

Aviation Advisory Board Meeting Minutes
February 25, 2021
Webex Meeting

Meeting called to order by Chairman Lee Ryan at 9:05 a.m.

PARTICIPANTS:

Board Members Present: Steve Strait, Lee Ryan, Gideon Garcia, Mike Reeve, Frank Neitz, Bob Kaufman, Dennis Parrish, Jim Dodson, Mike Stedman

Excused Absence(s): Marilyn Romano, Bob Hajdukovich

DOT&PF: Deputy Commissioner John Binder; Division Operations Manager Troy LaRue; Development Specialist Linda Bustamante; ANC Airport Manager Jim Szczesniak; Central Region Aviation Design Chief Luke Bowland; Southcoast Region Director Lance Mearig; AIAS Transportation Planner Jodi Gould; Commissioner John MacKinnon; Fairbanks Int'l. Airport Manager Angie Spear; Central Region Director Wolfgang Junge; Special Assistant to Commissioner Andy Mills; Jennifer Rackliff, Administrative Asst.; Clark Cox, Airport Leasing Program Manager; Ryan Marlow, UAS Program Manager; Susan Ault, Admin. Officer for Fairbanks International Airport.

FAA: Kristi Warden, Director Alaska Region Airports

OTHERS: Tom George, Aircraft Owners and Pilots Association (AOPA); Mary Bondurant, Kenai Airport Mgr.; Jane Dale, Alaska Air Carriers Association; Ralph Gibbs, Merrill Field Airport; Earl Samuelson, former AAB member; Melissa Osborn, DOWL; Jeremy Langton; Tony Santiago, RAVN; Evan Veal, RAVN; Sarah Leonard, President CEO Alaska Tourism Industry Association; Cathy Cahill, Director Alaska Center for Unmanned Aircraft Systems Integration

AGENDA and MINUTES – Steve Strait moved to accept agenda; Mike Stedman seconded. Steve moved to adopt December meeting minutes; Mike seconded. Motions passed unanimously. Approved December meeting minutes posted to [website](#).

Commissioner John MacKinnon Comments:

Thanks for the opportunity to participate in the Aviation Advisory Board meeting. Would like to create a Marine Governance Board with a similar composition to the AAB to replace the Marine Transportation Advisory Board. The legislature is working at a slower pace with reduced public input. Steve Strait asked about a forecast for the rest of the CARES funding. Response is that instead of spending the one-time money all at once we have decided on the operating side to spread it out over a couple of years to prevent an increased need of general funds. Steve Strait asked about the motor fuel tax. Response is that there has been a motor fuel tax bill for about the last 6 years. There is a new bill that would increase the highway tax from eight to sixteen cents a gallon, and an increase on the marine side of things but not the aviation side of things.

Bob Kaufman asked how he thinks the administration has handled its objectives of streamlining the government, restructuring the marine highway, etc. Response is that there has been some consolidation of positions (procurement, HR), but DOT has some specialized needs that cannot be adequately handled by generalized staff. Overall the commissioner's opinion is that consolidation hasn't been successful, as it hasn't

reduced the cost of government and hasn't reduced the number of positions required, and hasn't enhanced service. Marine Highway restructuring is an example of state government moving slowly. Marine Highways is expensive, is neglected, and needs work. Department is still focused on project delivery. Public doesn't gain from projects sitting in preconstruction and design for 10, 15, 20 years, and wants to figure out a way to get projects done sooner. One change is moving toward a CMGC contracting method as opposed to a traditional Design-Bid-Build method. Unsure if it results in a less expensive project, but if it gets a project done sooner it is more beneficial to the public. Steve Strait inquired about the Governor's proposed FY22 budget. Response is that the budget does not show any significant increases for our department. One problem with the budget is that in order to show a reduction in General Fund spending which appears to be a reduction in the budget, to fund our highways and aviation component, instead of giving us \$40 million in the General Fund they are giving us \$40 million motor fuel tax receipts. (These numbers are rounded) Normally the motor fuel tax receipts would go into the general fund, and then they give us that general fund money. But the last couple of years they've given us directly motor fuel tax receipts, but the motor fuel tax receipts haven't been realized. We've been dropping about \$800,000 - \$1 million a year due to the increased efficiency of vehicles, so that revenue has dropped. This past year with COVID we are looking at a 15% drop in automobile and truck traffic, which directly relates to a 15% drop in revenue. AHFC has a bond bill. So instead of a general fund appropriation for our highway and aviation match they propose to bond for it.

