

**Testimony of David N. Edwards, Jr., A.A.E.  
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Asheville, North Carolina**

**before the**

**House Transportation and Infrastructure Committee  
Subcommittee on Aviation  
*Air Service Programs***

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Chairman Costello, Ranking Member Petri, members and staff of the House Transportation and Infrastructure Subcommittee on Aviation, thank you for allowing me the opportunity to participate in this important hearing regarding air service programs; specifically Small Community Air Service Development (SCASD) and Essential Air Service (EAS).

My name is David Edwards, and I presently serve as the Airport Director for the Asheville Regional Airport (AVL), located in the pristine Blue Ridge Mountains of Western North Carolina. In addition to my work as Asheville's Airport Director, I also serve as Chairman, Small Airports Committee, for the Airports Council International-North America (ACI-NA). ACI-NA member airports enplane more than 95 percent of the domestic and virtually all the international airline passenger and cargo traffic in North America. Nearly 400 aviation-related businesses are also members of ACI-NA.

As you know, this year is critical for aviation in the United States. The expiration of the Federal Aviation Administration's programs, taxes and fees provides an historic opportunity to make needed changes that enhance and strengthen our national transportation system for decades to come.

According to data from The Velocity Group, in January 2007 there were 656 airports in the United States with scheduled air service. More than two-thirds of these airports are only served by regional airlines and are generally considered small airports. These airports are a critical component to a strong national aviation system. We not only provide safe and convenient travel for our local citizens, but we serve as a vital component for economic growth, and are essential for the survival of many smaller communities.

Unfortunately, the overall environment in which small airports operate continues to remain fierce. High air fares, lack of competitive airline competition, decreasing passenger traffic and 'leakage' to bigger airports are just a few of the issues facing small airports today.

## **Small Community Air Service Development Program**

On April 5, 2000, then President Clinton signed the *Wendell H. Ford Aviation Investment and Reform Act for the 21<sup>st</sup> Century* (AIR-21) which, among other things, established a new pilot program administered by the Department of Transportation (DOT) designed to help smaller communities enhance their air service. *Vision 100-Century of Aviation Reauthorization Act* reauthorized the program through 2008 and deleted its status as a 'pilot' program.

Since its creation, the Small Community Air Service Development Program has helped smaller communities, like Asheville, secure enhancements that are responsive to the community's air transportation needs and whose benefits are expected to continue after the initial expenditures expire. The SCASD program should be preserved, not eliminated as proposed by the Administration, and fully funded at \$50 million.

During the first year of the program (2002), the Asheville Regional Airport Authority received a SCASD grant in the amount of \$500,000. This grant and related matching funds were utilized to support new air service by Continental Airlines to Houston. I am pleased to inform you that the flight continues to successfully operate today, four years from the original inception date. In addition, the SCASD grant was instrumental in preserving Continental's existing Newark service. The service commenced just months prior to the terrorists attacks of September 11th. Like Houston, the airport has continued to maintain a successful non-stop flight to Newark.

Thanks in large part to SCASD, during the two years following the inauguration of Houston service by Continental, Asheville saw explosive growth with twenty percent increases in passenger traffic for both 2004 and 2005. Through the additional positive exposure of the SCASD grant and increased passenger traffic, the airport attracted Northwest Airlines to begin service to Detroit and Minneapolis/St. Paul, as well as Delta to begin non-stop service to Orlando.

It is noteworthy to point out that prior to the SCASD program, Asheville was served by two commercial carriers, with non-stop service to four primary hubs. Today, the airport has more than doubled those statistics, and is currently served by four airlines with non-stop service to nine cities. The Asheville Regional Airport strongly believes that the original SCASD grant provided the impetus for the success over the last five years in the airport's ability to bring new air service to the Western North Carolina region.

Like Asheville, the Sarasota Bradenton International Airport (SRQ) is another shining example of SCASD success. Before receiving a SCASD grant, the airport had lost 50 percent of its passenger traffic and was bleeding over 1.6 million passengers annually to Tampa International. Yet today, because of the SCASD program, SRQ remains one of the fastest growing airports in the nation.

