AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA: STATE OF AMERICAN AIRPORTS

(115–3)

HEARING

BEFORE THE

SUBCOMMITTEE ON
AVIATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

MARCH 1, 2017

Printed for the use of the
Committee on Transportation and Infrastructure

Available online at: http://www.gpo.gov/fdsys/browse/
committee.action?chamber=house&committee=transportation

U.S. GOVERNMENT PUBLISHING OFFICE

24–654 PDF WASHINGTON : 2017

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

BILL SHUSTER, Pennsylvania, *Chairman*

DON YOUNG, Alaska
JOHN J. DUNCAN, JR., Tennessee, *Vice Chair*
FRANK A. LOBIONDO, New Jersey
SAM GRAVES, Missouri
DUNCAN HUNTER, California
ERIC A. "RICK" CRAWFORD, Arkansas
LOU BARLETTA, Pennsylvania
BLAKE FARENTHOLD, Texas
BOB GIBBS, Ohio
DANIEL WEBSTER, Florida
JEFF DENHAM, California
THOMAS MASSIE, Kentucky
MARK MEADOWS, North Carolina
SCOTT PERRY, Pennsylvania
RODNEY DAVIS, Illinois
MARK SANFORD, South Carolina
ROB WOODALL, Georgia
TODD ROKITA, Indiana
JOHN KATKO, New York
BRIAN BABIN, Texas
GARRET GRAVES, Louisiana
BARBARA COMSTOCK, Virginia
DAVID ROUZER, North Carolina
MIKE BOST, Illinois
RANDY K. WEBER, SR., Texas
DOUG LAMALFA, California
BRUCE WESTERMAN, Arkansas
LLOYD SMUCKER, Pennsylvania
PAUL MITCHELL, Michigan
JOHN J. FASO, New York
A. DREW FERGUSON IV, Georgia
BRIAN J. MAST, Florida
JASON LEWIS, Minnesota

PETER A. DEFAZIO, Oregon
ELEANOR HOLMES NORTON, District of Columbia
JERROLD NADLER, New York
EDDIE BERNICE JOHNSON, Texas
ELIJAH E. CUMMINGS, Maryland
RICK LARSEN, Washington
MICHAEL E. CAPUANO, Massachusetts
GRACE F. NAPOLITANO, California
DANIEL LIPINSKI, Illinois
STEVE COHEN, Tennessee
ALBIO SIRES, New Jersey
JOHN GARAMENDI, California
HENRY C. "HANK" JOHNSON, JR., Georgia
ANDRÉ CARSON, Indiana
RICHARD M. NOLAN, Minnesota
DINA TITUS, Nevada
SEAN PATRICK MALONEY, New York
ELIZABETH H. ESTY, Connecticut, Vice Ranking Member
LOIS FRANKEL, Florida
CHERI BUSTOS, Illinois
JARED HUFFMAN, California
JULIA BROWNLEY, California
FREDERICA S. WILSON, Florida
DONALD M. PAYNE, JR., New Jersey
ALAN S. LOWENTHAL, California
BRENDA L. LAWRENCE, Michigan
MARK DESAULNIER, California

SUBCOMMITTEE ON AVIATION

FRANK A. LOBIONDO, New Jersey, *Chairman*

DON YOUNG, Alaska
JOHN J. DUNCAN, JR., Tennessee
SAM GRAVES, Missouri
DUNCAN HUNTER, California
BLAKE FARENTHOLD, Texas
BOB GIBBS, Ohio
DANIEL WEBSTER, Florida
JEFF DENHAM, California
THOMAS MASSIE, Kentucky
MARK MEADOWS, North Carolina
SCOTT PERRY, Pennsylvania
RODNEY DAVIS, Illinois
MARK SANFORD, South Carolina
ROB WOODALL, Georgia
TODD ROKITA, Indiana
BARBARA COMSTOCK, Virginia
DOUG LAMALFA, California
BRUCE WESTERMAN, Arkansas
PAUL MITCHELL, Michigan, *Vice Chair*
JASON LEWIS, Minnesota
BILL SHUSTER, Pennsylvania *(Ex Officio)*

RICK LARSEN, Washington
EDDIE BERNICE JOHNSON, Texas
DANIEL LIPINSKI, Illinois
ANDRÉ CARSON, Indiana
CHERI BUSTOS, Illinois
ELEANOR HOLMES NORTON, District of Columbia
DINA TITUS, NEVADA
SEAN PATRICK MALONEY, New York
JULIA BROWNLEY, California
DONALD M. PAYNE, JR., New Jersey
BRENDA L. LAWRENCE, Michigan
MICHAEL E. CAPUANO, Massachusetts
GRACE F. NAPOLITANO, California
STEVE COHEN, Tennessee
HENRY C. "HANK" JOHNSON, JR., Georgia
RICHARD M. NOLAN, Minnesota
PETER A. DEFAZIO, Oregon *(Ex Officio)*

CONTENTS

Page

Summary of Subject Matter vii

WITNESSES

Sean Donohue, Chief Executive Officer, Dallas Fort Worth International Airport:
- Testimony 7
- Prepared statement 42
- Responses to questions for the record from the following Representatives:
  - Hon. Mark Meadows of North Carolina 47
  - Hon. Rick Larsen of Washington 48
  - Hon. Daniel Lipinski of Illinois 50

Lance Lyttle, Managing Director, Seattle-Tacoma International Airport:
- Testimony 7
- Prepared statement 53
- Responses to questions for the record from the following Representatives:
  - Hon. Mark Meadows of North Carolina 66
  - Hon. Rick Larsen of Washington 67
  - Hon. Daniel Lipinski of Illinois 69

Christina Cassotis, Chief Executive Officer, Allegheny County Airport Authority:
- Testimony 7
- Prepared statement 71
- Responses to questions for the record from the following Representatives:
  - Hon. Mark Meadows of North Carolina 79
  - Hon. Daniel Lipinski of Illinois 82

Lew Bleiweis, Executive Director, Greater Asheville Regional Airport Authority:
- Testimony 7
- Prepared statement 85
- Responses to questions for the record from the following Representatives:
  - Hon. Mark Meadows of North Carolina 88
  - Hon. Daniel Lipinski of Illinois 90

Todd McNamee, A.A.E., C.A.E., Director of Airports, County of Ventura Department of Airports:
- Testimony 7
- Prepared statement 92
- Responses to questions for the record from Hon. Daniel Lipinski, a Representative in Congress from the State of Illinois 99

PREPARED STATEMENTS SUBMITTED BY MEMBERS OF CONGRESS

Hon. Sam Graves of Missouri 41

SUBMISSIONS FOR THE RECORD

Hon. Rick Larsen, a Representative in Congress from the State of Washington, request to submit the following letters in support of H.R. 1265, "Investing in America: Rebuilding America's Airport Infrastructure Act":
- Letter dated March 1, 2017, from the American Association of Airport Executives 101
- Letter dated March 1, 2017, from the U.S. Travel Association 103
- Letter dated March 1, 2017, from Airports Council International 105

Page

ADDITIONS TO THE RECORD

Memorandum dated March 8, 2017, from Richard Garcia, Mayor of Edinburg, Texas, and President, Board of Edinburg Economic Development Corporation, et al., to Hon. Frank A. LoBiondo, Chairman, Subcommittee on Aviation of the Committee on Transportation and Infrastructure 106

Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

Bill Shuster
Chairman
Mathew M. Sturges
Staff Director

Peter A. DeFazio
Ranking Member
Katherine W. Dedrick
Democratic Staff Director

February 24, 2017

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Aviation
FROM: Staff, Subcommittee on Aviation
RE: Subcommittee Hearing on "Building a 21st Century Infrastructure for America: State of American Airports"

PURPOSE

The Subcommittee on Aviation will hold a series of hearings to receive testimony from representatives of different segments of civil aviation in order to help prepare for the Federal Aviation Administration (FAA) reauthorization bill. This memo will serve as the Summary of Subject Matter for these hearings.

The Subcommittee will meet for the second hearing on Wednesday, March 1, 2017, at 11:00 a.m. in 2167 Rayburn House Office Building. The Subcommittee will hear about the current state of commercial service and general aviation airports across the Nation and discuss the challenges and opportunities associated with building a globally competitive 21st Century aviation infrastructure. The Subcommittee will receive testimony from representatives of Dallas/Fort Worth International Airport, Seattle-Tacoma International Airport, Pittsburgh International Airport, Ashville Regional Airport, and the Ventura County Department of Airports.

BACKGROUND

Federal Aviation Administration

The primary mission of the FAA is ensuring aviation safety. The FAA has the responsibility to certify, monitor, and regulate the safety and operation of the civil aviation sector, including airlines, general aviation, unmanned aircraft systems (UAS), airports, commercial space transportation, repair stations, and aircraft manufacturers, as well as to establish licensing and training requirements for pilots and other aviation-related professionals. One of the most visible functions of the FAA is the operation of the air traffic control system. The FAA provides air traffic control services in the continental United States airspace and also vast areas of international airspace over the Gulf of Mexico, Atlantic Ocean, and Pacific Ocean.

On February 14, 2012, President Obama signed into law the *Federal Aviation Administration Modernization and Reform Act of 2012* (FMRA) (P.L. 112-95). This law includes significant changes to FAA programs and policies. It also provided nearly $16 billion annually from fiscal year 2012 through fiscal year 2015 for FAA programs, projects, and operations.[1]

On July 15, 2016, President Obama signed into law the *FAA Extension, Safety, and Security Act of 2016* (P.L. 114-190). This law extends expiring authorities and taxes included in the FMRA through September 30, 2017. It also authorizes certain critical, time-sensitive safety reforms.

Civil Aviation

The United States civil aviation industry is a major economic driver, contributing roughly $1.6 trillion in total economic activity and supporting roughly 11 million jobs.[2] Our civil aviation system accounts for more than five percent of the U.S. Gross Domestic Product.[3] Air transportation accounts for a significant part by safely and efficiently moving passengers and cargo around the United States and connecting our country to the rest of the world.

This industry supports a diverse and essential aviation system comprised of commercial aviation, general aviation, unmanned aircraft, airports, commercial space transportation, and other users. Commercial and general aviation help transport millions of passengers and move billions in revenue ton-miles of freight safely and securely all across the country. Impacts are also seen state-by-state, where airports and air operators help connect large and small communities, create jobs, and increase economic output.[4]

Manufacturing

Aviation manufacturing is the "seventh leading contributor to national productivity growth."[5] The United States is the home of several major aviation manufacturers, including one of the two major global manufacturers of wide-body aircraft, and a number of the world's major general aviation manufacturers for business jets.[6] While the Nation experienced a severe economic downturn in 2007, civil aviation manufacturing has recovered and has increased its production over the past several years. In 2014, civil aircraft manufacturing's total output was roughly $147.7 billion, an increase from 2012's total output of $122.7 billion. Further, in 2014,

---

[1] The FAA's authorities and taxes authorized in FMRA were extended through March 31, 2016 in P.L. 114-55, and again through July 15, 2016 in P.L. 114-141.
[2] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016. Pg. 3.
[3] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016. Pg. 3. https://www.faa.gov/air_traffic/publications/media/2016-economic-impact-report_FINAL.pdf
[4] Federal Aviation Administration. "General Aviation Airports Reports." http://www.faa.gov/airports/planning_capacity/ga_study/
[5] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016. Pg. 3. https://www.faa.gov/air_traffic/publications/media/2016-economic-impact-report_FINAL.pdf
[6] United States International Trade Commission. "Business Jet Aircraft Industry: Structure and Factors Affecting Competitiveness." April 2012. http://www.usitc.gov/press_room/news_release/2012/er0530kk2.htm

general aviation manufacturing's total output was over $29 billion, which was roughly a nine billion dollar increase from 2012.[7]

While American aviation manufacturing has continued to grow, the industry has also faced a number of global and domestic challenges. In the United States, the FAA is responsible for developing certification standards to ensure the safety of design and production of aircraft, aircraft components, and other avionics. To meet this responsibility, the FAA has a system of processes and compliance reviews that certify the design and production of aircraft and aircraft components to specific safety standards. However, these processes can often be lengthy and costly for aviation manufacturers.[8] FMRA directed the FAA to find ways to improve and streamline certification processes, reduce delays, and harmonize regulatory standards both domestically and internationally.[9] As a result of this mandate, working groups consisting of industry, FAA, and labor representatives made a number of recommendations to streamline aircraft certifications and address inconsistent regulatory interpretations across the Agency.

Airports

The United States has over 19,400 airports providing important services to our aviation system, and in many communities, they are key economic drivers. The current National Plan of Integrated Airport Systems (NPIAS) identifies 3,332 commercial service and general aviation airports that are significant to national air transportation and thus eligible to receive federal grants under the Airport Improvement Program (AIP). It also includes estimates of the amount of funding needed to complete infrastructure development projects bringing these airports up to current design standards and adding capacity at congested airports.[10] The current NPIAS estimates there are $32.5 billion in AIP-eligible projects between 2017 and 2021.

There are 382 airports in the NPIAS classified as primary airports because they support scheduled commercial air service at a certain volume, and 2,950 non-primary airports supporting low-level commercial service and general aviation operations.[11]

Airport Revenue

To finance daily operations, airports generate and rely on both aeronautical and non-aeronautical revenue. The primary sources of aeronautical (or airside) revenue are various fees paid by airlines and other airport users for the lease of terminal space, landing fees, and use of other airport facilities, such as jet bridges. Non-aeronautical (or landside) revenue sources include airport terminal concessions, parking, rental car operations, and rental fees.

Airport Capital

---

[7] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016, p. 28.
[8] 14 C.F.R Parts 21, 23, and 25.
[9] Sections 312 and 313 of the *FAA Modernization and Reform Act of 2012*. (P.L. 112-95.)
[10] Federal Aviation Administration. "National Plan of Integrated Airport Systems (NPIAS)" http://www.faa.gov/airports/planning_capacity/npias/
[11] *Id.* at 4.

To finance capital needs, airports use a combination of federal grants, federally-authorized local airport charges, state and local grants, and airport revenues.[12] The primary Federal grant program funding for airport development and planning is the AIP. AIP funds are primarily used for improvements related to enhancing airport safety, capacity, security, and environmental concerns. Airport sponsors can also use AIP funds, in most cases, on airfield capital improvements or repairs and, in some specific situations, for terminals and hangars. The AIP is currently authorized at $3.35 billion.

Because the AIP does not cover all airport capital needs, Congress has authorized airports to collect a fee on passengers called the passenger facility charge (PFC). A PFC is approved by the federal government, collected by the airlines, and paid directly to the airport without going through the federal Treasury. The PFC is intended to supplement, not replace, AIP funds. Airports can use PFCs to build critical infrastructure projects at their facilities. However, unlike AIP funds, airports can use PFC revenue for gates, airline ticket areas, and debt service on bonds that airports issue to finance airport infrastructure projects. In 2016, the FAA estimated that airports collected approximately $3.1 billion from PFCs.

Civil Aviation Operators

Airlines and Charters

The air transportation industry includes major airlines, regional airlines, all-cargo airlines, and charter operators that serve the widely varying needs of American consumers and businesses.

In 2015, approximately 2 million passengers flew on domestic and international flights operated by U.S. airlines each day.[13] Foreign carriers serving the United States carried additional passengers to and from the United States. The transportation of air freight is also substantial: in 2014, over 64 billion ton-miles of freight passed through U.S. airports.[14] Charter operators are a diverse group of approximately 2,000 companies operating over 10,000 aircraft of various sizes and types serving the largest cities and also rural communities lacking scheduled service.[15] In addition to direct economic impacts, air transportation enables substantial economic activity outside of the transportation sector.

In recent years, the U.S. airline industry has shown sustained profitability. However, this stability comes after decades of financial volatility that resulted in mergers and acquisitions, the disappearance of some airlines, and the emergence of others. Major U.S. passenger airlines often partner with other airlines to complement their services. Domestically, they partner with regional airlines operating smaller aircraft to fly routes or during times-of-day that cannot be

---

[12] Tang, Rachel Y., Kirk, Robert S., "Financing Airports Improvements", Congressional Research Service, December 4, 2013.
[13] Bureau of Transportation Statistics. "2015 U.S.-Based Airline Traffic Data." https://www.rita.dot.gov/bts/press_releases/bts018_16
[14] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." Pg. 4. https://www.faa.gov/air_traffic/publications/media/2016-economic-impact-report_FINAL.pdf
[15] Study of Operators Regulated Under Part 135, April 2016. Available at: http://nata.aero/data/files/gia/4656_001.pdf (p. ES-2)

economically served with other, larger aircraft. Internationally, they also form alliances with foreign airlines to mutually expand their reach of their global networks. U.S. all-cargo airlines are part of larger integrated logistics companies that operate hubs around the U.S. and the globe.

The FAA conducts comprehensive safety oversight of the airline industry. In 1978, the *Airline Deregulation Act of 1978* (ADA) eliminated most economic regulation of the industry in favor of allowing market forces to determine domestic airfares, routes, and levels of service. The legislation included the Essential Air Service program to protect air service in smaller communities. Since enactment of the ADA, airfares have fallen dramatically in real terms.[16] In 1992, the United States entered into its first "Open Skies" agreement which eliminated most governmental limits on international services. Since that time, the United States has entered Open Skies agreements with 100 countries around the world.[17]

General Aviation

The general aviation segment consists of flight activity for personal and business use. This activity includes recreational aviation, flight training, and other private uses. Aircraft used in general aviation range from helicopters and piston-engine aircraft to large transport aircraft capable of intercontinental flight.

According to the FAA, "...the long term outlook for general aviation is favorable, led by gains in turbine aircraft activity. While steady growth in both GDP and corporate profits results in continued growth of the turbine and rotorcraft fleets, the largest segment of the fleet–fixed wing piston aircraft—continues to shrink over the forecast."[18] In addition, FAA forecasts that "...the number of active general aviation pilots (excluding ATPs) is projected to decrease about 5,000 (down 0.1 percent yearly)..." between 2016 - 2036.[19]

New Aviation Technologies and New Operators

Air Traffic Control Modernization or "NextGen"

In order to meet anticipated growth in air traffic, Congress directed FAA to undertake a series of initiatives to revamp the Nation's Air Traffic Control System known as "NextGen". The goal of NextGen is to transition from ground-based navigation and surveillance systems to a satellite-based system in order to increase the efficiency, capacity, and flexibility of our airspace. Specifically, NextGen initiatives should reduce the required separation between aircraft, result in more efficient routes, and decrease congestion. Together, these initiatives should provide a better experience for the travelling public.[20] NextGen consists of specific programs to realize these benefits, including Automatic Dependent Surveillance-Broadcast (ADS-B), System-Wide

---

[16] Thompson, Derek. "How Airline Ticket Prices Fell 50% in 30 Years (and Why Nobody Noticed)." The Atlantic. Feb. 23, 2013. http://www.theatlantic.com/business/archive/2013/02/how-airline-ticket-prices-fell-50-in-30-years-and-why-nobody-noticed/273506/

[17] U.S. Department of State. "Open Skies Agreements." https://www.state.gov/e/eb/tra/ata/

[18] FAA Aerospace Forecast. 2016-2036, p. 2.

[19] *Id.* at 25.

[20] GAO "*Next Generation Air Transportation System: Information on Expenditures, Schedule, and Cost Estimates, Fiscal Years 2004-2030,*" November 17, 2016, p. 1.

Information Management (SWIM), and Data Communications (Data Comm). The goal at the inception of NextGen was to achieve transformation of our National Airspace System (NAS) by 2025.[21]

According to a Government Accountability Office (GAO) report, FAA has spent approximately $7.4 billion on programs identified as NextGen.[22] In order to ensure timely completion, FMRA established a Chief NextGen Officer within the FAA to oversee the implementation and management of NextGen and created NextGen metrics. However, the NextGen programs have been consistently fraught with delays and cost-overruns. According to a November 2016 GAO report, six NextGen activities with completion dates in 2025 have been delayed to 2030.[23] According to Inspector General of the Department of Transportation (DOT IG) Calvin Scovel during the February 5, 2014 hearing entitled *"The FAA Modernization and Reform Act of 2012: Two Years Later"*, the total expenditures of NextGen look to be two to three times greater than the initial $40 billion estimate.[24]

Remote Air Traffic Control Towers

Technology could enable some airports to provide air traffic services remotely. Remote air traffic control towers include cameras, microphones, meteorological sensors, and other monitoring equipment installed at the airport. Controllers are located at facilities that receive real-time data and video from these sensors and equipment. A controller at the remote location operates traffic at the airport the same way he or she would in a normal tower. This technology was tested at Leesburg Airport in Virginia in 2015. This technology could provide air traffic services to airports located in rural and remote areas, thereby greatly improving safety and increasing access to the NAS.

Unmanned Aircraft Systems

UAS, or drones, are an important innovation in aviation technology. There is significant demand for UAS in the United States. From 2005-2014, the number of countries using UAS for commercial and military purposes nearly doubled.[25] Since the early 1990s, UAS have operated in the national airspace mostly in support of governmental functions, such as military and border security operations.[26] In recent years, the private sector has developed a sweeping range of uses for UAS including aerial photography, surveying, agriculture, communications, environmental monitoring, and infrastructure inspection.[27] Certain companies have announced plans for small package delivery using UAS.

---

[21] *Id.* at 3
[22] *Id.* at 2
[23] *Id.* at 2
[24] GAO *"The FAA Modernization and Reform Act of 2012: Two Years Later"* Hearing before the Subcommittee on Aviation – Hearing Transcript, February 5, 2014, p. 22.
[25] GAO *"Key Issues: Unmanned Aerial Systems (Drones),"* February 1, 2016 http://www.gao.gov/key_issues/unmanned_aerial_systems/issue_summary
[26] Federal Aviation Administration, "Integration of Civil Unmanned Aircraft Systems (UAS) in the National Airspace System (NAS) Roadmap" https://www.faa.gov/uas/media/UAS_Roadmap_2013.pdf (p. 4)
[27] *Id.* at 6

The emergence of UAS offers substantial opportunities and also raises important policy issues such airspace rules, privacy concerns, and aviation safety. Since 2014, the FAA has promulgated regulations authorizing use of small UAS on a routine basis, requiring registration of certain UAS, and has also authorized use of certain advanced technologies through waivers and other regulatory means.

Commercial Space Transportation

For decades, private industry, with the support of National Aeronautics and Space Administration (NASA) and the FAA, have worked to develop new and innovative methods to transport passengers and cargo safely and efficiently into space. Under the *Commercial Space Launch Act of 1984* and subsequent amendments, the Secretary of Transportation has the responsibility and authority to facilitate, regulate, and promote the commercial space transportation industry. This responsibility has been assigned to the FAA's Office of Commercial Space Transportation (AST). According to the FAA, the AST's mission "is to ensure protection of the public, property, and the national security and foreign policy interests of the United States during commercial launch or reentry activities, and to encourage, facilitate, and promote U.S. commercial space transportation."

AST issues launch and reentry licenses for commercial space launches, permits for experimental launches, and launch site licenses for commercial spaceports. AST licensed 11 commercial launches, permitted four experimental launches, and supervised 10 active spaceport licenses in 2016. As the pace and complexity of commercial space transportation operations continues to increase, AST's role in regulating and facilitating the industry will continue to evolve.

Other issues.

In addition to the issues discussed above, the hearings may also touch on the following subjects:

- *Safety Oversight*: The U.S. commercial aviation system has an impressive safety record, but accidents, including the crash of Colgan Flight 3407, the disappearance of Indonesia AirAsia Flight 8501 and the intentional crashing of Germanwings Flight 9525, are stark reminders to be ever vigilant. Aviation safety is reliant on excellent training, the sharing of safety critical data and information, and strong oversight.

- *Essential Air Service (EAS) program*: The EAS program was created in 1978 to ensure continuity of air service to small communities following enactment of the ADA. The program provides subsidies to airlines to provide service to small communities where there are not enough passengers to operate profitably. Recent Congresses have enacted reforms limiting program participation and subsidy levels.

- *FAA Contract Tower Program*: Federal contractors provide air traffic control services at visual flight rule airports. FAA oversees the safe operation of these towers. As of February 2016, there are 252 contract towers in the NAS.

- *Cybersecurity:* As aviation has evolved and newer technologies have been adopted and integrated cybersecurity concerns have arisen. In July 2016, the President signed into law the *FAA Extension, Safety and Security Act of 2016* that directed the FAA to implement a strategic framework for cybersecurity.

WITNESSES

Mr. Sean Donohue
Chief Executive Officer
Dallas/Fort Worth International Airport

Mr. Lance Lyttle
Managing Director, Aviation Division
Port of Seattle

Ms. Christina Cassotis
Chief Executive Officer
Allegheny County Airport Authority

Mr. Lew Bleiweis
Executive Director
Greater Asheville Regional Airport Authority

Mr. Todd McNamee
Director of Airports
County of Ventura, California

BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA: STATE OF AMERICAN AIRPORTS

WEDNESDAY, MARCH 1, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to notice, at 11:02 a.m. in room 2167, Rayburn House Office Building, Hon. Frank A. LoBiondo (Chairman of the subcommittee) presiding.

Mr. LOBIONDO. Good morning. The subcommittee will come to order. I would like to thank you all for being here today. Today the Aviation Subcommittee is holding the second of its hearings in the 115th Congress in preparation for FAA reauthorization.

As all of you know, the focus of the Transportation and Infrastructure Committee this year is building a 21st-century infrastructure for America. Today we will be looking at the current state of our Nation's airports and their role in the 21st-century transportation network.

Airports are the most visible piece of physical infrastructure in the air transportation system, and the place where all flights begin and end. More than 800 million passengers pass through our Nation's 509 commercial service airports on U.S. air carriers each year, a figure that is projected to grow to 1 billion within 10 years.

Our Nation is home to 3 of the 10 busiest airports in terms of passengers, and 8 of the 10 busiest airports ranked by the number of aircraft operations. Hartsfield-Jackson Atlanta International Airport tops both categories, earning the title of the world's busiest airport by any measure.

Our Nation's airport infrastructure is not limited to just passenger service airports.

It also includes small general aviation airports that are located in every congressional district; I have five in my own district. These airports may be small, but they play a vital role in connecting remote communities, providing emergency services, fostering small business development, and teaching a new generation how to fly. No other country supports its airport infrastructure to the degree and scope that we do here, in the United States of America.

In partnership with States and municipalities, the Federal Government supports airport infrastructure development in a number of ways, including airport improvement program grants, passenger

facility charges, and favorable tax treatment of airport bonds. Increasingly, however, there is a perception that American airports are falling behind their global competitors.

In a 2016 ranking by the Skytrax World Airport Awards, the best performing American airport was Denver International, but only in 28th place. According to a 2015 FAA analysis, nine of the country's largest airports will be capacity constrained by 2030, even if all planned improvements are implemented. At the other end of the spectrum, available flights to smaller cities and rural communities are declining, decreasing connectivity and leaving airports with huge maintenance costs for oversized facilities.

Not only must Congress be mindful that our Nation's airports need to plan for and be capable of handling future passenger growth, but we must remember the needs of smaller communities and those impacted by declining air services.

Our panel today represents a broad range of airports in terms of both size and geography. Each airport is also from a State or district represented by the Aviation Subcommittee, and each witness brings a unique perspective to the state of America's airports. I look forward to their testimony on how Congress can help facilitate the building of a 21st-century aviation infrastructure.

Before recognizing Mr. Larsen for his remarks, I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing, and unanimous consent that the record remain open for 15 days for additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

Now I would like to yield to Mr. Larsen.

Rick, it is all yours.

Mr. LARSEN. Thank you, Chairman LoBiondo, for calling today's hearing on the state of U.S. airports. As we confront the FAA reauthorization this year, this hearing provides an opportunity for us to better understand how Congress can help airports satisfy their growing capital needs and keep pace with progress abroad.

First and foremost, I want to welcome a fellow Washingtonian as part of today's panel of witnesses. Mr. Lance Lyttle is managing director of Sea-Tac, Seattle-Tacoma International Airport, which many of my constituents, as well as tens of millions of others each year, rely on for air travel. I look forward to hearing from him today, in particular about the needs and challenges Sea-Tac faces as it undergoes its own long-term capital improvement plan to modernize facilities to alleviate congestion, which I know is a serious issue at Sea-Tac, as well as to improve the customer experience.

Each year, nearly 800 million passengers board aircraft in the United States, with approximately 70,000 commercial and GA [general aviation] flights taking off daily. FAA's most recent forecast projects the number of commercial enplanements in the U.S. alone will reach more than 1 billion a year by 2036. So it should come as no surprise, then, that the U.S. is home to 4 of the world's 10 busiest airports, and, in total, the U.S. has over 19,000 airports, ranging from the world's busiest to small general aviation airfields

across the country. And forecasts of increasing air travel may seem encouraging for the U.S. economy, but without adequate investment in airports, passengers will experience congestion, delays, and the U.S. will miss out on economic opportunities.

The Nation's top airports will continue reaching higher levels of congestion, unless airports add new capacity and manage overcrowding. For many years, Chairman LoBiondo and I have called for the modernization of the air transportation system. This includes encouraging immediate implementation of NextGen priorities: improved surface operations to reduce time spent taxiing between gate and runway, and improved flight routes and procedures are just two of the priorities, along with added capacity, that will be critical as air travel increases.

But, as the airport manager in Arthur Hailey's 1968 novel "Airport" remarked—a book I am sure we have all read—"We have broken the sound barrier, but not the ground barrier." That was true in 1968; it is true today. Congress has long recognized a Federal role with respect to investing in our aviation infrastructure, including the airport improvement program and authorizing passenger facility charges.

Unfortunately, airport capital needs significantly exceed available funding through these two mechanisms. The FAA estimates that, over the next 5 years, airports will need $32.5 billion for AIP-eligible [Airport Improvement Program] airport capital projects alone, amounting to about $6 billion per year. These numbers are even more startling when we add in the non-AIP-eligible projects. The leading airport association estimates the airports will need more than $100 billion over the next 5 years for all airport capital projects. The math says it is about $20 billion a year.

Congress is falling short, providing $3.35 billion in AIP funding annually, and the current PFC [passenger facility charge] currently capped at $4.50 generates only about $3 billion per year. So, even with airports' ability to raise revenues through PFCs, there is still a significant gap between available funding and the investment needed for critical safety and capacity projects. We need to make headway on these funding shortfalls in order to make U.S. airports more efficient and more competitive.

So, what I expect to glean from today's hearing is that this committee must encourage investment at airports, large and small, and keep airport funding in mind in the development of a long-term, comprehensive FAA reauthorization bill this year. I look forward to hearing from all of our witnesses, but especially the one from Sea-Tac, about the status of our airport infrastructure and ideas for continued investment now and into the future.

Thank you. I yield back.

Mr. LOBIONDO. All right. Thank you, Mr. Larsen.

Chairman Shuster?

Mr. SHUSTER. I thank Chairman LoBiondo, Ranking Member Larsen. Thanks for having this hearing today. Welcome to all of our witnesses.

We talked about a lot of big airports, but nobody has mentioned the most important airport in the country, and that is the Altoona-Blair County Airport.

[Laughter.]

Mr. SHUSTER. So for those of you that don't know it, it is a great little airport. And I mention that because it is my favorite airport, number one. But, number two, it is a small, rural airport. So some of you may have heard I want to do some reforming of the FAA. I would call it transformation. But I want to make sure everybody knows that I am not going to forget about small airports and medium-sized airports, all the airports. They are important to the system, and are an important piece of infrastructure that we have got to pay attention to.

