

**ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE
ANCHORAGE, AK**

September 26, 2009
1:05 p.m.

MEMBERS PRESENT

Senator Albert Kookesh, Chair
Senator Linda Menard, Vice Chair
Senator Bettye Davis
Senator Kevin Meyer
Senator Joe Paskvan via teleconference

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

Interaction between the Anchorage International Airport and the
Surrounding Community
HEARD

PREVIOUS COMMITTEE ACTION

No previous action to report.

WITNESS REGISTER

CHRISTINE KLEIN, Deputy Commissioner and
Acting Airport Director
Ted Stevens Anchorage International Airport
Department of Transportation and Public Facilities
Anchorage, AK

POSITION STATEMENT: Delivered a PowerPoint presentation on the
Alaska International Airports System and responded to questions.

JOHN PARROT, Airport Manager
Ted Stevens Anchorage International Airport
Anchorage, AK

POSITION STATEMENT: Provided information and responded to
questions about the relationship between the Ted Stevens
Anchorage International Airport and the surrounding community.

LISSA WRIGHT, Board Member
Country Lane Estates Homeowners Association

Anchorage, AK

POSITION STATEMENT: Asked for cooperation from the Anchorage airport to reduce future impact on the subdivision.

MERLE AKERS, representing himself

Anchorage, AK

POSITION STATEMENT: Described communication problems with the Anchorage airport and the public.

CECILIA PREZIOSE, representing herself

Anchorage, AK

POSITION STATEMENT: Questioned how low planes are allowed to fly over residential areas.

HARRIET DRUMMOND, Vice Chair

Anchorage Municipal Assembly

Anchorage, AK

POSITION STATEMENT: Described communication problems between the Anchorage airport and the public.

CHRIS HABICHT, representing himself

Anchorage, AK

POSITION STATEMENT: Testified that the Anchorage airport needs to expand its mission statement to accommodate community goals.

MARK WIGGIN, Board Member

Turnigan Community Council

Anchorage, AK

POSITION STATEMENT: Questioned the efficacy of the public process with respect to the Anchorage airport.

CATHY GLEASON, Board Member

Turnigan Community Council

Anchorage, AK

POSITION STATEMENT: Highlighted communication problems between the Anchorage airport and the community.

DAVID MCCARGO, representing himself

Anchorage, AK

POSITION STATEMENT: Testified about communication problems between the Anchorage airport and the community.

TYLER ROBINSON, Planning Department

Municipality of Anchorage

Anchorage, AK

POSITION STATEMENT: Testified that the municipality is undertaking the West Anchorage District Plan to address long-standing issues.

RUSS SINGLETON, representing himself
Anchorage, AK

POSITION STATEMENT: Testified that in the past communication with the Anchorage airport has been poor.

LINDA SWISS, representing herself
Anchorage, AK

POSITION STATEMENT: Testified about direct impacts to homeowners related to development at the Anchorage airport.

KEITH DAY, Controller
Alaska International Airport System
Department of Transportation and Public Facilities
Anchorage, AK

POSITION STATEMENT: Testified that the facility fee collected by the airlines is not a true head tax.

ACTION NARRATIVE

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CHAIR ALBERT KOOKESH called the Senate Transportation Standing Committee meeting to order at 1:05 p.m. Senators Meyer, Davis, Menard, Paskvan (via teleconference), and Kookesh were present at the call to order. Representatives Buch, Doogan, and Homes also attended the meeting.

Interaction between the Anchorage International Airport and the Surrounding Community

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CHAIR KOOKESH announced the business before the committee is to hear about how the Ted Stevens Anchorage International Airport interacts with the surrounding community. The administration will deliver a PowerPoint presentation on the Alaska International Airport System, legislators will ask questions, and the public will comment.

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CHRISTINE KLEIN, Deputy Commissioner, and Acting Airport Director, Ted Stevens Anchorage International Airport, Department of Transportation and Public Facilities, introduced her team members.

MS. KLEIN informed the committee that the Alaska International Airport System (AIAS) is an enterprise system. It was established in 1964 and is comprised of both the Fairbanks and Anchorage airports. The Anchorage airport is state-owned and operated, which is unusual in the airport industry. The system was established to ensure that major state assets serve the regions beyond the community hub. As hubs they play important roles in the national transportation system. Anchorage is the number one cargo-landed-weight airport for North America and number five in the world.

MS. KLEIN described how the two airports supported one another and helped to increase international air transportation between the '60s and '80s. Initially most of the business was from international passenger travel but that stopped abruptly in 1992 when Russian airspace opened. Fortunately for the airport, cargo flights increased at about the same time. That's when the community began to see growth in the northern part of the airport. Over the past 15 years cargo traffic has been the primary focus of the Anchorage airport.

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MS. KLEIN displayed two line graphs to show the five-year trends for the Alaska International Airport System for FY06-FY10. The first graph shows combined passenger and cargo certificated maximum gross takeoff weight (CMGTW). This is where the majority of the revenue comes from in the system. In 2006 they started to see fuel decreases, which is the first sign of change in aircraft weight and traffic. Cargo flattened and then began to drop in 2007. In 2008 there was a 23 percent drop in the combined passenger and cargo traffic, which was compounded by the recession and high fuel costs. This was significant. Traffic came to a complete stop in 2009 when the volcano spewed ash. These trends are alarming. The second graph shows that over the same period passenger enplanements were relatively stable until May 2009 when they declined by 20 percent.

