Talking Points for David R. Hinson
The CNA Corporation
Board of Trustees Dinner
September 14, 1994
Ritz-Carlton Hotel - Pentagon City

INTRODUCTION

Thank you Bob (Murray).

This has been far to pleasant an evening to spoil it with a long speech. So I promise to keep my remarks brief.

First, I want to assure each of you that my foremost concern -- and that of every FAA employee -- is the safety of air travelers.

When tragedies like the crash of US-Air Flight 427 happen, the pain is felt by all Americans. We're doing all we can to help NTSB discover what caused this accident and to prevent it from ever happening again.

TONIGHT'S TOPIC

Just last month, I completed my first year at the FAA. I'd like to give you a report card on has been accomplished during that time and to share a few thoughts on what I believe needs to be done over the next few months.

Much of my work was cut out for me long before I arrived at the agency.

ADVANCED AUTOMATION SYSTEM

The advanced automation program -- the foundation of the FAA's efforts to upgrade and modernize the air traffic control system - - suffered from a history of cost overruns and delays.

Over the years, it had become more than $2.6 billion dollars over budget and seriously late.

I knew this had to stop. And I knew that if I were to succeed where others had failed, I would need the best help available. That is when I turned to CNA.

Today this program is under new management and back on track.
I thank you for your help.

REINVENTING GOVERNMENT

Another item which required my immediate attention was the agency's finances.

Shortly before I joined the FAA, the Congress passed President Clinton's deficit reduction package.

The President's plan calls for real spending cuts -- not smoke and mirrors.

Every single agency and cabinet department has been charged with finding ways to deliver essential services more efficiently and less expensively.

For us at the FAA, this meant trimming our staff by about 65 hundred jobs over the next five or six years.

That's a tall order under any circumstances. But I have to make sure that our downsizing plans won't jeopardize safety or reduce the service we provide to the public.

The buy-outs we offered last May got us just about half way there in terms of meeting our overall staffing targets. But we still have a way to go before we meet the occupational reductions recommended by Vice-President Gore's National Performance Review. That challenge is still ahead of us.

THE NATIONAL AIRLINE COMMISSION

One of the first reports to come across my desk was the President's National Airline Commission study.

The recommendation which required my immediate attention was the ATC corporation. The commission correctly diagnosed the problem.

Because the FAA is part of the federal bureaucracy, it has to follow rigid purchasing procedures -- rules which had their origins way back in the days when the U.S. Calvary had to worry about getting cheated by horse traders.

Since that time, we've kept layering regulation on top of regulation. By the time we can buy a new system and get it installed, it may already be out of date.

These rules make little sense when buying advanced technology which keeps evolving, even while we're doing all the paper work.

The FAA's career professionals have long been frustrated by this ponderous and outmoded system.

And FAA Administrators can find it frustrating to try to make much of a difference.

On average, FAA Administrators are in their jobs about 18 months. Most of us barely have time to learn who's who on our speed call buttons before another change-over begins.

What this means is that there is a critical shortage of continuity at the top.

As our problems with the Advanced Automation Program indicate, the FAA needs long-haul piloting. But it's been getting short-hop management.

The President's proposal to set up an air traffic services corporation will go a long way to correct these deficiencies.

An independent board of directors will provide the essential continuity and a stable sense of direction.
And its freedom to manage itself like any well-run business will eliminate much of the erratic decision making and second-guessing which we've seen too often in the past.
Over the next few months, Secretary Peña and I intend to work hard to get this proposal through the Congress.

NEW TECHNOLOGIES

I also intend to keep up the pressure on accelerating the introduction of GPS -- the Global Position System. You can scan the far horizon for future technologies and find none that offers greater promise for civil aviation than does satellite navigation.

GPS for precision navigation, data link for error free computer to computer communications, ATC and flight automation. These three technologies are changing the way we traditionally think of air traffic management.

Shifting us away from the purely ground based perspective that we've had for the past 60 years -- to one which places more reliance on airborne participation and decision-making.

AIRPORT CAPACITY

But as vital as these programs are -- now, more than ever before, a fully modern air traffic control system depends on fully modern airports.

Shortly after the turn of the century, our air traffic control system, our airlines, and our airports will have to accommodate an additional 300 million passengers a year. For every ten passengers who fly today, we'll have to find space for six more.

Every decade, the world adds a billion new people. That's like getting another New York City every month. If only a small percent of them ever fly on an airplane, the implications for aviation are immense.

Providing for this surge of new travelers is a challenge we are going to be hard-pressed to meet.

Not because we have to few airline seats.

Not because the air traffic control system can't handle the workload.

The most serious barrier will be the inadequate capacity of our major airports. And the great difficulties we will face in trying to enlarge this capacity.

In the past three decades or more, there have been only three major new airports built in this country. I call them the 3-D's -- Dulles, Dallas, and Denver.

New airport openings will become increasingly rare events in this country. Which means that the emphasis must turn to expanding capacity at already existing high volume airports.

Even that can be a difficult task.

Land, legal disputes, environmental regulations, and financing problems can stall an airport project for years. Community opposition can stop it in its tracks.

