



SEAPORT AIRLINES FILES FOR BANKRUPTCY PROTECTION; CUTS ROUTES; REPLACES ITS PRESIDENT

News / Airlines



by Brian Cohen

You would think that ancillary fees imposed by a reduced number of commercial airlines, airport security checkpoints and shorter wait times for flights would drive passengers to patronize smaller airlines such as **SeaPort Airlines**.

Nope.

Not even the lowest fuel prices in years prevented the company from declaring bankruptcy protection due to a shortage of pilots nationwide, as SeaPort Airlines Incorporated filed a voluntary petition for Chapter 11 reorganization earlier this month in the United States Bankruptcy Court for the District of Oregon.

The assurance of normal day-to-day operations to the destinations it currently serves with its fleet of Cessna 208 Grand Caravan turboprop airplanes does not include reductions of service which have already occurred. “The company has rapidly been shedding service in the Northwest since the year began. In January it postponed service to three Washington cities — Moses Lake, Port Angeles and Seattle”, according to this article written by Andy Giegerich and Erik Siemers of the Portland Business Journal. “Then last week it announced it would cease service between Portland

and North Bend/Coos Bay. The closure of the Washington service as attributed to the pilot shortage.”

While a plan of reorganization under the supervision of the court will be crafted to allow SeaPort Airlines “to emerge a strong and viable airline positioned to meet the challenges not only of the pilot shortage, but of the highly competitive airline industry”, the company expects to continue to:

Provide employee wages, healthcare coverage, paid time off, and travel benefits without interruption;

Pay vendors for goods and services received during the reorganization process;

Operate a full schedule of flights;

Honor existing tickets and reservations and provide refunds and exchanges per our contract of carriage; and

Maintain interline agreements with Alaska Airlines and Hawaiian Airlines.

President Replaced

Timothy Sieber — who was executive vice president of SeaPort Airlines — has been promoted to president of the company, replacing Rob McKinney, who had resigned as president and chief executive officer.

“The difficult decision to file for bankruptcy protection was necessary to preserve the future of our airline,” said Sieber in a statement. “I am confident we will come out the other side of reorganization with a financially stronger airline in a better position to handle the challenges of the industry and provide the quality service our customers, employees and partners deserve.”

Shortage of Pilots

The shortage of pilots has been ongoing for at least two years — which is understandable when the starting salary is only \$21,000.00 per year; and I can recall not too long ago when it was even less than that.

Considering all of the training and regulations involved — or a stint of several years of being a pilot in a branch of the military — in order to simply become a pilot in the first place, that starting salary seems to be unreasonably low.

“A pilot shortage has forced smaller airlines to cancel flights and ground jets, a side effect of federal regulations that have dramatically increased the minimum number of flight hours required for new pilots”, according to this article written by Justin Bachman for BloombergBusiness. “In 2010, Congress mandated that airlines’ first officers would need to hold an Airline Transport Pilot certificate — which requires at least 1,500 flight hours (PDF) — as opposed to the 250 hours and commercial pilot certificate previously required. The new rules, which took effect in August, came in response to the 2009 crash of a Continental Express regional flight, which investigators linked to shortcomings in the pilots’ training.”

In addition to companies such as SeaPort Airlines, regional jet carriers for legacy airlines are also being affected. Despite its profitability, Republic Airways Holdings Incorporated — which operates approximately 1,000 flights per day on behalf of partners that include American Airlines, Delta Air Lines and United Airlines — filed for Chapter 11 reorganization under the United States

Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York on Thursday, February 25, 2016. The move was attributed to a lack of pilot resources — as well as “the reality that our negotiating effort with key stakeholders shows no apparent prospect of a near term resolution.”

Air Travel Alternative: Advantages to You

“...the United States of America has not suddenly disbanded the Transportation Security Administration, or TSA,” I wrote in this article on Wednesday, June 2, 2010 pertaining to SeaPort Airlines, which at that time was operating for almost two years since its official launch in June of 2008 with a route between Portland and Seattle, “but there is at least one airline on which one can fly within the United States without having to pass through airport security. Imagine not having to wait in long lines, take your shoes off, or be detained for a secondary screening — and you may also enjoy the benefit of reduced flight delays while you are free to carry your drink on-board the aircraft.”

Possible advantages to flying as a passenger on airlines such as SeaPort Airlines typically include:

Not having to pass through a security checkpoint — meaning that you can arrive later for your flight and board the airplane within mere minutes

Travel between smaller airports, which could mean greater flexibility of routes, free parking, and flights which have a better chance of departing and arriving on time

More flight options if the airline is flexible with its flight schedule

The airports may be located closer to your origination or final destination

Fewer people means a more “private” experience

Air Travel Alternative: Disadvantages to You

Possible disadvantages to flying as a passenger on airlines such as SeaPort Airlines typically include:

Smaller airports could mean fewer services available — such as rental car facilities and restaurants

The airports could be located farther from your origination or final destination

Long-haul flights are generally not possible

Increased chances of cancelled or delayed flights due to inclement weather, as smaller airplanes are used

Fewer flight options if the airline is not flexible with its flight schedule

Cost — especially when a special deal is not available — which includes fees such as for wait time

Summary

At this time, I am not sure of the state of the financial health of the airlines and companies — which are included in this incomplete list compiled last year and on which I have yet to be a passenger — with similar concepts to SeaPort Airlines...

...and sadly, that might not matter — especially with the current shortage of pilots, which needs to be resolved.

“But that business model never panned out”, according to the aforementioned article from the Portland Business Journal, which noted that the airline had reduced its network of flights as one of many steps it had undertaken to survive. “Within a year the company began serving smaller markets on federally subsidized routes in the Northwest and the Southeastern U.S. Its route map now includes Portland, Pendleton and North Bend in Oregon and, in the south, Houston, Memphis and the Arkansas cities of Harrison, Hot Springs and El Dorado.”

Until viable new disruptive technology — such as possibly traveling from London to New York in one hour or traveling from New York to London in eleven minutes — becomes a reality to provide true competition to current options in commercial aviation, the idea of air services such as SeaPort Airlines seem to offer a viable alternative for travelers...

...despite their limited networks of flights to smaller airports at select destinations. It would be a shame to have this alternative eventually fail overall.

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