

Aviation White Paper

The *Michigan Department of Transportation State Long-Range Transportation Plan 2016-2040 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

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. (See Map 1 on page 5.)

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 "Better, Faster, Cheaper, Safer and Smarter" aeronautical access in Michigan.

State Policy and Plans

The authorities, responsibilities, and functions of the Michigan Aeronautics Commission (MAC), as well as the associated legislative authorizations, have remained essentially unchanged. The programs of the MAC are administered by the Michigan Department of Transportation Office of Aeronautics (MDOT/AERO).

MASP 2008 is the current aviation system plan that updated the former MASP 2000 plan. An updated MASP is being developed for approval in 2017. This plan is comprised of both system-wide and individual facility goals to provide optimal facilities to communities based on the type of activity center they serve. The plan 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 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. This plan has not been updated recently due to inadequate funding for equipment, which has primarily been funded through the federal Airport Improvement Program (AIP). Recent changes to AIP will cause the Office of Aeronautics to revisit the plan in 2016. Since the previous report, the percentage of eligible airports under the system that have achieved all-weather accessibility has increased from 60.8 to 71 percent (see Table 1). Although current

funding challenges have impacted the program, it is the approved plan for all-weather goals in Michigan aviation.

Table 1: Percentage of Airports All-Weather Accessible

Year	Total # of Airports	# of Airports Eligible	# of Airports All-Weather Accessible	% of Airports All-Weather Accessible
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%
2015	235	100	71	71.0%

Source: MDOT Office of Aeronautics

The Michigan Air Service Program Guidelines, revised Feb. 7, 2012, remain the guidance document for the administration of the Michigan Air Service Program for MDOT/AERO. The [*Policy Plan for Michigan Air Service*](#) was updated in 2015 and is a complementary document that assists the program guidelines. The Air Service Program is intended to advance system goals and focus development to encourage and support scheduled air service to Michigan communities. This program has been unfunded for much of the period between fiscal years 2005 and 2016. However, some minimal funding was provided for the program for 2012, 2013, 2014 and 2015. Funding challenges have reduced the program, but proposed new revenue could restore it beginning in 2017.

Financing

The bulk of capital funding improvements to the aviation system are provided with federal funding through the Federal Aviation Administration (FAA). Since 2005, this funding has remained flat. This funding program was most recently reauthorized by Congress under the *Federal Aviation Administration Modernization and Reform Act of 2012*, which has been extended until March 31, 2016. While Fiscal Year (FY) 2016 will probably be funded by continuing resolutions, a new authorization should be developed in 2016. Funding levels are unknown at this time, but are being assumed at present levels. The funding categories and programs have remained unchanged since the 2005 report.

Federal funding for airports remains uncertain, as little progress has been made to resolve long-term stable funding concerns. At the state level, fuel tax revenues have been flat while bond repayment obligations have increased, requiring the department to continually re-assess 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 effect for 2016, and is included in the new re-authorization. As of September 2015, air service is subsidized under the EAS Program at nine Michigan airports: Alpena County Regional (Alpena), Delta County (Escanaba), Houghton County Memorial (Hancock), Ford Airport (Iron Mountain), Gogebic County (Ironwood), Manistee-Blacker (Manistee), Muskegon County (Muskegon), Pellston Regional (Pellston), and Chippewa County International (Sault Ste. Marie). While no immediate changes are foreseen, continued EAS service is contingent upon federal funds being appropriated to the United States Department of Transportation (USDOT) for this program.

Current funding for the Small Communities Air Service Development (SCASD) Program is provided under the FAA Modernization and Reform Act of 2012 at the level of \$6 million annually. Michigan communities have enjoyed a good deal of success in securing SCASD awards from USDOT, as shown below in Table 2.

