

Traffic Jams along our Aerial Highways:

Building more Capacity

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Growing Pains

Worldwide, US accounts for 45% of **ALL** traffic

- 538 commercial US airports
- Top 70 airports account for 90% of commercial air traffic, **But...**
- Top 30 = 70% / Top 17 = 50%
- Only 2 proposed U.S. airports; 80 are proposed worldwide



The Airport Puzzle

Of the 538 commercial airports:

- 70 “small hubs” account for 7.1% of all passengers
- 42 “medium hubs” account for 22.2% of all passengers
- 29 “large hubs” account for 67.3% of all passengers



Our impending traffic jam: One billion enplanements

Traffic will increase by 50% in 10 years

- In 2000, there were 425,500 delays
- 21% increase over 1999
- 1999: 22 airports >20,000 hours of delay
- 2007: 30 airports severely congested
- 25 airports = 62% of flights
- = 96% of all delays



Keeping pace with demand

- 19 new runways at major airports since 1991, ***but....***
- Only 5 at 25 airports with most delays
- Through 2007, at top 25, 9 more expected to come on line
- 25 runways = 50 miles of runways for current demand



Airlines Respond to Passenger Demand

- Frequency replaces larger aircraft
- In 1999, average number of seats per take-off was 139
- Down 10 seats since 1993!



The load factor

- 1993-2000: increased by 9.6%
- 2001-2003: decrease by 0.9%
- 2004 and beyond: average aircraft load grows 70.5%, ***but***,
- 42% of air carrier movements account for 8% of enplanements.



Regional Jets take-off

- 1991: Total of 6 at 1.1% of airports
- 2000: 184 at 38.7% of airports
- 112,500 RJ departures at CVG
= 55.4% of their total



What can we do about it?

Get some more capacity

Airspace

Airports

Ration capacity

Manage the demand



Airports

Develop new capacity

Make better use of ***existing*** capacity



Developing capacity

Time is not on our side ...

- Average time for expansion projects is 10 years (some can last as long as 25 or 30 years).
- In the past 5 years, only 3 new runways were built at the 28 largest airports.



