



County of Orange

California

Michael B. Giancola
County Executive Officer

December 9, 2014

Honorable Glenda Sanders
Presiding Judge of the Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: Response to Grand Jury Report, "Maximizing the Benefits of JWA to Better Serve Orange County"

Dear Judge Sanders:

Per your request, and in accordance with Penal Code 933, please find the County of Orange response to the subject report as approved by the Board of Supervisors. This is the combined response from the Orange County Board of Supervisors and the John Wayne Airport Director.

If you have any questions, please contact Jessica O'Hare of the County Executive Office at (714) 834-7250.

Sincerely,

Michael B. Giancola
County Executive Officer

Enclosure

cc: FY 2013-14 Orange County Grand Jury Foreman
Alan L. Murphy, Airport Director
Mark Denny, Chief Operating Officer, County Executive Office
Jessica O'Hare, Assistant to the COO, County Executive Office

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**ORANGE COUNTY BOARD OF SUPERVISORS
AND JOHN WAYNE AIRPORT, ORANGE COUNTY**
Responses to Findings and Recommendations
2013-14 Grand Jury Report:

“Maximizing the Benefits of John Wayne Airport to Better Serve Orange County”

SUMMARY RESPONSE STATEMENT:

On June 24, 2014, the Grand Jury released a report entitled: “Maximizing the Benefits of John Wayne Airport to Better Serve Orange County.” This report directed responses to findings and recommendations to the Orange County Board of Supervisors and John Wayne Airport Director. The combined response is included below.

FINDINGS AND RESPONSES:

F.1. John Wayne Airport has an imbalance of high demand and constrained capacity which, if optimized, could lead to future higher patronage and a more competitive user cost, all leading to a more robust Orange County.

Response: Partially disagrees with this finding. As the only commercial service airport in a large and economically robust county, demand for air service at John Wayne Airport (JWA) is strong. The Airport’s ability to serve commercial and general aviation is constrained both by the regulatory limits defined in the John Wayne Airport Settlement Agreement and by the size and geographical location of the facility. However, the County’s objective has not historically been to “optimize” capacity at the Airport, but rather to strike a balance between the benefits of air service and the environmental impacts such service creates for the Airport’s neighbors.

F.2. John Wayne Airport has completed significant infrastructure upgrades, which include improved seismic safety and increased airport capacity. This increase in airport capacity is significantly more than any future authorized Million Annual Passengers (MAPs) increases per the Settlement Agreement.

Response: Partially disagrees with this finding. John Wayne Airport has completed significant infrastructure upgrades, including the construction of Terminal C, Parking Structure C and a Central Utility Plant as well as seismic improvements to the roadway system. These improvements were designed to accommodate 10.8 million annual passengers as authorized under the Settlement Agreement.

F.3. John Wayne Airport has one of the most challenging take-off flight paths in the world for commercial airliners.

Response: Disagrees with this finding. First, we assume that the Grand Jury is referring to departure procedures, rather than flight paths. Second, all departure procedures in use at John Wayne Airport are designed by the air carriers, in cooperation with the aircraft manufacturers, and have been reviewed and approved by the Federal Aviation Administration (FAA). While the County does not have the technical expertise to design and/or critique these procedures, we are confident that the FAA does have the necessary expertise to make such assessments and has found that the procedures in use at JWA meet all federal standards and are safe. It is important to note that the County of Orange, as the owner and operator of John Wayne Airport, has no authority over the operation of aircraft in flight; this responsibility rests with the FAA and the pilot in command.

F.4. New fuel and engine technology will substantially mitigate noise and pollution issues and allow for higher passenger limits and flights without increases in noise or pollution.

Response: Partially disagrees with this finding. Both Boeing and Airbus are developing advanced versions of their B737 and A320 families of aircraft. What data has been made available to date indicates that these aircraft will be quieter, more fuel-efficient and produce fewer emissions than current models. However, these aircraft are not yet in service and it is not possible to predict, definitively, what the noise and emissions characteristics of these aircraft will be in the future. If and when such aircraft are operated at John Wayne Airport, the operational limitations of the Settlement Agreement will apply.

F.5. John Wayne Airport runways have the space to utilize a Displaced Runway Threshold (DRT) to allow for heavier commercial and cargo aircraft use.

Response: Agrees with this finding. A displaced threshold is a threshold located at a point on the runway other than the designated beginning of the runway. Displacement of a runway threshold increases the declared takeoff distance, but does not change the runway distance calculation for arrivals. There is limited space to the north of JWA's existing commercial runway (2L/20R) on which a displaced threshold could be constructed. The construction of a displaced threshold at John Wayne Airport could provide for improved departure performance of aircraft at JWA, which could include an increase in departure weight.