Now, the second most important airport is here today, represented by Christina Cassotis. I have been practicing. Christina hasn't been on the job long—2 years—but just—I guess it was—was it last month? Yes, last month Pittsburgh was named the Airport of the Year by the Air Transport World magazine. So it is a great airport—number two in my heart, but still in my heart.

I appreciate the fact that we are holding these hearings because aviation is so vital to this country. And I, for one, believe the FAA needs to be reformed significantly, not only from the air traffic control system, but the certification process that is so important to manufacturing in this country. But having these hearings, bringing people from around the country together to talk about their piece of the infrastructure is incredibly important.

I can't be more pleased than coming off last night's speech by the President. He talked about a lot of things that I agree with, but he talked about infrastructure. As I have mentioned before, it is the first President that I can look back into history that used the word "infrastructure" in his inaugural address. And, as you know, he flies around in an airplane. Now he has got a Government airplane, Government-issue, which I think might be a step down for him, but he uses the airspace, he knows about the airspace. And I have talked to him on a number of occasions about the need to transform aviation—again, across the spectrum.

But it is important we have these hearings to educate the Members. We have got a couple of new members on the committee, but some come to us with a lot of experience in the air. A couple of them own their own planes, or fly their own planes, or do something with their own planes. So again, I really appreciate the opportunity to have you folks here in front of us to talk about, again, a critical piece of infrastructure, and look forward to working with each and every one of you, and all the committee members, as we move forward.

Thank you, and I yield back.

Mr. LOBIONDO. Thank you, Mr. Shuster. And now I would like to recognize Mr. DeFazio.

Peter, it is all yours.

Mr. DEFAZIO. Thank you, Mr. Chairman, for holding this hearing. I was the—you know, I am vitally interested in the needs of the airports, particularly their unmet needs, their projections into the future to provide a better travel experience for all Americans, shortened security lines with redesign to accommodate new security measures, et cetera.

But in the numerous conversations I have had, a lot of airports are bonded out, they are tapped out, they need a way to finance bonds for the investment they need to make. So I am pleased today

to announce that, along with our colleague, Mr. Massie, we have introduced a bill to lift the cap on the passenger facility charge.

I have a long history with this. I was the original Democratic sponsor here in the committee. We fenced it, so that the abuses of the previous PFC, which had—Congress had repealed couldn't happen, which was generating revenues for off-airport activities that didn't go directly to benefit those who used the system. And there have been no scandals, and it is a good system. Those who don't fly, they don't have to pay, it is not coming out of the general fund. Those who do fly benefit from the improvements, and they pay a little bit for a better experience.

Now, I know that already I can hear the screams from A4A [Airlines for America] downtown about how this will cause people to just—no one will ever get on an airplane again if you raise the PFC $2. Now, it is interesting. My staff did a little math. Last year, with bag fees—and you average out among every person who flew—$8.50 per passenger for everybody who flew last year in bag fees. But that doesn't deter anybody from flying.

Fifty bucks to put your bag in the overhead? Oh, thank you very much. I love the experience. What they are really worried about is that you might build more gates and expand your terminals and we might have some more competition. That is what they are really worried about. And it is time to get past this and get real and allow the airports to fund. You know, the President has said he wants to rebuild our airports, they are horrible. They are, in many cases. I talked in particular about LaGuardia. But he also had reservations about fees. But what is better than a user fee for the users of the system to pay?

So, I am not going to go into great depths. Already my colleague from Washington State has mentioned it. But, you know, we can do everything—you know, the chairman and I have some agreement over reforms that need to be made. Not the form of the reforms, but—at the FAA. But as former Administrator Randy Babbitt said, let's do everything we can with NextGen.

But if you look at LaGuardia, you can't land more than one plane on a single runway every 54 seconds. So unless we do things to actually enhance the ground capacity of the system to move people through the airports, and a better experience more quickly to provide more gates at airports, to provide more runways, it doesn't matter what you do with putting planes any way you want in the sky. They have got to go someplace.

I mean, gee, you get there and, oh, there is the Greyhound bus station that I am going to stumble through. You know, it is not a comprehensive way of approaching the problem.

So, yes, let's do what we need to do to make the FAA better with procurement, personnel, and other issues. But let's also allow the critical component of the system to grow into a 21st-century form to accommodate current and future needs of passengers.

With that, I yield back the balance of my time.

Mr. LOBIONDO. Thank you, Mr. DeFazio. At this time I would like to recognize Congresswoman Johnson to introduce one of our guests.

Ms. JOHNSON OF TEXAS. Thank you very much, Mr. Chairman, and thanks to you for calling the hearing.

As we convene this morning to discuss the state of American airports, I can think of no better witness to testify than Mr. Sean Donohue, the chief executive officer at DFW Airport—that is Dallas Fort Worth International Airport.

Mr. Donohue is a great partner, and I am very appreciative of his willingness to testify before the committee today. He brings with him more than three decades of experience in the airline industry. He has previously served as the chief operating officer of Virgin Australia Airlines. And prior to that he climbed the ranks of a 25-year career at United Airlines, first as an accounting clerk and ending as a senior vice president of operations.

Today we are extremely fortunate to have Mr. Donohue oversee all the operations of the greatest airport in the country, Dallas Fort Worth International Airport, as CEO. The airport—and, you know, Texas always—we should know, we have the best.

The airport itself is a massive complex, sprawled over nearly 30 square miles and five terminals. DFW ranks as the 10th-busiest airport in the world by passenger traffic, and the 3d-busiest airport in the world by aircraft movement. Last year alone, DFW Airport achieved another record by serving more than 65 million passengers. We are extremely fortunate to have Mr. Donohue at the helm to continue DFW's legacy as a premier large-hub airport.

With that, I am proud to introduce Mr. Sean Donohue to the committee, with full confidence in his testimony insight today.

I yield back the balance of my time. But before I do I want to say that I truly support the passenger facility fee. We can use it. Thank you.

Mr. LOBIONDO. Thank you, Ms. Johnson.

Our next witnesses are Mr. Lance Lyttle, managing director of Seattle-Tacoma International Airport; Ms. Christina Cassotis, who is the chief executive officer of the Allegheny County Airport Authority; and Mr. Lew Bleiweis, who is the executive director of the Greater Asheville Regional Airport Authority.

And now I would like to recognize Ms. Brownley to introduce one of our guests.

Ms. BROWNLEY. Thank you, Mr. Chairman. As the proud representative of Ventura County, California, I am very, very pleased to introduce my constituent, Todd McNamee. Todd currently serves as director of airports for Ventura County, where he oversees operations at the Camarillo and Oxnard Airports, two of the greatest airports in the country.

Todd is also a pilot. Todd was elected as secretary-treasurer of the American Association of Airport Executives for 2016 through 2017. He is also past president of the Southwest chapter of AAAE. Early in his career, Todd worked on unmanned aircraft systems for several private-sector companies. Since I came to Congress, Todd has been an invaluable resource for me, not only on local issues impacting the general aviation community, but also on national policy, including unmanned aerial systems, airport financing, and FAA policy.

Todd really understands aviation issues inside and out, and I appreciate that he is joining us here today. I am very proud to represent him and to introduce him. Thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you, Ms. Brownley.

I would like to remind all of our witnesses to please try to limit their opening remarks to no more than 5 minutes.

Mr. Donohue, you are recognized for your opening statement.

TESTIMONY OF SEAN DONOHUE, CHIEF EXECUTIVE OFFICER, DALLAS FORT WORTH INTERNATIONAL AIRPORT; LANCE LYTTLE, MANAGING DIRECTOR, SEATTLE-TACOMA INTERNATIONAL AIRPORT; CHRISTINA CASSOTIS, CHIEF EXECUTIVE OFFICER, ALLEGHENY COUNTY AIRPORT AUTHORITY; LEW BLEIWEIS, EXECUTIVE DIRECTOR, GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY; AND TODD MCNAMEE, A.A.E., C.A.E., DIRECTOR OF AIRPORTS, COUNTY OF VENTURA DEPARTMENT OF AIRPORTS

Mr. DONOHUE. Thank you, and, Congresswoman Johnson, I just want to say thank you for the longstanding support and partnership with DFW. We are most grateful.

Chairman LoBiondo, Chairman Shuster, Ranking Members Larsen and DeFazio, and distinguished members of the subcommittee, good morning. I would like to also recognize another friend of DFW Airport, Congressman Blake Farenthold, who is a great supporter, as well.

On behalf of the nearly 2,000 employees who work for DFW Airport, and the more than 50,000 men and women who work for an airline, a business, or operational partner, it is my pleasure to be here today to testify before you on the state of American airports, specifically the large hubs that are at the heart of our industry. This hearing is an important step in shaping the way forward for our Nation's airports, airlines, and, most importantly, passengers.

There is a saying in our industry: If you have seen one airport, you have seen one airport. Each airport is a unique entity with its own benefits, challenges, and characteristics. As you consider today's testimony, and potentially develop plans for greater investment in airports, please keep our needs in mind. While some airports need new runways, others need new towers or terminals. There is not a one-size-fits-all approach to addressing aviation infrastructure.

As Congresswoman Johnson mentioned, DFW is the third-largest airport in the world, in terms of operations, number 10 in terms of passengers. But probably most importantly to the region, we deliver $37 billion in annual economic activity to the north Texas region. We connect Dallas Fort Worth International Airport to 150 cities in the United States and nearly 60 business centers around the world. Aviation has truly made the world a smaller place. In the 9 hours it takes to drive from DFW to El Paso, you can fly across the Atlantic to London with time to spare.

Large-hub airports like DFW, which account for 73 percent of total customer traffic in the country, have needs that are truly supersized. For example, building and improving terminals, a necessity for the long-term success of an airport, are not just simple construction projects. They are multiyear ventures entailing billions of dollars of costs.

Airport financing remains the most significant issue we are facing today. Airports owned by State or local governments are required to be as self-sustaining as possible, and receive little or no

taxpayer support. To that end, we must operate like a business, funding operations from revenue and strategically planning funding for major improvement projects which are, to say the least, incredibly expensive.

Airports, capital markets, the airlines, and passengers provide funds to help pay for these long-term projects. Utilizing a combination of airline fees, the passenger facility charge, airport improvement program grants, critical municipal bonds, and commercial revenues, airports must cobble together enough funding to build the massive infrastructure needed to keep our industry moving at peak efficiency.

But even the healthiest of airports have found their revenues stretched to keep up with the ever-growing needs of the traveling public in aviation industry. Indeed, as Congressman Larsen mentioned, we are looking at about $100 billion in the next 4 or 5 years in infrastructure needs throughout the United States. These are not cosmetic projects designed to put a new shiny look on our airports, but the necessary developments required to keep up with an ever-growing and changing aviation industry.

Finally, I would be remiss if I did not mention the fundamental priority airports place on safety and security when it comes to infrastructure. DFW operates on 17,000 acres, an area roughly the size of Manhattan. Any new building, runway, or even a parking garage can only move ahead when proper security investments are made. It is a significant part of any discussion in an equally significant investment.

Thank you for the opportunity to testify today, and I look forward to answering any questions you may have.

Mr. LOBIONDO. Thank you, Mr. Donohue. Mr. Lyttle, you are recognized for your statement.

Mr. LYTTLE. Thank you, subcommittee Chairman LoBiondo, subcommittee Ranking Member Larsen, Chairman Shuster, and Ranking Member DeFazio, and members of the subcommittee, for your leadership, and for inviting me to testify today. It is an honor to be here. I would like to specifically recognize and thank Representative Larsen for his leadership and support of Washington State.

My name is Lance Lyttle. I am the managing director, Seattle-Tacoma International Airport. My remarks this morning are focused on the challenge that we face at Sea-Tac in creating the needed facilities to support our rapid growth.

Two thousand sixteen marked the sixth year in a row of record growth at Sea-Tac. We serve 45 million passengers and we are now the ninth busiest airport in the U.S. At Sea-Tac we are proud of our growth, because it reflects the increasing economic vitality and global relevance of the Puget Sound region and Washington State.

Our essential mission as an airport is to avoid being a choke point. To achieve this, Sea-Tac is currently investing more than $3.2 billion over the next 8 years. Concurrently we are updating our 20-year master plan with a forecast that indicates Sea-Tac will serve 66 million annual passengers by 2034. At this point we anticipate our capital expenditures to accommodate this growth will cost at least $10 billion, in addition to our current capital plan.

I would like to share with the subcommittee how we approach this massive investment challenge, and how we evaluate the four available revenue options.

First is airport net operating income. Per FAA guidelines, aeronautical revenues are set to recover cost. And so, effectively, all net operating income at Sea-Tac is generated from nonaeronautical sources. While this is a critical source of revenue, it is not sufficient to meet our capital needs.

Second is the Federal Airport Improvement Program. While I am sure all of today's panelists would welcome as much direct Federal investment as possible, the reality is that few of these scarce dollars are available, and they are limited to uses that do not include some of our biggest terminal investment needs.

Third, the Port of Seattle has limited property taxing authority, but it would be highly inequitable to require King County taxpayers, including the majority that never use the airport, to pay for facilities used by travelers from all over the world.

The fourth option is the passenger facility charge. The decision about whether to charge a PFC user fee is truly a local decision, and impacts only those passengers that utilize the airport facilities. This allows airport governing bodies to encourage competition amongst carriers, secure capacity increases, and support economic growth through passengers' direct investment in local airport infrastructure.

As public institutions accountable to local voters, airports balance the very real need to keep costs low, while ensuring that aviation-specific infrastructure meets regional demand.

Unfortunately, the outdated Federal cap on the PFC prevents airports like Sea-Tac from setting a rate that makes the most sense for our airport. Because our existing capital plan will essentially use all Sea-Tac's anticipated PFC collections through 2035, and most PFC collections through 2047, there will be little available PFC capacity to pay for the billions in projects identified in our master plan.

Without additional PFC authority, our debt service on the bonds to fund master plan projects will flow directly into the airline rate base, likely driving costs to airlines at Sea-Tac to the highest in the Nation. This would make Sea-Tac less competitive as a gateway, and put airline service at risk. While an uncapped PFC would give us the authority to raise the fee, that decision would have to be balanced with the need to keep our costs competitive with other U.S. airports, and subject to the approval of our local elected officials.

I should mention that increased investment flexibility also allows us to address the greatest challenge facing U.S. airports: security. Airports have increasingly become targets, and infrastructure development is a key part of the solution.

Our commissioners and our staff are committed to being the most efficient and customer service-focused airport in the country, while being a leader in growing responsibly and helping our residents benefit from our growth.

In closing, Sea-Tac International Airport sees the Federal Government and Congress as essential partners. By granting us local authority on PFCs, greater tools and flexibility on addressing com-

munity impact, and greater investment in security, you will help us once again make America's airports the envy of the world.

Finally, I would like to thank Representatives DeFazio and Massie for introducing legislation to uncap the PFC. Your leadership is appreciated and essential.

Thank you for the opportunity to be here today.

Mr. LOBIONDO. Thank you, Mr. Lyttle, for your testimony.

Ms. Cassotis, you are recognized for your statement.

Ms. CASSOTIS. Thank you, Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster, Ranking Member DeFazio, and members of the committee. It is a pleasure to be here today; thank you for inviting me to provide infrastructure needs about the medium-sized airports, and the funding challenges that we face.

The way the airline industry serves Pittsburgh and many other medium-sized communities in the U.S. has gone through a major transformation. Pittsburgh, Cleveland, Cincinnati, Saint Louis, Raleigh-Durham, Nashville, Memphis, and Milwaukee are among the airports that used to carry millions of passengers a year. And many of those passengers are now gone, because the hubs are gone. But our infrastructure remains.

None of us got to declare bankruptcy. We have been paying down the debt on these facilities for more than a decade, and our current carriers are stuck paying for oversized space. The Pittsburgh terminal, which was designed in size to accommodate 32 million passengers a year, now accommodates just over 8 million. We have been good stewards of public money, prudently managing finances to prioritize debt repayment, and we have done everything we can to stay competitive in a global market.

And yet each of us is left with a large number of capital projects that we have had to defer, and infrastructure needs totaling billions. At Pittsburgh International, just in deferred maintenance we have over $74 million worth of projects. Saint Louis has $87 million, and Cincinnati $80 million. Our cost structures have radically changed over the past two decades, but Federal funding mechanisms remain unchanged.

Medium-sized airports are getting hammered in the current funding framework. Small airports are funded at the highest AIP levels, large-hub airports get the least, because what they don't get in AIP they make up for in PFCs. But we should be in the middle, and we are not. We are funded at the same discounted levels as the large-hub airports. In order to address infrastructure needs at many medium-sized airports, we need to modernize and upgrade costly, inefficient, oversized, and out-of-date facilities, none of which is a priority in the current funding rules.

We see five areas that need to be addressed.

First, the significant contribution requirement should be eliminated from PFC funding criteria for medium-sized airports. That requirement prioritizes capacity enhancement, air safety and security, increasing carrier competition, and reducing congestion or noise. These are not our issues. It has been challenging, if not elusive, for large and medium-hub airports, even with airline support, to convince the FAA that preserving capacity and infrastructure makes a significant contribution.

Second, medium-sized airports should not be required to take the same AIP haircut as large airports do. Medium-sized airports must be grouped differently, because our reality is different. In 17 years of Pittsburgh's PFC program, we have foregone $95 million in AIP entitlement grants.

Third, the PFC, which I am happy to hear today, must be raised or uncapped. It has not kept pace with inflation, leaving us financially challenged. For Pittsburgh, due to the legacy airline debt from the abandoned hub, the authority has dedicated most of its PFC revenue to reduce debt since 2001.

Fourth, the FAA must discontinue its arbitrary restriction on AIP and PFC-eligible projects. The types of programs that qualify for funding should be expanded.

And lastly, we would like to see regulations reduced. Current regulations seek a 30-percent design completion in order to leverage Federal money, which is an unnecessary and onerous undertaking for cash-strapped medium-sized airports. Airports of our size have come a long way on our own, cutting costs and sweating our assets by increasing nonaeronautical revenue in creative and innovative ways. But we need your help to move the needle further.

Investing our fair share of Federal resources back into medium-sized communities is a game-changer for our airports, the country's aviation system. Otherwise, we stay stuck in the catch-22 we are in today. We need to invest in our facilities to keep them cost-competitive, to attract the type of air service that allows our communities to grow. But because we don't meet the capacity enhancement requirement, our airports don't get funded, and our airline partners and we end up paying to maintain old, oversized, and underutilized space.

We have had a lot of recent success in Pittsburgh. But Pittsburgh, and airports like us, can do more and must do more for our regional economies. By focusing on streamlining processes, the Federal Government can ensure that we, as medium-sized airports, can streamline our footprints, stay competitive, and the communities we serve can prosper.

Thank you for your time.

Mr. LOBIONDO. Well, thank you very much. Now we will turn to Mr. Bleiweis.

Is your microphone on?

Mr. BLEIWEIS. Thank you, Chairman LoBiondo and Ranking Member Larsen, and the members of the Committee on Transportation and Infrastructure Subcommittee on Aviation. Thank you for inviting me to participate in this important hearing.

I am Lew Bleiweis, executive director of the Asheville Regional Airport in western North Carolina. We served just over 826,000 passengers in 2016, which makes it the third straight year of record-setting numbers. I am here today representing the small and nonhub classifications of the country's commercial service airports, including Asheville Regional Airport.

While the small and nonhub airports only account for 11.8 percent of the national passenger traffic, we make up 89 percent of the commercial service airports in this country. I will briefly touch on items that have an overwhelming impact on the smaller airports.

Based on the Airports Council International, North America's biannual infrastructure needs survey that will be officially released next week, airports' infrastructure needs for 2017 through 2021, adjusted for inflation, is nearly $100 billion. Small and nonhub airports account for approximately 14 percent of this total number. Funding for small and nonhub airports is critical and, at the same time, limited because AIP entitlement grants and PFC user revenue is based on passenger enplanements. The smaller the enplanement numbers, the lower AIP and PFC funds.

We all know that the expense of a capital project does not vary because of the size of an airport. Let me briefly tell you about the major airfield project going on in Asheville. The airport consists of a single runway 8,000 feet in length, and serving both commercial and general aviation aircraft. The original airfield was—is over 50 years old, and it is coming to the end of its useful life.

We had two safety deficiencies that were out of compliance with current FAA policies and standards. We presented the redevelopment project to the FAA 8 years ago, and it took 5 years to program and fund the project. Even with that, the FAA required us to phase the approximate $79 million project over 4 years.

Capital projects for small airports under AIP are traditionally funded at 90 percent, with a 10-percent local match. Currently, our project is only funded at approximately 77 percent, leaving Asheville to fund approximately $18 million. We have been able to increase our fund balance over several years to cover the project, but it has been at the expense of deferring other capital aviation projects.

During this same time our parking availability reached capacity, and we had to move forward several years earlier than anticipated, with the construction of a $21 million parking garage. Due to the lack of full funding on the airfield redevelopment project, the airport was forced to go into debt for the parking garage. A modernized PFC would allow us to recoup our costs for the airfield project sooner, and would have provided us with more of our own funds to apply towards the garage.

The airlines will tell you they will just pay for it. That is not the case at small and nonhub airports like Asheville. I am fighting to keep my costs low to maintain service. And if I raise my rates too high to cover capital projects like my airport airfield project, they will just move to other airports with lower costs.

My story is not dissimilar from the stories of my colleagues' small communities across the country. The choices we make, in terms of capital projects and the funding available, do impact our abilities to truly meet our overall infrastructure needs.

Congress and the industry must work together to find the sustainable funding solution for the future. That is why our leading airport funding issues this year are removing the outdated Federal cap on PFCs and enhancing the AIP.

Small and nonhub airports have difficulties attracting and maintaining air service for the communities. Carriers decide which communities to serve, leaving many communities with little or no air service. In fact, over the past couple of years, approximately 50 small communities have lost commercial service—air service.

During a speech late last month, a recently retired airline CEO explained that larger airplanes reduced the fuel cost per seat, meaning that smaller planes servicing smaller airports are becoming harder to justify the economic feasibility, which questions the viability of the smaller airports. All communities, but not specifically smaller communities, benefit economically from a viable airport.

In an analysis recently conducted, based on FAA's economic impact study on commercial aviation in the United States, small and nonhub airports contributed $121 billion economic output, supporting 1.1 million jobs. Locally in Asheville, the Asheville regional airport provides 1,700 direct, indirect, and induced jobs, while providing $556 million of economic output. The industry must find a way to keep air service inexpensive and available to the majority of the country.

Lastly, small and nonhub airports, as with all airports, are required by the FAA to be as self-sufficient as possible. And yet, the FAA overregulates any airport development on any parcel of land. These onerous requirements not actually found in Federal law trigger extensive Federal environmental analysis which unduly delays projects and often causes developers to look elsewhere to build their projects. This deprives airports of the ability to compete for development opportunities to generate nonaeronautical revenues, bogs down FAA staff in unnecessary review analysis of project planning, and generates inefficiencies without benefits.

We believe the Federal Government should only impose restrictions based on safety concerns, and ensure that fair-market value is received for nonaeronautical use of the land. The FAA bureaucracy does not need to get involved in every local use decision at an airport. Congress should encourage and mandate the FAA to limit the statutory requirements, so the FAA has a role only with respect to issues affecting the safety, efficiency, or utility of the airport for Federal facilities.

Thank you for your leadership on these important issues. I look forward to working with you all and this subcommittee to move our airports to the 21st century. Thank you.

Mr. LOBIONDO. Thank you for your statement, Mr. Bleiweis.

Now we will turn to Mr. McNamee for your statement.

Mr. MCNAMEE. First I would like to thank Congresswoman Brownley for the kind introduction. And also, thank you for your great work for the country and also for Ventura County.

Good morning, Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster, and Ranking Member DeFazio, and members of the subcommittee. Thank you for inviting me to participate in today's hearing. It is an honor for me to be with you today.

Ventura County operates two airports, Camarillo and Oxnard. Camarillo is a general aviation reliever airport that has between 150,000 and 200,000 takeoffs and landings per year. Oxnard is classified as a nonhub commercial service airport. However, after losing commercial air service in 2010, it functions as a general aviation airport today.

Investing in general aviation airports and promoting the general aviation industry pays big dividends. The Camarillo and Oxnard Airports provide $244 million annually in positive economic benefit

to the local community, and supports over 1,400 jobs. Overall, general aviation contributes $219 billion in total economic activity, and supports 1.1 million jobs. Our facilities are critical links for our communities to regional and national economies.

This committee can help general aviation and commercial service airports build a 21st-century infrastructure by providing them with the resources they need to repair aging facilities and advance critical safety, security, and capacity projects.

As you prepare to consider an FAA reauthorization bill, I urge you to take two steps that would improve the state of America's airports.

First, increase Federal funding through the airport improvement program. AIP is a key source of revenue for all sizes of airports. Today airports only receive enough Federal funds to cover half of their eligible projects. An AIP increase would help airports like ours in Ventura County, where we are planning to use Federal funds to rehabilitate and reconstruct runways and taxiways at both airports, with an estimated cost of $30 million.

Second, and as my colleagues have mentioned, eliminate the outdated Federal cap on local passenger facility charges. Eliminating the PFC cap is the easiest way to build critical airport infrastructure projects at commercial service airports without putting a heavy burden on the Federal budget, and is aligned with the administration's plan for infrastructure spending.

I want to thank Ranking Member DeFazio and Congressman Massie for introducing legislation earlier today to eliminate the cap on local PFCs. We look forward to working with you and the committee in support of this important measure.

Although general aviation airports don't collect PFCs, we benefit from commercial service airports that do. As mentioned, large airports that collect PFCs get back a large share of their AIP entitlements. The FAA then distributes a vast majority of those funds to general aviation and small commercial service airports like those in Ventura County. Eliminating the PFC cap could open the door to focus limited AIP funds on smaller airports that need Federal assistance the most.

This committee also has a strong track record of supporting the contract tower program. I urge you to continue to protect this valuable program, which allows Oxnard and 252 other airports to have cost-effective air traffic control services and enhance aviation safety, while saving the FAA approximately $200 million per year.

Finally, I would like to thank this committee for addressing the challenges related to unmanned aircraft systems. Safely integrating UAS into the National Airspace System will be a key component of a 21st-century aviation system.

In Ventura County we operate a small UAS on behalf of the airport under the recently enacted FAA part 1 of 7 regulations. We hope to be a model example for the rest of the country on how to safely integrate and operate small UAS on and around the airport.

Thank you again for inviting me to participate in today's hearing. I look forward to answering any questions you may have.

Mr. LoBiondo. Thank you very much. We will now turn to Chairman Shuster for any questions he may have.

Mr. SHUSTER. Thank you. My line of—I don't think there is any debate that we need more investment in our infrastructure. The President put an exclamation point on that last night, and aviation is no different.

One of the things, though, sometimes I think we lack in this discussion about funding is how do we reform the system. How do we make it better so we can build bridges and roads faster, so we can deploy those dollars when it comes to rebuilding our airports and expanding them?

I look at the wall there, and there are five people up there in the last 30 years that have been involved in reforming the FAA. And I don't want to be too critical, because I know one may charge the door and take me on, and another one may call me, so I got to be careful.

So I would rather turn it to you folks at the tables there today to tell me what—dealing with the FAA—and, Mr. Bleiweis, you addressed it directly, so I will let you sit out this one. But dealing with the FAA, how do we reform them so that, when you are doing those projects, you can get it done faster?

And I have got—there are billions of dollars out there right now in airports, but pipelines, railroad projects that we got a Government agency up here that is making it extremely difficult to move these projects forward. So can you address—let's start first with Dallas Fort Worth International Airport, and then we will go to my second-favorite airport, Pittsburgh International Airport.

So tell me what we can do to make the FAA more responsive to you, get these projects done. To save you money, I would assume.

Mr. DONOHUE. OK. Thank you, Chairman Shuster. When it comes to the FAA, DFW supports reform and modernization. But before I comment on that, I think it is critical to talk about the safety aspect. And sometimes that does not get enough attention as we talk about the FAA. And from all perspectives, airports, airlines, the FAA, the controllers, the NTSB, everybody involved in the safe operation of the FAA does a great job, and we never want to take our eye off that ball. And I know we all agree on that.

In terms of modernization, anything we can do as an aviation industry to drive more efficiency, to drive more funding certainty DFW would support. And as discussions move forward, I think it is just critical that airports are at the table. And we can offer a perspective, I think we can offer a lot of value. And we would welcome that opportunity.

Mr. SHUSTER. And, Ms. Cassotis, can you respond to one thing in particular about certainty? How important is certainty to your projects?

Ms. CASSOTIS. It is as important as certainty is to the airlines in the rates and charges. The last thing that the airlines want from us is any volatility in their rates and charges from one year to the next. And, for us, in funding, certainty is that critical, because we can make plans about what we need to do in order to better position ourselves to do what we are supposed to do for these communities.

And listening to Sean talking about reform and modernization, you know, we are not one of the airport categories that would necessarily be the most obvious beneficiaries, but we are the spokes

in the hub-and-spoke systems. And when the hubs get backed up, we are the ones who suffer. So we are all in favor of the FAA continuing to do what it does well, which is safety oversight, and having the rest of the FAA focus on a more streamlined approach to getting work done.

So, yes, incredibly important, thank you.

Mr. SHUSTER. And, Mr. McNamee, general aviation airport. Again, you have to deal with the FAA when you are doing any sort of projects. Is that accurate?

Mr. MCNAMEE. We do.

Mr. SHUSTER. And in your experience, has it been difficult? Easy?

Mr. MCNAMEE. So, you know, in our local region, in the Los Angeles Airport District Office we have wonderful staff there. But, you know, whether you are doing a project at a general aviation airport or at a large hub airport, the time it takes, the resources, the manpower, and, in some cases, even the funding, it is the same at my airport that it might be at DFW.

And so, streamlining some of those processes when it comes to grant funding would certainly be helpful. A bigger picture moving forward with the implementation of NextGen—one thing for general aviation airports and smaller commercial service airports—or, I guess, nonprimary entitlements—at $150,000 you really can't get that much done. And if you look at some of our projects, most of those are in the millions.

And so, frequently, when we are competing for dollars, the limited dollars within the FAA, we are having to just basically roll over that $150,000 until we can fit in to that limited funding to fully fund a much-needed project for us.

Mr. SHUSTER. Thank you. My time is almost about to expire. I just want to—my mother used to tell me when I point my finger at somebody to blame them, if I point at the FAA there are three pointing back at me.

So Congress, I believe, is part of the problem, and it is the uncertainty that we—you know, whether it is sequestration, whether it is Government shutdowns, whether we do short-term extensions—so Congress has to look at itself. And like I said, I got five former chairmen up there on the walls looking at me, and they were all part of bills that tried to reform FAA, just nipped around the edges. As far as I can tell, didn't do anything significant.

So—and I think a big part of that is making sure that, when you deploy your dollars, you have a process that is steady with certainty. So again, I appreciate you being here, and I appreciate you answering our questions and educating us.

Thanks. I yield back.

Mr. LOBIONDO. Thank you, Mr. Shuster.

Mr. DeFazio?

Mr. DEFAZIO. Thank you, Mr. Chairman. Just to get to the core, I think we have some substantial agreement here on allowing an enhanced PFC and the needs it would address. But we do need to address—you know, I did study economics, but it would be useful to have other people counter the argument of Airlines for America, which is that there is absolute price elasticity. Two dollars, three dollars PFC, no one is going to fly any more. Two hundred dollar

ticket change, no problem. Twenty-five bucks for a bag, no problem. Fifty bucks for a bag in the overhead, no problem. Two dollars PFC, no one will fly any more.

