

Aviation Advisory Board Meeting Minutes

May 13, 2021

Webex Meeting

Meeting called to order by Chairman Lee Ryan at 1:00 p.m.

PARTICIPANTS:

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

DOT&PF: Deputy Commissioner John Binder; Division Operations Manager Troy LaRue; Development Specialist Linda Bustamante; Southcoast Region Director Lance Mearig; AIAS Transportation Planner Jodi Gould; Commissioner John MacKinnon; Fairbanks Int'l. Airport Manager Angie Spear; Administrative Assistant Jennifer Rackliff; Airport Leasing Program Manager Clark Cox; UAS Program Manager Ryan Marlow; FAI Admin. Officer Susan Ault; FAI Division Operations Manager Theresa Harvey, ANC Deputy Airport Director for Planning and Development Teri Lindseth; Theresa Harvey; Transportation Planner Rich Sewell; Manager Statewide LRTP, Freight and Transit Manager Eric Taylor.

FAA: Kristi Warden, Director Alaska Region Airports, Rodney Clark, Deputy Director Alaska Region Airports

OTHERS: Tom George, Aircraft Owners and Pilots Association (AOPA); Jane Dale, Alaska Air Carriers Association; Adam White, Alaska Airmen's Association; Meg Jones, DOWL, Eland Conway, Kenai Airport Manager, Wende Wilber (Kittelson & Associates, Inc.), Holly Spoth-Torres (Huddle AK), Victoria O'Hara, USPS Network Analyst.

AGENDA and MINUTES –Marilyn moved to adopt February meeting minutes; Mike Stedman seconded. Bob Hajdukovich moved to accept agenda; Jim Dodson seconded. Motions passed unanimously. Approved February meeting minutes posted to [website](#).

ANC Airport Update:

Teri Lindseth reported that ANC is now the 4th busiest cargo airport in the world and cargo numbers are expected to stay strong. Airline passenger seat capacity has boosted to now approaching 2019 levels of passenger enplanements. New airline service and destinations include Frontier Airlines beginning service to Denver in June. Delta is now serving DFW and JFK and American Airlines is serving Chicago and Dallas. There is progress being made with airport cargo development with six projects moving forward. Two projects now have signed leases - Alaska Cargo and Cold Storage and 6A Aviation. FedEx and UPS are also looking to expand their footprint at ANC. DHSS set up a clinic to offer vaccines at the airport, seven days a week. ANC is kicking off an airport master plan. A master plan is a 20 year blueprint on how we see the airport developing in order to maximize the best use of airport property for aviation development through aviation planning. The plan will also update growth forecasts and establish airport priorities.

Steve Strait asked the status of the Southeast Airpark lawsuit. Teri said the Judge has asked for supplemental briefs and the airport is working with its legal team on a response.

Steve asked about the timeline to complete the new airport master plan? Teri said normally a master plan takes 2 years and this one will probably take that same amount of time. The scope and schedule will be determined after a contractor is on board.

FAI Airport Update:

Angie Spear reported air service in 2021 is looking to be a banner year. There are 33% more seats in the market than in 2019. Alaska Airlines has expanded service, American Airlines launched service to Dallas and Chicago; and Delta Airlines readded Minneapolis and Salt Lake City; and expanded service to Seattle. Sun Country is launching to service to Minneapolis; United Airlines has added Anchorage to Fairbanks and readded Chicago service. The airport is hoping Condor is still coming back with service to Frankfurt. The Leasing Department is very busy with tiedown relocations; building permit applications and new lease applications. Omni will have a grand opening later this summer of their new hangar. Lifemed's hangar is nearing completion. There is also a new hangar on the east ramp scheduled for construction this summer. Dollar/Thrifty have taken assignment of Hertz. The Forestry Service and DNR are looking to relocate all of their operations from Ft. Wainwright to FAI. Starbucks reopening in terminal within the week; staffing has been a challenge.

The airport has 2 large projects: runway and taxiway resurfacing project that's proceeding well and should be completed in July and the replacement of two escalators in the terminal. Covid vaccines are available at FAI to residents and Alaska workers until June 1st and then on June 2nd vaccines will be available to all travelers. Bob Hajdukovich asked if all 3 vaccine types will be available? Angie said it's her understanding that all 3 types will be available and depending on the length of stay of travelers they might be able to get their 2nd shot. Bob Kaufman asked if the airlines that are increasing capacity to Fairbanks were aware of the car rental/transportation situation and how that might impact this year's load factors. He wants the airlines to understand why demand might be constrained this year due to those issues and understand the long-term demand for travel to Alaska. Angie said yes they are communicating with the airlines and that some airline bookings were a little soft but carriers are experiencing this nationwide and they understand it's not an Alaska issue.

