U.S. Department
of Transportation
Federal Aviation Administration

Office of Airport Planning
and Programming

800 Independence Ave., S.W.
Washington, DC 20591

TO		
	Airport Director	
	Dep Dir O/M	
	Dep Dir F/A	
	Properties	
	Business	
	Accounting	
	Budgeting	
	Mktg/Pub Rel	
	Noise Abate	
	Planning/GIS	
	Operations	
	Maintenance	
	Env Comp/Safety	
	Purchasing	
	Airport Eng	
	Corp Counsel	
	A.D. Sec	
	File	
	Rtn to Dir	

AUG 29 2002

Mr. C. Barry Bateman
Airport Director
General Mitchell International Airport
Milwaukee, WI 53207

Dear Mr. Bateman:

Thank you for your June 7, 2002 and June 25, 2002 supplemental responses to our May 8, 2002 review of Milwaukee County's General Mitchell International Airport's (MKE) FY 2002 Competition Plan update, requesting additional information and clarification.

This letter confirms our electronic determination on June 26, 2002 that the Plan update for MKE is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000.

The information you provided was responsive to our request. However, there are some areas that we request you more fully address in your next update to assist us in monitoring the airport's ability to accommodate new entry and competition. These suggestions are in addition to those we provided in our initial response to your Plan update.

We are pleased that AirTran Airways has committed to initiate service at MKE. In addition, your submission indicates that the County is developing the following new pro-competitive practices:

- Actively managing and pursuing preferentially leased gates and counter space rather than exclusive use gates and planning to convert exclusive use gates to preferential-use, with use-it-or-lose-it provisions, at the 2010 expiration of the exclusive use leases and before, with respect to recaptured gates;
- Excluding the "direct competition" exception in the new master lease (post-2010) and for any new airline leases executed before that date;
- Developing a gate monitoring format and protocol to facilitate accommodation of a new entrant by GMIA staff; and

- Retaining contractual authority to review and reject subleases that may contain unreasonably disadvantageous terms for new entrants;
- Monitoring ground handling and sublease fees and agreements;
- Providing for direct airport management intervention in new entrant sublease negotiations with a 30-day timetable goal for completing negotiations and continued work with new entrants after start-up.

Our May 8 review letter expressed concern with your plan to lease several PFC-financed gates on a long-term, exclusive-use basis. The PFC program prohibits an airport from leasing a PFC-funded facility on an exclusive-use basis for five years or more. 49 U.S.C. § 40117(f)(2); 14 CFR § 158.3. We have discussed lease arrangements that may be used by the County to comply with the statutory and regulatory requirements, and the County intends to comply with these requirements. We are continuing our discussion with you to resolve these outstanding issues.

Our May 8 review letter also expressed our concern that the "direct competitor" exception to the forced accommodation clause could conflict with the County's obligation to provide access on reasonable terms without unjust discrimination and potentially with the PFC competitive access assurance (14 CFR § 158, Assurance #7). We are satisfied with your response that the direct competitor provision is unenforceable against the County to the extent that it is inconsistent with federal statutes and regulations and that, in any event, you do not anticipate incorporating this provision into any lease for PFC-funded preferential use gates or in future leases.

We appreciate your clarification of your gate-use monitoring policy. You stated that the County will retain a consultant to develop a gate-use monitoring format to assess actual gate use at MKE and airport operations personnel will be assigned to actively monitor gates and record accurate data in order to facilitate efficient measurement of scheduled gate operations.

We commend you for agreeing to post your Competition Plan material on your web site, within 14 days of our approval of the Competition Plan. Please also include the FAA correspondence in your web-site posting.

We look forward to reviewing your next Competition Plan update. We have revised the schedule for submittal of future updates, effective for FY 2003. Under this new schedule, your next Plan update shall be due 18 months after the date of approval of your FY 2002 update, i.e., June 26, 2002.

As you may know, the Secretary is required to review the implementation of the competition plans from time-to-time to make sure each covered airport successfully implements its plan. In connection with our review, we may determine that contacts with, or site visits to one or more locations would be useful. We will notify you should we decide to visit MKE in connection with its competition plan.

If you have any questions regarding this letter or the FAA's review of your plan, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

Sincerely,

Catherine M. Lang

Catherine M. Lang
Director, Office of Airport
Planning and Programming

TS

MILWAUKEE COUNTY'S

GENERAL
MITCHELL
INTERNATIONAL AIRPORT

June 25, 2002

Ms. Catherine M. Lange
Director, Airport Planning and Programming
Federal Aviation Administration
800 Independence Avenue
Washington, D.C. 20591

Re: Response to FAA Correspondence dated 5/8/02 and supplement to General Mitchell International Airport (GMIA) Competition Plan

Dear Ms. Lange:

We have enclosed our second supplemental response to the General Mitchell International Airport (GMIA) Competition Plan for your review. This second supplemental response addresses Mr. Molar's comments regarding our previous filing. If you have any questions or comments regarding the contents of our response and supplement, you may contact our airport counsel, Timothy R. Karaskiewicz, at 414-278-4335, or you may contact me directly at 414-747-5322.

Yours very truly,

C. Barry Bateman

C. Barry Bateman
Airport director

RESPONSE TO FAA CORRESPONDENCE DATED 5.8.02
AND EMAIL DATED 6.21.02
AND SECOND SUPPLEMENT TO GMIA COMPETITION PLAN

GMIA staff actively markets to air carriers the facilities, services, and commercial potential of the airport and encourages them to operate out of GMIA. Follow-up presentations are made in person to any air carrier interested in entering the Milwaukee market. As a direct result of GMIA marketing efforts a new entrant carrier, AirTran Airways commenced service at GMIA on June 19, 2002. As a result of AirTran's initiation of service at GMIA two other airlines have added competing flights to the same destinations. See Attachment 1. In addition, GMIA will begin providing a twice-yearly mailing to all airlines identifying present and future gate availability and use statistics. The mailing will identify the contact person at GMIA who can provide additional information regarding gate use, gate availability, and leasing or subleasing information.

As we noted in our previous supplement, GMIA is in the process of developing a series of practices to assure that even more efficient and reasonable access to gates, facilities, and ancillary services is available on reasonable terms to any new entrant air carrier interested in serving GMIA. Moreover, to complement these practices, GMIA is developing a dispute resolution policy that will apply to disputes relating to gate access and use (including disputes related to exclusive and preferential use gates and subleasing). The elements of the policy currently under consideration include the following: 1) the identification of a contact person to receive written complaints and engage in follow-up contacts; 2) a process for the review of the written complaint by the Airport Director; 3) a time period during which the Airport Director may investigate the complaint or request additional information from any of the parties involved in the complaint; 4) a time limit for the Airport Director's response or decision regarding the subject matter of the complaint. We expect that a draft of the policy will be completed within the next 60 days. Upon completion, the policy will be distributed to all incumbent carriers and to interested carriers as part of the materials they receive through the Airport Marketing Department.

GMIA: FAA 2d supp to Competition Plan

ATTACHMENT 1

JSOnline
MILWAUKEE JOURNAL SENTINEL

www.jsonline.com Return to regular view

Original URL: http://www.jsonline.com/bym/News/jun02/52584.asp

AirTran faring well on arrival

But its low prices could grow turbulent

By RICK ROMELL
of the Journal Sentinel staff

Last Updated: June 19, 2002

Low-fare carrier AirTran Airways landed at Mitchell International Airport on Wednesday, bringing cheap, non-stop flights to Orlando, Fla., and Atlanta and promising Milwaukee at least a measure of price-cutting competition.

One hundred fifteen passengers - two short of capacity - arrived on the first flight, from Atlanta. Some, presumably, paid just $54 one way - fares that a company spokesman said were well below pre-AirTran fares on the route.

Incumbent airlines already have responded to AirTran's bottom-drawer prices and have added or soon will add flights to the two southern cities the new carrier began serving from Milwaukee Wednesday.

AirTran's lure: one-way charges as low as $54 to Atlanta and $69 to Orlando for tickets purchased online and seven days in advance.

Those are special inaugural fares, but AirTran marketing director Tad Hutcheson promised the post-introductory rates wouldn't be much higher.

"They may go up a dollar or two," he said Wednesday after a ribbon-cutting and official welcome to Mitchell.

But a spot check of AirTran's Web site suggests that some travelers may find the rock-bottom prices elusive.

The touted, $108 round-trip fare to Atlanta was available for just three out of 10 sets of dates checked in June and July. Five of the dates carried fares of more than $200.

Atlanta-based AirTran is the country's second-largest low-fare carrier, behind Southwest Airlines. The arrival of such airlines in a city typically lowers overall prices on the routes they fly as other airlines match the new competition.

"We typically cut the fares 50 percent when we come into a market," Hutcheson said.

Of course, that would be true only on the routes AirTran flies, and for now in Milwaukee it is flying just two - with two flights a day to Atlanta and one to Orlando.

The airline will expand its service this fall, adding a daily non-stop flight to Tampa on Oct. 5 and a daily non-stop flight to Fort Lauderdale, Fla., on Nov. 5. AirTran also will add a third daily non-stop to Atlanta on Aug. 6.

As AirTran moved into Milwaukee, Midwest Express, the largest airline serving Mitchell, added a fifth flight on weekdays to Atlanta. The airline also has said it plans to increase service to Orlando to three flights each weekday beginning Nov. 1.

Meanwhile, Delta will bolster its Milwaukee-to-Atlanta service with a fifth flight in mid-July, airport spokeswoman Pat Rowe said.

Lisa Bailey, spokeswoman for Midwest Express, said the Oak Creek-based airline - a business-oriented carrier that woos customers with such amenities as two-across seating and premium food service - would match AirTran's introductory fares on selected seats.

"We've faced tough competition before, and we've found that we've got an extremely loyal customer base here in Milwaukee, and that always seems to win out," Bailey said.

A regular Midwest Express traveler at Mitchell supported that view on Wednesday.

Per Christensen, 70, of Madison said after picking up his bags from the Atlanta flight that he wouldn't be switching airlines.

"I like Midwest Express because of the service and the seats," Christensen said. "I don't care if I save a few bucks."

Appeared in the Milwaukee Journal Sentinel on June 20, 2002.

Chart 24

ANNOUNCED SERVICE INCREASES AT GENERAL MITCHELL FOR SUMMER 2002

Airline	New Routes	Added Service
Midwest Express		Atlanta Boston Dallas/Ft. Worth
Skyway Airlines	Minneapolis/St. Paul	Dayton Flint Indianapolis St. Louis Toronto
AirTran	Atlanta Orlando Ft. Lauderdale* Tampa*	
Delta		Atlanta

* Fall 2002 additions

Source: General Mitchell Airport Web Site.

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

June 7, 2002

Ms. Catherine M. Lange
Director, Airport Planning and Programming
Federal Aviation Administration
800 Independence Avenue
Washington, D.C. 20591

Re: Response to FAA Correspondence dated 5/8/02 and supplement to General Mitchell International Airport (GMIA) Competition Plan

Dear Ms. Lange:

We have enclosed our response to the FAA correspondence dated 5/8/02 and supplement to the General Mitchell International Airport (GMIA) Competition Plan for your review. If you have any questions or comments regarding the contents of our response and supplement, you may contact our airport counsel, Timothy R. Karaskiewicz, at 414-278-4335, or you may contact me directly at 414-747-5322.

Yours very truly,

C Barry Bateman

C. Barry Bateman
Airport director

5300 SOUTH HOWELL AVENUE MILWAUKEE, WI 53207-6156 TEL 414 747 5300 FAX 414 747 4525

RESPONSE TO FAA CORRESPONDENCE DATED 5.8.02
AND SUPPLEMENT TO GMIA COMPETITION PLAN

GMIA has an active marketing program carried out by staff that markets the facilities, services, and commercial potential of the airport directly to air carriers and encourages them to operate out of GMIA. Follow-up presentations are made in person to any air carrier interested in entering the Milwaukee market. As a direct result of GMIA marketing efforts a new entrant carrier, AirTran Airways, has committed to initial service at GMIA. All of the necessary requirements for AirTran Airway's commencement of service from GMIA have been completed. AirTran plans to begin service from GMIA on June 19, 2002. No carrier contacted by our marketing staff or expressing an interest to serve GMIA has been denied access or delayed access. A list of carriers expressing interest in GMIA for the past ten years can be made available to your office upon request.

GMIA is in the process of developing a series of practices to assure that even more efficient and reasonable access to gates, facilities, and ancillary services on reasonable terms is available to any new entrant air carrier interested in serving GMIA. Moreover, as a matter of policy, GMIA management will not hesitate to use PFC funding authority to construct, remodel, or expand existing facilities over the objection of incumbent airlines. New practices currently under development by GMIA management include the following:

- The active management and pursuit of preferentially leased gates and counter space rather than the current exclusive use gates.

- The development of a gate monitoring format and protocol for use by GMIA staff to obtain detailed knowledge of gate use at GMIA so that such information is available when a new entrant expresses interest in service from GMIA.

- The retention of a contract right in the airport to reject subleases that unreasonably disadvantage new entrants.

- The intent by airport management to convert exclusive use gates to preferential use gates at the termination of the existing exclusive use airline leases.

- The right to review all sublease agreements to insure that new entrants and smaller air carriers are not unfairly disadvantaged.

- Providing active monitoring of the costs of sub-handling and sublease agreements. The insertion of a "use it or lose it" clause in new airline leases.

- New entrant practices that provide for direct airport management intervention in new entrant sublease negotiations and a goal for completion of such negotiations within 30 days of the expression of interest by a new entrant carrier. (If the new entrant is unsuccessful in sublease negotiations, GMIA management will participate in negotiations with incumbent carriers on behalf of the new entrant in working out a sublease).

- The intent of airport management to work closely with any new entrant after its start up.

- Provide prospective entrants with clear guidelines and a timeline describing what they must do in order to gain access to GMIA and what GMIA management will do to assist their access.

- Practices that will not allow incumbents to delay a new entrant beyond the airport's 30 day new entrant goal.

- A practice that promotes competition by allowing third party contractors, including FBOs and other commercial operators, to engage in ground handling and support services.

- GMIA management will not approve subleases that require as a condition of the sublease that sublessees obtain ground handling and other services on an exclusive basis from a signatory airline that is subleasing the space.

- The recovery of gates when they become available and their conversion along with other facilities to airport controlled or preferential lease status.

As you know, current airline leases at GMIA expire in the year 2010. We anticipate converting exclusive use gates to preferential use gates at that time. Accordingly, we can confirm that it is our intent that the direct competition exception in the current airline lease will not be included in the terms of airline leases at GMIA after the year 2010 or for any new airline leases entered into at GMIA prior to that date. New leases will also include a "use it or lose it" clause. We are currently developing a new airline lease template that will include these provisions. All future airline leases at GMIA will be based on this draft lease template.

As we explained in our previous submissions, the expansion of Concourse C provides the FAA and GMIA with a unique opportunity to foster competition at GMIA by constructing the first eight PFC-financed preferential use gates in the airport's history. The County's intention for the PFC-financed gates constructed on Concourse C extension is as follows: Eight PFC-financed gates will be constructed as a result of the Concourse C expansion. Five of the gates on Concourse C will be part of a gate transfer and will be occupied by airlines that currently lease exclusive use gates on Concourse D. The exclusive use designation for the gates on Concourse D will be transferred to the new gates on Concourse C in an even exchange; five gates on Concourse D will then become preferential use gates. The remaining gates on Concourse C will be constructed as preferential use gates. The end result of the expansion of Concourse C will be a net gain at GMIA of eight preferential use gates (three gates located on Concourses C and five gates located on Concourse D) financed by PFC funds. Without the expansion of Concourse C and the agreement of the participating airlines to exchange and transfer their gates from Concourse D to Concourse C there would be <u>no</u> gate construction and <u>no</u> preferential use gates at GMIA. Indeed, if the Concourse C expansion does not move forward, there will be <u>no</u> preferential use gates at GMIA until the year 2010. Because there is no significant gain or loss regarding the value of the exchange and transfer of the PFC-financed preferential use gates on Concourse

C with the current exclusive use gates on Concourse D, this exchange and transfer practice is not explicitly prohibited by 14 CFR 158, APP. A, Assurance No. 7. Further, one of the primary concerns voiced by carriers participating in the MOU was that they not lose their exclusive use leases during the exchange/transfer from Concourse D to Concourse C. Accordingly, airport management believes that the proposed exchange/transfer plan serves both the interest of incumbent carriers with exclusive use leases and the FAA's desire for increased competition by creating eight new preferential use gates where there were previously none and where there would be none without the expansion of Concourse C.

Once again, we can confirm that the "direct competitor" exception language of the current exclusive use lease will not be included in any preferential use airline lease regardless of the location of the gate to which the lease applies. We can also confirm that it is the intent of GMIA not to include such language in any future airline lease.

We do not believe that the "direct competition" language contained in the existing airline lease would permit an incumbent carrier to decline to accommodate a new entrant if no other gate facilities were reasonably available. As explained above, we do not anticipate incorporating the current lease language contained in Article XVIII Sub Para. E into any future lease for PFC-funded preferential use gates. Consequently, no conflict with PFC Assurance No. 7 is presented. Nevertheless, to the extent that Article XVIII Sub Para. E conflicts with existing federal statutes or regulations, that language is either unenforceable against GMIA or is subject to the enactment of County rules and regulations consistent with federal rules, regulations, and statutes regarding competition at airports. See Article XIII (Rules and Regulations); Article XXXVII (Management Rights). Again, to the extent that these lease provisions are inconsistent with federal statutes and regulations, they are unenforceable against GMIA.

Regarding the County's gate use monitoring policy, the County intends to retain a consultant to develop an appropriate gate use monitoring format that will review and assess "actual" gate use at GMIA. Following the development of an appropriate format, airport staff will assign operations personnel to actively monitor gates and to record accurate data in order to facilitate efficient measurement of scheduled gate operations.

The County is actively developing a policy and practice that will allow for significant airport management participation in the new entrant process. [As mentioned above, airport management actively assisted AirTran in its successful entrance into the GMIA market.] Under this policy, airport management will take an early and active role in guiding a proposed new entrant through the process of contacting and negotiating with airline sublessors. Moreover, GMIA management expects that the current period of time identified in the current airline lease for new entrant access will be compressed significantly.

GMIA management also intends to develop a policy and practice that provides for active sublease management and review. Under this policy and procedure, GMIA management will consult directly with sublessees regarding their sublease fees, charges and terms and review same for reasonableness. In no case will GMIA airport management agree to unreasonable fees, charges or terms for airline subleases. Should such active management not produce the desired result of reasonable fees, charges and terms for airline sublessees, GMIA is committed to revisiting the issue and considering caps on sublease fees, and the development of specific, fair and reasonable terms and conditions (including ground handling) in order to facilitate a more competitive environment. Nevertheless, airport management intends to encourage the development of additional market participants for ground handling and aircraft servicing in order to further support a competitive environment.

As part of its ongoing, active marketing campaign for airport facilities and service, GMIA intends to continue its practice of informing prospective new entrants of the availability of the additional preferential use gates constructed on Concourse C and the availability of preferential use gates on Concourse D. At this time, the County is not considering the use of a specific, rigid protocol for the assignment of preferential use gates located on either Concourse C or Concourse D. Instead, GMIA management believes a more flexible approach is appropriate.

Finally, the County has determined that it is both necessary and beneficial to post its competition plan and all subsequent submittals on its website. This task should take no longer than 14 days from the date of the FAA's approval of GMIA's Competition Plan.

U.S. Department
of Transportation
Federal Aviation Administration

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

TO		
	Airport Director	
	Dep Dir O/M	
	Dep Dir F/A	
	Properties	
	Business Pkg	
	Accounting	
	Budgeting	
	Mktg/Pub Rel	
	Noise Abate	
	Planning/GIS	
	Operations	
	Maintenance	
	Env Comp/Safety	
	Purchasing	
	Airport Eng	
	Corp Counsel	
	A.D. Sec	
	File	
	Rtn to Dir	

MAY 8 2002

Mr. C. Barry Bateman
Airport Director
General Mitchell International Airport
Milwaukee, WI 53207-6157

Dear Mr. Bateman:

Thank you for your September 25 submission of Milwaukee County's General Mitchell International (MKE) Airport's 2001 update to its 2000 Competition Plan. We have reviewed your update and determined that more information is necessary before we can make a final determination as to whether your plan is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000. In particular, your update did not address many of the issues we identified in our review letters for your fiscal year 2001 competition plan and has raised some additional issues that require further elaboration for our complete understanding of your update. Please submit this information within 30 days.

As we indicated in our letters of November 27, 2000, and February 23, 2001, annual competition updates are required for a covered airport applying for a new passenger facility charge (PFC) or a grant to be issued under the Airport Improvement Program (AIP) in FY 2002. In Program Guidance Letter (PGL) 00-3 (May 8, 2000), the FAA addressed the information needed to be provided in competition plan updates on each of the areas specified in section 155. On August 16, 2001, we issued guidance reminding covered airports of the requirement to have a competition plan update accepted by the FAA before new AIP grants or PFC approvals could be issued in FY 2002. We also reminded covered airports of the need to address the issues raised in our review letters for their FY 2001 submittals.

The September 11 terrorist attacks necessitated an immediate response to security requirements. Therefore, on October 1, 2001, we modified the August 16, 2001, guidance to indicate that we would make AIP and PFC funding decisions before May 1, 2002, regardless of the status of the competition plan update. Additionally, we requested that competition plans be filed by March 1, 2002, in order to meet the statutory requirement and to provide sufficient time for our review. The Aviation and Transportation Security Act, Pub. L. 107-71 (November 19, 2001) exempted a covered airport from filing a competition plan or update for a PFC approved or grant made in FY 2002 if the fee or grant is to be used to improve security at a covered airport. We interpret this provision to apply only in cases where a PFC approval or AIP grant issued in FY 2002 will be used exclusively for improved security. Since MKE has not indicated that PFC and AIP requests in FY 2002 will be limited exclusively to security projects, it is necessary to review your update for compliance with section 155 of AIR-21.

As a general matter, we acknowledge the uncertainty expressed in your letter surrounding the airport's pursuit of certain planned improvements and projects, in light of the effects on airline traffic of the September 11 terrorist attacks.

Your plan update indicates the airport is implementing the following competitive actions:

- Adopting a gate-use monitoring policy on all gates;
- Reviewing sublease fees and ground handling charges; and
- Avoiding majority-in-interest approvals for expansion of Concourse C gates by relying on PFC funding for common-use areas and gate construction.

Your plan update indicates the airport plans to implement the following competitive actions in the future:

- Recapturing a returned gate of the bankrupt TWA and converting it from an exclusive to a preferential or common-use gate;
- Incorporating use/lose or use/share procedures into preferential-use leases commencing with the returned TWA gate and the construction of the temporary and permanent Concourse C gates; and
- Constructing one or several common-use gates in connection with the Concourse C expansion.

However, your update did not address many of the issues we identified in our review letters for your FY 2001 competition plan and has raised some additional issues that require further elaboration for our complete understanding of your update. For your convenience, we have categorized our requests for additional information and clarification according to the applicable features discussed in PGL 00-3.

Availability of gate and related facilities

Exhibits to your competition plan update describe your plans for expanding Concourse C using PFC financing, relocating Air Wisconsin/United Express' three gates and US Airways' two gates from existing Concourse D gates to new Concourse C gates, expanding Midwest Express' presence into the five vacated Concourse D gates, and relocating ticket counters of Sun Country and Air Wisconsin. With regard to the gate relocations, you stated that airport staff and your consultant would explore whether Air Wisconsin and US Airways could retain exclusive-use lease rights on their new gates on Concourse C in return for preferential-use leases by Midwest Express on the five Concourse D gates. General discussion in your update, however, states that the PFC-financed gates would be assigned on a preferential-use basis. Please explain the County's precise intention for the gates being financed with PFCs.

Clarification of your intentions is important because the statute and regulation governing the PFC program prohibit the use of long-term exclusive-use leases on PFC financed gates. Neither the statute nor the regulations incorporate a mechanism by which this requirement of the PFC program may be satisfied through the conversion of other non-PFC financed gates to preferential-use. In other words, the prohibition on long-term exclusive-use leases on PFC financed gates may not be avoided by converting existing exclusive-use leases to preferential-use. In addition, a plan to lease PFC financed gates on a long-term exclusive-use basis while converting existing exclusive-use leases to preferential-use could conflict with PFC Assurance 7 (14CFR Part 158, Appendix A).

Your update indicates that the County's plan to offer Midwest Express five additional gates on a preferential-use basis. Please confirm that the direct competitor exception language will not be included in the terms of the preferential-use lease. We strongly encourage the County to apply its negotiating strengths to remove the direct competitor exception clause from the leases of carriers that are planning to relocate to new facilities. We refer the County to the competition plan submitted by Atlanta's Hartsfield International Airport, which explained the City's plan to provide incentives to carriers to convert leases to terms more favorable to the airport, upon negotiation of improvements to a carrier's facilities.

Even if MKE's carrier relocation plans did not involve a PFC-financed facility, the competition plan requirements were enacted to encourage covered airports such as MKE to consider leasing arrangements that are pro-competitive and accommodating to new entrants. Other airports have taken advantage of the opportunity to offer new gate facilities to their carriers to secure preferential-use leases. Please submit a further explanation of the County's plans for leasing the PFC-financed facilities. Include a discussion of any negotiations regarding conversion of incumbent carriers' exclusive-use leases to preferential-use leases for new gate facilities.

Our February 23, 2001, letter described our concerns that the direct competitor exception to the forced accommodation clause could conflict with the County's obligation to provide access on reasonable terms without unjust discrimination. We also expressed our belief that, once the PFC-financed Concourse C expansion is constructed, reliance on this clause by a carrier to refuse to lease a gate to a competitor could violate PFC Assurance 7, the competitive access provision. We requested the County to explain the effect of the phrase "to the extent practicable" on the right of a signatory carrier to decline forced accommodation of a direct competitor. We also requested the County to explain how it would provide reasonable access in a situation where the only gates available for forced accommodation would be leased to a direct competitor seeking access. Further, we asked for an explanation of how the County would reconcile the direct competitor exception with PFC Assurance 7. The County's competition plan update did not appear to address these questions and concerns and we reiterate them in this letter for your response. In addition, regarding the direct competitor exception, please specify whether the direct competitor exception would permit a carrier to decline to accommodate a competitor if no other gate facilities were reasonably available at the airport.

