

Aviation Hearing Agenda
Center for Rural Pennsylvania
February 4, 2021

10:00AM

Welcome and Call to Order, Senator Yaw

10:05AM – Panel 1: PennDOT/Statewide Perspective

Anthony J. McCloskey, Director of the Bureau of Aviation, PennDOT

Question & Answer Period, with Jennie A. Granger, Deputy Secretary for Multimodal Transportation, PennDOT

10:35AM – Panel 2: Aviation Council of Pennsylvania

David Heath, Legislative Liaison, Aviation Council of Pennsylvania

Question & Answer Period, with Fran Strouse, Secretary, Board of the Directors, Aviation Council of Pennsylvania

10:50AM – Panel 3: Chamber of Commerce

Jason Fink, President/CEO, Williamsport/Lycoming Chamber of Commerce

Question & Answer Period

11:05AM – Panel 4: Williamsport Regional Airport

Richard Howell, Executive Director, Williamsport Regional Airport

Michael Mooney, Managing Partner, Volaire Aviation

Question & Answer Period

11:35AM – Panel 5: County Commissioners & Airport Authority

Hon. Richard Mirabito, Hon. Scott L. Metzger, & Hon. Tony R. Mussare,
Lycoming County Commissioners

Frank Pellegrino, Chairman, Williamsport Municipal Airport Authority

Question & Answer Period

12:05PM – Panel 6: Williamsport Businesses & Organizations, Part I

Stephen Keener, President and CEO, Little League ®

Patti Jackson-Gehris, Vice President for Strategy & Business Development,
UPMC Susquehanna

Patrick Marty, Chief of Staff, Pennsylvania College of Technology

Question & Answer Period

12:50PM – Panel 7: Williamsport Businesses & Organizations, Part II

Shannon Massey, Senior Vice President and General Manager, Lycoming
Engines

Brent Fish, President, Fish Real Estate Inc.

Robert Jenkins, General Manager, Energy Aviation

Question & Answer Period

1:30PM

Closing Remarks and Adjournment



Testimony of
Jennie Granger, Deputy Secretary, Multimodal Transportation
Tony McCloskey, Director, Bureau of Aviation
Pennsylvania Department of Transportation
Public Hearing on Aviation
Center for Rural Pennsylvania
February 4, 2021

Good Morning, Chairman Yaw, and members of the Board of Directors for the Center for Rural Pennsylvania.

My name is Tony McCloskey and I am the Pennsylvania Department of Transportation's (PennDOT) Director for the Bureau of Aviation in the Multimodal Transportation Deputate. With me here today, is Jennie Granger, Deputy Secretary for Multimodal Transportation.

I am responsible for directing all aviation-related programs within PennDOT, which includes the following but not limited to:

- Statewide airport development and improvement program
- Aviation safety
- Airport and heliport licensing and safety compliance
- Commonwealth Flight Operations
- And UAS certification and licensing for PennDOT operations, consultants and contractors

In the course of those responsibilities, the Bureau of Aviation works very closely with the Federal Aviation Administration (FAA) and their Harrisburg Airports District Office, the Aviation Council of Pennsylvania, the Pennsylvania Senate Aviation Caucus, the National Association of State Aviation Officials, and all of Pennsylvania's airports and heliports.

I have been asked to testify by the General Assembly's Center for Rural Pennsylvania to address demand for reliable air service, rural transportation, and air travel's effect on businesses in rural communities.

As noted by the Center for Rural Pennsylvania's website for the definition of rural counties; there is a total of 48 out of 67 counties defined as rural based on the population density.

Out of the 48 counties, there are six out of 15 commercial airports in the state located in rural counties. Before I go into a little detail about what service these six rural commercial service airports provide, I need to explain a program that was created to touch every American in rural areas and help provide commercial air service. This program is called – Essential Air Service (EAS) and currently four of the six rural commercial airports are enrolled into this program.

Established in 1978 as part of the deregulation of US aviation to ensure rural America was not stranded without commercial air service, EAS ensures the continuing operation of the small rural airports that provide a critical lifeline to people and businesses whose distance from metropolitan centers makes them reliant on air service to stay connected. Note that EAS is not an FAA program, but a US DOT program.

To continue to qualify for EAS funding, the airport must have a per-passenger subsidy rate of \$200 and have an average of 10 or more enplanements per day.

Collectively, these four EAS airports are subsidized and based on December 19, 2018, Congressional Research Report received slightly over \$10 million in federal EAS funds.

Now, let's review what each of these six rural commercial airports provide to our Pennsylvanians.

- Altoona-Blair County – has switched from Southern Airways Express to Boutique Air for Essential Air Service (EAS)
- Bradford Regional in McKean County – has Southern Airways Express (EAS)
- Dubois Regional in Jefferson County –has Southern Airways Express (EAS)
- John Murtha Johnstown-Cambria County – has switched from Boutique Air to Skywest (United Airlines affiliate) flying 50-seat regional jets (EAS)
- University Park in Centre County – has American, Delta and United Affiliates flying regional jets, and low-cost carrier Allegiant Airlines flying Airbus narrow bodied airliners.
- Williamsport Regional in Lycoming County – that has an American Airlines affiliate flying regional jets.

Based on the department's 2019 Economic Impact Interim Update from the baseline 2011 Economic Impact Study, the six rural commercial airports support **5,567 jobs** that generate nearly **\$614 million** in economic output. What this means is these rural airports have a sizeable impact on rural area economies.

We also have very exciting news to share with each of you. The Bureau kicked off our efforts for a new Economic Impact Study in 2020. We will have a final product in 2022. Three key findings expected as part of this huge endeavor are:

- Estimated number of jobs statewide and per airport;
- Estimated annual economic activity, or output statewide and per airport; and
- New online economic impact calculator that can be used by the public to calculate the economic impact of additional aviation activity and/or new aviation investments at an airport.

The Bureau of Aviation does not directly provide any funding support for the EAS Program; however, we assist with these airports in providing state matches to FAA Airport Improvement Program grants for safety improvements and system preservation.

Focusing on state investments from three grant programs (Capital Budget or Transportation Assistance Program, Bureau's Aviation Development Program, and Deputate's Multimodal Transportation Aviation), the state has invested nearly \$15 million the last five calendar years (2015-2020) in these six rural commercial airports.

- Altoona-Blair County – \$1,355,478
- Bradford Regional in McKean County – \$1,113,347
- Dubois Regional in Jefferson County – \$107,593
- John Murtha Johnstown-Cambria County – \$977,970
- University Park in Centre County – \$5,282,896
- Williamsport Regional in Lycoming County – \$6,006,833

Looking at the two consecutive years (calendar year 18 and calendar year 19), overall, there has been an average increase of nearly 10 percent in passengers for these six commercial airports in rural counties. The two big increases in passengers is Johnstown and University Park. Both are primarily due to improved air services at each airport, the number of carriers (such as the introduction of low-cost carrier air service at University Park in late 2019), and available destination options.

So, if EAS did not exist at any one of the four EAS airports in rural PA, this would force air travelers in the affected areas to rely on the next closest commercial service airport in PA and/or surrounding states, or rely on corporate and on-demand air charter services which may be limited to travelers with higher incomes and business travel. The lack of EAS would suppress the economic growth potential of the rural areas, and cause increased pressure upon Pittsburgh, Erie and Harrisburg to accommodate the displaced passenger traffic.

The bureau has no interaction with airlines but focuses on and supports both commercial service and general aviation airports. We will always be a partner with the FAA ensuring all our airports and heliports are safe. Safety has and always will be our top priority.

Thank you again for inviting PennDOT to participate in this important hearing to demonstrate how we support transportation services for our Pennsylvanians in the air and on the ground.

We are happy to answer any questions that you may have at this time.



2/4/2021 – Zoom Virtual Hearing on Aviation - Center for Rural Pennsylvania

Senator Yaw, members of the Center for Rural PA and guests, thank you for the opportunity to testify in today's hearing. My name is David Heath. I am the Legislative Liaison for the Aviation Council of Pennsylvania (ACP). ACP is a nonprofit trade association which has been representing the aviation industry since 1960. It consists of airports, fixed base operators, flight schools, business aircraft operators, aerospace manufacturers and suppliers, air charter operators, and other aviation organizations and suppliers all working together to improve and promote the aviation industry throughout the Commonwealth of Pennsylvania.

You'll hear throughout today's hearing about what the impact of American Airlines decision to suspend service, and then half a year later resume service, had on the Williamsport community. You'll come to understand that the trend of restructured routes through rural communities is likely to continue into 2021, though airline decisions remain tied to the ebb and flow of COVID-19 outbreaks and how much longer the pandemic remains uncontrolled. The unifying theme that I want to talk about today is the impact on communities.

