

REPORT OF THE

**DULLES AIRPORT ECONOMIC
STUDY COMMISSION**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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Executive Summary.

The Dulles Airport Regional Economic Study Commission was created during the 1994 Regular Session of the Virginia General Assembly by passage of House Joint Resolution No. 176. It was charged with reviewing development plans, trends, and potentials of Washington/Dulles International Airport and the surrounding region in order to minimize conflicts while maximizing mutually supportive growth both on and off Airport property. The time required for the appointment of eight citizen members--representing a specific entity or interest--and the convening of special sessions of the legislature in July and September limited what the Commission could accomplish in only one year. However, owing in large measure to the assistance of a specially appointed Subcommittee, the full Commission was able to obtain a considerable overview of the Dulles Airport region's economic development strengths and weaknesses. The panel submitted an interim report to the 1995 Session of the General Assembly. As recommended in this report, the legislature extended the Commission's mandate for an additional year.

In spring of 1995, the Commission resumed its work through a technical working group appointed by the Chairman. Under the aegis of this working group, several additional panels gathered data and formulated recommendations. The threads of these panels were gathered and woven by the working group into an integrated report presented to the full Commission in the fall of 1995. After a review and discussion of this report, the Commission decided to incorporate the working group's report in the Commission's report to the Governor and General Assembly for informational purposes (see appendices).

The Commission's single legislative recommendation (see appendices) is a resolution requesting Fairfax and Loudoun Counties to examine the data and proposals contained in the working group's report and promptly implement those recommendations that fall within their responsibility and legislative competence, particularly those recommendations related to land use planning and development of real estate likely to be affected by airport and aircraft noise.

REPORT OF THE DULLES AIRPORT REGIONAL ECONOMIC STUDY COMMISSION

to
The Governor and the
General Assembly of Virginia
Richmond, Virginia
1996

I. Study Origin and Authority.

The Dulles Airport Regional Economic Study Commission was established by the 1994 Regular Session of the Virginia General Assembly through its passage of House Joint Resolution No. 176, sponsored by Delegate Vincent F. Callahan, Jr., of Fairfax County. The major purpose of the study was to ensure that neither population growth in Northern Virginia nor increases in traffic at Washington/Dulles International Airport be permitted to jeopardize the dynamic development synergy of Virginia's economically most vital region and the Commonwealth's airport gateway to the global marketplace.

In order to ensure the representation and expression of a broad range of perspectives and expertise, House Joint Resolution No. 176 provided for creation of an eighteen-member Commission: six members of the House of Delegates appointed by the Speaker, four members of the Senate appointed by the Committee on Privileges and Elections, and eight citizens, appointed by the Governor. These latter eight were to be representatives of the Metropolitan Washington Airports Authority, Fairfax County, Loudoun County, the Washington Metropolitan Area Transit Authority, the Washington Airports Task Force, the Smithsonian Institution's National Air and Space Museum, the Innovative Technology Authority, and George Mason University. The Commission's mandate was extended for an additional year through passage of House Joint Resolution No. 445 in 1995.

II. Work of the Commission.

The considerable time required to select the members of the Commission and the holding of two special sessions of the legislature in July and September placed significant time constraints on the Commission's activities during 1994. However, during the limited time available, the Commission held two meetings: an organizational meeting on October 12 and an extensive review of Airport related plans, data, and projections on

November 29. The success of the November 29 meeting was made possible through the efforts of a Commission Subcommittee (consisting of Mr. Carrington Williams, Mr. Leo Schefer, and Dr. Roger Stough) appointed by Chairman Callahan at the panel's October meeting.

This Subcommittee was able to identify and consider numerous and voluminous studies on various regional issues affecting the economic development of the Dulles Airport region. Based on their knowledge and experience, the Subcommittee arranged for briefings of the full Committee by selected spokesmen on November 29. These speakers included representatives of the Washington Airports Task Force, the Metropolitan Washington Airports Authority, the Virginia Department of Economic Development, the Governor's Regional Economic Development Advisory Council for Northern Virginia, George Mason University's Center for Regional Analysis, the Loudoun County Department of Economic Development, Washington Airports Task Force Noise and Land Use Committee, the Marino Institute, the Metropolitan Washington Council of Governments' Department of Transportation Planning, the Virginia Department of Transportation, the Virginia Department of Rail and Public Transportation, and the Virginia Department of Aviation. Following these briefings, the Subcommittee submitted a brief outline of the factors that seemed to them most relevant to the Commission's mission.

Although the full Commission held only two meetings (May 17 and December 4) during 1995, the panel's mission was carried out throughout the year by a technical working group, appointed by Chairman Callahan. This working group, co-chaired by Mr. Carrington Williams and Mr. Leo J. Schefer, both members of the Commission, formed three further subgroups: Image and Education, Airport Related Infrastructure, and Economic Development. Through the activities of the technical working group and its subgroups, the Commission was able to reap the benefit of the insights and expertise of many distinguished persons representing government, academics and private industry whose extensive participation in the work of the Commission would not have been possible through the more limited, formal structure of the full Commission alone.

III. Findings and Recommendations.

1. Dulles Airport's service quality for passengers and shippers should be preserved and improved by (i) recognizing that the traveler, tour operator, shipper, and cargo service providers are the primary customers; (ii) encouraging the Metropolitan Washington Airports Authority (MWAA), airport businesses and air carriers to work cooperatively to make Dulles the international standard for an outstanding, customer-oriented airport; and (iii) working with the Federal Aviation Administration's Air Traffic Control Services, MWAA, and other agencies to make Dulles the most efficient airport in the United States for international and domestic operation.