FY09 saw a 23 percent or 10 million ton drop in combined cargo/passenger CMGTW, which equates to a \$2 million loss for March and April. On average revenue decreased \$1.7 million. Passenger enplanements were relatively stable largely because Alaska relies so heavily on aviation as a means of travel.

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MS. KLEIN highlighted that United Airlines pulled out of Alaska in 2008, which resulted in a loss of 35 jobs to the community. Delta and Northwest airlines have merged meaning that Northwest

will cease doing business in Alaska. Delta reduced passenger service to Fairbanks altogether. This has resulted in layoffs in ground support at the airport. AIAS has had a hiring freeze for more than two years, which prevented some large layoffs. Last spring there were 9 layoffs and 55 positions are currently vacant. The AIAS budget has been reduced by seven percent over the last two years. This situation has been difficult but AIAS is doing better than most Lower 48 airports.

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Bright spots for the Anchorage airport include:

- Adding three new international cargo carriers: Yangtze River Express, Great Wall, and Qantas.
- Air carriers and their signatory board have approved implementation of the first incentive program to increase Asia Pacific passenger service to Alaska. China Airlines now offers four weekly flights between Anchorage and Taipei.
- Japan Airlines offers three more flights than in 2008.
- Being a top performer in concession sales.

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REPRESENTATIVE HOLMES asked what form the incentives take.

MS. KLEIN explained that up to \$1 million in rates and fees are waived once an airline has met its contractual obligations. That program started in either June or July. Other changes include adding McDonalds as a concessionaire and opening the new A and B concourse on November 1.

MS. KLEIN said they are most proud that after a three year holdover, the airlines have committed to a new operating agreement. It was signed in February and adds five more air carriers that are committed to funding airport operating and capital costs for the next five years. The new agreement focused on a business model approach where air carriers, airport tenants, and other users pay for what they use. It is more equitable. Also, more accountability has been instituted on projects and capital programs. There is a commitment to be more competitive. It was a strong show of support for the AIAS to sign the operating agreement at the worst time in the aviation industry's history.

The capital improvement program (CIP) for the next five years is a modest \$177.4 million. Most projects have been deferred or canceled due to a lack of funds and high debt. The priorities are to maintain the existing system and renovate existing

runways and facilities. A fourth runway is not on the five-year horizon.

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MS. KLEIN pointed out that the state operated Anchorage airport is part of the national priority system of international airports. It is located within the Municipality of Anchorage and is under complex federal regulation. Developers have raised the concern that adding more processes might drive away their business. In the last year and a half there were no bids on three opportunities, but that may be due to the weak economy.

Marketing plans include:

- Discussions with a European carrier for year-round international passenger service and with three domestic carriers for passenger service. They are waiting for the economy to improve.
- Marketing partnerships with local convention and visitor bureaus, economic development corporations, and others.
- Participation at both the Beijing and Hong Kong international cargo conferences and trade shows.

MS. KLEIN named the members of the marketing team and highlighted that even though this is a state enterprise system it is also a business that is required to operate like one.

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MS. KLEIN said the Anchorage airport communications plan involves keeping the public updated on airport activities and developments. This includes:

- Developing an airport master plan. This is a huge public process that is usually done every five years and is ongoing for several years. In 2002 the last official master plan was done and it included 52 public meetings. In 2006 the airport worked on a new master plan for 16 months; 67 public meetings were held and five newsletters were issued before the process was terminated last fall.
- Construction meetings. These are held at least once a year, but runway extensions and renovation projects require additional meetings.
- Serving on boards and commissions. She and the airport manager regularly participate.
- Holding quarterly stakeholder meetings with community members. The last meeting was held two weeks ago.
- Meeting with community councils to give updates on projects that might impact the community. The three adjacent

communities are Turnigan, Spenard, and Sand Lake. "I typically have someone from the airport also attend to answer question or give updates and briefings."

- Tenant updates are required if a development is planned. This is required on top of the city's building permit process.
- Environmental and noise managers actively participate and monitor the airport noise hotline.

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MS. KLEIN said the airport's economic impact to the local community is more than 18,000 jobs and \$562 million in direct annual payroll. The statewide aviation impact is one in ten jobs throughout the state and \$3.5 billion or eight percent of the gross state product (GSP).

The top priority in planning for the future is to keep the current aviation businesses. The Anchorage airport is an economic engine and as such it has to be competitive, which means holding rates and fees stable. They've done that for two years despite the economic downturn. The Fairbanks airport is part of what makes the AIAS competitive so traffic isn't lost during another volcano eruption. There is also an effort to establish alliances with other airports and to be cooperative and welcome to new businesses.

In closing Ms. Klein said the Anchorage airport takes seriously its commitment for responsible development. "We do feel we operate in an open and transparent environment with all the meetings that we've held. ... We hope and trust that we can continue to meet with our neighbors and keep them informed despite the many cuts that we have made."