Aviation is a difficult industry to understand. Some of this can be attributed to the federalized approach to handling aviation. It is a heavily regulated industry. Aviation though, is far more than the airspace, airports, and airplanes. Every day, general aviation transports blood supplies, vital transplant organs, and other time-critical, life-saving elements. Air ambulances carry out medevac rescues and provide urgent transportation to trauma and other emergency medical centers. General aviation also flies overnight packages to offices, factories, and individuals under next-day time pressures to thousands of small towns where major air carriers don't fly. If scheduled airlines are the nation's air transportation arteries, general aviation is its equally important capillary system. Charter and air taxi flights carry passengers to and from smaller cities, thousands of which have no airline service. Business, cargo, and personal flights reach anywhere, any time—on the traveler's or shipper's schedule, not the airlines'. Simply put, Pennsylvania's aviation industry is an economic engine.

According to the State Transportation Commission's 2021 12-Year Program survey, aviation ranked as the third most frequently used form of transportation in the Commonwealth. However, in the same survey, aviation was ranked ninth in transportation priorities. There is an obvious disconnect between the use and the need for aviation in comparison to the level of funding dedicated towards its support.

It is important to understand the critical factors that all Pennsylvania airports face so that they can continue to be the engine of PA's modern economy. Regional and rural airports are known to speed economic progress. Air transportation is essential for business attraction and retention. Airports play a key role in economic development for many communities and are the gateway to the nation's air transportation system that tap into the world's economy. This is why it is imperative that aviation become a top priority in all transportation discussions within the state. In fact, we would love to see aviation as part of the PennDOT Pathway's program, which currently analyzes future-focused sources of funding for our highways and bridges.

As you just heard from Director McCloskey and Deputy Secretary Grainger, the Bureau of Aviation is currently conducting an economic impact study on the aviation industry within the state. This is a 10-year study mandated by the

FAA and will provide extremely valuable information for the industry. As part of that project, the Bureau of Aviation is creating a tool for airports to annually update their own economic impact data. Using this information, we would encourage BOA to annually consolidate the data for a state-wide impact and identify trends that can be used for modeling and economic development.

Community impact data is essential. For example, Ahold (Giant Food) is located in Carlisle, PA. The Carlisle Airport is utilized by their food vendors, service providers and partners, as well as Ahold employees. The Carlisle Airport plays a major role in helping to keep Ahold's headquarters in Carlisle. There are other community economic impact examples, such as when the Bradford Airport Authority who introduced the PA Wilds Business Park in 2020. This 95-acre business park began with 3 shovel ready building lots available for development and has 14 more in the long-term plan. The business park offers long-term land leases in KOZ sites, which eliminates specific state and local for up to 10 years from occupancy. The Park is meant to complement the existing 30,000 sq ft business incubator building that opened in 2012 on the airport campus. We need this impact data captured as part of the community impact of an airport.

With a partnership between the Governor's Aviation Advisory Committee and the Aircraft Owners and Pilots Association, the Aviation Council of Pennsylvania has conducted a hangar survey of the Commonwealth's medium to small general aviation airports. This does not include our large commercial airports. There were many goals for the survey and the results will be distributed later. However, I can share some of the early results. Currently 84% of general aviation airports have land available for new hangars. And within those airports, 62% have a waiting list for available hangars. Hangar development is just one of the possibilities that airports could be looking at for future growth.

During the last legislative session there was both a Senate and House bill introduced establishing the Airport Land Development Zones. This initiative provides incentivized opportunities for airports to utilize their existing and available land for economic growth opportunities. Most importantly, since this tax credit is only based on net-new jobs, this program will have no fiscal impact on the state budget. The Aviation Council suggests that this bill be reintroduced **with one essential change**. We would like to see that airports are defined as all public use airports rather than only commercial service. The Airport Land Development Zones would then support growth opportunities for general aviation airports as well as commercial service airports.

Another challenge that is facing the aviation industry is the implementation of Real ID. The implementation date is October 1st, 2021 and there will be no future delay. All of our commercial airports and rural airports with Essential Air Service could be negatively impacted by this new requirement. ACP has a dedicated committee to assist the state. This is an economic impact scenario on our airports and should be directed by the Department of Community and Economic Development. The operational needs of driver's license implementation through PennDOT is a separate issue and they have done a remarkable job of incorporating this federal mandate.

If there is one take away from my testimony today it is that aviation is in need of support by the state to keep our economic ecosystem sustainable. Air service is just one of the tools in the ecosystem of an airport. Our rural/general aviation airports must be sustained and given the opportunity to grow. The reintroduction of the ALDZ is a start. This can secure development around our airports. Additionally, an increase and guarantee to the TAP (Transportation Assistance Program) to assist in the building of new hangars with a lower local match. Finally, involve the Department of Community and Economic Development in the Real ID communications/marketing/business assistance. ACP is positioned to be a resource and for you Senator Yaw, the Bureau of Aviation, the Center for Rural PA and the general assembly. Please call on us. Thank you again for the opportunity to speak today and I will be joined by ACP board member and Secretary of the Executive Committee, Fran Strause for the Q&A portion of our testimony.

GOOD MORNING SENATOR YAW, MEMBERS OF THE BOARD FOR THE CENTER OF RURAL PENNSYLVANIA AND INVITED BOARD GUESTS. MY NAME IS JASON FINK, PRESIDENT AND CEO OF THE WILLIAMSPORT/LYCOMING CHAMBER OF COMMERCE. WE APPRECIATE YOU SCHEDULING THIS HEARING ON AVIATION AND IN PARTICULAR ON THE CHALLENGES THAT THE WILLIAMSPORT REGIONAL AIRPORT HAS EXPERIENCED. IT'S GOOD TO SEE THE INTEREST AT THIS TIME BECAUSE I BELIEVE THAT THIS HEARING COULD BE THE START OF A MOVEMENT TO NOT ONLY ADDRESS SEVERAL ISSUES CREATED BY THE AIRLINE CURRENTLY SERVICING WILLIAMSPORT, BUT MORE IMPORTANTLY, SHINE A LIGHT ON THE STRUGGLES FOR SMALL COMMUNITY AIRPORTS HERE IN PENNSYLVANIA AND ACROSS THE COUNTRY. MY REASON FOR SAYING THIS IS THAT WHAT'S HAPPING IN WILLIAMSPORT WILL BE FACED BY SEVERAL OTHER SMALLER COMMUNITY AIRPORTS IN THE UNITED STATES. I BELIEVE THAT THE FEDERAL GOVERNMENT WILL NEED TO ULTIMATELY STEP IN AND ADDRESS THIS BEFORE WE SEE A TREND THAT WILL CAUSE IRREVOCABLE HARM TO THE ECONOMIC VIABILITY OF RURAL PA AND AMERICA.

TO GIVE YOU A QUICK PICTURE OF THE LOCAL ECONOMY, WE HAVE SEVERAL INDUSTRY BRANDS THAT YOU HAVE MOST LIKELY HEARD OF THAT HAVE A MAJOR PRESENCE HERE. THOSE NAMES INCLUDE KELLOGG'S, FRITO-LAY, LYCOMING ENGINES, OVERHEAD DOOR CORPORATION, SHOP VAC, HALLIBURTON, L-3 COMMUNICATIONS AND WEST PHARMACEUTICALS. IN ADDITION TO THAT, WE HAVE UPMC, ALONG WITH BOTH THE PENNSYLVANIA COLLEGE OF TECHNOLOGY AND LYCOMING COLLEGE HERE IN THE COMMUNITY. AND EVEN THOUGH I'M PRETTY SURE YOU ALREADY KNOW THIS WITHOUT ME SAYING IT, WE ARE THE CORPORATE HEADQUARTERS FOR LITTLE LEAGUE BASEBALL INC.

THERE ARE SEVERAL OTHER MANUFACTURERS AND SERVICE INDUSTRIES HERE THAT HAVE A KEY PRESENCE IN OUR MARKET. WE JUST SAW ONE OF OUR LARGER MANUFACTURERS IN THE TECH

INDUSTRY, PRIMUS TECHNOLOGIES, PURCHASED BY SPARTRONICS. WHEN THIS WAS ANNOUNCED, THEY STATED THAT THE CORPORATE HEADQUARTERS WERE GOING TO BE RELOCATED TO WILLIAMSPORT. SPARTRONICS HAS OPERATIONS NOW IN 7 STATES AND ONE OVERSEAS COUNTRY. THEY DO A SIGNIFICANT AMOUNT OF WORK FOR THE DEPARTMENT OF DEFENSE AND WILL BE HOSTING VARIOUS CLIENTS AT THEIR CORPORATE OFFICES IN BOTH BUILDING AND MAINTAINING CORPORATE RELATIONSHIPS.