2. There needs to be a continuity of policy relative to Dulles Airport in order to (i) maintain a balance of service between Dulles and National Airports and direct the region's growth to Dulles and (ii) support simple legislative amendments to make the MWAA Constitutionally valid.

3. In the area of airport noise and land use planning, Fairfax and Loudoun Counties should (i) maintain airport compatible land uses around Dulles to avoid impairing the future value and utility of the airport to the region's economy created by residential noise and flyover problems and (ii) develop novel concepts to stimulate long-term commercial, rather than short-term residential development in areas likely to experience noise and annoyance from aircraft operations; and MWAA should be encouraged to build Dulles Airport's two expansion runways as soon as practical in order to avoid the danger of future construction being inhibited by protests from housing now being constructed or considered close to the airport.

4. Ground access to Dulles Airport needs to be safeguarded and enhanced by stimulating regional consensus-building to support the development of rapid road, transit, and rail access to Dulles from throughout the Washington region. While the state and local governments need the airport's air services to fuel the economy, the airport needs the state and local governments to provide the ground access to enable their economies to fully benefit from its services, passenger and cargo. Specifically, there is a need for (i) construction of major transportation arteries and supporting networks (including the Western Bypass, Tri-county connector, 234 Bypass, and other facilities); (ii) creation of additional airport entrances to ease congestion on roads leading to the terminal area; (iii) completion of a rail transit system to link Dulles to the major residential and employment centers in Northern Virginia and the Washington area; and (iv) continued restriction of the Dulles Airport Access Road to airport access and transit use only.

5. The Commonwealth and the region served by Dulles should be promoted to the Airport's passenger stream as desirable locations for business expansion and for tourism through (i) creation of a broad-based, community-driven program to communicate to passengers using Washington's airports that this region is a center for technology, tourism, and international commerce; (ii) creation of a "Welcome to the United States, this is the National Capital Region" dynamic art display for arriving international passengers; and (iii) encouraging local businesses to utilize elements of the identity program in their own promotion to extend the program's reach and frequency.

6. In the realm of technology, tourism, and international commerce, (i) Dulles Airport's strategic location on the great circle routes and synergy with Virginia's Inland Port at Front Royal should be put to use to dramatically increase the mid-Atlantic area's growth in international commerce, tourism, and technology. To tap this huge potential, the multi-modal needs of the major shippers and cargo forwarding industry should be recognized and the collective "port" resources should work together to position themselves to provide "one stop shipping" to all customers. The Inland Port and the Virginia Port Authority's experience with the successful marketing of their ports is a

valuable resource available for Dulles. The global scale of the region's multi-modal capabilities could than be "packaged" into a marketing program to emphasize the region's attractiveness as a location for assembly, high value manufacturing, and parts distribution operations. Furthermore, efforts must be made to stimulate the commercial use of land likely to be affected by aircraft noise and operations through the creation of an Airport Marketing Zone in which landowners would gain incentives for logistics-related commercial uses in return for the surrender or forbearance of residential development rights.

7. In connection with air service at and through Dulles Airport, there is a need to develop a totally unified approach to air service development utilizing all the skills and resources of MWAA, the Virginia Department of Aviation, and the Washington Airports Task Force. Through the VDOA/Task Force and their cooperation with the Airports Authority, the region has for more than a decade had a highly successful air service development program. In today's competitive environment it is imperative to the region's economic growth that the assets of all three organizations be harmonized into one coordinated program for air service development. Further, for cargo development, the three parties should work with the region's seaport agencies, such as the Virginia Inland Port, to develop a program offering shippers "one-stop" shopping for their multi-modal transportation needs

IV. Legislative Recommendation.

In addition, generally, to calling to the attention of the affected state, local, and other governmental entities the findings and recommendations contained in this report, the Commission recommends that the General Assembly adopt a joint resolution requesting the governing bodies of Fairfax and Loudoun Counties promptly to examine and expeditiously to implement those portions of this report and the attached report of the Commission's technical working group relating to protection of Dulles Airport and its potential for future growth and development through the development of coordinated land use policies and development control strategies and programs.

Respectfully submitted,

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Appendix
House Joint Resolution No. 176
(1994)

Establishing a Dulles Airport Regional Economic Study Commission.

Agreed to by the House of Delegates, March 2, 1994
Agreed to by the Senate, February 28, 1994

WHEREAS, there is a rapidly growing need for long-term, strategic economic planning in the Commonwealth, particularly in Northern Virginia, which would consider economic development initiatives that will provide employment for present and future residents, a strong tax base, and adequate ground transportation, together with environmental safeguards to produce a high quality of life; and

WHEREAS, the recent unparalleled economic growth in the Dulles Airport region is marked with increased competition from areas elsewhere in the United States and abroad seeking similar economic growth and vitality; and

WHEREAS, nations, states, and localities are in increased and direct competition for trade and investment, and Virginia's local governments do not have the necessary financial and other resources to meet this competition alone; and

WHEREAS, the Commonwealth and local governments must collaborate with the private sector to form an integrated, public-private partnership to design a strategic economic development plan for the Dulles Airport region; and