Commissioner John MacKinnon Comments:

Senate transportation committee has a bill that should pass this year that will allow the department to do CM/GC contracting. (Construction Manager/General Contractor is an authorized form of awarding procurement contracts). This will allow the department to bring a contractor early on in the process and let them work with the design team to design an efficient construction project. The benefit of this brings the contractor experience on early and gets the project out quicker.

DC Binder Statewide Aviation Update:

Reviewed federal funding. There is a lot of money coming in and there is a challenge on how to use it especially when you have OMB and the legislature weighing in on how to use it. CARES money was made available early last summer - \$49M for rural and \$33M for the international airports. No restrictions on how CARES money is used - anywhere aviation revenue can be used that money is eligible and that includes capital projects. It's key to note that these funds will be used for operational expenses over the next couple of years to free up UGF to use elsewhere hopefully in the department.

CRRSAA became available around the end of last year - \$26.5M for rurals and about \$17.5M for internationals. These funds are airport specific allocated to primary airports (23 airports) and are restricted to operational costs. For instance Haines Airport earned \$1M and they typically spend \$25K a year and there is only a 4 year performance on the funds and this money is non-transferable. The department is working with the congressional delegation to get language in future bills hopefully allowing more flexibility with the funds. Working hard with all agencies to maximize the use of the funding.

Still waiting for guidance on ARPA funds - \$8B for aviation still waiting for how this will be allocated.

Rural airport contractor training is important and is planned to start up again this summer. There have been a couple of instances lately that reemphasize the importance of this training. There will also be an M&O training conference this fall in Anchorage.

General aviation security access - several of the state's certificated airports around the state do not have security fencing around the perimeter allowing general aviation to enter areas of the secured area of the airport. An example is transient pilots coming in at night occasionally leaving transient gates open. TSA is reporting security incidents. An access badge may be needed.

Klawock Airport Wildlife Assessment – Rich Sewell advised that the contractor just finished 6 months of fieldwork for the wildlife hazard assessment; data collection will run until the end of October. Rich and Troy will be doing a site visit later this summer. An update will be provided at the next AAB meeting.

Airport Leasing Review – Clark Cox discussed how to find leasing space/lots and information for the state's rural airports. On the state's [website](#) there are links to airport ALP's (airport layout plans), surveys, e-leasing, and lots of information on various airports including contacts for the 3 regions.

Runway halfway markings – the department is hoping to be implementing these soon. Air carriers will be providing a list of priority airports where they are needed.

UAS Authority/Certificate of Compliance

Alaska has one of the UAS test sites – ACUASI (Alaska Center Unmanned Aerial Systems Integration). They are focused on the world of testing and furthering the capabilities and opportunities here in Alaska, and integrating that into the National Airspace System. They have been working closely with the FAA on getting rules changed and implemented. They are working on bringing more industry into the state, which has been a great opportunity for Alaska as companies all over the world are actively seeking out places to test their systems, and are willing to invest resources in order to develop and test their systems.

DOT has been working very closely with other state departments (Fish and Game, DNR, Public Safety, etc.) and everybody is realizing the huge benefits drones bring, in terms of safety, efficiencies, cost savings. DOT has been getting a lot of liberty and authorization from the FAA on things right now and in the near future. Things like the Coastal Launch Program - which is over 30 sites around the state that the FAA was directed, by congress, to authorize commercial operations with drones in order to further integration into the system. Implementation is a lot of work, making sure that the airspace stays safe, that people have access to those locations, and is all challenging to do, and is beyond the FAA's present capacity resource-wise, so they are delegating a lot of that to the state. This is bringing a lot of commerce to Alaska as a lot of folks are looking for places to develop and test their systems.

DOT/Statewide Aviation operates the Certificate of Compliance program on part 121 and 135 operators making sure people have the proper certificates and are meeting the insurance minimums. DOT sees a growing need and responsibility to provide oversight to UAS operations that are participating in commerce, and feels they should have a similar safeguards in place, to ensure that they are following the rules and meeting the requirements necessary. DOT needs to identify key strategic initiatives, and where the primary focus needs to be for the next 1-2 years as this industry is expanding so rapidly. At present DOT has been stepping into the lead, and the other departments have been happy with that. However, DOT wants to formalize this responsibility and authority via governor's administrative order or other method. John Binder asked the board

for its input and recommendations regarding this and whether the board wants to express that there is a need for a lead on this. More discussions will need to be had with ACUASI, but there is a need to come up with a documented agreement before this makes it to the Governor, but that is the direction things are headed. He identified the need for a strategic plan to identify where this is going, and we have buy in on it.