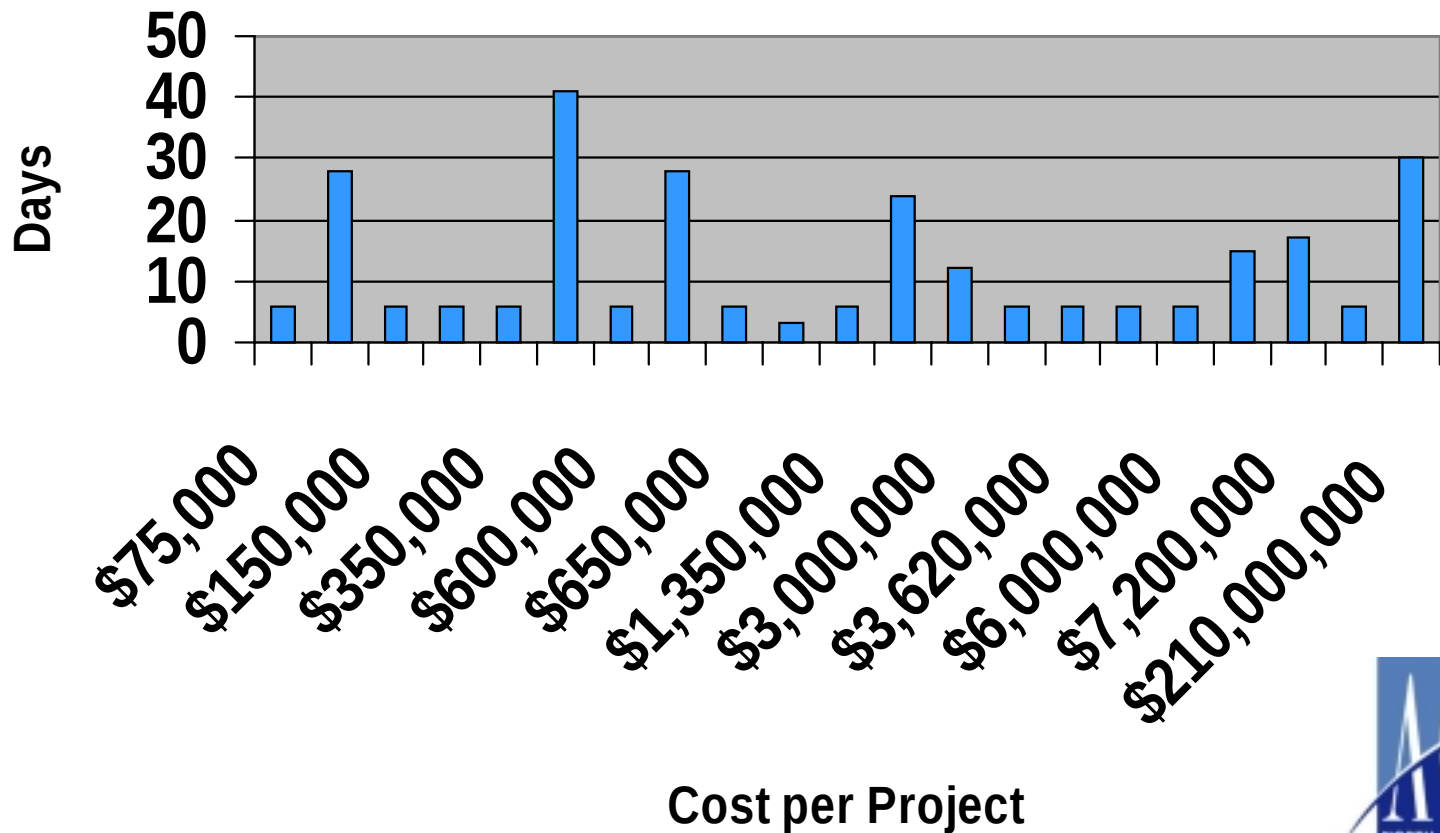
EASE

Expedited Aviation System Enhancement

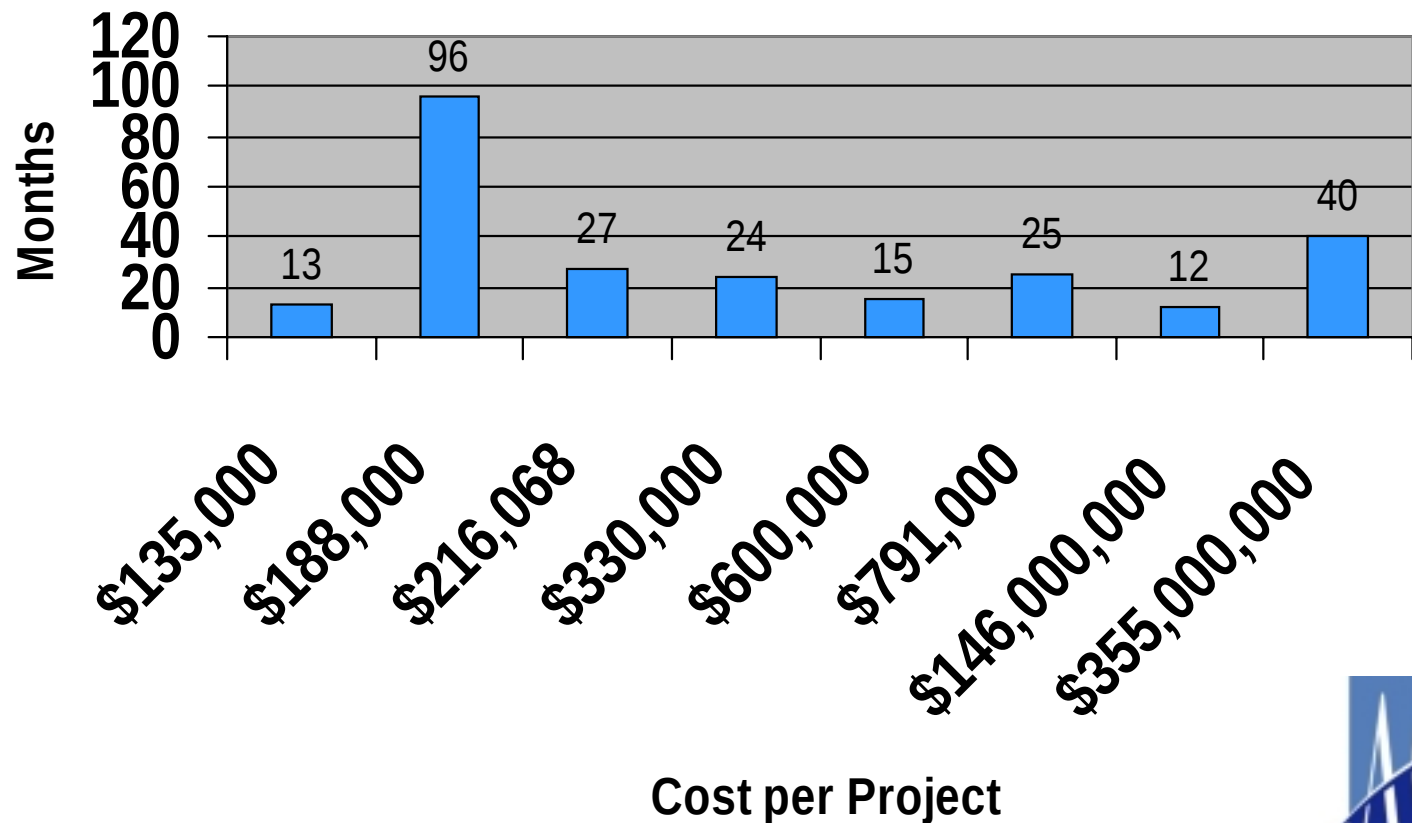
