

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

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Commonwealth Airports
Economic Development Issues

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House Transportation Committee

Martinsburg Airport
Conference Room at the Terminal
Martinsburg, Pennsylvania

Tuesday, February 17, 1998 - 9:30 a.m.

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BEFORE:

Honorable Richard Geist, Majority Chairperson
Honorable Russ Fairchild
Honorable Todd Platts
Honorable Dick Hess
Honorable Samuel Smith

IN ATTENDANCE:

Honorable David Levdansky

KEY REPORTERS

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1 **ALSO PRESENT:**

2

3 **Paul Gnazzo**
4 **Majority Research Analyst**

5 **Paul E. Parsells**
6 **Minority Executive Director**

7 **Liz Boras**
8 **Deputy Secretary for Aviation and Air freight**

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1 CHAIRPERSON GEIST: Thank you all very
2 much for your indulgence. We're waiting for
3 the last plane to get in so that we can start.
4 Is there anybody that did come by plane today?

5 (No audible response.)

6 CHAIRPERSON GEIST: Let me introduce the
7 folks that are here this morning with us, and
8 then I'm going to turn it over to Russ Fairchild.

9 On my left, to your right, is
10 Representative Russ Fairchild. He's the
11 Subcommittee Chairman of the Aviation and an
12 expert in general aviation; very, very
13 knowledgeable House member and a real asset
14 to the aviation community.

15 To his left is Sam Smith, who should've
16 shot that rodent from Punxsutawney; but he
17 didn't. Sam's been on the Committee, I think,
18 for about five months?

19 REPRESENTATIVE SMITH: Not quite. We're
20 getting there.

21 CHAIRPERSON GEIST: Paul Parsells, who's
22 the democratic staff brain trust and Paul Gnazzo
23 who organized all of this and is working very
24 closely with Russ on these hearings.

25 What we would like to do as a Committee

1 is find out from you folks what we need to know
2 so that we can improve general aviation in
3 Pennsylvania, and that's why we're having the
4 two hearings.

5 And after that, Russ is going to
6 come out with some recommendations that we in
7 the Committee can address. Now to my right,
8 everybody knows Liz Boras because a lot of you
9 guys spend half your life begging her for things.

10 And Liz in her past life was a staffer
11 on the Senate Transportation Committee and knows
12 this business inside and out, one of the few
13 people who know how a state budget comes about
14 and how we fund things. So Russ, your comments
15 and then let's get started.

16 REPRESENTATIVE FAIRCHILD: Thank you,
17 Rick; and thank you all for coming today. As you
18 probably noticed, we usually don't get a lot of
19 public turnout for these types of meetings.

20 That's because aviation is a specialized
21 field; but I can tell you is an extremely
22 important field which many of us in the General
23 Assembly, including Chairman Geist and other
24 members of the Transportation Committee, know how
25 beneficial general aviation is.

1 Quite frankly, we can't go anyplace
2 without improving our transportation system. And
3 I'd like to take the opportunity to thank all of
4 you for coming here today and giving up your
5 valuable time.

6 CHAIRPERSON GEIST: First on the list of
7 people here, a guy that used to run this shop
8 right here for years. And if he was in the
9 railroad business, they would have run him out of
10 town on the rail; but they didn't.

11 He's now over in Johnstown heading up
12 their airport. Very, very knowledgeable in this
13 business. And he lobbied me I think my first
14 term in office. Joe, it's all yours.

15 MR. MCKELVEY: Thank you, Representative
16 Geist, and thank you for giving me the
17 opportunity for speaking here today at these
18 hearings.

19 On my way in, I did come over the
20 mountain from Crescent. And sometimes it's not
21 only foggy up there, but it was very icy up there
22 this morning. I apologize if I was just a few
23 minutes late.

24 I have a text here today that I present
25 as testimony. I'd like to read that testimony.

1 I may step off it a little bit with some
2 conversation if that's approved, but I'll try to
3 stay with it as best as I can.

4 My topic for today is improved air
5 service in Pennsylvania and why that is and that
6 makes an economic difference at airports. Having
7 worked at -- just a little bit of background.

8 Having worked at Philadelphia
9 International for many years as an air traffic
10 controller and then moving on into aviation
11 management at this Altoona Airport then the
12 Trenton-Mercer Airport in Jersey and then back
13 to Johnstown, I've kind of got an overall view of
14 air service in many, many different angles of it.

15 I see what's missing in Western
16 Pennsylvania. I saw it while I worked here and I
17 see it in Johnstown. There are distinct economic
18 advantages to be gained to a community having
19 viable air transportation facilities.

20 Although these economic advantages are
21 difficult to quantify, they are nevertheless
22 important to the economic health and vitality of
23 the community.

24 The Federal Aviation Administration
25 undertook a study of the economic relationship of

1 general aviation primary airports and their
2 surrounding communities. The results of that
3 study together with the studies of Aircraft
4 Owners and Pilots Association and similar studies
5 have included the following:

6 Airports are a part of the community
7 development program; airport development is a
8 catalyst for business and industrial growth;
9 airports attract new industry; airports are a
10 factor in retaining existing industry; they
11 provide access to the mass transportation system;
12 they're a nucleus for industry; and they are a
13 boon to local economy.

14 Airports generate new money in several
15 ways; basically, airport-related jobs, consumer
16 spending by air travelers, airport revenue, even
17 the monies derived from the federal share of
18 airport development projects -- not just federal,
19 but state also -- bring prosperity to the local
20 community.

21 The Johnstown-Cambria County Airport
22 Authority holds the development responsibility
23 for the Johnstown Airport in Western
24 Pennsylvania. Our development program is
25 primarily funded with federal, state, and local

1 dollars.

2 The Federal Airport Improvement Program
3 normally provides 90 percent of project costs;
4 and, typically, the state and local governments
5 cover the remaining 10 percent share. There are
6 exceptions to that rule.

7 As with this terminal building and many
8 big terminal buildings at smaller airports, the
9 percentage changes. It may be 75/25, 12 and a
10 half, or whatever; but it changes drastically in
11 some cases.

12 Our particular project I'll talk about
13 in a little bit. To give you an idea, it's 2.3
14 million for our terminal building. Approximately
15 1.8 million will be federal, maybe a hundred and
16 fifty thousand, state; and the balance, three, 4,
17 500,000, whichever's left, will come up out of
18 local funds.

19 Project eligibility is determined in
20 advance by federal and state authorities. Once
21 the scope of work is determined to be appropriate
22 and justified and therefore eligible for public
23 funds, the sponsor then proceeds with a financial
24 aid application to federal and state governments
25 to secure project funding.

1 Under the Federal Airport Improvement
2 Program, the sponsor of a project agrees to
3 assume certain obligations pertaining to the
4 operation, use, and maintenance of the airport.
5 The obligations are covered in the project
6 application as sponsors' assurances and become a
7 part of the grant agreement.

8 A typical state and federal and many
9 other type of government grant contains
10 compliance and assurance requirements. Certain
11 compliance issues such as nonexclusive rights,
12 which prohibit the sponsor from granting any
13 special privilege or monopoly in the use of
14 public airport facilities, are also covered under
15 the guidelines of a typical grant agreement.

16 At the Johnstown's Airport Capital
17 Improvement Program for '98 includes the
18 construction of a new passenger terminal. \$2.3
19 million is the estimate for the building;
20 construction of a new crash, fire, and rescue and
21 snow removal equipment building, 700,000; and the
22 acquisition of a new airport fire truck,
23 \$197,000.

24 Additionally, the Pennsylvania Air
25 National Guard is constructing a new air traffic

1 control tower. It's already been bid. Bids
2 actually have been awarded. We should start
3 construction shortly. 5 and a half million
4 dollars is the estimate for the project.

5 The Pennsylvania State Army Board is
6 renovating and expanding the 876th Engineering
7 Battalion. It's a \$5.3 million project that's
8 already been awarded.

9 Total construction projects during '98
10 will exceed \$15 million. Most of those
11 construction dollars will be spent this summer.
12 Furthermore, three additional airport development
13 projects are being planned for the airport that
14 will provide a significant impact to the local
15 economy.

16 A United States Marine Corps Reserve
17 Center is planned for construction in '99.
18 Project estimates, 14 million. The State of
19 Pennsylvania the Department of Military and
20 Veterans Affairs plans to construct an
21 organizational maintenance shop and motor vehicle
22 parking complex.

23 They've already talked to us about
24 acquiring 23 acres. We've agreed to sell if we
25 can make the project happen. And the

1 Pennsylvania Air National Guard will be
2 constructing an Air National Guard training
3 center over the next two years.

4 They've asked for up to 10 acres for
5 that project. In only two years' time, the
6 airport will undergo over \$50 million worth of
7 capital improvements. And I might add, most of
8 those capital improvements are going to be
9 construction, which equates to jobs and a bump up
10 in the economy.

11 All these projects will be primarily
12 funded with federal and state money. This
13 overview of sponsor projects and related airport
14 development projects at the Johnstown Airport
15 covers the sponsors' responsibilities for airport
16 development.

17 Since sponsors lack sufficient funds to
18 develop their airport, they have turned to the
19 federal and state governments for financial
20 assistance.

21 In exchange, the sponsor must develop
22 their airport to the satisfaction of the federal
23 and state governments and in accordance with
24 state and federal guidelines for airport
25 development and in compliance with federal law.

1 Progressive airports today can no longer
2 limit themselves to the development of physical
3 facilities and expect to remain viable.

4 Progressive airports recognize that they have
5 become responsible for the development of air
6 service in their communities.

7 Progressive airports no longer accept
8 their current air service at face value but
9 instead evaluate those services to determine if
10 they actually meet the needs of the community.

11 My role, progressive airport managers
12 also recognize that their primary efforts must be
13 devoted towards developing and maintaining
14 quality airline service that meets the needs of
15 the community.

16 A significant percentage of the current
17 economic benefit attributable to the Johnstown
18 Airport is related to the scheduled commercial
19 air service provided at the airport.

20 Many businesses in the Johnstown Airport
21 market area have expressed a strong correlation
22 between their economic activities and
23 availability of scheduled commercial airline
24 service at the Johnstown Airport.

25 In today's highly competitive

1 environment, many communities are examining local
2 operating subsidies as a way to attract new air
3 service. And to step off the text just slightly,
4 our airport is examining any and all
5 possibilities to establish new air service.

6 I'd talk just a little bit about
7 everything that Western Pennsylvania's going into
8 Pittsburgh hub, but we need to address those
9 issues as quickly as we can in the State of
10 Pennsylvania.

11 Historically, Johnstown's commuter
12 service has been the Pittsburgh hub. This type
13 of service pattern is prevalent for almost all
14 cities in Western Pennsylvania.

15 Here in Altoona and north of us at
16 DuBois and every other airport out here, they're
17 served by a regional commuter. With the
18 exception of University Park, all regional
19 commuter markets in this area of Western
20 Pennsylvania have air service into the Pittsburgh
21 hub.

22 The U.S. Department of Transportation
23 maintains a data base for origin and destination
24 travel patterns. This data base reflects that
25 whenever a traveler has a destination east of

1 Johnstown or Altoona, these travelers regularly
2 leave the market and begin their travel from
3 another airport.

4 And just to be a little more specific,
5 they leave the State of Pennsylvania to depart
6 from an airport in another state such as Maryland
7 and Virginia or New Jersey or New York. In other
8 instances, a very high percentage of travelers
9 choose another mode of transportation.

10 Our airport has long recognized that it
11 is capturing only a small percentage of the total
12 volume of passengers that are associated with our
13 market area.

14 By allowing air travelers to regularly
15 leave the market area to choose another mode of
16 transportation -- I'll throw an example in there,
17 drive to Baltimore, drive to Philadelphia, drive
18 to Newark, drive to Cleveland -- and to capture
19 only a small percentage of the passengers in the
20 market area, the Johnstown Airport and other
21 Western Pennsylvania airports are not developing
22 and maintaining quality air service that meets
23 the needs of their communities.

24 Air travelers -- I'll step off the
25 text again. This is a personal issue with myself

1 since I've worked in Pennsylvania. But air
2 travelers that need to depart or access the State
3 of Pennsylvania should be able to originate their
4 trip at a Pennsylvania airport and should be able
5 to use any primary airport in Pennsylvania as a
6 final air travel destination when required.

7 They can't do that today. A large
8 majority of the travelers are driving or
9 chartering aircraft or some other modes of
10 transportation, but leaving our state; they're
11 going into another state and they're getting air
12 transportation and they're leaving.

13 Or they're flying into another state and
14 then they're driving back on our highways, which
15 actually puts more vehicles on the road driving
16 back on our highways instead of flying into the
17 destination city.

18 The United States Department of
19 Transportation sponsors a National Essential Air
20 Service Program. Off the text again, I was very
21 involved with this program at Trenton. Trenton,
22 U.S. Air stepped out as they typically do in
23 cities like that and they didn't have air service
24 for a very short period of time.

25 So the Department of Transportation did

1 a national advertizement for carriers to operate
2 at Trenton as part of their Essential Air Service
3 Program. Seventeen air carriers came forward on
4 the DOT application.

5 We narrowed it down to six. We narrowed
6 it down even further and finally picked a
7 candidate with the Department of Transportations's
8 approval -- and they were in on all the
9 interviews -- to operate service at that time to
10 Baltimore out of Trenton.

11 And that subsidy program -- by the way,
12 I don't have it in the text; but it's prorated.
13 If I throw an example in there, if it's \$500,000
14 to operate from Trenton to Baltimore, the
15 government would participate with about \$360,000
16 worth of subsidy and the carrier would provide
17 the rest and it would be, like, a three-year
18 program to break even.

19 Each year the carrier's revenues and
20 profits rise, the subsidy goes down. So at the
21 end of the period, there's no subsidy and the
22 carrier's on a break-even basis.

23 The DOT Program provides financial
24 assistance to air carriers that agree to certain
25 cities that have no current scheduled air

1 service. The air carrier provides the Department
2 of Transportation with the appropriate financial
3 data that reflects the actual costs of operating
4 their aircraft between the two cities.

5 The government agrees to subsidize the
6 new air service at a prorated cost which allows
7 the new carrier to start operating with the
8 appropriate finances.

9 As the air carrier revenue rises, the
10 amount of federal subsidy goes down until the air
11 carrier is at a self-sustaining level. The
12 Department of Transportation of the United States
13 Government knows to the penny on what everything
14 costs on these airline sections and routes.

15 They tell the carrier what it's worth,
16 and the carrier compares their numbers to the DOT
17 numbers; they come up with a real number that is
18 the number they use in their deal with the
19 carrier.

20 The State of Pennsylvania needs to
21 consider the establishment of a Pennsylvania
22 Essential Air Service Program. I've abbreviated
23 that with P-E-A-S.

24 As covered in the text earlier, the
25 Johnstown Airport will undergo over \$50 million

1 in capital improvements over the next two years
2 for facility development; however, air service at
3 the airport has seen little or no improvements
4 for the past 25 years.

