

**Future of Aviation Advisory Committee
Record of Meeting**

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Public Announcement

The U.S. Department of Transportation (DOT), Office of the Secretary of Transportation, announced this Future of Aviation Advisory Committee (FAAC) meeting to the public in a Federal Register notice published August 12, 2010 (75 FR 49015).

Committee Members in Attendance

Name	Affiliation(s)	
Susan Kurland (Committee Chair)	Assistant Secretary for Aviation and International Affairs	DOT
Juan J. Alonso	Associate professor, Department of Aeronautics and Astronautics	Stanford University
Susan M. Baer	Director, Aviation Department	Port Authority of New York & New Jersey (PANY/NJ)
David Barger	President and Chief Executive Officer	JetBlue Airways Corporation (JetBlue)
Severin Borenstein	Professor, Haas School of Business	University of California, Berkeley (Haas School of Business)
Thella F. Bowens	President and Chief Executive Officer	San Diego County Regional Airport Authority
John M. Conley	International Administrative Vice President and Air Transport Division Director	Transport Workers Union of America (TWU), American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
Cynthia M. Egnotovitch	Segment President, Nacelles and Interior Systems	Goodrich Corporation (Goodrich)
Patricia A. Friend	International President	Association of Flight Attendants (AFA)–Communication Workers of America (CWA), AFL-CIO
Robert L. Lekites	President	United Parcel Service Airlines (UPS)
Ana McAhrn-Schulz	Director of Economic and Financial Analysis	Air Line Pilots Association, International (ALPA)
William J. McGee	Travel and Aviation Consultant	Consumers Union
Daniel McKenzie	U.S. Airlines Research Analyst	Hudson Securities, Inc.
Jack J. Pelton (by phone)	Chairman, President, and Chief Executive Officer	Cessna Aircraft Company (Cessna)
Nicole W. Piasecki	Vice President, Business Development	Boeing Commercial Airplanes (Boeing)
Raul Regalado	President and Chief Executive Officer	Metropolitan Nashville Airport Authority

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Name	Affiliation(s)	
Christopher J. Williams	Chairman and Chief Executive Officer	The Williams Capital Group

Committee Members Not in Attendance

Name	Affiliation(s)	
Bryan K. Bedford	Chairman, President and Chief Executive Officer	Republic Airways Holdings, Inc. (Republic Airways)
Glenn F. Tilton	Chairman	United Continental Holdings, Inc.

Other Officials Present

Name	Affiliation(s)	
Pam Hamilton (Designated Federal Official (DFO))	Director of Rulemaking	Federal Aviation Administration (FAA)
William Withycombe	FAA Regional Administrator	FAA Western Pacific Region

Other Persons Present

Name	Affiliation(s)	
Dean Hubbard	Senior Council for Strategic Resources	TWU

Background and Welcoming Remarks

This is the record of the fourth meeting of the FAAC, a Federal advisory committee formed pursuant to and subject to the requirements of the Federal Advisory Committee Act (FACA).

Mr. William Withycombe, FAA Regional Administrator for the Western Pacific Region, called the meeting to order at 8:49 a.m. and welcomed the committee members and public in attendance to the FAA Western-Pacific Region Headquarters. He provided an overview of the region, and noted the role of southern California in aviation. Mr. Withycombe acknowledged the importance of the FAAC and thanked the committee members for their hard work and dedication to improving the aviation industry. He introduced Ms. Susan Kurland, FAAC committee chair, and gave a brief overview of her credentials.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Ms. Kurland thanked the FAA Western-Pacific team for their efforts in planning the meeting. She turned the meeting over to Ms. Pamela Hamilton, FAAC DFO, FAA. Ms. Hamilton outlined her responsibilities as DFO, including maintenance of information on cost and membership, ensuring efficient operations, and keeping publicly available records of FACA activities. She briefed the attendees on the purpose of FACA and noted some of its key requirements, including balanced representation, publicly accessible meetings, and committees functioning only in an advisory capacity.

Ms. Hamilton stated there will be one additional public meeting for the full committee on December 15, 2010. She added the meeting minutes will be available both in the regulatory docket established for this committee and on the FAAC Web site at <http://www.dot.gov/faac>. Ms. Hamilton read the formal statement required under FACA, and listed the safety and security guidelines for the members of the public in attendance.

Ms. Hamilton sought to ratify the meeting minutes from the August 25, 2010 FAAC meeting, and solicited any comments or corrections to the meeting minutes. There were no comments or corrections. On motion, duly seconded, Ms. Hamilton ratified the meeting minutes.

Ms. Kurland introduced the FAAC members and outlined the agenda for the meeting. She highlighted the five issues of interest, or “pillars,” identified as priority topics: (1) aviation safety, (2) labor and world-class workforce, (3) financing, (4) competitiveness and viability, and (5) environment. Ms. Kurland reiterated a request made by Mr. Raymond LaHood, Secretary of Transportation, for specific actionable recommendations regarding these five issues of interest. Ms. Kurland listed the five subcommittees and subcommittee chairs: (1) Ms. Nicole Piasecki, Boeing, Aviation Safety Subcommittee; (2) Ms. Patricia Friend, AFA–CWA, AFL–CIO, Labor and World-class Workforce Subcommittee; (3) Mr. Jack Pelton, Cessna, Subcommittee on Financing; (4) Mr. Bryan K. Bedford, Republic Airways, Environment Subcommittee; and (5) Mr. Glenn Tilton, United Continental Holdings, Inc., Subcommittee on Competitiveness and Viability. She mentioned Ms. Susan Baer, PANY/NJ, would serve as chair of the Competitiveness and Viability Subcommittee for this meeting in Mr. Tilton’s absence, and Dr. Juan Alonso, Stanford University, would serve as chair of the Environment Subcommittee for this meeting in Mr. Bedford’s absence.

Ms. Kurland explained the FAAC tasked each subcommittee with developing three to five focus areas. She stated at the August 25, 2010 FAAC meeting, each of the five subcommittees sponsored presentations on specific focus areas relative to their topics.

Ms. Kurland reviewed the meeting agenda, which included a presentation from the chair of each subcommittee on its focus areas, public comment, and discussion by all FAAC members. She stated by the end of the meeting, the FAAC would have a clear sense of the recommendation package that the FAAC will send to the Secretary in December 2010. Ms. Kurland thanked the FAAC members and audience attendees for their participation in the meeting.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Labor and World-class Workforce Subcommittee

Ms. Kurland introduced Ms. Friend, chair of the Labor and World-class Workforce Subcommittee. Ms. Friend stated the subcommittee is presenting four topics for discussion, some of which have unanimous support, some with partial support, and some with no consensus among subcommittee members.

Ms. Friend presented the first focus area of Science, Technology, Engineering, and Math (STEM) education. She stated there is general recognition for the need to improve STEM education. Ms. Friend stated there are three parts to this proposal:

1. Workforce development should be a centralized and focused top tier initiative of the DOT.
2. The Secretary of Transportation should take steps to increase outreach to educational institutions to raise the visibility of aerospace and aviation engineering programs, and initiate a program to provide a hands-on experience applicable to the aviation workplace.
3. The Secretary of Transportation should work with the Secretary of Labor as an integral part of the Interagency Aerospace Revitalization Task Force to implement a national strategy focused on recruiting, training, and cultivating the aerospace workforce. The Secretary of Transportation should work with the Department of Education to provide resources that would create state-of-the-art STEM elementary and secondary educational facilities.

Ms. Friend stated the goal of this proposal is to grow a STEM literate workforce where students are career ready and workers can engage in interdisciplinary interactive training.

Ms. Friend explained the next proposal is for an aviation industry workforce-management summit. She stated there are issues facing the aviation industry that cause emotional and contentious debates, including foreign repair stations, job outsourcing, foreign ownership, code sharing, and joint ventures. Ms. Friend stated a fuller exploration of these issues may lead to a better understanding and may eventually lead to consensus. She noted the subcommittee proposes Secretary LaHood endorse and implement a bi-annual aviation industry workforce-management summit following the conclusion of the FAAC. Ms. Friend noted this summit should consist of workforce and management stakeholders from air carriers, airports, manufacturing, the consumer sector, and Government, to discuss the issues that affect the aviation industry. Mr. David Barger, JetBlue, added the Aviation Industry Workforce-Management Summit should also capture the spirit of dialogue and best practices for the entire aerospace industry. He stated there are examples of successful companies that could be modeled to help close gaps identified in the greater aviation industry.

Ms. Friend stated the next proposal is to incorporate core workers' human rights conventions into international aviation agreements. She then introduced Mr. Dean Hubbard, Senior Council for Strategic Resources, TWU, to present this topic. Mr. Hubbard thanked the FAAC for the opportunity to present and stated his presentation is entitled "One set of rules for all players: International labor standards as a stabilizing force in a global competitive environment."

Future of Aviation Advisory Committee Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Mr. Hubbard noted Ms. Kurland had posed the question at the first FAAC meeting of what the proper role of the U.S. Government is in a “Beyond Open Skies” environment. He stated the Government should incorporate core, internationally recognized workers’ human rights principles into international aviation agreements to ensure retention of the best and brightest workers; help stabilize the globally integrated industry; and foster respect for human rights (slides 2-4). Mr. Hubbard stated there is a dramatic change underway in the nature of competition in the aviation industry, and there is a paradigm shift with respect to global integration (slide 5).

Mr. Hubbard stated the International Labor Organization (ILO) core conventions are universally recognized principles for work with dignity in a rapidly globalizing industry (slide 6). He noted globalization could have positive effects by increasing prosperity and connectedness in our global community, or it could have negative effects if the aviation industry hires workers who are cheaper because they lack protection of basic human rights at work (slide 7). Mr. Hubbard stated this is a critical issue now, because unemployment rates are around 10 percent (slide 8).

Mr. Hubbard briefly summarized the history of the ILO (slide 9). He stated the ILO has a three-part structure with each member nation having two Government representatives and one worker and one employer representative so there is consensus among Governments, employers, and workers before the ILO can act (slide 10).