WHEREAS, Northern Virginia's proximity to the nation's capital, its progress over the last 15 years in advanced technology and higher education, the dramatic growth in population, and the sharp increase in passengers and cargo in Washington Dulles International Airport have produced unforeseen opportunities; and

WHEREAS, these opportunities may be enhanced in part by the expansion of George Mason University, the Northern Virginia Community College, and other public institutions of higher education in Northern Virginia; the proposed extension of the National Air and Space Museum of the Smithsonian Institution to Dulles Airport; the extension of the Dulles Toll Road to Leesburg; and recognition of the need for mass transit in the Dulles Corridor to Dulles Airport and for a Western Corridor or bypass to the west of Dulles Airport; and

WHEREAS, the Commonwealth has supported these endeavors financially and through other means; and

WHEREAS, to a large degree, these projects have been tied to the unique potential of Dulles Airport and its region as a balanced, integrated unit of air and surface transportation, international trade, advanced technology, investment, and economic development for all of Virginia; and

WHEREAS, prudence dictates that such investments, whether by the Commonwealth, the federal government, or the private sector, should be protected and enhanced, now and in the future, by an effective public-private partnership; and

WHEREAS, in a modern economy, economic development requires a high quality of life, and Virginia's future demands a reasonable balance between a narrow definition of economic growth and in its broader definition which includes quality education, a healthy population, and conservation of resources and environmental preservation; and

WHEREAS, it is believed that the best approach to determining a balanced, financially sound solution to Virginia's unique opportunities is through a study of the relevant issues by a study commission composed of representatives of state, federal, and local agencies and organizations; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a Dulles Airport Regional Economic Study Commission be established. The Commission shall consist of eighteen members to be appointed as follows: six members of the House of Delegates to be appointed by the Speaker of the House of Delegates; four members of the Senate to be appointed by the Senate Committee on Privileges and Elections; and eight citizens to be appointed by the Governor, of whom one each shall represent the Metropolitan Washington Airports Authority, the County of Fairfax, the County of Loudoun, the Washington Metropolitan Area Transit Authority, the Washington Airports Task Force, the National Air and Space Museum of the Smithsonian Institution, the Innovative Technology Authority, and George Mason University. The Governor's appointments shall be from among the recommendations of these respective bodies.

The Commission shall also provide opportunities for participation and comment during the course of the study from representatives of relevant state and federal agencies; the state of Maryland and the District of Columbia; Northern Virginia Community College and other institutions of higher education, particularly in the Northern Virginia area; the Virginia Aviation Board; the Northern Virginia Planning District Commissions; the Northern Virginia Technology Council; the Northern Virginia Economic Development Coalition; the Piedmont Environmental Council; the Winchester and Frederick County Economic

Development Commission; the Fairfax County Chamber of Commerce; airlines serving Dulles Airport, one representing a domestic air carrier and one representing a foreign air carrier; and the governing bodies of the Counties of Arlington and Prince William; the Cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park; and the Towns of Herndon, Leesburg, and Vienna.

The Commission is requested to develop and publish for public comment a broad, feasible, strategic, long-term economic development plan for the Dulles Airport region which (i) maximizes the utilization of the potentialities of the Dulles Airport and the surrounding areas which it serves, (ii) presents a balanced and integrated economic, transportation, international trade, finance, advanced technology, investment, and economic development unit for Virginia, and (iii) provides adequate access to Dulles Airport from localities throughout the state. In addition, the commission shall consider in its deliberations the plans, initiatives, and current activities of local governments and the private sector to address this problem in order that fragmentation and duplication of efforts are avoided.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance, upon request, as the Commission may deem appropriate.

The direct costs of this study shall not exceed \$ 11,500.

The Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1995 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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Appendix
House Joint Resolution No. 445
(1995)

Continuing the Dulles Airport Regional Economic Study Commission.

Agreed to by the House of Delegates, February 23, 1995
Agreed to by the Senate, February 21, 1995

WHEREAS, the Dulles Airport Regional Economic Study Commission was created during the 1994 Regular Session of the Virginia General Assembly by passage of House Joint Resolution No. 176 and charged with reviewing the development plans, trends, and potentials of Washington/Dulles International Airport and the surrounding region in order to minimize conflicts while maximizing mutually supportive growth both on and off airport property; and

WHEREAS, although the time required for the appointment of eight citizen members, representing a specific entity or interest, and the convening of special sessions of the legislature in July and September limited what the Commission could accomplish in only one year, the Commission was able, nevertheless, to obtain a considerable overview of the Dulles Airport region's economic development strengths and weaknesses and position itself promptly to address the region's problems and potentials on a priority basis, beginning in the spring of 1995; and

WHEREAS, the Commission has found that an aggressive economic and air service development program, similar to that implemented for the ports of Hampton Roads beginning in the 1950s, is essential to protect and enhance the competitive position of Virginia and the Dulles region and has recommended that its mandate be extended for an additional year in order to make further recommendations relating to such a program; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Dulles Airport Regional Economic Study Commission, created during the 1994 Regular Session of the Virginia General Assembly by passage of HJR No. 176, be hereby continued. The Commission shall concentrate its work on those items which will enable the Dulles Airport region to use its strongest assets to maximize its general economic growth while optimizing the use of Dulles Airport as an international gateway to the entire Commonwealth.

The direct costs of this study shall not exceed \$11,500.