Sooner or later, we will be caught in a capacity crunch.

The Secretary and I are prepared to maintain a steady federal focus on this.

Unless we find ways to add capacity, our industry could be forced into distorted patterns of growth -- stunted by the unyielding confines of an infrastructure which we were unable to unwilling to expand.

We will find the ways. For we have not come this far to fail for lack of vision or courage.

This is, by no means, a comprehensive list of what we have accomplished or where we will focus our attention in the months ahead.

But I promised I would be brief. So let me thank you, once again, for inviting me here. It has been a great pleasure to share this evening with you.

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9/15/94

DRAFT STATEMENT OF FAA ADMINISTRATOR DAVID HINSON
FOLLOWING "20/20" BROADCAST

Even though the incidents reported by ABC 20/20 involve behavior that allegedly took place several years ago, as soon as the Secretary and I became aware of them, he directed the Inspector General to look into the charges as part of an overall investigation of the FAA employee training program.

The IG investigation will be completed soon, and based on the Inspector General's findings, the Secretary and I will take appropriate action to make sure that all employee training programs within the Department of Transportation are free of any activities that might lead to sexual harassment, discrimination or other such unacceptable behavior.

Such activities have no place in a professionally designed and conducted diversity training program which is an important part of our overall training effort. In early 1993, FAA published strict guidlines for diversity training based on early experience with diversity training and after the allegations at the Chicago center first came to light. The FAA training programs are being continually monitored to ensure that these guidelines are being followed.

The Clinton Administration strongly supports a diverse workplace where people of various cultural, ethnic and religious backgrounds feel welcome and can work in harmony with one another. And the Secretary and I am pledged to ensure that our training programs at the FAA and throughout the Department are designed to achieve these objectives.

TALKING POINTS FOR DAVID R. HINSON
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION
NEW HANOVER COUNTY AIRPORT LUNCHEON
UNIVERSITY OF NORTH CAROLINA
WILMINGTON, NC
SEPTEMBER 17, 1994

1. Acknowledgements. (Thank you, Congressman Rose, for that generous introduction)

2. It's a pleasure to visit a region so rich in transportation history. Over the span of two and a half centuries, it has lived through three great transitions in transportation: sea, rail and air.

   -- In the early 1700s, it was a vital source of naval stores for the British fleet.

   -- During the closing days of the Civil War, the port at Wilmington was the last remaining trading and communications link between the Confederacy and the outside world.

   -- With the advent of steam power, Wilmington became a railroad center, serving as the hub for five regional lines. For a time, one (the line to Richmond) was the longest in the world.

   -- Now Wilmington has made the third transition to become an important regional center for air travel. And instead of supplying pine, tar and turpentine (as it did originally), it now ships jet engines, chemicals and fiber optics.

3. This third transition is still very recent. In fact, it's still going on.

4. During the twenty years or so that Charlie Rose has been your Congressman, air travel at New Hanover International has increased nearly three-fold -- from 73 thousand enplanements to more than 205 thousand.[1] (Only some of that increase is due to his frequent trips home.)

   New Hanover has seen phenomenal growth, more than doubling the number of passengers during a single five year period -- from 1982 to 1987.[2]

   You have fully recovered from the slump of the late 80s, and your current growth is now running ahead of our FAA forecasts.

   We're predicting that, in the next ten years, air travel here will grow another 36 percent. This year alone, enplanements are up 12 percent over last year.[3] If this keeps continues, our forecasts for New Hanover are going to go way up.

5. The FAA is pleased to have played a role in expanding the capacity of New Hanover to accomodate future growth.

   Our initial $12 million investment helped build the new terminal complex.[4] And, today, I have just toured the impressive international facility, which now houses the Federal Inspection Service.

   I know that many people worked long and hard on the new addition, and you have every right to be proud of this facility.

   It's part of the mission of the FAA to support the development of our nation's airports.

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[1]*The New Hanover County Airport reports that in 1973, the year Mr. Rose took office, passenger enplanements totaled 76,045. Enplanements at the end of 1993 totaled 205,148.*

[2]*FAA Terminal Area Forecasts: From 1982 to 1987, passenger enplanments increased from 80 thousand to 192 thousand.*

[3]*FAA Airport District Office correspondence, September 14, 1994.*

[4]*ibid.*

6. Our primary mission is, of course -- as it has always been -- to maintain the highest possible standards of aviation safety.

   And the tragic event last week in Pittsburgh just makes us more determined than ever to keep up our constant search for new safeguards. It's a quest which cannot end so long as unforeseen hazards can still occur, however rare these are.

7. A modern infrastructure is also crucial to a safe system of air travel.

   In the old days, the importance of a city might be judged by the number of ships in its harbor or by the grandeur of its railroad station.

   Today, a city is judged by its airport. Not the splendor of the architecture ... but it's capacity to safely and efficiently handle all kinds of air traffic in all kinds of weather.

8. The collection of a three dollar passenger facility charge which the FAA has approved will help New Hanover continue to expand and upgrade its facilities -- rebuilding runways, extending and widening taxiways, installing new lighting, adding a visual glide slope indicator and improving its rescue and firefighting capability,

9. The PFCs will also support a study on the best ways to prevent encroachment on nearby land which might someday impede airport operations.[5]

   Failure to anticipate eventual needs for land has severely hindered many of our nation's airports from realizing their full potential.

