

**Aviation Advisory Board Meeting Minutes
November 1 - 2, 2011**

Meeting held at Fairbanks International Airport, Fairbanks, AK

Meeting called to order by Chairman Lee Ryan at 8:38 a.m.

PRESENT: Lee Ryan, Jim Dodson, Tom George, Steve Strait, Dave Karp, Frank Neitz, Mike Stedman, Bob Hajdukovich, Tom Nicolos, Judy McKenzie, Ken Lythgoe

EXCUSED ABSENCE:

OTHERS IN ATTENDANCE: Steve Hatter (DOT&PF), Mike Coffey (DOT&PF), Becky Iles (DOT&PF), Linda Bustamante (DOT&PF), Tina Schimschat (DOT&PF), Jim Lomen (FAA), Jessica Della Croce (DOT&PF), Penny Adler (DOT&PF), Laura Baker (DOT&PF), Megan Byrd (DOT&PF), Ethan Birkholz (DOT&PF), Steve Titus (DOT&PF), Bill O'Halloran (DOT&PF), Kevin Alexander and Kathy Tahoeey (University of Alaska Fairbanks/CTC Aviation).

MINUTES: Motion: Noted in Public comments that Sasinowski was misspelled. Steve Strait moved to approve minutes as amended. Motion passed unanimously with request to update minutes on website.

Chairman Ryan – Welcomed all to the meeting and reviewed board's itinerary.

Deputy Commissioner Hatter – Welcomed all and added that he appreciates everyone's attendance.

AGENDA:

Statewide Aviation Issues: Deputy Commissioner Hatter updated the board on the following key topics with ensuing questions and comments noted:

- Service Based Budgeting (SBB) – this is a major initiative of DOT&PF. Department is moving forward to seek additional funding and creating standards for rural airports to eventually eliminate deferred maintenance
- Aviation Safety Advocacy – Deputy Commissioner Hatter stressed the need for the Board to understand all funding sources and look at safety coordination and efficiency among all advocacy groups.
- Essential Air Service (EAS) – Aviation System Plan needs to track program and Board needs to be kept aware of any/all developments. FAA Associate Administrator Christa Fornarotto met with DOT&PF Commissioner, Deputy Commissioner and Division Managers in late October. She toured several airports across the state and was able to see first-hand the critical role aviation plays in the Alaskan lifestyle.

- Bypass Mail-the board recently briefed the Governor's Rural Action Subcabinet on the bypass mail program and how changes to this program could impact all state departments. Rep. Issa's reform bill would have the State of Alaska pay for the program. Hatter commended the board on their efforts to educate all on this program.
- Runway Safety Areas (RSA) – RSAs on the certificated airports need to be complete by 2015. DOT&PF has decided to proceed on some airport projects with state general funds rather than using federal funding, which should ensure the best use of the funding available in the time remaining. Also this would give the State a better sense of control. Laura Baker asked what the further budget implications were of the required RSAs. Hatter replied that RSA's are federally funded projects unless the state chooses to fund them.
- Safety Management Systems (SMS) – SMS is closely tied into Service Based Budgeting. DOT&PF is tracking SMS and moving ahead.
- Airport Towers – there needs to be more awareness of tower placement by airports. A working group has been set up within the department. The state is looking at the ability to impact where construction is done. Permitting by the state is an option, but would rather not be a burden on private enterprise. Tom George asked who was on the working group, members include Rich Sewell (DOT&PF), Vern Skagerberg (DOT&PF), Ethan Birkholz (DOT&PF), and other Transportation Planners. Strait asked about the timeline. Hatter replied that the goal was to have a proposal ready for a Legislative initiative next fall. Lomen mentioned that the FAA can say the towers are a hazard, but cannot stop them from being built. Nicolos said airports are not notified when this happens. Hatter said the biggest problem lies in the lack of standards in constructing them. The rules on markings, lights and visibility don't deal with all cases. The state only has control when built on airport property. Strait added that with the phone service to rural areas being revamped, there will be many more towers to come. Hatter asked that this be added as an agenda item for later.
- Airport Operations Practicum/Certified Member (CM) Training – there will be another CM class in May. The airports operations practicum was recently completed with lots of participation from state and municipal airport employees and contractors. Board member Tom Nicolos said it was a great class, but felt it revolved too much around certificated airports, and thought there should be a section about non-paved airports. Bustamante said she would pass that information on to Jane Dale about getting that added to the course.
- Alaska International Airports System (AIAS) – the system is aggressively pursuing the Air Cargo market. The air cargo statistics are discouraging - so far this year cargo is down 12%, while the passenger rate has remained steady.
- Aviation Advisory Board Resolutions – Resolutions were reviewed and a working group (Steve, Tom George, and Lee) was tasked with reviewing all resolutions to determine which should be retired and which still require the board's attention.

