

**SUR**

**27**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 23, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/7/89

The FINANCE Committee considered:

SJR 27

SENATE JOINT RESOLUTION NO. 27

[VALDEZ ESSENTIAL AIR SERVICE SUBSIDY]

Relating to an essential air service subsidy for the City of Valdez.

RECOMMENDATIONS:

- be replaced with \_\_\_\_\_  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis DOTPF 3/8/89

SIGNING DO PASS:

Hoffman \_\_\_\_\_  
 Larson \_\_\_\_\_  
 Brown \_\_\_\_\_  
 Koponen \_\_\_\_\_  
 Ulmer \_\_\_\_\_  
 Barnes \_\_\_\_\_  
 Shultz \_\_\_\_\_  
 Rieger \_\_\_\_\_  
 Wallis \_\_\_\_\_

SIGNING:  
(Check approp. column)

Do Not Pass No Rec Amend

Signature	Do Not Pass	No Rec	Amend
<u>Phillips</u>		<input checked="" type="checkbox"/>	
_____			
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co- Chairman's Signature  
 co- \_\_\_\_\_

1 IN THE SENATE

BY KERTTULA AND SZYMANSKI

2

SENATE JOINT RESOLUTION NO. 27

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Relating to an essential air service

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subsidy for the City of Valdez.

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BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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WHEREAS the City of Valdez is a community with a population of 3,700

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persons and is about 300 road miles and 150 air miles from Anchorage, the

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nearest urban area; and

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WHEREAS the current level of scheduled air service to the City of

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Valdez adversely affects the safety and comfort of the residents of the

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city and prevents quick access to Valdez in the event of an emergency

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involving the Trans-Alaska Pipeline System oil terminal; and

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WHEREAS the City of Valdez is unable to further develop its tourist

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industry and to fully utilize its civic center facilities without adequate

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scheduled air transportation services; and

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WHEREAS Valdez is subjected to inclement weather during much of the

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year, with a high proportion of overcast and rainy days during the summer

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and overcast and snowy days during the winter; and

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WHEREAS the only aircraft that can provide the City of Valdez with

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reliable scheduled air service is the DeHavilland DASH-7, which is a four

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engine aircraft with short take off and landing capabilities and is

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equipped with microwave equipment that is compatible with the microwave

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landing system at the Valdez airport; and

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WHEREAS the DeHavilland DASH-7 aircraft can operate during periods of

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inclement weather that are frequent in Valdez and has in the past provided

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Valdez with a scheduled flight success rate of 90 percent; and

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WHEREAS at least two commercial air carriers have expressed interest

PAS III

**ALASKAN POINTS CURRENTLY RECEIVING 419 SUBSIDIZED SERVICE**

NIKOLSKI (UMNAK ISLAND) ALEUTIAN AIR, LTD. \$39,570

CORDOVA }  
GUSTAVUS }  
PETERSBURG } ALASKA AIRLINES, INC. \$1,414,021  
WRANGELL }  
YAKUTAT }

BOSWELL BAY }  
CAPE YAKATAGA } CHITINA AIR SERVICE \$103,386  
ICY BAY }

CHISANA }  
CENTRAL } 40 MILE AIR, LTD. \$55,466  
CIRCLE }

CAPE NEWENHAM }  
CAPE ROMANZOF } FRIENDSHIP AIR ALASKA, INC. \$83,141  
NYAC }

SAND POINT }  
PORT HEIDEN }  
PERRYVILLE }  
IVANOFF BAY } REEVE ALEUTIAN AIRWAYS, INC \$1,241,985  
KING COVE }  
FALSE PASS }