Your gate-use monitoring policy appears to rely on schedules submitted by the carriers to the County. Please clarify the basis of your calculation of gate usage and provide the most current gate-usage results you may have. We encourage you to consider relying on actual operations, as well as scheduled operations, to obtain accurate data and to facilitate efficient, fair and transparent gate usage.

Our February 23, 2001, letter expressed our concern over the potentially lengthy process for forced accommodation and requested the County to consider streamlining this procedure. While your competition plan update concurred with our assessment of the timeline for forced accommodation, it suggested only that the construction of eight new gates in Concourse C would mitigate the problem requesting carriers might encounter in attempts to be accommodated at MKE. While we appreciate that MKE plans to expand available gates using PFC-financing, we have some concerns with the County's response. First, it appears that the Concourse C expansion will produce a net gain of three (not eight) gates for new entrants or requesting incumbent carriers, since Midwest Express will expand into five gates. Second, the County has not attempted to establish a new policy assisting a new entrant's ability to gain access to MKE in a timely manner by compressing the timeline and procedures otherwise required in the force accommodation clause.

We also would like to bring to your attention, in this regard, the Port Authority of New York and New Jersey's competition plan for Newark International Airport. After discussing its competition plan with us, the Port Authority, stated in its supplemental submission that it will disregard outdated lease provisions and take more competitive actions, including intervening in a sublease request without requiring a new entrant to provide a written denial of sublease access and compressing otherwise lengthy time periods for forced accommodation in order to provide underused gates to a new entrant or expanding carriers. Again, please explain any policies the County plans to adopt in this regard.

Our February 23, 2001, letter recommended that the County consider developing formal arrangements to resolve complaints of denial of reasonable access by a requesting carrier or complaints regarding use of airport facilities. Your competition plan update indicates that with the addition of preferential and common-use gates in 2002-2003, there will be more latitude to accommodate new entrants, implying that formal arrangements are not necessary. Our Airport Practices report, however, found that new entrants are more likely to be treated fairly if uniform, fair, and transparent procedures are adopted for resolving air carriers' complaints. Nothing in the report suggests that the benefits of such procedures accrue only in the case of exclusive-use leases. Please respond again to this recommendation.

Your update indicates that the carriers mounted specific objections to the proposed memorandum of understanding related to Concourse C expansion. Please identify these objections. Your plan update stated, "Although approved, [the ballot related to the Concourse C expansion] had several caveats principally insisting that all carriers must agree to the move and 'relocate,' "and that the 'caveats' were "unacceptable to Airport management." Please supply more detail regarding the ballot responses.

Leasing and Subleasing Arrangements

Your competition plan update indicates that the airport will closely monitor any sublease agreement relating to the TWA-vacated gate as well as to future Concourse C gates for "equitability and fairness". The update also states that the airport provide a list of signatory airline contacts for a carrier interested in a subleasing arrangement (rather than directly assisting a new entrant itself). There is still no formal resolution process for complaints about sublease fees or terms and the County believes that construction of new gates on Concourse C will obviate the need for a process to resolve sublease disputes.

Our Airport Practices report found that airports that assist new entrants in arranging for subleases, adopt caps on sublease fees, and develop fair and reasonable terms and conditions (including ground handling) which can create a more competitive environment at the airport. We are concerned that the County has not considered such policies to ensure access on competitive terms for new entrants, especially since the preferential-use gates are not yet constructed. Please respond to this concern.

Gate assignment policy

The competition plan update explains the planned construction of new gates on Concourse C, but does not describe the gate assignment policy to be used by the County either on these gates or on the gate to be vacated by TWA. We are concerned that, while the County intends to provide five additional gates to Midwest Express, a significant incumbent airline, your update did not disclose that the County had employed any procedures either to inform prospective new entrants of the availability of the new gates or to request a lease for such gates. We suggested in our February 23, 2001, letter that airport management develop a gate assignment and availability protocol. Please advise whether the County did in fact apply such a protocol for the new Concourse C gates. If not, please explain the reasons that the County declined to follow this suggestion.

We look forward to receiving your responses to this review letter. Your update indicates that the County's plan to offer Midwest Express five additional gates on a preferential-use basis, we request that you confirm that the direct competitor exception will not apply to any gate sharing arrangement. We strongly encourage the County to apply its negotiating strengths to remove the direct competitor exception clause from the leases of carriers that are planning to relocate to new facilities. We refer the County to the competition plan submitted by Atlanta's Hartsfield International Airport, which explained the City's plan to provide incentives to carriers to convert leases to terms more favorable to the airport, upon negotiation of improvements to a carrier's facilities.
Please note that the FAA's ability to continue to approve new AIP grants or PFC applications for MKE depends on our determination that annual updates to the Competition Plan also satisfy the requirements of section 155. The failure to fully respond to the concerns identified in this letter could lead to a delay in our determination that your update satisfies section 155, which could in turn delay approval of new AIP grants or new PFCs.

Finally, our November 9, 2000, and February 14, 2001, letters encouraged the County to post its competition plan submittals and the FAA's responses on the MKE web-site. In reviewing your web-site, we were unable to access your FY 2001 plan. Please specify whether the plan is accessible on your web-site and, if so, indicate its precise web address. If not, please explain the reasons that the County declined to follow this suggestion. Once again, we encourage the County to promptly post the FY 2001 and 2002 plan submittals and all FAA responses on the airport's web-site.

If you have any questions regarding this letter or the FAA's review of your plan update, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

Sincerely,

Catherine M. Lang

Catherine M. Lang
Director, Airport Planning
and Programming

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

September 25, 2001

Ms. Sandra E. DePottey
Program Manager
Federal Aviation Administration
Airports District Office - Minneapolis
6020 28th Avenue South, #102
6021 Minneapolis, MN 55450-2706

Dear Ms. DePottey:

Enclosed with this letter is the Milwaukee Airport's 2001 Update to its 2000 Competition Plan, in satisfaction of the FAA requirement that covered airports demonstrate a written plan to promote competitive use of its facilities. However, the tragic events that transpired on September 11, 2000 and the continuing aftermath of those events, cast serious shadows on the facilities requirements of the airlines and the future of air travel in the United States including the funding sources for construction of additional facilities.

Further compounding the clouded picture is the need for security improvements throughout airports in the country. Recent events have indicated that several airlines will be restricting services and reducing the number of flights to many airports throughout the country.

Therefore, while the Update is (and was) accurate up to the tragic events of September 11, it is unclear as to whether some of the plans and projects envisioned will be required and/or pursued until it is better known how quickly passenger traffic will return, and the rate of growth.

Sincerely,

C. Barry Bateman

C. Barry Bateman
Airport Director

5300 SOUTH HOWELL AVENUE MILWAUKEE, WI 53207-6156 TEL 414 747 5300 FAX 414 747 4525

cc: Anthony D. Snieg

Distribution:
3 sets: District Office, Minneapolis
2 sets: APP-1, Washington, D.C.

F:\DATA\PRIVATE\Clerk Typists\Aa04\Tony Snieg\2001\DePottey Letter 091701.doc

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

September 25, 2001

Ms. Sandra E. DePottey
Program Manager
Federal Aviation Administration
Airports District Office - Minneapolis
6020 28th Avenue South, #102
6021 Minneapolis, MN 55450-2706

Ms. DePottey:

It is our pleasure to submit to the Federal Aviation Administration (FAA) Milwaukee County's General Mitchell International Airport's "2001update" to its 2000 Competition Plan in satisfaction of the FAA requirement that covered airports demonstrate a written plan to promote competitive use of its facilities. Enplanement data for 2000 reported by the FAA indicates that two (2) carriers serving GMIA serve over 50% of total enplanements. This puts GMIA within the parameters as set forth under section 40117, Title 49, United States Code.

GMIA management points out that a Passenger Facility Charge (PFC) application No. 4 was approved by the FAA on March 8, 2001. Further, Milwaukee County PFC Application No. V will be submitted to the FAA within the next several weeks. These applications contain several significant components specifically addressing the expansion of facilities at GMIA to stimulate competition which will be referenced in the Competition Plan and update that follows.

The format of Competition Plan Update being submitted conforms to the Program Guidance Letter 00-3 dated May 8, 2000 and addresses the concerns of the FAA as outlined in its letters of November 22, 2000 and February 23, 2001 (copies attached). The format of the update will also show the original Milwaukee Plan comments (marked original) and the comments made in the Milwaukee supplementary letter dated December 18, 2000 (marked supplementary). Comments made related to the updates will be bolded on the Plan and marked as "2001 Updates."

5300 SOUTH HOWELL AVENUE MILWAUKEE, WI 53207-6156 TEL 414 747 5300 FAX 414 747 4525

If you have any questions or need further information, please call Anthony Snieg at 414-747-5703.

Respectfully submitted,

C Barry Bateman

C. Barry Bateman
Airport Director

Distribution:
3 sets: District Office, Minneapolis
2 sets: APP-1, Washington, D.C.

F:\Aa04\DePottey Corres September 10

2001 Update to
Competition Plan of
General Mitchell International Airport
Original Submission: September 2000

1. GATES AND RELATED FACILITIES

a. Number of gates available at the airport by lease arrangement

Original MKE Response dated September 28, 2000 (attached as Exhibit 1)

GMIA has 42 gates, all currently leased to airlines on an exclusive basis.

Supplementary MKE Response dated December 18, 2000 (attached as Exhibit 3) in response to the FAA's letter dated November 27, 2000 (attached as Exhibit 2)

In the next few years, it is Milwaukee County's intent to develop at least six additional gates as indicated in our GMIA Competition Plan. It is the County's intent to assign these, and all future PFC gates, on a preferential use basis and subsequently be able to provide, by action of airport management, access to any carrier wishing to utilize the airport. It is not practical to change the existing lease agreement signed by 13 carriers (See Exhibit 7) without significant effort and potential disputes with the carriers who have signed. It is unlikely that any of the signatory carriers would be willing to sign an amendment to this lease somewhat subrogating its power to control its own destiny. However, in the case of the new gates, Milwaukee County, in conjunction with the Milwaukee County Corporation Counsel, will develop language for the preferential use of gates as well as increased control on the part of Milwaukee County. It should be noted that the provision referenced to the assigning of a new entrant to an existing carrier provides great latitude in terms of selecting among a number of carriers to make provision to accommodate a new entrant rather than the limiting of airport management's right to insist upon an existing carrier to accommodate a new entrant to only one carrier at a time. The ability of a new entrant is enhanced by that provision. Milwaukee County will also attempt to develop wording to provide the County with more "definitive" control on accommodating new entrants, when lease space assignment between carriers occurs.

2001 Update

At the start of 2001, GMIA still had 42 gates, all leased on an exclusive use basis. However, in early 2001 TWA Airlines, Inc. declared bankruptcy, and in accordance with the bankruptcy proceedings, it is anticipated that one of the two gates previously leased by TWA will be returned to Milwaukee County. At that time, it will be held by the Airport for "common use" purposes or it will be converted into a "preferential" use gate for potential preferential use lease by other carriers. In addition, the 2001 Milwaukee Airport Capital Improvement

Budget included funds to design the expansion of the "C" Concourse. Initial Construction funding of $25 million has been requested in the Airport's 2002 Capital Improvement budget. That expansion anticipates the construction of eight additional hold rooms with six additional aircraft parking positions. It is Milwaukee County's intent to construct these gates on "preferential use" basis possibly, with one common use gate using PFC funds.

To increase the efficiency and effectiveness of these gates, Milwaukee County has been in substantial negotiations with the carriers presently serving GMIA and recently developed a Memorandum of Understanding (copy attached as Exhibit 5) based upon a meeting with the Airline Airport Affairs Committee (AAAC) early in 2001. That Memorandum of Understanding was forwarded to the carriers involved for their agreement (a copy of the Memorandum is attached). In addition, a 2002 Capital Improvement ballot (copy attached as Exhibit 6) was submitted to the signatory carriers in Milwaukee for the expansion of the "C" Concourse to accommodate this Memorandum of Understanding.

To date, Milwaukee County has not received the unanimous agreement needed from all the carriers involved with the Memorandum of Understanding. And, several of the ballots returned (a 51% majority is required) regarding the capital funding for this project have been conditioned upon the Memorandum's approval by the carriers involved.

<u>However, Milwaukee County still intends on constructing the "C" Concourse expansion utilizing PFC funding with all the additional gates to be "preferential use" gates for new and/or existing carriers</u>. (The airport will also give some consideration to "common use" gates.) <u>It is also Milwaukee County's intent to provide through the PFC funding process jet bridges for these all gates.</u>

b. <u>Gate use monitoring policy</u>

Original MKE Response

Due to the exclusive arrangement with lessees, GMIA does not have a gate monitoring policy.

Supplementary MKE Response

GMIA does not have a formal gate use monitoring policy and believes that one is not required for a facility of this size. GMIA has approximately 220 daily flights and 42 existing gates; consequently the average daily "turns per gate" is 5.5. It is readily

Due to the exclusive arrangement with lessees, GMIA does not have a gate monitoring policy.

Supplementary MKE Response

GMIA does not have a formal gate use monitoring policy and believes that one is not required for a facility of this size. GMIA has approximately 220 daily flights and 42 existing gates; consequently the average daily "turns per gate" is 5.5. It is readily apparent, therefore, when a carrier would vary significantly from this average. It is inefficient and uneconomical for an airline to maintain more than the necessary number of gates at GMIA. It is likely that such an airline would approach Milwaukee County to try to adjust its leasehold interests. Milwaukee County would offer to broker a deal to the mutual advantage of airlines, and would consider releasing any carrier from its lease. Finally, projected flights of each airline serving GMIA are submitted to management routinely; significant deviations from historic patterns would be noticed and appropriate follow-up measures taken.

Non-signatory carriers are invited to attend monthly station managers meetings where gate availability might be discussed, although that is not a typical topic of discussion. (The FAA has asked) "who determines gate assignments?" Clearly the long-term agreement specifies gate assignments. One of the airport's criteria for new gate assignments relates to requests made for the construction of additional and/or new gates.

2001 Update

In early 2001, Milwaukee County initiated a Gate use monitoring policy and procedure. The air carriers are required to provide a schedule of gate usage on a regular basis. By analyzing and recording this data Milwaukee County will have an understanding and record of which gates are more heavily utilized and which gates have less usage.

c. Differences, if any, between gate-use monitoring policy at PFC-financed facilities, facilities subject to PFC assurance No. 7, and other gates.

Original MKE Response

All of the gates at GMIA currently in place were constructed without the assistance of PFC or A.I.P. funding. Therefore, there is not a current need to have a gate monitoring policy with respect to the use of gates in place

2001 Update

As indicated in 1b. above, Milwaukee County has instituted a gate use monitoring procedure which will encompass all "exclusive use" and any PFC financed "preferential use" or "common use" gates, including the temporary gates being constructed.

d. Has the PFC Competitive assurance No. 7 operated to convert previously exclusive-use gates to preferential use gates or has it caused such gates to become available to other users?

Original MKE Response

PFC assurance No. 7, dealing with competitive access to facilities financed in whole or part with PFC monies, has not caused any gate currently at GMIA to be converted from the exclusive use arrangement now in place. However, later in this plan the possibility of additional gates will be introduced, and competitive assurances will be addressed at that time.

2001 Update

As indicated in 1a. above, Milwaukee County intends to convert the presently "exclusive use" gate being returned to Milwaukee County by TWA to a "preferential use" or "common use" basis and as such, it will become available to other users wishing to gain entry to the Milwaukee market.

e. Gate utilization per week and month

Original MKE Response

Total commercial airline departures from GMIA average 234 per day. This works out to an average of 39 per week, approximately 168 per month per gate.

2001 Update

The gate monitoring procedure indicated in 1c. and 1d. above has not been in place long enough to give a meaningful report of specific airport gate utilization. The average number of GMIA daily departures in 2000 was 240 or roughly 6 per gate per day.

f. Policy regarding "recapturing" gates that are not being fully used.

Original MKE Response

Recapture of gates not fully utilized is not applicable under the current exclusive use arrangements in place. The potential use of otherwise underutilized gates, in the event of a carrier wishing to serve GMIA is covered in the lease agreement, a partial copy of which is attached at Exhibit A.

2001 Update

As indicated in 1 a. above, Milwaukee County will be recapturing the TWA gate that is being returned to Milwaukee County. Milwaukee County is not capable of recapturing gates not fully utilized under the current exclusive-use arrangements in place.

g. Use/lose or use/share policies for gates and other facilities.

Original MKE Response

Use/lose or use/share policies for gates or other facilities are not applicable given the exclusive use agreements with incumbent airlines which allows the airline to use the leased gates as deemed appropriate for their business.

2001 Update

As was originally reported, use/lose or use/share policies for gates and other facilities are not applicable given the exclusive use agreements with incumbent airlines which allows the airline to use the least gates as deemed appropriate for their business.

However, provisions for use/lose or use/share procedures will be incorporated into all preferential leases commencing with the returned TWA gate and the construction of the temporary and permanent "C" Concourse gates.

h. Plans to make gates and related facilities available to new entrants or to air carriers that want to expand service at the airport.

Original MKE Response

In August 2000, GMIA PFC Application No. 4 was submitted. One (1) of the projects in that application formalizes GMIA's intention to plan, design and build eight (8) additional gates (6 aircraft parking positions). Current thinking is (was) that at least one (1) or two (2) of this added capacity will be held available for common use or new entrants.

Even without the addition of these gates, current lease provisions allow GMIA to direct current leaseholders to accommodate carriers seeking service should incumbent carriers not make space available through a sub-lease.

2001 Update

Milwaukee County concurs that the "time frame" to accommodate a new entrant under the lease appears long as pointed out in the FAA's letter of February 23, 2001 to Milwaukee County (Copy attached as Exhibit 4) but again, it has not been necessary to enforce these provisions. Furthermore, as indicated in 1a. above, Milwaukee County anticipates constructing eight new gates on the end of the "C" Concourse during 2002/2003. This project directly addresses the airports' capability and desire to make gates immediately as available to new entrants or to air carriers that want to expand service at the airport.

i. How are complaints of denial of reasonable access by a new entrant or an air carrier that wants to expand service resolved?

Original MKE Response

GMIA management is not aware of denial of access to facilities by either an existing carrier wishing to expand service, or a carrier wishing to initiate service. Reference is made to the language of Exhibit A that could be enforced in the event there was a complaint from a new entrant.

Supplementary MKE Response

Since the inception of the Milwaukee lease in 1985 which expires in 2010, airport management has not found it necessary to invoke the provisions of Article XVIII to provide for a new entrant into the Milwaukee market. In all cases of new entry or expansion by existing tenants, the required space has been obtained readily at an appropriate rental charge from existing tenants. For your information, at GMIA there are 13 carriers signatory to the long-term agreement that have gate facilities. All the larger domestic carriers, save Southwest are in this group.

Should a new entrant carrier express interest in initiating service at GMIA, management sends one or both of two welcome letters (sample copies attached) to that airline. The first is a general letter addressing ordinary fees, insurance requirements, PFC charges, etc. The second goes into an explanation of the Master lease and provides the new carrier with the names and contacts of all signatory airlines to explore a sublease arrangement. The provisions of Article XVIII would be invoked only after the new airline were to represent to management that each of the signatory airlines had been contacted and that each had refused to negotiate an acceptable sublease. After management confirmed the refusal of signatory carriers in this situation, the Airport airline were to represent to management that each of the signatory airlines had been contacted and that each had refused to negotiate an acceptable sublease. After management confirmed the refusal of signatory carriers in this situation, the Airport Director, as set forth in Article XVIII (E), would officially notify all the airlines of the entrant's desire to obtain a sublease and that it had not been able to do so. The Director would make a formal request to have a specific airline provide adequate space. That carrier would be determined based on a review of the airline operations (i.e. gate use, timetable compatibility, etc.) If after 30 days the selected airline had not afforded such space, the Director is obliged to indicate the reason why that incumbent airline has been selected. (Presumably so as to cause the least amount of disruption any airline or GMIA operations as a whole.)

As noted above, airport management has not been forced to invoke the formal power of Article XVIII in the sixteen years of the Agreement's life. In addition management believes that the dynamics of this marketplace are such that new entrants have the ability to readily negotiate for space at a reasonable rate. GMIA uses as an example the businesslike relationship between Northwest and Sun Country. These direct competitors have adjacent gates, share baggage make-up area and have adjoining ticket counter space and ticketing office.

2001 Update

As concluded in the original MKE response, "GMIA management is not aware of denial of access to facilities by either an existing carrier wishing to expand service, or a new entrant carrier wishing to initiate service. Reference is made to the language of Exhibit A that could be enforced in the event there was a complaint from a new entrant. With the addition of "preferential use" and potential "common use" gates in 2002/2003, significantly more latitude will be provided to the airport in accommodating new entrants. And, in 2010, the long-term leases expire and the opportunity for revising the "accommodation wording" will be available to Milwaukee County.

j. Number of carriers in the past year that have requested access or sought to expand, how were they accommodated, and the length of time between requests and access.

Original MKE Response

Four (4) carriers in the past year have sought to expand service at this facility. These carriers were accommodated by being referred to other current carriers and negotiations between these parties have been satisfactory to the carriers seeking expansion. The time frame for these negotiations has varied with the circumstances; but based upon the fact that satisfactory resolution was reached, the amount of time has not been excessive.

2001 Update

Since MKE's supplementary response of December 18, 2000, no new entrants to the Milwaukee market have requested access. Several current carriers have expressed interest in additional facilities. Specifically Midwest Express is desirous of expanding at the airport and Milwaukee County has, as indicated above, been involved in developing new gates on the "C" Concourse. Midwest Express is not interested in gates on the "C" Concourse, as all of its activities are located on "D" Concourse. Continental Airlines and Chicago Express Airlines have also indicated interest in additional space. Subsequently, Milwaukee County in conjunction with the airlines believed, at an earlier AAAC meeting, that an understanding had been reached with the properties representatives in attendance. The Memorandum of Understanding (enclosed as Exhibit 5) attempted to document that understanding and get approval from the airlines that the Memorandum reflected the agreement reached at the AAAC meeting. That Memorandum was not signed by all the carriers involved and Milwaukee County is in the process of developing the "C" Concourse Gates on its own. Again, the exclusive lease agreement signed, which continues to 2010 does not allow Milwaukee County to unilaterally, even based on usage, reacquire gates that have been leased to signatory carriers to accommodate new entrants or expanding carriers.

2. LEASING AND SUBLEASING ARRANGEMENTS

a. Whether a subleasing arrangement with an incumbent carrier is necessary to obtain access.

Original MKE Response

A sublease arrangement with an incumbent carrier is necessary for a new carrier to gain access within the current parameters of forty-two (42) gates, all of which are leased.

2001 Update

As concluded in Milwaukee's original response, a subleasing arrangement with an incumbent carrier is necessary for a new carrier to gain access within the current parameter of the 42 gates, all of which are exclusively leased. However, the gate being relinquished through the TWA bankruptcy may be leased on a preferential use basis. Any subsequent sublease agreement, resulting from a new entrant using the preferentially leased gate, will be closely monitored by Airport staff for "equitability and fairness." Similarly, with the additional gates being added on the "C" Concourse, all secondary sublease arrangements will be monitored and equitable.

b. How the airport assists requesting airlines obtain a sublease.

Original MKE Response

GMIA provides a list of signatory carriers and the appropriate contact person to any and all carriers who inquire. A carrier making such an inquiry is advised of the fact that all existing gates are leased and that a sublease arrangement would be needed.

2001 Update

Milwaukee County's original response is still appropriate.

c. Airport oversight policies for sublease fees and ground-handling arrangements.

Original MKE Response

GMIA does not have a formal policy regarding sublease fees and/or ground handling arrangements.

Currently, eleven (11) (of the 13) signatory carriers lease gates. A new entrant could approach any of the 11 for gate space. Airport management believes that competitive pressure among these carriers is sufficient to keep negotiated fees and/or arrangements reasonable to the market.

2001 Update

Milwaukee has begun a preliminary program of sublease review to oversee sublease fees and ground handling charges. However, Milwaukee County is still of the belief that the eleven signatory gate leasing carriers located at GMIA provide an ample opportunity for new entrant carriers to arrange an appropriate sublease agreement with appropriate fees and/or ground handling arrangements. And, Milwaukee County is also working towards the construction of the additional gates on the "C" Concourse and will be converting the TWA gate into a preferential use gate. Subsequently, although sublease fees and/or ground handling arrangements will be monitored more closely by Airport management, the increasing availability of gates, "preferential use" and "common use", will greatly improve new entrant access to the Milwaukee Airport.

d. How complaints by subtenants about excessive sublease fees or unneeded bundling of services are resolved.

Original MKE Response

GMIA management is not aware of any complaints of subtenants with regard to fees charged or bundling of unneeded services.

2001 Update

Milwaukee County is still unaware of any complaints of subtenants with regard to fees charged or bundling of unneeded services. And, as indicated in the above, closer Airport monitoring and sublease control will soon be possible on PFC funded "preferential or common use" gates.

e. How independent contractors who want to provide ground handling, maintenance, fueling, catering, or other support services but have been unable to establish a presence at the airport are accommodated.

Original MKE Response

Independent contractors wishing to provide a support service or product to an airline deal directly with the airline without interference from GMIA management. This airline right to purchase supplies, materials and services is stipulated in the lease agreement between the airline and GMIA; and is extended to non-signatory carriers as well.

2001 Update

Milwaukee County's original response is still appropriate.

f. Are formal arrangements in place to resolve disputes among air carriers regarding the use of airport facilities?

Original MKE Response

The lease agreement establishes an Airline Airport Affairs Committee (AAAC) which consists of one (1) representative per signatory airline authorized to represent and vote on items subject to AAAC review. While this committee is not a formal dispute resolution body, it functions in this way at the airport.

Air cargo carriers at GMIA and non-signatory carriers are notified of AAAC meetings and are encouraged to attend as a way of expressing their concerns, albeit in a non-voting context.