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[5] *Correspondence, FAA Airport Planning and Program Office: In November 1993, the FAA approved the collection of a $3 passenger facility charge beginning February 1994, for a total of $1.5 million over three and one-half years.*

10. But history has taught the people of this region to take advantage of the opportunities which change always creates.

    It was here in this city, in the last century, that Alexander Sprunt rose to become the world's largest trans-shipper of cotton. He made his fortune by using a then-new technology to compress a bale of cotton. By reducing its bulk, he was able to double the number of bales a ship could carry.

11. Increasing capacity is still the name of the game in building a strong economy.

    By keeping pace with its rapid growth in the past, and preparing for the expansion still certain to come ... New Hanover International is key to the economic vitality of the region.

12. In closing, let me thank Congressman Rose, once again, for inviting me to take part in this event. And I thank you all for your hospitality.

U.S. Department
of Transportation
Federal Aviation
Administration

INFORMATION

NO PLACE TO LAND:
THE COMING CAPACITY CRUNCH AT U.S. AIRPORTS

By David R. Hinson
Administrator, Federal Aviation Administration

Delivered at the Wings Club
New York, New York
September 21, 1994

There is a saying that great moments of historical change are often just times when history decides to change the subject.

It's not so much that old problems get resolved, but that new ones move in to capture our attention.

Today I'd like to suggest that we're at one of those turning points in the history of aviation.

For some time now, the problem of excess seat capacity has been a common concern of our industry.

We're about to move on to a different set of problems. As an industry, we're about to change the subject.

Airport capacity is about to become one of our most important concerns...second only to safety.

Our aviation forecasts, which are as conservative as they are reliable, predict that, within the decade, air travel in the United States will increase 60 percent.[1] For every ten passengers who fly today, we will have to find space for six more.

Every decade, the world adds a billion new people. That's like saying the planet gets another New York City every month. The collective economic impact of this population growth will help fuel continued strong growth in aviation.

Within the next 20 years, we predict that our U.S. air traffic control system, our airlines, and our airports will have to accommodate 1 billion passengers a year -- twice as many as today.

Providing for this surge of new travelers is a challenge we are going to be hard-pressed to meet.

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[1]FAA Aviation Forecasts, Fiscal Years 1994-2005, Federal Aviation Administration, Washington, DC, March 1994

Not because of a shortage of seats on our carriers.

Not because the sky is so clogged with planes that our air traffic control system begins to falter under the workload.

The most serious potential problem in meeting the demands on aviation in the coming years will be inadequate capacity of our major airports. And the great difficulties we face in trying to enlarge this capacity.

Here in the United States, our 50 busiest airports handle 81 percent of all traffic.

Many of these busy airports are hubs for our commercial airlines while accommodating the heavy demands of general aviation and providing operational bases for our air cargo carriers.

Most are already heavily congested. Twenty-three airports experience more than 20 thousand hours of delay a year. At busy airports like O'Hare, La Guardia, Newark, and Stapleton, the delay is worse. Delays at O'Hare, for example, have exceeded 100 thousand hours every year for the past five years.

We know that the problem of delay is growing. Project these numbers into the future and the prospects are alarming.

Let me portray a very plausible version of the future ... if present trends are allowed to run their course.

Imagine, if you will, that you're on your way to catch a flight 25 years from now.

If this is a typical day in the year 2020, nearly two and three quarter million passengers will board one of the nation's airlines.

Your flight is scheduled to take off at nine a.m. You leave home early. With so many people traveling, getting to the airport and finding a place to park can take as long as the flight.

Besides, you'd like to grab a quick breakfast. Airlines stopped serving food back in the nineties. Some crafty old Texan figured out that people would be glad to trade such extras for airfares priced like a Greyhound bus ticket.

You battle the traffic and eventually reach the airport.

The terminal building -- built in the 1970's -- is much too small for the volume of passengers it handles. It gets an occasional facelift. But they gave up trying to expand it years ago.

Today it's jammed with travelers. A little like New York in rush hour.

It will get even more crowded. For as the morning wears on, the backlog of planes begins to build up, as aircraft wait to take off from the airport's two parallel runways.

You look for your flight on the monitor and see that it has been delayed.

You wait.

Finally, the call comes to board.

Aircraft in the year 2020 will be quieter and more cost efficient, safer -- perhaps a little larger -- but about the same as those in service in 1994.[2]

The big change is in the cockpit.

There, a steady stream of information flows between the ATC computer and flight management computer.

These powerful computers assign flight routes, issue departure instructions, and clearances.

Information is exchanged over high speed data links -- voice communications take too long and are too prone to error.

Weather updates and safety alerts are all relayed in "real-time" between the aircraft's flight management system and the ATC computer on the ground.

Once airborne, the pilot and crew use the Global Positioning System for navigation. GPS can pinpoint an aircraft's position within centimeters.

Cockpit displays, using advanced collision avoidance technology, let the pilot be an active participant with the controller in maintaining the safe separation of aircraft.