ATKA }  
ST. GEORGE }  
AKHIOK }  
AMOOK BAY }  
KARLUK }  
KITOI BAY }  
LARSEN BAY }  
LAZY BAY/ALITAK }  
MOSER BAY }  
OLD HARBOR }  
OLGA BAY }  
OUZINKIE }  
PARKS/UYAK } PENINSULA AIRWAYS, INC. \$700,215  
PORT BAILEY }  
PORT LIONS }  
PORT WILLIAMS }  
SAN JUAN/UGANIK }  
SEAL BAY }  
TERROR BAY }  
WEST POINT/VILLAGE ISLE }  
ZACHAR BAY }

MAY CREEK }  
MCCARTHY } SPORTSMAN FLYING SERVICE \$18,705

SEWARD HARBOR AIR \$53,331

45

\$3,709,820

ALASKAN ESSENTIAL AIR SERVICE POINTS

<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Miles</u>	<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Miles</u>
Adak Island	ANC	1192	Deering	OTZ	5
Akhiok	ADQ	84	Dutch Harbor	ANC	79
Akiachak	BET	16	Eagle	FAI	19
Akiak	BET	22	Eek	BET	4
Akutan	CDB	143	• Egegik	AKN	4
Alakanuk	KSM	61	• Ekuk	DLG	1
Aleknagik	DLG	17	• Ekwok	DLG	4
→ Allakaket	BTT	40	Elfin Cove	JNU	6
Ambler	OTZ	130	Elim	OME	5
• Amook Bay	ADQ	54	Excursion Inlet	JNU	5
Anaktuvuk Pass	BTT	85	False Pass	CDB	5
→ Aniak	ANC	318	• Farewell	MCG	6
Angoon	JNU	59	• Flat	MCG	8
Annette/Metlakatla	KTN	22	→ Fort Yukon	FAI	14
→ Anvik	ANI	77	Funter Bay	JNU	1
• Arctic Village	FYU	108	→ Galena	ANC	31
Atka Island	ADK	106	Gambell	FAI	20
Atmoutluak	BET	16	Golovin	OME	7
Barrow	FAI	503	Goodnews Bay	OME	7
Barter Island/Kaktovik	FAI	386	→ Grayling	BET	1
→ Beaver	SCC	115	Gulkana	ANI	1
Bethel	FAI	108	Gustavus	ANC	1
→ Bettles	ANC	399	Haines	JNU	1
→ Birch Creek	FAI	179	Hawk Inlet	JNU	1
• Boswell Bay	FYU	27	→ Holy Cross	ANI	1
Brevig Mission	CDV	24	Homer	ANC	1
Buckland	OME	64	Hoonah	JNU	1
• Candle	OTZ	75	Hooper Bay	DEF	1
• Cape Lisburne	OTZ	140	→ Hughes	GAL	1
• Cape Newenham	OTZ	165	→ Huslia	GAL	1
• Cape Romanzof	BET	148	Hydaburg	KTN	1
• Cape Yakataga	BET	156	Icy Bay	CDB	1
Central	CDB	106	• Igiugig	AKN	1
→ Chalkyitsik	FAI	104	Iliamna	ANC	1
Chatham	FYU	41	Ivanoff Bay	PTH	1
• Chernofski	JNU	60	Kake	PSG	1
Chevak	DUT	54	→ Kalskag	ANI	1
Chicken	BET	136	→ Kaltag	GAL	1
Chefornak	TOK	62	Karluk	ADQ	1
Chignik	BET	90	Kenai	ANC	1
Chignik Lake	PTH	46	Ketchikan	SEA	6
Chignik Lagoon	PTH	46	Kiana	OTZ	1
• Chisana	PTH	45	King Cove	KVC	1
Circle	TOK	90	Kipnuk	BET	1
Clark's Point	FAI	248	Kitoi Bay	ADQ	1
Cold Bay	DLG	14	Kivalina	OTZ	1
Cordova	ANC	621	Klawock	KTN	1
Council	ANC	160	Kobuk	OTZ	1
Craig	OME	58	• Koliganek	DLG	1
→ Crooked Creek	KTN	59	Kotlik	SKM	1
	ANI	51			

