COLUMBUS REGIONAL
AIRPORT AUTHORITY

Testimony of
Elaine Roberts, A.A.E.
President and Chief Executive Officer, Columbus Regional Airport Authority and Chair, American Association of Airport Executives

Columbus Regional Airport Authority
Port Columbus International Airport
4600 International Gateway
Columbus, OH 43219
www.columbusairports.com
614.239.4004

Statement of

Elaine Roberts, A.A.E.

President and Chief Executive Officer,

Columbus Regional Airport Authority

and Chair,

American Association of Airport Executives

Before the

Subcommittee on Aviation

Committee on Transportation and Infrastructure

U.S. House of Representatives

March 28, 2007

Chairman Costello, Ranking Member Petri, members of the House Transportation and Insfrastructure Subcommittee on Aviation, thank you for inviting me to participate in this hearing on the Administration's proposal to reauthorize the Federal Aviation Administration's Airport Improvement Program. I am Elaine Roberts, A.A.E., the President and Chief Executive Officer of the Columbus Regional Airport Authority. I am also the current Chair of the American Association of Airport Executives. Before I begin discussing the Federal Aviation Administration's reauthorization bill, I would like to spend just a moment to describe the Columbus Regional Airport Authority.

The Columbus Regional Airport Authority is rather unique in that it oversees the operations of three different types of airports in central Ohio: The Port Columbus International Airport, a medium hub airport that is served by 12 airlines and their regional affiliates and has about 180 daily non-stop flights to 37 destinations; Rickenbacker International Airport, a full-service cargo airport with a network of freight forwarders and cargo airlines such as FedEx, UPS, Polar, and Evergreen; and Bolton Field, a general aviation airport that is located just nine miles from downtown Columbus with more than 110 based aircraft.

Our mission at the Columbus Regional Airport Authority is simple: To operate those three airports in a manner that provides passengers, businesses and the community with the highest level of safety, satisfaction and economic benefit. The next FAA reauthorization bill could help us to successfully carry out that mission by increasing the cap on Passenger Facility Charges (PFCs) and the funding levels for the Airport

Improvement Program (AIP). Both of those actions would help airports in Ohio and throughout the country improve safety, enhance security and build the infrastructure they need to accommodate rapidly increasing demand.

Increasing Demand and Rising Construction Costs

Mr. Chairman, many of my colleagues in the aviation industry are looking ahead and trying to develop a plan to help them accommodate quickly increasing demand. The Department of Transportation is predicting that the number of passenger enplanements in the United States is expected to increase from 740 million in 2006 to more than 1 billion just eight years from now.

Like other airports around the county, we are experiencing strong passenger growth at the Port Columbus International Airport. Last year, we set a new passenger record in the 4th quarter when over 1.7 million passengers traveled through Port Columbus. We also had the strongest December on record with almost 570,000 passengers – an increase of 7.3% from December 2005. Southwest Airlines, our largest airline, experienced an 18% increase in traffic in Columbus in 2006 compared to 2005.

I am pleased to say that the upward trend is continuing in 2007. A record 533,000 passengers traveled through Port of Columbus in January – a 15% increase from January 2006. And February traffic continued to be strong with 5% growth over the prior year. In three of the past five months we have experienced all time passenger records at the Airport. Additionally, Midwest Airlines recently announced its plans to upgrade service to Columbus, and earlier this month, Southwest announced that it will be adding another flight in Columbus.

Cargo traffic is also on the rise. The FAA is predicting that total Revenue Ton Miles will increase from 39.7 billion in 2006 to 81.3 billion in 2020 -- an average of 5.3% per year. The number of cargo aircraft is also expected to increase more than 47% between 2006 and 2020. We're seeing the increase in cargo traffic firsthand at Rickenbacker International Airport. We experienced almost a 20% increase in December cargo to close the year at over 250 million pounds. Overall, the airport handled more than a 37% increase in commercial cargo landings in 2006.

While passenger traffic is rising at Port Columbus and cargo traffic is increasing at Rickenbacker, increasing construction costs have reduced the purchasing power of funding for airport capital development projects at all three of our airports. Construction costs have increased by more than 24% in the past three years alone. Unfortunately, however, the $4.50 cap on PFCs and AIP funding levels have not kept pace with inflation and increasing construction costs.