Since the inception of the lease in 1985, GMIA management is not aware of any potential dispute not being resolved through this vehicle.

Supplementary MKE Response

The principle purpose behind the Airline Airport Affairs Committee (AAAC) is for the approval of the annual capital improvement budget as well as to review and comment on the airport's annual operating budget. In addition, the AAAC is contacted for discussion and consultation of the PFC applications. Specifically with regard to disputes among air carriers regarding the use of airport facilities, this group has not, since its inception in 1985 been called upon to arbitrate any dispute, whether on gate assignments or any other matter. There is no formal appeal of AAAC decisions to the County of Milwaukee, but again there has not been a need to do so. The composition of the AAAC, as defined by the lease agreement which extends from 1985 through 2010, is that each signatory airline to the agreement has a vote on proposed airport capital projects and are all free to comment on the operating budget. The two-tiered vote weight mechanics requires that 51% of the signatory airlines contributing least 51% of the direct airline revenues paid on an annual basis are required to approve (or disapprove) of capital projects.

There are six non-signatory carriers serving GMIA which sublease space from the signatory carriers. All non-signatory property representatives are invited to attend formal meetings of the AAAC, and while they are not balloted (where a vote is required) on any capital improvement projects, they are afforded the opportunity to comment and discuss the merits of all subjects at AAAC meetings. In addition, the cargo carrier representatives are also invited to the AAAC meetings and often attend.

<u>2001 Update</u>

Milwaukee's original response is still appropriate. However, the failure of the MOU and the "C" Concourse ballot, has brought to the forefront the inability of Milwaukee County to enforce changes to the leasing arrangements held with exclusively leased gates and ticket counters. Subsequently, with the construction of the additional gates on the "C" Concourse and with the relinquished TWA ticket counter, the need to resolve disputes among air carriers who sublease airport facilities will be further lessened.

3. PATTERNS OF AIR SERVICE

a. <u>Number of markets served</u>

Original MKE Response

There are ninety (90) markets reached through either nonstop or direct service.

<u>2001 Update</u>

There are approximately ninety (90) markets reached through either nonstop or direct service.

b. Number of markets served on a non-stop basis. Average number of flights per day.

Original MKE Response

Fifty-two (52) markets are served non-stop. The average number of flights per day is two hundred thirty four (234) departures.

2001 Update

Fifty-four (54) markets are served non-stop. The average number of flights per day is two hundred forty (240) departures.

c. Number of small communities served

Original MKE Response

Twelve (12) small communities are served by the airlines using this airport.

2001 Update

Eleven (11) small communities are served by the airlines using this airport.

d. Number of markets served by low-fare carriers

Original MKE Response

Two (2) low-fare carriers serve seven (7) markets from GMIA

2001 Update

Two (2) low-fare carriers serve seven (7) markets from GMIA

e. Number of markets served by one carrier

Original MKE Response

A single carrier serves thirty-two (32) markets.

2001 Update

A single carrier serves thirty-two (32) markets.

f. Number of new markets added or previously served markets dropped in the past year

Original MKE Response

Five (5) new markets have been added in the past year. No markets have been dropped in the same period.

2001 Update

No new markets have been added in the past year. One market has been dropped in 2000.

4. GATE ASSIGNMENT POLICY

a. Gate assignment policy and method of informing existing carriers and new entrants of this policy.

Original MKE Response

Signatory agreements stipulate the gate numbers leased to a carrier, along with all fees due from that carrier. No deposit is required, and no minimum usage is stipulated under current agreements. An example of a new entrant letter is attached as Exhibit B (in the Exhibit 1).

Supplementary MKE Response

All 42 existing gates are exclusively leased to and used by the 13 signatory carriers. A number of gate re-assignments have taken place since 1985, typically involving the assignment from a parent to a related carrier and/or a negotiated agreement between two existing carriers. It has traditionally been the practice of Milwaukee County to have all gates leased to guarantee that operating costs of the airport are paid through the airport system. In-place leases are not typically terminated based upon the wish of a carrier to leave the Milwaukee market. For example, American Airlines ceased service to Milwaukee in approximately 1996. It was Milwaukee County's position that while American could assign the gates to another carrier; American would remain liable for its lease until another carrier could be found to be assigned the lease and relieve American from its obligation. American Airlines formerly had two gates, and one of them has since been assigned to American Eagle at the mutual request of each airline. American is retaining a gate at GMIA to use for diversions and also for use by its code-sharing partner, American Eagle. However, in today's market, Milwaukee County would consider allowing a carrier to be released from its lease obligation in order to recover a gate for new entrants. This would depend, in part, on the status of other gates with other airlines.

2001 Updates

MKE 's original response is still appropriate. However, as indicated above Milwaukee County will be constructing eight additional Gates on the "C" Concourse as well as acquiring and converting to "preferential" and/or "common use" the TWA Gate being relinquished due to the bankruptcy.

b. How announcements are made to tenant air carriers when gates become available. Do all tenant carriers receive information on gate availability, terms, and conditions by the same process at the same time?

Original MKE Response

In the event that an airline under lease would wish to make a gate(s) available, all other carriers would be made aware by means of a letter sent to each of the signatory carriers, with a copy to the non-signatory carriers. In addition, this information would also be shared at monthly station managers meetings.

2001 Update

The original MKE response is still appropriate.

c. New policies that have been adopted or actions that have been taken to ensure that new entrant carriers have reasonable access to the airport and that incumbent carriers can expand their operations.

Original MKE Response

Milwaukee County management has traditionally been pro-active in providing facilities to potential new entrants and allowing for the expansion of operations by incumbent carriers. An illustration of this practice is the current move to plan, design, and build six (6) additional gates at the airport.

2001 Update

As indicated above, as Airport policy, the Milwaukee Airport is embarking on an aggressive PFC funded gate expansion program to address the issue of access.

5. FINANCIAL CONSTRAINTS

a. The major source of revenue at the airport for terminal projects.

Original MKE Response

Historically, the major source of revenue for terminal projects has been Federal and State aid, in the form of grants, used in conjunction with General Obligation Bonds of Milwaukee County. Beginning in 2000, the airport issued its first General Airport Revenue Bonds (GARBs); it is anticipated that GARBs will be used in the future for significant projects, to include terminal projects, where local funding is needed. As appropriate, PFC funding may be utilized as illustrated by the application referenced earlier in this document. Federal and State grants will continue to be sought as an integral source of financing for many airport projects.

In situations where Federal, State, or potentially PFC funding is utilized in the construction or acquisition of any asset, including terminal related assets, costs (acquisition, nor depreciation) are not included in the rates and charges passed on to carriers.

<u>2001 Update</u>

As indicated throughout this 2001 update to the Airport's Competition Plan, the extensive use of PFC funding is being requested in the Airport's PFC IV and V Applications.

b. <u>Rates and charges methodology</u>

Original MKE Response

GMIA utilizes a residual cost methodology for rates and charges.

<u>2001 Update</u>

The Airport's original response to this question remains till accurate, However, the expansion of the "C" Concourse and the temporary expansion of the "C" Concourse utilizing PFC funding (which is not recoverable through rates and charges) will enable airport management to construct the PFC gates without requiring ballots from the signatory carriers. Airport staff believes this is the exact intent of the PFC Program.

c. Past use, if any, of PFCs for gates and related terminal projects

Original MKE Response

Not applicable at the present time. PFC Application No. 4 will use this source of funding for specific gate related projects.

<u>2001 Update</u>

The original response to this question remains accurate. However as indicated in 5.b. above the ballot process for the signatory carriers is no longer required, subsequently the Airport can proceed with capital improvements as long as rates and charges assessed to the signatory carriers are not affected. Utilizing 100% PFC funding for the appropriate common use areas and the construction of gates will not affect Airport rates and charges.

The use of PFC funding for gates and related terminal projects began with PFC Application IV and will continue with Milwaukee PFC Application V to construct gates, and purchase jet bridges.

6. AIRPORT CONTROLS OVER AIRSIDE AND GROUNDSIDE CAPACITY

a. <u>Majority-in-interest (MII) or "no further rates and charges" clauses covering groundside and airside projects.</u>

Original MKE Response

The lease agreements between signatory airlines and Milwaukee County, operating as GMIA contain language that clarifies the steps to be taken in promulgating capital improvements and/or projects regardless of the funding source.[1] In general, this language provides for GMIA to introduce proposed projects to the airlines for their approval. If the airlines do not approve a project that would be paid for by bonding or reserve funds (i.e. No federal, state, or PFC funding) for two (2) submissions[2], GMIA has the prerogative to go forward with the project after the third submission and include the appropriate operating cost (typically depreciation) in rates and charges, as appropriate to the funding source(s). Should GMIA decide to continue with a project not approved by the airlines but before the third cycle, the subsequent cost will not be included in rates and charges.

Supplementary MKE Response

<u>Leasing and Subleasing</u>

The principle purpose behind the Airline airport Affairs Committee (AAAC) is for the approval of the annual capital improvement budget as well as to review and comment on the airport's annual operating budget. In addition, the AAAC is contacted for discussion and consultation on the PFC applications. Specifically with regard to

[1] See Airline Lease Agreement between Milwaukee County and (individual) Airline, section XVIB "Airline Airport Affairs Committee"
[2] A submission is typically an annual submittal at the time of the capital and/or operating budget review.

disputes among air carriers regarding the use of airport facilities, this group has not, since its inception in 1985 been called upon to arbitrate any dispute, whether on gate assignments or any other matter. There is no formal appeal of AAAC decisions to the County of Milwaukee, but again there has not been a need to do so. The composition of the AAAC, as defined by the lease agreement which extends from 1985 through 2010, in that each signatory airline to the agreement has a vote on proposed airport capital projects and are all free to comment on the operating budget. The two-tiered vote weighting mechanics requires that 51% of the signatory airlines contributing at least 51% of the direct airline revenues paid on an annual basis are required to approve (or disapprove) of capital projects.

There are six non-signatory carriers serving GMIA which sublease space from the signatory carriers. All non-signatory property representatives are invited to attend formal meetings of the AAAC, and while they are not balloted (where a vote is required) on any capital improvement projects, they are afforded the opportunity to comment and discuss the merits of all subjects at AAAC meetings. In addition, the cargo carrier representatives are also invited to the AAAC meetings and often attend.

<u>2001 Update</u>

The original and supplementary responses to this question remain accurate. However as indicated in 5.b above the ballot process for the signatory carriers is not required as rates and charges are not impacted. Subsequently the Airport can proceed with capital improvements as long as rates and charges assessed to the signatory carriers are not affected. Utilizing 100% PFC funding for the appropriate common use areas and construction of gates will not affect Airport rates and charges.

b. <u>List any capital construction projects that have been delayed or prevented because an MII was invoked.</u>

Original MKE Response

A listing of capital construction projects submitted to the AAAC in the budgetary process which were denied by the signatory airlines over the past five (5) years may be found in Exhibit C with brief commentary as to the subsequent disposition of those projects. All these projects, save two (2), were re-examined by management in view of commentary made at the point of denial, and the subsequent re-submittal of the projects has resulted in a better, more effective project that was approved and went forward.

Of the two (2) projects, the first (Training and Sleeping Quarters), has not been formally resubmitted by management; it is not critical to the operation, or capacity of the airport.

The second project (Acquisition of available land), was denied by the airlines as the land was for future runway development, which in the airline's opinion, was too speculative at this time. GMIA management will continue to negotiate with the airlines about this project for future submittals. Continued denial of this project results in either a capacity restriction or more expensive land purchases later.

There are no plans to modify the existing agreement on MII provisions due to the success of the existing provision. The current agreement expires in 2010.

2001 Update

The original submittal by Milwaukee County is still accurate and no further projects have delayed through the ballot process. However, as indicated above the ballot relating to the "C" Concourse expansion, although approved, had several caveats principally insisting that all carriers must agree to the move and "relocate", are unacceptable to Airport management. Subsequently the projects will likely be modified to incorporate only elements that are wholly PFC eligible.

7. WHETHER THE AIRPORT INTENDS TO BUILD OR ACQUIRE GATES THAT BE USED AS COMMON FACILITIES

a. The number of common use gates available at the airport today.

Original MKE Response

None, as previously described.

2001 Update

The original response is correct. However, as indicated throughout the 2001 Update, the Airport is planning the construction of a number of PFC financed gates, "preferential Use" and "common use" gates.

b. The number of common-use gates the airport intends to build or acquire and the timeline. Give intended financing for these common-use gates.

Original MKE Response

GMIA is intending to build six (6) additional gates as an expansion of an existing concourse. It is thought that incumbent airlines may absorb four (4) or five (5) of these gates with modifications to their existing leases; this would leave an estimated one (1) or two (2) gates for new entrants to this market.

Planning for this expansion will begin in earnest in 2001. Design and construction will take place in 2002 and 2003. The tentative cost of the several projects in this endeavor is $26.9 million.

2001 Update

The original Airport response is still correct. This 2001 Competition Plan update further describes the planned expansion.

c. Are there any air carriers that have been servicing the airport for more than three years relying exclusively on common-use gates?

Original MKE Response

There are no such carriers or gates at GMIA.

2001 Update

The original response is still correct.

d. Whether common-use gates will be constructed in conjunction with gates leased through exclusive-or preferential-use arrangements.

Original MKE Response

See the description of the current expansion project above.

2001 Update

With the construction of the "C" Concourse gates it is likely that one or several common-use gate will be constructed for use by carriers not wishing to enter into preferential or other lease arrangements with the Airport.

e. Whether gates being used for international service are available for domestic service.

Original MKE Response

GMIA has a separate international arrival terminal with one (1) gate. Technically, this building/gate could be used for domestic service; but to do so would be inefficient for both airlines and passengers given that the facility is not contiguous to the main terminal building, nor is it equipped or configured for domestic service operations.

2001 Update

GMIA's original response is still correct.

8. AIRFARE LEVELS COMPARED TO OTHER LARGE AIRPORTS

a. The following information is presented for illustration:

Original MKE Response (See Exhibit 1 for Exhibits and Charts indicated below.)

Summarized data for this airport showing, by air carrier, the number of passengers, average fare, and market share at GMIA (Table 1 following).

Summarized data for this airport compared to all airports showing the city-pair markets served, the number of passengers so served, passenger trip length, and average passenger yield for short haul and long haul segments. (Table 2 following)

Summarized data for this airport showing the destinations of passengers originating from the airport (MKE) and indicating the number of competitor air carriers serving these destinations (Table 3 following).

1999 O&D data in support of Table 3 (Table 4 following).

This statistical information is presented for the year 1999 from government sources and is intended to be a basis for comparison to data compiled for the current and future years.

2001 Update

Revised tables are presented in Exhiibt 8.

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

September 28, 2000

Ms. Sandra E. DePottey
Program Manager
Federal Aviation Administration
Airports District Office - Minneapolis
6020 28th Avenue South, #102
Minneapolis, MN 55450-2706

Ms. DePottey:

It is our pleasure to submit to the Federal Aviation Administration (FAA) this Competition Plan for Milwaukee County's General Mitchell International Airport (GMIA) in satisfaction of the FAA requirement that covered airports demonstrate a written plan to promote competitive use of its facilities. Enplanement data for 1999 reported by the FAA indicates that two (2) carriers serving GMIA serve over 50% of total enplanements. This puts GMIA within the parameters as set forth under section 40117, Title 49, United States Code.

GMIA management points out that a Passenger Facility Charge (PFC) application No. 4 was submitted to the FAA on August 1, 2000. This application, in part[1], addresses the expansion of facilities at GMIA to stimulate competition. The aspect of facility expansion contained in this application will be referenced in the Competition Plan that follows.

The format of the Competition Plan submitted here conforms to the Program Guidance Letter 00-3 dated May 8, 2000.

Respectfully submitted,

C. Barry Bateman

C. Barry Bateman
Airport Director

Distribution:
3 sets: District Office, Minneapolis
2 sets: APP-1, Washington D.C.

[1] See Passenger Facility Charge Application dated August 1, 2000; projects IV-4, IV-15 and IV-20

5300 SOUTH HOWELL AVENUE MILWAUKEE, WI 53207-6156 TEL 414 747 5300 FAX 414 747 4525

Competition Plan of
General Mitchell International Airport
Original Submission: September, 2000

1. Gates and related facilities

- Number of gates available at the airport by lease arrangement.

  GMIA has 42 gates, all currently leased to airlines on an exclusive basis.

- Gate use monitoring policy

  Due to the exclusive arrangement with lessees, GMIA does not have a gate monitoring policy.

- Differences, if any, between gate-use monitoring policy at PFC-financed facilities, facilities subject to PFC assurance No. 7, and other gates.

  All of the gates at GMIA currently in place were constructed without the assistance of PFC or A.I.P. funding. Therefore, there is not a current need to have a gate monitoring policy with respect to the use of gates in place.

- Has the PFC Competitive assurance No. 7 operated to convert previously exclusive-use gate to preferential use gates or has it caused such gate to become available to other users?

  PFC assurance No. 7, dealing with competitive access to facilities financed in whole or part with PFC monies, has not caused any gate currently at GMIA to be converted from the exclusive use arrangement now in place. However, later in this plan the possibility of additional gates will be introduced, and competitive assurances will be addressed at that time.

- Gate utilization per week and month

  Total commercial airline departures from GMIA average 234 per day. This works out to an average of 39 per week, approximately 168 per month per gate.

- Policy regarding "recapturing" gates that are not being fully used.

  Recapture of gates not fully utilized is not applicable under the current exclusive use arrangements in place. The potential use of otherwise underutilized gates, in the event of a carrier wishing to serve GMIA is covered in the lease agreement, a partial copy of which is attached at Exhibit A.

- Use/lose or use/share policies for gates and other facilities.

  Use/lose or use/share policies for gates or other facilities are not applicable given the exclusive use agreements with incumbent airlines which allows the airline to use the leased gates as deemed appropriate for their business.

- Plans to make gates and related facilities available to new entrants or to air carriers that want to expand service at the airport.

  In August 2000, GMIA PFC Application No. 4 was submitted. One (1) of the projects in that application formalizes GMIA's intention to plan, design and build six (6) additional gates. Current thinking is that at least one (1) or two (2) of this added capacity will be held available for common use or new entrants.

  Even without the addition of these gates, current lease provisions allow GMIA to direct current leaseholders to accommodate carriers seeking service should incumbent carriers not make space available through a sub-lease.

- How are complaints of denial of reasonable access by a new entrant or an air carrier that wants to expand service resolved?

  GMIA management is not aware of denial of access to facilities by either an existing carrier wishing to expand service, or a carrier wishing to initiate service. Reference is made to the language of Exhibit A that could be enforced in the event there was a complaint from a new entrant.

- Number of carriers in the past year that have requested access or sought to expand, how were they accommodated, and the length of time between requests and access.

  Four (4) carriers in the past year have sought to expand service at this facility. These carriers were accommodated by being referred to other current carriers and negotiations between these parties have been satisfactory to the carriers seeking expansion. The time frame for these negotiations has varied with the circumstances; but based upon the fact that satisfactory resolution was reached, the amount of time has not been excessive.

2. <u>Leasing and subleasing arrangements</u>

   - Whether a subleasing arrangement with an incumbent carrier is necessary to obtain access.

     A sublease arrangement with an incumbent carrier is necessary for a new carrier to gain access within the current parameters of forty-two (42) gates, all of which are leased.

- How the airport assists requesting airlines obtain a sublease.

  GMIA provides a list of signatory carriers and the appropriate contact person to any and all carriers who inquire. A carrier making such an inquiry is advised of the fact that all existing gates are leased and that a sublease arrangement would be needed.

- Airport oversight policies for sublease fees and ground-handling arrangements.

  GMIA does not have a formal policy regarding sublease fees and/or groundhandling arrangements.

  Currently, there are eleven (11) signatory carriers a new entrant could approach for gate space. Airport management believes that competitive pressure among these carriers is sufficient to keep negotiated fees and/or arrangements reasonable to the market.

- How complaints by subtenants about excessive sublease fees or unneeded bundling of services are resolved.

  GMIA management is not aware of any complaints of subtenants with regard to fees charged or bundling of unneeded services.

- How independent contractors who want to provide ground handling, maintenance, fueling, catering, or other support services but have been unable to establish a presence at the airport are accommodated.

  Independent contractors wishing to provide a support service or product to an airline deal directly with the airline without interference from GMIA management. This airline right to purchase supplies, materials and services is stipulated in the lease agreement between the airline and GMIA; and is extended to non-signatory carriers as well.

- Are formal arrangements in place to resolve disputes among air carriers regarding the use of airport facilities?

  The lease agreement establishes an Airline Airport Affairs Committee (AAAC) which consists of one (1) representative per signatory airline authorized to represent and vote on items subject to AAAC review. While this committee is not a formal dispute resolution body, it functions in this way at the airport.

  Air cargo carriers at GMIA and non-signatory carriers are notified of AAAC meetings and are encouraged to attend as a way of expressing their concerns, albeit in a non-voting context.

  Since the inception of the lease in 1985, GMIA management is not aware of any potential dispute not being resolved through this vehicle.

3. Patterns of Air Service

- Number of markets served

  There are ninety (90) markets reached through either nonstop or direct service.

- Number of markets served on a non-stop basis. Average number of flights per day.

  Fifty-two (52) markets are served non-stop. The average number of flights per day is two hundred thirty four (234) departures.

- Number of small communities served

  Twelve (12) small communities are served by the airlines using this airport.

- Number of markets served by low-fare carriers

  Two (2) low-fare carriers serve seven (7) markets from GMIA

- Number of markets served by one carrier

  A single carrier serves thirty-two (32) markets.

- Number of new markets added or previously served markets dropped in the past year

  Five (5) new markets have been added in the past year. No markets have been dropped in the same period.

4. Gate assignment policy

- Gate assignment policy and method of informing existing carriers and new entrants of this policy.

  Signatory agreements stipulate the gate numbers leased to a carrier, along with all fees due from that carrier. No deposit is required, and no minimum usage is stipulated under current agreements. An example of a new entrant letter is attached as Exhibit B.

- How announcements are made to tenant air carriers when gates become available. Do all tenant carriers receive information on gate availability, terms, and conditions by the same process at the same time?

In the event that an airline under lease would wish to make a gate(s) available, all other carriers would be made aware by means of a letter sent to each of the signatory carriers, with a copy to the non-signatory carriers. In addition, this information would also be shared at monthly station managers meetings.

- New policies that have been adopted or actions that have been taken to ensure that new entrant carriers have reasonable access to the airport and that incumbent carriers can expand their operations.

  Milwaukee County management has traditionally been pro-active in providing facilities to potential new entrants and allowing for the expansion of operations by incumbent carriers. An illustration of this practice is the current move to plan, design, and build six (6) additional gates at the airport.

5. <u>Financial constraints</u>

- The major source of revenue at the airport for terminal projects.

  Historically, the major source of revenue for terminal projects has been Federal and State aid, in the form of grants, used in conjunction with General Obligation Bonds of Milwaukee County. Beginning in 2000, the airport issued its first General Airport Revenue Bonds (GARBs); it is anticipated that GARBs will be used in the future for significant projects, to include terminal projects, where local funding is needed. As appropriate, PFC funding may be utilized as illustrated by the application referenced earlier in this document. Federal and State grants will continue to be sought as an integral source of financing for many airport projects.

  In situations where Federal, State, or potentially PFC funding is utilized in the construction or acquisition of any asset, including terminal related assets, costs (acquisition, nor depreciation) are not included in the rates and charges passed on to carriers.

- Rates and charges methodology

  GMIA utilizes a residual cost methodology for rates and charges.

- Past use, if any, of PFCs for gates and related terminal projects

  Not applicable at the present time. However, PFC Application No. 4 will use this source of funding for specific gate related projects.

6. <u>Airport controls over airside and groundside capacity</u>

- Majority-in-interest (MII) or “no further rates and charges” clauses covering groundside and airside projects.

The lease agreements between signatory airlines and Milwaukee County, operating as GMIA contain language that clarifies the steps to be taken in promulgating capital improvements and/or projects regardless of the funding source.[2] In general, this language provides for GMIA to introduce proposed projects to the airlines for their approval. If the airlines do not approve a project that would be paid for by bonding or reserve funds (i.e. No federal, state, or PFC funding) for two (2) submissions[3], GMIA has the prerogative to go forward with the project after the third submission and include the appropriate operating cost (typically depreciation) in rates and charges, as appropriate to the funding source(s). Should GMIA decide to continue with a project not approved by the airlines but before the third cycle, the subsequent cost will not be included in rates and charges.

- List any capital construction projects that have been delayed or prevented because an MII was invoked.

A listing of capital construction projects submitted to the AAAC in the budgetary process which were denied by the signatory airlines over the past five (5) years may be found in Exhibit C with brief commentary as to the subsequent disposition of those projects. All these projects, save two (2), were re-examined by management in view of commentary made at the point of denial, and the subsequent re-submittal of the projects has resulted in a better, more effective project that was approved and went forward.

Of the two (2) projects, the first (Training and Sleeping Quarters), has not been formally resubmitted by management; it is not critical to the operation, or capacity of the airport.

The second project (Acquisition of available land), was denied by the airlines as the land was for future runway development, which in the airline's opinion, was too speculative at this time. GMIA management will continue to negotiate with the airlines about this project for future submittals. Continued denial of this project results in either a capacity restriction or more expensive land purchases later.

There are no plans to modify the existing agreement on MII provisions due to the success of the existing provision. The current agreement expires in 2010.

7. <u>Whether the airport intends to build or acquire gates that would be used as common facilities</u>

- The number of common use gates available at the airport today.

None, as previously described.

- The number of common-use gates the airport intends to build or acquire and the timeline. Give intended financing for these common-use gates.

---

[2] See Airline Lease Agreement between Milwaukee County and (individual) Airline, section XVIB "Airline Airport Affairs Committee"

[3] A submission is typically an annual submittal at the time of the capital and/or operating budget review.

GMIA is intending to build six (6) additional gates as an expansion of an existing concourse. It is thought that incumbent airlines may absorb four (4) or five (5) of these gates with modifications to their existing leases; this would leave an estimated one (1) or two (2) gates for new entrants to this market.