<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Miles</u>	<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Mile</u>
Koyuk	OME	130	St. George	CDB	283
→ Koyukuk	GAL	25	→ St. Mary's	ANC	442
Kwethluk	BET	13	St. Michael	UNK	47
• Kwigillingok	BET	80	St. Paul Island	ANC	767
• Kwiguk/Fmmonak	KSM	63	Sand Point	ANC	557
• Lake Minchumina	FAI	148	San Juan/Uganik	ADQ	32
• Larsen Bay	ADQ	58	Savoonga	OME	162
• Lazy Bay/Alitak	ADQ	89	Scammon Bay	BET	145
Levelock	AKN	31	Selawik	OTZ	74
• Manley Hot Springs	FAI	83	Seward	ANC	74
→ Marshall/Fortuna Ledge	BET	75	→ Shageluk	ANI	7
• May Creek	GKN	104	Shaktoolik	UNK	31
• McCarthy	GKN	97	Sheldon Point	SKM	5
→ McGrath	MCG	221	Shemya	ANC	145
Mekoryuk	BET	154	Shishmaref	OME	12
• Minto	FAI	39	Shungnak	OTZ	14
• Moser Bay	ADQ	64	Sitka	JNU	9
→ Mountain Villagw	KSM	14	Skagway	JNU	8
Naknek	AKN	14	• Skwentna	ANC	6
Napakia	BET	11	→ Sleetmute	ANI	7
Napaskiak	BET	6	South Naknek	AKN	1
New Stuyahok	DLG	50	Stebbins	UNK	5
Newtok	BET	96	→ Stevens Village	FAI	9
Noatak	OTZ	48	→ Stony River	ANI	9
Noorvik	OTZ	43	→ Takotna	MCG	1
→ Nulato	GAL	34	→ Tanana	FAI	12
• Nunapitchuk	BET	23	• Tatalina	MCG	1
• NYAC	ANI	44	Teller	OME	5
• Old Harbor	ADQ	49	Tenakee Springs	JNU	5
• Olga Bay	ADQ	77	Terror Bay	ADQ	2
Ouzinkie	ADQ	11	Tin City	OME	10
Parks	ADQ	57	Togiak	DLG	6
Pelican City	JNU	67	Toksook	BET	11
Perryville	PTH	75	→ Tuluksak	BET	3
Petersburg	JNU	123	Tuntatuliak	BET	4
	KTN	112	Tununak	BET	11
Pilot Point	AKN	84	• Twin Hills	DLG	6
→ Pilot Station	KSM	16	Ugashik	AKN	2
Platinum	BET	123	• Umnak Island/Nikolski	DUT	11
Point Hope	OTZ	150	Unalakleet	ANC	35
• Point Lay	BRW	180	Utopia	GAL	12
• Porcupine Creek	BTT	40	Valdez	ANC	12
Portage Creek	DLG	30	• Venetie	FYU	2
Port Bailey	ADQ	24	Wainwright	BRW	8
Port Heiden	ANC	424	Wales	OME	10
Port Lions	ADQ	16	West Point	ADQ	1
Port Williams	ADQ	47	White Mountain	OME	6
Prudhoe Bay/Deadhorse	ANC	627	Wrangell	KTN	8
• Queen	DLG	12		JNU	11
Quinhagak	BET	71	Yakatat	ANC	3
→ Rampart	FAI	82		JNU	1
• Red Devil	ANI	73	Zachar Bay	ADQ	
→ Ruby	GAL	44	Kongiganak	BET	
→ Russian Mission	BET	71	Manokotak	DLG	
Tatitlek			Seal Bay	ADQ	
• Umiat			Port Alexander		
			Portage Creek		

## ESSENTIAL AIR SERVICE

Essential Air Service (EAS) is a U.S. Department of Transportation (U.S. DOT) program for subsidizing air service to generally smaller communities which would not otherwise receive scheduled air service. The U.S. DOT, under this program, makes payments to air carriers to provide EAS to communities determined by the U.S. DOT, using criteria mandated by statute, to be eligible for this service. Generally, carriers, unless they are subsidized, would not provide scheduled air service to certain EAS communities because these communities do not generate sufficient numbers of passengers at fares that cover carrier costs. The U.S. DOT authorizes subsidy for a carrier to provide EAS only when no carrier is willing or able to provide the required level of service without subsidy support.