The advent of these new technologies has given us near-total flexibility in routing. We may even have developed the technology to allow "free flight". But, more important, they have made it possible to further reduce the already small risk of air travel.

As your plane nears its destination, an ATC computer notifies the cockpit computer of the exact point to begin descent and the exact of time of arrival.

Automation aids bring the plane safely to the ground much faster -- with virtually no intervention from either pilot or controller.

Your flight lands and is directed onto an apron. But then, you sit for 20 minutes, waiting for a gate.

Finally, the plane reaches the jetway. The doors open. You push your way through another crowded airport and queue up for a taxi.

If traffic isn't too bad, maybe you can still make that Congressional hearing -- called to investigate the critical issue of airport capacity.

I'm sure some of you think this scenario is too over-drawn. We'd like to believe that airport development will keep pace with everything else that is happening in aviation.

Frankly, I worry that it will not.

Just how much this imaginary trip is an accurate account of air travel in the year 2020 is going to depend on where we focus our effort during the next 25 years.

We need to achieve the same clarity about what to do about our airports that we have about air traffic management.

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[2] *Siuri, Bill & Busick, John D. Future Flight: The Next Generation of Aircraft Technology. McGraw-Hill, Inc., 1994.*

It's taken the FAA a decade or more to work through the complex technical issues involved in the design of a fully modern air traffic control system.

It has not been easy keeping pace with rapidly-evolving technology or adjusting to the changing requirements of an industry in economic turmoil.

But over time, a strong industry-wide consensus has emerged on the direction we should take. And that's kept us on track, even over the rough stretches when progress often seemed to get derailed.

Several of the advanced tools for air traffic management mentioned in our 2020 scenario are already in operation around the country. Others are soon to be installed.

I'm confident that the new system we're now putting in place will be able to handle all the increased air traffic predicted by even our most optimistic forecasts. And to handle this growing volume while continuing to broaden the margin of safety.

It's taken longer and cost more than we envisioned. But in the final analysis, solving ATC problems only requires money, new technology, and good management. All are available.

Airports are different. The solutions are debated on a much larger -- and far more public -- stage.

Taking the lead to expand local airport capacity is by no means free of political risk. Public support cannot be counted on over the long life-span of a project. By the time it is completed, acrimony and accusations have often destroyed whatever good will existed at the beginning.

The controversy surrounding the new Denver airport is but the most recent example. Elected officials are not eager to take on an issue which can quickly turn against them.

As the situation stands today, legal disputes, environmental regulations and financing problems can stall an airport project for years. Community opposition can stop airport development in its tracks.

But the threat posed by inadequate airport capacity strikes to the heart of our system.

The magnitude of the airport capacity problem has been clearly understood for at least a decade. In 1990, the Transportation Research Board published a report which provided a comprehensive, impartial analysis of the issue, and then laid out seven different strategies for expanding airport system capacity.[3]

The study was completed during the euphoria of the 1980s, when no one could foresee that civil aviation was about to enter one of the worst economic slumps in the history of the industry. But with this unforeseen event, a new chapter was opened. A page was turned.

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[3] *Committee for the Study of Long-Term Airport Capacity Needs. Airport System Capacity: Strategic Choices. (Special Report 226) Washington, DC: Transportation Research Board/National Research Council, 1990*

Once again, history had changed the subject, and congested airports were no longer an "issue".

Well, as I've said -- we're about to come full circle. Airport capacity, not excess seat capacity, is about to become our most important future concern.

It's time to review all those old proposals which have been shelved for the past five years, and see what elements still make sense today.

The seven strategies outlined by the Transportation Research Board in the late 1980s included just about all the courses of action which were worth considering.

They covered all the possibilities and permutations -- from a conservative approach which relied largely on market forces ... to a program of massive new airport construction, paid for by tax dollars.

I doubt if the range of options has changed much in the intervening years. The basic analysis of the TRB experts is as relevant to today's situation as it was in 1990.

Despite the economic distress of some airlines and the rapid deployment of new technology -- such as GPS -- the choices which confront us relative to airports are essentially unchanged.

While the TRB study did not single out any one strategy as offering the most promise, there were two points which were emphasized throughout the report...two points which were repeatedly underscored.

One point stressed the importance of new ideas for financing the needed expansion. The second point suggested a redefinition of the federal role in national airport system planning and development.

Let's talk about money first.

Every strategy had a price tag. Sometimes huge. The TRB committee asked for what it called "creative" ideas for raising the money.

Creative financing in the late 80s didn't have the same slightly menacing connotation it has now. This was before the days of junk bond notoriety and the derivatives scare. We were more innocent then.

But whatever uncertainties may be entailed in experimenting with new forms of financing, I think we can all agree that we have to explore all the possibilities. Not just for aviation, but for all sectors of our transportation system -- highways, rail, and urban mass transit.

Secretary Peña has been pointing to the growing gap between what we need to do and what we have the money to do.

The question of how to bridge this gap is one of the major challenges of our time. And Secretary Peña has taken the lead in searching for ways to span the shortfall between declining public resources and the rising costs of infrastructure.