ANC Airport Manager Jim Szczesniak Update:

ANC is back to nearly pre-COVID levels of nonstop flights. Alaska Airlines announced a new non-stop flight to Las Vegas. A new carrier, Eastern Airlines will be operating this year flying a 777 from JFK to Anchorage nonstop once a week. The summer forecast for seats is that we will have a 117% increase over 2020 which is about 750,000 additional inbound seats, which hopefully will have a lot of tourists. The average tourist that arrives by air spends about \$1,600 in the state on their vacation. If the current forecast holds that would only be about 7.3% below our 2019 record year. In 2020 we had a record year for air cargo. We were up 16%, which was 3.48 million tons. This kept a lot of people employed, as those who used to handle passenger planes moved to handling cargo planes.

Cargo is estimated to remain solid in 2021. ANC executed a lease with Alaska Cargo and Cold Storage, which will be a significant cold storage facility for the airport. There will be increased jobs due to construction of the facility, but also to operate the facility. It will support a lot of the Alaska specific industries, such as seafood. This will ramp up our ability to export seafood that is caught here, can be processed here, and exported from here. All exports from the United States to Asia is \$343 million dollars. Of that only 2.2% is exported out of the Anchorage airport. Seattle Airport exports 27% of the total. A lot of that is seafood from Alaska which is processed and stored down there, and then exported out of Seattle. With a cold storage facility here we will be able to retain a lot of that to be exported out of here. There is also potential for the burgeoning Alaska peonies industry to ship flowers and potential for pharmaceuticals forward staging. \$17 billion in pharmaceuticals flow between these 3 airports; Anchorage, JFK, and O'Hare.

The airport is implementing a Safety Management System, which is in the preliminary stages right now. This is a way for airport users and the general public to report safety information, which can be analyzed and the information used to upgrade the airport's safety. The series Ice Airport Alaska got picked up for season 2, and they are filming right now. They will also be filming at some of the other airports we support.

Steve Strait asked for an update on a lawsuit of Quad Ventures vs. Anchorage International Airport that has been in the works for over a year. Response is that it is with the judge, and the judge is waiting to make a

decision. Follow up question on the east airpark and with changes in the economy, are there concerns that Alaskan air firms that have leases will get pushed out in the booming economy and when the bust comes they're not on the airport and we're scrambling to meet Alaska's aviation needs. Response is that we have 4400 acres, so we have a lot of room for growth.

Bob asked regarding the cold storage facility and how the economics might be impacted if fish farming technology enables regions to get fresh fish from their local markets. Response is that it can be beneficial due to the facility combined with our route network, which enables us to get fresh or farmed fish closer to the end user in many areas/regions of Asia. A lot of farmed fish from places like Chile move through the Anchorage airport. There are roughly 7-12, 747 flights of Canadian lobster that are moving through the Anchorage Airport every week.

Earl asked about what other users there would be for the seafood storage. Response is primarily Chile and Canada, some being done in the Pacific Northwest. Norwegian farmed fish is not anticipated to move through Anchorage, but any farmed fish from North or South America would likely move through the Anchorage airport on its way to Asia.

DC Binder Update:

Northern Region is working with the North Slope Borough to potentially transfer both the Barrow and Pt. Hope Airports to the NSB.

AWOS - FAA had several system outages in the Y-K area. Main question was how can DOT be involved making sure people are notified, etc.? These are FAA systems, and DOT doesn't have the ability to test or check or know whether they are operating, so the first time we hear that a system is out is when we hear it from a carrier. Good solid communication between airport staff and carrier communities is really the first line of notification that something is wrong. Unsure if FAA does daily system checks or monitoring, or if they rely on carriers to communicate that an AWOS is out. Kristi Warden said she can check with tech ops regarding that. Lee Ryan commented that at the height of the outages 22 of their 40 AWOS were out creating a big breakdown of the safety system, and that while the state was not responsible for the systems they were a big communicator and help in navigating FAA's structure.

AIAS Stats - Shared graphic showing Monthly Reported Combined Cargo – Pax Certified Maximum Gross Total Weight, which includes passenger and cargo but is mainly cargo driven, and showed massive uptick for the prior FY, and shows that we had projected lower levels for the current FY, which is what rates and fees are based on, but our actuals are well above. Also shared Monthly Passenger Enplanements graphic, showing the huge decline starting in March when COVID restrictions took place, and showing slightly lower actuals than projected for this FY. The passenger element accounts for approximately 60% of all airport revenue, and that is by way of concessions, rental cars, parking fees, etc. on the non air side of things at the airport. We were about \$10 million short of our requirements for FY20, and we were able to use \$10 million of CARES funds to fulfill that deficit, which prevented us from having to back bill carriers to make up that difference. CARES funds so far used this year were able to help reduce rates based on projections.

