



Aviation

The *Michigan Department of Transportation State Long-Range Transportation Plan 2005-2030*, [Aviation Technical Report](#) provided an overview of the Michigan airport system including a description of the scope of services provided and the condition of the system. The report also provided information on Michigan airport system goals and financial status for maintenance and improvements. This report provides an update to the previous report.

Existing System

Since the 2005 report, the Michigan airport system has remained stable both in capacity and condition. The number of airports in the system and services provided are relatively unchanged. The system of airports remains a vital part of Michigan's transportation link to national and global markets.

The condition and overall safety of the aeronautical infrastructure has been well monitored and maintained through an asset management concept described in the [Michigan Airport System Plan \(MASP 2008\)](#) and the [All-Weather Airport Access Plan](#). These plans provide the guidelines for maintenance and future development through a "system approach." This approach takes into consideration state, national, and local goals for safety and access to pertinent markets all in an effort to provide aeronautical access "Better, Faster, Cheaper, Safer and Smarter" in Michigan.

State Policy and Plans

Since the 2005 report, the authorities, responsibilities, and functions of the Michigan Aeronautical Commission (MAC), as well as the associated legislative authorizations, have remained essentially unchanged. The programs of the MAC are administered by a reorganized and streamlined MDOT Office of Aeronautics (MDOT/AERO). The new organization is comprised of three sections versus the former two-division structure, which was part of Bureau of Aeronautics and Freight Services. The Director of Aeronautics is now focused solely on the safety and development of the Michigan aeronautical system.

MASP 2008 is the current aviation system plan that updated the former MASP 2000 plan. This system plan still provides both system-wide and individual facility goals to provide optimal facilities to communities based on the type of activity center they serve. The plan also divides all public use airports into tier 1, 2, or 3, based on the relative importance to the activity center that they serve. This approach has allowed MDOT/AERO to focus available investment funds on the safety needs at all public use airports, as well as prioritizing those dollars for service enhancement at those facilities that provide the most value to the system.

The All-Weather Airport Access Plan continues to be the tool for providing safe all-weather aeronautical access to Michigan communities, as well as providing weather data



for dissemination to not only aeronautical users, but other vital weather sensitive systems and industries. Since the 2005 report, the percentage of eligible airports under the system which have achieved all-weather accessibility has increased from 60.8 to 70 percent.

Table 1: Percentage of Airports All-Weather Accessible

| <i>Year</i> | <i>Total # of Airports</i> | <i>Airports Eligible</i> | <i>Airports All-Weather Accessible</i> | <i>% All-Weather Accessible</i> |
|-------------|----------------------------|--------------------------|--|---------------------------------|
| 2006 | 238 | 97 | 59 | 60.8% |
| 2007 | 238 | 97 | 60 | 61.8% |
| 2008 | 238 | 97 | 60 | 61.8% |
| 2009 | 235 | 99 | 61 | 61.6% |
| 2010 | 234 | 99 | 62 | 62.6% |
| 2011 | 236 | 99 | 62 | 62.6% |
| 2012 | 235 | 100 | 70 | 70.0% |

The [Policy Plan for Michigan Air Service](#) remains the guidance document for the administration of the air service program for MDOT/AERO. The air service program is intended to advance policy plan system goals and focus development to accommodate commercial air service to Michigan communities. This program has been unfunded for much of the period between 2005 and 2012. However, some minimal funding has been provided for the program for 2011 and 2012. This policy plan is currently under review for sufficiency and possible update.

Financing

The bulk of capital funding improvements to the aviation system is provided as federal funding through the Federal Aviation Administration (FAA). Since 2005, this funding has remained flat. This funding program was recently reauthorized by Congress under the *Federal Aviation Administration Modernization and Reform Act of 2012*. The major change affecting funding at Michigan airports under the new authorization is the funding split between federal, state and local agencies. Under the old act, FAA provided up to 95 percent funding for eligible projects. The current authorization provides for a 90 percent maximum federal share in most cases. This leaves state and local airport sponsors a 10 percent share to split versus the old 5 percent share. The funding categories and programs have remained unchanged since the 2005 report. However, it is of note that both Michigan airports that were receiving funds under the federal Military Airports Program are no longer receiving funds from that source.

Future state and federal funding for airports remains in doubt, as little progress has been made at either level to resolve long term stable funding concerns. At the federal level, the President has called for a reduction in the 2013 program from \$3.35 to \$2.4 billion. Under this proposed budget, the \$926 million-reduction would come from eliminating guaranteed funding to large and medium hub airports and focusing funding to smaller



communities which have fewer sources of revenue. At the same time, the budget would allow the larger airports to increase passenger facility charges to generate more of their own revenue. At the state level, fuel tax revenues have been flat while bond repayment obligations have increased forcing the department to reassess state funding sources and participation levels in all aviation programs.