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JOHN PARROT, Airport Manager, Ted Stevens International Airport, Anchorage, read the following into the record:

The question being asked today is, 'What kind of neighbor is the Ted Stevens Anchorage International Airport?' At over 4,600 acres one answer would be, 'Big.' Despite the size of the airport and the potential to act like the proverbial 800 pound gorilla, airport management believes we have a responsibility to manage the airport and its development in an efficient, effective, sustainable, and responsible manner. As a generator of noise, exhaust, and lots and lots of jobs, we continually

strive to balance airport development to meet the needs of our tenants and customers with the desire to minimize negative impact on the surrounding communities.

Clearly, if one takes an absolute approach, the airport will never be successful. If we develop blind to the wishes of the community, we would be at fault. If we abdicate control of the airport to a vocal minority that wants to oppose development, we would be at fault and in violation of our understanding of the FAA grant assurances.

What has the airport done in the past to attempt to communicate with the surrounding communities? During the past two master planning efforts, over 100 public meetings were held attempting to solicit public opinions, public input, and to inform them of possible future development.

Most significant projects at the airport require a NEPA process that includes required public involvement. One recent example where this has been very successful, in our opinion, is the upcoming seven-right extension. Thanks to active engagement by the recreational users of the area that will be impacted, compromises have been reached that meet the needs of the airport as well as minimize the negative impact to the trail system - and in some areas even potentially improved the trails. This appears to have truly been a win-win project.

Outside of these required efforts, the airport hosts a construction preview for the public each spring. While the emphasis in the past has been on projects to be constructed in the upcoming summer, we heard the public asking us to give them a longer range preview. So we have now begun previewing projects that will happen in the next one to two to three years to give them more warning and heads-up. Unfortunately, attendance at these meetings has been very, very low and I would welcome suggestions as to how to make them more useful and more informative.

The airport...staff regularly attends the Sand Lake, Turnigan, and Spenard community council meetings. While we do not attempt to attend each and every

meeting, we do ask to be put on the agenda when we feel there is some activity at the airport that should be explained or if there are questions and concerns from the community council members. We also use email to communicate with the community councils as well as individual community members whenever we are queried.

A year or so ago, at the request of the Sand Lake Community Council president, we participated in a focus group to drill down deeper into improving communications with that community council. That has since been terminated. We have offered to continue the effort but the current Sand Lake Community Council president has informed us he doesn't feel it's necessary.

This summer we met with city leaders and discussed communication with the surrounding communities. Assemblyman Claman proposed another attempt at a focus group involving all three of the community councils surrounding the airport. We gladly agreed and the first meeting of that group was held on September 23, this week.

Finally, as we examine the role of the airport in the community I would ask that you not only consider the impact of the airport on the Sand Lake, Spenard, and Turnigan communities, but also on the Hillside, Fairview, and Mount View - and other communities in Anchorage where residents live who depend on their jobs at the airport. That job impact extends to Girdwood, Wasilla, and Palmer. The impact of the airport doesn't stop there. By providing the needed infrastructure, the airport allows goods and people to access rural Alaska. The impact of this airport is felt in Bethel, Aniak, and Emmonak - and throughout Alaska. The needs of those Alaskans should also be considered when it comes to possible airport development.

In conclusion, the airport fully recognizes that we have a responsibility to take the input from and seriously consider needs and desires of the community. We ask the community to consider that the airport also has other responsibilities and work with us to try to reach solutions that are acceptable to all even if they don't satisfy anyone. Sadly, that is the nature

of compromise. If anyone has any suggestions as to how we can better engage the community, I would welcome them. Or if you have any question I would be happy to try to answer them.

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CHAIR KOOKESH recognized that Representative Gruenberg had joined the meeting.

SENATOR MEYER, noting that the airport receives lots of federal money, asked how much influence the federal government has over airport operations. He also asked if the airport was eligible for any stimulus funds.

MS. KLEIN replied the federal government is involved in nearly all airport projects. The FAA has to approve the airport master plan and any planned development at the airport has to be approved through that process. Once a project is in the master plan, it can receive funding if it qualifies. The current formula has about 95 percent federal funding with a 5 percent state match for international. If it's a qualifying project the 5 percent is paid for by the airlines.

Under the stimulus program, projects had to be shovel-ready and you couldn't have applied or been in the process of applying for other federal grants. Another early criterion was that a project had to be in an economically disadvantaged community. Neither Anchorage nor Fairbanks was considered disadvantaged, but they did qualify for two projects. In Anchorage that was a \$3 million repaving project.

SENATOR MEYER said his reason for asking is that the airport is in a tough spot because it has to appease local, state, and federal concerns. He noted that he represents southeast Anchorage and there aren't too many complaints unless the east west runway is used. He asked if the airport will take over the area vacated when Kulis Air National Guard pulls out.

MR. PARROT explained that when Kulis Air National Guard vacates the base at the end of FY11 under the base realignment and closure (BRAC), the Department of Defense will terminate its lease with the state and about 135 acres will come back into the airport inventory. The airport is currently initiating a mini master plan to determine the needs for that property. Responding to a question about involving community councils in the process, he said there is a significant public process in the study and in implementing the recommendations for use of the property.

SENATOR MEYER said he represented the Spenard community when he served on the Anchorage assembly and the airport was always good about keeping everyone informed.