Planning for this expansion will begin in earnest in 2001. Design and construction will take place in 2002 and 2003. The tentative cost of the several projects in this endeavor is $26.9 million.

- Are there any air carriers that have been servicing the airport for more than three years relying exclusively on common-use gates?

  There are no such carriers or gates at GMIA.

- Whether common-use gates will be constructed in conjunction with gates leased through exclusive-or preferential-use arrangements.

  See the description of the current expansion project above.

- Whether gates being used for international service are available for domestic service.

  GMIA has a separate international arrival terminal with one (1) gate. Technically, this building/gate could be used for domestic service; but to do so would be inefficient for both airlines and passengers given that the facility is not contiguous to the main terminal building, nor is it equipped or configured for domestic service operations.

8. <u>Airfare levels compared to other large airports</u>

- The following information is presented for illustration:

  Summarized data for this airport showing, by air carrier, the number of passengers, average fare, and market share at GMIA (Table 1 following).

  Summarized data for this airport compared to all airports showing the city-pair markets served, the number of passengers so served, passenger trip length, and average passenger yield for short haul and long haul segments. (Table 2 following)

  Summarized data for this airport showing the destinations of passengers originating from the airport (MKE) and indicating the number of competitor air carriers serving these destinations (Table 3 following).

  1999 O&D data in support of Table 3 (Table 4 following).

  This statistical information is presented for the year 1999 from government sources and is intended to be a basis for comparison to data compiled for the current and future years.

Exhibit A
1/3

the Capital Improvement Reserve Account.

ARTICLE XVII CONSTRUCTION OF THE PROJECT

This Article has been deleted from the Lease since it applied only to Project construction, and no longer is relevant. This Article is available from Airport Administration on request.

ARTICLE XVIII RIGHTS AND PRIVILEGES RESERVED BY COUNTY

County, in addition to any rights herein retained by it, reserves the following privileges, to wit:

A. Subject to the provisions of Article XVI relating to Capital Improvement Projects, the right to further develop or improve the landing area and other portions of the Airport as it sees fit, regardless of the desires or views of the Airline and without interference or hindrance. If feasible, such improvements shall be made in a manner as to cause Airline as little inconvenience as possible. County agrees to consider the recommendations and requests of AAAC in the future development of the Airport System.

B. The right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Airline from erecting or permitting to be erected any building or other structure on the Airport which, in the opinion of the County, would limit the usefulness of the Airport or constitute a hazard to aircraft.

C. The right during the time of war or national emergency to lease the Airport or any part thereof to the United States Government for military or naval use; and, if any such lease is executed, the privileges of this Agreement insofar as they are inconsistent with the privileges of the lease to the Government shall be suspended. If the foregoing shall occur, there shall be a reasonable and proportionate abatement of the rentals, fees, and charges provided herein during the period.

D. Subject to the provisions of Article XVI relating to Capital Improvement Projects, the right to make structural changes and other modifications to the Terminal Building as it sees fit and in the best interests of the County and the traveling public. Such changes and modifications shall be made in a manner compatible with the requisites of a proper and efficient operation of the Terminal Building and, if feasible, in such manner as to cause the airline companies using said Terminal Building as little inconvenience as possible. County agrees to consider the recommendations and requests of AAAC in future development of the Airport.

E. If a New Entrant shall request the privilege of serving General Mitchell International Airport as an air carrier or air transportation company and space or accommodation shall first not be available from County or then not available from another air carrier or air transportation company, County's Airport Director may direct the Airline to accommodate the New Entrant. After New Entrant has demonstrated to County's Airport Director that it has contacted all Signatory Airlines and has exhausted all reasonable efforts and has been unable to obtain such space or accommodations, then the County's Airport Director shall first notify all airlines that a New Entrant desires to lease space or otherwise be accommodated and has demonstrated to the satisfaction of the Airport Director that it has been unable to do so. At that time, County's Airport Director shall request that the airlines provide such space within thirty (30) days. If New Entrant is not accommodated by airlines within said period, the County's Airport Director will select an airline and give that airline thirty (30) days' written notice to accommodate the New Entrant and provide an explanation why Airline was selected. The Airline shall have the first ten (10) days after notice to comment on or dispute such selection. The direction referred to above shall become effective, subject to the following conditions, unless thereafter modified by the County's Airport Director:

(1) Airline shall share its leased facilities and, at its option, provide handling operations.

(2) Where practicable, Airline shall not be required to accommodate a New Entrant offering directly competing service to areas served by Airline.

(3) In case of a conflict between schedules of Airline and the New Entrant, the Airline shall have preferential use of its personnel and its leased facilities.

(4) The Airline may assess the New Entrant reasonable fees and charges under an appropriate contract for services rendered to, or leased facilities shared with, New Entrant and which shall be based on Airline's direct and indirect costs plus a reasonable allowance for administration and profit, said profit earned only from non-Airport facilities.

ARTICLE XIX CANCELLATION BY COUNTY

The County may cancel this Agreement by giving Airline sixty (60) days' advance written notice, to be served as hereinafter provided, upon or after the happening of any one of the following events:

(1) The filing by Airline of a voluntary petition in bankruptcy.

EXHIBIT B

1/3

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

Dear :

We would like to take this opportunity to welcome Airlines to General Mitchell International Airport. Upon receipt of your signed acceptance of this letter, you will be properly authorized to utilize the facilities at General Mitchell International Airport to provide air service to and from Milwaukee.

All terms and conditions of the General Ordinances of Milwaukee County, Sections 4.10 through 4.25, shall apply. A copy of the Ordinance and its latest amendment are enclosed. Carriers are classified Signatory or Nonsignatory, based on whether they sign a lease with Milwaukee County guaranteeing the payment of operating and terminal expansion costs. Nonsignatory carriers fall under the auspices of the General Ordinances of Milwaukee County, Sections 4.10 to 4.25.

Your attention is called to Section 4.11(e) which spells out the term "approved maximum gross landing weight," needed for computing landing fees, and that the landing reports and fees are to be forwarded to this office monthly on the appropriate forms. The present nonsignatory landing fee is $1.45 per thousand pounds of gross landing weight.

Another condition I wish to point out is that a certificate of insurance must be filed with this office certifying that the insurance requirements shown in Section 4.13 of the Ordinance are in force.

Section 4.15 requires the furnishing of various statistics and data to the Airport Director. A supply of the reporting forms is enclosed for use in reporting monthly.

In accordance with FAR Part 158.43, your Airline is required to collect a Passenger Facility Charge (PFC) for passengers enplaning at General Mitchell International Airport. The specific details of the <u>continuing</u> collection are as follows:

- Level of PFC: $3.00 per enplaned passenger
- PFC Revenues authorized to be collected: $93,336,277
- Original Charge Effective Date: May 1, 1995
- Projects Expiration Date: December 1, 2005
- Address to which Payments are to be made: County of Milwaukee
General Mitchell International Airport
Passenger Facility Charge Revenue

5300 SOUTH HOWELL AVENUE MILWAUKEE, WI 53207-6189 TEL 414 747 5300 FAX 414 747 4525

EXHIBIT [illegible]
2/3

- Make checks payable to: PO Box 78641
  Milwaukee, Wisconsin 53278-0641
  Milwaukee County – Airport Division

Quarterly Reports of amounts collected by this agency and spent for approved projects will be sent to you. In addition, you will be advised of any further changes in the charge expiration date or the total amount of PFC's to be collected. Also, on a quarterly basis, as required by the Federal rule, your Airline's PFC Quarterly Report should be sent to the same address.

Fuel is delivered via underground piping to hydrant pits located at each gate. Signature Flight Support is the Hydrant Fuel System Operator, and Signature Flight Support can also provide into-plane fuel services. If necessary, you may contact Signature Flight Support at (414) 747-5100 for assistance in entering into a fuel purchasing/delivery agreement with Unocal, the pipeline owner.

Signature Flight Support also operates the airport glycol recovery system, and charges airlines for services rendered.

Please sign the acceptance portion on the enclosed copy of this letter and return it for our files. If you need any additional information or assistance, please do not hesitate to call.

We wish Airlines the best in its provision of air service to Milwaukee at General Mitchell International Airport.

Yours very truly,

C. Barry Bateman
Airport Director

CBB:KMN:sss

Enclosures

cc: James N. Kerr, Deputy Airport Director, Operations/Maintenance
Anthony D. Snieg, Deputy Airport Director, Finance/Administration
Roger Hohlweck, Airport Business Manager
Gregory Hetzel, Airport Operations Manager
Patricia Rowe, Public Relations/Marketing Manager
Kevin J. Demitros, Planning Analyst

\\AIRPORT_ADMIN_FS\SYS\USERS\SSCHMID\WORD\AA01\AIRLINES\ALLEGRO - WELCOME AIRLINES.doc

Exhibit
3/3

ACCEPTED: **Airlines**

By:________________________________

Title:______________________________

Date:______________________________

Billing Contact Information

Name/Title: ________________________

Address: ___________________________

City/State/Zip: _____________________

Phone No: ______________

Exhibit C

Listing of Capital Projects Denied by Airlines
By Exercising MII Clause in Lease
And Subsequent Action Taken

Year: 1996

Maintenance Training Facility and Sleeping Quarters	Not essential to airport operations.
Expand Ticket and Baggage Make-up areas at South end of Terminal	This large project was subsequently scaled down to a) plan, b) design, and c) build. Phase a and b were resubmitted and approved in subsequent years.

Year: 1997

Maintenance Training Facility and Sleeping Quarters	Not essential to airport operations.
Expand Ticket and Baggage Make-up areas at South end of Terminal	This large project was subsequently scaled down to a) plan, b) design, c) build. Phase a and b were resubmitted and approved in subsequent years.

Year: 1998

Rebuild Taxiways A,A3,and R	Re-submitted and approved in 1999
Resurface Northeast Hangar Area	Re-submitted and approved in 1999
Tug Tunnel Ramp Canopy	Re-submitted and approved in 1999
Voluntary Land Acquisitions	Airlines prefer to review individual parcels as they become available rather than approve unspecified areas.
Mutual Flight Information System	Airlines requested definitive data on how the proposed system would work. Subsequently included as project PFC IV-5, within the pending PFC 4 application.
Relight Taxiway Y and M	Project was re-engineered, re-submitted, and approved in 1999
Replace Control Cable to Regulator Room	Scope of replacement was re-visited. Re-submitted and approved in 1999
Rebuild Tug Road	Need for rebuilding was verified with airline station managers. Re-submitted and approved in 1999
Baggage Claim Sign	Scope of project was re-evaluated. Re-submitted and approved in 1999

Year: 1999

Voluntary Land Acquisitions	Airlines prefer to review individual parcels, as they become available rather than approve unspecified areas.

Year: 2000

Voluntary Land Acquisitions	Airlines prefer to review individual parcels, as they become available rather than approve unspecified areas.

TABLE 1

Table 1: Airport Competition Plan - Fare Data, Airport-Carrier Summary
Airport Data Summarized by Carrier
Please see accompanying documentation for definitions and assumptions

Year	Airport	Carrier	Zero-Fared	otal Passenger	Avg Fare	Trip Lengt	MktSh
1999	MKE	99	7,900	104,210	$228.39	1,140	2%
1999	MKE	AA	18,500	173,890	$191.18	1,215	4%
1999	MKE	CO	7,600	134,860	$180.34	790	3%
1999	MKE	DL	20,240	396,670	$183.40	901	9%
1999	MKE	HP	10,240	178,950	$149.02	1,558	4%
1999	MKE	NW	62,220	1,027,600	$168.18	826	22%
1999	MKE	SY	-	145,940	$98.29	1,255	3%
1999	MKE	TW	25,700	264,710	$175.12	981	6%
1999	MKE	TZ	600	101,620	$143.63	1,182	2%
1999	MKE	UA	29,710	369,720	$196.80	1,230	8%
1999	MKE	US	17,390	291,010	$195.05	740	6%
1999	MKE	YX	82,610	1,411,160	$185.89	836	31%
1999	MKE	Total	282,770	4,605,960	$178.31	943	100%

Source: US DOT Origin and Destination Survey

TABLE 2

Table 2 - Airport Competition Plan - Fare Data, Market Summary
Summarized information by airport market for all Origin and Destination routes with an average of 10 or more passengers/day.
Please see accompanying documentation for definitions and assumptions.

			Short-Haul (750 Nonstop Miles or Less)				Long-Haul (Over 750 Nonstop Miles				All Stage Lengths			
year	Airport	Market Type	City-Pairs	Passengers	Stage Length	Yield	City-Pairs	Passengers	Stage Length	Yield	City-Pairs	Passengers	Stage Length	Yield
1999	All Airports	Non-Low-Fare	2157	87,815,680	434	$ 0.36	3936	145,044,080	1,551	$0.14	6093	232,859,760	1,130	$0.17
1999	All Airports	Low-Fare	483	84,215,220	425	$ 0.21	778	68,418,860	1,393	$0.12	1261	152,634,080	859	$0.14
1999	All Airports	Total	2640	172,030,900	429	$ 0.29	4714	213,462,940	1,501	$0.13	7354	385,493,840	1,023	$0.16
1999	MKE	Non-Low-Fare	60	2,043,590	498	$ 0.38	54	1,881,540	1,329	$0.14	114	3,925,130	896	$0.21
1999	MKE	Low-Fare	1	6,620	746	$ 0.17	6	674,210	1,297	$0.10	7	680,830	1,292	$0.10
1999	MKE	Total	61	2,050,210	499	$ 0.37	60	2,555,750	1,320	$0.13	121	4,605,960	955	$0.19

Source: U.S. DOT Origin and Destination Survey

TABLE 3

Table 3: Airport Competition Plan - Fare Data, City-Pair Detail

All city-pairs involving a medium or large hub airport, with an average of 10 or more passengers/day

Please see the accompanying documentation for definitions and assumptions.

year	origin	destination	DisBlock	Density	ompetitor	are/NonLo	totalpax	revenue	Nonstop Distance	rack Mile
1999	MKE	BNA	500	100	2	NLF	31,070	5,472,160	475	583
1999	MKE	DCA	750	500	1	NLF	122,750	19,201,660	634	650
1999	MKE	EWR	750	500	2	NLF	130,310	25,863,750	725	736
1999	MKE	FSD	500	20	2	NLF	4,970	1,064,460	448	523
1999	MKE	GEG	1500	20	2	NLF	4,840	1,181,040	1,471	1,571
1999	MKE	HPN	750	20	4	NLF	6,660	1,416,030	741	774
1999	MKE	IAD	750	100	2	NLF	33,710	4,166,870	612	630
1999	MKE	ICT	750	50	3	NLF	8,520	1,740,960	622	755
1999	MKE	JFK	750	20	4	LF	6,620	850,580	746	859
1999	MKE	LGA	750	500	1	NLF	166,610	31,693,800	738	758
1999	MKE	MBS	250	20	2	NLF	3,840	587,760	197	327
1999	MKE	MCO	1500	501	4	LF	286,910	36,189,300	1,066	1,107
1999	MKE	MKG	250	20	1	NLF	3,640	557,740	85	86
1999	MKE	MSP	500	501	1	NLF	189,850	31,162,320	297	298
1999	MKE	MSY	1000	200	3	NLF	43,140	6,312,780	903	991
1999	MKE	MYR	1000	20	2	NLF	6,470	1,050,920	803	863
1999	MKE	OAK	2000	20	2	NLF	4,370	1,343,280	1,834	1,944
1999	MKE	OKC	750	50	2	NLF	10,040	2,281,400	736	869
1999	MKE	OMA	500	100	1	NLF	32,990	5,288,760	426	448
1999	MKE	ONT	2000	100	4	NLF	22,660	3,867,680	1,712	1,808
1999	MKE	ORF	750	50	4	NLF	14,340	2,670,580	748	847
1999	MKE	PBI	1500	200	4	NLF	40,250	5,418,000	1,205	1,259
1999	MKE	PDX	2000	100	3	NLF	35,190	8,187,400	1,718	1,906
1999	MKE	PHL	750	500	2	NLF	111,350	22,379,700	690	702
1999	MKE	PHX	1500	500	3	NLF	181,300	29,075,840	1,460	1,512
1999	MKE	PIE	1500	100	2	LF	26,220	3,363,030	1,077	1,077
1999	MKE	PIT	500	200	1	NLF	47,460	10,700,240	431	443
1999	MKE	PNS	1000	20	3	NLF	5,860	1,083,500	861	968
1999	MKE	PVD	1000	50	4	NLF	8,310	2,294,600	846	902
1999	MKE	PWM	1000	50	4	NLF	9,060	1,808,300	887	995
1999	MKE	RDU	750	200	2	NLF	43,800	8,156,580	689	720

TABLE 4

1999 O&D Data, City-pairs averaging 10 passengers/day or more
City-Pair Data by Competitor (10% market share)
Please see accompanying documentation for definitions and assumptions.

Year	Origin	Destination	Competitor	MktSh	Total Passengers	Revenue	Nonstop Distance	Avg Itinerary Distance	DisBlock	Density
1999	MKE	MKG	YX	99	3,610	552,090	85	85	250	20
1999	MKE	MSP	NW	91	172,660	29,163,980	297	298	500	501
1999	MKE	MSY	DL	24	10,180	1,557,338	903	1052	1000	200
1999	MKE	MSY	NW	35	14,950	2,130,426	903	968	1000	200
1999	MKE	MSY	TW	16	6,940	988,354	903	921	1000	200
1999	MKE	MYR	DL	36	2,350	450,273	803	929	1000	20
1999	MKE	MYR	US	58	3,740	531,380	803	815	1000	20
1999	MKE	OAK	HP	34	1,470	372,596	1834	2034	2000	20
1999	MKE	OAK	UA	60	2,620	868,109	1834	1892	2000	20
1999	MKE	OGG	NW	21	760	332,325	4182	4390	2001	20
1999	MKE	OGG	TZ	12	430	141,066	4182	4276	2001	20
1999	MKE	OGG	UA	22	810	337,954	4182	4317	2001	20
1999	MKE	OKC	NW	24	2,410	567,454	736	994	750	50
1999	MKE	OKC	TW	58	5,780	1,289,736	736	779	750	50
1999	MKE	OMA	YX	85	28,000	4,395,213	426	426	500	100
1999	MKE	ONT	HP	24	5,520	867,231	1712	1776	2000	100
1999	MKE	ONT	NW	30	6,740	1,141,959	1712	1793	2000	100
1999	MKE	ONT	TW	13	2,980	472,730	1712	1861	2000	100
1999	MKE	ONT	UA	25	5,630	1,094,338	1712	1739	2000	100
1999	MKE	ORD	AA	36	4,710	539,301	67	67	250	50
1999	MKE	ORD	UA	64	8,450	948,523	67	67	250	50
1999	MKE	ORF	DL	14	2,050	414,242	748	912	750	50
1999	MKE	ORF	NW	23	3,240	605,559	748	767	750	50
1999	MKE	ORF	TW	10	1,430	175,788	748	1101	750	50
1999	MKE	ORF	UA	13	1,840	336,238	748	790	750	50
1999	MKE	ORF	US	31	4,400	890,982	748	818	750	50
1999	MKE	PBI	DL	47	18,780	2,673,540	1205	1214	1500	200
1999	MKE	PBI	NW	14	5,520	721,496	1205	1329	1500	200
1999	MKE	PBI	TW	10	4,100	485,112	1205	1308	1500	200
1999	MKE	PBI	US	18	7,320	867,002	1205	1290	1500	200
1999	MKE	PDX	NW	39	13,620	3,183,192	1718	1756	2000	100
1999	MKE	PDX	TW	14	5,090	792,940	1718	2025	2000	100
1999	MKE	PDX	UA	26	9,150	2,605,707	1718	1834	2000	100
1999	MKE	PHL	US	30	33,950	6,928,616	690	698	750	500
1999	MKE	PHL	YX	54	60,120	12,189,687	690	690	750	500
1999	MKE	PHX	HP	34	60,750	9,143,852	1460	1471	1500	500
1999	MKE	PHX	NW	11	20,280	3,094,433	1460	1666	1500	500
1999	MKE	PHX	YX	41	73,620	12,556,868	1460	1460	1500	500
1999	MKE	PIE	SY	14	3,560	449,877	1077	1077	1500	100
1999	MKE	PIE	TZ	85	22,260	2,848,652	1077	1078	1500	100
1999	MKE	PIT	US	82	38,990	9,011,160	431	436	500	200
1999	MKE	PNS	DL	50	2,940	549,668	861	942	1000	20
1999	MKE	PNS	NW	29	1,720	312,577	861	914	1000	20
1999	MKE	PNS	US	17	970	172,436	861	1142	1000	20
1999	MKE	PSP	AA	27	1,730	302,224	1665	1727	2000	20
1999	MKE	PSP	HP	33	2,100	420,659	1665	1719	2000	20
1999	MKE	PSP	UA	15	950	166,113	1665	1713	2000	20
1999	MKE	PSP	YX	12	750	107,668	1665	1866	2000	20
1999	MKE	PVD	AA	13	1,070	292,355	846	916	1000	50
1999	MKE	PVD	NW	23	1,920	488,910	846	859	1000	50
1999	MKE	PVD	UA	16	1,310	365,484	846	916	1000	50
1999	MKE	PVD	US	30	2,480	752,769	846	919	1000	50

Year	Origin	Destination	Competitor	MktSh	Total Passengers	Revenue	Nonstop Distance	Avg Itinerary Distance	DisBlock	Density
1999	MKE	PWM	DL	17	1,500	386,862	887	1143	1000	50
1999	MKE	PWM	NW	25	2,240	369,706	887	908	1000	50
1999	MKE	PWM	UA	14	1,300	264,276	887	969	1000	50
1999	MKE	PWM	US	35	3,130	633,505	887	1002	1000	50
1999	MKE	RDU	NW	11	4,930	788,900	689	769	750	200
1999	MKE	RDU	YX	62	27,080	5,166,865	689	690	750	200
1999	MKE	RIC	DL	20	2,550	690,288	673	821	750	50
1999	MKE	RIC	NW	16	2,030	435,817	673	694	750	50
1999	MKE	RIC	UA	11	1,460	348,228	673	709	750	50
1999	MKE	RIC	US	45	5,930	1,356,587	673	742	750	50
1999	MKE	RNO	HP	15	1,830	313,217	1667	2021	2000	50
1999	MKE	RNO	NW	42	5,240	911,805	1667	1792	2000	50
1999	MKE	RNO	TW	16	2,000	301,283	1667	1884	2000	50
1999	MKE	RNO	UA	16	1,950	417,006	1667	1708	2000	50
1999	MKE	ROA	DL	11	450	163,370	571	679	750	20
1999	MKE	ROA	NW	16	660	158,610	571	620	750	20
1999	MKE	ROA	US	64	2,670	770,146	571	724	750	20
1999	MKE	ROC	AA	12	1,270	279,268	518	595	750	50
1999	MKE	ROC	NW	30	3,110	685,771	518	539	750	50
1999	MKE	ROC	UA	24	2,440	469,942	518	594	750	50
1999	MKE	ROC	US	26	2,700	545,517	518	670	750	50
1999	MKE	RSW	DL	21	20,190	2,731,275	1183	1191	1500	500
1999	MKE	RSW	NW	20	19,210	2,256,144	1183	1349	1500	500
1999	MKE	RSW	TZ	16	15,130	2,097,144	1183	1183	1500	500
1999	MKE	RSW	YX	16	15,570	2,614,705	1183	1183	1500	500
1999	MKE	SAN	AA	11	8,340	1,432,543	1738	1797	2000	500
1999	MKE	SAN	NW	23	17,000	2,965,609	1738	1849	2000	500
1999	MKE	SAN	TW	11	7,850	1,249,675	1738	1856	2000	500
1999	MKE	SAN	UA	26	19,190	3,464,472	1738	1782	2000	500
1999	MKE	SAT	AA	12	3,010	623,061	1095	1116	1500	100
1999	MKE	SAT	NW	17	4,250	836,979	1095	1185	1500	100
1999	MKE	SAT	TW	21	5,180	1,049,888	1095	1105	1500	100
1999	MKE	SAT	YX	32	8,070	1,616,961	1095	1095	1500	100
1999	MKE	SAV	DL	66	9,730	1,514,943	831	879	1000	50
1999	MKE	SAV	US	28	4,150	511,296	831	870	1000	50
1999	MKE	SBA	HP	21	760	124,089	1811	1929	2000	20
1999	MKE	SBA	UA	55	2,010	384,747	1811	1836	2000	20
1999	MKE	SBA	YX	14	520	127,666	1811	1845	2000	20
1999	MKE	SDF	DL	28	4,310	974,798	348	408	500	50
1999	MKE	SDF	NW	15	2,250	490,713	348	576	500	50
1999	MKE	SDF	YX	42	6,380	1,353,223	348	348	500	50
1999	MKE	SEA	NW	49	27,820	6,832,326	1694	1748	2000	200
1999	MKE	SEA	TW	11	6,100	1,036,382	1694	2023	2000	200
1999	MKE	SEA	UA	22	12,340	3,211,058	1694	1829	2000	200
1999	MKE	SFO	NW	22	30,720	5,393,635	1845	1923	2000	500
1999	MKE	SFO	UA	25	35,140	6,895,200	1845	1917	2000	500
1999	MKE	SFO	YX	26	36,900	6,430,719	1845	1845	2000	500
1999	MKE	SGF	NW	13	880	173,296	489	799	500	20
1999	MKE	SGF	TW	79	5,490	1,161,640	489	511	500	20
1999	MKE	SHV	NW	22	890	224,819	793	841	1000	20
1999	MKE	SHV	TW	52	2,110	431,156	793	793	1000	20
1999	MKE	SJC	AA	19	2,970	693,863	1829	1909	2000	50
1999	MKE	SJC	NW	27	4,250	987,589	1829	1878	2000	50
1999	MKE	SJC	TW	14	2,220	443,437	1829	1959	2000	50
1999	MKE	SJC	UA	24	3,740	974,490	1829	1895	2000	50