In 1978, when the Airline Deregulation Act (ADA) took effect, 746 communities in the United States and its territories were listed on air carrier certificates issued under Section 401, Federal Aviation Act. Prior to deregulation, most of these communities were assured a minimum level of air service. In light of the ADA's provisions allowing air carriers to terminate service without prior Government approval, there was concern that communities that generated low traffic levels would lose service as carriers withdrew to larger, more lucrative markets. To address this concern, as part of the ADA the Congress added Section 419 to the Federal Aviation Act, which ensured that these communities would continue to receive EAS for ten years, with Federal subsidy if needed.

Under this program, U.S. DOT determines the minimum level of EAS that these communities require. U.S. DOT will provide subsidy to an air carrier, if necessary, to assure that this minimum level of service is provided. Of the approximately 208 communities for which EAS determinations have been issued in Alaska, 41 communities receive service that is supported by an EAS subsidy.

The ten year service period designated by the Airline Deregulation Act of 1978 was scheduled to terminate on October 24, 1988. However, Congressional interest in ensuring continued service to these communities remained strong, and prior to the expiration date, legislation was enacted (attached) expanding the EAS program and extending it for ten additional years.

In the 1987 legislation, which became effective October 1, 1988, Congress provided for a continuation of EAS guarantees, termed "Basic EAS". Under Basic EAS, any point was to be provided ten more years of basic service if it was (1) eligible for service under the earlier program, (2) actually receiving service during any part of Fiscal Year 1988, and (3) situated at least 45 miles from the nearest "hub" airport -- now defined as an airport enplaning annually at least 0.25% of all enplanements in the United States. Certain other service upgrades were also mandated, such as general employment of aircraft having at least 15 passenger seats, and use of pressurized aircraft if the flight normally flies higher than 8,000 feet above sea level. For Alaska however, the 1987 Act contains language which allows for the use of smaller aircraft to provide service, provided that the community agrees in writing with the U.S. DOT.

The 1987 legislation also established two forms of service enhancement, by which communities could receive more service than basic EAS by (1) agreeing to a subsidy-sharing commitment or by (2) risking loss of basic service if U.S. DOT-funded enhanced service failed to meet agreed levels of passenger usage. The new legislation also provided that any community not entitled to Basic EAS might agree with U.S. DOT on a reasonable service level and receive service as a "new point" on a subsidy-sharing basis.

Under the new Act, each EAS point currently receiving service must be re-evaluated to determine the adequacy of both service and subsidy. At this point, only a handful of Alaskan EAS points have been addressed and it appears that it may be six months until all

points have been re-evaluated.... Until that time, service and subsidies as stipulated under the current agreement between the carrier and U.S. DOT will continue.

Proposed rulemakings to implement the 1987 legislation i.e. subsidy-sharing, are currently under development and are not available at this time. The U.S. DOT Alaska Field Office personnel are not certain when additional information on the implementation of the Act will be available. However, they continue to maintain an open line of communication with the DOT&PF regarding any new developments on both the implementation of the new Act and the status of the FY89 appropriation shortfall.

REQUEST FOR AN ESSENTIAL AIR SERVICE GRANT  
TO THE CITY OF VALDEZ, ALASKA

PRESENTED TO THE OFFICE OF ESSENTIAL AIR SERVICE  
FEDERAL AVIATION ADMINISTRATION  
U.S. DEPARTMENT OF TRANSPORTATION, WASHINGTON, D.C.

