships with existing airlines so they continue to provide access to existing major hub airports such as Chicago O'Hare, Minneapolis/St. Paul, and St. Louis. From these existing airline hubs, Iowans can connect to almost anywhere in the world.

**Recommendations:**

*The committee recommends that an Air Service Development Program be created that includes the following segments:*

- 1. Information** - The committee recommends the state appropriate funding to be used by the DOT to collect, analyze and disseminate information of value to Iowa's aviation community to enhance air service and create additional competition opportunities. The committee agreed that airports and the aviation community need more and better information in order to better understand current service levels so they can market their existing service and promote new air service. Information is a valuable tool in marketing airports and air service to the traveling community. It is a needed recruitment and retention tool to use with airlines to enhance and retain air service.
- 2. Marketing Funds** - The committee recommends additional funds be allocated to Iowa airports for marketing and promotion in the Commercial Air Service Marketing (CASM) program. In addition, the state should have access to additional funding for statewide air service promotion and marketing initiatives. The committee recognizes the importance of the state's current CASM program in reducing leakage to other airports, but agreed the program needs to be expanded through additional funding and expansion of the allowable uses of the funds.
- 3. Financial Incentives** - The committee recommends the state provide a new annual funding program to be used at the state's discretion for airline incentives to improve service and/or to initiate new service to new hub airports that have statewide or significant regional benefits to the citizens of Iowa. The committee determined one of the biggest factors in higher airfares, or the perception of high fares, and limited air service choice is the lack of competition in Iowa's air service market. Such funding could be used for airline marketing assistance, covered passenger walkways and boarding bridges, other airline start-up or expansion costs, but not for route or direct subsidies to airlines.

## **Total Transportation Network**

The committee was asked to review the total transportation network as it relates to improving air service provided by Iowa airports. The committee reviewed several sources in looking at the total transportation network, including the DOT's *Iowa in Motion* and the Intercity Passenger Study.

**Highway Access** -- The general consensus of the committee was that Iowa's highway system provides good access to the airports. It was discussed that Iowa's roads were so good that they, in fact, play a role in the leakage problem because they provide an easy and convenient method to travel to out-of-state airports, and between Iowa's airports.

The actual access roads leading to an airport may be owned by a city, county, or the airport. Local jurisdictions are encouraged to participate in regional planning affiliations (RPA) or metropolitan planning organizations (MPO) discussions for funding to upgrade access roads as necessary.

**Rail Access** -- The general consensus of the committee is that establishing passenger rail lines to airports is unrealistic given recent cost estimates and the population base.

**Bus Service** -- The committee reviewed the recommendations from the Intercity Passenger Study as they related to intermodal policy options and the use of buses to enhance air service. It was generally agreed that while there may be some merit in promoting such bus service in some specific situations (i.e. Ames to Des Moines International Airport and Iowa City to Eastern Iowa Airport in Cedar Rapids), the limited air service benefit of this concept was not one the committee wished to explore any further at this time.

**Signage** -- The committee discussed signage to Iowa's airports. It was agreed that well-placed, properly sized airport signs are beneficial to the traveling public in making it easier to find the airport, and benefit the airport by the potential of increased usage due to increased visibility of the airport. The committee agreed signs help the intermodal ground-to-air transportation link. Placement and message content for airport signs are under the jurisdiction of the DOT for interstate and primary highways, and cities and counties for access roads to the airports. The committee discussed a need for an overall standard for signing airports, including how to differentiate between commercial service and general aviation airports, and appropriate placement and trailblazing.

### **Recommendation:**

The committee recommends separate signage standards be established for the roadway signage into commercial service airports, and that all signage for commercial service airports include the airport name. The DOT should work with the commercial service airports and respective cities and counties to develop a plan for appropriate signing.

## **Permanent Air Service Council**

The committee recognizes the benefit of collaboration and increased understanding of discussing air service issues with businesses, airport representatives, government representatives, and the general public. However, the committee agreed that the focus of a continuing council should be open to all aviation issues, not only scheduled passenger air service as defined by the current committee.