In 2005, SRQ received a SCASD grant of \$1.5 million and successfully used it to attract low cost carrier Air Tran Airways. Air Tran's initial service consisted of three daily flights to two cities. By 2006, Air Tran carried almost 400,000 passengers and provided nine daily departures to five nonstop destinations during the peak season and five daily departures to three nonstop destinations during the off season.

Air Tran's presence in the Sarasota market injected a competitive pricing structure, as well. From 2004-2006, SRQ's average fare increased by 15.5 percent. In contrast, in markets where Air Tran had introduced services, fares rose less than one percent.

Both Asheville and Sarasota represent just a few of the SCASD success stories. According to the November 2005 study from the Government Accountability Office (GAO), "about half of the airports surveyed reported air service improvements that were self-sustaining after the grant was over". GAO also stated that "grantee airports generally responded positively to DOT's process for awarding grants, about two-thirds were satisfied with the clarity of the selection criteria, while one-third of directors at airports not receiving grants were satisfied with the clarity".

Given the proven benefits of the SCASD program, the airport community was very disappointed that The Next Generation Air Transportation System Financing Reform Act of 2007 did not include any mention of the program. We agree that there are ways to improve SCASD and hope the Subcommittee will incorporate our suggestions and the program in the new FAA reauthorization legislation.

Current law governing SCASD precludes communities that have previously received a grant under the SCASD program from seeking another grant to support the same or similar type project. While this rule attempts to maintain a form of accountability, small airports that have been successful with previous grants should be allowed to expand upon those same successful type projects. In Asheville's case, the airport has been highly successful in attracting and *maintaining* new passenger service to Houston. Should the airport want to expound upon that success using a future SCASD grant to attract an additional new air carrier or destination city, the law precludes the airport from doing so.

Secondly, under the current SCASD program, airports are barred from using airport revenues for direct air carrier subsidy. However, airports that are owned and or operated by city, county or state may receive air carrier subsidies from those local governing authorities. Airport governing structures vary greatly and this creates an uneven playing field for many airports who maintain an independent governing body. Allowing SCASD eligible airports to use airport revenue, for a maximum one year limit, would give many small airports the additional flexibility needed to attract, maintain and expand upon air service need.

Additionally, the SCASD program should lift the restrictions pertaining to the number of applications per state. Several states have more than a dozen airports receiving scheduled service, including New York, Pennsylvania, Montana, West Virginia, Colorado and California. If an applicant has a sound application, it should stand on its own merit and not be limited by the 'four' per state restriction.

Finally, we do not believe that the current SCASD program structure for the level of local contribution is appropriate. It is no surprise that small-hub airports have greater access to capital and revenue, while non hub airports remain less so. Non hubs applicants should not receive less merit should their proposed local contribution percentage not be as great as a small-hub proposal.

A sliding scale contribution match should also be considered with future SCASD project proposals. Non-hub proposals with a 25 percent community contribution should be viewed in equal merit with small-hub proposals that propose a 50 percent community contribution.

### **Essential Air Service**

As you know, a key component of the Airline Deregulation Act of 1978 was the guarantee of essential air service to small and medium size communities throughout the United States under the Essential Air Service (EAS) program. EAS has been successful in subsidizing airlines serving mostly small and rural communities, providing a critical link to the national and international air transportation system. Further, it is well established that corporations include the availability of well timed, affordable air service as one of the determinants in the decision on where to locate or expand their facilities. EAS plays a key role in local communities by attracting and retaining these businesses.

I urge the members of the Subcommittee on Aviation to extend EAS during the reauthorization process and provide a level of funding that is adequate for meeting the demands and costs of the program. In recent years, communities, carriers and Congress have pointed to the program's failure to keep pace with changes in the airline industry and other modes of transportation that impact passenger traffic at EAS points. New highways and increased speed limits, for instance, have resulted in greater numbers of passengers driving to nearby airports in search of lower fares. The increased operational costs of 19 seat turboprop aircraft, coupled with passenger migration to nearby hubs, have caused Program costs associated with EAS to climb steadily since its inception.

The government has made a commitment to those airports and airlines and the program should be funded at least at the current level of \$110 million annually.

I thank you for the privilege of sharing my experiences and thoughts and look forward to answering your questions.