Anybody want to kind of address that, refute that? Yes?

Ms. CASSOTIS. So I think we—there was a GAO study that said that that is really not going to be an issue. And I would concur with your comments, that it won't depress demand.

I don't find that the airlines object to raising the PFC as much as they object to not having any control over what we use it for. And I think that, in order to move the conversation forward, it would be helpful to involve them in some sort of consultative process about what we are going to use our money for.

Most of the airlines that I talk to, who walk right out of our airport, are desperate to have infrastructure more efficient and make more sense. And I am confident that as many people would fly out of Pittsburgh in the future as they do today, if not more, if we had a better airport with more air service that would be possible, because of the locally imposed PFC.

Mr. DEFAZIO. And, of course, you identified, in particular, which the chairman was pointing to in a larger sense, the FAA that—the requirements for you to increase your PFC are—just don't work for you, for your needs, I mean, because they are a criteria——

Ms. CASSOTIS. Well, not as it is defined today, correct.

Mr. DEFAZIO. Yes.

Ms. CASSOTIS. The—what we can use it for, we need that to expand.

Mr. DEFAZIO. Right.

Ms. CASSOTIS. Because we have enough capacity for a whole lot of years. That is not our issue. What we don't have is the right capacity.

Mr. DEFAZIO. Right.

Ms. CASSOTIS. And we don't have efficient capacity.

Mr. DEFAZIO. Right. Mr. Massie and I accommodated that in our bill.

Ms. CASSOTIS. Thank you.

Mr. DEFAZIO. We moved that criteria. Anybody else want to comment on this?

Mr. LYTTLE. Yes.

Mr. DEFAZIO. I did try—I did go to A4A and say, "How about if we tier it and they have to show a higher level of need to go to a higher PFC, or extraordinary need," and the answer was no. They just won't talk about it.

So I would like to think that they would be willing to talk about something where they could have a little more input. But I think that some of their members are afraid of the potential for more competition at certain airports.

Mr. Lyttle?

Mr. LYTTLE. I think one way that we can view it is that the airlines have found a way to offset the cost associated with baggage or the other change fees that they have, and so they have found a way to offset it.

So the other way we can look at it is that the airports need to do the same thing. So we need to find a way to offset the cost associated with the infrastructure that we need to keep pace with the

growth that's taking place in the industry. And that means our method of getting that done is through a PFC, uncapping the PFC. So I think that is one way of doing it, as well.

Mr. DEFAZIO. Does anybody—yes, Mr. Donohue?

Mr. DONOHUE. The other perspective I would offer—I mean DFW supports a PFC increase for all the reasons my colleagues mentioned. But when I look selfishly at DFW—we just finished—we are about to finish a $3 billion capital program, and we probably have another $5 to $10 billion in capital requirements, infrastructure requirements, moving forward—and the PFC is critical to help us, but it is not the silver bullet. I mean it is a balanced solution.

As an airport, we have got to perform better to generate more revenues that we put back into the airport. Infrastructure—I mean I am delighted to hear the infrastructure discussion going on. Probably I am more excited—and when I hear it, I finally hear airports mentioned. And previously, when I heard "infrastructure," I didn't hear airports. And obviously, I think the airports can add value in that discussion, moving forward.

P3s are an important vehicle. Obviously, we are going to continue to hit the bond market. And obviously, the airlines are going to continue to participate. So we support the increase in the PFCs. We appreciate the bill. But for an airport like DFW, it is bigger than just PFCs.

Mr. DEFAZIO. Sure.

Mr. DONOHUE. We have got to look at a really balanced solution.

Mr. DEFAZIO. No, I get that, and that is like people who say P3s or private money will solve all our infrastructure problems. No, there is—a lot of this is public infrastructure that cannot generate surplus revenues, and needs Federal investment. And we will continue the AIP program with a slight reduction under the plan we introduce.

And I am not aware of any other alternative to help people do additional bonding. I mean, you know, the President has admitted that, you know, like LaGuardia and other places really need the investment. But he said he doesn't like fees. Well, I don't know what the alternative is. Someone has got to pay for it. I mean, if anyone has an alternative, let me know.

So—but thank you for the—at least the comprehensive overlay.

Mr. LOBIONDO. Thank you, Mr. DeFazio. Is Mr. Rokita here? No? Then we go to Mr. Massie.

Mr. MASSIE. Thank you, Mr. Chairman. Just one—Mr. Donohue, one quick clarification. This is just semantics. We are not increasing the PFC. We are giving you the freedom to set—that is our intent, to set whatever PFC you want. You can lower it, if you like.

But anyways, what are some of the—I mean we are using general terms, "infrastructure." What are some of the specific projects? And I would ask Mr. Lyttle and Ms. Cassotis that, as well. What are some specific projects that you would be doing if you could finance them that aren't being done? And what is the implication or impact on customers and airlines?

Go with you first.

Mr. DONOHUE. Well, again, I recognize DFW, given our size, we are in a position where we will find a way, one way or the other,

to fund our infrastructure projects. And again, we would prefer a more balanced solution than we have today.

But when I look at our 45-year-old airport and the fact that we have terminals that are that age, and we have a couple of runways that are that age, and roads and bridges within the airport, I mean we will have to do those projects. We will find a way to do those projects. But I think we can do it in a more balanced approach than we have in the past.

Mr. MASSIE. So roads, bridges, terminals?

Mr. DONOHUE. Runways.

Mr. MASSIE. Runways.

Mr. DONOHUE. Airfield operations. Correct. But again, I—to answer your specific question, it is not an issue at DFW that we won't do them.

Mr. MASSIE. Understood.

Mr. DONOHUE. We will find a way of doing them.

Mr. MASSIE. Understood.

Mr. Lyttle?

Mr. LYTTLE. So specific projects: international arrival facility, $660 million; north satellite facility expansion, $550 million; baggage handling system, $320 million; satellite renovation, yet to be determined. And that is just the current capital development program.

In addition, we are doing a master plan. We have not finalized that master plan, as yet. But the master plan is pointing to the need for an additional 34 gates. And so we are looking at an additional, potentially, $10 billion to complete that master plan. It could be higher, it could be lower. We haven't finalized it, as yet.

Now, unlike maybe DFW, we have—I agree that PFC is not the end all. However, we have less flexibility because of the footprint that we have, in terms of generating nonaeronautical revenues. And so the PFC—flexibility, as you said, with the PFC is extremely important to us so we can—you know, we can use the PFC at whatever level we think is reasonable for the projects.

Mr. MASSIE. And why aren't you funding all that stuff right now, with AIP?

Mr. LYTTLE. Pardon?

Mr. MASSIE. Why aren't you funding all that right now with AIP?

Mr. LYTTLE. So the—most of the——

Mr. MASSIE. I suspect I know the answer.

Mr. LYTTLE [continuing]. Eligible are our runways and taxiways and, you know, projects. Most of the projects that we have in the future are actually gates and terminals. And not all of those projects are AIP-eligible. And that is one of the major challenges that we have.

Mr. MASSIE. Got you.

Mr. LYTTLE. We have finished all of our runway projects for the foreseeable future.

Mr. MASSIE. Ms. Cassotis?

Ms. CASSOTIS. Yes. So we—first of all, I have gates, if you need a couple. We are happy to ship them over.

[Laughter.]

Ms. CASSOTIS. Yes, can I—can you pay me for them?

Mr. MASSIE. We have got some spare ones at CVG [Cincinnati/Northern Kentucky International Airport], too.

Ms. CASSOTIS. Yes, we are going to work out a deal. We—right away, we have a deicing pad that needs to be upgraded. That is $13 million. We have got snow removal equipment that is 25 years old that needs to be replaced. We have got escalators, moving walkways, a rehab that needs $16 million worth of work.

But in the long term, what a PFC would allow us to do as part of a mix, as my colleagues have said, would—an increase in the PFC would allow us to right-size and modernize our facility, to be an origin and destination airport. We were built as a large connecting hub. So we have an X design. It is beautiful, it is brilliant, and I think it is the only one outside of Abu Dhabi that is as smart as it is.

So that means that, when passengers come off an international flight and they clear customs, most of those passengers usually just go to their gate. Well, if you were coming home, you had to go through TSA because you were airside, you were on the secure side. So when we became an O&D airport, origin and destination, and everybody was coming back into just Pittsburgh, they would line up at TSA to take off their belts and their shoes to go to the garage. That doesn't make sense.

We have an inadequate Federal inspection services facility that needs a major upgrade. Our security checkpoint is too small, so we have two—so we have a major renovation that has to take place.

Mr. MASSIE. So, very quickly, I know you wanted more flexibility. Probably flexibility for all of the programs.

Ms. CASSOTIS. All of them.

Mr. MASSIE. But which gives you more flexibility, PFCs or AIP?

Ms. CASSOTIS. Neither. We need——

Mr. MASSIE. OK.

Ms. CASSOTIS. We need reforms to both. I need reforms to both, please.

Mr. MASSIE. I bet.

Ms. CASSOTIS. Our projects aren't—we are not capacity-enhancing projects.

Mr. MASSIE. My goal was to ask everybody, but I am out of time, so I will yield back. Thank you.

Mr. LOBIONDO. OK, thank you. I recognize Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Lyttle, can you talk—you talked about—in your testimony about the four revenue options. You didn't discussion—and don't go into detail—about how airports negotiate with airlines to contribute to the capital facilities.

But do you have estimates? Since every airport is different, are there estimates of what airlines provide in this mix? Say for Sea-Tac, as an example.

Mr. LYTTLE. Yes. So we have actually done a financial forecast, just based on the preliminary numbers that we have for the master plan. Again, we have not selected the preferred alternative, as yet. But when we look at the alternative, that would be in about the $10 billion range.

At a $4.50 PFC, if we do not have an increase in the PFC by 2034, the cost per enplanement to the airlines would increase from

approximately $10.15 today to $49, $50. And we think that would be unacceptable. I know I have heard that the airlines will pay, but I don't think they will be willing to pay that much at any airport.

Mr. LARSEN. So from $10 estimated to $49 to $50.

Mr. LYTTLE. Yes.

Mr. LARSEN. Under your current capital plan. OK. And so the alternative, it is either out of the airline, who presumably puts that into their fare——

Mr. LYTTLE. So if we——

Mr. LARSEN. If they increase their fare——

Mr. LYTTLE. Yes. If we do not have additional PFCs, and if we use bond, for example, go to the bond market, all of that goes into the rates and charges for the airlines.

Mr. LARSEN. Yes, yes, OK. So can you talk a little bit about—and Mr. Donohue, as well, and Mr. Lyttle—Mr. Donohue, you have—American is largely the big dog at the—at DFW, where at Sea-Tac you have Delta and Alaska and United, and others, as well. But largely, Alaska and Delta, so some—multiple carriers, let's call it. Can you two just briefly talk about what that means for operations, and how you have to plan at the airport?

OK, Mr. Lyttle, you go first.

Mr. LYTTLE. OK. It is very interesting, because I think in the last—using these negotiations, the primary airline that was negotiated with was Alaska Airlines. Now Delta has grown significantly at airports. So we are actually currently using this agreement—what we call the SLOA agreement—which expires at the end of this year. So we are in negotiations right now with multiple airlines. But, of course, the big players are Alaska and Delta.

It is very challenging, because we have a gate allocation methodology that basically favors an airline that is actually growing at the airport. So it favors one airline over the other. And the problem is we are constrained. We just do not have enough gates. During peak time we cannot accommodate all the airlines at the airport. In fact, we are now doing hardstand operation, and, as we try to get these CIP [capital improvement plan] projects that I just mentioned, which will add additional gates, during that time we will have to continue doing hardstand operations.

So, gates are our biggest issue, and that is the biggest challenge that we have negotiation with, not just Alaska and Delta, but American, Southwest, all the other airlines that we have at the airport.

Mr. LARSEN. Yes. Mr. Donohue?

Mr. DONOHUE. We are actually in discussions with American on the future master plan of the airport, and adding a terminal, and adding gates. And because American dominates DFW—probably shouldn't use the word "dominate"—it is the largest airline at DFW, they tend to invest in DFW, because it is so important to them.

But I would agree with Mr. Lyttle's point. As we look at these infrastructure needs in the future, we are not supportive, nor do we want to see the cost per enplanement for passengers double or triple as we do these programs, because the only solution is the bond market. Because I feel that, then, makes us uncompetitive, as a hub, versus other major hubs in the U.S.

So that is why I think it is important that we continue to work with the airlines to find the right solution. As I said, to find a balanced solution, so that we make the proper investments, but we have to pay just critical, critical attention to making sure our costs don't get so out of whack that it is uncompetitive, either in the U.S. or globally. Because, as you know, this is becoming more of a global aviation industry.

Mr. LARSEN. Thank you. Thanks. I yield back.

Mr. LOBIONDO. Mr. Rokita?

Mr. ROKITA. Thank you, Chairman. I appreciate you having this hearing. I appreciate listening to everyone's testimony.

Unfortunately, the electronics here at the committee room aren't working. The IT is not working well today. I had two pictures, Mr. Chairman, I wanted to submit for the record. The first one was a picture of the work of my 6-year-old, who has turned our basement into airport building. And he found a way to take my iPad and go on Google Maps and pick a different airport every week and build it in our basement. And just like some of the challenges you have, he is running out of space and is acquiring more land.

[Laughter.]

Mr. ROKITA. So I wanted to get that in the record. I know he is only 6, but I would like to get him some work when he is able, so putting it in early.

One of the issues that has come across my desk recently—perhaps a little bit off the target of this hearing—is this idea about general aviation access to airports. Of course, general aviation pays a gas tax fee, and it—in my opinion, it certainly pays for what we use of the system. Of course, airports are part of the system.

I guess first to Mr. Lyttle and Mr. Donohue, do you believe general aviation has a right to use your particular airports? Yes or no?

Mr. DONOHUE. Yes, and they do currently.

Mr. ROKITA. Yes. And Mr. Lyttle, for the record?

Mr. LYTTLE. Yes, but we have limited GA services at the airport. But the answer is——

Mr. ROKITA. Yes, I saw that. Let me go there. You have at Sea-Tac something called Aircraft Service International Group, which is now Signature.

Mr. LYTTLE. Yes.

Mr. ROKITA. And I just checked, and they have something for what would be my general aviation airplane—a small, light twin—a $15 fee that goes to you, and a $50 FBO [fixed-base operator] fee that is waived if I buy 30 gallons. And that is—the FBO charges that, and I imagine that FBO Signature pays you a lease or a rent or something for the space.

Mr. LYTTLE. Mm-hmm.

Mr. ROKITA. Is that correct?

Mr. LYTTLE. Yes.

Mr. ROKITA. So they charge me $50. But if I buy 30 gallons, that fee gets waived. But the 100 low-lead fee at Sea-Tac right now is $8.43 a gallon, which is more than double—or at least double what Ms. Cassotis's airport charges, and what Mr. McNamee's airport charges.

So, my question, I guess, you acknowledge that there is a right for GA to use the airport. Is there any way to avoid these fees at

Sea-Tac? More like a public park, where if you paid an admission fee to get in, you can go tie down somewhere and not be charged $50, $15, or $8.43 a gallon.

Mr. LYTTLE. That is something I will have to look into. One of the big challenges we have at Sea-Tac Airport is—it is not just only on the terminal side, but on the air side, as well. Unlike——

Mr. ROKITA. What did you say, space? I am sorry.

Mr. LYTTLE. Yes, yes, space. We are really constrained, spacewise. Unlike DFW——

Mr. ROKITA. But you acknowledge we have a right to use the space.

Mr. LYTTLE. Yes.

Mr. ROKITA. Right? Because we pay into the system. OK.

Mr. Donohue, same set of questions to you. Let's see, with DFW you only charge $5 a gallon, which I find incredible, until there is a $75 nonwaivable fee. I don't know if that goes to the corporate FBO you have. I don't know, do you have a—is that a Government-run thing, or is that a private entity? What is that?

Mr. DONOHUE. We run our own corporate aviation——

Mr. ROKITA. Got you, got you. So that probably explains a lower fuel per gallon fee, but $75 nonwaivable, and then something for a landing fee, as well.

Same question to you, then. Is there any way that I could go to DFW and waive these fees, or tie down and not use the FBO or anything like that, or have any kind of access that doesn't require these fees?

Mr. DONOHUE. Well, corporate aviation is a service we provide, Congressman, and it is not a priority for us, because there are so many GA airports in the surrounding region. And——

Mr. ROKITA. But hold on. I just premised this whole discussion by asking you an initial question, asking you if I had a right—GA had a right to use your airport, and you said yes——

Mr. DONOHUE. Correct, correct. So——

Mr. ROKITA. OK. So me using another airport isn't the question. I have a right to use your airport.

Mr. DONOHUE. Correct.

Mr. ROKITA. But not unless we pay all these fees, correct? Even though we pay the gas tax.

Mr. DONOHUE. That is correct.

Mr. ROKITA. Got you.

Mr. DONOHUE. Those are our market—those are the market rates, in our opinion.

Mr. ROKITA. That is the market rate? Market assumes competition. You don't have two FBOs on the airport, do you?

Mr. DONOHUE. Well, when I say competition, I am referring to the other general aviation airports in our region.

Mr. ROKITA. Oh, what—OK. But at your airport—I mean a lot of airports have more than one FBO, so the record understands that, and the other Members understand. You don't, and the one FBO you have you, in fact, own. You run for——

Mr. DONOHUE. Right.

Mr. ROKITA [continuing]. As part of the entity, or the Government. Right?

So, in the 15 seconds I have remaining, I don't know if Mr. McNamee or—wants to respond to this, but a lot of your customers are general aviation.

Mr. MCNAMEE. All of our customers are general aviation. We actually have four FBOs at Camarillo alone, and two at Oxnard.

Mr. ROKITA. Do you believe general aviation, your customers, have a right to go to the big airports?

Mr. MCNAMEE. They do. But, as you know, airports like Camarillo, they are specifically designated as reliever airports, to help minimize the congestion at those larger airports.

Mr. ROKITA. Yes.

Mr. MCNAMEE. And——

Mr. ROKITA. But this isn't a congestion question, it is not a safety question. We acknowledge that, I mean, there is a space issue, and there is an issue of not having so much gallonage and flowage, and all that.

Mr. MCNAMEE. So, as a general aviation pilot, I enjoy when I sometimes fly into those larger airports and are greeted with open arms, yes.

Mr. ROKITA. Great, thank you. Thank you, Chairman.

Mr. LOBIONDO. Thank you. I would like to recognize Mr. Larsen for a unanimous consent request.

Mr. LARSEN. Thank you, Mr. Chairman. I would ask unanimous consent to enter into the record a letter from the American Association of Airport Executives, indicating support for the DeFazio-Massie bill, and a letter from U.S. Travel Association indicating support for the DeFazio-Massie bill.

Mr. LOBIONDO. Without objection, so ordered.

[The letters referenced by Congressman Larsen are on pages 101–104.]

Mr. LOBIONDO. Now we would like to go to Mrs. Bustos.

Mrs. BUSTOS. Thank you, Chairman LoBiondo and Ranking Member Larsen. I appreciate the opportunity to ask a few questions here.

My congressional district in the northwest part of the State of Illinois has three international airports, and more than a dozen general aviation facilities. So I certainly appreciate all the witnesses here today spending time with us and answering some of our questions. I am going to start with Mr. Bleiweis.

You mentioned the economic impact of airports on smaller communities. If you could go into a little more detail on that, that would be helpful.

Mr. BLEIWEIS. Thank you, I am happy to. Airports or communities have to generate economic vitality. And one way that most companies look for to build up communities is with air service, or by being able to bring companies in to those communities to generate jobs. So, in Asheville, for example, again, 1,700 jobs are based not necessarily at the airport—the airport only has 450, 460-someodd jobs—but it is the influence of everything else that seeps in to the community by doing so.

We have been told a number of times when businesses are looking to expand or move to western North Carolina, one of the first questions they ask is, "What kind of air service do you have?" and "What is the ability to get in new air service from the airlines?"

The unfortunate part that we have to deal with, as smaller communities and smaller airports, is, again, there is limited air service. There are four legacy carriers carrying almost 85 percent of the traffic in this country. They are looking at more of the bigger hubs, they are looking at airports as feeders, but they also don't provide a lot of good service to those feeders or for those hubs. So it is a limited amount of how much capacity an airport will take.

The growth that we have had in Asheville has to do with the ultra-low-cost carriers. They are the ones that are bringing our travelers to our communities, but those are also the type of airlines that businesses are not looking to use when they are growing the community employment base.

Mrs. BUSTOS. So, just as a followup to that—and maybe this is probably broad, and maybe I am—get myself in trouble for asking it this broadly, but what additional resources can Congress provide to help smaller airports flourish?

Mr. BLEIWEIS. I think, again, looking at the uncapped PFC helps the dollars flow from the larger airports down to smaller airports to expand their facilities. But also, again, as touched on, some of my things with the regulation of FAA, there are ways for airports to incentivize airlines to come into the communities. But the way that the FAA is looking at those rules and procedures limits what we can do.

There is no reason why an airport shouldn't—if there is—if they are an economic vitality to that community, they—there is no reason why they should not be able to put some of their revenue dollars into incentivizing all airlines that want to serve and then bring in additional service to those communities. And right now we can't do that.

There are limiting factors when even in our chambers or our economic development communities or partners in our small communities want to attract airlines. Technically, right now, we are not even allowed to sit in on those conversations and guide our communities to what service that airport needs or what service the community needs. Those are some of the restrictions that the FAA should loosen up on, and let us do our business as a private enterprise.

Mrs. BUSTOS. All right. Thank you very much.

Mr. BLEIWEIS. Thank you.

Mrs. BUSTOS. Mr. McNamee, I was in your county with Congresswoman Brownley last summer, and it is lovely there. I want to ask you. You mentioned the Small Community Air Service Development Program. In addition to the infrastructure needs our airports face, attracting and maintaining commercial air service can be a real challenge.

Can you talk a little bit more about how communities use the program, and what additional flexibility you would like to see?

Mr. MCNAMEE. Additional flexibility. So we are—currently we have in hand a Small Community Air Service Development Grant in the amount of $500,000 at Oxnard Airport. We lost air service in 2010. That really was the airlines increasing the fares to the point where the Navy—we have a large Navy base there in Ventura County, which made up about one-third of our customers—stopped using the service. And then, from there, the fares got even

higher for the local businesses, and the business community traveling, and it basically killed the service.

And so, we have been trying to restore air service ever since. Even with that grant package in hand, and great local community support, including funding—we have got about a $1 million package—that has not been enough to incentivize some of those regional carriers. We don't have historical data to our strongest market, which would be the Bay Area. We have derived data based on traveling passengers: zip codes, things like that. So we know who is traveling out of LAX in Burbank.

The program is a very good program. You know, it used to be funded at a much higher level. I think it is currently at $6 million a year. More funding would be nice to have for those small communities. They can definitely take advantage of it.

In terms of flexibility, as Lew, my colleague next door here, mentioned, you know, we are often—our hands are tied in how we can exercise those programs. And so, for instance, we have a relatively strong reserve fund in our enterprise fund at the airport, but we are not allowed to spend airport money as part of that package for the grant. We have to go out and find it from outside sources, which, fortunately, we are able to do. But not all airports are in that position.

Mrs. BUSTOS. All right. Thank you, Mr. McNamee. I have exhausted my time. Thanks.

Mr. LOBIONDO. Thank you.

Mr. Davis?

Mr. DAVIS. Thank you, Mr. Chairman. Thank you to our panelists.

One of the issues that has been brought to my attention by virtually all of the regional airports in and around my district relates to ensuring continued access to air service. And in smaller communities, that actually means access to pilots. Regional airports in the communities I serve, like Bloomington-Normal, Champaign-Urbana, and Springfield, Illinois, enable them to connect globally and have significant importance to the businesses and institutions in those regions.

But, unfortunately, according to the U.S. Travel Association, two-thirds of States like Illinois have seen declines in both the number of flights and the number of routes since 2007. And since 2013, nearly 40 small airports across the country have lost commercial service all together.

And since I am not going to massacre your last name, I am going to call you Mr. Lew. So, Mr. Lew, as an executive director of a regional airport, what ideas and suggestions do you have—quickly, because I only have a limited amount of time and more questions—what can you do, what are your ideas to halt this trend?

Mr. BLEIWEIS. I think looking at the regional carriers on what they are trying to base—you know, as the small airplanes are being phased out of manufacturing and use, they are becoming larger airplanes, which makes it difficult to support a small community with a 70-, 90-, or a 100-seat airplane, when it is really meant for a 35- to a 50-seat airplane.

We were subject to that this summer. We have a—one of our legacy carriers decided to stop flying one of our early morning routes

out of our airport, and it was blamed on pilot shortage. We have no facts, whether that was accurate or not. The flight came back in September, and we haven't had an issue yet. But it is a serious issue for airports all around the country, of whether airlines are really—you know, really have that issue, whether it is a pilot shortage, whether it is a pay situation, union situation, whatever.

So we just don't have all the facts and know where it is going.

Mr. DAVIS. All right. Any ideas? What can we do to ensure that we don't lose service, then?

Mr. BLEIWEIS. Trying—and again, being able to work with your communities, trying to work with airlines to bring in different types of services, different airlines—there are smaller airlines that are coming into play. The legacies don't necessarily want to do it, but there are other types of carriers out there to do that. So it is just a matter of, again, having FAA loosen up some of the abilities for us to use incentive dollars or other type of marketing dollars to be able to, you know, be able to work with airlines and bring them in to your communities.

Mr. DAVIS. All right. My next question is going to be like a "Jeopardy" game. Whoever hits the button first can get to answer this.

Language in the FAA Authorization Act of 1994 sought to limit the diversion of revenues generated at airports. Unfortunately, a loophole in that law has been used to get around our congressional intent. So, last Congress, during the debate of the AIRR Act, I cosponsored an amendment that would have ensured that that revenue raised at an airport remain at the airport and is used for airport purposes.

I will open it up. Do you believe ensuring that these taxes remain at the airport is fair? And would it help you do a better job of investing in your aviation infrastructure if that were the case?

Ms. CASSOTIS. Yes.

Mr. MCNAMEE. Yes.

Mr. DAVIS. Ms. Cassotis?

Mr. BLEIWEIS. Yes.

Mr. DAVIS. Yeses?

Mr. DONOHUE. Definitely, yes.

Mr. DAVIS. Anybody want to care to explain why?

Ms. CASSOTIS. We are already struggling to take care of the infrastructure needs that we have. If there were any revenue diversion—and we are one of the three airports in the United States, along with DFW and Denver, where we have an agreement with—the ability to pull gas out of the ground. Right? We sit on a large tract of land, and we have the ability for revenue that a lot of other airports don't have. And we are putting all of it towards debt repayment and infrastructure. That is where it goes.

Mr. DAVIS. So what are some of the expenses that this revenue is used for, rather than reinvesting in airport infrastructure?

Ms. CASSOTIS. Oh, for me, it is about paying down the debt.

Mr. DAVIS. OK.

Ms. CASSOTIS. That is it.

Mr. DAVIS. All right.

Mr. DONOHUE. And at DFW we reinvest everything back into infrastructure at the airport.

Mr. DAVIS. OK. Are there any of you that service municipalities that maybe take that money and use it for other purposes?

[No response.]

Mr. DAVIS. All right. I yield back the balance of my time. Thank you all.

Mr. LOBIONDO. Ms. Norton? You are recognized.

Ms. NORTON. Thank you very much, Mr. Chairman, and I appreciate this series of hearings you have been holding. I am a new co-chair of something called the Quiet Skies Caucus. That name may convey the self-evident understanding that airplane noise has become a national issue. And it is a bipartisan issue here in the Congress. Of course, my own airport is Reagan National Airport.

I also am aware that there are a number of contributing factors. For example, we had manufacturers here, and they discussed quieter planes just—I believe it was—last week. And, of course, there is the controversy over NextGen, or the new flight procedures. And then there is early morning and late night planes. I would call those the three major causes of the concern of Members, from coast to coast, I must tell you, about airplane noise.

I wonder, Mr. Donohue, because I read in your testimony—and I commend you, because there is a line in your testimony that says outboard runways are typically closed from 11 p.m. to 6 a.m. That is a much more reasonable hour than, for example, we have at Reagan National, where as late as 1 a.m. planes can go, and before 5 a.m., because you can imagine what that must mean in some neighborhoods.

Did you only—when did you go to 11 p.m. and 6 a.m.? And have—has that timeframe had any negative effects on airplane operations? Was the FAA involved, how you decided to go to those hours?

Mr. DONOHUE. OK. Thank you, Congresswoman, for the question.

Just to clarify, we do not have a curfew at DFW Airport. What we have is the luxury of seven runways. So the fact——

Ms. NORTON. You don't have a curfew. So 11 p.m. and 6 a.m. is because of what?

Mr. DONOHUE. That is just an operational decision we have made, because——

Ms. NORTON. You have always had that?

Mr. DONOHUE. I will have to let you know. I have only been at DFW 3 years, but——

Ms. NORTON. I wish you would.

Mr. DONOHUE. I will let you know. But we have the flexibility, because of seven runways, to use our inboard runways for overnight operations, and we just think that is the right thing to do, from a community perspective——

Ms. NORTON. Well, does that mean that you do have late-night flights?

Mr. DONOHUE. Absolutely.

Ms. NORTON. And you don't have complaints from your community?

Mr. DONOHUE. Because we are on a footprint that is about 17,000 acres, we have about 800,000 operations a year at DFW.

And I think we had maybe 400 to 500 noise complaints. So we average less——

Ms. NORTON. So it is the size of the airport that helps you.

Mr. DONOHUE. It does. It does. The size and the flexibility we have with the runways.

Ms. NORTON. Of course this is a major airport that you represent.

I have one more question on the so-called DBE program, and that is the inclusion of minorities and women in the construction of and renovation of airports. I think this is for—probably best for Mr. Donohue and Mr. Lyttle. This committee has only recently reaffirmed in its reauthorization of the FAA its commitment to the inclusion of minorities and women in this work.

Now, the inspector general, in his report, cited the bundling of major construction and concession contracts to a single contractor as a barrier to women and minorities becoming a part of airport construction. So I would like to ask you if you have had any experience with this approach. That is to say bundling. Do you understand how that would almost, per se, automatically exclude small business and minority and women-owned business? And what do you think can be done about it?

Mr. DONOHUE. We do not bundle, Congresswoman, at DFW. And we have a very, very strong commitment to our minority and women-owned partners in the community. Last year, on the expenditure or construction side, we had about $200 million to minority and women-owned businesses. And on the concessions, or revenue side, we had about $150 million.

So, we have a very strong program, we are committed to it, we work with our partners in the community, and we will continue to focus on those programs.

Ms. NORTON. Thank you. My goodness.

Mr. Lyttle?

Mr. LYTTLE. Yes, I think one of the things that we have been discussing with—because we have specific challenges in Washington State, with I–200——

Ms. NORTON. You have specific challenges?

Mr. LYTTLE. Challenges with I–200——

Ms. NORTON. With DBEs, in particular?

Mr. LYTTLE. Well, if the—if we have a project that has grants associated with it, then we can set DBE goals. If not, we can't, based on State laws.

But one of the things we have——

Ms. NORTON. I am sorry, you will have to explain that.

Mr. LYTTLE. There is a State law that we have in Washington State called I–200, which prevents us from setting those goals. It is specific to the State of Washington.

