



Statement of
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Before the
House Transportation and Infrastructure Committee
Sub-Committee on Aviation of the
U.S. House of Representatives

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INTRODUCTION

Chairman Costello, Ranking Member Petri and members of the House Transportation and Infrastructure Subcommittee on Aviation, and thank you Representative Braley for inviting me to participate in this hearing on the Administration's proposal to reauthorize the U.S. Department of Transportation's Small Community Air Service Grant Program. I am the Airport Manager for the Dubuque Regional Airport and the City of Dubuque, Iowa.

The Dubuque Regional Airport (DBQ) is a non hub commercial service airport located on the eastern Iowa border adjacent to Wisconsin and Illinois and provides air service connectivity to all of the Tri-State area. We are situated 180 miles west of Chicago's O'Hare International Airport and served by only one airline with 8 arrivals & departures daily to and from O'Hare. In CY 2006 DBQ had 47,000 passenger enplanements, which reflected a 16.5% growth over the previous year. However, that growth has taken many years in which to manifest.

HISTORICAL PERSPECTIVE

In CY 2000, DBQ generated in excess of 58,000 enplanements and boasted three air carriers with service to two major hubs with 26 daily arrivals/departures. By 2003, DBQ was down to only one air carrier and could only generate 38,600 enplanements on 6 daily departures/arrivals. Although our community could easily generate 200,000 annual passengers, we were limited by the number of available airline seats. Between 2000 and 2003, DBQ had lost 49% of available airline seats. Therefore, our passengers sought air service from O'Hare, Cedar Rapids, and Moline. Thanks to a \$610,000 grant from the US Department of Transportation in 2003, we were able to reverse that trend.

The goals under the grant were a two-fold approach for air service:

- **Goal #1** was to maintain our current service to the tri-state region with American Eagle.
- **Goal #2** was expanding service through additional frequencies and/or hub access.

In Goal #1, the airport devised a marketing plan to increase awareness of American Eagle and Dubuque Regional Airport to the Tri-State market. In order to achieve this goal, \$240,000 of the \$610,000 grant was designated for marketing purposes. In order to obtain matching funds for this marketing portion of grant, DBQ Airport in partnership with Dubuque Area Chamber of Commerce and the community raised \$57,210 in cash for a community match.

The Airport Manager and Chamber of Commerce President visited several businesses for support. A coordinated campaign was planned which including radio, television, direct mail, billboards and newsprint. The Airport media partners gave over \$114,000 of "In-Kind" commitments towards this 2-year campaign. With the "In-Kind" commitments and local money match our marketing campaign comprised of \$354,000.

Of the \$354,000, \$40,000 was utilized by the Dubuque Convention and Visitor's Bureau (CVB) to aid in attracting additional regional and national conference attendees. Tourism counts for a large portion of travelers into Dubuque. With the additional funding the CVB attended eight additional exhibit planner conferences to promote the region.

Implementing goal #2 required expanding existing services through additional frequencies and/or hub access. The second goal was to continue positive growth for the region by recruiting additional air service either through frequencies or to another hub. To address this issue, the plan is to provide several different incentives to the carrier for new service.

In order to achieve this goal \$370,000 of the \$610,000 was designated to reduce costs for American Eagle as a fuel reimbursement. Thirty-nine community businesses pledged a total of \$333,000 in travel bank commitments for the grant match. An Air Service agreement was signed on July 14, 2004 between American Eagle Airlines for a 4th flight to/from DBQ and O'Hare. New service began on September 8, 2004, and is still operating today. After the air service agreement was signed, area businesses sent spreadsheets of travel bank expenses quarterly to airport to track their commitments.

POSITIVE ATTRIBUTES OF THE PROGRAM

This program provides opportunities for small & non-hub airports to increase air service. Additionally, it gives airports the potential for developing and implementing marketing plans not necessarily possible with budget constraints on small airports. Lastly, it provides opportunities for air service studies for targeting complimentary air service for specific airport conditions.

NEGATIVE ASPECTS OF THE PROGRAM

You may remember that the SCASDP started as the SCASDPP, a "pilot program". Unfortunately, the DOT guidelines continue to treat it as a lab experiment. Communities should be able to use the program for air service development initiatives that fit the situation. As it stands, you cannot get a second grant if your plan is to use the same

"method" or if it is for the same "purpose". So if you get marketing money in a first grant, you cannot use marketing in a follow-up grant. Rewrite the guidelines and award grants based on (1) need, (2) quality of the plan, and (3) community participation. Lastly, it does take US DOT over 60 days to process the requested reimbursement.

RECOMMENDATIONS

Today I am urging you to support three recommendations regarding the Small Community Air Service Grant. My recommendations come from the perspective of a small airport and those actions Congress can take to assist us in meeting our air service needs. However, these actions will benefit airports of all sizes which comprise the national air transportation system.

1. Reauthorize the Small Community Air Service Grant
2. Do not restrict marketing to only one grant. We may seek multiple grants to solicit multiple carriers. Small airports may take several years negotiating with a single carrier.
3. Reduce the local match portion to be consistent with AIP match requirements.
4. Fully fund the \$20M program.
5. Allow some flexibility following award of funds. The aviation industry changes so rapidly that what was a good, workable idea six months ago is no longer even relevant by the time the grants are awarded.
6. DOT needs to Analyze the program's impacts.

Non airport participation by communities is crucial to successful air service initiatives. If all or most of the money comes from government or airport sources, the chances of success are remote. It is too easy to spend someone else's money. Communities must be willing to make an investment in air service. Dubuque did and it paid off.

There are approximately 400 airports that are in the small hub & non hub categories. The need for this program is great and getting larger. Congress needs to fully fund the \$20M program. I encourage DOT to examine what it costs airlines to provide service between hubs and compare that to the existing and proposed program funding. \$20M does not go very far when you are dividing it among 400 airports all seeking improved service. If DOT were to look at the scope of the problem, the need is probably much greater than \$20M. As the number of turboprops continue to dwindle away and there are fewer operators of aircraft with less than 30-seats the problem is going to be huge. Surprisingly, no one is talking about what happens then.

One of the things that DOT stated as a goal of the program at the beginning was to determine how different programs worked. After five years they should be able to issue a report which lists four or five methods which have worked and put those on a list of "tried and true approaches" that any airport can use as many times as they want to attract additional service (even service by an incumbent or already assisted airline to a different hub). DOT can still emphasize that "new" ideas might receive priority consideration, but they should allow the working methods to continue to work.

CONCLUSION

Chairman Costello, Ranking Member Petri and members of the House Transportation and Infrastructure Subcommittee on Aviation, thank you for inviting me to appear before you to discuss the Reauthorization of the Small Community Air Service Grant Program. I urge you to continue, and if possible, expand this program in order to assist airports and small communities to seek creative and mutually beneficial methods of attracting and maintaining air service.