Year	Origin	Destination	Competitor	MktSh	Total Passengers	Revenue	Nonstop Distance	Avg Itinerary Distance	DisBlock	Density
1999	MKE	SJU	AA	22	5,170	1,538,375	2119	2143	2001	100
1999	MKE	SJU	DL	11	2,490	642,544	2119	2220	2001	100
1999	MKE	SJU	NW	22	4,950	1,217,562	2119	2263	2001	100
1999	MKE	SJU	TW	13	3,050	663,169	2119	2345	2001	100
1999	MKE	SJU	TZ	12	2,750	642,314	2119	2163	2001	100
1999	MKE	SJU	US	12	2,800	437,552	2119	2164	2001	100
1999	MKE	SLC	DL	16	3,660	845,328	1246	1816	1500	100
1999	MKE	SLC	NW	35	8,180	1,686,008	1246	1287	1500	100
1999	MKE	SLC	TW	13	3,050	516,886	1246	1464	1500	100
1999	MKE	SLC	UA	24	5,590	1,221,703	1246	1301	1500	100
1999	MKE	SMF	HP	14	2,130	493,517	1778	2044	2000	50
1999	MKE	SMF	NW	28	4,140	930,600	1778	1818	2000	50
1999	MKE	SMF	TW	12	1,810	346,907	1778	1996	2000	50
1999	MKE	SMF	UA	37	5,610	1,553,037	1778	1842	2000	50
1999	MKE	SNA	AA	20	4,230	1,027,790	1738	1795	2000	100
1999	MKE	SNA	HP	11	2,440	516,892	1738	1799	2000	100
1999	MKE	SNA	NW	25	5,340	1,202,388	1738	1894	2000	100
1999	MKE	SNA	TW	11	2,260	441,549	1738	1887	2000	100
1999	MKE	SNA	UA	24	5,250	1,409,315	1738	1783	2000	100
1999	MKE	SRQ	DL	42	7,420	1,084,345	1114	1119	1500	50
1999	MKE	SRQ	NW	18	3,180	446,746	1114	1263	1500	50
1999	MKE	SRQ	TW	15	2,700	340,138	1114	1220	1500	50
1999	MKE	SRQ	US	14	2,430	374,154	1114	1201	1500	50
1999	MKE	STL	TW	87	55,610	12,442,755	317	318	500	200
1999	MKE	SYR	NW	38	4,690	1,040,718	597	613	750	50
1999	MKE	SYR	US	34	4,160	1,009,999	597	753	750	50
1999	MKE	TLH	DL	84	3,480	758,440	887	893	1000	20
1999	MKE	TLH	US	12	510	86,067	887	1050	1000	20
1999	MKE	TPA	DL	15	17,590	2,568,995	1075	1085	1500	500
1999	MKE	TPA	NW	40	47,960	5,861,142	1075	1220	1500	500
1999	MKE	TPA	YX	12	14,150	2,157,560	1075	1075	1500	500
1999	MKE	TUL	AA	17	1,320	329,308	631	652	750	50
1999	MKE	TUL	TW	67	5,230	1,351,288	631	668	750	50
1999	MKE	TUS	AA	15	2,090	461,406	1462	1518	1500	50
1999	MKE	TUS	HP	39	5,540	961,814	1462	1577	1500	50
1999	MKE	TUS	NW	20	2,910	468,160	1462	1580	1500	50
1999	MKE	TUS	UA	16	2,230	533,992	1462	1542	1500	50
1999	MKE	TVC	YX	94	4,560	669,715	169	170	250	20
1999	MKE	TYS	DL	34	2,310	630,316	535	648	750	20
1999	MKE	TYS	NW	40	2,750	702,736	535	787	750	20
1999	MKE	TYS	US	11	750	168,320	535	817	750	20
1999	MKE	VPS	DL	26	950	196,582	867	934	1000	20
1999	MKE	VPS	NW	71	2,610	383,880	867	925	1000	20
1999	MKE	XNA	AA	28	960	295,931	573	601	750	20
1999	MKE	XNA	NW	23	800	254,317	573	835	750	20
1999	MKE	XNA	TW	45	1,570	460,777	573	593	750	20

U.S. Department of Transportation
Federal Aviation Administration

Office of Airport Planning and Programming

800 Independence Ave., SW.
Washington, DC 20591

TO		
✓	Airport Director	15
	Dep Dir O/M	
✓	Dep Dir F/A	
	Properties	
	Business-Pkg	
	Accounting	
✓	Budgeting	
	Mktg/Pub Rel	
	Noise Abate	
	Planning/GIS	
	Operations	
	Maintenance	
	Env Comp/Safety	
	Purchasing	
	Airport Eng	
	Corp Counsel	
	A.D. Sec	
	File	
	Rtn to Dir	

NOV 27 2000

Mr. C. Barry Bateman
Airport Director
General Mitchell International Airport
Milwaukee, WI 53207-6156

Dear Mr. Bateman:

Thank you for your September 28, 2000 submittal of Milwaukee County's General Mitchell International (MKE) Airport Competition Plan. We have reviewed your competition plan for the Airport for conformity with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21), Pub. L. 106-181, April 5, 2000. However, a final determination is being withheld pending submission of further materials, as outlined below. In addition, we offer some suggestions for your consideration as you implement and update your plan, in the future.

Section 155 of AIR 21 enacted 49 U.S.C. 40117(k) and 47106(f). These provisions require the filing of a competition plan for a covered airport seeking FAA approval of a passenger facility fee or of an airport improvement program grant application, beginning fiscal year 2001. The Secretary will review the competition plans to ensure that they meet the statutory requirements and review their implementation from time to time to make sure that they are successfully implemented. The legislative history of the requirement states that "[t]he underlying purpose of the competition plan is for the airport to demonstrate how it will provide for new-entrant access and expansion by incumbent carriers. By forcing the airport to consider this, it would be more likely to direct its AIP and PFC money to that end." H. Rpt. 106-513. The FAA's Program Guidance Letter (PGL) 00-3, May 8, 2000, addressed eight features of an airport's business practices required by section 155 of AIR-21.

As you know, section 155 was enacted after the Department of Transportation published its *Report on Airport Business Practices and Their Impact on Airline Competition* (*Airport Practices* report). That report identified a number of airport business practices that could serve as impediments to new entry or expansion of incumbent carriers at an airport and a number of best practices that airport management have followed to achieve compliance with airport sponsors' obligation to provide access to all aeronautical users on reasonable terms without unjust discrimination.

We have identified a number of areas where additional information is necessary to support a determination that your plan is in accordance with section 155. This information will also be helpful in assuring that the purpose of section 155 is fulfilled – i.e. to demonstrate how Milwaukee will provide for new entrant access and expansion, and in assuring that Milwaukee is fulfilling its obligation to provide airport access. We request that you provide the information within 30 days. For your convenience, we have grouped the questions according to the applicable features specified in PGL 00-3.

Availability of gates and related facilities

Please provide the names of the four carriers in the past year that have requested access or sought to expand service, how were they accommodated, and the length of time between request and access. Please explain any circumstances in the past, including your use of the procedures in Article XVIII of your lease (which appears to apply only to the accommodation of new entrant airlines), under which the airport has intervened to grant a requesting airline the right to use a tenant's exclusive use space.

Leasing and Subleasing

Please clarify the respective roles of the Airline Airport Affairs Committee (AAAC) and the airport in resolving disputes among air carriers regarding the use of airport facilities. When the AAAC settles disputes regarding gate availability, how is the airport informed of the AAAC decision? Is there a formal procedure for the appeal of AAAC decisions to the Authority? If so, how are new entrants made aware of the procedure? What is the composition of the AAAC? Our *Airport Practices* report indicated that airport officials who ensure that entrants have timely information and access on reasonable terms to necessary gates, facilities and services promote competitive access at the airport.

Gate Assignment Policy

In addition, the competition plan indicates that holders of exclusive-use gates are primarily, if not exclusively, responsible for identifying and notifying other carriers about the availability under-utilized or unused gates. Please provide clarification and a more detailed description of this process, including the role of airport management. Is there a consultation process between the airport and tenant carrier on gate usage and needs of the tenant carrier, so that the airport may be aware of the extent of underused or unused facilities? Are nonsignatory carriers invited to the monthly station managers meetings where gate availability may be discussed? Who determines the gate assignments? Does the airport have criteria, that are transparent and fairly applied, for new gate assignments? Our *Airport Practices* report indicated that airport officials who ensure that entrants have timely information and access on reasonable terms to necessary gates, facilities and services promote competitive access at their airport. If these policies and procedures do not currently exist, we encourage the Authority to consider developing them in light of the findings of the *Airport Practices* report.

Further, we request an explanation for the provision in your airline lease agreement permitting a tenant airline to decide not to share a gate with a requesting airline that directly competes with it. We note that the provision in question is qualified by the term "where practicable." However, in that there are no gates other than exclusive use gates at the airport, we have concerns about whether a signatory carrier could refuse to accommodate a direct competitor, even if all other gates at the airport were fully utilized. Our concern is whether this exception to the "reasonable accommodation" provision, as implemented by the airport and signatory carriers, may be inconsistent with the federal prohibition against grant of exclusive rights, which we discussed in our Airport Practices report, or with the federal goal of assuring reasonable airport access. The purpose of the "competition plan" requirement is for an airport to demonstrate how it will encourage airline competition, including the provision of low fare, competitive air service at its airport. Please bear in mind that if this provision effectively shuts out competitors from gate-sharing arrangement, we will require the airport to modify the provision before we approve the competition plan.

In addition to the issues and information outlined above, we encourage the County to consider and address in a future update of the Competition Plan the following concerns and issues, in light of the best practices identified in the *Airport Practices* report. For your convenience, we have categorized them according to the applicable features discussed in
PGL 00-3.

Availability of gate and related facilities

The airport's competition plan indicates that the airport does not have a gate monitoring policy since all gates are leased on an exclusive use basis. As we indicated in our *Airport Practices* report, an airport that actively monitors usage of all gates is better able to make gates available to meet requests from new entrants or expanding carriers. The *Airport Practices* report found that the federal obligation to provide reasonable access to all qualified air carriers provides authority to the airport operator to accommodate requesting airlines at underused or unused exclusively leased gates. Moreover, as we addressed above, the airport's lease agreement with exclusive use tenant authorizes the airport to accommodate a new entrant, under certain conditions. The practice of gate usage monitoring will assist the airport in accommodating both new entrants and expanding incumbent carriers.

In addition to the issue of competitor access to exclusively-leased gates, we encourage the County to consider modifications to two other aspects of the "reasonable accommodation" clause in the airport's lease agreement, when the opportunity presents itself. First, the clause appears to require carriers to exhaust all avenues of direct negotiation with tenant carriers before invoking airport intervention, and to fully document those efforts. Our *Airport Practices* report found that airport directors that work closely with new entrant and smaller carriers to gain access to the airports may be more successful at facilitating entry.

Second, there is no limit on sublease fees and no provision for review of sublease terms. Our *Airport Practices* report found that entry is facilitated when airport management oversees efforts by new entrants to enter into sublease arrangements. The report also found that new entrants are more likely to be treated fairly by an air carrier tenant when the airport imposes a reasonable cap on sublease fees. In light of these findings, , we suggest that the airport consider setting a cap on sublease fees and announce that it will monitor sublease agreements.

The competition plan refers to your August PFC application which includes use of PFCs to build 6 additional gates. We commend you for use of this financing alternative for your gates and for your plans to set aside one or two of these gates as either common use gates or for leasing to new entrants. We encourage you to take full advantage of the procompetitive potential of PFC financing by leasing on a preferential, rather than exclusive-use basis any of the six gates that are not held as common use gates. In addition, please be aware that federal law prohibits use of PFC financing for long-term exclusive use gates. In addition, existing tenants that lease PFC-financed gates may be required to share their unused or underused existing facilities with competitors, under PFC assurance #7. A comprehensive gate monitoring program will greatly assist the airport in complying with PFC assurance #7 for existing gates and in overseeing preferential-use for the PFC-financed gates.

Gate Assignment Policies

Again, our *Airport Practices* report found that entry is assisted when an airport adopts clear guidelines on what air carriers must do to gain access to an airport and expands their operations. We encourage you to consider developing additional procedures and a timeline for carriers desiring to gain access to the airport.

Majority-In-Interest (MII) clauses on Capital Projects

We understand that your MII agreements provide the covered airlines with the power to delay projects for a two year period and that your MII clause is in effect until 2010. You also stated that the airport has no plans to modify the existing MII provisions due to its "success." Our *Airport Practices* report recommended that airports ensure that MII agreements do not prevent or delay projects that could be beneficial to new entrants or other competitors. You may want to carefully consider revising the MII language to control capital development on the airport when the opportunity presents itself..

Finally, because of the interest that members of the traveling public may have in airline competitive issues at your airport, including your policy of ensuring reasonable access for new entrant airlines, we encourage you to put a copy of your competition plan, including this response, on your airport web page.

Upon receipt of the information to be submitted within 30 days, the FAA will complete our review of the plan and advise you of our final disposition.

If you have any questions regarding this letter or the FAA's review of your plan, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

Sincerely,

Barry L Molar for

Catherine M. Lang
Director of Airport Planning
and Programming

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

December 18, 2000

Catherine M. Lang
Director of Airport Planning and Programming
Federal Aviation Administration
800 Independence Ave. SW
Washington D.C. 20591

December 18, 2000

Dear Ms. Lang:

The purpose of this letter is to respond to your letter of November 27, 2000 to the undersigned requesting additional information about the Competition Plan of Milwaukee County's General Mitchell International Airport (GMIA) submitted to the Federal Aviation Administration (FAA) on September 28, 2000. For convenience in review, this communication will address the points in the order presented in your November inquiry. At the outset, let me note that GMIA has an active interest in attracting new entrants to this market. Within the past month, the Airport Marketing Director and I visited Southwest and Air Tran Airways in hopes of having one or both see this facility as an attractive location for their future expansion of operations. While there is no firm evidence of their accepting our offer, the point is that GMIA is ready, able, and willing to incorporate new entrants to this market. Attached you will see a copy of a new entrant letter to Atlantic Southeast Airlines, which has indicated interest in coming to this market, unsolicited.

Availability of gates and related facilities
The four carriers who in the past year had requested new or expanded service at GMIA were Midwest Express, U.S. Airways, United Airlines, and Chicago Express. The first three of this group were looking to expand facilities and were accommodated by Airport management with Midwest Express expanding into four gates previously leased by Northwest Airlines; U.S. Airways initiated service with the use of their Metro-Jet subsidiary and was accommodated internally by the use of U.S. Airway's ticket counters and gates; United Airlines took over a vacant gate holding area related to approximately 110 linear feet of apron rented from Milwaukee County on a month-to-month basis for

approximately the past four years. Finally, Chicago Express, flying as the American Trans Air connection to Chicago's Midway airport was initially provided sublease space by Northwest Airlines, but currently is provided sublease space from TWA and America West. All four airlines were provided space in a timely manner appropriate to their needs and desire to commence or expand service as evidenced by the American Trans Air Connection's move from Northwest to TWA and America West. The capability of altering sublease arrangements is evident. Airport management did not find it necessary to intervene in either of these sublease situations.

Since the inception of the Milwaukee lease in 1985 which expires in 2010, airport management has not found it necessary to invoke the provisions of Article XVIII to provide for a new entrant into the Milwaukee market. In all cases of new entry or expansion by existing tenants, the required space has been obtained readily at an appropriate rental charge from existing tenants. For your information, at GMIA there are 13 carriers signatory to the long-term agreement that have gate facilities. All the larger domestic carriers, save Southwest, are in this group.

Should a new entrant carrier express interest in initiating service at GMIA, management sends one or both of two welcome letters (sample copies attached) to that airline. The first is a general letter addressing ordinary fees, insurance requirements, PFC charges, etc. The second goes into an explanation of the Master lease and provides the new carrier with the names and contacts of all signatory airlines to explore a sublease arrangement. The provisions of Article XVIII would be invoked only after the new airline were to represent to management that each of the signatory airlines had been contacted and that each had refused to negotiate an acceptable sublease. After management confirmed the refusal of signatory carriers in this situation, the Airport Director, as set forth in Article XVIII (E), would officially notify all the airlines of the entrant's desire to obtain a sublease and that it had not been able to do so. The Director would make a formal request to have a specific airline provide adequate space. That carrier would be determined based on a review of the airline operations (i.e. gate use, timetable compatibility, etc.) If after 30 days the selected airline had not afforded such space, the Director could serve written notice instructing the selected airline to provide space. The Director is obliged to indicate the reason why that incumbent airline has been selected. (Presumably so as to cause the least amount of disruption any airline or GMIA operations as a whole.)

As noted above, airport management has not been forced to invoke the formal power of Article XVIII in the sixteen years of the Agreement's life. In addition management believes that the dynamics of this marketplace are such that new entrants have the ability to readily negotiate for space at a reasonable rate. GMIA uses as an example the businesslike relationship between Northwest and Sun Country. These direct competitors have adjacent gates, share baggage make-up area and have adjoining ticket counter space and ticketing office.

Leasing and Subleasing

The principle purpose behind the Airline Airport Affairs Committee (AAAC) is for the approval of the annual capital improvement budget as well as to review and comment on the airport's annual operating budget. In addition, the AAAC is contacted for discussion and consultation on the PFC applications. Specifically with regard to disputes among air carriers regarding the use of airport facilities, this group has not, since its inception in 1985 been called upon to arbitrate any dispute, whether on gate assignments or any other matter. There is no formal appeal of AAAC decisions to the County of Milwaukee, but again there has not been a need to do so. The composition of the AAAC, as defined by the lease agreement which extends from 1985 through 2010, is that each signatory airline to the agreement has a vote on proposed airport capital projects and are all free to comment on the operating budget. The two-tiered vote weighting mechanics requires that 51% of the signatory airlines contributing least 51% of the direct airline revenues paid on an annual basis are required to approve (or disapprove) of capital projects.

There are six non-signatory carriers serving GMIA which sublease space from the signatory carriers. All non-signatory property representatives are invited to attend formal meetings of the AAAC, and while they are not balloted (where a vote is required) on any capital improvement projects, they are afforded the opportunity to comment and discuss the merits of all subjects at AAAC meetings. In addition, the cargo carrier representatives are also invited to the AAAC meetings and often attend.

Availability of gate and related facilities

GMIA does not have a formal gate use monitoring policy and believes that one is not required for a facility of this size. GMIA has approximately 220 daily flights and 42 existing gates; consequently the average daily "turns per gate" is 5.5. It is readily apparent, therefore, when a carrier would vary significantly from this average. It is inefficient and uneconomical for an airline to maintain more than the necessary number of gates at GMIA. It is likely that such an airline would approach Milwaukee County to try to adjust its leasehold interests. Milwaukee County would offer to broker a deal to the mutual advantage of airlines, and would consider releasing any carrier from its lease. Finally, projected flights of each airline serving GMIA are submitted to management routinely; significant deviations from historic patterns would be noticed and appropriate follow-up measures taken.

Non-signatory carriers are invited to attend monthly station managers meetings where gate availability might be discussed, although that is not a typical topic of discussion.

You asked who determines gate assignments; clearly the long-term agreement specifies gate assignments. One of the airport's criteria for new gate assignments relates to requests made for the construction of additional and/or new gates.

In the next few years, it is Milwaukee County's intent to develop at least six additional gates as indicated in our GMIA Competition Plan. It is the County's intent to assign these, and all future PFC gates, on a preferential use basis and subsequently be able to provide, by action of airport management, access to any carrier wishing to utilize the airport. It is not practical to change the existing lease agreement signed by 13 carriers without significant effort and potential disputes with the carriers who have signed. It is unlikely that any of the signatory carriers would be willing to sign an amendment to this lease somewhat subrogating its power to control its own destiny. However in the case of the new gates, Milwaukee County, in conjunction with the Milwaukee County Corporation Counsel, will develop language for the preferential use of gates as well as increased control on the part of Milwaukee County. It should be noted that the provision referenced to the assigning of a new entrant to an existing carrier provides great latitude in terms of selecting among a number of carriers to make provision to accommodate a new entrant rather than the limiting of airport management's right to insist upon an existing carrier to accommodate a new entrant to only one carrier at a time. The ability of a new entrant is enhanced by that provision. Milwaukee County will also attempt to develop wording to provide the County with more "definitive" control on accommodating new entrants, when lease space assignment between carriers occurs.

Gate Assignment Policy

All 42 existing gates are exclusively leased to and used by the 13 signatory carriers. A number of gate re-assignments have taken place since 1985, typically involving the assignment from a parent to a related carrier and/or a negotiated agreement between two existing carriers. It has traditionally been the practice of Milwaukee County to have all gates leased to guarantee that operating costs of the airport are paid through the airport system. In-place leases are not typically terminated based upon the wish of a carrier to leave the Milwaukee market. For example, American Airlines ceased service to Milwaukee in approximately 1996. It was Milwaukee County's position that while American could assign the gates to another carrier; American would remain liable for its lease until another carrier could be found to be assigned the lease and relieve American from its obligation. American Airlines formerly had two gates, and one of them has since been assigned to American Eagle at the mutual request of each airline. American is retaining a gate at GMIA to use for diversions and also for use by its code-sharing partner, American Eagle. However, in today's market, Milwaukee County would consider allowing a carrier to be released from its lease obligation in order to recover a gate for new entrants. This would depend, in part, on the status of other gates with other airlines.

Majority-In-Interest (MII) clauses on Capital Projects

The concern you mention about incumbent signatories to the current lease delaying or preventing projects that may be beneficial to new entrants is noted. This verbiage will be closely reviewed when a new lease agreement is drafted for enactment in 2010 and/or if an opportunity presents itself earlier. GMIA points out that as a practical matter, projects of this nature have gone forward, and the contemplated addition of six gates is a prime example. It should be noted that the airlines approved this project even though no carrier has a "letter on file" requesting additional gates. There are numerous other projects that have been approved over time that benefit all users of this facility and (arguably) makes GMIA attractive to a new entrant.

Summary
The size and operations of this airport, and the airlines serving it, are such that formal caveats guarding against the inability of a new entrant to get access or facilities that may be necessary at a larger airport have not been needed here. Airport Management will consider and develop for future long-term agreements, or upon the addition of gates at this airport, wording to improve management's capability to accommodate new entrant access. Practical examples of how the current lease has operated to provide the assurances required under PFC legislation have been given. The current system, while it may not be perfect, is adequate to permit management to actively seek new entrants to this market. The demonstration of the current system's effectiveness in this regard has been shown in the ability to effectuate gate/facility assignments for the benefit of all the interested parties.

Respectfully Submitted,

C Barry Bateman

C. Barry Bateman, Airport Director

cc. Barry Molar, Manager, Airports Financial Assistance Division
Sandra E. DePottey, Program Manager, Airports District Office-Minneapolis

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

December 11, 2000

Mr. David Sellers
Atlantic Southeast Airlines, Inc.
100 Hartsfield Center Parkway
Suite 800
Atlanta, GA 30354

Dear Mr. Sellers:

General Mitchell International Airport (GMIA) in Milwaukee, Wisconsin is pleased that Oasis Airlines Inc. is considering service to Milwaukee. To assist in your evaluations, we have provided information indicating the various categories of space and rates presently available from Milwaukee County for lease and what expenses a carrier might incur in conducting operations at GMIA.

Prior to discussing space availability, however, it should be noted that Milwaukee County bases all of its calculations on an Equivalent Rental Unit (ERU) basis. Currently, the base ERU fee is: $9 (Signatory) or $10.80 (Non-Signatory), which serves as the focal point of all space rental rates. All other space is related to the ERU rate by way of a factor. These factors appear on Exhibit "A" and, in turn, alter the rent-per-square-foot rate accordingly for each category of space. The rates are adjusted yearly on January 1st and are subject to adjustment at mid-year if correction is necessary. The rates for 2001 are the same as are currently in effect. For an Airline to become Signatory at GMIA, the Airline must enter into a long-term agreement to lease ticket counter space or a gate at GMIA until the year 2010. A copy of the lease agreement can be provided upon request.

Additionally, enclosed is a listing of Signatory Airline Property Representatives if you would like to sub-lease space from any of those Airlines.

1. <u>Ticketing Area</u>

   All ticketing counters at GMIA are presently leased and would need to sub-lease from a Signatory Airline (Exhibit "B").

5300 SOUTH HOWELL AVENUE MILWAUKEE, WI 53207-6156 TEL 414 747 5300 FAX 414 747 4525

2. Gate Area

All Gate areas are presenting leased and Oasis would need to sub-lease from Signatory Airlines (Exhibit “C”).

3. Baggage Service Office

No Baggage Service Office areas are presently available. However, it may be possible to construct an office, should one be needed.

4. Apron

In addition to the building space charges for the ticket areas and gate areas, Milwaukee County assesses an Apron Rental charge for the maintenance and construction costs of the ramp areas surrounding the gates. The Signatory rate for 2000 is $180.00 and $216.00 for Non-Signatory carriers, per linear foot of apron. For 2001, the signatory rate is 184.00, the non-signatory rate is $220.80

Exhibit “D” shows all of the gates at GMIA.

5. Landing Fees

The 2000 and 2001 Signatory landing rate is $1.33 per thousand pounds of gross certified landing weight. The Non-Signatory landing rate is $1.60 per thousand pounds of gross certified landing weight.

6. Hydrant Fuel Fees

All passenger carriers are required to be a part of the Hydrant Fuel System (HFS) at GMIA, even if they are fueled over the wing.

The HFS provides fuel to the passenger carriers serving GMIA. The system is operated by Signature Flight Support, the local Fixed Base Operator (FBO), under the terms of an agreement reached by the Participating carriers and Milwaukee County. The agreement essentially outlines how costs are to be assessed with consideration as to the number of hydrant fuel pits leased, the number of gates leased, and the amount of fuel pumped per month, as a means of repaying the debt service costs for the installation of the system. Exhibit "E" is an invoice for one (1) month's activity on the system. The more fuel that is used and the more efficient the gate operation, the lower the debt service cost per gallon becomes. If a new entrant was to become Signatory to Milwaukee County's long-term Airline lease, it would likely become Participatory to the fuel agreement and enjoy savings from the non-participant rate. For a more definitive discussion of these charges, please contact Mr. Doug Drescher, the General Manager for Signature Flight Support, at (414) 747-5100.