One example of the impact of rising construction costs is a project to construct a grade separated interchange at the entrance to Port Columbus. The Ohio Department of Transportation (ODOT) agreed to a 50/50 funding split with the Airport Authority for this project which was estimated originally at $41.3 million. Due largely to increased construction costs, the project is now expected to cost $55.5 million – almost a 35% increase. ODOT has indicated that they are not able to increase their original share of funding, so the Airport Authority must fund the entire $14.2 million increase! This is a major unbudgeted increase for the Authority and will ultimately impact our ability to fund other projects.

Increasing the Cap on Passenger Facility Charges

Mr. Chairman, one way you can help airports build the infrastructure they need to keep up with increasing demand and offset the impact of rising construction costs is by increasing the cap on PFCs. As you know, the PFC cap has not been raised since 2000. The Administration's proposal to increase the cap to $6.00 would generate about $1.2 billion per year. This is welcome step in the right direction. But it needs to be higher in order to offset the impacts of inflation and increasing construction costs and to help airports prepare for increasing demand.

Last year, we had 3.36 million passenger enplanements at Port Columbus International Airport, and our $4.50 PFC generated approximately $15 million. We have used PFC revenue to pay for much needed airfield capacity and rehabilitation projects. Specifically, we have used PFCs to extend a runway, rehabilitate our primary runway, improve runway safety areas as required by FAA, reconstruct our terminal apron including installing a glycol collection system, and constructing a crossover taxiway to enhance airfield capacity. We're also using PFCs to enhance security by replacing our terminal access control systems and providing for use of biometrics. I am pleased to say that our PFC funded projects at Port Columbus have always been approved by all the airlines, as we continue to use PFCs for critical capacity, safety and security related projects.

Increasing the PFC cap to $7.50 would allow us to generate approximately $10 million in additional revenue annually. We are currently in the process of preparing an application to collect additional PFCs for new projects that are currently being planned. These include a new replacement primary runway and associated taxiways that are estimated to cost $160 million and certain security related projects, including a proposed in-line checked baggage screening system and terminal HVAC system security enhancements. The increased PFC cap would allow us to minimize new debt and keep our operating costs reasonable, which is critical for an airport like Port Columbus to continue to attract good air service for the community.

Airport Improvement Program Funding

In addition to increasing the cap on PFCs to $7.50, I urge this committee to increase AIP funding. AIP is a critical source of funding for Port Columbus, Rickenbacker and Bolten Field. I strongly endorse urge this committee to increase AIP funding to $3.8 billion in FY08, $4.0 billion in FY09 and $4.1 billion in FY10. Those funding levels would allow the AIP program to keep pace with increasing construction costs, and they are consistent with the incremental increases that Congress has approved in the previous two FAA reauthorization bills.

It is true that large airports traditionally rely more on revenue generated from PFCs and airports bonds than AIP funding, but there should be no misunderstanding: the AIP program is an important source of funding for Port Columbus and other large and medium hub airports, too. By 2008, for instance, Port Columbus will have received more than $35 million in AIP funds through the FAA's Letter of Intent program to rehabilitate a runway, extend one taxiway and construct another. Port Columbus has also received $38.9 million in AIP funds in the past 5 years for other airfield capacity, safety, security and noise-related projects.

Last year, the Columbus Regional Airport Authority also received $1.1 million in entitlements and about $4.7 million in discretionary funds for improvements at Rickenbacker International Airport. Rickenbacker is currently participating in the Military Airports Program, and the increased discretionary funds have been used to construct new cargo ramp, a new air cargo terminal, and improvements for existing hangars to enhance revenue potential for the Airport. As a former military base, Rickenbacker has been heavily subsidized by local government, and the Airport Authority is trying to ensure that the airport is self-sufficient in the near future.

We also received $150,000 in entitlement funds and about $238,000 in discretionary funds for Bolton Field. The discretionary funds are being used to install perimeter fencing at our general aviation airport. AIP funding is absolutely critical to Bolton Field and Rickenbacker because both serve as important reliever airports for Port Columbus.

Unfortunately, however, the Administration's FAA reauthorization proposal would cut AIP funding to $2.75 billion in FY08. This is almost $1 billion less than the current authorized level and $765 million less than the appropriated amount. If enacted into law, this drastic funding cut would impact all sizes of airports in Ohio and throughout the country.

For instance, the Administration's proposal would reduce total entitlements for medium hub airports like the Port Columbus International Airport from $111 million to $49 million in FY08 – a $62 million cut. It would also reduce total entitlements for cargo service airports like Rickenbacker International Airport from $118 million to $81 million – a $37 million cut. It is my understanding that the Administration's proposal to cut AIP to $2.75 billion would also have a severe impact on the overall funding available for small airports.