GIVEN THE NATURE OF OUR ECONOMY, LOCAL AIR SERVICE IS A KEY SELLING POINT TO EXISTING BUSINESS AND INDUSTRY ALONG WITH WORKING TO BRING NEW ONES TO THE COMMUNITY. THOSE LOCALLY RELY ON THE FACT THAT THEY CAN USE THE WILLIAMSPORT REGIONAL AIRPORT TO SEND OUT SALES PEOPLE, TRAVEL TO CORPORATE OFFICES, OR FLY IN POTENTIAL NEW CLIENTS TO THEIR FACILITIES. WHEN SELLING OUR COMMUNITY TO NEW INDUSTRY, ONE OF THE FIRST THINGS THAT WE NOTE IS THAT THEY CAN BOOK A FLIGHT DIRECTLY FROM WHERE THEY ARE FLYING FROM TO WILLIAMSPORT. IT IS SOMETHING THAT QUICKLY GAINS THEIR ATTENTION AND SHOWS THEM THAT THE COMMUNITY HAS SOME OF THE KEY INFRASTRUCTURE THAT THEY REQUIRE WHEN DETERMINING A FUTURE SITE LOCATION.

OUR ORGANIZATION BECAME ACTIVELY INVOLVED IN WORKING WITH THE STAFF OF THE AIRPORT ON AIR SERVICE ISSUES BACK IN 2009 WHEN THE NATURAL GAS INDUSTRY WAS STARTING TO DEVELOP A MAJOR PRESENCE NOT ONLY IN OUR COMMUNITY BUT ACROSS THE NORTHCENTRAL AND NORTHEASTERN REGION OF THE STATE. WE HEARD REGULARLY FROM THOSE INVOLVED WITH THE NATURAL GAS INDUSTRY THAT THE US AIRLINES SERVICE AT THE TIME WAS NOT ABLE TO MEET THEIR CONNECTION NEEDS. THE CHAMBER WORKED WITH THE AIRPORT STAFF IN TRYING TO PERSUADE US AIR TO LOOK AT ADDITIONAL HUBS. THERE WERE ALSO CONCERTED EFFORTS TO BRING ANOTHER

CARRIER TO THE MARKET. WHILE WE HEARD FROM ALL THAT THEY WANTED TO WORK THIS US, WE COULDN'T GET ANY CHANGES OUT OF US AIR OR A COMMITMENT FROM ANOTHER CARRIER TO STEP IN AND ALSO OFFER SERVICE.

SINCE THIS TIME, THE CHAMBER AND AIRPORT HAVE BEEN WORKING CLOSELY IN TRYING TO IMPROVE AIR SERVICE THROUGH EITHER THE EXISTING CARRIER, WHICH IS NOW AMERICAN AIRLINES, OR ANOTHER AIRLINE. WE WERE EXCITED TO HEAR LAST FEBRUARY THAT AMERICAN WAS GOING TO BE CHANGING OUR HUB SERVICE FROM PHILADELPHIA TO CHARLOTTE. THIS WAS A MAJOR WIN FOR OUR COMMUNITY AS CHARLOTTE IS A KEY CONNECTOR FOR MANY OF THE BUSINESS TRAVELERS HERE IN OUR MARKET. CHARLOTTE SERVICE WAS TO BEGIN AUGUST 18 2020. THERE WAS SIGNIFICANT INTEREST GENERATED BY AIR TRAVELERS HERE IN THE COMMUNITY WITH THIS NEW SERVICE. NOT ONLY WAS IT TO THE HUB OF CHOICE FOR THE MARKET, BUT IT WAS ALSO GOING TO BE DONE ON A LARGER 50 SEAT JET.

IT WAS EXCITING WHEN THE DAY ARRIVED FOR THE INAUGURAL FLIGHT TO CHARLOTTE CAME. I WAS AFFORDED THE OPPORTUNITY TO BE ON THAT FIRST ROUNDTRIP FLIGHT TO CHARLOTTE WITH OTHER LOCAL OFFICIALS IN ADDITION TO THOSE THAT WERE USING IT FOR OTHER BUSINESS AND PERSONAL FLIGHT DESTINATIONS. WE ARE ALL EXCITED TO HAVE BEEN INVOLVED IN REALIZING A KEY NEED BEING MET FOR OUR LOCAL COMMUNITY.

THAT SENSE OF ACCOMPLISHMENT WAS QUICKLY DASHED WHEN JUST TWO DAYS LATER AMERICAN AIRLINES ANNOUNCED THEY WERE SUSPENDING SERVICES TO 15 SMALL COMMUNITY AIRPORTS WITH WILLIAMSPORT REGIONAL AIRPORT BEING ON THAT LIST. WE ALL QUICKLY WORKED TO SEE WHAT COULD BE DONE BUT FOUND IN THE END WE WERE POWERLESS IN THIS BATTLE. AMERICAN AIRLINES

CITED THE NEED FOR CONTINUED FEDERAL FUNDING TO MAINTAIN SERVICE TO THESE AIRPORTS. THEY CITED THAT THESE WERE UNDERPERFORMING AIRPORTS IN THEIR SYSTEM. WE KNEW THAT WASN'T THE CASE GIVEN THAT LOCAL AIRPORT OFFICIALS COULD SHOW THAT OUR ENPLANEMENT NUMBERS WERE HIGHER THAN THE TSA AVERAGE FOR THE MONTHS LEADING UP TO THIS ANNOUNCEMENT.

WE WERE IN THE SUSPENSION WORLD FOR TWO MONTHS UNTIL NOVEMBER WHEN AMERICAN AIRLINES STATED THAT THEY WERE INDEFINITELY SUSPENDING SERVICE AT WILLIAMSPORT. SOME MIGHT WANT TO QUESTION WHY THIS IS AN ISSUE WHEN OUR AIR TRAVELERS DO HAVE OTHER OPTIONS TO USE IF THEY NEED TO FLY. STATE COLLEGE IS THE CLOSEST TO US AND IS WITHIN JUST OVER A ONE-HOUR COMMUTE FROM WILLIAMSPORT. THE FACTORS THAT COME INTO PLAY ARE MULTIPLE. FIRST IS THE CONVENIENCE. THOSE WORKING AND LIVING IN THIS AREA NOW HAVE TO PUT AN ADDITIONAL TWO HOURS INTO THEIR SCHEDULE TO ACCOMMODATE BOTH TRAVEL TO AND FROM THE AIRPORT. THEY ALSO NEED TO FACTOR PARKING FEES WHICH ONE DOESN'T HAVE TO PAY IF FLYING FROM WILLIAMSPORT. IN ADDITION, NONE OF THE CARRIERS CURRENTLY FLY TO CHARLOTTE. AMERICAN FLIES FROM STATE COLLEGE TO PHILADELPHIA WHICH ADDS ADDITIONAL AIR TRAVEL TIME TO ANY TRIP. ALL OF THIS ADDED TIME MEANS ADDITIONAL COSTS TO FACTOR FOR ANY BUSINESS DOING CORPORATE TRAVEL. IN THE END, FOR THOSE LOCATED HERE IN OUR COMMUNITY, WE NOW ARE COSTING THEM MORE TO FLY BECAUSE OF ALL OF THESE ADDITIONAL FACTORS. AS THEY SAY, TIME IS MONEY AND THIS CAN BE BORNE THROUGH COST ANALYSIS WHEN COMPARING OPERATIONS FOR BUSINESSES LOCATED ADJACENT TO A REGIONAL AIRPORT AND THOSE THAT REQUIRE TRAVEL TO FLY FROM ONE.

AMERICAN AIRLINES HAS BEEN AFFORDED SIGNIFICANT FEDERAL FUNDING DURING THE PANDEMIC TO MAINTAIN THEIR OPERATIONS. AT THIS TIME, THEY HAVE RECEIVED WELL OVER 6 BILLION DOLLARS IN

TAX PAYER FUNDING. WE ALSO HAVE THE WILLIAMSPORT REGIONAL AIRPORT WHICH RECENTLY OPENED A NEW 17-MILLION-DOLLAR TERMINAL THAT HAD SIGNIFICANT LOCAL, STATE AND FEDERAL PUBLIC INVESTMENT. IT ALSO WAS AWARDED OVER SEVENTEEN MILLION DOLLARS IN FEDERAL CARES ACT FUNDING.