The Commission shall be continued for one year only and shall complete its work in time to submit its final findings and recommendations to the Governor and the 1996 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

Appendix
Report of the Commission's Technical Working Group

REPORT AND RECOMMENDATIONS OF THE
DULLES AIRPORT ECONOMIC DEVELOPMENT
STUDY COMMISSION
TECHNICAL WORKING GROUP

December 5, 1995

Supporting evidence and appendices were developed by the Technical Working Group, including an analysis of desirable airport services, the beneficial effect on Dulles of the High Density and Perimeter Rules at National Airport, ground access, housing construction around the Airport, and the logistics opportunity. This material is on file at the Washington Airports Task Force and may be accessed through Ms. Carol Welti, Director finance and Administration, Ph. 703-661-8041, Fax 703-661-8624.

WORKING GROUP MEMBERS

Dan Bannister, President and CEO, DynCorp
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Ken Billingsly, Director of Demographic and Economic Analysis,
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J. Robert Bray, Executive Director, Virginia Port Authority
Robert Buchanan, Chairman, Loudoun County Economic Development Commission
Robert Compton*, Innovative Technology Authority Board of Directors
The Honorable Robert Dix, Fairfax County Board of Supervisors
Mark Gibb, Executive Director, No. Va. Planning District Commission
Dr. Gerald Gordon¹, Director, Fairfax County Economic Development Authority
(Co-chair of Image and Education Subgroup)
The Honorable Katherine K. Hanley*, Chairman, Fairfax County Board of Supervisors
Carroll Harris, Managing Director of Marketing, Virginia Port Authority
Terry Head, Senior Vice President, Victory Van International
(Chair of Airport-Related Infrastructure Subgroup)
Pierce Homer, Assistant County Executive, Prince William County
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Terry Holzheimer, Director, Loudoun County Department of Economic Development
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Delegate Alan Mayer*, Dulles Economic Development Commission
Thomas Morr, Vice President, WEST*GROUP
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James Mullen, County Executive, Prince William County
Ray Pelletier, Executive Director, No. Va. Technology Council
James Riggle, The Institute of Public Policy George Mason University
Leo Schefer*, President, Washington Airports Task Force
The Honorable Robert Skunda, Secretary of Commerce and Trade,
Commonwealth of Virginia
Dr. Roger Stough*, Director, Center for Regional Analysis, George Mason University
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Dr. Robert Templin, President, Center for Innovative Technology
The Honorable Carrington Williams*, Senior Partner (ret.),
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*Study Commission Member

¹Dr. Gordon chaired the Image and Education Subgroup and in meetings of the full group restricted his participation to discussion relating to use of the airport to enhance the region's image and its economic development. Matters beyond that frame of reference are being referred by Dr. Gordon to the Fairfax Economic Development Authority Commissioners for their consideration.

REPORT AND RECOMMENDATIONS

Introduction

A low-fare revolution is moving through the domestic air transport industry, which the working group believes gradually will extend overseas as open skies agreements deregulate international air transportation. In parallel, the economics of the marketplace are driving the air transport industry toward a new wave of mergers. The communities who benefit from the coming concentration will be those whose airports provide competitive pricing and user-friendly facilities; those that do not will see some of their service move to those that do. Competitive airport costs and the cost of doing business in a community have thus become significant factors in an airline's service decisions. The consumer has demonstrated a willingness to drive 100 miles and more to access lower air fares. Having a large market no longer is a guarantee of good air service, if indeed it ever was.

In order for this region to realize the maximum economic benefits that can flow from air services at Washington Dulles, airport improvements must be matched not only by attractive (business) tax rates, but also by community/jurisdictional actions which retain compatible land use around the airport and which ensure convenient ground access for the airport consumer.

Further, air service capability must be coordinated with the region's other major technology, intermodal, transportation, and economic assets, and as airports, communities, and companies, we must open our minds to the new concepts inherent in the government and private sector drive toward higher service standards and lower costs which are becoming the hallmark of a vibrant society.

This report looks at Dulles primarily from a Virginia perspective, but the Study Commission recognizes that the airport plays an equally major role in the economic and transportation development of the District of Columbia, nearby Maryland suburbs and West Virginia. It should also be recognized that Washington Dulles exists today thanks to wise, long-range planning in the 1950's by the federal government with respect to the transportation needs of the National Capital area.

I. BACKGROUND

To be competitive in the 21st century, Virginia will need to complement its assets with the ability to move goods and people to any point on earth within a day at reasonable cost. The creation of jobs, inward investment, growth in state and local tax revenues, as well as state and regional goals for travel, tourism and economic development, are all linked to the availability of quality air service to international and domestic markets. "Quality air service" in this context includes the passenger and shipping public's overall experience with the air transport system, the airport facility, as well as the availability of passenger and cargo flights.

Sustained support by the Virginia General Assembly² and a succession of governors from both political parties has given Virginia a strong and effective air transportation system in which Washington Dulles International Airport (Dulles) plays a vital role as Virginia's primary international gateway.³

Virginia has developed strategic plans for its economic and transportation development, and the jurisdictions close to Dulles also recognize the airport's critical importance to their economic planning. These plans emphasize the vital role air service at Dulles must play if Virginia and its jurisdictions are to reap the full potential of their international commerce, technology, and tourism⁴ industries.

