



MEETING DATE: January 28, 2015  
TO: Board of Directors  
FROM: Kevin Smith, General Manager, Director Van Berkem  
SUBJECT: Summary Report on AAAE Aviation Issues Conference

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Director Van Berkem and I had the opportunity of attending the 29<sup>th</sup> Annual Aviation Issues Conference in Kona, Hawaii on January 11-15, 2015. This was the Districts first time attending this event. Approximately 300 attendees from every facet of the aviation industry attended to discuss aviation issues and policy important to the industry for the 2015 calendar year. Various panel discussions took place covering many topics. The following is a summary of the various session's attended and key points of consideration from each.

**2015 State of the Industry – A discussion with Aviation Leaders**

FAA Reauthorization by the 114 Congress is a key issue for all levels of Aviation. There was a focused discussion that the Industry which essentially includes Airports, airlines, air cargo, business aviation, general aviation, labor groups (Air Traffic Control & Airline Pilots Association) need to come together and focus elected officials to make transformative change in how the FAA is authorized and funded. Aviation is a non-partisan issue and there is hope, but some skepticism that congress will be able to get a good bill passed. Everyone wants a transformational bold bill that reauthorizes the FAA and makes substantial changes primarily related to long term funding. The focus needs to be on stability and predictability of funding sources.

**Washington Update: Elections Have Consequences – What Will They Be For Aviation**

There are 3 very important Bills coming up in congress that will affect Aviation particularly if no bills are passed:

1. Sequestration – If there is no budget deal by Sept. 2015 then sequestration will begin which is an across the board cut in federal spending meaning cuts to the FAA staffing and services. This was of great concern to those in attendance and will certainly affect our airport mostly felt through a lack of service and furloughs at the Airport District Office in San Francisco.
2. Surface Transportation Bill – Federal DOT needs this bill to operate and provide funding for key projects and agencies including the FAA.
3. Debt Ceiling – There is concern that discussions and deliberations on raising the debt ceiling later this year will affect FAA and AIP funding levels.

### **Discussion with FAA Leadership**

I was able to have discussions with Ben DeLeone, Director of Airports and Teri Bristol who is the Chief Operating Officer for the FAA's Air Traffic Organization. I was able to discuss with Teri our WAM system, its future, and the possibilities of having an ADS-B ground station installed at our airport. She was very supportive and indicated that she would get me contract information for the right people to talk to. Ben DeLeone is the National Director of the Office of Airports. We gave me additional information about AIP funding and when they expect funding to be distributed to the regional ADOs.

### **FAA Reauthorization Preview – Industry Needs and Priorities**

A new training standard for commercial pilots was discussed. Due to the 1500 hour mandate for Airline Transport Pilots and mandatory retirement, there is a looming shortage of qualified pilots. This is the same pool our fractional 91k and 135 charter operators draw from. Various strategies and priorities were discussed to address this.

Airport GIS and Electronic ALPs were discussed. The FAA indicated that they are making substantial progress to bring this online.

Modernization of the Air Traffic Control System and NextGen were discussed in detail. ADS-B implementation is well underway. The FAA is committed to aircraft equipage by 2020 for all aircraft including our GA fleet. The FAA has installed 650 ADS-B ground station across the US, Alaska and Hawaii. The FAA is of the opinion that they now have complete coverage of the US. We reminded them that 300 airports out of the 19000 in the US still do not have ADS-B coverage. On the positive side, when fully implemented this will make our WAM system irrelevant and unnecessary (around 2020). We will be able to get more accurate and better data from ADS-B at no cost. There are also many benefits to pilots related to weather and traffic information. The downside is the cost to equip aircraft which is currently approximately \$4000 but is coming down.

NBAA, Airlines, AOPA, AAAE, NATA were all in agreement that the FAA needs to fix and retool the length of time and cost for aircraft manufactures to bring their products to market.

### **FAA Reauthorization Preview – Aviation System Financing**

Congress has authorized all AIP funding for this fiscal year. The FAA is waiting for the OMB to release the funds. Ben DeLeone is hoping this will happen within the next 30 to 60 days. Mr. DeLeone also indicated that the FAA just issued a new improved digital AIP Handbook. I have reviewed it and it is much better and more concise than the previous edition. It will be very helpful.

