

ORDER 99-7-21



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 30th day of July, 1999

SERVED AUG. 3, 1999

Essential Air Service at

KIRKSVILLE, MISSOURI

under 49 U.S.C. 41731 *et seq.*

Docket OST-97-2515

**ORDER EXTENDING RATE
AND REQUESTING PROPOSALS**

Summary

By this order we are extending the subsidy rate of Redwing Airways, Inc., for the provision of essential air service at Kirksville, Missouri, established by Order 97-5-9, for an indefinite period of time, and also requesting proposals from carriers interested in providing service at the community.

Background

By Order 97-5-9, issued May 13, 1997, Redwing Airways (Redwing) was selected to continue providing essential air service at Kirksville for an additional two-year period. Subsidy was set at an annual rate of \$275,969 for the period August 1, 1997, through September 30, 1997, for ten nonstop round trips each week between Kirksville and Kansas City with 8-seat Beech Queenair aircraft. For the period October 1, 1997, through July 31, 1999, subsidy was set at an annual rate of \$450,736 for 24 nonstop round trips each week between Kirksville and Kansas City, with the same aircraft.

Redwing's two-year contract expired on July 31, and at this juncture our normal procedure would be to invite the incumbent carrier to submit a proposal to continue providing essential air service at Kirksville for another two-year period, either with or without subsidy support.

However, in the last few weeks, we have had inquiries from other parties interested in submitting a proposal to serve the Kirksville market. Therefore, with the probability of our receiving competing proposals, our program practice is to initiate a carrier selection case immediately for Kirksville by formally requesting proposals from all interested carriers. In the interim, we are extending Redwing's current subsidy rate for its existing service level, as agreed to by the carrier and staff, during the processing of the carrier selection case.



Essential Air Service at Kirksville

Essential air service at Kirksville is defined as at least two nonstop or one-stop round trips each weekday and each weekend period to either St. Louis or Kansas City, providing at least eight seats in each direction each service day. Under normal essential air service guidelines, this service must be provided with pressurized aircraft having at least 15 passenger seats.¹ However, the community has waived its right to larger aircraft since 1988 in exchange for additional frequencies.

Redwing Airways began serving Kirksville on March 4, 1991, with an 8-seat, unpressurized, piston-powered, Beech QueenAir aircraft. In 1994, Redwing carried a total of 5,458 O&D passengers, its best year. Since that time, traffic has declined, partly because of service cutbacks brought about by Congressional budget cuts in 1996 and 1997, and totalled 2,566 for the year ended June 30, 1999.²

Request for Proposals

We request that any carriers interested in providing essential air service at Kirksville, file their proposals within 20 days of the service date of this order. We ask that carriers submit proposals for two or three round trips per service day to either St. Louis or Kansas City, with 15-seat, pressurized aircraft. Carriers may also submit proposals for service with smaller aircraft and more frequencies, subject to the continuing concurrence of the Kirksville community.

Procedures For Filing Proposals

For interested air carriers that are not familiar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f) and discusses in detail the process of seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing

¹ Civil Aeronautics Board Order 84-9-75.

² See Appendix A for Kirksville's historical traffic.

an explanatory statement, and a copy of section 14 CFR 204.4 of the Department's regulations which deals with the information required of all applicants for authority to provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service.³

Community and State Comments

The community and the State are welcome to submit comments on the proposals at any time.⁴ Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department. The civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁵

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁶ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

³ Copies of these documents can be obtained from: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590. Telephone requests for these documents are accepted at (202) 366-1053.

⁴ Civic parties should file an original and five copies of their comments in Docket OST-97-2515. This filing should be addressed to: Docket Operations and Media Management Division, SVC-124, Office of the Secretary, U.S. Department of Transportation, Room PL 401, 400 Seventh Street, S.W., Washington D.C. 20590.

⁵ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service.

⁶ The regulations applicable to each of these areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, Implementing title 31, United States Code, section 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants) implementing the Drug-Free Workplace Act of 1988; (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs for the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the basis for Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

1. We extend the final rate of compensation for Redwing Airways, Inc., for the provision of essential air service at Kirksville, Missouri, established by ordering paragraph 3 of Order 97-5-9, until further Department action;
2. We direct Redwing Airways, Inc., to retain all books, records, and other source and summary documentation to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination thereof by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
3. We request that carriers interested in providing essential air service at Kirksville, Missouri, submit their proposals, with or without requests for subsidy, within 20 days of the service date of this order. An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590, with the title: "Proposal to Provide Essential Air Service at Kirksville, Missouri, Docket OST-97-2515; ⁷
4. This docket will remain open until further Department order; and

⁷ After serving a copy of its proposal on the civic officials of Kirksville, the State of Missouri, and each of the other applicants, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to John McCamant at (202) 366-1060.

