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American Association of Airport Executives

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SENATE CLEARS DOT/FAA/TSA FUNDING BILL

The Senate on Jan. 23 approved the Omnibus Fiscal Year 2003 Appropriations bill, which includes funding for DOT and other agencies.

Although the White House and congressional Republicans agreed to reduce the overall size of the package, the Senate-passed bill includes \$50 million more than the chamber previously approved for airport terminal modifications needed to accommodate explosives detection system (EDS) equipment. Further, the Senate bill fully funds the Airport Improvement Program (AIP) at \$3.4 billion. TSA's operations account is funded at \$5.346 billion, including \$250 million for installation (up from \$200 million) of EDS and explosives trace detection machines at airports and \$124 million for procurement of additional EDS machines.

The measure provides \$78 million for FAA's Contract Tower Program and \$6 million for the cost-sharing program; \$20 million for the Air Service Development Pilot Program, and \$128 million for the Essential Air Service Program.

The House has not yet considered a similar omnibus funding measure but has taken procedural steps to ensure that a funding bill can move directly to a House/Senate conference committee. Conference meetings could begin as early as this week, and final action on the measure is expected in February.

LOY PROPOSES SECURITY FUNDING SOURCES

Four funding sources should be tapped to pay for airport security enhancements, Transportation Security Administration (TSA) head James Loy told the U.S. Conference of Mayors' meeting last week in Washington, D.C.

These sources are TSA formula-driven reimbursement, Airport Improvement Program (AIP) funds during fiscal year 2003, a new fund similar to AIP that is designed for multi-year security enhancement projects, and airport monies, Loy suggested. He noted that congressional appropriators are unlikely to allow AIP funds to be used for security purposes beyond fiscal year 2003 but would require that AIP grants revert to their original purpose of infrastructure improvements.

In other areas, Loy said creation of a transportation workers identification credential (TWIC), upgrading the current Computer-Assisted Passenger Prescreening (CAPPS) system and developing a volun-

tary "registered traveler" program to facilitate the passenger screening process in airports are three projects now underway.

Loy said the TWIC project will use Los Angeles International and Philadelphia International as evaluation sites for the TSA to review technologies that could be used as a nationwide standard transportation workers' credential. The TWIC card will have a biometric component, he said.

Loy said the CAPPS II project will involve removing the current program from airline control and bringing it inside the TSA. The TSA will ensure the integrity of passenger identification and compare names to an integrated watch list "that truly represents foreign terrorists so we can make good judgments as to who in the millions of folks coming to the airport on a daily basis deserve greater scrutiny...before they board the aircraft," Loy said.

The registered traveler program will be a spinoff of TWIC and CAPPS II, Loy said. "Those who are registered travelers will have identified themselves well in advance as folks requiring normal scrutiny rather than heightened scrutiny and will actually off-load the numbers game going through the normal (security) lines," he said.

CARRIERS REPORT FOURTH-QUARTER RESULTS

American last week reported a fourth-quarter net loss of \$529 million compared with last year's fourth-quarter net loss of \$734 million.

For the full year 2002, American posted a net loss of \$2 billion before special items, and \$3.5 billion after special items. For 2001, the carrier reported a net loss of \$1.4 billion before special items, and \$1.8 billion after

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ANTN TRAINING TOPICS...

...for the week of Jan. 27: **Monday**, ANTN Classics: Working with a Rescue Raft; **Tuesday**, Resources for ARFF Training, Part One; **Wednesday**, Resources for ARFF Training, Part Two; **Thursday**, Resources for ARFF Training, Part Three, and **Friday**, *Aviation News Today*.

For information on AAEA's ANTN DigiCast, contact Pat Raker at (703) 824-0500, Ext. 125. For information on custom training videos, contact Jim Martin at Ext. 166.



special items.

"Clearly, results such as the ones we reported today are unsustainable," said American Chairman and CEO Don Carty. "As we've been discussing with our employees, we believe that a permanent shift has occurred in the airline revenue environment, which will require us to reduce our annual costs by at least \$4 billion."

Standard & Poor's said it placed its BB minus corporate credit ratings and other ratings for AMR Corp. and American Airlines on CreditWatch with negative implications, "reflecting continuing heavy losses and diminishing sources of backup liquidity as available collateral is used for borrowings." Fitch Ratings initiated coverage of American and assigned a rating of CCC plus to the company's senior unsecured debt with a negative outlook. The rating reflects "deepening concerns over American's ability to respond to the continuing industry revenue crisis by quickly overhauling its labor costs and renegotiating union contracts," Fitch said.