Adding a single runway today can cost as much as we once paid to build an entire airport facility.

It cost $415 million for the new runway at Dallas-Fort Worth. That's about $35 million more than the total original expenditure to build Idlewild[4] -- a forceful reminder of the combined impact of inflation and constantly rising costs.

Salt Lake City had to spend $120 million to build its new runway, while the cost at Philadelphia reached $215 million. Still, that's less than half the $500 million it will cost for the new runway at Seattle. But then, Seattle has to first move a mountain.

Moving mountains is a familiar metaphor for performing nearly impossible tasks. And that's the true magnitude of the task we face today whenever we try to build new airports or plan a major expansion.

It takes a mountain of money. And we've just about mined out all our old federal resources.

We need about $6 billion a year to maintain and improve our airports.

In recent years, the Trust Fund has contributed about one third of this total.

Passenger facility charges bring in another $800 million for the 200 or so airports which collect them.

What little the states can spare is usually earmarked for general aviation.

The rest -- 50 percent or more -- usually comes from airport bond issues.

Most of these dollars go to maintaining what we have already built. Unlike so much of our nation's infrastructure, we've been able to keep the airport system in good repair and we're constantly making major improvements.

But we know that as infrastructure ages, it takes more and more money to maintain it. This is a steady budgetary drain which further siphons off the funds available for building new infrastructure...funds which are already in short supply.

President Clinton has made it clear that he supports a strong program for the nation's airports. He understands -- better than any president in over a generation -- how vital aviation is to America's future.

This year, Congress appropriated the President's request of $1.7 billion and has indicated it will appropriate somewhat less next year. We expect the new appropriation will be about $1.5 billion.

Maybe we can avoid further shrinkage, but I don't think we should be expecting to receive more. Not if we want President Clinton and the Congress to succeed in reducing federal spending and cutting the deficit.

What we need now are new ideas about how to make the best use of the resources we have available to us.

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[4] *Kaplan, James. The Airport: Terminal Nights and Runway Days at John F. Kennedy International, New York: William Morrow, 1994, "By the end of 1965, the airport had cost more than $381 million."*

Up till now, the Airport Improvement Program has been a plain vanilla venture, one which followed a very traditional pay-as-you-go approach to construction.

In the 1994 authorization bill, Congress mandated the Department of Transportation to look at innovative approaches to financing airport development.

This study is now well underway, building on earlier work which we've already done within the FAA.

It's clear, even at this stage, that there are several options for leveraging the funds we have to help create even greater returns.

We may be able, for example, to make it easier for airport authorities to pledge land as collateral for loans. This is not usually done now because, under current law and regulations, the recipients of federal funds are not permitted to encumber their property.

We're taking a close look at all the pros and cons of loosening this restriction, at least under certain circumstances.

There is also a strong argument for encouraging airport authorities to do landbanking -- buying up suitable property now for the eventual building of new runways and even new airports.

An airport's landbank is itself a valuable asset which can be converted into a new source of revenue. But there are impediments which have to be eased before the private sector can be confident that its investment will not be put in jeopardy by some future federal intervention.

We've also come to realize that we're not tapping the full potential of the passenger facility charge.

While PFCs provides a steady flow of revenue, airports have been unable to obtain loans secured solely by PFCs -- principally because the financial community is aware that the FAA can terminate collection of the charges if we discover that the funds are being misused.

We're hoping to give lenders and the credit rating agencies sufficient assurance that we will never act precipitously or capriciously ... but will order the end of PFCs only as a last resort.

Not all airport authorities find it difficult to obtain financing from private lenders.

For those which do encounter obstacles, should we look for ways to offer various credit enhancements -- perhaps through federal loan guarantees or the purchasing of credit insurance, if steps such as these will be a more effective way of encouraging investment?

Should we set up a revolving loan fund, seeded with money from the aviation trust fund? That's still another option we're investigating.

We don't yet know which of these many possibilities will survive close scrutiny and take the form of specific recommendations to be submitted for Congressional consideration.

Let me be clear. There is no inclination to establish another broad entitlement program for airports. At our largest airports, for example, most of the development -- 90 percent or so -- is now and will continue to be privately financed.

The aim is to provide selective assistance to those airports where lack of capacity has a system-wide impact.

It is obvious that many of the problems of airport capacity are problems associated with a mature system.

We're nearly at the end of the great airport building phase of our history. Much of our present network of airports dates from World War Two when it was designed to support the movement of troops and supplies.

In the past thirty years, only three new airports have been built in this country. I call them the 3-D airports -- Dulles, Dallas and Denver.

Denver is the last U.S. airport to be built in this century. At $3.7 billion, it's a bargain, compared to the $7 billion it cost to build the new airport in Munich, Germany. Or $15 billion for Kansai Airport near Osaka.

But I'm afraid to guess what an airport in a large metropolitan city like Denver might cost ten years from now.

Even if we could find the money, I wonder if we could find the collective will to build it.

New airport openings will become increasingly rare events in this country -- which means that the emphasis must turn to expanding capacity at already existing high volume airports.

Much of our innovative technology is designed to do just this.