Again, I urge this committee to increase AIP funding instead. Additional AIP funding would allow us to continue to move forward with plans to improve the safety and capacity of Port Columbus, Rickenbacker and Bolton Field Airports. Specifically, we anticipate applying for another Letter of Intent to cover 50% of our proposed runway relocation project at Port Columbus with the remainder of the costs covered by PFCs and new airport revenue bonds. The FAA is currently conducting an Environmental Impact Study for the runway and construction is anticipated to occur in 2011-12.

Additional AIP funds are also needed at Rickenbacker to rehabilitate the main runway, which is estimated to cost $15 million and for pavement rehabilitation projects at Bolton Field. Without additional AIP funds, we simply cannot afford to proceed with these projects in a timely manner.

Proposed Changes to the PFC and AIP Programs

Mr. Chairman, the Administration is proposing a number of changes to the PFC and AIP programs. I am particularly pleased that the Administration's bill includes a provision to streamline the PFC application process. The current process takes airports several months to complete, unnecessarily delays critical infrastructure projects and drives up project costs. Airports have been calling for a streamlined PFC process for many years, and I strongly support the Administration's PFC streamlining initiative.

The Administration's proposal would also allow up to 10 large or medium hub airports to raise their PFC cap to $7.00 if they participate in a new Air Navigational Facilities Pilot Program. In exchange for being able to increase their PFC cap an additional dollar, airports would agree to operate and maintain navigation equipment at their facilities such as instrument landing systems and approach lighting. I think some of my colleagues at large and medium hub airports might be interested in participating in this pilot program if it was accompanied by some necessary liability protection.

The Administration is proposing a number of changes to the AIP program, too. The section-by-section analysis of the bill indicates that the FAA is proposing these changes "to simplify the formulas for distributing Airport Improvement Program funds, which have grown complicated over the recent authorizations, and to better target funding to the Nation's airports with the greatest needs…." I certainly understand FAA's desire to simplify the AIP program and completely agree that we should try to target funding to those airports that need it the most. I think the FAA and its talented staff in the Airports Office should be commended for its efforts and for coming up with a comprehensive plan.

I like the fact that the Administration is proposing to increase funding for busy nonprimary commercial service, general aviation and reliever airports. Our Bolton Field Airport would likely be eligible to receive $400,000 a year based upon the number of based aircraft at the airport. The Administration argues that this proposal would "better target AIP funding to where it is needed." I support the Administration's efforts.

Representing a medium hub airport that participates in the LOI program, I also support efforts to increase discretionary funds to "cover Letter of Intent commitments and high priority safety, capacity, environmental projects." However, by cutting AIP funding by almost $1 billion, it appears that the Administration would not be able distribute much more discretionary funds next year. I believe a better approach would be to increase the overall AIP funding level so that there is more money available for all airports – large and small – as well as more discretionary funds for high priority projects.

I am also concerned about the Administration's plans to phase out of entitlements for large and medium hub airports after two years. During the transition period, entitlements would be reduced by 50%. For Port Columbus that would mean that we would be forced to give up approximately $650,000 in FY08, another $650,000 in FY09, and $1.3 million in FY10. The Administration argues that these cuts would be "offset by more than four-fold by the increase in the PFC cap." If given the choice, we might be willing to part with our entitlement funds in exchange for a $7.50 PFC cap. However, raising the cap to $6.00 is simply not enough to cover the loss of entitlements, increasing construction costs, and the need to build more infrastructure projects to prepare for increasing demand.

Although I support some of the Administration's proposed formula changes, I must oppose plans to reduce the Federal Government's matching share for airfield pavement and rehabilitation projects for runways, taxiways and aprons at large and medium hub airports from 75% to 50%. These are critical safety projects, and I encourage Congress to reject the Administration's efforts to reduce the Federal share. Furthermore, I would argue that increasing AIP funding to the levels in the section above would eliminate the financial need to reduce the federal share for airfield pavement and rehabilitation projects.

Conclusion

Chairman Costello, Ranking Member Petri, members of the House Transportation and Infrastructure Subcommittee on Aviation, thank you again for inviting me to participate in this hearing on the Administration's proposal to reauthorize the Federal Aviation Administration's Airport Improvement Program. As you consider the next FAA reauthorization bill, I hope you will continue to provide airports with the tools they need to be prepared for increasing demand and to help offset increasing construction costs.