Table 2: SCASD Award by Fiscal Year

SCASD Award by Fiscal Year	
<i>FY</i>	<i>Airports</i>
2007	MBS International (\$500,000), Gogebic/Iron County (\$135,000)
2008	Muskegon County (\$650,000)
2009	Cherry Capital Airport (\$400,000)
2010	Capital Region International (\$750,000)
2011	Delta County Airport (\$72,500), Kalamazoo (\$500,000), Manistee County-Blacker (\$50,000)
2015	Cherry Capital Airport (\$750,000)

Source: MDOT Office of Aeronautics

Currently, Michigan has 17 airports with commercial scheduled airline service. This number has been steady for the last 10 years and is expected to continue in the foreseeable future. The airports and their carriers are show in Table 3 on pages 6-7.

Conclusion

As is the case for capacity and condition of the Michigan Airport System and its funding, current obstacles to effective delivery of maintenance and improvements remain much the same as those in 2012. At the core lies uncertainty in funding at all levels of government. The latest federal authorization has expired. Federal budget concerns still offer high uncertainty in support of dollars at the authorized levels.

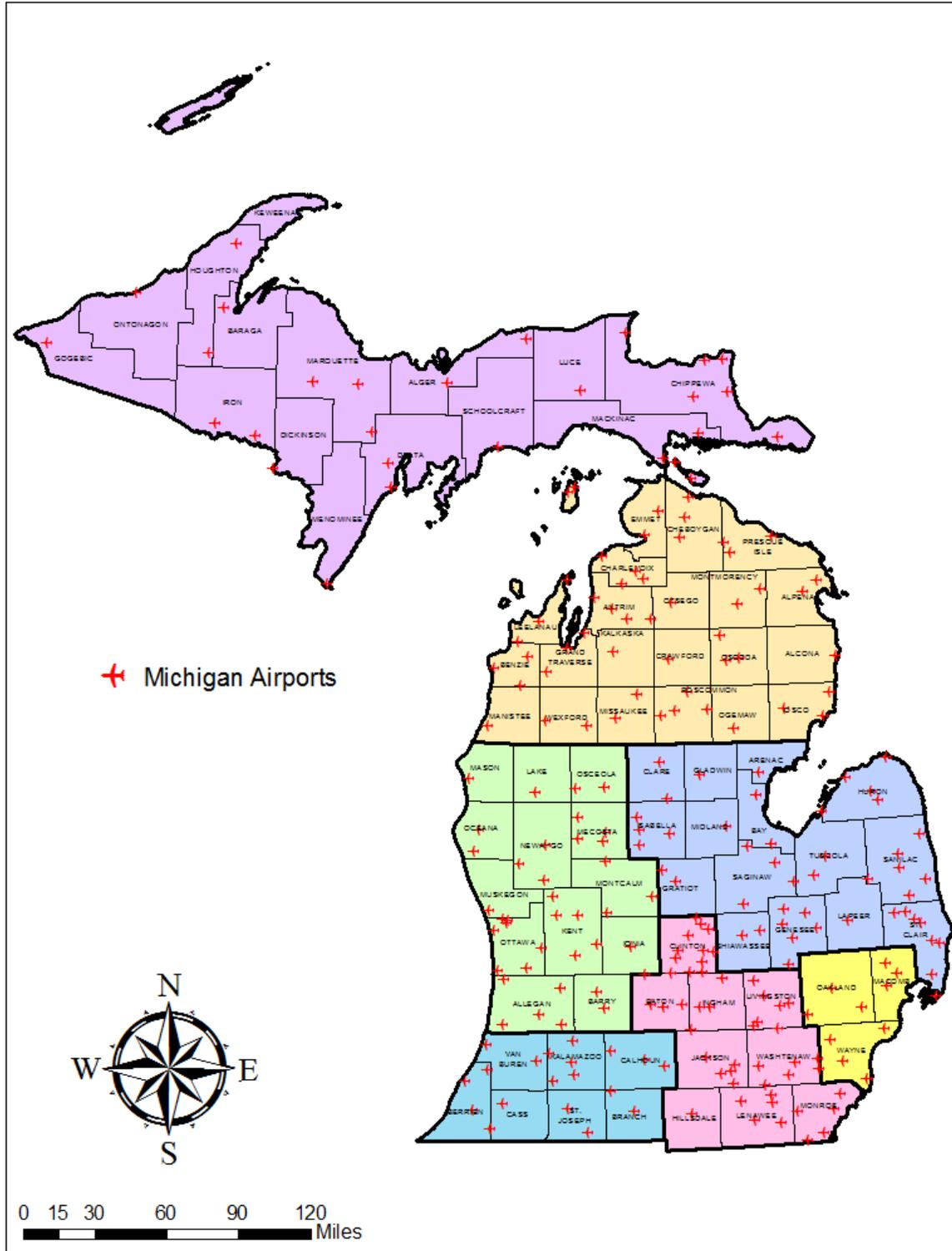
State funding for airports has been in decline for several years. The 3 cents per gallon Aviation Fuel Excise Tax has been unchanged since its inception in 1931 and revenue from the tax has slowly decreased since 2005. The \$6 million revenue to the State Aeronautics Fund (SAF) from the Airport Parking Tax has continued. However, an increasing amount each year is dedicated to bond indebtedness from the 2002 Airport Safety and Protection (ASAP) Program.