MY QUESTION TO YOU ALL IS THIS HOW WE WANT OUR PUBLIC DOLLARS TO BE SPENT? THERE WAS SIGNIFICANT SUPPORT AND NEED DEMONSTRATED FOR THE CONSTRUCTION OF THE NEW TERMINAL TO SERVICE A NATIONAL CARRIER LIKE AMERICAN AIRLINES. NOW, THEY ALONG WITH THE AIRPORT ARE RECEIVING EVEN GREATER FEDERAL SUPPORT TO ASSIST THEM IN MAINTAINING THEIR OPERATIONS. I HAVE TO ASK THE FEDERAL FUNDING ENTITIES WHY THIS MONEY IS BEING PROVIDED TO THE AIRLINES WITHOUT THEM BEING REQUIRED TO CONTINUE TO PROVIDE THE RELIABLE AND CONSISTENT SERVICE THEY HAD BEEN PROVIDING? AMERICAN AIRLINES CAME BACK TO THIS MARKET BECAUSE THEY HAD TO IN RECEIVING THEIR CURRENT FEDERAL FUNDING PACKAGE. HOWEVER, NO ONE AT THE FEDERAL LEVEL HAS LOOKED INTO THE SERVICE THEY ARE PROVIDING. RIGHT NOW AMERICAN IS FLYING A PLANE FROM PHILADELPHIA TO WILLIAMSPORT ARRIVING AT APPROXIMATELY 1PM WITH A RETURN TO PHILADELPHIA THAT LANDS THERE AT ROUGHLY 2:15PM. IF YOU KNOW ANYTHING ABOUT AIR TRAVEL, YOU KNOW THAT THIS IS POSSIBLY THE WORST FLIGHT SCHEDULE AVAILABLE TO THE AIR TRAVELER BECAUSE YOU FLY TO PHILADELPHIA AND GET ACCESS TO NO GOOD FLIGHTS TO YOUR FINAL DESTINATION. HOWEVER, THE WORST PART IS THE RETURN FLIGHT BECAUSE ALMOST ALL OF THEM REQUIRE YOU OVERNIGHT IN PHILADELPHIA BEFORE GETTING ON THE JUST AFTER 12PM FLIGHT BACK TO WILLIAMSPORT. I CAN PERSONALLY SPEAK TO THIS ISSUE AS I HAVE A CHILD FLYING LATER THIS MONTH AND THEY ARE FLYING OUT OF WILLIAMSPORT ON AMERICAN BUT BECAUSE OF THEIR RETURN HAVING THEM OVERNIGHT IN PHILADELPHIA, WE HAVE THEM RETURNING TO HARRISBURG. THIS IS A SCHEDULE THAT HAS BEEN DESIGNED TO SHOW POOR NUMBERS AND NO

ONE AT THE FAA OR ANY OTHER FEDERAL AGENCY IS GOING TO HOLD THEM ACCOUNTABLE FOR THIS SERVICE.

SO I AM ASKING THIS BOARD FOR YOUR ASSISTANCE BECAUSE I BELIEVE THAT WE ARE ONLY THE START OF A TREND BY THE AIRLINES. WE NEED YOU TO ADVOCATE FOR US AND FOR THE OTHER AIRPORTS THAT WILL FIND THEMSELVES IN A SIMILAR SITUATION WITH THEIR AIR SERVICE CARRIER. REQUIRE THAT THESE AIRLINES CONTINUE TO PROVIDE GOOD, RELIABLE SERVICE AT THE LEVELS THEY HAD BEEN PRIOR TO ANNOUNCING THESE SUSPENSION OF SERVICES. THEY ARE TAKING FEDERAL FUNDING TO MAINTAIN OPERATIONS. THESE OPERATIONS INCLUDE SERVICE TO SMALL COMMUNITY AIRPORTS LIKE WILLIAMSPORT. THESE SMALL COMMUNITY AIRPORTS NEED THIS SERVICE TO REMAIN ECONOMICALLY VIABLE AND COMPETITIVE. WITHOUT THEM, WE WILL SEE FEDERAL INITIATIVES SUCH AS RESHORING OF MANUFACTURING OCCUR IN COMMUNITIES WHERE AIR SERVICE IS ACCESSIBLE AND RELIABLE. HELP BE OUR VOICE AND PUT MORE FOCUS ON THE FEDERAL GOVERNMENT TO PROVIDE THE RIGHTFUL PROTECTION TO THE RURAL PARTS OF NOT ONLY PENNSYLVANIA, BUT TO THE ENTIRE UNITED STATES.

THANK YOU FOR PROVIDING ME WITH THIS OPPORTUNITY TO ADDRESS THIS TO THE BOARD.



Center for Rural PA Hearing on Aviation
February 4, 2021
Richard C. Howell, A.A.E, Executive Director

Williamsport Regional Airport (IPT), a history highlighted by declining service.

- AA has been in the IPT market dating back 20 years though its 2015 merger partner US Airways. Last 15 years, service connected through Philadelphia.
- Origin & Destination (O&D) traffic 2000 was 80,000.
- After impacts of September 11, recovering market O&D in 2004 was up to 70,000.
- Combination of losing Pittsburgh (2005) hub connection, and Recession slipped passengers count to low of 37,000 in 2009.
- Significant growth in region spurs O&D to climb to 49,000 in 2014.
- Airline issues began in 2014 and were exacerbated by 2015 merger:
 - Poor reliability, poor schedules, ageing aircraft plus ambivalent airline created no-win situation for IPT.
 - These factors contributed to a passenger drop off through 2019 where O&D traffic was down to 39,000.

How did IPT market go from 80,000 passengers to 39,000?

- Airline Reliability.
 - Exceptionally poor service over last decade.
 - Baseline assumption is network carrier performs to 96% schedule completion.
 - Six of 10 years: More than half the months below 96%.
 - 21 months below 90%.
 - 2012 and 2017 only years completion exceeded 96%.
 - Result: As stated previously, poor reliability discourages bookings, lack of bookings reduces quality of schedule timing, which reduces bookings
 - Self-fulfilling prophecy of:
 - Poor reliability discourages bookings,
 - Lack of bookings reduces schedule timing which reduces bookings and customers using service that impact financial performance,
 - Poor financial performance also impacts schedules, which discourages bookings and again, financial performance.
- Airline High fares – Information from 2019 IPT Leakage Study
 - Highest or second highest fare structure since 2010 for leakage group.
 - Harrisburg, PA, State College, PA, Philadelphia, PA, Baltimore, MD.
- Airline Schedule
 - Over last decade schedules did not offer basic connectivity to key destinations.
 - Dallas/Houston top domestic markets in 2011/2012.

- Trouble getting airline to understand need to connect to those locations.
- Schedule would change after a call/meeting to fall apart few schedule iterations later.
- Schedule issues in winter 2018 as well as first half of 2019
 - Pointless and unusable timing with little or no connectivity due to PHL bank schedules
 - Often requiring overnight stays in PHL to properly connect.
 - Being repeated with current service.
- Market history shows it will clearly support viable service,
 - CLT numbers were exceeding the national TSA screening average at suspension.

2020 to now.

- ➔ February 2020: AA acknowledges issues with PHL connection and announces hub change to Charlotte, NC (CLT). Commits to two daily round trips with 65-seat Regional Jet (RJ) including Business Class seating.
- ➔ August 18: AA service to CLT begins using 43-seat RJs due to COVID impacts.
- ➔ August 20: AA announces suspension of service to 15 cities (including IPT) from October 6 to November 3, 2020. Announcement indicates AA would reevaluate suspension based on passage of new COVID relief bill in Congress.
- ➔ September 3: AA scales back to one daily flight through October 6.
- ➔ October 20: AA announces suspension extended through December 1.
- ➔ Mid November AA indicates suspension is permanent and will leave the market. Begins to remove airline property.
- ➔ In late December, Congress provides additional aid to the airline industry.
 - Act mandated service restoration.
 - The carrier reinstates Williamsport service with one flight a day to Philadelphia, effective January 6 to March 28, 2021 using 50-seat RJ.
- ➔ **AA clearly demonstrating they are not in market now because they want to be, they must be to get COVID funding.**
 - One daily flight with poor timing makes it exceedingly difficult to connect with AA network.
 - Connecting to hub AA knows will not be successful.
- ➔ **No reason to believe airline will remain after March 28 when funding runs out.**
 - **IPT not in AA April schedule.**

Richard C. Howell, Executive Director, IPT

Comments of Mike Mooney, Managing Partner, Volaire Aviation

Center for Rural Pennsylvania, February 4, 2021 Conference Call

Introduction to Volaire Aviation Consulting:

- Specializing in air service development and retention for smaller cities
- 80+ airport and community clients in North America
- Has assisted Williamsport with air service-related matters since 2005

Overview of domestic network carrier air service since 2005:

- Post 9/11 and post Great Recession significant consolidation (mergers)
- US Airways merged with America West 2005, Pittsburgh hub closed 2008
- Northwest and Delta merge 2008, Cincinnati hub closes 2012
- United and Continental merge 2010, Cleveland hub closes 2014
- American and US Airways merge 2013
- American values US Airways small cities differently than US Airways did

While the consolidated domestic network airline industry prospered 2014 – 2019, small city air service did not prosper:

- In the period network carriers made solid profits, small city service a low priority
- The network regional carrier partners, assigned to serve small cities had challenges:
 - o Pilot shortages
 - o Aircraft shortages
 - o Gate access issues at crowded network carrier hubs
 - o Network carriers pushing regional partners to focus on larger 76-seat RJs
- While overall network carrier performance operational metrics and customer service metrics improved in the period, small community service metrics declined

The pandemic of 2020 has completely changed everything:

- There are no pilot or aircraft or hub gate shortages
- There are very few passengers
- Almost every airline is incurring massive financial losses, hocking assets for cash

2020 and now 2021 are reduced to a battle for financial survival for airlines:

- Even with Federal bailout support, carriers are seeing multibillion operational losses
- American is the primary airline in Pennsylvania with 42% of total state traffic pre-pandemic
- No other airline carried more than 10% of state traffic pre-pandemic
- American is also considered the most financially vulnerable of the large airlines
- The carrier's survival and eventual return to profitability is critical to Pennsylvania

The recovery of air travel in Pennsylvania from the pandemic can be measured in the context of state recovery from previous pivotal events:

- Statewide traffic recovery from 9/11 took four years, from the Great Recession eight years
- Recovery from the pandemic will pivot on distribution and effectiveness of the vaccine
- Business travel and international travel may lag herd immunity due to structural changes

A status snapshot of Pennsylvania air service 2019 Q2 & 3 vs 2020 Q2 & Q3 shows traffic down 76%.