Ms. NORTON. Could he just complete his answer, Mr. Chairman?

Mr. LOBIONDO. Have you completed your answer?

Mr. LYTTLE. No, I am not finished.

Mr. LOBIONDO. OK. Try to wrap it up, please.

Mr. LYTTLE. OK. I will stop there.

Mr. LOBIONDO. Thank you.

Mr. Lewis?

Mr. LEWIS. Thank you, Mr. Chairman. I would concur with the ranking member, Mr. Larsen, that Arthur Hailey's "Airport," a

1968 novel, was a great read. But the movie in 1970 filmed at Minneapolis-St. Paul was even better. So if you don't know by now, I represent Minnesota.

And MSP, which is a great airport, like many of yours, does have capital infrastructure needs. They estimate $1.7 billion needed over the next 7 years to keep up with operational needs. The fees they have collected over the past 4 years—$80 million from PFCs, $4 million only in Federal grants—obviously, they have other revenue streams. But you start to see the task ahead for MSP and the country, and what is needed on infrastructure in our airports.

So, my question on the PFCs—and we will start with Mr. Donohue here—so we have raised the cap. Obviously, we are going to get more revenue. But one justification has been it will promote more competition. Can you tell me, or get more specific on how it would, as opposed to the airlines currently serving your cities just getting a bigger market share?

Mr. DONOHUE. Well, again, while we support the increase in PFCs, we have a situation at DFW similar to Minneapolis, Congressman, that you have a carrier that probably has—at DFW, American has 80 percent-plus of our traffic.

So, to argue from a DFW perspective that a PFC increase would drive more competition at DFW would be difficult to make that argument, given just the market situation at our airport.

Mr. LEWIS. Mr. Lyttle?

Mr. LYTTLE. Yes. I think it—well, I know it definitely will. We are extremely gate-constrained. We are out of gates. We have no more gates. And during peak we just cannot accommodate, whether it is domestic or international airlines that wants to operate at the airport.

And so, with the additional funding sources from an increase in the PFC, we can build these additional gates, both domestic gates and international gates.

Mr. LEWIS. You think it would go to newer——

Mr. LYTTLE. Oh, definitely, without a doubt. We have airlines that would like to come to the airport now, but the time that they would want to come to the airport they can't, because there are no gates available.

Mr. LEWIS. And what about Pittsburgh?

Ms. CASSOTIS. We have plenty of gates available, and we would welcome anybody who can serve our community. That is not our issue. I mean, if anything, it is—we have got 75 gates, and 25 of them on any given day are sitting idle. That is 25 gates that we are not using that are going to be obsolete soon and would have to go through—I mean even if we wanted to preserve that infrastructure, it wouldn't be useful by the time the airlines wanted to use it.

Mr. LEWIS. There does seem to be unanimity of opinion—and certainly my view—that—I am kind of a user fee guy anyway, so I like this idea, to some degree. But, clearly, more revenue is needed for infrastructure. That is why we are here, that is why we are holding these hearings.

But I am wondering if there are other methods of getting at some of the revenue. And this one is near and dear to my heart. There is a study that shows that the ticket tax, obviously, does not apply

to baggage now. So, naturally, the flights are just more fun than ever. Such fees, if you went back to the old model, where it is embedded in the ticket, might raise about $264 million, nationwide.

Now, you know, given our needs, that isn't much. But is it worth considering? Anybody?

Yes, Mr. Bleiweis?

Mr. BLEIWEIS. Congressman, I think all funding sources are important, depending on where they come from. Increase of the PFC does multiple things. But you have got to remember that airports, just like airlines, somewhat are limited to competition.

I know when you get a little further out West you have further distances between airports. But on the east coast there are choices that passengers can make. So by—uncapping a PFC provides opportunities for airports to have infrastructure dollars. We have to be careful of what we do with those PFC dollars, because we can't set those at a rate that would drive our—you know, our community to other airports to use those to save money.

Mr. LEWIS. Well, what about the ticket tax on ancillary charges?

Mr. BLEIWEIS. And I think, you know, since the airlines have unbundled, I think any way to put money into the trust fund, including those, is just additional funding opportunities to help support the infrastructure needs to the airports in this country.

Mr. LEWIS. Thank you very much. I yield back my time.

Mr. LOBIONDO. OK. Ms. Brownley?

Ms. BROWNLEY. Thank you, Mr. Chairman. I wanted to shift the conversation a little bit towards UAS integration. And obviously, UAS integration into our national airspace has become a major issue over the last decade.

I know, Mr. McNamee, in our county we have been—you have been undertaking a lot in this area. And if you could, just talk a little bit about what you are doing and the progress you are making.

Mr. MCNAMEE. Yes. So it is a dilemma that the FAA has been wrestling with, proliferation of UAS. The technology is so good and it is so inexpensive, that just about everybody and anybody owns a small drone nowadays. And so the concern, of course, is operating those around airports, in particular for this panel here.

And so, the FAA has stood up what is called the Drone Advisory Committee that is a working committee. They have met twice now, and they have some subcommittees working primarily on establishing responsible yet reasonable regulations and policies.

And then also trying to define the responsibilities of the different levels of Government. For instance, you may not be able to expect local law enforcement to enforce a Federal aviation regulation. So those are some of the things we are dealing with. We have been involved in that conversation in Ventura County for a long time.

Our sheriff operates a UAS to supplement their other aviation assets. And out at the airport, again, we want to be a model on how to safely integrate those around airports. And we have been now, for 6 months or so, operating a small UAS simultaneously with general aviation traffic—we are not closing the Class Delta airspace to do it—and it is working very well.

Ms. BROWNLEY. Is that with the county sheriffs, or——

Mr. MCNAMEE. No, that is on behalf of the airport. We are using a small UAS now to increase our efficiencies on the ground, in terms of facility inspection, perimeter security, wildlife monitoring, things like that.

Ms. BROWNLEY. Very good. Thank you very much. And last year, you know, our committee spent a great deal of time considering legislation that would have created a private corporation to manage our air traffic control system. So could you talk a little bit about what you think privatization would have on our contract tower program and also on general aviation airports?

Mr. MCNAMEE. Certainly there is a concern for small airports. The concern would be that if it is a Government corporation, that there may be profit motive, and that smaller airports might be in jeopardy, particularly their towers, representation on the board, making sure that an airport has a seat on the board.

But really, what is the concern, is that the airlines would have a much larger say in how the air transportation system works, the network in the sky, and it potentially jeopardizes small airports.

The drafts I have seen seem to provide some good protections for small airports, which I very much appreciate.

Ms. BROWNLEY. Very good, thank you. And one last question is do you know the average pilot pay for regional airline pilots, nationwide and locally? Do you believe that paying entry-level pilots more would or could mitigate the pilot shortage?

Mr. MCNAMEE. It will certainly help. I think what you have found—and this is what we have experienced at Oxnard Airport, and it was mentioned by one of my colleagues, but the reduction in fleet at the regional-size aircraft, and then workforce development to generate the number of pilots that we need going into the future. You have a large wave of retirements coming, based on that mandatory, 65-year age retirement for pilots.

And so, we do a lot of workforce development locally there, in Ventura County. Our flight schools have partnerships with some of the regional carriers, to help develop pilots and feed that line.

But certainly pay seems to be one of those issues where you normally or traditionally have a feeder system going through the regionals into the mainlines. Pilots that now qualify to fly for either tend to jump that regional feeder and go right to the mainlines, because they can be paid more there.

Ms. BROWNLEY. Any other solutions that you have for——

Mr. MCNAMEE. Again, we facilitate and collaborate with our local partners in Ventura County. We are now teaching high school kids on operating UAS and providing ground school as—the office of education there at the airport is doing. So workforce development efforts to try and increase that number of pilots for the future of aviation is something that we hold dear to our heart.

Ms. BROWNLEY. Thank you very much. I yield back the balance of my time.

Mr. LOBIONDO. Thank you.

Mr. Perry?

Mr. PERRY. Thank you, Mr. Chairman. Thanks, panel, for being here.

So I am a little interested in the conversation you all were having with Mr. Davis next to me here, in the context of PFCs and

AIP. Now, each of you, from the looks of it, or sounds of it—I am just looking at where you each represent. I am thinking—certainly, Mr. Donohue, you have a very different experience. I have been to your airport, but I am from around south-central Pennsylvania, and we have got Harrisburg International, which struggles, and probably—I am thinking we could probably fit maybe 6 or 10 of them in your terminal footprint, I am not sure, and it includes the runway.

But that having been said, you know, this conversation about PFCs, AIP, and how we fund some of the projects and the infrastructure, maintenance, et cetera, that we have, and potential changes, I think, you know, our local airport there struggles, obviously, to bring in carriers and maintain them. Yet people that live in the area don't want to have to travel to this area to fly.

And I am wondering, especially Mr.—is it Bleiweis? Is that how you pronounce that? And maybe Mr.—probably Ventura County is probably fairly large, too, but maybe—well, Allegheny, that is—and Sea-Tac, that is like—that is out of the program for us, too. But I am looking for some perspective on a smaller airport, how these changes—if you can kind of envision that. And maybe it is asking you to stick up for your competition, right, to a certain extent, but how they would affect—how changes would affect some of our smaller airports and their ability to stay in business and provide that service.

I am trying to get out of the perspective where we continually subsidize and fund them, and—which also draws money away from the bigger airports that need it, as well. So just give me some thoughts on that.

Mr. BLEIWEIS. Great question, Congressman. I think allowing airports, again, to look at their nonaeronautical land, looking at being able to develop and bring in other types of businesses that will fund revenue into the airport, will help relieve some of the lacking of AIP or the current PFC levels. It is just a matter of how much land an airport has. But again——

Mr. PERRY. Are there currently prohibitions?

Mr. BLEIWEIS. No, but there are a lot of hurdles, so to speak, to be able to develop land at an airport. Whether it is federally obligated, or not, you still have to go through the FAA process to be able to develop that land and get the permission——

Mr. PERRY. And that has nothing to do with, like, the clear zone, or anything like that.

Mr. BLEIWEIS. Not at all.

Mr. PERRY. That is just an airport——

Mr. BLEIWEIS. Not at all. I recently in the last few years put a gas station/convenience store on my property. It is bringing revenue to the airport. And I had to go through the FAA to get permission to do that before I could even have a conversation with them about moving the lease forward.

So just—again, it is not federally obligated land, but yet they still dictate how we control it. Understand the safety aspects, and——

Mr. PERRY. Sure.

Mr. BLEIWEIS [continuing]. They are very important. But some of the properties that are not near the airfield or not near, you know,

anything that has an aeronautical purpose should be left up to the airport to run the business like a private business, and be able to generate revenue, as we are required to do to be self-sufficient as possible.

Mr. PERRY. And I would concur, and maybe we could look at that in any modifications we do.

Ms. Cassotis, do you have any——

Ms. CASSOTIS. We have about 3,800 acres of land to be developed, and fortunately we have a great relationship with Harrisburg, with the ADO. And so we move our projects through quickly, but it does take time. And there is quite a bit of work to be done to demonstrate that you are at fair market value, and that the use is, frankly, concurrent with something that the FAA would approve for the land. So anything we can do to streamline that process helps.

Mr. PERRY. I mean just skipping around here a little bit to a different topic, with a little bit of time left—and Ms. Brownley brought it up—I am trying to do some work on the UAS industry. We are worried—or maybe "concerned" is a better word—that, without some of the infrastructure in place, that the development and manufacturing of that keeps on being pushed out of the country because we are just not up to speed.

Now, this is probably more an issue for the people doing the flying, the traffic management system. But from your perspective—she asked you your concerns as facilities managers. And, Mr. McNamee, you talked about that a little bit. But I would suspect you would support some type of an integrated system for all UAS variants? Because, you know, everybody wants to fly them, but they want to be the only one doing it, and don't let anybody else do it, right?

But I just wanted to get—if there is any other perspective I am missing from a facilities standpoint that you guys would have.

Mr. MCNAMEE. So I will field that one. So, really, you do have the Drone Advisory Committee working closely with the FAA, and I believe they are going to help provide some solutions. You have other great minds in NASA looking to implement unmanned traffic management systems. And so you do have UAS of all sizes.

Honestly, now, most of the large UAS, they fly very much like a manned aircraft. They file an IFR flight plan, an instrument flight plan, and go off and do their work. And there just aren't that many of them. It is the proliferation of the small guys at low altitude, especially around airports where aircraft are arriving and departing, that is of most concern to us. And you have got some great minds working to find ways to, through policy, create safe zones around airports and technology coming online to help with that, with the detect and avoid, and things like that.

Mr. PERRY. Thanks, Mr. Chairman. I yield back.

Mr. LOBIONDO. Mr. Payne?

Mr. PAYNE. Thank you, Mr. Chairman. Let me see.

To the panel, I am sure, you know, history, and a long history, of discrimination in contracting at airports has been obvious, especially in construction and the concessions. Airports are asking, you know, Congress to raise the PFC. But these funds are not required to meet DOT's DBE requirements.

Since the PFC funds don't have this requirement, how are we to be sure that DBE businesses will have a fair shot at the lucrative contracts that will likely spring up from our raising of the PFC? Mr. Donohue?

Mr. DONOHUE. Well, from a DFW Airport perspective, we have policies in place that dictate and provide what we are going to do to continue to support our minority and women-owned businesses. We set goals every year that our board of directors have to approve. We report out to our board of directors on a frequent basis on how we are doing in terms of minority and women-owned participation. And, as I said before, we have a very strong program, and we want to continue to strengthen it.

But the biggest issue—or, I think, to answer your question, it is the oversight of our board of directors.

Mr. PAYNE. Mr. Lyttle?

Mr. LYTTLE. So we are setting more and more aggressive DBE small business targets. But to answer the question directly, if you look at the trend and what we are asking for, more of the dollars associated with construction projects, if we are successful in getting the PFC cap raised, will be associated with PFC versus AIP.

And you are correct, currently there are no DBE requirements associated with the PFC, because it is not Federal dollars, it is local dollars that is being collected. And I think that is something we should take a look at.

Mr. PAYNE. Thank you.

Ms. CASSOTIS. So we, like DFW, our board of directors every year approves our DBE, WBE, and MBE plans. And we monitor that, we do a lot of work in diversity outreach to our community in order to get more participation.

But we have aggressive goals. And on every single project we monitor and often exceed them.

Mr. BLEIWEIS. Congressman, we also approve and look at our goals every year. But with smaller airports, the PFC is basically—is combined with Federal AIP dollars. So we are pretty much—even though we are not—most of our PFC dollars are put into projects that we have used with Federal grants, so we would still be obligated to the DBE requirements because it is a combination of funding, not just using PFC dollars for stand-alone projects.

Mr. PAYNE. Let's see. Newark Liberty International Airport is in my district, and has some of the highest average ticket prices in the country. No doubt this is due in part to the constraints on facilities. That is a lack of gates or slots, I guess they are called.

Can the panel speak to how the lack of slots translates to higher ticket prices, those of you that have the issue? Would you say that raising the PFC could possibly lead to decreases in ticket prices, due to more competition?

Mr. DONOHUE. From a DFW perspective, we do not have any slot constraints. The other competitive dynamic we have at DFW is Love Field. And the Wright amendment was just repealed about 2 years ago, which has created more competition, which has also created lower fares. So, from the DFW region perspective, we don't have that issue, in terms of slot constraints and what they could do to pricing.

Mr. LYTTLE. As I said, one of our major challenges that we have at Sea-Tac is gates. And so we have airlines that would like to provide service at our airport, but we just can't accommodate them, especially during peak, because we do not have the gates.

And so, the answer to your question is yes. I think there is a possibility that if we can add these additional gates and we have additional airlines, then the prices may very well go down.

Mr. PAYNE. OK. Well, I guess my time is up, and I yield back.

Mr. LOBIONDO. I would like to recognize that—we are going to go to Mr. Sanford. But before we do that, Mr. Larsen for a unanimous consent request.

Mr. LARSEN. Thank you, Mr. Chairman. I ask unanimous consent to enter into the record a letter from Airports Council International representing its support for the DeFazio-Massie bill.

Mr. LOBIONDO. Without objection, so ordered.

[The letter referenced by Congressman Larsen is on page 105.]

Mr. LOBIONDO. And you have a couple of questions for the record?

Mr. LARSEN. And second, yes, I will be entering two questions for the record, one on NextGen for DFW and one for Sea-Tac regarding the work it has done on its environmental footprint. But I will enter those into the record and expect answers back. Thank you.

Mr. LOBIONDO. Mr. Sanford?

Mr. SANFORD. I thank the chairman. And I will be brief in deference to my colleague from California. I had come in late and, unfortunately, I had another hearing I had to attend. So I apologize I wasn't here for the bulk of your testimony. I appreciate you all's time.

You know, I would probably be, at least by way of philosophy, on the dissenting view on increasing any tax fee or other. And I would just like to explore, just for a little bit—for instance, at Dallas Fort Worth International Airport, if you look at your alternatives—let's say the fee wasn't raised. What would you then do? What would be the next step, in terms of where you would look, in terms of capital markets or other in supplanting those needs?

Mr. DONOHUE. Sure. In terms of DFW, Congressman, if the PFC was not raised, as we look at future infrastructure needs, the airlines would wind up paying the majority of it through our bond issuances, and the airlines pay the debt on those bond issuances.

Now, again, from an airport perspective, we are fortunate that nonaeronautical revenues are a strong——

Mr. SANFORD. Can I respectfully—what I would argue is ultimately airlines don't pay it. I mean, at the end of the day, it is the consumer that pays all this stuff, because the cost is not borne by the airline, and it is not borne by the local municipality. It is ultimately passed on to the consumer. So—but I hear you. Keep going, I am sorry.

Mr. DONOHUE. And I understand what you are saying.

Mr. SANFORD. Yes, yes, sure.

Mr. DONOHUE. I am just saying the mechanism within the airport is they would pay higher fees.

In terms of our performance from a nonaeronautical perspective, where we gain revenues not from the airlines but other sources, we

would have to step up our performance there, because all of those revenues we invest back into the airport.

As we discussed earlier, I think any discussions around infrastructure and any type of opportunities there would afford us an opportunity. P3s——

Mr. SANFORD. I guess, again, in just a couple minutes that I have, maybe somebody else has an illumination on this front. I mean there is no closed system that doesn't have inefficiency built into it. And I would guess, what, it is less than 20 percent of your revenue source? Probably much less than that. What is PFC right now for you all?

Mr. DONOHUE. PFC at DFW is about $130 million a year.

Mr. SANFORD. And percentage of total would be what?

Mr. DONOHUE. Out of $900 million in revenues.

Mr. SANFORD. So it is—brain dead at this point in the day—so 5 percent, is that right? One hundred—no, no——

Mr. DONOHUE. No, it would be——

Mr. SANFORD. Twenty percent.

Mr. DONOHUE [continuing]. Ten to fifteen percent.

Mr. SANFORD. Yes. So it is shy of the 20-percent number.

So, somehow you are able to navigate the other—for the other 80 percent. Again, what are other alternatives to raising that fee that might be viable? Maybe something that has been done in another country, where they have looked at some other creative alternative financing vehicle to getting at the needs that you are after without ultimately raising the—you know, yet another tax on airlines that is borne by the consumer.

Is there anybody else out there that has, hey, yes, I heard of this, they do this in Australia, or they do this in Canada, or they do this in Europe? Is there something else out there?

Mr. DONOHUE. Well, from a global perspective, Congressman, certainly there are examples of other countries who, from a Government perspective, support their aviation industry. I don't think you are going down that path, but that happens, clearly happens in other parts of the world.

And again, I think infrastructure, whatever happens from an infrastructure perspective moving forward, I think offers us an opportunity and—but I am not aware of any other examples that U.S. airports have not——

Mr. SANFORD. I guess what I am getting at is doesn't it always—I mean it just strikes me that, you know, different—to your point, in Pittsburgh different local areas will choose enhancements or growth or to be a hub. They will go about competition for that. And—because it plays to that local region or that local area's advantage. We want to add all kinds of different bells and whistles, but we want to pass it on to the general flying public though, you know, they may or may not go in and out of that airport.

I mean—and some of this is—it is local development borne by the general traveling public. Is that not the case, or you would take exception to that?

Ms. CASSOTIS. I would take exception to that. I would say that the——

Mr. SANFORD. I am sure you would.

Ms. CASSOTIS. Yes, because the people that are paying that PFC or contributing to the program are people coming into and out of Pittsburgh. They are not connecting. We don't have a choice. The airlines made that choice. And it was the right choice for their business model.

But, you know, I think that the people who——

Mr. SANFORD. I will be rude and cut you off, just because I don't want to—or could she finish the question?

Mr. LOBIONDO. Well, I don't want to cut off in the middle, but we——

Mr. SANFORD. Yes. In fairness to my colleague——

Mr. LOBIONDO. The gentleman——

Mr. SANFORD. Thank you very much for your time.

Mr. LOBIONDO. The gentleman from California is recognized.

Mr. LAMALFA. Well, thank you, Mr. Chairman. My apologies for another committee commitment earlier, too. So I am pleased to be able to take part.

Mr. McNamee, I am from the northern part of the State. We have—two of our main hub airports are Chico and Redding, and so we probably face similar circumstances to smaller to mid-sized airports with keeping passenger service, as well. So Redding has been doing OK. They have managed to maintain lately. Chico has been without commercial service since August of 2014, even though they had 16,000 boardings in that most recent year.

So, I guess what I am getting at is what more—you know, you have worked with Oxnard there with trying to get that back in place, as well. And so, with the access to the small community air surface grant program, the commercial service has still eluded you in Oxnard. So what kind of strategies could—do you apply to trying to get that service back? I mean is all the—is it really the way the airport operates, the improvements to the airport, or does it just flat come down to the economics and passenger convenience? Do passengers want to buy the tickets there——

Mr. MCNAMEE. No, it is——

Mr. LAMALFA. What kind of things are really the most helpful to get that back in place?

Mr. MCNAMEE. Thank you, Congressman. So at Oxnard we are uniquely situated, just under 60 miles from LAX and from Burbank and from Santa Barbara to the north.

Mr. LAMALFA. How far is Santa Barbara?

Mr. MCNAMEE. About 50 miles, 46 miles, I think, from Oxnard. Ventura County is a county of approximately 1 million people. I would say about 600,000 of those folks should be using Oxnard Airport. It is a smaller runway, it is 5,500 feet for landing, and only 100 feet wide. So we are not looking to bring mainline carrier-size aircraft. So we are really focused on the regional fleet. And the regional fleet is retiring more aircraft than they are bringing in new aircraft.

And so, it is difficult to find an airline with aircraft that are available to serve new routes, particularly ones that are not proven—such as Oxnard—to the Bay Area, which, based on data, on market data, shows to be our strongest market if you combine San Jose, Oakland, and San Francisco.

Mr. LAMALFA. Let me ask on that. Is it the newer type of commuter jets are having a bigger challenge than, say, the turbo props from before? Is that an aspect that you were just——

Mr. MCNAMEE. Most of your regional carriers are now retiring the twin engine turbo props, which are what used to serve Oxnard. And the 50-seat regional jets are less efficient. So, as fuel prices go up, they tend to use those less.

And, frankly, when you are feeding in to a major hub airport—say, San Francisco—when you have to occupy a gate with a 50-passenger jet versus a 200-passenger jet, it just doesn't work as well for that airport. And so Oxnard is open for 70- and 90-seat-sized aircraft. We could accommodate that. But again, the airlines are risk averse, and so they are very careful where they put the limited number of aircraft they have available into which markets. So it has been a real challenge for us.

Mr. LAMALFA. OK. So that—without that service, you must be having a very difficult time maintaining the facilities at a position to——

Mr. MCNAMEE. So, luckily, we operate a system of two airports in Ventura County, and so we are able to move funds from Camarillo Airport, where we have a large business park, as well—and the business park alone generates about 35 percent of our revenue for the two airports. And so we do have the money to meet local match on Federal grants for those infrastructure projects needed at both airports.

And then we do have money in the bank when we do those projects that are noneligible to enhance the facility.

Mr. LAMALFA. The airport improvement program can be quite helpful for smaller airports like that. But the $150,000-per-year cap, how much of a hindrance is that, especially if there is more revenue available to spread around? How important is that cap in hindering what you might do to become more——

Mr. MCNAMEE. So, if you were to look at some of the documents I submitted, and in particular to the grants that have been awarded to Ventura County, we have rolled over that $150,000 for 2 years at Camarillo and at least 1 year at Oxnard, and probably another year coming. Because, frankly, it is just not enough money to do a meaningful project. And——

Mr. LAMALFA. They at least allow you to roll it over and accrue it, then, though.

Mr. MCNAMEE. We do. And the biggest problem is competing with other airports in the region for the limited AIP funding that is there. So we actually stagger some of our projects to fit in—you know, we had a big push with the FAA and the runway safety areas in 2015. That gobbled up tens of millions of dollars in our region. And so those turned out to be rather lean years for Camarillo and Oxnard.

As we get past that now, we have a substantial project this year with some new underground infrastructure and taxi lanes, but then we have got major runway rehabilitations coming for both airports. And I think that is something you are going to see at a lot of airports that—our older facilities, where it is just that cycle. The runways are at the end of their useful life. So I think in small general

aviation and small commercial service airports you are going to see more and more runway reconstruction coming in the near years.

Mr. LAMALFA. So the cap is an issue. Yes or no?

Mr. MCNAMEE. It is.

Mr. LAMALFA. OK.

Mr. MCNAMEE. Short answer is yes, it is an issue.

Mr. LAMALFA. OK, thank you. Time is up. Thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you. I have one question for anyone on the panel.

Many airport safety research programs are conducted at the FAA's flagship technical center, which is in my district. Are there any safety issues at our airports or in the National Airspace System that you can think of that the committee should be aware of? And, if so, how are they being addressed by the aviation community and the FAA?

This is for anybody who may choose to take it.

[No response.]

Mr. LOBIONDO. They are all jumping up at once.

Mr. BLEIWEIS. Chairman, I think the FAA does a tremendous job with the safety side of aviation. And I am not aware of any safety issues that are not being addressed appropriately.

Mr. LOBIONDO. Everybody else feels—yes, sir?

Mr. MCNAMEE. Certainly on the general aviation side of things, I think you are finding the certification process for general aviation aircraft, avionics, things like that, streamlining that process while still maintaining a level of safety, I think, is very important for general aviation and its future.

Mr. LOBIONDO. Yes, that is high up on our list to address with this reauthorization.

Mr. DONOHUE. I would just say, Chairman, that the FAA continues to do an excellent job, from a safety perspective. I—you know, having worked overseas, we do have the safest aviation system in the world. No doubt about it. But, most importantly, I think we all agree that we are not complacent about that, and we know we can continue to do better, and invest in better use of technology.

But they are a very good partner, from a safety perspective.

Mr. LOBIONDO. OK. I would like to thank our witnesses very much. I think this was very helpful for us. We appreciate your time and energy and your contribution to our effort here. And the subcommittee stands adjourned.

[Whereupon, at 1:05 p.m., the subcommittee was adjourned.]

Representative Sam Graves
Statement for the Record
Aviation Subcommittee Hearing
"Building a 21st Century Infrastructure for America: State of American Airports"
March 7, 2017

Mr. Chairman, thank you for holding this important hearing to examine the state of our nation's airports. In my district, we have numerous general aviation and reliever airports, a regional airport in Kirksville, Missouri and Kansas City International. As such, I am familiar with the unique challenges airports face. One issue Congress has sought to address in the past, which affects airport funding, is revenue diversion from airports. The basic pillar of this policy is that any revenues generated on airports should be used for airport-related projects.

The Congressional history of revenue diversion policy started in 1982 when Congress passed aviation legislation requiring "all revenues generated by the airport, if it is a public airport, will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities which are owned or operated by the owner or operator of the airport and directly related to the actual transportation of passengers or property." In 1987, Congress extended that policy to include any local taxes on aviation fuel. It is also important to note that in 1994 Congress took steps to clarify acceptable uses for utilizing revenues collected on airports. Finally, in 1996 Congress applied the revenue diversion policy to private airports which receive federal assistance.

In 2016 during consideration of the *Aviation Innovation, Reform and Reauthorization (AIRR) Act*, Representatives Rodney Davis (R-IL) and Steve Cohen (D-TN) introduced a bipartisan amendment to clarify existing state and local taxation prohibitions enacted as part of the 1994 FAA Reauthorization. Specifically, the amendment adds to existing state taxation prohibitions under Title 49 (Transportation Title) by prohibiting the levying or collecting of a tax, fee or other charge at a commercial airport unless it already existed prior to date of enactment, is a generally imposed sales tax, or the tax is used solely for the airport or aeronautical purposes. The amendment was prospective, and did not repeal existing taxes.

What we are seeing in Kansas City and other areas of the country are local fees and taxes imposed on businesses operating at our airports to finance various non-airport projects such as convention centers or sports stadiums. It is clearly within Congress' purview to address policies that negatively affect interstate commerce.

During last year's committee debate on the *AIRR Act*, a couple of questions were raised about how airport revenue could be spent and for examples of eligible projects. While I understand Members' interest in projects that support the airport both directly and indirectly, the Davis-Cohen amendment did not make any changes to long-standing FAA policy on eligible projects established as part of the 1994 reauthorization of aviation programs and policy. It simply reaffirmed current airport revenue diversion policy for any fees that would be grandfathered in under the amendment. In addition, it prevents future discriminatory taxes on specific airport businesses.

Testimony of
Sean Donohue
CEO, Dallas / Fort Worth International Airport

Before the
Subcommittee on Aviation
Committee on Transportation & Infrastructure
U.S House of Representatives

Hearing on "Building a 21st Century Infrastructure: State of American Airports"
Wednesday, March 1, 2017

Subcommittee Chairman LoBiondo and Chairman Shuster, Ranking Member Larsen and Ranking Member DeFazio, and distinguished members of the committee, good morning. I'd also like to acknowledge a long-time partner of DFW Airport that sits on this Subcommittee, Congresswoman Eddie Bernice Johnson. Thank you for your continued support. I'd like to briefly recognize another friend of DFW Airport, Congressman Blake Farenthold.

On behalf of the nearly 2,000 employees that work for Dallas / Fort Worth International Airport and the more than 50,000 men and women who work for our airlines and other partners, it is my pleasure to be here today to testify before you on the state of American airports, specifically the large hubs that are at the heart of our industry. This hearing is an important step in shaping the way forward for our nation's airports, airlines, and passengers.

There is a saying in our industry "if you've seen one airport, you've seen one airport". This is mostly true. Each airport is a unique entity with its own benefits, challenges and characteristics.
As you consider today's testimony and potentially develop plans for greater investment in airports, please keep our unique needs in mind. While some airports may need new runways, others need new towers or terminals. There is not a one size fits all approach to addressing airports' infrastructures.

The evolution of aviation has meant the world has gotten smaller. More Americans can travel the world affordably and in less time than ever, and airports today need to grow and evolve with the aviation industry. We need to think about airports beyond just runways, taxiways, and terminals. There are real infrastructure and facility challenges in today's airport environment.

DFW is ranked 3rd in the world in airport operations and 10th in terms of passengers and contributes over $37 billion in economic activity across North Texas. DFW has non-stop flights to 217 destinations around the world- 55 international and 162 domestic. In fact, you can fly from DFW to London in the same time it takes to drive from DFW to El Paso, TX.

Large hubs airports like DFW, with 73% of total customer traffic in the country, have needs that are truly "supersized". For example, building and improving terminals, a necessity for the long-term success of an airport, are not just simple construction projects. They are multi-year ventures entailing billions of dollars in costs.