1:46:09 PM

REPRESENTATIVE BUCH said he noticed that in this last budget the airport received "the biggest chunk of change." He asked if most of the money was used for capital projects such as the improvements that were mentioned. He noted that Ms. Klein has been available and tried to accommodate communication requests and he appreciates this cooperation.

MS. KLEIN explained that in the last legislative session there were two changes in the AIAS program. On the capital side there was authorization for the airport to accept federal money for the runway rehabilitation. The majority of the money was federal. The second item was a \$3.1 million line reduction in the operating budget. That was done as a commitment to the airlines to be more cost effective. This wouldn't normally be done through the legislative process but it was done that way to show transparency and to demonstrate that the airport took their comments seriously. She added that this is not general fund money. The airport is run on private money coming from the airlines through rates and fees. "There is no general fund money in this operation."

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REPRESENTATIVE BUCH noted that the last 20-year plan was completed in 2002 so the airport is several years behind in doing a 5-year revision. He asked for a progress report on the 20-year plan and said he wants to be part of the new focus group so he can keep his constituency updated.

MS. KLEIN explained that the master plan that was started in 2006 was very controversial on one issue and she had little option but to terminate the process. That effort was turned into a report. As the economy turns around, they hope to restart the process and get better data on growth projections and capacity. Many of the questions related to whether or not those calculations were credible and reflected changing world conditions. This is a cooling off period before restarting the process. Master plans are time consuming and costly and lots of different groups want to take part. "That is typically why master plans in this community for this airport have taken much longer than the 5-year period." Until this last one, master plans for this airport have historically taken from 6-10 years.

That tells us that there shouldn't be too many surprises in the future master plan. FAA is supportive of restarting the process but agrees that it's a good idea to wait.

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REPRESENTATIVE BUCH said he's looking for a timeframe for starting.

MS. KLEIN said they committed in the operating agreement to do a system plan before restarting the master plan. The airlines said that the capacity and growth capacity of the Fairbanks airport hadn't been considered so they will look at that before restarting calculations. She estimated that probably will be within two years.

REPRESENTATIVE BUCH asked if he can tell the community that the airport is looking to "rebuild, restructure, and recommit to a communications plan that will also involve the surrounding communities within two years."

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MR. PARROT said the airport has always been committed to a communications plan. He continued to say:

These communication efforts take place on a number of different levels. There will be a master planning public involvement process initiated within two years as part of the master plan effort. We fully intend to continue attending the community council meetings when requested or when we believe we have a need. And we will continue having public informative meetings and public input meetings on specific projects along the way. I wouldn't want the impression to be that we're not going to do anything until we start the next master plan. We intend to continue to try to improve communications consistently up to and through that process.

REPRESENTATIVE BUCH said he wants to make sure that Director Klein can wear all the hats she's undertaken to wear in order to promote the industry. If you need more help and that can be substantiated fiscally, I want to support that, he said.

MS. KLEIN said she appreciates his concern and she undertook the job because of the support and encouragement she has received. Also, she has a top notch and very committed team that works

long hours with great passion. "I think that we can carry on and meet our core mission." In the long run it's well worth it.

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SENATOR MENARD asked if there had been any conversations about increasing traffic to and from the Palmer airport. She also asked if realtors have been invited to weigh in on the airport master plan.

MS. KLEIN pointed out that neither of the two Palmer-area airports is state operated, but she does try to help whenever possible. She can't speak to whether the airport would be a destination or hub because that's an airline decision, but it is conceivable if there is enough traffic. She noted that a couple of cargo air carriers oriented to the Bush left Anchorage to operate out of Palmer.

SENATOR MENARD asked if the state has considered buying the Palmer airport.

MS. KLEIN replied she usually tries to give airports back to communities. Ketchikan is an example of a state-owned airport that is operated by the City of Ketchikan. Typically airports aren't profitable and communities usually don't want to take them on unless there is a lot of traffic. Responding to a statement that they do provide jobs, she said some communities try to get airports for just that reason.

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SENATOR MENARD asked if Boeing 737s land at the Dutch Harbor airport. She surmised that the runway is about 4,000 feet in length.

MS. KLEIN said jet aircraft at one time landed there so it would have to be at least 4,000 feet. She offered to meet with the Palmer airport manager.

SENATOR DAVIS asked her to go over the agreement with the signatory airlines because she is unclear about the process for the public to know what is going on.

MS. KLEIN explained that airports are public facilities that are funded entirely by the rates and fees charged to the airlines that use the airport. It is a unique enterprise business where the airlines sign an operating agreement that lays out how they will be charged from year-to-year. By federal law, airports aren't allowed to make a profit; all the funds that are

generated have to go into airport operations. The operating agreement is what guarantees the airport is able to operate. Without that agreement airports can go significantly in the red. When that happens, state or local government has to bail them out or they lose the service. The enterprise here has been very self sufficient and growing. 26 airlines have signed the operating agreement to pay airport costs for a five-year term under certain conditions.

SENATOR DAVIS asked what nine positions were cut and the impact those cuts have had on airport operations. She also asked if the decision to cut the positions was based totally on input from the airlines.

