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June 4, 2008



Mr. Dan Feger
Executive Director
Burbank-Glendale-Pasadena Airport Authority
Bob Hope Airport
2627 North Hollywood Way
Burbank, California 91505

SUBJECT: Burbank FAR Part 161 Study – COMMENTS

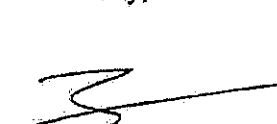
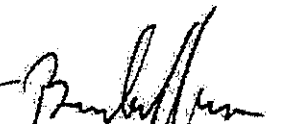
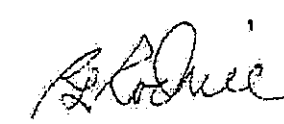

Dear Mr. Feger:

Please accept this letter as the formal response of the Valley Industry and Commerce Association (VICA) to the Burbank-Glendale-Pasadena Airport Authority's Proposed Noise Control Plan Pursuant to a current FAR Part 161 Study.

In summary, we oppose the proposed measure because it asserts economic benefits that appear to be significantly overstated, and we believe it to embody questionable analytic methods that call for close examination and revision. We are also of the opinion that if a corrected analysis is undertaken that the benefits will not sufficiently exceed the costs to justify the economic dislocation that will fall exclusively on the shoulders of the business community in the event of enactment of any of the proposed curfews. Please see the enclosed analysis for details supporting the above observations.

Thank you for your consideration.

Sincerely,

 Greg Lippe Board Chairman	 Brendan L. Huffman President & CEO	 Robert L. Rodine Co-Chair Aviation Committee	 James A. Dunn Co-Chair Aviation Committee
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Enclosures

cc: *President, Burbank-Glendale-Pasadena Airport Authority*
Mr. D. Kirk Shaffer, Associate Administrator for Airports – Federal Aviation Administration
Mr. William C. Withycombe, Regional Administrator – Federal Aviation Administration
Mr. Tony Garcia, Airports Division – Western Pacific Region – Federal Aviation Administration
Mr. Victor Gill, Director of Public Affairs and Communications- Burbank-Glendale-Pasadena Airport Authority

**A Valley Industry and Commerce Association
Executive Summary
Re. Proposed Access Constraint Measures for Bob Hope Airport**

**Summarizing Comments Made Before Bob Hope Airport Management
May 6, 2008**

Prepared by R. L. Rodine, Aviation Committee Co-Chair

Below is a Summary of Arguments made in opposition to a noise control measure (a Curfew) proposed by Bob Hope Airport ("Airport") pursuant to an FAR Part 161 study.

The Airport argues for consideration of three possible curfew options. The Valley Industry and Commerce Association ("VICA") has expressed opposition to all three measures on the basis of a position adopted in 2002, and validated relative to the Airport's proposal in terms of contemporary issues and analyses.

Interruption of the National Airway System ("NAS")

In the VICA position paper of 1992, it was noted that measures constraining the NAS should be undertaken only in the face of compelling economic benefit, and with the foreknowledge that any constraint measure is adopted only when all other means have been explored and fail to achieve desired results demanded by extraordinarily adverse circumstances.

This measure will clearly have a negative impact of the NAS, and it is noted in the Executive Summary that at the maximum, only 7.6% of the population will be accommodated by diminution of nighttime awakenings.

Economic Benefits Resulting from the Curfew

There are essentially two sources of economic benefit derived from the proposed curfew. Home Value Accretion attributed to diminished exposure to aircraft noise, and reduced spending by both Bob Hope Airport and the FAA on home sound insulation because of a reduction in extent of the off Airport 65 CNEL.

The analysis presented by Bob Hope Airport and their consultants appears to be seriously flawed with respect to the benefits associated with Home Value Accretion. The values, if computed correctly, are not treated correctly from an analytic standpoint. The entire benefit of this element of the analysis is indicated to be realized as a lump sum amount on the day that the curfew becomes effective. This is fallacious due to two major issues -

The benefit isn't all realized at that point in time, and

The benefit is treated financially as if it is cash, not unrealized value that will not result in cash benefit, until realized on a transaction basis, as is implicit in all of the related offsetting, out of pocket cost elements experienced, and considered in the Discounted Cash Flow Analysis employed.

A Valley Industry and Commerce Association Discussion Paper
Re. Access Constraint at Bob Hope Airport

Prepared by R. L. Rodine, Aviation Committee Co-Chair

Issue: The Burbank-Glendale-Pasadena Airport Authority, operating Bob Hope Airport ("BUR"), has, through an FAR Part 161 Study, proposed constraining access to the Airport with a nighttime curfew. The measure has been proposed in the interests of reducing nighttime noise exposure for persons residing within the Airport's current and projected 65 CNEL. The specified Primary Proposal is to establish a complete Airport curfew, allowing neither arrivals nor departures between the hours of 2200 and 0659. Exempted from this would be flights of law enforcement agencies, the US Military, medical services, flights experiencing in flight emergencies and aircraft subjected to departure and landing delays (adds a one hour extension of evening operating period.)