The *Opportunity Virginia* economic development strategic plan prepared last year by 800 Virginia business leaders provides the guiding elements of Virginia's job recruitment and retention activities. The General Assembly has passed legislation requiring that it be periodically updated, and put in place many of the mechanisms and recommendations set forth in the plan. Combined with the *Virginia Connections* strategic transportation plan, referred to later in this report, and *Virginia's Tourism Development Plan*, the three documents establish a constructive policy framework within which to build a strategic plan to coordinate Dulles airport with Virginia's and the region's tourism and economic objectives.

The Working Group recommends that this report form the basis for such a strategic plan to be agreed between the stakeholders, and implemented to meet an aggressive but realistic goal. The stakeholders are Virginia, the Metropolitan Washington Airports Authority (Airports Authority), the affected jurisdictions, the VPA/Inland Port, the

²Services at Dulles also are Virginia's largest source of aviation fuel tax revenue, which in the past has been matched with \$9 from the FAA for every \$1 invested by Virginia to provide capital for the development of Virginia's 70 plus public use airports. Aircraft operators using National Airport are exempt from the Virginia aviation fuel tax.

³Dulles also plays a similar vital role for the District of Columbia (D.C.) and adjacent parts of Maryland and West Virginia.

⁴In this report, business, leisure and discretionary travel will be referred to as "Tourism".

Washington Airports Task Force (Task Force), and other organizations that can make a material contribution.

The Working Group considered Dulles from four aspects:

- A. Its management and development as a safe, competitively priced operating facility
- B. The user-friendliness of its facilities
- C. Efforts to expand air service availability and ground access for the traveling and shipping public
- D. Its role in stimulating the region's economic development

The Airports Authority, the operator of Washington Dulles, plays an important role in all of these areas, and has stated to the Working Group its recognition of the important roles that others must also play in order to achieve success. Items (B) and (C), in particular, are shared responsibilities; the statute creating the Airports Authority may limit their role in item (D).

II. GOAL

Make Dulles and its surrounding area a desirable, service-friendly location for airline expansion in order to position the National Capital region as one of the top five aviation gateways to the continental United States by the year 2002, thereby providing support for the mid-Atlantic region's growth as a major world center for technology, tourism, and international commerce.

To achieve this goal will require:

- recognition that:
 - a) the low fare revolution moving through the domestic airline industry will extend to airport cost structures.
 - b) the next round of airline concentration will lead to service increases for those communities whose airports and business environments offer competitive costs as well as a strong local market.
- an efficient gateway airport which:
 - is service-oriented and world class in all respects
 - is responsive and user-friendly to its passenger, shipper, airline, and general aviation customers
 - is easily accessible to the whole region
 - offers unrestricted, 24-hour flight operations and harmony with its neighbors.

- a first class air service development program which is fully coordinated between the Airports Authority, the Virginia Department of Aviation (VDOA), and the Task Force, as well as with the region's economic, trade, technology⁵, and tourism development.

III. CURRENT SITUATION

Through the VDOA and the Task Force, and their cooperation with the Airports Authority, Virginia has for more than a decade had a highly successful air service development program.

Since the Airports Authority was formed⁶ in 1987, it has successfully financed and launched a \$2 billion Capital Development Program, maintained competitive airline use costs, reduced noise levels at National, and operated its airports in a safe and responsible manner consistent with the highest standards in the nation. However, these successes have tended to mask the fact that the airports are not without potential problems. Dulles and National have fallen behind Atlanta and Las Vegas in terms of domestic origin and destination (O&D) passengers since 1991, and the travelers' satisfaction level with Dulles services, while still very high, shows a declining trend. This trend points toward problems for the community and the airport that go beyond the temporary inconveniences caused by the Capital Development Program.

Retrenchment and consolidation within the air transport industry have created a much more competitive environment for air service expansion. More than 30 airport communities in the U.S. actively compete for new international and domestic services as they become available, and there is a trend toward costly incentives to secure service.⁷ This competitive environment underlines the need for Dulles to offer attractive pricing, short connecting times, and an all-important "can do" attitude, in addition to demonstrations of market demand, if the region is to sustain air service growth.

Dallas/Ft. Worth, Orlando, Denver, and Miami are examples of airports with strong market demand that also have recognized the need to enhance their attractiveness to airline, passenger, and shipper alike. These airports stress the importance of customer service-oriented attitudes with their staffs across all phases of airport activity. Without a

⁵The high tech and service oriented industries have a 50 percent higher demand for air service than traditional manufacturing industries, and tend to locate close to good air services.

⁶The Airports Authority is governed by 11 directors appointed by the President of the United States (1), the Governor of Maryland (2), the Mayor of the District of Columbia (3), and the Governor of Virginia (5).

⁷Nashville, Tennessee recently helped American Airlines purchase the rights for a U.K. route from USAir. A domestic carrier which selected Dulles reported that a rival state had offered to buy the carrier an aircraft in exchange for service. South Carolina recently guaranteed \$12 million in loans for Air South in order to attract the carrier to hub at Columbia.

similar approach by the Airports Authority towards service and the community, Dulles will not achieve its full economic potential.

Airlines can make major changes in service patterns at short notice. Conversely, airport construction is long term and attractive airports are those that successfully project the needs of their customers 5, 10, 20 years hence, and develop accordingly.