Mr. Hubbard explained there are four principles that are the cornerstones of workers’ human rights throughout the world (slide 11):

- Freedom of association and recognition of the right to collective bargaining,
- Elimination of all forms of forced labor,
- Effective abolition of child labor,
- Elimination of discrimination in respect to employment and occupation.

He stated the four principles come from eight core conventions (slide 12):

1. Freedom of Association and Protection of the Right to Organize Convention, 1948
2. Right to Organize and Collective Bargaining Convention, 1949
3. Forced Labor Convention, 1930
4. Abolition of Forced Labor Convention, 1957
5. Discrimination Convention, 1958
6. Equal Remuneration Convention, 1951

**Future of Aviation Advisory Committee
Record of Meeting**

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

7. Minimum Age Convention, 1973
8. Worst Forms of Child Labor Convention, 1999

Mr. Hubbard stated the core conventions have been identified as being fundamental to the rights of human beings at work, all members have an obligation to respect the principles, and the rights are universal (slide 13). He explained the eight core conventions are a general framework to ensure respect for human rights in the workplace and establish the four core principles. Mr. Hubbard noted the eight core conventions are not controversial and do not impose specific terms and conditions of employment (slide 14).

Mr. Hubbard stated the FAAC can help the aviation industry attract and retain a top-flight workforce by recommending a commitment to honor ILO core conventions and accompanying jurisprudence as a standard provision of intergovernmental aviation agreements, and conditioning antitrust immunity for international joint ventures on adoption of framework agreements incorporating commitment to the core conventions (slide 15). He noted the accompanying jurisprudence should be included to clarify the practical interpretation of the eight core conventions (slide 16). Mr. Hubbard noted the U.S. Government has a long history of committing itself and the aviation industry to abide by international agreements and standards (slide 17).

Mr. Hubbard explained an International Framework Agreement (IFA) is an instrument negotiated between a multinational enterprise and a Global Union Federation to ensure the company respects the same standards in all the countries where it operates (slide 18). He stated the typical content of an IFA includes the four fundamental principles and rights at work and specifically references ILO core conventions (slide 19). Mr. Hubbard stated IFAs do not substitute for direct negotiations at the workplace or national level; rather they provide a framework for those negotiations (slide 20). He stated IFAs will help assure that alliances' "metal neutral" joint venture arrangements (which do not specify a minimum share of flying for each participant) do not disregard workers' fundamental human rights (slide 21).

Mr. Hubbard stated the FAAC should propose the following: a commitment to ILO core conventions and accompanying jurisprudence as a standard provision of Open Skies agreements and that alliance partners enter into IFAs committing them to the ILO core conventions (slide 22). He stated four rationales that back these recommendations (slide 23):

1. The rapidly globalizing nature of civil aviation could lead to either greater shared prosperity or a global race to the bottom.
2. U.S. Government has already incorporated other international standards into aviation agreements.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

3. ILO core conventions provide a broad set of principles agreed upon by the entire civilized world for decent treatment of workers.
4. IFAs provide a mechanism for international alliances seeking antitrust immunity to carry out their commitment to human rights principles in ILO core conventions.

Mr. Hubbard stated the aviation industry in turn will receive stability provided by the leveled playing field, assurance that rapid global integration will not contribute to the further erosion of labor standards, and an enhanced ability to attract and retain the best and brightest workforce (slide 24).

Ms. Friend reiterated the proposal is for the DOT to support the Administration by making a commitment to insist that adherence to the eight core conventions be a standard provision of any "Open Skies" agreement entered into by the United States. She noted there is no consensus within the subcommittee on this proposal, and only the representatives of labor organizations on the subcommittee have expressed unequivocal support for it.

Ms. Friend stated the final proposal addresses the current state of labor-management relations. She stated labor-management relations are at a very low point, creating a considerable sense of distrust between labor and management representatives. Ms. Friend explained the Dunlop Committee Reports Review Committee (Dunlop II), an independent joint labor-management committee, established in September 2009, issued its final report in April 2010. She stated part of its goal was to find ways to improve the mediation process and delivery of mediation services. Ms. Friend stated the subcommittee's final proposal is for the DOT to urge the National Mediation Board (NMB) to implement Dunlop II's recommendations.

Ms. Friend opened the floor to the public for comment. Ms. Laura Gladding, Association of Professional Flight Attendants, expressed concern that the issues raised by the subcommittee will not come to fruition in light of recent improvements in the financial performance of the industry. She encouraged the FAAC members to work to make sure the proposals are followed. Ms. Gladding stated she believes the NMB would benefit greatly from the recommendations in Dunlop II and supports the proposal to implement its recommendations.

Ms. Maxine Scheer, Scheer Intelligence, stated she has completed research in STEM education relating to aviation and aerospace. She encouraged the FAAC to make sure there are resources that are committed to interagency cooperation. Ms. Scheer stated industry efforts, with respect to education, are extremely fragmented, and she encouraged the FAAC to use the resources of the DOT, Department of Labor, and Department of Energy, as well as STEM coalition committees, airports, and non-profit organizations mobilized at airports. Ms. Friend stated part of the proposal is to reactivate the Interagency Revitalization Task Force to accomplish the issues Ms. Scheer referred to.

Ms. Friend noted the public had no further questions, and she invited Mr. Hubbard to respond to questions from the FAAC members.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Mr. Dan McKenzie, Hudson Securities, inquired which countries are violating the ILO core principles. Mr. Hubbard reiterated the four core principles are being violated throughout the world, including the United States. He stated there is little to no recognition of the right to the freedom of association in China. Mr. Hubbard added that very few locations simultaneously honor all four principles.

Mr. McKenzie asked if there is an example of how the core conventions are being violated in the United States. Mr. Hubbard stated the core conventions are binding, but are aspirational in nature. He stated the core conventions only provide the process to accomplish the core principles. Mr. Hubbard stated there are States in the United States that outlaw collective bargaining, which is a violation of the convention.

Mr. Raul Regalado, Metropolitan Nashville Airport Authority, inquired where the elimination of sexual harassment and hostile work environments is included in the core principles. Mr. Hubbard stated it is included in elimination of discrimination in the workplace. Mr. Regalado asked how these principles apply to the aviation workplace. Mr. Hubbard stated these conventions apply to all workers, regardless of industry or job title.

Mr. Regalado inquired about how the right to be represented could be seen as contrary to the right to work. Mr. Hubbard stated the right to work is a provision of law that prohibits closed shops as a condition of employment. He stated the core conventions refer to the right to freedom of association; the right of a worker to join a union, and the ability to exercise that right. Mr. Hubbard noted, often the right to work has been misinterpreted by the labor movement and the conventions do not outlaw union involvement.

Mr. William McGee, Consumers Union, stated the Consumers Union has been a longtime supporter of a just workplace. He stated the Aviation Safety Subcommittee will discuss issues with respect to outsourcing and maintenance later in the meeting. Mr. McGee stated with regard to labor, deficiencies in the aviation workplace might be caused by outsourcing. He stated there may be a need to include how service has deteriorated as more work is outsourced in the proposal. Ms. Friend stated this issue can be discussed further at the next Labor and World-class Workforce Subcommittee meeting.

Mr. Barger stated the four principles seem to be obvious, and inquired why these conventions are not already part of international discussions. Mr. Hubbard stated the United States has been pursuing liberalization in Open Skies agreements for the past several decades. He noted at the time of the earliest international aviation agreements, beginning with the Chicago Convention of 1947, the aviation industry was heavily regulated and air carriers were largely State-owned. Mr. Hubbard stated Government policy changed at the time of deregulation, to push toward liberalization and minimal Government intervention. He noted there is a need to find a balance between regulation and liberalization, which allows for the inclusion of core human rights issues.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Dr. Severin Borenstein, University of California, Berkeley (Haas School of Business), inquired how adoption of the core conventions would influence agreements or prospective agreements with nations that are not protective of human rights (for example, China). Mr. Hubbard responded he could not offer a definitive answer, but expressed the opinion that China is not ready to liberalize or enter into Open Skies agreements at this time, but added there may be a tremendous change in China over the next 10 years. Ms. Kurland clarified the United States remains in ongoing discussions with China regarding an Open Skies agreement.

Mr. Christopher Williams, The Williams Capital Group, asked who is responsible for monitoring, measuring compliance, and taking corrective action when principles are not adhered to. Mr. Hubbard responded ILO does not have the power to issue financial sanctions against non-compliant entities. He stated non-compliant countries are expected to report back to the ILO. Mr. Hubbard stated the ILO currently receives a budget from the United Nations for its operations.

Mr. Robert Lekites, UPS, requested clarification on which conventions the United States has ratified. Mr. Hubbard stated the United States has ratified the conventions on forced labor and the Administration is looking at non-discrimination. Mr. Lekites asked if there was any possibility of conflict between the ILO core conventions and existing U.S. law. Mr. Hubbard stated he was not aware of any conflict with the Railway Labor Act of 1936 §§151–188 of Title 45 of the United States Code (45 U.S.C.). He noted there has been some discussion regarding possible conflicts with the National Labor Relations Act of 1935 §§ 151–169, 29 U.S.C., but that act is not applicable to the air carrier industry.

Dr. Alonso inquired why the United States would not apply these core principles across the board with all international agreements. Mr. Hubbard stated that would be a laudable goal. He stated that with respect to aviation, there has been increased interest in the inclusion of ILO principles in international agreements because of the open skies agreements the United States has entered into. Mr. Hubbard noted the Open Skies discussions with China have raised concerns among many stakeholders.

Ms. Thella Bowens, San Diego County Regional Airport Authority, inquired if there are international agreements available to read so that a better understanding of the core principles can be gained. Mr. Hubbard stated there are 60 companies who have entered into framework agreements. He stated those agreements and other resources are on the ILO Web site.

