

STATEMENT OF PAUL L. GALIS, DIRECTOR, OFFICE OF AIRPORT PLANNING AND PROGRAMMING, FEDERAL AVIATION ADMINISTRATION, BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON AVIATION, CONCERNING AIRPORT DEVELOPMENT NEEDS. SEPTEMBER 5, 1985.

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you today to discuss the capital improvement needs of the Nation's airports. With me from FAA is Jim Mottley, Manager of the National Planning Division, which prepared the National Plan of Integrated Airport Systems (NPIAS), recently sent to Congress by Secretary Dole pursuant to the Airport and Airway Improvement Act of 1982. We are accompanied by Richard Walsh, Director of the Office of Economics in the Office of the Secretary of Transportation, who is available to respond to questions you might have on the impact of the President's proposal to eliminate tax exemptions for airport development bonds on the ability of airports to raise money needed for capital development. I would like to begin by addressing FAA's assessment of airport needs as defined in the NPIAS.

As directed by the Airport and Airway Improvement Act, the plan sets forth the airport development which is eligible for funding under the Airport Improvement Program (AIP), and is considered necessary to provide a safe, efficient, and integrated system of public-use airports to meet "the needs of civil aviation,...

national defense, and...the Postal Service." Also, in accordance with the Act, the plan considers the needs of civil aeronautics without limitation to the requirements of any classes or categories of public-use airports.

Inclusion in the NPIAS is a statutory prerequisite for eligibility for funding under the Airport Improvement Program; thus there are definite practical implications to the inclusion or exclusion of an airport in terms of whether or not the Federal Government will provide grant assistance for capital improvements. Airports included in the NPIAS fell into four categories.

1. Commercial Service Airports - a public airport determined by the Secretary of Transportation to enplane annually 2,500 or more passengers and receive scheduled passenger service for aircraft. There are 552 existing commercial service airports in the NPIAS. Twelve potential new ones are also identified.

2. Primary Airports - commercial service airports determined by the Secretary to enplane annually .01 percent or more (33,903 in 1983) of the total passengers enplaned at all commercial service airports. Currently there are 280 primary airports in the NPIAS. Three more are proposed to be added.

3. Reliever Airports - which provide substantial capacity or instrument flight training relief to a congested primary airport. There are about 227 reliever airports now in the system, with an additional 66 relievers proposed in the planning period.

4. General Aviation Airports - There are about 2,440 general aviation airports, and 371 new ones are proposed. These include those receiving U.S. mail service (about 250 airports, mostly in Alaska); civilian airports with military activity such as the Air National Guard or a Reserve Unit of the U.S. Armed Forces; airports included in predecessor plans unless they are excluded from state or regional plans or otherwise appear to be no longer a part of the national system; airports in state or regional plans if they serve communities located at least 30 minutes ground travel time from the nearest plan airport and have at least 10 based aircraft. There are also provisions to include airports not meeting these criteria, if special circumstances exist, such as isolation (for example, island communities). The criteria for heliports are less stringent, reflecting the fact that a heliport usually requires a smaller capital investment than an airport. For instance only 4 based rotorcraft or 800 annual itinerant operations or 400 annual operations by air taxi rotorcraft are required for inclusion in the plan.

FAA paid close attention to the system planning activities of state aviation officials, and the NPIAS is generally comprised of airports that are included in State Airport System Plans (SASPs). However, there are over 1,000 airports in SASPs which are not in the NPIAS. Among the reasons for this are that the entry criteria for the national versus the state plans may be different, some airport needs extending beyond state lines may be addressed differently in the plans of adjacent states, and some airports are solely of local interest and are not appropriate for inclusion in a national planning document.

FAA developed the NPIAS through our regional and field offices working with state and local systems and master planners. To evaluate the needs at commercial service, reliever, and other airports with air traffic control towers, we held numerous Joint Planning Conferences. A typical meeting was conducted by an FAA airport planner and attended by airport management, the control tower chief, state aviation officials, airline officials, city and regional planners, airport tenants, and other interested parties. Less formal meetings and contacts were also used to determine airport needs. In addition to sending representatives to Joint Planning Conferences, the Air Transport Association (ATA) compiles an annual Airline Industry Survey of Airports, which recommends airport improvements, especially navigation

aids, over a 5-year period. FAA used this document as a resource in determining potential development for air carrier airports.

In addition to seeking recommendations from the aviation community, we analyzed FAA national aviation forecasts for guidance in assessing the future needs of the national airport system. These annual forecasts are based on econometric models of general aviation and air carrier activities, along with forecasts of certain economic variables. Of course, not all airport development is sensitive to changes in forecast activity levels. For example, the development associated with reconstruction, bringing airports up to recommended standards, and the environment--which accounts for 1/3 of the NPIAS--is fairly independent of activity levels. On the other hand, development to upgrade airports and add capacity is usually intended to accommodate the forecast growth. Changes in forecasts are more likely to affect the timing of projects, than eliminate the need for them. The first years of the NPIAS, naturally, are less sensitive to changes in forecasts, for two reasons: at least half of the work is intended to correct existing deficiencies, so it would be needed even if there were no growth in aviation. The remaining work is required partly to accommodate growth, but it would require a major change in growth rates to move a significant amount of development into or out of a 5-year timeframe.