New approach procedures, precision runway monitors, and final monitor aids can keep a runway open under weather conditions which once might have forced its closing.

Independent approaches for dual parallel runways yield 40 percent higher airport capacity than dependent approaches. Fifteen of our 33 busiest airports have this capability.

Triple independent parallel approaches -- which the new Denver airport will be able to handle -- these can generate 50 percent higher capacity.

Dallas-Fort Worth will soon handle simultaneous quadruple approaches.

But the remaining 15 high volume airports are limited to a single runway during instrument flight rule weather conditions. And some -- like Newark, La Guardia, and San Francisco are among the busiest in the nation.

There's no question that the FAA can still do a lot to develop and deploy new tools for approach management.

So, we are far from reaching such a desperate state of over-saturation that nothing remains to be done.

But none of the most promising approaches are solutions which airports, acting autonomously, can pursue effectively on their own.

We are now in an era which requires a high level of national coordination. And such extensive coordination necessarily involves the FAA and the federal government.

Our old role as more or less passive conduits between Congress and the local airports is out-dated. But our new role is yet to be defined.

In 1990, the Transportation Research Board described a number of ways in which the federal government might become more active in shaping and carrying out a coherent national policy.

This was the second point which was emphasized again and again in the TRB report: whatever strategy is finally adopted, the decision will require a redefinition of the federal role. It may require an expansion of that role.

I believe that the time has come to re-examine the entire spectrum of responsibilities involved in the management of our national airport system.

It is time to move beyond the stage of detached, theoretical problem analysis and take on the job of developing a politically achievable program of action -- one which welds together a partnership between government and industry and which furthers President Clinton's goal of a return to profitability for American aviation.

It is for this reason that I have established, within the Agency, a high-level group assigned the specific mission of putting together an approach --which does not merely repeat what has already been done by the TRB -- but goes on to tackle the daunting array of political and policy complexities which must be resolved if a viable strategy is to emerge.

The group is headed by two of the FAA's top executives -- Assistant Administrator Cynthia Rich and Executive Director Monte Belger. They and their staffs will bring us to the point where a clear strategy can be decided upon.

I hope that many of you here today will join in this effort and work to make it a broadly collaborative consultation. I'd like to see a lot of cross-fertilization of ideas. Not another futile attempt to mate sterile concepts born and bred inside the bureaucracy.

For it is an absolute imperative that we give ourselves enough lead time to build consensus about what strategy to follow.

Secretary Peña and I are prepared to maintain a steady federal focus on this issue. We're prepared to keep up the pressure until a comprehensive, coherent plan of action is negotiated. But we must be able to depend on the backing of all of you in the industry.

Nothing but the seemingly inevitable Washington stalemate will be the result if we allow our narrow special interests to dominate and divert our discussions.

It is crucial that we be free to achieve a rebalancing of priorities and a re-examination of all the old ways of working together.

It is now that we must begin to seek greater commonality of purpose among airports, airlines, and the communities they serve. And to think about how we weigh these concerns against the national interest in building total system capacity.

It is now that we must try to reach a clearer understanding between the Congress and the Administration, so that a carefully crafted strategy is not undermined by the inadvertent actions of either branch of government.

The moment has arrived to promote substantial private sector funding of airport development. We must find ways to reconcile continued public ownership of our major airports with the need to provide attractive incentives for private investors.

And we must continue to try to achieve a fair and reasonable balance between the environmental concerns of people living near our airports with the interests of the travelers who want to use them.

Unless we find a way to add airport capacity, our industry could be forced into distorted patterns of growth ... stunted by the unyielding confines of an infrastructure which we are unable or unwilling to expand.

We need to step back and redefine the issues, problems, and solutions that are essential if we want an airport system that can absorb the certain growth ahead.

I am not exaggerating when I say we need to get on with this. In this instance, time is **not** on our side.

Thank you.

U.S. Department
of Transportation
Federal Aviation
Administration

INFORMATION

REMARKS PREPARED FOR DAVID R. HINSON
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AIRPORTS COUNCIL INTERNATIONAL - NORTH AMERICA
THIRD REGIONAL CONFERENCE & EXHIBITION
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Good afternoon.

I want to thank Lou (Louis Miller) for that generous introduction.

And I want to thank Minister Young and his associates at Transport Canada for their hospitality. The FAA has had a long and productive relationship with Transport Canada Aviation -- a partnership which has allowed us to build a virtually seamless air traffic control system all the way from the Arctic Circle to the Rio Grande.

It is clear that aviation is converging toward a single set of international standards. Every nation is destined to become fully integrated within the global system which is emerging.

The United States and Canada, working together, have been at the forefront of this trend. We can offer the rest of the world a model for the successful meshing of two highly advanced air traffic control systems.

I also want to thank George Howard for inviting me here today. At the risk of sounding like an evangelist preaching to the converted -- I'd like to talk to you about an issue I believe is about to become one of our most important concerns ... second only to safety. That issue is the coming capacity crunch at U.S. airports.

Our FAA forecasts, which have gained great credibility over the years, predict that -- within the decade -- air travel in the United States will increase 60 percent. For every ten passengers who fly today, we will have to find space for six more.

