



## TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTOR STAFF REPORT

**AGENDA TITLE:** 30<sup>th</sup> Annual Aviation Issues Conference – Summary Report

**MEETING DATE:** January 27, 2016

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I had the opportunity of attending the 30<sup>th</sup> Annual Aviation Issues Conference on January 10-14, 2016. This was the District's second time attending this event. Approximately 400 attendees from every facet of the aviation industry were in attendance to discuss aviation issues and policy development for the 2016 calendar year. Various panel discussions took place covering topics as follows: State of the Industry, Washington Insider Update, ATC Modernization, The Looming Pilot Shortage, Airport Security, Airport Modernization, FAA Update, among other topics. The following is a bullet point summary of the various key points and considerations important to our constituents and the operation of TRK.

- **Modernization**: There was a strong message of system modernization within all segments of the Industry. Examples were given related to ATC, pilot training, airport infrastructure design, and collaboration between the federal government, airports, and the private sector.
- **Aircraft Noise**: It was interesting that one of the first items brought up in the opening session was aircraft noise. The consensus was that the industry is getting better at this, but more needs to be done and problem is not going away.
- **Airline Consolidation**: There was some discussion related to consolidation of airlines and that re-regulation may be necessary if consolidation continues. There was concern that we possibly could fall back into an anti-trust situation if airlines continue to consolidate and become too large. The Airlines reassured attendees that the FAA and Department of Commerce continues to watch their every move on airline consolidation.
- **Price of Oil and Fuel Prices**: The Industry is greatly affected by the price of oil. There was discussion related to airline ticket pricing. With low fuel prices, networks have improved and generally resulted in better pricing for the customer with more options. There was some concern that record airline profits may be a result of low fuel prices and

in a sense could be hiding financial sin by the industry. Overall, the sentiment was that the airlines are doing well for many reasons, and not just low fuel prices.

- **ATC Modernization**: Concern was expressed related to ATC capacity, modernization and efficiency mostly voiced by the airlines, but also to some degree by the airports in attendance. A4A (Airlines for America) would like to privatize our ATC system. They would like the Federal Government to look at the NavCanada model and consider if the country would be better served with a public nonprofit corporation operating our air traffic control system. The general aviation community, as well as NBAA and AOPA have concern about the idea and how that might affect general and business aviation. AOPA and NBAA are concerned the airlines would exerting undue influence over user fees, ATC operations, procedure development, slot management, and access to airports. While this concept has some legs it will take considerable time before anything is implemented. It is definitely something we need to watch.
- **FAA Reauthorization**: Once again, there was little optimism of transformative change or a new long-term funding bill for the FAA. This likely will not occur until after the presidential election. This is the main stumbling block for major reform with ATC, pilot training, airport modernization, product development, and everything else that affects aviation. With the FAA only able to look out 6 to 12 months related to funding major initiatives, there is little hope of major movement in any of the items listed above, including the full deployment of NexGen. Work continues on all these things but not at the pace the FAA or others in the room would like.
- **PFCs verse airline fees**: This continues to be a very contentious item in the industry. Airlines generate billions of dollars in ancillary fees to the customer, but still oppose modernizing the Passenger Facility Charge<sup>1</sup>. It has not changed since 1990 and continues to be \$4.50 per segment per passenger per ticket. Airlines continue to attack this in Congress as a tax whereas airports lobby that it is a user fee with all funding generated directed to local projects with decision-making at the local level. This has been an issue for many years and likely will not be resolved this year. This affects TRK in that we will continue to compete for discretionary AIP funds with larger airports that cannot keep up with their infrastructure needs and continuing to tap the same discretionary funds we compete for. With an increase in the PFC, it is anticipated that more funding would be made available to general aviation airport that do not collect PFCs. This is a very important item for us to watch and support in my opinion.
- **Pilot Shortage and Workforce Issues**: This issue was discussed more than any other topic at the conference. The regional airlines, along with fractional and 135 operators are feeling this workforce shortage the most. Legacy mainline carriers as well as large domestic carriers such as Southwest and Alaska are just starting to feel the pinch. NetJets Association of Shared Aircraft Pilots (NJASAP) representative was there and shared their recent contract negotiations with their 2700 members. Net Jets recently came to an agreement with their pilot union that has stopped some of the attrition they