Statewide Aviation has absorbed the Survey Instrument Lab which historically has been focused solely on Survey Instruments for use by DOT, but it is now DOT's key management function for drones. This has enabled other departments the freedom of owning or maintaining their own equipment, and they are happier renting the equipment from Statewide Aviation. That gives DOT the resources for those systems, and provides the oversight on those systems and their use as well.

The current language in statute for the Certificate of Compliance program is broad enough to allow for DOT to just go ahead and start including UAS in that as well. It states that 'anyone using an aircraft in commerce will comply with these statements...' and drones qualify as aircraft. There would have to be significant communication efforts for that change.

Historically, DOT has been limited in this application to only Part 121 and 135s, but recently there have been some safety issues with guided trips, lodge operations, etc. and it would be difficult for those operators to claim that their flight operations don't have anything to do with commerce – that the customer is only paying for a guided trip, and not for the aviation piece. Tourists and recreationists are expecting that the operators are providing qualified, legitimate service in the aircraft. DOT believes that this would support the change to include those operations in Certificate of Compliance program also, so DOT can provide oversight and ensure that those rules are met and insurance requirements are followed as well. John Binder leaves it open for comment and discussion.

Ryan Marlow shows some slides regarding UAS statistics. Pulled all commercial data starting January 1st, and saw a massive rise in commercial UAS operations in the state, under part 107 operators that are using the LAANC system. There has been a significant jump since last year. From January 1 up to May there have been over 6,000 flights. There is a pretty good distribution across the state. It is possible that a lot of these are just folks getting outdoors but there is a rise in operation use of these platforms by surveys, remote sensing groups, and larger systems. We have about 1,400 remote pilots in the state, 7,600 pilots, 7,100 registered unmanned aircraft, 8,710 registered manned aircraft, and 313 Certified Air Carriers (Local Part 135 – 271) (Local Part 121 – 4). UAS usage is growing rapidly, and in the next year it is estimated that the number of unmanned aircraft will dwarf the number of manned aircraft in the state. The FAA has approved 2 Part 135 operations, and 6 on the way. One of those is at UAF with ACUASI, so we already will have one part 135 operator of unmanned aircraft in the state. As the Coastal Launch Program opens up it will bring a large influx of operations with larger platforms including 3,000 – 5,000 pound systems for testing within the Coastal Launch Sites. There is a the potential for a large aviation growth with unmanned systems.

John Binder spoke about how this emphasizes the need for DOT to define its role in oversight, and clarified that DOT has no interest in directing how UAS are used in the state, where they are used, and what they are used for. DOT needs to be aware of the use of these systems, and to ensure that regulations are being followed, Alaskans (and visitors) are looked out for and that things are happening safely. Hands meeting off to Chairman, emphasizing that this is request for discussion and not a firm plan of the direction things will be going.

Lee Ryan agrees that this topic will bring up various directions of discussion, and requests that the topic stay with the UAS authority Certificate of Compliance topic to start.

Jim Dodson thanked deputy commissioner for the presentation, and asks if DOT is considering this as a revenue stream with the situation of the state's budget struggles in mind. He says that it is not a good idea to plan for additional responsibility without considering how to fund it.

John Binder responds that the state is not considering this a plan to generate revenue based on UAS, but including it in the Certificate of Compliance program would help fund the additional responsibility, especially as the number of systems climbs. There is no estimate of how much revenue this change would bring in. When Statewide Aviation took on the SIL there were a couple of positions that transferred with that, one of which is fully utilized, the other was vacant and will be used for GIS work so that all of the data brought in can be utilized by other sections and departments, which will save the state money in reduction of duplication. If the oversight efforts result in the needed addition of staff DOT will have to start discussing revenue generation efforts.

Troy LaRue adds that the Certificate of Compliance program is going online now too, so that will be reducing the administrative burden of the changes to the program and making it less expensive.

Dennis Parrish asked how the statistics were generated, how the numbers were collected regarding hours of drone flying, how the distribution was captured (such as by requests to fly in restricted areas), and how the part 135 certificate is being used in Fairbanks and an example of how that is being used in flight.