PRESENTED BY  
THE CITY OF VALDEZ

NOVEMBER 1988

## SUMMARY

The City of Valdez lacks an essential level of air service. This deficiency is due primarily to weather-related unreliability of existing scheduled service. To correct this problem aircraft with micro-wave landing system capability should be employed to serve the community on the existing schedule. To obtain service from a carrier employing micro-wave equipped aircraft, the City recommends that the FAA issue a "Request for Proposals" from interested carriers. Should the FAA find that some level of service other than the existing level should be employed in the RFP, then the City and the FAA should jointly develop the RFP service guidelines to which the carriers respond. Funding to pay the successful proposer should come from the FAA Essential Air Service (EAS) Program.

## COMMUNITY DESCRIPTION

**Overview:** Valdez is a critical link in America's national security. The community of Valdez is situated at the terminus of the Trans-Alaska Pipeline System (TAPS). Each day 2 million barrels of crude oil arrive in Valdez from the North Slope oil fields. The oil is transshipped to the continental United States where it accounts for between 18% and 20% of daily U.S. consumption.

But, as shown below, Valdez is also an isolated community, located some 300 road miles and 150 air miles from Anchorage, the nearest urban area. Additionally Valdez is subject to inclement weather much of the year. Summers in the area have a high percentage of overcast and rainy days. In winter Valdez has a disproportionate percentage of overcast and snowy days, with an average annual snowfall of 290 inches. The winter of 1986-87 set a new record with 388 inches of snow.

**Organization, Population and Location:** Valdez is a Home Rule Municipality organized under Alaska law. The population is approximately 3,700. The community is located on a fjord on Prince William Sound, on the southcentral coast of Alaska. Prince William Sound is itself located on the Gulf of Alaska, in the North Pacific Ocean. The community is approximately 150 air miles and 300 road miles from Anchorage, 400 air miles from Juneau and 1,200 air miles from Seattle.

**Climate:** The Valdez climate is maritime, with heavy year round precipitation and temperatures ranging from eight degrees (F) during the summer to zero degrees (F) in the winter. Major climatic influences are the northern latitude (sixty-one degrees), the proximity of the Japanese current and the adjacent coastal mountain range. The Japanese Current continuously funnels large volumes of warm water and warm moist air to the Valdez area. Here the warm air and water strike the Chugach mountain range, with peaks ranging up to 6,000 feet, rising directly behind the City. When combined with the naturally cold air associated with the community's latitudinal location, the result is, of course, heavy condensation and precipitation, as noted in the "Summary" above.

**Economy:** The Valdez economy is composed of oil transshipment operations, fishing, government, retail trade, tourism, construction and national defense. TAPS-related activity, including pipeline activity and an average of 3.5 tankers per day, is not only important to the local economy, it is vital to the energy independence of the entire United States.

Recently the U.S. Department of Defense decided to locate a minesweeper in Valdez, and support for this operation will form a growing part of the economy in the coming months and years.

**Transportation:** Valdez is connected with other communities by air, road and water transportation links.

**Valdez Airport:** The Valdez Airport is owned and operated by the Alaska Department of Transportation and Public Facilities (DOTPF), Northern Region. The City of Valdez owns and operates the airport terminal. Other permanent structures on the airport grounds include an ERA Alaska hanger, a Valdez Aero Service building, a DOTPF Maintenance station and a CFR station.

The airport has one east-west runway, designated 6/24, which is 150 wide and 6,500 feet in length. The runway has a parallel taxiway and four cross taxiways. The runway and taxiway are lighted. The airport is also equipped with a Bendix micro-wave landing system (MLS).

**Richardson Highway:** Road links are via the Richardson Highway, through the Thompson Pass, to Glennallen, a distance of approximately 120 miles. During the winter months the Thompson Pass is often unusable owing to snow accumulation. From Glennallen to Anchorage and Fairbanks the road distance is approximately 180 miles and 240 miles respectively.