Two alternative curfews we also considered. One would simply be a ban on departures from 2200 to 0639, with the above noted exceptions applying, and the other would be a complete curfew on noisier aircraft based on noise levels drawn from FAR Part 36 total Effective Perceived Noise Level at or above 253 EPNdB for takeoff, approach and sideline noise standards.

VICA Position: In September 2002 VICA adopted its Omnibus Aviation Position concerning, among other issues, the limitation of access to the National Airway System, particularly as stated in Paragraphs 1, 2 and 8 relative to this case. It is argued that the proposed action clearly conflicts with the VICA's existing position, and that the analysis offered in support of the action is fundamentally flawed due to internal inconsistencies.

Discussion: In 2003 BUR conducted a similar Part 161 Study and submitted a draft of their Access Constraint Study to the FAA for preliminary/unofficial consideration. In 2004 the FAA responded advising that they would not issue a favorable finding in regard to that submittal for the below reasons:

1. Economic benefits included those from beyond the limits of the 65 CNEL,
2. The attempt to quantify and value the benefits of reduced nighttime awakenings,
3. The Airports then voluntary nighttime curfew had a 97% compliance rate, and
4. That the proposed curfew impacting quieter aircraft might be discriminatory in conflict with the Airport Noise and Capacity Act of 1990.

The Airport's current Part 161 asserts that the current analysis is restricted to the areas demarked as within its current and projected 65 CNEL, however, a benefit cited in the analysis is cost saving enjoyed as a result of limiting or reducing the breadth of the 65 CNEL, and therefore mitigating the expense that would be incurred in a home insulation program. It is argued that since some 80% of such a program is borne by the FAA, and is elemental to the budget for the entire FAA with national implications throughout, the current alleged benefits are not singularly associated with the BUR 65 CNEL as directed by the FAA. In as much as the analysis also considers impacts and benefits of the action upon Van Nuys Airport ("VNY") neighborhood residents, that too is not now, nor will it ever be within the BUR 65 CNEL.

Considered broadly, in the context of VICA's Omnibus Aviation Position, two of the three curfew plans submitted by BUR, notwithstanding any other analytic issues, fail to meet the 1:1.25 cost/benefit ratio cited in paragraph 8 of VICA's position.

It is of some significant concern that one of the articulated benefits of this proposed action is a direct transfer in value to homeowners at the direct cost of businesses and travelers.

On page 15 of the study it states that in a survey of Van Nuys residents, it was found that they would be supportive of the curfew ("willing to pay a certain amount") to reduce exposure of their homes to noise from over flights en route to BUR. Oddly, there are very, very few credible complaints received at the VNY Noise Management Office addressing such flights.

Economics:

It should be noted that the point was made above that the out of pocket costs suffered by businesses upon which the proposed noise constraint measure will fall are current expenses. This applies to airlines, cargo operators, charter operators and the like. It must also be noted that the cost savings attributed to the FAA are also current expenses. However, in presenting the home value accretion that results from reduced noise exposure, the analyst placed the entirety of that amount in the first year of expense, and the value used is the product of the individual home appreciation times the number of homes. That process is totally invalid and creates a substantial distortion not only in terms of the magnitude of the impact, but in terms of the timing of the impact as well.

When one considers impacts, cost versus benefits, that may be offsetting, they must be considered on an equal basis relative to their impact. If a business suffers increased operating costs or reduced revenues, that impact is suffered by the business on a current operating basis. When a homeowner enjoys an increase in their home value, that value isn't realized on a current basis, unless the home is sold immediately, or that value increase can be used to enable greater borrowing against the property. Otherwise the value remains locked in the homeowner's property subject to periodic increases and decreases. That issue of realization of the value on a basis concurrent with the costs suffered by the businesses is completely ignored in the BUR analysis.

It should also be noted that the process of home sales will fluctuate with activity levels in the housing market. Currently there is substantial uncertainty in home values at the price ranges in the area around BUR, and the timing for home turnover is also likely impacted by the conditions in the housing market. In some work done on a similar economic impact study focused on VNY in 2001, it was found that homes turned over at rate of 3.691% per year. That is in the given neighborhood under examination, 3.691% of the homes sold in a given year. In the analysis, the realization rate assumed would have been 100%. Clearly if only 3.691% of the homes sell in a given year, only 25.8% of the homes would sell during the study period, thereby vastly inflating the benefits enjoyed as a result of the proposed constraint measures.

Summary:

In view of the very significant and very fundamental issues noted above, VICA strongly opposes the adoption of the proposed measure, not only because the arguments in support fail to meet VICA's standards for adoption of such measures, but also because the analysis at this point does not correctly represent the economic elements subject to consideration.