The committee recommends the DOT play a more active role in developing relationships among the state's executive, judicial and legislative branches of government, airports, airport sponsors, and the business community.

### **Recommendation:**

The committee recommends that the DOT create an aviation advisory council to meet as needed to review and discuss aviation issues in Iowa. The membership of this committee should be diverse.

## **Recommendation to the Legislature**

The committee supports spending aviation dollars received by the state for aviation programs. It is estimated aircraft registrations, aircraft fuel tax, and aircraft use tax account for more than \$8 million. This money should be recognized by the Legislature as funds that should be spent on aviation programs.

**Many of the recommendations require additional funding from the Legislature. The Iowa Department of Transportation has developed a \$10 million aviation package that includes an air service development portion, as well as infrastructure and economic development portions.** The recommendations made by this committee are consistent with the air service development portion of the DOT's proposed program.

# APPENDIX

## HF 2458

Meeting Minutes – 7/12/2000

Meeting Minutes – 7/25/2000

Meeting Minutes – 8/14/2000



# HOUSE FILE 2458

## AN ACT RELATING TO AVIATION TRANSPORTATION AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

### Section 1. PRIORITIZING AVIATION ISSUES WITHIN STATE GOVERNMENT.

1. The general assembly finds that air service and aviation issues should be given a higher priority within state government and that improved communication and coordination between various state agencies regarding all issues relating to aviation is necessary. The state department of transportation shall make air service and aviation issues a high priority and provide improved communication and coordination between state agencies, airports, and citizens.

2. The state department of transportation shall increase the emphasis on commercial air service to the citizens of the state and shall continue to support general aviation for the business and leisure interest sectors.

### Sec. 2. COMMITTEE ON AIR SERVICE.

1. The department of economic development and the state department of transportation shall jointly establish a committee on air service to examine and act upon issues related to air service in the state. The committee shall be established not later than July 1, 2000.

2. The committee shall consist of at least nine members and shall be composed of geographically diverse representatives of the business community and airports in the state, and shall also include representatives from the state department of transportation and the department of economic development.

3. The committee shall examine the commercial aviation needs of the state and provide recommendations on each of the following:

- a. The current unmet needs of Iowa business and leisure travelers.
- b. Improvement to the total transportation network of highways, rail, and airports to better meet air service needs.
- c. Whether a permanent air service council is needed to study issues related to air service in Iowa.

4. Staffing for the committee shall be jointly provided by the department of economic development and the state department of transportation.

5. The committee shall submit a report to the general assembly by September 1, 2000. The report shall, at a minimum, include the committee's findings and recommendations on the air service issues identified in this Act.

### Sec. 3. FINANCIAL INVESTMENT AND ASSISTANCE FOR AVIATION.

The general assembly finds that a substantial economic benefit can be achieved for the citizens of the state through competitive passenger and cargo service markets and that public savings and additional economic development opportunities warrant the attention of the state.

Sec. 4. ISSUE REVIEW. The joint appropriations subcommittee on transportation, infrastructure and capitals shall review existing and potential new funding streams for airports.

Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

BRENT SIEGRIST  
Speaker of the House

MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2458, Seventy-eighth General Assembly.

Approved \_\_\_\_\_, 2000  
ELIZABETH ISAACSON  
Chief Clerk of the House

THOMAS J. VILSACK  
Governor

HF 2458

## Air Service Committee Meeting Minutes - July 12, 2000

### Committee members present:

Steve Firman, Cedar Falls/Waterloo Chamber  
Ron Redding, UPS  
Bill Flannery, Des Moines International Airport  
Lynn Ewing, ITA Group  
Cheryle Mitvalsky, Eastern Iowa Airport Commission  
Ralph Heninger, Bi-State Regional Commission  
Arlo Meyer, ISU  
Mike Henningsen, Southwest Iowa Coalition  
Rick Schnoes, The Principal Financial Group  
Harry Rasdal, Spencer Airport Commission  
John Lowe, Iowa Business Aviation Association  
Georgia Soliday, Iowa Department of Economic Development  
Michelle McEnany, Iowa Department of Transportation

### Committee member absent:

Marty Dougherty, City of Sioux City

Others present: Scott Snyder, UPS; Bruce Carter, Quad Cities Airport; and DOT staff: Neil Volmer, John Hey, Gary Harris, Tom Jackson, Bill Rhoads, and Kay Thede.