Average daily traffic (ADT) on the Richardson Highway in the immediate Valdez vicinity is shown in the chart below.

Richardson Highway Traffic At Valdez  
(1987 Figures by DOTPF)

Location	Daily Traffic
Ferry Terminal Downtown	1525
Central Business District	4875
Maintenance Station at two mile, (December)	2318
Maintenance Station at two mile, (July)	4419
Airport at three mile	2900
Seven mile Richardson Highway	2525

The ADT show the Richardson Highway to have moderate utilization for a secondary highway. In addition the approximate 50% drop in traffic at two mile between summer and winter is attributable to both a greater demand for travel in the summer and to inclement conditions in the winter, when travel on the Richardson Highway is risky and the likelihood of the road being closed is sometimes high.

Alaska Marine Highway System (AMHS): The AMHS is owned and operated by the DOTPF. This system provides Valdez with water transportation for passengers and vehicles. The AMHS system is also an source of freight shipments for the Valdez community.

Two vessels, the M.V. Bartlett and the M.V. Tustemena serve Valdez, docking at the DOTPF-owned ferry terminal in the downtown. The M.V. Bartlett carries approximately 170 passengers and thirty-three vehicles, while the M.V. Tustemena carries approximately 200 passengers and forty-three vehicles. Between these two vessels, Valdez receives daily service in the summer and service about four times per week during the remainder of the year.

Service is provided to Whittier and Seward on the Kenai Peninsula, where there are road and railroad connections to Anchorage. Sailing time to Whittier is about seven hours and to Seward about twelve hours. Connections can also be made infrequently to Juneau and other communities in Southeast Alaska, as well as to Canada and Washington State.

During 1987 total passenger traffic (embarking and disembarking) at Valdez was about 33,350 and total vehicle traffic was about 8,450. No figures are available on AMHS-carried freight shipments other than vehicles.

## RECENT HISTORY OF VALDEZ AIR SERVICES

Civil Aeronautics Board (CAB) Essential Air Service Findings: The CAB found in its 1976 review that at least fifty-eight weekly flights, with a capacity of about 475 passengers, comprised an essential level of air service at Valdez. The essential air service level determined by the CAB was comprised of numerous flights by small capacity aircraft, and the total number of passenger seats available during a given week was therefore not substantially affected by the cancellation of a single flight or even two or three flights.

It is therefore seen that, if the aircraft serving Valdez were larger and the likelihood of cancellation constant, then the total number of seats available by larger aircraft to meet this same level of service would have to be substantially larger.

**Aircraft and Carriers:** In fact the number of weekly Valdez flights and their seating capacity has changed substantially since the 1976 CAB determination. In the early 1980s ERA Alaska began using Dash-7 DeHavillands, with a seating capacity of fifty people. At the same time the frequency of flights was changed from eight or nine a day to three per day in the summer and two per day for the remainder of the year.

The Dash-7s were equipped with micro-wave equipment and could meet FAA minimums for the airport. These aircraft could therefore operate during inclement weather and enjoyed a scheduled flight success rate of over 90%. In simple terms the Dash-7 aircraft successfully provided a year round average of about 700 weekly passenger seats to Valdez and a non-summer average of about 675 weekly seats. Given the larger seating capacity-considerations described above and the high rate of success in meeting the schedules, this service perhaps met the CAB-determined minimums for essential air service.

However ERA Alaska found that, owing to financing considerations, use of the Dash-7s in the Valdez market was uneconomical. In early 1986 ERA Alaska retired the Dash-7s and began employing Convair 580s on the same service schedule. These aircraft also have seating capacities of fifty persons. But, unlike the Dash-7s, they are not micro-wave equipped. Consequently the success rate for meeting the schedule has declined substantially.

In fact, when micro-wave equipped aircraft ceased Valdez operations in 1986, the winter reliability of scheduled flights fell from 96% to 64% or by about one-third. The resulting 64% reliability brings air service in the community substantially below CAB minimum guidelines.

