



NEWS LETTER

SOUTH METRO AIRPORT ACTION COUNCIL

SUMMER 2010

Note to Readers

In June this year, 2010, SMAAC created a "blog" as a vehicle for continuing news and for comments on the postings by SMAAC Members. This is the first, experimental, conversion of the E-News Letter to a conventional static publication.

Virtual Forum Conducted with Gubernatorial Candidates

The 2010 SMAAC Virtual Forum: Future Use and Governance of MSP opened July 12th and ran until the August 10th Primaries.

Five candidates for Governor posted statements, mostly down the middle: neither praising nor criticizing the Commission or the present situation at MSP. Other candidates on Primary ballots declined to participate.

Mark Dayton was an exception, calling the current Commissioners mostly "Delta Airline's lap-dogs" more committed to the airline's hub than to public needs.

Early comments suggested that the three former Legislators (Emmer, Entenza, and Kelliher) showed too little knowledge of expansion history and goings-on at MSP, excusing themselves and the Legislature from any blame for lack of oversight.

The DFL (Democratic) field was rated very competitive with House Speaker Margaret Anderson Kelliher, former US Senator Mark Dayton, and former Legislator Matt Entenza. Kelliher had the DFL Party endorsement.

The Republican Primary was lightly contested, with former State Legislator **Tom Emmer** winning easily. Frequent gadfly candidate **Ole Savior**, however, seemed to grasp that moderate Republican votes might be had. Savior said he would appoint former Governor Arne Carlson to Chair the Metropolitan Airports Commission. Carlson has been critical of ultra-conservatives and Emmer's suggestions that airline and environmental regulations are too strict.

Former Republican moderate Tom Horner has gained the Independence Party endorsement and may have a good general election position between a more-liberal Democrat and a more-conservative Republican.

Met Council Approved the Long-Term Comprehensive Plan for MSP Expansion

The Metropolitan Council attached six conditions to the MSP 2030 Long-Term Comprehensive Plan (LTCP) June 14 without dissent and but a single question.

Polly Bowles, a Met Council member from Edina, asked about the capacity study required two years in advance of the year more than 540,000 operations are forecast for MSP by Condition 2. Met Council staff planner Chauncey Case explained that the LTCP assumed adequate safe airfield capacity so the plan was presented as not over-investing in gates and terminal improvements until needed by the airlines forecasting their future operations.

More MSP Hub Flights; Unsafe And Insufficient Local Air Service?

By Jim Spensley, President

It is getting tiresome reminding the State Government that our Legislature found that a 25% *safe capacity increase* was needed to support Minnesota economic growth as projected for 2020. That Finding has been mostly ignored for 10 years. And part of the reason it has been is Governor Pawlenty's devotion to Northwest Airlines executives and the mistaken notion promoted by MAC Chairs Tigwell and Lanners that more flights around the same time is a good thing.

In My Opinion

MSP -- land area only 5.3 sq. miles -- is smaller than almost all US commercial airports, absolutely the smallest with 2 or more 8,000 foot+ runways, but the 17th busiest US airport based on daily flights in 2009.

Based on hourly flights, only Chicago O'Hare is busier than MSP. Reduced separations at these two airports increase runway use rates (operations per hour) *at the expense of reaction time in an alarm condition.* This is most acute on approaches, because the descending airliner over-taking the one ahead of it may not be able to either slow down (too close to stall air speed already) or to immediately climb (engine response is several seconds)

MSP hourly rates near 155 operations/hour persisted after the new runway opened even during periods (2007, 2009) when one and then the other main parallel runways was closed for months for major work. The longest runway at MSP (R4-22) is used as an aircraft parking lot.

Not surprisingly, congestion and complicated ground traffic movement is a frequent hazard. Collisions between aircraft or between aircraft and vehicles occurred at MSP. Runway incursions and near misses have been documented that cannot be found in public files.

These events are often a consequence of high rates, busy controllers and airline systems operations and misunderstood or delayed communications. Matters are worse since the merger of Delta and Northwest. Most airline ground operations personnel at MSP are newly assigned and their on-duty numbers are less than in 2008. A major portion of Delta/Northwest flights are operated by regional contractors, with pilots who may be, and too-often are -- less-well trained and less familiar with MSP.

FAA regulation -- inspections and enforcement of corrective orders -- has been lax.

Media reported over 100 safety-compliance orders were ignored by Northwest. [Northwest also was fined, in July 2010, a not insignificant \$38 million for price-fixing in the air freight business.

This bears mentioning in a safety story because of the corporate attitude exhibited about regulations, inspections, and oversight.]

Now MAC and Met Council have updated a long-term comprehensive plan to further expand the hub. More gates, more aircraft at MSP at the same time; more connections, more connecting passengers; so more operations per hour using the same runways and taxiways.