5 25 years ago -- Johnstown is the same
6 as Altoona. They're still moving people to
7 Pittsburg, but they're not moving them anyplace
8 else east of the Pittsburgh market.

9 If a Pennsylvania Essential Air Service
10 Program was established, it could essentially be
11 managed similar to the U.S. Department of
12 Transportation Essential Air Service Program.

13 The major difference for
14 consideration -- actually, for your consideration
15 would be that participating airport would be a
16 third party to the agreement.

17 As with both current federal and state
18 grant agreements, the sponsor would be
19 responsible for the local share of funds. And I
20 can go back to the 500,000 number because that's
21 a typical cost of airlines from a little run from
22 Trenton to Baltimore.

23 The 360,000 gets picked up by the
24 federal government and the hundred and some
25 thousand difference gets picked up by the

1 carrier.

2 I'm suggesting -- or we're suggesting
3 that the local areas have funds but they don't
4 have a lot of funds. But they've got money that
5 they could match a grant for this program. The
6 number might be 5 percent, 10 percent, 20
7 percent. That would have to be ironed out.

8 Additionally, appropriate grant
9 assurances and compliance requirements would be
10 part of the agreement. Federal grants reflect
11 the 90 percent federal share and the 10 percent
12 balance are covered with state and sponsored
13 funds.

14 A typical Pennsylvania Essential Air
15 Service Grant would reflect certain financial
16 percentages for each of the three participating
17 parties. That would be the carrier, the state,
18 and the sponsor.

19 As with the Department of
20 Transportation's Essential Air Service Program,
21 when the air carrier profit margin rises, the
22 subsidy amount is lowered. The program could be
23 structured for a two- or three-year period based
24 on certain grant eligibility criteria.

25 The establishment of a Pennsylvania

1 Essential Air Service Program would provide a
2 funding vehicle for communities that desire to
3 develop and/or improve the quality of air service
4 in their community.

5 Furthermore, it would encourage air
6 carriers to approach the State of Pennsylvania
7 with new air service proposals that enhance the
8 statewide Aviation System Plan.

9 I can see this going both ways. There's
10 a lot of carriers out there that have a certain
11 amount of funds, capital start-up costs and so
12 forth, that they have; but they don't have the
13 total package to make the sections or put the
14 sections in the market or put the airplanes on
15 the line.

16 However, if there's a program in the
17 state that would assist the carrier and assist
18 the communities to start a service, I think the
19 state would have carriers approaching them and
20 looking into a Essential Air Service Program or
21 the possibilities of an Essential Air Service
22 Program.

23 Probably work both ways too because I'm
24 talking about Western Pennsylvania; but, actually,
25 it would open up Eastern Pennsylvania too.

1 You've got the same situation in Eastern
2 Pennsylvania.

3 Most of those airports get into
4 Philadelphia. And as a former controller in
5 Philadelphia, we worked traffic everywhere from
6 Harrisburg in all day long. It works the same in
7 Western Pennsylvania.

8 Our proposed Pennsylvania Essential Air
9 Service Program would require major legislative
10 changes. If the Johnstown Airport had a program
11 in place today such as the proposed Pennsylvania
12 Essential Air Service Program, we could have
13 another scheduled air carrier operating in
14 eastern cities within 45 days.

15 The only thing we would need the 45 days
16 for is that's the average time for a carrier to
17 start up. They need 30 to 45 days to train their
18 crews, to get in the system, presell seats, and
19 market their service and so forth. You need
20 about 45 days.

21 Financially, I think most airports with
22 a little bit of help from local governments, the
23 communities, and businesses they can raise the
24 money that's required for that local share.

25 Johnstown is a very good example. We

1 went out to the businesses in the community.
2 We're still pounding them around a little bit.
3 But we went out to the businesses in the
4 community for a financial commitment and we
5 really nailed it down and nailed it down hard.

6 So I don't think it's the package where
7 on a half million dollars, I don't think you'll
8 have to come up with \$360,000 in the state grant.
9 I think it would have to be a fair deal between
10 the carrier, the state, and the sponsor; but I
11 think it would work.

12 And I think back at working at this
13 airport, it would work here. It would work at
14 our airport. It'll work at DuBois. It'll work
15 at any airport that's got the same exact same
16 situation we've got.

17 And I might add on the subsidy program,
18 it's not a forever -- write a check for
19 forever-type deal. It's usually about a
20 three-year deal and it's a break-even deal. And
21 if you don't break even, the carrier basically
22 knows at the end of that time they have to start
23 carrying their own weight.

24 So it's actually a joint effort in the
25 marketing and promotion of the service and

1 facilities at your airport to make that subsidy
2 go away in the three-year time.

3 The Johnstown-Cambria County Airport
4 submits this Pennsylvania Essential Air Service
5 proposal for formal consideration. I only
6 touched very briefly on the topic. I didn't get
7 into a whole lot of details, but I can provide
8 that information on the federal program.

9 I'd be glad to get that information from
10 the Department of Transportation. The Department
11 of Transportation I worked with for two years in
12 Washington are extremely knowledgeable and
13 helpful.

14 And when I say they know to the penny
15 what it costs, they know to the penny what it
16 costs and they know all the details on the program
17 and how it's governed and how the compliance and
18 assurance work. But you could almost as a model
19 use the DOT -- Federal DOT Program for a program
20 in Pennsylvania.

21 Again, the Johnstown-Cambria County
22 Airport Authority submits this Pennsylvania
23 Essential Air Service Proposal for formal
24 consideration. It can make Pennsylvania a better
25 place to do business.

1 CHAIRPERSON GEIST: Thank you. Let me
2 introduce Dick Hess -- Representative Dick Hess
3 from Bedford, Pennsylvania. And you fellows all
4 know that he has the only new airport in
5 Pennsylvania in the last 20 years.

6 MR. MCKELVEY: Yes, he does, and a very
7 nice airport. I just flew in there the other
8 day. It's very nice.

9 CHAIRPERSON GEIST: Let me ask you a
10 question. The first question I want to ask
11 is -- I think that all of you should listen to
12 this question. The MPO's that are currently
13 preparing their testimony for the Transportation
14 Commission, have you been participating?

15 MR. MCKELVEY: Yes. Am I going
16 to -- oh, as far as the information goes?

17 CHAIRPERSON GEIST: Yeah, the MPO is
18 preparing their stuff for here, are you, Altoona,
19 and State College, are you going to be part of
20 the MPO testimony?

21 MR. MCKELVEY: Yes.

22 CHAIRPERSON GEIST: Because we're
23 looking for that in the package.

24 MS. BORAS: Ask them if they've been
25 notified.

1 MR. McKELVEY: I was notified, Liz. I
2 received mine Friday in the mail. Liz, I
3 received my Friday in the mail.

4 MS. BORAS: I finally decided I wasn't
5 waiting for anybody from PennDOT to notify the
6 airports and railroads. I did it myself.

7 MR. McKELVEY: We were notified. I
8 received approval about three weeks ago to
9 testify at those hearings in March. In fact,
10 they're held right here in Altoona, I believe, as
11 far as local testimony goes.

12 CHAIRPERSON GEIST: Next question, with
13 the deal in Harrisburg that Liz finally put
14 together to capitol -- our Harrisburg
15 International Airport with its takeover, has
16 there been an outreach to State College, Altoona,
17 and Johnstown to get a carrier to service
18 Harrisburg?

19 MR. McKELVEY: To service Harrisburg
20 market?

21 CHAIRPERSON GEIST: Right. I mean,
22 that's -- there's been two logical things to go
23 on in Harrisburg: (1), that these airports would
24 feed it; (2), that you would be able to buy a
25 ticket at Amtrak in Altoona and be able to get

1 off at a train station at the airport so that you
2 have a truly mobile system. I've been doing that
3 for 19 years. It is one way we saw it.

4 MR. McKELVEY: Well, I think what we're
5 addressing anyway at Johnstown, we're looking at
6 Harrisburg as that connecting point in the
7 center. In other words, you're looking at
8 service from Western Pennsylvania either into the
9 Washington metropolitan market or the New York
10 metropolitan market, either one.

11 But with Harrisburg being right in the
12 center, I think you're going to see sections
13 either one way or overlapping sections through
14 the Harrisburg market.

15 There's many carriers operating out of
16 Harrisburg right now that we'd like to tap into.
17 I'm sure the Harrisburg Airport would like to tap
18 into our markets. But again, there's nothing
19 wrong with that. And I really think that there's
20 a lot of people out there, as you know, carriers,
21 that they want to get into these markets.

22 The funds are not available to get into
23 these markets. But if they were available even
24 on a limited basis, they'll get into the markets.
25 They don't even the first couple of years, the

1 Dot -- the United States DOT, they're not looking
2 at the carrier actually making a profit.

3 What they're looking at is a break-even
4 picture for the carrier. So that may include a
5 minimal profit, but it includes all operating
6 costs up to that point. But I think as far as
7 Harrisburg goes I really think you're going to
8 see these people coming out of the woodwork if
9 the program was put together and run properly.

10 CHAIRPERSON GEIST: Two things: The
11 bill we just kicked out of our Committee had 59
12 million for economic development, up to 10
13 million dollars per project at the state bond
14 rate. Is a wonderful, wonderful piece of
15 legislation for you guys in general aviation.
16 And you ought to contact your state reps to get
17 active in it.

18 The second thing is when we were doing
19 the whole gas tax package before, I wanted 1 cent
20 a gallon in general aviation for airport
21 development within the State of Pennsylvania; and
22 I still believe that that is necessary.

23 MR. MCKELVEY: I would support that in a
24 minute.

25 CHAIRPERSON GEIST: I do. I do.

1 MR. MCKELVEY: No. I mean, if it would
2 improve general and corporate aviation in
3 Pennsylvania, I'm sure everybody would support
4 it.

5 CHAIRPERSON GEIST: Just as Liquid Fuels
6 Fund is dedicated, that penny would have to be
7 dedicated.

8 MR. MCKELVEY: Yes.

9 CHAIRPERSON GEIST: And that's something
10 I think that's doable.

11 MR. MCKELVEY: Thank you very much.

12 CHAIRPERSON GEIST: These guys have
13 questions. I'm just mouthing off.

14 MR. MCKELVEY: By the way, on the 1
15 cent, can we word something in there for air
16 service improvements somehow? Once you get into
17 the funding, we've got all these grants, there's
18 all different things you've got to be eligible
19 for.

20 And I think if handled properly and you
21 had the right strict criteria for the service,
22 we're spending -- I mentioned 50 million in the
23 next two years.

24 But our airport with the runway, they
25 spent 58 million in the past six years for

1 developing that airport and another 50 million in
2 two years; but the air service is not where it
3 should be. It's kind of a -- I don't have to
4 explain it. It's just not right.

5 CHAIRPERSON GEIST: We have got to look
6 at the federal government. One of the things
7 that we would like in the iced tea room (sic) and
8 all, one of the things that we may see is -- you
9 guys all study this as much as we do -- is the
10 Block Grant coming to the state from the feds and
11 let administrators like Liz who know their
12 business --

13 MR. McKELVEY: Yes.

14 CHAIRPERSON GEIST: -- use it for the
15 maximum impact. And I think you're going to see
16 more of that happening. But we in the state can
17 do more. But as in all the modalities, I don't
18 believe the air service people can stand alone.

19 MR. McKELVEY: I agree.

20 REPRESENTATIVE FAIRCHILD: Thank you
21 very much for your presentation. Do you have any
22 estimated cost on what the proposed program
23 might --

24 MR. McKELVEY: Well, I can give you an
25 example, okay. Two round trips a day into the

1 Baltimore market from our airport is about
2 \$800,000, to give you a number. That's the ball
3 park figure.

4 It's not too beneficial to have one
5 round trip. You know, you could get in -- but a
6 typical section -- a single section might run you
7 as high as a half a million per section in the
8 market. But obviously, the more sections you
9 run, that price goes down: 500 for one, 800 for
10 two, you might be at whatever for three.

11 An airline normally would like to use
12 that. Representative Geist's suggestion on
13 Harrisburg, well, these are markets that if you
14 establish a firm market to Baltimore from
15 Johnstown and the airplane's sitting there at the
16 Johnstown or Baltimore market, then you tie into
17 Harrisburg and use that aircraft and crews all
18 day long.

19 REPRESENTATIVE FAIRCHILD: But have you
20 given any thought whatsoever to what a statewide
21 program would cost to implement?

22 MR. MCKELVEY: Oh, I don't -- I'm
23 just -- my discussion is I just feel -- we feel
24 there should be a program in place.

25 REPRESENTATIVE FAIRCHILD: Any idea

1 where that money should come from if it would be
2 implemented?

3 MR. MCKELVEY: I don't know. Not being
4 too familiar with the State's budget, I
5 (pause) --

6 REPRESENTATIVE FAIRCHILD: Well, for the
7 most part, it's dedicated funding.

8 MR. MCKELVEY: I know. It's dedicated.
9 It's just like my budget.

10 REPRESENTATIVE FAIRCHILD: On your
11 testimony you make one sentence and I just want
12 to clarify it. It's on page 5 at the top. "Air
13 travelers that need to depart or access the State
14 of Pennsylvania should be able to originate their
15 trip at the Pennsylvania airport and should be
16 able to use any primary airport in Pennsylvania
17 as a final air travel destination when required."

18 MR. MCKELVEY: Yes.

19 REPRESENTATIVE FAIRCHILD: A lot of
20 people especially at the southern part of the
21 state use Baltimore --

22 MR. MCKELVEY: Right.

23 MR. FAIRCHILD: You don't have any
24 problem with that?

25 MR. MCKELVEY: Well, what I'm saying is

1 you should be able to go from Baltimore to
2 your -- if you live in Altoona, you should be
3 able to go from Baltimore to Altoona direct,
4 where you want to go.

5 Otherwise, you either got to drive from
6 Baltimore to here or you've got to fly to
7 Pittsburgh and come back to Altoona. And you pay
8 top dollar, by the way, in the market, top
9 dollar. From Johnstown to Baltimore the walk-up
10 fare is \$377 one way, for a one-way ticket.

11 And Altoona has the same problem. If
12 they want to go to Baltimore, it's extremely
13 high to go to Pitt and back one way. It's \$377
14 one way from Johnstown Airport to Baltimore
15 Airport. And the rate here is probably
16 comparable, maybe higher, to go there and back.

17 CHAIRPERSON GEIST: I think the rate
18 between Harrisburg and Pittsburgh is absolutely
19 nuts. And you can save yourself about 250 bucks
20 if you buy a ticket to Los Angeles and walk off
21 in Pittsburgh.

22 MR. MCKELVEY: I couldn't agree more.
23 Passengers coming into this airport in Johnstown
24 through the Baltimore hub or the Newark hub
25 should have, like, a tag-on fare onto their ticket

1 price of about 39 bucks. 39 bucks if you're
2 coming in from Europe or the west coast or down
3 south, 39 bucks; but it don't work that way.

4 If you come into the Baltimore hub and
5 you want to go to Johnstown, it's going to cost
6 you 300 and some dollars to get out and back
7 unless you're on the U.S. Air System. Even
8 on the U.S. Air System it's still expensive.