Looking at airline capacity April 2021, state domestic capacity is down 73% vs April 2019.

Pennsylvania had 15 air service airports in 2019:

- Six of those are EAS but Franklin lost EAS eligibility pre-pandemic
- The EAS program is assumed safe from funding cutbacks next few years
- However, several state EAS airports have long term program eligibility issues (\$200 cap)
- The other nine airports range from giant PHL and PIT to ERI and IPT
- All state non-EAS airports will face service cuts but will retain some service post pandemic
- Except, Williamsport will lose its remaining American service late March

As part of its efforts to weather the pandemic caused financial storm, American is cutting service to many small cities nationwide. Williamsport is one of those cities.

CENTER FOR RURAL PENNSYLVANIA
AVIATION HEARING FEBRUARAY 4, 2021

TESTIMONY BY COMMISSIONER RICK MIRABITO
ON BEHALF OF LYCOMING COUNTY COMMISSIONERS

GOOD MORNING SENATOR YAW AND DISTINGUISHED MEMBERS OF THE BOARD OF RURAL PENNSYLVANIA.

I AM COMMISSIONER RICK MIRABITO FROM LYCOMING COUNTY, AND I AM SPEAKING ON BEHALF OF THE BOARD OF COMMISSIONERS FROM LYCOMING COUNTY.

THANK YOU FOR HOLDING THIS HEARING ON THIS VERY IMPORTANT TOPIC AND FOR INVITING US TO JOIN YOU TODAY.

MY REMARKS PROBABLY REFLECT THE SENTIMENT OF ELECTED OFFICIALS ACROSS RURAL AMERICA.

TO BE BLUNT, IN THE AREA OF AIR SERVICE, RURAL AMERICANS ARE TREATED LIKE SECOND-CLASS CITIZENS.

DEPENDABILITY AND RELIABILITY ARE REURRING PROBLEMS.

WITHOUT DEPENDABILITY AND RELIABILITY, OUR COMMUNITY HAS NO FUNCTIONING AIR SERVICE.

OVER THE PAST 25 YEARS, AIR SERVICE TO RURAL AMERICA HAS STEADILY DECLINED ---- CONTRIBUTING TO THE POVERTY AND ECONOMIC STAGNATION FACING OUR RURAL COMMUNITIES.

WE NEED THE HELP OF THE FEDERAL GOVERNMENT TO CHANGE THIS SITUATION.

THE PROBLEM THAT WE FACE IS ONE THAT OTHERS HAVE IDENTIFIED AT THE FEDERAL LEVEL.

FIFTEEN YEARS AGO, IN 2006, WEST VIRGINIA SENATOR JOHN D. ROCKEFELLER IV TESTIFIED AT A HEARING OF THE SENATE SUBCOMMITTEE ON AVIATION AND DESCRIBED HOW AIR CARRIERS HAVE MARGINALIZED RURAL COMMUNITIES.

HE NOTED AT THAT TIME THE COUNTRY WAS ALMOST IN THE 30TH YEAR OF AIRLINE DEREGULATION AND THE EFFECTS ON RURAL AMERICA WERE DAMAGING.

AS WE HEAR HIS TESTIMONY, THE WORDS ARE PRESCIENT TODAY:

I REMEMBER SO VIVIDLY THAT UNITED, EASTERN, AND AMERICAN HAD LARGE JETS THAT CAME INTO CHARLESTON AND OTHER PLACES. AND WITHIN 3 OR 4 WEEKS OF DEREGULATION, THEY WERE GONE. NOW, THERE'S NO QUESTION THAT DEREGULATION HELPED LARGE URBAN COMMUNITIES AND USHERED IN A NEW ERA OF PROSPERITY, BUT IT MEANT A LOSS OF SERVICE AND CONVENIENCE AND, OFTEN, HIGHER PRICES, ALWAYS HIGHER PRICES, FOR WEST VIRGINIA, MISSISSIPPI, AND MONTANA'S RURAL COMMUNITIES.

I RECOGNIZE THAT WE'RE NOT GOING BACK TO THE DAYS OF REGULATION AND I KNOW THAT MILLIONS OF AMERICANS IN URBAN AREAS REALLY HAVE BENEFITED, AND THAT IT'S TREMENDOUSLY IMPORTANT FOR THEM. THAT'S A LARGE PART OF OUR ECONOMY, AND TO SAY THAT YOU REPRESENT A RURAL STATE AND IGNORE EVERYTHING ELSE IS NOT MODERN. SOMETIMES WE FEEL THAT WAY, BUT IT'S NOT MODERN.

BUT I THINK THAT CONGRESS DOES HAVE AN OBLIGATION TO PROTECT THE RURAL PARTS OF OUR COUNTRY, JUST LIKE WHEN THE INTERSTATES WERE BUILT, THAT WAS CONSIDERED A NATIONAL SYSTEM. THEY WENT THROUGH RURAL AREAS; THEY WENT THROUGH URBAN AREAS; IT WAS ALL THE SAME. THEY HAD TO BE TREATED THE SAME. THAT'S THE FUTURE WITH BROADBAND SERVICE. THAT WAS THE FUTURE, ACTUALLY, WITH RAILROADS, BACK IN THE LATTER PART OF THE 19TH CENTURY.

AS WE READ SENATOR ROCKEFELLER'S TESTIMONY TODAY, WE REALIZE THAT THE FUTURE NEVER ARRIVED FOR BROADBAND AND WE ARE REGRESSING WITH RESPECT TO AIR SERVICE IN RURAL AMERICA.

WHAT IS MOST DISTURBING ABOUT HIS TESTIMONY IS THAT WE ARE NOW 15 YEARS PAST HIS COMMENTS AND AIR SERVICE TO RURAL COMMUNITIES IS WORSE THAN IN 2006.

WE ARE 43 YEARS PAST THE AIRLINE DEREGULATION ACT OF 1978, AND AIR CARRIERS HAVE CONSOLIDATED MONOPOLY CONTROL OVER RURAL COMMUNITIES.

IN OUR OPINION, AIR CARRIERS HAVE TOO MUCH CONTROL AND TOO MUCH DISCRETION IN HOW THEY SERVICE RURAL COMMUNITIES.

ONE OF THE MOST SERIOUS CONSEQUENCES OF THIS MONOPOLY CONTROL IS THE DAMAGE TO ECONOMIC DEVELOPMENT IN RURAL AMERICA.

THE EXPERIENCE IN LYCOMING COUNTY IS INSTRUCTIVE.

AFTER SPENDING APPROXIMATELY \$15 MILLION DOLLARS --- INCLUDING \$3 MILLION DOLLARS OF LOCAL FUNDS --- TO MODERNIZE OUR AIRPORT AND

SATISFY AIR CARRIER REQUIREMENTS, WE STILL ARE WITHOUT FUNCTIONING, RELIABLE, AND DEPENDABLE AIR SERVICE FROM AMERICAN AIRLINES.

WHEN AMERICAN AIRLINES TELLS US ONE DAY THAT WE HAVE CONNECTIONS TO CHARLOTTE AND THEN LITERALLY OVERNIGHT CANCELS THE FLIGHTS, THAT IS NOT FUNCTIONING, RELIABLE, AND DEPENDABLE AIR SERVICE.

WHEN AMERICAN AIRLINES SCHEDULES FLIGHTS AT TIMES THAT MAKE CONNECTIONS IMPOSSIBLE, THAT IS NOT FUNCTIONING, RELIABLE, AND DEPENDABLE AIR SERVICE.

WHEN AMERICAN AIRLINES CONSTANTLY CANCELS FLIGHTS, THAT IS NOT FUNCTIONING, RELIABLE, AND DEPENDABLE AIR SERVICE.

WE KNOW THAT IN PENNSYLVANIA --- AND ESPECIALLY IN RURAL PENNSYLVANIA --- SMALL BUSINESSES MAKE UP THE BACKBONE OF OUR ECONOMY.

THE ABSENCE OF DEPENDABLE AIR SERVICE HINDERS THEIR GROWTH AND MAKES IT DIFFICULT TO SUSTAIN THE EXISTING ECONOMY.

BUSINESSES ARE RELUCTANT TO LOCATE THEIR NATIONAL OR EVEN REGIONAL HEADQUARTERS IN OUR COUNTY BECAUSE THEY CANNOT RELY ON AIR SERVICE TO MOVE EXECUTIVES IN AND OUT OF THE COUNTY.