Moreover the reduced reliability is not limited to winter operations. During the period September through October 1985, ERA Alaska completed 113 of 125 scheduled flights to Valdez, for a success rate of over 90%. But, after micro-wave equipped aircraft were discontinued in March of 1986, during summer weather conditions in July and August of 1986, ERA was able to complete only 118 of 152 scheduled flights, for a success rate of just under 78%.

Air-borne freight shipments are also affected, as 62,164 pounds were shipped by ERA in July of 1985 and only 42,753 in July of 1986, a decline of about one-third.

Attachment 1 shows more complete data regarding air service operations at Valdez between 1984 and 1987.

#### RECOMMENDED FAA ACTIONS

The City of Valdez desires that existing schedules and seating capacities be maintained and that service reliability be improved to 1986 levels. This improved reliability can be accomplished by utilizing micro-wave landing system (MLS) equipped aircraft on the existing schedule.

At present only the Dash-7 DeHavilland is capable of meeting the FAA micro-wave minimum in Valdez. Both ERA Alaska and Mark Air have expressed interest in providing MLS equipped service to Valdez.

The City therefore recommends that the FAA issue an RFP to at least Markair and ERA Alaska to provide MLS equipped service to Valdez, at or above the existing scheduled service level. If the FAA finds that these service guidelines cannot be incorporated into the RFP, then the City requests that any alternative service levels be developed jointly by the City and the FAA.

The City further requests that representatives from the City sit on the team responsible for review, selection and negotiations with the proposers.

ATTACHMENT 1

FIGURE 1  
ERA-ALASKA FLIGHT PASSENGER DATA 1984-1987  
(Valdez-Anchorage)

Year/Months	Passengers	Flights Scheduled	Flights Completed	Success Percentage
1984 May-Aug	5,338	411	395	96.1%
1984 Sept-Dec	4,821	239	237	99.2%
1985 Jan-April	4,061	240	220	91.6%
1985 May-Aug	6,132	269	269	100.0%
1985 Sept-Dec	3,628	250	232	92.8%
1986 Jan-April	2,995	243	230	94.7%*
1986 May-Aug	6,076	272	237	87.1%
1986 Sept-Dec	2,605	241	194	80.5%
1987 Jan-April	2,093	238	185	77.7%

FIGURE 2  
ERA-ALASKA FLIGHT PASSENGER DATA 1984-1987  
(Anchorage-Valdez)

Year/Months	Passengers	Flights Scheduled	Flights Completed	Success Percentage
1984 May-Aug	5,403	411	395	96.1%
1984 Sept-Dec	4,782	239	237	99.2%
1985 Jan-April	3,973	240	220	91.6%
1985 May-Aug	5,162	269	269	100.0%
1985 Sept-Dec	3,422	250	232	92.8%
1986 Jan-April	3,032	243	230	94.7%*
1986 May-Aug	4,478	272	237	87.1%
1986 Sept-Dec	2,605	241	194	80.5%
1987 Jan-April	2,093	238	185	77.7%

\*Note: Micro-wave equipped aircraft ceased operations in March 1986.

ATTACHMENT 1  
(Continued)

FIGURE 3  
ERA-ALASKA FLIGHT CARGO DATA  
(Anchorage-Valdez and Valdez-Anchorage)

<u>Year</u>	<u>Pounds of Cargo</u>
<u>Valdez-Anchorage</u>	
1984 (8 mos.).....	165,488
1985 (12 mos.).....	160,171
1986 (12 mos.).....	81,738
1987 (4 mos.).....	16,439
<u>Anchorage-Valdez</u>	
1984 (8 mos.).....	251,247
1985 (12 mos.).....	281,823
1986 (12 mos.).....	260,743
1987 (4 mos.).....	16,439

January 19, 1989



The Honorable Jay Kerttula  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator Kerttula:

I very much appreciate your offer to help us with our problem regarding the air service to Valdez. As you are aware we have been attempting to secure an essential air service subsidy for the past two years.