MS. KLEIN said no; the cuts were based on last year's \$22 million deficit that had to be balanced by year end. When traffic changes, revenue drops and the airport is challenged with balancing the deficit without causing rates to skyrocket. When rates go up too fast it drives aircraft away. It's a dynamic process of looking at rates and fees, the traffic, the cargo, the number of enplanements, and revenue coming in from concessions. She and the controller rebalance and recalculate every week. Although there's opportunity to make adjustments several times a year, doing so creates upset to businesses if they haven't been informed. I think we've created a stable business environment because we haven't seen severe drops, she said. We've followed the trend except during the Mount Redoubt eruption. The ash lasted a week but it took six weeks for cargo to return to the airport. That's not a good sign since that's where a majority of the revenue comes from.

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SENATOR DAVIS recalled reading that Anchorage has some of the lowest landing fees of any airport.

MR. PARROT said the airport markets itself in a good light. There was a recent report that said that per passenger mile, tickets in and out of Anchorage are the lowest among major cities. "Obviously with the distance of the flights, per mile our tickets are fairly cheap," he added.

REPRESENTATIVE GRUENBERG asked if the 7R/25L runway extension and rehabilitation would encroach to the east on Conner's Bog and the dog park.

UNIDENTIFIED SPEAKER said the southern east-west runway will be resurfaced over two construction seasons and (indecipherable) end will be extended 1,500 feet.

REPRESENTATIVE GRUENBERG referenced a letter from John Fletcher related to the expansion at Lake Hood and asked if that is within the purview of the discussion today.

MR. PARROT summarized that Mr. Fletcher recommended an additional 4,000 foot paved runway for the Lake Hood seaplane base complex during the Lake Hood master planning effort. That was discussed at length in technical meetings, but it did not make the list of recommended improvements to Lake Hood. Mr. Fletcher continues to advocate for that as an important safety improvement.

REPRESENTATIVE GRUENBERG said he would follow up after the meeting.

REPRESENTATIVE HOLMES mentioned Lake Hood and Lake Spenard and noted that the Anchorage airport property includes probably the busiest seaplane lake in the world. She asked what the airport sees as the opportunities and challenges of having those two lakes in their inventory.

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MR. PARROT said it's a challenge and an opportunity to have the busiest seaplane basin in the world in the center of the largest city in the state. This is an outstanding opportunity for people to fly in and out of Anchorage on floats, wheels, or skis. If an instrument approach is needed on wheels Anchorage international airport is available. There is a connecting taxiway. Also, it provides an incredible recreational opportunity to walk around and look at all the airplanes. Finding a way for this to occur in a safe and responsible manner is an ongoing process.

SENATOR PASKVAN asked if there is a projection within the next five years to return to previous cargo tonnage levels. He noted that the current levels have had a significant impact upon the railroad with respect to transportation of jet fuel. Also, he understands that Anchorage airport is purchasing jet fuel out of Singapore and questions how that compares to a gallon of jet fuel from Alaska.

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MS. KLEIN replied maintaining air traffic is important particularly in the current downturn. The airport has an

operating agreement and it has kept rates and fees competitive. Now the airport is trying to ensure that carriers and their sub-businesses feel welcome. They are also working to ensure that the Fairbanks airport has the infrastructure to better handle cargo. To that end three hard stands were constructed last fall to accommodate cargo aircraft when they divert [from the Anchorage airport]. [During the volcano eruption] some FedEx and UPS flights diverted to Fairbanks but one of the largest airlines didn't realize that Fairbanks was an alternate. They lost most of their profit when they diverted to Seattle. The vice-president of that international carrier has since toured both airports and understands that aircraft can divert to Fairbanks when there is a problem with Anchorage. In the past the airport hasn't formed alliances with other airports looking at transloading capabilities. Now they are trying to match international and domestic carriers to increase their networks. In the last two months passenger and cargo traffic in China has increased 16 percent. That is a positive sign and hopefully their recovery will affect Alaska.

MS. KLEIN said she can't speak to the fueling issue because it's the airlines that purchase fuel. They do that in a number of ways including; a consortium, Flint Hills, Tesoro, and Valdez in the past. She suggested that an airline could better speak to that issue.

[2:24:44 PM](#)

CHAIR KOOKESH opened public testimony.

LISSA WRIGHT, Board Member, Country Lane Estates Homeowners Association, Anchorage, on behalf of the 44 homeowners in the subdivision, asked the airport work with the neighborhood to design future development to minimize additional negative impacts on the neighborhood. This will mean some economic sacrifice. For example, if the airport does not develop lots right up to the Raspberry Road fence in the proposed south airpark access road and lot development, it would maintain the character of the road and provide the neighborhood a much needed sound, and visual buffer.

[2:27:37 PM](#)

MERLE AKERS, representing himself, Anchorage, said he apparently is not a stakeholder even though he lives next to the airport and has had a plane there for 50 years. The primary problem with the airport is that there is no forum for the general public to sit in the airport meetings and learn what's going on. He's never allowed to testify. The question that hasn't been asked

today is who participated in the negotiations for the consortium contract. "You need to know who those folks are," he said. The consortium airlines will demand that the airport system change the rates and other things that affect the people that use not only the Anchorage international airport but also the other 200 and some airports in the state. He recommended that the Legislature establish an airport board to oversee airport operations. He cited examples of contracts at Lake Hood and Lake Spenard to demonstrate that the airport doesn't pay attention to public input. Finally, he said the state frequently closes Lake Hood, which affects control of the tower and makes it difficult to get clearance to land or take off. Merrill Field is run by the city of Anchorage and it hasn't closed in 30 years. To resolve the problems you'll hear about today, the Legislature needs to take control and ensure that there's a forum for the public to participate. Responding to a question from Representative Buch, he pinpointed his property on the map and noted that he is represented by Senator French and Representative Holmes.

