

January 17, 2005

Hon. Patrick O'Donnell
Councilmember, City of Long Beach
Long Beach City Hall
333 W. Ocean Blvd., 14th Floor
Long Beach, CA 90802

Dear Councilmember O'Donnell:

On January 5, 2005, the City Council conducted a two-hour workshop on Airport Terminal Expansion. City staff's presentation took all but 8 minutes of the workshop time. While the City Council has received detailed information from the proponents of Airport Terminal Expansion, the Council was not given an opportunity to hear from the three Airport Advisory Commissioners who voted against the proposed Airport Terminal Expansion project.

Like many others, we support Airport terminal improvements that make the Airport more attractive and convenient and we feel it is important to come to closure on a proposed terminal sizing. However, the proposed Airport terminal expansion plan is critically flawed in many ways that should be fixed before a Notice of Preparation is accepted by the Council. If City staff is not directed to make changes so a consensus can be achieved on these issues, once the EIR process begins the City will be moving forward with a bad project and lose its negotiating position with the airlines and the FAA. The residents of Long Beach will be the losers.

It is not unreasonable to support *modest* growth at the Airport, and some growth can occur while protecting our Noise Ordinance. The proposed plan falls short of doing this. ***Our recommendation: Give direction to Airport staff to improve the plan to reach consensus, then bring it back for Council consideration.***

In short, there are at least 18 important reasons to reject the proposed Airport Expansion plan:

1. The proposed expansion is oversized.

The current proposal would replace the current 34,570 square foot permanent facility (plus 23,750 square foot temporary buildings) with two terminals totaling 133,243 square feet. In total, this plan would add 98,000 square feet of *new* construction. The size and scale of the proposed project is simply not justified.

All 41 commercial slots are currently taken. Commuter slots (which are available, but have not been requested by any airline) could increase passenger counts by 22%. Why increase the permanent facility by 380%, when we expect a *maximum* passenger increase of 22%?

2. The need for larger facilities is overstated.

Most people agree that the Airport terminal facilities are adequate to handle the existing passenger volume, except during peak times, which are generally in the morning and evening when the airlines schedule most of their flights.

Even on weekend evenings, when peaks are expected, the Airport is not always crowded. *Beachcomber* reporter Cindy Frye attended a tour scheduled by Airport staff on a busy summer weekend night to prove how bad the congestion is. She wrote:

“. . . the tour did not give what airport staff was hoping would be a true taste of the cattle-like environment it claims exists during peak times. For what was supposed to allow for a glimpse of the overcrowded conditions at the airport, this tour failed miserably.”

(*Beachcomer*, “Airport Tour Falls Short,” by Cindy Frye, June 11, 2004, attached.)

The situation at LGB is not dire. In fact, passengers love the convenience of the smaller Long Beach Airport. In a recent J.D. Power and Associates “Airport Satisfaction Survey,” Long Beach received higher ratings than any other airport in California:

2004 Global Airport Satisfaction Index Study
(J.D. Power and Associates)

<u>AIRPORT</u>	<u>Score (1,000 point scale)</u>
Long Beach (LGB)	696
Burbank (BUR)	695
San Diego (SAN)	678
San Francisco (SFO)	652
San Jose (SJC)	618
Los Angeles (LAX)	614
Oakland (OAK)	614

This data, released by J.D. Power and Associates on December 6, 2004, includes responses from 9,000 passengers from October 2003 to November 2004. (See Press Release, attached.) Our point is simply that rumors of a crisis at LGB are somewhat overstated.

We understand the benefits of newer, better, and more comfortable terminals, however, there is no immediate need to expand the terminals since passengers seem to like LGB the way it is. Expansion proponents should be honest with the Council – larger facilities might be desirable, but are not absolutely necessary. More importantly, Airport staff should take the time to do this right.

3. Increasing the size of LGB could make it less convenient.

LGB is not the terrible airport that some would make it out to be. In fact, LGB is a favored airport because it is small and convenient. Parking is convenient. For those departing, the walk from the ticketing counter to gates is short. For those arriving, the walk from the gates to baggage claim area is also short.