And within the next two decades, we predict that our U.S. air traffic control system, our airlines, and our airports will have to accommodate one billion passengers a year -- twice as many as today. Providing for this surge of new travelers is a challenge we are going to be hard pressed to meet.

If we fail to respond while there is still time to act, the long-term vitality of our industry will face a double risk. The first risk is continuing economic damage from ever greater delays at clogged airports. The second threat is a distorted pattern of growth, as the industry is forced to adapt -- not just to the demands of a competitive market -- but to the physical limitations of inadequate airports.

We are already feeling the pressure at our busiest airports, and we have every reason to fear that the problem can only worsen.

Let me portray a very plausible version of the future ... if present trends are allowed to run their course.

Picture this. You're on your way to catch a flight 25 years from now.

You battle your way through local traffic and eventually reach the airport.

The terminal building -- built in the 1970's -- is much too small for the volume of passengers it handles. It gets an occasional facelift. But they gave up trying to expand it years ago. Today it's jammed with travellers. You look for your flight on the monitor and see that it has been delayed. As the morning wears on, the backlog of planes waiting to take off from the airport's two parallel runways gets longer.

You wait. Finally, the call comes to board.

Aircraft in the year 2020 will be quieter and more cost efficient, safer -- perhaps a little larger -- but about the same as those in service in 1994.

The big change is in the cockpit. There, by means of high speed data links, a steady stream of information flows between the ATC computer and flight management system.

These powerful computers assign flight routes, issue departure instructions and clearances ... and relay weather updates and safety alerts ... all in "real-time."

Once airborne, the pilot and crew use the Global Positioning System for navigation. GPS can pinpoint an aircraft's position within centimeters -- anywhere in the world.

Cockpit displays, using advanced collision avoidance technology, let the pilot participate with the controller in maintaining the safe separation of aircraft.

The advent of these new technologies has given us near-total flexibility in routing, saving both time and fuel. We may even have developed the technology to allow "free flight". But, more important, they have made it possible to further reduce the already small risk of air travel.

As your plane nears its destination, the ATC computer and the cockpit computer plot the exact point to begin descent and the exact of time of arrival.

Guided by GPS, automation aids bring the plane safely to the ground -- with virtually no intervention from either pilot or controller.

Your flight lands and is directed onto an apron. But then, you sit for 20 minutes, waiting for a gate.

Finally, the plane reaches the jetway. The doors open. You push your way through another crowded airport.

Maybe you can still make that Congressional hearing -- called to investigate the critical issue of airport capacity.

Most of you are probably thinking this scenario is too extreme. We'd like to believe that airport development will keep pace with everything else that is happening in aviation.

Frankly, I worry that it will not.

Just how much this imaginary trip accurately reflects air travel in the year 2020 is going to depend on where we focus our effort during the next twenty-five years.

We need to achieve the same clarity about what to do about our airports that we have about air traffic management.

Several of the advanced tools that I mentioned in our 2020 scenario are already in operation around the country. Others will soon be installed.

I'm confident that the new system we're putting in place will be able to handle, with greater safety, all the increased air traffic predicted by even our most optimistic forecasts.

It's taken longer and cost more than we envisioned. Complex systems usually do. But, in the final analysis, solving ATC problems only requires money, new technology and sound management. All are available.

Airports are different. Proposals which make good sense from the standpoint of economics and technology often come into sharp conflict with other priorities and values.

The controversy surrounding the new Denver airport is but the most recent example. Few elected officials are eager to take on an issue which can ultimately turn against them.

As the situation stands today, legal disputes, environmental regulations and financing problems can stall an airport project for years. Community opposition can stop airport development in its tracks.

But the threat posed by inadequate airport capacity strikes to the heart of our system.

The magnitude of the problem has been clearly understood for at least a decade. In 1990, the Transportation Research Board convened an expert committee to conduct a comprehensive analysis of the issue and to identify the most

credible strategies for expanding airport system capacity.

While the TRB study did not single out any one strategy as offering the most promise, there were two points which were emphasized throughout the report ... two points which were repeatedly underscored. Both are as valid today as they were five years ago.

One point stressed the importance of new ideas for financing the needed expansion. The second point suggested a redefinition of the federal role in national airport system planning and development.

Let's talk about money first.

As Secretary Peña told us yesterday, there is a growing gap between what we need to do and what we have the money to do. We have to find a way to span the shortfall between declining public resources and the rising costs of infrastructure.

Many of you know, first-hand, that adding a single runway today can cost as much as we once paid to build an entire airport.

The new runway at Dallas-Fort Worth cost $415 million dollars. That's about $35 million more than it cost to build Idlewild -- a forceful reminder of the combined impact of inflation and constantly rising costs.

Lou Miller had to spend $120 million to build the new runway at Salt Lake City.

Philadelphia -- $215 million.

Still, that's less than half the $500 million it will cost for the new runway at Seattle. But then, Seattle has to first move a mountain.

Moving mountains is a familiar metaphor for performing nearly impossible tasks. And that's the true magnitude of the task we face today whenever we try to build new airports or plan a major expansion.

It takes a mountain of money. And we've just about mined out all our old federal resources.

