



STATEMENT OF

**THE HONORABLE BILL HANSELL
COMMISSIONER
UMATILLA COUNTY, OREGON**

**ON BEHALF OF THE
NATIONAL ASSOCIATION OF COUNTIES**

**ON
ESSENTIAL AIR SERVICE/ SMALL COMMUNITY
AIR SERVICE DEVELOPMENT PROGRAM**

**BEFORE THE
SUBCOMMITTEE ON AVIATION
HOUSE COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE**

**APRIL 25, 2007
WASHINGTON, D.C.**

Good morning, Chairman Costello and members of the Subcommittee on Aviation. My name is Bill Hansell and I am a county commissioner in Umatilla County, Oregon. I am here representing the National Association of Counties (NACo), where I serve as the Immediate Past President. I want to thank Chairman Costello for the invitation to testify on Essential Air Service.

Essential Air Service (EAS) is extremely important to NACo members from rural areas, to Umatilla County and to the approximately 143 other rural communities in 36 states. In a nutshell, EAS keeps these communities connected to the rest of America. It provides a link for citizens to travel to the larger communities plus a link to the nation and world through the hub airports that EAS connects to. EAS plays a key role in local communities by attracting and retaining businesses that depend on commercial air service and in health care by enabling our citizens to more easily access sophisticated healthcare that is often absent in rural communities. NACo urges you to extend EAS, provide an authorized level of funding and dedicated source of funding that is adequate for meeting the demands and costs of the program and to make a number of reforms to the program.

I want to cover three topics today. First I will describe EAS service to Umatilla County. Second, I will comment on the Administration's EAS reauthorization proposal. Finally, I will make some recommendations which we hope you will consider as you develop the reauthorization legislation.

Pendleton is the only commercial service airport in Northeastern Oregon and has EAS subsidized service to Portland. In addition to Umatilla County, with a population of 72,000, the Pendleton airport serves four other counties and the Confederated Tribes of the Umatilla Reservation. Pendleton has been receiving EAS service since 2004. Beginning in 2001 enplanements on our non-subsidized service provided by Horizon dropped dramatically. This was because of 9-11, the immediate fall off in enplanement which created economic problems for Horizon that was followed by a change in the flight schedule. In 2004 Horizon made the decision to end non-subsidized service.

Subsequently, Horizon was selected as the EAS provider. While we retained the three flights per day, we did not get back our return flight from Portland in the late evening that had been earlier dropped. Horizon is not interested in changing the schedule because it fills up the three flights each day from Pendleton to Portland, in part, with the passengers that are picked up on the stop in Pasco, Washington. More importantly, a later flight would require an overnight stay in Pendleton and a new crew, adding, according to Horizon, \$250,000 to the cost of their service. This means that flying to Portland for the day to do business is no longer very practical. The morning flight to Portland arrives at 9:30 am and a passenger would have to leave their meeting at 2:30 pm to get to the Portland airport for the 5:30 pm flight. For most people, four hours at their final destination is not enough time. As a result, while it is great to still have commercial service, enplanements at Pendleton have never returned to pre-9-11 levels. Prior to 2001, enplanements were between 14,000-15,000 annually. In 2006, our enplanements were 7252, half of pre-911 enplanements.. Prior to 9-11, Portland was the final destination for many of our passengers; since then our data shows that the remaining passengers are simply flying through Portland on the way to other destinations. There is nothing intrinsically bad about that except that our area citizens have lost a convenient business friendly service and we continue to experience a 50 per cent downturn from the pre-9-11 levels. Our airport and economic development staff are quite confident that Pendleton could return to 15,000 passengers per year if we added a fair and reasonable amount to Horizon's contract and we would soon be down the road to leaving the EAS program.

EAS service is important to our region mainly because of economic development. My county is the number one food producing county in Oregon. EAS has allowed Umatilla County to continue to be the regional center of northeastern Oregon. For any company looking to relocate or expand in our community, one of the first questions we will be asked is, "how far are you from a commercial airport?" We have been successful in attracting and retaining industry in our region. There are four plants that manufacture recreational vehicles, Pendleton flour mill, Krusteez Baking Corporation, the Pacific Northwest distribution center for Wal-Mart and, of course, the famous Pendleton Woolen Mills. Eastern Oregon State University, with a large number of students and faculty, is

located nearby. Another major user of EAS service are the residents of Confederated Tribes of the Umatilla Indian Reservation. These members, leaders and staff travel extensively through out the Nation for business, cultural and personal reasons.

Portland is the medical capital of Oregon, where our citizens go for specialized and advanced medical care. EAS service makes it possible for citizens in a rural community such as ours to take advantage of the type of medical care that is easily accessible to residents of metropolitan areas. EAS allows an individual in need of such critical care to avoid a 7-8 hour round trip drive to Portland from some parts of the airport's service area.

Let me comment briefly on the Administration's proposal for the EAS program. First and foremost it would provide only \$50 million in funding, limiting the program to 70 communities. Cutting 74 communities from the program is a bad idea. Pendleton, Mr. Chairman would loose service as would Williamson County Regional Airport in your district and the Hibbing airport in Chairman Oberstar's district. Additionally, limiting eligibility to EAS to those communities currently in the program also doesn't make sense. EAS was established as part of airline deregulation because, with the passage of that legislation, airlines could stop serving a community without obtaining the permission of the federal government. In 2007, like 1978, airlines can stop serving needy communities. If we have another event like 9-11 and airlines loose passengers and can't profitably serve a community, why shouldn't that community be eligible for EAS?

NACo has a number of suggestions for improving the Essential Air Service Program. There needs to be more funding. It is certainly fair to say that the cost of fuel, equipment and operations of air service has increased. We also need more funds so we can subsidize better service. In Pendleton, a later return flight like we had before 9-11 might mean a substantial increase in enplanements, perhaps enough to justify non-subsidized service. We believe the 10% match requirement currently in law but never implemented should be eliminated. Many of the small and rural communities that would be required to provide a local match are not able to find the tens of thousand of dollars the match would require. Like any other product or service, EAS has to be attractive to the customer.

Hopefully with more funds, the issues often raised by EAS communities of frequency, convenience, and type of aircraft can be addressed. We also ask this subcommittee to help identify a guaranteed source of revenue for the EAS program. AIP has it, the highway program and transit program have it. A dependable source that assures communities and air carriers that the program will be fully funded would make EAS a stronger program. The \$200 subsidy cap should be increased and indexed. It has been in place since 1989 and while we are not opposed to the concept of a cap, one that hasn't been changed in 18 years needs adjustment. There needs to be more marketing of EAS service to the community. Marketing funding should be provided directly through the EAS program and some thought should be given to requiring airlines who are bidding on EAS service to include a funded marketing plan in their proposal. One final suggestion to improve EAS service is that we need to study approaches to encouraging more airlines to bid on providing EAS service. More competition may result in better service.

Finally let me indicate NACo's support for the Small Community Air Service Program. This program needs to be funded at a level that comes close to meeting the demand. Every year grant applications exceed the available funding by a substantial margin. In particular, small communities need marketing dollars to help them get the word out to their residents that airline service is available. We also believe the match requirement for this program need to be modified, perhaps to reflect community size.

This concludes my testimony and I would be happy to answer any questions subcommittee members may have.