Which do travelers prefer more – short walks to gates or lots of concession options? We do not know the answer, but we do know that doubling or tripling the size of the Airport will affect the convenience many passengers now enjoy.

4. A *bigger* terminal is not necessarily a *better* terminal.

One of the key attractions of LGB is the two-story historical art deco terminal, which totals about 30,000 square feet. The proposed permanent facility will be more than three times this size.

One of the strongest arguments in favor of Airport expansion is that it will improve the aesthetics and attractiveness of the terminals. Is this true? Is bigger, necessarily more attractive? If the new terminals are bulky and box-like (as depicted on page 17 of the handout given to the Council at the January 4, 2005 workshop), there will be no aesthetic improvement.

Will the massive scale of a 98,000 square foot expansion dwarf the existing historic terminal? Will there be art inside or outside the holdrooms? While there is potential for aesthetic improvements, the Airport staff has not provided any visual renderings showing the scale or design of the proposed new facilities. The public doesn't need detailed drawings, but it might gain public support if we could see what Airport staff believes the new Airport would look like.

5. There is no need for two-story Airport terminals.

The proposed Airport expansion plan includes two-story facilities. There has been repeated public criticism of two-story facilities, as people fear two-story buildings would eventually lead to passenger "ramps" to load and unload planes, like at LAX and other larger airports.

To date, there has been no satisfactory explanation for the need for two-stories. While we believe in the sincerity of Airport staff's statements that they do not intend for second-floor holdrooms, we also know that things can change over time. To assuage legitimate public fears, there should be no two-story element of any Airport expansion.

6. The proposed expansion plan does not prevent future space problems.

As noted above, to the extent LGB has a problem with space, it is the result of "peak time" crunches. The shortage of space at the Airport is, in part, due to the airlines' scheduling decisions. For example, during the first 30 minutes of Airport operations, there are 6 scheduled departures, and 2 arrivals. During the last 30 minutes, there are 4 departures, and 4 arrivals.

If all 41 commercial flights authorized under the Noise Ordinance were spread evenly throughout the day, there would be no more than 3 landings and 3 departures *per hour*. And there would be plenty of terminal space.

Has the City done anything to prevent peak hour problems? One airline representative suggested that airlines would be violating anti-trust laws if they coordinated efforts to spread arrival or departure times evenly throughout the day. However, could the City do something to prevent peak hour problems? For example, if LGB established peak hour "impact fees" tied to costs which doubled landing fees for airlines that chose to schedule more than two flights during one hour period, this might have the effect of flights being spread more evenly throughout the day. We certainly do not suggest this as a "cure" to the peak hour problem, but only to show that there may be other ways to solve peak hour problems besides a massive 98,000 square foot expansion.

What if LGB is expanded and more flights are added to the peak hour times? The holdrooms will still be packed and the Airport expansion will not have solved anything. We need to strategically approach this problem.

7. The proposed plan does not look at new airport innovations.

Perhaps the biggest criticism of the current expansion proposal is that it is based on "industry averages" derived from looking at how airports were built 10, 20 or 30 years ago. Airports operate differently today, and will continue to change in the next few years.

Before the 9/11 attacks, non-ticketed visitors could travel past security checkpoints and wait inside restaurants or shops for family members or friends to arrive. As a result, many airports designed pre-9/11 have terminals and holdrooms that now look like "ghost towns."

Modern-thinking airports are looking for ways to expand curbside check-in, which has grown in popularity in recent years. Some airports have announced in recent months they are looking at creating "cell phone" parking lots where family and friends and wait for arrivals to call them by cellphone for pickup. LGB currently offers free wireless internet access ("Wi-Fi"), but the current expansion plan does not mention how it would capitalize on this technology.

The current proposal does not include any innovative ideas to make LGB a better, newer airport. Rather than preparing for the future, the proposed plan strives to make LGB more like a pre-9/11 "industry average" airport.

