

**Aviation Advisory Board Meeting Minutes  
Anchorage, Alaska  
January 22, 2019**

**Meeting called to order by Chairman Lee Ryan at 10:07 a.m.**

**PARTICIPANTS:**

**Board Members:** Jim Dodson, Tom George, Lee Ryan, Mike Stedman, Gideon Garcia, Dennis Parrish, Earl Samuelson, Marilyn Romano, Frank Neitz, Bob Hajdukovich, Bob Kaufman

**DOT&PF:** Commissioner MacKinnon, John Binder, Troy LaRue, Linda Bustamante, Meadow Bailey

**OTHERS:** John Harris, Jane Dale, Len Sloper, Adam White, Jeff Swafford, Wilfred Ryan

**AGENDA and MINUTES** – Marilyn Romano moved to accept agenda, Dennis Parrish seconded. Dennis Parrish moved to adopt minutes. Tom George seconded. Motions passed unanimously.

**Commissioner Remarks**

Commissioner MacKinnon discussed the department's budget and Office of Management and Budget's (OMB) direction to build revenues and review everything. DOT&PF's maintenance and operations budget has been reduced to a level that any additional cuts could impact safety with our roads. The Commissioner supports the department's goal of One DOT&PF and is planning to bring chairs from the Department's three modal advisory boards (MTAB, AAB, and Highways & Roads) into an adhoc advisory board meeting soon. Commissioner is also looking at internal processes and reducing duplication between departments.

**DC Binder Update**

The State of Alaska owns/operates 239 airports. Anchorage and Fairbanks International Airports are self-sustaining. The 237 rural airports owned and operated by the State cost ~\$40 million to operate and receive ~\$10 million in revenue leaving a \$30 million gap. The State's 20 certificated airports cost ~\$20 million to operate (those are the hub airports primarily with jet aircraft service). Under guidance from OMB the department is looking at implementing landing fees and aircraft registration fees. This meeting with the aviation advisory board is intended to review these fees and collaborate on next steps. Both changes would require a regulation change, with a minimum of a 30-day public notice.

**Board Discussion**

In 2015 the board met with former Governor Walker to discuss revenue enhancement for the rural airports. Following this meeting they met with DOT&PF leadership to explore various revenue enhancements including landing fees, airport user fees, and a motor fuel tax. A letter was submitted to Governor Walker in November 2015, recommending an increase in motor fuel tax as the board believed it was the most fair and equitable method to increase system revenue at that time, in comparison to the landing fee and registration options.

The board discussed many concerns with new rates and fees and ideas for improving processes and potential revenue streams:

- Streamline leasing decisions – many perceived leasing as a barrier to entrance at a state airport; suggest surveying all tenants and the broader aviation community.
- SWA should partner with the Board to look at new innovative ideas and opportunities at rural airports for revenue.
- Landing fees being considered at certificated airports should be based on aircraft requirement of this type of airport not aircraft weight.
- Flights to rural Alaska are heavily subsidized – any additional fees would be passed on to rural citizens and to other state or federal programs that support travel.
- Federal Airport Improvement Program dollars have limitations on what they can be used for. Additional waivers should be pursued with the help of Alaska’s congressional delegation due to the remote circumstances of Alaska.
- Any additional airline fee discussions should take into consideration risks to the airline. Increased costs can impact their route profitability analysis which could result in a decrease of service to small rural communities.
- Airline service in rural Alaska is heavily subsidized – federal and state dollars. Medicaid, Bypass Mail, Essential Air Service, airport M&O.
- Charging aircraft landing fees to all types of aircraft should include an analysis of risks. If radio calls are used to allocate charges, will pilots not use the radio, increasing safety risks?
- The Board offered their business expertise to help Statewide Aviation with crisis planning, regulation relief, and to help explore options for reducing costs and operating expenses.

The board appreciated being asked to weigh in on the budget recommendation to increase revenues in support of the rural airport system. The board believes it would be important to see the full Governor’s budget before offering an opinion on how the new taxes and fees will combine with other budget reduction impacts to put rural aviation at risk. The Board expressed a desire to help DOT explore other options for closing the funding gap, including revenue generating ideas and cost reduction opportunities. Marilyn Romano moved that the Board send a letter to OMB clarifying the risks, costs, and unintended consequences that might result from these taxes and fees and requesting additional information to help frame the situation for OMB. Motion was seconded by Dennis Parrish, and passed unanimously.

#### Future agenda items and board requests:

- Constructive way to improve overall aviation system efficiency and processes
- Bypass Mail Study – send study to board and add to future agenda. It was discussed that more public education is needed to understand how changes can impact rural aviation.
- Board requested copy of the motor fuel tax increase revenue projections
- Send board members TSA and FAA for thank you email for continuing to work during government shut-down
- Next meeting suggestions – 1<sup>st</sup> week in March in Juneau

Meeting adjourned at 2:40 p.m.