- Comprehensible
- Predictable
- Finite



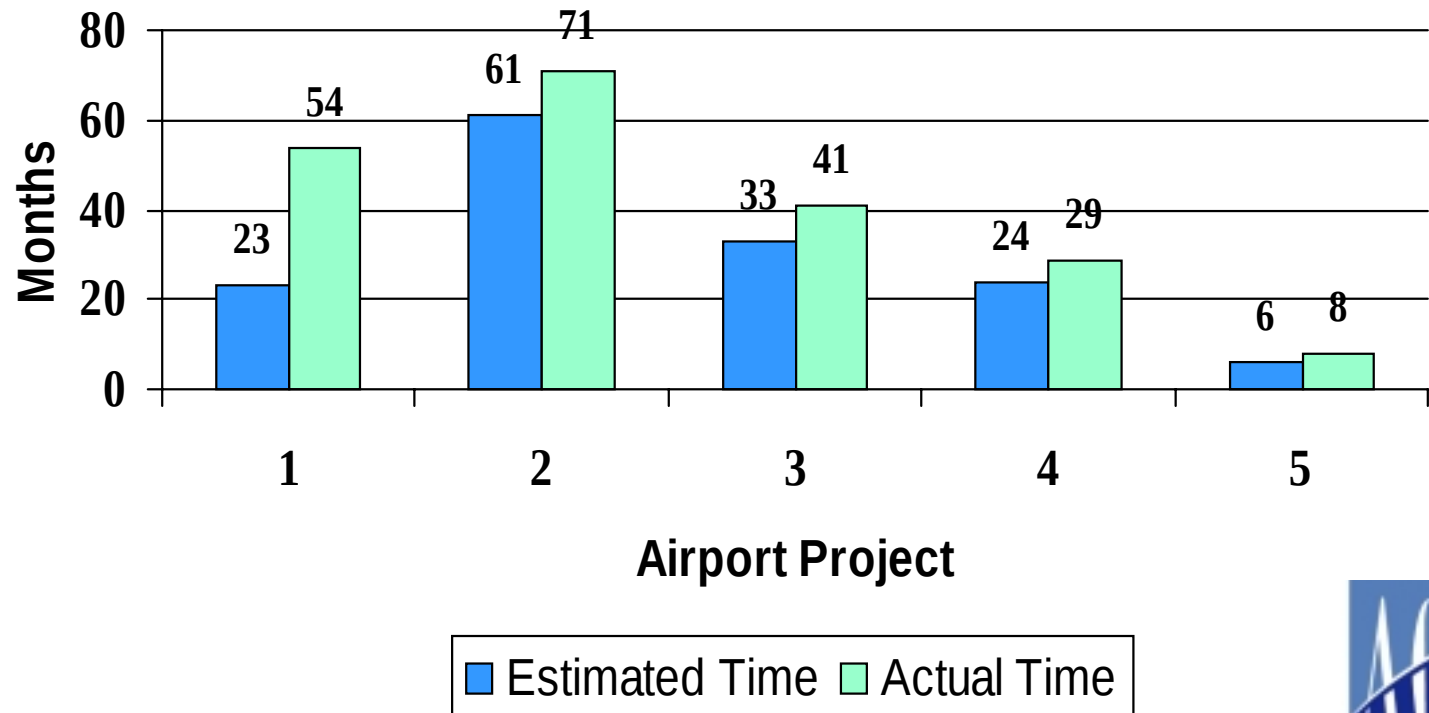
Categorical Exclusion Approval Process Time vs. Cost