Airport financing remains the most significant issue we are facing today. U.S. airports owned by state or local governments are required by the federal government to be as self-sustaining as possible and receive little or no taxpayer support. To that end we must operate like a business, funding operations from revenue, and strategically planning funding for major improvement projects, which are, to say the least, incredibly expensive. Additionally, the ever-increasing security needs of airports go beyond law enforcement resources, and now extend into rethinking the very infrastructure of our airports.

Airports, capital markets, the airlines and their passengers provide funds to help pay for these long-term projects. Utilizing a combination of airline fees, Airport Improvement Program grants, the Passenger Facility Charge, critical municipal bonds and commercial revenues, airports must cobble together enough funding to build the massive infrastructure needed to keep our industry moving at peak efficiency.

But even the healthiest of airports have found their revenues stretched to keep up with the ever-growing needs of the traveling public and aviation industry. Indeed, recent studies have found airports' infrastructure needs for 2017 through 2021, adjusted for inflation, are almost $100 billion, or nearly $20 billion annualized. These are not cosmetic projects designed to put a shiny new look on airports, but the necessary developments required to keep up with an ever growing and changing aviation industry.

Airport Financing Options

Bonds

Airports frequently turn to the capital markets to finance long-term construction projects. Bond proceeds are the largest sources of funds for airport capital needs, accounting for approximately 54% of the total funds historically. Airports utilize numerous types of municipal bonds to finance airport capital projects.

The Passenger Facility Charge

We also rely on the Passenger Facility Charge (PFC) program. The PFC program allows the collection of fees up to $4.50 for every enplaned passenger at commercial airports controlled by public agencies, with a maximum of two PFCs charged on a one-way trip or four PFCs on a round trip, for a maximum of $18 total. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise or increase air carrier competition. Revenues from PFCs are local funds, not federal, and are collected by the airlines and remitted to the airports monthly. Airlines retain 11% of the amount collected to reimburse them for collection costs.

At DFW, we have filed ten PFC applications since the program was implemented. Nine applications have been closed and DFW is currently collecting funds under Application #10 at $4.50. All of

DFW's PFC revenues are programed to pay the debt service of the approved projects. In FY16, DFW collected $127 million in PFC and used $130 million for eligible debt service which helped reduce airlines costs

The FAA is still authorized to approve all PFC applications and projects even though PFC funds do not emanate from the federal government. PFC projects that are eligible are generally the same as projects eligible for AIP funding. Areas of DFW that are excluded are specific projects or terminal areas that generate revenue, or are related to repairs and maintenance. For example, our SkyLink's Maintenance Facility was deemed ineligible for PFC funding while terminals are typically partially eligible. Congress should consider increasing the categories of projects that are eligible for PFC's.

The PFC program was originally designed to be similar to the AIP program, where airports will submit projects for FAA approval and be authorized to collect funds for pay-go construction. Around 2000, airports began to leverage PFCs for large projects by either issuing bonds backed solely by PFC revenues, or as DFW currently does, pledge PFC's as part of gross airport revenues to cover a share of the debt service for eligible projects. This new approach extended applications from a few years for pay-as-go projects to applications extending 30 years over the life of the bonds that were issued.

Our primary problem remains that PFC funds are local funds, not federal funds, but the federal government (FAA) still has authority over how PFC funds are allocated. Airports know best which projects would provide the greatest benefit to the traveling public, and the airport should be allowed to use PFC funds for any project that benefits our customers.

Airport Improvement Program

The Airport Improvement Program (AIP) program is a federal grant provided by the FAA on an annual basis. Funds for these grants are provided by a federal tax on airline tickets, and approximately $3 billion in AIP grants are available nationwide. AIP funds are allocated by region, with the regional FAA office given the authority to award available funding through grants.

Prior to the selection process, each airport receives a calculated entitlement amount that is predicated on passenger and cargo totals. These entitlement payments are paid first from available grant funds. If an airport is utilizing PFC funding, the airport's entitlement payments are reduced. The $4.50 PFC typically reduces an airport's entitlement by 75%. After entitlements grants are awarded, any remaining funds are awarded through discretionary grants, with Letters of Intent awarded first. Any remaining discretionary funds are awarded at the discretion of the regional office, based on a ranking system, which evaluates projects offered by the airports within the region. VALE grants are for environmental projects and can also become available to regular discretionary funding. Large hub airports do not receive a proportional amount of funding relative to the amount of taxes collected

DFW's 25% entitlement funds total roughly $9 million annually, while FAA's regional office informed DFW to anticipate $15 million per year as DFW's share of discretionary funds

In FY16, DFW received $40 million ($9 million of entitlement funds, $28 million of discretionary funds and $3 from a VALE grant). In FY 2015, the Airport received $23 million and in FY 2014 $24 million. DFW's Treasury Management team estimated that approximately 9% of the Aviation Trust fund was collected at DFW, yet DFW receives only 1% of the available grants

Carrier Fees

Airports are primarily supported by user fees, because of this we are true partners with air carriers. Landing fees, terminal usage fees and other air carrier associated fees are the main source of revenue for DFW.

Security Infrastructure

AT DFW, it is our hope that we can modernize funding policies and enable airports to utilize all financing methods available to meet security infrastructure needs. Security infrastructure is becoming a larger and larger challenge for airports. No US airport was designed with today's security footprint in mind- all pre-date the heightened security checks that are now common.

Noise

We also continue to address the always present noise issues inevitable in the aviation sector and we have worked for years to develop a proactive plan to mitigate noise complaints.

FAA and ICAO regulations continue to be updated to keep pace with new developments in air travel. Constant advances in airframe and engine technology have resulted in quieter planes.

At DFW, we continually monitor sound from aircraft operations and local community activities.

Our Noise Compatibility Office monitors aircraft flight tracks, via FAA radar data feeds to continually understand our impact on our surrounding community. And NextGen efficiency improvements are enabling FAA to guide and track aircraft more precisely on direct routes, reducing congestion, delays, fuel burn emissions and noise.

Airports are responsible and liable for aviation noise despite the fact that they do not control airline schedules (airlines) or flight paths (FAA). Airports are also responsible for protecting its environment by ensuring compatible land use development even if it doesn't control the land (per Grant Assurances).

Departing flights at DFW generally use runways closest to the terminal which maximize the distance between takeoff noise and local communities. Outboard runways are typically closed from 11pm – 6am- this action consolidates night operations to DFW's main runways, reducing overflights of local communities affected.

DFW staff actively monitors aircraft noise levels through 26 permanently mounted noise monitors located in nine cities and three counties to ensure actual aircraft noise levels are consistent with predicted noise levels.

DFW staff also actively monitors aircraft flight paths over local communities to ensure flight paths are compliant with agreed commitments with local communities

DFW continually engages with local communities on noise, operational changes and FAA NextGen and focuses on two-way education, engagement and advocacy. DFW also notifies local communities in advance of any changes to normal operations such as weekend or extended runway closures.

As a result of our ongoing Community Engagement initiatives,, DFW has more than 1,800 operations and less than two noise complaints each day.

In addition, DFW has made significant investments to reach its sustainability objectives. I'm proud to share with you that DFW is the first domestic and largest airport globally to achieve carbon neutral status.

Thank you for the opportunity to testify today, and I look forward to answering any questions you may have.

Sean Donohue, Chief Executive Officer, Dallas Fort Worth International Airport,
Responses to Questions for the Record issued by Hon. Mark Meadows,
a Representative in Congress from the State of North Carolina

Questions for the Record submitted by Hon. Mark Meadows:

1. Can you elaborate on the types of commercial surface transportation options operating at or serving your airport? Is your airport also served by public transportation operators, if so, please describe the service. How do you ensure surface transportation operators, both public and private, are afforded fair and equitable access to airport curbsides?

ANSWERS:

1. **Commercial surface transportation options: as of March 25, 2017**

Type	Number of Companies	Number of Vehicles
• Taxis	34	1,234
• Shared-Ride	3	145
• Limousines	255	1,007
• Transp Network Company (TNC)	3	7,316
• Courtesy Van	94	245
• Charter Bus	45	529

2. **Public transportation operators:**

Dallas Area Rapid Transit (DART)

- Rail station is located at Terminal A, Lower Level Curb, Entry A-10.
- Bus Route 408 Airport Service serves DFW Remote South parking lot.

Trinity Railway Express (TRE).

- Cooperative service provided by the Fort Worth Transportation Authority (The T) and Dallas Area Rapid Transit (DART). DFW Airport Board bus service from/to Airport and TRE CentrePorte/DFW Airport Station.

3. **Curbside accessibility:**

All surface transportation operators will enter and exit the Airport Central Terminal Area using one of the Control Plazas located at North or South end of the Airport or by using a crossover gate. Rates are based on time inside the Central Terminal Areas. Commercial operators have fixed access rate for first two (2) hours, additional time is public parkers rate.

- Curbside zoning is designated by the following criteria:
    - Safe environment for pedestrians and motorists
    - Customer expectations/Terminal access
    - Adequate spacing
    - Ability to control and enforce
    - Revenues received from each class of service
    - Competition among ground transportation operators

Curbside zone priority order, from highest to lowest, for the upper level roadway at DFW are as follows: Terminal Link shuttle, taxicab, pre-arranged limo, shared ride, passenger pick-up, based on close proximity to baggage claim areas. The lower level roadways at DFW are as follows: Rental Cars shuttle, Express Parking shuttle, Remote Parking shuttle, Employee shuttle, courtesy vans (hotel and off-property parking), passenger drop-offs in private vehicles based on airlines sky cap service, Dart Rail Station (Terminal A Only), concession deliveries and charter buses. Terminal Link, Rental Cars, Express Parking, Remote Parking, Employee shuttles are airport operated courtesy products.

Questions for the Record from Hon. Rick Larsen, a Representative in Congress from the State of Washington, to Sean Donohue, CEO, Dallas Fort Worth International Airport

Question for the Record from Representative Larsen:
Mr. Donohue, in your written testimony, you describe how NextGen improvements are enabling the Federal Aviation Administration (FAA) to guide and track aircraft more precisely, reducing congestion, delays, fuel burn emissions, and noise. Could you please describe any NextGen benefits that DFW has experienced?

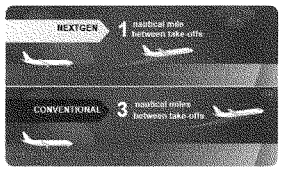
Benefits DFW Airport Receives from NextGen

Thank you for the opportunity to discuss how DFW Airport has profited from NextGen implementations in the North Texas Metroplex. DFW Airport has benefitted primarily from two significant NextGen initiatives:

- Area Navigation (RNAV) in 2005.
- Metroplex - North Texas in 2014.

RNAV Departures (September 2005)

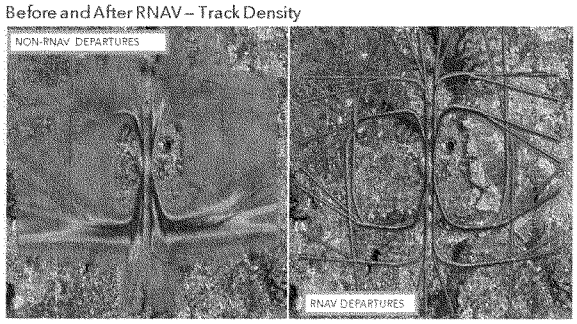
FAA implemented RNAV off the Ground (jet departures) at DFW Airport in September 2005. Utilizing RNAV allows us to use satellite navigation instead of ground-based navigation, facilitating improved direct routing, consistent flight paths and enhanced departure throughput.



Other Benefits of RNAV Departures

- Increased plane departures (*Approximately 15 to 20 percent increase per hour*).
- More efficient and improved pilot-to-controller verbal communications (*40 percent improvement*) and less miscommunication risks.
- Reduced area population noise level exposure (*DNL noise level by 22 percent*).
- Reduced fuel costs for airlines.
  EX: American Airlines saves $10-$12 million in annual fuel costs using RNAV off the ground.

Before and After RNAV – Track Density



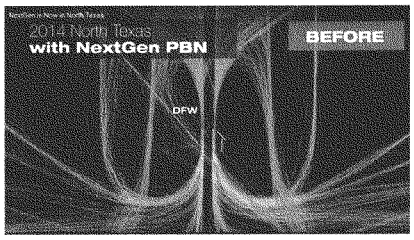
Questions for the Record from Hon. Rick Larsen, a Representative in Congress from the State of Washington, to Sean Donohue, CEO, Dallas/Fort Worth International Airport

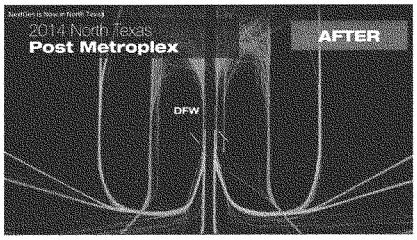
METROPLEX – North Texas (September 2014)

Dallas Fort Worth Airport and the local North Texas airspace have realized several significant and beneficial changes since implementing performance-based navigation and the Metroplex – North Texas initiative. The airport has specifically targeted and realized **improved efficiencies in moving aircraft on and off the airfield and into the overhead stream**.

DFW Airport and Love Field Airport are both large and active hub airports (*Located eight miles apart*). The Metroplex initiative has provided more direct and efficient path routing and helped both airports operate independently and without interruption.

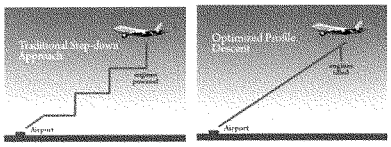
Data Comm digital communications between air traffic controllers and pilots has helped the Airport provide faster and safer rerouting of planes (*especially important to our area which experiences extreme thunderstorms*), have fewer airplane travel delays (*important since DFW Airport has about 900 departures daily*) and increased accuracy and efficiency in airport and airline operations.





Other Benefits of Metroplex – North Texas:

- More precise and efficient use of airspace through satellite guidance navigation and enhanced collaboration with stakeholders.
- Reduced carbon emissions (*Approximately 22,400 metric tons annually*) and reduction of approximately *300 to 500 pounds of fuel per flight.*
- Enabled aircraft (*through Optimized Profile Descents - OPD*) to descend at near idle power, avoiding the tradition stair-step descent, reducing fuel burn, emissions and noise on approaches.
- Estimated environmental benefits (*$4.5 to $6.5 million in fuel savings annually resulting in more than $10 million aircraft operator savings*).
- Faster aircraft departures and arrivals.
- Less aircraft flying miles.



***Benefit EX**: The North Texas Metroplex made history in Sept. 2014 by turning on 80 new procedures in a single day.*

If you have any questions or need more information, please contact Robert Horton, V.P. Environmental Affairs at rhorton@dfwairport.com.

Hon. Daniel Lipinski, a Representative in Congress from the State of Illinois
Questions for the Record to Sean Donohue, Chief Executive Officer,
Dallas Fort Worth International Airport

1. Airport Vehicles & Zero Emissions Technology

The Voluntary Airport Low Emission (VALE) Program was originally created "to reduce all sources of airport ground emission and help airport sponsors meet their state-related air quality responsibilities under the Clean Air Act." Several airports have used VALE funds for projects like gate electrification, ground support equipment and central PCA systems including Seattle-Tacoma, which replaced 73 gates through the VALE program.

However, zero emission vehicles are not being pursued by airports, but are becoming commonplace on American roads. Consumer sales are at an all-time high and other sectors, such as transit and delivery services, are deploying zero-emission vehicles as part of daily operations. Mr. Donohue, as your airport has used the VALE program—can you describe your experience with pursuing VALE funds and if there are limitations preventing you from doing more? Do you have airport shuttles and would you use VALE to replace those vehicles?

2. Federal Acquisition Regulations

Federal procurement rules are in place for agencies procuring engineering services on highway and transit projects; these rules are based on the Federal Acquisition Regulations. They were enacted by Congress to protect the taxpayer by making sure the agency is receiving the most qualified technical services and by regulating expenses that can be charged to the agency. They're also helpful to the engineering firms because the system provides a uniform and consistent standard for firms of all sizes competing for work. These rules apply to most federally funded transportation projects, but they do not currently apply to all airport projects. I understand this is creating some problems.

Mr. Donohue, can you describe how your airport works with local engineering and design firms, and what policies you have in place to ensure robust competition and fair compensation?

DFW Airport Response to Airport Vehicles & Zero Emissions Technology (VALE Program)

History and Background
In 2001, DFW Airport was one of the first airports selected by the FAA for VALE's pilot program (*Inherently Low Emission Vehicle Airport Pilot Program*). DFW has since used VALE funding for:

- Gate electrification and preconditioned air systems at 37 gates (*100 percent of DFW's gates are now electrified*).
- Electric vehicle fast charging (*18 stations*) – allowing airlines to replace 144 gasoline and diesel GSE vehicles.

Currently, DFW is currently pursuing a VALE grant to provide ground electrification and pre-conditioned air systems (PCA) for aircraft hardstand parking. We are interested in pursuing future VALE and FAA Zero Emissions Vehicle (ZEV) grants to support all-electric airport busses and shuttles.
NOTE: *Aircraft represent 90 percent of airport emissions. DFW Airport's current priority is to maintain carbon neutrality by reducing facility and fleet emissions.*

Limitations of DFW Airport using VALE Grants
DFW Airport's primary limitations in converting to all-electric vehicles are due to the:

- **Economic viability of electric vehicles.**
  NOTE: *Electric transit bus cost is almost twice the cost of CNG. When we converted from diesel to CNG, our transportation fleet emissions were reduced by 20-25 percent. The cost to convert our CNG fleet to electric would not be economically viable without access to grant programs and new battery technologies. DFW is currently pursuing other clean technology strategies such as Renewable Natural gas (RNG), which could potentially reduce fleet emissions by ~79 percent.*
- **Operational range limitations of past battery technologies.** *However, battery technology is evolving rapidly so we will continue to evaluate this through ongoing studies.*
- ***Buy American*** obligations can limit our competitive choices (*In years past, we have not been able to identify eligible vehicles that meet VALE Buy American requirements*).

Summary
DFW Airport will continue to pursue VALE grant opportunities in support of new innovative technologies that reduce emissions. The Airport is also exploring other environmental and sustainability grant programs, including those funded by the EPA, the Department of Energy and capital funds due to financial settlements realized from court-obligated payouts such as the Volkswagen penalties.

If you have any questions or need more information, please contact Robert Horton, V.P. Environmental Affairs at rhorton@dfwairport.com.

DFW Airport response to question #2 on Federal Acquisition Regulations

DFW procures all professional design and consulting services on a qualifications basis in accordance with all applicable Federal and State laws. DFW has proactively tailored its professional design and consulting services contracts to best fit the local market and provide more opportunities for the most qualified firms.

DFW, in the past 12-months, has awarded ten (10) professional, design and consulting contracts; historically these services would have been captured in just four (4) contracts. These ten (10) contracts are valued at over $100 million.

Lastly, DFW has modified its compensation provisions to provide additional methods for compensating services outside of typical "cost plus fixed margin" arrangement. These additional methods provide opportunities for both prime and sub-consultants to provide the best value to the Airport and improve their margins.

If you have any questions or concerns, you can contact Erik J. Prince at eprince@dfwairport.com.

Written Testimony of Lance Lyttle
Managing Director of Seattle-Tacoma International Airport
United States House Transportation & Infrastructure Committee
Aviation Subcommittee
March 1, 2017

Thank you, Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster, and Ranking Member DeFazio, and members of the Subcommittee for your leadership on ensuring 21st century competitiveness for US airports, and for inviting me to testify today. It is an honor for me to be here.

I would also like to especially thank Representative Larsen, who is a great champion for Washington state and our airports. It is a pleasure to be able to thank you in person for your efforts to ensure the competitiveness of our aviation and aerospace industry.

My name is Lance Lyttle, and I am the Managing Director of Seattle-Tacoma International Airport. Accommodating passenger growth and building world-class aviation infrastructure is a critical priority for airport operators and members of the Subcommittee, and I would like to focus my remarks this morning on laying out the challenge we face at Sea-Tac in creating the needed facilities to support our rapid growth, how we think about financing our required investments and how we work to ensure that the benefits of our growth are shared by our surrounding communities. I would also like to touch on how we think Congress can help, in particular by removing the federal cap on the Passenger Facility Charge.

2016 marked the sixth year in a row of record-breaking growth at Sea-Tac:

- We served over 45 million passengers, an 8% increase, after 2015's 13% increase.
- International travel also increased – up 11% from 2015 – and total air cargo went up for the 5th straight year, increasing 10%.
- This vaults Sea-Tac to the 9th busiest U.S. airport based on passenger volume and we now work with over 2 dozen airlines flying direct routes to more than 80 domestic and 24 international destinations.
- We supported 110,000 jobs, including 18,000 jobs at the airport.
- We generated $6.1 billion in personal income, $16.3 billion in business revenue, and $565 million in state and local taxes.
- We do all this with an operational area that is one of the smallest footprints for a major US airport.

At Sea-Tac, our focus is not growth for growth's sake. We're proud of our growth because it reflects the increasing economic dynamism and global relevance of the Puget Sound region and Washington state overall. With innovative companies such as Boeing, Microsoft, Amazon and Starbucks along with disruptive start-ups in biotech, global health, retail, manufacturing and IT, our economy is booming, and the Seattle area has one of the fastest growing populations in the country. A globally competitive airport – making travel to the Seattle region for business and tourism both convenient and accessible – is an essential part of this economic vitality.

But it is not just the robust Seattle economy that requires Sea-Tac Airport to scramble to handle this extraordinary increase in airline traffic. In fact, Sea-Tac is playing an increasingly important role in the National Airspace System (NAS). Each and every new flight came to Seattle as a result of an airline decision. Last year, our

major carriers expanded flights, destinations and plane sizes while we welcomed two additional international carriers. These decisions were in part a result of very significant changes in the global aviation marketplace. As aircraft technology has evolved and as foreign flag airlines have initiated non-stop service from cities across Asia to U.S. cities, Seattle's role as a critical U.S. gateway to Asia has become more pronounced. This circumstance has certainly benefited the Seattle region, but, more importantly, it has made the NAS more efficient by effectively replacing a Northeast Asia hub with a U.S. gateway hub. Quite logically, there is a growing amount of "feed" traffic from all over the United States to Seattle to make the most efficient use of a gateway that is closer than any other in the US to the vast majority of Asian destinations.

The Challenge: Financing Infrastructure Investment to Keep Pace

With all of those factors, our essential mission as an airport is to avoid being a chokepoint, either for our region, for our customers or for the NAS. We are the infrastructure for sustainable regional prosperity and increasing global connectivity, and our success is shared by people throughout the state, the country and the world. Conversely, if we fail to provide needed capacity, we put countless opportunities at risk for all of our partners.

Sea-Tac's experience is not unique. The Federal Aviation Administration (FAA) estimates that U.S. airport enplanements will grow to more than 1.24 billion over the next 20 years. But it is an excellent case study in the real-world challenges that the American airport industry faces today.

To accommodate more passengers and airlines, the Port is currently investing more than $3.2 billion in capital improvement projects during the next eight years, including our $550 million North Satellite Modernization project, a new $660 million International Arrivals Facility and a new $317 million baggage handling system. Our capital improvement projects will add eight additional gates to the airport, create a direct connection to the terminal for international travelers and more than double North Satellite dining and retail establishments. Funding this capital plan will use essentially all of Sea-Tac's anticipated PFC collections through 2035, and most of the PFC collections through 2047, to pay revenue bond debt service on PFC eligible projects.

Yet despite this significant investment, Sea-Tac will not be able to keep up with airline or passenger demands. In 2021 – even after adding the eight new gates – we expect that the airlines will need to load and unload some flights by transporting passengers by bus because we will not have enough gates for all the aircraft who want to come to Sea-Tac.

At the same time, we are in the midst of updating our 20-year master plan. The current forecast indicates that the region's economy will need Sea-Tac to handle 66 million annual passengers by 2034 – 20 million more than we did last. Sea-Tac, like most of the nation's large airports, is more than 40 years old, and it's a challenge to update and maintain the infrastructure. The combination of basic infrastructure upgrades, coupled with the need to meet anticipated passenger growth over the next 20 years, drives our capital program quite high. Sea-Tac will need to add 35 more gates, dramatically expand our ticketing/check-in facilities, and substantially rebuild our airport access roadways. Without readily available expansion space, we

will likely need to move three airline maintenance hangars, several cargo buildings, and an Aircraft Rescue and Firefighting (ARFF) station to construct gates and hold aircraft positions. At this point we believe these capital expenditures will cost at least $10 billion to implement – above and beyond our current capital plan and financing plan.

The Need: Sufficient Tools and Flexibility to Fund Infrastructure Investments

I would like to share with the Subcommittee how we approach this massive investment challenge. We have limited options to remain competitive with our airlines' rates and charges, which is critical to retain the international growth we have experienced. Unlike origin and destination traffic that is organic to Sea-Tac alone, airlines have choices in how they choose to get to Asia. If we are unable to remain competitive in our airline rates and charges, we may see traffic relocate to another U.S. airport.

We have four main revenue sources to meet our infrastructure needs: increasing non-airline revenue; securing additional Airport Improvement Program grants; increasing local taxes on King County residents; and raising the Passenger Facility Charge. Let me highlight each of these briefly.

First is airport net operating income. Per FAA guidelines, aeronautical revenues are set to recover costs, and so essentially all of the net operating income out of Sea-Tac is generated from non-aeronautical sources such as parking, rental cars and airport dining and retail concessions. While this is a critical source of revenue, it is not sufficient to meet our capital needs.

Second is federal Airport Improvement Program funding. While I am sure all of today's panelists would welcome as much direct federal investment as possible, the reality is that fewer and fewer of these scarce dollars are available for projects. And those dollars that are available are limited to uses that do not include some of our biggest terminal investment needs.

Third, the Port of Seattle has limited property taxing authority, which we almost never use for airport capital project financing. More to the point, though, as we consider airport investments and the NAS, only about one third of Sea-Tac passengers are King County residents (those who would pay increased property taxes). It would be highly inequitable to require all King County taxpayers – including those who seldom or never use the airport – to pay for facilities used by travelers from all over Washington state, the United States, and all over the world.

The fourth option is the Passenger Facility Charge (PFC) – the funding source that, at Sea-Tac, is directly aligned with the passengers who use the airport. PFCs can and must be a critical part of the funding plan for Sea-Tac to meet the needs of our region and the NAS. As you are aware, the PFC is a locally generated and approved user fee, not federal funding. The federal government never touches the fees and the decision to charge a PFC is made on an airport-by-airport basis by local airport governing bodies. In the case of Sea-Tac Airport, that would be the directly-elected (by the voters of King County) Port of Seattle Commission. While airlines and community stakeholders play a role in the PFC approval process, the decision about whether to charge a PFC user fee and use it as a funding source is truly a local decision and impacts only those passengers that utilize each airport's facilities. This allows airports and their governing bodies to make decisions that are in the best

interest of their region to encourage competition among carriers, increase capacity and support economic growth through a passenger's direct investment in local airport infrastructure. As public institutions accountable to local voters, airports balance the very real need to keep costs low while ensuring that aviation specific infrastructure meets regional demand.

This current federal cap on the PFC means that, in 2017, it is worth less than half of its spending power when the cap was adjusted in 2000. The outdated cap on the PFC prevents airports like Sea-Tac from making the capital investments required to meet the air travel needs of both our communities and the nation. In addition, the federal cap substitutes a federal one-size-fits-all decision making for that of locally-elected officials regarding appropriate fees for passengers at individual airports.

As I mentioned previously, funding our existing capital plan will use essentially all of Sea-Tac's anticipated PFC collections through 2035, and most PFC collections through 2047, to pay revenue bond debt service on PFC eligible projects. Therefore, there will be little available PFC capacity to pay for the projects identified as part of the master plan that are necessary to add capacity to meet regional demand through 2036. Without additional PFC authority, our debt service on the bonds to fund master plan projects would flow directly into the airline rate base, driving airport costs to airlines at Sea-Tac, most likely to the highest in the nation. This would not be financially feasible for the airlines serving Sea-Tac and it would not be workable for the region.

If Congress would modernize the PFC by removing the federal cap, the new funds would be dollars that do not have to be included in airline rates and charges. Again,

we understand that an uncapped PFC would give us the authority to raise the fee, but that our decision would have to be balanced with the need to keep our costs competitive with other U.S. airports.

I should mention that increased investment flexibility also allows us to address the greatest challenge facing US airports: security. Airports have increasingly become targets, and infrastructure development is a key part of the solution, not only building out new checkpoints and other perimeter security facilities, but also reducing congestion. Last year's FAA extension was a great help to our airport on the security side, in part because of the TSA provisions that were included. While I know that is not the jurisdiction of this committee, I am hopeful that we can find ways to work with the House and Senate to continue to make progress in this area, particularly related to the availability of passenger screening canine teams.

The Opportunity: Increasing the Benefits of Airport Growth

The true measure of our success in developing our facilities is not only accommodating increased passenger volumes but also using being a great community steward. Our commissioners and our staff are committed to being the most efficient and customer-service focused airport in the country, while being a leader in growing responsibly and helping our residents benefit from our growth.

First, we do this through economic and workforce development, as we work to increase the percentage of funds spent with qualified small businesses to 40%, including a significant focus on DBE utilization in federally assisted projects. We have also set aggressive goals around apprenticeship utilization and diversity goals for the contractors on all of our large construction projects.

Second, we are committed to creating a sustainable airport that minimizes the environmental impacts of our operations; we already have a range of highly successful environmental programs in water quality, recycling, wildlife management, air quality, climate and noise reduction. Many of these programs have been recognized nationally as models for other airports. We understand that in order for our region to continue to grow and thrive in the 21st Century, we must find ways to do more while using fewer of our planet's scarce natural resources. This isn't just an environmental strategy; it is critical for our "permission to grow" and is of paramount importance for our economic future and the vitality of the Pacific Northwest community that we serve.

Our commitment to environmental quality and sustainable development remains as strong as ever. Earlier this year, the Port of Seattle, Alaska Airlines and the Boeing Company announced the release of a Biofuel Infrastructure Feasibility Study that assesses costs and infrastructure necessary to deliver a blend of aviation biofuel and conventional jet fuel to aircraft at Sea-Tac, a crucial step toward routine biofuel use in the future. The objective of the feasibility study was to identify sites that could support the receipt, blending, storage and delivery infrastructure required to supply Sea-Tac Airport with up to 50 million gallons per year (and to double to 100 million after 2025) of aviation biofuel. Because these biofuels are not produced yet in Washington State, they must be imported by truck, rail or barge and then be blended with regular petroleum-based jet fuel. Our ultimate goal is to power every flight fueled at Sea-Tac with sustainable aviation biofuel, which has a lifecycle carbon footprint typically 50 to 80 percent lower than regular jet fuel.

Third, we strive to minimize the issue that is of most vocal community concern: aircraft noise. Our airport offers one of the most comprehensive aircraft noise reduction programs in the nation, and we work closely with the FAA, our airlines and local communities to monitor existing noise programs and develop new ways of reducing airport and aircraft noise. However, there are a number of ways that the FAA could be an even more valuable partner in noise-related issues, and this again is an important area of focus for the next FAA bill.

At Sea-Tac, our primary focus around noise has been sound insulation programs and noise abatement programs. Almost 10,000 single-family homes near our airport have been insulated since our program began in 1985, as well as six condominium complexes, fourteen community college building, three private schools, two churches and one convalescent center. We also acquired 1,400 single-family home parcels and relocated the residents, and acquired and relocated the residents at five mobile home parks.