Although the federal Essential Air Service program (EAS) has been under increased scrutiny for cost and effectiveness, it remains in place. As of May 2012, air service is subsidized under the EAS program at eight Michigan airports: Delta County (Escanaba), Manistee-Blacker (Manistee), Gogebic County (Ironwood), Ford Airport (Iron Mountain), Alpena County Regional (Alpena), Pellston Regional (Pellston), Chippewa County International (Sault Ste. Marie), and Muskegon County (Muskegon). While no immediate changes are foreseen, continued EAS service is contingent upon federal funds being appropriated to the USDOT for this program.

Current funding for the Small Communities Air Service Development program (SCASD) is provided under the FAA Modernization and Reform Act of 2012 at the level of \$6 million annually. The program continues to be administered by the USDOT and is authorized through FY 2014. Michigan communities have enjoyed a good deal of success in securing SCASD awards from the USDOT as shown below in **Table 2**.

Table 2: SCASD Award by Fiscal Year

| <i>SCASD Award by Fiscal Year</i> | |
|-----------------------------------|---|
| <i>FY</i> | <i>Airports</i> |
| 2007 | MBS International (\$500K), Gogebic/Iron County (\$135K) |
| 2008 | Muskegon County (\$650K) |
| 2009 | Cherry Capital Airport (\$400K) |
| 2010 | Capital Region International (\$750K) |
| 2011 | Delta County Airport (\$72.5K), Kalamazoo (\$500K), Manistee County-Blacker (\$50K) |

Conclusion

As is the case for the capacity and condition of the Michigan Airport System and its funding, the current obstacles to effective delivery of maintenance and improvements remains much the same as those in 2005. At the core of the obstacles lies uncertainty in funding at all levels of government. The current federal authorization provides some promise of stability. However, federal budget concerns still offer high uncertainty in support of dollars at the authorized levels.

State funding for airports has not increased for many years. The aviation fuels tax has been unchanged since its inception in 1931. Revenue from that tax has slowly declined since 2005. The \$6 million revenue to the aeronautics fund from the airport parking tax has continued; however, an increasing amount each year is dedicated to bond indebtedness from the 2002 ASAP program. Forecasts of state revenue to the aeronautics



fund indicated a slight increase in 2013. Many scenarios have been debated. A few scenarios have been introduced in the Legislature to dedicate an increased level of funding to aeronautics; however, none have been passed and signed into law.

Local budget concerns have caused local agencies to examine their level of support for their local airports as well. Of most recent concern, the City of Detroit has been forced to examine the level of services it can provide within their decreasing budget. Coleman A. Young International Airport is currently operating on a six-month budget extension and is being forced to examine alternative forms of ownership/operation.

DRAFT

| Commercial Service Airports¹ | | | | | | | | |
|---|-----------------|-------------------|----------------------|----------------------------------|------------------|-------------------------|------------------|------------------|
| Characteristics | Ironwood | Hancock | Iron Mountain | Marquette | Escanaba | Sault Ste. Marie | Pellston | Alpena |
| Carriers ² | Great Lakes | United Connection | Great Lakes | Delta Connection, American Eagle | Delta Connection | Delta Connection | Delta Connection | Delta Connection |
| Week Day Departures ² | 2 | 2 | 3 | 3 | 2 | 2 | 2 | 2 |
| Nonstop Destinations ² | Rhineland | Chicago (O'Hare) | Minneapolis | Detroit, Chicago (O'Hare) | Detroit | Detroit | Detroit | Detroit |
| Total Daily Domestic and Int'l Passengers (CY 2011) | 18 | 128 | 66 | 288 | 73 | 102 | 124 | 62 |

¹ Detroit Metropolitan Airport (large hub) and Willow Run (cargo only) Airport not included herein.

² Information current as of 5/29/2012.

Commercial Service Airports (Continued)

| <i>Characteristics</i> | <i>Traverse City</i> | <i>Manistee</i> | <i>Muskegon</i> | <i>Grand Rapids</i> | <i>Kalamazoo</i> | <i>Lansing</i> | <i>Saginaw</i> | <i>Flint</i> |
|---|--|-----------------------|------------------|--|----------------------------------|---|--|---|
| Carriers ² | Delta Connection, United Express, American Eagle | Public Charters, Inc. | United Express | Delta, United, Air Tran, American, Allegiant, Air Canada, Frontier | Delta Connection, American Eagle | Delta Connection, United Express, Sun Country | Delta Connection, United Express, Allegiant ³ | Delta, Delta Connection, United Express, Air Tran, American |
| Week Day Departures ² | 12 | 3 | 2 | 120 | 11 | 7 | 8 ³ | 19 |
| Nonstop Destinations ² | Detroit, Chicago (O'Hare), Minneapolis | Chicago (Midway) | Chicago (O'Hare) | 24 non-stop destinations including: Detroit, Chicago (O'Hare), Minneapolis | Detroit, Chicago (O'Hare) | Detroit, Chicago (O'Hare), Minneapolis | Detroit, Chicago (O'Hare), Minneapolis, Orlando ³ | Atlanta, Detroit, Cleveland, Chicago (O'Hare), Minneapolis, Orlando |
| Total Daily Domestic and Int'l Passengers (CY 2011) | 965 | 60 | 78 | 6,233 | 831 | 981 | 750 | 2,572 |