Dr. Borenstein congratulated the subcommittee on the work completed with respect to STEM education. He expressed concern with the proposal for the DOT to promote aviation at the elementary level. He stated the need to balance getting students interested and having multiple programs for students at the elementary level.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Dr. Alonso stated that existing initiatives by a number of organizations have not been effective at garnering student interest in aviation, and resolving that fragmentation is important. He also expanded upon Dr. Borenstein's concerns regarding promotion at the elementary school level, and suggested focusing efforts where they will have the greatest impact. He noted, from his experience with the Young Astronaut Program, efforts directed toward children between the ages of 10 and 14 tended to be most effective. Ms. Baer urged the subcommittee to include best practices of programs that are already successful. Ms. Friend noted there are current high school programs available for reference in the proposal.

Mr. Barger noted the implementation of the Next Generation Air Transportation System (NextGen) will affect areas of interest to all of the subcommittees, including labor. Ms. Friend stated the other subcommittees are developing numerous proposals relating to NextGen and the Labor and World-class Workforce Subcommittee has decided not to pursue a specific NextGen proposal. She mentioned there are lines of communications in place already to improve the relationship between the FAA and workers affected by NextGen.

Dr. Alonso stated the other subcommittees have discussed NextGen and inquired how to address it because it is a fundamental issue. Ms. Kurland recognized NextGen is a significant topic of conversation and she expects to see proposals from other subcommittees that cover NextGen.

Ms. Friend thanked the committee for their input and suggestions. She stated the proposal will include the comments. Ms. Friend noted the next Labor and World class Workforce Subcommittee will incorporate specific comments regarding STEM education and more discussion regarding the ILO core standards. Ms. Friend stated the next meeting of this subcommittee is November 15, 2010, in Washington, DC. She invited other FAAC members to attend the meeting.

Subcommittee on Financing

Ms. Kurland introduced Mr. Jack Pelton, Subcommittee on Financing chair, Cessna, who attended the meeting by telephone. She stated Mr. Pelton would present the subcommittee's proposals, and Ms. Bowens would moderate discussion by the FAAC and questions from the public.

Mr. Pelton stated the subcommittee has four proposals to bring forward. He noted the first proposal is for permanent alternative minimum tax (AMT) exemption for airport private activity bonds (PAB). Mr. Pelton stated growth at the airports is critical because airports are a part of both the overall aviation infrastructure and the infrastructure for ground-based activity related to NextGen. He noted the application of the AMT to PABs deters investment, and noted the current tax holiday on PABs is about to expire.

Mr. Pelton emphasized business cases make evident the benefit of not taxing the bonds. He stated the proposal documents circulated by the subcommittee describe a permanent exemption from the AMT, but the subcommittee has since revised its proposal to provide for a 4-year extension of the current tax holiday. Mr. Pelton noted this proposal has the unanimous support of the subcommittee.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Mr. Pelton stated the next proposal is to facilitate funding the accelerated equipage of aircraft for NextGen. He stated the most critical challenge associated with NextGen is the necessary infrastructure changes needed to increase capacity, efficiencies, environmental benefits, and safety. Mr. Pelton stated acceleration of these infrastructure changes is necessary, which poses two challenges:

1. There is a history of operators equipping and not receiving the benefits, which causes hesitation in equipping.
2. NextGen will require significant near-term infrastructure costs that will not produce near-term benefits, making for a weak business case.

Mr. Pelton stated the subcommittee has determined that early equipage will accelerate the benefits of NextGen. He noted the current Administration has made a proposal to use stimulus funds to facilitate aircraft equipage. Mr. Pelton stated realization of benefits of equipage will begin within 3 years through the creation of new jobs. He noted there is a fundamental long-term benefit of early equipage and the subcommittee will continue to develop information supporting the cost-benefit case for equipage.

Mr. Pelton stated the subcommittee envisions a public-private partnership providing a menu of financial options available for funding equipage. He stated there will not be one solution to take to the Secretary. Mr. Pelton added there will be a suggestion for the DOT and financial institutions to evaluate funding vehicles such as grants, loans, leases, and loan guarantees.

Mr. Pelton stated the third proposal addresses how to accelerate realization of the benefits associated with NextGen. He noted NextGen is a complex system, and it is crucial to demonstrate its benefits to all facets of the aviation industry. Mr. Pelton stated to allow the realization of benefits by operators already investing in equipment for performance-based navigation, implementation of the “best equipped, best served” program must take place. He stated prioritization of the operational aspects of NextGen will provide benefits to operators sooner. Mr. Pelton added the subcommittee’s proposal is to encourage the Secretary to require the FAA to develop a timeline for the implementation of NextGen, so that training, technology, and other elements can be coordinated and operators can realize benefits.

Mr. Pelton stated the fourth proposal is to review and update the criteria for Airport Improvement Programs (AIP) and Passenger Facility Charges (PFC). He stated AIPs and PFCs are critical to both provision of services and to airport growth and implementation of technology changes. Mr. Pelton noted there are significant legislative constraints on how airports can use this money. He stated the subcommittee has identified a need to review the criteria that dictates use of funds. Mr. Pelton stated this proposal does not touch upon the amount or allocation of the funds; rather it focuses on the criteria on how to spend it. He stated, within the subcommittee, there has been discussion about whether or not to apply the funding to NextGen implementation and the discussion will continue at the next subcommittee meeting.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Mr. Pelton invited the public to comment on the subcommittee's activities, and turned the discussion over to Ms. Bowens. Ms. Debby McElroy, Airports Council International, North America, stated airports have a critical role with NextGen and actively seek to advance at-airport NextGen technology. She noted required navigation performance routes at airports will provide noise and environmental benefits to the surrounding community, as well as add efficiency and capacity. Ms. McElroy stated airports would like to work with air carriers and use AIP funds for such initiatives, but current regulations make this impossible. She noted restrictions on comingling of FAA and other funds also limit airports. Ms. McElroy stated that because of the fixed funding of AIP, the effective level of AIP grants has gone down significantly as costs rise, hurting the ability of airports to work with the FAA and the air carriers on NextGen.

Mr. Bob Peterson, Boeing, stated the most important aspect of NextGen is its ability to relieve the choke points in the air traffic system. He stressed the need to stay focused on improving system capacity and safety. Mr. Peterson stated if these goals are achieved, then the benefits of NextGen will be clear, and implementation will generate its own momentum. Mr. Peterson stated the DOT and the FAA should put policies and procedures in place so that the industry and its customers can realize the benefits.

Ms. Bowens noted there were no further public comments, and invited the FAAC members to join the discussion.

Ms. Cynthia Egnatovich, Goodrich, stated the August 20, 2010, meeting of the FAAC in Chicago, Illinois had included a presentation outlining the current plan for NextGen implementation. She inquired if one of the proposals is to accelerate that plan or if the proposal is to rewrite the plan to include clear metrics. Ms. Bowens stated the proposal is to accelerate the realization of benefits under the current plan by accelerating aircraft equipage to bring it in line with existing deadlines for ground equipage.

Mr. Pelton stated the implementation of several plan design elements of NextGen can happen now. He stated performance-based approaches can be developed to allow for tighter separation, but implementation procedures are necessary. Mr. Pelton noted the subcommittee is proposing to allow aircraft that have the right equipment to take advantage of the approaches. He stated there is a need for the FAA to prioritize these procedures so that parts of the system can offer benefits sooner than the mandate dates.

Mr. Regalado noted equipage is not limited to air carriers and general aviation (GA) will be affected. He stated the timeline for GA seems to be fuzzy, and the cost of equipping is very high. Mr. Regalado stated the sooner there is an established timeline, the easier it will be for other businesses to enter the technology market to allow for lower costs through competition.

Mr. Regalado stated, with regard to AMT, the rates and charges for the air carriers include debt service incurred by airports in selling bonds to fund capital requirements. He stated if charges are reduced, then the costs to the air carriers will be lower.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Dr. Borenstein stated the AMT is inefficient because it costs considerably more for airports than it brings to the Government in return. He noted there is a need for the subcommittee to clarify this point to make the proposal stronger. Dr. Borenstein stated, with regard to AIP and PFC funding, flexibility may not be the answer. He noted originally, designation of the funds was for specific uses. He added the subcommittee has discussed expanding the usage of funding (for example, funding of aircraft equipage). Dr. Borenstein expressed his disagreement and stated the subcommittee needs to discuss this further.

Dr. Borenstein summarized the subcommittee's consideration of NextGen into four areas: (1) basic 2020 implementation; (2) acceleration before 2020; (3) "best equipped, best served" standard to give priority access for those equipped; and (4) funding for equipage. He stated the fourth area of funding is the most controversial. Dr. Borenstein acknowledged the critical role of equipage in NextGen, but expressed concern with proposals for Government funding of equipage. He stated the one-time infusion of federal funding for equipage for existing air carriers will result in a dramatic increase in the barriers to entry by subsequent new entrant air carriers.

Ms. Baer stated the theory of creating more flexibility in AIP and PFC funding is good; however, unless the funding amount increases, there is little room for actual flexibility. She stated the AIP has been a good delivery system to balance infrastructure needs throughout the system and it has been successful and effective. Ms. Baer stated PFCs were created to increase competition at airports to allow access for new entrants. She stated this too has been very effective, but with shrinking funds, flexibility will not allow for significant changes.

Ms. Baer inquired if the subcommittee has talked about how to allocate funding through the various mechanisms of grants, loans, or loan guarantees. Dr. Borenstein noted the subcommittee has agreed to leave this area vague because they could not come to an agreement.

Mr. Lekites stated UPS has a particular interest in Automatic Dependent Surveillance–Broadcast (ADS–B) technology because of the nature of its business, and has invested significant resources in ADS–B equipage. He explained in order for ADS–B to work, all aircraft in the vicinity must be equipped. Mr. Lekites stated this raises a question of who should be responsible for equipage, since air carriers use ADS–B technology, but it is an air traffic control tool. He noted there is a great benefit to the public in the reduction of delays, fuel use, and emissions. Mr. Lekites added the most significant benefit comes through an increase in safety standards.