Southwest, meanwhile, reported net income of \$42.4 million for the fourth quarter, compared with \$63.5 million for the same three months in 2001. The airline also posted its 30th consecutive year of profitability, with annual net income of \$241 million compared with 2001 net income of \$511.1 million.

Carrier Vice Chairman and CEO James Parker commented, "Based on the uncertain revenue environment, we cannot guarantee a profitable first quarter 2003."

America West posted a fourth-quarter net loss of \$32.5 million, compared with a loss of \$60.9 million in the same three months last year. For all of 2002, the company's net loss widened to \$430.2 million from \$147.9 million in 2001. Last year's results include a \$272.3 million charge from adopting new goodwill-accounting rules. Excluding that and other items, America West said it would have lost \$128.2 million in 2002, compared with a 2001 loss of \$176.9 million.

GAO DISCUSSES AIR SERVICE DEVELOPMENT

While financial incentives offered by a community may convince an airline to institute service, a longer-term relationship "may rest on a community's commitment to making air service a priority," the General Accounting Office (GAO) concluded in a new report last week.

GAO noted that financial incentives alone may not keep a carrier in a market. "At communities GAO studied in depth, financial incentives were most effective in attracting new service," the office said, adding, "However, the additional service often ceased when incentives ended."

GAO conducted the study for members of Congress who requested a followup on the March 2002 GAO study that found small communities had almost 20 percent fewer departures in October 2001 compared with October 2000. GAO defined small communities as those served by small hub or non-hub airports and identified 292 such communities that have taken steps to enhance air service. During an in-depth study of 12 small communities, GAO found that 11 of them offered financial incentives that resulted in new or enhanced air service or lower fares at least during the term of the agreement. However, GAO noted that at five communities for which the financial incentive program had ended, only one retained the enhanced air service. "The experiences of the four other communities, all with non-hub airports, illustrate the difficulty of sustaining service enhancements once the financial incentive or other subsidy ends," GAO said.

A community's population is a key factor in its efforts to attract air service, even though size is largely beyond a community's control, GAO said. Two other factors, within a community's control, do increase the likelihood of success, the office said. The first factor is the presence of a driving force—the local airport or community officials—who spearhead a program for change. The second factor is a tangible community action signaling that obtaining improved air service is a priority. For example, GAO said, Eugene, Ore., obtained additional service from two airlines because local businesses pledged travel funds to demonstrate their support. These actions helped the community attract air service and then to develop sustainable service. Four other communities that relied on funds from the state or local government, without taking this additional action "lost the service when the subsidy ended," GAO said.

IG LISTS DOT TOP MANAGEMENT PRIORITIES

The risk of aviation accidents due to runway incursions declined 17 percent last year from fiscal year 2001, DOT Inspector General Ken Mead said last week.

In his annual report on the department's management priorities, Mead said operational errors and runway incursions remain on the list of top management challenges at DOT, however, because at least three serious operational errors and one serious runway incursion occur, on average, every 10 days. To further reduce the number of runway incursions, Mead said FAA needs to follow through on its plans to train pilots to avoid incursions and use technology to warn pilots and controllers of potential incidents.

Mead also stated that FAA must address future

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capacity issues "while there is still time to avoid a repeat of the gridlock conditions prevalent in the summer of 2000." The agency needs to be strategically positioned, through a combination of new runways, better air traffic management technology and greater use of non-hub airports, for when the demand for travel rebounds, he said.

In another area, Mead said the Transportation Security Administration (TSA) needs to ensure that the skills of its new screeners are expanded to provide a world-class security force. Before the TSA can expand screeners' skills, however, the new agency must develop a performance measurement system to determine where to concentrate its training efforts, he cautioned.

The TSA also must ensure that at some future date explosives detection system (EDS) equipment is moved from temporary locations at the largest airports into total baggage systems and that it can be relied on to perform as expected, Mead said. Further, he noted, the TSA needs to implement cost controls to cope with the large number and dollar amount of the security contracts it is managing.

Since DOT will continue to have a supporting role in transportation security, department officials must establish an effective relationship with the new Department of Homeland Security, the IG said. The TSA moves to the new department on March 1.

INS FAULTED FOR AIRPORT FACILITIES

The Treasury Department's Inspector General (IG) last week claimed that the Immigration and Naturalization Service (INS), which will become part of the new Department of Homeland Security, has failed to correct problems with its airport facilities that are used to screen foreign visitors to the U.S.

