ARSAC Alliance for a Regional Solution to Airport Congestion
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July 2, 2015

Hon. Al Wapner
Chairman
Transportation Committee
Southern California Association of Governments

Mr. Gary Gosliga
Chairman
Aviation Technical Advisory Committee
Southern California Association of Governments
818 West 7th Street, 12th Floor
Los Angeles, CA 90017

Re: SCAG 2016-2040 Regional Aviation Forecast

Dear Chairmen Wapner and Gosliga:

ARSAC, the Alliance for a Regional Solution to Airport Congestion (ARSAC), appreciates the opportunity to provide comments on the proposed 2016-2040 Regional Aviation Forecast. Founded in 1995, ARSAC is a grassroots community organization dedicated to increasing utilization of outlying regional airports such as Ontario (ONT) and Palmdale (PMD) instead of expanding Los Angeles International Airport (LAX) to meet Southern California's future airport capacity needs. ARSAC supports a safe, secure, modern and convenient LAX so long as LAX does not expand into surrounding communities.

We have appreciated SCAG's past commitment to limit operations at LAX and to support regionalization of air traffic to other SCAG area airports. We strongly encourage SCAG to continue support for airport regionalization by extending the 78.9 million annual passenger (MAP) limit at LAX through 2040. The 78.9 MAP limit, achieved though the 153 gate cap, is appropriate as LAX's owner, Los Angeles World Airports (LAWA), has failed in its obligations to regionalize air service as a part of the 2015 LAX Master Plan and the 2006 Stipulated Settlement Agreement with ARSAC, the County of Los Angeles and the cities of Culver City, El Segundo and Inglewood. Please refer to our attached letter to LA County Acting CEO Martin Zimmerman, dated March 15, 2013 for more details. We believe that regionalization can be achieved with the right pro-active efforts to encourage the airlines to increase utilization of our outlying regional airports.

Airport regionalization is also important not only to reduce traffic congestion and increase economic opportunities for the entire SCAG region, but also to provide ready capacity if a disaster occurs and cripples LAX. As you are aware, LAX is the number one terrorist target on the west coast, the second busiest airport in the United States and the fifth busiest passenger airport in the world. Regional airports can and should be prepared to back-up LAX so that people can still get in and out of Southern California until LAX can return to normal operations. SCAG must continue to advocate airport regionalization for the good of all SCAG communities.

ARSAC is concerned about the methodology used by SCAG's consultants to calculate the anticipated number of Million Annual Passengers (MAP) for each airport. Other than estimates provided by some airports such as LAX, there appears to be no consistent basis for estimating future MAP at each SCAG commercial airport. <u>LAX has proposed up to 96.6 MAP for 2040, a 36% increase over the 71 MAP for LAX in 2014!</u> As we understood from the June 25, 2015 SCAG Aviation Technical Advisory Committee meeting held at LAX, the current structure of the model will add more passengers to unconstrained airports after constraints are added to airports such as Long Beach (LGB), Santa Ana-John Wayne (SNA) and LAX. The draft 2040 SCAG region airport map also shows ranges of numbers for some airports such as LAX, ONT, PMD, Oxnard (OXR) and Palm Springs (PSP) and no passenger activities at Southern California Logistics Airport (VCV), San Bernardino International (SBD) and March Inland Port (RIV). The estimates for each airport appear to be not only unsubstantiated, but also the assumption of the model that excess passenger air traffic from a constrained airport will shift passively by osmosis to an unconstrained airport is quite unbelievable. While SCAG does not operate airports or set airline schedules, SCAG can and should implement policies and provide funding that will actively encourage airlines to increase their usage of underutilized airports in the region by creating critical mass in providing convenient road and mass transit into each underutilized airport. Essentially, SCAG should adopt LA County Supervisor Mike Antonovich's motion adopted by the Metropolitan Transit Authority Board connect public transit to all SCAG area airports so that these airports can become both intermodal and multimodal transportation hubs. This would mean that airports such have bus stops and if possible, rail. An example of mass transit would be high-speed rail stations at PMD, BUR and ONT with a short walking distance to the airport passenger terminal. These train stations would not be limited to air passenger travelers; local residents near an airport could take a bus to an airport such as BUR to get onto the high-speed rail. Furthermore, the SCAG model needs to include its assumptions that the world of commercial aviation has changed significantly since the last Regional Aviation Forecast in 2012. Some of these key changes in commercial aviation include:

1. <u>Consolidation of the airline industry into three US megacarriers- American, Delta and United</u>. American merged with US Airways, Delta merged with Northwest and United merged with Continental. In addition, there have been mergers in Low Cost Carrier area as well with Southwest acquiring AirTran and Frontier taking over Midwest Airlines. Airline consolidation is no excuse for actively marketing airports such ONT and PMD.