As an example of use of existing technology for public benefit, Mr. Lekites referred to procedures implemented at John F. Kennedy International Airport (JFK) to alleviate congestion issues during runway construction. Ms. Baer stated while circumstances drove the JFK example, procedures implemented at JFK represent NextGen technology. She stated NextGen will influence operations from gate to gate, not only during the flight phase. Ms. Baer noted that early adoption is the right mentality; however, the system is complex. She expressed a need to introduce elements in a systematic way. Ms. Baer added there is a need to promote and understand the benefits of NextGen so the support for NextGen can grow and benefit the global economy.

**Future of Aviation Advisory Committee
Record of Meeting**

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Mr. Barger stated the proposals specific to NextGen will benefit the recently formed NextGen Advisory Committee. He stated there is a need to drive implementation and performance metrics and these proposals will be helpful moving forward.

Ms. Kurland stated the idea of promoting NextGen needs to be addressed and could be included with the overarching NextGen proposal. Ms. Baer stated NextGen offers particular benefits to the busiest metroplexes. She stated PANY/NJ is developing promotional briefing materials, including statistics to help spread the word about NextGen.

Mr. Barger noted many aircraft are already equipped for some NextGen elements and are ready to use the technology. He stated implementation of changes needs to occur holistically and collaboratively, so everyone receives the benefits. Ms. Baer stated the realization of benefits must take place incrementally. She stated the implementation of NextGen cannot happen in its totality in 2020; rather equipage and implementation must be encouraged along the way. Ms. Ana McAhron-Schulz, ALPA, stated the topic of early equipage is dependent on the topic of funding; acceleration of early equipage cannot happen before the funding issue is resolved. She suggested creating a timeframe for choosing funding options.

Ms. Bowens noted the subcommittee realized that NextGen and the funding of the industry overall are critical components that drive issues the other subcommittees are discussing. She thanked the staff members who have helped the subcommittee along the way. Mr. Pelton stated the Subcommittee on Financing will meet again on November 17, 2010, to discuss the presented issues further and to finalize the proposals for the final FAAC meeting.

Subcommittee on Competitiveness and Viability

Ms. Baer led the competition discussion in Mr. Tilton's absence. She stated the Subcommittee on Competitiveness and Viability has had four meetings, with the last being five days prior. She noted the next scheduled meeting is on November 18, 2010, in Washington, DC. Ms. Baer stated the subcommittee would further refine the draft proposals during that meeting.

Ms. Baer stated the five draft proposals focused on three broad topic areas: (1) competitiveness (global and domestic); (2) economic threats (aviation taxes and jet fuel volatility); and (3) air passenger and community access challenges (reform of essential air service programs and intermodalism). She noted the subcommittee discussed the issue of passenger protections in detail, but the subcommittee members could not agree if the issue fell under the purview of the FAAC charter. Ms. Baer expressed a desire to hear the full committee's thoughts on this issue.

Ms. Baer thanked Mr. Tilton and his staff for pulling the focus area papers together so quickly. She noted because the subcommittee meeting was only a few days before the FAAC meeting, the packets distributed to the FAAC did not contain some revisions and additions. Ms. Baer added those issues would be highlighted and clarified during her presentation.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Ms. Baer declared the global competitiveness proposal outlined actions the DOT should take to carry out statutory mandates to promote a viable U.S. aviation industry, and strengthen the competitive position of U.S. air carriers in the global market. She noted the Open Skies agreements have vastly expanded international passenger and cargo flights to and from the United States, increased travel and U.S. exports, spurred economic growth, and complimented the Administration for negotiating 99 Open Skies agreements. Ms. Baer stated, in light of the significant economic benefits of these agreements to the air carriers, passengers, and airports, the subcommittee recommends that DOT and the State Department focus their efforts to reach liberalized agreements with the largest growing countries that restrict access to U.S. air carriers, as well as on eliminating artificial barriers to competition abroad.

Ms. Baer emphasized the importance of U.S. air carriers expanding their global networks through alliances and joint ventures in order to optimize the opportunities made available by Open Skies agreements to remain competitive with rapidly expanding foreign air carriers. She stated the draft proposal recommends the DOT foster air carrier alliances that will enhance competition and consumer travel options, and help create and maintain U.S. aviation industry jobs by reaffirming and building upon the DOT's 1995 statement of U.S.-international air transportation policy. Ms. Baer added the subcommittee also recommended the DOT expand its role in promoting U.S. aviation exports and facilitating international tourism, noting the manufacturing side of the U.S. aviation industry has had the most positive impact on the balance of trade of any U.S. industry. She then solicited committee member comments on this issue.

Ms. Baer stated because of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) of 2000, 49 U.S.C., the Federal Government and airports have a responsibility to promote competition in airports. She stated the aviation system benefits from airports in which new entrants are not constrained from operating in the markets of their choice, and passengers benefit from the competition presented by the new entrants. Ms. Baer urged the FAAC to welcome this form of competition, and asked for input on what steps the Secretary could take to address this issue. She admitted some subcommittee members had divergent views on this issue and encouraged them to articulate their viewpoints in the upcoming discussion.

Ms. Baer stated the second topic area focused on the rising aviation tax burden and jet fuel price volatility. She noted the first proposal calls for the Secretary to conduct an interagency analysis of the Federal aviation tax burden on passengers, air carriers, and GA. Ms. Baer stated the analysis would determine if existing levels of taxes and fees sufficiently balance the DOT's statutory mission to promote and encourage a profitable air carrier industry and maintain a safe and efficient air transportation system. She added the second proposal addresses jet fuel price volatility.

Ms. Baer highlighted jet fuel constitutes the highest operating cost for the air carrier industry. The subcommittee proposed the Secretary advocate vigorously on behalf of the U.S. aviation and other transportation sectors in the context of the pending Commodity Futures Trading Commission investigation into the impact of investor and speculative activity on the price of oil. In addition, the subcommittee proposed the Secretary complete a study into the aviation fuel infrastructure because it is in dire need of additional Federal investment and oversight.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Ms. Baer stated the third topic area addresses a broad range of Air Passenger Community Access Challenges, including enhancing air carrier and passenger access to small rural communities by reforming the DOT's Essential Air Service (EAS) program. She acknowledged EAS has worked and accomplished its goals in some rural communities, most particularly in Alaska. Ms. Baer noted there are airports receiving funding that are within driving distance of airports or other modes of transportation that may be more efficient. She stated the subcommittee discussed, but did not conclusively agree on a proposal to freeze the EAS program so no new communities could be added, pending a review of eligibility criteria. The subcommittee recommended basing EAS funding decisions on frequency and breadth of service. Ms. Baer added the subcommittee welcomed suggestions to make EAS a more effective program.

Ms. Baer stated the subcommittee was unable to come to consensus on whether passenger protection issues fall within the scope of its mandate. She added some subcommittee members argued that holding discussions on the issue was inappropriate in light of the DOT's pending rulemaking.

Ms. Baer stated the intermodal proposal was a complete work in progress; a draft had not been included for the committee. She noted the subcommittee wished to develop a comprehensive intermodal policy to facilitate movement of passengers and goods more economically and efficiently amongst the modes of travel. Ms. Baer recognized development of high-speed rail transportation is essential to intermodalism, and stated the aviation industry would have to embrace this development. She emphasized the aviation industry must participate in discussions with railway and roadway authorities about intermodalism. Ms. Baer shared a perception that high-speed rail transportation would replace short commuter flights, but noted the issue should be examined because such projects rarely get Federal Transit Administration funding. The subcommittee recommended the Secretary look at infrastructure connections of specific airports and rail systems serving multiple cities.

Ms. Baer solicited comments from the public in attendance, but none were forthcoming. She then opened the floor for discussion by the FAAC members. Ms. Kurland informed the FAAC any conversations that touch on the proposed rulemaking on consumer issues would be included in the docket for that rulemaking.

Mr. McGee noted that even though the subcommittees formed seven months earlier, the issue of whether passenger protections fell under the purview of competition only arose the previous week. He urged the committee not to dismiss this important issue at this late stage in the proceedings. Mr. McGee shared his assumption that the Secretary must have intended for passenger protections to be a topic of discussion for the Subcommittee on Competitiveness and Viability when he named a representative of the Consumers Union to it. He suggested that although passenger protections do not fit perfectly into the competition discussion, it is the best fit of the five categories. Mr. McGee stated with the level of consumer dissatisfaction with the air carrier industry, it would be unthinkable to convene a committee this large and influential and not address passenger issues because the topic does not fall explicitly within the committee's mandate. He added all of his supporting information was available to all committee members in a presentation he had made to the subcommittee.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Mr. Barger stated several air carriers have engaged in considerable dialogue about issues such as transparency and passenger protection language. He argued the committee did not need to focus on passenger protections because this dialogue was already taking place in other venues.

Mr. McGee stated if all air carriers embraced the level of transparency that JetBlue does, discussion would not be necessary. He noted Secretary LaHood has been a passionate advocate for consumers, but stressed there are some areas that require further work. Mr. McGee stated the Consumers Union had submitted several comments on the proposed rules to the docket, but noted there are some measures that should go further. He argued that discussing passenger issues for months and then dismissing them entirely would be unacceptable.

Ms. Baer asked Mr. McGee to list the top three issues Consumers Union believes the proposed rules do not address. Mr. McGee said the first issue was greater transparency in terms of air carrier pricing (including ancillary fees) and code-share agreements. He noted some air carriers did this well, but many did not.

Mr. McGee stated the second issue was seeking comprehensive codification of contracts of carriage, like the European Union's (EU) requirement. He recognized faults in the EU model, but suggested replicating the clarity the EU model achieves. Mr. McGee noted the third issue is devising an appropriate model for consumer reports when ranking air carriers. He stated that even though the FAA has a ranking of 27 air carriers with respect to on-time departures, it does not address that 50 percent of air carrier departures are by commuter partners.