Signature Flight Support can also provide into-plane fueling services.

7. Common Use Charges and Security Fees

Common Use Charges are assessed to the Airlines by Milwaukee County and are addressed in Exhibit "F", enclosed. For further information, please feel free to contact me at (414) 747-5703. I should note that the passenger screening charge is for the flexible response provided by the Sheriff's Department of Milwaukee County to respond to the checkpoints. Checkpoint security personnel are provided by a private firm hired by the local Airline Station Managers and is the subject of a different measure of assessment, which is not handled by Milwaukee County.

8. Ground Handling

Ground handling can be performed by the agent of your choosing, including other Airlines or Signature Flight Support.

9. Miscellaneous Fees

Employee parking fees are: $5 per month plus State Sales Tax for Airport employees and Airline employees; $15 per month plus State Sales Tax for domiciled pilots and flight attendants. These charges can be assessed either to individuals or to employers, although we would prefer to issue the invoices to the employer (Airline).

10. International Arrivals Building (IAB)

Charges for the use of GMIA's IAB are $7.50 per passenger. A jet bridge is available for use at no additional charge.

I hope that this letter has been helpful to you in Oasis analysis of Milwaukee. If you have any questions on this or any other matter, please feel free to contact me at (414) 747-5703.

Sincerely,

Anthony Snieg

Anthony D. Snieg
Deputy Airport Director
Finance/Administration

ADS:jek
Enclosures

cc: C. Barry Bateman, Airport Director, w/o enclosures
Patricia A. Rowe, Marketing/Public Relations Manager, w/o enclosures
Doug Drescher, Signature Flight Support, w/o enclosures

\\AIRPORT_ADMIN_FS\SYS\DATA\PRIVATE\Clerk Typists\Aa04\Tony Snieg\1999\Atlantic Southeast SOLICIT LETTER.doc

MILWAUKEE COUNTY'S

GENERAL
MITCHELL
INTERNATIONAL AIRPORT

November 29, 2000

Mr. David Sellers
Atlantic Southeast Airlines
100 Hartsfield Centre Parkway
Suite 800
Atlanta, GA 30354

Dear Mr. Sellers:

We would like to take this opportunity to welcome Atlantic Southeast Airlines to General Mitchell International Airport. Upon receipt of your signed acceptance of this letter, you will be properly authorized to utilize the facilities at General Mitchell International Airport to provide air service to and from Milwaukee.

All terms and conditions of the General Ordinances of Milwaukee County, Sections 4.10 through 4.25. shall apply. A copy of the Ordinance and its latest amendment are enclosed. Carriers are classified Signatory or Nonsignatory, based on whether they sign a lease with Milwaukee County guaranteeing th payment of operating and terminal expansion costs. Nonsignatory carriers fall under the auspices of th General Ordinances of Milwaukee County, Sections 4.10 to 4.25.

Your attention is called to Section 4.11(e) which spells out the term "approved maximum gross landing weight," needed for computing landing fees, and that the landing reports and fees are to be forwarded t this office monthly on the appropriate forms. The present nonsignatory landing fee is $1.60 per thousa pounds of gross landing weight.

Another condition I wish to point out is that a certificate of insurance must be filed with this office certifying that the insurance requirements shown in Section 4.13 of the Ordinance are in force.

Section 4.15 requires the furnishing of various statistics and data to the Airport Director. A supply of the reporting forms is enclosed for use in reporting monthly.

In accordance with FAR Part 158.43, your Airline is required to collect a Passenger Facility Charge (PFC) for passengers enplaning at General Mitchell International Airport. The specific details of the continuing collection are as follows:

• Level of PFC:	$3.00 per enplaned passenger
• PFC Revenues authorized to be collected:	$93,336,277
• Original Charge Effective Date:	May 1, 1995
• Projects Expiration Date:	December 1, 2005

- Address to which Payments are to be made: County of Milwaukee
  General Mitchell International Airport
  Passenger Facility Charge Revenue
  PO Box 78641
  Milwaukee, Wisconsin 53278-0641
- Make checks payable to: Milwaukee County – Airport Division

Quarterly Reports of amounts collected by this agency and spent for approved projects will be sent to you. In addition, you will be advised of any further changes in the charge expiration date or the total amount of PFC's to be collected. Also, on a quarterly basis, as required by the Federal rule, your Airline's PFC Quarterly Report should be sent to the same address.

Fuel is delivered via underground piping to hydrant pits located at each gate. Signature Flight Support the Hydrant Fuel System Operator, and Signature Flight Support can also provide into-plane fuel services. If necessary, you may contact Signature Flight Support at (414) 747-5100 for assistance in entering into a fuel purchasing/delivery agreement with Unocal, the pipeline owner.

Signature Flight Support also operates the airport glycol recovery system, and charges airlines for services rendered.

Please sign the acceptance portion on the enclosed copy of this letter and return it for our files. If you need any additional information or assistance, please do not hesitate to call.

We wish Atlantic Southeast Airlines the best in its provision of air service to Milwaukee at General Mitchell International Airport.

Yours very truly,

C Barry Bateman

C. Barry Bateman
Airport Director

CBB:KMN:sss

Enclosures

cc: James N. Kerr, Deputy Airport Director, Operations/Maintenance
Anthony D. Snieg, Deputy Airport Director, Finance/Administration
Roger Hohlweck, Airport Business Manager
Gregory Hetzel, Airport Operations Manager
Patricia Rowe, Public Relations/Marketing Manager
Kevin J. Demitros, Planning Analyst

\\AIRPORT_ADMIN_FS\SYS\USERS\SSCHMID\WORD\AA01\AIRLINES\ALLEGRO - WELCOME AIRLINES.doc

ACCEPTED: **Atlantic Southeast Airlines**

By:_______________________________

Title:_______________________________

Date:_______________________________

Billing Contact Information

Name/Title: _______________________

Address: _______________________

City/State/Zip: _______________________

Phone No: ______________

U.S. Department of Transportation
Federal Aviation Administration

Office of Airport Planning and Programming

800 Independence Ave., SW.
Washington, DC 20591

FEB 23 2001

Mr. C. Barry Bateman
Airport Director
General Mitchell International Airport
5300 South Howell Avenue
Milwaukee, WI 53207

Dear Mr. Bateman:

Thank you for your recent submission in response to our November 27, 2000 review of Milwaukee County's General Mitchell International Airport (MKE) Competition Plan. The information you provided was responsive to our request. In light of this response, we have determined that your competition plan, together with data supplied as to past effects of the "direct competitor exception" (lease article XVIII, section E(2)), currently satisfies the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000.

We remain concerned that the direct competitor exception to the accommodation provisions in your lease could be inconsistent with your obligations to provide access on reasonable terms without unjust discrimination, and with your future obligations under passenger facility charge (PFC) assurance 7. These concerns are discussed below, under the heading "Availability of gates and related facilities." Your response indicated that the direct competitor exception has not prevented entry to MKE by new entrants or expanding carriers, allowing our finding here that your plan meets current requirements of AIR-21. However, because there remains the prospect that this clause could in the future affect competitive entry at the airport, we would urge you to consider the suggestions offered below as you implement and update your plan. These suggestions are in addition to those we provided in our initial response to your Competition Plan.

Your responses to our questions indicate that airport management intends to improve its "capability to accommodate new entrant access" with the addition of PFC-financed gates or the negotiation of a future long-term lease, in connection with the 2010 expiration of your existing lease. In addition, the County will attempt to obtain more definitive control over gates accommodating new entry when gates are assigned among carriers. We also note your marketing visit to two low-fare airlines and encourage you to expand your efforts to promote such new entry at the airport. We support these efforts but also strongly suggest that the County make additional near-term actions to facilitate entry and bring more of the benefits of airline deregulation to the Milwaukee region, in light of the best practices identified in the *Airport Practices* report.

For example, Cleveland Hopkins International Airport, like MKE, operates largely with long-term, exclusive-use gates, but has formulated a series of strategies to improve access and extend the benefits of competition. Significantly, Cleveland is developing a system to track gate utilization. Additionally, it is implementing a policy to monitor airline sublease agreements with a cap on fees. The airport also is developing a dispute resolution policy for carrier disputes and is appointing an advocate for competition to work closely with new entrant carriers during start-up periods and to support their efforts to gain access to needed facilities. These, or similar actions, are among the ones we would encourage the County to adopt for its next competition plan update.

For your convenience, we have categorized our suggestions for the MKE competition plan according to the applicable features discussed in PGL 00-3.

Availability of gate and related facilities

As we noted in our earlier letter, we are concerned that all gates at MKE are currently leased on an exclusive-use basis. On the one hand, we are pleased to note that, unlike many exclusive-use leases, MKE's lease includes an explicit forced accommodation clause. On the other hand, that clause is itself subject to an exception, which appears to allow a carrier to decline to accept forced accommodation of a direct competitor. We note that to date MKE has not needed to invoke the forced accommodation clause to facilitate entry or expansion at the airport. Nevertheless, we are concerned that invocation of the direct competitor clause in the future could, if it had the effect of precluding a carrier from initiating or expanding service at the airport, conflict with the County's obligation to provide access on reasonable terms without unjust discrimination. As we found in the *Airport Practices* report, the airport manager has certain rights and obligations to arrange for gate sharing even without a negotiated agreement. In particular, an airport operator may not claim lack of gate availability when in fact gates are not fully used; defer completely to incumbent tenants' determinations on whether or not, and how, to accommodate requesting airlines; or deny access based solely on existing lease arrangements.

Similarly, we are concerned that, once PFC financed gates are built and under lease, invocation of the direct competitor exception by a carrier leasing PFC-financed gates could violate PFC Assurance 7. PFC Assurance 7 requires PFC gate leases to include a provision that obligates carriers to accommodate other air carriers, including competitors, on unused or underused exclusively leased gates, notwithstanding any limitations on accommodation that may appear in the leases for non-PFC financed facilities. We suggest that it would be a good business practice to reference PFC Assurance 7 in the latter leases.

In light of these concerns, we request that you include a more extensive discussion of this provision and accommodation of new entrants in your first update of the competition plan and in successive updates, as appropriate. First, please explain the effect, if any, of the phrase "to the extent practicable" on the right of a signatory carrier, under the lease, to decline forced accommodation of a direct competitor. Please explain how the County would provide reasonable access in a situation where the only gates available for forced accommodation would be leased to a direct competitor of the carrier seeking access. In addition, please explain how the County's leases for PFC-financed gates will reconcile the requirements of PFC Assurance 7 with the exception to the forced accommodation clause.

We are also concerned that the process to invoke the forced accommodation clause could be a lengthy one. An air carrier must first demonstrate that it has contacted all signatory carriers and exhausted all reasonable efforts and has failed to obtain accommodations. After this step, the lease provides for a minimum of a 60-day process before a forced accommodation would take effect. Our *Airport Practices* report found that competition is enhanced when airport managers take a more active role in assisting new entrants in finding accommodation and establish clear guidelines and a timeline for what carriers must do to gain access. We encourage the County to consider actions that it could take to become more proactive in locating unused or underutilized space for new entrant carriers or incumbents seeking to expand and to streamline the process for invoking the forced accommodation clause of your lease. We request that you report on those deliberations in your first update to the plan. In addition, please provide information on the handling of any requests for access by new entrants or for additional space by incumbents during the period covered by your plan update. Please address as well any requests from carriers to invoke the forced accommodation clause and the disposition of those requests.

As is clear from the above, we will carefully review your first update to the competition plan to determine whether the County has adequate policies and procedures in place to assure that a new entrant can be accommodated even when one or more carriers invoke their rights under the exception to the forced accommodation clause. You may reasonably expect us to evaluate the County's actions against the best practices identified in the *Airport Practices* report during our review. If we are unable to determine that the airport is in a position to provide access on reasonable terms to all carriers, including direct competitors of signatory carriers, it may be necessary to commence an appropriate proceeding to assure that the County remains in compliance with its Federal obligations.

In addition, we encourage you to reconsider your position that a gate use monitoring policy is unnecessary at MKE. As we discussed in our *Airport Practices* report, gate use monitoring is necessary for an airport to plan its accommodation of a new entrant. It is the airport's obligation to understand its actual, real-time gate usage in order to provide timely and reasonable access when requested. An airport that actively monitors usage of all gates is better able to make gates available to meet requests from new entrants or expanding carriers. Consequently, we encourage you to develop procedures to monitor utilization of exclusive-use gates.

Gate-use monitoring would also be an integral part of MKE's planning for PFC-financed gates to comply with the "competitive access" assurance, or PFC Assurance 7. As we indicated in our November letter, in connection with negotiating leases for PFC-financed facilities, MKE would be obligated to require an incumbent carrier to make its underused exclusive-use gates available to potential competitors or suffer a termination of its lease of PFC-financed facilities. If you have not modified your policy on gate monitoring, please provide in the first update to the competition plan information on how the County will determine whether exclusively-leased gates are underutilized and therefore subject to PFC Assurance 7 in the absence of a gate-use monitoring system at MKE.

Your response also indicated that, in the event a carrier wanted to downsize its leasehold interests, the County would consider negotiating a lease adjustment and a reclamation of the lease. However, to assure adequate revenues to cover airport costs, it has not been the County's policy to permit a carrier to reduce its leasehold until another carrier can be assigned a lease for the space to be surrender. We appreciate the County's desire to maintain a stable revenue base. However, we encourage the County to take steps to assure that gates are being used efficiently and that it make available unused or underused gates to requesting airlines. Such steps might include taking a more active role in identifying carriers that might desire to take over space when a tenant carrier informs the County that it is interested in reducing its leasehold. Further, we suggest that the County consider an approach to this issue that would permit the airport to convert the leasehold to a preferential-use or common-use gate upon transfer of the leasehold. In this regard, please report on the progress of your efforts to obtain more control over gates when gates are assigned among carriers.

It is not clear from your response if the airport has procedures in place by which the airport can resolve complaints of denial of reasonable access by a new entrant or any incumbent wishing to expand, or regarding use of airport facilities. We recommend that you consider developing formal arrangements in these areas. Our *Airport Practices* study found that new entrants are more likely to be treated fairly if airports adopt procedures to resolve disputes between carriers. It appears that the County is not included in the Airline Airport Affairs Committee (AAAC), and therefore this would not be the appropriate forum to resolve these disputes. However, we also note that historically, the AAAC has not been called upon to arbitrate disputes. The County is legally obligated to assure that reasonable access is provided to requesting carriers and to resolve complaints in this area.

Gate assignment

The *Airport Practices* report recommends that, in addition to actively monitoring gate utilization, airport management develop a gate assignment protocol, including regular notification of all carriers operating at the airport, as well as new entrants that have expressed an interest in operating at the airport, of gate availability and gate assignment procedures. We suggest that the County develop a fair and transparent policy in this area to further facilitate introduction of more competitive service to your airport. Additionally, we suggest this policy be in place for planning the intended PFC-financed facilities.

We support your intention to gain more control over the airport with the expiration of your current long-term lease. We are concerned, however, that you may be contemplating "future long-term agreements." As we indicated in our *Airport Practices* report, an airport can exert more control over its facilities and produce more airline competition at its airport with common-use or short-term preferential-use gates.

We look forward to reviewing the first update to your competition plan. In this regard, please note that the FAA's ability to continue to approve new AIP grants or PFC applications after 2001 for MKE depends on our determination that annual updates to the competition plan also satisfy the requirements of section 155 of AIR-21. The failure to fully respond to the concerns identified in this letter could lead to a delay in our determination that your update satisfies section 155, which could in turn delay approval of new AIP grants or new PFCs.

As just noted, the Secretary is required to review the implementation of the competition plans from time-to-time to make sure each covered airport successfully implements its plan. In connection with our review, we may determine that site visits to one or more locations would be useful. We will notify you should we decide to visit MKE in connection with its competition plan.

Finally, because of the interest that members of the traveling public may have in airline competitive issues at your airport, including your policy of ensuring reasonable access for new entrant airlines, we encourage you to put a copy of your competition plan and supplemental submission, including the FAA's responses, on your airport web page.

If you have any questions regarding this letter or the FAA's review of your plan, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

Sincerely,

Catherine M. Lang
Director, Airport Planning and
Programming

GENERAL MITCHELL INTERNATIONAL AIRPORT
C-CONCOURSE EXPANSION
MEMORANDUM OF UNDERSTANDING
July 10, 2001

BACKGROUND

Over the last several years, airport staff and the airlines have discussed various concepts and proposals for the addition of gates as well as the expansion and/or redevelopment of both the ticketing areas and bag claim areas of General Mitchell International Airport. At the time the terminal was reconstructed in 1983 and 1984, the ticket counters and baggage claim areas were sufficient and sufficiently expandable to accommodate growth. However, in recent years, due to increasing passengers, the 1990 expansion of gate areas on the D-Concourse, the proposed expansion of gates on the C-Concourse, as well as the continuing growth and changing fleet mix of the various airlines serving Milwaukee, the physically constrained areas for ticketing and baggage claim are increasingly less tolerant of inefficiencies. The proposals and expansion plans currently contemplated do not effectively address the inefficiencies nor sufficiently accommodate the adequacy and flow requirements of the expanding number of air travelers.

On May 22, 2001, a special meeting of the Milwaukee Airline Airport Affairs Committee (AAAC) was held to discuss the proposed development of eight holdrooms (net gain of six aircraft parking positions), on the C-Concourse, issues related to ticket counters and gate adequacy, the funding sources for that development as well as consideration of the preferentially leased nature of the gates to be developed. An agenda for that meeting as well as a sign-in sheet is attached.

ISSUES DISCUSSED

Specifically discussed at the meeting was:

1. The Airport's desire and need to expand the number of gates available for new entrant and expanding air carriers at General Mitchell International Airport as well as development of a plan that would call for more efficient utilization of the existing and proposed facilities. At the present time, GMIA has 42 gates, all of which are <u>exclusively</u> leased by the 13 signatory air carriers.

2. Section 155 of the Wendall H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) requires that airports having one or two carriers who collectively have more than 50% of the enplaning passengers must submit a competition plan on an annual basis. In 2000 GMIA was required to submit such a competition plan to the Federal Aviation Administration (FAA) and the FAA's initial review resulted in the request for further information, particularly, with regard to how Milwaukee accommodates new entrants. Airport staff prepared the necessary response and ultimately, the competition plan was approved by the FAA on February 23, 2001.

   As you know, approval of the annual competition plan is required prior to the FAA's approval of the release of AIP entitlement or discretionary funding as well as any PFC applications. The

February 23, 2001 approval date essentially had delayed the airport's 2001 AIP approval as well as its PFC application No. 6 approval by two to three months. Further, the FAA has indicated that "...we will carefully review your first update to the competition plan to determine whether the County has adequate policies and procedures in place to assure that a new entrant can be accommodated even when one or more carriers invoke their rights under the exception of the forced accommodation clause (Article XVIII in the Lease Agreement) ..." The FAA letter goes further to indicate that "You may reasonably expect us to evaluate the County's actions against the best practices identified in the Airport's Practices Report during our review."

It is Airport staff's intent, and it was represented to the FAA, that as exclusive use gates become available to the Airport, the Airport would convert them to "preferential use." And, that the construction of additional gates would also be done on a "preferential use" basis to attempt to address the competition issues of AIR-21.

3. Northwest Airlines and Continental Airlines have entered into a 25-year alliance agreement. In Milwaukee, Northwest has eight gates on the E-Concourse and Continental has one gate on the farthest end of the C-Concourse. Continental Airlines is adjacent to America West Airlines and, through a different agreement, is handled by America West. Subsequently, Continental has access to the America West gate to accommodate its flights not able to be accommodated on its own gate. Continental is also accommodated by America West at the America West ticket counter. Airport staff believes by co-locating Northwest and Continental at the Northwest gates on the E Concourse and co-locating Continental at the Northwest ticketing area, more efficient gate utilization of the eight Northwest gates and better transactions with passengers at the ticket counter because of the alliance would ensue. Continental and Northwest are open to have Continental co-located with Northwest Airlines on the E-Concourse and to be co-located in ticketing as well.

4. Co-locating Continental to the Northwest ticket counter area is not possible as Sun Country presently leases ticket counters, ticket offices and a bag make up area, originally designed for one airline, with Northwest based on prior arrangements made between American Trans Air and Northwest. American Trans Air's original lease has been assumed by Sun Country, which in turn, has created a situation in which direct competitors share these "common" areas.

5. United Airlines has announced its departure from the Milwaukee market as of July 8, 2001 with service to be provided by Air Wisconsin doing business as United Express. United has three gates on the D-Concourse and ticket counter located in the center of the ticket area. The Air Wisconsin representative in attendance indicated that the United ticket counters are adequate, but the gates are less than optimal. The representative indicated Air Wisconsin would be open to consider moving to the new gates on the C-Concourse and to move to the existing TWA ticket counters. TWA/American Airlines has notified Milwaukee County that TWA would be relinquishing its ticket counters through TWA's bankruptcy proceedings.

6. US Air has two gates on the D-Concourse and "could" remain where it is in terms of gates and ticket areas. However, in the interest of the efficient re-deployment of the airport tenants, the US Air representative in attendance indicated that US Air would be willing to relocate its gates to the C-Concourse if it could be "made whole" and not incur any moving expenses.

7. Midwest Express is desirous of additional gates adjacent to its current operation on the D-Concourse and would assume the gates of US Air and United should those airlines relocate to the C-Concourse.

8. In early 2001 TWA declared bankruptcy and is currently being operated by its purchaser, American Airlines, under the designation TWA, LLC. Discussions with the American Airlines representative indicate that TWA intends to relinquish its ticket counter, one gate and all of its operations space in Milwaukee.

9. Air Wisconsin has indicated a willingness to "move" to the TWA ticket counter to be closer to its relocated C Concourse gates.

10. The Sun Country representative in attendance indicated that Sun Country is open to the possibility of moving its ticket counter and bag make up operations to a portion of the present United ticket counter bag makeup area should they become available, if it would be at no cost to Sun Country.

11. Airport staff and Mr. Drake of Unison-Maximus have agreed to request that the FAA consider that if gates on the C-Concourse are constructed with PFC funds, it would allow the "preferential" designation to be assigned to other existing gates to facilitate the movement of carriers to the new gates and allow relocated carriers to keep "exclusive" gate leasing arrangements and in the interest of promoting the competition plan reassigning the "preferential" designation to "existing" gates.

12. Mr. Drake of Unison-Maximus further indicated it may be possible that the scope of the PFC project could be written to include the relocation costs of airlines from ticket counter areas to other ticket counter areas, as well as the relocation costs of airlines moving from existing gates to new gates. Airport staff will also request that the FAA consider approving PFC funds for holdroom furnishings relating to the new holdroom areas, in an effort to promote increased competition in Milwaukee.

The specific projects associated with the C Gate Expansion and the maximum PFC funding scenarios is as follows:

	PROJECT	EST. COST	MAXIMUM PFC FUNDING	MINIMUM PFC FUNDING
2002				
1	Concourse C Taxiway Expansion	$8,740,000	100% PFC	100% PFC
2	Concourse C Hydrant Fuel Sys. Exp.	$3,906,000	100% PFC	100% PFC
3	Concourse C Construction (10% represents concession areas)	$22,339,000	90% PFC/10% Local	90% PFC/10% Local
2003				
	D Concourse Stem In-Fills and Tenant Finishes	$2,714,400	100% PFC	65% PFC
	D Stem Cladding	$660,000	100% PFC	100% PFC
	D A&E Fees	$271,440	100% PFC	65% PFC
	8 Jet Bridges	$4,257,400	100% PFC	100% PFC
	Build Out/Ten Fin/Cables	$2,896,806	100% PFC	0% PFC
	Relocation of Ticket Counters	$669,669	100% PFC	0% PFC
	Holdroom, Chrs, Podiums (8)	$360,000	100% PFC	0% PFC
	Outer Taxiway	$2,390,000	100% PFC	100% PFC
		$49,204,715		
	PFC (estimate)		$47,204,715	$42,223,196
	Local (estimate)		$2,000,000	$6,971,519

The local funding of $2,000,000 would be bond funded for "Concession Space" and Airport staff anticipates that increased rents, concession and passenger fees would offset the principal and interest cost of the bonds.

UNDERSTANDING

To accommodate the Milwaukee airport's goal of improving facility utilization and efficiency and enhancing the FAA's acceptance of GMIA's competition plan,the affected airlines have agreed to the following relocations to assist in the implementation of the C Concourse expansion project at the request of the Airport:

Ticket Counters:
Continental Airlines would relocate to the E-Concourse, relinquish its C-Concourse gate and utilize the ticket counters presently occupied by Sun Country;

Air Wisconsin would relocate its ticket counters to TWA's ticket counter area which is expected to become vacant due to bankruptcy.

Sun Country would relocate its ticketing and bag makeup function to approximately one-half of the United (Air Wisconsin) ticket counter positions.

Gates:

US Airways would relocate its two gates to the C-Concourse while retaining its "exclusive" lease hold interest.

Air Wisconsin would relocate from the present three United gates on the D-Concourse to gates on the C-Concourse but would retain the "exclusive" nature of its lease hold interest.

Midwest Express would be assigned the three United and two US Airways gates on a "preferential" use basis with the preferential designation being transferred from the gates being constructed on the C-Concourse.

Continental would move from its C Concourse gate to relocate with Northwest on the E Concourse and relinquish its C Concourse gate.

Further, based upon the relocation of Air Wisconsin and US Air to the C-Concourse, Airport staff agreed to reevaluate the sizing of the gates on the C-Concourse. Conceivably, based upon the aircraft mix, seven aircraft parking positions (9 holdrooms) could be developed as opposed to six, further increasing the value of the new gates to the airport's competition plan

Finally, the maximum amount of PFC funding of these airline relocations will be aggressively sought as the overall plan improves the entire Airport's gate and ticket counter utilization and allows for increased gate capacity and competition among the carriers.

AGREEMENT

Executable copies of this agreement are submitted to affected airlines only.