9 REPRESENTATIVE FAIRCHILD: What's the
10 fare from Pittsburgh to here?

11 MR. McKELVEY: I don't know.

12 VOICE: It's about \$200 from Pittsburgh
13 to here if you don't have any connection. If you
14 don't connect with U.S. Air just to go from
15 here to Pittsburgh or Pittsburgh to here, it's
16 \$200. It's reduced rate if you connect with U.S.
17 Air. It's reduced if you connect with U.S. Air.

18 MR. McKELVEY: Okay. Does that help?

19 CHAIRPERSON GEIST: Paul.

20 REPRESENTATIVE SMITH: Yeah, I just had
21 a question relative to the proposal that you were
22 making regarding this new funding source. Given
23 that most travelers -- kind of following what you
24 were just talking about, actually.

25 Given that most travelers make their

1 decision based on time and money --

2 MR. MCKELVEY: That's right.

3 REPRESENTATIVE SMITH: -- whether I
4 drive or fly or whatever else I might choose, how
5 does this Essential Air Fund that you're talking
6 about break down that barrier or how does it
7 change my habit if, you know, if I'm
8 inclined -- I live in Western Pennsylvania and
9 I'm inclined, you know, to drive to Pittsburgh
10 instead of going up to DuBois?

11 MR. MCKELVEY: Well, you would change
12 simply because the market and promotion that's
13 involved with the service. In other words,
14 that's what you do now because that's really the
15 only thing you can do. But if another service is
16 available, you most probably would use it,
17 especially timewise.

18 Money's critical too. But in the
19 business world -- which, as you know, about 85
20 percent of the traffic in the world is business
21 and it's time -- can you get to a certain area
22 when you want to be there and can you get back
23 when you want to get back? That's so critical.

24 From our airport, you're talking about
25 two hours, two and a half hours to get down to

1 Baltimore going to Pitt and back. If an aircraft
2 left here, Johnstown, you'd be in Baltimore in
3 about 30 minutes and could connect at Baltimore
4 with many, many carriers, especially
5 international traffic, but many carriers.

6 Whereas if you're going to Pittsburgh,
7 you're connecting with U.S. Air, a few other
8 carriers.

9 REPRESENTATIVE SMITH: I understand that
10 aspect. I'm not sure I understand how this fund
11 makes that available. How does it make
12 that -- all that extra service that we would love
13 to have, how does it make it available? That's
14 what I don't understand.

15 MR. MCKELVEY: We can use this airport
16 as an example. Your air service -- the
17 flexibility you have in air service right now is
18 extremely limited unless you drive. You fly to
19 Pitt, you fly out of Pitt with U.S. Air and a
20 couple other carriers. That's the only
21 flexibility you have.

22 If you have an aircraft right now
23 leaving the gate that's going to Newark or to
24 Baltimore, you have the flexibility of --

25 REPRESENTATIVE SMITH: I understand

1 that. How does this fund make that happen
2 though?

3 MR. McKELVEY: You're losing me there
4 somewhere.

5 MS. BORAS: I can answer that. The way
6 it works is a carrier -- suppose they said at
7 this airport that they wanted -- they didn't want
8 to have to go west to go east anymore; they
9 wanted to get a direct flight to Baltimore or
10 Washington.

11 If say -- Joe, we can use
12 Johnstown -- they can entice a carrier to come
13 into that market to serve it, however, the cost
14 to do it was so high that that carrier didn't
15 want to do it because he couldn't sell enough
16 tickets to make it profitable to the private
17 sector individual, this fund would be used for
18 that airport to tap into and they would get money
19 from the Commonwealth so the price of that ticket
20 would be lowered so that the people in Johnstown
21 will be inclined to buy it.

22 So you wouldn't have to drive. You
23 could buy your ticket at a reasonable rate from
24 your hometown airport and then the Commonwealth
25 would make up the difference.

1 But the air carrier would make what he
2 needed to make, but it wouldn't be coming out of
3 the ticket price on the individual fliers. It
4 would be made up on this pot of money.

5 MR. McKELVEY: Yeah, your fare's are
6 structured basically on what it's supposed to
7 cost. But if the funds --

8 CHAIRPERSON GEIST: Let's face it,
9 flying is a hassle.

10 MR. McKELVEY: Yeah, it is.

11 MS. BORAS: So if you can leave from
12 your hometown airport, it's much less of a
13 hassle.

14 MR. McKELVEY: Sure. I also might
15 add -- I'm thinking of Bedford Airport. There's
16 an airport that has no air service at all; and
17 whether they will have it in the future or not, I
18 don't know.

19 But it will also give you the ability to
20 consider -- the DOT's Program is Essential Air
21 Service for airports that don't have air service.
22 The state program that I'm proposing would be for
23 airports that either don't have service or they
24 have service but it's not quite right.

25 So you may also see air service through

1 this program start at some airports that they
2 want to run a shuttle somewhere too but the
3 funding's not there for the carrier to start and
4 for the local community. It could actually start
5 a program at a new airport.

6 It would have to be reasonable too. You
7 don't want to spend a whole lot of money and you
8 don't want the carrier -- the DOT's program is so
9 strict. I mean, they know what the carrier's
10 numbers are. Seat miles and cost of start-up,
11 they have it all wired down.

12 So you have to make it so that it's fair
13 to all parties. And also you want to see the
14 benefits -- the state obviously wants to see the
15 benefits of improved air service and so does the
16 community.

17 CHAIRPERSON GEIST: Question, Dick?
18 Paul?

19 REPRESENTATIVE PARSELLS: I'm not overly
20 familiar with the federal program. And I'm
21 curious, has it ever actually worked --

22 MR. MCKELVEY: It works in many airports
23 in the country.

24 MR. PARSELLS: When I say does it work,
25 you said later on it's generally a three-year

1 deal --

2 MR. MCKELVEY: That's correct.

3 MR. PARSELLS: -- and they're weened off
4 of it?

5 MR. MCKELVEY: That's correct. There's
6 probably a dozen carriers on the east coast right
7 now in the Essential Air Service Program that
8 have worked -- they work in a dozen cities. And
9 those cities slowly come off the DOT EAS Program
10 and now they're --

11 MR. PARSELLS: And the service
12 continues?

13 MR. MCKELVEY: The service continues and
14 they're operating there without any subsidy at
15 all. That would be the target.

16 MR. PARSELLS: Do you know how many
17 examples --

18 MR. MCKELVEY: I can use -- I'll use
19 Colgon Air (phonetic) in Manassus, Virginia, who
20 operates through New England. I mention them
21 because I worked with them at Trenton and they
22 were in the Essential Air Service Program.

23 They're in about a dozen cities, but
24 they're out of about four or five of 'em already
25 operating on their own. There are certain

1 criteria, by the way, for a EAS Program. You
2 have to be more than 70 miles from a major hub.

3 There's all types of criteria, but
4 that's the main one. So if your airport's more
5 than 70 miles from a major hub, you're eligible
6 for the Essential Air Service subsidy. The state
7 would have to set all those criteria down.

8 MS. BORAS: Joe, are you aware of any
9 other state that has a program like this as
10 opposed to the federal program?

11 MR. MCKELVEY: No. No, I'm not. I
12 think we should be the first state to get
13 involved with it and I think it would pick up
14 speed. But I really -- as you know, getting
15 businesspeople out is critical; but getting
16 businesspeople into the state is more critical
17 from other parts of the world and the country.

18 But I really think getting carriers into
19 the state is more critical than trying to get
20 out. I think the state would have carriers
21 approaching them with proposed service.

22 They may come out of the Harrisburg
23 market like you're talking about and say, hey,
24 we'd like to run service out to wherever, if we
25 can get involved in this program.

1 MS. BORAS: How many other folks that
2 are testifying today are going to have this as a
3 topic of conversation? Anybody else?

4 (No audible response.)

5 MS. BORAS: We are -- the last State
6 Transportation Commission meeting -- I think,
7 Paul, you may have been there and I know, Rick,
8 you were there -- Rob Gleason, who is our newest
9 State Transportation Commissioner, he is from the
10 Johnstown area, he brought this up as an issue.

11 And I committed at that point at that
12 hearing at that meeting that we would have the
13 Bureau investigate any and all possibilities for
14 something like this. He didn't really call it
15 that, but he just brought up the issue that this
16 is a problem in Pennsylvania.

17 We've got a lot of beautiful facilities,
18 and yet we can't do what we need to do to get
19 folks in and out of them. So I asked Demetrius
20 (phonetic) to put together a task force within
21 the Bureau.

22 And we committed to getting back to the
23 State Transportation Commission with a
24 recommendation with some options, who we talked
25 to, and what other states are doing about that

1 very issue by the next State Transportation
2 Commission quarterly meeting, which would be
3 three months from whenever that one was.

4 We committed to have it done by then.
5 So we are going to investigate this whole issue
6 of what can we do to promote additional air
7 service.

8 MR. McKELVEY: I also think -- I'm
9 thinking of military at our airport and many
10 airports. Military, state, and federal
11 employees, I think the state -- there could be a
12 lot of criteria involved that compliance things
13 that the carrier has to do that may involve
14 fares; it may involve some type of coordination
15 with the State of Pennsylvania on their travel
16 needs.

17 I don't know; but it could be a package
18 that is beneficial to -- in other words, the
19 State's putting money in, the sponsor's put money
20 in, and the carrier eventually might be
21 self-sustaining to make a profit.

22 Well, they've got to put something into
23 the program too other than their initial start-up
24 funds. It may be a long-term commitment on
25 fares. It may be a long-term commitment to the

1 State of Pennsylvania. That would have to be
2 worked out. I don't know.

3 CHAIRPERSON GEIST: Joe, how many acres
4 do you have?

5 MR. MCKELVEY: I have a thousand.

6 CHAIRPERSON GEIST: She had those
7 English consultants in to talk to us. They told
8 me things that, often, they really stuck. They
9 were interesting folks.

10 MS. BORAS: He's referring to BAA when
11 they came in to make their pitch for Harrisburg
12 International.

13 MR. MCKELVEY: Um-hum. We've got a lot
14 going on out there, and we need air service
15 improvements. This airport does, every airport
16 out in Western Pennsylvania.

17 If you look at the route structure of
18 the commuters, it is almost -- it's an exclusive
19 market. I had that in my text about nonexclusive
20 rights. Not that you're giving someone exclusive
21 right; but, obviously, the airports are all open
22 for additional carriers. But right now, it's the
23 only game in town.

24 CHAIRPERSON GEIST: Thank you. Anybody
25 else?

1 (No audible response.)

2 CHAIRPERSON GEIST: Thank you very much.
3 Next, an old friend of mine that I can throw a
4 baseball from my backyard to his front yard,
5 Louis Maierhofer.

6 MR. MAIERHOFER: Thank you, Mr. Chairman
7 and members of the Transportation Committee. If
8 you don't mind, I'd like to stand. And Liz,
9 definitely you add a lot of prestige to some of
10 the people that work up there.

11 Joe has mentioned and touched a lot of
12 things. And I'd like to use a cliché that was
13 very successful for a political candidate. I
14 won't use the last word because I think it's
15 offensive.

16 He said, It's the economy, comma, blank.
17 I'd like to say it's the jobs, period, without
18 using that other word that was used in the
19 political election.

20 Joe has given you testimony. I have
21 been in your position many times, and a mind can
22 only absorb what the seat can stand. So if you
23 don't mind, I'd like to give, as my daughter
24 says, exhibits.

25 I respectfully submit that I present to

1 you exhibits of what we are doing here at the
2 airport and then take the summary from there.
3 Now, one other question too, would you like to go
4 over in the other room? We were told that we
5 would have up to 75 to 85 people here, and that's
6 why we took this room.

7 We can go over in the other room, but
8 we'll be a little bit closer. And we can do that
9 at an intermission. That's to your pleasure. We
10 did shut the fan off, but you know there are
11 airplanes and baggage and things of that type.
12 So if that's your pleasure, we can do that at an
13 intermission.

14 The first thing that I'd like to call
15 your attention to is page 127 -- I-27, of the
16 Airport Technology; and that's what Kathy has
17 there. And I'll just refer to these.

18 But these will give you the figures that
19 whenever you're driving back to Harrisburg when
20 you need reading material that you can say, well,
21 they substantiated it.

22 At our airport -- and I've been on the
23 Authority for 28 years. I go back to All
24 American and from All American to the larger
25 planes, then the smaller planes. And I can go

1 and attest to the service that we had going to
2 Harrisburg and that it did bomb for two reasons:

3 One, it was lack of public support when
4 they found out that the fare was more expensive
5 to go to Harrisburg; and secondly, the carrier
6 under political pressure picked up that route and
7 was not encouraging it.

8 When people would call here or call to
9 the air carrier, they would not tell them about
10 the flight east. They would say if you want to
11 go to Philadelphia, you can go to certain flights
12 to Pittsburgh then to Philly.

13 Well, what about the one to Harrisburg?
14 Well, I don't know anything about it or that
15 flight has been cancelled. It was a
16 discouragement, and, again, because the carrier
17 was having trouble filling the plane.

18 Also coming from a railroad town -- and
19 Rick can tell this better than I can and I -- and
20 that is that Pennsylvania Railroad and its
21 cancellation of trains.

22 At one time into Altoona we had as high
23 a 32 train stops in Altoona east and west. And
24 then we wound up with only two trains, and I
25 think the state government has subsidized those

1 trains.

2 The City of Altoona Logan Township bus
3 subsidy of about 600,000 at the last figure I was
4 told to run buses in the city of Altoona. The
5 airport here is a public service to not only the
6 Blair County but, as Dick knows, the Broad Top,
7 which is part of Bedford County and Fulton
8 County and Huntingdon County as well as
9 Huntingdon County.

10 And we take a little bit of Joe's
11 territory in Cambria County because the Crescent
12 people in the winter can go down the hill but
13 they can't go up. They always have maybe a
14 problem getting up and getting back home.

15 And Crescent is a block. Last night at
16 7:00 it was closed. So again, highway
17 transportation was out, car to go to Pittsburgh,
18 buses to go to Pittsburgh or to Johnstown, et
19 cetera. So we were landlocked going west
20 excepting for the air service that we have here.

21 On page I-27, here's what our
22 airport -- and this was a professional survey.
23 And by calculation, these figures are about 10 to
24 15 percent under. So they're very conservative.
25 That this airport provides 214 jobs, over 6

1 million in annual payroll, and 12.2 million in
2 additional capital output, and in addition to
3 visitors coming to our area, a support of 165
4 jobs on an annual basis.

5 Back in '93, it was 2.4 mill. According
6 to my friends at Penn State, that should be well
7 over \$3 million based on inflation plus growth
8 and almost \$10 million in total output.

9 And so when you take the next and say
10 find a direct, which includes the people on the
11 airport, and the secondary impact, we're talking
12 an additional 930,000, which we are told is 1.1
13 mill if we project on inflation; 244,000 in total
14 payroll plus; and 17 full-time positions in the
15 regional economy.