2:40:19 PM

CECILIA PREZIOSE, representing herself, said she has been a homeowner in the Windermere subdivision for about 18 years and has noticed a change in flight patterns. Now the jets fly so low that she can recognize the people on board. There's a noise and safety issue here, she said. "The days of Anchorage and Alaska being 'Yahoo, Wild West.' are gone." Flights from Lake Hood are more numerous than the jumbo jets and they need to fly at least 1,000 feet above homes. Responding to a question from Representative Doogan, she agreed that they live at about the same latitude.

2:45:50 PM

HARRIET DRUMMOND, Vice Chair, Anchorage Municipal Assembly, said she represents roughly 50,000 west Anchorage citizens. It's a huge district. She said the Anchorage international airport has nearly a permanent spot on the agendas of Sand Lake and Turnigan community councils and often is on the agenda of the Spenard Community Council. It's such an issue in the Sand Lake area that that community council created a separate committee to get to keep the airport from occupying every meeting. The Anchorage international airport impacts a huge portion of west Anchorage and the residents are clearly frustrated.

Most people understand that the airport operates from revenue generated by the industry and everyone who travels appreciates the convenience of having a modern airport in the neighborhood.

There is no question that the airport is an important driver in the Anchorage economy. However, the airport is a neighbor and as it expands to its boundaries, it's increasingly important for all the neighbors to work together. The airport occupies center stage in the west Anchorage district plan that is underway. Once that is complete, zoning and development issues can be addressed and clarified in the new land use regulations that will implement the Anchorage 2020 Comprehensive Plan. However, it's been virtually impossible for airport neighbors to have any input on the airport development plans. Airport representatives visit community councils and announce their intentions without really asking for input. Everyone recalls the disaster that method of public communication became last year with the announcement of a new north-south runway. The signatory airlines refused to support the runway and the previous airport director subsequently departed.

Everyone is well aware of the current economic downturn and the impact of nature's power. It's a quieter period at the airport and she sees it as an opportunity to improve communication between the airport and its neighbors. To this end, Assemblyman Claman has suggested quarterly communication meetings for the airport and the neighboring community councils. Ms. Drummond clarified that these would not be focus groups. They are intended to facilitate the communication process but it's difficult to do that without help. She advised that the west Anchorage district planners will hold an initial public meeting on October 8. They will present the issues and opportunities regarding the airport and west Anchorage as well as issues of housing, town centers, circulation, and transit. The public review draft of the plan will be out by year end and will include a summary of the neighborhood and airport conflicts. I hope the planning process leads to more open and early communication with the airport, she said.

MS. DRUMMOND added that she was shocked to hear there has never been a system plan for the Anchorage and Fairbanks airports. The previous airport director told her that Anchorage revenues support the Fairbanks airport. If that is the case, then perhaps some of the cargo should go to the Fairbanks airport.

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CHRIS HABICHT, representing himself, said he is a member of the Turnigan Community Council and has lived in the area for 17 years. He said the airport has done a great job in following its mission statement. He stated it as follows:

The mission of the Ted Stevens International Airport is to safely, effectively, efficiently operate and maintain the airport consistent with federal regulatory requirements, high customer service standards, sensitivity to user needs, and awareness of community goals.

MR. HABICHT emphasized the phrase, "awareness of community goals" and highlighted the fact that there is no mention of incorporating community goals into plans unless it doesn't cost anything. For example, when the north-south runway expansion was proposed the airport provided lots of outreach and took in comments from the public. In early 2000 the tonnage in and out of the airport was projected to increase, but by the time the runway project was moving forward the economy had slowed. Someone asked if the projections had been reevaluated and the airport never provided a satisfactory answer. As it turned out, the air carriers also felt that the airport needed to adjust their projections and didn't support the runway expansion. This shows that the community provided input, but it didn't appear to be utilized by the airport. "My feeling is that the mission statement for the airport really needs to change to include the community goals in the decision-making process, not just being aware," he said.

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MARK WIGGIN, Board Member, Turnigan Community Council, said he has lived in the Turnigan neighborhood for eight years. He hopes to shed light on one of the most critical issue facing Turnigan residents, which is the efficacy of the public process. The airport does seem to engage in some sort of a public process, but the issue is what happens to the information. As a member of the advisory committee on the cancelled fourth runway project he was initially excited to be part of the process. Within six months or a year he realized he was wasting his time and didn't attend the last meetings. The previous airport administration rolled out the fourth runway project amid great fanfare only to have the airlines read a letter opposing the project. There was a lot of time, effort, and money spent needlessly on that project. He expressed hope that this hearing, legislative engagement, and work by the new airport administration will result in never again spending so much money on such a flawed and damaged process. It's an excellent example of what not to do.