MILWAUKEE COUNTY'S
GENERAL
MITCHELL
INTERNATIONAL AIRPORT

August 1, 2001

TO: MILWAUKEE AIRLINE AIRPORT AFFAIRS COMMITTEE

Mr. Mike Coplan, America West Airlines, Inc.
Ms. Betty Fisher, American Airlines, Inc.
Ms. Lisa Lee, American Eagle, Inc.
Mr. Michael B. Hough, Astral Aviation, Inc.
Ms. Jean Reynalds, Comair/Delta Connections
Mr. Daniel Benzon, Continental Airlines, Inc.
Mr. James Masoero, Delta Airlines, Inc
Mr. Mike Lafferty, Midwest Express Airlines, Inc.
Mr. John R. DeCoster, Northwest Airlines, Inc.
Mr. Michael Bradley, Sun Country Airlines, Inc.
Ms. Kate Hill, United Airlines, Inc.
Mr. Kirk Hoteling, US Airways

Dear Representatives:

On May 22, 2001 a special meeting of the Milwaukee Airlines Airport Affairs Committee (AAAC) was held to discuss the proposed development of eight gates (net gain of six aircraft parking positions) on the end of the C-Concourse, issues related to ticket counters, gate adequacy, the funding sources for that development, as well as consideration of the preferentially leased nature of the gates to be developed. The enclosed Memorandum of Understanding (MOU) outlines the "agreements" reached by the airline representatives in attendance.

For those airlines directly affected, the MOU enclosed requests a signature indicating concurrence. For those airlines not directly impacted, a MOU without signature lines is provided to help the signatory airlines be informed of the movements (which all must occur) to achieve the objectives of the airport, the airlines and the FAA PFC application approval process.

Also enclosed is a ballot for signatory airline consideration and approval. Airport staff urges the airlines to approve the ballot so that the multiple goals of all the parties can be attained. The ballot narrative explains the "Maximum and Minimum" PFC assistance scenarios possible for the entire relocation effort of the C-Concourse and D-Concourse. Airport staff fully intends to pursue the Maximum PFC and AIP assistance possible and will work with Unison-Maximus and the FAA to achieve this objective.

5300 SOUTH HOWELL AVENUE MILWAUKEE, WI 53207-6156 TEL 414 747 5300 FAX 414 747 4525

Please read both documents carefully. Airport staff looks forward to your airline's approval of the ballot. For those airlines that receive an executable copy of the MOU, the airport staff requests your earliest return of the signed MOU.

As always, if you have questions on these documents or on any other matter, please feel free to contact me at (414)747-5703.

We believe a cooperative effort on the part of the airport, the airlines, and the FAA will result in a Win-Win-Win situation.

Sincerely,

Anthony D. Snieg
Deputy Airport Director, Finance/Administration

je

\AAAC.doc

c: Tim Thatcher, Property and Facilities Manager, Air Wisconsin Airlines Corporation
Barry Bateman, Airport Director
Jim Kerr, Deputy Airport Director, Operations/Maintenance
Tom Heller, Fiscal Coordinator
Charles Kovats, Accounting Manager
Ken Vick, Airport Engineer
Greg Hetzel, Airport Operations Manager
Pat Rowe, Public Relations/Marketing Manager
Mark Winkelmann, Airport Maintenance Manager

bc: Pat Thompson, Executive Vice President Operation, Air Wisconsin Airlines Corporation

GENERAL MITCHELL INTERNATIONAL AIRPORT
C-CONCOURSE EXPANSION
MEMORANDUM OF UNDERSTANDING
July 10, 2001

BACKGROUND

Over the last several years, airport staff and the airlines have discussed various concepts and proposals for the addition of gates as well as the expansion and/or redevelopment of both the ticketing areas and bag claim areas of General Mitchell International Airport. At the time the terminal was reconstructed in 1983 and 1984, the ticket counters and baggage claim areas were sufficient and sufficiently expandable to accommodate growth. However, in recent years, due to increasing passengers, the 1990 expansion of gate areas on the D-Concourse, the proposed expansion of gates on the C-Concourse, as well as the continuing growth and changing fleet mix of the various airlines serving Milwaukee, the physically constrained areas for ticketing and baggage claim are increasingly less tolerant of inefficiencies. The proposals and expansion plans currently contemplated do not effectively address the inefficiencies nor sufficiently accommodate the adequacy and flow requirements of the expanding number of air travelers.

On May 22, 2001, a special meeting of the Milwaukee Airline Airport Affairs Committee (AAAC) was held to discuss the proposed development of eight holdrooms (net gain of six aircraft parking positions), on the C-Concourse, issues related to ticket counters and gate adequacy, the funding sources for that development as well as consideration of the preferentially leased nature of the gates to be developed. An agenda for that meeting as well as a sign-in sheet is attached.

ISSUES DISCUSSED

Specifically discussed at the meeting was:

1. The Airport's desire and need to expand the number of gates available for new entrant and expanding air carriers at General Mitchell International Airport as well as development of a plan that would call for more efficient utilization of the existing and proposed facilities. At the present time, GMIA has 42 gates, all of which are exclusively leased by the 13 signatory air carriers.

2. Section 155 of the Wendall H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) requires that airports having one or two carriers who collectively have more than 50% of the enplaning passengers must submit a competition plan on an annual basis. In 2000 GMIA was required to submit such a competition plan to the Federal Aviation Administration (FAA) and the FAA's initial review resulted in the request for further information, particularly, with regard to how Milwaukee accommodates new entrants. Airport staff prepared the necessary response and ultimately, the competition plan was approved by the FAA on February 23, 2001.

   As you know, approval of the annual competition plan is required prior to the FAA's approval of the release of AIP entitlement or discretionary funding as well as any PFC applications. The

February 23, 2001 approval date essentially had delayed the airport's 2001 AIP approval as well as its PFC application No. 6 approval by two to three months. Further, the FAA has indicated that "...we will carefully review your first update to the competition plan to determine whether the County has adequate policies and procedures in place to assure that a new entrant can be accommodated even when one or more carriers invoke their rights under the exception of the forced accommodation clause (Article XVIII in the Lease Agreement) ..." The FAA letter goes further to indicate that "You may reasonably expect us to evaluate the County's actions against the best practices identified in the Airport's Practices Report during our review."

It is Airport staff's intent, and it was represented to the FAA, that as exclusive use gates become available to the Airport, the Airport would convert them to "preferential use." And, that the construction of additional gates would also be done on a "preferential use" basis to attempt to address the competition issues of AIR-21.

3. Northwest Airlines and Continental Airlines have entered into a 25-year alliance agreement. In Milwaukee, Northwest has eight gates on the E-Concourse and Continental has one gate on the farthest end of the C-Concourse. Continental Airlines is adjacent to America West Airlines and, through a different agreement, is handled by America West. Subsequently, Continental has access to the America West gate to accommodate its flights not able to be accommodated on its own gate. Continental is also accommodated by America West at the America West ticket counter. Airport staff believes by co-locating Northwest and Continental at the Northwest gates on the E Concourse and co-locating Continental at the Northwest ticketing area, more efficient gate utilization of the eight Northwest gates and better transactions with passengers at the ticket counter because of the alliance would ensue. Continental and Northwest are open to have Continental co-located with Northwest Airlines on the E-Concourse and to be co-located in ticketing as well.

4. Co-locating Continental to the Northwest ticket counter area is not possible as Sun Country presently leases ticket counters, ticket offices and a bag make up area, originally designed for one airline, with Northwest based on prior arrangements made between American Trans Air and Northwest. American Trans Air's original lease has been assumed by Sun Country, which in turn, has created a situation in which direct competitors share these "common" areas.

5. United Airlines has announced its departure from the Milwaukee market as of July 8, 2001 with service to be provided by Air Wisconsin doing business as United Express. United has three gates on the D-Concourse and ticket counter located in the center of the ticket area. The Air Wisconsin representative in attendance indicated that the United ticket counters are adequate, but the gates are less than optimal. The representative indicated Air Wisconsin would be open to consider moving to the new gates on the C-Concourse and to move to the existing TWA ticket counters. TWA/American Airlines has notified Milwaukee County that TWA would be relinquishing its ticket counters through TWA's bankruptcy proceedings.

6. US Air has two gates on the D-Concourse and "could" remain where it is in terms of gates and ticket areas. However, in the interest of the efficient re-deployment of the airport tenants, the US Air representative in attendance indicated that US Air would be willing to relocate its gates to the C-Concourse if it could be "made whole" and not incur any moving expenses.

7. Midwest Express is desirous of additional gates adjacent to its current operation on the D-Concourse and would assume the gates of US Air and United should those airlines relocate to the C-Concourse.

8. In early 2001 TWA declared bankruptcy and is currently being operated by its purchaser, American Airlines, under the designation TWA, LLC. Discussions with the American Airlines representative indicate that TWA intends to relinquish its ticket counter, one gate and all of its operations space in Milwaukee.

9. Air Wisconsin has indicated a willingness to "move" to the TWA ticket counter to be closer to its relocated C Concourse gates.

10. The Sun Country representative in attendance indicated that Sun Country is open to the possibility of moving its ticket counter and bag make up operations to a portion of the present United ticket counter bag makeup area should they become available, if it would be at no cost to Sun Country.

11. Airport staff and Mr. Drake of Unison-Maximus have agreed to request that the FAA consider that if gates on the C-Concourse are constructed with PFC funds, it would allow the "preferential" designation to be assigned to other existing gates to facilitate the movement of carriers to the new gates and allow relocated carriers to keep "exclusive" gate leasing arrangements and in the interest of promoting the competition plan reassigning the "preferential" designation to "existing" gates.

12. Mr. Drake of Unison-Maximus further indicated it may be possible that the scope of the PFC project could be written to include the relocation costs of airlines from ticket counter areas to other ticket counter areas, as well as the relocation costs of airlines moving from existing gates to new gates. Airport staff will also request that the FAA consider approving PFC funds for holdroom furnishings relating to the new holdroom areas, in an effort to promote increased competition in Milwaukee.

The specific projects associated with the C Gate Expansion and the maximum PFC funding scenarios i: as follows:

	PROJECT	EST. COST	MAXIMUM PFC FUNDING	MINIMUM PFC FUNDING
2002				
1	Concourse C Taxiway Expansion	$8,740,000	100% PFC	100% PFC
2	Concourse C Hydrant Fuel Sys. Exp.	$3,906,000	100% PFC	100% PFC
3	Concourse C Construction (10% represents concession areas)	$22,339,000	90% PFC/10% Local	90% PFC/10% Local
2003				
	D Concourse Stem In-Fills and Tenant Finishes	$2,714,400	100% PFC	65% PFC
	D Stem Cladding	$660,000	100% PFC	100% PFC
	D A&E Fees	$271,440	100% PFC	65% PFC
	8 Jet Bridges	$4,257,400	100% PFC	100% PFC
	Build Out/Ten Fin/Cables	$2,896,806	100% PFC	0% PFC
	Relocation of Ticket Counters	$669.669	100% PFC	0% PFC
	Holdroom, Chrs, Podiums (8)	$360,000	100% PFC	0% PFC
	Outer Taxiway	$2.390.000	100% PFC	100% PFC
		$49,204,715		
	PFC (estimate)		$47,204,715	$42,223,19
	Local (estimate)		$2,000,000	$6,971,51

The local funding of $2,000,000 would be bond funded for "Concession Space" and Airport staff anticipates that increased rents, concession and passenger fees would offset the principal and interest cost of the bonds.

UNDERSTANDING

To accommodate the Milwaukee airport's goal of improving facility utilization and efficiency and enhancing the FAA's acceptance of GMIA's competition plan,the affected airlines have agreed to the following relocations to assist in the implementation of the C Concourse expansion project at the reques of the Airport:

Ticket Counters:
Continental Airlines would relocate to the E-Concourse, relinquish its C-Concourse gate and utilize the ticket counters presently occupied by Sun Country;

Air Wisconsin would relocate its ticket counters to TWA's ticket counter area which is expected to become vacant due to bankruptcy.

Sun Country would relocate its ticketing and bag makeup function to approximately one-half of the United (Air Wisconsin) ticket counter positions.

Gates:

US Airways would relocate its two gates to the C-Concourse while retaining its "exclusive" lease hold interest.

Air Wisconsin would relocate from the present three United gates on the D-Concourse to gates on the C-Concourse but would retain the "exclusive" nature of its lease hold interest.

Midwest Express would be assigned the three United and two US Airways gates on a "preferential" use basis with the preferential designation being transferred from the gates being constructed on the C-Concourse.

Continental would move from its C Concourse gate to relocate with Northwest on the E Concourse and relinquish its C Concourse gate.

Further, based upon the relocation of Air Wisconsin and US Air to the C-Concourse, Airport staff agreed to reevaluate the sizing of the gates on the C-Concourse. Conceivably, based upon the aircraft mix, seven aircraft parking positions (9 holdrooms) could be developed as opposed to six, further increasing the value of the new gates to the airport's competition plan

Finally, the maximum amount of PFC funding of these airline relocations will be aggressively sought as the overall plan improves the entire Airport's gate and ticket counter utilization and allows for increased gate capacity and competition among the carriers.

AGREEMENT

Executable copies of this agreement are submitted to affected airlines only.

Sun Country would relocate its ticketing and bag makeup function to approximately one-half of the United (Air Wisconsin) ticket counter positions.

Gates:

US Airways would relocate its two gates to the C-Concourse while retaining its "exclusive" lease hold interest.

Air Wisconsin would relocate from the present three United gates on the D-Concourse to gates on the C-Concourse but would retain the "exclusive" nature of its lease hold interest.

Midwest Express would be assigned the three United and two US Airways gates on a "preferential" use basis with the preferential designation being transferred from the gates being constructed on the C-Concourse.

Continental would move from its C Concourse gate to relocate with Northwest on the E Concourse and relinquish its C Concourse gate.

Further, based upon the relocation of Air Wisconsin and US Air to the C-Concourse, Airport staff agreed to reevaluate the sizing of the gates on the C-Concourse. Conceivably, based upon the aircraft mix, seven aircraft parking positions (9 holdrooms) could be developed as opposed to six, further increasing the value of the new gates to the airport's competition plan

Finally, the maximum amount of PFC funding of these airline relocations will be aggressively sought as the overall plan improves the entire Airport's gate and ticket counter utilization and allows for increased gate capacity and competition among the carriers.

AGREEMENT

We understand and agree to cooperate and participate with the above relocations.

______________________________ ___________________________
Midwest Express Airlines, Inc. Date

____
Representative

MILWAUKEE AIRLINE AIRPORT AFFAIRS COMMITTEE
General Mitchell International Airport Director
Milwaukee, Wisconsin

AGENDA

May 22, 2001

1. Announcements/Introductions

2. Six Gate C Concourse Expansion

    - Cost
    - PFC Funding Percentage

        - Airline Operations Area — Ballot
        - Concession Areas — Ballot

    - Tenant Finishes — Ballot
    - Jet Bridges — PFC Eligible 100%
    - Apron Expansion — PFC Eligible 100%
    - Hydrant Fueling System — PFC Eligible 100%
    - Outer Taxiway
    - Widening of Stem
    - Preferential Leases

        - Lease Amendment?
        - Transferability – FAA opinion

3. Dog Kennels

4. Operating Budget Meeting 5/31/01

AAAC - Milwaukee

5/22/01

Name	Representing	Phone/FAX
Tony Snieg	MKE Airport	414 747 5703/5
Tim Karaskiewicz	MKE/Corp. Counsel	414-747-5712
Dan Benzon	Continental	713-324-6904
Mike Bradley	Sun Country	847-695-2304/
Chris Marks	Sun Country	414-747-5033
Ken Vick	GMIA Engr	414-747-45
Tom Heller	GMIA	414-747-571
Dennis Bilkenik	NWA	414-747-456
Kirk Hotelling	US Airways	703-872-5997 /59
J. Masdero	Delta	404-715-4674
M. Hough	Skyway	414 294-6094
Greg Broemer	Midwest Express	414-570-4257
Barry Bateman	GMIA	414-747-532
Tony Drake	Unison - Maximus	312-988-3360
John DeCoster	NWA	612 726-4780
Tim Thatcher	Air Wisconsin	307-633-8333/307-633 28
Jim Kerr	GMIA	414-747-5300
Mike Lafferty	Midwest Express	414-570-3903/02

2002 CAPITAL IMPROVEMENT BALLOT - Addendum No. 1

Project Number: 2002-Addendum 1 **Priority:** HIGH

Ballot Required: YES

General Mitchell International Airport
Milwaukee, Wisconsin
Date submitted: August 1, 2001
Date Due: September 1, 2001

Project Status:
- ☐ New
- ☐ Mandated
- ☐ Multi-phase
- ☒ Other

Project Title: "C" CONCOURSE GATE EXPANSION - CONSTRUCTION

Project Description:
The construction of an eight (8) gate expansion for the "C" Concourse is proposed for 2002 funding, to be completed in 2003. The expansion, while increasing the number of gates (holdrooms) by eight (8) will be increasing the number of airplane parking positions by six (6). The 2001 budget contained design funds for the concourse. To date, a lead consultant has been selected (Engberg Anderson Design Partnership) and a contract has been issued. Construction documents are anticipated to be completed by the end of 2001. The total cost of construction for the "C" Concourse, the specific projects associated with the C Gate Expansion, and the "maximum PFC" and "minimum PFC" funding scenarios are as follows:

2002	PROJECT	EST. COST	MAXIMUM PFC FUNDING	MINIMUM PFC FUNDING
1.	Concourse C Taxiway Expansion	$8,740,000	$8,740,000	$8,740,000
2.	Concourse C Hydrant Fuel Sys. Exp.	$3,906,000	$3,906,000	$3,906,000
3.	Concourse C Construction	$22,339,000	$20,339,000	$20,339,000

2003	PROJECT	EST. COST	MAXIMUM PFC FUNDING	MINIMUM PFC FUNDING
	D Concourse Stem In-Fills and Tenant Finishes	$2,714,400	$2,714,000	$1,764,360
	D Stem Cladding	$660,000	$660,000	$660,000
	D A&E Fees	$271,440	$271,440	$176,436
	8 Jet Bridges	$4,257,400	$4,257,400	$4,257,400
	Build Out/Ten Fin/Cables	$2,896,806	$2,896,806	0
	Relocation of Ticket Counters	$669,669	$669,669	0
	Holdroom, Chrs, Podiums (8)	$360,000	$360,000	0
	Outer Taxiway	$2,390,000	$2,3990,000	$2,390,000
		$49,204,715		
	Maximum PFC Funding		$47,204,715	$42,233,196
	Local GARB Funding Needed		$2,000,000	$6,971,519

The construction takes place over a two-year period.

It is planned that the eight (8) additional gates will be "preferentially" leased as opposed to "exclusively" leased. Subsequently, the majority of the expansion of the "C" Concourse is anticipated to be eligible for Passenger Facility Charge (PFC) financing. Under the "Maximum PFC funding" scenario, all but an estimated $2,000,000 will be eligible for PFC funding. The ineligible $2 million for concession areas would be provided from General Airport Revenue Bonds (GARBs), and it is expected that an increased concession rents and fees will offset the principal and interest costs of the bonds.

As indicated, some of the 2003 funding will be provided for tenant finish purposes in order to accomplish the reassignment of airlines to the affected "C" Concourse and to locations within the airport which will allow for more effective utilization of airport ticket counter and gate space. These tenant finish appropriations will be used to modify space in ticketing, develop holdrooms and operations areas on the "C" Concourse, and also add and modify gate holdroom and operations space on the "D" Concourse Stem. Additionally, the Airport will be purchasing eight (8) jet-bridges to be utilized at the eight (8) "preferentially" leased gates.

Project Purpose/Benefits/Value:

The need for increased efficiencies in gate usage, ticket counter usage, and expansion potential has been a concern of the Airport and the airlines for several years. In addition, several airlines are desirous of relocating their operations (gates and/or ticket counters) while the expansion by other carriers and the capability to accommodate new entrant carriers is critical.

Further, Section 155 of the Wendall H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) requires that airports having one or two carriers who collectively have more than 50% of the enplaning passengers must submit a competition plan on an annual basis. In 2000 GMIA was required to submit such a competition plan to the Federal Aviation

Administration (FAA) and the FAA's initial review resulted in the request for further information, particularly with regard to how Milwaukee accommodates new entrants. Airport staff prepared the necessary response, and ultimately, the competition plan was approved by the FAA on February 23, 2001.

However, approval of the annual competition plan was required prior to the FAA's release of AIP entitlement or discretionary funding was well as any PFC applications. The February 23, 2001 approval date essentially had delayed the Airport's 2001 AIP approval as well as its PFC application No. 6 approval by two to three months. Further, the FAA indicated that "...we will carefully review your first update to the competition plan to determine whether the County has adequate policies and procedures in place to assure that a new entrant can be accommodated even when one or more carriers invoke their rights under the exception of the forced accommodation clause (Article XVIII in the Lease Agreement)..." The FAA letter went further to indicate that "You may reasonably expect us to evaluate the County's actions against the best practices identified in the Airport's Practices Report during our review."

<u>It is Airport staff's intent, and it was represented to the FAA, that as exclusive use gates become available to the Airport, the Airport would convert them to "preferential use," and, that the construction of additional gates would also be done on a "preferential use" basis to attempt to address the competition issues of AIR-21.</u>

<u>Consequential Effects of Project Delay or Denial:</u>
Project delay or denial will result in the inability of the Milwaukee Airport to accommodate new entrant air carriers or the expansion of existing carriers as well as result in potential delays (or non-receipt) in the Airport receiving PFC and AIP funding approvals. Delay or denial might also lead to the Airport's failure to have its competition plan approved.

Total Estimated Cost Entire Request: $49,204,715

2002 Capital Request: $34,735,000

2003 Capital Request: $14,469,715

<u>Anticipated Funding Sources:</u>
Under the "Maximum PFC" case scenario, PFC and/or Federal and State Aids would provide all but <u>$2,000,000</u> of the $49,204,715 project. Airport staff intends to aggressively seek the maximum AIP and PFC funding possible. The $2,000,000 would be funded with General Airport Revenue Bonds (GARBs).

Under the "Minimum PFC" scenario, PFC and/or Federal and State Aids would provide all but $6,971,519 of the $49,204,715 project. Again, Airport staff intends to aggressively seek the maximum AIP and/or PFC funding possible. However, under the "Minimum PFC" funding scenario $6,971,519 would be funded with General Airport Revenue Bonds (GARBs).

Impact on Rates:

Under the "Maximum PFC" funding scenario, and with a projected 31,750 additional ERUs being rented, while assuming a 30-year GARB term at a 5.5% interest rate, annual interest and principal costs would approximate $289,857 having a $0.74 impact on the ERU rate. However, increased concession revenues are expected to offset these expenses to result in a $0 change to the ERU rate.

Under the "Minimum PFC" funding scenario, again with 31,750 additional ERUs rented and assuming a 30-year GARB term at a 5.5% interest rate, annual interest and depreciation expenses would approximate $1,064,000 having an initial impact on the ERU rental rate of $4.98. Of that, $0.74 would again be offset by increased concession revenues, resulting in a very modest net ERU rate impact of $4.24 per ERU. The projected ERU rate would be $10.32 in 2004 (compared with $9 currently).

(Special Note to Airlines: The 2000 rates were $9.00 per ERU; this equates to $7.07 per square foot. After the rental rebate, the actual airline rent at MKE was $1.46 per square foot!)

Airport staff highly recommends and urges airline approval of this ballot. Airport staff will pursue the maximum PFC and AIP funding possible.

2002 Capital Improvement Project No. 2002- Addendum 1

<u>APPROVAL</u>:

Approve	☐	____________________ Airline
No Comment	☐	____________________ By
Disapprove	☐	____________________ Title
		____________________ Date

Date Submitted to AAAC: August 1, 2001
Date Due Back to Airport: September 1, 2001

SIGNATORY AIRLINES

Mr. Mike Coplan
Properties Representative
America West Airlines, Inc.
111 W. Rio Saldo Parkway
Tempe, Arizona 85281
480-693-2868
480-693-2859 - Fax

Ms. Betty Fisher
Real Estate Specialist-MD 5317
American Airlines, Inc.
P. O. Box 619616
DFW Airport, TX 75261-9616
817-967-1354
817-967-3111 - Fax

Ms. Lisa Lee
Corporate Real Estate
American Eagle Airlines, Inc.
MD 5494 HDQ
Post Office Box 619616
DFW Airport, Texas 75261-9616
817-967-3411
817-967-3902 - Fax

Mr. Michael B. Hough
Regional Manager of Customer Service
Astral Aviation, Inc.
d/b/a Skyway Airlines
Corporate Headquarters
1190 West Rawson Avenue
Oak Creek, WI 53154-1453
414-294-6094
414-294-4727 FAX

Ms. Jean Reynalds
Properties Representative
Comair/Delta Connection
Post Office Box 75021
Greater Cincinnati International Airport
Cincinnati, Ohio 45275
859-767-2603
859-767-2960 - Fax

Mr. Daniel Benzon
Sr. Manager - Airport Affairs
Continental Airlines, Inc.
P O Box 4607 HQSPF
Houston, Texas 77210-4607
713-324-6877
713-324-6904

Mr. James Masoero
Properties Representative
Delta Air Lines, Inc.
P O Box 20706
Dept. 878
1030 Delta Boulevard
Hartsfield Atlanta International Airport
Atlanta, Georgia 30320-6001

404-715-4674
404-773-2026 - Fax
678-642-5792
james.masoero@delta-air.com

Mr. Michael Lafferty
Director of Properties,
Facilities and Airport Affairs
Midwest Express Airlines, Inc.
6744 South Howell Avenue, HQ - 13
Oak Creek, Wisconsin 53154-1402

570-0245 - FAX
570-3903 - TEL

Mr. John R. DeCoster
Regional Director, Airport Affairs
Northwest Airlines, Inc.
Department A1135
5101 Northwest Drive
St. Paul, Minnesota 55111-3034

612-726-4780
612-727-6041 - Fax

Simmons Airlines, Inc. - See American Eagle, Inc.