Service Based Budgeting:

DC Hatter provided the board with an overview of Service Based Budgeting. The Department's four year plan has been submitted to the Governor's office and OMB. If an aggressive maintenance program is needed, Ken Lythgoe suggested that rather than hiring new permanent state employees, that the Department consider contracting maintenance positions. This would allow the state to catch up on deferred maintenance with no growth in government. Baker said that only 27% of the costs are from personnel services. The board will be discussing the SBB plan with legislators during session. The plan was very well received by all board members with only minor suggestions for revision. There was much praise for DOT&PF management staff. DC Hatter said he was thankful to be able to brief the board and appreciates their support.

Land Use Compliance (LUC) Part 2:

Jim Lomen with the FAA gave a presentation on Land Use Compliance. He reviewed the procedures behind compliance and emphasized that as long as the state acknowledged a problem and was working toward fixing it that FAA would still consider them in compliance. Chair Lee thanked Lomen for his time and presentation and assured him that he would be invited back in the future.

Tina Schimschat gave a presentation on the DOT&PF perspective of Land Use Compliance. In the past the state has granted use of property surrounding the airports to schools, clinics etc. In many villages the airport is the town center. Now there are many villages with LUC issues and as the leases are coming up the state is no longer renewing them.

DC Hatter said he appreciates the board accepting the topic for further review. Chair Lee asked for volunteers for a subcommittee. Becky Iles, Jim Lomen, Ken Lythgoe, Bob Hajdukovich, Tom Nicolos volunteered.

Alaska Aviation System Plan Status Update:

Jessica Della Croce (DOT&PF) provided handouts of the executive summary and an update on past and ongoing AASP work efforts. The AASP website went live on September 1st, and facility information is now available. The Pilot reporting feature is in alpha testing. Very few can log in and use it, but eventually DOT&PF wants the website to be a one stop shop for aviation. Hajdukovich suggested an iPad app for the system. Nicolos said the state needs to be clearer about who the system is intended to be used by.

Copies of reports on the 12 individual airport socio economic studies were sent out in late October and early November. Airport emergency plans are all approved. DOWL is working on flip books for Airport Managers and staff. Initial footage has been collected for the videos to be produced for the communications plan. The production is still in need of some footage, but the majority has been collected for the first two videos. The initial cuts have been made and a link is now available for those that are interested.

Public and Board comments:

Ethan Birkholz updated the board on the status of Northern Region projects. 40% (104) of the state's airports are in NR, while only 21% of the state's population resides there.

USPS Bypass Mail Discussion:

DC Hatter discussed the Aviation Advisory Board briefing to the rural subcabinet. Need to frame problem at an executive level, discuss issues and why they should care. What will happen to the people of Alaska if we don't have this subsidy in place? USPS interested in saving money but ends up passing costs onto villages and the DOT&PF. State needs to be engaged. Robbie Graham with DCCED is tracking the issue, and the board is available to brief others if needed. Hatter also agreed to start the Northern Economics study of the Bypass Mail System.

Final Comments:

Frank Neitz – Bethel, Takotna and Tuluksak airport projects are done, and Cheforak and Kipnuk are under construction.

Tom Nicolos – Bypass Mail – State needs to educate not just the air carriers, so that people understand the true impact. An unbiased educator is needed.

Jim Lomen – thanked the board for its interest in Land Use Compliance.

Bob Hajdukovich – Learn something new at every meeting and would like to thank DOT&PF for being highly effective

Steve Hatter – The Kwigillingok airport received an FAA grant of \$1.5M for runway repairs.

Meeting Recessed at 5:20 p.m.

November 2, 2011

Meeting called to order by Chairman Lee Ryan at 8:35 a.m.

Excused absence: David Karp

Airport Maintenance & Operations Report:

Mike Coffey (DOT&PF) provided a power point presentation on how the M&O side of service based budgeting will work. He asked that the board keep in mind that it is a work in progress. DOT&PF was aiming for 80% on the first pass of data collection. But more details will be added as the years pass.

- The mission is to provide safe airports for everyone. The system sets standards which have never been in place before.
- SBB mandates staff inspections.
- The system utilizes four performance levels, and four service targets, based on activity of the airport. All airports should have an elevated level of service with this program.
- Target A doesn't mean that the airport has no deficiencies; it means that staff have addressed most routine maintenance needs and there is no significant backlog.
- One goal is to have a pavement management plan for every airport.
- Promise to identify and fix airport problems sooner.

DC Hatter was asked to provide the AAB a one page executive summary on SBB. The board asked that DOT review the Service Level categories. For example, ranking a busy

airport like Birchwood below some airports with commercial service, but low levels of use seemed problematic.

Alaska International Airport System (AIAS) Strategic Plan:

DC Hatter briefed the board on the strategic plan and branding the AIAS to market the airports as a system rather than two separate entities. He also stressed the importance of cargo activity coming through the AIAS.