8. Why build two holdrooms when one could be more efficient?

The proposed Airport expansion plan would build 2 new permanent holdrooms instead of 1. Of course, this means that concession space will be separated. This also means there will be 2 separate security check point areas. The plan also calls for 2 baggage claim areas, instead of one. Is this the most efficient use of space?

Having one holdroom instead of two would certainly be a more efficient use of space. When there is congestion at one side of the airport, passengers could sit in empty seats near unused gates. Under the current plan, this could not happen as passengers would be limited to their own terminal while seats in the other terminal may be empty. Again, there should be more thought put into this plan.

9. Proposed office space is unnecessary.

This expansion plan unnecessarily puts meeting rooms, airline offices, and government offices into the terminals. The space for airline offices is proposed to be increased from 2,000 square feet to 10,000 square feet. With the increased use of ticketless travel and kiosk ticketing, however, airlines are using *fewer* employees at terminals.

The Airport expansion proposal would also increase TSA offices from 3,600 to 13,500 square feet. This is *in addition* to the doubling of security screening area being proposed. While we understand the City's desire to accommodate TSA's request for more space (TSA has not mandated additional space), it is not clear whether all of TSA's offices need to be inside the terminals. In fact, other airports (e.g., Orange County) have offices outside the terminals and bring their screeners to the terminal for shift changes.

There is no compelling reason for a 500% increase in airline offices and 375% increase in TSA offices inside the terminal. This is especially true when there is so much vacant office space in the close vicinity of LGB.

10. Increase in gates will increase capacity.

The proposed plan increases the number of terminal gates from 8 to 11 (37% increase) and the number of airplane parking positions from 10 to 15 (50% increase).

Airport staff suggests that the number of gates and airplane parking positions controls Airport capacity. We do not completely accept this point, because common sense tells us that holdroom size, security checkpoint throughput, and other sizing decisions also affect total passenger capacity.

However, even if staff is correct, why would Long Beach increase the number of gates and airplane parking positions? A spokesman for JetBlue challenged City staff's premise, stating that JetBlue could turn a gate 10 times in a day. He concluded that just 10 gates would allow 100 flights, theoretically.

100 flights is not our idea of "controlling" capacity. We think that a common sense approach to controlling capacity is not to merely limit the number of gates, but to make the entire terminal facility appropriately sized. Over-sizing the terminals, in the hopes that we can control capacity by limiting the number of gates, is unacceptable.

11. The proposed plan does not forecast what the new Airport capacity might be.

Long Beach residents have been told that the current Airport terminals were only designed to accommodate 15 daily flights. That is why we need to expand the facilities.

However, if the current terminals were designed for 15 daily flights, and now accommodate 41 daily flights, *how many flights would terminals built for 41 flights accommodate?*

To some, the math is simple. Long Beach handles 41 commercial flights with the existing 58,000 square foot terminals. (Average of 1400 square feet per flight.) Wouldn't expanding the terminals to 133,000 square feet mean the new terminals could handle at least 95 flights? Airport staff has refused to address what the new capacity of the proposed facilities would be, probably fearing how the public would take such news. However, increased capacity is a legitimate concern and without securing the Noise Ordinance (see below), the City is unnecessarily opening itself up to arguments that more flights will be coming.

12. This expansion plan sends the message that Long Beach wants more flights.

Within Long Beach, everyone seems to agree there should be no increase of flights (beyond the 41 commercial and 25 commuter flights provided for in the Noise Ordinance). Some expansion proponents argue that growing the Airport does not necessarily mean more flights.

Outside of Long Beach, the perception will be very different. Media reports of Long Beach expansion (if expansion plan is approved) will undoubtedly focus on the City's plan to *double to triple* the size of its terminals.

While residents in Los Angeles and Orange County are trying to limit airport growth, it will appear that Long Beach actually wants more flights. The growing popularity of a regional airport plan concept will focus attention on LGB. Our neighbors will undoubtedly rejoice at the thought that Long Beach is alleviate the congestion at LAX and John Wayne.