Mr. McGee stated confusion arises from the fact the DOT and FAA differentiate between air carriers operating under the same brand, but under different operating certificates. He also pointed out the air carrier identification issue would also impact safety calculations, because current accident rate calculations for major air carriers do not take into account accidents that occurred during commuter carrier flights operating for the major air carrier.

Dr. Borenstein interjected he did not understand the resistance to passenger protections. He noted nearly every issue discussed by the subcommittees is being worked in other venues. Dr. Borenstein gave the example of jet fuel volatility, which was being addressed by the DOT and other agencies. He stated discussion of an issue elsewhere should not preclude discussion by the FAAC, adding it was the FAAC's responsibility to advocate strong policy and inform DOT of bad policy. Dr. Borenstein questioned how consumer protection could relate to anything but competition, arguing that an essential part of consumer protection involves pricing, and an essential part of competition is price.

Mr. McKenzie asked if Ms. Kurland could help clarify the committee's mandate so that each subcommittee could narrow down the number of its recommendations (five to two or three).

Mr. McKenzie stated his understanding is that the mandate was to recommend policy to make the industry more competitive. He noted there were two ways to define competition, either by lowering fares or by lowering costs.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Ms. Kurland replied she had originally believed the FAAC would have five recommendations, but as the subcommittees proceeded with their discussions, it became evident there were several good recommendations in each subcommittee. She clarified the subcommittees were free to develop as many recommendations as they saw fit.

Ms. Kurland added the Secretary had specifically asked for comments on the rulemaking for the July 2010 FAAC meeting. She added she personally did not see why passenger protections would not fall under competition. Ms. Kurland noted the final report might need to include a few paragraphs on issues where the committee could not reach consensus.

Mr. McKenzie thanked Ms. Kurland for the clarification, and asked if there were other ways to advance the non-consensus issues in the context of the subcommittees. Ms. Kurland stated the FAAC would include all such issues in its report, because what is currently a minor issue today may become a significant issue in the future. She noted there would be other venues for discussion, such as the FAA's NextGen committee.

Ms. Baer stated the Aviation Safety Subcommittee would determine an approach to passenger protections at the next subcommittee meeting.

Mr. McGee asked for clarification on what that approach would be. Ms. Kurland stated a discussion regarding specific approach was more appropriate for the subcommittee meeting.

Ms. Friend stated she had objected to the EAS draft proposal. She mentioned she had spoken to Mr. Dennis DeVany, FAA's EAS Program Director, after the last subcommittee meeting. Ms. Friend stated Mr. DeVany informed her in order to qualify for EAS funding, a community must have had air service in October 1978. She noted the latest Government Accountability Office (GAO) report stated small or rural communities would benefit from multimodal means of transportation, and that generally other modes of transportation could be more responsive to the community's transportation needs. Ms. Friend stated she could support the GAO report's approach to EAS, but not the subcommittee's recommendation to freeze EAS funding and enrollment.

Ms. Baer suggested cross-referencing with the GAO report and focusing on areas of heavy air traffic with areas that have limited access to a hub. Ms. Friend agreed with this approach, noting integration of intermodal transportation to give smaller communities access to hubs would be an option. She clarified she was not advocating that every small and rural area needed more or larger airports.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Dr. Borenstein agreed more integration is necessary, but he also asked the FAAC to recognize the amount of waste in the system. He noted the term “small hub” is a misnomer in several situations because, although a hub may handle a small percentage of the air traffic system, the system itself is much larger than it was when the size categorizations were assigned. Dr. Borenstein took further issue with the eligibility requirements noting communities are eligible for EAS funding if they are more than 70 miles from medium or large hubs; distance from small hubs is not even considered. He also noted rigid application of the criteria makes communities like Hagerstown, Maryland, which is 71 miles from Washington Dulles International Airport on a major interstate highway, eligible for EAS funding. Dr. Borenstein expressed the view that hundreds of millions of dollars are being wasted under the current EAS program. Mr. McGee agreed and encouraged finding approaches that are more practical to EAS.

Mr. McKenzie asked how the EAS program accounts for air carriers like Allegiant Air, which specializes in flying from small cities to major hubs, or the growth of Southwest Airlines into smaller centers. He speculated in a few years there will be great overlap with areas that receive EAS funding.

Ms. Piasecki asked for clarification on what the subcommittee meant when talking about intermodalism. Ms. Baer replied the subcommittee’s treatment of the issue was not yet prescriptive. She added that perhaps it would be necessary for the Secretary to convene a forum including representatives of various transportation modes. Ms. Baer noted legislative language states one of the Secretary’s duties is to “foster intermodalism”. She stated that with a possible \$50 billion infusion of infrastructure money, there would be an opportunity for aviation to take on a greater role in discussions about intermodalism.

Ms. Baer suggested participating in those discussions would help determine where infrastructure investment would service consumers better, make the air system better, and pinpoint only markets well served by aviation. She hypothesized results of such discussions could include dedicated bus service from Hagerstown, Maryland, to Washington Dulles International Airport, or strengthening rail systems, as independent means of travel or to improve access to airports. Ms. Baer admitted the details were still unclear because intermodalism is a work in progress.

Mr. McGee stated the subcommittee had originally discussed intermodalism as a complement to EAS, but had backed away because of concerns regarding legal limitations on EAS. Ms. Friend declared the FAAC’s job was to make the best recommendation possible, and if that included approaching EAS and intermodalism together, then the FAAC’s work product should reflect it. She stated beyond that, it would be up to Congress to decide whether to follow the recommended approach. Ms. Baer clarified intermodalism and EAS are not necessarily the same issue, but they should inform each other.

Dr. Alonso asked if the essence of the proposal was that the Secretary should emphasize intermodal planning or if it was ensuring that aviation participates when intermodalism is discussed. Ms. Baer replied the recommendation was that the Secretary create the opportunity for discussion to occur, perhaps even by creating an intermodalism task force.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Ms. Kurland stated there are several discussions about topics such as aviation, infrastructure, and high-speed transit taking place because of the Administration's focus on it. She suggested the subcommittee's recommendation emphasize aviation participation in intermodalism discussions.

Dr. Borenstein stated that the three more contentious proposals had not yet been discussed. He noted at the previous FAAC meeting Mr. Tilton had offered presentations that had not been vetted by the subcommittee, which presented views skewed toward the positions of the Air Transport Association of America, Inc. (ATA). Dr. Borenstein added Mr. Tilton failed to present alternative views during his presentation. He reiterated his objection during that earlier meeting, and added he had requested and received time at the last meeting of the subcommittee to present alternative views.

Dr. Borenstein stated although the competitiveness and viability proposals rest critically on the assumption that the air carrier industry faces a threat to its viability, he disagrees with that assumption, and added he was not alone in rejecting that assumption. He noted his presentation had exhibited that although the air carrier industry had gone through good and bad times, investment in the industry had remained steady. Dr. Borenstein added demand had exhibited ebbs and flows, but low-cost air carriers had grown since deregulation.

Dr. Borenstein argued that an important point not mentioned by the ATA and legacy air carriers was that legacy air carriers have costs as much as 30 to 50 percent higher than low-cost air carriers. He contended in any business, if two participants are performing the same function at disparate costs, rather than the higher cost participant receiving assistance, it should be questioned as to why it cannot operate at a lower cost. Dr. Borenstein stated his viewpoint is that the legacy air carriers have managed to stay in business despite their higher costs by protecting their markets through exclusionary practices such as monopolizing airport space and frequent flyer programs leveraged to present barriers to entry for lower cost air carriers. He argued under these circumstances, portraying that air carrier viability is at stake is misguided. Dr. Borenstein defined viability as the ability to live and, he argued, there was no question that the aviation industry would continue to live. Dr. Borenstein admitted if policies became less friendly to the air carrier industry, the industry would become smaller, but he stated it would still survive.

Dr. Borenstein then moved to the issue of taxes. He stated if higher taxes were imposed on the industry, it would in turn raise ticket prices, and as a result, less people would fly. Dr. Borenstein argued it was unrealistic to contend the air carrier industry would fail if taxes were raised. He stated harm to the air carriers, because of increased taxes, would not be in the form of lower margins per passenger, but rather a lower number of passengers. Dr. Borenstein stated the basic elasticity formula informs us if ticket prices go up 20 percent, then 20 percent less people will be flying.

Dr. Borenstein stated when the subcommittee's revised jet fuel proposal had been drafted and circulated, industry viability had been deleted. He stated after the subcommittee had reached agreement on the proposal, it had been further modified to draw a link between jet fuel price volatility and industry viability. Dr. Borenstein expressed frustration with the change, adding he should not have to scrutinize the subcommittee's work product to check for unapproved language.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Ms. Kurland noted there have been spirited discussions within each subcommittee, and expressed her belief everyone is and has been working in good faith. She asked the group to continue working in a friendly atmosphere, and asked every member to recognize that all documents produced to date remain works in progress. Dr. Borenstein agreed with Ms. Kurland's sentiment, but asked for assurance that language would not be changed after agreement by the subcommittee.

Ms. Baer noted the quick turnaround time between meetings could have contributed to the documents presented not accurately representing what had been agreed upon in the subcommittee meetings. She added the viability issue should be discussed at the next subcommittee meeting.

Mr. McKenzie noted the subcommittee had agreed that the final document would be a compromise, and expressed hope the end product would represent the compromised view of the whole subcommittee and not just the wording of one person.

Mr. McKenzie also commented on the issue of industry viability. He shared a conversation he had with a three-time furloughed union leader from US Airways who stated he would rather the air carrier fail than compromise in negotiations. Mr. McKenzie argued if union leaders across the industry adopted that position, it would indeed pose a threat to viability. Ms. Friend interjected to correct Mr. McKenzie, asserting the person Mr. McKenzie referred to is a rogue member who does not reflect the majority opinion or the opinion of labor advocates.

Mr. John Conley, TWU, AFL-CIO, and Ms. McAhron-Schulz concurred with Ms. Friend.