The IG outlined the scale of the problem in a 1999 report and last week said INS has not corrected problems found at that time. By not taking remedial action, INS has left airports vulnerable to "illegal entry, escapes, injuries and smuggling of aliens and contraband into the United States," Inspector General Glenn Fine said.

The full report is available online at <http://www.usdoj.gov/oig/audit/INS/report.pdf>.

DOT AWARDS SLOTS AT REAGAN NATIONAL

DOT awarded Corporate Airlines two slot exemptions at Reagan Washington National to provide nonstop service to cities in North Carolina. It also awarded AirTran four slot exemptions for service to cities in Florida.

Corporate may serve Wilmington, Jacksonville or Fayetteville, N.C. AirTran may serve Fort Lauderdale, Fort Myers or West Palm Beach, Fla.

NOTAMS

(Notices To Airport Managers)

Business Opportunities

The Hillsborough County (Fla.) Aviation Authority is soliciting bids for a self-service luggage cart concession at Tampa International Airport. Bid packages will be available after Jan. 29. Companies must meet the following minimum eligibility criteria: three years of experience in the continuous operation of luggage cart concessions for three or more different clients; two clients must be airport clients, and one such airport contract must have generated annual gross revenues of \$500,000 or more over a three-year period. For a bid package, submit a letter of interest on company letterhead before 4 p.m. local time Feb. 4 to Diane Pryor-Vercelli, Senior Director, Properties and Contracts Administration, Hillsborough County Aviation Authority, P.O. Box 22287, Tampa, FL 33622, fax (813) 870-7868. The letter must provide company's mailing address, telephone and fax numbers and contact person's name. A mandatory pre-bid conference is scheduled for 10 a.m. Feb. 5 in the authority's board room, located on the Transfer Level (3rd Floor) of the Landside Building at the airport. Bids timely received will be publicly opened and read aloud at 2 p.m. Feb. 21 in the board room.

The Jacksonville Airport Authority (JAA) will receive proposals until 2 p.m. EST Feb. 19 for an owner/operator in the development of an executive club/VIP lounge concession for Jacksonville International Airport (JIA). The successful proposer will have the right to provide the users of JIA with all services associated with an executive club/VIP lounge concession. All proposals must be submitted in accordance with specification Number 03-05-144, which may be obtained from Jacksonville Airport Authority, Procurement Department, 2101 Barnstormer Road, Jacksonville, FL 32218, (904) 741-2352.

Tallahassee (Fla.) Regional Airport (TLH) is in the process of researching opportunities to expand its food and beverage operation. The airport will be issuing a request for proposals for the food and beverage operation in the near future. TLH's goal is to explore opportunities with companies that specialize in customizing food and beverage service that identifies and targets the needs of the traveling public, with a strong emphasis on customer service. Foodservice systems that feature a combination of branded concepts and local concepts are desirable, but TLH hopes to explore other options as well. Prospective bidders are invited to the airport to exchange information and tour the facilities in an "open house" style setting on Monday, Feb. 3. The session will provide information on the airport's food and beverage operation, the city's bid process, MBE/DBE goals and to answer questions in an informal setting. To RSVP for the open house session, call (850) 891-7821 by Jan. 30.



**75th Annual AAAE
Conference and Exposition
April 27-30, 2003
Los Angeles, California**

Plans for the 75th Annual AAAE Conference and Exposition, April 27-30, 2003, in Los Angeles, California, are well underway! The conference host, Los Angeles World Airports, and the Conference Program Committee have been hard at work coordinating just the right mix of business and social functions. It will be a celebration of the 100th anniversary of the historic first flight of Wilbur and Orville Wright, the 75th anniversary of Oscar and the Academy Awards, the 75th anniversary of LAX and last but certainly not least, the 75th Annual AAAE Conference itself! The conference will include 30 business sessions, with hot topics on everything from wireless communications to the impact of today's economy on air service development; networking opportunities galore, and the largest exposition of its kind, featuring vendors of every service and product imaginable!

MAJOR EVENTS

Once again, the annual conference opening reception will be dedicated to advancing the work of the AAAE Foundation scholarship fund. Throughout the reception, drawings for prizes—donated by corporate sponsors and members—will be held in the exhibit hall. Be sure to purchase your chances and you could win airline tickets, hotel packages and the grand prize of a trip for two to Hawaii! You must be present in the exhibit hall to win any prize.

CONFERENCE SESSIONS

To help airport executives work and plan effectively in these uncertain times, AAAE will be inviting industry policymakers and high-ranking DOT/FAA officials to guide discussions on the challenges facing the airport management industry today. We'll address the future of explosives detection technology; the impact of the changing airline business model on airport management; customer service challenges at airports; airport wireless challenges; attracting air service in a shrinking economy, legal challenges and much, much more!