Michelle McEnany called the meeting to order at 10:05 a.m.

Georgia Soliday gave a brief review of the history of the 1999 Legislative study committee, which was a result of the failed AccessAir bill. DED provided the study committee recommendations that included: incentives, centralized effort by the state, proactive campaign about air service, statewide plan for economic development, and creating a more friendly environment for businesses and airlines. HF 2458 was a result of the some of the recommendations by the study committee.

Michelle McEnany reviewed the charge to this committee as legislated in HF 2458:

- 1) to make recommendations on the unmet needs of Iowa business and leisure travelers,
- 2) improvement to the total transportation network of highways, rail and airports to better meet air service needs, and
- 3) to determine if a permanent air service council is needed.

The committee discussed that the mission would include developing recommendations that can be used in a legislative package that addresses the needs identified by the committee. General consensus was reached that this would not include the actual writing of any legislation.

Michelle explained the make-up of the committee includes MPOs, businesses, airport commissioners, airport managers, cargo interests, and general aviation interests representing

all geographic areas of the state. The legislation required at least nine members, but 14 members have been selected to represent all of the interests.

Bill Flannery was selected as chair and Ralph Heninger was selected co-chair for the committee. It was decided to use Robert's Rules of Order with votes on all recommendations. Tom Jackson will act as parliamentarian. DOT and DED will cover administrative costs such as copying, postage and room charges. Individual committee members will be responsible for their own travel expenses.

The open meeting law was discussed. Georgia reviewed the Iowa Code and determined that, since the committee was created by the Legislature as an advisory committee, it is covered by the open meeting law. Open meeting law procedures will be followed for the next meeting.

### **Total Transportation Network**

John Hey reviewed the Iowa in Motion process and the resulting *State Transportation Plan*. Public input helped build the plan and focused on five areas: 1) the need for a balanced approach including all of the modes, 2) efficient use of resources, 3) preservation of current system, 4) economic development, and 5) focus on safety. The Iowa Transportation Commission approved the plan in July 1997. Individual modal plans for aviation, public transit and rail have been completed. The plans are fluid and will be revisited as necessary.

The committee discussed airport access issues. Several members identified that the good quality roads in Iowa help the airport leakage factor by aiding travelers to drive not only out-of-state, but between Iowa's airports. Bill Flannery indicated that the SH& E study found 37 percent leakage from Des Moines. Cheryle Mitvalsky asked what is an acceptable leakage rate, and what can the state do?

Harry Rasdal explained a travel study done in Spencer which identified where people were going to travel. He suggested that local airports provide frequent flyer credits for using the local airport and allow marketing money to be used for the program.

Confusing signage and attractive, good access roads to the airports were discussed. Several airports were identified as having signing problems. (The DOT will put information together on current signing at the airports and the signing policy for the next meeting.)

Steve Firman stated that feeder bus systems from the community to another airport may not be practical. Rail service was also discussed as being cost prohibitive.

Cheryle discussed the big impact that regional jets will have in the future and suggested the state should study their role.

Bill led a discussion to clarify the term 'air service.' Cheryle moved that the definition of air service that will be used by the council is: Passenger travel by air, for hire on a scheduled or charter basis. Motion carried. It was discussed that cargo and general aviation will benefit by improving commercial passenger air service.

## Unmet Needs of Business Passengers

The committee brainstormed the most important unmet needs of business passengers. Additional needs for leisure passengers were added.