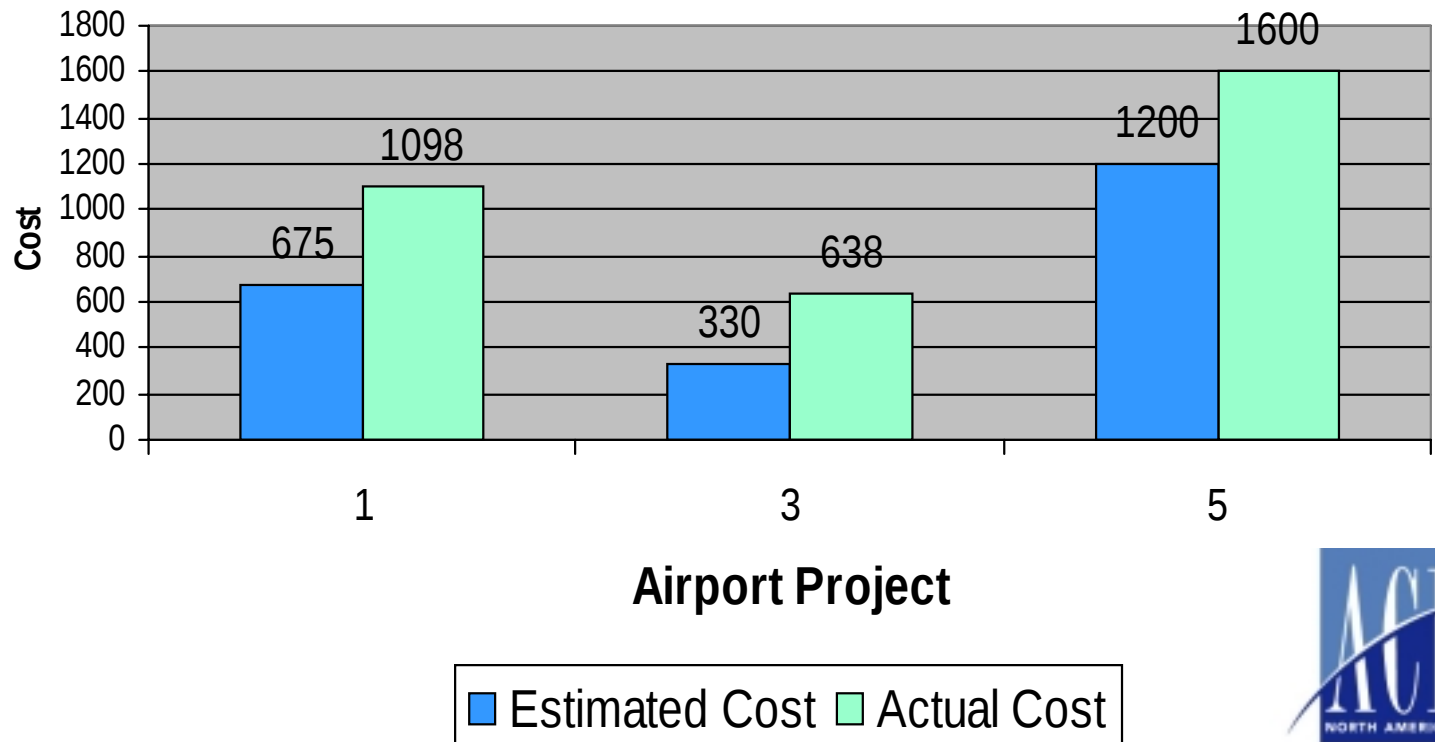
Environmental Assessment Approval Process Time vs. Cost



Environmental Impact Statement Approval Process Estimated Time vs. Actual Time (in months)



Environmental Impact Statement Approval Process Estimated Cost vs. Actual Cost (in thousands)



EASE Initiative

1. Declaration of “Critical National Airport Capacity” projects
2. Priority processing by all agencies of Critical National Airports Capacity projects
3. Airspace System Capacity Enhancement Council/Czar
4. Airport Funding of Project-specific additional FAA staff or consultants, for Expedited Review of Critical National Airport Capacity Projects



EASE Initiative (cont'd)

5. Expand Categorical Exclusions
6. Facilitate agreements with local governments to allow additional mitigation for Critical National Airport Capacity Projects
7. Require realistic State Air Quality Implementation Plans
8. Eliminate requirements for Governors Certificate



Manage Limited Capacity

- Not our first choice
- Most airports don't need it
- Most airports don't want it
- Once size does not fit all



Key Questions

- What to do?
- Does it work in this situation?
- Who can do it?
- What to do with incremental revenue?



JUST SAY NO:

Administrative Measures

- Slots
- Lotteries
- Perimeter rules
- Administrative limits on aircraft size



Managing Demand by Setting Prices to Change Behavior

- Congestion pricing
- Peak period pricing
- Minimum landing fees
- Relevance of “weight-based” pricing
- Pricing for other social goals: Emissions?
Noise?
- Auctions



Conflicting Public Policies

- Make most efficient use of scarce resources
- Expand effective capacity
- Promote competition for the consumer
- Make room for access from small communities
- Address environmental and social impacts
- Avoid conflict with international agreements
- Ease of administration
- Protect US airline industry



Most important goals

- Don't kill the goose that lays the golden egg
- Keep that economic engine humming