5. We will serve a copy of this order on the Mayor and airport manager of Kirksville, Missouri, the Governor of Missouri, the Missouri Department of Transportation, Redwing Airways, and the carriers listed in Appendix B.

By:

A. BRADLEY MIMS
Acting Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>*

The electronic version may not contain the appendix.

Appendix A

**HISTORICAL TRAFFIC
AT KIRKSVILLE, MISSOURI**

| | | <u>IRK-MCI</u> | <u>MCI-IRK</u> | <u>TOTAL</u> | <u>O&D Per Day</u> ^{1/} |
|------|---|----------------|----------------|--------------|--|
| 1991 | 1 | 110 | 65 | 175 | |
| | 2 | 461 | 408 | 869 | |
| | 3 | 527 | 510 | 1,037 | |
| | 4 | <u>601</u> | <u>532</u> | <u>1,133</u> | |
| | | 1,699 | 1,515 | 3,214 | 10.3 |
| 1992 | 1 | 519 | 514 | 1,033 | |
| | 2 | 595 | 562 | 1,157 | |
| | 3 | 614 | 574 | 1,188 | |
| | 4 | <u>691</u> | <u>597</u> | <u>1,288</u> | |
| | | 2,419 | 2,247 | 4,666 | 14.9 |
| 1993 | 1 | 544 | 528 | 1,072 | |
| | 2 | 599 | 588 | 1,187 | |
| | 3 | 630 | 627 | 1,257 | |
| | 4 | <u>699</u> | <u>588</u> | <u>1,287</u> | |
| | | 2,472 | 2,331 | 4,803 | 15.3 |
| 1994 | 1 | 618 | 646 | 1,264 | |
| | 2 | 756 | 718 | 1,474 | |
| | 3 | 674 | 653 | 1,327 | |
| | 4 | <u>763</u> | <u>630</u> | <u>1,393</u> | |
| | | 2,811 | 2,647 | 5,458 | 17.4 |
| 1995 | 1 | 563 | 555 | 1,118 | |
| | 2 | 614 | 593 | 1,207 | |
| | 3 | 519 | 488 | 1,007 | |
| | 4 | <u>612</u> | <u>555</u> | <u>1,167</u> | |
| | | 2,308 | 2,191 | 4,499 | 14.4 |
| 1996 | 1 | 385 | 399 | 784 | |
| | 2 | 360 | 415 | 775 | |
| | 3 | 282 | 276 | 558 | |
| | 4 | <u>313</u> | <u>257</u> | <u>570</u> | |
| | | 1,340 | 1,347 | 2,687 | 10.3 |
| 1997 | 1 | 246 | 266 | 512 | |
| | 2 | 288 | 251 | 539 | |
| | 3 | 251 | 230 | 481 | |
| | 4 | <u>372</u> | <u>329</u> | <u>701</u> | |
| | | 1,157 | 1,076 | 2,233 | 8.6 |
| 1998 | 1 | 355 | 341 | 696 | |
| | 2 | 360 | 328 | 688 | |
| | 3 | 275 | 270 | 545 | |
| | 4 | <u>356</u> | <u>390</u> | <u>746</u> | |
| | | 1,346 | 1,329 | 2,675 | 8.6 |
| 1999 | 1 | 304 | 331 | 635 | |
| | 2 | 326 | 314 | 640 | |
| | 3 | | | | |
| | 4 | | | | |

Source: Redwing Airways Form 298C.

^{1/} Total O & D passengers per day based on 313 service days per year 1991-1995 and 1998; and 261 service days per year 1996 and 1997.

SERVICE LIST FOR THE STATE OF MISSOURI

Air Midwest, Inc.
Amerijet International, Inc.
Chicago Air Taxi, Inc.
Chicago Express Airlines, Inc.
Crauch Aviation
Delta Connection
Flagship Airlines, Inc.
Gorda Aero Service, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Ohio Valley Aviation, Inc.
Planemaster Services, Inc.
Simmons Airlines, Inc.
Trans States Airlines, Inc.

Chester Anderson
Louis Andrews
Ken Bannon
Richard Thomas Clarke
E.B Freeman
Douglas Gumula
A. Edward Jenner
John McFarlane
Kevin Thomas
Gary L. White
Robert Wigmore