<u>Air Service Needs</u>	<u>Priority votes</u>
• Ticket pricing	11
• Predatory practices	6
• More airline competition	4
• Customer service	4
• Carrier reliability	
• Baggage handling/airline staffing (added for leisure)	
• Type of aircraft	
• Congestion at hubs	2
• Schedule reliability	3
• Schedules that connect	
• Lack of nonstop flights	
• Access to multiple hubs	
• Slots – access to certain airports	
<b>II. Infrastructure Needs</b>	
• Instrument landing systems	3
• Signing	1
• Navigation systems	
• Highway access	
• Contract towers	
<b>VI. Airport Facility Needs</b>	
• Ramp space	2
• Terminal building conditions	1
• Aircraft parking	
• Covered passenger boarding	
• Frequent flyer lounges	
• Maintenance facility	
• Parking	
• Flight information systems	
• Ground access – taxis, car rentals	

- Children/pet centers                      added for leisure
- Concession needs                         added for leisure

**XII.            Other Needs**

- Marketing Iowa at airports                8
- Leakage                                        8
- Research, data                                1
- Advertising dollars
- Frequent flyer miles at airports
- Flexibility for economic development

Overall highest priority of unmet needs:

1. Ticket pricing
2. Leakage            (is this an unmet need, or a by-product?)
3. Marketing Iowa at airports
4. Predatory practices

Bill suggested that a subcommittee be formed to plan the next meeting and work between meetings. Steve, Bill, Ralph Heninger, and Rick Schnoes volunteered.

Bill suggested that everyone review the Intercity Passenger Study report, be prepared to discuss the recommendations in the report, and identify what may be applicable to the unmet needs we discussed today.

The next meeting will be **Tuesday, July 25, at Scheman**, Room 250, from 9 a.m. to 3 p.m.

## **Air Service Committee Meeting Minutes**

July 25, 2000, 9 a.m. to 3 p.m.

### **MEMBERS PRESENT:**

Lynn Ewing, ITA Group  
Steve Firman, Cedar Falls/Waterloo Chamber  
Bill Flannery, Des Moines International Airport  
Ralph Heninger, Bi-State Regional Commission, Davenport  
John Lowe, Iowa Business Aviation Association  
Arlo Meyer, Iowa State University  
Michelle McEnany, Department of Transportation  
Rick Schnoes, The Principal Group

### **ABSENT:**

Marty Dougherty, City of Sioux City  
Mike Henningsen, Southwest Iowa Coalition  
Cheryle Mitvalsky, Eastern Iowa Airport Commission  
Harry Rasdal, Spencer Airport Commission  
Ron Redding, UPS  
Georgia Soliday, Department of Economic Development

Motion for approval of minutes from July 12, 2000, approved with no change.

Agenda reviewed. A presentation by Bruce Carter from the Quad Cities Airport was added to the agenda.

Bill Flannery reviewed the items for agenda item #3:

Reiteration of the air service needs report. The committee is to report back to the General Assembly by September 1, 2000, regarding unmet needs of business and leisure travelers, the total transportation network as it relates to airports, and if a permanent air service council is needed.

Reviewed the mission of the committee, and consensus was to stay with the current goals discussed at the July 12 meeting. The group's task today is to identify Iowa's business and leisure unmet air service needs and to prioritize these issues.

Perceptions were shared regarding ticket pricing and predatory practices. The reality at this level is that these are two specific areas that the committee does not have direct control. Airlines set the prices and the federal government regulates business practices. The state needs to take a positive spin on these issues by creating a friendly business environment that promotes and enhances competition. It is the belief that competition will put pressure to lower prices.

Discussion held as to how to make Iowa attractive to outside airlines and the travelers in and outside of Iowa. The state must equip itself to be proactive in a global economy, and

providing quality and affordable air service is one of those factors. Marketing is an area that was felt to be very important with the need to channel more funding into better resource data.

Educating cities and business communities with accurate and meaningful information is one step in promoting quality air service by creating a positive and informed atmosphere for attracting competition.

Bill reviewed the state's current airport funding programs and the federal airport improvement program. These authorization levels bring about additional funding to Iowa's airports' infrastructure needs. It was generally agreed that while infrastructure needs of airports are important, the mission of this council was to provide recommendations on air service.

