

Aviation Advisory Board Meeting Minutes

January 27, 2010 in Juneau, Alaska
Prospector Hotel

Chairman Lee Ryan called meeting to order at 8:36am.

PRESENT: Lee Ryan, Jim Dodson, Tom George, Bob Jacobsen, Mike Salazar, Ken Lythgoe, Judy McKenzie, Frank Neitz, Steve Strait

EXCUSED ABSENCE: Al Orot

ABSENT: Jack Barber

OTHERS IN ATTENDANCE: Christine Klein (DOT&PF), Rebecca Cronkhite (DOT&PF), Bryon Huffman (FAA), Gary Davis (DOT&PF), Lynette Campbell (DOT&PF), Joy Journeay (AACA), Jeff Roach (DOT&PF), Verne Skagerberg (DOT&PF), Roger Maggard (DOT&PF), Jennifer Kuentzel (DOT&PF), Linda Bustamante (DOT&PF), Howard Thies (DOT&PF), Sharyn Thorsteinson (DOT&PF), Pete Carlson, Frank Richards (DOT&PF), Mike Coffey (DOT&PF), Mary Siroky (DOT&PF), Commissioner Leo von Scheben (DOT&PF) and via teleconference Jim Lomen (FAA).

MINUTES: Approved by the board prior to meeting – via email.

Agenda Addition – Legislative Planning added to Board Member Discussions and Topics.

Announcement from Deputy Commissioner: Deputy Commissioner Klein advised the Board that she has accepted a position with the Calista Corporation and that her resignation is effective March 1. She thanked the board, FAA and staff for all of their support and contributions to the many Statewide Aviation accomplishments.

AGENDA:

Statewide Aviation and Alaska International Airports System Update: Deputy Commissioner Klein reviewed some key accomplishments:

1. First annual report issued and sent to aviation stakeholders and the legislature. The report is also posted on SWA's website.
2. Leasing Revenue hit a goal of 16% increase which caused annual revenues to exceed \$4M.
3. The number of airports closed due to seasonally soft surface or sub-surface material decreased by 15%.
4. Reviewed airport projects completed in 2009
5. Bethel and YK Delta trip with House Transportation Committee was the 1st time for many of the legislators to travel to rural airports and see firsthand runway

conditions helping them to better understand the issues and challenges of rural airports.

6. Airport Manager in Bethel has been hired and is addressing many customer service issues.

A summary of land use compliance issues was reviewed and a letter provided in the boards packet. Jennifer Kuentzel and Becky Cronkhite are addressing corrective action plans.

The Alaska International Airports System (AIAS) is a different operation from the rural airports as there are no subsidies or state dollars provided to AIAS. Balancing the budget has been difficult with revenues in decline for the past 2 years due to the world economy. Current graphs reflecting cargo and passenger activity were reviewed and it is projected that there will be a 2% increase over last year. AIAS has a marketing team that is broad based and includes utilizing a consultant that has offices in Asia. Recently the Lt. Governor and a delegation of Alaskans traveled to Asia and the Lt. Governor met with many AIAS customers. There was an uptick in cargo business in November that resulted in a fuel issue at the Anchorage Airport. The increased flights exceeded what the carriers had projected with fuel suppliers resulting in a shortage of fuel. It is recommended that a representative from ASIG speak to the board about this issue at the next meeting and possibly representatives from the refineries.

Update on Alaska Aviation System Plan: Rebecca Cronkhite advised that the system plan is on schedule with the inventory, forecast, airport classification and performance measures. The APEB work group will meet again in February or March and the Board will be able to review all prior to recommendations being sent to the Commissioner for approval.

A draft scope of work for assessing the aviation management and communications study was provided and the board will review and provide feedback.

A social impact study questionnaire was provided to the board requesting more information from the board as to what the scope of this task might include. **Motion for a sub-committee was requested by Steve Strait.** . Motion seconded by Tom George, approved by all. Sub-committee members to include Jim Dodson, Judy McKenzie, Tom George and Lee Ryan. Joy Journeay also volunteered to be on the committee. It was also noted that the sub-committee will develop scope not manage project.

Lee Ryan requested the status of the Role of Statewide Aviation report.

Consultant (Tom Middendorf) will prepare a scope for the next phase with a steering committee that includes DOT&PF regional directors input. Three board members are on the committee – Tom George, Steve Strait and Jim Dodson.

Revenue Update on Title 17 and Rates at Rural Airports: Jennifer Kuentzel, Statewide Leasing Chief, reviewed rural airport lease lots and occupancy rates noting that most lots are leased. There are a lot of components that make airports sustainable and leasing revenues is one of those components. Airport revenue sources were discussed noting that in January 2010, an 8% non-aviation lease rate increase was implemented at the rural airports.