At National, capacity is restricted and the airport's use limited to short haul scheduled flights and general aviation. A clear long range plan exists that will provide the travelers' perceptions with an attractive "new terminal" offering a short distance between curb and aircraft gate, as well as Metrorail and covered parking integrated with the terminal.

At Dulles, the Capital Development Program comprises nearly 50 distinct major projects⁸, but even so, when complete it may not provide the traveler with the perception of a new airport. The existing main terminal is being expanded and construction of the first permanent midfield terminal is scheduled to commence before the end of 1995, but the timing of some improvements remains in doubt, including a replacement for the mobile lounge system which is disliked by many passengers.⁹

Further aggressive action by BWI to attract a greater share of the region's air travel and to stimulate new demand has been supported by a new focus on airport services for the traveler and the airline. These improvements include construction of additional covered parking spaces contiguous with the terminal, launch of a new international arrivals facility¹⁰, and a commuter rail link.

Three good airports in the Washington/Baltimore Region provide travelers and shippers with an attractive, competitive choice. But without a clear, supportable, long-range plan for Dulles, the increased attractiveness of BWI and National could lead to renewed imbalance to the detriment of Virginia and the National Capital Region, as was the case prior to 1980.

Three further factors warrant serious concern. Firstly, journey time to Dulles for a majority of the region's residents and businesses is expected to increase 25 to 50 percent by 2010, under current regional transportation plans, according to MWCOC forecasts. For inward investment, the ability of jurisdictions to benefit from airport service growth is a function of ground access.

⁸Including a new International Arrivals Building which opened in February, 1991, and has been well received by passengers.

⁹While the Capital Development Program at both airports provides air-side and infrastructure improvements, the changes perceived by the travelers are largely confined to the parts of the airport they use directly.

¹⁰Which does not have to be serviced by mobile lounges and which provides connecting passengers with direct access to domestic gates.

Additionally, the world's airline industry is expected to consolidate over the next decade into as many as ten international, mega-carrier systems. This new wave of concentration likely will begin with the U.S. industry, and Virginia should seek to position Dulles to increase its importance as an international gateway and domestic hub, while maintaining a high level of competitive choice for the air traveler and shipper.

IV. RECOMMENDATIONS

A. Service Quality for Passengers and Shippers

1. Recognize that the traveler, tour operator, shipper, and cargo service providers are the primary customers. Encourage the Airports Authority, airport businesses and air carriers to make Dulles the international standard for an outstanding, customer-oriented airport.
2. Work with the FAA's Air Traffic Control Services, the Airports Authority, and other agencies to make Dulles the most efficient airport in the United States for international and domestic operation.

Desirable actions concerning passengers and cargo are described in Appendix A. This appendix makes extensive use of results from the Airports Authority's ongoing passenger survey and suggestions from the Working Group's subcommittees covering infrastructure and economic development.

The Airports Authority survey shows that while overall traveler satisfaction with Dulles remains high at 74 percent, the rating dropped six points between 1993 and 1994, and detailed responses suggest dissatisfaction with features of the airport which may not be addressed in the short- or medium-term by the Capital Development Program.

Further, in their concerns for air service expansion and for the development of infrastructure on- and off-airport, neither the Airports Authority, nor the Task Force have placed the kind of priority in the past on human services and assistance to the air traveler that now is being applied at competing gateways.

Service quality, the passengers' experience at the airport, is important to the consumers' choice of gateway, particularly for international and domestic connecting passengers. The early warning signs should be addressed in order to maintain high standards for the quality of service, as well as for the architecture, at the region's airports.

The Airports Authority has a wealth of experience and survey research on the passenger, the shipper, and the airline and their service requirements, upon which all parties can draw to implement these recommendations.

B. Policy Continuity

1. Maintain airport policies which balance service between Dulles and National Airports and direct the region's growth to Dulles (perimeter and high density rule, etc. at National Airport).
2. Support simple legislative amendments to make the Airports Authority Constitutionally valid.

A Congressional initiative to remove the Perimeter Rule from National Airport earlier this year was blocked by the region's Congressional delegation with the support of a community alliance assembled by the Task Force. Without a Perimeter Rule, the economics of the air transport industry likely would lead to a reversal of domestic roles between Dulles and National, with the higher value, transcontinental flights transferring to National. This in turn would undermine the connecting feed for many international services currently at Dulles. The consequent decline in service would have cost an estimated 3,000 jobs on the airport, in addition to the major negative effect it would have placed on the region's tourism and economic development.

C. Noise and Land Use

1. Urge Fairfax and Loudoun Counties to maintain airport compatible land uses around Dulles to avoid impairing the future value and utility of the airport to the region's economy created by residential noise and flyover problems.
2. Develop novel concepts to stimulate long-term commercial, rather than short-term residential development in areas likely to experience noise and annoyance from aircraft operations.
3. Encourage the Airports Authority to build the two expansion runways as soon as practical in order to avoid the danger of future construction being inhibited by protests from housing now being constructed or considered close to the airport.¹¹

A detailed explanation of the concerns are covered in Appendix B which comprises testimony provided to the Study Commission by former FAA Administrator Vice Admiral Donald D. Engen and a white paper prepared by the Task Force.