Development in the latter portion of NPIAS is more sensitive to forecasts. It must be noted that forecasts are only a guide for planning future developments. Due to financial consideration, most development is delayed until the need for it is concretely demonstrated. Land acquisition for future expansion is a major exception to this, since airports need to acquire land 10-20 years prior to construction. Otherwise, currently vacant land could be developed in the intervening time, and would be prohibitively expensive at the time it would be needed. Land acquisition is not very sensitive to forecasts, since the airport operator needs only to decide that land will be needed sometime in the future, not precisely when, before acquiring it.

The total cost of airport development identified in the NPIAS for the 10-year period from 1984 to 1993 is \$18.3 billion. This represents the full cost (potential Federal share plus local share) for projects eligible for Federal grants under the Airport Improvement Program. Currently the Federal share of eligible costs averages 80 percent. Of course, the fact that a development project is included in the NPIAS is not a commitment that a Federal grant will be made to carry out the project. Under our Airport Improvement Program the airport sponsor must make the decision to initiate the project and then apply for Federal funds, which, depending on the type of grant (discretionary or entitlement) may mean that the project must compete with other eligible project for funding.

The breakdown of costs identified in the NPIAS is as follows: \$11.2 billion for primary airports (280 existing and 3 proposed airports); \$1.1 billion for other commercial service airports (272 existing and 9 proposed airports); \$1.7 billion for reliever airports (227 existing and 66 proposed airports); and \$4.2 billion for general aviation airports (2,440 existing and 371 new airports).

The types of projects which have been identified can be divided into three main categories: maintaining the existing system; bringing the system to recommended standards, and increasing the capacity of the system.

1. Maintaining the existing system accounts for \$2.3 billion or 13 percent of the total costs identified. Included in this category are Special Programs (mainly approach aids and safety items) and Reconstruction (such as rehabilitation of runway pavements and lighting systems).

2. Bringing the system up to recommended standards comprises \$3.4 billion (19 percent) of NPIAS costs. Such projects would include paving, extending, widening, strengthening, and lighting existing runways; providing taxiways and clear zones when needed; and other work related to the present use of an airport.

3. Increasing Capacity and Expanding the System accounts for \$12.5 billion (69 percent) of identified costs. These projects are designed to accommodate increased passengers and aircraft operations, larger and heavier aircraft, and new airports. The four subcategories are:

- a. Upgrading Airport Role - \$2.76 billion (15 percent). These projects are designed to accommodate larger aircraft and/or longer nonstop routes to improve the future use of the airport. These include extending, widening, and strengthening runways.
- b. Capacity Development - \$7.7 billion (42 percent) involves work to accommodate projected increases in passenger and aircraft activity, as well as alleviating existing conditions due to inadequate capacity. Typical projects would be new runways, and apron and terminal building expansion.
- c. New Airports
 - 1). Community - \$1.25 billion (7 percent). consists of new airports which will be the only NPIAS airport serving a community.

Normally these would replace existing, substandard airports which cannot be improved due to site limitations (such as mountains in the approach zones).

- 2). Capacity - \$0.9 billion (5 percent) is for new reliever airports and air carrier airports which supplement existing metropolitan airport systems.

The 12 potential new commercial service airports in the NPIAS are Lake Havasu City, Arizona; Los Angeles, California; Lahaina, Hawaii; Farmington, New Mexico; Austin, Texas; Oak Harbor and Port Townsend, Washington, and five heliports in the Los Angeles area.

In addition to these airports, some costs for new primary airports at Atlanta, Georgia, and San Diego, California, are included in the plan. These two locations are not expected to be operational within the 10-year period of the NPIAS, but some land acquisition and early construction may take place. Other airports, such as a new primary airport for Denver, Colorado, have been proposed, but accurate cost estimates were not available when the NPIAS was prepared.

As I indicated earlier, the NPIAS does not translate directly into a commitment for federal aid. There are other factors to be considered, including Federal priorities, project

cost-effectiveness, the ability to finance airport development locally, and the fact that some development will not be undertaken for financial, environmental or other reasons. Under the AIP program, local and state governments must initiate airport improvement projects, not FAA.

You have expressed interest, Mr. Chairman, in the portion of NPIAS development which would be funded through airport grants from the Trust Fund, assuming that the AIP program is re-authorized at current levels. I would like to address that by first noting our past experience. We estimate that approximately \$2.1 billion in airport development was undertaken in 1983. Perhaps 10 percent of that development involved automobile parking garages, hangars, and other items that were not eligible for Federal aid. Of the development that was eligible for Federal aid, about 50 percent received AIP assistance, and the remainder was financed entirely from state, local, and private sources. If the AIP is reauthorized at current levels, with an adjustment to compensate for inflation, we could reasonably expect to continue to provide aid for about 50 percent of eligible airport development in the future, with the remainder being provided by non-Federal Government or private sources. Assuming a continuation of the average Federal participation rate of 80 percent, this would equate to approximately 40 percent Federal funding.

At this point, I should note that the Administration is just now commencing the task of studying alternatives for the post-1987

Airport Improvement Program, and it would be premature for me to even speculate on what funding levels the Administration may ultimately recommend in its proposed legislation. You can be assured that, in its preparation of the re-authorizing legislation, the Administration will take into account the findings of recent studies on airport funding. These include the studies prepared by the Office of Technology Assessment, the Congressional Budget Office, and the Department's pending defederalization study. Our goal is to submit the legislation to Congress sometime next Spring.

That concludes my prepared statement Mr. Chairman. At this time, we would be pleased to respond to your questions.