2. Rationalization of the commercial airline fleet. U.S. airlines are generally downsizing from Boeing 747's to Boeing 777 and 787 Dreamliners and from Boeing 767 and 757 aircraft to Airbus A320 and A321 and Boeing 737 Next Generation (-700, -800, -900) series aircraft. In the regional airline arena, smaller turboprops (e.g. Canadair Dash 8-200, Embraer Brasilia, etc.) and smaller 37 to 50-seat regional jets (e.g. Canadair CRJ-100 and CRJ-200; Embraer ERJ-135, ERJ-140 and ERJ-145) are being replaced with larger regional 70 to 110-seat jet aircraft such as the Canadair CRJ-700 and CRJ-900 and the Embraer ERJ-170, ERJ-175, ERJ-190 and ERJ-195. Delta has even replaced some of its regional jets with the Boeing 717-200, the last variant of the venerable DC-9 family. No U.S. airline has taken delivery of the Airbus A380. By maintaining fewer aircraft types and new aircraft, airlines can save on maintenance expenses and therefore increase profitability.

3. Focus on profitability. After the horrific events of September 11, 2001, the US airline industry shifted from its post-deregulation imperative of market share to running profitable businesses. The days after 9/11 gave US airlines carte blanche to retire older aircraft, rationalize fleets, "right size" the aircraft to routes, drop unprofitable routes, shut down city ticket offices, take away pillows and blankets and include all kinds of new charges that had been traditionally included in the price of airline tickets such as checked baggage and food. US airlines also used bankruptcy to decrease costs by returning leased aircraft, renegotiating airport leases, cutting wages and benefits as well as terminating employee pension plans.

4. New international service. With implementation of "Open Skies" treaties between the United States and many foreign countries from 1992 to 2012, most restrictions on international flights have been eliminated. This means that international flights are no longer restricted to certain airlines and only a few large US cities. It is now possible for any US airport that has Federal Inspection Service (FIS) facilities to handle international flights. Both LAX and ONT have had international flights for decades. SNA added FIS facilities and now has flights to Mexico. SBD has a new passenger terminal with FIS facilities, although it has no international flights at this time. JetBlue has asked the City of Long Beach to consider construction of FIS facilities at LGB.

5. New, longer range aircraft. The Boeing 787 Dreamliner and the Airbus A350 will allow airlines to profitable operate long, thin routes and take advantage of the new international opportunities that "Open Skies" now allows. ARSAC has compiled several examples of new international service with 787's at California airports in the attached Table 1.

6. New entrant air service providers. SCAG needs to consider the effect of membership air service companies such as Surf Air and other public charters such as Carlsbad Airport based Biz Air Shuttle on all SCAG area airports including general aviation as well as commercial airports.

ARSAC recommends that the SCAG Regional Aviation forecast be adjusted with the following criteria:

1. All commercial airports in the SCAG region should be asked to provide revised passenger counts using a standard baseline criteria available to all. After that, adjustments should be applied based upon factors such as restricted operating hours, gate caps, passenger caps and other legal and political considerations. Ground access capacity needs to be a factor as well whether by road or rail.
2. LAX remains constrained at 153 narrow body equivalent gates and a capacity of 78.9 MAP. It is clear today that LAX cannot handle the existing number of vehicles in the Central Terminal Area (CTA). According to Los Angeles World Airports (LAWA) officials, LAX averages 70,000 to 80,000 vehicle trips per day. During the busiest times, such as Thanksgiving weekend, LAX can see up to 200,000 trips per day. ARSAC believes that even with the Landside Access Modernization Plan (LAMP) goal to reduce CTA traffic by 13%, very soon every day will be like Thanksgiving Day at LAX. The additional CTA capacity will only invite further ground traffic growth. The 153 gate cap is part of the Stipulated Settlement Agreement which runs through 2020 and the 78.9 MAP limit is part of the 2025 LAX Specific Amendment Plan Study (SPAS). Since LAWA failed under its obligations in the 2015 LAX Master Plan and the Stipulated Settlement Agreement to regionalize air traffic in Southern California, SCAG must continue the 153 gate limit and the 78.9 MAP at LAX through 2040 in the 2016-2020 RTP to give airport operators and airlines more time to increase utilization of outlying regional airports such as ONT and PMD.
3. PMD should be 1 MAP. ARSAC believes that if major buyers of air travel in the Antelope Valley and Santa Clarita Valley work together, then it will be possible to bring in the airline service that is long overdue at PMD. These key buyers of air travel include the US Air Force, Lockheed Martin, Northrop Grumman, Boeing and Pleasant Hawaiian Holidays. A route of Dallas/Fort Worth-Palmdale-Honolulu could be supported by the buyers listed above. Pleasant Hawaiian Holidays, one of the largest tour operators to Hawaii, is owned by the Auto Club of Southern California. Auto Club So Cal also owns the Auto Clubs of Hawaii and Texas. Pleasant's buying power alone possibly could support several weekly non-stop Hawaii flights from both PMD and ONT. Other services from PMD would include 3 daily flights each to Oakland, Las Vegas and Phoenix.
4. ONT should be 20 MAP. ARSAC supports the "Set ONTario Free" campaign to return ONT to local control by the City of Ontario and the Ontario International

Airport Authority (OIAA). ARSAC likes ATAC staff's concept for establishment of a new West Coast airline hub. ONT is the ideal location for this new hub. However, development of air service at ONT will not be osmosis, but through active work of ONT boosters. ARSAC has proposed that ONT be designated at the official airport for the Disneyland Resort. Alaska Airlines is the official airline of Disneyland. With Disneyland's buying power, they can work with Alaska Airlines and other airlines to bring west coast (US, Mexico and Canada), Hawaii and long-haul international Disney guests into ONT. By moving Disneyland Resort guests from LAX to ONT, this will free up capacity at LAX for more value-added travelers who will be spending their business or tourist dollars in the City of Los Angeles.

5. BUR, LGB, SNA, OXN and PSP need to be consulted for better numbers.
6. If they cannot provide a MAP, then airports such as RIV, SBD, VCV should be listed with at least .1 MAP by 2040 in order to provide the ability to do some calculations. Other air service providers could serve these airports in the future such as Surf Air or Biz Air Shuttle.

We are happy to answer any questions you may have. We look forward to continuing to be an active part of the 2016-2040 RTP process.

Sincerely,

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Table 1- Boeing 787 new international service at California airports

Origin	Destination	Airline	Comment
Los Angeles	Copenhagen, Denmark	Norwegian	Previously operated by SAS Boeing 767, 1954-1994; first "polar route" to Europe; Norwegian started May 2014
Los Angeles	Dublin, Ireland	Ethiopian Airlines	Previously operated by Aer Lingus Airbus A330 from 1999 to 2008; started June 2015
Los Angeles	London-Gatwick, UK	Norwegian	Previously operated by British Caledonian DC-10; Norwegian started 2014
Los Angeles	Melbourne, Australia	United	Discontinued by United 747 after 9/11/2001; restarted October 26, 2014 with 787-9
Los Angeles	Osaka, Japan	Japan Airlines	Discontinued by Japan Airlines 747 in 2006; restarted May 2015
Los Angeles	Oslo, Norway	Norwegian	New; started June 2014
Los Angeles	Stockholm, Sweden	Norwegian	New; started March 2014
San Diego	Tokyo-Narita, Japan	Japan Airlines	New; started June 2012
San Francisco	Chengdu, China	United	New; started June 2014
San Jose	Hainan, China	Hainan Airlines	New; started February 2015
San Jose	Tokyo-Narita, Japan	All Nippon Airways (ANA)	Previously operated by American Airlines MD-11, 1996-2006; ANA started January 2013

Sources: Routesonline.com, "Where does the 787 Dreamliner Fly? July 2015 Network Update" and ARSAC knowledge base