CONFERENCE WEBSITE

Visit <http://www.airportnet.org/annual2003/> for registration materials, exhibitor information and sponsor opportunities, as well as Los Angeles-related links!

CONFERENCE LOCATION AND TIMES

Business sessions and the exposition will take place Sunday through Tuesday, April 27-29, at the Los Angeles Convention Center, 1201 South Figueroa Street, Los Angeles, CA 90071, phone (213) 741-1151. Wednesday's business sessions, breakfast, luncheon, final banquet and the spouse/guest orientation breakfast and tour departures will be held at the Westin Bonaventure Hotel.

HOTEL RESERVATIONS

A block of rooms is being held at the Westin Bonaventure Hotel, the headquarter hotel, 404 South Figueroa Street, Los Angeles, CA 90071, phone (213) 624-1000, fax (213) 612-4800. All attendees will receive a special rate of \$197 single or \$217 double occupancy. Additional rooms are being held at the Wilshire Grand Hotel & Centre, 930 Wilshire Boulevard, Los Angeles, CA 90017, phone (213) 688-7777, fax (213) 612-3989. All attendees will receive a special rate of \$169 single or double occupancy. Reservations for both hotels must be made by April 3, 2003, in order to guarantee these rates. Reservations made after this date can only be honored on a space and rate available basis. To make your hotel reservations at the Westin Bonaventure, call the hotel directly at (213) 624-1000 and for the Wilshire Grand, call (213) 688-7777 or (888) 773-2888. Remember to identify yourself as part of the American Association of Airport Executives group in order to take advantage of our exclusive conference rates.

REGISTRATION FEES

The corporate member rate is available to three individuals per company. All other corporate attendees must pay the Corporate Non-Member rate. Any airport or company registering five or more people at one time will receive a 5 percent discount! Contact Jonna Swann at (703) 824-0504 or jonna.swan@airportnet.org with additional questions. Registration fees are as follows:

	Paid in full by 3/21/03	Paid between 3/22/03 and 4/16/03	After 4/17/03
AAAE Member (Airport or Corporate)	\$610	\$695	\$750
AAAE Academic Member*	\$285	\$325	\$360
Airport Non-Member	\$745	\$795	\$840
Corporate Non-Member	\$950	\$975	\$990
DOT/FAA Employee Rate	\$310	\$380	\$440
Spouse/Guest ***	\$210	\$210	\$210
Member Conference Lite (CL) ****	\$400	\$450	\$495
Academic Member CL ****	\$195	\$225	\$250
Airport Non-Member CL ****	\$550	\$560	\$610
Corporate Non-Member CL ****	\$660	\$675	\$725
Golf Tournament **	\$100	\$110	\$120

* Academic members must have their membership paid in full at the time they register in order to receive this special rate.
 ** Registration is based on a first pay, first play basis.
 *** Guests of full registrants only. Guests may not be employed by an airport or airport related company. Includes the opening lunch and reception, orientation breakfast on April 28, chairman's reception, final banquet and dessert reception. Spouse/Guest tours and activities are priced separately.
 **** Includes exhibit hall functions and meals only. Excludes Monday night event, luncheons on April 28 and April 30 and final banquet on April 30. (Tickets are available on site for luncheons and the final banquet.)

2003 AVIATION ISSUES CONFERENCE SPONSORS

JANUARY 5-9, 2003 · KONA, HAWAII

For many years, AAAE has relied on its corporate members and friends for financial support. At the same time, we strive to make such corporate support of value to each company by providing recognition and public thanks. AAAE would like to thank the following companies for their contributions to this conference. Without the support of our corporate members and friends, AAAE would not be what it is today.

Cargo Airline Association

Hawaii Department of Transportation

United Airlines

American Airlines

Continental Airlines

Delta Air Lines

Northwest Airlines

Avis Rent-A-Car System, Inc.

National Air Traffic Controllers Association

Baker, Donelson, Bearman & Caldwell

Bechtel Corporation

FedEx Express

United Parcel Service

The Boeing Company

Airbus North America Holdings Company

InVision Technologies

National Air Transportation Association

Jefferson Government Relations

United Technologies

CBL Systems

Honeywell

Intelli-Check, Inc.

Lockheed Martin ATM

Raytheon

SITA

Heimann Systems

Air Transport Association

U.S. Contract Tower Association

General Aviation Manufacturers Association

Venable, LLP

Airports Council International-North America

L-3 Communications Security Systems

Denny Miller Associates

ARINC

Akin, Gump, Strauss, Hauer & Feld, LLP

DM Airport Developers

PB Aviation

AB Management Associates

NBBJ

Blue Hawaiian Helicopters

Sunshine Helicopters

Ampco System Airport Parking

Laser Data Command, Inc.