There was substantial discussion on updating and raising Passenger Facility Charges at commercial service airports. While we are not eligible for the PFC program, allowing Commercial Service Airports to raise the PFC would make more AIP discretionary funds available to General Aviation airports such as TRK. We need to watch this closely. Airlines oppose raising PFC and seem to have congress's ear on this. Airlines have painted this as a tax (it's really a user fee) and congress is weary of approving a change to PFCs if it is seen as a tax. AAAE and ACI-NA are working hard to change this perspective.

Federal user fees for General Aviation are considered a bad idea by all in attendance. This has been floated a few times by the Obama Administration but does not have a real traction with law makers.

FAA would like a little more flexibility in how they can allocate funding between pots of money they oversee. They indicate that they have to deal in colors of money with no flexibility in mixing colors. That has the tendency to cause delays

### **FAA Reauthorization Preview - NextGen and ATC Modernization: Technology and Priorities**

We need to think of NextGen as a system of systems. ADS-B is major component of switching from land based radar systems to a GPS system to separate aircraft. The FAA is very serious about full implementation in 2020. They call this initiative "Equip 2020," meaning their part of the network is complete and now we need to equip the fleet (all commercial and GA aircraft) with ADS-B equipment. This is a big undertaking and we will see what happens. Some concern by many groups is that this is not feasible and will ground many single engine piston aircraft that choose not to spend the money.

If nothing is done by Congress, Sequestration and the lack of a FAA Reauthorization bill will greatly affect ATC services, training of new controllers, and staff for contract towers. It could also delay current programs to modernize TRACONS and Center Control facilities. None of this was considered acceptable by those in attendance.

### **FAA Reauthorization Preview – General Aviation Challenges**

The upcoming pilot shortage was again discussed as troubling to GA. New pilot training starts and career path outlines for new pilots to move up through the ranks was an important discussion. Pilots spend \$75,000 to \$150,000 on training to then work for a regional airline making \$25,000 per year. The result is many pilots are moving overseas where the demand is great and the pay is better.

Small communities have the most at stake with fewer ATPs. Smaller charter Part 135 which are very typical at TRK may find it harder to retain pilots as they move on to the Majors. Small airports with schedule commercial service could see reductions in service and 135 operations like we have at TRK could be affected by a lack of qualified pilots. Something to watch.

### **Aviation Security - Policy and Technology**

Boarder Security and Immigration was also discussed as issues to watch. There is no current pending legislation but much discussion about improving the handling of international passenger processing and improving the Customs and Boarder Protection, agriculture, immigration, and public health screening process on international flights. It is taking way too long right now.

More emphasis regarding upgrading TSA and security requirements at GA airports that send charter 135 aircraft to medium and large hubs (example Truckee to SFO) may be a focus of discussion this year. We will be watching this too.

In addition to the Pilot shortage, and ATC controller shortages, there are fewer Airframe and Power Plant Mechanic out there. Some airports are struggling to keep repair stations on their airport. We need to work closely with ours to assure they are successful because they may be hard to replace. Overall, it is a great time to enter the aviation industry. Jobs will be plentiful over the next 10 years.

### **Other Interesting Items**

The National Air traffic Controllers Association recommended that all Airport Managers go sit and plug in with their sector controller to better understand how they manage the airspace over their airfield. Hardy and I both plan take advantage of this offer.

As was mentioned PFCs and the raising of the fee from \$4.50 to \$8.50 per enplaned passenger was the hot topic. We need to watch this closely, as it affects the availability of discretionary funds which we are 90% dependent on for our FAA AIP funded projects. More PFCs for large airports means less stress on the current AIP Trust Fund, potentially providing more funds and less competition for us. Just as a reminder, PFC are user fees per airline ticket you buy and AIP funds come from aviation user fees and not general US Treasury funds.

Federal Budget uncertainty is the major stumbling block to work through and complete important FAA modernization to AIP capital projects. Everyone wants transformative change with the FAA Reauthorization. Some optimism but mostly pessimism that something will get done in the 114 Congress. The good news is, that a lot of smart people and I have confidence about the people in our industry groups that are working on this and that they are committed to making it happen. Which is maybe the best takeaway I felt coming out of the conference.

This is definitely a great conference for us to be at and definitely gives us a global perspective as to what is happening out there which is hard to get at times but very important. Many of the topics directly affect us but a lot, while not directly applicable, trickles down to us sometimes very quickly.

Next year's conference is in Maui, HI from Jan. 10-14, 2016.