16 Now, these are the things that we're
17 interested in here because right now with the
18 railroad -- and to show you how things are, there
19 are only two trains going through. Greyhound bus
20 service is very limited. And with the service of
21 this airport prior to our remodernization, we had
22 people who were afraid to come here.

23 Well, when you have buckets in the
24 lobby, the roof is leaking, when you have the
25 ADA, the American Disabilities Act people saying

1 we're going to have to spend 180,000 just to fix
2 the doors, when the boiler insurance people
3 say -- when the insurance people say the boilers
4 have to be replaced.

5 So with the help of our Congressman and
6 the help of State Senator Jubelirer that you
7 people know very well and assistance from the
8 previous administration at the Blair County
9 courthouse, the commissioners, we were able to
10 get \$500,000 from the county, almost 4 million
11 from the FAA, and the matching funds from the
12 state.

13 Prior to that time, I was one of the
14 people who had to contact the air carriers and
15 the commuters. And I did it socially, and I got
16 more results by over cocktail in DC or in
17 Harrisburg.

18 And the best place I found was the
19 retirement dinners of FAA and PennDOT people who
20 after they were retired were more loose, other
21 than alcohol.

22 But they would say, well, here's this
23 and here's that. And think I see a smile here,
24 and you fellows I'm sure operate the same way.
25 At this particular point, we have right now an

1 industry that is considering our airport.

2 And we have on our airport authority
3 Marty Morasca (phonetic), who is the Executive
4 Director of the Altoona-Blair County development.
5 And your peer, Rick, can tell you more about what
6 Marty is doing for bringing industries in.

7 We had the Congressman who was talking
8 on a first-name basis to some of the people
9 servicing our particular area. Without
10 mentioning any names, we're looking at UPS,
11 FedEx, RPS, and some of the others who are
12 bringing freight in and out of the area.

13 We didn't have the facilities before.
14 It was a case when I talked to the commuter
15 people they'd say, Lou, that building's ready to
16 fall down. It's a 1960 building. Why would we
17 want to spend all the money to put our electronic
18 equipment and especially the solid-state
19 computers and things of this kind?

20 Now we have the building and we're short
21 on money, but we at least have for the first time
22 people talking to us. They are talking to us and
23 saying well, yes, we'll look at it. Before it
24 was no.

25 The one that we're interested in -- and,

1 again, to compliment Joe, we have worked with the
2 Johnstown-Cambria County Authority. We sat
3 through their meetings at their invitation when
4 they brought up about bringing another commuter
5 for service east.

6 And again, I see Liz shaking her head.
7 She was here at our dedication and suffered
8 through the speeches. She was in Johnstown and
9 suffered through their speeches, and she's now
10 suffering through our speeches.

11 But the jobs -- it's the jobs that we
12 need to create at our airport. The commuter,
13 yes, we'd love to have service east. We did have
14 it once.

15 But our surveys that you'll find here,
16 our surveys -- and, again, from the -- this one
17 here so I refer to it properly, the Economic
18 Impact Report, our service going east if we can
19 tie in with Johnstown and DuBois and Ligonier and
20 Latrobe.

21 We had several years ago -- and I think
22 maybe Mr. Geist would be familiar with this. We
23 had a helicopter service interested from the
24 downtown transportation, the combination of the
25 railroad and bus, to bring people to here.

1 They were going to do service from
2 DuBois -- their projection was service from
3 DuBois for train passengers out of Altoona and
4 also passengers from here to the train station
5 and the train station here.

6 They were interested in the service to
7 State College, Johnstown, and they mentioned we
8 believe with businesspeople at Latrobe. They
9 could not get the financing. So again, we're
10 working on these things.

11 There's a shuttle service being
12 organized by a group in Texas. And they're based
13 in Hartford, Connecticut. And maybe our people
14 can find out more for us. They want to do a
15 business shuttle.

16 They're agreeing and they have indicated
17 that they have in excess of a half a billion
18 dollars to fly businesspeople out of certain
19 airports on a certain schedule.

20 For example, let's take one of our
21 industries here. On a Tuesday at 10:00, their
22 plane picks up everybody from that industry and
23 take 'em east or wherever they want to go.

24 I have been invited to meet with them in
25 Texas. I couldn't make it the first time they

1 wanted to have us all meet at Allentown, PA. And
2 I couldn't get to Allentown and get back.

3 So that again, we're trying to look for
4 jobs. Our airport here tied in with Johnstown,
5 tied in with -- and, again, even with Harrisburg
6 and possibly State College.

7 Now, State College has its own drummer
8 and they're very successful and they have a
9 university that if they need a hundred thousand
10 dollars for a million-dollar match, I'm sure the
11 Athletic Department, if Joe Paterno calls and
12 says I need to go to a Big Ten Conference, they
13 get it.

14 So we know that State College is a
15 competitor, but anything that benefits State
16 College will benefit us.

17 I want to refer to the conclusion here
18 so that it becomes part of the official. And
19 that is under the secondary benefits, and we have
20 found this to be if an airline employee earns a
21 hundred dollars at the airport and uses it to buy
22 a hundred dollars worth of groceries, he is a
23 hundred dollars better off.

24 In addition, the grocer is also better
25 off because he has the hundred dollars. The

1 grocer then uses this money to pay his suppliers
2 and employees, all of whom are slightly better
3 off because of the original expenditure of an
4 airline employee. And again, everyone in
5 industry and recruiting for industry can use
6 those figures.

7 Our airport is very privileged. We're
8 one of two in Pennsylvania that have an automated
9 flight service station; Williamsport being the
10 other. There is an undercurrent -- or a rumor I
11 should say, not an undercurrent because there are
12 people pro and con -- that the FAA wants to
13 downsize its automated flight service station
14 facilities.

15 There's also among the FAA a movement
16 for a new global satellite delivery to control
17 airports. And our indication is that if there is
18 a downsizing, that means that some flight service
19 stations will be eliminated.

20 And we have a good possibility because
21 of our location here, especially close to
22 Leesburg. And Leesburg is the magic word because
23 Leesburg is close to Washington. Any new
24 experiments might go to Leesburg. Leesburg
25 people could conceivably be moved here.

1 And we're talking about the good-paying
2 jobs. We're talking about jobs that are well
3 into the 40's and \$50,000 annual incomes. And
4 these are the people -- as an area car dealer
5 told me that he has seven people from the FAA
6 that moved in here that have purchased cars. And
7 that's the basis of it's the dollars.

8 I'd like to refer to the Blair County
9 Airport Authority Airport Industrial Air Freight
10 Distribution Complex. We call it ACDC, and we
11 have been actively working on this to make it a
12 cargo distribution point. We have some people
13 that are interested in that.

14 Also we have a draft here of our
15 long-range plans, and I read it and referred to
16 you there. Then in addition to that through our
17 state legislators and our airport authority, we
18 did a study and we have problems as to being
19 isolated and people getting to us.

20 This is the Morrisons Cove and
21 Altoona-Blair County Airport Access Study which
22 was done by the Orth-Rodgers group out of
23 Philadelphia, and they highlight some of the
24 problems that we have.

25 For example, if we would get a UPS or a

1 FedEx, how do we get them around the turns in the
2 Borough of Martinsburg? They studied four or
3 five different -- it's a ongoing done through the
4 Blair County Planning Commission.

5 And hopefully I've covered -- this is
6 the major item that we spent the money for. I
7 made mine a little short to try to catch up so
8 that Joe Lurie could tell about a Broad Topper
9 who made good. How's that, Joe?

10 CHAIRPERSON GEIST: Questions?

11 REPRESENTATIVE FAIRCHILD: Lou, just one
12 question. On the corporate air service that you
13 were referring to that came out of Texas or
14 Massachusetts, is that the time-sharing concept
15 where corporations could buy a little bit of time
16 or a lot of time?

17 MR. MAIERHOFER: Russ, they told us very
18 little excepting that if we can assure them
19 certain industries -- I would assume it's time
20 sharing.

21 But they want -- for example, North
22 American Communication, if they have ten people
23 to go somewhere to a convention or if certain
24 other ones have to go to Washington, D.C., that
25 they will every Tuesday or every Wednesday at

1 10:00 or every Friday at 3:00 provide this
2 service.

3 But then they will also pick up
4 passengers, what we understand. Those are
5 committed. Those are people who sign contracts.
6 They're going to do it along the eastern
7 seaboard. And we thought they might be able to
8 come in inside.

9 And maybe Liz can find out more. It's
10 at Hartford, Connecticut. It's called Shuttle,
11 and the name has not been registered yet. But
12 that's strictly for business. That doesn't
13 accommodate the average passenger that wants to
14 fly out of here.

15 CHAIRPERSON GEIST: Lou, has the
16 Authority done anything with the Amtram --

17 MR. MAIERHOFER: Very -- just to give it
18 lip service.

19 CHAIRPERSON GEIST: Amtram's never
20 considered running a jitney service to the
21 airport?

22 MR. MAIERHOFER: We have talked to them
23 in the past. And when the helicopter
24 situation -- and incidentally for our friends
25 from DuBois, that's where most of the money was

1 coming from.

2 At that particular time, they liked the
3 idea of the shuttle. We tried to work with the
4 taxi cab companies and Blue and White Bus Company
5 to see if we could have a regular run from the
6 railroad station to here.

7 Now, with the railroad station, Rick, we
8 ran into the problem that many times you had to
9 reserve in advance on certain trains or the plane
10 reservations had to be made; and it was difficult
11 to tie the two together. But nothing formally
12 was ever done other than meeting similar to what
13 we have here.

14 CHAIRPERSON GEIST: Any other questions?
15 (No audible response.)

16 CHAIRPERSON GEIST: Thank you very much.
17 Next presenter is Frank Mahkovic, Airport
18 Manager, Greensburg-Jeannette Regional Airport.
19 Welcome.

20 MR. MAIERHOFER: May I offer anybody
21 else these? If not, we'll put them away.

22 MR. MAHKOVIC: I'd first like to thank
23 the panel for this opportunity to speak. I thank
24 you, Mr. Chairman. I'd like to introduce myself
25 a little bit.

1 My name is Frank Mahkovic. Up until the
2 last year, I've been mainly the airport
3 mechanic/technician on the field. And recently
4 about a year ago I was asked because of economics
5 to take on another hat as the airport manager, so
6 I'm rather new at this and new to aviation.

7 I noticed on our list that we're the
8 only private airport listed on here; so I may
9 present a little unique, different perspective
10 at this meeting.

11 CHAIRPERSON GEIST: We're very
12 interested -- the Committee's very interested in
13 making sure you stay open. There's too many
14 others that have turned into shopping malls. And
15 if we're going to have general aviation in
16 Pennsylvania, we've got to find out how to make
17 this work. That's Russ's mission.

18 MR. MAHKOVIC: That is very encouraging
19 to hear that because we have had our problems at
20 our airport. So what I have here may sound a
21 little bit impassioned.

22 CHAIRPERSON GEIST: Make it that way.

23 MR. MAHKOVIC: I will. I think it best
24 to describe our problems to just give you a
25 background of our airport and the problems we've

1 had, and I think that'll suffice to show our
2 economic problems here.

3 Greensburg-Jeannette Regional Airport,
4 identifier 5, golf 8 on the Detroit Sectional
5 Chart is located about 30 miles due east of
6 greater Pitt and 10 miles east of Latrobe
7 Airports.

8 It was formerly called Pittsburgh-Boquet
9 Airpark and was established as a privately-owned,
10 public-use airport in 1969. From 1969 through
11 the mid-1980's, the airport was extremely active
12 and at various times was the home of 50 to 60
13 private airplanes, several flying clubs, and an
14 airplane dealership.

15 Local manufacturers used the airport
16 for drop-off of small airfreight parcels. And a
17 1986 study by the Southwestern Pennsylvania
18 Regional Planning Commission, SPRPC, indicated
19 that this airport contributed an estimated
20 \$386,000 to the economy of the region in 1985.

21 The SPRPC estimated that local and
22 itinerant landings and takeoffs totaled 19,500 in
23 1986. Throughout the 1980's, although the
24 airport remained very active, its condition
25 gradually declined.

1 Other interests apparently did not
2 permit the owner to put adequate funding back
3 into the airport to maintain its condition. The
4 only time state funding was requested, received,
5 and applied to surface rehabilitation was in
6 1988; and the resulting repairs were minimum.

7 In late 1990 in reaction to rumors that
8 the airport was being purchased for a housing
9 development, numerous airplanes and pilots and
10 the operating FBO left the airport.

11 The purchase by a developer never
12 materialized. Although the property owner
13 expressed interest to continue its use as an
14 airport, little funding was directed toward its
15 maintenance.

16 Fuel tanks were pulled and its condition
17 continued to go downhill. A core group of
18 dedicated pilots managed and maintained the
19 airport as best they could to keep it alive until
20 a new owner purchased it in early 1992.

21 The new owner, Mr. Richard King, is
22 committed even to this present day despite
23 increased nearby housing construction and
24 lucrative offers to sell off the land to keep the
25 airport operating and to redevelop it back and

1 beyond its peak status of the 1970's.

2 Mr. King immediately made improvements
3 by paving the half-mile entrance road. But later
4 in December of the same year, 1992, a severe
5 setback to progress and plans was experienced by
6 way of a heavy, 2-foot snowfall of accumulation
7 causing nearly all of the T-hangers and the
8 maintenance hangars at the airport to collapse,
9 destroying 14 aircraft and much personal
10 property.

11 Insurance provided means for replacement
12 of some of the aircraft, but insurance was not
13 nearly enough to construct quality, up-to-date
14 hangars. But the airport continued to live on
15 with tie downs but still no fuel.

16 State funding provided the means for
17 a 1994 runway widening and repaving project, and
18 1995 followed with another grant for a partial
19 taxiway construction. Thanks to PennDOT and the
20 Bureau of Aviation, the condition at Boquet was
21 improving.

22 In 1996 came with some more bad news
23 which has the future of the airport in limbo
24 until something is resolved. Allegheny Power
25 Company plans to put up a high-tension power

1 transmission line approximately a hundred feet
2 from the south end of our runway sticking up over
3 a hundred feet into the final approach air space.

4 The owner has been able at considerable
5 legal expense to stave off the utility company
6 and hopefully get a court to help us out of
7 this encroachment that will obviously affect our
8 operations at this airport.

9 We must say at this time the Bureau of
10 Aviation has helped us by ensuring at least a
11 verbal commitment by the power company to ground
12 bury a portion of the power line.

13 One can see with a short history of a
14 typical private, small airport, why would any
15 businessman want to invest time and money into a
16 venture like this where progress is slow, the
17 battles are many, and profits are low, if at all?

18 It's no wonder why on an average one
19 small airport closes its doors every week. Last
20 year, a nearby grass strip in our area fell to a
21 housing development. These airports will never
22 be rebuilt and none will take their place. Only
23 the love of aviation would keep someone involved
24 in airport ownership.

25 We are here to share economic issues at

1 airports. And I believe we all agree that
2 airports, large or small, are part of a bigger
3 picture of transportation in our state, just as
4 important as roads, rails, and waterways.