D. Ground Access

Stimulate regional consensus-building to support the development of rapid road, transit, and rail access to Dulles from throughout the Washington region. While the state and local governments need the airport's air services to fuel the economy, the

¹¹DFW's new runway is costing approximately \$300 million instead of \$75 million, due to settlement costs associated with apartment and housing complexes.

airport needs the state and local governments to provide the ground access to enable their economies to fully benefit from its services, passenger and cargo.¹²

1. Road Access: Seek completion of major transportation arteries and supporting networks (Western Bypass, Tri-county connector, 234 Bypass, etc.), and creation of additional airport entrances to ease congestion on roads leading to the terminal area.
2. Rail Access: Place a high priority on the completion of a rail transit system to link Dulles to the major residential and employment centers in Northern Virginia and the Washington area.
3. Retain the Dulles Airport Access Road for airport access and transit use only.

Ground access to the airport is projected to exhibit marked decline under current regional transportation plans. In particular, the Working Group found that:

- Fifty-one percent of the National Capital Region's growth in the outer six suburbs is projected to occur in Loudoun and Prince William counties and their incorporated cities.
- Approximately 50 percent of Fairfax County's growth is projected to occur in the Dulles Corridor.
- VDOT projects that every major highway in the Dulles Corridor traffic shed, other than the Airport's Access Road, will achieve level of service F by 2010, even with a transit system operating in the Corridor.
- Although 88 percent of air travelers originating in the western Maryland suburbs use Dulles and National Airports, no new river crossings are contemplated in locations convenient to the majority of their air travelers. MWCOG projections and 1990 census data also show that these Maryland suburbs are the dominant source of western cross-river traffic.
- By 2010, more than 50 percent of the vehicular traffic seeking to enter Dulles will originate to the south, the west, and the north of the airport, and not from the traditional eastern direction. If all this traffic is required to enter the airport through the connection of Route 28 and the Dulles Greenway to the Airport's Access Road, 12 lanes would be required to accommodate the traffic as it enters the airport. Clearly this is not practical.

¹²The Virginia Department of Rail and Public Transportation study now underway of the Dulles Corridor should be looked upon as the beginning of a process leading to rail.

Collectively, these figures are compelling evidence for the critical need for improved road and rail access to Washington Dulles. Ease of ground access will play a major role in how far and how broadly the economic benefits from the presence of the airport can be distributed among regional jurisdictions.

These data were provided by a variety of published reports which form Appendix C.

E. Regional Identity and Marketing

1. Create a broad-based, community-driven program to communicate to passengers using Washington's airports that this region is a center for technology, tourism, and international commerce. On airport, this image program should include¹³ the following elements in a coordinated presentation:
 - a) Display space at focal points
 - b) Dioramas
 - c) CNN time
 - d) Regional welcome and meeting rooms
 - e) Information available at business centers and visitor desks
 - f) Supplements in the Washington Flyer Magazine
 - g) All of the above coordinated by a regional entity to project specific regional themes on a quarterly basis, harmonized with regional economic development promotion to the extent practical.
2. Create a "Welcome to the United States, this is the National Capital Region" dynamic art display for arriving international passengers.
3. Encourage local businesses to utilize elements of the identity program in their own promotion to extend the program's reach and frequency.

F. Technology, Tourism, and International Commerce

Use Dulles's strategic location on the great circle routes¹⁴ and synergy with the Inland Port, to dramatically increase the mid-Atlantic area's growth in international commerce, tourism, and technology.

A region's evolution as a center for world commerce is, in part, a function of the international cargo flowing through its port facilities. Historically, Virginia's seaports and strategic location have made it a "bridge state" between U.S. manufacturers and

¹³Based on a Commission Working Group meeting with the Airports Authority's General Manager.

¹⁴Dulles is located on or close to the shortest route between Europe and Central America, and between South America and the Far East. Domestically, Dulles is within a two-hour flight, or a day's truck journey of 60 percent of the U.S. and Canadian populations.

world markets, and between foreign producers and U.S. consumers. This flow of international commerce has been a major job generator for Virginia.

Today, 36 to 38 percent by value of world commerce is moving by air.¹⁵ International cargo at Dulles grew 33.1 percent in 1994, 31.3 percent in 1993, and 31.8 percent in 1992 following the dedication of new airport cargo facilities, a major expansion of transatlantic service, and the cooperative promotion of Dulles to shippers. Even so, airlines at Dulles are only capturing 10 to 11 percent of their market potential. The rest is being trucked to other gateways, principally New York and Miami.

To tap this huge potential, it is recommended that:

1. *The multi-modal needs of the major shippers and cargo forwarding industry be recognized and the "port" resources position themselves to provide "one stop shipping" to all customers. The Inland Port and the Virginia Port Authority's experience with the successful marketing of their ports is a valuable resource available for Dulles.*
2. *The global scale of the region's multi-modal capabilities be "packaged" into a marketing program to emphasize the region's attractiveness as a location for assembly, high value manufacturing, and parts distribution operations.*
3. *Efforts be made to stimulate the commercial use of land likely to be affected by aircraft noise and operations through the creation of an Airport Marketing Zone (AMZ) in which landowners would gain incentives for logistics-related commercial uses in return for the surrender or forbearance of residential development rights. Participation would be voluntary on the part of landowners, and the incentives should avoid inequities between jurisdictions and between landowners. As the Airports Authority would benefit from a reduction in future noise problems, their financial participation with the support of the airlines should be encouraged, together with that of other relevant governmental stakeholders.*

As a marketing opportunity for Dulles, the AMZ concept would:

- a) Link the logistic capabilities of Dulles and the Inland Port
- b) Offer enhanced Foreign Trade Zone services
- c) Offer a user-friendly concentration of international commerce services
- d) Support local jurisdictions' economic development programs
- e) Offer synergy with the Center for Innovative Technology, NOVA, George Mason, University of Virginia, Virginia Tech, George Washington, Shenandoah, and other participating universities

¹⁵Source: World Cargo Forum.