FAA Research and Development programs addressing safety at airports lag due to budget cuts and re-authorization delays. One of the developments hoped to supplement ground traffic control controlled visually from the Tower; *buildings and parked aircraft obscure sight-lines.*

Media reported over 1,000 safety-compliance orders were ignored by Northwest. Northwest also was fined, in July 2010, a not insignificant \$38 million for price-fixing in the air freight business.

This problem remains in practice, and more gates for large airliners as planned along the southwest side of the Lindbergh Terminal will make things worse. The airlines, the airport, or the FAA can possibly station additional observers and add communications but have announced no plans to do so in the next 7 years. But the capital improvements plan currently being reviewed for 2011-2017 is for more gates, supporting bigger banks.

SMAAC's Legislative Agenda for 2010:

Notwithstanding the MSP 2030 LTCP and the Met Council Transportation Policy Plan, Legislature should review all options for airports furthering Minnesota's economic objectives after 2020, and limit MSP flight capacity to 125% of 1996 hourly use.

The Legislature should prohibit further hub expansion at MSP for safety, environmental and economic reasons.

Metro legislators must at least exercise their right to coordinate airport commissioners appointments or amend the statute so that Commissioners are either elected or selected by the Legislature in a more open way.

When Will MSP Passenger Traffic Hit Bottom?

By Dick Saunders

MSP passenger totals declined 2.8% in the first half of 2010 compared with the same period a year earlier, according to MAC's June flight operations report.

Through June 30, the airport has handled 15.72 million travelers versus last year's six-month total of 16.17 million.

MAC had forecast a 2.5% increase in customers this year, the first gain since 2004, on airline expectations of an improving economy. But recent indicators show a slowing of the economy for the next two quarters, putting the MAC growth projection in question. Whether this shortfall can be made up in the second half of 2010 "remains to be seen," a MAC executive told SMAAC, citing economic uncertainties and incomplete fall-winter airline schedules.

In MSP's favor, several airlines announced new or restored service, starting with twice-daily Southwest flights to Phoenix Aug. 15. Sun Country flew once a week to London between mid-June and mid-August. Mesaba added a third daily flight to International Falls. American will re-establish four flights a day from New York (LaGuardia) this fall after a two-year hiatus, operating smaller CRJ700s. Delta will extend daily service from MSP to Paris on a year-round basis. It also will increase London Heathrow departures from five times a week to seven. And Delta will open Mexico City this winter, restoring a route held by long-defunct Braniff in the 1960s.

But, because the domestic market is not expected to grow more than 1-2% this year, "flat" would appear to be "the new normal for 2010," as MAC's planning director said as the year began.

MSP ended 2009 handling 32.4 million passengers, a decline of 5 % from 34.1 million in 2008, and down 14% from the peak in 2005. Flights in 2009 dipped 3.4% to 432,395 from 2008 and 19% from the 2004 peak of 541,093 flights. The ratio of Minnesota passengers (54%) to connecting passengers (46%) stayed about the same as in past years.

Another new factor adding uncertainty to the MSP outlook in coming years arises from Delta's June sale of two regional subsidiaries. Mesaba Airlines, based in Eagan, was sold to Pinnacle Airlines, another Delta subsidiary based in Memphis, for \$62 million. Compass Airlines, an NWA startup whose headquarters had been moved from Chantilly, VA. to the new Delta North facility at MSP, was purchased by Trans State Airlines of St. Louis for \$20 million.

The Compass relocation move was part of a Delta commitment to the Minnesota legislature to replace some of the employees laid off after the Northwest merger.

While both new managements assert no changes in service are planned, skeptics are asking whether staff reductions might not be necessary if second-half regional traffic stays soft.

Major Airlines Exploit Hub Airport Consumers

By Jim Spensley

According to Julie Johnsson, (Chicago Tribune, July 21, 2010) "United, American and Delta led global carriers in collecting ancillary revenues in 2009. " Led is the right verb. Collecting more revenue for the same service only produces more revenue if lower fares and fees are unavailable.

Only Southwest and a few other holdouts resisted. Good for them!

Johnsson reported that "Airlines worldwide collected \$13.5 billion in 2009, a 43 percent jump from 2008 totals, according to financial filings made by 96 airlines. United Airlines generated the greatest fee income of any carrier in the world: \$1.9 billion in ancillary revenues last year.

"Every major U.S. carrier except Southwest Airlines rolled out luggage fees during 2008 in an effort to boost revenues as business travel sagged following Wall Street's historic meltdown. Although most large airlines are finally profitable in early 2010 for the first time in three years, they aren't inclined to rescind the controversial charges. "

High fares, as well as additional fees, should be controversial. Congressman Oberstar is right to want consumer protection of a kind by making all travel costs visible at the time of initial purchase. But knowing how you are being exploited is not valuable if there is no alternative at hand.