Mr. McKenzie stated he was encouraged by those sentiments, but he remained troubled by scenarios such as the demise of Pan American World Airways and Eastern Air Lines. He argued in terms of viability, there was the possibility that the worst-case scenario could happen and an air carrier could fail because of a work force-management dispute. Mr. McKenzie stated even though the industry would survive, the impact would be severe.

Mr. Barger countered by stating rogue management represents as much of a threat to viability as rogue labor. He admitted there is a sense of urgency and fear concerning viability, but stated the air carriers are trying to speak with one voice. Mr. Barger stated the major concern for air carriers was how to manage wildly fluctuating fuel costs, and reiterated jet fuel constituted the highest operating cost to air carriers. He asked if there was agreement on the subcommittee on how to take NextGen issues into NextGen Advisory Committee meetings. Mr. Barger stated the advances from NextGen offered cost benefits that would keep air carriers from shuttering, and would allow the era of new entrants to enter a second decade.

Ms. Baer suggested putting a separate section in the committee report that emphasizes the broad economic impact of the viability issue. Dr. Alonso disagreed, stating because there was a genuine disagreement about the subject of viability it did not seem appropriate to craft a report that says otherwise. He suggested the final report capture these disagreements because the Secretary should see that these issues are complex and that there are divergent opinions.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Ms. Baer stated that in regards to the tax issue, the views of the subcommittee members ranged from advocating a moratorium on new taxes to advocating more taxes. She stated the subcommittee reached basic agreement that there should be a review of the taxes to see if they are a reasonable way to fund aviation needs. Ms. Baer added the review should address questions such as whether there is a better way to pay for aviation needs, if the breakdown needs to change, and if security costs should be included. She argued that because taxes and fees had been levied in a reactionary manner, a comprehensive review is necessary to address the questions and concerns previously mentioned.

Ms. Egnotovitch noted when thinking about viability and competitiveness, it was important to recognize the underlying group of organizations required to support a viable aviation industry. She urged the analysis go beyond air carriers alone and extend to the entire aviation industry. Ms. Baer replied the next round of edits would include adding language addressing manufacturers.

Mr. McKenzie asked Ms. Kurland if the DOT could provide guidance as to what it meant by viability. Ms. Kurland replied she would seek guidance, but reminded the committee that one of the purposes of this committee was to inform the DOT on the topic of viability.

Mr. Williams questioned the elasticity and demand figures referred to by Dr. Borenstein, stating, in terms of viability, they did not sound right. He stated business and leisure passengers exhibit widely varying demand elasticity, ranging from single to double digits. Mr. Williams argued the numbers sounded overly simplistic, and asked that the subcommittee provide true historical data to get a sense of how decisions should be made.

Dr. Borenstein acknowledged the numbers were simplified, but added it was a matter of rounding up from a decimal. He stated the actual elasticity numbers are approximately .7 for business travelers and 1.3 for leisure travelers. Dr. Borenstein noted he had circulated a paper to the subcommittee that has the detailed historical data. He stated the issue of viability is in the context of the entire industry and not limited to specific air carriers. He noted his belief is the FAAC should focus on having an industry that serves the demands of the community. Dr. Borenstein noted even though some air carriers have failed or experienced bankruptcies, the industry itself has grown since deregulation.

Mr. Regalado reminded his colleagues the short turnaround time between meetings sometimes resulted in delivery of incomplete packages to the committee, but noted everyone had been putting in their best efforts to deliver accurate subcommittee status updates.

Ms. Kurland agreed and encouraged FAAC members to attend subcommittee meetings to discuss points of contention, even on other subcommittees. She reminded the FAAC that final recommendations are due November 22, 2010.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Aviation Safety Subcommittee

Ms. Piasecki opened by thanking the Aviation Safety Subcommittee members for their hard work and excellent participation, including at the previous day's subcommittee meeting in Seattle, Washington. She stated because the subcommittee's conclusions were very much in line with its fact-finding, her presentation would not differ greatly from her reports at previous full FAAC meetings.

Ms. Piasecki stated the Aviation Safety Subcommittee has broad agreement on five strategic areas; adding it hopes to tightly integrate those areas. She mentioned the subcommittee also discussed some important tactical issues that fall outside of those identified areas, but noted work is being completed to incorporate that dialogue and those topics in its proposals.

Ms. Piasecki admitted the Aviation Safety Subcommittee felt they had a large challenge because the United States enjoys a unique aviation safety system, and noted the United States' safety record is phenomenal. She stated that because of initiatives in the 1990s, accident rates have plummeted, but added the trend line has flattened. Ms. Piasecki stated the challenge for the committee was to discuss and explore ways to enhance safety going forward in an already safe system, particularly in light of anticipated growth over the next 20 years.

Ms. Piasecki stated during the July 2010 meeting, all subcommittee members submitted topics they wished to discuss. She noted the full subcommittee then ranked them according to two criteria: (1) the significance of the issue; and (2) the feasibility of accomplishing real change in accordance with the Secretary's directive to develop actionable recommendations. Ms. Piasecki stated the subcommittee discussed a number of issues and heard expert testimony during the course of its discussions. She noted during the July 2010 and August 2010 meetings, the subcommittee members agreed the safety management systems (SMS) concept was foundational to all of its recommendations. Ms. Piasecki stressed the culture of safety thoroughly described in the recommendations is essential to both preserving the current system and to building upon that system to go to the next level. She explained the recommendations are broken up according to these two criteria.

Ms. Piasecki stated the first focus area included expansion of data sources and bringing the same level of protection available to commercial aviation to the GA arena. She noted although members of the GA community are not formally part of the Aviation Safety Subcommittee, several members of the GA community participated in the meetings. Ms. Piasecki added the subcommittee and GA community members believe GA could truly benefit from the progress and infrastructure the commercial aviation community has created.

Ms. Piasecki reiterated the second focus area would be regarding recommendations that take the U.S. aviation safety system to an even higher level.

Ms. Piasecki directed the committee members to their briefing books, starting with recommendation number 4. She mentioned the numbers would change as the subcommittee worked to integrate all of the recommendations. Ms. Piasecki stated recommendation number four suggests expanding the sources of voluntary data. She noted it is the subcommittee's view that safety could be increased if additional constituencies provided data to the Aviation Safety Information Analysis and Sharing

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

(ASIAS) voluntary data program. Ms. Piasecki stated the subcommittee recommends adding data from maintenance providers and airport operators. She added the subcommittee seeks contribution from the GA community, noting the GA community does not currently enjoy the same level of protection as commercial air carriers with respect to voluntarily submitted data. Ms. Piasecki stated the subcommittee's next step is to spend time analyzing ways in which potential new and valuable sources of data could be included and protected.

Ms. Piasecki then directed the committee to recommendation number 1 regarding equal protection of safety data. She stated identifying new sources of data is closely linked to the need to offer comprehensive legal protection of safety data and information that has been submitted. Ms. Piasecki explained because accidents and safety issues are frequently the source of litigation, media attention, and public inquiries, if voluntary-submitted data and information unrelated to a specific accident or incident becomes a source of information in those proceedings, the information may not be as forthcoming in the future.

Ms. Piasecki noted the data and information analyzed in these programs is currently de-identified, but added if a source of voluntary data has reason to believe its reports could show up in the public sphere, voluntary reporting could very likely cease. She acknowledged there are some protections in place, but added the subcommittee strongly believed that legal protection of voluntary data deserves more attention.

Ms. Piasecki emphasized the need to protect broad data from scrutiny beyond the scope of analysis for which it was provided. She stated the subcommittee will spend the next few weeks examining areas for which the Secretary and the FAA might seek more comprehensive legal coverage and protections for safety data. Ms. Piasecki stated such protections would be particularly valuable in light of recently enacted legislation requiring SMS.

Ms. Piasecki then moved to the subcommittee's second focus, which was to take the U.S. safety system to another level and reduce the accident rate further. She stated the subcommittee identified a need to enhance the U.S. Government and aviation industry's ability to analyze data collected from voluntary safety programs to provide risk discovery capabilities. Ms. Piasecki noted joint industry and FAA safety information analysis and safety programs, such as ASIAS, have produced initial safety results. She stated these prototype programs have demonstrated the value of using safety information to measure known problems and solutions designed to mitigate them to produce initial system safety baseline measurements. Ms. Piasecki further noted while these programs are encouraging, they must be expanded, accelerated, and matured to include true risk discovery capability that identifies and mitigates emerging and future safety risks.

Ms. Piasecki stated the subcommittee recognized that data collection alone would not suffice. She noted the FAA needs to move into a culture in which it is prepared to make decisions based on predictive data, not merely spurred to action by an accident or fatality. Ms. Piasecki stated the subcommittee's next steps relative to this recommendation are to examine the merits of leveraging the 2011 budget cycle to provide the focus and resources necessary to develop some of the tools and methods required for predictive analytics.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Ms. Piasecki next stated the safety subcommittee is an avid supporter of creating an integrated NextGen. She noted both the subcommittee and the Joint Program Development Office believe in the importance of using safety as an opportunity, as much as efficiency, capacity, and environment, to advocate for NextGen and to include safety when incorporating NextGen criteria. Ms. Piasecki underscored the importance of monitoring the safety needs on a system level to avoid destabilization as the system transitions and modernizes.

Ms. Piasecki stated the subcommittee also discussed the importance of the Secretary marketing NextGen to the public. She stressed the public needs to understand the benefits of the system so it truly supports investment in necessary changes.

Ms. Piasecki stated the final strategic recommendation is about identifying safety priorities. She noted when something goes wrong in aviation it receives significant attention from all quarters, which forces the aviation safety community to try to address every issue area at once. Ms. Piasecki stated the air carrier industry and FAA have a finite amount of resources, and the Aviation Safety Subcommittee wants to ensure the focus remains on the most impactful items. She stated the subcommittee believes it would be fitting for the DOT, FAA, and aviation industry to look at the issues collectively and prioritize accordingly to determine which areas have the highest impact. Ms. Piasecki noted this approach was successful for the Commercial Aviation Safety Team when used to identify and prioritize safety issues.