- f) Package and project the region's logistics attractions to employers requiring:
 - a strategic location
 - excellent air, sea, highway, rail multi-model capabilities as identified in "Virginia Connections," the Allen Administration's transportation plan
 - one of the world's largest concentrations of high technology

Much of the vibrancy in the Northern Virginia economy is tied directly to the new high tech industries and to tourism. The high tech companies account for approximately one-third of the economy in Northern Virginia, while tourism provides as much as nine percent of the total region's employment. Many of the high tech companies are relatively young, and their business base is narrowly focused on specific market segments. Their ability to grow and strengthen the local economy is, in part, a function of their ability to expand from a single market sector to apply their new technology to multiple market sectors.¹⁶ The links air transportation can provide are tangible assets for these smaller and medium size high tech companies.

To stimulate technology and tourism growth synergistically with the region's growth as a center for world commerce, the following is recommended:

1. *Stimulate nonstop service to all world and major domestic markets, and create a tourist-friendly gateway, in order to support Virginia's goal of attaining a five percent share of America's tourism industry by 2010.¹⁷ The "drive market" for Virginia's tourism industry¹⁸ is maturing and most future growth is projected to come from international and domestic markets to which Virginia is connected by nonstop air service. International tourists spend more than their domestic counterparts.*
2. Sustain support for the timely expansion of the Smithsonian Institution's National Air and Space Museum at Dulles.

G. Air Service Development

¹⁶George Mason University Institute for Public Policy.

¹⁷The Governor's Commission on Development of the Virginia Travel and Tourism Industry has recommended an aggressive program to position Virginia as one of the United State's top five tourism destinations by 2010. The Commission's report envisions a major role for Dulles in achieving this goal.

¹⁸In 1993, Virginia hosted more than 50 million business and leisure visitors, directly generating \$9.1 billion and another \$9 billion in induced and indirect revenues. Direct travel-generated employment was 160,200.

Develop a totally unified approach to air service development utilizing all the skills and resources of the Airports Authority, the VDOA, and the Task Force.¹⁹

Through the VDOA/Task Force and their cooperation with the Airports Authority, the region has for more than a decade had a highly successful air service development program.

Prior to 1993, the private sector²⁰ in partnership with the state provided the proactive air service development marketing, with the Airports Authority actively involved as the airport operator. Since 1993, the Airports Authority has developed excellent research and promotion capabilities, but it cannot project the strength of Virginia's total air travel needs, nor can a government agency substitute for the proactive, goal-oriented approach of the airlines' customers in the private sector and their impact on the air carrier executives who decide which markets to serve.²¹

In today's competitive environment it is imperative to the region's economic growth that the assets of all three organizations be harmonized into one coordinated program for air service development. Further, for cargo development, the three parties should work with the region's seaport agencies, such as the Inland Port, to develop a program offering shippers "one-stop" shopping for their multi-modal transportation needs. (Ref. Recommendation F3, Page 12)

This harmonization of passengers and cargo service development can be achieved either by a team approach between the Airports Authority and the other organizations, by the Airports Authority contributing to a privatized air service development program, by the creation of a unified air service development team operating under the direction of a regional air service board created by the organizations, or by some other means satisfactory to all parties.

Whichever method is chosen, the air service development effort must retain a strong research base, and have the freedom of action within the policies set to create, and then aggressively pursue opportunities. Future success, as was evident in attracting ValuJet to Dulles and the opening of the Canadian air service border, requires the capabilities of all three parties. Neither the Task Force, nor the Airports Authority, nor Virginia can fully succeed on their own without the cooperation, support, capabilities, and resources of the other partners.

¹⁹The Airports Authority and the Task Force are regional organizations, although the Task Force derives most of its financial support from Virginia sources. Also, Virginia is the only jurisdiction which contributes even minor funding to the Airports Authority.

²⁰In the District of Columbia, suburban Maryland, and all parts of Virginia, particularly from Northern Virginia.

²¹The VDOA is responsible for the state's aviation projection. Members of the Task Force air service development coalition (formed in 1982) represent the purchase of nearly ten million airline tickets in 1994, plus a large volume of air cargo. This coalition also is representative of the airports' customers among the traveling and shipping public.

H. Organization -- Who will implement these recommendations?

In order to ensure that the recommendations in this report are carried forward and regular progress reports made to the Governor, the General Assembly, and all stakeholders, a proactive agency representative of all stakeholders in the public and private sectors will be required to:

1. monitor , report, and encourage progress
2. assist the Airports Authority, VDOT, and others in building consensus for solutions
3. seek the opportunities for, and coordinate, public/private sector initiatives stimulated by these recommendations.

The chosen agency will need:

1. the confidence of the Virginia administration and General Assembly
2. a practical working knowledge of air service, airports, and their relationship to the passenger, the shippers, and the regional economy
3. the respect of the private and public sector stakeholders
4. an ability to catalyze results
5. to be fully accountable to Virginia, the region, and all sponsoring organizations.