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CATHY GLEASON, Board Member, Turnigan Community Council, said she has lived in the Turnigan and west Anchorage area for 27 years. She expressed the hope that this hearing is just the first step in the dialog with the Legislature regarding airport and community matters. One of the most important points she and others want to make is that there are flaws with the current public participation process. To their credit, the airport has improved communication with the public over the last several years. They have not hesitated to attend community council meetings to present development plans or give updates. That is appreciated. The issue is not that the airport doesn't follow public process requirements. The issue is that the airport handles public input very inadequately and that there is nothing that requires it to objectively evaluate or incorporate meaningful public input. What typically happens is that they tell the public what they intend to do and, as a formality, ask for input. Once the public provides input, the airport spends time and money defending their original position and plan rather than listening to and being responsive to the feedback.

MS. GLEASON said an example of the airport ignoring overwhelming public opposition was when it applied to the Army Corps of Engineers for a 10-year wetland permit to fill more than 240 acres in Turnigan and Postmark bogs. Despite overwhelming opposition due to environmental and subsequent high development impacts, the airport moved forward and the permit was approved. The permit was revoked only after a lawsuit was filed and it was discovered that the airport underestimated air pollution emission levels in the application. A more recent example is when the airport proceeded with plans to build the second north-south runway despite continuing public opposition and questions of economic viability and necessity by airport tenants. Among other impacts, that project would have destroyed a 190 acre park west of the airport and put an enormous amount of fill in the tidal area at the northern end of the Anchorage Coastal Wildlife Refuge. It was only the economic downturn and fear of increased user fees by signatory airlines that put a stop to that project. All public input was ignored. Over the years the council has provided input on the long-running impacts to the residential area and nearby recreational facilities. Rarely has this input resulted in adequate resolution of problems.

MS. GLEASON asked the Legislature to become more involved, provide more oversight, and if necessary intervene in airport operations and development because the current process isn't working.

REPRESENTATIVE DOOGAN asked if problems with the airport have improved since the previous airport director was replaced.

MS. GLEASON mentioned the continued air and ground noise at her house and said the impacts are and have been so high that even though traffic is reported to have dropped, there is no tangible evidence that issues have been resolved. She added that the master planning process has stopped, the economy is in a downturn, and the airport isn't proceeding with major capital projects so it is a quieter time. She agreed with Assemblywoman Drummond that now is the time to address some of these longstanding issues because they still exist. Responding to further questions, she said it's too early to tell how things will go with the new administration.

REPRESENTATIVE DOOGAN explained that he's trying to judge whether things are getting better, are about the same, or are getting worse since the airport administration changed.

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DAVID MCCARGO, representing himself, said he's had a lot of interface with the airport in the 30 years he's lived in the airport neighborhood. Today he is addressing the traffic issue. It is just as important as noise. The traffic patterns on International Boulevard have become a dangerous issue and from his subdivision there is almost no safe egress. It's almost impossible to find resolution on this type of issue.

Another issue that is rarely addressed is the pollution that comes from the airport because it is basically exempt from the Clean Air Act. It's well and fine that the airport is an economic engine for Anchorage, but it won't do a lot of good if people are dead because of increased air pollution, he said. He showed a sample of a one-month accumulation of what he scraped from his car windshield when it was parked near the airport. Statistically this is meaningless, but this is what we, as airport neighbors, face, he said.

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TYLER ROBINSON, Planning Department, Municipality of Anchorage, said the municipality is currently undertaking the West Anchorage District Plan to address long-standing issues. The airport staff is participating and has been very accommodating. The district plan will look at land-use issues and use FAA planning materials to see how other jurisdictions deal with airports that are in close proximity to residential and non industrial areas. The idea is to find tools to use to allow

continued airport development and also respect and protect neighborhoods. The municipality is aware of what's going on and views itself as a partner with the community, the state, the Legislature and the airport, he said.

REPRESENTATIVE DOOGAN asked the boundaries of the planning area.

MR. ROBINSON replied, "Roughly [it] goes down towards Diamond, basically works its way back up Minnesota on the eastern boundary, follows Spenard Road up to Chester Creek." The area is fairly large and although the airport is a central focus of the plan, other issues are at play as well.

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RUSS SINGLETON, representing himself, said he lives in the Turnigan area and he wants to go on record supporting what the Turnigan Council has said. Communication was extremely bad prior to Ms. Klein's tenure. Noise has always been an issue and in the past small plane traffic was not factored in. Those engines are the very noisiest when they're climbing and it's deafening when they fly over the house. The lack of communication has been most annoying and if we can improve that perhaps we can find better results, he said.

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LINDA SWISS, representing herself, said she lives off Raspberry Road and is directly impacted by airport development. She became concerned when she saw that the south airpark access road development was moving forward without incorporating proper public review. She noted that she has never received any communication from the community council so there is obviously a communication gap with the council itself. She mentioned the discontinued master plan and said it doesn't make sense to piecemeal airport development. She believes: the airport should assess what will go into the airport inventory when Kulis Air Force Base closes before proposing additional development; the West Anchorage District Plan should be developed in concert with the master plan, not separately; the south airpark access road should be delayed until a better public process is defined and a comprehensive development plan is written; and the community and all user groups should be included in a meaningful way ensuring that they receive correct and timely information.

CHAIR KOOKESH asked Ms. Klein to provide closing comments.