**American Association of Airport Executives
Conferences and Educational Programs**



Scheduled as of 1/24/03 • Dates and locations are subject to change

Registration information is published approximately three months before the program.

For further information, you may contact AAAE at (703) 824-0504, unless otherwise noted, or you may obtain registration forms for our meetings by calling our fax-on-demand number at 1-800-470-ARPT.

Please review our web site located at <http://www.airportnet.org> for additional meeting information.

**** CEU credits apply only to Accredited Airport Executives (A.A.E.s) ****

☐ Denotes a meeting just added to the calendar

2003

January 27—Fort Myers, Florida

Holiday Inn Select Fort Myers Airport Hotel
**AAAE Airport Security Coordinator
Training School (6 CEU credits)**

February 3-4—Reno, Nevada *Eldorado Hotel*

**AAAE/IMG National Airport Performance
Measurement and Benchmarking
Workshop (9 CEU credits)**

February 10-12—St. George, Utah

*Exhibit and
Sponsorship
Opportunities
Available*

**Northwest Chapter AAAE Annual
Conference and Exposition (15 CEU
credits)** Contact David Ulane, A.A.E. at
(435)634-5822

February 19-21—Denver, Colorado

*Sponsorship
Opportunities
Available*

Denver Marriott City Center
**AAAE/ACC Airport Planning, Design
and Construction Symposium
(15 CEU credits)**

February 19-21—Daytona, Florida *Daytona Beach Hilton*

**AAAE/Southeast Chapter AAAE
Finance and Administration Conference
(12 CEU credits)**

February 23-25—Tucson, Arizona *Hilton El Conquistador*

**AAAE Liability Insurance and Risk
Management Workshop (9 CEU credits)**

March 2-4—Columbus, Ohio *Adams Mark Columbus*

**AAAE/Great Lakes Chapter AAAE
National Air Service Conference
(9 CEU credits)**

March 2-4—San Diego, California *Westin Horton Plaza*

**AAAE Airport Volunteer Ambassador/
Customer Service Programs Workshop
(9 CEU credits)**

March 2-5—San Diego, California *Westin Horton Plaza*

*Exhibit
Opportunities
Available*

**AAAE Geographic Information Systems
(GIS) Workshop (12 CEU credits)**

March 2-8—Arlington, Texas

**AAAE/South Central Chapter AAAE
Accreditation/Certification Academy
Written Exam Review**

March 9-11—Galveston, Texas

*Exhibit and
Sponsorship
Opportunities
Available*

**South Central Chapter AAAE Annual
Conference and Exposition (15 CEU
credits)** Contact Myrna Warford, A.A.E.
(281)233-7660

March 10—Charlotte, North Carolina *Holiday Inn Select Woodlawn*

**AAAE Airport Security Coordinator
Training School (6 CEU credits)**

March 16-18—Salt Lake City, Utah *Hilton Salt Lake City Center*

**AAAE Strategic Planning Workshop
(9 CEU credits)**

March 16-18—New Orleans, Louisiana *Fairmont New Orleans*

*Exhibit and
Sponsorship
Opportunities
Available*

**AAAE/Great Lakes Chapter AAAE
National Aviation Environmental
Management Conference (9 CEU credits)**

March 17—Washington, DC *Westin Grand*

**AAAE Passenger Facilities Charges
(PFC) Collection and Monitoring
Workshop (6 CEU credits)**

March 18-19—Washington, DC *Westin Grand*

**AAAE Rates and Charges Workshop
(9 CEU credits)**

☐ March 23-26—Las Vegas, Nevada

Embassy Suites Las Vegas
**Basic Airport Safety and Operations
Specialist School** sponsored by FAA and
AAAE **(15 CEU credits)**

March 24-25—Washington, D.C. *Loews L'Enfant Plaza Hotel*

**AAAE/ACI-NA Spring Washington
Conference (9 CEU credits)**

March 30-April 2—Jackson Hole, Wyoming

Snake River Lodge & Spa

March 30-April 1 **AAAE Rental Car Industry Workshop
(12 CEU credits)**

April 1-2

**AAAE Ground Transportation Workshop
(6 CEU credits)**

March 31-April 1—New York, New York

Marriott Financial Center

**AAAE/Salomon Smith Barney Airport
Finance Seminar (9 CEU credits)**