Christine mentioned that airport lease lot development includes utility work and that there is limited space for carriers. Major hub airports generate good revenue and that SWA had requested \$3-6 million funding for lease lot development, however, this is not in the budget this year.

Jennifer advised that AIAS is continuing to review public testimony and the Board's concerning leasing rates and fees. Given the current economic challenges facing its tenants, AIAS has determined that it will not implement any land rent changes at the International Airports during the 2010 calendar year.

Break for Lunch - Meeting called back to order at 1:04pm

Commissioner Leo von Scheben comments: Commissioner said that he was sorry that Deputy Commissioner Klein was leaving the Department and that when he reflects on all of the issues over the past 3 years it is evident that the Deputy Commissioner and her team have accomplished a lot.

The AASP Role of Statewide Aviation will be re-scoped and in the end there will be a better product.

At the US Postal Service meeting held November 20th it was indicated that there could be expansion of postal hubs next year. The Commissioner sent a letter asking the USPS if they could provide funding to help with infrastructure costs. He is waiting for a response.

In response to the fuel shortage that AIAS experienced, the Commissioner advised that he, other state departments, and the airlines fuel consortium are engaged in discussions.

Statewide Transportation Fund: Deputy Commissioner Frank Richards advised that the transportation fund is still progressing and that congress may act on funds flowing to Alaska. DOT&PF is on track with its discussion around the state and with legislators. The legislature will likely introduce a bill for transportation infrastructure funding. The Alaska Municipal League also supports the development of a long-term sustainable transportation funding mechanism. There has been good dialogue showing DOT's expanding needs and costs. The fund would give DOT&PF the ability to appropriate

funds to programs NOT individual projects allowing the Department the ability to shift funds and keep projects advancing expeditiously.

The FY10 Operating Budget received an additional \$11 million which helps cover commodity and equipment costs and expanded operations.

Tom George asked about M&O deferred maintenance funding. Commissioner Richards advised that the Department has a total of \$750 million in M&O deferred maintenance needs. The Governor's state capital budget included \$25 million allocated to DOT&PF for deferred maintenance and of that amount the lions share will go to the highway system. **Tom George** asked how the Aviation Advisory Board could influence what happens with budget requests. Commissioner Richards advised that DOT gathers requests internally in September and that specific requests should be directed to the Commissioner for consideration.

M&O Deferred Maintenance List and AIP Surface Maintenance: Mike Coffey, Statewide M&O Chief advised the board that deferred maintenance is state funded and AIP surface maintenance is federal funded. This is a dynamic document and staff is working to make the list more thorough with updates throughout the year. The definition of deferred maintenance includes "postponing repairs to meet costs – routine maintenance items unable to do". The items on this list should not be confused with projects that need to be funded with the AIP surface maintenance program. AIP money can be spent on brush cuttings, safety areas and runway grating. AIP money can't be used on lighting, fencing, security, wind cones and signage. Funds are allocated based on a needs list.

The list is prioritized based on needs - regions submit top priority projects, a mix of the worst first and safety issues immediately. The Department reviews input from regions based on funding and there is a good spread of money on safety and preventative needs. The M&O deferred maintenance list will be expanded to include region information. The M&O budget is \$3.5 million.

The Board noted that the M&O deferred maintenance list includes \$12 million for the Gustavus Airport resurfacing and would like to know what it costs to keep this airport open including TSA costs. There was concern as to why Gustavus is a 139 certified airport when the bulk of traffic carried in/out of Gustavus is provided by non-139 aircraft? There was also a request about why EAS subsidy is being provided to this community.

Mike Coffey said he will get the Board an approximate cost for operating Gustavus as a 139 certified airport and **Becky Cronkhite** will provide EAS information to the Board at the next meeting.

Board Member Discussions and Topics:

Lee reviewed legislative meetings scheduled for the next day.

Ken Lythgoe would like ASIG to present the fuel situation at ANC at the next board meeting. Tesoro should also be asked to attend.

A copy of the Alaska Journal of Commerce story on the airport's fuel shortage and supply was provided.

Jim asked that more information about the history, meetings, etc. of the Aviation Advisory Board be added to SWA's webpage. Linda will work this request.

Letters will be needed from board members whose terms expire in March 2010.

It was requested that the stakeholder group that each board member represents be added to the board member contact list. Linda handling this request.

Becky thanks all for their assistance with the AASP meetings.

Steve would like to have the budget process added to the next agenda.

Bob Jacobsen said that all will miss Christine and that she had helped SWA a lot. He also suggested that the board consider a resolution asking for the \$3-6 million for lease lot development be added to the budget.

Meeting adjourned at 5:25pm – Next meeting tentatively scheduled for April 20th in Anchorage.