#### Airport Signage:

Kay Thede, DOT, shared the DOT's policy on airport signing. Currently, the policy is that signing will be provided at interstate exits with roads leading to within one mile of the airport. Signing is also provided at the intersection of a primary highway and road leading to the airport. Signing size is dictated by current DOT signing policy and the Manual on Uniform Traffic Control Devices (MUTCD), but there is no written policy on the message. If the roads leading to the airport are not primary highways, it becomes the city/county responsibility for signing. Sign trailblazing was discussed as well as the safety issues associated with it. Another problem for destination signing is that often the number of locations that could be included exceeds the space allowed on the signs.

It was mentioned that there is a need for interfacing ground transportation with air transportation from an intermodal aspect. Dennis Tice, director of the DOT's Planning and Programming Division, shared that in the Federal Authorization Acts there are regulations relating to intermodal systems. Discussion regarding signing standardization, and how does one assess between a full service versus other type airport.

The committee requested the DOT discuss the possibility of the need for changing the policy, and provide recommendations.

Agenda Items #4 and 5: 1991 Iowa Air Service Study and the Intercity Passenger Study  
John Hey, Iowa DOT, shared the historical perspective regarding deregulation and shared the history of the DOT's role regarding air service efforts through 2000. The Air Link Commission was established by the Legislature in 1991. The Iowa Air Service Study looked at service concerns such as quality, amount and intrastate service. The commercial service marketing program was an outcome of the Air Link study.

John Hey stated that the Air Link Study and the Intercity Passenger Study looked at all aspects of passenger air service in 1991 and 1997 and provided recommendations. These studies are a good foundation in which to understand the basic trends occurring in Iowa's air service markets. While some of the data may be outdated, many of the trends hold true.

It was discussed that if Iowa is to react appropriately to change, the committee must have access to updated information regarding all aspects of ticket sampling, hub usage, etc. Lynne



Ewing volunteered to update some of the information, including the hubs served by each airport. Ralph Heninger also suggested that the Quad Cities Airport be included in the data since approximately 70 percent of the enplanements (or 280,000) in Moline are Iowans.

Leakage was discussed, and it was felt that this is a good measure to see where the competitive balance is. The term leakage was defined as when a consumer leaves the conventional service area to go to another.

The committee also discussed airline mergers and the effects on competition. There was some discussion that the state may need to take a position in recommending to the justice department what effect a merger will have on Iowa. The Attorney General's office would review the legalities of the merger, but the DOT should look at the effect on service for Iowa.

Bill shared the Atlanta "hub and spoke" theory with the committee. If a consumer travels to a hub airport, prices are going to be less competitive; however, if a consumer travels beyond a hub airport, there is competition between hubs, which will bring the price down. Iowa's airports should examine air service options that travel to non-hub airports.

Bruce Carter shared information regarding low-cost air service in relation to airfares. He said Air Tran has provided a competitive atmosphere for the Quad Cities Airport and suggested Iowa airports look into the benefit Air Tran service can provide to their air service market.

#### Agenda Item #7: Discussion on the Intercity Passenger Study

Indirect and direct financial support options were discussed. Examples of direct support include tax incentives, capital or operating support, and revenue guarantees. Examples of indirect funding include marketing or airport improvement funding.

It was agreed that the state should increase its role in providing funding for aviation marketing purposes. It was suggested that the DOT should explore other options in allocating those monies. Funds given directly to airports can get wrapped up in federal regulations that limit the airports' use of the money. The DOT should determine if it is possible to direct funds to planning organizations or chambers of commerce (to avoid the federal airport regulations) to use the money to market the airport in their community.

#### Agenda Item #8: Format for Final Report

The format for the final report was discussed with a draft outline handed out. Some of the unmet needs and possible solutions mentioned were:

- 1) Need for additional data;
- 2) Increased funding for air service marketing;
- 3) Support for joint marketing service for airlines;
- 4) Lack of coordination between state agencies;
- 5) Cooperation among state and multiple jurisdictions;
- 6) Lack of hub choices for Iowans;
- 7) Lack of low airfare service into the state.