5 Only as healthy as this system is, so is
6 the rest of our economy. Large airports as I see
7 play an important role in getting many goods and
8 customers to their needed destinations also
9 providing much employment and revenue deserving
10 of adequate funding.

11 The small airports also provide a great
12 service too. It's where that young, would-be
13 airline pilot gets his first airplane ride; a day
14 care group of children gets to touch a real
15 airplane; the Civil Air Patrol has a home base;
16 or a Med-Vac helicopter is based closer to a
17 dangerous highway.

18 County and city government and the FAA
19 seem to be steering towards privatization of
20 their airports, so I do not see much desire for
21 them to get involved in our size of our air
22 fields. So this usually falls in the hands of an
23 entrepreneur who has the guts and fortitude to
24 undertake this kind of capitalistic venture.

25 That's why I would encourage the

1 Commonwealth to help us with our revenue
2 generating projects such as hangars, fuel, or
3 even industrial sites. That would help airports
4 like ours to get on our feet, to be
5 self-sustaining, creating income to help
6 ourselves.

7 State grants have been invaluable in our
8 basic needs for runway and taxiway improvements,
9 but money for day-to-day needs have not come from
10 these areas.

11 I would suggest low- or no-interest
12 loans to help construct hangars or install fuel
13 depos and also tax incentive to stimulate private
14 development at our small regional airports.

15 In closing, I would say although
16 private-owned, public access airports are just
17 that, private, and profits do ultimately wind up
18 in an individual's account, I hope this does not
19 stop us as taxpayers, as a Commonwealth, and as
20 public servers to support these small businessmen
21 and women and to give them more support to
22 fulfill a dream that benefits all of us. Thank
23 you.

24 CHAIRPERSON GEIST: Thank you. Did Russ
25 write your speech?

1 MR. MAHKOVIC: No, he didn't.

2 CHAIRPERSON GEIST: Let me introduce
3 Representative Todd Platts from York County,
4 another member of our Committee. Russ, why don't
5 you go ahead. This is your business and kind of
6 your meeting.

7 REPRESENTATIVE FAIRCHILD: Some people
8 think it is. But I guess the obvious question,
9 How would you propose that we fund some of the
10 programs that you articulated in your testimony?

11 MR. MAHKOVIC: Well, personally I would
12 see the Block Grant Program as really a good
13 tool. But personally from a small airport
14 perspective, I see it sort of unbalanced; the
15 larger airports getting a bigger share of it.
16 That's what it appears to us.

17 But I would say maybe categorizing
18 funding into certain categories that maintain
19 small airports get a certain amount every year,
20 not just out of the whole pie but they have
21 to fend -- you know, fend off the bigger airports
22 to get a share of that. That something is
23 dedicated -- that size is a consideration when it
24 comes to funding.

25 CHAIRPERSON GEIST: When you -- one of

1 the biggest problems that we keep hearing about
2 the small airport is the lack of mezzanine
3 funding. With that there's initial funds that
4 are available. And then when we go in for the
5 next loan, we're going to make the hangar or
6 whatever else you want to do, you're not
7 bankable.

8 And somehow we have to come up with the
9 idea of a mezzanine financing level, which is
10 part of the legislation that we have, by the way.
11 That seems to affect the small operator more than
12 anything.

13 MR. MAHKOVIC: That would really benefit
14 us. That's where we're stumbling at right now.
15 We just can't generate the money. We're barely
16 just getting by. And really to go out and
17 construct hangars, it would just break us. It's
18 more profitable to build up storage facilities
19 and store automobiles and peoples' furniture.

20 And when a businessman looks at that and
21 says, you know, for that square footage I can
22 make a lot more money doing that, it's hardly
23 worthwhile as a businessman to want to stick --

24 REPRESENTATIVE FAIRCHILD: How much do
25 you charge per hangar for a single engine plane?

1 MR. MAHKOVIC: Well, all we have is tie
2 downs now and we charge \$40; but we used to -- we
3 had the older style hangars and we only got a
4 hundred dollars for 'em. But I know most
5 airports the average is \$150 for a bifold door
6 hangar.

7 REPRESENTATIVE FAIRCHILD: I would say
8 that just about every airport if you said, okay,
9 hangars are eligible, they're going to
10 concentrate on dishing out hangars this year,
11 that line would be so long that it would be --

12 MR. MAHKOVIC: You're right, sir.

13 REPRESENTATIVE FAIRCHILD: There's
14 no -- I mean, there's no easy, cheap way that I
15 know of to do the hangars.

16 MS. BORAS: Capital budget, but you need
17 matching.

18 CHAIRPERSON GEIST: That's the problem,
19 the match.

20 MS. BORAS: Certainly for the
21 private --

22 MR. MAHKOVIC: A small amount of money
23 is sort of large.

24 REPRESENTATIVE FAIRCHILD: Do you think
25 raising the gas and jet fuel tax would make a

1 significant impact on programs? And are pilots
2 willing to pay?

3 MR. MAHKOVIC: My experience with pilots
4 is they'll travel 30 miles to save a little bit
5 on gas. So I really doubt if that's going to
6 help it. It's going to play a small part.

7 My own personal opinion is I think we're
8 going to have to go to the private sector to
9 stimulate industrial growth participation by the
10 local community. And if the state can help in
11 some way get that going, I think it's -- in the
12 long run, it's going to -- will probably benefit
13 more.

14 REPRESENTATIVE FAIRCHILD: Just as a
15 comment, I get a kick out of -- airport
16 authority. And every once in a while we'll have
17 somebody say that -- they come in and they're
18 very proud because they've bought gas in Maryland
19 or someplace else.

20 And it just amazes me that they do not
21 realize that the improvements that are there on
22 that airport are there because for the most part
23 because of the gas and jet fuel that's purchased
24 in Pennsylvania.

25 And I think we do a lousy job of

1 informing pilots that if you want to have a first
2 class system or at least to maintain it as status
3 quo, please try to do as many services as you can
4 in Pennsylvania.

5 MR. MAHKOVIC: Right. Just to reenforce
6 that, I know many pilots who use auto fuel for
7 their airplanes and they're very proud of the
8 money they save. And a lot of them don't realize
9 that they're just shooting themselves in the
10 foot, that the tax for that auto fuel isn't
11 helping that airport. And you're right, the
12 pilots don't seem well informed or some don't
13 care.

14 REPRESENTATIVE FAIRCHILD: Would you
15 ever consider a program such as we have in the
16 farmland preservation? I'm taking that on
17 especially on the privately-owned, public-use
18 areas that perhaps we could look at a program
19 where we say, okay, we're willing to help you
20 out; but certainly the taxpayers of Pennsylvania
21 need some type of guarantee that the investments
22 they make are going to be here for 25 or 50
23 years.

24 Do you think the small, privately-owned
25 owners would buy into that? A couple things it

1 does: Obviously, it takes immense pressure off
2 of development immediately because that -- now
3 you put it into a time frame. I'm not sure we'd
4 want to ask for perpetuity --

5 MR. MAHKOVIC: Well, I can't speak for
6 the owner. My experience with the ownership, I
7 know there's a certain amount of control that
8 they want to maintain over their airport. And I
9 don't know if that would relinquish control or
10 how they would feel about that.

11 That's an issue with each individual
12 ownership. But I think ownership, it is a big
13 part of owning it, obviously, if you're going to
14 own an airport and control it.

15 REPRESENTATIVE FAIRCHILD: Obviously,
16 you've got to understand the other side of the
17 coin. We are expending taxpayer dollars, pilots'
18 dollars, and aircraft owners' dollars.

19 And the public has I think a right to
20 expect that if they're going to invest that money
21 that the infrastructure remains available for
22 public use even though it be privately owned.

23 MR. MAHKOVIC: I think that keeps a lot
24 of smaller airports from getting involved in
25 state funding or --

1 MS. BORAS: We have grant assurances
2 that require -- I think the Federal Grant
3 Assurance is what --

4 MR. MAHKOVIC: Twelve years.

5 MS. BORAS: One's ten and one's twenty.
6 If you accept federal dollars, you do sign the
7 dotted line and you pay the money back. That's
8 why, as he said, a lot of them don't accept the
9 dollars because they don't want to make that
10 assurance that that remain alive.

11 MR. MAHKOVIC: Yeah, I think --

12 REPRESENTATIVE FAIRCHILD: What I'm
13 thinking of, Liz, is a little bit more expanded
14 where ten years is nothing. I mean, why would
15 you do half a million dollars worth of hangars
16 for ten years?

17 Twenty years is better, but perhaps
18 there's those that are out there that want this
19 property to remain aviation use. Can we benefit
20 those by extending that period out? And, of
21 course, you have a carrot on a stick.

22 MR. MAHKOVIC: I think there's a real
23 need to just get some communication going with
24 the smaller airports because just the experience
25 of the grass strip that left last year in our

1 area, the airport was run by a lawyer.

2 And then I don't know if he died or just
3 decided to -- had a lease and just gave it up and
4 it fell on one of the family members who had no
5 interest in aviation.

6 So right away he saw the opportunity to
7 sell it. And some way to intercept these -- the
8 small businessmen before they're forced or that's
9 their only objective or their only alternative.

10 So I think a lot of airports are leaving
11 just because of this. There's no communication.
12 They're really not in, you know, touch with the
13 rest of the aviation community. And as you can
14 see, most of our managers meetings and things
15 like that aren't represented by a lot of smaller
16 airports.

17 But I do think -- speaking from our
18 airport and the owner of our airport, I think he
19 does have a bigger vision to make our airport
20 something worthwhile in our community.

21 So I think he has a little different
22 idea than -- some people in small airports, they
23 just want to keep them small. They really have
24 no interest in enlarging.

25 REPRESENTATIVE FAIRCHILD: Just if you

1 could -- and I don't want to take up too much
2 time here -- but on a safety issue, how did the
3 power company get to the position where they were
4 going to take up your clear zone?

5 MR. MAHKOVIC: We weren't notified.
6 They just planned, started buying up property and
7 the right-of-way. They even -- at this point, I
8 believe they're violating the township codes just
9 doing that. And it was just a kind of bulldozed
10 their way right into. Now we're on the
11 defensive.

12 REPRESENTATIVE FAIRCHILD: I'll talk to
13 you later about that.

14 MR. MAHKOVIC: Okay.

15 CHAIRPERSON GEIST: Let me introduce
16 David Levdansky from --

17 REPRESENTATIVE LEVDANSKY: Elizabeth.

18 CHAIRPERSON GEIST: I was going to say
19 Pittsburgh --

20 REPRESENTATIVE LEVDANSKY: There's a big
21 difference.

22 CHAIRPERSON GEIST: -- member of our
23 Committee. All right. Next, Joe Lurie, a good
24 friend of everybody's from the Bedford County
25 Airport Authority. You guys have been making the

1 press all over the country.

2 MR. LURIE: You can read about us in
3 U.S. Today, the Philadelphia Inquirer and soon to
4 be nationally on the ABC station, It is Your
5 Money is what they are going to call it.

6 CHAIRPERSON GEIST: Other than that,
7 Mrs. Lincoln, how was the plane?

8 MR. LURIE: My remarks will be very
9 brief. I'm here on behalf of Ray Jennings, who
10 is out of the country. So as a novice, I will
11 read the prepared statement that he has given me;
12 and it will take just a very short period of
13 time and then I'll be on my way and you can get
14 to the next person.

15 The Bedford County Airport Authority
16 owns and operates the new Bedford County Airport
17 here in Southcentral Pennsylvania. We are
18 concerned with the current status and the future
19 of FAA and PennDOT funding to maintain airport
20 infrastructure and its growth.

21 The Airport Trust Fund was established
22 under President Eisenhower. This fund and the
23 Road and Bridge Stands Alone Funds were
24 transferred to the General Fund by
25 President -- and I think he meant Johnson -- and

1 remain so today.

2 Congressman Shuster and John Kashick in
3 a 1996 bill tried to remove them from the General
4 Fund, and the bill passed the House and failed
5 the Senate by two votes. Sadly, both parties in
6 Congress have been utilizing these funds for
7 other than dedicated purpose.

8 Quoting Richard Aarons, Editor
9 in Chief of Business and Commercial Aviation
10 International Magazine, he states in a February,
11 1998, editorial that, If you read between the
12 lines on the thousands of pages of reports
13 recently released by various Washington-based
14 commissions studying civil aviation, two things
15 become clear:

16 One is that the way the U.S. aviation
17 infrastructure is managed and funded is due to
18 change. The second is that the management
19 systems and infrastructure that emerge from this
20 change will be based almost entirely on the
21 requirements of the scheduled air carriers.

22 The Committee's first task is to support
23 and solicit a bill for the removal of the
24 Aviation Trust Fund from the General Fund, the
25 second is to question the validity of current

1 user fees being proposed by the scheduled air
2 carriers, and the third is to support business
3 and general aviation interests by conferring with
4 John Olcott of NBAA and Jim Coyne of NATA plus
5 other organizations such as AOPA and EAA.

6 A second area for concern is
7 Pennsylvania's lack of a method for purchasing
8 equipment and services for airports. Examples of
9 consolidated purchases are the states of Michigan
10 and Virginia where they have an aviation
11 procurement office that purchases all navigation
12 and weather equipment.

13 This scale of economic buying would
14 encompass snow removal, mowing, and paint marking
15 equipment. Purchase of services for maintaining
16 runways, taxiways, ramps, and roads plus
17 lighting systems should also be considered. This
18 would allow a large scale, competitive buying.

19 The Committee's action is to verify that
20 consolidated purchases is a viable method in
21 other states and it should be adopted in
22 Pennsylvania.

23 A third area of concern is the status of
24 the Pennsylvania's implementation and
25 administration of the new Block Grant Program.

1 At the sponsor level, the program seems to be at
2 a standstill. It is mid-February, and no grants
3 have been issued.

4 To advertise, bid, and award contracts
5 for a 1998 construction season already puts
6 everybody well behind schedule. The Committee's
7 action is to review the status of the
8 Pennsylvania Block Grant Program.

9 Once the findings are in, either light a
10 fire under the management or recommend turning
11 the program over to a state that can effectively
12 administrate the program. Those are my brief
13 remarks that were prepared by the Bedford County
14 Industrial Development Authority.

15 CHAIRPERSON GEIST: Comments? Dick?
16 (No audible response.)

17 CHAIRPERSON GEIST: Anyone?

18 REPRESENTATIVE SMITH: You're talking
19 about a method for purchasing equipment and
20 services for airports. I'm not positive, but do
21 you know if an authority can tie into the state's
22 piggyback purchase program that already exists
23 for municipalities and townships and boroughs?

24 MR. LURIE: That may be something that
25 is not known or is -- I'm not aware of it.

1 REPRESENTATIVE SMITH: Obviously, that
2 wouldn't apply to the guy from the private
3 airport side. Liz, do you have --

4 MS. BORAS: Many of them do.

5 REPRESENTATIVE SMITH: That's something
6 that already exists. I don't know how well it's
7 been fleshed out for airport needs; but I know
8 lots of boroughs buy their, you know, police cars
9 and snow plows and things of that nature where
10 they're just buying one or two in a ten-year
11 period as opposed to a state buying hundreds of
12 vehicles or whatever it might be.