F.6. The Settlement Agreement operating constraints significantly impair John Wayne Airport's ability to serve future demand.

Response: Partially disagrees with this finding. The Settlement Agreement does limit John Wayne Airport's ability to serve future demand. Even with those limits, however, John Wayne Airport currently operates substantial daily nonstop service to more than 20 destinations in the United States, Canada and Mexico.

As has been the case historically, and was recently confirmed by the Board of Supervisors in approving amendments to the Settlement Agreement, the County's goal in the operation of the Airport is to achieve an appropriate point of balance between the competing interests of the air carriers, the traveling and shipping public and the Airport's neighbors. The County has never indicated that JWA could or would serve all future demand for air transportation service in Orange County.

F.7. John Wayne Airport has the highest commercial airfares of the five regional airports. John Wayne Airport airfares and long-term parking fees are not competitive relative to local regional and international airports.

Response: Wholly disagrees with this finding. Airfares are set by airlines which use an extensive set of inputs including, but not limited to: market demand, seasonality, aircraft type, stage length and airport fees. With respect to airport fees, John Wayne Airport's cost per enplanement is among the lowest in California.

Airfares for service to and from John Wayne Airport (JWA) are competitive with airfares for service at the other four commercial service airports in the Southern California region. Further, JWA's long-term parking fees are comparable with those charged at the other four commercial service airports in the Southern California region.

F.8. John Wayne Airport travelers can now travel to Canada and Mexico, making it a truly international airport.

Response: Agrees with this finding.

F.9. John Wayne Airport tie down fees are higher than Fullerton Municipal Airport, the only other general aviation airport in Orange County.

Response: Agrees with this finding. It is important to note that JWA provides significantly more, and a greater variety of, general aviation facilities and services than are available at Fullerton Municipal Airport.

F.10. John Wayne Airport has the highest price for 100LL aviation fuel and Jet A fuel of any of the regional airports for general aviation. John Wayne Airport does not allow self-service fueling for general aviation pilots.

Response: Partially disagrees with the finding. Two fixed base operators (FBO), Atlantic Aviation and Signature Flight Support provide general aviation fueling services at JWA. Prices for 100LL aviation fuel (Avgas) and Jet A fuel are set by the FBOs. While there is no policy precluding self-service fueling at JWA, the Airport does not currently have a self-service fueling facility for general aviation purposes.

F.11. The Airport Noise and Capacity Act of 1990 (ANCA) gives the Federal Government the exclusive right to regulate airport noise.

Response: Agrees with this finding.

F.12. There have been no noise violations of any commercial or commuter airline using any of its aircraft type or class that has exceeded any quarterly average noise limits in the years of 2012, 2013, and 2014.

Response: Agrees with the finding. In fact, there have been no violations of the quarterly noise limits by any commercial or commuter airline in the past decade.

F.13. Vehicle traffic thru the airport is increasing. Repetitive traffic has increased through the airport loop waiting for arriving passengers. This is creating congestion during peak hours and safety issues.

Response: Partially disagrees with this finding. As passenger levels at JWA have increased, vehicle traffic at the airport has also increased throughout the day and during peak hours. It is important to note, however, that the roadways at JWA were designed to accommodate 10.8 million annual passengers (MAP) and that the Airport is currently serving approximately 9.2 MAP. Current vehicle traffic levels are well within the facility's design capacity.

RECOMMENDATIONS AND RESPONSES:

R.1. The John Wayne Airport Director should evaluate and recommend to the Board of Supervisors implementation of revenue neutral policies for lowering long term airport parking fees to incentivize leisure travelers to use John Wayne Airport in lieu of other commercial regional airports. (F.1. and F.7.)

Response: The recommendation will not be implemented because it is not warranted. John Wayne Airport is operated by the County of Orange as a self-balancing Enterprise Fund with no General Fund subsidy, and, as a result, the Airport must be operated in a financially self-supporting manner. The Airport must generate sufficient revenues from its users, both aeronautical and nonaeronautical, to support its operation and its debt obligations. Parking revenue is a significant component of the Airport's budget. If parking rates were reduced, the Airport would need to adjust other rates and charges upward to generate sufficient revenue to support its operation. Further, JWA's own survey data indicate that the overwhelming percentage of passengers utilizing John Wayne Airport do so because of its convenient location. Passengers indicate that they choose other airports in the region primarily for flight schedules/availability (date, time, nonstop and destination). The cost of parking does not appear to be a significant driver of airport choice.