In addition, following an agreement reached in 2002 between the Highline School District, the FAA, and the Port of Seattle, the Port and FAA have also provided funding assistance for sound insulation in noise impacted public school buildings. We have completed about half of the 15 schools identified in the MOA, and we are working closely with the FAA to ensure that we complete this essential commitment to local school children.

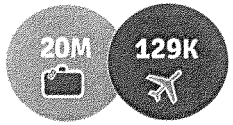
In closing, Sea-Tac International Airport sees the federal government and Congress as essential partners. By granting us increased local authority on the PFC, greater tools and flexibility on addressing community impact, and greater investment in

security, you will help us once again make America's airports the envy of the world. I am grateful to have an audience with you today, and I am confident that with your leadership we can capitalize on this opportunity to be one of the key facilitators of US economic growth and make improvements to the benefit of all U.S. passengers. Thank you.

SEA-TAC AT A GLANCE

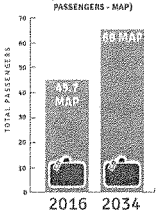
- 9th busiest U.S. airport
- Nearly 46 million annual passengers
- Over 366,000 annual metric tons of cargo
- Over two dozen airlines
- More than 80 domestic and 24 international destinations
- More than 1,100 daily takeoffs and landings

EXPECTED INCREASES IN AIRPORT ACTIVITY BY 2034

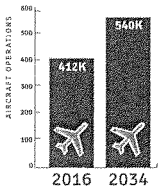


ANNUAL PASSENGERS | AIRCRAFT OPERATIONS

GROWTH IN TOTAL PASSENGERS (BY MILLION ANNUAL PASSENGERS - MAP)



GROWTH IN AIRCRAFT OPERATIONS



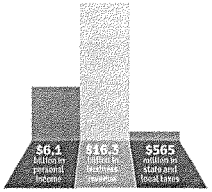
ECONOMIC IMPACT

171,796 JOBS

including 109,924 direct jobs

jobs located directly at the airport

about 21% are held by employees who live in the communities that surround the airport



KEEP UP TO DATE WITH THESE AND OTHER PORT PROJECTS

Email and Text Updates: Sign up for updates at our web page www.portseattle.org/subscribe

Port of Seattle

Port of Seattle
P.O. Box 1209
Seattle, WA 98111
www.portseattle.org

Printed on recycled paper using soy based ink.
02/2017 | 500

SEATTLE-TACOMA INTERNATIONAL AIRPORT

Port of Seattle

SEA-TAC TAKES OFF

SERVING MILLIONS MORE PASSENGERS

There is a lot riding on the future of Seattle-Tacoma International Airport. As one of the nation's largest airports, it also is one of the fastest growing, a key contributor to regional travel and commerce, and a leading job creator. We pride ourselves on an efficient, smooth customer experience, on-time performance and environmental commitment.

So how do we keep this momentum going?
We're thinking ahead 20 years, when 66 million passengers are expected to fly through Sea-Tac every year. That's why we're investing now to create more modern, high-tech facilities that will speed travelers on their way, and better connect the Puget Sound region to the world.

www.portseattle.org

HOW WE'RE INVESTING IN THE FUTURE OF AIR TRANSPORTATION

Port of Seattle

There are exciting first-class upgrades in store. Over the next several years, we will complete all of the following:

NORTH SATELLITE MODERNIZATION

Expanding and renovating the 40-year-old North Satellite with new gates, enhanced amenities and a rooftop Alaska Airlines lounge. The North Satellite will increase by 201,000 square feet. Gates will increase from 12 to 20, dining and retail space will more than double, and a new mezzanine level will feature full-service dining.

ESTIMATED COMPLETION DATE 2021
ESTIMATED BUDGET ..... **$550 million**

INTERNATIONAL ARRIVALS FACILITY

Build a new expanded International Arrivals Facility that will feature an iconic aerial walkway from the South Satellite, across the top of Concourse A, to the new structure. The walkway will be 85 feet in the air and span a taxiway lane below. This expansion will increase passenger capacity by nearly 60 percent and nearly double the number of gates capable of serving wide-body aircraft.

ESTIMATED COMPLETION DATE 2021
ESTIMATED BUDGET ..... **$660 million**

BAGGAGE SYSTEM

Streamline the way checked bags get to aircraft by replacing six aging baggage-screening systems with one centralized system that will maximize capacity. Some interim measures will help better utilize the existing baggage systems until the new system can be built.

ESTIMATED COMPLETION DATE 2024
ESTIMATED BUDGET ..... **$320.4 million**

D GATES HARDSTAND TERMINAL

Help meet existing and expected demand by constructing a facility to handle D Gate passengers, who will be bused to and from aircraft parked away from the main terminal, known as "hardstand" operations.

ESTIMATED COMPLETION DATE 2018
ESTIMATED BUDGET ..... **$38.4 million**

DINING & RETAIL

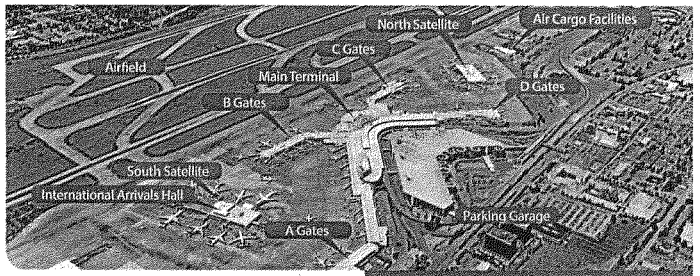
Create space for new dining and retail businesses expected to open throughout the airport. Included will be new mezzanine-level restaurants and play areas for children. Visitors can look forward to seeing a variety of new dining and retail options, both familiar national brand names and local businesses with Pacific Northwest flair.

ESTIMATED COMPLETION DATE 2024

SOUTH SATELLITE MODERNIZATION

Renovate Sea-Tac's South Satellite, the current location of the U.S. Customs area for arriving international passengers, after the new International Arrivals Facility is complete. The gates in this satellite serve both international and domestic travelers and flights.

ESTIMATED COMPLETION DATE ..... TBD



IMPROVED AIR CARGO FACILITIES

The Port made upgrades to help increase international trade-related business for air cargo. This involved expanding two cargo areas to accommodate larger freighter aircraft, which primarily fly overseas.

COMPLETED 2015

AIRFIELD

The Port recently rebuilt the aging center runway, replaced or reconfigured four taxiways and installed new lighting and a system that will detect birds and foreign objects on the runway, making the entire airfield ready to serve the public for years to come.

COMPLETED 2016

SUSTAINABLE AIRPORT MASTER PLAN

SEA-TAC OF THE FUTURE

Planners are defining additional ways to accommodate future growth at the airport through the master planning process, which places strong emphasis on sustainability and economic performance.

Focus areas:

- Roadway improvements
- Cargo facility upgrades
- Airfield enhancements
- Gate expansion
- Terminal redevelopment & potential expansion

This work will identify a range of alternatives to accommodate the continued increases in passenger totals. In 2016, Sea-Tac served over 45.7 million passengers. This figure could reach 52 million over the next decade and 66 million in 2034.

In addition to passenger levels, the master plan takes stock of current facilities, infrastructure and operations—looking at scenarios five, 10 and 20 years in the future. It includes air quality, energy and water conservation, recycling and other strategic environmental goals, and will align with the Port's sustainability and energy efficiency goals.

Learn more: portseattle.org/projects

Response by Lance Lyttle,
Managing Director, Seattle-Tacoma International Airport
to U.S. Representative Mark Meadows

Question for the Record for the March 1, 2017 House Aviation Subcommittee Hearing on "Building a 21st Century Infrastructure for America: State of American Airports"

QUESTION FROM REP. MARK MEADOWS (R-NC): Can you elaborate on the types of commercial surface transportation options operating at or serving your airport? Is your airport also served by public transportation operators, if so, please describe the service. How do you ensure surface transportation operators, both public and private, are afforded fair and equitable access to airport curbsides?

ANSWER: Seattle-Tacoma International Airport (Sea-Tac) is well-served by a wide diversity of surface transportation options. The approximately 46 million passengers and 18,000 employees who utilize our airport rely on these choices – as well as their personal vehicles – to ensure efficient and reliable access to and from Sea-Tac.

Two public transportation operators serve Sea-Tac: 1) Sound Transit, a three-county regional transit agency that operates light rail and express bus services to the airport, and 2) King County Metro, our county-wide bus agency. Pertinent to your question, Sound Transit light rail connects to the parking garage adjacent to the terminal building, Sound Transit express buses to the south end of the airport curbsides and Metro buses to the local roads offsite. As the Puget Sound region grows, our residents have approved significant increases in investment in these services (including a $54 billion Sound Transit ballot measure passed in 2016), and we expect public transportation to support a growing number of passengers over the next two decades.

Complementing these public options are multiple commercial services, listed below with a notation of the locations of pick-up and drop-off for each:

- **On-demand taxis and limousines:** drop off on the airport curbside and pick up at a designated location in the airport parking garage;
- **Prearranged taxi and limousine services:** drop off and pick up on the airport curbside;
- **Shared ride vehicles, such as on-demand vans and buses:** drop off on the airport curbside and pick up at a designated location in the airport parking garage;
- **Courtesy vehicles from local hotels and offsite parking garages:** drop off and pick up in the airport parking garage;
- **Charter vehicles that transport large groups, such as sports teams and cruise ship passengers:** drop off and pick up at the south end of the airport curbsides; and
- **Transportation network vehicles (TNCs), such as Uber and Lyft:** drop off on the airport curbside and pick up at a designated location in the airport parking garage.

As you can see above, we provide very limited access to our airport curbsides for pick-ups, mainly because of the extremely space-constrained nature of our airport and to reduce congestion on the drives. To that end, we focus on fair and equitable access to the airport overall, rather than using the curbside as the main destination for these providers. As Sea-Tac continues to grow (we have been the fastest-growing airport in the country for the last three years), we are committed to continuing to ensure that the surface transportation options we offer to are affordable, convenient and high quality.

Thank you for the opportunity to respond to this question, and please let us know if you would like additional information.

Port of Seattle

Response by Lance Lyttle,
Managing Director, Seattle-Tacoma International Airport
to U.S. Representative Rick Larsen

Question for the Record for the March 1, 2017 House Aviation Subcommittee Hearing on "Building a 21st Century Infrastructure for America: State of American Airports"

QUESTION FROM REP. RICK LARSEN (D-WA): Mr. Lyttle, I applaud Sea-Tac for its commitment to creating a sustainable airport minimizing its environmental footprint. Sea-Tac's efforts are not only important to the Pacific Northwest, but can benefit communities across the globe. Please describe some of Sea-Tac's most successful environmental programs and how they could be used at other U.S. airports.

ANSWER: The Port of Seattle understands that, in order for our region to continue to grow and thrive in the 21st century, we must find ways to do more while using fewer of our planet's scarce natural resources. That is why we have set a goal to be the greenest, most energy efficient port in North America. We have engaged in numerous strategies to achieve this vision, but there are four approaches in particular that we believe stand as best practices for airports across the country: 1) using thorough analysis to determine goals and to engage airport leadership; 2) partnering to tackle bold and innovative efforts; 3) understanding the unique priorities of our region and 4) leveraging contracting language to address issues beyond the airport's direct control.

First, in terms of analysis, we began our work a decade ago to develop a comprehensive environmental strategy by measuring our "environmental footprint," based on a range of air, water, waste and noise impacts that Sea-Tac operations have on the environment. By starting with a baseline, we were able to develop more targeted and impactful strategies to reduce our footprint. This data-driven consensus on the largest drivers of our environmental impact and the most effective ways to reduce it then allowed us to more easily get buy-in from airport leadership and other key stakeholders who could help us ensure we had the resources and organizational commitment to succeed. It also allowed us to develop a clear set of environmental performance indicators to measure our progress and demonstrate success.

Second, partnership has been essential to addressing the largest driver of airport emissions: airplane operations. In collaboration with Alaska Airlines and the Boeing Company, we are working together to power every flight fueled at Sea-Tac with sustainable aviation biofuel, which has a lifecycle carbon footprint typically 50 to 80 percent lower than regular jet fuel. Already, Alaska has flown several flights using biofuels, including this past November's first ever commercial flight using a new sustainable alternative jet fuel made from forest residuals from the Pacific Northwest. In January, we recently released a study on the infrastructure needed to bring aviation biofuels to Sea-Tac, and we'll shortly release a study on the economic incentives necessary to create the market for production. We were also a founding member of Sustainable Aviation Fuels Northwest (SAFN), a group of more than 40 regional stakeholders including biofuels companies, technology providers, environmental and energy advocates, agriculture and forestry managers government officials and other experts.

Third, a good example of understanding the unique aspects of our environmental priorities has been our approach to water. The Pacific Northwest does not have as much pressure for water conservation, due to our abundant natural water sources and consistent rainfall, but water quality management is essential because our airport is responsible for 1,600 aces of drainage area that flows directly into three local streams and the Puget Sound. In order to protect these aquatic resources, the airport has implemented numerous best management practices to remove pollutants, reduce flooding and prevent spills from discharging into the environment. Sea-Tac's network of stormwater collection piping, retention ponds, stormwater best

Response by Lance Lyttle,
Managing Director, Seattle-Tacoma International Airport
to U.S. Representative Rick Larsen

Question for the Record for the March 1, 2017 House Aviation Subcommittee Hearing on "Building a 21st Century Infrastructure for America: State of American Airports"

management practices, and wastewater treatment facilities effectively manage the risk to local waterways. The Port of Seattle is proud to have earned certification as "Salmon Safe.

Fourth, we have used innovative contracting to achieve progress in areas we otherwise would not have been able to impact. For example, the taxi services who contract with the airport – and now the TNCs who serve our airport – are required to meet strict environmental standards that incent those companies to use high efficiency vehicles and operate more efficiently. Similarly, we now require our airport dining concessionaires to use compostable flatware and utensils, which helps us reach our goal of reducing 60 percent of solid waste generated at airport operated facilities by 2020. Our commitment to waste reduction has also translated into a significant effort around food donation; concessionaire meals that would have been trashed or composted are now donated to families in our local communities, providing over 45,000 meals per year.

There are many other environmental programs with significant impact at Sea-Tac – from our provision of pre-conditioned air at each gate that removes the need for aircraft to run their engines for air circulation (reducing emissions by more than 50,000 metric tons of CO2) to our installation of electric ground support equipment charging infrastructure onto our airfield or even the airport's "Ramp Tower", which cuts aircraft taxi times and thus reduces emissions by about 5% – but we believe that these four best practices are innovative approaches that can be adapted for use by airports throughout the country. Although every airport has unique needs and may not be able to adopt the specific initiatives we have, thorough analysis, partnering, local focus and contract leverage can always help lead to successful environmental programs.

Thank you for the opportunity to respond to this question, and please let us know if you would like additional information.

Response by Lance Lyttle,
Managing Director, Seattle-Tacoma International Airport
to U.S. Representative Dan Lipinski

Question for the Record for the March 1, 2017 House Aviation Subcommittee Hearing on "Building a 21st Century Infrastructure for America: State of American Airports"

QUESTION FROM REP. DAN LIPINSKI (D-IL): The Voluntary Airport Low Emission (VALE) Program was originally created "to reduce all sources of airport ground emission and help airport sponsors meet their state-related air quality responsibilities under the Clean Air Act." Several airports have used VALE funds for projects like gate electrification, ground support equipment and central PCA systems including Seattle-Tacoma, which replaced 73 gates through the VALE program. However, zero emission vehicles are not being pursued by airports, but are becoming commonplace on American roads. Consumer sales are at an all-time high and other sectors, such as transit and delivery services, are deploying zero-emission vehicles as part of daily operations. Mr. Donohue and Mr. Lyttle: as both your airports have used the VALE program - can you describe your experience with pursuing VALE funds and if there are limitations preventing you from doing more? Do you have airport shuttles and would you use VALE to replace those vehicles?

ANSWER: The Port of Seattle aims to be the greenest, most energy efficient port in North America. Our Commission's "Century Agenda" outlines our commitment to creating a sustainable airport that minimizes the environmental impacts of our operations; we already have a range of highly successful environmental programs in water quality, recycling, wildlife management, air quality, climate and noise reduction. Many of these programs have been recognized nationally as models for other airports. We understand that in order for our region to continue to grow and thrive in the 21st Century, we must find ways to do more while using fewer of our planet's scarce natural resources.

We welcome federal funding to help us achieve these goals, and the VALE program has been key to the installation of several key emission reduction technologies at our airport. In fact, since 2010, Seattle-Tacoma International Airport (Sea-Tac) has received over $27 million in federal VALE grants to bring Pre-Conditioned Air (PCA) to our gates and electric ground support equipment (eGSE) charging infrastructure onto our airfield. Our experience with the VALE program has had mixed results, however. While our PCA program has been a success, Sea-Tac returned over $5.5 million in VALE funds in 2016, due in large part to difficulties aligning federal grant requirements with airport and other federal agency procurement procedures.

Specifically, Sea-Tac received a $3.5 million grant from the US Department of Energy (DOE) to purchase eGSE charging equipment needed for half of all airport concourses, but – in order to get the best pricing and have one interchangeable charging system throughout the airport – the RFP issued for the charging equipment was intended to allow for future purchases, including the chargers for the other half of the airport. This procurement followed Port and federal procurement policy, and the costs were allowed by DOE. However, when Sea-Tac received an additional $5.5 million in VALE funds to install eGSE charging stations for the second half of the airport, the FAA required Sea-Tac to re-bid the entire purchase for the remaining charging stations. This would have added at least 6 months to the project and risked the installation of incompatible and/or more expensive charging equipment. Negotiations with FAA did not provide a resolution to these issues, and Sea-Tac ultimately decided to return the funds.

Finally, Sea-Tac strongly supports transitioning our fossil-fueled vehicles to clean electricity. Currently, we utilize a dedicated fleet of 45 40-foot transit-style compressed natural gas (CNG) buses that provides regular bus service to both our rental car facility and our employee parking lot. Transitioning this fleet to electric or other zero-emission vehicles would be very much aligned with our environmental goals, and so we would

Response by Lance Lyttle,
Managing Director, Seattle-Tacoma International Airport
to U.S. Representative Dan Lipinski

Question for the Record for the March 1, 2017 House Aviation Subcommittee Hearing on "Building a 21st Century Infrastructure for America: State of American Airports"

absolutely be interested in purchasing electric airport buses. If VALE funds were available and program requirements were aligned with Port timelines and more flexible in meeting our procurement needs, we would pursue those grants. On a related note, Sea-Tac is committed to additional vehicle electrification, both transitioning our motor pool from fossil-fueled to electric vehicles as well as providing 48 publicly-available charging stations in our public parking garage. We would also welcome the opportunity to pursue additional VALE grant funds for this work if it becomes available.

Thank you for the opportunity to respond to this question, and please let us know if you would like additional information.

ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

Christina Cassotis
CEO, Allegheny County Airport Authority,
Pittsburgh International Airport

Testimony Before The
U.S. House of Representatives
Committee on Transportation & Infrastructure
Subcommittee on Aviation

Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster and Ranking Member DeFazio, Members of the Committee: Thank you for inviting me to provide testimony regarding infrastructure needs and funding challenges facing medium-size airports across our country, particularly in the heartland.

In my previous job as an airport consultant, I worked with airports around the world. Now I am lucky enough to run two of them. I am the CEO of the Allegheny County Airport Authority which owns and operates Pittsburgh International Airport and Allegheny County Airport – our region's premier General Aviation and business jet facility.

My purpose here today is to give you a snapshot of the infrastructure needs of medium-size airports and the challenges we have in funding them. The way the airline industry serves Pittsburgh and many other medium-size markets in the U.S. has gone through a transformation. Where once many of us in the Midwest were large mega hubs, we are now medium-size origin-and-destination markets served by a mix of legacy, ultra-low cost and regional carriers.

Pittsburgh, Cleveland, Cincinnati, Memphis, Milwaukee, Saint Louis, Raleigh-Durham, Nashville and others were among the airports that used to carry millions more passengers per year. Those passengers are gone because the hubs are gone, but our infrastructure remains. The Pittsburgh terminal, which was designed and sized to accommodate 32 million passengers a year, of which 70 percent were connecting, now handles 8.3 million passengers. Our facilities are aging, costly and not designed for the local passengers that make

up the majority of our traffic today. For example, in Pittsburgh, our TSA checkpoint is inadequately sized. Our international arrivals facility required a security checkpoint just for people to leave and get to their car, and our parking garage is far too small for our snow-belt city. In Cincinnati, their aging roadway and curb-front infrastructure is undersized for local passenger traffic, while an outdated baggage system is not sized or configured for current operations.

Airports are capital-intensive businesses whose annual expenses are largely fixed. None of us got to declare bankruptcy after our hub airlines left our cities. We have been paying down the debt on these facilities for more than a decade and our current carriers are stuck paying for space that no one needs.

We have been good stewards of public money by prudently managing finances to prioritize debt repayment and have done everything we can to stay competitive in a global market. And yet, each of us is left with a large number of capital projects we have had to defer and infrastructure needs totaling nearly $12 billion. At Pittsburgh International, we have over $74 million of deferred maintenance projects such as replacing and rehabbing baggage handling systems, electrical switchgears, people movers, escalators, elevators, maintenance vehicles, pavement and more, most of which are more than 25 years old. And, we are not alone – St. Louis has $87 million in deferred projects including a $30 million airfield maintenance facility and a $23 million generator replacement. In Cincinnati, there is an estimated $75-80 million in deferred maintenance including terminal roofing that continues to be patched as opposed to a much needed $10 million replacement and aging elevators and escalators continue to be pieced together instead of being replaced at a cost of $15 million.

Airport infrastructure is largely funded through a combination of (1) federal grants from the Airport Improvement Program (AIP), funded entirely by aviation taxes, (2) locally imposed Passenger Facility Charges (PFCs), which are collected based on passenger volume, and (3) for the larger airports, tax-exempt municipal bonds. All three of these crucial sources of funding are under

pressure. AIP grant allocations have not increased since 2001. PFCs have been capped at the same level since 2000. And Congress is considering revoking the tax-exempt status of municipal bond interest earnings, which would raise borrowing costs for municipal bond issuers.

Our cost structures have radically changed over the past two decades but federal funding mechanisms remain unchanged. To be frank, medium-size airports are getting hammered in the current funding framework. I've attached a chart that illustrates the problem.

Small airports are funded at the highest levels; large hub airports get the least because what they don't get in AIP money, they make up for in volume through PFC dollars; and medium-size airports should be in the middle, but we're not.

We're funded at the same discounted levels as large hub airports – only we can't make up that money in PFCs because we don't have the passenger volume. We have similar problems to large hub markets but none of the benefits. We're not asking for a federal windfall. We're simply asking for our fair share. We are getting squeezed, and here's how:

When AIP discretionary grants are distributed, priority is placed on projects that increase capacity. Historically, the FAA has set aside 50 percent of the annual appropriated discretionary funding for projects under Letters of Intent (LOIs). LOIs are only awarded for multi-year capacity enhancement projects. In some cases for medium-size airports, there are capacity needs. However, as noted earlier, we have capacity where it is not needed and AIP funding does not prioritize preserving or modernizing infrastructure.

In order to address our infrastructure needs at many of our medium-size airports, we need to right-size, modernize and upgrade our costly, inefficient, oversized and out-of-date facilities – none of which is prioritized in the current funding rules. So we can't fix our baggage system; we can't reduce costly space that is no longer needed. But, these are the things medium-size airports need to do to be right-sized and right-priced in order to attract the air service that will allow our communities to grow.

ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

We see five areas that need to be addressed.

First, the Significant Contribution requirement must be eliminated from PFC funding criteria for medium-size airports. Under current regulations, before approving a PFC application at a level greater than $3, the FAA must make a determination that the project makes a significant contribution to improving air safety and security, increasing competition among air carriers, reducing congestion, or reducing noise impact on neighboring communities. It has been challenging, if not elusive, for large and medium-size airports, even with airline support, to convince the FAA that preserving capacity and infrastructure makes a significant contribution.

Second, medium hubs should not be required to take the same AIP haircut as large hubs. When large and medium-size airports levy a $3 PFC, they must forgo 50 percent of their annual AIP entitlement allocations while PFCs above $3 must take a 75 percent reduction. In Pittsburgh, that leaves us with $1.8 million of AIP funding annually when we could be getting $7.2 million. Medium-size airports must be grouped differently because our reality is different. In the 17 years of Pittsburgh International's PFC program, the airport has foregone roughly $95 million in AIP entitlement grants as a result of this provision.

Third, the PFC must be raised and or uncapped. It has not kept pace with inflation, leaving medium-size airports in financially-challenging situations. U.S. airports as a whole have already committed their PFC collections for the next 15 years, meaning there is little to no capacity to take on new projects. For Pittsburgh, due to the legacy airline debt from the abandoned hub, the authority has dedicated most of its PFC revenue to reduce debt service since 2001.

We understand that airlines have objected to raising the PFC in the past. However, we also understand airlines should be permitted to have meaningful input on capital expenditures, and we would be willing to figure out a way to engage the airlines to make that happen so we can all benefit from more efficient facilities.

Fourth, the FAA must discontinue its arbitrary restriction on AIP and PFC eligible projects. The types of programs that qualify for funding must be expanded to include projects such as cargo facilities and airport facility maintenance.

Lastly, regulations must be reduced. Current regulations seek a 30 percent design completion in order to leverage federal money which is an unnecessary and onerous undertaking for cash-strapped medium airports. This huge ask often leaves us unable to seek federal assistance for much-needed projects, or delays them for years.

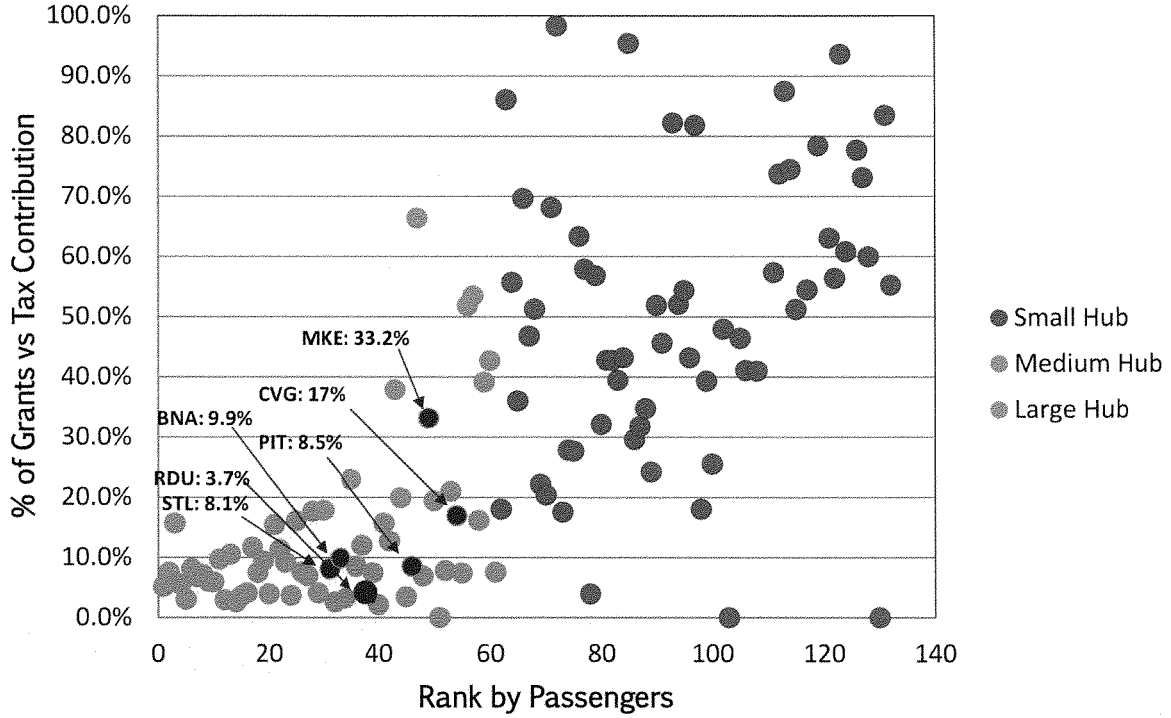
Large airports can easily afford to get to 30 percent design and therefore can present projects that gobble up federal resources. The 30 percent design rule is an expensive roadblock that must be removed.

Committee Members, airports of our size have come very far on our own, sweating our assets by increasing non-aeronautical revenue in creative and innovative ways. But we need your help to move the needle further. Investing our fair share of federal resources back into medium-size airports is a game-changer for our country's aviation system. We are in a Catch 22 here.

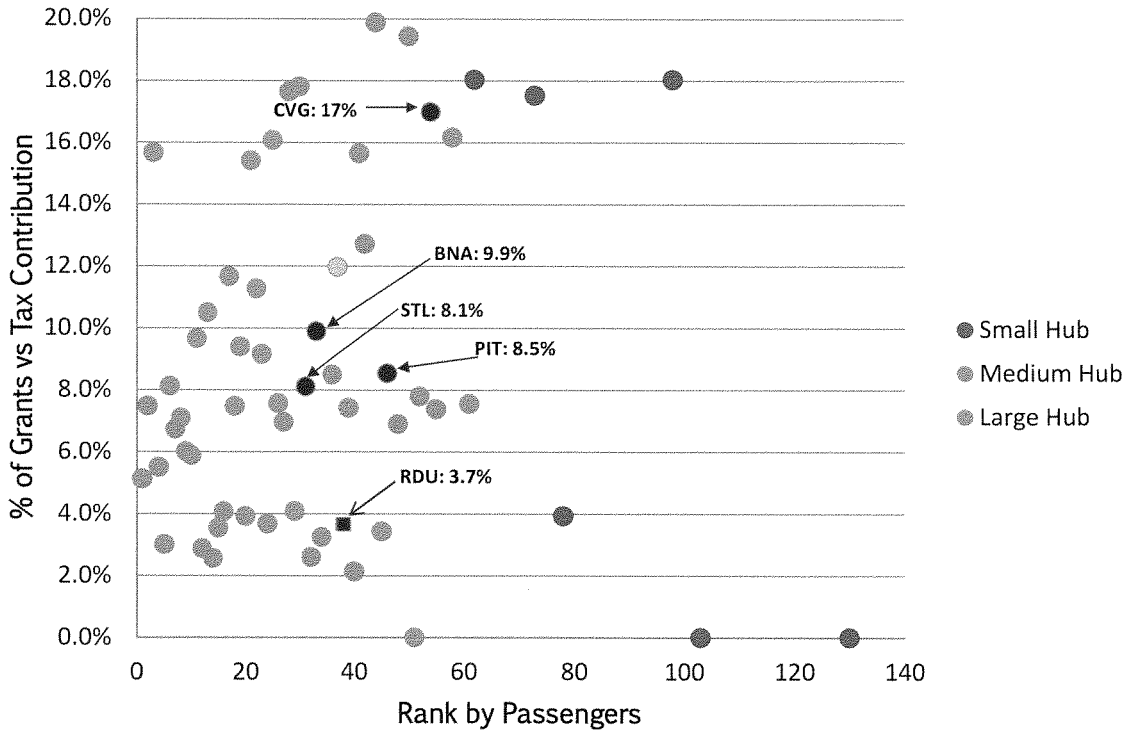
We need to invest in our facilities in order to be sure that we can offer a cost-competitive environment for airlines to grow and serve our markets so that our economies can grow. Nonstop air service matters to communities. And while we don't expect the traditional network carriers to abandon the hub and spoke structure, we do expect that any nonstop service we can support will be more appealing if it is cost efficient and our facility is appropriately sized for today's passengers and airline partners.