Ms. Piasecki stated the subcommittee would recommend the Secretary create a regulatory priorities review team to examine all the issues and provide some parameters and criteria for FAA to prioritize its future rulemakings.

Ms. Piasecki concluded the section by reiterating the subcommittee's goal of protecting the current safety culture and taking the necessary steps in the area of data availability and technology to take U.S. aviation to the next level of safety. She then addressed two additional issues that received significant attention and discussion during the subcommittee deliberations. Ms. Piasecki stated although these topics did not fall under the focus areas, they were important enough to several subcommittee members to warrant mention in the subcommittee's report.

Ms. Piasecki stated the first issue was regarding child restraint systems (CRS). She noted while lack of current data may keep the subcommittee from making this a separate focus area, the subcommittee members were moving towards reaching consensus that the FAA should actively and continuously promote the use of CRS for children under the age of 2, and consider a more permanent ongoing information campaign targeting parents of young children. Ms. Piasecki added some subcommittee members urged for CRS mandates.

Ms. Piasecki stated the second issue was regarding the growing volume of outsourced maintenance and the potential underlying safety risk. She stated the subcommittee held several lively discussions regarding what the fundamental issues appear to be. Ms. Piasecki noted, by way of example, questions about whether privacy laws allow the same questioning of workers in foreign countries as in the United States, or whether such concerns are more a matter of security than safety. She noted the subcommittee never concluded this was in fact a safety issue, but stated the subcommittee members did engage in much discussion regarding this issue.

**Future of Aviation Advisory Committee
Record of Meeting**

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Ms. Piasecki stated several members had heard reports that emerging rules geared at improving security of foreign and domestic maintenance stations are being drafted. She stated while a majority of the subcommittee members found it impractical to draft a recommendation on this topic, it was recognized a harmonized set of global regulations is important and the pursuit of one standard of safety is a worthy cause to note in the Aviation Safety Subcommittee's final report.

Ms. Piasecki concluded by stating the subcommittee found identifying, protecting, and leveraging data sources, coupled with introducing new technology in the form of NextGen, and recommitting to prioritization of impactful safety issues with resources and leadership would help achieve the quality of today's existing safety system and allow the U.S. aviation industry to go to the next level of safety.

Ms. Piasecki solicited comments from the public in attendance, but none were forthcoming. She then opened the floor for comments from the FAAC.

Ms. Friend stated her organization has advocated for CRSs for many years. She noted it was inconceivable that all possessions must be secured for takeoff and landing, but not small children. Ms. Friend urged CRSs be made mandatory. Ms. Piasecki stated the subcommittee was in adamant agreement with that assessment.

Dr. Borenstein asked what is keeping the CRS requirements from enactment if there is such support for them. Ms. Friend stated the FAA's rationale is based on the elasticity of demand for young parents. She stated the belief is if they were compelled to purchase tickets for children under 2 years of age, many of these young parents would forego flying and would drive instead, resulting in a higher casualty rate than without the requirement.

Ms. Piasecki requested Mr. McGee speak on this topic. Mr. McGee stated Boeing had recently helped facilitate a meeting in Washington, DC to discuss CRSs. He stated there were 20 participants, including representatives from AFA, ATA, JetBlue, and subject matter experts from the DOT, FAA, and the National Transportation Safety Board (NTSB). Mr. McGee noted for 20 years the FAA and NTSB have been on opposite sides of this issue. He added there was no disagreement that a child held in a caregiver's lap is less safe than one held by an approved CRS. Mr. McGee stated he took that into consideration when formulating his recommendation. He added merely implementing greater education would be insufficient.

Mr. McGee expressed his belief there is widespread misinformation on this topic, suggesting many parents and caregivers have no idea what they are doing is statistically less safe than using a CRS. He noted, to their credit, the FAA and ATA have initiated educational efforts in the past, but the effort needs to be continuous and ongoing because each year new individuals enter parenthood. Mr. McGee stated even if efforts were made for continuous ongoing education, regulation would also be required. He noted the industry is fortunate in that, because of the low accident rate, there are few fatalities at which to point. Mr. McGee stated the focus of the subcommittee was risk and there is certainly a safety risk presented by not requiring CRS. He added without a CRS, there is a risk to child safety not only during catastrophic accidents, but also during turbulence.

**Future of Aviation Advisory Committee
Record of Meeting**

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Mr. McGee stated the recommendation of the subcommittee was therefore to couple educational efforts with regulation. He suggested the FAA reexamine its current policy, and, if necessary, gather additional data. Mr. McGee added he had developed a presentation on CRS for the subcommittee that he would happily provide to any requester.

A committee member asked for statistical information on the number of child deaths attributed to lack of proper restraints. Mr. Tony Fazio, AVP-100, stated in the past 30 years, there have been 3 infant deaths stemming from the infants being lap-held; since 1995, there have been none. Mr. Fazio added those numbers reflect the overall low accident rate. Mr. McGee interjected the numbers also reflect more parents proactively using CRS, and more airplane seats and belts being compatible with infant carriers.

Ms. Baer stated while she and some other subcommittee members did not disagree with discussing these latter topics, she questioned whether these non-global issues should be referred to the Secretary under the FAAC's recommendations, or if another venue would be more appropriate.

Mr. McKenzie asked if a potential mandatory CRS requirement would apply to any carrier flying into the United States or to domestic air carriers only. Mr. McGee stated there had been significant discussion on this topic during the Washington, DC meeting. He noted the United Kingdom is also working on the CRS issue. Mr. McGee added the International Civil Aviation Organization (ICAO) is discussing this as well, suggesting that perhaps the Secretary may be encouraged to work with ICAO. He recognized although ICAO can provide guidance, they cannot enforce regulations.

Ms. Friend stated many European air carriers use a lap belt system that extends on the parent/caregiver's seat belt to restrain the child. She noted this extender system is not approved in the United States because there are questions to its safety. Mr. McGee added in the Washington, DC meeting experts stated the lap belt extender would actually cause the child to be crushed between the caregiver and the belt in a forward dive accident.

Ms. Piasecki reiterated the focus of the subcommittee was on system safety changes. She stated CRS falls into a category for "other" issues. Ms. Piasecki noted the science of this issue is clear, but the solution is not. She added her subcommittee will continue working through this and other issues. Ms. Piasecki stated the next subcommittee meeting is during the week of November 15, 2010, but the date itself will have to be rearranged because the Labor and World-class Workforce Subcommittee announced earlier that they will be meeting on November 15, 2010. Ms. Kurland thanked Ms. Piasecki for moving the Aviation Safety Subcommittee meeting date, reiterating if all of the subcommittees meet on different dates it gives other committee members and the public the opportunity to attend all of the meetings if they so choose.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

Mr. McGee added the one issue that the subcommittee did not achieve consensus on, but which was subject to significant discussion, was whether to recommend one level of safety for both mainline air carriers and commuter air carriers, and for all maintenance operations, whether internal or outsourced or domestic or abroad. Ms. Kurland noted the FAA and DOT currently have one level of safety for commercial operations, and suggested the subcommittee couch discussion in those terms. Mr. McGee clarified the subcommittee was discussing previous investigations by the DOT Inspector General.

Ms. Kurland provided an outline of the agenda for the remainder of the day. She noted because the swift progress of the morning, the meeting would be ending 30 minutes early. Ms. Kurland asked in the last 10 minutes of the meeting that each committee member provide some general thoughts to share with the group forward into the last set of subcommittee meetings.

Environment Subcommittee

Ms. Kurland stated Mr. Bedford was unable to attend the meeting so Dr. Alonso would be speaking on behalf of the Environment Subcommittee.

Dr. Alonso stated, like the Aviation Safety Subcommittee, the Environment Subcommittee's report would not differ greatly from what they have reported at earlier FAAC meetings. He noted the subcommittee has reached consensus on the content for the recommendations.

Dr. Alonso stated on September 20, 2010, the subcommittee held a pre-meeting teleconference to define the major areas for potential recommendations and to assign those recommendations to individuals for refinement. He stated the subcommittee then took those recommendation areas and formulated proposals at the October 5, 2010, meeting.

Dr. Alonso stated the subcommittee believes environmental impacts that accompany aviation growth represent a huge challenge to the United States' ability to meet increases in demand for air transportation. He stated as demand for aviation grows, the environmental impacts will place critical constraints on capacity unless those issues can be adequately mitigated in advance.

Dr. Alonso stated the environmental issues related to the climate have recently received significant attention and will be shaping aviation's future growth both domestically and internationally. He emphasized though the subcommittee did look at other environmental issues such as noise, land use, water quality, or other pollutants, it decided the focus should be on carbon emissions (CO₂).

Dr. Alonso also clarified none of the recommendations targeting CO₂ would adversely affect the other environmental issues.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Dr. Alonso stated the subcommittee is advocating a balanced approach to CO₂. He stated the subcommittee early on adopted the view that a multipronged approach that seeks to reduce the carbon footprint of commercial aviation is necessary to meet the very stringent targets for environmental impact reduction for commercial aviation (50 percent net reduction in CO₂ by 2050) both nationally and internationally. Mr. Alonso stated the subcommittee agreed the recommendations contain the best options for addressing carbon footprint reduction, but also acknowledged the difficulty of meeting the CO₂ reduction targets. He stated that is why the vast majority of the recommendations include research and development (R&D), which implies a certain amount of risk and investment to minimize those risks, if in fact those targets are going to be reached.

Dr. Alonso stated the subcommittee advocated decreasing the environmental footprint of aviation by minimizing fuel burn of the fleet during operations. He stated these operational changes are directly related to NextGen advances that support the environmental targets. Dr. Alonso added reducing fuel burn reduces CO₂ at a ratio of one-to-one.