13 MR. LURIE: I understand.

14 CHAIRPERSON GEIST: No other questions?
15 (No audible response.)

16 CHAIRPERSON GEIST: Thank you. Next on
17 the list is Don Branstetter. And I think Don had
18 a death in the family, is that --

19 MS. BORAS: Did he?

20 CHAIRPERSON GEIST: No?

21 MS. BORAS: I didn't see him here.
22 That's why I wondered.

23 CHAIRPERSON GEIST: I had a fax in my
24 office. I thought Paul got this thing faxed.
25 Victor Straub and Joe Bologna, Authority Chairman

1 and Airport Manager, St. Marys Airport.

2 MR. STRAUB: Joe's not with us today
3 because he had a doctor's appointment. I do have
4 a long presentation, so I don't know if you want
5 me to give this or not; but I'd like to --

6 CHAIRPERSON GEIST: Will you feel more
7 comfortable paraphrasing?

8 MR. STRAUB: Well, not really, but let
9 me start and then go ahead and skip through a lot
10 of it. A lot of it is redundant, but basically
11 what it is is the economic development of
12 Pennsylvania airports and what we feel, you know,
13 should be accomplished.

14 First of all, to begin, there are
15 numerous items to be considered when we discuss
16 the economic development of Pennsylvania
17 airports. Airports rely heavily on the economic
18 structure and the economic atmosphere in the area
19 they surround.

20 If the economic growth is positive,
21 the airport will grow; but it generally grows
22 slower than the other entities. This is one of
23 the problems, slow growth. And in the same
24 breath, if the economic growth has a downturn,
25 the airport is the first to feel that

1 repercussion.

2 As any other business, airports prosper
3 in areas of large population. Because of the
4 higher usage for airports in these areas, there
5 will be some type of a commuter major airline or
6 a substantial charter service.

7 Because of numerous businesses and
8 greater population, there are many private
9 aircraft that add to the economic structure of
10 the airport in both fuel sales, ramp fees, hangar
11 rental, and related income items.

12 Small airports in heavily populated
13 areas also enjoy some of these same beneficial
14 items. This is probably the main point:
15 Airports in rural areas have a more difficult
16 time of prospering.

17 There is definitely a need for these
18 airports; but without the large population to
19 draw from, it is impossible for an airport to
20 stabilize its growth and even its existence
21 without some type of help.

22 Federal programs and state programs that
23 are in place to help these airports with their
24 growth are extremely important. The problem is
25 with the matching funds that are necessary. And

1 that's one of the main points.

2 Many times, it is easier for airports in
3 populated areas that have the local funds to
4 obtain these grants as opposed to the airports in
5 the rural areas where funds are limited.

6 Also many of these grants do not allow
7 airports to construct hangars or other buildings
8 and facilities that would generate income to help
9 economic growth of the airport.

10 Rural airports continue to try to grow
11 to accommodate the growth of the areas around
12 them, but many times just trying to raise enough
13 funds to even operate the airport makes it very
14 difficult.

15 I know that most airports have the same
16 problem, but I will speak specifically of the
17 St. Marys Airport. We have a limited number of
18 aircraft on the field, and these aircraft are not
19 owned by the wealthy. If costs go too high, many
20 of these individuals will not be able to continue
21 to keep their aircraft at St. Marys.

22 For example, our highest rent for a
23 single engine aircraft is \$90 a month in
24 comparison to some airports in the Pittsburgh
25 area which may range in the 225 to 250 range.

1 It should be noted that construction
2 costs for rural areas are the same as urban areas
3 but income differs. This makes it very difficult
4 for rural airports to survive. At St. Marys, we
5 have always felt our job is to accommodate
6 aviation and to promote aviation, not to price it
7 so that aviation declines.

8 As you are probably aware, it
9 is very difficult to promote an airport to the
10 general population of the community. Many feel
11 that an airport is not necessary to the
12 community. Some of the community leaders feel
13 that this is a lot of lands in which no taxes are
14 derived.

15 It is difficult to put across the point
16 of how necessary an airport is to an area.
17 Industrial leaders recognize the importance of an
18 airport; but when you consider the general
19 population, they feel it is just a convenience
20 for industry, businesses, and select people who
21 enjoy flying.

22 Many times it is difficult to convey to
23 the local government and the local population
24 that an airport is vital to an area, that it
25 brings economic growth. Small airports need some

1 type of stabilization.

2 Grants definitely help. But if there
3 was some way for an airport to know that it would
4 be guaranteed funds every year, they would build
5 on these funds. Airports could then make their
6 5- and 12-year plans actually mean something
7 instead of many of them just being a wish list.

8 Agreed, not every airport can receive
9 all the funds they need. But if an airport had a
10 subsidy that they knew they would receive every
11 year, they could set aside the funds for a few
12 years and accomplish the larger projects. This
13 would certainly make it easier for an airport to
14 operate and plan for the future.

15 The aviation industry also jeopardizes
16 the growth of airports. Everything associated
17 with aviation is priced extremely high. Repair
18 parts for aircraft are outrageous.

19 We understand that in a time when
20 manufacturers had to go through a lot of testing
21 in order to have parts approved by FAA this would
22 drive the price up, but surely by now these costs
23 have been amortized and these parts should be
24 reduced in price instead of continuing to
25 increase. I won't continue on with that.

1 Many airports are developing nonaviation
2 use of their land in order to keep the airports
3 operating and growing. Airport authorities and
4 operators realize the airport is necessary but
5 also realize that just aviation activities may
6 not support the airport that is so necessary.

7 Many are resorting to using aircraft
8 land for industrial parks or nonaviation uses
9 such as automobile races, flea markets, or other
10 activities in order to raise enough money to
11 continue to operate.

12 You try to raise enough money to operate
13 the airport and hopefully raise sufficient money
14 to help the airport grow and develop. The more
15 the airport grows, the more area communities
16 benefit both directly and indirectly.

17 If money could be available to help
18 airports in these nonaviation uses when
19 applicable, it would be a tremendous help.
20 Grants, low-interest, or no-interest loans that
21 would require payback only after income is
22 generated could be used for infrastructure to
23 develop industrial parks on the airport.

24 This would be extremely helpful to an
25 airport as well as the local communities.

1 Industrial parks on an airport are ideal.
2 Usually, the industries use the airport more than
3 anyone else.

4 There is normally not a noise or
5 environmental problem with industry close to an
6 airport, but airports need help to develop these
7 areas.

8 I don't believe airports should receive
9 free handouts. That's not what I'm saying. But
10 if the money for such projects could be given
11 up front with only minimal local money necessary,
12 this would be extremely helpful.

13 After the projects are completed and
14 when income is derived from these projects, then
15 the airport could put this many back into these
16 funds so that money could be available for future
17 projects.

18 This would create economic growth and
19 would continue to create a very favorable
20 economic atmosphere for the funds that would be
21 replenished by the successes of this growth.

22 Understandably, not all projects work as
23 planned; but I believe if they were well planned
24 and they are dealt with in a reasonable manner,
25 most projects can be screened to see which

1 projects would be successful.

2 I am in no way saying that grants and
3 other means of supporting airports both by the
4 State of Pennsylvania and FAA have not been
5 extremely helpful and must continue. But in
6 addition, I think some of these other ideas would
7 certainly help in retention of economic growth of
8 airports.

9 This is especially true in rural areas
10 where an airport is necessary but the population
11 does not lend itself to develop numerous aviation
12 activities.

13 St. Marys is a highly industrialized
14 area and its industries support both the city of
15 St. Marys and many of the surrounding communities
16 both in jobs directly and also indirectly in
17 job-related industries that have branched out
18 into some of the surrounding communities.

19 The industry in St. Marys surpasses
20 cities many times its size. We have a population
21 of about 16,000 and we have manufacturing jobs of
22 about 6,000 just in the St. Marys area.

23 The airport has been a factor in the
24 growth and the location of many of these
25 industries. The industry leaders in the area

1 support the airport, but more is needed.

2 Industry believes in supporting the
3 airport, but they also believe that with the
4 economic developments they have created that
5 airports such as any other means of
6 transportation should be there to service them
7 and assist them.

8 We do not expect our industry to
9 generate income for any of our roads or anything
10 of that nature, and we should not expect industry
11 to do any more for airports.

12 Airports are a means of transportation
13 just like our roadways and waterways and should
14 be supported by the state, local, and federal
15 governments. Airports, like our highways,
16 benefit all individuals.

17 The benefit may not be as direct as
18 highways because everyone has a car and drives,
19 but not everyone has an airplane and flies. The
20 usage of airports by industry, by commuter, and
21 by charter services contributes to and are
22 related to many other services to a community.

23 People don't realize this, but
24 indirectly everyone benefits by having an
25 airport. I would also like to note that the City

1 of St. Marys contributes \$35,000 a year in
2 operating costs to the airport. Also industry
3 contributed some \$25,000 a year -- this varies up
4 and down -- for capital improvements.

5 Our budget for the St. Marys Airport is
6 in the \$170,000 range. So what we don't raise
7 from within our own by hangar rent and by the
8 sale of fuel -- we pick up and we also lease some
9 of our land to farmers for farming
10 activities -- we make up with the \$35,000 a year
11 from the City of St. Marys.

12 Also we receive \$4,000 from the County
13 Commissioners of Elk for supporting the airport.
14 I am not an expert on airports, but I have been
15 associated with St. Marys Airport for some 25
16 years.

17 I've seen it stumble and I've seen it
18 struggle and I definitely feel airports need
19 assistance, especially the rural airports to
20 stabilize their operation and give them a chance
21 to grow. Our investment in the area that has
22 continued to grow with its industry can do
23 nothing but reap profits for everyone concerned.

24 In summary, I feel all the airports we
25 have in Pennsylvania are necessary and would hate

1 to lose any of them. I realize that there are
2 many airports on the verge of being lost both for
3 economic reasons and because land developers and
4 local government see a more prosperous use of the
5 land without realizing the long-term effect of
6 not having an airport in the area.

7 The effect is negative and in time will
8 impact the area in a negative way. Lack of an
9 airport may stop industry from moving into the
10 area and the general economic growth and
11 stability of the area declines.

12 Airports need help. I do not know the
13 situation of larger airports; but I know the
14 smaller airports like the airports in our area,
15 St. Marys, DuBois, Bradford, Clarion definitely
16 need help for they are barely surviving.

17 There has to be some help to stabilize
18 these airports and keep them growing along with
19 the area that surrounds them. There are probably
20 more questions than answers, but everyone
21 realizes what it takes for economic growth.

22 Everyone must realize that airports are
23 important and we have to find some way to
24 continue to have these airlines operate, grow,
25 and develop the potential of their areas.

1 I'd like to also mention that what we
2 have done recently and -- well, in projects at
3 the airport. About a year ago or a year and a
4 half ago we purchased \$150,000 of snow removal
5 equipment. And these were funded by both the
6 federal and the state government.

7 And we made up our local share from the
8 sale of old equipment. So this was one way that
9 we could come up with local share. In the fall
10 of '97, we installed a AWOS System; and that was
11 a \$75,000 program.

12 The State provided the state grant and
13 we had to come up with 25 percent of the local
14 share. And we were able to obtain that local
15 share from a foundation in our area, the
16 Stackpole Hall Foundation.

17 And they felt that it was a safety item
18 for the community because we have Life Flights
19 coming into the area and the AWOS System was
20 extremely important for that aspect.

21 And we presently have a grant of 1.08
22 million, and this is an FAA grant and \$60,000
23 from the state and we're raising our local share
24 of \$60,000.

25 We have obtained from industry 22,000,

1 and we hope the Act 47 money will come through
2 for us to raise the rest and we are getting a
3 little bit of assistance from the City if we
4 can't raise enough money from these other funds.

5 I think it's important that the Economic
6 Development Act, the Act 47 funds, if they could
7 be used for a local share for specific projects
8 that are extremely important for, you know,
9 projects at the airport, that would help
10 especially economically for the area.

11 Future projects that we have at the
12 airport, we want to try and put a 700-foot
13 extension to the 4300-foot-long runway that we do
14 have. We want to build an additional corporate
15 hangar. We do have two Merlins stationed at the
16 airport.

17 We have one large hangar, but they need
18 another hangar for the other aircraft. And they
19 support the airport by purchase of fuel and the
20 hangar rents and so forth. And then we'd like to
21 build an additional T-hangar. We have four on
22 site now. And we want to update our airport
23 master plan.

24 So those are some of the future projects
25 that we have at the St. Marys Airport. So I

1 think mainly what we'd like to see is as much
2 assistance as we can get to obtain local
3 monies -- the local share that's required for
4 state projects and for federal projects.

5 And I can understand that the State
6 doesn't want to keep giving money out and money
7 out, but I think all that money that is received
8 is very well spent.

9 Especially in our area because we -- we
10 strongly feel that St. Marys is very
11 industrialized. They're growing. They're not
12 going backwards. St. Marys is considered the
13 powdered metal center of the world.

14 CHAIRPERSON GEIST: It sure is.

15 MR. BRANSTETTER: Actually, not just the
16 United States but the world. We have more
17 powdered metal plants in St. Marys and the
18 surrounding areas than probably all throughout
19 the country.

20 So it's a growing community, and we
21 feel that the airport has to go with the
22 community and we're trying to do that.

23 CHAIRPERSON GEIST: Thank you very much.
24 Are you a brew master?

25 MR. BRANSTETTER: I'm a director at the

1 St. Marys' Stroh Brewery, but my son is a brew
2 master.

3 CHAIRPERSON GEIST: One question I have
4 about the airport up there, our legislation that
5 we've kicked out that we'd like to see passed,
6 which is the \$50 million pool of monies, low
7 interest of up to \$10 million a project, your
8 lands that have joined that airport that are very
9 close to it, this is industrial development.

10 And with the powdered metal industry up
11 there, the ability to attract growth in that
12 industry, especially to get the corporate jets in
13 and out of there, this is the kind of economic
14 development that I think the State should be
15 deeply involved in.

16 And it just doesn't end with the highway
17 and it just doesn't stop with anything else.
18 We've got to marry those two. And support for
19 that would go a long way in helping you folks do
20 what you need to do up there because it allows
21 you to go after an awful lot of federal money
22 that you couldn't even think about matching
23 unless you had that reserve to do that with.

24 So I just -- your testimony is just
25 about what we hear everywhere we go in the state.

1 If I could encourage to you do anything, get
2 active with your MPO up there, get very active.
3 Because we're going to put everybody in the
4 same tent. I think that's the only way -- we're
5 going to get a lot of them out of the tent.

6 MR. STRAUB: What we're trying to do is
7 we do have an area there for an industrial park
8 and we're going to try and develop that. And
9 being right, it's located on airport land. And,
10 of course, they would utilize the airport and
11 they would be supporting the airport.