Is Long Beach ready to explain to the media and its neighbors that expanding its terminals will not lead to expanding flights? Airport staff has ignored statements from national and regional sources that LGB will grow beyond its Noise Ordinance by 2010. How can Airport staff continue to do this once Long Beach voluntarily expands its terminals? At a minimum, Long Beach should get assurances from regional airport officials that they understand LGB will not be taking more flights before moving forward with the proposed expansion plan.

13. Airport expansion could jeopardize the Noise Ordinance.

Long Beach is fortunate to be one of the few cities in the nation with an Airport Noise Ordinance recognized under Federal law. However, as Airport Manager Chris Kunze puts it, "it is not a matter of *if* our Noise Ordinance is challenged, but a matter of *when*." Indeed, Long Beach is 0 for 1 when it comes to litigation with airlines: the City's first Airport Noise Ordinance (which limited flights to 15) was *invalidated* by a Federal court a decade ago.

The new ordinance has not yet been challenged. Currently, there is no incentive to challenge the Noise Ordinance to get more flights as holdroom space is so limited.

Airport staff does not dispute the fact that building too large a terminal could create an incentive for an airline to challenge our Noise Ordinance. Staff simply believes that the proposed plan is not large enough to trigger a challenge. We believe it is.

How big is too big? That is the issue. Clearly, the smaller the terminal the less the incentive to challenge the noise ordinance; the larger the terminal, the more incentive.

14. If the Noise Ordinance is successfully challenged, the effects would be devastating to Long Beach neighborhoods.

What happens if LB's Airport Noise Ordinance is invalidated? Legally, the City could not limit commercial flights. Long Beach would lose its local control over the number of flights and the hours of operation (curfew). There could be far more flights over Long Beach neighborhoods – day and night.

A dramatic increase in flights would not just harm some residents in some neighborhoods – it would eventually be a citywide catastrophe. Pollution and traffic would increase. When home prices in the flight path drop, the effect would ripple across other neighborhoods.

Long Beach should not expand its terminals at all until there is a strategic look at how we could protect the Noise Ordinance. The current Airport Terminal Expansion plan adopts a “head in the sand” posture and shows great indifference for those living in the flight path.

15. The expansion plan does not anticipate litigation defense.

Before agreeing to expand the Airport, the City could insist that all air carriers serving Long Beach Airport sign an agreement not to challenge the Airport Noise Ordinance. The City of Long Beach had such an agreement as a result of the litigation with the airlines in the 1990's, however, the agreement expired on January 1, 2001.

Also, the City could set aside funds or establish a funding source to pay for litigation to fight any legal challenge to the Airport Noise Ordinance. This can be done through a litigation defense fund (money set aside as part of the Airport Enterprise Funds), and other ways. These, and other simple measures, should be put in place *before* the City moves toward any Airport expansion.

16. If LGB is expanded, will FAA find it is “unreasonable” to refuse additional flights?

Proponents of Airport expansion have noted that FAA grant assurances require Long Beach to “reasonably accommodate” air carriers. Proponents have argued that the FAA could challenge a decision not to expand as failing to provide “reasonable accommodations.”

However, the City’s legal counsel Mike Gatske has correctly pointed out that the City is only required to reasonably allocate the facilities it already has. Removing existing terminal space might be “unreasonable,” but the FAA has never even argued that failure to build new terminal space is an unreasonable act.

Once the terminals are expanded and there is additional capacity at LGB, it will be harder for Long Beach to fight additional flights. We may look “unreasonable” to the FAA or a judge by not making room for other more flights and passengers.

17. The current plan puts taxpayers at risk.

The airlines that benefit from Airport expansion should pay for it up front. Assistant City Attorney Mike Mais correctly noted at your January 4, 2005, workshop that, since the City is not legally required to expand its terminals, it could require up front funding by the airlines as part of an agreement to expand.