Shared slide showing supplemental funding amounts from CARES and CRRSAA. CARES \$33 million AIAS (still have about \$22 million remaining), \$49 million rural airports (\$14-\$15 million used in FY20, and plan is to spread that out at about \$13-\$14 million per year for FY21 & FY22), \$41.7 million Local Sponsors. CRRSSA (Designated for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments) \$17.5 million AIAS (ANC - \$12.8

million, FAI - \$3.6 million, LHD - \$1 million). \$26.8 million Rural (23 Primary - \$24.9 million, Various - \$2.0 million).

Steve Strait asked how our levels of cargo and passengers are comparing to national averages. Response is that we are doing much better than the rest of the nation on cargo, because most of the cargo bumps that other airports are seeing is coming through Anchorage. So our percentage is much higher than each of those. Also the passenger traffic is a much larger percentage of their operations, so they have been quite devastated due to the drop off in passenger traffic. We did see a decreased percentage of passenger traffic, but it makes up a smaller percentage of our total revenues so it didn't hit us as hard.

Earl asked if there is an expiration on the CARES act funds. Response is that CARES and CRRSAA are being treated as normal FAA Grants, so there is a 4 year time period to obligate those funds.

Klawock has a wildlife hazard assessment underway. It has biologists on site doing the wildlife assessment and monitoring now. The end result will be a wildlife mitigation plan that we will be able to use to move forward keeping that airport open and safe. Mike Stedman – asked about timeline for Klawock. Response is that they need a year for the assessment period. Troy LaRue contributed that we are about 3 months into the plan, and that we have 9 months to go. It usually takes 2-3 months once the assessment is complete before we have a plan.

Gave an update on DOTs position and status on halfway markers. The FAA guidance for halfway remaining markers is that they are not to be used in conjunction with standard runway remaining markers (don't normally have those are rural airports anyway), that they are for dirt runways only that are less than 3000 feet, at airports with runways where both ends are not readily visible, and they are only supposed to be in the takeoff direction only. The primary use of halfway remaining markers would be to know how much runway you have left during your landing roll. They are difficult to maintain, especially in winter with snow removal. The general preference from our maintainers would be to not have them there. Each airport is so different that it would be difficult to have a system wide policy or framework for installing them. The request is that we discuss individual cases where you might think they are necessary. We don't want to install them everywhere, and the FAA guidance does not necessitate that.

Lee Ryan noted that the requirements sound common sense, but that there are a lot of situations where depending on weather, etc. you can't see the other end of the runway, and there are a lot of instances (especially in a larger plane on a smaller runway) they would be beneficial. He also noted that maintainers don't particularly enjoy maintaining snow around runway lights.

Tom George asked for a DOT contact for airport candidates for midway markers. John Binder said himself or Troy are good contacts. John suggested there may be other possible designs aside from the standard sign that would be more functional, and that might be a good topic for discussion.

Earl Samulelson commented that the halfway markers are very helpful.

FAI Airport Update:

Angie Spear gave the board an update on current projects at FAI:

Escalators in the terminal building are being replaced – this project should be completed in May.

Reconstruction of runways 2R/20L will occur this summer.

Amazon will commence their distribution center at FAI on March 18th.

Passenger summer flights are rebounding. New service with Sun Country to Minneapolis; United Airlines relaunching ANC to FAI service; Delta resuming service to Minneapolis; Condor scheduled to resume service to Frankfurt; and RAVN up and operational offering service to Anchorage.

West ramp – Omni completed their hangar. NOAA is finishing a weather balloon auto launcher project. LifeMed construction of hangar continuing should be finished by next fall.

East ramp – Airframes Alaska submitted plans for a new facility for aircraft manufacturing and sales. Received an application recently for a large hangar facility to be completed fall of 2021.

FAI implemented an an SMS

FAA Alaska Region Airports update –

AIP for FY21, fully authorized and funded.

CARES Act – \$124M

CRRSAA - \$51M, there is a capital portion, HVAC eligible, funds to ensure social distancing, etc. More narrow scope.

Part 139 inspections are being conducted. 15 airports in the state, with no Part 139 inspection in 2 years.

FAA in Alaska – FAAASI - FAA Alaska Safety Initiative. Safety in flight, due to crashes into terrain. April through end of September – external stakeholder input on report, what you want to see the FAA focus on and do.

Earl asked about AMP written and practical certification testing after class for folks in Bethel.

Board Comments –

Public Comments –

Next meeting planned for May.

Meeting adjourned 12:25 p.m.