Skyway - See Astral Aviation

Thomas W. Higgins
Chief People Officer
2520 Pilot Knob Road STE250
Mendota Heights, MN 55120

651-681-3987
651-681-7320

Ms. Debbie Goff
Regional Director, Properties
Trans World Airlines, Inc.
Ground Operations Center
Post Office Box 10007
Lambert-St. Louis International Airport
St. Louis, Missouri 63145

314-429-8416
314-253-6106 - Fax

Ms. Kate Hill
United Airlines, Inc.
Post Office Box 66100 - WHQ0U
Chicago, Illinois 60666

847-700-6751
847-700-5931 - Fax

Mr. Kirk Hotelling
Properties Manager - Corporate Real Estate
US AIRWAYS, INC.
Crystal Park Four
2345 Crystal Drive
Arlington, Virginia 22227
KirkH@USAirways.com

(703)872-5997
(703)872-5979 FAX

Table 1: Carrier Detail by Airport

Summarized information by airport, for all O&D markets with an average of ten or more passengers each day

Carriers with less than 1% market share are not shown.

Carrier '99' signifies interline traffic. Please see accompanying documentation for definitions and assumptions.

Date	Origin	Carrier	Zero-Passengers	Total Passengers	Average Fare	Revenue	RPMs	Avg Nonstop Distance	Passenger Mkt Share
2000	MKE	99	8,370	106,780	$ 223.05	23,817,590	111,510,470	1,135	2%
2000	MKE	AA	22,380	231,840	$ 198.38	45,992,500	259,303,500	1,170	5%
2000	MKE	CO	9,000	161,090	$ 202.14	32,563,430	140,785,830	810	3%
2000	MKE	DL	23,150	414,960	$ 191.26	79,365,890	378,256,930	879	8%
2000	MKE	HP	8,230	174,250	$ 150.22	26,176,040	273,252,710	1,552	3%
2000	MKE	NW	63,980	1,116,410	$ 169.10	188,785,310	959,911,960	859	22%
2000	MKE	SY	-	367,250	$ 106.85	39,239,240	470,079,960	1,276	7%
2000	MKE	TW	20,590	251,960	$ 192.12	48,406,420	261,361,730	1,022	5%
2000	MKE	TZ	820	56,900	$ 164.34	9,351,200	68,821,330	1,182	1%
2000	MKE	UA	25,110	356,490	$ 198.16	70,640,350	436,265,210	1,261	7%
2000	MKE	US	19,260	305,750	$ 197.02	60,238,530	243,628,320	782	6%
2000	MKE	YX	113,550	1,437,490	$ 199.48	286,755,630	1,104,143,170	849	29%
2000	MKE	Total	314,450	4,986,660	$ 182.88	911,946,140	4,714,774,270	19,723	100%

Table 2 - Airport Competition Plan - Fare Data, Market Summary

Summarized information by airport market for all Origin and Destination routes with an average of 10 or more passengers/day.

Please see accompanying documentation for definitions and assumptions.

			Short-Haul (750 Nonstop Miles or Less)					Long-Haul (Over 750 Nonstop Miles					All Stage Lengths				
year	Airport	Market Type	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length
2000	Total	Low-Fare	494	88,753,540	8,619,380,790	$ 0.22	436	900	81,034,300	12,846,378,050	$ 0.12	1,374	1,394	169,787,840	21,465,758,840	$ 0.14	884
2000	Total	Non-Low-Fare	2,171	88,557,650	14,750,140,250	$ 0.39	428	3,908	147,752,610	34,162,470,250	$ 0.15	1,576	6,079	236,310,260	48,912,610,500	$ 0.18	1,146
2000	Total	Total	2,665	177,311,190	23,369,521,040	$ 0.31	432	4,808	228,786,910	47,008,848,300	$ 0.14	1,504	7,473	406,098,100	70,378,369,340	$ 0.17	1,036
2000	MKE	Low-Fare	2	277,680	35,110,830	$ 0.43	296	5	790,980	99,745,630	$ 0.10	1,279	7	1,068,660	134,856,460	$ 0.12	1,023
2000	MKE	Non-Low-Fare	63	1,889,140	387,608,340	$ 0.39	521	56	2,028,860	389,481,340	$ 0.14	1,355	119	3,918,000	777,089,680	$ 0.21	953
2000	MKE	Total	65	2,166,820	422,719,170	$ 0.40	492	61	2,819,840	489,226,970	$ 0.13	1,334	126	4,986,660	911,946,140	$ 0.19	968

Table 3: Airport-Pair Detail

Airport-pair information for all O&D markets involving a Medium or large hub with at least 10 passengers per day.

Data provided is summarization of inbound and outbound. Please see accompanying documentation for definitions and assumptions.

Airport Pair		DistanceBlock	Density	Competitors	Low-Fare/Non-Low-Fare	Zero-Fared Pax	Total Pax	Revenue	RPMs	Nonstop Distance
MKE	BNA	500	100	2	NLF	1,360	33,050	6,122,100	18,517,678	475
MKE	CWA	250	20	1	NLF	330	4,030	379,730	619,117	154
MKE	DCA	750	500	1	NLF	9,730	136,670	23,360,850	88,508,618	634
MKE	EWR	750	500	2	NLF	7,720	119,050	28,078,940	87,853,147	725
MKE	FSD	500	20	1	NLF	200	5,880	1,306,320	3,001,098	448
MKE	GEG	1500	20	2	NLF	550	5,320	1,460,610	8,781,413	1,471
MKE	HPN	750	20	4	NLF	370	6,140	1,481,560	4,859,847	741
MKE	IAD	750	100	2	NLF	1,860	35,030	6,090,890	22,375,859	612
MKE	ICT	750	20	3	NLF	300	7,400	1,653,410	5,581,049	622
MKE	JFK	750	20	3	NLF	360	5,540	835,210	4,698,583	746
MKE	LGA	750	500	1	NLF	13,370	169,350	35,963,830	128,826,818	738
MKE	MBS	250	20	2	NLF	180	4,260	664,870	1,380,344	197
MKE	MCO	1500	501	3	LF	17,780	327,950	42,520,340	364,816,181	1,066
MKE	MSP	500	501	2	LF	3,790	261,970	31,958,430	77,977,170	297
MKE	MSY	1000	200	3	NLF	1,530	41,280	6,626,670	41,849,197	903
MKE	MYR	1000	20	2	NLF	170	5,350	898,690	4,590,971	803
MKE	OAK	2000	20	2	NLF	550	5,980	1,772,250	11,678,995	1,834
MKE	OKC	750	50	3	NLF	720	9,510	2,164,820	8,502,243	736
MKE	OMA	500	100	1	NLF	1,170	31,800	5,637,760	14,393,554	426
MKE	ONT	2000	100	4	NLF	1,440	20,280	4,019,560	36,936,220	1,712
MKE	ORF	750	50	4	NLF	1,150	15,240	2,924,300	12,845,730	748
MKE	PBI	1500	200	3	NLF	1,820	39,810	5,812,300	51,084,865	1,205
MKE	PDX	2000	100	3	NLF	3,610	28,510	7,608,440	54,421,628	1,718
MKE	PHL	750	500	2	NLF	6,370	117,100	25,096,770	82,615,071	690
MKE	PHX	1500	501	3	NLF	22,440	185,760	31,300,290	282,385,193	1,460
MKE	PIE	1500	100	2	LF	140	20,250	2,629,940	21,821,354	1,077
MKE	PIT	500	200	2	NLF	2,630	54,480	12,042,380	23,888,130	431
MKE	PNS	1000	20	3	NLF	470	6,010	1,073,310	6,061,627	861
MKE	PVD	1000	50	4	NLF	930	10,100	2,673,760	9,107,127	846
MKE	PWM	1000	50	4	NLF	740	10,880	2,084,610	10,670,866	887
MKE	RDU	750	200	2	NLF	3,240	42,120	8,438,460	30,783,686	689
MKE	RIC	750	50	4	NLF	1,050	15,130	3,968,950	11,557,816	673
MKE	RNO	2000	50	4	NLF	1,310	12,460	2,412,560	22,803,767	1,667
MKE	ROA	750	20	3	NLF	270	3,750	1,032,780	2,472,220	571
MKE	ROC	750	50	4	NLF	440	9,760	2,271,440	5,865,509	518
MKE	SAN	2000	200	4	NLF	7,590	60,970	12,031,340	113,370,574	1,738
MKE	SAT	1500	100	4	NLF	3,770	34,500	6,832,730	39,261,954	1,095
MKE	SAV	1000	50	2	NLF	650	13,230	2,153,700	11,560,317	831
MKE	SBA	2000	20	3	NLF	470	4,070	789,060	7,591,025	1,811
MKE	SEA	2000	500	2	NLF	6,490	86,020	17,009,330	157,476,402	1,694
MKE	SFO	2000	501	3	NLF	13,060	182,830	31,261,160	353,032,195	1,845
MKE	SGF	500	20	2	NLF	370	6,960	1,574,300	3,820,660	489
MKE	SHV	1000	20	4	NLF	240	3,850	938,470	3,497,634	793
MKE	SJC	2000	50	4	NLF	2,240	18,290	4,535,150	35,765,565	1,829
MKE	SJU	2500	100	4	NLF	2,280	22,760	5,666,700	50,545,137	2,119
MKE	SLC	1500	100	4	NLF	2,670	25,650	5,556,180	37,340,562	1,246
MKE	SMF	2000	50	4	NLF	1,780	14,620	3,745,190	27,783,511	1,778
MKE	SNA	2000	100	5	NLF	3,810	22,450	5,277,330	41,367,594	1,738
MKE	SRQ	1500	100	2	NLF	1,150	19,520	2,828,790	22,673,112	1,114
MKE	STL	500	200	1	NLF	3,710	61,230	16,223,210	20,085,484	317
MKE	SYR	750	50	2	NLF	840	9,650	2,235,180	6,572,943	597
MKE	TLH	1000	20	3	NLF	170	3,960	787,250	3,694,231	887
MKE	TPA	1500	500	3	NLF	7,570	122,040	17,277,460	144,456,393	1,075
MKE	TUL	750	50	2	NLF	440	8,660	2,285,150	6,373,570	631
MKE	TUS	1500	100	4	NLF	2,240	19,790	3,507,020	31,489,386	1,462
MKE	TVC	250	20	1	NLF	320	4,510	688,360	802,834	169

MKE	SJU	NW	24%	NLF	180	5,550	1,414,350	12,382,050	2119	2500	100
MKE	SJU	TW	20%	NLF	160	4,470	1,007,970	10,438,726	2119	2500	100
MKE	SJU	US	14%	NLF	1,560	3,150	386,500	6,795,778	2119	2500	100
MKE	SLC	DL	19%	NLF	670	4,950	1,119,900	9,048,762	1246	1500	100
MKE	SLC	NW	27%	NLF	1,050	6,870	1,595,200	8,839,140	1246	1500	100
MKE	SLC	TW	14%	NLF	170	3,570	622,070	5,249,496	1246	1500	100
MKE	SLC	UA	24%	NLF	400	6,200	1,412,470	8,051,769	1246	1500	100
MKE	SMF	HP	13%	NLF	100	1,870	451,640	3,636,780	1778	2000	50
MKE	SMF	NW	28%	NLF	860	4,070	968,230	7,381,420	1778	2000	50
MKE	SMF	TW	12%	NLF	110	1,780	369,030	3,552,880	1778	2000	50
MKE	SMF	UA	36%	NLF	530	5,250	1,526,960	9,638,132	1778	2000	50
MKE	SNA	AA	18%	NLF	790	4,150	1,029,640	7,717,209	1738	2000	100
MKE	SNA	HP	11%	NLF	360	2,380	519,830	4,297,738	1738	2000	100
MKE	SNA	NW	24%	NLF	1,230	5,480	1,260,560	10,242,120	1738	2000	100
MKE	SNA	TW	12%	NLF	370	2,630	502,010	4,976,751	1738	2000	100
MKE	SNA	UA	27%	NLF	510	5,980	1,610,670	10,663,411	1738	2000	100
MKE	SRQ	DL	46%	NLF	480	8,950	1,358,230	10,033,679	1114	1500	100
MKE	SRQ	US	18%	NLF	160	3,510	473,720	4,218,171	1114	1500	100
MKE	STL	TW	84%	NLF	3,200	51,350	13,871,830	16,303,865	317	500	200
MKE	SYR	NW	39%	NLF	360	3,750	926,330	2,295,686	597	750	50
MKE	SYR	US	29%	NLF	130	2,840	739,150	2,137,158	597	750	50
MKE	TLH	DL	69%	NLF	170	2,740	538,490	2,453,324	887	1000	20
MKE	TLH	NW	14%	NLF	-	540	97,350	547,560	887	1000	20
MKE	TLH	US	12%	NLF	-	470	107,730	490,230	887	1000	20
MKE	TPA	DL	19%	NLF	1,290	23,250	3,331,360	25,230,072	1075	1500	500
MKE	TPA	NW	43%	NLF	2,290	52,420	7,278,580	64,959,767	1075	1500	500
MKE	TPA	YX	12%	NLF	1,320	15,070	2,266,600	16,200,250	1075	1500	500
MKE	TUL	AA	24%	NLF	120	2,080	519,780	1,542,087	631	750	50
MKE	TUL	TW	53%	NLF	140	4,610	1,282,110	3,064,299	631	750	50
MKE	TUS	AA	15%	NLF	530	2,990	601,720	4,698,797	1462	1500	100
MKE	TUS	HP	38%	NLF	520	7,430	1,198,730	11,779,346	1462	1500	100
MKE	TUS	NW	16%	NLF	740	3,110	553,120	4,986,170	1462	1500	100
MKE	TUS	UA	23%	NLF	210	4,480	776,880	6,902,767	1462	1500	100
MKE	TVC	YX	93%	NLF	320	4,210	637,190	714,585	169	250	20

Table 4: Airport-pair Detail by Competitor

Airport-pair information for all O&D markets involving a Medium or large hub with at least 10 passengers per day.

Data provided is summarization of inbound and outbound. Please see accompanying documentation for definitions and assumptions.

Airport - Pair		Carrier	Mkt Share	LF	Zero-Fared Pax	Total Pax	Revenue	RPM	Nonstop	Distance Block	Density
MIA	TVC	NW	53%	NLF	230	2,380	458,620	3,244,139	1339	1500	20
MKE	BNA	NW	23%	NLF	220	7,540	1,395,480	5,472,299	475	500	100
MKE	BNA	YX	50%	NLF	700	16,430	3,202,880	7,806,235	475	500	100
MKE	CWA	YX	99%	NLF	330	3,990	376,340	614,460	154	250	20
MKE	DCA	YX	80%	NLF	7,180	108,750	19,371,450	68,963,924	634	750	500
MKE	EWR	CO	30%	NLF	2,130	35,820	7,867,800	26,030,295	725	750	500
MKE	EWR	YX	55%	NLF	4,010	65,640	16,551,450	47,597,883	725	750	500
MKE	FSD	NW	84%	NLF	100	4,960	1,122,420	2,454,588	448	500	20
MKE	GEG	NW	55%	NLF	340	2,930	779,000	4,351,944	1471	1500	20
MKE	GEG	UA	34%	NLF	210	1,800	522,540	3,083,842	1471	1500	20
MKE	HPN	AA	19%	NLF	60	1,190	292,270	963,289	741	750	20
MKE	HPN	NW	34%	NLF	90	2,070	475,430	1,568,924	741	750	20
MKE	HPN	UA	17%	NLF	120	1,040	215,410	835,753	741	750	20
MKE	HPN	US	16%	NLF	50	960	241,670	752,028	741	750	20
MKE	IAD	US	13%	NLF	100	4,690	584,770	2,892,412	612	750	100
MKE	IAD	YX	63%	NLF	1,020	21,930	4,031,470	13,470,369	612	750	100
MKE	ICT	NW	12%	NLF	60	880	214,680	884,121	622	750	20
MKE	ICT	TW	65%	NLF	160	4,820	1,130,110	3,357,492	622	750	20
MKE	ICT	UA	13%	NLF	20	970	173,220	634,676	622	750	20
MKE	JFK	DL	10%	NLF	30	580	89,230	532,250	746	750	20
MKE	JFK	NW	46%	NLF	80	2,560	411,350	1,975,505	746	750	20
MKE	JFK	TW	16%	NLF	200	890	89,800	1,076,010	746	750	20
MKE	LGA	YX	76%	NLF	8,880	128,280	28,972,630	94,728,828	738	750	500
MKE	MBS	NW	72%	NLF	160	3,080	489,280	1,034,384	197	250	20
MKE	MBS	UA	24%	NLF	20	1,030	146,790	297,670	197	250	20
MKE	MCO	NW	20%	LF	3,030	66,850	8,629,210	81,155,439	1066	1500	501
MKE	MCO	SY	28%	LF	-	91,990	9,864,900	98,061,340	1066	1500	501
MKE	MCO	YX	29%	LF	10,110	93,720	13,803,410	99,931,077	1066	1500	501
MKE	MSP	NW	86%	LF	3,690	224,460	28,192,710	66,784,338	297	500	501
MKE	MSP	SY	13%	LF	-	34,560	3,230,370	10,264,320	297	500	501
MKE	MSY	DL	28%	NLF	190	11,490	1,779,330	12,109,362	903	1000	200
MKE	MSY	NW	28%	NLF	500	11,590	2,055,220	11,312,446	903	1000	200
MKE	MSY	TW	18%	NLF	260	7,350	1,098,000	6,771,361	903	1000	200
MKE	MYR	DL	39%	NLF	40	2,110	374,420	1,943,840	803	1000	20
MKE	MYR	US	51%	NLF	90	2,710	426,960	2,199,506	803	1000	20
MKE	OAK	HP	26%	NLF	70	1,530	427,700	3,163,254	1834	2000	20
MKE	OAK	UA	59%	NLF	350	3,540	1,104,490	6,670,725	1834	2000	20
MKE	OKC	AA	14%	NLF	110	1,340	330,330	1,181,902	736	750	50
MKE	OKC	NW	23%	NLF	220	2,160	513,220	2,126,253	736	750	50
MKE	OKC	TW	48%	NLF	260	4,570	1,029,780	3,578,511	736	750	50
MKE	OMA	YX	84%	NLF	1,020	26,650	4,647,990	11,360,303	426	500	100
MKE	ONT	HP	21%	NLF	110	4,200	763,960	7,473,258	1712	2000	100
MKE	ONT	NW	26%	NLF	540	5,240	1,043,580	9,391,340	1712	2000	100
MKE	ONT	TW	14%	NLF	350	2,800	460,410	5,210,514	1712	2000	100
MKE	ONT	UA	26%	NLF	150	5,340	1,239,210	9,280,241	1712	2000	100
MKE	ORF	DL	13%	NLF	120	1,930	376,120	1,804,507	748	750	50
MKE	ORF	NW	24%	NLF	320	3,660	700,500	2,809,335	748	750	50
MKE	ORF	UA	13%	NLF	60	2,020	400,360	1,588,586	748	750	50
MKE	ORF	US	32%	NLF	460	4,930	1,011,920	3,998,285	748	750	50
MKE	PBI	DL	40%	NLF	710	15,890	2,572,280	19,288,712	1205	1500	200
MKE	PBI	NW	11%	NLF	280	4,510	665,720	6,040,308	1205	1500	200
MKE	PBI	US	31%	NLF	280	12,400	1,547,880	16,273,527	1205	1500	200
MKE	PDX	NW	36%	NLF	1,460	10,400	3,060,520	18,301,604	1718	2000	100
MKE	PDX	TW	17%	NLF	570	4,930	844,630	9,990,441	1718	2000	100
MKE	PDX	UA	25%	NLF	650	7,200	2,231,020	13,314,779	1718	2000	100
MKE	PHL	US	32%	NLF	1,660	37,540	7,909,060	26,214,146	690	750	500
MKE	PHL	YX	52%	NLF	3,550	60,560	13,660,150	41,800,040	690	750	500
MKE	PHX	HP	29%	NLF	4,200	54,400	8,570,810	80,226,367	1460	1500	501

MKE	PHX	NW	11%	NLF	3,240	19,910	3,408,130	33,330,952	1460	1500	501
MKE	PHX	YX	42%	NLF	10,720	77,330	14,110,540	112,902,230	1460	1500	501
MKE	PIE	SY	67%	LF	-	13,500	1,724,510	14,539,500	1077	1500	100
MKE	PIE	TZ	33%	LF	140	6,590	884,490	7,117,231	1077	1500	100
MKE	PIT	US	72%	NLF	1,440	39,180	8,457,340	16,967,920	431	500	200
MKE	PIT	YX	17%	NLF	760	9,060	2,415,400	3,913,090	431	500	200
MKE	PNS	DL	44%	NLF	220	2,670	479,990	2,519,052	861	1000	20
MKE	PNS	NW	28%	NLF	170	1,670	324,820	1,521,370	861	1000	20
MKE	PNS	US	20%	NLF	60	1,210	194,870	1,385,945	861	1000	20
MKE	PVD	AA	14%	NLF	130	1,410	415,620	1,297,575	846	1000	50
MKE	PVD	NW	28%	NLF	290	2,820	749,730	2,405,271	846	1000	50
MKE	PVD	UA	15%	NLF	50	1,520	391,090	1,392,320	846	1000	50
MKE	PVD	US	30%	NLF	280	3,060	798,680	2,800,164	846	1000	50
MKE	PWM	DL	12%	NLF	80	1,270	253,750	1,450,746	887	1000	50
MKE	PWM	NW	29%	NLF	270	3,180	617,730	2,884,632	887	1000	50
MKE	PWM	UA	14%	NLF	130	1,490	271,180	1,440,830	887	1000	50
MKE	PWM	US	30%	NLF	180	3,270	618,140	3,270,339	887	1000	50
MKE	RDU	NW	11%	NLF	360	4,780	882,470	3,958,608	689	750	200
MKE	RDU	YX	57%	NLF	1,900	24,190	5,016,300	16,666,910	689	750	200
MKE	RIC	DL	18%	NLF	180	2,660	670,790	2,201,676	673	750	50
MKE	RIC	NW	16%	NLF	250	2,420	645,760	1,679,603	673	750	50
MKE	RIC	UA	10%	NLF	100	1,550	374,330	1,098,950	673	750	50
MKE	RIC	US	43%	NLF	440	6,520	1,839,580	4,945,388	673	750	50
MKE	RNO	AA	17%	NLF	250	2,150	425,780	3,855,493	1667	2000	50
MKE	RNO	HP	22%	NLF	130	2,740	455,710	5,499,327	1667	2000	50
MKE	RNO	NW	39%	NLF	460	4,870	1,061,750	8,529,744	1667	2000	50
MKE	RNO	UA	11%	NLF	270	1,430	243,230	2,466,935	1667	2000	50
MKE	ROA	DL	13%	NLF	-	500	186,860	334,080	571	750	20
MKE	ROA	NW	19%	NLF	80	730	182,740	452,353	571	750	20
MKE	ROA	US	56%	NLF	170	2,110	552,990	1,439,390	571	750	20
MKE	ROC	AA	15%	NLF	110	1,470	336,830	874,650	518	750	50
MKE	ROC	NW	30%	NLF	80	2,970	743,100	1,589,330	518	750	50
MKE	ROC	UA	14%	NLF	-	1,340	288,930	797,800	518	750	50
MKE	ROC	US	27%	NLF	220	2,660	574,010	1,764,943	518	750	50
MKE	SAN	AA	12%	NLF	1,120	7,050	1,438,870	13,027,294	1738	2000	200
MKE	SAN	NW	25%	NLF	1,810	15,480	3,318,180	28,900,843	1738	2000	200
MKE	SAN	TW	12%	NLF	570	7,050	1,222,920	13,213,463	1738	2000	200
MKE	SAN	UA	21%	NLF	1,000	12,920	2,830,700	23,004,797	1738	2000	200
MKE	SAT	AA	11%	NLF	320	3,910	873,810	4,320,212	1095	1500	100
MKE	SAT	NW	12%	NLF	420	4,080	882,130	5,074,528	1095	1500	100
MKE	SAT	TW	17%	NLF	480	6,000	951,430	6,630,033	1095	1500	100
MKE	SAT	YX	43%	NLF	2,000	14,980	3,095,800	16,416,949	1095	1500	100
MKE	SAV	DL	65%	NLF	330	8,580	1,491,080	7,506,460	831	1000	50
MKE	SAV	US	24%	NLF	220	3,110	414,130	2,706,582	831	1000	50
MKE	SBA	HP	28%	NLF	20	1,150	225,760	2,196,836	1811	2000	20
MKE	SBA	UA	50%	NLF	290	2,030	360,470	3,730,090	1811	2000	20
MKE	SBA	YX	13%	NLF	100	530	121,850	977,012	1811	2000	20
MKE	SEA	NW	48%	NLF	3,520	41,500	8,344,030	73,269,463	1694	2000	500
MKE	SEA	UA	23%	NLF	1,120	19,370	4,352,990	35,582,594	1694	2000	500
MKE	SFO	NW	24%	NLF	2,970	44,450	6,937,840	85,403,109	1845	2000	501
MKE	SFO	UA	24%	NLF	1,680	43,810	8,197,830	83,766,124	1845	2000	501
MKE	SFO	YX	21%	NLF	5,170	38,660	6,972,780	71,343,630	1845	2000	501
MKE	SGF	NW	13%	NLF	40	880	185,800	707,541	489	500	20
MKE	SGF	TW	78%	NLF	230	5,450	1,259,630	2,782,570	489	500	20
MKE	SHV	AA	11%	NLF	-	410	134,180	428,110	793	1000	20
MKE	SHV	DL	13%	NLF	40	490	103,770	560,397	793	1000	20
MKE	SHV	NW	19%	NLF	90	740	169,670	626,154	793	1000	20
MKE	SHV	TW	44%	NLF	60	1,680	405,950	1,332,240	793	1000	20
MKE	SJC	AA	22%	NLF	570	3,940	1,035,380	7,782,307	1829	2000	50
MKE	SJC	NW	23%	NLF	690	4,130	964,050	7,823,337	1829	2000	50
MKE	SJC	TW	12%	NLF	270	2,120	439,170	4,324,834	1829	2000	50
MKE	SJC	UA	29%	NLF	510	5,310	1,437,810	10,022,470	1829	2000	50
MKE	SJU	AA	19%	NLF	160	4,260	1,285,380	9,192,186	2119	2500	100