We've had a lot of recent success in Pittsburgh. In fact, it's so swift that it's caught the attention of the industry. In January, *Air Transport World* magazine, a respected industry publication, selected Pittsburgh as its 2017 airport of the year – the first U.S. airport to win. But Pittsburgh and airports like us can do more and must do more to stay competitive. By focusing on streamlining processes the federal government can ensure medium-size airports can stay competitive and the communities they serve can prosper.

Medium-size US airports should receive a higher proportion of federal grants



Medium-size airports are treated similarly to large airports



Source: CY ACAIS
FAA Airports

Calendar Year 2015 Revenue Enplanements at Commercial Service Airports

10/31/2016

Rank	RO	ST	Locid	City	Airport Name	S/L	Hub	CY 2000 Enplanements	CY 2015 Enplanements	Change in Enplanements	% Change
32	CE	MO	STL	St. Louis	Lambert-St Louis International	P	M	15,288,493	6,239,248	-9,049,245	-59.19%
53	SO	KY	CVG	Cincinnati International	Cincinnati/Northern Kentucky International	P	M	11,223,966	3,054,991	-8,168,975	-72.78%
47	EA	PA	PIT	Pittsburgh	Pittsburgh International	P	M	9,871,995	3,890,681	-5,981,314	-60.59%
46	GL	OH	CLE	Cleveland	Cleveland-Hopkins International	P	M	6,269,516	3,916,922	-2,352,594	-37.52%
41	WP	CA	SJC	San Jose	Norman Y Mineta San Jose International	P	M	6,170,384	4,822,480	-1,347,904	-21.84%
38	CE	MO	MCI	Kansas City	Kansas City International	P	M	5,903,296	5,135,127	-768,169	-13.01%
36	WP	CA	OAK	Oakland	Metropolitan Oakland International	P	M	5,196,451	5,506,687	310,236	5.97%
39	SO	NC	RDU	Raleigh	Raleigh-Durham International	P	M	5,191,077	4,954,735	-236,342	-4.55%
43	SO	PR	SJU	San Juan	Luis Munoz Marin International	P	M	5,135,591	4,233,638	-901,953	-17.56%
37	SW	LA	MSY	Metairie	Louis Armstrong New Orleans International	P	M	4,936,271	5,329,711	393,440	7.97%
35	SO	TN	BNA	Nashville	Nashville International	P	M	4,479,909	5,715,205	1,235,296	27.57%
33	SW	TX	HOU	Houston	William P Hobby	P	M	4,354,609	5,937,990	1,583,381	36.36%
42	WP	CA	SMF	Sacramento	Sacramento International	P	M	3,979,043	4,714,729	735,686	18.49%
40	WP	CA	SNA	Santa Ana	John Wayne Airport-Orange County	P	M	3,914,051	4,945,209	1,031,158	26.35%
48	GL	IN	IND	Indianapolis	Indianapolis International	P	M	3,833,975	3,889,567	55,592	1.45%
54	NE	CT	BDL	Windsor Locks	Bradley International	P	M	3,651,943	2,926,054	-725,889	-19.88%
34	SW	TX	AUS	Austin	Austin-Bergstrom International	P	M	3,648,600	5,797,562	2,148,962	58.90%
31	SW	TX	DAL	Dallas	Dallas Love Field	P	M	3,596,052	7,040,950	3,444,898	95.80%
45	SW	TX	SAT	San Antonio	San Antonio International	P	M	3,528,955	4,091,434	562,479	15.94%
49	GL	OH	CMH	Columbus	Port Columbus International	P	M	3,441,286	3,312,496	-128,790	-3.74%
59	WP	CA	ONT	Ontario	Ontario International	P	M	3,197,795	2,089,801	-1,107,994	-34.65%
58	SW	NM	ABQ	Albuquerque	Albuquerque International Sunport	P	M	3,148,780	2,323,883	-824,897	-26.20%
50	GL	WI	MKE	Milwaukee	General Mitchell International	P	M	3,089,592	3,229,897	140,305	4.54%
51	WP	HI	OGG	Kahului	Kahului	P	M	2,999,863	3,220,753	220,890	7.36%
52	SO	FL	PBI	Beach	Palm Beach International	P	M	2,928,658	3,113,591	184,933	6.31%
55	SO	FL	JAX	Jacksonville	Jacksonville International	P	M	2,616,211	2,716,473	100,262	3.83%
44	SO	FL	RSW	Fort Myers	Southwest Florida International	P	M	2,574,322	4,159,215	1,584,893	61.57%
56	AL	AK	ANC	Anchorage	Ted Stevens Anchorage International	P	M	2,503,138	2,525,893	22,755	0.91%
57	EA	NY	BUF	Buffalo	Buffalo Niagara International	P	M	2,140,002	2,336,431	196,429	9.18%
60	CE	NE	OMA	Omaha	Eppley Airfield	P	M	1,861,057	2,046,179	185,122	9.95%

Hon. Mark Meadows, a Representative in Congress from the State of North Carolina,
Questions for the Record to Christina Cassotis, Chief Executive Officer,
Allegheny County Airport Authority

Questions for the Record submitted by Hon. Mark Meadows:

1. Can you elaborate on the types of commercial surface transportation options operating at or serving your airport? Is your airport also served by public transportation operators, if so, please describe the service. How do you ensure surface transportation operators, both public and private, are afforded fair and equitable access to airport curbsides?

ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

March 20, 2017

The Honorable Mark Meadows
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Meadows,

This document is in response to your question regarding commercial surface transportation options serving Pittsburgh International Airport.

Responding to passenger demands is very important to us at Pittsburgh International Airport. Because of that, the airport is served by a variety of commercial transportation options, including limousines, taxis, charter buses, shared-ride vans, off-airport parking shuttles and hotel courtesy shuttles. Public transportation via bus from the Port Authority of Allegheny County also picks up from our curb approximately every 30 minutes daily.

We were among the first airports in the country to allow pickups by Transportation Network Companies Uber and Lyft, which have co-existed well since their arrival nearly two years ago.

We have more than 700 feet of commercial curb space available at our terminal, with each service classification allotted equal space. A curb attendant is on duty to ensure curb operations run smoothly.

Our policies are a result of listening to our passengers and responding to their needs, as well as responding to the changing marketplace. All of these providers

ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

are essential to the success of the airport, and we value their partnership. These are customer amenities and we are happy to allow for a wide-range of services.

Please feel free to contact me with additional questions.

Best,

Christina Cassotis
Chief Executive Officer

Hon. Daniel Lipinski, a Representative in Congress from the State of Illinois
Questions for the Record to Christina Cassotis, Chief Executive Officer,
Allegheny County Airport Authority

1. Airport Vehicles & Zero Emissions Technology

The Voluntary Airport Low Emission (VALE) Program was originally created "to reduce all sources of airport ground emission and help airport sponsors meet their state-related air quality responsibilities under the Clean Air Act." Several airports have used VALE funds for projects like gate electrification, ground support equipment and central PCA systems including Seattle-Tacoma, which replaced 73 gates through the VALE program.

However, zero emission vehicles are not being pursued by airports, but are becoming commonplace on American roads. Consumer sales are at an all-time high and other sectors, such as transit and delivery services, are deploying zero-emission vehicles as part of daily operations. Dallas Fort Worth International Airport and Seattle-Tacoma Internal Airport have used the VALE program.

Conversely, Ms. Cassotis, is there a reason your airport didn't pursue VALE funds? Is it because qualification limitations or project eligibility? Do you think there would be more use of this program if it supported projects like deployment of airport vehicles?

ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

April 6, 2017

The Honorable Daniel Lipinski
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Lipinski,

This document is in response to your question regarding the Voluntary Airport Low Emission (VALE) program.

To date, Pittsburgh International Airport has not pursued VALE funding because the eligible projects do not match our needs or, in other cases, it would not be cost efficient to implement. The following types of projects you mentioned do not fit our current needs:

- Gate Electrification and Remote Ground Power – All airside terminal gates at Pittsburgh International Airport (PIT) are already equipped with pre-conditioned air (PCA) and ground power units allowing aircraft to completely shut down at the gate and use terminal HVAC and power. This was designed into the terminal when constructed.

- Underground Fuel Hydrant Systems – PIT already has an underground aircraft fueling hydrant system. It was also designed into the terminal project when constructed.

- Ground Support Equipment – PIT does not have any airport-owned belt loaders, cargo loaders, cargo tugs, or pushback tractors so we did not apply for funding to replace these types of eligible units. All of these types of

ALLEGHENY COUNTY AIRPORT AUTHORITY

PITTSBURGH INTERNATIONAL AIRPORT
ALLEGHENY COUNTY AIRPORT

vehicles and equipment at PIT are owned by the air carriers or their ground support contractors.

We are in favor of expanding grant programs and eligible projects. For us, the current grant structure within VALE does not make it economically feasible to switch to Alternative Fueled Vehicles or AFVs. We have thoroughly explored these opportunities and found challenges with our return on investment and maintenance. Specifically, the airport would have to maintain two types of maintenance facilities. Since VALE only funds the difference between the cost of the AFV and the same traditional vehicle, it would take the airport up to 20 years in some cases to convert its fleet. During that time, the airport would have to first install new AFV routine maintenance and fueling equipment and then maintain such systems for both AFVs and traditional vehicles.

Nevertheless, we continue to monitor all available grant funding and explore ways to work toward zero emission technology in all facets of our operation.

Please feel free to contact me with additional questions.

Best,

Christina Cassotis
Chief Executive Officer

Statement of
Lew Bleiweis
Executive Director,
Greater Asheville Regional Airport Authority
Before the
Committee on Transportation and Infrastructure
Subcommittee on Aviation
U.S. House of Representatives
March 1, 2017

Chairman LoBiondo, Ranking Member Larsen, and members of the Transportation and Infrastructure Subcommittee on Aviation, thank you for inviting me to participate in this important hearing titled "Building a 21st Century Infrastructure: State of American Airports."

I'm Lew Bleiweis, Executive Director of Asheville Regional Airport in Western North Carolina, the fourth largest airport in North Carolina after Charlotte, Raleigh, and Greensboro. We served just over 826,000 passengers in 2016, the largest in the airport's history with almost a six percent increase over the previous year which makes it the third straight year with record setting numbers.

I am here today representing the small and non-hub classifications of the country's commercial service airports, including Asheville Regional Airport. While the small and non-hub airports only account for 11.8 percent of the national passenger traffic, we make up 89 percent (484 of 544) of the commercial service airports in this country.

While there are multiple issues affecting all size airports, I will briefly touch on items that have an overwhelming impact on the smaller airports.

1. Based on Airports Council International – North America's (ACI-NA) biannual Infrastructure Needs Survey that will be officially released next week, airports' infrastructure needs for 2017 through 2021, adjusted for inflation, is nearly $100 billion, or almost $20 billion annualized. Small and non-hub airports account for approximately 14 percent of this total number. Please keep in mind that these numbers are averaged over the five-year period and do not account for peaks and valleys for individual years.

Funding for small and non-hub airports is critical, and at the same time limited because AIP entitlement grants and PFC user-fee revenue is based on passenger enplanements. The smaller the enplanement numbers, the lower the AIP and PFC funds.

We all know that the expense of a capital project does not vary because of the size of an airport. As an example, a runway rehabilitation project still costs the same millions of dollars in Asheville as it does in Dallas or Pittsburgh.

Let me briefly detail the major airfield redevelopment project occurring in Asheville. The airport consists of a single runway 8000' in length serving both commercial and general aviation aircraft. The original airfield was over 50 years old and coming to the end of its useful life. We had two safety deficiencies that were out of compliance with current FAA standards. One was the separation distance between the runway and the parallel taxiway, and the second was line of sight along the length of the entire runway. We presented the redevelopment project to the FAA eight years ago in 2009 and it took five years to program and fund the project. Even with that, the FAA required us to phase the approximately $79 million project over four years because of funding availability. Capital projects for small airports under AIP are traditionally funded at 90 percent, with a 10 percent local match. Currently our project is only funded at approximately 72 percent leaving Asheville to fund approximately $18 million. We have been able to increase our fund balance over several years to cover the project, but it's been at the expense of deferring other capital aviation projects at the airport.

During this same time, as our passenger traffic has grown, our parking availability reached capacity, and we had to move forward several years earlier than anticipated with the construction of a $21 million parking garage facility to accommodate our growth. Due to lack of full funding on the airfield redevelopment project, the airport was forced to go into debt for the parking garage. A modernized PFC would have allowed us to recoup our cost for the airfield project sooner and would have provided us with more of our own funds to apply towards the garage.

An airport like mine has to make choices and be prudent about how we use our money. The airlines will tell you that they will just pay for it. That's not the case at small and non-hubs like Asheville. I'm fighting to keep my costs low to maintain service, and if I raise my rates too high to cover capital projects like my airfield, airlines will leave our community and operate at airports with lower costs. My story is not dissimilar from the stories of my colleagues in communities, especially small communities, across the country. The choices we make in terms of capital projects and the funding available do impact our abilities to truly meet our overall infrastructure needs.

Congress and the industry must work together to find a sustainable funding solution for the future. That is why our leading airport funding issues this year are removing the outdated federal cap on the PFC and enhancing the AIP.

2. Small and non-hub airports have difficulties attracting and maintaining air service for their communities. The consolidation of the airline industry has left a dominance of just four major carriers. These carriers decide which communities to serve, leaving many communities with little or no air service. In fact, over the past couple of years, approximately 50 small communities have lost commercial air service.

During a speech late last month, a recently retired airline CEO explained that larger airplanes reduce the fuel cost per seat, meaning that small planes servicing smaller airports are becoming harder to justify the economic feasibility, which questions the viability of the smaller airports.

All communities, but more specifically smaller communities benefit economically from a viable airport. In an analysis recently conducted, based on the FAA's Economic Impact Study on Commercial Aviation in the United States, small and non-hub airports contribute $121 billion economic output supporting 1.1 million jobs. Drilling down a bit more, airports contribute 123,400 jobs in North Carolina and $31 billion economic output or seven percent of our state's GDP. Locally in Asheville, the Asheville Regional Airport provides 1,700 direct, indirect, and induced jobs while providing $556 million of economic output.

The industry must find a way to keep air service inexpensive, and available to the majority of the country.

3. Lastly, small and non-hub airports, as with all airports, are required by the FAA to be as self-sufficient as possible and yet the FAA overregulates any airport development on any parcel of land – including sponsor donated or funded land. These onerous requirements, not actually found in federal law, trigger extensive and expensive federal environmental analysis, which unduly delays projects and often causes developers to look elsewhere to build their projects. This deprives airports of the ability to compete for development opportunities to generate non-aeronautical revenues, bogs down FAA staff in unnecessary review/analysis of project planning (at a time when FAA says it does not have sufficient resources to perform all of the functions it must do in a timely manner), and generates inefficiencies without any benefits.

We believe the federal government should only impose restrictions based on safety and efficiency concerns, and ensure that fair market value is received for non-aeronautical use of the land. The FAA bureaucracy does not need to get involved in every local land use decision at an airport.

Congress should encourage or mandate that FAA roll back its current Airport Layout Plan (ALP) policy to limit the statutory requirements, so that FAA has a role only with respect to issues affecting the safety, efficiency, or utility of the airport or federal facilities.

Thank you for your leadership on these important issues. I look forward to working with you, the members of the Aviation Subcommittee, and our industry partners to ensure a strong airport and aviation system for the 21st century.

Hon. Mark Meadows, a Representative in Congress from the State of North Carolina,
Questions for the Record to Lew Bleiweis, Executive Director,
Greater Asheville Regional Airport Authority

Questions for the Record submitted by Hon. Mark Meadows:

1. Can you elaborate on the types of commercial surface transportation options operating at or serving your airport? Is your airport also served by public transportation operators, if so, please describe the service. How do you ensure surface transportation operators, both public and private, are afforded fair and equitable access to airport curbsides?

Asheville
REGIONAL AIRPORT
Take the easy way out.

March 17, 2017

The Honorable Frank LoBiondo
Chairman
Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Chairman LoBiondo:

Thank you for your continued interest in the issues affecting airports throughout the country. Below is my response to the question submitted by Representative Mark Meadows in your letter dated March 13, 2017 following the March 1, 2017 hearing of the aviation subcommittee:

> The Asheville Regional Airport allows any commercial ground transportation provider to operate at the airport, provided they obtain the appropriate permits from the airport and pay the associated fees. The airport is currently serviced by the following types of commercial transportation:
>
> - Taxis
> - TNCs (Uber and Lyft)
> - For Hire (Limos and Motor Coaches)
> - Hotel Shuttles
>
> The airport is also served by two regional public bus lines: 1) Asheville Redefines Transit (ART) and 2) Apple Country Transit. ART serves the City of Asheville and Apple Country serves Henderson County.
>
> Airport policies provide for a number of spaces along the curbside for commercial transportation services with a secondary holding lot, a short distance away, for overflow vehicles.
>
> The public transportation services do not operate from the airport curbside because of the lack of curb frontage. Airport staff worked with both transportation entities to locate a site a short distance from the terminal where a separate drop off/pick up area was constructed.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Lew Bleiweis, A.A.E.
Executive Director

cc: Representative Mark Meadows

61 Terminal Drive, Suite 1 • Fletcher, NC 28732 • 828-684-2226 • flyavl.com

Hon. Daniel Lipinski, a Representative in Congress from the State of Illinois
Questions for the Record to Lew Bleiweis, Executive Director,
Greater Asheville Regional Airport Authority

1. Airport Vehicles & Zero Emissions Technology

The Voluntary Airport Low Emission (VALE) Program was originally created "to reduce all sources of airport ground emission and help airport sponsors meet their state-related air quality responsibilities under the Clean Air Act." Several airports have used VALE funds for projects like gate electrification, ground support equipment and central PCA systems including Seattle-Tacoma, which replaced 73 gates through the VALE program.

However, zero emission vehicles are not being pursued by airports, but are becoming commonplace on American roads. Consumer sales are at an all-time high and other sectors, such as transit and delivery services, are deploying zero-emission vehicles as part of daily operations. Dallas Fort Worth International Airport and Seattle-Tacoma Internal Airport have used the VALE program.

Conversely, Mr. Bleiweis, is there a reason your airport didn't pursue VALE funds? Is it because qualification limitations or project eligibility? Do you think there would be more use of this program if it supported projects like deployment of airport vehicles?

2. State Airport Design Standards

Prior to last year, the Illinois Division of Aeronautics utilized a standard that was approved by the FAA back in 1985. However, an FAA review of state standards resulted in a determination that no states were permitted to use their own specific standards due to statutory constraints.

As a result, a standard used for 30 years that had a proven track record of durability and safety was tossed out in favor of a nationwide specification. This nationwide specification is driving up project costs by nearly 25% as the aggregate needed cannot be sourced in the state of Illinois. This results in less utilization of local business and less efficient use of infrastructure funds with little benefit. Illinois is joined by states like North Carolina and Michigan in dealing with this issue and many construction stakeholders are concerned.

Mr. Bleiweis, I would be interested to know if this reversal of policy is affecting Asheville's construction projects and costs? Are you able to source material locally?

Asheville
REGIONAL AIRPORT
Take the easy way out.

March 14, 2017

The Honorable Daniel Lipinski
United States House of Representatives
2346 Rayburn House Office Building
Washington, DC 20515-1303

Dear Representative Lipinski:

Thank you for your continued interest in the issues affecting airports throughout the country. Below are my responses to the questions submitted in your letter dated March 7, 2017 to the Chairman and Ranking Member of the House Transportation and Infrastructure Committee following the March 1, 2017 hearing of the aviation subcommittee.

1. *Airport Vehicles & Zero Emissions Technology*

   Asheville, NC is located in a nonattainment area and therefore is not eligible for VALE grants. We have participated in the past with the State of North Carolina and awarded state grant funds for a diesel reduction grant where the airport purchased several electric ground support vehicles to replace diesel vehicles. We would very much like to see the federal requirements change so we can take advantage of VALE or similar grants.

3. *State Airport Design Standards*

   Asheville has been utilizing the FAA standards for many years when it comes to federally funded projects. I believe the FAA standards – which have been developed based on decades of airport pavement specific research and take into account the unique pavement loading characteristics, environmental exposure, and construction processes associated with airfield pavements – are much more appropriate than applying state DOT standards for highway pavements that were not developed for aircraft. We can source material locally which helps keep the cost down.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Lew Bleiweis, A.A.E.
Executive Director

61 Terminal Drive, Suite 1 • Fletcher, NC 28732 • 828-684-2226 • flyavl.com

Statement of

Todd McNamee, A.A.E., C.A.E.

Director of Airports

County of Ventura Department of Airports

Before the

Subcommittee on Aviation

Committee on Transportation and Infrastructure

U.S. House of Representatives

March 1, 2017

Chairman LoBiondo, Ranking Member Larsen, and members of the House Transportation and Infrastructure Subcommittee on Aviation. Thank you for inviting me to participate in today's hearing on "Building a 21st Century Infrastructure: State of American Airports." It's an honor for me to be back with you today.

My name is Todd McNamee. I am the Director of Airports for the County of Ventura Department of Airports, which is located in Southern California. I'm also pleased to serve on the Executive Committee for the American Association of Airport Executives and enjoy being a general aviation pilot.

Ventura County operates two airports: Camarillo and Oxnard Airports. Camarillo is a general aviation reliever airport considered a national asset by the Federal Aviation Administration (FAA). The airport, which has served as a general aviation facility since 1976, is the proud home of over 550 general aviation aircraft. We have between 150,000 and 200,000 take offs and landings per year.

The Camarillo Airport community also includes several aviation-related businesses including those that provide flight instruction for fixed-wing and helicopter pilots, aircraft maintenance, and aircraft charter and storage. Based on a 2008 economic benefit study, the airport provides $163 million annually in positive economic benefit to the local community and supports over 800 jobs. I'm confident that number is far higher today.

Oxnard Airport is classified as a non-hub commercial service airport. However, after losing commercial air service in 2010, Oxnard functions as a general aviation airport today. The airport has two full service fixed-base operators, which provide services such as aircraft charters and aircraft maintenance. The airport has over 70,000 general aviation operations annually and over 125 based aircraft.

Investing in general aviation airports and promoting the general aviation industry pays big dividends. According to the FAA, nonairline operators at general aviation airports spent over $12 billion in 2009 and flew an estimated 27 million flights including those for emergency medical services, firefighting and law enforcement missions. Overall, general aviation contributes $219 billion in total economic activity and supports 1.1 million jobs.

General aviation airports make significant contributions to our aviation system and help our partners at commercial service airports. Pilots learn to fly at Camarillo and other general aviation airports, and many go on to become commercial airline pilots. General aviation airports also help to minimize congestion at nearby commercial service airports and provide critical community access for rural communities.

Mr. Chairman, before describing some suggestions from the general aviation perspective, I would like thank you and your colleagues for the enormous amount of time and effort that you and your staffs have devoted to the FAA reauthorization bill. The multi-year bill that this Committee approved last year and the latest extension included a number of welcome provisions, and I truly appreciate your efforts to reach out to airports as you prepare to resume consideration of the FAA bill this year.

I realize that many are understandably calling for expediting the implementation of the Next Generation Air Transportation System. Just as we need to transition to a satellite-based navigation system to increase capacity and efficiency in the air, we also need to increase capacity and efficiency on the ground by upping our investment in airside and landside projects at airports around the country. With that in mind, I would like to highlight some recommendations that would help general aviation and commercial airports meet the challenges of the 21st century.

Help General Aviation and Commercial Service Airports Upgrade Aging Facilities; Build Infrastructure Projects

Mr. Chairman, this Committee can assist airports in building a 21st century infrastructure by providing them with the resources they need to repair aging facilities and advance critical safety, security, and capacity projects. The following includes some key actions that this Committee can take to prepare airports for the challenges ahead.

Increase AIP Funding: Increasing Airport Improvement Program (AIP) funding, which this Committee proposed to do last year, would help fund critical safety, security, and capacity projects at general aviation and commercial service airports. As you know, no general fund revenues are used for federal AIP grants. The AIP program is supported entirely by users of the aviation system through various taxes and fees deposited into the Airport and Airway Trust Fund.

AIP is a particularly key source of revenue for general aviation and smaller commercial airports that have more limited funding options than our colleagues at larger commercial service airports. In Ventura County, we are planning to use AIP funds to rehabilitate and reconstruct runways at both airports.

H.R. 4441, the Aviation Innovation, Reform, and Reauthorization (AIRR) Act, initially proposed to increase AIP funding by about 2 percent annually to slightly more than $3.8 billion in Fiscal Year 2022. During the markup last year, the Committee adopted an amendment offered by Rep. Lou Barletta to ratchet up that amount to almost $4 billion by FY22.

I would like to thank Rep. Barletta for taking the lead on this amendment and for proposing to provide airports with some much-needed additional revenue. Both the underlying bill and the Barletta proposal represented welcome steps in the right direction and acknowledged that an increase in AIP funding is long overdue.

Despite enormous demand and construction cost inflation that has eroded the purchasing power of artificially-capped Passenger Facility Charges (PFCs) and restrained the AIP program, Congress has provided only flat funding for airport grants in recent years. Stagnant AIP funding is particularly noticeable for general aviation and other non-primary airports, which are currently eligible to receive only $150,000 in entitlements per year.

Airports are facing substantial capital needs and limited federal funding. The FAA's 2017 National Plan of Integrated Airports System (NPIAS) indicates that airports will have $32.5 billion in AIP-eligible projects between 2017 and 2021 – approximately $6.5 billion per year. That's twice the $3.2 billion designated for airport capital projects as part of the program's $3.35 billion annual funding level.

Raising AIP funding to $4 billion by FY22 would certainly help. But increasing AIP funding by a small amount each year is not nearly enough to cover all the AIP-eligible projects today let alone potentially higher demands in the years ahead. I encourage you and your colleagues to increase AIP funding to at least the same amount that the Committee approved last year. I would note that the Senate proposed an even higher funding level for AIP in FY17.

I also urge you to work with airports and other aviation stakeholders to ensure that there is enough funding available for general aviation airports. Many busy general aviation and other non-primary airports need far more than $150,000 to cover their capital projects, and they are often forced to repeatedly roll over their entitlements before they proceed with a much needed capital project.

As I mentioned previously, we are planning to use AIP funds to rehabilitate and reconstruct runways at both airports in the next few years. Rehabilitating the runway at Oxnard Airport is expected to cost $6.7 million and reconstructing nearby taxiways will cost another $5 million. Reconstructing the runway at the Camarillo Airport is expected to cost $18 million.

With FAA shortfalls in discretionary funding and only $150,000 entitlement funds per year for each airport, we have had to postpone projects, bank our AIP entitlements, and wait for limited discretionary funds to make up the difference. Our local FAA officials have been terrific to work with, but there must be a better way to distribute funds to general aviation airports that have significant needs. I know other aviation stakeholders are reviewing this issue as well, and I hope we can work with you to explore some ways to improve the non-primary entitlement.

Eliminate the PFC Cap: Perhaps the single most important action that Congress can take to prepare airports for rising passenger levels and increasing demand is to eliminate the PFC cap. Congress hasn't adjusted the cap in 17 years. Eliminating the cap now would be the easiest way to provide more funding for capital projects at commercial service airports in California and throughout the country.

There is a significant amount of demand for airport capital projects in the near term. The latest Airport Capital Needs Survey from Airports Council International-North America estimates that airports will have $100 billion in capital needs between 2017 and 2021 – approximately $20 billion annually for AIP-eligible and other necessary projects. That's three times the $6.4 billion that airports are expected to receive in AIP funds and PFC revenue this year.

Some may have the wrong impression that PFCs only help large airports. But that is simply not the case. Small commercial service airports around the country also rely on PFCs to supplement their federal grants, upgrade aging facilities, and fund other critical projects. Although general aviation airports don't collect PFCs, they benefit from those commercial services airports that do.

As you may know, large and medium hub airports that collect PFCs have up to 75 percent of their AIP entitlements withheld. The FAA then distributes 87.5 percent of those funds to general aviation and small commercial service airports through the Small Airport Fund. General aviation and commercial service airports could benefit even more if Congress eliminated the PFC cap and focused limited federal funds on smaller airports that need federal assistance the most.

General aviation airports could also benefit from an uncapped PFC because allowing commercial service airports to generate more revenue for capital projects would improve our nation's airport infrastructure. We're all part of the same integrated airport system. Just as general aviation and reliever airports help reduce congestion at larger commercial service airports, improving our nation's airport infrastructure would help all of us.

Airports are pleased that Republicans and Democrats on this Committee support eliminating the PFC cap. I would like to thank Rep. Thomas Massie for cosponsoring a bill last year that called for eliminating the cap. And I would be remiss if I didn't commend full committee Ranking Member Peter DeFazio for helping to create the program in 1990 and for proposing to eliminate the PFC cap as part of his budget-neutral plan to increase infrastructure investment.

Support Programs that Help Airports in Small Communities

Protect the Contract Tower Program: Mr. Chairman, on behalf of the 253 airports with FAA contract towers at their facilities, I would like to thank members of this Committee for your strong support for the Contract Tower Program. This successful public-private partnership allows Oxnard and other airports in 46 states to have cost-effective air traffic control services that enhance aviation safety.

I would like to commend this Committee for including provisions in the AIRR Act that would ensure the FAA uses a fair and balanced cost benefit analysis for airports that participate in the Contract Tower Program. I urge you to include that same language in the FAA reauthorization bill that you introduce and consider this year.

As you know, the Contract Tower Program continues to enjoy strong bipartisan and bicameral support for the way it enhances aviation safety and provides significant cost savings to the FAA and U.S. taxpayers. The enormous benefits of this highly-regarded government-industry partnership have been validated repeatedly by the Department of Transportation's Office of Inspector General.

I would also like to thank Rep. Julia Brownley, a strong supporter of the Contract Tower Program and tireless advocate for our Ventura County airports. Late last year, she helped spearhead a letter to then President-elect Trump that calls on the new Administration to support the Contract Tower Program. More than 100 House members – including many on this Committee – signed that bipartisan letter. I know all of us who rely on contract towers for safe operations are grateful for your support.

Almost half of all military operations at civilian airports in the U.S. occur at contract towers and approximately 70 percent of all contract controllers are veterans. Contract towers operate together with FAA-staffed facilities throughout the country as part of a unified national air traffic control system. Without this federal program and critical support from this Committee, many contract towers could be forced to close.

Support the Small Community Air Service Development Program: I also urge you to support the Small Community Air Service Development Program. This program, which Congress created as part of H.R. 1000, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, has helped numerous small communities suffering from insufficient air service or unreasonably high fares.

Department of Transportation (DOT) officials have pointed out that small community grants fund a variety of projects including financial incentives for airlines and marketing initiatives. At a time when small airports are trying to do everything they can to hold on to commercial air service and attract new service, the Small Community Air Service Development Program can help.

It is worth noting that small communities that participate in the program bring significant local funds to the table. When announcing grant recipients last year, DOT noted that "nearly all the

communities pledged local cash and/or in-kind contributions from local, state, airport, or private sources to complement their requests for Federal assistance."