My most recent meeting in Washington, D.C., regarding the essential air service subsidy resulted in both good news and bad news. Our most recent proposal, which I have attached to this letter, was evaluated as being technically correct making us eligible for an essential air service subsidy; however, Congress had reduced the funding for the program thus leaving inadequate funding for our program. One item that John Coleman of the Essential Air Service Program has requested is a letter from Mark Hickey, Commissioner of the Department of Transportation, indicating that Valdez has a unique situation. We have attempted to indicate that our needs are unique based on our weather conditions, our geographic conditions and the economic conditions which would include 25 percent of the nation's crude oil coming from our port.

When we began the action needed to secure an air service subsidy, we were faced with a moderate problem of providing reliable air service to Valdez. This problem was considerably worse during our winter months when our successful flights decreased by approximately 40 percent. Recently the FAA canceled all night flights in and out of Valdez based on the characteristics of the aircraft serving Valdez. FAA also has increased the minimums, thus decreasing the number of daytime successful flights. We are now averaging less than one flight per day, and actually only had 14 flights in the entire month of November. It is my understanding that during the month of December we successfully completed approximately 30 percent of our flights, and neither the November nor December statistics include the cancellation of the night flights nor the increased daytime limits.

We are quite convinced, and this is supported by statements from experts in the aviation industry, that the only aircraft that could provide the City of Valdez with reliable air service is the DeHavilland DASH-7. This aircraft is unique in that it is a Stohl aircraft having four engines. FAA recognizes the uniqueness of this aircraft, and the DeHavilland DASH-7 combined with the microwave landing system installed by the City of Valdez gives us

CITY OF VALDEZ  
P. O. Box 307  
Valdez, Alaska 99686

(907) 835-4313

November 17, 1988

Mr. Kevin Adams  
U.S. Department of Transportation  
Room 5100  
Office of Aviation Analysis  
P-54  
400 - 7th Street, S.W.  
Washington, D.C. 20590

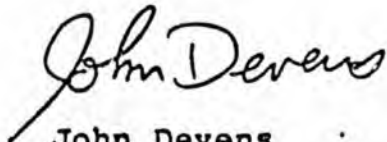
Dear Mr. Adams:

Attached please find a "Request for Essential Air Service Grant to the City of Valdez, Alaska," which you recently discussed with our consultants.

You will note that we are making our request for assistance under the existing EAS Program, given that the City is not currently receiving even the old CAB-adopted air service levels.

We appreciate your consideration of these materials, and if you have any questions, please do not hesitate to contact us.

Sincerely,



John Devens  
Mayor

DG/mjw  
0625g

Attachments

The Honorable Jay Kerttula  
January 19, 1989  
Page 2

minimums which allow successful flights in even our most serious months to be in the high 90 percents. Valdez did have a DeHavilland DASH-7 during a full year's service and recognized a significant improvement in our air service.

If we are able to secure an air service subsidy, it would be utilized to subsidize a carrier in providing DeHavilland DASH-7 service to Valdez. As it now stands, we are unable to utilize the fine Civic Center facilities for conventions and other meetings. We feel there is a true concern regarding the reliability of air service to Valdez in the event of any emergency related to the Alyeska terminal. We also recognize that our tourist industry cannot develop further without a reliable means of air transportation. In addition to all that I have mentioned, there is the matter of our citizens comfort and safety when air transportation is reduced to the point we are now experiencing.

Again, I wish to thank you for your willingness to help. If a resolution can be developed by the Alaska State Legislature in support of our problem, we would certainly appreciate that. If you need additional information with regard to this resolution, please feel free to contact me.

Sincerely,



John Devens, Ph.D.  
Mayor

JD:jd

Enclosure

cc: Valdez City Council  
Doug Griffin, City Manager  
Kim Hutchinson