Even more worrisome is the more profit, more revenue, more profit cycle that threatens both safety and efficiency in the air transportation business.

Government should be increasingly vigilant in inspections and aggressive in enforcing regulations now that airlines have cut staff, decreased maintenance and inspection budgets, contracted with regional carriers, and crammed more flights at peak hours into already congested airports.

SMAAC NEWSLETTER

Published intermittently by the
South Metro Airport Action Council
PO Box 19036, Minneapolis, MN
55419-0036

<http://www.quiettheskies.org>

BOARD OF DIRECTORS

Bob Friskney
Ron Lischeid, Treasurer
Matt McGlory
Dick Saunders, Vice President
Russell Schroedl
James R. Spensley, President

LTCP Conditions

(Continued from page 1.)

Ms. Bowles responded "The last thing want is another 'dual-track' thing that wastes resources and interferes with the many developments being planned around MSP by the cities."

(Ms. Bowles was referring to the \$10-million study in the 90's that culminated in a legislative decision to expand at the cramped existing campus rather than developing a new larger site.)

In spite of Ms. Bowles statement, the condition is:

2) MAC should initiate a capacity study two years in advance of when MSP is expected to have 540,000 annual operations and incorporate the results of this study into the following LTCP update.

The Met Council implied serious concerns with MSP expansion plans, including too few updates, uncertainties about safe and sufficient airport capacity, noise, highway improvements, water pollution, and finance.

"In our opinion, the LTCP draft was too vague, covered too many years, omitted critical information and lacked meaningful public discussion." said Jim Spensley, SMAAC President. "SMAAC, the Met Council staff and their advisory board identified some key issues in the LTCP, but the six conditions mainly kick the can down the road rather than dealing with them."

SMAAC argued in meetings and letters that current MSP annual flight capacity is not indicative that air services are adequate. At a hub airport like MSP passenger capacity is shared between local and connecting passengers.

"...the six conditions mainly kick the (key issues) down the road rather than dealing with them."

Hub operations are concentrated at certain hours, making hourly peak rates and FAA air traffic control procedures the key is that local passenger capacity is the basis for determining projected economic needed..

SMAAC asked Met Council and MAC to refine the capacity study condition because:

- The range of hourly operations at MSP that sum to 540,000 annually is 390 per cent ... no basis for planning or review.
- The use of MSP needed for economic growth, new business planning, and population increases depends historically and actually on the hub activity, which often limits local passenger capacity.
- How MSP capacity is used is mostly dictated to the MAC by the airlines, not derived from economic need or growth.
- Annual local passenger boardings are not a measure of need or demand -- the supply of fairly priced

tickets here is determined by national competition or airline collaborations.

The six Conditions:

1. *The LTCP should note that MAC will update the plan every five years and that MAC will budget for this in the appropriate years to ensure that the first update is prepared by 2015.*
2. *MAC should initiate a capacity study two years in advance of when MSP is expected to have 540,000 annual operations and incorporate the results of this study into the following LTCP update.*
3. *MAC should initiate an FAA Part 150 study update (which includes a comprehensive noise analysis and mitigation program), in consultation with the MSP Noise Oversight Committee (NOC), when the forecast level of operations five years into the future exceeds the levels mitigated in the Consent Decree (582,366 annual operations). The results of this study should be incorporated into the first subsequent LTCP Update.*
4. *MAC shall continue to work with all appropriate agencies to implement the Interstate 494/34th Avenue, Trunk Highway 5-Glumack Drive and Trunk Highway 5-Post Road interchange modifications included in the 2030 Concept Plan, including preliminary environmental scoping and analysis.*
These highway modifications are not currently included in the region's fiscally-constrained 2030 highway plan.
5. *The LTCP needs to acknowledge that storm water from MSP detention ponds discharges to the reaches of the Minnesota and Mississippi Rivers that are identified as water-quality impaired for a number of pollutants and stressors.*
6. *The LTCP should include a general discussion of financial assumptions and funding mechanisms available to implement the proposed development.*

SMAAC also criticized:

Condition 1, because it can be construed to limit or reduce Met Council review of annual capital improvement budgets and projects;

Condition 3, as lip service only;

Condition 5 as requiring no action;

Condition 6 as not questioning financial assumptions such as revenue from local travelers (e.g. parking), revenue sharing for airlines, Federal aid, or increased spending implied by Conditions 3 and 5.

FAA Reauthorization Passed

The Airline Safety and FAA Extension Act of 2010, sponsored by Rep. Jim Oberstar, D-MN, is now enacted.

"This legislation (means) we can start improving the training of pilots on regional airlines," Oberstar said before the Senate vote. "This is the culmination of the work I started after the Northwest Airlin Crash in Hibbing 16 years ago. It's long overdue."