

**RESOLUTION NUMBER FY10-003**

**[Resolution Authorizing Huntsville-Madison County Airport Authority  
to Apply for a Grant under  
the Department of Transportation's Small Community Air Service Development Program]**

**Whereas**, the Department of Transportation has recently released figures showing that Huntsville International Airport has the highest air fares of any airport in the continental United States for the first quarter of 2009; and

**Whereas**, the statistics come as no surprise to the traveling public in the eighteen (18) county Tennessee Valley service region of Huntsville International Airport who have long had to pay higher air fares than those flying from other airports; and

**Whereas**, the statistics come as no surprise to businesses, defense and aerospace contractors, educational institutions and other enterprises in the Tennessee Valley which have found it more difficult to recruit top employees to our area and to do business in our market because of higher air fares and reduced service from Huntsville International Airport; and

**Whereas**, the statistics come as no surprise to the Huntsville-Madison County Airport Authority ("the Airport Authority") which owns and operates Huntsville International Airport, but does not control air fares, routes or markets served by the airlines; and

**Whereas**, it comes as no surprise to anyone that the high air fares charged by airlines servicing Huntsville International Airport result from a lack of competition among the legacy carriers serving our market and from a lack of competition from low fare carriers at our airport; and

**Whereas**, in an effort to entice our existing carriers to lower the fares they charge, the Airport Authority has conducted many studies to determine the impact of higher air fares on our market, including conducting:

- focus groups,
- annual passenger surveys,
- ticket lift surveys where information concerning the destination of passengers flying from Huntsville International Airport is obtained from travel agents,
- annual drive market surveys to determine leakage to other airports,
- car tag analyses at competing airports,
- competitive airport fare analyses; and

**Whereas**, through the years the Airport Authority has taken many steps to lower the air fares charged by airlines serving our market, including:

- establishing a Regional Partnership Council,
- creating a travel bank,
- setting up a travel assistance program where, at no cost to the passenger, persons can call travel assistants who aid in finding the lowest available air fare,
- making presentations to airlines currently serving Huntsville International Airport and potential prospects,
- establishing the Huntsville Hot Ticket Program,
- offering incentives for airlines starting new non-stop service from Huntsville International Airport,
- creating incentives for airlines providing low fare service from Huntsville International Airport,
- establishing incentives for sister-city fare matching,
- applying for grants under the Department of Transportation's Small Community Air Service Development Program; and

**Whereas**, the Airport Authority has invested almost \$4 million in waived airport fees, advertising campaigns and other concessions to incentivize lower air fares at Huntsville International Airport, including the following advertising programs:

- "Fly Huntsville First,"
- "Was it Really Worth the Drive,"
- "If You Don't Ask, You Don't Know – Lower Fares at Huntsville International Airport,"
- "You Could Be Home By Now,"
- "Low Fares Now Boarding,"
- "Say Hello to Lower Fares,"
- "Lower Fares,"
- "FLYi – Launch of Independence Air,"
- "Huntsville Hot Ticket,"
- "Big Dream,"
- "Launch of Allegiant Air"; and

**Whereas**, drive studies conducted by the Airport Authority show that while Huntsville International Airport currently serves 1.25 million passengers a year, another 1 million passengers that live in our service area choose to drive to other airports to take advantage of lower fares and more direct flights; and

**Whereas**, the Airport Authority was successful in attracting three smaller low fare carriers (AirTran in 1994, Independence Air in 2004 and Allegiant Air in 2007) which, for the period of time they served Huntsville International Airport, increased the number of passengers and decreased air fares at our airport; and

**Whereas**, the only legacy carrier operating at Huntsville International Airport to take advantage of the Airport Authority's low fare incentives was U.S. Airways, which, in 2006, failed in its efforts to become a low fare carrier; and

**Whereas**, it has been determined that a single low fare carrier could reduce the amount spent on airline tickets from Huntsville International Airport by as much as \$90 million a year; money that our families could use to purchase products and services in our community; money that our businesses could use to invest in research and development, in capital improvements and in hiring additional employees; money that would generate greater tax revenues in North Alabama and increase economic development in our region; and

**Whereas**, in order to maintain low fares it is essential that the community support low fare carriers entering our market, rather than continuing to fly on legacy airlines that temporarily lower their air fares to match those of a low fare carrier in order to drive it from the market; and

**Whereas**, the Small Community Air Service Development Program is designed to help communities such as ours whose air service has been compromised as a result of having air fares higher than those available in competing communities; and

**Whereas**, Huntsville International Airport's ranking as having the highest air fares of any airport in the continental United States provides the most compelling case for a grant under the Small Community Air Service Development Program.

**NOW THEREFORE**, be it resolved by the Board of Directors of the Airport Authority that lower air fares from Huntsville International Airport would significantly benefit the traveling public in the Tennessee Valley service region and that attracting a low fare carrier would serve to lower air fares from our airport; and

**BE IT FURTHER RESOLVED** that since the Small Community Air Service Development Program is designed to provide financial assistance to improve air service in communities such as ours, and since Huntsville International Airport has the most compelling case of any airport under the terms of the program, that the Airport Authority be, and hereby is, authorized and directed to apply for up to \$2 million in financial assistance under the Small Community Air Service Development Program.

Adopted on this the 11<sup>th</sup> day of August, 2009.

HUNTSVILLE-MADISON COUNTY  
AIRPORT AUTHORITY

By:



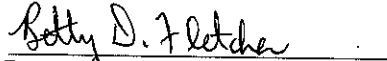
MARK MCDANIEL

Its: Chairman

(SAL)

ATTEST:

By:



BETTY D. FLETCHER

Its: Secretary