Dr. Alonso outlined the four recommendation areas on which the subcommittee had reached consensus:

1. Reducing the environmental footprint by reducing the amount of fuel that is burned through improved operations in NextGen.
2. Reducing fuel burn through improved aircraft technologies that live directly on the aircraft.
3. Developing alternative fuels produced sustainably, and thereby reducing net CO₂.
4. Harmonizing U.S. environmental standards with international standards so the industry is not unnecessarily or unduly penalized by requirements that differ from what is required by other countries. ICAO would be the focus point for those discussions.

Dr. Alonso expanded on the recommendations. He stated for recommendation number 1 the focus would be on improved operations and improved infrastructure. Dr. Alonso stated in an ideal world, the NextGen changes in 2025 would reduce fuel burn and CO₂ emissions in the entire fleet by 10 to 12 percent; he stated in reality those numbers are more likely closer to 5 to 7 percent. He then read the proposal, stating, "We are seeking substantial additional targeted investment to accelerate equipage elements of NextGen so as to have significant near-term benefits and increase the likelihood of successful deployment. In addition, we recommend other surface management efficiencies, not just the reduction of fuel burn resulting from airplanes flying shorter routes, but also the reductions of fuel burn that derive from the airplanes wasting less time on the surface".

Dr. Alonso added the subcommittee was also considering recommending a pilot program that would seek to reduce and manage taxi delays and establish a methodology for all U.S. air carriers within 3 years. He noted several smaller items were discussed within this context, such as reducing the carbon impact of ground support equipment, and added some of those topics could potentially be folded into the broader recommendations.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Dr. Alonso continued to the focus area for proposal number 2, R&D for airplane and engine technologies. He noted while significant reductions in fuel burn came through operational improvements, in the past (50 to 60 years) the vast majority (80 to 90 percent) of the environmental impact improvements have come from technologies onboard the aircraft, and this trend is expected to continue, although the environmental impact may be closer to 50 to 60 percent. Dr. Alonso urged quick action, noting the timeframe from developing ideas to producing and testing new technologies usually runs about 12 to 15 years. He stated the subcommittee suggested accelerating the R&D so these technologies would be ready in 8 years. Dr. Alonso also noted the Administration is currently examining permanently extending tax credits for R&D, but added the subcommittee did not yet have full information.

Dr. Alonso moved to the focus area for proposal number 3, sustainable alternative fuels. He emphasized with future emission reductions targeted at 50 percent below 2005 levels and expected growth in aviation demand, the emissions targets cannot be met with operational and equipment changes alone. Dr. Alonso admitted alternative fuels were still in the early stages of development, but stated the subcommittee recommends that the DOT start a national initiative to have U.S. aviation become the lead in alternative fuel production and use and to promote U.S. aviation as being the first user of sustainable fuels. He stated this initiative would involve coordinating and enhancing the concerted effort of Government and industry to pool resources, overcome challenges, and take concrete actions to promote deployment of the use of sustainable fuels.

Dr. Alonso acknowledged there R&D issues, but noted industry has taken steps over the last 4 to 5 years to demonstrate these fuels can be used in existing commercial aircraft in a 50-50 combination. He stated the industry is ready to adopt these fuels as long as they can be produced and priced competitively. Dr. Alonso added the environmental effect of sustainable fuel use cannot fully be gauged until there is more widespread and prolonged use. He stated the subcommittee hypothesized, assuming the fuels produce 50 percent less CO₂ than petroleum or oil-based sources, and a fleet penetration of 15 to 20 percent, the sustainable fuels could lead to a CO₂ reduction of 10 to 15 percent. Dr. Alonso added those numbers could go higher or lower depending on fleet penetration.

Dr. Alonso then presented the final focus area of harmonized approach. He stated as the United States moves forward in charting a path to sustainable aviation, it should remain mindful that other countries are setting other targets. Dr. Alonso declared the U.S. Government should take an active role in making sure these targets are harmonized across the world. He noted parts manufactured in the United States are operated around the globe, and each air carrier has to meet certification requirements wherever they fly. Dr. Alonso also urged the U.S. Government to ensure it is leveling the playing field so what is required in the United States is also transferable globally.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Dr. Alonso asked his fellow subcommittee members if they had anything to add. Mr. Regalado stated CO₂ emissions, though not as great as from aircraft in flight, also occur at the airports themselves because of emissions caused by ground-support equipment. He noted although the FAA currently provides funding to reduce emissions through the Voluntary Airport Low Emissions (VALE) program, the problem is an airport must be in a non-attainment zone to receive those funds. Mr. Regalado urged the Secretary to broaden the criteria so airports without a problem could preemptively address emissions. He clarified he did not seek to increase VALE funding, merely to make that funding attainable to more airports. Mr. Regalado argued the goal of reducing CO₂ emissions would be better met if the emissions were addressed before areas became non-attainment zones.

Dr. Alonso then asked the members of the public if they had any comment. When there were none, he opened the floor for comments by the full committee.

Ms. Baer noted the ground taxi management program at JFK has demonstrated effectiveness at reducing CO₂, but added the FAA had not yet worked out the data sharing component of the protocol that prevents the program from export to other airports. She suggested including this information in the recommendation. Ms. Baer volunteered to provide metrics on how the decrease in runway delays alleviates the problem of excess fuel burn. Ms. McAhron-Schulz urged the Environment Subcommittee to include language clarifying that the subcommittee's recommendations do not sacrifice safety to achieve the environmental benefits. Dr. Alonso stated standards for sustainable fuels are already in place and address safety. He added none of the other recommendations sacrifices safety in order to achieve environmental goals.

Mr. McGee commented one of the factors that confuses consumers is that carbon footprints have not been quantified, making it difficult for them to compare the environmental impact of various forms of travel. He stated there are many environmentally conscious consumers who would travel in the most environmentally friendly mode, but noted they have no way of effectively comparing the carbon footprints of different travel methods.

Mr. McGee asked if the Environment Subcommittee had discussed this issue. Dr. Alonso stated the subcommittee had not discussed it, but noted the number should not be tough to calculate, using the basic metric for every pound of air carrier fuel burned there are 3.2 pounds of CO₂ created. Mr. McGee agreed with that calculation, but differentiated it from the consumer issue. He stated the fuel burn to CO₂ ratio does not help consumers decide whether it is better to go from New York City, New York, to Boston, Massachusetts, via plane, train, bus, or automobile. Mr. McGee suggested the DOT can impart some education in this area, especially because current available online sources provide wildly varying information.

Ms. Baer asked if there was clarification or a recommendation that supported a broader range of environmental mitigations, such as suggesting a range of airport improvements that makes them more environmentally friendly. Dr. Alonso stated the subcommittee decided to focus on CO₂, so issues with smaller environmental impact were not discussed, noting airport excesses contribute to less than 1 percent of the negative environmental impact. Dr. Alonso made a note of the issues Mr. McGee and Ms. Baer discussed so the subcommittee could discuss them at the next meeting.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters

Los Angeles, California

Ms. Baer noted there are issues the committee could look at that embrace a broader environmental consciousness, such as supporting carpooling and providing more transportation means for employees. Ms. Baer also suggested examining intermodalism. Mr. McGee agreed, adding intermodalism is an area where Consumers Union has observed conflicting advertising from companies. He stated motor coach companies will purport to have the smallest carbon footprint, while train advertisements will say the same thing, leaving consumers unsure on how to make the most environmentally sound decision.

Dr. Alonso asked if there were any additional comments. There were none.

Ms. Kurland thanked the Environment Subcommittee for its input. She then opened the floor for general comments by the committee members.

Mr. Conley noted as Dr. Borenstein had mentioned earlier, the U.S. aviation industry is not going away, and will evolve and reinvent itself. He stated in forums like this there will be disagreements, but urged committee members not to shy away from disagreement. Mr. Conley encouraged committee members to seize disagreements as opportunities for discussion aimed toward resolution. He also urged the U.S. Government and aviation industry to continue these conversations.

Ms. Baer suggested all cited data in the FAAC's final report be checked and sourced so the committee can be sure the information is an accurate portrayal of the state of affairs.

Closing Remarks

Ms. Kurland then moved to her closing remarks. She thanked the FAAC members for their hard work and commitment. Ms. Kurland encouraged the FAAC members to participate in the subcommittee meetings taking place the week of November 15, 2010. She asked that subcommittee reports be submitted to her by November 22, 2010, so all FAAC members would have opportunity to review the proposals before the December 15, 2010, meeting. Ms. Kurland clarified there will be a two-step process for completing the final report: (1) a package of recommendations will be readied for submission to the Secretary by the end of the December 15, 2010, meeting, and (2) the final report will be submitted a few months later.

Ms. Bowens asked if the committee members would be voting on the individual recommendations at the December 15, 2010, meeting. Ms. Kurland replied they would. Mr. McGee asked if dissenting opinions to the recommendations would be included in the final report. Ms. Kurland responded although opposing viewpoints would be included, the focus of the report will be the agreed upon, actionable recommendations. She added once she receives the revised subcommittee proposals on November 22, 2010, she will send them to the full FAAC for consensus.

Ms. Friend asked if consensus should be interpreted as unanimous consent or majority approval. Ms. Kurland replied the parameters of consensus were still being considered, and would probably not require unanimity, but would also probably need more than a simple majority.

Future of Aviation Advisory Committee

Record of Meeting

October 20, 2010

Federal Aviation Administration Western-Pacific Region Headquarters
Los Angeles, California

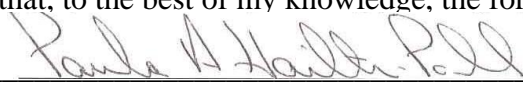
Ms. Hamilton thanked Ms. Kurland and reminded the FAAC members and public in attendance information regarding the December 15, 2010, meeting would be posted to the FAAC Web site soon. She noted the December 15, 2010 meeting would be taking place in Washington, DC.

Adjournment

Ms. Hamilton solicited a motion for adjournment. On motion, duly seconded and approved by the majority of the FAAC members present, the meeting adjourned.

The meeting adjourned at 3:23 p.m.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

Approved by: 
Pamela Hamilton-Powell, Designated Federal Official

Dated: December 15, 2010