This year, Congress appropriated the President's request of $1.7 billion but has signalled it will appropriate somewhat less next year. We expect the new appropriation will be about $1.5 billion.

Maybe we can avoid further shrinkage, but I don't think we should be expecting to receive more. Not if we are serious about reducing federal spending and cutting the deficit.

Throughout government, we have to learn to do more with less. We have to learn new ways to use the resources available to us.

Up till now, the Airport Improvement Program has been a plain vanilla venture, one which followed a very traditional pay-as-you-go approach to construction.

In the 1994 authorization bill, Congress mandated the Department of

Transportation to look at innovative approaches to financing airport development.

Under the leadership of Cynthia Rich, this study is now well underway.

It's clear, even at this stage, that there are several options for leveraging the funds we have to help create even greater returns.

We may be able, for example, to make it easier for airport authorities to pledge land as collateral for loans. This is not usually done now because, under current law and regulations, the recipients of federal funds are not permitted to encumber their property.

We're taking a close look at all the pros and cons of loosening this restriction, at least under certain circumstances.

There is also a strong argument for encouraging airport authorities to do landbanking -- buying up suitable property now for the eventual building of new runways and even new airports.

An airport's landbank is itself a valuable asset which can be converted into a new source of revenue. But there are impediments which have to be eased before the private sector can be confident that its investment will not be put at risk by some preemptive change in federal policy.

We've also come to realize that we're not tapping the full potential of the passenger facility charge.

While PFCs provides a steady flow of revenue, airports have been unable to obtain loans secured solely by PFCs -- principally because the financial community is aware that the FAA can terminate collection of the charges if we discover that the funds are being misused.

We're hoping to give lenders and the credit rating agencies sufficient assurance that we will order the end of PFCs only as a last resort.

Not all airport authorities find it difficult to obtain financing from private lenders. At our largest airports, most of the development -- 90 percent or more -- is now, and will continue to be, privately financed.

But for those which do encounter obstacles, should we look for ways to offer various credit enhancements -- perhaps through federal loan guarantees or the purchasing of credit insurance, if steps such as these will be a more effective way of encouraging investment?

Should we set up a revolving loan fund, seeded with money from the aviation trust fund? That's still another option we're investigating.

These are the kinds of questions that Cynthia will examine. We don't yet know which of these many possibilities will survive close scrutiny and take the form of specific recommendations to be submitted for Congressional consideration.

Let me be clear. There is no inclination to establish another broad entitlement program for airports. The aim is to provide selective assistance to those airports where lack of capacity has a system-wide impact.

It is obvious that many of the problems of airport capacity are problems associated with a mature system.

We're nearly at the end of the great airport building phase of our history. New airport openings in this country will become increasingly rare events -- which means that the emphasis must turn to expanding capacity at already existing high volume airports.

Much of our innovative technology is designed to do just this.

New approach procedures, precision runway monitors, and final monitor aids can keep a runway open under weather conditions which once might have forced its closing.

GPS, digital datalink, and advanced automation can safely speed up traffic flows on the ground and in the airspace. I recently brought in George Donohue, a top-level official from Rand Corporation, to see that these programs stay on track. We will not tolerate the kind of delays and cost over-runs that have plagued the advanced automation system.

There's no question that the FAA can still do a lot to improve the capacity of our existing airports. And our Office of System Capacity is conducting a thorough review of the possible actions we might take.

We are far from reaching such a desperate state of over-saturation that nothing remains to be done.

But none of the most promising approaches are solutions which airports, acting autonomously, can pursue effectively on their own.

We are now in an era which requires a high level of national coordination. And such extensive coordination necessarily involves the FAA and the federal government.

Our old role as more or less passive conduits between Congress and the local airports is out-dated. But our new role is yet to be defined.

This is the second point which was emphasized again and again in the TRB report: the federal government must become more active in shaping and carrying out a coherent national policy.

I believe that the time has come to re-examine the entire spectrum of responsibilities involved in the management of our national airport system.

It is time to move beyond the stage of theoretical problem analysis and take on the job of developing a politically achievable program of action.

George Howard and ACI leadership have been urging us for some time now to elevate the level at which capacity issues are handled at the Agency.

I believe you will be glad to know that I have established a high-level group to tackle the daunting array of political and policy complexities which must be resolved if a viable strategy is to emerge.

The group is headed by two of the FAA's top executives -- Cynthia Rich and Executive Director Monte Belger. They and their staffs will bring us to the point where a clear strategy can be decided upon.

I hope that many of you here today will join in this effort and work to make it a broadly collaborative consultation.

Secretary Peña and I are prepared to maintain a steady federal focus on this issue. We're prepared to keep up the pressure until a comprehensive, coherent plan of action is negotiated. But we must be able to depend on the backing of all of you in the industry.

Unless we find a way to add capacity, our airports may become the weak link in our total system ... limiting the gains we hope to achieve from advances in aircraft design and air traffic control technology.

Growth is a certainty. And unless we move quickly, an unsettling future for the entire aviation industry is just as certain. I am not being an alarmist when I say that, in this instance, time is <u>not</u> on our side.

Thank you.