ENTREPRENEURS FROM OUTSIDE THE COUNTY ARE RELUCTANT TO INVEST WHEN THEY MUST RELY ON GROUND TRANSPORTATION TO OTHER AIRPORTS OFTEN HOURS AWAY.

OUR OWN LOCAL RESIDENTS CANNOT DEPEND ON BEING ABLE TO FLY FOR BUSINESS OR PLEASURE.

ALTHOUGH WE DO NOT HAVE ALL THE ANSWERS, WE DO KNOW THAT IDENTIFYING AND TALKING ABOUT THE PROBLEM IS THE FIRST STEP TO SOLVE IT.

WE CAN NO LONGER SIT BACK WHILE MAJOR AIRLINES RECEIVE BILLIONS OF DOLLARS IN FEDERAL FUNDS AND TREAT RURAL AMERICA AS SECOND-CLASS CITIZENS.

WE ASK FOR YOUR HELP, AND WE THANK YOU FOR LISTENING.

WE HOPE THAT OUR ELECTED OFFICIALS AND APPOINTED REPRESENTATIVES --- AS WELL AS THE EXECUTIVES WHO RUN MAJOR AIRLINES --- WILL TAKE NOTICE OF OUR PROBLEM AND WORK TO FIND SOLUTIONS.

THANK YOU.

NOTES AND TALKING POINTS OF FRANK G. PELLEGRINO- WILLIAMSPORT REGIONAL AIRPORT CHAIRMAN

Thank you Senator Yaw and the Center for Rural Pennsylvania and the General Assembly of the Commonwealth of Pennsylvania for the opportunity to discuss air service at Williamsport Regional Airport, an item that I am passionate about. I am currently serving as the Chairman of the Lycoming County Municipal Regional Airport Authority and a businessman and a developer in NC PA region currently employing some several hundred employees and owning some 14 different businesses. I also serve on several non-profit boards, like the Central Pennsylvania Food Bank, Lycoming College Board of Trustees, UPMC Susquehanna Foundation, Bloomsburg University and Penn College Advisory Boards, the Community Arts Center, Hiawatha and several others. I am also an Independent Director on the Citizens and Northern Bank Board, Headquartered in Wellsboro, PA. I have lived in Boston Metro, Detroit, Upstate NY and Orange County while working for a Fortune 500 Company and returning to my hometown in 1993.

The Williamsport Regional Airport is a Commercial Airport in North-Central Pennsylvania that has been serving the flying public since 1931 with the first TWA flight to NYC. The area is comprised of a flying marketing target area of approximately 490,000 citizens. The counties serviced by Williamsport Regional Airport are Lycoming, Sullivan, Montour, Potter, Tioga, Clinton, Union, Snyder, Northumberland, Columbia and parts of Bradford and Centre. The Central Susquehanna Valley is approximately 4 hour drive to Philadelphia and 4.5 hours to Pittsburgh.

Since 2001, the airport has completed more than \$31.5 Million in Capital Improvements and Safety Features for the Airport, not including the Terminal or Passenger buildings, which accounts for another \$15.8 million in recent expenditures.

FAA—Airport Improvement Program (AIP)

Project	Year	Amount
Remove & Lights Obstructions R/W 9-27 (Phase 1)	2001	\$2,103,600
Expand Terminal Apron		
Construct Parallel T/W Delta		

Update Airport Master Plan	2002	\$67,500
Rehabilitate Terminal Ramp	2002	\$1,005,000
Acquire Snow Removal Equipment		
Improve Airport electrical Systems		
Extend Parallel T/W Bravo (Design	2003	\$683,200
Remove and Light Obstructions R/W 9-27 (Phase 2)		
Security system Improvements		
Construct GA Ramp & T/W	2004	\$2,121,000
Acquire Land R/W Safety Area (Hanson)		
Construct R/W Safety Area	2005	\$958,400
Design Equipment Storage Building		
Construct Equipment Storage Building	2006	\$1,473,400
Rehabilitate T/W's A, E & F Lighting		
Design T-Hangar Ramp Expansion		
Design R/W 9 Safety Area		
R/W Extension & Safety Area Improvements	2007 & 2008	\$5,200,000
Design Parallel T/W B & Partial Construction	2008	\$1,002,300
Construct Parallel T/W B	2009	\$842,100
Design T/W D to Terminal Apron		
Design Rehabilitation GA Apron		
Construct T/W D Terminal Ramp	2010	\$1,110,000
Acquire Firefighting Equipment		
Approach Improvement Feasibility Study	2011	\$1,019,675
Rehabilitate GA Apron (Construction)		
Rehabilitate Portions of T/W A (Concrete)		
Acquire Snow Removal Equipment	2012	\$1,079,356
R/W 9-27 Environmental Assessment		
R/W 9-27 Approach Improvements (Phase 1)	2013 & 2014	\$1,020,000
R/W 9-27 Approach Improvements (Phase 2)	2015	\$2,395,646
R/W 9-27 Approach Improvements (Phase 3)	2016	\$2,090,346

Sub-Total		\$24,171,523
Bureau of Aviation (BOA)—Aviation Development Grant Program (ADG)		
Project	Year	Amount
Overlay R/W 12-30	2001	\$320,000
Replace R/W 12-30 Lighting	2002	\$270,000
Reconstruct Public Parking Lot	2003	\$530,000
Business Park Infrastructure	2006	\$60,000
Hangar & Industrial Property Improvement	2008 & 2009	\$620,922
Crack Sealing & Pavement Remarketing	2009	\$80,000
Construct Parking Lot Canopy, Relocate Waterline	2010	\$230,000
Relocate Fuel Farm	All Phases	\$1,800,000
Final Phase R/W Approach Imp.		\$3,500,000
Sub-Total		\$3,110,922
TOTAL Capital Improvements	2001—2016	\$31,582,445

The airport in 2018 completed a new state of the art Terminal and passenger loading facility for \$15.8 million.

The Airport commissioned an economic impact study in 2011 and a refresh in 2018 with Wilbur Smith & Associates. Highlights have been extracted below.

- Over \$79,000,000 annual impact to area economy based on a 2011 study performed by Wilbur Smith & Associates and funded by Penn DOT's Bureau of Aviation and refreshed by IPT staff in 2018 for key indices.
- Approximately 312 jobs directly related to airport operations and tenants.
- Provides opportunities to draw additional industries to the area.

Can the area support more than one airline on the field. Does competition improve performance. This is a story of outright neglect by American Airlines who has been the carrier since acquisition of other major airlines. The area was served by more than one carrier, United and USAIR. There is a direct correlation of ridership with schedule offered and pricing. USAIR offered service to their hubs in PHL, PIT and BWI and United offered to Dulles in the DC area.

We are grateful for this opportunity to discuss with the PA leadership an opportunity about improving air service in Williamsport Metro and other small and

rural communities and the impact it has on economic growth and the lives of its citizens. Air Service has changed in the US drastically pre-pandemic and will continue to change post-pandemic. The changes are both positive and negative. The growth of low fare air carriers I say is positive and has made air travel affordable for many millions of people across the country but still has not penetrated the smaller communities as much. The change in technology enhancements and moving to smaller regional more cost effective jet service is favorable and makes prop service or those 19 seat aircraft obsolete and ineffective. This is positive as well as the Dash-8's retiring.

The Federal Government administers two programs to help smaller cities, both of which IPT and Williamsport currently are not participating presently in either. In the past Williamsport was an EAS, region, but the airlines did not rely upon this as revenue exceeded expectations. The EAS Program, Essential Air Service Program and the Small Community Air Service Development Program (SCASDP) which is presently in application for 1 March deadline are the two Federal Programs. .

The SCASDP as you know are limited to 4 per state and are very competitive in their awarding. These are to be assistance directly for the airlines to guarantee revenue if the revenue expectations are not met. They are in fact usually matched some how by local participation but not necessarily required, and are a revenue /profit guarantees for the airlines.

The need for small and medium size communities to access the Nation's primary air transportation system is of utmost importance to the vitality of the communities in which the airport lies. The citizens and the businesses in these areas have seen a historic reversal in demographic trends, rural areas even now more than ever in pandemic times to grow more rapidly than the metro areas. Decentralization of America's businesses continues to have more and more of businesses locating new facilities in rural communities.

The number one factor out of a list of 16 factors to relocate a business to a non-metro area and the predictability to future economic growth is proximity to scheduled airline service. The relationship between air service and economic development appears to be hand in hand. Air service attracts new businesses, particularly branch plants of light industries, paying high wages, by providing fast and convenient connections with suppliers, customers and company headquarters. For many small communities, therefore the availability to reliable air service is directly related to their chances for economic development.