12 CHAIRPERSON GEIST: It's a win/win for
13 everyone. Todd.

14 REPRESENTATIVE PLATTS: Thanks,
15 Mr. Chairman. Just a follow-up on the corporate
16 end. Typical with highways where a Walmart or a
17 store comes in, they often will make a major
18 investment to the infrastructure or the road
19 system adjacent to it.

20 Is there any plans with your corporate
21 hangar and the need for additional corporate
22 space conversations with the companies that they
23 would help invest in the infrastructure as well
24 as the fuels and --

25 MR. STRAUB: Well, we did have formerly

1 a corporate industry that had that area -- that
2 hangar before; and it was Stackpole Corporation.
3 Since that time, the Stackpole Corporation moved
4 out; but they continue to have their aircraft
5 operation there.

6 They stopped operation approximately a
7 year ago and Prime Air purchased -- took up the
8 lease of the aircraft and also continued on
9 paying for the hangar. They're trying to grow in
10 that area. They are a private corporation, but
11 what they do is they supply charter service to
12 all the plants in the area.

13 And they are growing. They had one
14 airplane before they purchased another one, which
15 is another Merlin; and that's why we want the
16 other hangar. They would help fund the purchase
17 of that hangar or the building of it and so
18 forth. And so --

19 REPRESENTATIVE PLATTS: That is part of
20 your approach?

21 MR. STRAUB: That's part of the program,
22 right.

23 REPRESENTATIVE PLATTS: Okay. Thank
24 you.

25 MS. BORAS: I want to commend the

1 St. Marys people for the commitment -- the local
2 commitment that you have up there.

3 I know you've heard this from me before,
4 but I really do believe that the airports who
5 have gotten the commitment from their municipal
6 leaders, their county leaders, their businesses
7 in the long run are going to be the ones that
8 survive in the Commonwealth because it is a
9 partnership that has to exist.

10 And I want to say thank you to them
11 through you because there is a -- from a
12 population perspective and a ratio, there is a
13 large commitment on behalf of that community up
14 there to keep that airport operating; and I
15 appreciate that.

16 MR. STRAUB: We appreciate that
17 statement.

18 CHAIRPERSON GEIST: Your check is in the
19 mail.

20 MR. STRAUB: We appreciate that.

21 CHAIRPERSON GEIST: Any other questions?

22 REPRESENTATIVE FAIRCHILD: I had two.

23 CHAIRPERSON GEIST: Go ahead, Russell.

24 REPRESENTATIVE FAIRCHILD: I had two
25 things; and one Liz just hit it right, the nail

1 on the head. That is impressive. And as many of
2 you know working with your authorities and stuff,
3 it's a constant -- you feel like you're
4 campaigning and raising funds all the time trying
5 to get them from your host county or wherever you
6 can. So I think the commitment is great.

7 I do have a question on -- it seems like
8 the economic development is becoming really a key
9 buzz word in airport development. In my mind,
10 I'm not sure how that eventually works out,
11 especially for those small airports who have
12 limited acreage that might be, say, well, let's
13 develop everything we have into an industrial
14 park.

15 Be that as it may, I try to get this
16 in my mind and our authority's are also looking
17 at the same thing -- one of the things we
18 probably overlooked, not consciously, but
19 overlooked, is we're thinking about developing
20 this and everything else.

21 But yet when you take a look at the
22 assets that are in the community; i.e., the
23 chamber of commerce that represents the area,
24 Industrial Development Authority, and that type
25 of stuff, that infrastructure for development's

1 already in place.

2 I guess my question is, Are you -- is
3 your authority and other authorities, are they
4 going -- are they trying to invent the wheel as
5 far as industrial development or do you just
6 simply say, look, we have potential here, we have
7 the acreage here; would you please work with us
8 and probably be the marketing arm, et cetera, et
9 cetera, which industrial park or industrial
10 authorities do?

11 MR. STRAUB: No, we're not trying to do
12 that at the St. Marys Airport. As a matter of
13 fact, I'm a member of the Economic Development
14 Corporation in St. Marys, and we work very
15 closely with the Chamber of Commerce.

16 And we would like the planning -- we're
17 working very closely with the planning
18 corporation also -- the Planning Committee in the
19 St. Marys area. So we're not going to develop
20 that.

21 We're going to work it with them and
22 have them develop the programs. We're just going
23 to provide the land and hopefully obtain some of
24 the profits from doing this. And just with
25 having corporations there that it's going to

1 benefit the airport tremendously.

2 REPRESENTATIVE FAIRCHILD: Thank you.

3 CHAIRPERSON GEIST: Any other questions?
4 David.

5 REPRESENTATIVE LEVDANSKY: Yes, I have
6 just two quick ones. In my other life before I
7 became a legislator, I spent a couple years
8 working for the Airline Pilots Association right
9 after the implementation of the deregulation of
10 the airlines in 1978.

11 Anyhow, back in the late '70's when that
12 happened, there was this dream that deregulation
13 was going to spawn competition resulting in
14 growth of regional air carriers over national air
15 carriers.

16 And it -- Frank Lorenzo of Texas Air
17 kicked the pants off of United, Eastern, a whole
18 bunch of people. And that happened with New York
19 Air and everything else. That all happened.

20 So the regional carriers clearly deposed
21 the national carriers in terms of influence and
22 total volume in the industry, however you want to
23 look at it.

24 This economic competition and the growth
25 of the smaller regional carriers was supposed to

1 lead to a growth in smaller airlines; hence, you
2 know, an additional question of need for small
3 airports, which you all do in your industry.

4 Seems to me by what I can see happening,
5 you know, relative to small airports in my area,
6 I live right next door to actually the Ross Faber
7 Airport (phonetic) in Westmoreland County and
8 Greensburg and Latrobe aren't that far away and
9 the Allegheny County Airport's a couple miles
10 from my district.

11 And I know the struggles that they all
12 go through to raise money to fund their
13 operations and do some expansions. It seems to
14 me that that anticipated growth never happened in
15 your industry. Why didn't it?

16 And given the fact that it didn't, it's
17 clearly the state government is but a flea on the
18 tail of the economic dog that's called the
19 National Air System and how it's funded and how
20 it works.

21 You know, can we really do anything? Is
22 it really worth doing anything given the
23 framework of the larger competition in the
24 airline industry and what it has or hasn't
25 resulted in?

1 Bottom line is you guys haven't grown in
2 the last 20 years like everybody thought you
3 would. I mean, is it time to make a decision
4 about what we do or do we continue to try to run
5 around and come up with state funds to help you
6 carry on from year to year?

7 MR. STRAUB: Well, it depends on what
8 you mean when you say you haven't grown in the
9 last 20 years. I don't think that's a correct
10 statement because we have grown in St.
11 Marys.

12 We've grown from a, you know, a smaller
13 runway to a larger runway and looking at the
14 future to increase the length of that runway and
15 change the profile of making it a better runway
16 per se and trying to entice -- well, not entice,
17 because there's a lot of times larger aircraft
18 can't come into that area because they need 5,000
19 feet of runway.

20 So the larger aircraft go to DuBois or
21 Bradford and then travel by car to the St. Marys
22 area to transact their business. What we're
23 trying to do and what we tried to do in the past,
24 we tried to have a commuter service in St. Marys.

25 And we tried it actually two times and

1 it never worked out because we never had enough
2 time and funds to do it. Mainly because Bradford
3 is located here and DuBois is located here and
4 St. Marys is in the center and there's two
5 commuter service there.

6 So people will go 40 miles this way and
7 40 miles that way. So that's why -- that's why
8 the commuter service didn't fly in St. Marys.

9 REPRESENTATIVE LEVDANSKY: Because we
10 had too many airports providing that service?

11 MR. STRAUB: We had too many airports
12 close to St. Marys providing that service.

13 REPRESENTATIVE LEVDANSKY: So maybe you
14 have too many airports.

15 MR. STRAUB: No. No. You don't have
16 too many airports because industry loves to have
17 an airport close to their area. And being right
18 outside of Saint Marys three miles away, they
19 utilize it through charter service and cargo
20 service.

21 And I think it's important in the
22 infrastructure across Pennsylvania that you have
23 a series of airports. I think it's extremely
24 important. And I think to lose any of them is
25 going in the wrong direction.

1 REPRESENTATIVE LEVDANSKY: Just one
2 final question in that regard. I mean, assuming
3 a lot of this stuff, questions that I ask,
4 really, I don't necessarily agree with the
5 opinion that you may have drawn from my question.

6 But I generally agree with that. I
7 think we need to do more. God only knows. We
8 spend more paving one new mile of highway in this
9 state than we give to all airports in this state
10 to promote air transportation and regional
11 economic development too. So by and large, I
12 don't think what we do is too much.

13 CHAIRPERSON GEIST: Do you want to --

14 REPRESENTATIVE LEVDANSKY: Not the air.
15 There's more wasteful things. The question I
16 have for you is, Of the money we do
17 spend -- there was a Philadelphia Inquirer
18 article that I read in the newspaper last week
19 that I wish I would have brought with me.

20 But the numbers that I recall are 20
21 percent of all state funds in the last ten years
22 have gone into one of the multitude of small
23 airports across the state. 20 percent of all
24 state funds have been allocated to one place in
25 the last decade.

1 That happened in Casey's Administration
2 too, don't forget. Democrats obviously were part
3 of this as well.

4 MS. BORAS: I wasn't going to point that
5 out.

6 REPRESENTATIVE LEVDANSKY: Do you think
7 that given that fact -- I mean, I presume that no
8 department and no government official broke any
9 rule or regulation or anything when it came to
10 allocating that money.

11 But do you think maybe we ought to look
12 at -- does that volume, you know, that significant
13 investment in one facility, No. 1, do you think
14 that's prudent and why does it make sense; and
15 secondly, would there be any possibility do you
16 think of looking at some sort of mechanism to
17 allocate resources maybe a little more fairly
18 from the smaller airline perspective?

19 MR. STRAUB: Well, there's no doubt
20 about it. Your last statement is probably the
21 best statement, to allocate funds for equitable
22 and fairly and to all.

23 But I can't say that, you know, if the
24 money was -- 20 percent was given to one
25 particular airport, if that airport had needed

1 the funds and it was a strong, economically
2 growth area where this was going to benefit that
3 area tremendously and benefit the state, you
4 know, there's something to say about that.

5 But I still feel that --

6 REPRESENTATIVE LEVDANSKY: It has the
7 same number of takeoffs and landings as Midstate
8 Airport up in Philipsburg, which is not a real
9 big airport.

10 MR. STRAUB: I'm very familiar with the
11 Midstate because --

12 CHAIRPERSON GEIST: Midstate's a huge
13 airport in terms of acreage.

14 REPRESENTATIVE LEVDANSKY: In terms of
15 acreage; but in terms of takeoffs and landings,
16 it's small, one of the smallest in the state.

17 CHAIRPERSON GEIST: But it also has the
18 potential to be the biggest freight airport in
19 the eastern seacoast if you look at economic
20 development. And then you have to decide what
21 investment you're going to put in and what the
22 risk is.

23 REPRESENTATIVE LEVDANSKY: God, I hope
24 not. We'll be destroying the state park and
25 forest system just to achieve some alleged

1 benefit. But anyhow, so you do think maybe we
2 ought to find a way to distribute the money a
3 little more equitably? Do you have any ideas for
4 that? You don't have to answer that question.

5 MR. STRAUB: And, of course, looking at
6 how that's going to benefit the area too with
7 economic growth, you know, that's one of the main
8 things. You know, how is that airport going to
9 benefit the area? And I'm saying in our
10 particular area it benefits greatly because we
11 have a lot of industrialized plants in that area.

12 REPRESENTATIVE FAIRCHILD: When we start
13 talking about that, then the commercial carriers
14 say, yes, but look how much money we put into the
15 system. What is the percentage?

16 MS. BORAS: The big, U.S. Airways, it's
17 about 75 percent.

18 REPRESENTATIVE FAIRCHILD: Yeah.

19 MS. BORAS: The money of the Aviation
20 Restricted Account -- portion of the -- License
21 Fund, where you can get out of the Department of
22 Revenue, which sometimes you can get in;
23 sometimes you can't.

24 And even between state institutions,
25 we've been able to come up with about 70, 75

1 percent of the money in the Aviation Restricted
2 Account on an annual basis comes out of taxes
3 that are paid by U.S. Airways because they fuel
4 their planes in this state.

5 CHAIRPERSON GEIST: They didn't like it
6 very well when I talked about another penny a
7 gallon.

8 REPRESENTATIVE LEVDANSKY: 75 percent
9 comes --

10 CHAIRPERSON GEIST: They just didn't
11 like it. But one of the reasons we're having
12 these, we've got to come up with a way in
13 Pennsylvania of really supporting general
14 aviation and we've got to find a way of
15 integrating it into the whole transportation
16 complex.

17 General aviation has been the
18 stand-alone picket fence program much, much too
19 long.

20 MR. STRAUB: I agree with you.

21 CHAIRPERSON GEIST: Well, we agree. I
22 mean, that's what this Committee's doing. David
23 may not be doing this, but that's what this
24 Committee's doing. Thank you very much.

25 MR. STRAUB: I can see.

1 CHAIRPERSON GEIST: We're going to take
2 5-minute break while we change the hearing aid
3 and the paper.

4 (At which time, a brief break was taken.)

5 CHAIRPERSON GEIST: Paul, you're next.

6 MR. SEKULA: Very good. As you know, my
7 name is Paul Sekula and I'm Chairman of the
8 Clearfield-Jefferson Counties Regional Airport
9 Authority. With me today is Bob Shaffer, who is
10 the manager of our airport.

11 Between Bob and the Airport Authority,
12 we manage the DuBois-Jefferson County Airport.
13 We're here today to make comment regarding our
14 involvement and our relationship with the
15 Pennsylvania Department of Transportation's
16 Bureau of Aviation. We're happy and pleased to
17 be able to do so.

18 I'd like to read to you a statement or
19 an excerpt from the minutes of a meeting that was
20 held almost 47 years ago, the meeting of the
21 DuBois Board of Trade. Liz, I see you shaking
22 your head because you've heard this before and so
23 have you, Sam.

24 The DuBois Board of Trade was a
25 predecessor or our DuBois -- present day DuBois

1 area Chamber of Commerce. It's something that we
2 read into the minutes of our Airport Authority
3 meetings occasionally just to remind us of where
4 we came from.

5 The DuBois Board of Trade at its meeting
6 held September 4th, 1951, discussed at
7 considerable length the various obstacles
8 hampering acceptance in the area of industrial
9 development.

10 The directors decided that modern
11 airport capable of handling airline-type aircraft
12 was a must if their efforts were to be
13 successful. The directors appointed Mr. Nelson,
14 Mr. Schneider (phonetic), Mr. Bareaclaw
15 (phonetic), and Mr. Core to an airport committee
16 with the established goal of developing an air
17 carrier airport.

18 The rest is, as they say, history. In
19 1906, the DuBois-Jefferson County Airport opened
20 and we've never looked back since then. Our
21 airport has grown and it's become a key factor in
22 the economic development of our rural and
23 northwest Pennsylvania tri-county area.