The expansion plan approved by the AAC majority would leave the City, i.e., its taxpayers, holding the bag if there is a downturn in airport activity. The history of airlines at Long Beach Airport is one of boom, then bust. We had 41 flights back in the 1989, but then service declined to 13 or 14 flights for many years until 2001.

Also, the airline industry is currently in turmoil. The Air Transport Association, an airline industry trade group, estimates that U.S. air carriers will lose \$5 billion this year, the fourth straight money-losing year since 2000. (*San Francisco Chronicle*, November 16, 2004.) Airport revenues in the U.S. have increased 7.8% a year on average since 2004, but airport operating expenses have risen 9.5%. (*San Jose Mercury*, November 3, 2004.)

Successful low cost airlines, even JetBlue Airways, are being hit hard. For example, low cost airline ATA filed for Chapter 11 bankruptcy in October 2004. While it is still currently profitable (unlike some airlines), JetBlue’s quarterly profits reportedly dropped from \$29 million a year ago, to \$8 million. (*San Francisco Chronicle*, November 16, 2004.) We hope JetBlue and other airlines have great success at LGB, but want to make sure Long Beach residents don’t pay the price if they do not.

18. Requiring up-front funding will lock-in airport tenants.

Up front funding for terminals at LGB is not a new concept. The temporary terminals at LGB, approved by the City Council in August 2002, were completely paid for by JetBlue to accommodate up to 41 commercial flights. Its financing arrangement with the City required JetBlue to front all costs, and the cost of construction would be paid back to JetBlue via rent credits over the next 36 months. The risk of JetBlue (or any other airline) leaving LGB, would not fall on taxpayers.

Requiring Airport tenants to pay for terminal construction will also ensure stable tenancy at LGB. JetBlue is on a 30-day lease with the City, as are the other airlines. What if JetBlue leaves Long Beach, because it gets a better deal from LAX or John Wayne Airport? What if one or more of the airlines using Long Beach Airport files for bankruptcy?

When JetBlue agreed to pre-fund the temporary terminals and receive rent credits for 36 months, it essentially became locked into LGB for three years. If JetBlue left, it would be walking away from its investment, which everyone knew it was unlikely to do. The City can and should require the benefiting airlines to enter into an agreement with the airlines before initiating the draft EIR, while there is an incentive for the airlines to work with the City's funding needs.

CONCLUSION

To a large extent, the issue of Airport expansion thus far has only showed two sides. On one hand, there are those opposed to *any* Airport expansion. They would rather see the airlines operate in cramped quarters than increase the size by even one square foot.

On the other hand, there are those who think 'the bigger, the better.' Such people are not concerned about the neighborhoods affected by the Airport and support the 380% expansion of permanent facilities.

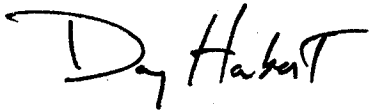
We think, however, the vast majority of Long Beach residents actually support a third position: grow the Airport modestly, and in a way that protects, rather than risks, the Airport Noise Ordinance. City staff must take the time to get the project done right for the sake of the entire City. After incorporating the concerns in this letter, we think a consensus plan can be achieved and presented for Council approval.

This letter represents our personal opinions, forged after many hours of listening to the public debate and the facts. We represent the minority of the AAC. The AAC majority accepted staff's recommendations verbatim – without offering a single change. While we see the

Letter re: Airport Expansion
January 17, 2005
Page 11

controversy over Airport expansion from a different viewpoint than does the rest of the AAC, we think our views are just as valid and should be considered by the Council.

Respectfully,



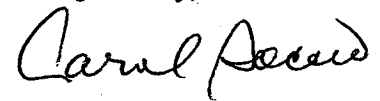
Douglas P. Haubert

Respectfully,



Bruce Alton

Respectfully,



Carol Soccio

cc: Hon. Beverly O'Neill, Mayor
Gerald R. "Jerry" Miller, City Manager
Chris Kunze, Airport Manager