
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Peggy McLaughlin, Port Director
Through: Erin Reinders, City Manager
Date: November 12, 2019
Re: Resolution 2019-59, a Resolution of the Unalaska City Council establishing the stabilization of commercial flights at Tom Madsen Airport as a State and Federal priority

SUMMARY: This resolution amends the previously established State and Federal Priorities to include the stabilization of commercial flights between Dutch Harbor (DUT) and Anchorage (ANC) at the Tom Madsen Airport. It outlines potential short and long-term solutions to achieve sustainable commercial air service, and sets the funding of these solutions as a priority. Staff recommends approval.

PREVIOUS COUNCIL ACTION:

- Resolution 2019-51: Identifying the City of Unalaska's State priorities for Fiscal year 2021
- Resolution 2019-52: Identifying the City of Unalaska's Federal Priorities for Fiscal year 2021
- Declaration of Emergency October 29, 2019
- Council Directive to City Manager for White Paper

BACKGROUND: AK DOT owns and manages Tom Madsen Airport (DUT) in Unalaska, Alaska. Information about the airport and its runway are outlined in AK DOT's 2008 Airport Master Plan. On October 17, 2019, Alaska Airlines Flight 3296, operated by Ravn Air, had a fatal accident on the AK DOT owned and managed runway Unalaska's airport. In response, the airline indefinitely halted commercial passenger services between DUT and ANC. In the days following, the City of Unalaska issued a Declaration of Emergency authorizing the City Manager to spend emergency funds at her discretion to alleviate the backlog of passengers. Council directed the City Manager to prepare a white paper for distribution, outlining the issues and options for amending the City's, State and Federal Priorities.

DISCUSSION: The development of a white paper helped to clarify the problem statement: ***"There is no alternative to manage the demand"***. To develop talking points with the City's State and Federal delegates, staff drilled into various details of that problem statement.

First, we have the on-going issue of a short runway, which limits the type of aircraft that can safely land under federal regulations. This will require some significant research and discussion.

Secondly, there is no redundancy. This is a two-fold problem. Essentially, we have one airline (Ravn) with an agreement to cover the route of a second airline (Alaska Airlines). Alaska Airlines' agreement with Ravn is for the Saab 2000. We do not have multiple airlines with authorization to fly into DUT directly from ANC. Further, there is no redundancy in types of aircraft. Ravn has authorization to fly one type of aircraft into DUT for commercial passengers, the Saab 2000. Ravn self-grounded those planes for flights in and out of DUT.

The questions then become: who does this impact; how can it be resolved; how much does it cost to resolve; and how much will it cost if not resolved? Finally, who then is responsible, logistically or financially, for resolving the problem?

Flights have not resumed in the nearly one month since the fatal accident. The lack of commercial passenger service to and from Anchorage has highlighted how fragile public transportation is for Unalaska and the entire region. The lack of commercial flights has affected Cold Bay, St Paul, Akutan (Akun), Sand Point, Nikolski, and Atka, with additional impacts to the maritime industry, our processors, and support services. This does not begin to address the basic and very significant impact this has had on our year-round residents with myriad requirements including medical care, school trips, family obligations and discretionary travel. This has affected families at the deepest level of their personal health and safety, and pocketbooks.

Quantifying the cascading impacts created by this disruption to air travel is very complicated and will be incomplete at best. When Unalaska seeks funding and support for projects from State and Federal agencies, we must provide a Cost Benefit Analysis (CBA) with that funding request. Our CBA's always represent a financial benefit to the City, Region, State, and nation, often with international benefits. Unalaska is an international Port, the largest fishing port in the nation in terms of volume of fish landed, and it is the only hub for international container shipping in the entire State of Alaska. Consistent and sustainable public transportation is critical to support commerce related to the billion-dollar-plus maritime industry.