Fairbanks International Airport Brief:

Jesse VanderZanden gave a power point presentation on Fairbanks International Airport. Jesse noted that FAI and ANC are located in two separate weather patterns, so there has never been a simultaneous closure. For aircraft coming from Asia, Fairbanks and Anchorage have a negligible difference in the distance from each other. Other cargo hubs would have to divert hundreds or thousands of miles. And the AIAS is primed for becoming a major player in the international cargo market. He also advised that the electronic Airport Layout Plan should be available in about 18 months.

UAF Community College and Technical School

Kevin Alexander educated the board on aviation programs available. UAF offers a professional piloting ground school that features:

- both private and commercial certificates
- 35-50 students per semester
- 82% passing rate, with 56% of the students qualifying for the FAA test

The program is actively trying to find an airport location which would enable them to offer a flight school as well.

UAF also offers a program in Aviation Maintenance Technology. This program is:

- One of only four schools nationwide that offers a 12 month program.
- 8 hours a day, 5 days a week, with no night classes offered.
- Focuses students to be career minded
- The program has been waitlisted for 3 consecutive years.
- 75% pass rate, 98% of which pass the FAA certification on the first attempt.
- The cost is approximately \$15,000, which includes tools books and tuition.
- The demand for employees is higher than the capacity for the course, so graduates have no problem finding employment with a starting wage of \$16-33/hour.

Challenges for the program included the current off airport location, lack of space to house both classes and aircraft for training purposes. Many companies have offered donations of aircraft, but there is nowhere to store them. Currently only 60% of students are from Alaska and the program would like to see those numbers rise.

Lee thanked Kevin from a rural perspective for the great job they are doing getting jobs back into the communities.

Resolution Group:

Steve Strait offered suggestions on how to handle current resolutions. The solution agreed upon was to deal with the open resolutions and the others remain in the board book in case needed. Chair Ryan asked that before the next meeting the group could discuss any changes. The process was adopted by the board.

Board Comments:

The board reviewed and discussed the information provided at the meeting and airport tours with the following recaps:

1. Jim Dodson – good meeting – Nice to see energy of the DOT&PF management staff dealing with challenges with tremendous opportunities. Chair Lee is an inspiration, his knowledge is vast and Jim was thankful for Chair Lee’s contributions. He also spoke about the economic future of the state. 51% of the state’s economy comes from Government. With the government making cuts where does that leave the rest of the state? We need to be looking for future opportunities and what we are doing to draw business to the state.
2. Bob Hajdukovich -noted Alaska Airlines saw its best year in the past 20 which he attributes to their system changes. But if bypass mail goes away it would threaten business. Air carriers are trying to save money coming into the winter season not knowing what business spring will bring them.
3. Tom George – Compatible Land Use training by DOT&PF and Alaska Airport Association was excellent, encourages AAA to provide more classes. JPARC planning is continuing, aviation groups would like to work with the military come up with a reasonable plan for all users. There were a number of mid air collisions and a near misses reported this year in the Mat-Su valley. FAA and industry have established two working groups to address the issue. There will be a listening group on November 18th in Anchorage.
4. Ken Lythgoe also felt the changes within DOT&PF are refreshing.
5. Mike Stedman agreed that service based budgeting is great, and spoke to the negative effect that the loss of the bypass mail program would have on the state’s economy.
6. Tom Nicolos was excited about the SBB plan. People need to have the resources to get their jobs done. He would like to see the Department work more with Zoning commissions. Tom also attended the Airport Practicum and Land Use Compliance and felt they were great and was glad to see state employees there.
7. Steve Strait gave kudos on the SBB vision and accountability trail it includes. He thanked UAF for their presentation and hopes that the program gets more support to meet their needs. He also thanked the FAA for participating in the meeting, and Jesse VanderZanden for hosting the meeting.
8. Judy McKenzie - She felt it was a great meeting with a good agenda. Service Based Budgeting is fantastic and the AIAS strategic planning process shows good efforts with cargo marketing. She thanked all that participated in the meeting preparation.
9. Frank Neitz – Thanked everyone. Frank said he will still be pushing to go ahead with the Tununak Airport project.
10. Chairman Lee sees a lot of things in progress with cell tower zoning, bypass mail and NOTAM training at the top of the list. Chair Lee felt emergency response plans need to be more on the radar. He stressed the importance of airport signage

from the pilot's perspective. He feels that redistricting of state legislative districts will create a new playing field and be a big issue for rural Alaska.

11. Steve Hatter expressed his appreciation of the affirmation the board showed toward SBB, and the efforts of the Board. Thanked staff for all of their assistance.

Next Meeting and Adjournment:

The board is planning to hold their next meeting in January or February in Juneau.

Meeting Adjourned at 3:27 p.m.