Ryan responds that the statistics are coming from the LAANC system. That is the Low Altitude Authorization and Notification Capability that the FAA came out with for part 107 users. There are a couple of service providers that offer the ability to see at a glance across the state operations. It does not show what the operator is doing when logged into LAANC, but it does reserve a time period for that flight, and then clarifies that these may not be actual flights, but are reserved time slots. The 135 is coming through the FAA's Beyond program, which is the integration of UAS with NAS. One of the goals of the Beyond program is to get these systems through type certification and figuring out what paperwork items need to be refined or waived. The primary operations of the 135 in Fairbanks will be cargo delivery between (probably?) FAI and Fairbanks Memorial Hospital – being able to deliver a package between those two, and being able to certify the whole operation. Starting very small, moving up to the larger fixed wing platforms dispatching from FAI and extending the range from airport to airport.

Steve Strait asks if it is possible for Ryan's slide to be distributed, and requests updates on it periodically. Says we need an informational campaign to keep the public informed of the rapidly increasing changes. Says key stakeholders need to be identified and met with in the development of policies and regulations. Believes DOT should function in an advisory role.

John asks Lee specifically about the reception of expanding the scope of the Certificate of Compliance program to include other operators.

Response is that the scope, goals, and purpose need to be better defined and to keep in mind that insurance companies have limited offerings, so to be mindful of what limits are set because they may be unattainable and put entire sectors out of business.

Bob Kaufman says that the assumption is that customers expect a certain level of safety, so monitoring is necessary. But in order to efficaciously monitor the situation, it is important to factor in the costs of that monitoring. He agrees that the stakeholders need to be consulted to ensure that what is being done works for them. He also says that taking on the responsibility of keeping aviation in Alaska as safe as it can be needs to be examined to determine if the amount of resources we can put towards it will result in a valuable service.

Another response is that while the slide showed several hundred part 135 carriers, most traffic is all done on just a few airlines, and asks DOT if it understands what all of the other operators are actually doing and what type of operations they are performing.

John Binder thanked the board for their input and agrees that a lot more coordination is required, and DOT wants to ensure that they are not unfairly burdening one over another.

Lee Ryan notes that the Certificate of Compliance statute has very broad language, and asks about the interpretation to mean part 121 and 135 operators, and if there is an intent gap happening.

John Binder responds that the statute is old and drones were not in consideration at that point, so probably the 121 and 135 operators were the intended targets, but that using an aircraft in commerce has expanded beyond that.

Lee Ryan read a comment from the chat box from Adam White that “insurance at any cost is simply not available for flight instructors in AK right now” and notes that they would be drawn into this program if it is changed. Says the discussion is valid with many perspectives regarding confidence of the public, confidence of the FAA, looking at the damage an UAS could cause, looking at exactly what responsibilities lie with which entity, and about insurance requirements for UAS use in commerce. Says a resolution right now might be premature, but that the discussion is important, and that the questions at present are correct and that it makes sense that SWA would be at the forefront as opposed to other departments. He thinks we are the right track regarding public comment and framing the plan are really important.

John Binder wanted to point out that the UAS task force put together previously had a good cross section of the groups involved and might be a good mechanism to revive for these discussions. Says he thinks that it is important that one entity should be formally named as the agency responsible for UAS in Alaska, and that it makes sense for it to be DOT, and he would ask for the board to make a recommendation that the governor should select that responsible party.

Bob says he is in agreement that DOT should be in the lead for these considerations, and that it is not conducive to innovation for nobody to be in the lead. One of his concerns is that if they don't have a good relationship with that lead, it can stifle innovation if that gatekeeper is too risk-adverse. Would like a couple of specific cases on the Certificate of Compliance broadening that brought it to SWA's attention that a change is needed and why, and would encourage more specifically targeted changes that address the specific concerns without affecting more people than necessary and creating a lot of unintended consequences.

John Binder responded that there weren't exactly specific issues that prompted the changes, but rather it was a more general examination of the statute instigated by the devolvement of UAS and why it was being interpreted the way it was, what kind of changes should be made, and why.

Steve Strait asked about an incident where a commercial aircraft had an accident on a runway in Chignik Lagoon and who pays for aircraft damage in instances like those.

John Binder responds that if it is a state maintained/state staffed airport that we care covered under Risk Management/self insured as a state, and there is a separate policy in place where it is contractor maintained. If they as a contractor don't have insurance that covers it, the state has a policy that will cover that as well.

Lee commented on the importance of the rural airport training and the large amount of cost savings overtime. Rural runway conditions improve greatly with training. Determining the contractor based on lowest bid is not the best way to award a contract. He will keep this on the board's agenda.

FAA Alaska Region Airports Update:

Kristi reiterated what DC Binder discussed that the FAA is putting out a lot of funding.