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<sup>1</sup> The Passenger Facility Charge (PFC) Program allows the collection of PFC fees up to \$4.50 for every enplaned passenger at commercial airports controlled by public agencies. PFCs are capped at \$4.50 per flight segment 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.

have been experiencing with pilots jumping to US mainline carriers. The regional airlines continue to be in dire need of additional pilots. Airports in attendance, such as Wichita and Klamath Falls indicated that they are losing air service to small communities due to the fact that there is no one to fly the airplanes. The regional airlines have indicated that air crew shortages are a major contributing factor in their decision to pull out of smaller markets. All airlines, the flight training industry, and universities with flight programs, as well as the FAA continue to look for ways to modernize how we train pilots and to look at easing requirements for the restricted ATP based on high-quality training programs available. There was concern expressed by many in attendance that enrollment in flight training programs at colleges and universities has at best been static. Fewer young people are seeking careers in aviation. There are also forecasted shortages with air traffic controllers, mechanics, and airport administrative personnel. Workforce issues will continue to be a problem for the years to come. All of the industry groups have programs and initiatives underway to try and address this. There was a strong sentiment that we need unlock airports and let kids and families in to get excited about aviation.

- **Airport Security:** While consensus was that airport security has improved over the last one to two years, there is concern about insider threat assessment and mitigation. Additional policy and programs are being implemented along with education to train airport employees about insider threat, how to identify suspicious individuals, and how to eliminate security breaches from airport employees. The GA community also has a role to assure all suspicious activities are observed and reported. Many times, corporate jets and business aircraft leave small GA airports and travel directly to large hubs. It was discussed that GA airports have a key responsibility in the security chain.
- **Airport Modernization:** The term “uncertainty” ruled the day. Without an FAA reauthorization bill, it is likely not much will change. The relatively stable flow of FAA discretionary funds will continue but will not change without reauthorization. NexGen, ATC modernization, ADS-B deployment, SMS, procedure development, contract towers, and other key important projects important to TRK are tied up in this conversation. Many expressed that the lack of long-term funding for the FAA has limited innovation within the FAA and to a certain degree affected their workforce. Overall airports and the FAA relationship continue to be good and the FAA does everything it can with the resources given. That was a common sentiment in the room.
- **Presidential Election:** There was consensus that the fact we’re in a presidential election cycle means transformative change is unlikely until the election is decided.

In summary, the industry is in a healthy position right now but has looming problems and issues it needs to address. The main issues the groups in attendance will be working on this year are FAA reauthorization, workforce issues, pilot shortage, ATC modernization including privatization, and stability of funding for the national airspace system.

I should note that noise and environmental stewardship were discussed at various times in different sessions but did not have a specific session on that topic. I can say that all in

attendance agreed that this area needs extreme vigilance and action. It was mentioned that AAAE has conferences specific to each of those topics where policy and strategy is discussed in detail.

Industry Groups Attending and Participating on Panels:

- Aircraft Owners and Pilot Association
- Cargo Airline Association
- Federal Aviation Administration
- American Association of Airport Executives
- Airline Pilots Association Int'l
- National Business Aviation Association
- General Aviation Manufactures Association
- Transportation Security Administration
- Consultants
- Southwest Airline Pilots Association
- Regional Airline Association
- Airlines for America
- Airports Council International – North America
- Allied Pilots Association
- Hawaii Department of Transportation
- National Air Traffic Controllers Association
- Representatives from small to large hubs
- Representatives from General Aviation airports