Committee members are to review the first draft with comments, so there can be a second draft provided by the next committee meeting date, August, 14, 2000.

John Shors, attorney for AccessAir, addressed the committee and reviewed some facts on the impact AccessAir had on air fares in Iowa and the need for a low cost carrier in Iowa's air service market to bring the needed pressure to lower air fares.

A listing of national reports on competition was distributed. Some of the reports are available on-line or from the DOT. These reports may provide good background information in formulating recommendations.

The next meeting will be held August 14, 2000, at 9 a.m. at the Scheman Building in Room 252.

Next agenda items are potentially as follows: Steve Chapman; Signage Issues—with possibly someone from the DOT to speak; discussion of final recommendations; discussion of a continuing air service council. Opportunity will be given for other state airport directors to review the report before making it final.

Air Service Committee Meeting Minutes  
August 14, 2000, 9 a.m. to 3 p.m.  
Scheman Building, Room 252  
Ames, Iowa

MEMBERS PRESENT:

Steve Firman, Cedar Falls/Waterloo Chamber of Commerce  
Bill Flannery, Des Moines International Airport  
John Lowe, Iowa Business Aviation Association  
Arlo Meyer, Iowa State University  
Michelle McEnany, Iowa Department of Transportation  
Rick Schnoes, The Principal Group  
Cheryle Mitvalsky, Eastern Iowa Airport Commission  
Mike Henningsen, Southwest Iowa Coalition  
Harry Rasdal, Spencer Airport Commission  
Marty Daugherty, City of Sioux City (Barbara Sloniker present on his behalf.)  
Jeffrey Robbins, Waterloo Airport

ABSENT:

Ralph Heninger, Bi-State Regional Commission, Davenport  
Ron Redding, United Parcel Service  
Georgia Soliday, Iowa Department of Economic Development  
Lynn Ewing, ITA Group

**AIRPORT SIGNING**

Tim Crouch, Iowa Department of Transportation Traffic Engineer, shared the current DOT policy with the committee and explained restrictions that applied by the federal government regarding signing. There is no restriction in the signing policy about adding specific name of the airport to signs.

Discussion was held regarding the relationship of the DOT and local jurisdictions regarding signing issues. The DOT has been reluctant to tell local jurisdictions what they should do. Tim Crouch also stated that DOT signing has not been used for advertisement in the past, and right-of-way is also not currently used for advertising signs. It was stated that signage should be viewed as a tool for communication instead of advertising. Michelle McEnany asked if the DOT could review the signing for the 10 regional airports for name usage and consistency in standards.

The committee agreed to keep the recommendation regarding signage as written. The committee agreed to take a role in developing a signage plan and work with local jurisdictions on implementation.

## **IOWA DOT'S AVIATION DEVELOPMENT & SUPPORT PROGRAM**

Michelle McEnany explained the proposed program and stated the intent to incorporate this committee's recommendations in the Air Service Development portion of the program, if the committee agreed. Three programs would be included the \$10 million proposal: (1) Air Service Development Program – including recommendations from this committee; (2) Capital & Economic Development Program; and (3) State Airport Improvement Program, which is currently in progress.

After a lengthy discussion the committee agreed that the State of Iowa should not be paying for infrastructure costs at airports outside the state. The committee recognized that airports bordering Iowa do serve Iowa citizens in the border counties. The committee agreed that allocated marketing money should remain within the state at Iowa airports. However, if the DOT does get discretionary marketing money, it may be used for a collaborative project based on specific and limited criteria that benefit Iowa travelers.

Bill Flannery underscored the need to tie the funding request to dollars generated by aviation related taxes and revenue, approximately \$8 million. The committee supported the concept of incorporating its recommendations in the DOT program and suggested that the two documents (the funding proposal and the committee report) refer to each other and that the link is well identified.

