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Order 2001-9-5



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

**Issued by the Department of Transportation
on the 10th day of September, 2001**

Served: Sept. 13, 2001

Essential Air Service at

GALLUP, NEW MEXICO

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

Docket OST-1998-4706-20

ORDER REQUESTING PROPOSALS

Summary

By this order we are requesting proposals from carriers interested in providing essential air service at Gallup, New Mexico. ¹

Background

By Order 2000-6-8, issued June 9, 2000, the Department selected Mesa Airlines, Inc., (Mesa), to provide essential air service at Gallup, New Mexico. Subsidy was set at an annual rate of \$691,080 for the period February 3, 1999, through October 31, 2001, for eighteen nonstop round trips each week to either Phoenix or Albuquerque, with 19-seat Beech 1900-D aircraft.

Mesa's two-year contract will expire on October 31, 2001, and our normal procedure at this point would be to negotiate a new rate with Mesa and issue a "showcause" order tentatively selecting the carrier for a new two-year rate term. Other carriers would have the opportunity to object to our tentative selection and to file competing proposals. The Department would then process a formal carrier selection case.

¹ See Appendix A for a map.

will forego the show-cause procedure and instead request replacement service proposals now.

Essential Air Service Determination for Gallup

Essential air service at Gallup is defined as at least two round trips each weekday and over each weekend period to either Phoenix (one intermediate stop permitted) or Albuquerque (nonstop), with sufficient capacity to accommodate 17 enplanements each service day.² To accommodate this level of traffic, at least 34 seats in each direction must be provided if small aircraft are used. If 15-seat or larger aircraft are used, at least 26 seats must be provided in each direction each service day.

Request for Proposals

We request that any carriers interested in providing essential air service at Gallup file their proposals within 20 days of the service date of this order. We ask that carriers submit proposals for three nonstop or one-stop round trips per day, six days per week, to Phoenix or Albuquerque, with 15-19 seat aircraft, or two round trips a day with larger aircraft. We will also entertain proposals to other hubs that provide access to the national air transportation system in order to give the Department and community as broad an array of proposals as possible from which to choose. Of course, as always, we will formally solicit the community's views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data in Appendix B. We note that Mesa's last contract allowed the carrier to serve Phoenix or Albuquerque, and on November 1, 1999, Mesa switched Gallup's service hub from Phoenix to Albuquerque.

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 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

² Department of Transportation Order 89-1-20, issued January 13, 1989.

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.

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.⁷ 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).

⁴ Civic parties should file an original and five copies of their comments in Docket OST-1998-4706. 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.

⁷ Blank certification forms can be found on the Office of Aviation Analysis official website at <http://ostpxweb.dot.gov/aviation/rural/ruralair.htm>

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Gallup, New Mexico, 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 Gallup, New Mexico, Docket OST-1998-4706; ⁸
2. This docket will remain open until further Department order; and
3. We will serve a copy of this order on the Mayor of Gallup, the manager of the Gallup Municipal Airport, the Governor of New Mexico, the New Mexico State Highway and Transportation Department, Division of Aviation, Mesa Airlines, and the carriers listed in Appendix C.

By:

SUSAN MCDERMOTT
Deputy 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>*

⁸ After serving a copy of its proposal on the civic officials of Gallup, the State of New Mexico, 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.

**HISTORICAL TRAFFIC
AT GALLUP, NEW MEXICO**

		<u>GUP-</u>	<u>-GUP</u>	<u>TOTAL</u>
1996	1	1,531	1,562	3,093
	2	1,587	1,411	2,998
	3	1,368	1,417	2,785
	4	<u>1,230</u>	<u>1,222</u>	<u>2,452</u>
		5,716	5,612	11,328
1997	1	1,175	1,149	2,324
	2	1,413	1,372	2,785
	3	1,289	1,206	2,495
	4	<u>1,212</u>	<u>1,189</u>	<u>2,401</u>
		5,089	4,916	10,005
1998	1	1,205	1,117	2,322
	2	1,236	1,121	2,357
	3	995	891	1,886
	4	<u>533</u>	<u>531</u>	<u>1,064</u>
		3,969	3,660	7,629
1999	1	547	471	1,018
	2	578	510	1,088
	3	631	569	1,200
	4	<u>363</u>	<u>381</u>	<u>744</u>
		2,119	1,931	4,050
2000	1	312	239	551
	2	320	354	674
	3	405	326	731
	4	<u>186</u>	<u>240</u>	<u>426</u>
		1,223	1,159	2,382
2001	1	262	192	454
	2	228	269	497
	3	188	128	316

Note: 3rd qtr. 2001 total for 2 months only.

Source: City of Gallup

Appendix C

SERVICE LIST FOR THE STATE OF NEW MEXICO

ACT International Airlines, Inc.	Ken Ba
Aero Freight, Inc.	Nathani
Air LA, Inc.	E.B. Fr
Air Midwest, Inc.	Dougla
Amerijet International, Inc.	Ben Ha
Arizona Airways, Inc.	A. Edw
Aspen Airways, Inc.	Keith K
Barken International, Inc.	Helen
Blue Ridge Airlines	Andy P
Conquest Airlines Corporation	John M
Delta Connection	Richard
Exec Express II, Inc.	William
Great Lakes Aviation, Ltd.	Andrew
Laredo Air, Inc.	Larry T
Lone Star Airlines, Inc.	
Metro Express II, Inc.	
Metroflight, Inc.	
Midway Airlines, Inc.	
Midwest Express Airlines, Inc.	
Northwest Airlin	
Pacific Airwest, Inc.	
Renown Aviation, Inc.	
Rocky Mountain Helicopters, Inc.	
SkyWest Airlines, Inc.	
Texas National Airlines, Inc.	
Westward Airways, Inc.	
Wings West Airlines, Inc.	

AREA MAP