I know first hand that growing a manufacturing business in Williamsport from 65 jobs to 520 jobs was crucial with our customers to have air service. They would not award major 15 to 25 million dollar defense contracts to us if we did not have reliable air service. They could not get in and out of Williamsport. They hated commuter prop service, hated Philadelphia reliability and American Airline service. They were penned in and felt mistreated and they held it against us. So when it came up against the competition they would award contracts and supply chain dollars else where. Take Tucson AZ, Raytheon, they would fly to Tucson to PHX, PHX to PHL, PHL to IPT. Or they could do this with the competitor, TUS to Chicago, Chicago to Watertown, SD. This is an example of time is money.

Senator Yaw knows the importance of an airport for a major wedding reception, for a daughter or son, returning home. The airport can be the deciding factor on where the reception and venue takes place. Just the coordination of some 50 or 60 guests traveling from afar and the need to have convenient and accessible air travel is the decision of where a major wedding venue spending some time upwards of \$50,000 to \$100,000 on just one weekend. You could easily multiply this by 5 or 6 as the revenue from type of event alone.

In our areas, Businesses, Colleges and Universities and Agencies, like Avco Lycoming a division of Textron, Penn College, Kelloggs, Lycoming College, Lock Haven University, Mansfield University, Bloomsburg University, Bucknell University and Susquehanna University, UPMC Susquehanna, Geisinger, Spartronics, Bimbo Bakeries, Little League International, Shop Vac, PMF, Kiddron, all too well understand the importance of the commercial air transportation network. They understand it from their travel perspective, their customers travel perspective and their suppliers travel perspective.

For Success it is dependent upon carrier, schedule, destination hub. Hub consolidation continues to occur with the major airlines still consolidating and rationalizing hub existence.

CURRENT CARRIERS AND HUBS AS OF 2021

AMERICAN (9) HUBS

JFK-NY

PHL-PA

DCA-Wash Nat

CLT-Charlotte

ORD-Chicago

DFW-Dallas

MIA-Miami
PHX-Phoenix
LAX-LA

DELTA-(10)

BOS-Boston
LGA-NY
JFK-NY
DTW-Detroit
CVG-Cin/Ohio/Kent.
ATL-Atlanta
MSP-Minneapolis
SLC-Utah
SEA-WA
LAX-LA

UNITED-(7)

EWR-Newark
IAD-Dulles-DC
ORD-Chicago
IAH-Houston
DEN-Denver
SFO-San Fran
LAX-LA

There are 3 airlines that do not use Hubs but focus airport concepts and they are SOUTHWEST, JETBLUE and SPIRIT.

The HUBS in RED are target Hubs for IPT based upon distance from IPT and accessibility for the flying public out of IPT.

American since its inception with US AIR has treated IPT quite unfairly.

SCHEDULE:

Reducing schedule: Frequency

When this occurs, it pushes the flying public to seek alternative air transportation. It forces the business traveler to find alternatives, higher costs, more time and quite less convenience.

Schedule that is not conducive to HUB Departure: This occurs quite frequently as well. Your arrival from base IPT does not connect with the major departures from HUB departures causing traveler 4 to 5 hours of wasted time or additional connections. This can also occur coming into the base when schedule does not allow the traveler the options of returning home. It is imperative the American allow a.m. departure from IPT and at a minimum a late evening return to base from HUB to allow traveler to return home. American in its latest ploy has given a schedule to Phil that is not conducive to any traveler. It is just checking a list.

Nagging cancellations that are not justified. We have witnessed full loads ready for departure and not a bit of weather on the field and PHL has cancelled for no reason whatsoever. Unjustified. These only creates continued traveler aggravation and additional leakage.

While Williamsport was booming, American Airlines was recessing its service, forcing those coming to Williamsport to live, work and invest to use other airlines at other inconvenient locations. The headlines of the papers read, in 2013 and 2014 *Williamsport keeps hitting grand slams with natural gas, things keep getting worse for Ithaca and are nothing less than abysmal for Binghamton. A couple of years, Williamsport was ranked as the seventh fastest growing metro economy in the US, studies compared the economies of Williamsport, Pennsylvania and Ithaca, New York, to note the impact of natural gas development.* American Airlines, continued to recess services for IPT, refusing to increase schedule, enhance equipment and routes. They would not capitalize on the situation after meeting upon meeting of begging and instilling in them the efforts of the board and the region. Leakage continued during this period, their service in 2014 hit rock bottom on reliability and schedule.

PRICING: The Hub and Spoke concept does not have to be the lowest price concept, there is true benefit to flying out of IPT and the time saved. Higher fares can be justified. But IPT can not be the highest price regional fare in the market. American continues to use the leverage it has to displace IPT by pricing it to the point of extinction.

MARKETING: On the Charlotte launch, the airport authority authorized a \$100,000 advertising campaign to begin to announce this service again amidst the PANDEMIC but rug was pulled out from under our feet when they discontinued this service. They never kept their end of the agreement.

RECAPPING THE INVESTMENT AND THE ISSUES WITH AN AIRLINE THAT WILL NOT COOPERATE:

THE NEW TERMINAL: A \$15.8 million new state of the art terminal was built to eliminate any issues with the airlines and flying public regarding security, baggage and convenience. All of the latest security measures in place with hold areas and rest rooms segregated and baggage within secured measures.

TAXIWAYS/RUNWAYS/LIGHTINGS/FUELING: Over the past 20 years, \$33 million has been spent to insure that the latest capital and safety features are in place. IPT is capable to handling the equipment and air service necessary to support the flying public.

EQUIPMENT: American in our market was dead last to abandon the Dash8 and the alternative turboprops prior to announcing jet service to Philadelphia in 2017. All surrounding markets had jet service prior to IPT launch in 2017. Story after story, equipment shortage, pilot shortage topped the list.....

Again pre-pandemic, air travel grew 13% year over year.....American has done everything to prevent growth with ineffective Schedules, HUBS lacking Customer Service, Equipment that is Outdated and lack luster and Pricing that is far from being competitive.

Reliable and good air service for a small town has proven that it will attract investment, generate employment and provide mobility for its residents. It is a proven fact. Williamsport and Pennsylvania deserves this and its residents deserve this. The State of Pennsylvania and its residents deserve this and we need to insure that the Federal Government helps us to make sure airlines give us the opportunities to have a fair shake.

STATEMENT BY PATRICK MARTY
CHIEF OF STAFF, PENNSYLVANIA COLLEGE OF TECHNOLOGY
FEBRUARY 4, 2021

Thank you, Chairman Yaw and directors of the Center for Rural Pennsylvania, for the invitation.

Pennsylvania College of Technology is national leader in applied technology education with a 98 percent placement rate. Our 1,800 faculty and staff regularly support nearly 5,000 undergraduate and graduate students in 100-plus in-demand academic programs focused on hands-on learning – *including FAA-certified aviation maintenance programs at our own Lumley Aviation Center, adjacent to the Williamsport Regional Airport.*

Meanwhile, Penn College's *Center for Business & Workforce Development* fills a crucial need for companies who seek training for their incumbent workforce, including apprenticeships. And our *Plastics Innovation & Resource Center* provides training, workshops and resources to facilitate the industry's growth and success in the U.S. and throughout the world.

Thus, it is deeply concerning to learn that, once again, discontinuation of American's local air service may be imminent. This decision, frankly, belies the wildly successful launch of American's game-changing service to Charlotte on August 18, 2020 – *excitement which was quickly scuttled by the subsequent and disappointing announcement of the suspension of service in October and November.*

For Penn College, the threat of American Airlines – our only airline – again suspending service to the Williamsport Regional Airport is immediate, and will be devastating in consequence, if not replaced by another carrier.

Similar to regional institutions of higher education, such as Bucknell, Susquehanna, Bloomsburg, Lock Haven and Mansfield Universities and Lycoming College – or to our health science partners like UPMC, Geisinger and Evangelical who operate here in the region – local air service is critical for our students who increasingly come to Penn College from distant locations, and for our faculty traveling to academic and industry conferences, and taking students abroad.

The seven colleges in Northcentral Pennsylvania have a student population of nearly 25,000.

Higher education is, frankly, one of Pennsylvania's most highly regarded industries. Our state is a net exporter of knowledge and know-how. Rural colleges like ours not only produce successful outcomes for Pennsylvanians, but all feature uncommon programs that are sought out by students across the nation and around the globe. Bucknell is renowned as a national university, and the reputational ascendancy of Susquehanna and Lycoming is directly tied to those schools deliberately strengthening their draw of a diverse group of talented students from all over the country.

Further, corporate and government agency recruiters regularly travel to the region seeking the next generation of industry leaders to fill the widening skills gap. (Penn College's own

career fair is a two-day affair each semester, featuring hundreds of employers, including dozens of Fortune 500 companies, recruiting for thousands of open positions.)

Each of our schools can likewise point to critical academic research, industry partnerships or curricular missions that require regular travel to and from the region. The Clean Water Institute at Lycoming College conducts research fundamental to mitigation of degraded water quality in the Chesapeake Bay. Bloomsburg's highly regarded Zeigler College of Business regularly hosts global commerce and supply chain focused colloquia and events as part of its accreditation. Bucknell is home to centers of excellence in an array of disciplines – from the Center for Sustainability & the Environment, to the China Institute, to the Stadler Center for Poetry & Literary Arts. All of these will be diminished, degraded or otherwise negatively impacted by a lack of commercial air service in the region.