Forecasts of state revenue to the SAF are beginning to see some positive signs mainly due to lower fuel costs and there are reasons to be optimistic in the future as well. In response to federal policy clarifications, the Legislature recently enacted provisions to redirect an amount equal to 2 percent of the sales tax on aviation fuel to aeronautic purposes. These funds will be split, with 65 percent going to Detroit Metro and 35 percent to the SAF. This represents a more stable and predictable source for state aviation programs and ensures a minimum level of funding to match federal aid and support the system of airports. In addition, due to the dependence on the price of fuel, as increases occur revenue will follow. These bills were signed into law on Dec. 23, 2015.

Local budget concerns have caused local agencies to examine their level of support for their airports as well. Many have been forced to examine the level of services they can provide within their decreasing budgets. Reduced levels of local funding puts more pressure on state funds to match federal aid.

Map 1: Michigan Airport System



Source: MDOT Office of Aeronautics

Table 3: Michigan Commercial Service Airports

Commercial Service Airports¹								
<i>Characteristics</i>	<i>Ironwood</i>	<i>Hancock</i>	<i>Iron Mountain</i>	<i>Marquette</i>	<i>Escanaba</i>	<i>Sault Ste. Marie</i>	<i>Pellston</i>	<i>Alpena</i>
Carriers²	Air Choice One	United Connection	Great Lakes	Delta Connection, American Eagle	Delta Connection	Delta Connection	Delta Connection	Delta Connection
Weekday Departures²	3	2	2	3	2	2	2	1
Nonstop Destinations²	Chicago (O'Hare), Minneapolis	Chicago (O'Hare)	Minneapolis Rhineland	Detroit, Chicago (O'Hare)	Detroit	Detroit	Detroit	Detroit
Total Daily Domestic and International Passengers (Calendar Year 2014)	25	145	58	229	87	124	139	53

¹ Category 2 and 3 airports only (100 or fewer weekly flights).

² Information current as of Oct. 16, 2015.

Table 3: Michigan Commercial Service Airports (continued)

Characteristics	Traverse City	Manistee	Muskegon	Kalamazoo	Lansing	Saginaw
Carriers ²	Delta Connection, United Express, American Eagle	Public Charters, Inc.	United Express	Delta Connection, American Eagle	Delta Connection, United Express, Sun Country	Delta Connection, United Express, Allegiant
Weekday Departures ²	12	2	2	10	13	9
Nonstop Destinations ²	Detroit, Chicago (O'Hare), Minneapolis	Chicago (Midway)	Chicago (O'Hare)	Detroit, Chicago (O'Hare)	Detroit, Chicago (O'Hare), Minneapolis, Washington, D.C.	Detroit, Chicago (O'Hare), Minneapolis
Total Daily Domestic and International Passengers (Calendar Year 2014)	1,176	21	100	671	886	645

¹ Category 2 and 3 airports only (100 or fewer weekly flights).

² Information current as of Jun. 30, 2016.