Oxnard and small commercial service airports around the country face numerous challenges including a consolidated airline industry and the loss of regional jets. Since many small communities are struggling to maintain and attract new commercial service it is now more important than ever to fund this program.

Vision 100 authorized $35 million per year for the Small Community Air Service Development Program, and Congress reduced that level to $6 million annually in the FAA Modernization and Reform Act of 2012. I urge you to increase funding for this program in the next FAA reauthorization bill without taking away funds for airport construction projects.

Additionally, I would like to thank the Committee for including a provision in the AIRR Act that that would allow current small hub and smaller airports to be eligible to participate in the program – not just those that were classified as small airports in 1997. I encourage you to include that same provision in the next FAA reauthorization bill and provide additional flexibility to communities that participate in the program.

Address Small Community Challenges: I also urge this Committee to work with airports, airlines, and other aviation stakeholders to address the ongoing pilot shortage and other small community challenges while maintaining the highest level of safety. As I indicated earlier in my statement, Oxnard Airport has been without commercial air service since 2010 so improving small community air service has been a top priority of ours.

Ventura County has a population of almost 1 million people with a direct catchment area for Oxnard Airport of almost 600,000. Even with the promise of a Small Community Air Service Development grant, restoring commercial air service has eluded our local community. Unfortunately, Oxnard is one of the airports that has lost commercial air service all together.

There may be a number of reasons why some small communities are struggling to restore, retain, or attract new commercial service including industry consolidation and the decline of regional jets. But small- and medium-sized communities are continuing to experience commercial air service reductions, in part, because carriers say that there are not enough qualified pilots to operate their flights.

This problem may get worse before it gets better. A 2016 University of North Dakota study indicates that there will be a pilot deficit of 15,000 by 2026 – just nine years from now. The report points out that approximately 30,000 pilots will reach the mandatory retirement age by the same date.

The last FAA extension required DOT to establish a "Working Group on Improving Air Service to Small Communities. As part of its assignment, the panel is expected to examine "obstacles to attracting and maintaining air transportation services to and from small communities." Late last year, DOT selected 25 aviation stakeholders to participate in the group, and I'm pleased that their deliberations are already underway. By continuing to work together, I am hopeful we can

come up with proposals to enhance small community air service and ensure that we have enough pilots in the pipeline.

Unmanned Aircraft Systems: Finally, I would like to thank members of this Committee and your colleagues on the Senate Commerce Committee for taking a number of steps to address the challenges related to the proliferation of Unmanned Aircraft Systems. Safely integrating UAS into the National Airspace System will be a key component of a 21st century aviation system.

While Congress is playing an important oversight role on UAS matters, the FAA's Drone Advisory Committee is also working to come up with recommendations for UAS integration. The DAC includes an impressive and wide cross-section of UAS stakeholders, and I'm confident that the group will play a key role in ensuring the successful and safe integration of UAS into our aviation system. In Ventura County, we operate a small UAS on behalf of the airport under the recently enacted FAA Part 107 regulations, and hope to be a model example of how to safely integrate and operate small UAS on and around airports for the rest of the country.

Conclusion

Chairman LoBiondo, Ranking Member Larsen, and members of the House Transportation and Infrastructure Subcommittee on Aviation, thank you for inviting me to participate in today's hearing "Building a 21st Century Infrastructure: State of American Airports." I hope you find my testimony of value, and I look forward to working with you as you continue your work on the next FAA reauthorization bill.

Hon. Daniel Lipinski, a Representative in Congress from the State of Illinois
Questions for the Record to Todd McNamee, A.A.E., C.A.E., Director of Airports,
County of Ventura Department of Airports

1. Airport Vehicles & Zero Emissions Technology

The Voluntary Airport Low Emission (VALE) Program was originally created "to reduce all sources of airport ground emission and help airport sponsors meet their state-related air quality responsibilities under the Clean Air Act." Several airports have used VALE funds for projects like gate electrification, ground support equipment and central PCA systems including Seattle-Tacoma, which replaced 73 gates through the VALE program.

However, zero emission vehicles are not being pursued by airports, but are becoming commonplace on American roads. Consumer sales are at an all-time high and other sectors, such as transit and delivery services, are deploying zero-emission vehicles as part of daily operations. Dallas Fort Worth International Airport and Seattle-Tacoma Internal Airport have used the VALE program.

Conversely, Mr. McNamee, is there a reason your airport didn't pursue VALE funds? Is it because qualification limitations or project eligibility? Do you think there would be more use of this program if it supported projects like deployment of airport vehicles?

COUNTY OF VENTURA
OXR CMA
DEPARTMENT OF AIRPORTS

555 AIRPORT WAY, SUITE B
CAMARILLO, CA 93010
PHONE: (805) 388-4274
FAX: (805) 388-4366
WWW.VENTURA.ORG/AIRPORTS
WWW.IFLYOXNARD.COM

March 10, 2017

Honorable Daniel Lipinski
2346 Rayburn House Office Building
Washington, DC, 20515-1303

RE: Airport Vehicles & Zero Emissions Technology

Honorable Daniel Lipinski:

Thank you for your inquiry regarding our use of Zero Emissions Vehicles and use of the FAA's Voluntary Airport Low Emission Program (VALE) program. The FAA VALE program was established in 2005 under the AIP and PFC Programs to provide sponsors with funding for low-emission projects to meet the requirements of the Clean Air Act. The program is available to only commercial service airports located in EPA-designated nonattainment and maintenance areas. As general aviation (GA) facilities, neither Camarillo nor Oxnard airports qualify for funding under the VALE program. Additionally, as GA airports, neither provides airport shuttle service or ground handling of airline type aircraft.

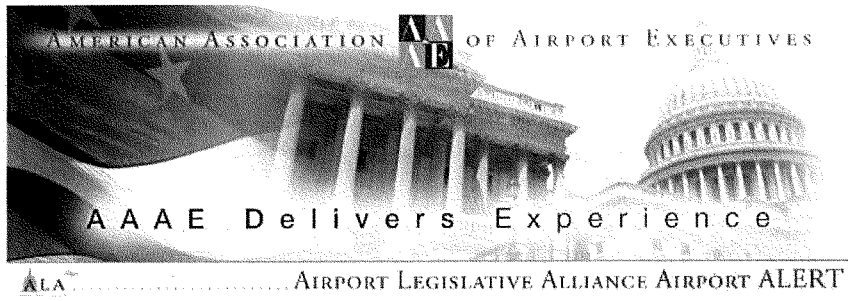
The vehicle fleet for the two airports is less than a dozen total vehicles for maintenance and operations. These are specific, heavy duty vehicles and trucks, and are typically driven less miles per year than an average vehicle. We have utilized hybrid electric vehicles for operations, but have found them more prone to damage when operating in the airport operations and maintenance environment that often requires operating them in unimproved areas of the airports.

Ventura County is planning solar project installation to reduce emissions and cost of electricity at both airports. We would certainly consider the VALE program funding if GA airports qualified, and it did not jeopardize grant funding for other critical infrastructure projects.

Thank you again for your inquiry and I may be reached at 805-388-4200 should you have any additional questions.

Sincerely,

TODD L. McNAMEE, AAE
Director of Airports



DeFazio and Massie Introduce Bipartisan PFC Bill

March 1, 2017

Rep. Peter DeFazio (D-OR), the Ranking Member of the House Transportation and Infrastructure Committee, and Rep. Thomas Massie (R-KY) today introduced a bipartisan bill (H.R. 1265) to eliminate the federal cap on local PFCs. The two lawmakers unveiled the PFC legislation on the same day that airport executives are slated to appear before the House Aviation Subcommittee.

The fact that the top Democrat on the Transportation Committee introduced a bipartisan bill to completely eliminate the PFC cap is an important development. DeFazio helped create the PFC program in 1990, and he is well-respected on both sides of the aisle for his knowledge of aviation-related matters. Having him come out and support airport calls to completely eliminate the cap 17 years later is meaningful.

DeFazio teamed up with Massie, a Republican lawmaker who also serves on the Transportation and Infrastructure Committee. By joining forces, the unlikely duo represents both ends of the political spectrum and shows that eliminating the PFC cap is a proposal supported by both Democrats and Republicans. AAAE President and CEO Todd Hauptli commended both lawmakers for spearheading the PFC effort:

"We are gratified to see two leaders on opposite ends of the political spectrum stand up on a bipartisan basis to give local airport authorities the tools they need to address their pressing infrastructure investment needs through the elimination of the antiquated federal cap on local airport user fees," Hauptli said. "We believe strongly that this straightforward, bipartisan legislation offers a blueprint for expediting critical airport infrastructure improvements, and we thank Representatives DeFazio and Massie for their leadership and strong support for the nation's airports and the traveling public."

In exchange for an unlimited PFC, the DeFazio-Massie bill proposes to cut AIP funding by $400 million annually and eliminate entitlements for large hub airports. This is similar to a bill that

former Rep. David Jolly (R-FL) and Massie proposed last year. It is also similar to an Obama Administration plan to raise the PFC cap from $4.50 to $8 and cut AIP by $450 million annually.

But the new DeFazio-Massie bill excludes some of the tradeoffs and airline sweeteners contained in Jolly's plan. For instance, the Jolly bill would have set up a new system for DOT to consider complaints about PFCs and allowed the Secretary to determine whether a specific PFC is "reasonable." It also would have reduced aviation excise taxes from 7.5 to 7 percent. Neither provision is in the new DeFazio-Massie bill.

We urge you to reach out to your own Representative and ask him or her to cosponsor the bipartisan DeFazio-Massie bill to eliminate the PFC cap. Doing away with the cap would provide airports with additional resources they need to finance critical infrastructure projects.

Joel Bacon, Executive Vice President
Brad Van Dam, Senior Vice President
Stephanie Gupta, Senior Vice President
Justin Towles, Vice President
Adam Snider, Director
Maribeth Sarnecki, Coordinator

2017 ACI-NA/AAAE
Washington Legislative Conference
March 21 - 22, 2017 • Washington, DC

AAAE, 601 Madison Street, Suite 400, Alexandria, VA 22314

SafeUnsubscribe™ Rachel.Carr@flydenver.com
Update Profile | About our service provider
Sent by brad.vandam@aaae.org

U.S. TRAVEL
ASSOCIATION

March 1, 2017

The Honorable Peter DeFazio
Ranking Member
House Transportation and Infrastructure Committee
2164 Rayburn Office Building
Washington, DC 20515

The Honorable Thomas Massie
Member of Congress
2453 Rayburn Office Building
Washington, DC 20515

Dear Ranking Member DeFazio and Congressman Massie:

On behalf of America's travel and tourism industry, I write in strong support of the "Investing in America: Rebuilding America's Airport Infrastructure Act". By eliminating the arbitrary federal limitation on passenger facility charge (PFC) rates, the bill unlocks desperately needed investments in airport infrastructure that will improve the passenger experience, facilitate growth in domestic and international air travel, and make America's economy more globally competitive.

Air traveler spending in the United States generates significant economic activity, supports millions of American jobs, and improves our nation's quality of life. In 2015, domestic and inbound international air passengers spent $409 billion, which directly supported 3.4 million American jobs. Over the next decade, air travel is forecast to grow from 776 million to 926 million enplanements per year, which could add an additional $224 billion in annual travel spending and support 750,000 new American jobs. Unfortunately, this growth is threatened by the poor condition and performance of our nation's airports.

As a result of misguided federal policies, too many of our nation's airports are outdated, congested and unable to handle passenger demand. These problems are forecasted to grow and will soon be unstainable. Within the next four years, the top 30 U.S. airports will experience passenger volumes, congestion and delays equal to the day before Thanksgiving at least once per week. The Federal Aviation Administration (FAA) predicts that travel demand will exceed capacity at many of the nation's largest airports within the next 15 years, unless airports achieve sustainable levels of capital investment.

The "Investing in America: Rebuilding America's Airport Infrastructure Act" provides a fiscally responsible and revenue neutral solution to these challenges. The bill removes the misguided federal limitation on PFC rates and, instead, allows each airport authority to tailor its PFC rate on a project-by-project basis in order to maximize efficiency, reduce project costs and ensure fiscal responsibility. Since this would allow airports to rely more heavily on user-fee funding, the bill also reduces the Airport Improvement Program (AIP) authorization by $400 million per year and directs large hub airports to forgo AIP passenger entitlements if their PFC exceeds $4.50. If these provisions were included as part of a broader air traffic control reform bill, it would provide Congress with the option to lower federal passenger ticket taxes.

Taken together, these changes empower local airport authorities to accelerate investments in projects that improve efficiency, strengthen security, increase capacity and enhance airline competition. These

U.S. TRAVEL ASSOCIATION TEL 202 408 8422 FAX 202 408 1255
1100 New York Avenue, NW Suite 450 Washington, DC 20005-3934 ustravel.org

remedies are exactly what America's air travel system needs and the benefits would stretch far beyond airports themselves – ultimately providing a better travel experience, facilitating economic growth, and keeping America's travel industry globally competitive.

Thank you for your continued leadership to revitalize America's airports and improve the travel experience. I look forward to working with you on this and other important aviation issues in the upcoming FAA reauthorization bill.

Sincerely,

Roger J. Dow
President and CEO
U.S. Travel Association

March 1, 2017

Corrected copy

Dear Representatives DeFazio and Massie:

On behalf of Airports Council International-North America, which represents local, regional, and state governing bodies that own and operate commercial airports throughout the United States, I am writing in strong support of the Investing in America: Rebuilding America's Airport Infrastructure Act.

This important bill would benefit commercial-service airports across the United States by giving local airports the ability to control their own Passenger Facility Charge (PFC) user fees based on their unique infrastructure and passenger needs.

Airports of all sizes need approximately $20 billion annually in infrastructure improvements to renovate aging runways and terminals, relieve congestion and delays, improve safety and security, and spur new airlines competition – far more than the approximately $6 billion that airports receive each year from both local PFCs and federal grants.

At a time when there is mounting pressure to reduce federal spending, eliminating the federal government's PFC cap is the most free-market option for providing airports with the locally controlled self-help they need to finance vital infrastructure projects.

Thank you for your efforts to improve the aviation infrastructure and passenger experience at America's airports. I look forward to working with you on these important issues.

Sincerely,

Kevin M. Burke

Kevin M. Burke
President and CEO
Airports Council International – North America

TROUTMAN SANDERS

Memorandum

TO: Chairman Lobiondo, Transportation Committee of the US House, Subcommittee on Aviation

FROM: Richard Garcia
Mayor of Edinburg/EEDC Board President

Agustin Garcia
EEDC Executive Director

H.R. Bert Pena, Esq.

DATE: March 8, 2017

RE: Funding for Expansion of the Edinburg Airport Runway

Good morning Mr. Chairman and Members of the Subcommittee on Aviation and Environment. I am Richard Garcia, Mayor from the City of Edinburg, Texas, located in the 15th Congressional District of Texas.

Today, I appear before you to share with you some very important economic statistics from the City of Edinburg as well as important jobs the City is creating as we speak. Edinburg is located deep in South Texas, approximately 15 miles from the Texas/Mexican border. We are a city of 77 thousand inhabitants. Edinburg also assists 7 other rural areas known as colonias in South Texas where we provide sewer and water treatment, fire fighting assistance, police assistance, emergency management assistance and airport services in case of an emergency or natural act of God that requires people living in the Rio Grande Valley of Texas to seek a port of entry or egress, such as our airport and highways located north of the Texas/Mexican border. Our airport is slowly becoming a commercial airport, since it used to be a defense airport and converted to general aviation after WWII. Since then, the City has grown from less than 20,000

in 1960 to over 83,000 in 2016 and is now the fastest growing city in South Texas. Recently, we had the grand opening of two major manufacturing and produce facilities which will added over 1600 jobs to the City's employment rolls. These two new plants are of enormous importance not only to the City but to all of the USA, since they are two important examples of what a City can do during the challenging economic times. SANTANA Textiles is the largest denim manufacturer in the world, and through the help of Governor Rick Perry of Texas and State of Texas Enterprise Zone Program as well as the City of Edinburg thru tax breaks, Santana's plant hires 800 new employees to make denim in Edinburg, by sourcing US cotton and exporting the product all over the world. The other plant is a major produce plant formerly located in Chicago, Don Hugo, and opened its doors in 2012. Don Hugo also hires 800 new employees. Don Hugo is a produce importer and is moving to Edinburg because of Edinburg's proximity to the border of Mexico and the fact that Mexico is shipping all of its produce to South Texas via Edinburg and other areas which will make South Texas the largest importer of Mexican produce in the USA. Don Hugo is also taking advantage of similar tax breaks from the City and will become one of the biggest employers in the area. Also, Fed Ex Ground has opened a new ground station in Edinburg close to our airport. These are but three important new businesses that I can share with you today, and please make note that the City is working as hard as ever to make certain that its citizens have the amenities they need to function as well as the businesses who have invested in the City.

Thus, today, while the City fully understands that the Congress is out of the earmark business, I am here today to share with you a major dilemma the City faces regarding its sewer plant and water plants. The City's population continues to grow because the City is working hard

to add jobs, fight off the devastating economic effects of the recession and do our part to stimulate the economy.

The same goes for our airport, when FAA tells us that we need more volume in order to access money from the Airport Improvement Act to expand the runway, and the City responds that it cannot get more volume with a runway that is too short for commercial planes. This is a good example of good government run amok. Today, I encourage you to work with us, and take time from your important schedules in Washington, hold a hearing in Edinburg, tour the airport, the 7 local colonias that Edinburg services and let us show you exactly why we need help from the federal government. The dollars that we need from the federal government will be used carefully to help the City continue to be able to support its population growth as well as prove to you that the City is doing its part to stimulate the economy. Come down to Edinburg, let me escort you to tour the Rio Grande Valley of Texas, see the Mexican border first hand, as Speaker Ryan, Senator Cornyn R TX, Senator Heller R NV, Congressman Rouser R NC did on Tuesday, 21 February 2017 to see the issues we face with drought and the need for irrigation, see the impressive farm land for sugar cane, feed grains, cotton, citrus, vegetables and cattle, hogs and sheep, as well as the oil and gas industry and what these industries mean to Edinburg and South Texas in terms of jobs, jobs, jobs. Wind, solar and renewable fuels are also a major part of the RGV. The Gulf of Mexico is about 75 miles from Edinburg, and you should tour the South Padre Island seashore to see nature at its best. Birding is a $140 million economic boost to the great State of Texas as well as Edinburg and South Texas. Our area is one of the fastest growing areas in the USA, and we need help from the federal government to make certain we continue to grow add jobs and allow the people of Edinburg and South Texas to prosper. Because of our proximity

to the Texas/Mexican border, we also need federal dollars to spend on border security, due to the horrible problems that Mexico is allowing to spill over into the Texas side of our border with Mexico. The Mexican violence is most heart wrenching, but it is truly due to the failed policies of the Mexican Government, since it has allowed the drug trade to flourish in Mexico. Thank you again for the opportunity to testify before the Subcommittee on Aviation Appropriations today, and of course, I am prepared to answer any questions you may have for me or the City.

CITY OF EDINBURG
FISCAL YEAR 2017 APPROPRIATIONS REQUEST

BACKGROUND:

The Rio Grande Valley is one of the fastest growing areas in the United States. According to the U.S. Census Bureau, the McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA) had an estimated population of 842,304 as of July, 2015. It is considered the fastest growing MSA in the State of Texas and the 4th fastest in the United States. Studies conducted by the Hidalgo County Drainage District No. 1 have indicated that Hidalgo County and the Rio Grande Valley are extremely vulnerable to extensive flooding. Realizing the potential risk for flooding in Hidalgo County, the Hidalgo County Drainage District No. 1 recently passed a $100 million bond issue in order to address critical drainage issues within the Rio Grande Valley. Attached please find information on the bond issue, as prepared and presented by the Hidalgo County Drainage District No. 1. However, the improvements approved through the bond issue will not solve the critical issue of disaster preparedness and post disaster recovery efforts within the County and Region.

The City has been threatened five (5) times by major hurricanes during the past six (6) years. The airport has historically played a key role during, floods, fire and other natural disasters. City officials have received and granted requests from various agencies to utilize the South Texas International Airport in Edinburg ("Airport") as a mobilization or staging area in order to provide hazard mitigation and disaster recovery to all areas of the Rio Grande Valley. These agencies include:

- Texas Air National Guard
- Texas Army National Guard
- Texas Task Force 1 (federally designated Texas urban search and rescue team)
- Texas Department of Public Safety Division of Emergency Management
- American Red Cross

In the event that a national emergency is declared by the President of the United States or Congress, the government shall have the right to make exclusive or non-exclusive use and maintain control and possession of the airport. With this in mind, the United States Department of Homeland Security Customs and Border Protection Agency has approached the City and expressed interest in utilizing the airport to store supplies during disaster relief efforts.

Located within the Edinburg City Limits, the South Texas International Airport at Edinburg is situated north of any major urban developments and obstructions, and is the least likely to flood in the region. Further, the Airport is situated adjacent to U.S. Highway 281, providing expressway access to all points within the County.

PROBLEM:

Currently, the Airport runway does not have the capacity (runway length, width and load bearing capacity) to support large aircrafts needed for transporting supplies, equipment and manpower for emergency first responders and support personnel associated with the agencies listed above.

PROJECT DESCRIPTION:

A longer runway is needed to support larger aircrafts. The City of Edinburg is seeking funding for continued development and enhancement of the Airport. Funding will support efforts to improve the airport's infrastructure in order to adequately support the designation as a regional staging area for State and Federal emergency response, hazard mitigation and disaster recovery. Improvements will also create conditions for investment in infrastructure critical to the airport's ability to perform profitably and sustainably, and to become a vibrant catalyst for growth, placing the airport at the center of regional development, connecting workers, suppliers, and goods. Potential funding sources include, but are not limited to the following agencies:

- Federal Aviation Administration (FAA)
- Department of Homeland Security (DHS)
- Federal Emergency Management Administration (FEMA)
- Department of Defense (DOD)
- U.S. Department of Commerce (DOC) – Economic Development Administration (EDA)
- Military Airport Program (MAP)

This project includes the following improvements:

- Property Acquisition
- Staging Area for Regional First Responders
- Extension of Runway 14-32 to 7,800' x 150' with turnaround and parallel taxiway system
- Drainage Improvements
- Airfield Lighting Improvements
- Construction of Facilities and establishment of Aircraft Rescue and Fire Fighting (ARFF) Station with Aircraft Rescue Fire Engine

The estimated project cost breakdown is as follows:

Property Acquisition and Construction of Airport Improvements associated with runway extension	$ 45,250,000
Aircraft Rescue and Fire Fighting (ARFF) Facility, Personnel and Equipment	$4,500,000
Total Request	**$49,750,000**

The City of Edinburg has completed and adopted the 2010-2030 Airport Master Plan Update and Airport Layout Plan, as well as preparing the plans to widen and extend the Runway.

OVERVIEW OF THE SOUTH TEXAS INTERNATIONAL AIRPORT AT EDINBURG:

The Airport developed from an initial 296 acre tract of land of the formerly Edinburg Auxiliary Field No 1 to Moore Army Air Field which was conveyed to the City from the Federal Government on March 26, 1947 pursuant to Executive Order 9689 dated January 31, 1946, under the authority of the Surplus Property Act of 1944.

On March 31, 1949, the City of Edinburg received an additional 108 acres of land from the Baker's Subdivision pursuant to the Reorganization Plan One of 1947 (12 Federal Regulation 4534) under authority of the Surplus Property Act of 1944.

Between 1984 and 1996, the City purchased an additional 148.50 acres of land; and in 2009 the City purchased approximately 347 acres specifically for future airport development. The Airport currently occupies 894 acres of land. The City is seeking to purchase an additional 236 acres for the proposed airport development.

The Airport has one northwest-southeast (14-32) oriented runway with one full-length parallel taxiway, a helipad, a large General Aviation Apron, and fourteen (14) tie downs. Runway 14-32 is 5,000 feet long by 75 feet wide. The weight bearing capacity is 30,000 pounds per wheel load.

Navigational aids consist of Precision Approach Path Indicators (PAPI) lights, Medium Intensity Runway Edge Lights (MIRL), lighted windcone, beacon light tower, and Automated Weather Observation System (AWOS).

Activities at the Airport consist of based and transient operations, including corporate flights, ambulance transport, law enforcement and recreational flying. Aviation fuel is stored in three (3) 10,000 gallon underground storage tanks containing AV gas and Jet "A" fuel, available through a self-service credit card operated fuel system.

There are twelve (12) small (40' X 40') hangar spaces one (1) large (100' X 100') hangar facility and three (3) (50' X 60') box hangars. The Terminal Building constructed in 2001 consists of a large lobby, pilot's lounge, meeting room, office spaces and restroom facilities. A 50,000 square foot air cargo building was completed in 2007; which will be a full service facility that will support third party logistic services such as traditional warehouse, bonded warehouse, in-house U.S. Customs brokerage, storage, handling and distribution of goods.

The South Texas International Airport at Edinburg is designated as a **User Fee Airport by U.S. Customs and as a Foreign Trade Zone by the U.S. Department of Commerce.** A User Fee Airport is a small airport which has been approved by the Commissioner of the U.S. Customs and Border Protection (CBP) to receive, for a fee, the services of a CBP Officer for the processing of aircraft entering the United States and their passengers and cargo.

Currently, the City is actively pursuing construction of an on-field U.S. Customs Passenger Facility. Development of the User Fee Customs Facility will attract international flights, increase commercial activity, generate additional air cargo, heighten transient traffic operations, and stimulate the local and regional economy through development of the airport's industrial park, job creation and increased tax base.

Foreign Trade Zones are areas in the United States where importers may store, exhibit and process foreign goods without paying customs duties (import taxes). Foreign Trade Zones allow businesses to save costs through the reduction, elimination or deferral of custom duties and other benefits which improve U.S. firms' competitiveness in the global market.

The South Texas International Airport at Edinburg Aviation Demand Forecasts is outlined in the 2010-2030 Airport Master Plan. In summary, the Plan identifies based aircraft forecast, market share analysis, historical aircraft operations, reasonable service access area, socioeconomic factors, aircraft operations forecast, military activity, air taxi/charter services, instrument activity forecasts, air cargo forecast, demand/capacity analysis which include runway capacity, airspace capacity, terminal area capacity, itinerant aircraft apron, aircraft tie-down area, hangar development, auto parking and airport ground access. Based on all these analysis, the South Texas International Airport at Edinburg Improvements Project is justified.

Since 1976, the City of Edinburg and the Edinburg Economic Development Corporation, in cooperation with State and Federal agencies, have contributed funding in order to construct or improve infrastructure, drainage, and hangar facilities at the Airport. The following is a summary of past funding participation:

City of Edinburg / Edinburg Economic Development Corporation	$6,924,043
Federal - State	$7,763,634
Total	14,687,677

The above capital improvements has resulted in an increase of general aviation activity and anticipated cargo use. However, major challenges exist due to runway expansion needs.

The City of Edinburg seeks additional funding which would allow the South Texas International Airport at Edinburg to become the regional staging site for State and Federal Emergency Response and would enable the City to best promote public health and safety as well as improve the quality of life of this community.

DEVELOPMENTS COST SUMMARY

CAPITAL IMPROVEMENTS PROGRAM
AIRPORT MASTER PLAN UPDATE 2010 TO 2030
AT
SOUTH TEXAS INTERNATIONAL AIRPORT at EDINBURG
EDINBURG, TEXAS

PROJECTED CONSTRUCTION COST – Phase 1-A		
Runway 14L-32R Extension and Parallel Taxiway System Impr (7800 x 150)		$34,600,00
Airfield Drainage Improvements		$1,750,000
ARFF and Fire Station with a Aircraft Rescue Fire Engine		$4,500,000
Land Acquisition Program (560 Acres)		$4,500,000
Project Development an Administration Cost		$4,400,000
	Total Projected Construction Cost:	**$49,750,000**

Projected Construction Cost – Phase 1-B		
Runway 14L-32R Extension and Parallel Taxiway System Impr (2200 x 150)	$15,500,000	
Airfield Navigational System Impr (R/W 32 ILS with ALS)	$2,500,000	
General Aviation Hangars & Apron (10 units)	$1,200,000	
Air Cargo Facilities Improvements (50,000 SF and Apron)	$6,000,000	
Patrol Roads and Drainage Improvements	$750,000	
Water and Wastewater System Installations (with Lift Station & Force Main to TDCJ site)	$2,100,000	
Project Development and Administration Cost	$2,200,000	
	Total Projected Construction Cost:	**$30,250,000**

Airport Development Worksheet
AIRPORT PROJECT HISTORY

Airport: **SOUTH TEXAS INTERNATIONAL** Airport ID: **KEBG**
Associated City: **EDINBURG** **NPIAS Site#: 48-0333** FAA Site #: **23804*A**

FYR	Agency	Local ($)	State ($)	Federal ($)	TOTAL	PROJECT DESCRIPTION
1976	FAA			$39,641.00	$39,641.00	AMP;R. DIXON SPEAS
1983	FAA			$342,800.00	$342,800.00	SEAL RW 14L-32R (5000 X 100) AND STUB; CONSTRUCT PARTIAL PARALLEL TW AND ACCESS ROAD; RELOCATE BEACON; MIRL; SEGMENTED CIRCLE
1986	FAA			$357,333.07	$357,333.07	AMENDMENT TO FAA PROJECT 83-01; INCREASE AMOUNT TO $357,333.07
1994	FAA	$1,888.00	$1,888.00	$33,984.00	$37,760.00	Airport Master Plan
	CITY	$350,000.00			$350,000.00	Main Hangar and Hangar A
1996	TXDOT/CITY	$238,799.00	$2,149,191.00		$2,387,990.00	ACQUIRE RPZ RW 14 (9.65 AC) & OFA RW 32 (38.54 AC); RECON RW 14-32 (5000 X 75), TW TO RW 14 (850 X 35), TW A (825 X 35), APRON (500 X 250); REPLACE MIRL'S (5000 LF), ROTATING BEACON & TOWER, LIGHTED WINDCONE & SEGMENTED CIRCLE, VASI-2 W/PAPI-2 RW 14-32; IMPROVE DRAINAGE; INSTALL FENCING, INSTALL TW CL REFLECTORS (1675 LF)
1999	TXDOT/CITY	$103,886.00		$103,885.00	$207,771.00	Terminal Building
2001	TXDOT/CITY	$3,000.00	$27,000.00		$30,000.00	Airport Layout Plan
	TXDOT/CITY	$21,250.00	$63,750.00		$85,000.00	Automated Weather Observation System
	CITY	$160,000.00			$160,000.00	Hangars B & C
	CITY	$115,650.00			$115,650.00	Hangar D
	TXDOT/CITY	$31,116.00	$31,116.00		$62,232.00	Parking Lot Facility
2004	EDA/CITY	$288,800.00		$1,155,200.00	$1,444,000.00	EDA Grant Improvements
2007	EDA/CITY	$2,120,930.00		$348,800.00	$2,469,730.00	Air Cargo Building/Air Cargo Drive & Utility Impr
2008	TXDOT/CITY	$91,392.00	$274,176.00		$365,568.00	Hangar E
2009	TXDOT/CITY	$411,107.00	$1,196,595.00		$1,607,702.00	Air Cargo Apron
2009	CITY	$2,900,000.00			$2,900,000.00	Master Plan Update, Property Acquisition
2010	TXDOT/CITY	$86,225.00	$1,638,275.00		$1,724,500.00	REHAB Project
TOTAL PROJECT ($)		$6,924,043.00	$5,381,991.00	$2,381,643.07	**$14,687,677.07**	