

PA House Transportation Committee Hearing Regarding House Bill 1182, 7/23/07

By Roger P. Moog, Manager Office of Aviation Planning, Delaware Valley Regional Planning Commission

The Delaware Valley Regional Planning Commission is the metro planning agency designated and funded by FAA, since 1980, to accomplish Regional Aviation System Planning for the four state twelve county Philadelphia Metropolitan Area. Counties include Bucks, Montgomery, Delaware, Chester and Philadelphia in Pennsylvania, Mercer, Burlington, Gloucester, Camden and Salem in New Jersey, as well as Cecil Co., Maryland, and New Castle Co., Delaware. I have served as Manager for the effort since 1982, and in that capacity, I have also been associated with airport capacity and market analysis studies for airports outside the above region, including airports of the Port Authority of New York and New Jersey in the New York market as well as Atlantic City, Lehigh Valley and Harrisburg airports. I serve as an appointed member of Governor Rendell's Aviation Advisory Committee, past Chair of the TRB Committee on Intergovernmental Relations in Aviation, and Panel Chair for the National Airport Cooperative Research Program Study of Aviation Capacity issues in the Northeast Corridor.

The 12 county region included in DVRPC aviation planning focuses on three commercial airports, PHL, ILG and TTN, 21 public use general aviation and corporate airports in the suburbs and two major military bases Willow Grove NAS, and McGuire AFB.

I have followed aviation demand and facility capacity trends in the market since 1982, which roughly corresponds to the date of deregulation of the commercial airline industry. As we all know, our region is in the middle of the northeast corridor of the U.S. Since 1982, population has grown here, suburbanization has crowded the once bucolic suburbs, and demand for commercial air service has escalated by a factor of three times. Commercial airline capacity at PHL, ILG, ACY, ABE and TTN is basically the same as in 1982, with three times the traffic, at PHL. Projections to 2025 at PHL call for another 50 to 75% increase in traffic. Efforts to provide more capacity at PHL (30% increase max) are being opposed by local neighbors who do not want more traffic over their homes. At TTN, where the county tried to increase airline service from 10% to 20% of total operations, neighbors prevented this expansion. At Willow Grove, where the military downsizing created opportunity for corporate use thereby relieving PHL, neighbors are legislatively opposing any civilian use. The urbanization of our suburbs is causing small airports used by business to close or curtail operation. In fact 8 of the 29 suburban airports operating in 1980 have closed, a loss of 28% of suburban capacity in the region.

Since the airline industry was deregulated in 1980, airlines are free to provide service and compete for market share where they want. Industry competition has focused on hub airports like PHL, EWR, JFK, LGA where demand is at or exceeds capacity. Other commercial service airports which could serve passengers from the PHL market are grossly under utilized due to lack of competitive airline service destinations and fares.

Hub airports in the most congested areas of the country, the northeast corridor, and the LA basin, including Las Vegas and Phoenix, can not build out to meet current and future demand. Historically, airlines are not willing to diversify operating locations in these problem areas to relieve hub congestion. The country has never faced a commercial service demand situation like today's and tomorrow's, and the system, at least in our region, cannot rely on traditional approaches at hub airports.

I believe, in order to avoid more delays and the burdening of residents around hub airports, legislative and incentive approaches need to be implemented to encourage 1) airline service to smaller hubs, 2) off peak airline service at hub airports, 3) new startup airlines at non-hub settings, 4) quality of service improvements and reduction in delays needed for the entire national system. Therefore, more airports may ultimately need operating limitations. These types of limitations, incentives, and controls are not currently within the FAA's, states or airports control and will require implementation through legislative, regulatory, or funding programs actions.

Testimony of the City of Philadelphia on House Bill #1182
Presented to the House Transportation Committee
By Charles Isdell, AAE, Director of Aviation
July 23, 2007

Good afternoon, Chairman Markosek and members of the Transportation Committee. My name is Charles Isdell and I am the Director of Aviation for the City of Philadelphia. I am pleased to present you with the City's response to House Bill #1182. In short, the City is opposed to the Bill. Our most cogent argument against the Bill is our belief that it will not accomplish its stated objective, that being the improved distribution of air service in our region. We certainly agree that there is a need to increase the utilization of our neighboring airports, particularly the Lehigh Valley Airport. However, the creation of an authority to manage the two airports will not move us toward that goal. In fact, such a change could do irreparable harm to our regional economy by creating a lengthy period of uncertainty and instability for both airports during a time of unprecedented volatility in the aviation industry.

Philadelphia is now the only Pennsylvania airport designated a "large hub" by the FAA, meaning that it handles more than 1% of the entire nation's passengers. As of today, almost 700 flights a day depart from Philadelphia carrying a total of about 61,000 seats, while about 35 flights a day depart from Lehigh Valley carrying a total of about 1,800 seats. Changing the form of governance at the airports will have absolutely no effect on this imbalance. Since deregulation took effect in the 1970's, the provision of air service to any community in the United States has been a free-market, airline decision. Under Federal Aviation Regulations, Philadelphia has no authority to limit the number of flights that an airline can bring into its airport, nor has Lehigh Valley the right to mandate an airline to add flights. These facts will not change as a result of the passage of Bill #1182. In our opinion, the Commonwealth would be better served to focus its energy and resources on the continued development and promotion of the wonderful asset it has in Allentown. To succeed, you must convince airline planners that an under-served market exists there and that flights to and from that airport will be economically viable. Perhaps air service incentives such as those offered by other communities could be subsidized by the Commonwealth to attract new entrants. Pennsylvania travelers that are leaking to out-of-state airports, like Newark, should be your primary marketing targets.

Philadelphia is both respectful and supportive of our neighbor 54 miles to the North. We believe LVI is a well-managed and well-positioned facility that has been disproportionately impacted in the post-9/11 era, first by US Airways' retrenchment as they restructured through two bankruptcies and, more recently, by the continuing escalation of fuel costs. However, an attempt to artificially accomplish a migration of air traffic from Philadelphia to Allentown by harnessing the two airports together could have a detrimental impact on both airports and their surrounding communities. Let me provide you with a brief description of our Airport, its financial infrastructure and its role in the metropolitan Philadelphia community, all of which could be jeopardized by the passage of Bill #1182:

According to a 2005 study commissioned by PADOT, Philadelphia International Airport generates over \$14 billion a year for this region's economy. Each day, 34,000 employees report to work for more than 200 employers at the Airport. 29 airlines operate 700 daily departures to 120 cities. We serve a natural catchment area of about 6 million people, who live in the 11-county metro area. About 65% of our passengers live in this area. Our 2006 all-time record of 31.8 million passengers ranks us 15th in the U.S. and 27th in the world. Our 517,000 take-offs and landings rank us 9th in the U.S. and 10th in the world.