The white paper addresses several approaches to achieve sustainable commercial air service between Unalaska and Anchorage. We are at the starting line of this marathon, and have just begun to realize the complexity of the issue. It is important to note that some of these approaches are potential short-term options and some are long-term options, to be reviewed, studied, and understood. It is possible that a combination of these potential solutions will represent the best fix, but all of these solutions will require the City of Unalaska to engage with and solicit support in policy and/or funding from State and Federal Agencies.

Airport runway enhancements are critical projects requiring a partnership with State and Federal DOT, but such projects are several years out and do not provide a contemporaneous fix. In the meantime, programs like Essential Air Service (EAS) or Alternative Essential Air Service (AEAS) may provide more immediate alternatives and could potentially be considered in the next budget cycle. This would alleviate some of the immediate financial stress of providing redundancy. Working with State and Federal agencies toward policy changes that require redundancy in aircraft or airlines would reduce the future risk and consequences of the only airline pulling service out of our community.

Unalaska is a First Class City and the 13th largest city in the State of Alaska, by population. Air travel is Unalaska's transportation artery for its people. With no alternative to commercial flights and no service from the Alaska Marine Highway System, Unalaska is now completely cut-off from all public transportation.

To put the situation into perspective, the number of people this potentially affects is on average 58,000 per year. That is the number of ticketed passengers that land in or take off from DUT. This is almost twelve times the permanent population of Unalaska. Our public transportation system is in crisis and it is absolutely critical that the system be stabilized if Unalaska is to sustain itself. We are thankful for the creative transportation options other airline and charter companies have been able to provide on a temporary basis. But these, in combination with the

up to three weekly public charter flights managed by the City, are merely a temporary options and partial solutions to a massive commercial air service problem. These temporary patches cannot be expected to long sustain the City's robust economy or promote confidence in its commercial growth.

Unalaska has prided itself on self-sufficiency, but these issues are regulated by agencies who are outside the City's control, and who have a mandate to promote and support public transportation within the United States and the State of Alaska. The Mission Statements of the US and State DOTs as well as those of the FAA support the direction of safe, efficient, and modern transportation.

- *US Department of Transportation:* "Ensure our nation has the safest, most efficient and modern transportation system in the world; that improves the quality of life for all American people and communities, from rural to urban and increases the productivity and competitiveness of American workers and businesses."
- *AK Department of Transportation:* "Keep Alaska Moving through service and infrastructure."
- *Federal Aviation Administration:* "The mission of the FAA is to provide the safest, most efficient aerospace system in the world. The role of the FAA Airports organization in meeting this goal is to provide leadership in planning and developing a safe and efficient national airport system to satisfy the needs of aviation interests of the United States."

The economic benefits to State and Nation from our fisheries and related industries are measureable in the number of jobs, fuel sales, products sold and shipped, and taxes received, with global implications as well. Without a permanent solution to stabilize commercial passenger air service, not only our but also the State and Federal coffers will see reduced benefits. These entities have a vested interest in being part of the solution through their funding and regulatory authority. The State and the nation benefit from commerce in Unalaska, and the time for these agencies to step up and be part of the solution is now.

ALTERNATIVES: Council could adopt Resolution 2019-59, Council could choose to not support Resolution 2019-59, Council could choose to revise Resolution 2019-59

FINANCIAL IMPLICATIONS: There are no direct financial impacts by passing this resolution adding this to our State and Federal Priorities.

LEGAL: No legal opinion is necessary at this time.

STAFF RECOMMENDATION: Staff recommends approving Resolution 2019-59

PROPOSED MOTION: I move to approve Resolution 2019-59

CITY MANAGER'S COMMENTS: I support Resolutions 2019-59 and we will work to distribute this information to our partners as well as our state and federal delegations as soon as possible.

ATTACHMENTS:

- https://www.ci.unalaska.ak.us/sites/default/files/fileattachments/Ports%20and%20Harbors/page/525/airport_master_plan_update_2008.pdf
- White Paper