Bob Kaufman noted that DC Binder mentioned the state may not be able to use all of the money coming in from the FAA and asked if the state is being as creative as possible to use all of the federal funds coming our way?

Kristi said Alaska DOT is doing the best they can to use all of the funds provided. Many state airports do not have concession funding or revenue sources so when FAA roles out national programs with parameters they don't always fit in Alaska. FAA advocates for flexibilities here in Alaska with the use of these funds. Her office feels confident that the state will be able to use most of the funds received with very few strings attached. ARPA funds will be coming out this summer and next up is the American Jobs Act legislation that her office will be watching for.

Bypass Mail in Alaska Update:

The board invited Victoria O'Hara, USPS Network Analyst, to provide an update on Alaska's bypass mail program. She shared a few facts with the board:

The volume of bypass mail in FY19 was a little higher than FY20. It's only down about about half a million pounds.

Her position was added to help improve the bypass mail process. She's been able to improve the work flow, work with air carriers for reporting of bypass volumes, monitoring gridlock issues, monitoring acceptance of bypass in Anchorage, and working with the Alaska team to make improvement to the state of Alaska program that we all have to use.

Lee asked if there were any recommendations from the Postmaster General or US Postal Service task force that might impact the Alaska program. Victoria said that in reviewing the postal service 10 year plan there was no mention of Alaska's bypass mail program.

Call for Public Comments:

Tom George commented on the use of federal funds and reducing the draw on general funds. He's concerned that in the future when there are no prior year allocations to SWA due to the use of (CARES) that it will be difficult to get back the needed general funds. John agrees, legislature is focused on current needs.

Statewide Long-Range Transportation Plan Presentation:

Holly Spoth-Torres, Principal, Huddle AK and Wende Wilber, Kittelson & Associates, gave the board an overview of the statewide long-range transportation and freight plan. This is a high level policy document that will not identify individual projects. Holly described performance-based planning, and the general stakeholder engagement approach.

Wende outlined the project's planning context including population trends, economic and funding forecasts, and a brief description about the modes included in the plan. She described that the plan will identify at a policy level how to invest resources, implement programs, or develop projects. She also highlighted information from the Transportation Assessment relating to aviation. The team asked the AAB the following question: If this long-range transportation plan could only accomplish one thing, what would it be?

Comments from the board:

- Commercial airlines are developing plans to achieve carbon neutral operations. Please consider incorporating this into the plan for aviation.
- Alaska needs a maintained and reliable ferry system. A strong ferry system enhances aviation because the modes are linked. When the ferry isn't reliable people relocate out of southeast communities, having a negative impact on the aviation system as well.
- The return on investments in Alaska's transportation system is very different for rural Alaska than it is for urban Alaska or commercial aviation. Special consideration needs to be given. Aviation in rural Alaska should focus on the basics – providing a safe and maintained runway system. At the very least, one mode of transportation should be safe, viable, and maintained in every Alaskan community.
- The traditional cost/benefit analysis doesn't work for rural Alaska. Alaska requires subsidies to maintain certain qualities of life. Alaskans shouldn't be apologetic about needing subsidies. If Alaska receives less subsidies in the future, the resulting effects in rural Alaska will be disproportionate.
- Help those Alaskan airports that have economic potential to develop the facilities needed to achieve it.

Board Discussion

Lee shared a recent photo from Buckland, Alaska showing the current flooding situation and the tough situation the village is facing.

Steve Strait commented on the state budget cycle and the timing of when the board gets those numbers. He requested when DOT has the numbers from the Governor and they make their presentation to the legislature that the board also be provided with the same presentation for earlier awareness and opportunities to comment.

Lee asked if there were any additional comments or questions about the FAA Alaska Safety Initiative. He commented that there are 26 AWOS in his companies service area (Dillingham to Barrow) and for most of the winter 11 to 15 AWOS were out of service. IFR infrastructure was very limited throughout the winter. There may be opportunities for technology leaps with using satellite coverage and heads-up displays.

Steve noted there are two new entrants starting up this year in Alaska that may help with AWOS systems and rural Alaska communication reliability. OneWeb should be testing in Bethel by August and the other is Elon Musk's Starlink satellite system.

Lee asked for nominations for the positions of Aviation Advisory Board Chair and Vice-Chair.

Marilyn Romano moved to have Lee Ryan remain as the board chair, Gideon Garcia seconded this motion.

Mike Stedman moved to have Jim Dodson remain as the board vice-chair; Dennis Parrish seconded this motion.

Next meeting planned for August on the Kenai Peninsula.

Meeting adjourned 4:05 p.m.