One of many industry partnership examples at Penn College is the Lycoming Engines Service School, held at our aforementioned airport facility. Lycoming Engines (a division of Textron located in Williamsport) manufactures the sole-remaining domestically-produced piston aircraft engine, and our decades-old partnership with them is vital. We are only now starting to rebuild this program after the disruption created by the pandemic, working with individuals traveling from across the country and abroad. Lack of committed, reliable service from American Airlines will be a further setback.

Our already hard-hit international programs will be further impacted as well, just as we make plans to revitalize them. I speak not only of international student recruitment, which has been devastated by both the pandemic and by heightened restrictions for student visas – but as vaccinations become more widespread and normalcy returns, opportunities for study abroad will again become an expectation for college students. And while our respective student bodies are increasingly diverse, the majority of our collective students still hail from our own rural region.

At Penn College, our travel programs are always immersed in the context of applied technology, so nursing and dental hygiene students serve in clinical sites in Guatemala, Belarus and the Dominican Republic; automotive students study form-and-function at Lamborghini, Ferrari and Maserati; hospitality students are immersed in French regional cuisine. We have found that global experience programs are often these students' first opportunity to leave the U.S. – or sometimes even the state – but the skills they gain are essential to their future success in the global economy, and are increasingly expected by many employers.

Thank you again for the opportunity to attest on behalf of the students, faculty and staff at Pennsylvania College of Technology. We – and our counterparts at the region's six other colleges and universities – remain reliant upon permanent, reliable and fairly priced air service.



04 February 2021

**Center for Rural Pennsylvania Hearing on Aviation
Williamsport Businesses & Organizations Panel**

TO: Center for Rural Pennsylvania Chairman Senator Gene Yaw
Center for Rural Pennsylvania Board of Directors
Virtual Public Hearing Attendees
FROM: Shannon Massey, Senior Vice President, Lycoming Engines

As one of the Williamsport/Lycoming County industry partners, the only United States piston aviation engine manufacturer, and a citizen of the community, I am strongly supporting the need of a reliable and quality air service to our region.

Having air service (daily passenger air flights) is critical for the economic and regional infrastructure. As an employer trying to recruit talent, as a provider to global customers, and being serviced by suppliers across the continental United States and other territories, the need is present and is not currently being met to the satisfaction of all and is costing us in being a "location of choice and convenience."

Given the most recent service and interruptions with American Airlines, and the understanding that they may be departing/ending service with the ending of the COVID Relief Act in March of 2021, an air service solution is vital.

We are supporting and committing funding for the grant and award request to the Williamsport Regional Airport (IPT) under the Department of Transportation (DOT) Small Community Air Service Development (SCASD) program. We continue to utilize the regional airport for our own employee and personnel travel when available and encourage and offer the site and services to our customers, suppliers, and talent recruitment when available.

As a brand known and respected within general aviation, we need to have a source of aviation service, not only for our needs, yet to also support our overall local infrastructure and economy.

Sincerely,

Shannon Massey
Senior Vice President
Lycoming Engines, an Operating Division of Avco Corporation
652 Oliver Street
Williamsport, PA 17701 USA



Testimony for Center for Rural Pennsylvania's hearing
on air service and rural communities

February 4, 2021

Good morning. My name is Brent Fish. I am president / owner of Fish Real Estate and Fish Commercial Group - Real Estate Brokerage Companies. We additionally operate a mortgage services company, More Than a Mortgage, and Property Management company, One Focus Property Management. Our original office started in 1956 in Williamsport and we currently also have offices in Lock Haven and Eagles Mere. Our service area is not only Lycoming and Clinton Counties but all surrounding counties.

I was tasked today to discuss the impacts that commercial air service – or lack thereof – has on more rural communities and specifically, what ramifications it has on our housing or real estate markets. Several years ago, I was asked to speak at a similar hearing regarding the affects the natural gas industry had on our market. That effect on the real estate market was simple to quantify. While real estate market data surrounding the issue of commercial air service may be more indirect or difficult to track, I can assure all of you – as would any of my broker colleagues - that it is a necessity to keep our market strong and growing.

I'll back that statement up with several points that I will call the Four R's: Relocation, Recruitment, Retirement and Retention. All factors that can affect a rural real estate market.

Relocation

The first point has some associated data to support it and requires a little background. (I've also attached a graphic to the testimony) There is an increase of our national population that has or desires to move to more rural areas. According to a recent report in Statista analyzing data from the National Association of Realtors, real estate agents and brokers that were surveyed reported an average of a 30% increase of their clients who wanted to relocate to a more suburban or rural area. This was in 2020 between the months of July and October versus the previous year...and, of course, pre-pandemic. Obviously, this



whole issue and why we are all here is due to the pandemic....the national trends I just mentioned are clearly a result of it. Companies transitioned to and are permanently implementing remote working...or, people simply want less condensed areas. The same trend is happening in our regions. While our areas of Pennsylvania are not suburbs of any major metropolitan market, we are of course – more rural.... and my own personal research with our 50+ real estate agents has shown to me a significant and measurable increase in these types of buyers that have either purchased or are considering it. But while this pandemic has in some ways benefited some housing in rural areas, it is clear to me that there are specific qualifying factors for buyers. In order for buyers to make this move, the communities they are seeking have to check specific boxes for them. I can confidently say one of those boxes is commercial air service.

Last year, I asked our agents who worked with clients in this category what the client's motivation was to move here. I tracked answers like space, affordable housing, available amenities, quality healthcare and proximity (2.5-3-hour drive) to get to a company headquarters if they needed to. These are pretty typical answers...But what stood out to me were two things: they needed high-speed internet (which I know is one of Sen. Yaw's other initiatives...and now I'm feeling that I'm backing myself into testifying for that) and ... it was important we had commercial air service which they needed mainly for work. It was also an additional benefit to have it for personal reasons as well. Commercial air service is a key piece of the puzzle for rural areas of Pennsylvania to attract and maintain these types of homeowners. So, while American Airlines pulled out of Williamsport due to covid's effect on air travel, given the statistics and information I just shared regarding homeowners desiring more rural areas and rural housing – one would think logically - they should be doing the opposite....especially as air travel opens back up.

Recruitment

The second point has to do with real estate markets and their dependency on people relocating, or even staying, in that region. The ability for this to happen (or not) can have an even greater effect on smaller markets. This goes hand-in-hand with recruiting and retention for employees and companies. Variations in



real estate markets are typically caused by a variety of factors. People moving into (our out of) an area is undoubtedly one of them. Through our companies' relocation services and commercial division, the Fish Real Estate team have first-hand experience with this. When an industry in a smaller or more rural region needs to recruit a prospective employee, they have to sell the region as much as the job itself. This the part we assist with. And when you have a candidate – that more likely than not – is from a more urban area having commercial air service is an absolute necessity. In every case, the candidate inquires about it. When we demonstrate our area to clients the vast majority of candidates are pleasantly surprised with what the area has to offer. Amenities, recreation, healthcare, performing arts, quality restaurants, infrastructure, diverse housing....and of course air service.

I've talked to HR professionals and recruiters more often this past year and there have been vastly different conversations. Post-pandemic shut down, they actually said their job was easier (people moving out of urban areas, etc. as I've mentioned). After the airline announcement and current uncertainty for the future, there was definitely a more pessimistic attitude. As is my general theme here, it's one of those key components for a rural / third class region.

Retention

The effects on commercial real estate in a region with no air service would be much more direct. As Jason will / has confirm(ed) our powers-that-be need to take pro-active efforts to both retain and recruit new companies to the area. Is having air service complementary to this effort?... It is an equal factor as it is for all the other reasons I've mentioned. Our region has had some economic wins recently. Removing a component / a part of that economic development puzzle, deters our ability to keep these industries here and can create commercial vacancies and hardship that we simply can't afford.

Retirement

Another measurable factor we have seen in our business that enhances a rural market are retirees that both live and move to the area (again for all the qualities I've mentioned previously). Pennsylvania is (or at least used to be) the second



largest population of retirees. We have a lot of former military. These homeowners like to travel; some are snowbirds or go back and forth to another property...and the most important point is that homeowners in this category typically can live anywhere. Because of their lifestyles, an area with air service has been an obvious choice.

We have a stronger economy and housing market in our region and other rural PA markets than some people think. We are not supported by any large urban area as some smaller markets are. We are our own economy...our own real estate market. Due to the airlines pulling out recently, it's difficult to track what effect this has had on real estate to this point. But based on the supported information I have presented I am rightfully concerned about the issues it could create.

I hope to have helped support that air service is indirectly responsible for enhancement of a rural housing market. As you all know, housing is always a measurement of any economy. It is an integral part of a puzzle to grow and maintain rural markets...and in rural communities all the pieces of that puzzle have to fit. We need to keep this vital asset in our community.