R2. The John Wayne Airport Director should evaluate and recommend to the Board of Supervisors adoption of the 2013 Federal Aviation Administration Office of Aviation Policy and Plans Terminal Area Forecast Detail Report predictions of passengers demand and Class A Average Daily Departures (ADDs) limits. (F.2. and F.6.)

Response: The recommendation will not be implemented because it is not warranted. The Federal Aviation Administration prepares the Terminal Area Forecast (TAF) for its own planning purposes. There is no need or requirement for the County to "adopt" the TAF.

R.3. The John Wayne Airport Director should evaluate and recommend to the Board of Supervisors to determine the cost/benefit of increasing runway length to improve safety and allow for larger aircraft or heavier take-offs in accordance with the Federal Aviation Administration Displacement Runway Threshold (DRT) study. (F.3. and F. 5.)

Response: The recommendation will not be implemented because it is not reasonable. California Penal Code 933.05 (b) (3) states that, where a recommendation from the Grand Jury requires further analysis, the respondent should provide "an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report."

With the recent approval of amendments to the Settlement Agreement and the establishment of capacity limitations through 2030, it would be appropriate at this time to evaluate the efficiency of the existing airfield and determine if improvements could and should be made to enhance safety, improve air service and reduce environmental impacts. Such a study, however, could not be reasonably completed within the time frame defined in the Penal Code section referenced above.

Based on: (i) comments received as part of the recently completed environmental review of amendments to the Settlement Agreement; (ii) anticipated improvements in performance, fuel efficiency and emissions of next generation aircraft; and (iii) the inability of air carriers to optimize performance of their current fleet from JWA's existing runway, the Airport believes there is merit in evaluating the economic, operational and environmental effects of various airfield improvements, including construction of a displaced threshold.

The Board of Supervisors fully recognizes that such a study would be of significant interest to the traveling public, the air transportation industry and the communities along JWA's approach and departure corridors. Any evaluation of airfield improvements would need to be carefully and openly conducted, with unbiased, thorough and clear documentation of resulting costs and benefits. As evidenced by the Board's recent action to extend the Settlement Agreement and the long-standing curfew, the County is committed to retaining a balance between the need to provide air service and the need to provide environmental certainty to those who bear the impact of that service.

R. 4. The John Wayne Airport Director should evaluate and recommend to the Board of Supervisors implementation of a separate cell phone waiting area to reduce repetitive traffic looping through the terminal to pick up arriving passengers. (F.13)

Response: The recommendation has not yet been implemented, but will be implemented in 2015. John Wayne Airport intends to begin construction of a cell phone lot in Spring 2015. The cell phone lot is being proposed as a convenience to those picking up passengers, not as a traffic control or environmental mitigation measure.

R. 5. The John Wayne Airport Director should recommend to the Board of Supervisors to evaluate and consider promoting increasing operating hours when newer airline aircraft can fly 86.8 dB or less SENEL (Single Event Noise Level) at Noise Monitoring Station 1S; 86.9 dB or less SENEL (Single Event Noise Level) at Noise Monitoring Station 2S; 86.0 dB or less SENEL (Single Event Noise Level) at Noise Monitoring Station 3S; 4S; 5S; 6S; 7S; 8N; 9N; 10N.m during those extended hours after 2035. No Averaging. (F.4., F.11. and F.12.)

Response: The recommendation will not be implemented because it is not warranted. JWA's curfew and noise limits are long standing, integral components of the Settlement Agreement. The Board of Supervisors confirmed the County's commitment to those noise limits, and to the curfew, on September 30, 2014, when it approved amendments to extend the John Wayne Airport Settlement Agreement.

R. 6. The John Wayne Airport Director should recommend to the Board of Supervisors renaming John Wayne Airport to John Wayne International Airport to reflect the new Customs Service and the increase in international flights. (F.8.)

Response: The recommendation will not be implemented because it is not warranted. The name of the Airport may be revisited by the Board of Supervisors when and if it feels a change is appropriate.

R. 7. The John Wayne Airport Director should recommend to the Board of Supervisors implementation of a self-serve 100LL aviation fuel and Jet A fueling station for general aviation pilots. (F.10.)

Response: The recommendation will not be implemented because it is not reasonable. The scope, parameters and required analysis for construction of a self-serve general aviation fueling facility are beyond the statutory response time-frame for this report. The Airport Director will, however, consider this recommendation in the context of a future review of all general aviation facilities and services. Any recommendations resulting from that review will be presented to the Board of Supervisors for its consideration in the future.