24 The airport's wide, long runway;
25 top-notch safety equipment and snow removal

1 equipment; our state-of-the-art lighting and
2 navigational facilities; our terminal building;
3 our restaurant; and, of course, our commuter
4 airline flying eight flights a day, 44,000 people
5 a year to and from Pittsburgh International
6 Airport has made our airport one of the finest in
7 the nation.

8 The DuBois-Jefferson Airport is an
9 excellent example of the cooperation between
10 federal, state, county, and local governments to
11 make an airport that works and one that is of
12 inestimable -- of great value to the citizens of
13 our tri-county area.

14 My job today would be very simple if I
15 were just to sit here and enumerate the projects
16 and the dollars that we received from the State
17 Bureau of Aviation that have been invested in our
18 airport.

19 Just since 1991, we've been the
20 recipients of over a million dollars worth of
21 state grants and General Fund Acts for the
22 improvement of the airport projects that were not
23 eligible for federal funding such as our runway
24 painting, our fuel farm removal and
25 reconstruction, and our taxiway lighting and

1 improvements.

2 Additionally, State Bureau of Aviation
3 Grants have allowed to us leverage over three and
4 a half million dollars worth of federal grants so
5 that we could build projects such as our deicing
6 pad; our emergency generator project; and water
7 and sewage treatment plant, which is under
8 construction as we speak and our taxiway's
9 extension as well as a number of other smaller
10 projects.

11 But our good relationship with the State
12 Bureau of Aviation goes well beyond dollars.
13 It's hard, for example, to quantify the trust
14 that allows us to seek advice as regards to
15 project eligibility and funding options.

16 It's very difficult also to add up the
17 value of the cooperation that allows us to use
18 State Bureau of Aviation facilities and resources
19 to help us in the problems that come about in
20 trying to run a small airport in rural
21 Pennsylvania.

22 It's very difficult, again, to quantify
23 the enthusiasm for aviation that the Bureau of
24 Aviation demonstrates in their professional
25 attitude towards using the limited amount of

1 monies that are available to us prudently and
2 wisely with the minimum of bureaucratic waste and
3 red tape.

4 Perhaps it would be best to recap a
5 situation that happened a couple of years ago
6 that I think would best demonstrate our
7 relationship with the Bureau of Aviation.

8 If you'll going back with me to February
9 11th of 1994, Crown Airways, which had been the
10 operator of our commuter airline at the
11 DuBois-Jefferson County Airport who had their
12 base of operations, their headquarters at DuBois
13 and who also had their maintenance facilities at
14 DuBois, Crown Airways announced that they were
15 selling their assets to Mesa Airlines.

16 Mesa Airlines is the largest commuter
17 operation -- privately-owned commuter operation
18 in the world. And they had a very excellent
19 operation and they wanted to expand their
20 operation to the northwest -- northeast United
21 States; and DuBois-Jefferson County Airport was
22 their first step towards that, the purchase of
23 Crown Airways.

24 That was the good news. The bad news
25 was that Mesa Airlines intended to move their

1 headquarters and their maintenance operation from
2 the DuBois-Jefferson County Airport to the
3 Jamestown, New York, Airport. Jamestown, New
4 York has to this day a very large hangar. It's
5 ideally suited to Mesa's needs.

6 CHAIRPERSON GEIST: -- 20 inches of
7 snow.

8 MR. SEKULA: Lots of snow, and we
9 mentioned that. But the Jamestown Airport's
10 hangar was actually ideally suited to Mesa's
11 needs. They had already made plans to move and
12 had already announced their intentions to move
13 everything out.

14 And of course, that would have meant
15 that we would continue to have commuter service
16 because it's profitable and makes sense at the
17 DuBois-Jefferson County Airport but we would have
18 lost the 90 plus jobs represented by the
19 headquarters and by the maintenance operation.

20 The Airport Authority decided that it
21 would make sense to go to Mesa Airline's
22 headquarters in Farmington, New Mexico, in order
23 to try to convince them to stay at DuBois.

24 We put together a team of people made up
25 of Congressman Bill Clinger; Senator John

1 Peterson -- at that time, Senator John Peterson;
2 and, of course, we asked State Bureau of Aviation
3 if they would be part of that team.

4 When we asked the Bureau, the Deputy
5 Secretary of Transportation had four words to
6 say: When do we leave? Needless to say, we
7 traveled to Mesa Airlines, convinced them that
8 they should stay. And we certainly got their
9 attention.

10 And the follow-up action that took place
11 afterwards continued to hold their attention.
12 The Bureau of Aviation perform well above the
13 call of duty. The Bureau coordinated training
14 arrangements with the Department of Education and
15 the Department of Commerce.

16 The Bureau also arranged for a Phase 1
17 Environmental Assessment Study of the former
18 Crown Airways' hangar so that there wouldn't be
19 any environmental surprises for the Mesa folks.

20 The key effort in this whole effort was
21 the Bureau of Aviation grant towards the
22 renovation of the hangar building and the
23 administrative offices to bring them up to ADA
24 standards and to the standards that Mesa Airlines
25 needed for their operation.

1 To make a long story short, Mesa
2 Airlines stayed at the DuBois-Jefferson County
3 Airport and they're there today and we're very
4 please to have them there. The only people that
5 are unhappy in this whole thing was Jamestown,
6 New York. And I can guarantee you, they weren't
7 very happy at all.

8 You can't get much more "can do" than
9 that. The State Bureau of Aviation answered when
10 we called. And Mesa's presence in our airport,
11 as I mentioned, is very much appreciated.

12 We hit a home run. And with the Bureau
13 of Aviation, Congressman Clinger, Senator
14 Peterson, we hit that home run because of that
15 major league help. We appreciate it very much.

16 Now, do we want anything from the Bureau
17 of Aviation? Sure, we do. Naturally, we do.
18 The biggest item on our list right now is
19 improved access to the airport.

20 The roads leading to our very fine
21 airport and all the good things that happened are
22 very narrow, they're windy, and they change in
23 elevation and they just aren't very good.

24 PennDOT does an excellent job of
25 maintaining those roads and has done the best

1 they can do, but the roads just don't suit the
2 fine facility that we have.

3 When we look to the south about a mile
4 and a half away, we see Interstate 80. And it
5 just makes all the sense in the world to have an
6 interchange on Interstate 80 with direct access
7 to the airport.

8 It would serve all of the persons who
9 use the airport and it would make it much easier
10 to use the airport and it would make it much
11 safer to use the airport. But the main thing
12 that would happen is it would open up the lands
13 that we have around the airport for economic
14 development, which we can only dream about today.

15 We need the Pennsylvania Department of
16 Transportation's support on that project; and if
17 the past is any indication, I'm sure we'll have
18 it.

19 We appreciate the good relationships
20 that we've enjoyed over the years, and we hope
21 that the things that we've said here today
22 demonstrate that. But, boy, it sure would be
23 nice if we could hit another home run in the form
24 of having direct access off Interstate 80. And
25 we'll be in touch with you on that.

1 CHAIRPERSON GEIST: Is that it?

2 MR. SEKULA: Yes, sir.

3 CHAIRPERSON GEIST: Do you want to add
4 anything?

5 MR. SHAFFER: No, sir. I'm just here
6 for looks.

7 CHAIRPERSON GEIST: I knew that. Let
8 me ask you a couple of questions.

9 MR. SEKULA: Sure.

10 CHAIRPERSON GEIST: On the Interstate 80
11 thing, how much acreage is available there if you
12 were to develop yourself into a major freight
13 airport?

14 And the reason I'm asking these
15 questions, as we've been -- I don't know. You
16 get it all the time. But I've been approached
17 about the possibility of major highway systems
18 freight airports because the northeast corridor's
19 completely jammed.

20 MR. SEKULA: We have 55 acres that's
21 just across the street from our airport.

22 MR. SHAFFER: That we own that's ready
23 today. And in addition to that, the additional
24 farmlands that are around there. There's one
25 farm that adjoins that property that has a

1 hundred acres that if this goes through, the for
2 sale sign will go up tomorrow, you know.

3 CHAIRPERSON GEIST: If those English
4 folks were right, they said that you needed 6,000
5 acres --

6 MS. BORAS: To do it right.

7 CHAIRPERSON GEIST: -- to do it right
8 adjoining that airport up there. Now, if the
9 state were to invest in an interchange, it would
10 be crazy not to acquire the lands necessary to do
11 the job and do it right.

12 MS. BORAS: That's for a major air cargo
13 distribution facility.

14 CHAIRPERSON GEIST: Somewhere in this
15 area there should be one. I always thought it
16 should be Midstate Airport. That's the good
17 news. The bad news is how do the good folks up
18 there with all these landings and takeoffs late
19 at night --

20 MR. SHAFFER: That's one of the good
21 things, Rick. There aren't a lot of good folks
22 up there.

23 CHAIRPERSON GEIST: They always
24 congregate their building around the airport.

25 MR. SHAFFER: That very well may happen,

1 but we are rural Pennsylvania. I mean, we've got
2 one fellow across the road that Liz likes a lot
3 because he has some nice horses over there. And
4 we have another guy down at the bottom of the
5 hill that has a milking operation and you've got
6 to go quite a distance --

7 MS. BORAS: It's very rural.

8 MR. SHAFFER: -- to find somebody else --

9 CHAIRPERSON GEIST: One last question,
10 Do you have everything prepared with your MPO?

11 MS. BORAS: Are they on board?

12 MR. SHAFFER: Absolutely, yes.

13 CHAIRPERSON GEIST: Will we be seeing
14 this in testimony?

15 MR. SHAFFER: We have been ranked No. 1
16 with the North Central Pennsylvania Regional
17 Planning Commission. We have went to them and we
18 have been ranked the No. 1 project out of the
19 six-county area up there.

20 And yes, in fact, you will be seeing
21 both of us at the Transportation Hearings and a
22 little spiel on this exact project.

23 VOICE: For the interchange?

24 MR. SHAFFER: What's that, sir?

25 VOICE: For the interchange?

1 MR. SEKULA: Yes. It's interesting to
2 note that we have \$2 million worth of local
3 monies earmarked towards that particular project.
4 Need to define it a little bit more and get the
5 project moved up a little bit more before those
6 monies would be in hand, but they're certainly
7 committed and available.

8 CHAIRPERSON GEIST: If we could get our
9 piece of legislation passed, which is exactly for
10 what you guys are doing, it could be as much as
11 another \$10 million at the state bond rate to use
12 for all your matching programs. It's a wonderful
13 economic tool for aviation.

14 MR. SEKULA: This project has been
15 estimated about a year ago at \$20 million, and
16 the \$20 million included two new bridges on
17 Interstate 80 which we've taken exception with.
18 We don't think we need new bridges.

19 But if we remove those bridges, we're
20 looking at about \$13 million for the project,
21 which is a lot of money; but it's not -- in the
22 scheme of things and with what it would open up
23 as far as economic development and what it would
24 mean to our airport and to our area, it's not a
25 lot.

1 CHAIRPERSON GEIST: One final comment.
2 I just want to thank DuBois High School. They
3 scored 21 points against Altoona in the
4 championship game. It ended quick. That was one
5 of the nicest things DuBois has ever done for
6 Altoona.

7 MR. SEKULA: We appreciate your
8 comments.

9 CHAIRPERSON GEIST: Russell?

10 REPRESENTATIVE FAIRCHILD: No. Just
11 congratulations on a very nice facility. It's
12 one of the nicest I think you'll find on the east
13 coast. Good job.

14 CHAIRPERSON GEIST: Sam, this is your
15 yours.

16 REPRESENTATIVE SMITH: I don't have any
17 questions for these guys.

18 CHAIRPERSON GEIST: Watch out for David.

19 REPRESENTATIVE LEVDANSKY: Sounds good
20 to me.

21 MR. SHAFFER: He had his coffee. It
22 calmed him down.

23 CHAIRPERSON GEIST: Thank you very much.
24 Carolyn Ford is scheduled to be next, and she's
25 not here. Is anybody taking her place? Anybody

1 else that would like to make public comment
2 before where we adjourn for lunch here at the
3 great restaurant?

4 MS. BORAS: The only thing I wanted to
5 say -- and you know as a result of divestiture
6 that we are completely reorganized, the Bureau of
7 Aviation. We knew that we would have to do that
8 when we divested ourselves of the state-owned
9 airports.

10 A lot of folks don't know what's on that
11 reorganized Bureau Chart because of the fact
12 that -- hasn't approved it and Tom Keys
13 (phonetic) hasn't approved it. So there's a lot
14 of steps yet to take.

15 But I can tell you the position that
16 Demetrius (phonetic) and I are wanting to form
17 and they're going to make a pitch to form is a
18 person that would be 100 percent devoted towards
19 marketing and outreach to business communities,
20 to MPOs and LVDs to allow us -- one of the things
21 I said I wanted to do when I got rid of those
22 airports was we have got to become what all the
23 other airports in Pennsylvania needs us to be.

24 And that's the mechanism to help them be
25 all that they can be. And so we have a position

1 that we're hoping to have formed and filled
2 that would be 100 percent devoted towards
3 marketing, outreach, community development,
4 outreach to the aviation community, outreach to
5 the educating community.

6 One of the things we're really pushing
7 for is aviation education because I believe that
8 aviation is one of those things that you either
9 have in your gut or you don't. I don't know that
10 we as a country are doing enough to encourage
11 young people to be enthused about aviation.

12 Last year for the first time ever the
13 number of new pilots in this country went the
14 other way. It went the wrong way. And that
15 shows me that we're not -- we all collectively
16 are not doing enough.

17 So that's another thing that we're going
18 to really embark on is strengthening that
19 relationship between aviation as a topic and our
20 young people and doing outreach in that respect.

21 The Bureau's reorganization, we hear
22 everything that everybody's telling us; and we
23 are going to try and structure a bureau that will
24 help to meet those needs well into the next
25 century.

1 CHAIRPERSON GEIST: Paul, before we
2 leave, do you want to give a little update on the
3 reason we had to cancel in Harrisburg?

4 MR. GNAZZO: You want me to be honest?

5 CHAIRPERSON GEIST: Yeah. You might as
6 well be honest. It's funny.

7 MR. GNAZZO: We lost our hearing room.
8 That's the only reason.

9 CHAIRPERSON GEIST: Everything in the
10 Capitol was booked. We had the Minority Caucus
11 room and then they took it away from us.

12 MR. SEKULA: It will be rescheduled.

13 CHAIRPERSON GEIST: We had to
14 reschedule, but we will do it. Paul struck
15 again. All right. We're adjourned.

16 (At or about 12:16 p.m., the hearing was
17 adjourned.)

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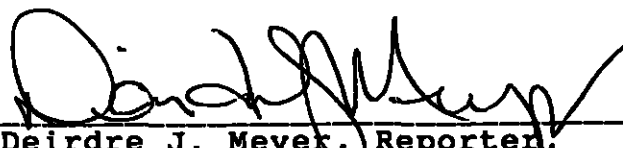
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C E R T I F I C A T E

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Deirdre J. Meyer, Reporter,
Notary Public. My commission
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