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MS. KLEIN thanked the committee for holding the meeting and for inviting House members; it is much more efficient for her to meet with both at the same time. She said she noticed that a lot of the issues were about past projects. She appreciates the comments and would note that public comments are important and they sometimes have changed projects. Everyone might not get what they want but the airport does at times try to find compromise. "And we will hopefully do a better job of that in the future." Environmental issues were raised and she wants to remind everyone that the Anchorage airport has national environmental and operational awards for being proactive in some areas.

Finally, there might be some misunderstanding about the master plan process and how it works. She explained that the 2002 master plan is the official FAA recognized and accepted document. That is what the airport is using and will continue to use until there is a new plan. She mentioned the forth runway issue and said that was one of several alternatives under consideration. That's what a master plan is about; it looks at various alternatives as possibilities. "I don't want people to lose perspective of that. It is off the table but I do want to recognize that and that the master plan is the best place to get those comments documented so we can look at changes that are most compatible with our airport and community." We look forward to that continuing dialog, she said.

SENATOR DAVIS asked if she intends to address the comments that were made regarding small planes.

MS. KLEIN said Lake Hood and Lake Spenard are an important part of the airport that doesn't really pay for itself or help the larger operation. For that reason there are mixed feelings about whether or not Lake Hood should even be at the airport. It's a controversial issue for some administrations. Her view is that it's an important part of the airport history and it's an important tie to the rest of Alaska. We shouldn't forget about it or send it to other parts of the state. We're trying to make it work, but it's a challenge. Lake Spenard has homeowners and there's a history of people walking around and using the lake recreationally. "We're trying to also enable that to continue rather than just fencing it off like Merrill Airfield and not allowing the people to use it." We have to recognize that nobody will be perfectly happy but we'll try to find middle ground. That's what we've done for the last 22 months, she said.

SENATOR MEYER noted that passenger enplanements are down 4 percent for the year while tourism says business is down 20-30 percent. He asked if you could conclude from that that most of the passengers are business or family travel rather than tourist travel.

MS. KLEIN said not necessarily; Alaska probably hasn't seen the decreases that other states have seen because of its dependence on aircraft.

SENATOR MEYER asked if you could conclude that the 20-30 percent drop in hotel business reflects a drop in cruise ship travel and not so much a drop in air travel.

MS. KLEIN said the four percent drop is for FY09 and this is FY10. Passenger enplanements have been down significantly the last several months and have been linked to the drop in tourism.

SENATOR MENARD asked Ms. Klein to take a look at Point McKinsey. It has the same capacity as the Denver airport at 16,000 feet.

MS. KLEIN said there are developers who are interested in that and she is too; it would have a drastic affect on Anchorage.

REPRESENTATIVE GRUENBERG asked if Anchorage international airport puts a head tax or fee on passengers.

MS. KLEIN replied there is a passenger facility charge at both the Anchorage and Fairbanks airports. It's allowed through the FAA and the airport is reimbursed.

REPRESENTATIVE GRUENBERG asked if it's a federal or state tax. He added that his reason for asking is that the House judiciary committee is currently looking at the constitutionality of the state head tax on cruise line passengers.

MS. KLEIN deferred to Mr. Day.

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KEITH DAY, Controller, Alaska International Airport System, Department of Transportation and Public Facilities (DOTPF), said it's a federal law that allows the implementation of a per passenger facility charge that is collected by the airlines when a ticket is sold. It is neither a federal tax nor a true head tax but it works as such.

REPRESENTATIVE GRUENBERG described it as a state tax that's permissible under federal law.

MR. DAY replied he would not call it a state tax because it's per airport. Within the system each airport submitted an application to the FAA. Those applications are for specific purposes and proceeds can only be used for the specific purposes outlined in the application.

REPRESENTATIVE GRUENBERG called it a facility fee and asked how much it is.

MR. DAY said the fee is \$4.50 per passenger at Fairbanks and \$3.00 per passenger at Anchorage.

REPRESENTATIVE GRUENBERG asked if it applies separately for enplaning and deplaning or just one or the other.

MR. DAY replied the charge is per leg with up to three legs in a trip and it is collected at enplanement.

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REPRESENTATIVE GRUENBERG commented that a lot of the complaints are the result of a lack of communication. He asked what she is going to do about that.

MS. KLEIN mentioned the 67-70 meetings on the master plan and said she would probably follow a similar process in the future. She added that she recognizes that it might be helpful to let people know how their input was used on projects. Getting back to people on that would be a good place to start.

REPRESENTATIVE BUCH said it's not a matter of whether there has been communication; it's a matter of the efficacy of the communication that's at issue. It's a question of whether the input will be taken into account and become part of a development.

Responding to Senator Menard's request [to look at Point McKinsey], he related that the 2002 master plan looked at moving the airport across Cook Inlet. It didn't pencil out despite a huge community wide effort. He then said that with respect to the comments about aircraft flight patterns and noise, people must keep in mind that it's the pilots at the international airport who have the final say if they are given a choice on the distance they will taxi and takeoff direction. The air traffic controllers can make recommendations, but they can't insist.

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CHAIR KOOKESH thanked the participants and adjourned the Senate Transportation Standing Committee meeting at 3:43 p.m.