Bill said that many other states use state funding to help match federal grants for airports. Michelle shared that the DOT would like to see communities take a more active role in funding the 10 percent, and the state funding for a portion of the local match was removed. The DOT would be willing to help educate the cities and communities regarding this issue.

Michelle asked the committee for its input on how to divide the \$10 million into the three program segments: \$3 million for Air Service Development Program; \$3.5 million for State Airport Improvement Program; \$3.5 million for Capital Economic Development Program.

### **PRICE COMPARISON:**

Lynn Ewing provided information regarding the number of flights and connecting hubs from Iowa airports. The committee discussed the number of departures that goes through Minneapolis, Chicago and St. Louis. The issue is not only about hub usage, but also about recruiting new carriers and utilizing the existing ones. Steve Firman stated that he feels the regional jets could open up service. Bill stated that as you see more problems at the larger hubs, people will look for diversions around them.

Michelle said she would like the Office of Aviation to do airfare comparisons on a regular basis. Cheryle Mitvalsky suggested an additional paragraph called "Background Information" be added which states that Iowa has an insufficient number of choices when it comes to selecting carriers.

### **INPUT ON DRAFT REPORT:**

Gayle Brandt, with the Spencer Airport, shared her role at Spencer and how the airport has been very aggressive regarding airport improvements. She gave information regarding

discretionary funding. She spoke of the need for additional funding for airport improvements. Gayle also discussed fractional ownership, a new method for companies to have access to a private jet by paying x-amount of dollars and then having access to a plane within four hours, as an up-and-coming way for businesses to fly affordably without the overhead of plane ownership. This may lead to additional infrastructure needs at smaller airports.

Larry Mullendore from Cedar Rapids shared that DOT should consult with IPAA regarding funding mechanisms based on enplanements and air cargo. Larry also suggested that relationships with current carriers be nurtured so that access to hubs is not lost as low fare carriers are sought. He also requested that the state capital program be used for more than vertical infrastructure, that the state provide a portion of the local match for federal capital programs, and that incentive programs be developed to encourage local communities and counties to form regional airport authorities.

Ken Kramer, from the Dubuque Airport, shared his thoughts and agreed that the state should provide half of the local match requirement for federal AIP grants. He suggested there should be changes in the restrictions of how marketing money is used. He also said he felt it was a necessity to present information to the airlines in a very tactful manner as it could cause a negative impact. He supports the need to keep funding within Iowa boundaries, and financial incentives given for creating regional authorities. He also feels the staffing of the Office of Aviation needs to be increased to adjust to additional funding.

Jeffrey Robbins, Waterloo's new Airport Director, also sees the need to strengthen ties to network carriers.

#### **FORMULATION/DISCUSSION REGARDING FINAL RECOMMENDATIONS:**

A revised draft of the committee report was discussed. The committee discussed several changes to the content and recommendations. Discussion continued on the issue of spending state money only at Iowa airports. Agreement was reached that state money should be used within the state. However, the committee left the door open for special circumstances that may evolve in which it would make sense to use marketing money for neighboring airports if specific criteria are met and it is for specific benefit of Iowans. Other states do not provide money to Iowa airports neighboring their state. Aviation-related money generated for the state comes from within Iowa. The committee agreed to the final recommendations.

These changes will be incorporated in the draft and sent out through e-mail for one last review before the DOT sends the final copy to the Legislature by September 1.

Bill stated that general aviation is important to everyone, but because of the time restraint the committee is dealing with, other issues cannot be discussed at present, but hopefully in the future, if the committee continues.

The committee unanimously supported the continuance of an air service council. The committee recommended that an aviation advisory council be created by the DOT to provide input on any aviation issue. Since the committee would be a DOT advisory group, the committee also suggested that it be established soon. The advisory group would be a good

way to network and keep lines of communication open. It was also mentioned that possibly one of the Transportation Commissioners could sit on the advisory committee as well.

Michelle stated that staff will get changes of the draft copy out via e-mail with staff publishing the final report to the Legislature.

Steve Firman stated that he felt there should be a press release after the final report is released to generate media attention.

Meeting adjourned at 3 p.m.

