



The City of  
**OKLAHOMA CITY**  
DEPARTMENT OF AIRPORTS

**OKC Statement for Interim Air Service Study**

***Statement of Mark Kranenburg, Airports Director for Oklahoma City Department of Airports***

I would like to open my remarks by expressing my gratitude to the State for considering offering funding for air service incentives potentially including minimum revenue guarantees, especially as airports, airlines and supporting businesses have all suffered with the impact of COVID-19. I would also like to express my gratitude to the State for allowing Will Rogers World Airport and other commercial airports to express our thoughts and concerns regarding statewide air service incentive programs and how the State of Oklahoma can successfully implement such a program. I have been the Airports Director for the Oklahoma City Will Rogers World Airport for 15 years now. Altogether I have been in airport administration for 27 years and have had the opportunity to lead and participate in many air service development activities during that time. I have also unfortunately experienced several disruptions to the aviation system due to the September 11 attacks in 2001 and financial crisis in 2008-2009, both of which pale in comparison to the current COVID-19 impact and its potential long-lasting impacts on our industry and economy.

Will Rogers World Airport started 2020 with passenger traffic trending upwards compared to 2019. We started seeing the effect of COVID-19 on our passenger traffic in early March and by the first week of April, our passenger traffic was down 95% year-over-year. Our airline capacity hit rock bottom in May of this year, down 68% compared to 2019. We have seen periodic, gradual improvement, but September's boarding passenger enplanements were down 55% compared to 2019. Based on scheduled airline capacity, October is still down 42% and November is down 44%. Airlines have seen somewhat of a rebound in leisure and visiting friends and relatives traffic, but little signs of life in business traffic will be returning soon. Calendar year 2018 was a record year for passenger boarding and 2019 saw another record year with an increase of over 416,000 additional passengers. This year (2020) was poised to perpetuate that trend. In the past two years, we had seen new American service to Philadelphia, new Southwest service to Nashville, new American and Southwest service to Washington-Reagan/National and new American service to Miami. This is on top of additional frequencies and larger aircraft to several markets. In January of 2020, American had even announced its intention to start daily, nonstop service to New York's LaGuardia Airport this past June – one of the most coveted air service prizes for any U.S. airport. Unfortunately, very few of these new routes have operated since March, not one of them is operating now, and we have no clear indication from the airlines when they may return, if at all. To top it off, we have lost service to airports like Detroit, Los Angeles, San Francisco, and Washington-Dulles, markets we worked very hard, sometimes years, to attract.

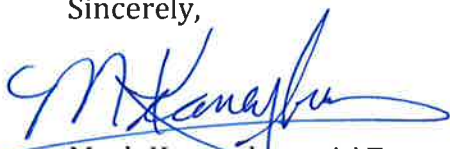
The timing for a statewide incentive program in Oklahoma could not be better than the present. Such a program is more important now than ever as statewide capacity is down significantly, nonstop routes have been suspended with no clear restoration date in sight, and routes that were announced were never started. Statewide, commercial airline capacity is down 43% for October 2020 compared to October 2019 and is likely to stay at that level for some time. OKC has had tremendous success attracting and maintaining air service but financial support may be necessary to restore the breadth of air service OKC once enjoyed. Since airports are barred by the FAA from using their own money to subsidize air service, OKC has been at a disadvantage to other communities around the country which have established funding mechanisms from outside sources. Many states have successfully implemented such programs although like airports, if you've seen one state, you've seen one state. The economy, geography and air service competitive environment in every state is different. The need to balance the interests of all commercial service airports and their respective economies is different in each state. Oklahoma in many ways is different from Indiana, Wyoming and all other states that have successfully implemented such programs. The statewide economic impact and potential effects of any incentive program should be carefully studied and evaluated before moving forward, especially if it involves risky financial instruments like minimum revenue guarantees.

The use of statewide incentives and/or minimum revenue guarantees must result in net additional air service and economic impact to the State. Just as a program should have a net positive economic benefit for the region and the State as a whole, it also needs to ensure that incentivizing service at one airport does not have a detrimental effect on air service at another airport. We would not want an airline to start state subsidized service at Tulsa, Lawton or Stillwater that results in cannibalization of similar service at OKC. Nor would we want that to happen to another airport should OKC benefit from new state subsidized air service. We also encourage the use of a transparent and formal application process with an evaluation committee comprised of members representing areas from all Oklahoma state commercial airports and their constituencies.

To be successful, the process of creating such legislation should start as soon as possible and involve all commercial service airports and their respective representatives, and today's proceeding is that first step in the right direction. We would hope these parties remain involved throughout the process which is vital for broad buy-in and support for the future program and will help ensure it mutually benefits all stakeholders throughout the state.

Thank you again for this opportunity to address the Commission regarding the statewide air service incentive program, which is vitally more important now than ever. We look forward to working with the Commission and our fellow commercial service airports to develop a program that benefits our State, but not to the detriment of any one community.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark Kranenburg', with a long horizontal flourish extending to the left.

Mark Kranenburg, AAE  
Director of Airports